

An Analytical Case on Meta's Stakeholder Engagement

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Abstract

This research will scrutinize a notable company that faced a public issue, specifically regarding Meta, that impacted stakeholder relationships. Meta, originally known as Facebook, was founded by Mark Zuckerberg in 2004 as a social networking platform for university students, which has since evolved into a worldwide sensation, attracting more than 2.8 billion active users monthly (Olorunlana, 2025). Meta faced several lawsuits regarding its business practices within the platform, which sparked public discourse and raised concerns about mental health issues. Meta dismissed these allegations through legal proceedings. However, the company intensified its measures to promote accountability by forming an oversight board that would handle its content moderation policies and practices. Meta also incorporated Artificial Intelligence (AI) tools to help automatically remove harmful content online. It has also rebranded its company and formed a *Metaverse* community that is focused on promoting user-controlled privacy settings. However, despite these measures, additional steps must be taken to ensure Meta's commitment towards transparency and accountability and to become a socially and ethically responsible company. To make use of a privacy by design concept that focuses on data minimization, reflecting ideal ethical standards for technology, and helping check potential organizational overreach. To have an independent third-party committee that will monitor and ensure Meta's adherence to and compliance with data regulations. To promote educational programs that will promote a responsible digital community for its stakeholders. Ultimately, these strategies are essential for Meta to secure its reputation and ensure long-term growth in an increasingly regulated and ethically conscious world.

Keywords

Meta, Facebook, Stakeholder, Accountability, Ethics

1. Introduction

One of the most recent controversies involves Meta (formerly known as Facebook), a social media platform company, regarding its privacy practices, misinformation, and ethical responsibilities. In 2021, Meta faced several lawsuits due to its alleged deceptive practices related to disinformation on the platform (Paul, 2021). Primarily, Meta's algorithm allows disinformation and the proliferation of hate speech to flourish on the platform. These lawsuits were fueled by growing concerns that Meta's business model—centered on maximizing user engagement—was not only deceptive but also deeply harmful to public discourse. Furthermore, it created issues related to mental health, particularly among young users. It was argued that since most of its users were youth and teenagers, this may create long-term harm to their mental health. For instance, despite Meta's awareness of the negative psychological impact on young users, it continuously optimized its algorithm for addictive engagement, which was linked to likes and content curation. This addictive engagement is found to have caused an increase in anxiety, depression, and poor body image among teenagers, especially girls (Høgstad et al., 2024).

Moreover, these lawsuits found Meta to have prioritized growth and profit over the safety of its users, which sparked public distraught and criticism from various stakeholders, including users, regulators, advocacy groups, employees, and investors (Paul, 2021). It was also noted that since 98% of Meta's revenue came from targeted advertising, there is an intense push for privacy and ethical concerns (Daza-Ramírez, 2025). Targeted advertising refers to a process of identifying potential consumers, extracting relevant information, and segmenting markets to present the most relevant ads (Choi & Lim, 2020). This model relies on collecting a huge amount of user data to help advertisers reach their target audiences. However, because of the profitability of this model, it creates a big incentive for Meta to prioritize data collection and user engagement at the expense of user privacy and ethical data practices. This commercial pressure for growth has intensified concerns about how data is being handled socially and ethically. Moreover, Daza-Ramírez (2025) argued that one of the issues being raised since 2011 is the practice of Facebook Pixel, a tracking code for behavior profiling, which tends to manipulate user preferences through deceptive design. This behavior can help profile the person's online behavior, such as their interests, habits, and online activities that could predict future actions. Because of this, users may be tricked into taking actions that they might not have chosen, which raises concerns regarding data privacy and autonomy.

Another example, at the height of the COVID-19 pandemic, the extensive exchange of misinformation and fake news within the platform led to questions about scientists' loyalty to elites rather than public health, intensified political discord, benefiting from the confusion and anger caused by disinformation and pushes people toward media that confirms their biases, trapping them in echo chambers that reinforce their beliefs (Leicht et al., 2022). These false narratives questioned the integrity of scientists and public health officials, portraying them as elites ra-

ther than genuine advocates for public well-being, which undermined the effectiveness of public health campaigns, like those promoting vaccination and mask-wearing. It also sparked political polarization, wherein there were numerous debates over mask mandates that fueled enormous anger and discord. Moreover, as more users engaged with negative content—whether by liking, sharing, or commenting—the more that content was amplified, trapping people in a cycle of misinformation that further reinforced their beliefs and deepened societal divides.

Furthermore, there is also a lack of regulation among social media companies like Facebook, and the less regulation of these than other forms of media has often clashed with the United States constitutional rights to freedom of speech and expression (Peralta, 2024). While Meta allegedly denied these allegations, emphasizing its commitment to user safety and investment in content moderation, citing actions such as flagging or labeling content as “somewhat misinformation,” stakeholders have demanded greater accountability and transparency from the social media platform. Furthermore, Facebook’s history of data misuse and repeated security breaches raises significant doubts about its ability to safeguard users’ sensitive information (Hughes, 2024).

These public issues may cause shareholders and employees to become less patriotic toward the organization, leading to leaving the company and or changing jobs (Opgenhaffen, 2023). Shareholders who may feel that Meta is acting ethically and socially irresponsibly may sell their stocks, which may lower the stock price and lose shareholders’ confidence. Departure of key employees from Meta may portray that the company has tarnished its reputation, making it difficult to attract new talent, and may also lead to loss of customers.

2. Meta’s Efforts to Address Issues

At the height of this controversy, Meta has intensified its efforts to increase transparency and content moderation policies and practices implemented by a third-party known as the Oversight Board (Edelson, 2023). For instance, users of both Instagram and Facebook can appeal to the board if their content was taken down or up by the platform (Shiffman et al., 2024). This ethical committee ensures that users can find a recourse if they feel they are not treated right when their contents are taken down. It also aims to offer users free speech within the boundaries of human rights standards and ensure transparency on how content-related decisions are made.

Meta has also invested in AI-driven solutions to identify and filter harmful content. With the use of AI, it can automatically scan and flag negative content faster than human moderation. This can automatically detect topics related to terrorism, spam, fake accounts, and suicide-related posts, among other threats. However, Bareika (2023) argued that because this AI tool can determine the virality of these contents, it may also encourage rather than discourage, as it drives engagement within the platform that may attract greater revenue. These polarized and sensational contents may allow for flourishing disinformation, including false narra-

tives on certain topics like elections, vaccines, etc., hate speeches, and extremist rhetoric to spread unchecked, especially in regions with limited content moderation infrastructure, and reinforce users' biases and heightened social division. Moreover, AI systems can also reflect biases based on data training that can flag certain viewpoints or groups. Therefore, it is still essential to use this tool along with human moderators to make a correct judgment and ethical oversight of these contents.

In addition, Facebook made a rebranding effort and changed the company name to Meta to change the negative perception of the public towards the company and signal an internal change by building a new online community called the "Metaverse," shifting attention to long-term innovation (Kraus et al., 2022). Also, Meta introduced a user-controlled privacy setting wherein users are allowed to have control over data-sharing practices and ad preferences, aiming to address privacy concerns. At the same time, Meta increased its efforts and commitment to work with policymakers and lobbied to create more comprehensive internet regulations to address challenges, especially on data privacy and security (Protti, 2025).

Although Meta's initiatives have largely emerged as reactive strategies in response to mounting criticism and legal scrutiny, these actions have nonetheless evolved into fruitful efforts aimed at restoring stakeholder trust and reshaping the company's public image. Faced with backlash over disinformation, privacy violations, and mental health concerns, Meta has taken deliberate steps to demonstrate accountability, ethical responsibility, and a renewed commitment to social responsibility. One of the most significant moves was Meta's decision to submit itself to third-party oversight, allowing an independent body to review its practices and publish transparent reports. This shift toward external accountability has helped reassure stakeholders that Meta is serious about fairness, compliance, and ethical governance, rather than simply protecting its bottom line. Simultaneously, Meta has invested heavily in artificial intelligence technologies to enhance its content moderation capabilities. These AI systems are designed to proactively detect and remove harmful content—including hate speech, misinformation, and graphic violence—at scale. By reducing the reliance on human moderators, AI not only improves operational efficiency but also signals Meta's commitment to platform safety and credibility. The company's rebranding from Facebook to Meta marked a symbolic and strategic pivot. This rebranding allowed Meta to distance itself from the scandals that had plagued its former identity and instead position itself as a forward-looking innovator in the emerging Metaverse ecosystem. This fresh narrative has attracted new talent, investors, and partners eager to participate in the next wave of digital transformation, fueling further growth and experimentation. In addition, Meta's implementation of user-controlled privacy settings has played a crucial role in rebuilding user trust. By giving individuals greater control over their data—such as who can access it, how it's used, and how it's stored—Meta has taken meaningful steps to minimize the impact of data breaches and

enhance the overall user experience. By these initiatives, Meta has begun to address concerns about its influence, transparency, and long-term societal impact.

3. Proposed Solution

While Meta has made strides through content moderation and the establishment of an oversight committee to address stakeholder concerns regarding privacy and security, these measures represent only part of a broader solution. To fully restore trust and demonstrate long-term commitment to ethical governance, Meta can implement several proactive and systemic strategies that go beyond reactive compliance. While Meta has made strides through content moderation and the establishment of an oversight committee to address stakeholder concerns regarding privacy and security, these measures represent only part of a broader solution. To fully restore trust and demonstrate long-term commitment to ethical governance, Meta can implement several proactive and systemic strategies that go beyond reactive compliance:

3.1. Privacy by Design

Meta can benefit better from a privacy-by-design approach wherein privacy protections are embedded into the development of products, systems, and processes right from the outset, rather than being added later. Unlike having a third-party reviewer, which users can see as privacy-invasive, this helps users and communities to self-govern while preserving privacy and autonomy. This privacy by design concept provides a more proactive protection and claims that privacy protection is understood from the intention-to-behavior concept (Bu et al., 2020). Furthermore, one of the characteristics of privacy-by-design is data minimization, reflecting ideal ethical standards for technology and helping check potential organizational overreach (IEEE, 2024). Because of this data minimization characteristic, it can lessen the potential for personal data misuse and fewer data points for algorithmic targeting, which can reduce the exposure of individuals to harmful content. Users benefit more because the content they see is more personalized, less intrusive, and less subject to algorithmic manipulation or third-party interference. Furthermore, minimizing algorithmic manipulation and limiting third-party interference ensures that users engage with content that reflects their genuine interests rather than being steered by targeted advertising or external agendas. Since this privacy-by-design solution may be costly and alter the business model of Meta, it is imperative to roll out this process in phases, creating cross-functional teams that would allow all stakeholders to be involved in the different phases. Also, Meta must be able to identify other revenue streams since targeted ads are the business model that is affected by this proposed solution.

3.2. Third-Party Ethics Committee

Furthermore, Meta can also benefit from a third-party ethics committee that can

release an independent report and determine how user safety and ethical standards are met across all product updates, thus directly addressing stakeholder concerns over Meta's prioritization of profits over user mental health. This committee will focus solely on maintaining compliance while ensuring impartiality. The committee's goal is to conduct regular audits designed to determine the impact of the platform on the mental health of its users. This committee should be able to publish an independent report of its key findings and actionable improvements that are readily available for the public to access to ensure transparency and accountability. The committee should also monitor Meta's adherence and compliance with international and local digital safety laws and regulations. The main struggle is establishing a third-party committee that challenges the company effectively. Without the power to enforce its recommendations, the committee's findings could be ignored, rendering it a symbolic gesture rather than a meaningful change agent.

3.3. Educational Campaign

Furthermore, Meta can also benefit from launching educational campaigns that center on digital literacy for all stakeholders. These educational campaigns are a powerful tool for Meta as they foster a more informed and responsible digital community for its stakeholders. Through this initiative, Meta can empower users to navigate online spaces safely and critically. Furthermore, this can help empower all stakeholders to promote responsibility for online behavior and digital citizenship and employ critical thinking skills to evaluate online information. This helps in promoting safe social media usage. This can also foster transparency and explain better how Meta operates, including its data privacy settings, algorithms, and content moderation initiatives. Furthermore, it is necessary to regularly update the campaign and incorporate user feedback to refine and improve the educational materials. Also, focus on teaching the underlying principles of critical evaluation, media literacy, and understanding algorithmic influence, rather than just listing rules of safe usage. By doing this, Meta can rebuild trust and strengthen its relationship with its stakeholders. It can also demonstrate its commitment as a leader in promoting ethical and social responsibility in technology.

Thus, the proposed alternatives in addressing Meta's public issue of privacy, misinformation, and ethics through privacy-by-design, promotion of digital literacy, and a third-party ethics committee can promote Meta's commitment towards a more proactive stakeholder relationship. Embedding these strategies directly into the company's systems can promote better online user empowerment. These suggested alternatives could foster trust, decrease regulatory pressure, and create a better public image, leading to greater stakeholder alignment and support for the organization in the long run.

4. Conclusion

Meta's public relations crisis of 2021 originated from concerns about data privacy,

misinformation, and ethics, necessitating a multifaceted response. At the height of this issue, Meta institutionalized increased content moderation, AI-powered tools, user-controlled privacy settings, and company rebranding as reactive measures to fully address the underlying stakeholder issue. However, these actions were not fully sufficient to restore stakeholders' trust and ensure long-term sustainability. To move forward, Meta must be able to adopt a more proactive approach to sustainability. First, to incorporate privacy-by-design principles, robust data minimization practices that not only lessen the risk of data misuse but also reduce the potential for algorithmic manipulation, thereby giving users more control and a more authentic online experience, and independent ethical oversight. This independent ethical oversight committee would further reinforce this commitment by providing an impartial oversight of how Meta's products affect user safety and mental health, with public reporting to ensure transparency and accountability. Furthermore, Meta can also foster a culture of transparency and privacy by empowering users and promoting digital literacy. This educational digital literacy will empower its users with the skills needed to navigate the digital world safely and critically, fostering a more informed and responsible online community. These suggested alternatives can assist Meta in mitigating future risks and building a more responsible and ethical social media platform. Furthermore, these approaches would not only help rebuild trust with a diverse range of stakeholders—from users and employees to investors and regulators—but also position the company as a leader in creating a more responsible and ethical digital ecosystem. Ultimately, these strategies are essential for Meta to secure its reputation and ensure long-term growth in an increasingly regulated and ethically conscious world.

Conflicts of Interest

The author declares no conflicts of interest regarding the publication of this paper.

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