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How Airbnb and Facebook Capture Stakeholder Value: Empirical Foundations for Critical Strategic Management Without Postmodernism.

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How Airbnb and Facebook Capture Stakeholder Value
Empirical Foundations for Critical Strategic Management Without Postmodernism

ABSTRACT

This research examines whether Airbnb’s Stakeholder Committee and Meta’s Facebook Oversight Board, both established in 2020, genuinely involve stakeholders or if they are merely a form of stakeholder-washing designed to increase rent-appropriation for shareholders. It serves as a first in critical strategic management to anchor a critique of the prevailing shareholder-centric view to an empirical analysis of how stakeholder value is captured or potentially expropriated. Despite adopting a critical stance, it objects to postmodern critical theory owing to its grievance-based approach – as exemplified by the grievance studies hoax – which undermines the production of verisimilar knowledge and fails to provide a reliable basis for critiques. It identifies specific organizational elements that enhance rent appropriation, providing an empirical framework for evaluating corporate stakeholder engagement initiatives beyond rhetoric. Data sources include company stock exchange filings, statutes, and associated documentation, coded using a formal ontology that adheres to the ISO/IEC 21838–1 standard. The findings reveal that both Airbnb and Facebook have designed weakened nexus links that effectively prevent non-equity stakeholders from genuinely influencing matters of public interest. The practical implications suggest that sophisticated organizational structures are being strategically deployed to manage stakeholders and enhance corporate reputation without leading to substantive value sharing.

Keywords: Airbnb; Facebook; critical strategic management; Meta; nexus of contracts; stakeholders; theory of the firm; value capture.

INTRODUCTION

“[...] whenever we propose a solution to a problem, we ought to try as hard as we can to overthrow our solution, rather than defend it. Few of us, unfortunately, practice this precept; but other people, fortunately, will supply the criticism for us if we fail to supply it ourselves.” (Popper, 2005, p. xix).

Despite progress in the field, strategic management remains predominantly focused on maximizing value capture through shareholder-centric property rights (Fama & Jensen, 1985). This focus is maintained by designing governance structures that ensure investors' initial allocation of resources consistently leads to the expected contract execution, benefiting them first and foremost (Milgrom & Roberts, 1992; Williamson, 1991b, 1999b). As a result, strategic management continues to prioritize the development of protective devices (Hoskisson et al., 2018) and contractual commitments (Argyres & Liebeskind, 1999) that facilitate the generation of organizational rents (Amit & Schoemaker, 1993; Connor, 2007), ultimately enhancing residual profits.

So much so that even academics in strategic management and related fields who have attempted to break free from the straitjacket of the shareholder-centric view argue that, in practice, mechanisms permitting close shareholder scrutiny still better serve non-equity stakeholders (i.e., those with interests that are not ownership) when shareholders' agents are granted sufficient managerial discretion.

For instance, Davis et al. (1997) assert that executives': "...pro-organizational actions are best facilitated when the corporate governance structures give them high authority and discretion" (pp. 25-26). Blair and Stout (1999) suggest that the issue can be: "...resolved in several ways without necessarily changing the legal structure of control rights in firms or requiring that managers and directors be accountable to stakeholders other than shareholders" (p. 198).

Likewise, Freeman et al. (2010, p. 9) emphasize the importance of "managerial mindsets" over altering governance structures, as it "...does not mean that representatives of these groups [i.e., stakeholders] must sit on governing boards of the firm" (p. 09). Harrison and Freeman (2004, p. 53) also state that "democratizing the corporation" does not entail granting voting power to stakeholders. Last but not least, Foss and Klein (2018) and Foss et al. (2021) believe that equity owners are best positioned to create value and, therefore, should maintain significant control.

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Because ecosystem services (Engel et al., 2008; Wunder, 2015) have proved to be finite in the Anthropocene epoch (Waters et al., 2016) and because markets fail to price ecosystem services to limit their consumption (Dasgupta, 2021), it is imperative to transition towards more inclusive governance structures that prioritize non-equity stakeholders, including Nature (Agafonow & Perez, 2024b, 2024a). A renewed framework within strategic management can help by establishing safeguards against the forces that allow equity holders to allocate just enough rent to stakeholders to retain them or prevent their departure (Coff, 1999; Peteraf, 1993).

Can this transition be made feasible if driven by the grievances that have inspired postmodern critical theory? The grievance studies hoax – which involved submitting 20 intentionally nonsensical and ethically dubious papers rooted in postmodern critical theory to various peer-reviewed journals to test if they would be accepted for publication (Lindsay et al., 2018) – suggests it cannot. At issue is what critiques should entail in strategic management and whether adopting a critical perspective is at odds with producing verisimilar knowledge (Popper, 1979).

By way of example, the outcomes of this hoax included a paper arguing that dog parks are “rape-condoning spaces” with a “rampant canine rape culture,” reaching conclusions about human attitudes towards sexual violence and bigotry (Lindsay et al., 2018). It parallels 19th-century psychology, where runaway slaves were diagnosed with *drapetomania* – a fabricated mental disorder used to prescribe the denial of freedom to black people in the US (Szasz, 1971), despite the disorder lacking any basis in genuine biological mechanisms.

To prevent the prejudices that characterized 19th-century psychological assessments, today’s psychiatry makes the value judgment of harm associated with a disorder contingent upon the diagnosis of the dysfunction of biological mechanisms. Value judgments are confined to evaluating whether a dysfunction is sufficiently harmful to warrant being classified as a disorder (Wakefield, 2010; Wakefield & Conrad, 2021). Similarly, critical strategic management would benefit from basing judgments about the merits and demerits of a course of action on the study of underlying mechanisms.

In this context, critiques, which have been recognized as vital to science (Popper, 2005), play a role in determining the verisimilitude of knowledge (Popper, 1979). Such critiques involve evaluating evidence to determine the extent to which particular characteristics are present (or absent) and how they manifest in specific cases (Nagel, 1961). Only then can approval or disapproval of a course of action proceed. Thus, this

research aims to anchor strategic management to a critique understood in the latter sense, moving away from the grievance-based approach of postmodern critical theory.

We urge critical strategic management academics not to take the term “mechanisms” lightly. Despite mechanisms often being conjured up in the strategy and economics literature, they are rarely brought into play systematically. In short, mechanisms are: “...entities and activities organized to produce a phenomenon” (Darden et al., 2018, p. 2) forming the basis of middle-range theories (Hedström & Swedberg, 2005; Pajunen, 2008). Although this research delves into two cases, it is based on a mechanism-based rather than a case-study methodology because: “[c]ase study is not a methodological choice but a choice of what is to be studied. By whatever methods, we choose to study the case” (Stake, 2003, p. 134).

Two shifts in the understanding of firms as a nexus of contracts have paved the way for placing stakeholders at the center of strategic management scholarship, with implications that remain underappreciated (Agafonow & Perez, 2024a). These shifts suggest that, firstly, strategic advantage is influenced by stakeholder bargaining power, meaning a firm’s success can be evidenced by indicators other than profitability (Coff, 1999). Secondly, intra-firm transactions are not merely extensions of market transactions because they are characterized by higher uncertainty, frequency, and asset specificity (Williamson, 1981, 1991b, 1999b, 1999a, 2002; Williamson & Ouchi, 1981), which has helped to demarcate the inside from the outside of the firm.

Thus, the present research capitalizes on these two shifts to probe whether Airbnb’s Stakeholder Committee and Meta’s Facebook Oversight Board – both launching their operations in 2020 – credibly involve stakeholders in matters that concern them or, on the contrary, use stakeholders to enhance ex hypothesi the rent-appropriation capabilities of these firms. This is pursued by empirically researching the causal parts, or cogs and wheels, of the chains of implicit contracts that the organizational layout of these stakeholder initiatives underlie, better known as the nexus of contracts (Alchian & Demsetz, 1972; Coff, 1999; Jensen & Meckling, 1976; Williamson, 1991b, 1999b).

These stakeholder initiatives are, arguably, strategies that, if successful, would prove to be valuable on account of their rarity, inimitability, and dearth of close substitutes (Barney, 1991, 2001; Peteraf & Barney, 2003). Thus, both their novelty and their alleged strategic importance explain the methodological underpinnings of the present research, namely, the kinds of correlational studies that support a probability

1 statement about a representative sample based on a priory hypothesis are unsuitable for the study of a
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4 phenomenon that depends on being small-scale.
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6 That is, sustained competitive advantage ceases to exist when the resources it hinges upon are
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8 plentiful, imitable, with many close substitutes and, as a result, with trivial value (Barney, 1991, 2001;
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10 Peteraf & Barney, 2003). If sustained competitive advantage has propagated enough, making the large
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12 samples that reduce sampling errors possible and the search for P values feasible (i.e., the standard level of
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14 significance $p < 0.05$), sustained competitive advantage would have ceased to exist already.
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16 Instead, we accept “a breadth (more observations) for depth (greater detail) tradeoff [needed to
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18 understand the] microanalytic features of economic organization” (Williamson, 1985, p. 105). Thus,
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20 company stock exchange filings, statutes, and associated documentation serve as the sources for the units of
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22 observation. These have been coded using a formal ontology that adheres to the ISO/IEC 21838–1 standard
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24 (i.e., Arp, Smith and Spear, 2015).
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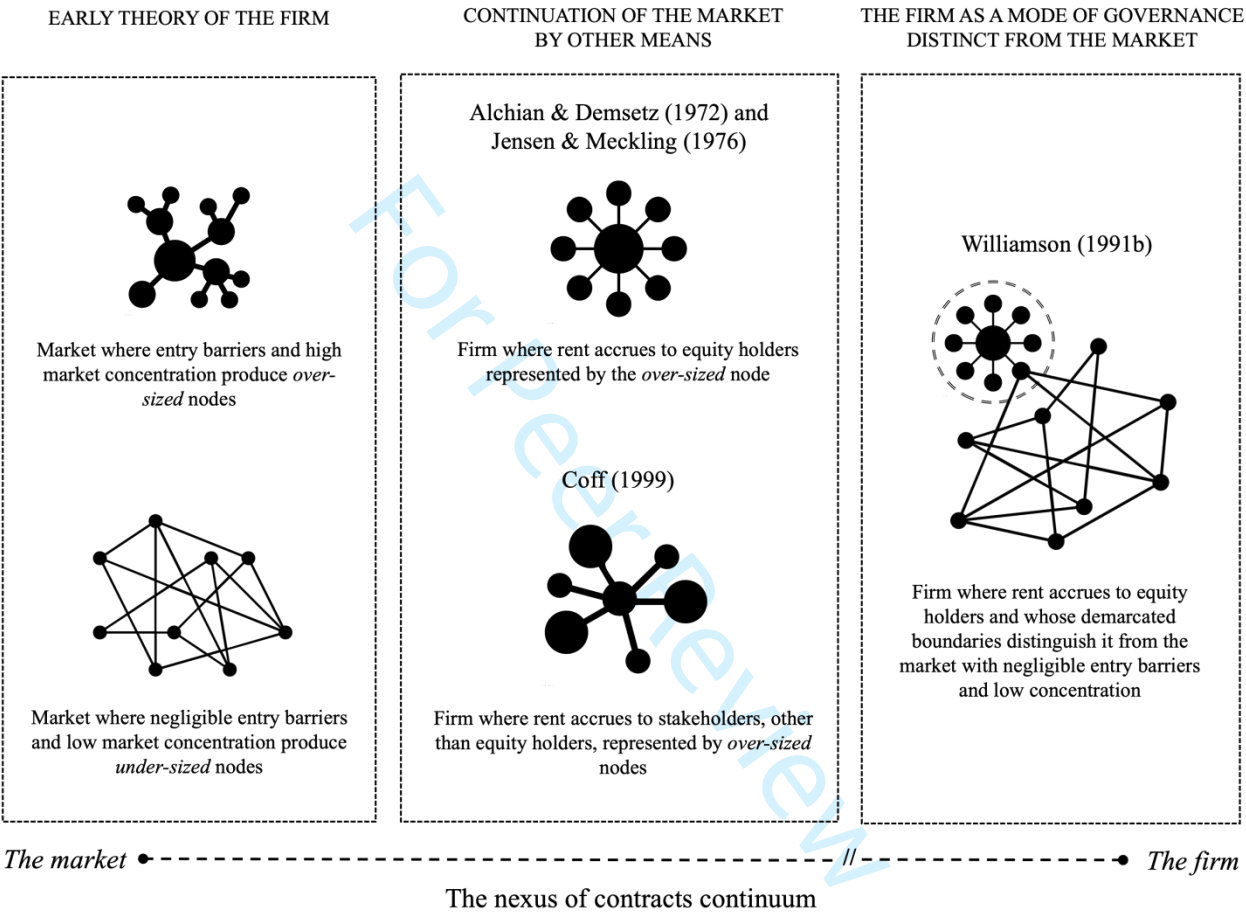
26 The findings are, in a nutshell, that Airbnb and Facebook have crafted weak interfaces connecting
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28 these firms with their non-equity stakeholders. For Airbnb, these weakened nexus links prevent non-equity
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30 stakeholders from partaking in decisions about matters related to the most controversial aspects of the
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32 company’s business model. In the case of Facebook, they prevent user representatives from independently
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34 adjudicating content moderation decisions. This is achieved by reserving the right to authorize or vet
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36 stakeholder votes when board membership is granted. The weakening of these nexus links is further
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38 supported by other relationships within the nexus of contracts, which will be discussed herein.
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44 **THE STAKEHOLDER AND THE MOLECULAR SHIFTS IN THE NEXUS OF CONTRACTS**
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48 Neither economists nor strategists would deny that firms are the bread and butter of their academic fields, yet
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50 the inner workings of the firm are a knowledge frontier that, from a historical perspective, was pushed not
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52 long ago. In breaking loose from the early theory of the firm, Jensen and Meckling (1976) commented:
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54 “While the literature of economics is replete with references to the ‘theory of the firm’, the material
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56 generally subsumed under that heading is not a theory of the firm but actually a theory of the markets in
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58 which firms are important actors” (p. 306). They built on Alchian and Demsetz (1972) who, a few years
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60 earlier, construed the firm as the continuation of the market by other means, where deals were sealed not in

multilateral contracts involving the owners of inputs as it happens in the market, but in bilateral contracts between inputs’ owners and the firm.

Figure 1: Some milestones in the narrative of the firm as a nexus of contracts
(Based on Agafonow and Perez, 2024 and Creative Commons icons¹)



Thus, by coining the influential term *nexus of contracts*, Jensen and Meckling (1976) set off the chain-like features of the contracts that make up organizations. Whether nexus is taken to mean a connected series of contracts – like in the early theory of the firm at the left end of Figure 1 – or the center of a chain of contracts – like in the upper-center illustration of Figure 1 – was a matter of degree for Jensen and Meckling (1976) because: “Viewed this way, it makes little or no sense to try to distinguish those things which are ‘inside’ the

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2 firm (or any other organization) from those things that are ‘outside’ of it” (p. 311), which was an unfortunate
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4 kind of contractarian nihilism (Sitkoff, 2004). Yet, viewing the firm as a nexus of contracts made it possible
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6 to bring to the fore a phenomenon that the early theory of the firm did not do justice to, namely, the role of
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8 joint team production within the firm and how equity holders appropriate the benefits resulting from the
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10 coordination of inputs contributed by stakeholders (i.e., profits).
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12 Next, the stakeholder shift (lower-center illustration of Figure 1) and the molecular shift (right-end
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14 illustration of Figure 1) in the nexus of contracts, pioneers by Coff (1999) and Williamson (1991a, 1991b,
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16 1999b) respectively, will be expounded. Neither Coff’s (1999) nor Williamson’s (1991a, 1991b, 1999b)
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18 contributions alone can pave the way for probing the capture of stakeholder value because they each focus
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20 on only one of the two aspects that such an inquiry warrants, that is, stakeholder bargaining power and a
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22 view of the interfaces that link nodes as more than an appendage of market contracting. Thus, a blended
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24 model of the firm is needed to puzzle out how stakeholder value is captured.
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29 *The stakeholder shift*

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34 However meaningful portraying the firm as a nexus of contracts is, such reading suffered from a weakness
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36 that Coff (1999) flagged, namely: “...rent may be distributed anywhere in the nexus. The nexus can still
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38 have strategic capabilities that other firms lack even if rent is appropriated by nodes other than the
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40 shareholders. Of course, ‘super-normal profit’ refers specifically to rent that accrues to shareholders” (p.
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42 121). That is, until Coff (1999) the strategy literature was, and still is, biased by a notion of strategic
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44 advantage that focuses on the oversized central node of the nexus of contracts representing equity owners,
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46 illustrated by the upper-center configuration of Figure 1.
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48 Such a bias, broadly known as *survivorship bias*, has been recognized for hindering effective
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50 decision-making. A famous example occurred during the Second World War when the American army
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52 allocated vital resources to reinforce the parts of airplanes that returned from combat with the most damage
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54 from enemy fire. These airplanes made it back because the damaged parts were not crucial for their
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56 continued functioning. The airplanes that did not return carried vital information about the most vulnerable
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58 parts (Miller, 2020).
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Likewise, by focusing on equity owners represented by the central node of the nexus of contracts, the notion of competitive advantage is vulnerable to survivorship bias. This bias overlooks enterprises that, despite developing a resource-based advantage, are not abnormally profitable because it is other stakeholders, whose inputs are key to the firm's competitive advantage, who appropriate most of the rent, illustrated by the over-sized peripheral nodes of the lower-center configuration of Figure 1.

Thus, Coff (1999) submitted that a non-biased notion of strategic advantage includes the moderating factor of stakeholder bargaining power and, therefore, warrants a measure of firm success that goes beyond profitability. The determinants of stakeholder bargaining power include according to Coff (1999): 1) stakeholder unified action, 2) stakeholders' asymmetry of information vis-a-vis the firm, and 3) the replacement costs of stakeholders. More recently, Barney (2018) added to this list: 4) the synergetic nature of incorporating the resources of a stakeholder into a value-producing bundle of resources, 5) the perceived importance of the resources by the stakeholders involved, and 6) stakeholders' negotiation skills.

The molecular shift

Even though the nexus of contracts was an advancement in the theory of the firm, it underestimated the importance of fiat in administrative decision-making because simple arm's length market contracting was understood to extend to inside the firm (Alchian & Demsetz, 1972). Thus, the nexus-of-contracts construct was still tuned to a molar level of explanation, which means "something taken as a whole rather than in parts" (Shadish et al., 2002, p. 10). That is, the firm was still understood in overly general terms, lacking the causal parts that a molecular or more granular explanation would offer. This molecular shift was achieved in part by overcoming the aforementioned survivorship bias, but above all, it was made possible by introducing forbearance as the typical mode of governance for the interfaces that link the nodes of a nexus of contracts within the firm:

Alchian and Demsetz (1972: 777) originally took the position that the relation between a shopper and his grocer and that between an employer and employee was identical in contractual respects... But to regard the corporation only as a nexus of contracts misses much of what is truly distinctive about this mode of governance... But wherein do the fiat differences between market and hierarchy

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2 arise? If, moreover, hierarchy enjoys an “advantage” with respect to fiat, why can’t the market
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4 replicate this?... I propose a separate and complementary explanation: The implicit contract law of
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6 internal organization is that of forbearance. (Williamson, 1991a, p. 274)
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10 Contrary to the impatience and shortness of foresight that standardization and ease in evaluation invite in
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12 market transactions, intra-firm transactions are characterized by more patient and perhaps forgiving
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14 managerial practices warranted by the lack of standardization, the frequency with which team members
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16 interact, and the mutual dependence that grows under these circumstances, i.e., uncertainty, frequency, and
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18 asset specificity for short (Williamson, 1981, 1991b, 1999b, 1999a, 2002; Williamson & Ouchi, 1981).
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21 This allowed Williamson (1991b, 1999b) to bring into the nexus of contracts the particulars of a
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23 distinction between markets, hybrids, and hierarchies, thus better demarcating the inside from the outside of
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25 the firm. However important this demarcation is, Williamson’s discrete structures were, by admission,
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27 generic modes of governance, and the question that must be tackled if the full implications of the molecular
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29 shift are to be realized is: “How should firm A—which has pre-existing strengths and weaknesses (core
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31 competencies and disabilities)—organize X?” (Williamson, 1999b, p. 1103). Thus, we still need to dig
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33 deeper to better characterize how the interfaces that link the nodes of a nexus of contracts are organized
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35 inside the firm, beyond generic modes.
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40 *Blending the stakeholder and the molecular shifts*
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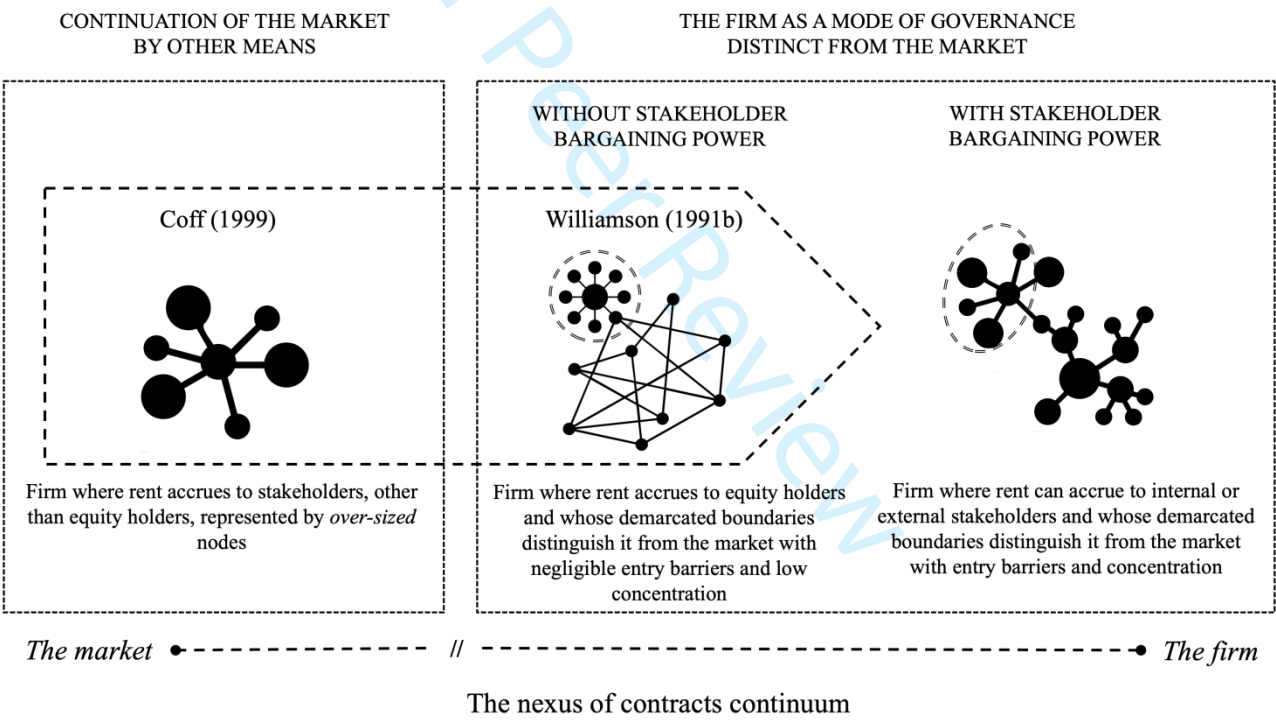
44 A theoretical barrier to probing how stakeholder value is captured is that, on the one hand, the resource-
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46 based view of stakeholders inherits from the early theory of the firm a thin account of the nexus of contracts,
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48 thus lacking the causal parts needed for a granular explanation of how the interface linking the node of the
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50 corporation with the node of stakeholders is organized and governed. Additionally, the stakeholders
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52 considered by Barney (2018) and Coff (1999) are asset-laden stakeholders, such as specialized employees or
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54 suppliers, which have given rise to well-known organizational forms (e.g., Hennart, 1993; Hansmann, 2013;
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56 Perez, 2019). However, the present research is concerned with stakeholders closer to the assetless end of the
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58 spectrum (Agafonow, 2020; Agafonow & Perez, 2023, 2024a). On the other hand, Williamson’s (1991a,
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1991b, 1999b) conception of the firm focuses heavily on equity holders, or the oversized central node of the nexus of contracts, to the exclusion of other stakeholders.

These gaps hinder the probing of stakeholder value capture because, by engaging non-equity stakeholders in weakened bilateral exchanges, corporations are spearheading strategies to wash their image that are more sophisticated than simply overstating good deeds through misleading advertisements. The explanatory power of both stakeholder bargaining power, or the lack thereof, and the organization of the interfaces that link the nodes of a nexus of contracts within the firm are needed.

Figure 2: Blended model of the firm with stakeholder bargaining power and clear boundaries between inside and outside nodes (Based on Agafonow and Perez, 2024 and Creative Commons icons²)



To probe how stakeholder value is captured, we capitalize on a conception of the firm that follows both Coff (1999) in making room in the nexus of contracts for stakeholder bargaining power and Williamson (1991a, 1991b, 1999b), for whom the interfaces that link nodes inside the firm are more than simply an appendage of

² By miracle, licensed under CC-BY-3.0.

1 market contracting. Recently, new institutionalism has started to extend Williamson’s discrete structural
2 analysis to non-equity stakeholders, where the goal of safeguarding vulnerable stakeholders closer to the
3 assetless end of the spectrum is met with the challenge of building costlier yet feasible governance
4 mechanisms (Agafonow, 2020; Agafonow & Perez, 2023, 2024a, 2024b). The right end of Figure 2
5 illustrates the blended model of the firm needed for the present research.
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14 **METHODOLOGICAL UNDERPINNING: THE CHALLENGE OF STUDYING THE NEXUS OF**
15 **CONTRACTS EMPIRICALLY**
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21 Crucial for the empirical study of the nexus of contracts is a *dispositional mode of explanation* (Bertamini &
22 Casati, 2015; Casati & Varzi, 1995), where mobility, pushability, or performability of operations shed light
23 on the boundaries of nodes that organizational entities are. This form of explanation depends on the by-
24 relation that holds between the loosely connected parts that make up the nodes of a nexus of contracts and its
25 entity-host. Save for obvious differences, this is similar to explaining a wooden board and a handle by their
26 joint operation when fitting into a doorframe to prevent passage into a building (Bertamini & Casati, 2015;
27 Casati & Varzi, 1995).
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35 Traditionally, the data needed for the study and dispositional explanation of organizations have come
36 from qualitative field research (Babbie, 2021), where data is often recorded using running notes out of
37 participatory observation (Miles, 1979). Mintzberg (1979), for instance, posited that these: “...simpler more
38 direct methodologies have yielded more useful results. Like sitting down in a manager’s office and watching
39 what he does. Or tracing the flow of decisions in an organization... Measuring in real organizational terms
40 means first of all getting out into the field, into real organizations. Questionnaires often won’t do. Nor will
41 laboratory simulations...” (pp. 583-586).
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50 However, qualitative field research has also fallen prey to the difficulties inherent in making sense of
51 loosely connected, dispersed aggregates, namely: “the analyst faced with a bank of qualitative data has very
52 few guidelines for protection against self-delusion” (Miles, 1979, p. 590). Because the nexus of contracts
53 cannot be apprehended at once, in close and instant contact with the entity – recall that for this kind of matter
54 “we no longer require that a causal flow originate[s] from the object of the perception” (Casati & Varzi,
55 1995, p. 158) – they are vulnerable to the sense-making bias inherent to the human brain, preventing the
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1 reproducibility of research because the clues that deserved the attention of one researcher may be deemed
2 irrelevant by another. Thus, attention-deserving clues are in the eye of the beholder. For example, Miles
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4 (1979) reported that fieldworkers created disparate portrayals of different sites in a research project involving
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6 several public elementary and secondary schools:
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12 Fieldworkers tended to become increasingly ‘the authorities’ on their sites, and increasingly driven
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14 and absorbed by them. And though they shared in the quest for a common intellectual framework,
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16 they were often the first to protest that their sites were in some important respects unique. So the
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18 project director’s demands and plans for systematic coding and formal continuing analysis were in
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20 fact resisted, and were eventually abandoned. (Miles, 1979, p. 594)
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25 Thus, pattern recognition is a two-edged sword for the empirical research of the nexus of contracts. The
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27 profession needs researchers with the mental prowess to have the intellectual turn of mind required to puzzle
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29 out the loosely connected, dispersed aggregates that the nexus of contracts is (Dement et al., 2001). Yet, this
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31 talent can easily drift into crystal gazing in the absence of the robust evidence that can be drawn from
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33 causally closed entities (e.g., a marble), which experiments supply in the natural sciences.
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38 *Sources of data*

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42 To prevent the study of the nexus of contracts from becoming a crystal-gazing exercise, the data used must
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44 have a high level of reliability, i.e., everyone must be able to agree on the face value of the data (Babbie,
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46 2021) like, for instance, agreeing that this marble is sitting on the surface of this table, irrespective of what it
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48 means. This is easier said than done in the case of loosely connected dispersed aggregates. However, certain
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50 sources of data have achieved a high level of reliability by virtue of the standardization of data-collection
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52 procedures, their scale, and lengthy iterations. This is the case, for instance, with demographic data from
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54 national censuses and macroeconomic data from national and multinational agencies. These are, however,
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56 data about events rather than the kinds of dispositional data needed to apprehend non-event-like objects such
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58 as the nexus of contracts.
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2 An overlooked source of dispositional data is company stock exchange filings, statutes, and the
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4 documentation referred therein, which also benefit from the currency of a sizable scale and lengthy
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6 iterations. Perhaps most importantly, in filing these documents, companies tread on eggshells, as any
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8 misstatement of facts can trigger costly lawsuits from interested parties. For instance, in an initial public
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10 offering (IPO), where the objective is to raise money to fund the growth of a company and, therefore, a
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12 positive picture of the company is expected to be promoted, Airbnb released a gloomy prospect about the
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14 future price value of the stock it recently issued:
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19 Our commitment to pursuing long-term value for the company and its shareholders, potentially at the
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21 expense of short- or medium-term performance, may materially adversely affect the trading price of
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23 our Class A common stock, including by making owning our Class A common stock less appealing
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25 to investors who are focused on returns over a shorter time horizon. Our decisions and actions in
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27 pursuit of long-term success and long-term shareholder value... may not result in the long-term
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29 benefits that we expect. (SEC, 2020b, p. 104)
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33 This frankness is not the product of goodwill but of mechanisms that confer investors countervailing powers
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35 to prevent insiders (i.e., founders and managers) from taking advantage of information asymmetries about
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37 the state of a company. Thus, these kinds of public records have an advantage over national censuses and
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39 macroeconomic data. Namely, they are built upon institutions created to counter the agency and adaptive
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41 goal-oriented behavior (Simon, 1996) of some stakeholders involved, conferring this source of data a
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43 valuable type of reliability.
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46 The dispositional data found therein include information about how decision-making is organized,
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48 which is crucial for aligning the interests of insiders (such as founders, early investors, and managers) with
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50 those of outsiders (such as shareholders and other financiers like banks). The organization of decision-
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52 making involves a known subset of elements, such as types of stocks with specific voting powers, the types
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54 of voting used for decision-making, the configurations of the board of directors that affect how decision-
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56 making is divided among board members, as well as their accountability to shareholders, anti-takeover
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58 mechanisms, pay-for-performance incentives, the organization of operations down the company's hierarchy,
59
60 etc.

With the increasing awareness among the public about the importance of non-equity stakeholders, firms are increasingly responding by launching initiatives that claim to serve these stakeholders, and even involving them at the core of the companies' business models, as seen in the cases of Airbnb and Facebook studied herein. Therefore, these public records become a privileged source of reliable information about how these initiatives are being organized.

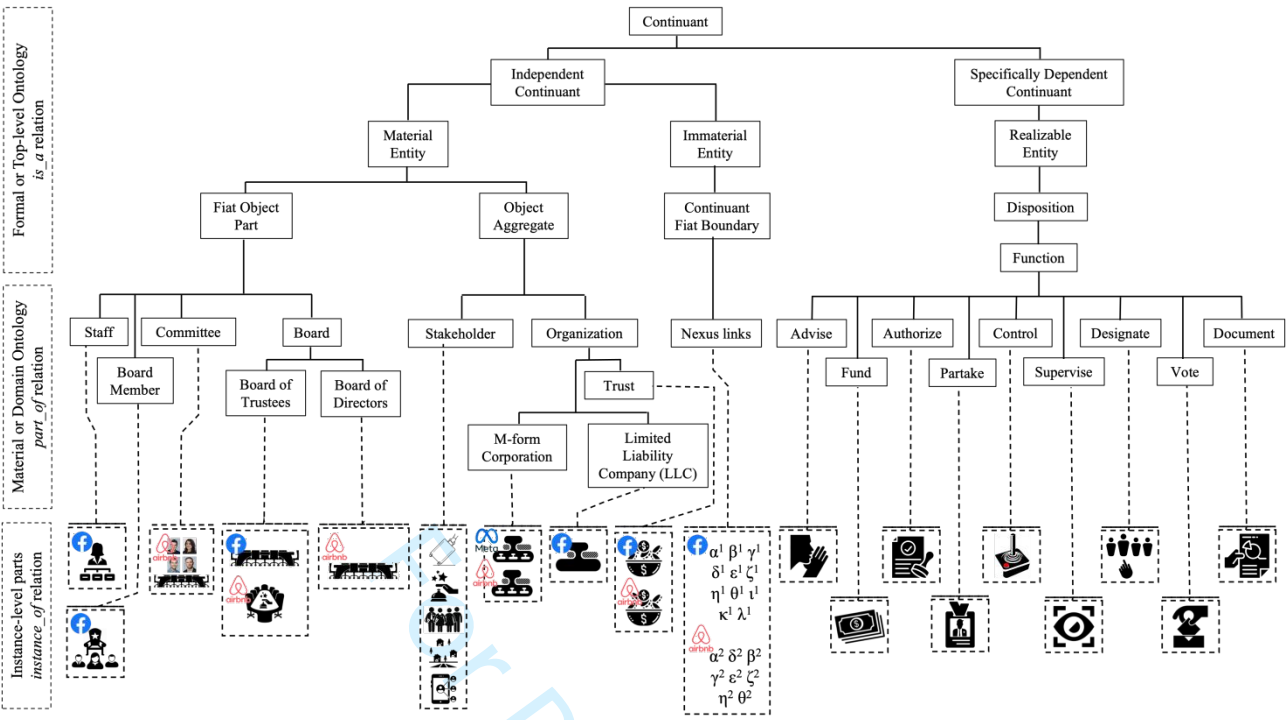
These data have been coded using a formal ontology, as described in the organon published by Arp, Smith and Spear (2015), resulting in the object hierarchy or Porphyrian tree shown in Figure 3, which connects universals with the particulars of the material objects of study (also listed in Tables 1 and 2 in the next section). Coding the data according to a formal ontology promotes consistency and interoperability with future empirical studies of the nexus of contracts. Note that coding is manifest (Babbie, 2021), meaning that there is no interpretation at this stage of the research. Therefore, the data have a high degree of reliability because we are not yet concerned with what the data about particulars in the Porphyrian Tree mean.

Perhaps the only minimally interpretation-laden decision concerns the choice of fiat object parts, such as the Facebook Oversight Board's Co-chairs or the Airbnb Stakeholder Committee. These object parts are fiat because they do not exist independently but as parts of larger aggregates, and therefore their individuation depends on the needs of our domain (Arp et al., 2015). Yet nobody would disagree that, if we are to believe public records, such fiat object parts exist objectively. This is similar to the needs imposed by anatomy when an anatomist studies the right humerus (i.e., the right upper arm bone) in a human, despite this bone not having an independent or detached existence but only as an integral part of the *Homo sapiens* species.

Figure 3: Object Hierarchy or Porphyrian Tree of the material ontology of Airbnb's Stakeholder Committee and Meta's Facebook Oversight Board (Authors' own based on Arp et al., 2015 and Creative Commons icons³)

³ By Dan Hetteix, Eliricon, Eucalyp, Gan Khoun Lay, Gregor Cresnar, Koson Rattanaphan, Luis Prado, Magicon, Murat Mustafa, Oleksandr Panasovskyi, Popcornarts, ProSymbols, Rrook, Siwat W., Stepan Voevodin, Tulpahn, Vectors Point, and Wilson Joseph, licensed under CC-BY-3.0 and Pixabay.

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Following social-ecological systems’ and biomedical science’s traditions of communicating findings about mechanisms through pictorial representations (Banitz et al., 2022; Darden et al., 2018), our data is similarly presented. This approach has the advantage of easing the comprehension of our findings, as pictorial representations capitalize on the universal properties of natural language that are likely to resonate with our readership. Thus, the particulars of the material objects of study present in the Porphyrian Tree of Figure 3 are arranged according to their interdependence in Figures 4 and 5, which are expounded next.

META’S FACEBOOK OVERSIGHT BOARD

Unlike the parliaments and congresses of today’s liberal democracies, where elected representatives debate matters of public interest, ancient agoras served as assembly points where people gathered directly, without representatives. Ancient agoras benefited from strong network effects, as people were incentivized to show up and discuss matters of immediate and proximate concern. This contrasts with the more distant and abstract public matters debated in today’s parliaments. These network effects may explain why, unlike other social media with different business models, Facebook has become the largest social network for it “...is at

its core a one-to-one or one-to-a-few network, replicating social relationships of the sort between friends, family or colleagues” (The Economist, 2020, p. online).

Network effects have made Facebook a resonating chamber with an unprecedented outreach, whose influence on public matters was laid bare in the 2016 US presidential election, when this social media was pivotal in shaping public opinion, arguably tilting the election in favor of Donald Trump (Rosenberg et al., 2018). With roughly 3 billion users worldwide as of 2025, Facebook’s influence extends far beyond the US. The moderation of its content has become a pressing issue (Fisher, 2018), motivating Mark Zuckerberg, the CEO, chairman, and majority owner of Meta, Facebook’s parent company, to react:

...I’ve increasingly come to believe that Facebook should not make so many important decisions about free expression and safety on our own. In the next year, we’re planning to create a new way for people to appeal content decisions to an independent body, whose decisions would be transparent and binding. The purpose of this body would be to uphold the principle of giving people a voice while also recognizing the reality of keeping people safe. (Zuckerberg, 2018, p. online)

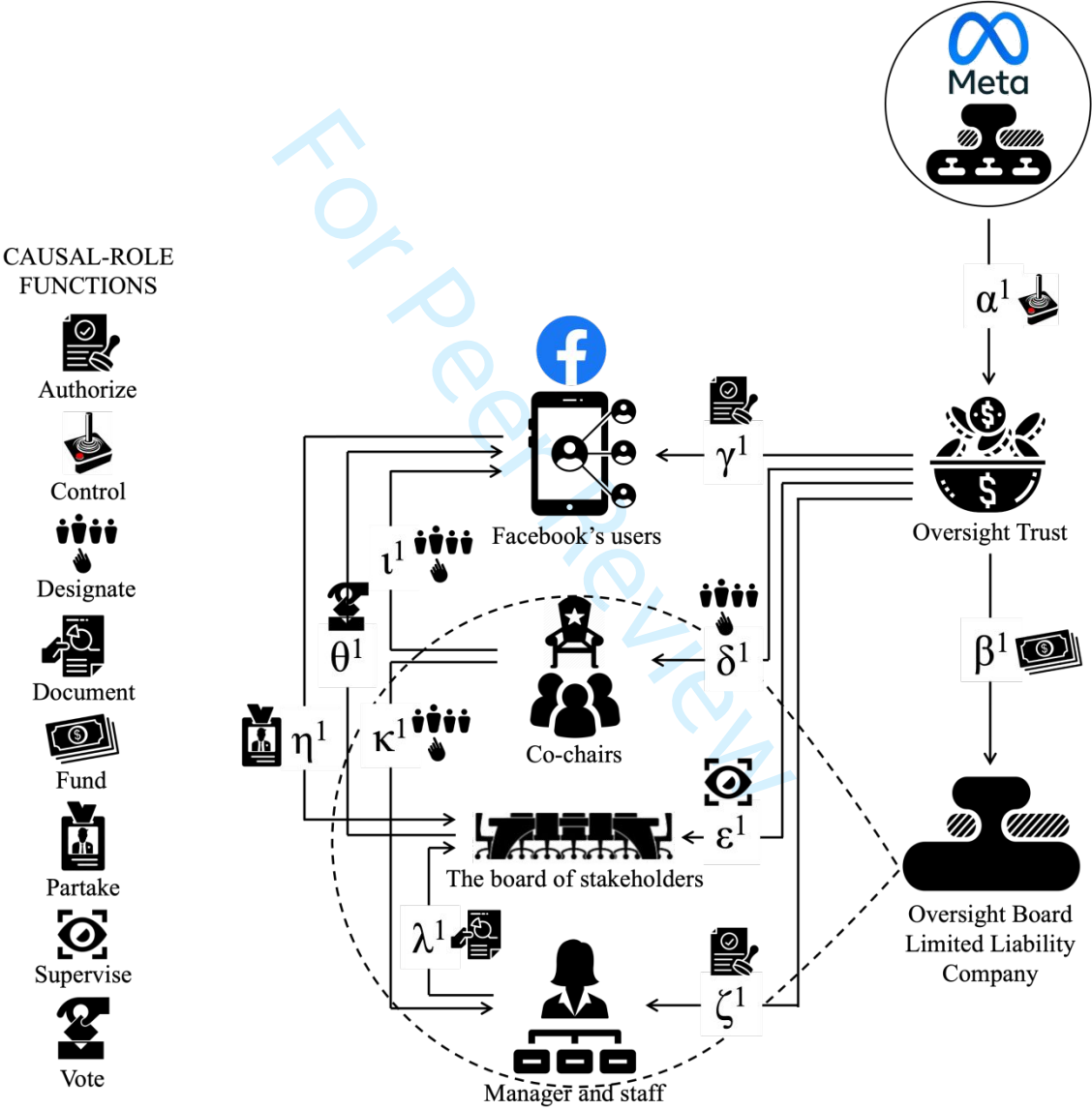
The independent body Zuckerberg (2018) refers to is the new Facebook Oversight Board. This board represents one of the most sophisticated initiatives undertaken by a private for-profit company to seemingly involve non-equity stakeholders in decision-making at the core of its business model.

According to Zuckerberg (2018), the issue at stake is that the more provocative and sensationalist the content on Facebook is the more people will tend to engage with it, yet this kind of inflammatory content can violate the ethical and legal standards expected from an edifying community. The catch is that Facebook’s revenues increase with higher user engagement. Therefore, addressing content that violates Facebook’s community standards could potentially lead to disengagement and a loss of revenue. Consequently, the upshot of Mark Zuckerberg’s (2018) argument is that inflammatory content is profitable.

Shedding light on how Meta organizes the nexus of contracts of the Facebook Oversight Board, is essential to discover whether this initiative lives up to the promise of creating: “[...] an independent Oversight Board [...] to make important content moderation decisions on our platform that are binding on [Meta]” (SEC, 2021b, p. 78), as the company put it in a response to a shareholder proposal to strengthen the company’s capabilities in human and civil rights matters. The issue is the integrity of the links connecting

1
2 the node represented by the Board of Stakeholders – hosted by the Oversight Board Limited Liability
3
4 Company – with the node represented by Facebook’s users (see links η^1 and θ^1 in Figure 4, as well as Table
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6 1).

10 Figure 4: The Mechanism of Meta’s Facebook Oversight Board based on formal ontology (Authors’ own
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12 based on Facebook, 2019, 2022; SEC, 2021b and Creative Commons icons⁴)
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56 ⁴ By Артур Аѳт, Eliricon, Eucalyp, Gan Khoun Lay, Gregor Cresnar, Koson Rattanaphan, Magicon,
57 Popcornarts, ProSymbols, Rrook, Siwat W., Stepan Voevodin, Tulpahn, Vectors Point, and Wilson Joseph,
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59 licensed under CC-BY-3.0 and Pixabay.
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Table 1: The causal parts of the nexus of contracts of Meta's Facebook Oversight Board (Authors' own based on Facebook, 2019, 2022; SEC, 2021b)

Link	Pair of nodes	Causal-role Function	Comments
α^1 (Alpha)	Meta and Oversight Trust	Control	Meta and its majority shareholder, Mark Zuckerberg, control the Trust.
β^1 (Beta)	Oversight Trust and Oversight Board Limited Liability Company	Funding	The Trust funds the Oversight Board Limited Liability Company.
γ^1 (Gamma)	Oversight Trust and Facebook's user representatives	Authorization	The Trust authorizes or rejects the slate of user representatives voted on by the Board of Stakeholders.
δ^1 (Delta)	Oversight Trust and Co-chairs	Designation	The Trust designates Co-chairs.
ϵ^1 (Epsilon)	Oversight Trust and the Board of Stakeholders	Supervision	The Trust supervises the Board of Stakeholders.

ζ^1 (Zeta)	Oversight Trust and the Manager of staff	Authorization	The Trust authorizes or rejects the Manager designated by Co-chairs.
η^1 (Êta)	Facebook’s user representatives and the Board of Stakeholders	Membership	User representatives gain membership on the Board of Stakeholders, after the latter votes for a slate of candidates to be submitted for the consideration of the Trust.
θ^1 (Thêta)	The Board of Stakeholders and Facebook’s user representatives	Vote	The Board of Stakeholders votes on a slate of Facebook’s user representative candidates, to be submitted for the Trust’s authorization.
ι^1 (Iota)	Co-chairs and Facebook’s user representatives	Designation	Co-chairs designate a slate of Facebook's user representatives to be voted on by the Board of Stakeholders and authorized by the Trust.

κ^1 (Kappa)	Co-chairs and the Manager of staff	Designation	The Manager is designated by Co-chairs with the authorization of the Trust.
λ^1 (Lambda)	The Manager of staff and the Board of Stakeholders	Document	The Manager and the staff under her responsibility assist the Board of Stakeholders in documenting cases for adjudication.

Facebook's users are a worthy stakeholder group that, through the continued use of the social media platform, adds value to Meta. Thus, they are granted membership through representatives on the Board of Stakeholders. The function (or, more precisely, causal-role function [Thomas, 2017]) of this board is to vote on the representatives of users to be recommended for appointment (link θ^1), thereby providing a forum for these representatives to adjudicate content enforcement decisions in line with Facebook's policies. But the *raison d'être* of this Board has been the target of criticism for "[...] the board's ambit is restricted [...] it can't hear cases involving advertising or the algorithm, and can't discuss content that has been left up, only content that has been taken down" (cited in Ingram, 2020, p. online).

As will be discussed next, the bilateral exchange between Meta and non-equity stakeholders is weakened by the by-relations that exist between the nodes in the nexus of contracts of Figure 4 and Table 1 (recall the above-mentioned by-relation between a door and its door handle). That is, this weakening is reinforced by the design of the interfaces between nodes, which undermines the autonomy of user representatives serving on the Board of Stakeholders.

First, the operation of the Board of Stakeholders is made possible by the Trust, which finances the Oversight Board Limited Liability Company that hosts the Board (link β^1). The Trust is simultaneously under the control of Meta (link α^1) and supervises whether the Board adheres to its stated purpose (link ϵ^1). Consequently, the funding of and supervision by the Trust allow for potential interference with the Board of Stakeholders if it is deemed to have overreached its purpose, a concern already voiced in the media (e.g., Lee, 2019).

Second, the Trust, controlled by Meta, has the final say over the appointment of user representatives who will serve on the Board of Stakeholders for a 3-year term. The Trust authorizes (link γ^1) the appointment of a slate of representatives proposed by Co-chairs (link ι^1) in a membership committee and voted on by the Board of Stakeholders (link θ^1).

Third, the Trust initially designates Co-chairs (link δ^1) who are responsible for calling and presiding over the meetings of the Board of Stakeholders. This designation can pave the way for appointing individuals with allegiance to Meta. Such allegiance may be further strengthened by the bilateral dependency inherent in serving on a board with no close substitutes and, therefore, no market equivalent to that for independent directors on corporate boards. As a critic has noted: “They are now effectively within the Facebook corporate tent [...] It negates their participation in any truly independent evaluation of how we might regulate either Facebook or the public sphere. It buys up potential dissent or criticism” (cited in Ingram, 2020, p. online).

After two 3-year terms, the Co-chairs are to propose their replacements for the Trust’s consideration, although the Board of Stakeholders can choose to elect Co-chairs by majority vote. Additionally, Co-chairs rotate as chairs of committees, which blurs functional boundaries that would otherwise strengthen ties with Facebook’s user representatives (Roberts, 2004). This organizational choice reinforces Meta’s influence by weakening the influence of user representatives on Co-chairs.

Fourth, the staff assisting the Board of Stakeholders in documenting cases for adjudication (link λ^1) are supervised by a manager designated by the Co-chairs conditional on the Trust’s authorization (links κ^1 and ζ^1). The grip of the Trust, along with potentially like-minded Co-chairs, over the technostucture hosting the Board of Stakeholders can bias the flow of information necessary for a transparent adjudication process.

In fact, Meta has already been accused of withholding information from the Board of Stakeholders regarding a whitelisting software that holds the Facebook posts of public figures to a different standard,

1 potentially benefiting Donald Trump among other high-profile users. This so-called cross-check system
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3 prompted a public statement by the Board of Stakeholders demanding transparency (see Co-Chairs of the
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5 Oversight Board, 2021; The Oversight Board, 2021).
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8 Meta is managing a delicate balance by allowing user representatives because expectations about the
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10 role of these representatives clash with the reality of how the nexus of contracts is organized. Thus, in line
11
12 with the agency and adaptive goal-oriented behavior of organizations (Simon, 1996), it is reasonable to
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14 expect that Meta plays a cat-and-mouse game where certain decisions from the Board of Stakeholders that go
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16 against the kind of content that pays off are tolerated, while the company pulls the strings described above to
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18 prevent a loss of revenues.
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20 This may be exemplified by the decision to ban Donald Trump from Facebook, which created the
21
22 impression of an independent Board of Stakeholders. In reality, Meta controlled a documentation process
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24 (link λ^1) that was biased, prompting the aforementioned public statement by the Board of Stakeholders (see
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26 Co-Chairs of the Oversight Board, 2021; The Oversight Board, 2021).
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31 AIRBNB'S STAKEHOLDER COMMITTEE

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35 Airbnb is an online platform “where hosts offer guests stays and experiences” (SEC, 2020a, p. online). It
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37 serves as an intermediary, connecting hosts who want to rent out their properties flexibly with guests looking
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39 for short-term accommodations. According to a report by the Economic Policy Institute (i.e., Bivens, 2019),
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41 Airbnb operations negatively impact various stakeholders.
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44 That is, local residents face challenges such as reduced availability of long-term housing, increased
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46 prices for traditional accommodations, and disruptive behavior from transient guests. Hotels and hostels
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48 suffer from unfair competition, as many Airbnb hosts are not subject to the same regulatory and fiscal
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50 requirements. Additionally, local and national governments experience a decline in tax revenue due to the
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52 decreased supply of traditional accommodations.
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54 Airbnb's co-founder, CEO, and chairman, Brian Chesky was, however, set to revamp the company's
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56 board of directors to serve stakeholders (Chesky, 2018). This move anticipated the 2019 Statement on the
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58 Purpose of a Corporation by the Business Roundtable, a prominent association of CEOs from large US
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60 corporations. For the first time since its 1978 statement, the Business Roundtable (2019) emphasized that

1 corporations should prioritize stakeholders over shareholders. As Brian Chesky stated in an interview: “I
2 don’t want to be one of those C.E.O.s to say we’re trying to do all this great stuff, but then we treat board
3 meetings exactly like every other board meeting...” (The New York Times, 2020, p. online).
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8 How Airbnb’s stakeholder initiative – consisting of a stakeholder committee, measurable indicators
9 of progress, and an annual stakeholder gathering – affects the organization of the nexus of contracts of the
10 company with its stakeholders is thus crucial to determine whether the company is really “designed with all
11 of them [i.e., stakeholders] in mind,” as claimed by the company in the registration of its IPO (SEC, 2020b),
12 adding: “Along with employees and shareholders, we serve hosts, guests, and the communities in which they
13 live. We intend to make long-term decisions considering all of our stakeholders because their collective
14 success is key for our business to thrive” (SEC, 2020b, p. online).
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23 The new governance design of Airbnb hinges on the integrity of two crucial pairs of nexus links.
24 One pair of links connects the company’s non-equity stakeholders with the Stakeholder Committee (i.e.,
25 links η^2 and θ^2 in Figure 5, as well as Table 2), while the other connects the Host Advisory Board with the
26 Stakeholder Committee (i.e., links ζ^2 and ϵ^2).
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33 Figure 5: The Mechanism of Airbnb’s Stakeholder Committee based on formal ontology (Authors’ own
34 based on Airbnb, 2020, no date; SEC, 2020a, 2020b, 2021a and creative commons icons⁵)
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58 ⁵ By Apryp A6T, Dan Hetteix, Eucalyp, Gan Khoon Lay, Luis Prado, Magicon, Murat Mustafa, Oleksandr
59 Panasovskyi, Popcornarts, Rrook, Stepan Voevodin, Tulpahn, licensed under CC-BY-3.0 and Pixabay.
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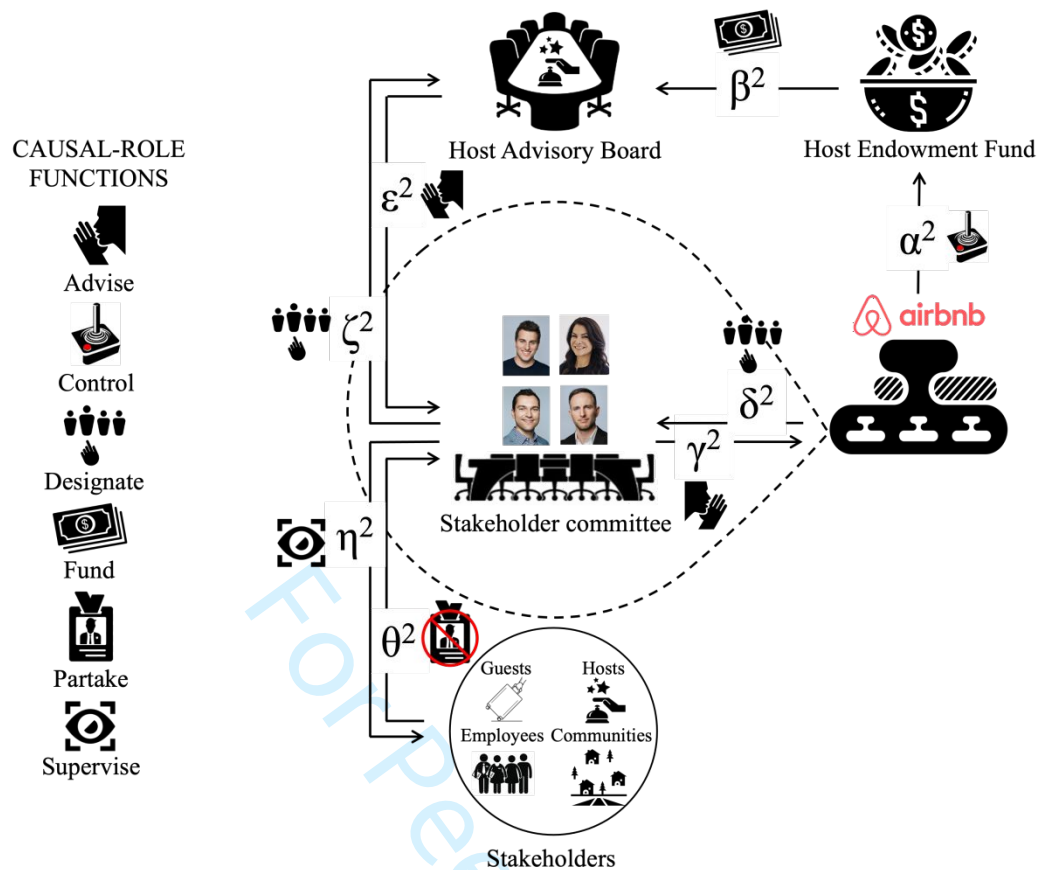


Table 2: The causal parts of the nexus of contracts of Airbnb's Stakeholder Committee (Authors' own based on Airbnb, 2020, no date; SEC, 2020a, 2020b, 2021a)

Link	Pair of nodes	Causal-role Function	Comments
α^2 (Alpha)	Airbnb and Host Endowment Fund	Control	Airbnb controls the Host Endowment Fund.
δ^2 (Delta)	Airbnb and Host Stakeholder Committee	Designate	Airbnb designates the members of the Host Stakeholder Committee.

β^2 (Beta)	Host Endowment Fund and Host Advisory Board	Funding	The Host Endowment Fund finances the Host Advisory Board.
γ^2 (Gamma)	Host Stakeholder Committee and Airbnb	Advise	The Host Stakeholder Committee advises Airbnb.
ϵ^2 (Epsilon)	Host Advisory Board and the Stakeholder Committee	Advise	The Host Advisory Board advises the Stakeholder Committee.
ζ^2 (Zeta)	Host Advisory Board and the Stakeholder Committee	Designate	The Host Advisory Board advises the Stakeholder Committee.
η^2 (Êta)	The Stakeholder Committee and Non- equity stakeholders	Supervision	The Stakeholder Committee oversees the company’s relations with non-equity.
θ^2 (Thêta)	Non-equity stakeholders and the Stakeholder Committee	Membership	Non-equity stakeholders have no membership on the Stakeholder Committee.

The Stakeholder Committee is comprised of the company's three co-founders and shareowners Brian Chesky, Nathan Blecharczyk, and Joseph Gebbia, plus an outside director, and it is kept off-limits to non-equity stakeholders who, therefore, lack membership (link θ^2). From these stakeholders, only hosts are housed in the Host Advisory Board which is external to the company. Yet, it is up to the company's insiders to designate (link ζ^2) the members of the Host Advisory Board, that is: "A select group of host advocates within the company – including all three of our founders, members of our Community Team, and me [i.e., the global head of hosting Catherine Powell] – chose our inaugural board members" (Powell, 2020, p. online).

Therefore, to the extent that insiders, particularly company executives, appoint host representatives, the Host Advisory Board cannot credibly represent the interest of hosts. Such a representation, however, may be immaterial because, if there is a constituency whose interest goes hand in hand with the interest of the company and its equity holders and, therefore, may not need to protect itself, it is hosts whose assets are in high demand on the company's online platform (Bivens, 2019). As a result, the market itself might adequately safeguard hosts' interests.

If the Host Advisory Board manages to overcome the issue of credible representation, its continued operation relies on funding from the Host Endowment Fund (link β^2) whose resources come from Airbnb's Class H shares under the full control of Brian Chesky (link δ^2) sitting on the Stakeholder Committee. Thus, the interfaces that link the three nodes of the Host Endowment Fund, the Host Advisory Board, and the Stakeholder Committee (links η^2 , θ^2 , ζ^2 , ε^2) are further weakened by the power that Airbnb's co-founder, CEO, and chairman Brian Chesky has to withdraw funding.

That the node of the Stakeholder Committee is under the influence of Airbnb (link δ^2) is commonsensical for the company's three co-founders plus the outside director that make up the Stakeholder Committee serve, at the same time, as members of Airbnb's board of directors. They also possess majority decision control under a voting agreement obliging them to execute voting rights in concert (SEC, 2021a).

Therefore, the fact that the Stakeholder Committee's role is to advise Airbnb's board of directors (link γ^2) essentially means that these board members are advising themselves on how to manage the company's stakeholder relations. Similarly, the fact that Airbnb appoints the Stakeholder Committee (link δ^2) effectively means that these board members are appointing themselves.

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Our analysis of the by-relations that hold between the nodes in Airbnb’s nexus of contracts is supported, first, by the metrics the company has released to monitor stakeholder relations. The metrics corresponding to the disadvantaged stakeholders under the general label of communities (i.e., local residents, hotels and hostels, and local and national governments) are the carbon footprint of both corporate operations and the travel facilitated by the company (Airbnb, 2020). This focus overlooks by any reckoning the above-mentioned problems raised by the Economic Policy Institute (Bivens, 2019).

Also, Airbnb’s IPO registration statement includes a waiver of duty toward stakeholders other than equity holders (SEC, 2020b), clearly stating that the company owes a fiduciary duty to its equity holders, as mandated by the corporate governance laws of Delaware, where Airbnb is incorporated.

DISCUSSION

This research has sought to shed light on how Airbnb and Facebook weaken the interfaces that link the nexus nodes most likely to increase the value captured by equity holders through a reduction of the value accrued to non-equity stakeholders. The value created in the bilateral exchanges between these firms and stakeholders is not yet in the form of cash. Still, they arguably help to enhance the social reputation of these firms. Notwithstanding the causal ambiguity between resources and above-average returns (Priem & Butler, 2001), these firms invest in crafting weakened nexus links, hoping ex hypothesi to enhance their rent-appropriation capabilities.

Thus, Meta’s Facebook Oversight Board captures value by reassuring influential outside constituencies, such as governments and regulators who have threatened to take control of Facebook (Bartz, 2019), that there is no reason to be concerned about Facebook’s influence over public matters. Allegedly, content moderation decisions will not be handled by Meta directly but by an independent and impartial body (SEC, 2021b). However, this body has key nexus links under Meta’s influence, which prevents value from accruing to stakeholders by precluding user representatives from independently adjudicating content moderation decisions.

Similarly, Airbnb captures value by trumpeting its stakeholder initiative as a genuine departure from business as usual, intended to serve all stakeholders (SEC, 2020b). Yet the interfaces that link Airbnb with non-equity stakeholders are crafted to prevent these stakeholders from partaking in decisions that

disadvantage them, such as those impacting the price of long-term accommodation, fair competition, tax collection from the lodging business, and well-mannered tenancy (Bivens, 2019). Thus, Airbnb has built an ironclad nexus of contracts that precludes value from accruing to key non-equity stakeholders, seemingly engaging these stakeholders while in reality keeping them at bay.

The commonalities and differences in the governance structures of Facebook Oversight Board and Airbnb's Stakeholder Committee are shown in Table 3. Overall, while both companies present structures for stakeholder engagement, Facebook's model includes a formal (though controlled) avenue for user representation, whereas Airbnb keeps stakeholder considerations largely within the purview and control of its top leadership.

A key commonality is that both Facebook and Airbnb allow the parent company or insiders to exert considerable influence over stakeholder appointment and representation. Additionally, both structures exhibit inherent biases in their operations: Facebook faces potential bias due to the Trust's control over staff and information flow, while Airbnb's committee is heavily influenced by the dual roles and voting agreements of its members.

However, the differences are more pronounced. Facebook's Board of Stakeholders includes user representatives, although their appointment is ultimately controlled by the Meta-controlled Trust. In contrast, Airbnb's Stakeholder Committee is composed primarily of company insiders, explicitly excluding non-equity stakeholders from membership in the core committee, with hosts relegated to an external advisory board appointed by the company. Furthermore, while Facebook's board has a defined (though limited) scope for content moderation decisions, Airbnb's committee serves mainly in an advisory capacity to the company's board, which is largely composed of the same individuals. The control over leadership and funding also differs, with Meta's Trust designating Facebook's Co-chairs and Brian Chesky controlling the funding of Airbnb's Host Advisory Board, potentially weakening its autonomy.

Table 3: Key commonalities and differences in the governance structures of Facebook Oversight Board and Airbnb's Stakeholder Committee.

COMMONALITIES

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<i>Influence Over Representation</i>	
<p>Both Facebook and Airbnb have mechanisms that allow the parent company or insiders to influence the appointment of stakeholder representatives. For Facebook, it is the Meta-controlled Trust (links γ^1, δ^1, ε^1, ζ^1), and for Airbnb, it is the company executives (links δ^2, ζ^2, θ^2).</p>	
<i>Bias in Operations</i>	
<p>Both structures have biases in their operations. Facebook’s staff supervision by a manager designated by the Trust (link ζ^1) and Co-chairs (link κ^1) has already been proven to bias information flow. Similarly, Airbnb’s Stakeholder Committee is influenced by its members’ dual roles as executives and stakeholder representatives, as well as a voting agreement.</p>	
DIFFERENCES	
Facebook	Airbnb
<i>Composition and Membership</i>	
User representatives are authorized by the Trust (link γ^1).	Composed of co-founders and an outside director, excluding non-equity stakeholders. Hosts are part of an external advisory board.
<i>Representation and Appointment</i>	

The appointment of user representatives involves a multi-stage process involving Co-chairs (link ι^1) and the Board (link θ^1).	Host representatives are appointed directly by company executives (link ζ^2), raising concerns about their independence.
<i>Leadership and Control</i>	
The Meta-controlled Trust designates Co-chairs (link δ^1) who preside over meetings, potentially leading to Meta's influence.	The Host Advisory Board's funding is controlled by Brian Chesky (link β^2), weakening its autonomy. The Stakeholder Committee members also serve on Airbnb's board with majority voting control.
<i>Operational Influence</i>	
Staff are supervised by a manager designated by the Co-chairs (link κ^1), with the Trust's authorization (link γ^1).	The Stakeholder Committee is heavily influenced by Airbnb due to its members' dual roles as executives and stakeholder representatives, and voting agreement.

Understanding how Airbnb and Facebook capture stakeholder value contributes to the stakeholder shift initiated by Coff (1999), providing a more detailed account of the nexus of contracts. It highlights the mechanisms that allow stakeholders – who lack the ability for unified action, access to key information about the firm, and whose replacement costs to firms are low (Coff, 1999) – to have the value created in bilateral exchanges expropriated. Additionally, it contributes to the molecular shift advocated by Williamson (1991a, 1991b, 1999b), shedding light on the causal elements that, beyond generic modes, enhance the rent-appropriation capabilities of Airbnb and Facebook when contracting with non-equity stakeholders.

Related to the molecular shift, this research highlights the limitations of the contractual perspective advocated by Williamson (1995), who held a farsighted view of the burdens imposed by asset specificity, assuming that effective safeguards would be developed over time. While asset specificity is fruitful in

1 understanding a wide array of transactions, this perspective shows its limits when studying contracts with
2 stakeholders whose value contribution depends on nonfungible and imponderable assets, as is the case with
3 the stakeholders studied herein, as well as asset-less stakeholders (Agafonow, 2020; Agafonow & Perez,
4 2023, 2024a). Therefore, a perspective of myopic contracting in the study of stakeholders has much to
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15 **CONCLUSION**
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19 Corporations are increasingly adopting sophisticated methods to enhance their brand image, moving beyond
20 traditional greenwashing strategies. This is evident in the cases of Airbnb and Meta – the parent company of
21 Facebook – which claim to engage non-equity stakeholders in bilateral exchanges (Alchian & Demsetz,
22 1972; Coff, 1999), allegedly allowing these stakeholders to have a say in matters of their concern. If, as the
23 saying predicates, enemies are to be kept closer than friends, the organizational resources represented by the
24 nexus of contracts studied here are designed to keep sensitive non-equity stakeholders very close to the firm.
25 This is particularly relevant today, as addressing ESG concerns can garner significant support.
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33 Keeping track of the *E* and the *S* in ESG hinges on monitoring whether firms are putting their
34 investments where their mouth is. The *G* in ESG, however, is more complex, involving the ex-ante nature of
35 intricate organizational structures (March & Simon, 1993). The true impact on rent-appropriation capabilities
36 can only be determined if a control group of nearly identical firms is denied the same organizational
37 resources, revealing any ex-post increase in rent-appropriation. Conducting such randomized controlled trials
38 in the social sciences is, however, notoriously challenging.
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46 The complexity of these organizational resources makes them difficult to understand, preventing
47 both their imitability (Barney, 1991, 2001; Peteraf & Barney, 2003) and accusations of stakeholder-washing.
48 But Airbnb and Facebook do not need to wait until the execution of the contracts, when ex post the outcome
49 is revealed to be satisfactory or not. These by-relations that hold between nexus nodes make the goal of
50 value capture by equity holders operational ex ante (March & Simon, 1993). That is, the means-end relations
51 present in these nexus of contracts can only be evaluated ex ante, in terms of the degree to which they
52 prevent firms' goals from being displaced by stakeholders (Mintzberg, 1983), before the value of keeping
53 stakeholders at bay is revealed in the form of increased rent appropriation.
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In summary, both companies have structures for stakeholder engagement, but Facebook's model offers a formal (though controlled) avenue for user representation, while Airbnb keeps stakeholder considerations largely under the control of its top leadership. Facebook's mechanism gives an appearance of independence, whereas Airbnb maintains internal control over stakeholder matters. Facebook's Board of Stakeholders includes user representatives, although their appointment is ultimately managed by the Meta-controlled Trust. In contrast, Airbnb's Stakeholder Committee is composed of company co-founders and an outside director, explicitly excluding non-equity stakeholders from membership, with hosts relegated to an external advisory board appointed by company insiders.

Although only time will tell whether this strategy can contribute to sustained competitive advantage, Airbnb and Facebook are pioneering a new, albeit questionable, approach to winning over stakeholders, despite arguably sharing minimal to no value with them. To distinguish critiques from mere prejudices, however, they must be rooted in empirical knowledge of the phenomenon's inner workings. This research aims to provide a roadmap for achieving such an outcome.

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