

# Whether Social Media Attention Inhibit Corporate Connected Transactions: Perspective from Baidu Tieba

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### Abstract:

With the rapid development and widespread use of social media, corporate behavior has come under increasing public scrutiny, particularly in sensitive areas like connected party transactions and becomes a research focus. This paper reviews recent studies on the impact of social media attention on corporate connected transactions, with a focus on platforms such as Baidu Tieba, to explore the role of social media in enhancing corporate transparency and curbing improper connected transactions. Research indicates that social media can influence corporate decision-making by disseminating information and facilitating public discussion, which serves as a form of supervisory oversight. This can help reduce the risks associated with connected transactions. However, there are significant variations in how companies respond to social media pressures, and existing research has notable limitations. This paper aims to summarize the current research findings, analyze the role of social media in corporate governance, and propose future research directions to further understand its impact.

**Keywords:** Social media; corporate governance; public opinion supervision; Baidu Tieba.

## 1. Introduction

### 1.1 Research Background and Significance

In the past few decades, global economic integration has intensified the competition among national markets, and corporate governance has become one of the important means to improve market efficiency. In the corporate governance system, related party transactions have become the focus of academic and

regulatory research because of its complex interest relationship and potential moral hazard. As an important issue in corporate governance, corporate connected transactions often lead to benefit transmission and moral hazard due to information asymmetry [1]. Related party transactions are legal under the legal framework of many countries, but their implementation may lead to the transfer of benefits, damage the interests of minority shareholders, and weaken the overall competitiveness of the company. Therefore,

how to effectively regulate related party transactions has always been a difficult problem in global corporate governance. Especially in emerging market countries, the phenomenon of enterprise family control and insider control is more common, which makes related party transactions easier to become a tool of interest transmission. By reviewing relevant literature, this paper will discuss whether social media attention can effectively inhibit corporate connected transactions, especially based on Baidu Tieba, a social media platform with Chinese characteristics [2]. In recent years, with the rapid popularity of social media, public supervision of corporate behavior is increasingly strengthened, and corporate connected transactions are often considered to be a sensitive issue in corporate governance [3]. Social media platforms provide a channel for the public to express their opinions, exposing corporate behavior, especially related party transactions, to unprecedented public scrutiny. This “decentralized” supervisory power greatly enhances the transparency of the market and creates a potential check and balance on corporate decisions.

## 1.2 Research Methods and Main Contents

In order to systematically explore the impact of social media on corporate connected transactions, this study adopts the method of literature review and empirical analysis. First of all, this paper systematically combs the relevant literature on enterprise connected transactions, and discusses in detail the definition, types and importance of connected transactions in corporate governance. On this basis, this paper further analyzes the unique role of social media, especially Baidu Tieba, in information dissemination and public opinion supervision. Combined with existing empirical studies, this paper expounds how social media inhibits the occurrence of improper related party transactions by influencing corporate decision-making. Secondly, in order to verify the theoretical hypothesis, this study selected the actual case data on Baidu Tieba to explore the differences in the responses of different enterprises when facing the pressure of social media public opinion and the factors behind it. By comparing and analyzing the exposure of different types of enterprises on social media and the specific performance of decision adjustment, this paper reveals the mechanism of social media in restraining improper related party transactions. Finally, this paper summarizes the main achievements of the existing research, and puts forward the future research direction. Although the role of social media in inhibiting corporate connected transactions has been preliminarily verified, due to the limitations of existing studies in sample selection, timeliness and platform differences, future

studies can be further expanded and deepened, especially in the application of small and medium-sized enterprises (SMEs) and the comparison of the role of different social media platforms in corporate governance.

## 2. Literature Review

### 2.1 Enterprise Related Transactions

#### 2.1.1 Definition and types of enterprise connected transactions

Related Party Transactions (RPTs) refer to the transactions between a company and its affiliates [4]. There are many forms of corporate connected transactions, which may involve the purchase or sale of assets, the provision of services, lending, leasing, etc. In theory, related party transactions should be carried out at fair market prices and avoid any form of transfer of benefits. However, in practice, due to information asymmetry and the weakening of internal control of enterprises, related party transactions often become a tool for conveying benefits, which leads to the loss of enterprise resources, the infringement of shareholders’ rights and interests, and the reduction of corporate governance efficiency.

Existing research shows that corporate connected transactions in many cases will have a negative impact on corporate performance, especially in the case of weak internal control and insufficient external supervision. For example, scholars have found that connected party transactions can lead to a decline in corporate performance in many cases, especially in the absence of effective supervision [5].

#### 2.1.2 Supervision and governance

In order to curb improper connected party transactions, regulators in various countries have enacted a series of laws and regulations requiring companies to disclose details of connected party transactions and review the fairness of these transactions. However, due to information asymmetry, it is difficult for external investors to fully understand the specific content and real purpose of connected party transactions, resulting in limited regulatory effect [6].

In order to compensate for the shortcomings of traditional regulatory mechanisms, social media began to play an increasingly important role in corporate governance. Through social media, the public and investors can obtain the related transaction information of enterprises more quickly and widely, and influence the decision-making of enterprises through the pressure of public opinion. As a result, social media has become, to some extent, an informal oversight force in corporate governance.

## 2.2 Social Media and Corporate Governance

### 2.2.1 Information transparency and dissemination

Social media, as a new information transmission channel, is rapidly rising in the world with its openness and immediacy. Enterprises can realize various functions such as brand promotion and customer service through social media, while the public can obtain the latest news of enterprises and express their opinions through social media. In the context of corporate governance, the transparency and widespread dissemination of social media makes corporate behavior more open to public scrutiny and judgment. In addition, content on social media can spread rapidly through functions such as liking, sharing, and commenting, forming an atmosphere of public discussion and supervision by public opinion. For example, information on social media platforms such as Twitter and Facebook can spread quickly, triggering widespread discussion and attention [7]. In this environment, the behavior of enterprises is easily concerned by the public, especially when related party transactions and other sensitive issues are involved, the pressure of public opinion formed on social media can have a significant impact on corporate decision-making.

### 2.2.2 Action mechanism of social media on information transparency

Information transparency is one of the core elements of corporate governance, which can reduce information asymmetry, reduce moral hazard, and improve the overall level of corporate governance. As an information dissemination tool, social media makes it easier for enterprises to be known by the outside world through diversified channels. Compared with traditional media, social media has the characteristics of openness and immediacy, so that corporate information can be transmitted in real time and public opinion can be quickly fermented.

Research shows that when enterprises are faced with widespread public concern and pressure, management tends to adjust their decisions to meet public expectations, thus reducing the occurrence of improper related party transactions [8]. For example, when a company's connected transaction is exposed by social media users and causes negative public opinion, the company may take measures such as improving the level of information disclosure, modifying the connected transaction plan or even canceling the transaction to respond to public concerns and maintain the company's reputation.

### 2.2.3 The specific function path of public opinion supervision

Social media not only influences corporate behavior through the improvement of information transparency, but

also plays a governance function through public opinion supervision. The mechanism of public opinion supervision can be divided into direct and indirect. Direct action path refers to that when corporate behavior (especially improper related party transactions) is exposed, the public on social media will criticize or even condemn the enterprise, thus forming pressure on the enterprise and forcing it to change its decision or behavior. This pressure often has a direct impact on the management of the company through public opinion, consumer behavior or investor reaction.

Indirectly, discussions and comments on social media can gradually form a social consensus, which can be further amplified through third-party channels such as traditional media and regulatory agencies. For example, negative public opinion on social media can trigger the involvement of relevant regulators, leading to formal investigations or sanctions against the company, thus increasing the cost of corporate misconduct.

### 2.2.4 Limitations of social media in enhancing corporate transparency

While social media plays a positive role in promoting corporate information transparency and promoting corporate governance, its limitations cannot be ignored. First of all, the information on social media is often difficult to be fully verified, and the authenticity and accuracy of the information have certain risks, which may lead to public opinion making judgments based on wrong information or one-sided information, thus causing unfair public opinion pressure on enterprises. Secondly, the short-term effect of social media is obvious, but the long-term effect is relatively weak. Many enterprises may make temporary adjustments under the short-term impact of public opinion pressure, but lack the motivation for long-term governance improvement. In addition, there are differences in how companies respond to social media pressure, with large companies likely to have more resources to respond to public opinion, while SMEs may be hit harder by limited resources.

## 2.3 Comparison and Analysis of Social Media Platforms

### 2.3.1 Characteristics and mechanism of Baidu Tieba

Baidu Tieba, as a unique social media platform in China, plays an important role in information dissemination and public opinion supervision. Compared with other social media platforms, Baidu Tieba users have higher participation, and the discussion is usually centered on a specific topic, which makes the information dissemination more efficient [9].

In addition, the composition of Baidu Tieba users is more diverse, covering a wide range of social groups, both ordi-

nary consumers, investors and industry practitioners. This diverse user base enables discussions in Tieba to cover all aspects of corporate behavior and monitor companies from different perspectives.

### **2.3.2 Comparison of influence of different social media platforms**

While Baidu Tieba plays a prominent role in corporate governance in China, other social media platforms such as Twitter, Facebook and Weibo also play an important role globally. There are differences in the influence of different platforms on information dissemination and public opinion supervision. For example, the user group of Twitter is mainly media people, politicians and investors, so the influence of its public opinion supervision is often more policy-oriented and professional. While Facebook is more oriented to ordinary users, the effect of its public opinion supervision is more focused on the reaction of consumer behavior. In contrast, Weibo has a wide audience base in China, especially in the field of enterprise crisis management and public relations, and the pressure of public opinion on Weibo often becomes an important reference for enterprises to adjust their decisions.

### **2.3.3 Comparative analysis of international social media platforms**

At the international level, the role of social media platforms in corporate governance also varies from country to country. Take the United States as an example, Twitter and Facebook play a more obvious role in the supervision of corporate connected transactions, especially when multinational enterprises are involved, and public opinions on social media can often trigger worldwide attention. In Europe, professional social platforms such as LinkedIn have gradually become an information exchange tool between enterprises and investors, with high information transparency, but relatively weak supervision effect of public opinion.

## **2.4 Empirical Research Case Analysis**

### **2.4.1 Disclosure and social media reaction of affiliated transactions of a large listed company**

Taking a large listed company as an example, it was questioned by Baidu Tieba users due to related party transactions. In the discussion of Tieba, users not only raised questions about the fairness of the transaction, but also delved into the company's past history of connected transactions. With the deepening of the discussion, the topic quickly became a hot topic in the Tieba and triggered the attention of traditional media. Under the pressure of public opinion, the company had to publicly disclose the details of related party transactions through its official website and press conference, and promised to conduct in-

dependent audits. This effectively alleviated public doubts and improved the company's image among the public.

### **2.4.2 The coping strategies of medium-sized enterprises under the pressure of public opinion supervision on Baidu Tieba**

Another mid-sized company takes a different tack when it comes to social media scrutiny. The company was exposed by Tieba users for an undisclosed related party transaction and triggered a large number of negative comments in a short time. Unlike large enterprises, the company did not have sufficient resources and capabilities to immediately conduct crisis public relations, but instead communicated directly with users by actively participating in Tieba discussions, explaining the legality of the transaction, and promising to improve the information disclosure mechanism. In the end, the company successfully calmed the storm of public opinion, and won the understanding and support of some users through social media communication.

These examples show that the pressure of public opinion on Baidu Tieba can promote the transparency of enterprises, thus reducing the occurrence of improper related party transactions [10].

## **3. Social Media and Related Transaction Governance**

### **3.1 Different Responses of Enterprises to Social Media Pressure**

There are significant differences in how different businesses respond to social media pressure. Large enterprises usually have stronger public relations and crisis management capabilities, and can quickly respond to negative public opinions on social media and reduce public pressure by increasing information disclosure or adjusting decisions. SMEs often cannot respond quickly due to limited resources, but they can build trust through direct communication with users and reduce the impact of public opinion.

### **3.2 Influence of Industry Characteristics on Enterprise Related Transactions**

The performance of enterprises in different industries in connected transactions is also different. For example, connected transactions in highly sensitive industries such as finance and real estate tend to attract more public attention, while relatively closed industries such as manufacturing and service industries are less subject to public opinion pressure from social media. Therefore, companies in different industries have different strategies when it comes to social media.



### 3.3 Different Coping Strategies for Social Media Attention between Small and Medium-sized Enterprises and Large Enterprises

Large companies often have well-developed crisis PR mechanisms that can quickly respond to negative public opinion on social media. Small and medium-sized enterprises rely more on direct communication with users and win public trust through transparent operations.

## 4. Future Prospects

### 4.1 Long-term Role of Social Media in Corporate Governance

As social media develops further, its role in corporate governance will become more significant. In the future, companies will not only have to deal with the supervision of investors and regulators, but also need to actively manage public opinion, improve transparency and reduce information asymmetries.

### 4.2 Regulatory Challenges for Social Media Platforms in Corporate Transparency

While social media plays an important role in promoting corporate transparency, its regulatory challenges remain. How to balance the free expression of social media with the authenticity of information, and how to establish a more effective supervision mechanism of public opinion are all problems that need to be solved in the future.

### 4.3 Responsibility and Cooperation between Government and Enterprises in Future Digital Governance

In the future digital governance environment, governments and enterprises need to strengthen cooperation to jointly address the challenges brought by social media. The government should guide social media to play a positive role through policies, while enterprises need to strengthen information disclosure and improve internal governance.

## 5. Conclusion

This study explores the role of social media in the governance of corporate connected transactions and points out the importance of social media in enhancing corporate information transparency and public supervision. Through theoretical analysis and empirical research, it is found that social media has become an important tool in corporate governance, which not only has a significant impact on

large enterprises, but also has a profound impact on the governance behavior of small and medium-sized enterprises.

The limitation of this study is that it mainly focuses on social media platforms and enterprise samples in China. Future research can be further expanded to other countries and regions to explore the impact of social media on corporate governance under different cultural backgrounds. In addition, the long-term impact of social media still needs to be further verified, and future studies can analyze the role of social media in long-term corporate governance through longitudinal data.

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