



# ELON MUSK'S ACQUISITION OF TWITTER - EXPLORING A CELESTIAL CONNECTION

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**Abstract:** Entrepreneur and visionary Elon Musk has acquired the well-known social media network Twitter in a calculated and well-publicized maneuver. With this acquisition, an important advancement has occurred at the nexus of communication, technology, and Musk's diverse business portfolio. Musk's debut in the social media space is expected to result in novel developments by merging his distinct viewpoint with Twitter's well-established platform. The chapter looks at how this acquisition will affect the social media scene, how Musk's ideas and Twitter's current features might work together, and how it will affect the digital communication arena. As Musk forges ahead with online discourse, the acquisition calls into question how prominent people will play a more active part in determining the direction of social media in the future.

**Index Terms –** poison pill, business insider, acquisition, ESG issues

## INTRODUCTION

Elon Musk, the CEO of Tesla and an entrepreneur, has made a revolutionary move in the business world by acquiring Twitter, one of the most well-known and extensively utilized platforms for internet communication. Musk's entry into the social media sphere presents fascinating issues regarding how his creative vision might work with Twitter's well-established infrastructure. This acquisition, which was both unexpected and much awaited, has significant ramifications for Musk's broad and powerful influence across numerous industries as well as the future of the digital communication landscape. This introduction lays the groundwork for a closer look at the reasons behind Musk's acquisition, the possible effects on Twitter's future, and the wider ramifications of how online discourse is changing.

## TWITTER – A BRIEF OVERVIEW

Elon Musk, a business magnate, sowed the seeds for the acquisition of Twitter, Inc., an American Company on April 14, 2022, and ended by capturing it on October 27, 2022. In January 2022, Musk started purchasing company shares, and by April, he held the highest ownership stake of 9.1 percent in the business. Musk was extended an invitation by Twitter to join its board of directors, which he first accepted before turning it down. After Musk made an unsolicited offer to buy the firm on April 14, the Twitter board adopted a "poison pill" tactic to fend off a hostile acquisition. On April 25, the board unanimously agreed to accept Musk's \$44 billion buyout offer. The board of directors of a company may employ a poison pill, sometimes referred to as a shareholders' right plan, as a kind of counterattack in the event of a takeover. Usually, if one shareholder purchases a specific proportion or more of the company's shares, the other shareholders have the option to purchase additional shares at a reduced price under the plan. The plan can only be withdrawn at the board's discretion and can be issued by the board of directors as a "warrant" or "option" connected to already-issued shares. Musk declared that he intended to fight spambot accounts, provide new features to the platform,

make its algorithms public, and support free expression. Musk declared in July that he would be ending the partnership, claiming Twitter had broken their agreement by not taking action against accounts that were spamming. Shortly later, the firm sued Musk in the Delaware Court of Chancery, and the trial was set for the week of October 17. Musk changed his mind and declared that he would proceed with the acquisition just a few weeks before the trial was scheduled to start. On October 27, the acquisition was finalized, and Musk became Twitter's new CEO and owner right away.

## ELON MUSK'S TAKEOVER OF TWITTER

After going private, Twitter combined with X Corporation to form a new parent company. Musk quickly sacked a number of high-ranking officials, including Parag Agrawal, the outgoing CEO. A significant number of people were let go by Musk and Twitter on November 4, 2022, and the firm temporarily closed its offices. The New York Times estimated that about half of the employees had been let go. Five Twitter workers from San Francisco and Cambridge, Massachusetts filed a complaint against the firm the evening before the layoffs, claiming that the company would be in violation of the federal and California WARN Acts if mass layoffs were to occur. Musk defended the layoffs as a cost-cutting strategy and claimed that the business was losing more than \$4 million a day, denouncing activist organizations who had urged advertisers to stop working with the company. Workers in Ireland and Britain remained in the office till the official word on their status of employment was delivered, whereas employees in Dublin and Tokyo were intimidated through mail regarding the layoffs. Musk asked some employees to return to the office who had been fired in the process of layoff. This is because he considered them as either vital for the health of the business or they had been fired out by mistake. Birdhouse, which is an internal directory of Twitter was pushed offline and the offices all over the world were closed for the weekend.

Not only employees but also the contractors who criticized Musk publicly or within the company were terminated by him. Musk forced employees in order to realize his vision of "Twitter 2.0" by sending them mail on November 16. In such mail, he asked employees to commit "extremely hardcore" work for the achievement of the vision. As a result of this work pressure, hundreds of employees quit their jobs.

According to *Business Insider*, the company employed less than 2,000 people. In an effort to talk some employees out of quitting the company, Musk and his advisors visited with a number of them. Since Twitter offices remained closed until November 21 Musk called all Twitter software engineers to the company's headquarters on November 18, despite the closures, in an attempt to gain more understanding of the platform's solution stack. Later that month, there were more layoffs, and the business started hiring again. In February 2023, Musk kept firing staff members while offering significant "performance-based stock awards" to those who stuck with the company.

Based on *Axios* report in November 2022, Twitter almost all communications were fired except one member. *NPR* also reported that Twitter remained unresponsive to press inquiries and its communication team was effectively silent from November 2022 to March 2023. A new Twitter policy, "**press@twitter.com now auto responds with 🍌**," was directly announced by Elon Musk in March 2023. This move brought Twitter into line with Musk's other firms, which do not have press or communications departments. *NPR* verified that Twitter responded to a news inquiry it received with an emoji of excrement during the April 2023 controversy. Musk said to the BBC in April 2023 that he had cut his workforce from about 8,000 to less than 1,500 employees. Ella Irwin, the head of Trust and Safety, resigned on June 2, 2023.

On December 18, 2022, Musk tweeted the final results of the poll for the question "Should I step down as head of Twitter?" with total votes of 17,502,391, 57.5% said 'yes' and 42.5% said 'no' to the question. Musk while posting the question said that he would abide by the results and that statement effected after the results. He agreed to resign from the CEO position and accepted to appoint another person to fill the vacancy. He announced to the BBC on April 11, 2023, that he was stepping down and appointing his dog to be CEO. On May 11, 2023, Musk declared that he had identified a successor for the CEO role. He nominated Linda Yaccarino, the former NBCUniversal head of ad sales, to take over as CEO.

## REPERCUSSION OF ACQUISITION

Apptopia gathers its data from publicly accessible sources as well as more than 100,000 iOS and Android apps. Its fresh information ought to refute competing theories on Musk's handling of X. According to Apptopia, under his leadership, X's daily user base has decreased from an estimated 140 million to 121 million, with a growing divide between those who check it daily and those who check it monthly. The surviving everyday users of X are still actively participating. But the pool is getting smaller.

X's primary use case has significantly deteriorated under Musk. By providing real-time updates on significant news events from reporters and first-hand sources, the app increased its significance. However, Musk abandoned this tool when he modified the company's primary news feed algorithm, which now gives ChatGPT influencers, edge lords, and his business and culture-war allies more weight. Additionally, Musk changed verification to a premium option, increasing the difficulty for the user to distinguish between sources who are merely acting as if they are close to a story

and those who are genuinely connected to the news. This is one of the reasons why there aren't many reasons for many users to stay on the app.

X lost approximately 5% of its daily users in August and September on a month-over-month basis. According to Adam Blacker, who is Appotia's content and communications director "Negative daily app ratings spiked by about 2000% following the abrupt redesign". The fact that X's surviving daily users are using the app for a regular period of time suggests that the app does have a loyal following. According to Appotopia, the typical user uses the app for fifteen minutes every day. When asked for a response, X automatically said, "Busy now, please check back later". The data indicates that X's usage is still top-heavy. The top 10% of users, known as power users, spend 72% of total time on the app. This is somewhat higher than the 70% of time they spent inside X in October 2022.

Only roughly 10% of X users, according to Appotopia, have ever tried Threads. Though even getting back to 100 million users seems like a leap, Mark Zuckerberg wants to see 1 billion people use Threads. Musk is beginning to charge certain customers \$1 for the basic features of X, which would provide an opportunity for a rival. However, the drop in X usage without a replacement appears to indicate that the product or something similar is just not popular with the general public. It's not as appealing as many may have thought to be in the "room" when operatives and partisans shout at each other over breaking news, with alternatives like TikTok for amusement and online publishers for news. A year after entering Twitter's headquarters, Musk is seeing this firsthand.

## IMPACT ON STOCK MARKET PERFORMANCE

Regarding the business itself, the company's stock performance was greatly impacted by the SpaceX satellite launch and Elon Musk's substantial insider selling in relation to financing the purchase of Twitter. Additional data included in the analysis comes from Twitter, including tweets from Elon Musk up to five days before a significant shift in the price of the company's shares, the number of likes and shares these tweets received, and the tweets in which Tesla was directly referenced. The results showed that general sentiment analysis and natural language processing (NLP) may be used for Twitter and Twitter messages to enhance stock price prediction models. More variables and more accurate sentiment analysis models could improve this work. This study also demonstrates how the stock market may be used as a vehicle for manipulating actions or being impacted by social media and a small group of powerful individuals. It is important to investigate the ways, means, and extent to which individuals deemed influential can impact the global economy (Šević, et al., 2023).

According to the analysis, when Musk tweeted something favorable, the stock price increased, and when he tweeted something negative, the stock price decreased. According to a different study, Elon Musk's tweets on cryptocurrencies—like Bitcoin and Dogecoin—had a big effect on their values. The analysis discovered that significant price swings frequently followed Musk's tweets, suggesting that his messages could sway investors. Stock prices are the outcome of investor behavior and perceptions, which can be impacted by prominent personalities who are regular users of social media. Additionally, keeping an eye on Elon Musk's or other influential people's tweets might reveal important information about the market's mood and assist investors in making wiser selections (Maxim and Viisoreanu).

Due to the platform's creation, there is a limited amount of scholarly work on the effects of informative releases on Twitter (2006). Since then, several studies have connected various market occurrences to Twitter announcements (Agrawal and Agarwal, 2023).

A study was conducted between 2020 and 2021 which focused on an analysis of Twitter activity and its effect on the stock or crypto market. According to the study guidelines roughly 3000 tweets were filtered. In order to investigate the impact of high interaction events on the chosen stocks and cryptocurrencies, it also incorporates a regression analysis. A tweet with a high quantity of likes, retweets, or comments is referred to as a high-interaction event. Ten days following the event, the CAR is positive, although the AR is typically negative on the day of the occurrence. However, save from one component, the linear regression results lack statistical significance, therefore the value stays low (Kuokka, 2021).

## OTHER IMPACTS

After Elon Musk purchased Twitter, the platform saw an uptick in hate speech overall. Following Musk's purchase of Twitter, hateful users amplified their hate speech. With Elon Musk's acquisition of Twitter, hateful users began using hate speech more frequently. Following Musk's acquisition, the average daily percentage of hate speech used among the group of individuals who submitted offensive tweets between October 1 and November 29 dramatically increased (Hickey, et al., 2023).

A study was conducted to analyze the influence of a proactive personality towards Twitter and Musk on a person's attitude. The two mediation approaches namely parallel mediation and sequential mediation were conducted in this study for analysis. Proactive individuals typically see Musk's takeover of Twitter as a brave deed that they should respect. Their opinion of Musk is favorably correlated with their admiration for his bravery, and their opinion of Musk is positively correlated with their opinion of the Twitter acquisition. According to a study, buyouts can result in favorable perceptions of both the entrepreneurs and the buyout. Therefore, proactive people are more likely to respond favorably



to an entrepreneur's actions if they want to project an image of fearlessness to the public. The study concluded that broad opinions about predictions that following Twitter's takeover, there will be less fake news, a better society, Twitter's success, and fewer tweets created by bots. Additionally, the Twitter takeover led to a great deal of media attention and conjecture, which would have increased participants' awareness of Musk's takeover of Twitter/X (Martin, et al.).

## PROS AND CONS OF ACQUISITION

Before considering the pros and cons of the acquisition, the factors denoting the instability of Twitter are necessary to consider. Those factors are advertisements, layoffs, and bankruptcy. 90% of the revenue of Twitter is earned from advertisements, but the concentration on pulling ads on Twitter is very low compared to other platforms. Maintenance of employees and top executives were very low where nearly 50% of employees have been fired out which include top executives, also many resigned for the reason of long working hours. While considering the bankruptcy matter, the advertisement pull-outs will be the main reason and Elon Musk was damn sure in bankruptcy if employees do not generate revenue. The acquisition has resulted in excellent customer service and social listening, Suitable for networking Allowance for "witty" content Twitter thread's function. Reaching out to reporters, brief audio snippets, and content testing but there are cons such as links that go out are not encouraged, and it is as easy for bad things to go viral Time-consuming at times, uncertain about the future, unable to explore in-depth material Tweets have a brief "shelf life," can be spammy, and may create a poisonous environment.

## ESG POSITION

Given the ambiguity of the agreement and the parties' divergent perspectives on environmental, social, and governance (ESG) issues, many were taken aback by Twitter's decision to engage in negotiations with Musk. To "promote the long-term interests of its stakeholders and help build public trust," Twitter has long advocated a stakeholder-centric governance model. The board's Risk Committee was given the mandate to "focus on [the company's] most important ESG issues"<sup>13</sup>, which included advancing humanitarian efforts, managing climate risks and promoting sustainability, promoting and moderating public discourse and civic integrity on the platform, and making sure Twitter employees are fairly compensated and treated. Twitter aimed to protect the public conversation's health and make sure that it was "safe, inclusive, and authentic," among other things. In order to stop actions that "promote violence against or directly attack or threaten other people on the basis of race, ethnicity, national origin, caste, sexual orientation, gender, gender identity, religious affiliation, age, disability, or serious disease," Twitter implemented the Hateful Conduct Policy in 2015.<sup>16</sup> Twitter would suspend accounts that engage in hateful behavior instantly and permanently in accordance with this strategy. Among the most noteworthy were perhaps Donald Trump's suspensions due to the possibility of additional acts of violence following the attack on the United States on January 6, 2021. Additionally, Twitter has taken action to get rid of false narratives, conspiracy theories, and misinformation in a variety of circumstances, such as elections and COVID-19. Twitter participated in several charitable endeavors as well. A \$1 million donation to media groups that "advocate for the rights of vulnerable reporters" and "guarantee an equal share of voice for women in the industry" was one of these attempts, establishing a socially conscious investment fund to provide \$1 billion in funding to communities and individuals that are underprivileged, and so on were examples of such philanthropic efforts. In contrast, Musk had made a name for himself as someone who was antagonistic, if not skeptical, of ESG. Among other things, he declared that "ESG should be deleted if not fixed," referred to ESG as "the Devil Incarnate," and termed it a "scam" that has "been weaponized by phony social justice warriors." As Tesla's co-founder and CEO, Musk bore some of the blame for the business's poor results on a number of ESG metrics in comparison to its rivals. Musk has consistently voiced opposing opinions on a variety of ESG-related topics via Twitter, including the COVID-19 epidemic, Russia's invasion of Ukraine, and free speech. He has also criticized ESG-related activities pertaining to climate change. Self-described "free-speech absolutist" Elon Musk adopted a lax approach to content management on Twitter, saying, "By 'free speech,' I simply mean that which matches the law." Musk stressed that "Twitter needs to be transformed," argued that "timeouts... are better than permanent bans" in opposition to Twitter's long-standing, zero-tolerance Hateful Conduct Policy, and backed a reduction in content moderation as a means of removing restrictions on free speech.

## FUTURE HOLD FOR TWITTER

One side concerns the company's possible demise and the damage to its long-term worth. Twitter is no longer required to disclose its financial performance because it is a private firm, but the anecdotal evidence is unimpressive. In the past, advertisers have made up the great majority of Twitter's revenue, while only half of the platform's top one hundred sponsors "have ceased to advertise on the site, either by announcement or appearance. Furthermore, it is projected that by the end of 2024, over 30 million users would stop using Twitter "because they become irritated with technical difficulties and the spread of offensive or other obscene content." However, Musk has a well-known track record of saving other businesses from bankruptcy, most notably Tesla and SpaceX. It is possible that he will accomplish the same feat on Twitter. In the event that Twitter files for bankruptcy, he will bear the majority of the losses. At that point, it's likely that Twitter will be replaced by another social media network. However, moving 450 million people to a new global town square will undoubtedly come at a huge financial cost (Petrucci and Subramanian, 2023).

## CONCLUSION

In summary, Elon Musk's acquisition of Twitter represents a turning point in the relationship between social media, technology, and Musk's vast commercial endeavors. Expect creative updates to the platform under Musk's inspiring direction following this transition. Both the industry and users are excited about the next developments in Twitter's history as the digital innovator and boundary-pushing entrepreneur assumes leadership. Elon Musk's entry into the social media space is a development with significant ramifications because of the influence it will have on online communication, market dynamics, and the wider digital landscape, all of which are still being closely monitored.

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