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Study on the Differentiated Impact of Social Media Emotion Orientation on Corporate ESG Performance

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Abstract

With the popularization of ESG concepts in the capital market, the impact mechanism of social media on corporate ESG performance has become a current research highlight. This article aims to systematically review the relevant research in the past 5 years, from the perspective of the impact mechanism of positive and negative social media coverage on ESG performance, summarize the differentiated paths of social media on ESG ratings and corporate ESG practices in different industries (energy, finance, etc.) and analyze the limitations of existing research in areas such as “insufficient cross industry comparison” and “lack of long-term impact tracking”.Research has found that the social media focuses on the environmental impact of high-risk industries (such as energy), while the financial industry emphasizes social and governance supervision. In the future, it is necessary to further explore the dynamic interactive mechanism of “media-public-enterprise” in the era of social media, in order to provide theoretical reference for optimizing corporate ESG.

Keywords

social media, ESG dimension, heterogeneity analysis

1. Introduction

In today’s rapidly evolving economic landscape, social media has deeply penetrated into every corner of society with its powerful influence, profoundly changing the operational environment and market ecology of enterprises. In this context, the impact of social media on corporate ESG performance has increasingly become a focus of attention from all walks of life.

As the main body of the market economy, enterprises must actively comply with the requirements of the times and take on corresponding social responsibilities while pursuing the traditional goal of maximizing economic benefits. This means that enterprises should not only focus on short-term profit growth, but should take a longer-term perspective, pay attention to environmental protection, actively practice the concept of green development, pay attention to social needs, optimize corporate governance structure, establish sound scientific and reasonable decision-making mechanisms, supervision mechanisms, and incentive mechanisms, and improve the management efficiency and operational quality of enterprises (Yang et al., 2024). When enterprises actively fulfill their social responsibilities and promote sustainable development, they can not only create greater value for society, but also establish a good image and reputation in market competition, attract more investors, customers, and partners, and lay a solid foundation for the long-term development of the enterprise. ESG (Environmental, Social, and Corporate Governance) performance is a key way and comprehensive manifestation for companies to demonstrate their sustainable development capabilities and responsibility. It reflects important information on the impact of corporate behavior on the environment, as well as the social responsibility and corporate governance undertaken by enterprises, and can intuitively reflect the practical achievements and comprehensive level of enterprises in the field of sustainable development.

Compared to traditional corporate social responsibility evaluation indicators, ESG has a more focused and structured dimension, clearly divided into three major sections: environment (E), society (S), and governance (G). Moreover, ESG has clear industry standards that emphasize the quantifiability and verifiability of data, making the evaluation system more objective and comparable. Therefore, in-depth exploration of ESG performance not only helps companies better understand the impact of their sustainable development behavior on their financial situation, but also enables them to formulate more scientific and reasonable development strategies and business decisions (Tu et al., 2024); It can also provide investors with more comprehensive and accurate evaluation criteria for enterprises, guiding capital flow towards companies with more sustainable development potential (Tang et al., 2024).Meanwhile, for policy makers, it also helps to formulate more effective industrial policies and regulatory measures, promoting the sustainable development of the entire economy and society (Chen et al., 2023). Therefore, the impact of social media on ESG performance has become an important topic that urgently needs to be explored in depth.

This article systematically reviews the literature related to ESG performance, aiming to analyze the impact mechanism of positive and negative social media coverage on ESG performance, provide insights and suggestions for corporate governance, government management, and public supervision from multiple perspectives, and propose possible future research directions.

2. Research on the Impact Mechanism of Social Media Reporting Emotions on Corporate ESG

With the development of network information and communication technology and Web 2.0 technology, a new type of information intermediary-social media has emerged. Its decentralized information dissemination method not only provides investors with an open and two-way interaction channel with companies, but also reshapes the way information is generated, disseminated, and consumed in the capital market, affecting all participants in the capital market. At the same time, the further development of social media has also spawned some specialized media for monitoring ESG reports. At present, academic research on ESG reports both domestically and internationally mainly relies on social media platforms such as Sustainability Magazine, ESG Investor, ESG Today, Southern Weekend, and Securities Times. This article will analyze the impact of social media on corporate ESG performance under positive and negative emotion orientation based on signal transmission theory and stakeholder theory.

2.1 The Positive Moderating Effect of Rational Positive Reporting on Social Media

Media attention has a positive moderating effect on the realization of ESG value. When the frequency of media attention increases, it can not only timely convey ESG information to the outside world to help establish a good reputation, but also promote the improvement of internal governance level through external supervision, ultimately driving value growth (Zou et al., 2025). And rational positive reporting creates a loudspeaker effect in ESG performance and brand value. The amplifier effect is enhanced by the size of the company, with larger companies forming a spotlight effect in attracting the public due to higher expectations of social responsibility (Zou et al., 2025).

Rational positive reporting often revolves around real data and specific cases, releasing clear information to stakeholders through signal transmission mechanisms. For investors, the verifiable ESG practices reported have reduced their cost of assessing a company’s sustainable development capabilities. They have a significant preference for companies with high ESG ratings, forming positive incentives for investment. Among the three dimensions of ESG,the governance dimension exerts the most significant impact on the increase in institutional investors’ shareholdings.(Lopez-de-Silanes et al., 2024); Concrete ESG actions in reports will strengthen consumers’ and the public’s sense of corporate social responsibility, which will then be transformed into consumer preferences or positive word-of-mouth, driving positive feedback from the market (Xue et al., 2024); At the same time, such reports can also form synergy with corporate ESG information disclosure, jointly filling the information gap and significantly enhancing ESG transparency.

Since 2021, Xiaomi Group's overall ESG rating has shown an upward trend, which is closely related to the logical depth of the company's use of social media to promote ESG practices and feedback its own ESG performance. In terms of social media communication, Xiaomi has built a multidimensional path. in 2025, founder Lei Jun shared information about the group's selection for the "Forbes China ESG 50 List" on Weibo, and CEO Lu Weibing forwarded it synchronously. Through executive linkage, the company focused on attention, gave authoritative endorsement to achievements, and also conveyed the company's emphasis on ESG and open culture; At the same time, Xiaomi released ESG practice content focusing on environmental protection design and social responsibility on platforms such as Tiktok, so that the public can intuitively understand the implementation measures. From the perspective of synergistic effects, Xiaomi has formed a virtuous cycle of "dissemination - recognition - rating improvement - further dissemination".Social media breaks down ESG information barriers, allowing its practices to be widely recognized and directly promoting rating improvement; And the improvement of ratings and related achievements have been transformed into promotional materials, further amplifying Xiaomi's leading ESG image. This not only helps Xiaomi optimize its own ESG, but also becomes a micro reflection of the overall upward trend of ESG ratings since 2021, confirming the deep synergy between social media and ESG rating improvement.

2.2 The Risk Transmission of Excessive Hype on Social Media

Excessive hype often deviates from the true foundation of corporate ESG practices, using exaggerated expressions, emotional instigation, or one-sided focus as means. The spread of false news caused by excessive hype is directly affected by social media fatigue (Ying et al., 2025). This kind of false reporting can easily trigger the "ESG greenwashing" motivation of companies - since the market is more concerned about the "hyped appearance", companies may choose to use marketing packaging instead of actual investment. Among them, companies with larger executive teams, higher proportions of women, and higher levels of education are more likely to exhibit short-sighted behavior of "greenwashing", and this tendency is reinforced by media attention (Xiao, 2023). The reason for this is that there are many stakeholders, and the executive team tends to adopt more conservative symbolic ESG practices. By conveying beautified ESG information to the outside world, it brings various resources needed for the development of the enterprise, which meets the actual needs of enterprise development (Xiao, 2023). From the perspective of signal transmission theory, the ESG information at this time appears to be "transparent" due to high exposure, but in reality, it is a concentrated release of false signals that seriously distorts the judgments of stakeholders. Investors may make incorrect investment decisions based on false information, and consumers may pay for low-quality ESG products due to "misled trust". When the "greenwashing" behavior is exposed, the collapse of negative emotions and false signals it creates will trigger a series of chain reactions (Liu et al., 2023a). For example, investors withdrawing their funds leading to a sharp drop in stock prices, consumer resistance causing a loss of market share, serious damage to corporate reputation, and ultimately resulting in a sharp decline in financial performance due to a crisis of trust in the later stages.

2.3 The Correction Mechanism for Moderate Supervision of Negative Reports on Social Media

Moderate negative coverage focuses on specific issues in corporate ESG practices and objectively discloses them based on facts. At this point, social media plays a role in the correction mechanism. From the perspective of stakeholder theory, such reporting can trigger multiple pressures. At the market level, consumers' vigilance towards "problematic enterprises" will translate into a decrease in purchasing willingness, forcing enterprises to win back trust through rectification; At the competitive level, the compliance ESG performance of peer companies will form a sharp contrast. If companies do not improve, they may be marginalized in the competition, thereby enhancing ESG transparency (Zhang et al., 2024); At the regulatory level, negative reports may attract the attention of government departments and promote stricter compliance inspections. At the same time, the information gap exposed by negative reports will force companies to supplement real ESG information, further reducing information asymmetry with stakeholders. Driven by multiple pressures and information transparency, enterprises will actively improve their ESG management level, achieve substantial improvement in ESG performance, and have a positive impact on the capital market (Krueger et al., 2024).

2.4 The Backfire Effect of Excessive Supervision of Negative Reporting on Social Media

Excessive negative reporting goes beyond the scope of objective criticism, manifested as exaggerated interpretation of corporate ESG issues, continuous attacks, or neglect of corporate rectification efforts. At this time, social media becomes a “source of pressure”. This excessive pressure can lead companies to engage in short-sighted behavior. To avoid further negative exposure, companies may choose “selective transparency”, which means only disclosing ESG information that is beneficial to themselves and deliberately concealing key issues, leading to increased information asymmetry; To reduce short-term public opinion risks, companies may reduce actual ESG investment, cut social responsibility budgets, and prioritize resources for “crisis public relations” rather than substantive improvements. When companies face poor information disclosure, high levels of information asymmetry, and significant information uncertainty, it can lead to an increase in ESG rating divergence, which in turn leads to a more significant reduction in green innovation (Zhu et al., 2025). In the end, excessive supervision not only fails to drive companies to improve their ESG performance, but also traps them in a vicious cycle of “dealing with public opinion rather than solving problems”, weakening the authenticity and sustainability of ESG practices, and running counter to the goal of promoting sustainable development of enterprises.

3. Heterogeneity Analysis of the Impact of Social Media on ESG Performance in Different Industries

The impact mechanism of media on ESG ratings varies in different industries under different circumstances, and the differences in ESG ratings and ranking stability of companies at different levels show significant heterogeneity characteristics (Liu et al., 2023b): On the one hand, there is a significant difference in ESG ratings between top and bottom companies, and because their performance levels have formed “fixed advantages” or “fixed disadvantages”, the impact of changes in evaluation weights on rankings is relatively small; On the other hand, the difference in ESG ratings among intermediate companies is relatively small, and they are at the “performance critical point”. Weight adjustments can easily cause significant fluctuations in their rankings. As an important external factor influencing corporate ESG behavior, social media exhibits significant heterogeneity in its effectiveness due to differences in industry attributes, which is particularly prominent in the comparison between high polluting industries and the financial industry.

3.1 High Pollution Industries: Public Opinion Driven by a Focus on the “Environment” Dimension

The ESG risk core of high pollution industries is concentrated in the environmental field, so industry social media is highly sensitive to negative news in the “environment” dimension, which will form a “public opinion focus effect” in a short period of time. Take the fireworks show held by Cai Guoqiang, a microblog hotspot, in the the Himalayas as an example. Because of its damage to the fragile ecology of the plateau, it directly triggered a chain reaction, putting the ESG score of the cooperator Shizuniao and its parent company Anta Group at serious risk of decline. From the perspective of rating, this incident first has a negative impact on the environmental (E) dimension - the destruction of high-altitude ecology violates the principle of environmental sustainability; Secondly, it is transmitted to the social (S) dimension, triggering public questioning of corporate social responsibility performance; Extending to the governance (G) dimension, it exposes the shortcomings of enterprises in ecological risk assessment and decision-making transparency of cooperative projects, further exacerbating concerns about declining ratings.

At the same time, the spread of social media has amplified this impact: it not only focuses public opinion on the “environmental” shortcomings of ANTA’s ESG rating, but also spreads negative perceptions through topic fermentation, leading to damage to the company’s social image. The synergistic effect of social media and ESG performance forms a complete transmission chain of “ecological destruction - ESG rating decline - social media amplification - exacerbation of negative social impacts”.

3.2 Financial Industry: The Discussion Orientation Tends towards the "Governance Society" Dimension

In the financial industry, social and governance factors have a greater impact on the ESG rating of the financial industry. Social media closely monitors the fulfillment of responsibilities by financial institutions, focusing on coverage in areas such as green finance and inclusive finance, and has a strong supervisory role in risk management and compliance operations of financial institutions. Taking Huaxi Securities as an example, due to violations in its investment banking sponsorship business, MSCI's ESG evaluation of the company has been significantly affected, lagging behind 67% of its peers in 2023, causing reputational risks for the company and resulting in the loss or transfer of its underwriting projects, which has attracted attention from relevant departments and will face stricter scrutiny, increasing compliance risks.

3.3 Root of Heterogeneity: Differences in Industry Attributes and Focus of Attention

The heterogeneity of the impact of industry social media on ESG essentially stems from the differences in ESG risk points and public focus of attention in different industries. The production and operation activities of high polluting industries have strong environmental externalities, and environmental violations have a more significant direct impact on public interests and the ecological environment. Therefore, the "environment" dimension has become the core of public opinion attention; The operation of the financial industry highly relies on credit and trust, and a sound corporate governance structure and the promotion of social equity and economic development are the top priorities of the industry in ESG scoring. Therefore, the dimensions of governance and society have become the focus of media discussions.

Industry social media amplifies the core ESG risks of various industries, gathers dispersed public opinions into influential pressure signals, and ultimately promotes differentiated ESG improvement paths for enterprises in different industries. This process not only reflects the driving role of social media in corporate ESG behavior, but also provides a key perspective for understanding the interaction between industry attributes and ESG.

4. Conclusion

ESG is not a cost burden, but an important path to achieve sustainable growth in long-term financial performance by managing risks, improving operational efficiency, creating new value, and ultimately driving it. In the process of implementing ESG in enterprises, social media is not simply a driving or hindering factor - due to the differences in ESG risk points and public attention focus in different industries, social media will amplify the core ESG risks of each industry, gather dispersed public opinion into influential pressure signals, and promote differentiated ESG improvement paths for enterprises in different industries. This differentiated impact logic further requires companies to abandon a short-term utilitarian perspective and not view ESG as a temporary marketing tool or compliance burden. Instead, companies should deeply integrate ESG into their strategic level, clarify their industry positioning, balance the demands of multiple stakeholders through systematic ESG management, and ultimately achieve a win-win situation of "fulfilling social responsibility and increasing operating profits".

However, current research still has certain limitations. Due to the differences in industry attributes of social media's attention to corporate ESG, subsequent research needs to systematically analyze the impact mechanism of different industry characteristics to accurately grasp the correlation logic. A targeted ESG scoring system framework should be constructed by segmenting industry attributes, integrating data from multiple institutions and establishing calibration standards. Long term tracking methods should be used to reduce interference and expand dimensions to explore the moderating effects of different social media entities and policy regulation, in order to further deepen research.

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