A STUDY ON THE IMPACT OF SOCIAL MEDIA ON INVESTMENT DECISIONS WITH REFERNCE TO HYDERABAD CITY

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ABSTRACT

Finance has been studied extensively over the years, but behavioural finance—a field that examines how psychological influences affect market outcomes—is still relatively new and ripe for further exploration. With the rapid growth of social media, now an integral part of daily life, it has become a key tool for predicting future outcomes, prompting numerous studies in this area. However, there remains a scarcity of research on how social media content impacts other real-life, time-dependent events. This study addresses that gap while also delving into the field of behavioural finance.

The research investigates the impact of social media on investment decisions, with a focus on the Swedish stock market. Employing a quantitative approach, data was collected through questionnaires designed using Google Forms and subsequently analyzed using Microsoft Excel.

To better understand the extent to which social media influences investment decisions and to dissect the elements of online social media and their depth of involvement, the study examines three dimensions: information from social media, online community behavior, and firm image.

The findings of this study establish a relationship between social media and investment dependent variable, investment decision. In essence, the results confirm that social media does impact investment decisions.

This study aims to contribute to the literature for future financial research by exploring a pertinent topic that examines the effect of social networks on movements in capital markets.

Keywords: *social media, Investment decisions, Awareness*

1.INTRODUCTION

In the realm of financial investment, timing is crucial. Historically, successful decisions relied on information from traditional media, trade publications, and personal networks. However, the advent of social media has introduced a faster, more efficient way to gather data that influences investor perceptions. This is where social media becomes invaluable. Twitter, in particular, is now recognized as the most immediate and up-to-date news source globally, often breaking stories hours before major news corporations. Savvy investors have capitalized on this timeliness.

Consequently, five million affluent investors in the US and Canada, each with investable assets exceeding $100,000, now use social media for financial research. Staying updated with breaking news and industry developments via Twitter is essential for serious investors. By buying or selling stocks before the broader market is aware of significant changes, they gain a substantial advantage. Beyond reacting to fresh news, investors also use Twitter to predict future market movements by monitoring growing interest or sentiment in specific areas.

LinkedIn complements this strategy by enabling the creation of relevant networks of people and businesses. Like Twitter, it allows investors to connect with industry experts for deeper market insights, with the added benefit of its exclusively professional content

1.2 REVIEW OF LITERATURE

Shruthi Singh and Anindita Chakraborty (2024): This study has contributed a fresh viewpoint to the literature by demonstrating a substantial correlation between social media use and stock market participation and elucidating the significance of other factors that are still understudied. This research will contribute to the body of knowledge regarding the relationship between social effect and SMP and assist financial experts, economic institutions, and policymakers in designing better stock market strategies and making financial judgments.

Hasanudin Hasanudin (2023): studied on the role of social media in influencing investment decisions in the Millennial generation. According to this study, social media has a significant impact on millennials' financial decisions. According to this study, social media has a noteworthy influence on the investment choices made by millennials. Consequently, financial institutions and investment firms should think about leveraging social media as a marketing and communication tool to enhance their business image and draw in the younger demographic.

Ekta Ashok Kumar Mistri, Dr. Gurudutta P. Japee (2021): studied on analyzing the role of social media in investment decision with special reference to south Gujarat. According to this study, the goal is to examine how social media influences investment decisions, or how investment patterns have changed as a result of social media's increased influence. By giving out questionnaires to small investors who use social media for investing purposes, the hypothesis is put to the test. With SPSS, the gathered data are examined. Investors who stay up to speed on social media sites for investment purposes will find this study useful. Financial advisors will benefit from increased awareness as a means of drawing in business from this study.

2.RESEARCH METHODOLOGY

2.1 Research Problem

Social media analytics has become a popular research topic due to the recognition of social media's rapid expansion and integration into daily life. Consumers are turning more and more to other consumers for guidance instead of experts. When choosing between products, a process made easier by the growth of social media. Still up for investigation, though, is the relationship between social media material and other time-dependent real-world occurrences.

Nowadays, the majority of individuals communicate with one another using WhatsApp, Facebook, Twitter, and other social media platforms. Social media platforms offer businesses several chances to enhance their interactions with customers, partners, and other stakeholders, especially investors, as well as with their internal and external communications departments. The fact that social media data is being utilized to forecast real-world outcomes is not surprising given its significance in external communications.
Even though social media has a significant impact on people's transparent private lives, not much research has been done to examine how social media affects people's investment behavior. Studies assessing stock prices and investor sentiment have been conducted, but this is insufficient to fully comprehend the components of online social media and the level of investors' involvement, much alone the degree to which social media influences investing decisions.

2.2 Objectives of the study

- To investigate the extent to which social media platforms influence investment decisions.
- To examine the prevalence of misinformation and market manipulation on social media platforms and its effects on investment decision-making.

2.3 Hypothesis

H0: There is no significant relationship between influence of social media and the investors decisions.
Ha1: There is a significant relationship between influence of social media has and the investor's decisions
H0: There is no significant difference between the impact of social media affected by the actions of online communities and the investor decisions.

Ha2: There is a significant difference between the impact of social media affected by the actions of online communities and the investor decisions.
H0: There is no significant difference between impact of social media on the firm image and investors decisions.
H3: There is a significant difference between impact of social media on the firm image and investors decisions.

2.4 Need of the study

Social networking sites have developed into meeting places for investors to talk about potential investments, exchange ideas, and get information. Understanding investor emotions, decision-making procedures, and behavioral biases can be gained by examining these interactions. Social media can impact market dynamics by disseminating news, rumors, and information. Studying the dissemination of information on social networks and how that information affects asset prices can help us better understand the efficiency and volatility of the market. Financial markets may be exposed to additional dangers as a result of social media, including herd mentality, manipulation, and false information. Researching these risks can assist financial institutions, regulators, and investors in creating plans to lessen possible harm.

2.5 Sample Size

The number of respondents is 158.

2.6 Data collection

Primary data: In this study primary data of 158 respondents have been collected through questionnaire prepared in the google form with reference to the Hyderabad city.

2.7 Research tools

The information gathered from the participants has been classified, summarized, and examined through the application of relevant statistical and mathematical methodologies. Regression analysis was performed using Microsoft Excel, statistical software named SPSS, and frequency tables, charts, and statistical results were generated.

3. Results and Interpretation

3.1 Demographics and socio-economic factors

Table -1: Demographics and socio-economic factors

Variable	Category	Count	Percentage
Gender	Male	81	51.3
	Female	77	48.7
Age	18-25	134	84.8
	26-35	15	9.5
	36-45	6	3.8
	46-55	3	1.9
	Over 55	0	0
Marital Status	Single	143	90.5
	Married	15	9.5
Education level	High school and below	5	3.2
	Bachelor’s degree	82	51.9
	Master degree	60	38
	PhD or higher	4	2.5
	Other	7	4.4
Monthly income (SEK)	Less than 15,000	68	43
	15,000-25,000	30	19
	25,000-50,000	45	28.5
	50,000-1,00,000	15	9.5

The sample is fairly evenly split between males and females, with 51.3% male (81 individuals) and 48.7% female (77 individuals). The majority of the participants are young adults, with 84.8% aged 18-25 (134 individuals). The remaining participants are distributed across the age groups of 26-35 (9.5%), 36-45 (3.8%), and 46-55 (1.9%), with no participants over 55. Most of the individuals are single, accounting for 90.5% (143 individuals), while 9.5% (15 individuals) are married. The participants are mostly well-educated, with the largest group holding a bachelor's degree (51.9%, 82 individuals). Additionally, 38% (60 individuals) have a master's degree, 3.2% (5 individuals) have completed high school or below, 2.5% (4 individuals) hold a PhD or higher, and 4.4% (7 individuals) fall into other education categories. The income levels vary, with the largest segment earning less than 15,000 SEK per month (43%, 68 individuals). Other income brackets include 15,000-25,000 SEK (19%, 30 individuals), 25,000-50,000 SEK (28.5%, 45 individuals), and 50,000-100,000 SEK (9.5%, 15 individuals).

3.2 Hypothesis Test 1

Null hypothesis (HO): There is no significant relationship between influence of social media and the investor's decisions.

Alternative Hypothesis(H1): There is a significant relationship between influence of social media and the investor's decisions.

Table -2: Regression analysis 1

Source	Value	Standard Error	T- Value	P-Value
Intercept	8.005499	22.73143	0.352178	0.747992
X Variable 1	0.746661	0.685254	1.089613	0.355581

The regression analysis results indicate that the intercept value is 8.005499 with a standard error of 22.73143. The t-value for the intercept is 0.352178 and the corresponding p-value is 0.747992, suggesting that the intercept is not statistically significant at conventional significance levels. For X Variable 1, the coefficient is 0.746661 with a standard error of 0.685254. The t-value for X Variable 1 is 1.089613, and the p-value is 0.355581, indicating that this variable is also not statistically significant. Overall, neither the intercept nor X Variable 1 shows statistical significance in this model. From the above test we can find that there is no significant relationship between relationship between the information that is taken from social media and the investor's decisions.Null hypothesis is accepted.

3.3 Hypothesis test 2

Null Hypothesis (HO): There is no significant difference between the impact of social media affected by the actions of online communities and the investor decisions.

Alternative Hypothesis (Ha2): There is a significant difference between the impact of social media affected by the actions of online communities and the investor decisions

Table -3: Regression analysis 2

Source	Value	Standard Error	T-value	P-value
Intercept	5.093163	5.332232	0.955165	0.40996
X variable 2	0.838824	0.152387	5.504571	0.011802

The regression analysis results show that the intercept is 5.093163 with a standard error of 5.332232, a t-value of 0.955165, and a p-value of 0.40996, indicating that the intercept is not statistically significant. In contrast, X Variable 2 has a coefficient of 0.838824 with a standard error of 0.152387, a t-value of 5.504571, and a p-value of 0.011802. This p-value is well below conventional significance levels (typically 0.05 or 0.01), suggesting that X Variable 2 is statistically significant and likely has a meaningful impact on the dependent variable in the model**.** In summary, the regression model is a good fit for the data, and the independent variable significantly predicts the dependent variable.Alternative hypothesis is accepted.

3.4 Hypothesis Test 3

Null hypothesis (HO): There is no significant difference between impact of social media on the firm image and investors decisions.

Alternative hypothesis (Ha3): There is a significant difference between impact of social media on the firm image and investors decisions.

Table -3: Regression analysis 3

Source	Value	Standard Error	T-Value	P-value
Intercept	6.335104	4.494997	1.409368	0.253501
X variable 3	0.799522	0.132596	6.029743	0.009145

The regression analysis reveals that the intercept, representing the value of the dependent variable when all independent variables are zero, is estimated to be 6.335 with a standard error of 4.495. However, this value is not statistically significant at the conventional level ($p = 0.253$), indicating that it may not be reliably different from zero. On the other hand, the coefficient for the X variable 3 is estimated to be 0.800, indicating that for every unit increase in X variable 3, the dependent variable increases by 0.800 units on average. This coefficient is statistically significant ($p = 0.009$), suggesting that X variable 3 has a significant effect on the dependent variable. The T-value of 6.030 further supports this conclusion, indicating that the coefficient estimate is approximately 6 times its standard error. Therefore, while the intercept may not be meaningful, X variable 3 appears to be a significant predictor of the dependent variable in the model.

Alternative hypothesis is accepted

4.CONCLUSION

In summary, social media has a significant and varied influence on investment decisions. By democratizing access to financial information, social media platforms have made investing more accessible to a wider audience. The spread of ideas, trends, and news can have a big impact on how investors behave as individuals and how the market feels. But this instantaneity also has drawbacks, such the possibility for market manipulation and the dissemination of false information. Investors have to negotiate a terrain where speculative froth and trustworthy information coexist. In the end, even though social media provides insightful tools, making wise investment decisions still requires careful consideration of the wide range of information that is available online as well as critical analysis.

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