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Media-Linked Directors and Financing Options

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Abstract: This paper examines the impact of media-affiliated directors on the choice of financing methods using data from A-share listed companies in Shanghai and Shenzhen between 2010 and 2021 as a sample. The empirical findings are: media-affiliated directors positively affect a company's choice of financing methods of equity financing and bond financing, negatively affect the choice of bank loans, and at the same time favor the reduction of the company's bond financing cost, and media-affiliated directors affect a company's choice of financing methods by influencing the positive skewness of the media coverage rather than by influencing the amount of media coverage. This study not only further enriches the research on the impact of media coverage on corporate governance, but also has important practical significance for the board of directors to play a better role in corporate governance through the study of media-affiliated directors.

Keywords: Media-linked directors, financing methods, corporate governance.

1. Introduction

China has been using indirect financing as the main financing method, but the financing constraint is still a huge obstacle to the development of enterprise innovation, the improvement of the capital market for the development of direct financing to provide the basis and guarantee, can be very good to alleviate the financing constraints, and promote the development of enterprises. Media reports can play a good external monitoring role and promote the development of the capital market, media reports as the most important form of external monitoring of the capital market and corporate governance, the important role of the capital market and corporate governance has been studied by scholars.Dyck and Zingales (2002), as one of the earliest studies of the role of the media on corporate governance literature, for the first time, put forward the role of the media in corporate governance, and the role of the media in corporate governance. Dyck and Zingales (2002) , as one of the earliest studies on the role of the media in corporate governance, proposed for the first time three possible ways in which the media can influence corporate governance: First, public opinion triggers administrative supervision, media exposure will trigger wider public attention, which will increase public opinion, thus attracting the attention of the government and prompting administrative supervision and intervention. Second, the reputation mechanism of managers, media exposure will affect the image of managers in the shareholders, out of the consideration of career prospects and salaries, managers will be vigilant of the role of media supervision; third, out of public image concerns, management not only shoulders the goal of maximizing the interests of the shareholders, but also consider their own public image, managers in addition to the interests of shareholders, but also pay attention to their own public image, the media exposure may bring public opinion pressure, the management of media exposure may bring public opinion pressure, the management of media exposure may bring public opinion pressure, the management of media exposure may bring public opinion pressure, and the management of media exposure may bring public opinion pressure. Media exposure may bring public opinion pressure, managers will worry about the negative impact of media exposure, making themselves socially awkward, and thus the media affects the behavior of managers.

At the same time the important role of the board of directors has been gradually focused on by scholars, who have studied the role of board members' personality traits, professional experience, financial and accounting knowledge and skills on corporate governance and financing constraints.But few scholars have examined the role of board members' backgrounds on corporate finance and governance, while board members have an impact on corporate governance not through monitoring and advising, but through media coverage, and the study of financing constraints is not just for the alleviation of financing constraints, but for changes in financing methods.

For this reason, this paper focuses on the impact of media-affiliated directors on financing methods as well as financing costs based on the context of board membership.

The possible contributions of this paper are reflected in the following aspects: firstly, it innovates the research perspective, based on the previous research on the knowledge structure, career experience, personality traits and other executive behaviors of corporate board members or the research on the media background of the company, it studies the impact of the media background of the board members of the listed companies on the financing, which provides incremental information on the impact of the relevant media reports. Secondly

There are some innovations in the research data: this paper selects the data of A-share listed companies in Shanghai and Shenzhen from 2009 to 2021, which increases the amount of data and expands the width of the data, and the existing research on the role of external governance of media reports in China mainly focuses on analyzing the traditional media, and adopts databases such as the "Full Text Database of Important Chinese Newspapers" of China Knowledge Network or the major authoritative financial journals. The databases used are mostly the "China Important Newspaper Full Text Database" in China Knowledge Network or major authoritative financial journals. These traditional media have the disadvantages of lagging behind in news, facing more stringent censorship in reporting information, and poor interactivity. With the development of the Internet and information technology, the audience of traditional media is gradually decreasing, and the influence of online media can not be underestimated. This paper adopts Baidu index to collect the media reports of the companies belonging to the company, which more comprehensively covers all the media reports related to the company, and enriches the source of data for the research related to media reports;

Innovative research perspectives: Most of the previous studies are based on the top echelon theory, which examines the impact of the knowledge structure, professional experience, and character traits of corporate board members on the behavior of executives and thus on corporate governance, or the impact of a company's media background on media coverage and the impact of media coverage on corporate governance. However, this paper investigates the impact of board members' media background on media coverage, which in turn affects the company's financing methods and external governance, and to a certain extent innovates the research perspective.

Variable design is innovative: the core variable of this paper is that members of the board of directors of listed companies also serve as members of the board of directors of media companies (MLD), which has not yet been collected by any domestic research, and the existing research has mostly chosen the number of negative reports and the percentage of negative reports to measure the degree of negative reports, but the influence of negative reports will vary greatly depending on the degree of the negative tone of the reports, so this paper adopts the natural language processing tool to analyze the text of the media reports to obtain the score of the negative tone of the media reports. This paper uses natural language processing tools to analyze the text of media reports to obtain scores for the negative tone of media reports, and selects the tone of negative reports, the number of negative reports, and the percentage of negative reports to measure the degree of negative reports respectively. At the same time, this paper adds media attention as a moderator to study the external monitoring role played by negative reports on major asset reorganization events of listed companies under different degrees of media attention, which provides a certain foundation for other scholars to conduct more in-depth research on this topic. It also provides Chinese empirical evidence for Alberta's (2021) study on the impact of media-affiliated directors on corporate finance and external governance.

2. Theoretical Analysis and Research Hypotheses

(1) Studies related to media coverage to enhance visibility

The information intermediation effect of the media can have a positive impact on corporate financing channels and financing costs. Lu Wenbin et al. examined the impact of media coverage on the cost of equity capital and found that the media plays the dual role of corporate governance and information dissemination, easing the information asymmetry between investors and firms and reducing the cost of corporate finance. The study by Xia Tuan and Zheng found similar conclusions that media coverage, especially positive coverage, reduces the cost of capital and eases corporate financing constraints, and that an increase in media credibility strengthens the role of positive coverage. Lin Huiting et al. examined the impact of media coverage on corporate financing from the perspective of capital structure adjustment and found that the higher the level of media coverage, the higher the probability of increasing debt when the level of media coverage is lower than the target level; and the higher the probability of repaying debt and issuing stock when the level is higher than the target level, which indicates that media coverage improves the speed of dynamic adjustments of the capital structure of the enterprise and exerts a positive infomediator effect. In the credit market, media reports also play a positive information mediation effect. Lai Lai et al. found that enterprises with more negative reports obtain fewer credit resources, and enterprises with more non-negative reports obtain more credit resources, indicating that media reports alleviate the information asymmetry between banks and enterprises, which is conducive to the optimization of resource allocation. Liao Liankai (2021) argues that media reports can reduce information asymmetry within enterprises and alleviate financing constraints. Ning Yuxin (2022) humanities media attention to increase can alleviate the information asymmetry what a, reduce the cost of corporate debt financing, because the creditor can through the media coverage to understand the use of the company's debt financing funds, so it will ask for a lower interest rate. The interest rate requirement will then be reduced with the reduction of investment risk, and the cost of corporate debt financing is subsequently reduced.

According to the information asymmetry theory, media coverage can reduce the information asymmetry between the firm and the market and increase the visibility of the firm's information, and more media coverage improves the exposure of the firm, which makes it easier for investors to recognize the firm and join in their investment decisions. So this paper proposes the visibility hypothesis that the presence of media directors can have an impact on media coverage by influencing media coverage and thus increasing the visibility of the firm leads to the use of more financing options for the firm, very positively affecting the firm's equity and bond financing, but there is no strong prediction for bank debt, although bank debt may be positively affected by visibility if the bank's loan-related related information comes from more direct sources than news (loan applications, company documents, etc.), then the effects of visibility and awareness of bank debt are weak, or at least, the visibility assumption related to bank debt does not predict a negative association between media-related directors and bank debt use.

H1a:Public companies with media directors positively influence the company's stock financing in the later corporate year.

H1b:Public companies with media directors positively influence the company's bond financing in the later corporate year.

H1c: Listed companies with media directors have no significant effect on bank debt in later company years.

(2)Assumption that media coverage can play a governance role

Dyck and Zingales (2004) suggest that media monitoring is effective in reducing private gains from control.Dyck, Volchkova and Zingales (2008) find that media attention helps firms to correct their corrupt and abusive behavior.Dyck, Morse and Zingales (2008) and Miller (2006) find that the media helps to screen and expose fraudulent behavior such as accounting crimes.Joe, Louis and Robinson (2009) suggest that media exposure helps to improve board effectiveness. Dyck, Morse and Zingales (2008) and Miller (2006) find that the media helps to identify and expose fraudulent behaviors such as accounting crimes by firms, while Joe, Louis and Robinson (2009) suggest that media exposure can help to improve board effectiveness. At the same time, media attention also affects executive behavior. Liu and McConnell (2012) find that higher media attention is more likely to cause firm executives to abandon mergers and acquisitions that are detrimental to the firm's value, while Farrell and Whidbee (2002) show that media attention increases the probability of executive turnover by monitoring poor firm performance. Moreover, media attention helps to increase their sense of social responsibility (Zyglidopoulos, Georgiadis, Carroll and Siegel, 2012). In addition, media attention can also lead to increased scrutiny by other institutions, e.g., Joe (2003) finds that the media influences auditor behavior, with bad news reports tending to cause auditors to issue qualified opinions

Another literature has examined the role and impact of media monitoring from many other angles. Xu Liping and Xin Yu (2011) found that media attention plays a very important governance role in equity separation reform. Dai, Yiyi, et al. (2011) found that negative reports from the media can significantly curb the occurrence of corporate financial restatement behavior. Yu, Zhongbo et al. (2011) study the corporate governance mechanism of media attention from the perspective of surplus management and find that media attention increases the surplus management of accruals but suppresses the surplus management based on actual operating activities, which has a greater impact on the long-term performance of the company. Yang Deming and Zhao Can (2012) found that the media has a certain role in monitoring the "sky-high pay" and "zero pay" in executive compensation, but only when the government and administrative authorities intervene, media monitoring can lead to the rationalization of executive compensation. However, only with the intervention of the government and administrative authorities, media monitoring can promote the rationalization of executive compensation. Li Peigong and Shen Yifeng (2013) further study the corporate governance role of media reports on managerial compensation contracts, and conclude that media reports can help firms amend and improve their executive compensation contracts. In addition, Luo Jinhui (2012) studied the corporate governance role of media coverage from the perspective of dual agency costs, but did not test the direct impact of media monitoring on firm-specific behavior. Due to the special institutional conditions and the obvious influence of the government on resource allocation, many private enterprises obtain shortcuts by creating political affiliation Cao Chang (2020), which found that political affiliation has a facilitating effect on corporate surplus management (Tao Xionghua et al., 2018). And media monitoring will reduce the level of surplus management of private enterprises with political affiliation and change the impact of political affiliation on them (Cui Meng, 2018).

Compared with equity financing and bond financing, the supervision for bank loans is more stringent, equity financing and bond financing exists this free-rider phenomenon, most of the small and medium-sized investors will not spend a lot of heart to investigate the company's operating conditions, financial conditions, etc., but will choose to believe in professional investment institutions or financial news media reports, etc., that is, through external information to supervise, rather than supervise themselves, but in the In the process of bank loans, the bank will supervise the payments and review the payments afterwards, and there are strict requirements for the approval of the financing payments, and in order to be active in bank loans, the enterprise needs to provide the bank with a lot of information to prove that the company has the ability to make loans and repayments, so there is a good supervision of the bank loans. So this paper argues that the presence of media directors leads to less use of governance-intensive forms of financing i.e. bank loans, as increased information flow from firms can act as an external governance mechanism allowing firms to move to less governance-intensive forms of financing, and in the case of debt, the governance pressure substitution effect may lead to a move to bond financing rather than bank loans, which may not be a good predictor of equity financing. This leads to the hypothesis:

H2a: There is no significant effect of listed companies with media directors on equity financing in later company years.

H2b:Public companies with media directors positively influence the company's bond financing in the later corporate year.

H2c: Listed companies with media directors negatively affect bank lending in later company years.

3. Research Design

(1) Sample selection and data sources

In this paper, 4596 listed companies in Shanghai and Shenzhen A-shares are selected as the total sample and 2010-2021 is chosen as the sample examination period, which gets 30023 initial annual observation samples. In order to avoid the influence of abnormal data, this paper makes the following treatments: (1) exclude the sample of companies that have been or are being ST, *ST, S, S*ST during the sample period; (2) the sample of companies with missing data; (3) the sample of financial companies; (4) the sample of media companies. The final sample of 58,684 valid observations is obtained.

The data of media-related directors used in this paper refers to the variable of listed company's board members who are also members of the board of directors of media companies, which is manually collected and organized by "Enterprise Search" (https://www.qcc.com), while the data of listed company's financial statements and company structure are all obtained from the Flush The data on financial statements and company structure of listed companies were obtained from the Tonghuashun database. Media reports are mainly obtained from China Research Data Service Platform (CNRDS), including the number of news headlines containing the name of the security, the total number of news reports, and the number of reports with positive, heavy, and negative tendencies. This paper mainly uses the statistical analysis software Stata15.1 to conduct relevant econometric analysis.

(2) empirical model

A study of the impact of media-affiliated directors on financing methods. To test hypothesis 1, we constructed the media-connected director variable (MLD), i.e., when a member of the board of directors of a listed company also serves as a member of the board of directors of a media company. Then MLD is assigned a value of 1, otherwise 0, and the following model is constructed:

$$Financing\ Change = a_1 + b_1 + c_1 \times Controls_{i,t} + \varepsilon_{i,t} \quad (1)$$

Where Financing Change includes equity financing, bond financing, bank borrowing size, and bank borrowing duration. Meanwhile, with reference to the existing related studies (Luo Jinhui et al. 2012, Rao Yulei et al. 2016, Alberta et al. 2021), we control for other factors of firm characteristics that may have an impact on media coverage, including firm size, capital structure, and gearing ratio, etc., as detailed in Table 1.

Table 1. Core variables as well as control variable definitions

Variable type	variable symbol	variable name	Variable measurement modalities
implicit variable	Te	total equity	Number of equity shares in the balance sheet
	Bf	bond financing	Amount of bonds payable in the balance sheet
	LOAN	Size of bank borrowings	Total bank borrowings, including short-term plus long-term plus non-current liabilities due within one year as a percentage of total liabilities
	MATU	Term of bank borrowing	Long-term borrowings as a percentage of total bank borrowings
	Lbf	Logarithm of bond financing	Logarithm of bonds payable
		Bank loan financing	Long-term plus short-term loans divided by total assets of the enterprise at the end of the period
independent variable	MLD	Media Related Directors	Variables for board members of listed companies who are also media directors board members
	DJG	Directors and Supervisors Media Directors	A member of the board of directors and supervisors of a listed company who is also a member of the board of directors and supervisors of a media company
media variable	MC	Total press coverage	Total number of annual news items counted in the China Research Data Platform
	PCT	Positive reporting tendencies	Share of positive news story books in the total number of research data platforms in China
control variable	Size	Company size	Natural logarithm of total assets
	Top1	Largest Shareholder	Shareholding ratio of the largest shareholder
	ROA	return on assets	Ratio of net assets to total assets
	Leverage	leverage	Total debt divided by total assets
	SOE	State-owned or not	State-owned enterprises take the value of 1, non-state-owned enterprises take the value of 0
	Age	Company age	Natural logarithm of the number of years since the company went public
	Aar	Advertising to assets ratio	Total advertising expenditures divided by total assets
	Gar	Dividend-to-asset ratio	Total dividends divided by total assets
	Lnb	Logarithm of bank loans	Natural logarithm of total bank debt
	Lnfb	Logarithm of non-bank debt	Natural logarithm of non-bank debt
	Mar	Market to book ratio	The ratio of the market value of a company's stock to the book value of the stock
	Analyst	Number of analysts tracked	Ln(number of analysts or teams tracking the company + 1)

Path analysis of the impact of media-affiliated directors on financing. In this paper, in order to test that media-affiliated directors are influencing financing through media coverage, the conclusion is proved correct in two steps, firstly, it is proved that media-affiliated boards of directors have an impact on media coverage, and then it is proved that media coverage will have a profound impact on financing. The equation model is constructed as follows:

$$\text{News outcom} = a_2 + b_2 \times \text{MLD} + c_2 \times \text{Control variables} + \text{Fixed effects} + \epsilon_2$$

$$\text{Financing Change} = a_3 + b_3 \times \text{News outcome} + c_3 \times \text{ Control variables} + \text{Fixed Effects} + \epsilon_3 \quad (2)$$

In the first step of the regression, Media-Linked Directors (MLDs) have a significant effect on both the number of yes media stories and the propensity to report positively in media coverage.

In the second step of the regression, media coverage has a significant impact on financing primarily through positive coverage propensity rather than the amount of media coverage.

Table 2. Model (3) regression results

variable name	(1) total equity	(2) bond financing	(3) LOAN	(4) MATU	(5) Logarithm of bond financing	(6) Bank loan financing
PCT	1.55***	67.11***	-0.22***	-0.009***	0.019**	-0.009***
	(5.87)	(6.52)	(-3.65)	(-3.72)	(2.01)	(-3.20)
LEV	0.15***	0.26	0.010	0.0007	-0.0003	0.00006
	(3.10)	(0.14)	(-0.98)	(1.55)	(-0.17)	(0.11)
AAR	1.42	-257.39***	-0.63**	-0.12***	-0.095*	0.006
	(0.76)	(-3.73)	(-2.03)	(-8.53)	(-1.72)	(0.37)
GAR	12.16***	82.00	-3.72	-0.38***	-0.14	-0.07*
	(3.43)	(0.60)	(-5.04)	(-12.12)	(-1.20)	(-1.82)
LNB	-0.39	-69.36***	-0.214	-0.075***	0.003	-0.0001
	(-3.64)	(-16.54)	(-9.20)	(-77.06)	(0.76)	(-0.12)
LNFB	0.19	169.37***	0.29***	0.057***	0.029***	0.005***
	(1.43)	(40.51)	(13.64)	(47.87)	(8.37)	(3.57)
MAR	0.000*			0.000		-0.000***
	(2.58)			(-0.54)		(-1.41)
GDR	-0.03***	2.67***	0.00005	-0.00006	-0.0002	-0.0007***
	(-4.66)	(-7.00)	(0.05)	(-1.25)	(-1.07)	(-11.95)
LNA	5.98***			0.002**		0.003***
	(59.44)			(2.47)		(3.22)
ROA	-0.002			0.00002		0.00002
	(-0.92)			(0.64)		(0.61)

4. Empirical Testing and Analysis of Results

(1) Descriptive statistics of the main variables

I. Sample distribution

The percentage of media-affiliated directors of A-share listed companies in Shanghai and Shenzhen is 7.6%, indicating that there are fewer companies with media-affiliated directors in listed companies in general. However, the number of media-affiliated directors increases year by year, from 3.7% in 2010 to 10.7% in 2021, which can be seen that the sample of media-affiliated directors is getting bigger and bigger, indicating that more and more listed companies are showing up with media-affiliated directors, and media-affiliated directors will also play a greater role.

II. correlation analysis and multiple covariance tests

If the benchmark regression model is a multiple linear regression model, it is first necessary to test its explanatory variables before regression, if the correlation between the explanatory variables is strong or there is a serious problem of multiple covariance, which may lead to a large error in the model and distortion of the regression results, then it is not appropriate to use the model of multiple linear regression, and this paper adopts the Stata15 software to conduct the test and regression analysis.

In this paper, we first use Pearson correlation analysis to analyze the correlation of the explanatory variables except the dummy variables in the benchmark regression model, and obtain the correlation coefficients of each explanatory variable through the stata software, as shown in the table below, the correlation degree of each explanatory variable in the benchmark regression model is relatively low, and the correlation coefficient is not more than 0.3, so that we can use the multivariate linear regression model. The empirical results are shown in Table 3.

Secondly, this paper also uses variance inflation factor (VIF) to test whether there is multicollinearity in the baseline regression model, usually we think that when VIF is less than 10, the model does not have serious covariance, and we can use multivariate linear regression, and the larger the value of VIF is, the more serious the covariance is, as shown in the table below, the explanatory variables of the model have VIF values less than 3, so there is no serious multicollinearity, and the use of linear regression the results are reliable. The empirical results are shown in Table 4.

Table 4. Tests for multiple covariance

Variable	VIF	1/VIF
LNB	3.040	0.329
LNA	2.860	0.349
GAR	1.210	0.824
LEV	1.150	0.867
ROA	1.150	0.871
MAR	1.150	0.873
GDR	1.140	0.875
AAR	1.080	0.927
LNB	1.050	0.948
MLD	1	0.997
Mean	VIF	1.480

III. Distribution of variables

This chapter begins with a descriptive statistical analysis of all the variables, which are selected for the mean, standard deviation, minimum values, median and maximum values to describe the distribution and fluctuation of the variables as shown in Table 5.

Table 5. Descriptive statistics of variables

variable name	acronyms	average	standard deviation	minimum	upper	maximum
Company size	Size	78.67	492.73	0	20	65096
Largest Shareholder	Top1	0.38	0.21	0	0.46	3
return on assets	ROA	2.14	1,32	0	1.95	10.13
leverage	Leverage	3.74	1.38	-3.67	3.56	10.22
State-owned or not	SOE	58.71	15.5	1.32	59.75	100
Company age	age	6.11	20.26	-8.88	0.42	20.78
Advertising to assets ratio	Aar	0.45	1.13	-0.19	0.42	1.78
Dividend-to-asset ratio	gar	23	6.62	6	23	68
Logarithm of bank loans	lnb	0.043	0.063	0	0.022	1.31
Logarithm of non-bank debt	lnfb	0.02	0.023	0.00009	0.008	0.65
Market to book ratio	mar	0.33	0.84	-3.99	0.00	5.30
Number of analysts tracked	Analyst	1.37	0.71	-1.12	0.078	4.14
Available bond ratings	pj	0.65	1.11	0.00006	0.00	58.74
Number of Board of Directors	dr	2.17	1,53	0	3	8
Number of independent directors	ddr	6.04	4.05	0	7	20

As shown in the table 5, the number of board of directors in my over enterprises varies greatly from company to company, but the average is around 6 people, of which the average number of independent directors is 3, accounting for about one-half, of which the media coverage tends to be more skewed towards negative coverage, because the proportion of positive coverage to the total amount of coverage averages 38%, which may be related to the fact that the negative coverage is more sensational and has a wider dissemination, so the media are more inclined to carry out negative coverage, but in the future, more Clearly see the changes in the number of media reports and the tendency of reporting in different years, this paper has carried out descriptive statistics on media reports for different years, as shown in Table 6 .

Table 6. Media Distribution

ear	MC	PCT1	PCT	NegaNum
2010	77.66	0.408	0.318	2.256
2011	86.12	0.398	0.309	2.235
2012	97.52	0.426	0.330	2.186
2013	102.8	0.411	0.312	2.234
2014	98.14	0.425	0.327	2.249
2015	90.28	0.464	0.367	2.127
2016	80.50	0.469	0.385	2.048
2017	83.82	0.478	0.393	2.034
2018	80.38	0.492	0.415	1.923
2019	64.18	0.483	0.424	1.809
2020	10.34	0.448	0.383	0.932
2021	73.47	0.535	0.471	1.528
Total	78.66	0.461	0.379	1.942

Between 2010 and 2021, the total amount of news showed an upward and then downward trend, and by 2021 the total amount of news was basically the same as in 2010, the positive reporting tendency (PCT) was generally on the rise, although there were some ups and downs in some individual years, but it was still in the range of 30-40%, and did not show any significant increase, and the number of negative media reports generally declined. The period of 2019-2020 saw the highest propensity for positive media coverage and the lowest negative media coverage, probably due to the impact of the epidemic at that time, when the media needed positive statements to inspire the market.

(2) The Impact of Media-Related Directors on Financing

To test Hypothesis 1, we conducted the corresponding empirical tests for Model 1, and the results are detailed in Table 3. The regression shows that, controlling for other relevant variables, media-linked directors (MLDs) have a significant positive effect on the logarithm of total equity (GB), bond financing (ZR), and bond financing, with difference-intercept coefficients of 1.95, 62.88, and 0.015, respectively, and all are significant at the 10 percent level of significance. Media-affiliated directors have a significant negative impact on bank loan financing as well as the size and maturity of bank borrowings, with differential intercept coefficients of -0.008, -0.172 and -0.08, respectively, and all are significant at the 10% level. This shows that media-affiliated boards of directors alleviate firms' financing constraints, facilitate firms' stock and bond financing, and induce firms to reduce indirect forms of financing, such as bank loans, and shift to stock as well as bond financing, which are less supervised. That is, hypotheses 1a, 1b and 1c hold.The empirical results are shown in Table 7.

Table 7. Model (1) regression results

variable name	(1) total equity	(2) bond financing	(3) LOAN	(4) MATU	(5) Logarithm of bond financing	(6) Bank loan financing
MLD	1.95***	50.72***	-0.172*	-0.008***	0.015*	-0.008***
	(6.90)	(4.79)	(-1.74)	(-3.31)	(1.66)	(-2.80)
LEV	0.23***	0.77	0.013	0.0007*	0.003**	0.0005
	(5.10)	(0.48)	(0.68)	(1.83)	(2.03)	(0.93)
AAR	4.53***	-257.59***		-0.11***	-0.069	0.016
	(2.71)	(-4.29)		(-8.49)	(-1.48)	(1.04)
GAR	8.97***	30.01	-10.01	-0.32***	-0.085	-0.072**
	(2.13)	(0.28)	(-10.36)	(-13.09)	(-0.91)	(-2.39)
LNB	-0.42***	-65.87***	-0.39***	-0.075***	0.0086**	-0.0001
	(-4.17)	(-17.31)	(-9.78)	(-82.07)	(2.52)	(-0.13)
LNFB	0.63***	168.93***	-0.199***	0.057***	-0.0076*	0.006***
	(5.18)	(44.50)	(-5.61)	(52.16)	(-1.85)	(4.33)
MAR	0.000***			0.000	0.000	-0.000
	(3.57)			(-0.57)	(-0.74)	(-1.23)
GDR	-0.033	2.15***		0.00002	-0.0002	-0.0007***
	(0.27)	(11.31)		(0.40)	(-1.14)	(-13.89)
LNA	6.27***			0.0009	0.046***	0.002**
	(62.53)			(1.24)	(17.35)	(2.01)
ROA	-0.002			0.00002	0.00002	0.00004
	(-0.04)			(0.99)	(0.19)	(1.51)

(3)The impact of media-linked directors on news coverage and the impact of news coverage on financing

First, Hypothesis 2, which is the effect of media-linked directors on total media coverage as well as propensity to report positively, was tested based on Model (2), and the results are detailed in Table 4.The regression shows that, controlling for the other relevant variables, media-linked directors (MLDs) have a significant positive effect on total media coverage (MC) as well as propensity to report positively (PCT), with differential intercept coefficients of 1.95, 62.88 and 0.015, and all are significant at the 10% level.The empirical results are shown in Table 2.

(4) Robustness check

In order to test the robustness of the above findings, this paper also uses the lagged first order of MLD as the dependent variable because media-linked directors play a role in media coverage, often with a time lag, so this paper uses the lagged first order of the explanatory variables to test the robustness, and the results prove that the results are still very significant.The empirical results are shown in Table 8.

Table 8. Robustness test regression results

variable name	(1) total equity	(2) bond financing	(3) LOAN	(4) MATU
MLDlag	2.16***	62.88***	-0.11*	-0.01***
	(6.01)	(4.46)	(-1.96)	(-3.96)
LEV	0.15***	0.20	-0.008	0.0006
	(3.10)	(0.10)	(-0.94)	(1.26)
AAR	0.69	-291.36***	0.028	-0.11***
	(0.25)	(-3.81)	(0.10)	(-7.02)
GAR	12.01***	136.09	-3.35***	-0.36***
	(3.12)	(0.89)	(-5.21)	(-10.77)
LNB	-0.33***	-70.40***	-0.17***	-0.073***
	(-2.94)	(-15.59)	(-8.82)	(-71.89)
LNFB	0.066	163.55***	0.37***	0.056**8
	(0.48)	(35.83)	(20.26)	(45.17)
MAR	0.000			-0.000
	(0.90)			(-0.35)
GDR	-0.03***	2.71***	-0.004***	-0.0001***
	(-4.87)	(10.10)	(-3.77)	(-2.67)
LNA	6.27***			0.0025
	(56.00)			(2.76)
ROA	-0.0003			0.00001
	(0.90)			(-0.35)

5. Conclusions and Implications

This paper centers on the study of media-affiliated directors in Shanghai and Shenzhen A-share listed companies to test whether media directors will deeply influence corporate financing through media coverage. It is found that firms with media-affiliated directors will receive more positive reports, and will be more inclined to choose the financing methods of stock financing and bond financing, and reduce bank loan financing, including the size and duration of bank loans. Meanwhile, the robustness test finds that the expansion of the scope of media-affiliated directors to directors and supervisors, or media-related executives are with media experience, will still have an impact on the company's financing. It further supports the importance of media coverage for corporate governance.

The conclusions of this study are of great theoretical and display significance in alleviating the corporate financing constraints and improving the corporate governance level for the financing difficulties and expensive financing problems faced by enterprises today and the unsound development of the domestic market. Firstly, for listed companies, choosing executives with media background or executives with media experience is conducive to improving the company's media public opinion environment, obtaining more positive reports, and enhancing the company's image among investors, which is more conducive to the form of indirect financing, such as stock financing or bond financing, and easing the financing constraints of the company. Secondly, for company executives, it is important to pay attention to the important role of the media, make good dealings with the media, and create a good media image for the company, which is of great significance for the development of both the company and individuals. Finally, the continuous improvement of the capital market needs media supervision to play the role of external governance, give full play to the role of the media, alleviate the problem of information asymmetry in the market, supervise the behavior of the company, and create a good market environment for investment.

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