UNLOCK REPUTATION

The Currency of Collaboration

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Core Message

In a fragmented, fast-moving world, success is no longer driven by performance alone, but by an institution's ability to align values, behavior, and leadership. Unlock Reputation reframes corporate reputation as the operating system of collaboration. It explains reputation as a values coded system that enables institutions to earn trust, legitimacy, and the willingness of stakeholders to work with them. The book provides readers with strategic guidance on how to achieve it.

Guiding Principle

Reputation is the currency of collaboration. It governs whether institutions can attract allies, withstand pressure, and operate with legitimacy across society. Built on integrity rather than performance, strong reputations amplify influence, reduce friction, and create the goodwill required to navigate risk, shape outcomes, and endure over time.

About the Author

Roy Persson is a corporate insider writing this book to help institutions adapt and survive the most challenging time in corporate history: The Reputation Era. For over 20 years has advised Fortune 500 companies on reputation, public trust, and institutional legitimacy. His work sits at the intersection of corporate leadership, public affairs, and societal accountability, guiding senior executives as they navigate regulatory scrutiny, activism, crisis, and long-term reputational risk. He has developed multi-stakeholder reputation frameworks that translate values, trust, and evolving expectations into practical guidance for leadership decision-making across complex institutional environments.

Chapter 3: Contesting Corporate Legitimacy

Passage 8: Domains of Scrutiny

Summary Text (Not Included in Final Copy): In the Reputation Era, legitimacy is no longer a byproduct of performance but the result of ongoing judgment across domains where corporate power creates consequence. As firms have scaled, scrutiny has concentrated in four key areas: balance, influence, dignity, and shared impact. These domains reflect where institutional actions intersect most directly with stakeholder expectations, often across competing legal, social, and moral frameworks. Together, they form the structure through which reputation is evaluated and corporate legitimacy is continuously negotiated.

Reputation is now determined by how institutions are judged across domains where their power, influence, and actions create consequence. The result, in the Reputation Era, is one where legitimacy is increasingly tested across distinct domains of scrutiny. Across industries and issues, scrutiny tends to concentrate in four recurring domains where corporate behavior is interpreted and judged: balance, influence, dignity, and shared impact. These domains represent the primary arenas where a company's license to operate is either reinforced or strained, and where the conditions for long-term business sustainability are ultimately determined.

These domains of scrutiny were not always the primary lens through which corporations were judged. In earlier periods, corporate legitimacy was largely inferred from performance and competence, evaluated through the prosperity it delivered. Economic contribution, growth, and employment provided a sufficient enough signal that an institution was operating in alignment with societal expectations. But as corporations scaled, and evolved, that condition changed.

The expansion of corporate power extended the reach of business decisions beyond markets and into the systems that shape everyday life. Firms began to influence labor conditions, environmental systems, information flows, and the stability of communities. What was once largely contained within an economic frame came to produce social, political, and technological effects that were increasingly visible, attributable, and unevenly experienced. As impact expanded, so too did the stakeholder landscape. In the Reputation Era, corporations are evaluated simultaneously by employees, regulators, investors, media, and the public, often across multiple markets and jurisdictions. These stakeholders do not share a single standard of judgment. For some, scrutiny follows codified law and regulation. For others, it is shaped by more fluid social and moral expectations.

These overlapping legal and moral expectations have intensified as corporate capability has accelerated. Advances in technology, capital mobility, and global integration allow institutions to scale and operate at speeds that exceed the systems designed to govern them. The result is a persistent gap between what corporations are capable of doing and the frameworks available to evaluate whether those actions are acceptable. In that gap, a defining tension of the Reputation Era emerges. Corporations were built to optimize performance and scale, but are now judged across a broader set of social, political, and moral expectations they were not designed to satisfy. The systems that define success inside the institution are no longer the same systems that determine legitimacy outside of it. For example, a corporation can prevail in a legal forum while losing favor with employees or the public. It can gain support from investors and suppliers while facing resistance from regulators and consumers.

The traditional reputation operating system broke. Models that once translated operational competence into broad legitimacy no longer translated legitimacy. As scale increased, so did the visibility and consequence of corporate behavior, and with it, the expansion of scrutiny into new domains. Scrutiny did not disperse evenly, it concentrated in specific areas where corporate power intersects most directly with its consequences. These are the points where tradeoffs become visible, where externalities surface, and where stakeholders experience the effects of institutional decisions most acutely.

Four domains of scrutiny emerged, reflecting these recurring points of consequence concentration. These domains are not independent. Pressure within one often cascades into others. Perceived imbalance can raise questions about influence. Concentrated influence can intensify scrutiny of shared impact. Failures in shared systems can quickly become questions of dignity. What begins as a localized issue can expand into a broader challenge to legitimacy. This is the structure of the reputation operating system in the modern era. Legitimacy can still be earned through prosperity, but remain contested, and renegotiated within domains of scrutiny. Understanding these domains is essential. They define where scrutiny concentrates, how legitimacy is judged, and whether institutions retain their license to operate.

The Four Domains of Scrutiny

		Judgement Lens	How Legitimacy Strains
Balance	Distribution of benefits, risks, and responsibilities	Equality, equity, fairness, proportionality, reciprocity	Legitimacy is compromised when stakeholders perceive misalignment, risk deflection, and a lack of shared gains.
Influence	Concentration of power to shape systems and outcomes	Control, access, gatekeeping, dependency, concentration, leverage	Legitimacy becomes contested when corporate power shapes access, direction, rules, and opportunity.
Dignity	Treatment of individuals and groups	Rights, agency, autonomy, respect, voice, exploitation	Legitimacy erodes when individuals are perceived as secondary to economic or operational goals.
Shared Impact	Externality effects on collective systems	Community impact, public well-being, environmental harm, quality of life	Legitimacy is strained when harm becomes visible, measurable, and attributable across shared systems.

Passage 9: Perception is Reality

Summary Text (Not Included in Final Copy): The question of balance emerges when stakeholders confront how the benefits and burdens of corporate activity are distributed. What appears as innovation and efficiency within the firm can be experienced as displacement or exclusion outside of it. In this gap, legitimacy is no longer determined by outcomes alone, but by how those outcomes are perceived to be accessed, distributed, and shared.

Legitimacy is compromised when stakeholders perceive misalignment, risk deflection, and a lack of shared gains. When the behaviors, communications, or externalities associated with a company are perceived as uneven, unfair, or lacking reciprocity, stakeholders respond by constraining the institution's license to operate. The balance domain of scrutiny is no different than the other three. Perceived violations trigger boycotts, invite regulations, and entice other restrictions that disrupt business operations. However, perceptions of balance can be easily contested and may be very difficult to quantify and defend. One of the most persistent and growing ideas in modern business is the belief that large corporations undermine the ability of smaller businesses to thrive and succeed. This argument reflects a recurring tension in how stakeholders interpret balance. It not only underpins anti-trust headwinds, but also serves as a powerful narrative used to mobilize public sentiment, serving as a powerful story to stir populist emotion, leveraged by politicians and activists to build momentum with their constituents.

The argument of imbalance within the systems that companies create feels authentic and believable as it can be easily rooted in observable shifts in the economic landscape; an issue lying in close proximity to increasing global wealth gaps.[1] To that end, the facts are undeniable, the expansion of large corporations has significantly reshaped local and global economic ecosystems. Through economies of scale, vertically integrated supply chains, platform dominance, and highly sophisticated logistics and data capabilities, large firms compete aggressively on price, speed, and convenience. These structural advantages allow them to deliver frictionless consumer experiences at costs and efficiencies that independent businesses often struggle to match. What appears to consumers as innovation and value can, over time, produce a competitive terrain defined by the rules, standards, and limitations set by larger players. Take for example, Walmart, which offers one of the most frequently, and aggressively, studied examples of small businesses displacement. Research by economist Emek Basker, from the University of Missouri, found that the opening of a Walmart store increased retail employment in a county initially, but also displaced

[1] United Nations Conference on Trade and Development. (2024). *Inequality: Major trends, policy challenges and the need for global economic compact*. https://unctad.org/system/files/official-document/gds2024d1_en.pdf

workers at existing local retailers.[2] A later study by Artz and Stone (2012) found that Walmart entry was associated with declines in small retail establishments in rural Iowa counties, particularly in general merchandise categories.[3] Other research, including work by Panle Jia Barwick, Economics Department Chair at University of Wisconsin–Madison, authored "*What Happens When Wal-Mart Comes to Town"* which modeled how large "big-box" entry leads to the exit of small, less productive retailers who cannot compete on price due to scale disadvantages.[4] This is how imbalance becomes visible to stakeholders, not as a settled fact, but as a pattern inferred from uneven outcomes such as limited access to distribution, increased barriers to entry, and compressed margins for smaller firms. It also underscores that certain communities, and the small businesses within them, have undeniably felt squeezed.

This is where some issues that drive scrutiny within the balance domain can become convoluted. Because the evidence, in some cases, is far from one-sided. Looking at the other side of this issue, large companies also create massive supply chains that small

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[2] Basker, E. (2005). Job Creation or Destruction? Labor Market Effects of Wal-Mart Expansion. *The Review of Economics and Statistics*, *87*(1), 174–183.

[3] Stone, K. E., & Artz, G. M. (2012). Revisiting Wal-Mart's Impact on Iowa Small Town Retail: Twenty-Five Years Later. *Staff General Research Papers Archive, Staff General Research Papers Archive*, Article 35203. https://ideas.repec.org//p/isu/genres/35203.html

[4] Jia, P. (2008). What Happens When Wal-Mart Comes to Town: An Empirical Analysis of the Discount Retailing Industry. *Econometrica*, *76*(6), 1263–1316. https://doi.org/10.3982/ECTA6649

businesses can plug into. The resources and support that large corporations offer enables small businesses to generate foot traffic, building a more flexible and dynamic infrastructure. DoorDash's 2024 US Economic Impact Report states that the platform supported more than $106 billion in economic activity and that local businesses generated over $40 billion in revenue on the platform in 2024, connecting small shops, restaurants, and merchants with customers they otherwise might not reach.[5] There is third party research that substantiates the claim, that large scale gig work platforms (including DoorDash, Grubhub, Uber Eats to name a few) increased total takeout sales for restaurants and have contributed to positive spillovers such as dine-in customer visits; further supporting the argument that large scale technology platforms can introduce new customers who then return to the restaurant more broadly.[6]

Yet many restaurant owners, political leaders, and media narratives counter this story, with a focus on compressed margins, loss of direct customer relationships, and

[5] *Measuring Our Impact: Unveiling the 2024 Economic Impact Report | DoorDash*. (n.d.). Retrieved February 14, 2026, from https://about.doordash.com/en-us/news/measuring-our-impact-unveiling-the-2024-economic-impact-report

[6] Li, Z., & Wang, G. (2025). On-Demand Delivery Platforms and Restaurant Sales. *Management Science*, *71*(7), 5788–5804. https://doi.org/10.1287/mnsc.2021.01010

dependence on platforms that control pricing and visibility.[7] This underscores a reputational challenge where both narratives, told across a range of different reputational stakeholders, can be simultaneously true. The truth that large corporations can support the small business ecosystem can be exemplified by increased access to entrepreneurial tools, particularly through digital ecosystems such as social media networks, online marketplaces, and content platforms like YouTube. These infrastructures lower traditional barriers to entry by giving individuals access to distribution, marketing tools, analytics, payment systems, and global audiences that would have once required substantial capital to build independently. Entire categories of work, from content creation and influencer marketing to app development, e-commerce storefronts, and creator-led brands, have emerged because large platforms supplied the technological backbone. According to *Entrepreneur*, YouTube helps small businesses build credibility and expand their customer base by giving them access to a vast global audience and powerful visual storytelling tools. By leveraging SEO, engaging content, and direct audience interaction, small businesses can increase brand awareness, drive conversions, and even generate new revenue streams at a fraction of the cost of traditional advertising that many small businesses cannot

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[7] Are DoorDash and Other Delivery Apps Hurting Restaurants? (n.d.). *Knowledge at Wharton*. Retrieved February 16, 2026, from https://knowledge.wharton.upenn.edu/article/are-doordash-and-other-delivery-apps-hurting-restaurants/

afford.[8] These examples counter the argument that while large businesses may have stifled some small businesses, there are several cases where small businesses thrived because larger ones built the ecosystems in which they operate. These cases demonstrate that the presence of a major corporation increases overall economic activity and can facilitate a wide range of benefits for smaller, independent business operators.

The jury, in truth, of this hotly debated balance domain of scrutiny issues, is one that remains without concrete conclusion. The relationship between large and small firms is neither purely adversarial nor purely symbiotic. It is complex, contextual, and evolving. But here is where reputation enters the equation. We do not live solely in a world of empirical balance sheets and peer-reviewed data. We live in a much more complicated, dynamic and fast paced world of perception. And in that world, small businesses hold a powerful advantage, one that often poses significant reputational risk to large businesses. Recent survey data from the Pew Research Center illustrates this vividly. When Americans were asked whether various institutions have a positive effect on how things are going in the country, 86% said small businesses have a positive impact. Only 29% said the same about large corporations. This gap is not

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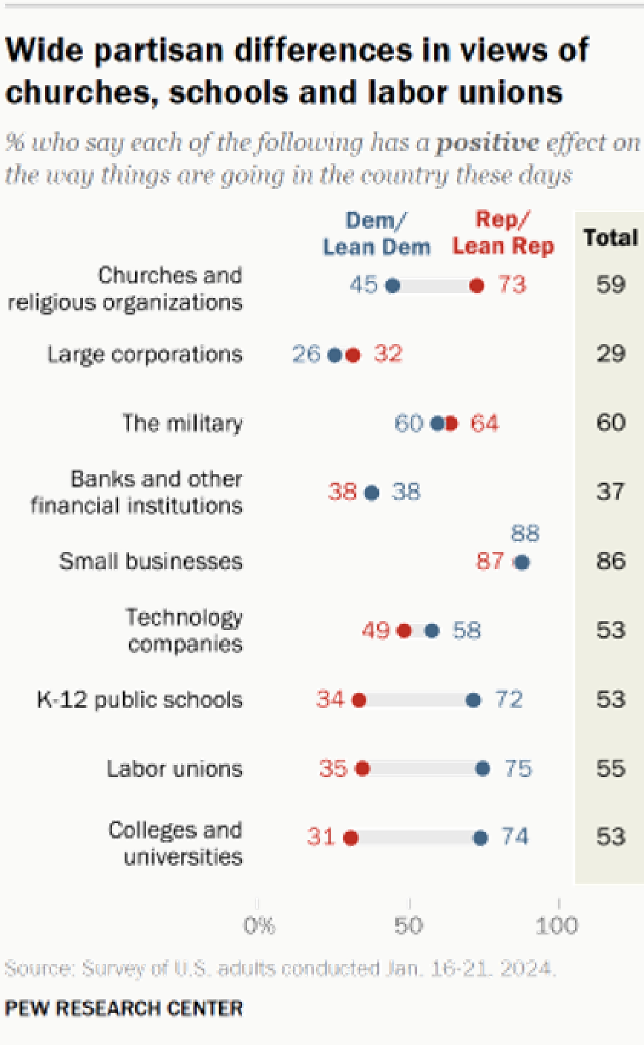
[8] Yadav, S. (2023, July 3). YouTube Is the Tool You Need to Build Your Customer Base—And Your Credibility. Here's How. *Entrepreneur*. https://www.entrepreneur.com/growing-a-business/how-small-businesses-can-harness-the-power-of-youtube/453517

marginal; it is seismic. Across partisan lines, small businesses are viewed very favorably with 87% of Republicans and 88% of Democrats claiming small businesses contribute positively. Large corporations, by contrast, earn far weaker endorsement, with just 32% of Republicans and 26% of Democrats saying they have a positive effect.[9] These statistics remind us that the debate of harmful negative externalities imparted upon small businesses from larger corporations isn't a debate in the court of public opinion, here the verdict is nearly unanimous that larger companies are unable to deliver the positive impact that small business delivers.

[9] Nadeem, R. (2024, February 1). From Businesses and Banks to Colleges and Churches: Americans' Views of U.S. Institutions. *Pew Research Center*. https://www.pewresearch.org/politics/2024/02/01/from-businesses-and-banks-to-colleges-and-churches-americans-views-of-u-s-institutions/



The numbers bring to life a key reputational theme, asymmetry. Small businesses are perceived as community-rooted, authentic, and vulnerable. They are reputationally protected by perceptions of closeness, vulnerability, struggle, ambition and other human conditions that resonate with people. Large corporations, from the outside perspective, are perceived as powerful, influential, and self-interested. Their scale, success, and reach invites scrutiny; which translates to suspicion. For reputation stewards, the key lesson here is that whether or not large corporations are systematically undermining small businesses becomes secondary to the conclusion, and fear, that they have the power to do so. This poses the question, “If a small business, through its localized, in community, personal relationship feels more emotionally human,[10] then does this mean a large globally scaled, with superiorly optimized competence, feels not only super-human in terms of its power and influence, but also sub-human in how it can connects with people emotionally?” This is the awkward tension between scale and scrutiny. Large scale global efficiency is now reframed from strength, to competence, to capability, to an imbalance that feels like dominance. Scale, reach, competency, and capability now become the tool kits by which corporations are perceived to be the creators of imbalance, which lends them vulnerable to perceptions of unfair business practices. The conclusion, in reputation, is that perceptions of imbalance do not need to be universally true to be consequential. They only need to be believed. This is how balance becomes a domain of scrutiny, not resolved by evidence alone, but shaped by how stakeholders interpret the distribution of gains, risks, and power within a system.

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[10] Gilboa, S., Seger-Guttmann, T., & Mimran, O. (2019). The unique role of relationship marketing in small businesses’ customer experience. *Journal of Retailing and Consumer Services*, *51*, 152–164. https://doi.org/10.1016/j.jretconser.2019.06.004

Passage 10: Buy it, Bury it, or Block It

Summary Text (Not Included in Final Copy): Legitimacy is shaped not only by outcomes, but by how institutions exercise influence over the conditions of participation. The mechanisms covered include patents, acquisitions, digital marketplace platforms, and dark patterns that can shape access, competition, choice, and innovation while remaining legally defensible. These dynamics are intensified by a velocity gap, where corporate scale and speed outpace the systems designed to evaluate them. Scrutiny shifts accordingly, from what outcomes companies create to how they influence and shape the system all together.

If the balance domain diagnoses how benefits and burdens are distributed, the influence domain examines how power is exercised to shape those distributions. Legitimacy becomes contested when corporate power is leveraged to influence access, direction, and the conditions under which competition occurs. Where balance asks are outcomes fair, influence asks who decides what is fair. In the influence domain, scrutiny centers on how power is exercised. Stakeholders focus on signals of control, restricted access, gatekeeping, dependency, and concentration, often interpreting these as evidence that scale has translated into disproportionate leverage.

In this context, strategies that may be framed internally as protecting competitive advantage can be perceived externally as crossing into manipulation of the system itself. As corporations scale, so do the mechanisms used to defend their position, raising questions about whether influence is being used to compete within markets or to shape the conditions under which competition occurs.

Society has advanced as global corporations have driven innovation across healthcare, technology, and infrastructure. Yet their growing control over patents, intellectual property, and platform ecosystems is increasingly perceived as a structural barrier to new entrants. In this framing, innovation itself becomes a mechanism of influence, shaping who can participate in the market and under what conditions. The argument points to concentrated corporate power where innovation is perceived to stall, not because ideas are scarce, but because the pathways to market have been systematically narrowed.[11]

Efforts to manage this tension are not new. The patent system, dating back to the 15th century, was designed to incentivize invention by protecting creators while enabling broader economic progress. In early commercial centers like Venice, patents helped

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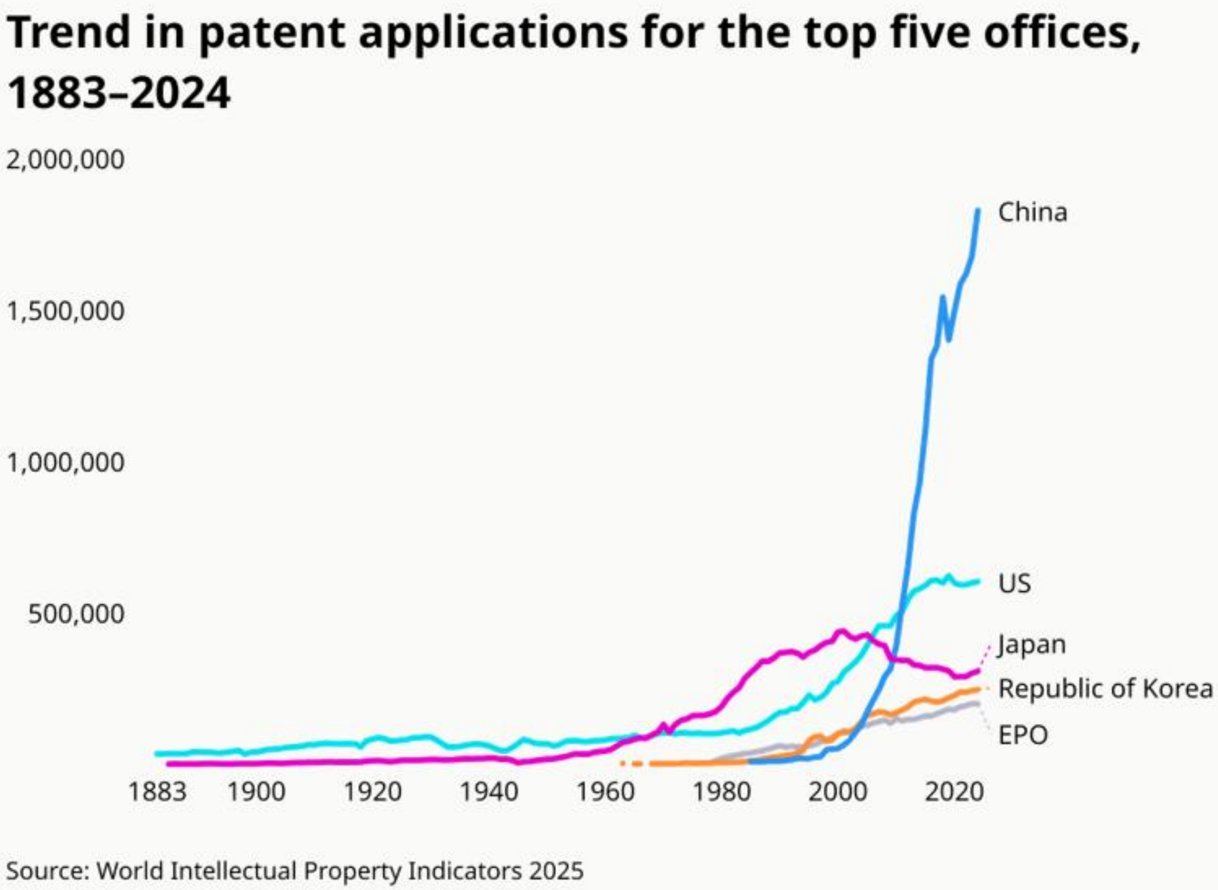
[11] Amini, S., Kumar, R., & Shome, D. (2024). Product market competition and corporate investment: An empirical analysis. *International Review of Economics & Finance*, *94*, 103405. https://doi.org/10.1016/j.iref.2024.103405

attract skilled artisans and supported the development of competitive advantage at the state level.[12] In an ironic twist, that same system now faces scrutiny. Critics argue that patents are increasingly used to build self-reinforcing structures of control rather than to expand innovation. Because patent filings are publicly disclosed, patterns of accumulation become visible and open to interpretation. Rapid growth in filings has contributed to what is often described as a "patent thicket"[13], a dense web of protections that can function as a strategic moat. The question shifts from whether patents enable innovation to how they shape access to it.

[12] *Primary Sources on Copyright—Record Viewer*. (n.d.). Retrieved February 17, 2026, from https://copyrighthistory.org/cam/tools/request/showRecord.php?id=commentary_i_1474

[13] *World Intellectual Property Indicators 2025: Highlights - Patents highlights*. (n.d.). Retrieved February 16, 2026, from https://www.wipo.int/web-publications/world-intellectual-property-indicators-2025-highlights/en/patents-highlights.html



Patent thickets represent one of the most sophisticated forms of this dynamic. Firms build layers of secondary protections around core innovations, creating barriers that are costly and time-consuming to navigate. This approach is particularly visible in the pharmaceutical industry[14], where breakthroughs in treatment coexist with persistent concerns around affordability and access. For potential competitors, entry becomes complex. Developing alternatives requires navigating overlapping protections, each

[14] Hall, B. H., & Helmers, C. (2024). Strategic Patenting, Patent Portfolio Races, and Patent Thickets. In B. H. Hall & C. Helmers (Eds.), *The Economics of Innovation and Intellectual Property* (p. 0). Oxford University Press. https://doi.org/10.1093/oso/9780197630914.003.0018

carrying the risk of litigation. The cost of challenging these structures, often reaching millions per case, creates practical barriers that can limit competition.[15] This dynamic produces what economists describe as deadweight loss, where value is lost because market conditions, shaped by concentrated influence, prevent mutually beneficial outcomes. These effects are not abstract. Studies suggest that cost pressures contribute to real-world behaviors such as patients rationing or skipping medication.[16] The innovation exists, but the system governing access to it remains contested.

This interpretation does not go uncontested. Defenders argue that the cost and uncertainty of innovation require mechanisms that allow firms to recover investment. Without protection, the incentive to pursue high-risk breakthroughs may diminish. Patents, in this view, protect not only profit, but the willingness to pursue treatments that may fail.[17] This creates a persistent tension. Structures perceived as restricting access may also be the conditions that enable innovation. Legitimacy is not

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[15] Kesselheim, A. S. (n.d.). *Improving competition to lower U.S. prescription drug costs*.

[16] PhD, A. N. (n.d.). *More Than Half of Americans Struggle to Afford Prescription Medications*. GoodRx. Retrieved February 17, 2026, from https://www.goodrx.com/healthcare-access/research/more-than-half-of-americans-struggle-to-afford-prescription-medications

[17] Amini, S., Kumar, R., & Shome, D. (2024). Product market competition and corporate investment: An empirical analysis. *International Review of Economics & Finance*, *94*, 103405. https://doi.org/10.1016/j.iref.2024.103405

determined by which interpretation prevails, but by how stakeholders assess the tradeoff between protection and access.

Patent thickets are one expression of how influence creates dynamics that place companies under scrutiny. Another is the “killer acquisition,” where a dominant firm acquires an emerging rival to neutralize a competitive threat. In some cases, the acquired product may be slowed, redirected, or deprioritized in ways that limit its ability to challenge the incumbent’s core business.[18] While these strategies may appear rational internally, they are often interpreted externally as shaping the conditions of competition and narrowing the pathways through which innovation can emerge.

The FTC’s antitrust suit alleged that Facebook acquired Instagram and WhatsApp as part of a “buy or bury” strategy to eliminate competitors and protect a monopoly in social networking.[19] The CEO, Mark Zuckerberg, disputed this characterization, stating that the acquisition reflected product strength rather than defensive intent.[20] Internal communications, including the statement, made by Mark Zuckerberg, that “Instagram

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[18] Barnett, J. (2023, September 25). ‘Killer Acquisitions’ Reexamined: Economic Hyperbole in the Age of Populist Antitrust. *The Harvard Law School Forum on Corporate Governance*. https://corpgov.law.harvard.edu/2023/09/25/killer-acquisitions-reexamined-economic-hyperbole-in-the-age-of-populist-antitrust/

[19] *Facebook, Inc., FTC v. (FTC v. Meta Platforms, Inc.)*. (2020, December 9). Federal Trade Commission. https://www.ftc.gov/legal-library/browse/cases-proceedings/191-0134-facebook-inc-ftc-v-ftc-v-meta-platforms-inc

[20] Godoy, J. (2025, April 16). *5 Reveals From Zuckerberg’s Meta Testimony*. Newsmax. https://www.newsmax.com/finance/streettalk/mark-zuckerberg-meta-antitrust/2025/04/16/id/1207127/

can hurt us," intensified scrutiny by reinforcing the perception that the platform was viewed as a competitive threat worth acquiring for defensive purposes.[21]

Despite these concerns, the case did not result in a monopoly ruling. U.S. District Judge James Boasberg found that the FTC failed to establish that Meta currently holds monopoly power in personal social networking.[22] The court emphasized the difficulty of proving harm in markets that have evolved significantly since the acquisitions, noting that changes in the competitive landscape complicated the FTC's claims.[23] This distinction highlights a broader structural gap. Legal systems evaluate harm through defined thresholds, while reputation is shaped by perception and broader social interpretation. As a result, legal outcomes do not necessarily resolve legitimacy. In some cases, they intensify scrutiny by reinforcing the perception that existing frameworks are not equipped to evaluate modern forms of influence. This gap is particularly visible in digital markets, where traditional benchmarks struggle to capture non-price harms such as reduced privacy, diminished future competition, or

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[21] Lee, T. B. (2020, July 29). *Zuckerberg wrote "Instagram can hurt us" days before acquisition*. Ars Technica. https://arstechnica.com/tech-policy/2020/07/zuck-email-instagram-deal-could-neutralize-a-potential-competitor/

[22] *Meta Prevails in FTC's Antitrust Case Challenging Instagram and WhatsApp Acquisitions*. (n.d.). Sullivan and Cromwell LLC. Retrieved February 18, 2026, from https://www.sullcrom.com/insights/memo/2025/December/Meta-Prevails-FTC-Monopolization-Case

[23] *FTC Loses Retroactive Merger Challenge as Court Concludes That Meta Is Not a Monopolist | Skadden, Arps, Slate, Meagher & Flom LLP*. (n.d.). Retrieved February 18, 2026, from https://www.skadden.com/insights/publications/2025/11/ftc-loses-retroactive-merger-challenge

structural entrenchment.[24] This divergence reflects a deeper velocity mismatch. The speed at which corporations can scale, acquire, and reshape markets now exceeds the pace at which legal and regulatory systems can interpret and respond. Acquisition velocity, platform scaling velocity, and product iteration cycles operate in compressed timeframes, while governance systems remain dependent on slower processes of evidence, consensus, and enforcement. In this governance velocity gap, influence is not only exercised, but compounded before it can be meaningfully evaluated.

This gap moves from theory to visibility with the rise of the modern corporate platforms, such as Amazon, Google, and Apple. As these companies evolve from participants (creators of applications) in markets to the infrastructure of markets themselves (distribution channels of mobile applications), scrutiny shifts accordingly. This creates what regulators increasingly describe as the "referee and player" paradox.[25] When a company both operates in and sets the rules for the marketplace. Platforms gain structural, imbalanced, advantages that other participants cannot replicate. These advantages are reinforced by access to privileged data. Platform companies can observe how users behave, which features gain traction, and where

[24] Makridis, C. A., & Thayer, J. (n.d.). *The Big Tech Antitrust Paradox: A Reevaluation of the Consumer Welfare Standard for Digital Markets*.
[25] Defolie, Ö. B. (2024, November 7). *Hybrid marketplaces: Acting as the referee and a player*. La Fonte. https://lafonte.eui.eu/hybrid-marketplaces-acting-as-the-referee-and-a-player

value is emerging. That visibility allows them to identify and act on product deployment opportunities before the broader market can respond, enabling forms of self-preferencing that shape outcomes at scale.[26]

As a result, influence increasingly shapes not only competition but the conditions under which entrepreneurs attempt to compete. Smaller firms now navigate not only market demand but a "Kill Zone", where success will trigger competitive responses from dominant platforms.[27] In these conditions, entrepreneurs report a narrowing window of time to capture value before platform replication ensures. This results in diminished innovation, through weakened entrance for new startups.

Previous examples demonstrated how influence can be perceived as shaping markets and competition, but influence extends beyond this, it can shape behavior itself. In the Reputation Era, marketplace environments may appear voluntary, yet the conditions under which users enter, remain, and exit are often structured in ways that guide them toward choices the company prefers. Consider the default settings that make unsubscription harder than enrollment, or the notification sequences designed to discourage opt-out, all designed to generate minor frictions that collectively shape

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[26] Klingler, D., Bokemeyer, J., Rocca, B. D., & Nunes, R. B. (n.d.). *AMAZON'S THEORY OF HARM*.

[27] Kamepalli, S. K., Rajan, R., & Zingales, L. (2020). *Kill Zone* (Working Paper No. 27146). National Bureau of Economic Research. https://doi.org/10.3386/w27146

behavior. This is called a dark pattern, strategies designed to structure choices where certain behaviors are more likely than others, often by introducing friction, defaults, or ambiguity.[28] In these systems, influence is exercised not through restriction, but through the architecture of decision-making.

This dynamic has begun to surface in formal regulatory contexts. In 2023, the Federal Trade Commission brought a case against Amazon alleging that its Prime subscription flows were designed in ways that made cancellation more difficult than enrollment.[29] According to the complaint, users attempting to cancel were required to navigate a series of screens, repeated confirmations, and prompts that encouraged them to reconsider or retain their membership.[30] While each step, in isolation, may appear reasonable, the cumulative experience introduced friction that could delay or discourage exit. While the case has not reached a final judgment, a federal court

[28] Leiser, M., & Santos, C. (2024). Dark Patterns, Enforcement, and the Emerging Digital Design Acquis: Manipulation beneath the Interface. *European Journal of Law and Technology*, *15*(1). https://ejlt.org/index.php/ejlt/article/view/990

[29] *FTC Takes Action Against Amazon for Enrolling Consumers in Amazon Prime Without Consent and Sabotaging Their Attempts to Cancel*. (2023, June 21). Federal Trade Commission. https://www.ftc.gov/news-events/news/press-releases/2023/06/ftc-takes-action-against-amazon-enrolling-consumers-amazon-prime-without-consent-sabotaging-their

[30] *Amazon Uses 'Dark Patterns' to Hinder Consumers Looking to Cancel Prime Membership, Class Action Says*. (2022, November 9). https://www.classaction.org/news/amazon-uses-dark-patterns-to-hinder-consumers-looking-to-cancel-prime-membership-class-action-says

allowed the claims to proceed, signaling that questions of interface design and user choice are no longer peripheral concerns.

This is the core of how influential behavior is evaluated. The question is no longer limited to whether users can technically make a choice, but whether that choice is meaningfully unconstrained. This provides another example of how influence manifests as a domain of scrutiny. Not through overt restriction, but through carefully designed architectures that induce, restrict, or block participation. In such conditions, legitimacy is shaped less by the legal structure that governs how choice and access can be made and more by the social and moral expectations of how choices and access should be experienced. The scrutiny of influence is larger than controlling markets, it can also involve shaping the conditions under which others players can operate.

This shift is now visible in how stakeholders evaluate corporate behavior more broadly. The Harvard Law School Forum on Corporate Governance highlights, from a Just Capital survey, a critical shift where stakeholders are increasingly evaluating corporate impact across broader societal and innovation outcomes, not simply legal compliance.[31] In earlier periods, corporations were primarily judged against legal

[31] The Harvard Law School Forum on Corporate Governance

constructs that evolved over decades, even centuries. Legal compliance signaled legitimacy. Today, that presumption is weakening as governance systems are increasingly perceived as struggling to keep pace with the scale and complexity of corporate power. In this environment, corporate preservation strategies that raise barriers, shape participation, delay competition, or limit independent innovation become focal points of scrutiny, even when they fall within legal boundaries. What appears prudent inside the boardroom, as rational competitive defense, is frequently interpreted from outside as an exercise of influence over the conditions others must operate within.

Passage II: Facing a Human Threshold

Summary Text (Not Included in Final Copy): The treatment of people has become a central test of corporate legitimacy. Human rights frameworks transformed dignity into a structured system of scrutiny that now operates through supply chains and labor models. In the Reputation Era, failures in this domain do not remain isolated. They propagate across stakeholders and convert quickly into constraints on a firm's ability to operate..

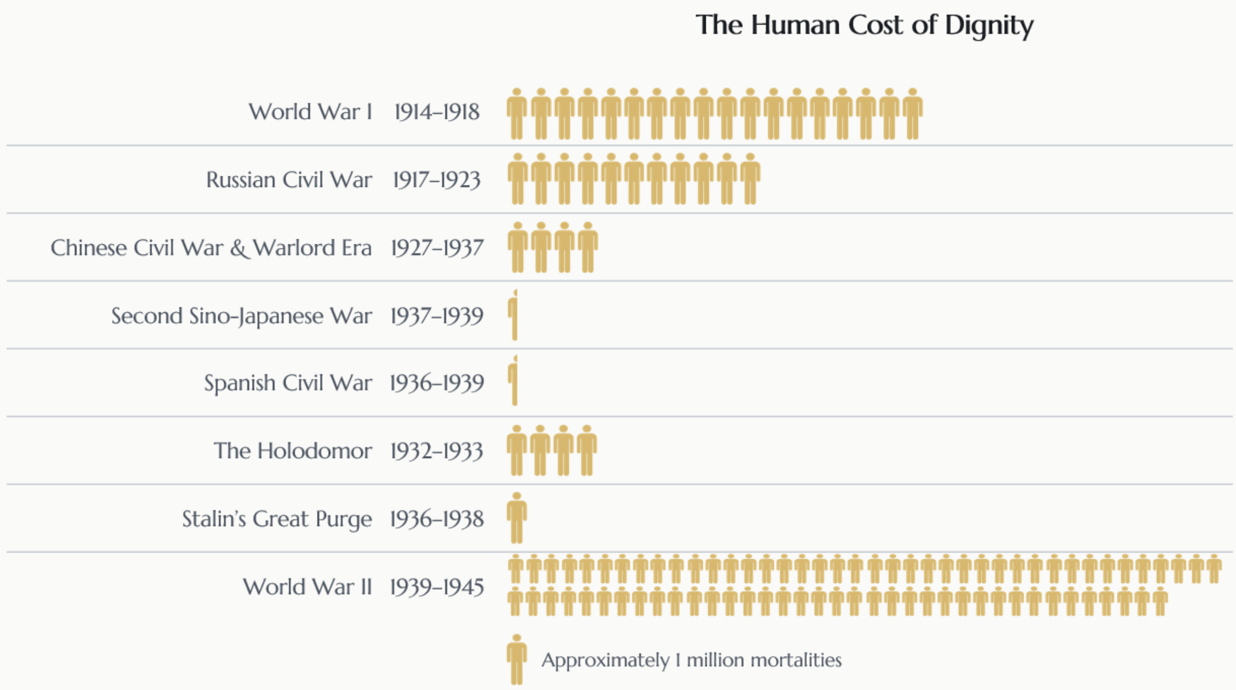
The dignity domain focuses on how institutions treat people, and how that treatment translates into legitimacy. Unlike other domains, where scrutiny often centers on outcomes or scale, dignity is judged at the level of human experience. It asks whether individuals are treated as agents with rights and voice, or as inputs to be optimized. When that boundary is crossed, legitimacy erodes quickly, not because performance declines, but because the system is perceived to tolerate externalities that harm its human operators without remedy.

In the Reputation Era, dignity stretches beyond peripheral moral concerns. It has become a significant structure that sets the condition for business operability. The treatment of people now travels across systems, becoming measurable, attributable, and actionable through legal frameworks, stakeholder pressure, and institutional enforcement. As a result, failures in the dignity domain do not remain isolated. Potentially more so than scrutiny in other domains, perceived dignity shortfalls can be characterized by their rapid ability to propagate outward, converting into constraints on access, capital, labor, and business continuity.

This shift to an evolved and understood dignity domain was not an inevitable course through history. Its origin story ties closely to the emergence of a human-rights framework that emerged after a period of significant global failure. The catalyst that drove the ideology shift takes place between 1914 and 1945, a time of compounding violent shocks that include war, engineered famine, mass purge, and aerial terror across different sovereign states. A conservative estimate, from the table below, shows

110 million casualties (deaths, wounded, prisoners, and missing), which is a rate of about 10,000 per day over a period of 31 years. The global geopolitical system, at the time, discovered that it was stuck in 'failure' mode. This conclusion was bolded and underscored when the United States dropped atomic bombs on Hiroshima and Nagasaki.[32] The resolution of World War II offered a grim reality that atrocity is no longer something that accumulates painfully over years, it is something that can be executed in minutes. From this point forward there would be the need for a new order, not one threaded in virtues of world peace, but one that could contain and restrict instability.

[32] *The Atomic Bombing of Hiroshima and Nagasaki, August 1945*. (2020, August 4). National Archives. https://www.archives.gov/news/topics/hiroshima-nagasaki-75



Sources in chronological order: [33] [34] [35] [36] [37] [38] [39] [40]

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[33] Syeda, S. (2017, November 10). *The Russian Civil War | Military History Matters*. https://www.military-history.org/cover-feature/the-russian-civil-war.htm

[34] *World War I - Casualties, Armistice, Legacy | Britannica*. (n.d.). Retrieved March 7, 2026, from https://www.britannica.com/event/World-War-I/Killed-wounded-and-missing

[35] *China's Democide and War*. (n.d.). Retrieved March 7, 2026, from https://www.hawaii.edu/powerkills/CHINA.CHAP1.HTM

[36] *Nanjing Massacre | History, Summary & Facts | Britannica*. (2026, January 23). https://www.britannica.com/event/Nanjing-Massacre

[37] *Spanish Civil War | Definition, Causes, Summary, & Facts | Britannica*. (2026, March 1). https://www.britannica.com/event/Spanish-Civil-War

[38] *Holodomor*. (n.d.). College of Liberal Arts. Retrieved March 7, 2026, from https://cla.umn.edu/chgs/holocaust-genocide-education/resource-guides/holodomor

[39] Ellman, M. (2002). Soviet Repression Statistics: Some Comments. *Europe-Asia Studies*, *54*(7), 1151–1172. https://doi.org/10.1080/0966813022000017177

The postwar settlement was designed to prevent a return to catastrophic war by institutionalizing conflict prevention and collective security, so that crises could be contained before they escalated into shocks a system could not absorb[41]. That lesson was the basis for human rights, a constraints-based legitimacy system designed to prevent widespread global failure. Eventually leading to a broadly adopted code through the United Nations Charter which embedded the treatment of people into the logic of international stability. From this the Universal Declaration of Human Rights[42] established a shared baseline of non-negotiable expectations.[43] These frameworks did not eliminate abuse, but they changed its consequences. A system of standards and penalties became the basis for scrutinizing institutions within the dignity domain. Moving into the Reputation Era, dignity became a legible and visible framework across borders. It emerged as a legible language, which made the legitimacy of nations and institutions contestable based on harms to people.

[40] Roberts, C. (2021, March 5). *The Enduring Impact of World War II*. National Museum of the Pacific War. https://www.pacificwarmuseum.org/learn/articles/the-enduring-impact-of-world-war-ii

[41] Nations, U. (n.d.). *Preamble*. United Nations. United Nations. Retrieved March 7, 2026, from https://www.un.org/en/about-us/un-charter/preamble

[42] Nations, U. (n.d.). *Preamble*. United Nations. United Nations. Retrieved March 7, 2026, from https://www.un.org/en/about-us/un-charter/preamble

[43] Nations, U. (n.d.). *Universal Declaration of Human Rights*. United Nations. United Nations. Retrieved March 7, 2026, from https://www.un.org/en/about-us/universal-declaration-of-human-rights

This dignity domain had a significant impact on reshaping reputation through the late twentieth century. Not only did it effectively create a moral-legal reputational guideline, but it also expanded the stakeholders of legitimacy. No longer could institutions secure reputation through a focus on an elite set of the public, such as doctors, scientists, and politicians. Scrutiny in the dignity domain pushed institutions to manage relations across a broader and more distributed system of stakeholders, all of which were capable of translating perceived harm into consequence.[44] NGOs[45] and consumer backlash[46] makes perceived abuse visible and portable across jurisdictions. Investors incorporate controversy into risk pricing and capital allocation.[47] Employees and talent markets express preferences through participation and withdrawal.[48] Regulators[49] and courts[50] convert claims into enforceable processes and revised

[44] *Tools for Atrocity Prevention*. (n.d.). Retrieved March 7, 2026, from https://preventiontools.ushmm.org/naming-and-shaming/

[45] NGO OECD. (2018, January 31). *OECD Due Diligence Guidance for Responsible Business Conduct*. OECD Publishing. OECD. https://doi.org/10.1787/15f5f4b3-en

[46] CONSUMER Journal of Marketing Advances. (n.d.). *Why Do Consumers Take Stands? A Review of Customer Boycotts*.

[47] Bang, J., Ryu, D., & Webb, R. I. (2023). ESG controversy as a potential asset-pricing factor. *Finance Research Letters*, *58*, 104315. https://doi.org/10.1016/j.frl.2023.104315

[48] *Uyghur Forced Labor Prevention Act | U.S. Customs and Border Protection*. (n.d.). Retrieved March 7, 2026, from https://www.cbp.gov/trade/forced-labor/UFLPA

[49] (2018, January 31). *OECD Due Diligence Guidance for Responsible Business Conduct*. OECD Publishing. OECD. https://doi.org/10.1787/15f5f4b3-en

[50] Office, U. S. G. A. (2025, September 8). *Economic Sanctions | U.S. GAO*. https://www.gao.gov/economic-sanctions

policies. Publicity, in this system, functioned less as commentary and more as pressure, raising the cost and compounding accountability pressure.

For corporations, scrutiny within the dignity commonly enters through two primary operating surfaces which are the supply chain[51] and the labor model.[52] These are the points where institutional design intersects most directly with human experience, and where abstract communications and stated commitments are tested against perceived employee experience and lived conditions. In global supply chains, the mechanics of seeking efficient commercial incentives often move faster than protocols and procedures that ensure accountability. Corporations constantly face market pressures to reduce costs and compress timelines which leads to layers of subcontracting and highly distributed production processes across multiple tiers. This creates a condition for a supply chain that can "leak" into jurisdictions with weaker enforcement and fewer worker protections.[53] These market forces which push and stretch supply lines does not guarantee harm, but it creates an environment where harm becomes both more likely to occur and increasingly difficult to detect. When

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[51] *Corporate human rights due diligence – identifying and leveraging emerging practices*. (n.d.). OHCHR. Retrieved March 7, 2026, from https://www.ohchr.org/en/special-procedures/wg-business/corporate-human-rights-due-diligence-identifying-and-leveraging-emerging-practices

[52] *Non-standard forms of employment | International Labour Organization*. (2024, January 28). https://www.ilo.org/topics-and-sectors/non-standard-forms-employment

[53] Anner, M. (2020). Squeezing workers' rights in global supply chains: Purchasing practices in the Bangladesh garment export sector in comparative perspective. *Review of International Political Economy*, *27*(2), 320–347.

visibility is lost, the door opens to low wages, excessive hours, unsafe working environments, and exposure to forced or child labor. All of which emerge not only from isolated misconduct, but also from systemic pressure embedded in procurement and production models. When stakeholders gain visibility into perceived supply chain harms, it triggers scrutiny that can translate into enforcement actions, procurement restrictions, and loss of market access. While supply chains present a pathway to scrutiny within the dignity domain, internal labor systems within the firm also present another arena for reputational risk. Another characteristic of the Reputation Era is the shift within labor models to increased amounts of contracting, gig work[54], and algorithmic management.[55] These systems offer flexibility and efficiency, but they have become contested as shifting economic risk onto workers while also maintaining centralized control over performance, pricing, and evaluation. Under these arrangements, stability declines, benefits narrow, and monitoring expands. Workers may retain formal autonomy, but they experience significantly reduced agency. Over time, these conditions can be interpreted as dignity failures, particularly when workers lack meaningful voice, recourse, or the ability to exit without penalty. The debate surrounding platform-based labor models illustrates this tension. What is framed as

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[54] *Platform workers and social protection: International developments*. (2023, June 6). International Social Security Association (ISSA). https://www.issa.int/analysis/platform-workers-and-social-protection-international-developments

[55] *Algorithmic management in the workplace | International Labour Organization*. (2024, July 23). https://www.ilo.org/algorithmic-management-workplace

flexibility can also be perceived as a mechanism for retaining control while externalizing both risk and responsibility.[56]

In more severe cases, these dynamics extend beyond firms to entire international systems. Russia's invasion of Ukraine made this pattern visible at scale. Governments imposed financial restrictions and sanctions, while hundreds of global companies exited the market in response to rising legal and reputational risk.[57] [58] [59] These responses were not centrally coordinated, yet the language of dignity was equally understood and acted upon by nations and companies around the world. The speed of the response highlighted how a human rights framework, coming into increased visibility in the Reputation Era, would become a code that undermines any effort to legitimately continue business in Russia. As a result a majority of global firms reduced

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[56] *Uber BV and others (Appellants) v Aslam and others (Respondents)—UK Supreme Court*. (n.d.). Retrieved March 7, 2026, from https://supremecourt.uk/cases/uksc-2019-0029

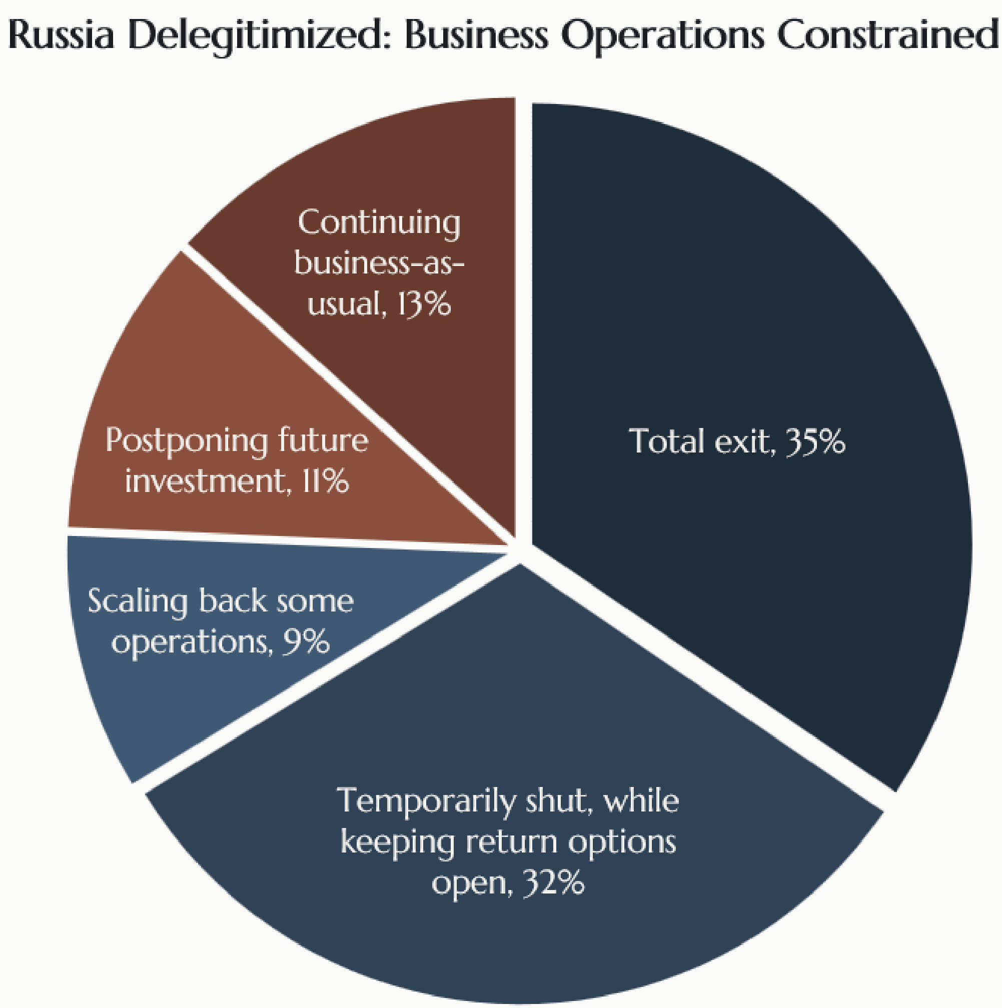
[57] *Treasury Prohibits Transactions with Central Bank of Russia and Imposes Sanctions on Key Sources of Russia's Wealth*. (2025, December 23). U.S. Department of the Treasury. https://home.treasury.gov/news/press-releases/jy0612

[58] *Timeline—Packages of sanctions against Russia since February 2022*. (n.d.). Consilium. Retrieved March 7, 2026, from https://www.consilium.europa.eu/en/policies/sanctions-against-russia/timeline-packages-sanctions-since-february-2022/

[59] Kulish, H. (n.d.). More than 500 global companies have fully left Russia—KSE Institute. *Kyiv School of Economics*. Retrieved March 7, 2026, from https://kse.ua/about-the-school/news/more-than-500-global-companies-have-fully-left-russia-kse-institute/

or exited operations to de-risk, mitigate, and prevent reputational erosion.[60] Once violations are translated into sanctions, counterparty risk, and institutional restrictions, consequences propagate across networks because each participant must defend its own operability. This example makes a structural implication clear, when an institution faces significant constraint, as a result of weakened legitimacy, it has entered a state of reputational crisis.

[60] *Over 1,000 Companies Have Curtailed Operations in Russia—But Some Remain | Yale School of Management*. (n.d.). Retrieved March 7, 2026, from https://som.yale.edu/story/2022/over-1000-companies-have-curtailed-operations-russia-some-remain



Source: Yale School of Management, January 2024 "*Over 1,000 Companies Have Curtailed Operations in Russia—But Some Remain*[61]"

A reputational crisis becomes legible to an institution when it faces constraint rings. These constraints not only help categorize the consequence of institutional

[61] *Over 1,000 Companies Have Curtailed Operations in Russia—But Some Remain | Yale School of Management*. (n.d.). Retrieved March 7, 2026, from https://som.yale.edu/story/2022/over-1000-companies-have-curtailed-operations-russia-some-remain

delegitimization, but they bring logical patterns to scenarios that can appear episodic or subjective. First, not every situation activates every constraint ring, and progression to the next is not always guaranteed. The pattern depends on severity, evidence, credibility, and the degree of stakeholder alignment. In most cases, scrutiny begins with a credibility shock. Stakeholders withdraw interpretive latitude and the burden of proof shifts. Messaging loses traction, trust decays, and verification becomes required through audits, disclosure, and third-party validation. From there, additional constraint rings may activate. Counterparties may tighten terms or exit to protect their own exposure. Legal thresholds may be crossed, triggering enforcement actions. Operational chokepoints can emerge, slowing or conditioning access to key systems such as permits, procurement, or borders. As legitimacy erodes, business continuity comes under pressure, forcing reconfiguration, asset changes, or withdrawal.

Inside the organization, prolonged scrutiny can produce an internal clampdown. Decision-making centralizes, approval layers increase, and the distinction between what is legal and what is acceptable becomes more pronounced. Dignity-related failures can trigger these constraint rings in different combinations. The table below illustrates how they manifested in real world scenarios.

Crisis Inducing Constraint Rings

Constraint Ring	Case Study
CREDIBILITY SHOCK burden-of-proof shift	**Nike Supply-Chain Labor Allegations (1990s):** brand assurances stopped working, so the response had to shift toward monitoring, disclosure, and verification. (Nike later regained a "voice of the people" posture through culture-defining campaigns, including the 2018 "Dream Crazy" work fronted by Colin Kaepernick.)
COUNTERPARTY AVOIDANCE de-risking	**Apartheid-era South Africa divestment (1980s):** banks, investors, and multinationals tightened terms or exited. Chase Manhattan bank refused to roll over maturing South African debt, triggering a broader credit squeeze and signaling that normal financing could be withdrawn on legitimacy grounds.
ENFORCEMENT ACTIVATION penalties	**Chiquita Payments to Columbia Paramilitary Groups (US, 2001):** acknowledged paying the AUC, a group designated a U.S. Foreign Terrorist Organization. The result was DOJ enforcement, a guilty plea, and a $25 million criminal fine, turning security rationale into legal exposure.
OPERATIONAL RESTRICTIONS procurement and operational rules	**Uyghur Forced Labor Prevention Act (US, 2021):** Forced labor leads to shipments being detained or excluded at the border unless the importer provides "clear and convincing" evidence with end-to-end supply chain documentation and traceability to prove the absence of forced labor.
OPERATIONAL RECONFIGURATION continuity disrupted by redesign	**TotalEnergies (Myanmar post-2021 coup):** Withdrew a pipeline company after the 2021 coup and the deterioration of the human rights environment made continued participation untenable, forcing an exit that required unwinding positions, handing over operatorship, and costly operational reconfiguration.
INTERNAL CLAMPDOWN governance compression	**Rio Tinto Juukan Gorge (Australia, 2020):** Legal permits for expanded mining operations led to the destruction of Aboriginal rock shelters creating pressure on the board from investors and other stakeholders. CEO Jean-Sébastien Jacques stepped down and two senior executives also left.

While viewed through the lens of labor and supply chains, the same logic applies to customers when their safety is compromised. The Boeing 737 MAX failures, which led to 346 deaths[62], demonstrate how breakdowns in design, oversight, and accountability can move directly from internal oversight to external harm. In these moments, dignity surfaces as a measurable human toll. The key conclusion here remains, personal harm is a clear and emotionally connecting signal of a dignity failure. This is a domain where stakeholder accountability and human impact converge. When those elements

[62] TIME. (2020, September 16). *Scathing Congressional Report on Boeing 737 Max Crashes Finds Sweeping Failures*. TIME. https://time.com/5889376/boeing-737-max-house-report/

align, institutions retain the right to operate, but when they do not, constraint is sure to follow.

Passage 12: Scale and Systematic Harm

Summary Text (Not Included in Final Copy): Shared impact emerges as corporate scale produces consequences across systems no single actor controls. What has changed is not the existence of these externalities, but their increasing visibility, measurement, and attribution, which make them legible and contestable. This creates a structural tension between systems optimized for efficiency and stakeholders demanding accountability for diffuse harm. In this environment, shared impact becomes a condition of operability, not a matter of narrative management.

As corporate systems expanded across borders, their effects began to extend beyond discrete transactions into shared systems that no single actor fully controls. This introduces a distinct domain of scrutiny, one centered not on fairness or control, but on shared impact. In this domain, the question is not whether a firm behaves fairly, but whether its operations produce consequences that accumulate across communities, ecosystems, and future time periods. These effects are diffuse, distributed across geographies and future time horizons. Historically, like other domains, shared impact has had challenges with measurement and attribution. For much of the industrial era, that diffusion allowed firms to scale while externalizing societal costs. What changes in the Reputation Era is not the existence of these externalities, but their increased visibility, measurement and attribution. As these improve, shared impacts become legible, and once legible, they become contestable.

Environmental exposure provides the clearest expression of this shift because it has progressed further than most shared impact issues along a path from near invisibility to named attribution. As production, sourcing, and logistics expand across jurisdictions, corporate scale becomes harder to observe as a single system.[63] Like dignity issues, shared impact externalities amplify with scale[64], and can be shuffled to regions, typically less developed nations, where guidelines and protections are fragmented and uneven.[65] The result is persistent asymmetry; and asymmetry, as covered in the balance domain, always invites scrutiny. This leaves corporations operating within integrated global systems, while accountability mechanisms remain local, delayed, and incomplete. Inside firms, this creates a different reputational risk,

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[63] Gereffi, G., Humphrey, J., & Sturgeon, T. (2005). The Governance of Global Value Chains. Review of International Political Economy, 12(1), 78–104.

[64] The Economics of Welfare | Online Library of Liberty. (n.d.). Retrieved March 3, 2026, from https://oll.libertyfund.org/titles/pigou-the-economics-of-welfare

[65] Koenig-Archibugi, M. (2004). Transnational Corporations and Public Accountability. Government and Opposition, 39(2), 234–259.

one shaped by narrative fatigue. Shared impact concerns remain in constant repetitive media cycles, framed with urgency and critique, but resolution and actionability is unclear. Reputation managers then view shared impact issues as a narrative cycle, instead of understanding it as a structural condition. That interpretation is misleading. Scrutiny of shared impact issues persist not because they are unresolved, but because it is embedded in the architecture of modern, significantly scaled, production systems. This means fatigue within the shared impact domain more commonly signals saturation, not resolution.

In the Reputation Era, shared impact exposure cannot be managed through narrative control alone. When sustainability claims are perceived as symbolic rather than operational, trust erodes and backlash risk increases.[66] Communications may still influence perception at the margins, but they do not resolve the underlying systems constraint. Increasingly, like the dignity domain, shared impact scrutiny, such as environmental performance, serves as a condition of continued business operations. It shapes whether firms can build, permit, insure, finance, recruit, and sustain market access under expanding scrutiny.[67] Public debate often assigns shared impact issues in

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[66] Khandai, S., Zupic, I., Kohli, H. S., Kataria, S., Yadav, R., & Mathew, J. (2025). Greenwashing and its consequences: The role of skepticism, brand embarrassment, and brand hate in shaping purchase intentions. Quality & Quantity, 59(4), 3723–3749. https://doi.org/10.1007/s11135-025-02132-8

[67] Moeremans, B., & Dooms, M. (2025). Social license to operate: Factors determining social acceptance among local port community stakeholders. Maritime Economics & Logistics, 27(1), 183–210. https://doi.org/10.1057/s41278-024-00297-x

a moral tone[68], but the mechanisms are more structural than ideological. Issues like environmental degradation persist because the systems required to manage it remain fragmented across supply chains, jurisdictions, and accountability regimes.[69] From this perspective, environmental risk is not an anomaly. It is a byproduct of scale operating within incomplete coordination systems.

The tension becomes more visible when viewed through consumption. Corporations compete by delivering lower prices, greater convenience, higher consistency, and faster fulfillment. Consumers respond predictably to these attributes, and the resulting system produces a form of prosperity built on production optimization, not mitigation of shared impact.[70] This leaves consumer prosperity financed through environmental externalization which remains largely invisible at the point of use. More directly, consumers rarely connect the effects of packaging, emissions-intensive

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[68] Huang, J., Yang, J. Z., & Chu, H. (2022). Framing Climate Change Impacts as Moral Violations: The Pathway of Perceived Message Credibility. International Journal of Environmental Research and Public Health, 19(9), 5210. https://doi.org/10.3390/ijerph19095210

[69] Kellner, E., Petrovics, D., & Huitema, D. (2024). Polycentric Climate Governance: The State, Local Action, Democratic Preferences, and Power—Emerging Insights and a Research Agenda. Global Environmental Politics, 24(3), 24–47. https://doi.org/10.1162/glep_a_00753

[70] Shoppers prioritize price and convenience over sustainability, says McKinsey. (n.d.). Packaging Europe. Retrieved March 3, 2026, from https://packagingeurope.com/news/shoppers-prioritize-price-and convenience-over-sustainability-says-mckinsey/12913.article

logistics, extraction practices, and end-of-life waste at the moment of purchase.[71] For years, these externalities remained abstract because they were dispersed, difficult to quantify, and loosely connected to specific operating decisions. That condition is now reversing as advances in measurement, traceability, and data access make previously invisible impacts more legible.

This shift introduces a structural contradiction that sits at the center of modern environmental pressure. Stakeholders increasingly demand visible environmental responsibility while remaining habituated to an experience economy built on convenience and cost efficiency. The contradiction becomes most visible when firms attempt to change. This is the experience externality paradox, which captures contradictions among consumers who call for corporations to reduce their shared impact, while expecting their experience with products to remain unchanged. Efforts to reduce environmental harm often introduce trade-offs that are immediately felt by the consumer. Products become more expensive, packaging changes, or convenience declines. Starbucks encountered this directly in South Korea when it replaced plastic straws with paper alternatives. The change reduced environmental impact, but customers complained that the straws degraded quickly and diminished

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[71] Winterich, K. P., Reczek, R. W., & Makov, T. (2024). How lack of knowledge on emissions and psychological biases deter consumers from taking effective action to mitigate climate change. Journal of the Academy of Marketing Science, 52(5), 1475–1494. https://doi.org/10.1007/s11747-023-00981-z

the drinking experience.[72] What appeared as a straightforward sustainability improvement became a perceived decline in product quality. The result is not a resolution of reputational pressure, but a relocation of it. The same system that rewards efficiency and convenience creates resistance to the adjustments required to reduce systematic harm.

But environmental exposure is not governed by consumer preference alone. Other stakeholders operate on different timelines and different expectations. Regulators impose requirements, communities mobilize resistance, and investors incorporate environmental risk into capital allocation decisions. Together, these actors create a structural stakeholder wedge in which consumer demand may pull the business forward, but, at the same time, permission to operate can be challenged. This dynamic becomes visible when local environmental issues cascade across other stakeholders into broader legitimacy contests. Sharon Lavigne, a St. James Parish community leader and founder of RISE St. James provides an example of grassroots amplification. She became nationally visible for opposing Formosa Plastics' proposed Sunshine Project in Louisiana's petrochemical corridor known as Cancer Alley. Her stance on the issue revealed how scrutiny within the shared impact domain can transition from community opposition into national coalition building, litigation, and

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[72] Customer complaints drive Starbucks Korea to introduce plant-based plastic straws | Stars and Stripes. (n.d.). Retrieved March 3, 2026, from https://www.stripes.com/theaters/asia_pacific/2025-06-26/starbucks korea-bioplastic-drink-straws-18247115.html

regulatory intervention, which transformed local exposure into significant system-wide legitimacy constraint.[73]

The Reputation Era reflects a structural change in how impact is seen, measured, and traced across shared systems. Take a breakthrough visibility moment for environmental harm in 1969, when the Cuyahoga River caught fire[74]. an event so extreme that it forced industrial pollution into public consciousness. That same year, the Santa Barbara oil spill brought offshore extraction risks into full view.[75] By 1970, an estimated 20 million Americans participated in the first Earth Day[76], marking a shift from isolated concern to mass mobilization. Visibility changed the conversation, but visibility alone could not foster scrutiny of systemic break points. Measurement would be an important scrutiny catalyst. Ironically, early forms of measurement predated mass visibility. In 1896, Svante Arrhenius quantified the warming influence of atmospheric carbon dioxide.[77] Decades later this finding would serve as an early

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[73] Louisiana Court Ruling Reverses Lower Court Decision and Upholds Air Permits for Formosa Plastics' Massive Petrochemical Complex in Cancer Alley. (n.d.). Earthjustice. Retrieved March 4, 2026, from https://earthjustice.org/press/2024/louisiana-court-ruling-reverses-lower-court-decision-and-upholds-air permits-for-formosa-plastics-massive-petrochemical-complex-in-cancer-alley

[74] Blakemore, E. (2019, April 22). The Shocking River Fire That Fueled the Creation of the EPA. HISTORY. https://www.history.com/articles/epa-earth-day-cleveland-cuyahoga-river-fire-clean-water-act

[75] Santa Barbara Well blowout; Santa Barbara, California | IncidentNews | NOAA. (n.d.). Retrieved March 4, 2026, from https://incidentnews.noaa.gov/incident/6206

[76] Today in History—April 22. (n.d.). [Web page]. Library of Congress, Washington, D.C. 20540 USA. Retrieved March 4, 2026, from https://www.loc.gov/item/today-in-history/april-22/

[77] Arrhenius, S. (n.d.). On the Influence of Carbonic Acid in the Air upon the Temperature of the Ground.

foundation for understanding shared impact. Over time, coming into the Reputation Era, measurement capacity and accuracy expanded, allowing environmental degradation to be tracked, compared, and regulated across systems.

However, the most significant catalyst to generate scrutiny is attribution. Modern era technologies such as satellite monitoring have begun to convert environmental impact from abstract data into observable, time-stamped events that are tied to identifiable operators. NASA's Earth Observatory has published time-lapse imagery showing deforestation across the Amazon[78], compressing decades of degradation into a visual sequence that requires little interpretation. What once demanded technical explanation becomes immediately legible. The same pattern appears in emissions tracking. Organizations like Carbon Mapper detect methane releases at the facility level and publish them through public data systems, allowing observers to link emissions directly to specific operators.[79] Advances in technologies that measure and attribute shared impact scrutiny has created a shift where generalized accusation becomes verifiable evidence in the Reputation Era. Consider the Earthworks and Gas

[78] Tracking Amazon Deforestation from Above—NASA Science. (2019, December 20). https://science.nasa.gov/earth/natural-disasters/wildfires/tracking-amazon-deforestation-from-above 145988/

[79] Carbon Mapper CEO Riley Duren Named to Grist 50. (n.d.). Retrieved March 4, 2026, from https://carbonmapper.org/articles/duren-grist-50-2025

Leaks in early 2026, which used publicly available Carbon Mapper flyovers to flag "super-emitter" events in the Appalachian Basin.[80] With this the Financial Times verified and named operators such as EQT Corp, Expand Energy, and Berkshire Hathaway Energy in their media coverage.[81]

Tracking Amazon Deforestation from Above[82]

A historical time lapse video that shows deforestation of the Amazon throughout the Reputation Era.

While facts increasingly secure and ground shared impact harms, the emotional dimension of this domain further hardens constraints on legitimacy. Understanding

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[80] Wasser, J. (2026, February 10). News to Know: We Caught #MethanePollution From Space. Here's Why It Matters. Earthworks. https://earthworks.org/blog/news-to-know-we-caught-methanepollution-from- space-heres-why-it-matters/

[81] Big US gas producers are methane super emitters, environmental groups' data shows. (2026, January 23). One News Page. https://www.onenewspage.com/n/Markets/1ztdom4a7c/Big-US-gas-producers-are methane-super-emitters.htm

[82] *Tracking Amazon Deforestation from Above—NASA Science*. (2019, December 20). https://science.nasa.gov/earth/natural-disasters/wildfires/tracking-amazon-deforestation-from-above-145988/

the shape and magnitude of deforestation impact can be difficult to understand, feeling distant or abstract. But communications that focus on shared impact across an entire species make the scrutiny emotionally charged and easily connected to dignity violations. Emotional effects popularized the Tapanuli orangutan, which was confined to a shrinking region in Sumatra.[83] When incremental environmental pressure compressed their survival margins, their existence became threatened.[84] Emotions override the need to understand a complex ecological system. A once abstract narrative quickly becomes quickly legible as harm through a visible reduction in shared operating space for living systems.

Shared system constraint also becomes clearer when viewed through finite limitation. Annie Leonard, executive director of Greenpeace USA, captured this directly when she observed that "you cannot run a linear system on a finite planet indefinitely".[85] This statement reframes the issue from one of moral positioning to one of operational feasibility. Environmental exposure is not simply a question of whether firms should act. It is a question of whether existing models of global scale can continue to

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[83] New orangutan species described in Indonesia | IUCN. (2017, November 7). https://iucn.org/news/species/201711/new-orangutan-species-described-indonesia

[84] Dickie, G. (2025, December 9). It's the world's rarest ape. Now a billion-dollar dig for gold threatens its future. The Guardian. https://www.theguardian.com/environment/2025/dec/09/tapanuli-orangutan-ape indonesia-sumatra-martabe-gold-mine-aoe

[85] Rayner, C. S. (2010, April 5). The Story Of Stuff. Foreign Policy Association. https://fpa.org/the-story-of stuff-2/

function within finite resource systems. As environmental measurement improves and the limits of shared environmental resources become more visible and understood, scrutiny shifts from narrative concern to operating constraint.

This shift becomes more visible when distant future concerns suddenly materialize in present day systems. Insurance markets provide a clear example. In regions exposed to increasing climate volatility, insurers have raised premiums, restricted coverage, or exited markets altogether, forcing more risk onto public systems or individuals.[86] What was once treated as a distant environmental issue becomes a direct affordability constraint for business and consumers alike. Extreme weather events serve as a source of ignition. For example as hurricane losses mount, private insurers raise rates, tighten coverage, or withdraw, displacing policy holders. A 2022 Florida law accelerated this shift, forcing policyholders to leave Citizens, Florida's insurer of last resort, if a private insurer offers coverage within 20% of its premium.[87] This explains why scrutiny in the shared impact domain can feel like it is both consistently fatigued, while also being urgent and immediate.

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[86] Milman, O., Witherspoon, A., & Witherspoon, O. M. with graphics by A. (2024, December 5). How climate risks are driving up insurance premiums around the US – visualized. The Guardian. https://www.theguardian.com/environment/2024/dec/05/climate-crisis-insurance-premiums

[87] Milman, O., Witherspoon, A., & Witherspoon, O. M. with graphics by A. (2024, December 5). How climate risks are driving up insurance premiums around the US – visualized. The Guardian. https://www.theguardian.com/environment/2024/dec/05/climate-crisis-insurance-premiums

Despite increased visibility, measurement, and attribution, progress remains uneven. The limiting factor is not awareness, but coordination. Environmental systems operate across borders, while governance remains fragmented.[88] Corporate incentives are shaped by financial expectations and execution capacity.[89] Measurement frameworks continue to evolve, particularly in complex areas such as value chain emissions.[90] [91] At the same time, information environments are contested, with competing narratives of environmental impact intentionally introducing doubt and delay.[92] Perceived credibility gaps further complicate progress. As corporations make sustainability claims that are excessive or exceed operational reality, which is called greenwashing,

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88 Sands, P. (Ed.). (2003). The environment and international society: Issues, concepts and definitions. In Principles of International Environmental Law (2nd ed., pp. 3–24). Cambridge University Press. https://doi.org/10.1017/CBO9780511813511.004

89 Sangiorgi, F., Dow, J., & Han, J. (2024, August 13). The short-termism trap: Catering to informed investors with limited horizons. The Harvard Law School Forum on Corporate Governance. https://corpgov.law.harvard.edu/2024/08/13/the-short-termism-trap-catering-to-informed-investors-with limited-horizons/

90 Corporate Value Chain (Scope 3) Standard | GHG Protocol. (n.d.). Retrieved March 4, 2026, from https://ghgprotocol.org/corporate-value-chain-scope-3-standard

91 By. (2025, October 29). Supply chain sustainability: Top ways firms track Scope 3 emissions | MIT Sloan. https://mitsloan.mit.edu/ideas-made-to-matter/supply-chain-sustainability-top-ways-firms-track-scope-3 emissions

92 NATO: Kremlin-backed actors' disinformation seeks to derail green.... (2024, July 12). Energy & Climate Intelligence Unit. https://eciu.net/media/press-releases/2024/nato-kremlin-backed-actors-disinformation seeks-to-derail-green-investment-comment

trust erodes and the burden of proof rises for all institutions in the system.[93] These dynamics only further slow alignment, invite skepticism, and rationalize delay.

And yet, within this system, corporate scale itself can also function as a coordinated solution mechanism. Large corporations possess the ability to influence supplier behavior, set standards, and aggregate demand in ways that smaller actors cannot. Apple's supplier commitments to renewable energy demonstrate how procurement power can reshape energy use across a global value chain.[94] Walmart's Project Gigaton illustrates how retail scale can drive emissions reduction across suppliers.[95] These examples do not fully resolve a complex systematic problem, but they reveal a structural duality. The same scale that amplifies externalities can also be used to coordinate their reduction.

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[93] SEC.gov | SEC Charges Advisory Firm WisdomTree with Failing to Adhere to Its Own Investment Criteria For ESG-Marketed Funds. (n.d.). Retrieved March 3, 2026, from https://www.sec.gov/newsroom/press releases/2024-173

[94] Segal, M. (2024, April 18). 95% of Apple's Supply Chain Commits to 100% Renewable Energy Use by 2030. ESG Today. https://www.esgtoday.com/95-of-apples-supply-chain-commits-to-100-renewable-energy-use by-2030/

[95] McLaughlin, K., President, E. V., Officer, C. S., & Foundation, W. P. of the W. (n.d.). Walmart Suppliers Lead the Charge, Help Deliver Project Gigaton Goal More Than Six Years Early. Retrieved March 4, 2026, from https://corporate.walmart.com/news/2024/02/21/walmart-suppliers-lead-the-charge-help-deliver-project gigaton-goal-more-than-six-years-early

For the reputation strategist, the implication is direct. Environmental exposure is not temporary and it is not peripheral. It is a standing condition of operating in systems where shared impacts are becoming visible, measurable, and attributable. As these capabilities improve, the connection between the negative externalities of scale and the ability to contest legitimacy strengthens. Taken together, the domains of scrutiny define the conditions under which corporations are evaluated. Fairness shapes perceptions of equity. Control shapes perceptions of power. Shared impact determines how externalities are judged across systems. Dignity defines how people are treated within those systems. These domains do not operate in isolation. They form a coupled system of scrutiny, where pressure rarely remains contained within a single domain. A perceived imbalance in how value is distributed can quickly raise questions about who holds influence and how that influence is exercised. Once influence is scrutinized, outcomes that may have once appeared incidental begin to be interpreted as having a greater shared impact. As those impacts become more visible and attributable, they often resolve into questions of dignity, where abstract harm is translated into lived experience. This is how reputational pressure scales in the modern environment, not through isolated failures, but through interconnected strain. And as scrutiny compounds, legitimacy becomes more difficult to sustain.

Commonly, in the Reputation Era, institutions recognize that they are being evaluated in tighter frames. They often administer actions that they believe will satisfy one issue, without recognizing the interconnected nature where domains can intensify pressure in other arenas. Over time, a lack of communications and behaviors to address these interconnected domains translate into further business constraints. Depending on the severity of the constraint it will trigger a reputational crisis. Reputation managers in the modern era should recognize that the ability to operate, expand, and maintain stakeholder alignment is becoming increasingly conditional and contested. In the Reputation Era, legitimacy is never fully secure. It is continuously negotiated across domains of scrutiny that are structurally interconnected; and this is why reputation is increasingly harder to build than it is to lose.