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CORPORATE GOVERNANCE FAILURE IN THE USE OF INFLUENCER CONTENT: ETHICAL AND LEGAL ANALYSIS

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Abstract

The development of digital marketing has created a new phenomenon in the form of the unauthorized use of influencer content for commercial purposes, which reflects the failure of corporate governance at the operational level. This study aims to examine the practice of unauthorized use of influencer content from a business ethics perspective, analyze the legal implications that arise, explain the role of corporate governance failure, and provide recommendations for ethical and sustainable digital marketing practices. The research uses a qualitative approach with an empirical experience-based case study design, in which data is collected through participatory observation and literature study, then analyzed using Agency Theory, Stewardship Theory, and the principles of business ethics and Good Corporate Governance. The results show that the practice of using content without permission violates the principles of fairness, transparency, and responsibility in business ethics, and has the potential to violate the Copyright Law, Personal Data Protection Law, and provisions against unlawful acts. Governance failures occur due to the absence of legal verification procedures, weak coordination between marketing and legal functions, and the absence of a stewardship culture that respects stakeholder rights. Through the lens of Agency Theory, this case reflects the uncontrolled opportunistic behavior of agents, while Stewardship Theory shows the absence of moral values in the organizational culture. The resolution of disputes through public pressure indicates the weakness of internal governance mechanisms as a preventive system.

Keywords: Corporate Governance Failure, Influencer Marketing, Business Ethics, Agency Theory, Stewardship Theory

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INTRODUCTION

The development of digital technology has fundamentally changed the landscape of business communication, creating a marketing ecosystem that is increasingly dependent on social media and digital content. In this context, influencers or Key Opinion Leaders (KOLs) have emerged as important actors who are able to shape public opinion while producing content with high economic value (Al Adwan, 2021). The phenomenon of influencer marketing has now become a key strategy for companies in reaching consumers, building brand image, and creating deep emotional engagement (Kwon & Lee, 2021). However, behind the rapid growth of the digital marketing industry, there are various ethical and legal compliance issues that are often overlooked, particularly regarding the use of influencer content without legal consent.

Ideally, digital marketing practices should be based on business ethics principles that respect the moral and economic rights of content creators. Business ethics are not solely oriented towards profit, but also emphasize the importance of considering the impact of business decisions on various stakeholders (Agoes, 2019). The principles of fairness and transparency as stated by Freeman (1984) require companies not to exploit the weaker bargaining position of content creators. The implementation of effective Good Corporate Governance (GCG) should ensure that every marketing activity has gone through adequate legal and ethical verification mechanisms (National Committee on Governance Policy, 2006).

However, the reality on the ground shows a significant gap between these ideals and actual practice. Based on the author's empirical experience as an influencer, it was found that a brand used personal video content as digital advertising material without prior consent. The content was used for commercial purposes in paid advertising campaigns, generating economic profits for the company without any recognition of the content owner or provision of adequate compensation. This practice not only violates copyright and moral rights as stipulated in Law Number 28 of 2014 concerning Copyright, but also has the potential to violate portrait rights and the principle of personal data protection guaranteed in Law Number 27 of 2022 concerning Personal Data Protection (Syafri et al., 2025; Dewi et al., 2022). This phenomenon reflects a systemic failure in the application of the principles of accountability and responsibility, which are the main pillars of GCG (Yeoh, 2016).

This case is interesting to examine through the lens of Agency Theory and Stewardship Theory because both theories offer different but complementary

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perspectives in understanding the relationship between companies and actors involved in digital marketing practices. Agency Theory views that conflicts of interest between principals and agents can trigger opportunistic behavior when oversight mechanisms are not effective (Jensen & Meckling, 1976). In the context of this study, the marketing team can be viewed as agents who act to achieve short-term targets while ignoring ethical and legal compliance aspects (Bendickson et al., 2016). On the other hand, Stewardship Theory developed by Donaldson and Davis (1991) assumes that agents are fundamentally morally oriented and will act in the interests of the organization and stakeholders. Failure in this case actually indicates the absence of stewardship values in the corporate culture (Keay, 2017).

Several previous studies have explored various aspects related to corporate governance failures and ethical violations in digital marketing. Yeoh (2016) identified that corporate governance failures are often associated with weak enforcement and self-regulation. Berger et al. (2016) found that corporate ownership and management structures have a significant effect on the probability of organizational failure. Basterretxea et al. (2022) emphasized that governance failures are not solely caused by external factors, but also by management decisions and weak internal communication. In the context of digital marketing, De Lira and Magalhães (2018) found that many professionals violate the code of ethics in the use of social media for promotion. Al Adwan (2021) emphasizes the importance of balancing the effectiveness of digital strategies with compliance with business ethics principles. Kwon and Lee (2021) found that even though brands claim to be committed to sustainability, their communication practices are often inconsistent.

The novelty of this research lies in three main aspects. First, it integrates the perspectives of business ethics, law, and corporate governance into a comprehensive analytical framework to examine the phenomenon of unauthorized use of influencer content. Second, it uses a reflective case study approach based on direct empirical experience that provides a deep understanding of the dynamics of company-influencer relationships in Indonesia's digital marketing landscape. Third, it uses a dialogue between Agency Theory and Stewardship Theory to analyze governance failures at the operational level.

The urgency of this research arises from several fundamental considerations. The practice of using influencer content without permission is becoming increasingly widespread but has not received adequate academic attention. The lack of understanding regarding the governance dimension in

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digital marketing has the potential to exacerbate the exploitation of content creators, who are generally in a weaker bargaining position. This case represents a broader systemic problem related to the weak internalization of ethical values and legal compliance in digital business practices in Indonesia.

Based on this background and urgency, this study aims to examine the practice of using influencer content without permission from a business ethics perspective, analyze the legal implications that arise, explain the role of corporate governance failures in enabling violations, and provide recommendations for companies and influencers in building ethical and sustainable digital marketing practices. This study is expected to enrich the academic literature in the fields of business ethics, business law, and corporate governance, particularly in the context of digital marketing and influencer marketing, while also providing practical implications for business actors, content creators, regulators, and other stakeholders in Indonesia's digital ecosystem.

LITERATURE REVIEW

Agency Theory

Agency Theory is a theoretical framework that explains the contractual relationship between principals (owners) and agents (executors), whereby principals delegate authority to agents with the expectation that agents will act in the interests of the principals (Jensen & Meckling, 1976; Eisenhardt, 1989). This theory assumes that agents tend to act opportunistically to maximize their personal interests, thereby causing conflict when the interests of both parties are not aligned (Bendickson et al., 2016). In the context of digital marketing, the agency relationship occurs between companies and marketing teams that run promotional campaigns, where agents may ignore ethical aspects in order to achieve short-term targets (Panda & Leepsa, 2017).

This theory identifies three main problems, namely information asymmetry, moral hazard, and adverse selection, which trigger agency problems (Berger et al., 2016). To overcome this, Agency Theory emphasizes monitoring mechanisms through strict supervision, bonding by providing incentives to align interests, and enforcement in the form of strict sanctions (Yeoh, 2016). However, criticism has been raised against the pessimistic assumptions about human nature and the excessive focus on control, which can actually reduce intrinsic motivation (Perrow, 1986; Davis et al., 1997).

Stewardship Theory

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Stewardship Theory offers an alternative perspective that is more optimistic, assuming that agents are essentially trustworthy stewards who act in the interests of the organization and the principal (Donaldson & Davis, 1991; Keay, 2017). This theory is based on intrinsic motivation, where stewards derive satisfaction from achieving organizational goals and professional recognition, rather than solely from material rewards (Davis et al., 1997; Torfing & Bentzen, 2020). In the context of governance, stewardship emphasizes the importance of empowerment, trust, and collaboration over strict control, assuming that the interests of principals and stewards will naturally align (Mugarura, 2016).

Unlike Agency Theory, which emphasizes hierarchical control structures, Stewardship Theory encourages a transformational approach that involves dialogue, shared learning, and distributed leadership (Schillemans & Basuioc, 2015; Torfing & Bentzen, 2020). However, this theory does not deny the possibility of conflict, so accountability mechanisms are still necessary, albeit with a more supportive and trust-based approach (Keay, 2017). In digital marketing practice, applying Stewardship Theory means viewing influencers as strategic partners who need to be respected and empowered, not as resources to be exploited.

Business Ethics in Digital Marketing Practices

Business ethics in digital marketing refers to a set of moral principles that guide companies in carrying out promotional activities responsibly by considering the impact on all stakeholders (Agoes, 2019). The principle of fairness demands that every party contributing to the creation of economic value receives equal treatment and compensation, including content creators whose work is used for commercial purposes (Freeman, 1984). Transparency requires open communication between companies and influencers before content is utilized, while the principle of responsibility requires companies' to consider the long-term consequences of marketing decisions (Satory, 2022).

In digital marketing practices, ethical violations often occur due to an excessive focus on campaign efficiency and speed that neglects moral aspects (Al Adwan, 2021). The phenomenon of ethical blind spots arises when businesses fail to recognize the ethical implications of their actions, which in the long run can undermine public trust and damage reputation (Shabbir et al., 2019). The imbalance in bargaining power between companies and influencers requires adequate legal protection to prevent exploitation of the weaker party (Satory, 2015). Therefore, digital marketing ethics is not only a matter of regulatory compliance, but also about building fair and sustainable business relationships (Foroudi et al., 2025).

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Good Concepts and Principles of Corporate Governance

Good Corporate Governance (GCG) is a system that regulates and controls companies in a professional, transparent, and accountable manner to ensure that the interests of all stakeholders are protected (National Committee on Governance Policy, 2006). The main principles of GCG include transparency in information disclosure, accountability in performance, responsibility for legal compliance and social responsibility, independence in objective decision-making, and fairness for all parties (Fenwick et al., 2019). The implementation of GCG is not sufficient through formal structures such as boards of directors or written policies, but must be internalized in the culture and daily operational practices (Mugarura, 2016).

GCG failures often occur at the operational level when decisions are made without adequate legal oversight and verification mechanisms, such as in the case of unauthorized use of content (Yeoh, 2016). Weak coordination between marketing and legal functions, as well as the absence of standard procedures for reviewing the legal aspects of promotional materials, indicate a failure of the principles of accountability and responsibility (Basterretxea et al., 2022). In the context of digital marketing, GCG requires companies to ensure that every campaign has undergone due diligence regarding intellectual property rights and content owner approval, while also managing the reputational risks that may arise from ethical violations (Berger et al., 2016).

Copyright, Moral Rights, and Economic Rights

Copyright provides legal protection for creative works, including audio-visual content published on social media, which encompasses two dimensions: moral rights and economic rights (Law No. 28 of 2014). Moral rights relate to the recognition of the creator's identity and the protection of the integrity of the work, which is inherent to the creator and cannot be transferred (Raghavender, 2019). Economic rights grant the creator exclusive rights to obtain financial benefits from the use of their work, including the rights of reproduction, distribution, and communication to the public (Sundara Rajan, 2019). Content produced by influencers is the result of a creative process that has economic value, so its use for commercial purposes without permission is a violation of both dimensions of these rights (Putri & Sari, 2021).

In the digital ecosystem, there is often a misconception that content published on social media can be used freely, even though copyright protection remains attached to the creator regardless of the publication platform (Dewi et al., 2022). Copyright infringement in digital marketing not only causes financial

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losses for content owners, but also has the potential to damage their reputation and credibility as professional creators (Aulia & Elmarianti, 2025). The lack of legal understanding and awareness among business actors increases the risk of disputes and ethical conflicts that can be avoided through education and the implementation of adequate legal procedures.

Right to Portrait and Protection of Personal Data

Portrait rights are an important aspect of personality rights that protect the use of a person's face and identity, especially for commercial purposes that require explicit consent from the owner (Syafri et al., 2025). In the context of personal data protection, photos or portraits of a person are classified as general personal data that must be protected from collection, storage, and dissemination without consent (Law No. 27 of 2022). The use of influencers' faces in advertisements without permission not only violates portrait rights but also the principle of personal data protection, which is a human right in the digital age (Cui & Qi, 2021).

Companies have a legal obligation to ensure that any use of personal data, including portraits, has obtained valid consent and is in accordance with the agreed purpose (Dewi et al., 2022). Failure to fulfill this obligation reflects weak legal compliance and corporate governance, which can lead to serious legal consequences (Aulia & Elmarianti, 2025). Therefore, portrait rights and personal data protection must be understood as an integral part of business ethics and corporate governance, not merely a legal formality that can be ignored.

Advertising Ethics and Corporate Responsibility

Indonesian Advertising Ethics are guidelines that regulate advertising practices to be conducted honestly, responsibly, and with respect for the rights of others, including the prohibition of using works or identities without legal consent (Indonesian Advertising Council, 2020). This principle aims to maintain fairness and professionalism in the advertising industry, while protecting the interests of content creators and consumers (Shabbir et al., 2019). Violations of advertising ethics not only have legal implications but also reflect a company's failure to fulfill its social and ethical responsibilities, which can result in a loss of public trust (Foroudi et al., 2025).

From a corporate responsibility perspective, compliance with advertising ethics cannot be measured solely by compliance with positive legal provisions, but also by a moral commitment to maintaining fairness and sustainability in relationships with stakeholders (Satory, 2022). Companies that ignore advertising ethics risk facing reputational pressure and consumer boycotts that can disrupt long-term business sustainability (Kwon & Lee, 2021). Thus, advertising ethics

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must be viewed as part of a broader corporate governance framework, where compliance is not only normative but also strategic in building trust and reputation in the era of digital marketing.

RESEARCH METHOD

This study uses a qualitative approach with a case study design that aims to gain an in-depth understanding of the phenomenon of unauthorized use of influencer content in digital marketing practices (Creswell, 2014). The types of data used are primary data obtained through direct observation of content usage practices on social media, as well as secondary data sourced from literature studies including laws and regulations, academic literature, and digital documentation in the form of social media content and advertising material (Sugiyono, 2017). Data collection techniques were carried out through participatory observation, in which the author was a subject who directly experienced the use of content without permission, document searches to identify evidence of violations, and literature studies to obtain a strong theoretical and juridical basis (Creswell, 2014).

The collected data was then analyzed using descriptive qualitative analysis techniques through the stages of data reduction to sort relevant information, data presentation in the form of narrative descriptions, and drawing conclusions supported by the theoretical framework of Agency Theory, Stewardship Theory, and the principles of business ethics and Good Corporate Governance (Sugiyono, 2017). The validity of the data in this study was ensured through source triangulation by comparing observational data, documentation, and literature studies to ensure consistency of findings (Creswell, 2014). In addition, member checking was conducted through confirmation with relevant parties to validate the accuracy of the data and interpretations, as well as peer debriefing by discussing the research findings with academics who have expertise in business ethics and business law to obtain alternative perspectives and reduce researcher bias (Sugiyono, 2017).

RESULTS AND DISCUSSION

Case Description and Chronology

This case began with a company's use of an influencer's personal video content for a digital advertising campaign without permission or a cooperation agreement. The video content, which had been published on social media and received positive responses from the audience, was taken by the company and

used as the main material in paid advertisements on various platforms such as Instagram, Facebook, and the official website. The company took advantage of the popularity of the content to promote their products, resulting in a significant increase in brand awareness and sales. However, the content owner was not notified, was not asked for permission, and did not receive any compensation for the use of their work.

When the content owners realized their videos were being used in commercial advertisements through reports from followers, private communication efforts were made via direct messages and emails. The company's response was very slow and defensive, arguing that content that had gone viral was considered public content that could be used freely. This attitude forced the content owner to take decisive action by publicly voicing their objections on social media, uploading evidence of the violation, and explaining the chronology to the public. This action triggered a massive public response, with followers and the digital community supporting the influencer while strongly criticizing the company.

Intense public pressure finally prompted the company to open negotiations and agree to provide financial compensation in accordance with the commercial value of the content, as well as to remove all advertising material that used the content. Although it ended with a settlement, this chronology revealed systemic problems in the company's digital marketing practices. There was no intellectual property rights verification procedure before using third-party content, indicating a weak internal control system. The company's attitude of considering viral content as public domain reflects a low level of legal literacy and ethical awareness. Corrective actions that only emerged after public pressure proved that the internal governance mechanism did not function as a preventive system, but only reacted when its reputation was threatened.

The Practice of Using Influencer Content from a Business Ethics Perspective

These practices violate the principle of fairness in business ethics. Companies derive commercial benefits from content created by influencers, which is the main attraction for consumers and drives sales. Meanwhile, influencers as creators receive no recognition or compensation for the economic value that is exploited. Agoes (2019) asserts that business ethics require that every party contributing to the creation of economic value must receive fair treatment and equal compensation. The content is the result of an investment of time, creativity, and personal reputation that influencers have built over many years, yet companies only reap the benefits without contributing anything.

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The principle of transparency is also violated because there is no open communication before the content is used. Satory (2022) explains that transparency requires all parties involved or affected by business decisions to have access to relevant information and the opportunity to express their approval or objection. The secretive use of content without notification shows that companies deliberately avoid the communication process that should be carried out, possibly because they realize that requesting official permission will require them to pay for a license. The "take first, pay later if caught" strategy reflects a problematic moral calculus, in which companies consciously choose to violate the rights of others for the sake of cost efficiency and campaign speed.

Violations of the principle of responsibility are evident in companies that focus solely on short-term business targets without considering ethical and legal implications. Foroudi et al. (2025) emphasize that responsibility in business ethics is not only about complying with the law, but also considering the moral consequences for all stakeholders. The company failed to consider that their actions harmed influencers financially and reputationally, and created a bad precedent that threatened a healthy digital ecosystem. The company's attitude of only acknowledging its mistakes after public pressure shows that moral responsibility is not an intrinsic value in the company culture, but rather a pragmatic response to a threat to its reputation.

This case reflects a failure to implement the stakeholder approach proposed by Freeman (1984). The company only considered the interests of shareholders and ignored other stakeholders such as content creators. Influencers contributed significantly to the success of the campaign, but their rights and interests were ignored because they were in a weaker bargaining position. Shabbir et al. (2019) refer to this as an ethical blind spot, which is the inability or unwillingness of business actors to recognize the ethical dimensions of their decisions. The marketing team may not see the use of viral content as problematic because they are accustomed to an organizational culture that prioritizes speed and results over ethical compliance.

Legal Implications of Using Content Without Permission

The use of content for commercial purposes without the owner's consent violates Law Number 28 of 2014 concerning Copyright. Article 9, paragraph (1) states that creators or copyright holders have the economic rights to publish, reproduce, distribute, and communicate their creations. The company has published and communicated video content for commercial purposes without a license or permission from the creator, thus clearly violating the economic rights

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protected by law. Raghavender (2019) explains that economic rights give creators the exclusive right to obtain financial benefits from the use of their work, including the rights of reproduction, distribution, and communication to the public.

The violation is not limited to economic rights but also moral rights as regulated in Article 5 of the Copyright Law. Moral rights are rights that are permanently attached to the creator to include or not include their name on copies and to modify their creations as appropriate. Companies use content without crediting the creator and edit it to suit their advertising needs. Sundara Rajan (2019) emphasizes that moral rights are non-transferable or non-negotiable, so that violations of these rights can still be grounds for a lawsuit even if there is permission to use the economic rights.

The use of an influencer's face and identity in advertisements without consent violates the right to portraiture protected by Article 12 of the Copyright Law. This article specifically prohibits the use of a person's portrait for commercial purposes without the written consent of the person portrayed. Dewi et al. (2022) explain that portrait rights are an important aspect of personality rights that protect the use of a person's face and identity, especially for commercial purposes. Syafri et al. (2025) add that infringement of portrait rights can cause not only financial but also reputational damage to the subject of the portrait.

This case also has the potential to violate Law Number 27 of 2022 concerning Personal Data Protection. Article 4 paragraph (3) letter f states that photographs or portraits of a person are included in the category of general personal data that must be protected from collection, storage, and dissemination without consent. Cui and Qi (2021) emphasize that personal data protection in the digital age is a human right that must be guaranteed. Aulia and Elmarianti (2025) add that companies have a legal obligation to ensure that any use of personal data, including portraits, has obtained valid consent and is in accordance with the agreed purpose.

This practice can be classified as an unlawful act as stipulated in Article 1365 of the Civil Code, because it fulfills the elements of action, fault, loss, and causal relationship. The losses suffered by content owners are not only economic in nature, in the form of lost potential income from content licensing, but also immaterial losses in the form of loss of control over the use of personal identity and potential damage to reputation if the content is used in an inappropriate context. Satory (2015) explains that in unbalanced agreements, protection for the weaker party is an important principle in business ethics and law.

Failure to Implement Good Corporate Governance at the Operational Level

This case shows that the failure of Good Corporate Governance did not occur at the strategic level but at the operational level. The absence of standard procedures for conducting legal checks on advertising material and weak coordination between the marketing team and the legal function are indicators of the failure to implement the principles of accountability and responsibility. The National Governance Policy Committee (2006) emphasizes that GCG must be realized ly through the internalization of governance values in daily operational activities, not only through the existence of formal structures. Yeoh (2016) found that governance failures often occur because powerful political forces reduce enforcement initiatives through tactics of resource reduction and the promotion of weak self-regulation.

The existence of written policies or guidelines on ethics and legal compliance will not be effective if they are not consistently implemented in work practices. Companies fail to ensure that every marketing activity has gone through adequate oversight mechanisms. Mugarura (2016) explains that in corporations, shareholders delegate decision-making power to executives to act in their best interests, but when there are no effective control mechanisms, agency problems arise that harm the principal. Basterretxea et al. (2022) found that governance failures are not only caused by external factors but also by management decisions and weak internal communication.

This failure at the operational level demonstrates weak risk management, particularly reputation risk. Fenwick et al. (2019) assert that in the digital age, companies face more complex reputation challenges due to increased transparency and the speed of information dissemination. When ethical violations are exposed to the public, companies face significant reputational pressure that forces them to take corrective measures through negotiation and compensation. Berger et al. (2016) found that ownership and management structures influence the probability of organizational failure, where large shareholdings by lower-level management actually increase risk due to moral hazard.

Analysis Theoretical through Agency Theory and Stewardship Theory

Through the lens of Agency Theory, the practice of using content without permission can be understood as a failure of the company as the principal to control internal agents such as the marketing team or third parties involved in advertising campaigns. Jensen and Meckling (1976) explain that agency problems arise when the interests of the principal and agent are not aligned and there is no

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effective monitoring mechanism. Agents act opportunistically to achieve short-term targets, using influencer content without permission to accelerate campaign execution and save on licensing costs. Bendickson et al. (2016) emphasize that this conflict arises because employment contracts are imperfect, monitoring is difficult and expensive, making it difficult for principals to enforce their property rights.

Panda and Leepsa (2017) identified three main problems in principal-agent relationships: information asymmetry, moral hazard, and adverse selection. In this case, information asymmetry occurs because the marketing team has more information about the content sources used than top management. Moral hazard arises when the marketing team makes decisions to use unauthorized content that harms the company in the long term but benefits their short-term targets. Adverse selection is evident in the possibility that the company cannot verify the integrity and legal competence of the marketing team before granting them campaign authority.

However, Agency Theory alone is not sufficient to explain the complexity of this case. Stewardship Theory offers a different perspective by emphasizing that agents should have a moral orientation and act in the interests of the organization and its stakeholders. Donaldson and Davis (1991) explain that stewards can be trusted to act in the interests of the organization because they are intrinsically motivated by professional achievement and recognition, not just material rewards. The failure in this case actually shows the absence of stewardship values in the company's organizational culture. Keay (2017) asserts that stewards should act as trusted protectors of company assets and be committed to the welfare, growth, and integrity of others.

The company does not view influencers as partners or stakeholders who must be respected, but merely as a source of content to be exploited. Torfing and Bentzen (2020) explain that Stewardship Theory emphasizes empowerment, trust, and collaboration over strict control, assuming that the interests of principals and stewards will naturally align if a facilitative and empowering structure is created. However, in this case, the organizational structure actually encourages the marketing team to act opportunistically because there is no mechanism that facilitates dialogue, shared learning, or shared responsibility towards external stakeholders such as content creators.

The dialogue between these two theories shows that the failure of corporate governance stems not only from weak structural control as emphasized by Agency Theory, but also from a lack of moral commitment in business decision-making as criticized by Stewardship Theory. Mugarura (2016) states that

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in practice, these two theories should not be viewed as a dichotomy but can be combined to ly understand the complexity of governance. Companies need monitoring and control mechanisms to prevent moral hazard, but they also need to build a stewardship culture that encourages agents to act ethically not because they fear sanctions but because of their commitment to organizational values and responsibility to stakeholders.

Dispute Resolution, Public Pressure, and Reputational Implications

Dispute resolution in this case was carried out through a non-litigation mechanism in the form of direct negotiations between the company and the content owner. Public pressure arising through social media served as the main driving factor that forced the company to take responsibility. Satory (2022) explains that in the context of business dispute resolution involving non-conventional relationships, alternative approaches are relevant because they can provide more flexible, rapid, and substantively fair solutions. Non-litigation mechanisms allow the parties to reach a proportional agreement without going through a formal judicial process that is time-consuming and costly, especially when the dispute relates to reputation and business relationships.

However, reliance on public pressure as a corrective tool reveals a fundamental weakness in corporate governance systems. Ang et al. (2021) found that social media can play a role in corporate governance by enabling small investors to aggregate information and predict potentially harmful management decisions. In this case, the digital public serves as an external control mechanism that forces companies to act when internal mechanisms fail. Ideally, however, ethical and legal violations can be prevented from the outset through the implementation of effective GCG, rather than being resolved reactively after causing reputational damage.

The reputational implications of this case are significant for companies in the long term. Kwon and Lee (2021) found that companies that claim to be committed to ethical practices but are proven to have violated them can experience a decline in consumer trust that is difficult to recover. Foroudi et al. (2025) emphasize that in the digital age, a company's reputation is shaped not only through official campaigns but also through public perceptions disseminated via social media and electronic word-of-mouth. The case of unauthorized content use that was exposed to the public created a negative narrative that the company did not respect the rights of creators and only cared about profit , which could trigger consumer boycotts and reduce brand equity in the long term.

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Furthermore, this case also sets a dangerous precedent for the digital marketing ecosystem as a whole. If the practice of using content without permission is allowed or only resolved on a case-by-case basis after public pressure, it will encourage other companies to do the same, calculating that the cost of compensation after being caught is cheaper than paying for a license from the start. Al Adwan (2021) emphasizes the importance of balancing the effectiveness of digital strategies with compliance with business ethics principles to ensure industry sustainability. Therefore, not only individual resolutions through negotiation are needed, but also systemic improvements through strengthened regulations, increased enforcement, and the development of an ethical culture in digital marketing practices.

CONCLUSION

Based on the analysis conducted, this study produced four main conclusions in accordance with the research objectives set.

1. The use of influencer content without permission is a violation of business ethics principles, particularly fairness, transparency, and responsibility. This practice reflects an ethical blind spot resulting from a short-term business orientation and neglect of the influencer's position as a stakeholder.
2. The use of content without consent constitutes a violation of copyright, moral rights, portrait rights, and personal data protection. The impacts include economic and immaterial losses and an increased potential for disputes due to the low legal literacy of business actors.
3. Corporate governance failures occur due to weak legal verification procedures, internal oversight, and marketing-legal coordination. Based on Agency Theory and Stewardship Theory, violations arise due to opportunistic behavior by agents and the absence of stewardship values in the organizational culture.
4. Companies need to strengthen their SOPs for content use, improve legal and ethical literacy, and integrate legal functions into marketing campaigns. Influencers need to be more proactive in protecting their work, while regulators need to strengthen oversight and education on digital marketing.

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