

THE INFLUENCE OF SOCIAL MEDIA ON INVESTMENT DECISIONS IN THE INDIAN ECONOMY: WITH REFERENCE TO MUMBAI CITY

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Abstract

In recent years, the surge in social media platforms has transformed the landscape of investment decision-making within the Indian economy. This research endeavors to delve deep into the intricate dynamics of this transformation, shedding light on how social media shapes investors' choices. By employing a blend of qualitative and quantitative methodologies, including surveys, interviews, and meticulous data analysis, this study aims to provide a nuanced understanding of the interplay between social media and investment decisions in India. The investigation will encompass a spectrum of factors including information dissemination, market sentiment analysis, networking and collaboration, promotion and branding, customer feedback and reviews, influencer marketing, and the dissemination of market speculation and rumors. Moreover, this research will unearth the challenges and opportunities engendered by social media usage in investment decision-making, thereby furnishing invaluable insights for investors, policymakers, and industry stakeholders alike. Through the exploration of these factors, this research seeks to uncover the mechanisms through which social media platforms influence investors' perceptions and behaviors, ultimately shaping their decision-making processes. This study encompasses Mumbai, a key economic hub and financial center within the Indian economy. Recognized for its vibrant investment landscape and bustling financial activities, Mumbai serves as an ideal focal point for examining the influence of social media on investment decisions. Ultimately, this study aspires to contribute to the development of strategies and frameworks that harness the potential of social media while mitigating its risks in the context of investment decision-making in the Indian economy.

Keywords: Social media, Investment decisions, Indian economy, Influencer, Mumbai.

INTRODUCTION

In today's digital age, social media platforms are reshaping the financial landscape, particularly among Mumbai's youth. This research focuses on understanding how social media influences investment decisions among individuals aged 18 to 30 in Mumbai, recognizing the city's vibrant financial culture and tech-savvy population. By examining the engagement of Mumbai's youth with investment-related content on social media and the role of finance influencers, this study aims to uncover the impact of social media on investment perceptions and decisions.

Using a blend of quantitative and qualitative methods, we'll survey and interview young investors, analyzing their social media activity to discern its implications for their investment choices. The findings will not only shed light on the evolving nature of investment decisions in the digital era but also provide insights for stakeholders such as financial institutions, educators, legislators, and young Mumbai residents. Understanding the dynamics between social media and investment choices among Mumbai's youth is critical in navigating the complexities of today's financial world.

REVIEW OF LITERATURE

In a study by Dr. Sahel Ali et al. (2021) focusing on the Amman financial market, researchers sought to understand the influence of social media on investor decisions. The findings revealed that Facebook emerged as the predominant platform among respondents for obtaining information, comments, and assistance regarding investment decisions. This underscores the significance of social networking platforms and specialized websites in providing investors with essential market information crucial for decision-making. The study suggests that social media platforms serve as valuable sources where investors can access a variety of suggestions and insights from financial experts and service providers, thereby potentially guiding their investment choices.

Eric Tham (2018), investors utilize online communities to exchange information and viewpoints on stocks, thereby enhancing their financial literacy concerning stock markets. Social media platforms play a crucial role in facilitating this process, enabling investors to access a wealth of knowledge and insights to make informed investment decisions.

Ismail et al. (2018) conducted a study titled "Impacts of Online Social Media on Investment Decision in Malaysia," where they categorized online social media into three distinct categories: information, online community

behavior, and firm's image. Their research aimed to investigate how online social media influences investment decisions, particularly in the context of Malaysia. The study delved into various factors associated with social media that affect investors' choices, emphasizing the significance of online community behavior and a firm's image in shaping investment decisions. It highlighted a notable correlation between the content available on social media platforms and investors' decisions, underscoring the importance for businesses to actively manage their online presence to positively influence investment decisions.

Khatik et al. (2021) examined the influence of social media on investment choices among Gen Z investors. They identified three key factors—social media, financial literacy, and Gen Z community behavior—and found a positive correlation between the volume of information available on social media platforms like Facebook, Twitter, and YouTube and the likelihood of making an investment. This underscores the significance of social media content in shaping investment habits.

RV. Vishnu Maniy, et al. (2023) study investigates how social media influences investment decisions and user behavior on investment platforms. It finds that platforms like Twitter, LinkedIn, and Facebook provide valuable information on companies and markets. Stocks are the top investment choice, followed by mutual funds, with gender influencing decisions. Instagram is notably influential in sharing investment-related information. The research highlights a strong link between investment options and social media platform usage. Overall, it sheds light on social media's role in shaping investment decisions, with implications for financial professionals and social media companies targeting young investors.

RESEARCH METHODOLOGY

The research methodology for the study titled "The New Age of Investing: Exploring social media's impact on youth investment decisions in Mumbai" adopts a quantitative approach with descriptive analysis, aiming to investigate how social media influences the investment decisions of youth in the city. Both primary and secondary data sources are utilized, with a structured questionnaire comprising mainly close-ended questions administered to gather quantitative data, supplemented by an open-ended question for qualitative insights. Respondents are selected through a combination of random convenience sampling and snowball sampling techniques. Descriptive analysis methods are employed to examine data trends and patterns related to social media's impact on youth investment decisions, supported by validation and reliability testing techniques. Partial hypothesis testing explores connections between social media usage and investment decisions, with strict adherence to ethical standards ensuring participant consent, privacy, and confidentiality. Overall, this research aims to contribute valuable knowledge to understanding youth investment behavior in Mumbai's social media-driven landscape.

HYPOTHESIS

Null Hypothesis (H0): There is no significant influence of investment-related posts on social media on the investment decisions of youth in the Mumbai region.

Alternate Hypothesis (H1): There is a significant influence of investment-related posts on social media on the investment decisions of youth in the Mumbai region.

DATA ANALYSIS & INTERPRETATION

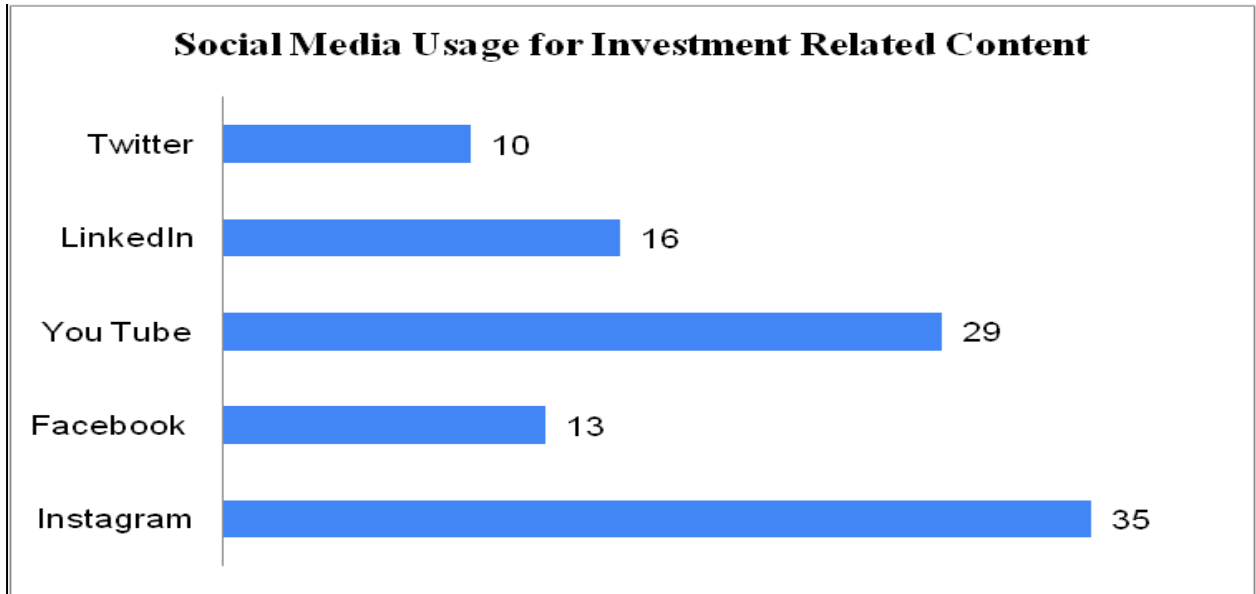
I. Demographic Analysis of Respondents

Demographic Variables	Levels	Counts	% of Total	Cumulative %
Age	18-24	41	54.67	54.67
	25-30	34	45.33	100
Gender	Male	43	57.33	57.33
	Female	32	42.67	100

Among the 75 respondents surveyed in the Mumbai region, demographic analysis reveals that 41 individuals fall within the age range of 18 to 24 years, while 34 respondents belong to the age group of 25 to 30 years. Regarding gender distribution, the survey comprised 43 male participants and 32 female participants. This breakdown offers a comprehensive understanding of the sample population, showcasing the representation of various age groups and genders in the study.

II. Descriptive Analysis & Interpretation

- Usage of social media platforms for investment related content



Among the respondents, Instagram is the most popular platform for accessing investment-related content, with 35 individuals using it for this purpose. YouTube follows closely behind, with 29 respondents utilizing it for investment-related videos. LinkedIn is also significant, with 16 respondents using it for financial news and discussions. Facebook and Twitter are less utilized, with 13 and 10 respondents respectively. These findings emphasize the diverse range of social media platforms used by individuals to access investment-related information.

2. The frequency of encountering investor-related content on social media among respondents.

Mean	3.77
Standard Error	0.14
Median	4.00
Mode	4.00
Standard Deviation	1.18
Sample Variance	1.39
Kurtosis	0.23
Skewness	-0.91
Range	4.00
Minimum	1.00
Maximum	5.00
Sum	283.00
Count	75.00

The data presents insights into the frequency of encountering investment-related content among respondents on social media. The mean score of 3.77 indicates that, on average, respondents encounter such content relatively frequently. The median and mode scores of 4.00 suggest that a significant portion of respondents encounter investment-related content with a frequency closer to "often." The standard deviation of 1.18 indicates a moderate amount of variability in responses around the mean, suggesting that while many respondents encounter such content frequently, others may do so less often. The range of 4.00 reflects the full spectrum of responses from encountering investment-related content very rarely (minimum score of 1.00) to encountering it very often (maximum score of 5.00). Overall, the data underscores the relevance and prevalence of investment-related content on social media platforms among the surveyed respondents.

3. Analysis of the Sufficiency of Financial Investment Content on Social Media for Informed Decision-Making.

Mean	3.35
Standard Error	0.12
Median	3.00
Mode	3.00
Standard Deviation	1.06
Sample Variance	1.12
Kurtosis	-0.36
Skewness	-0.32
Range	4.00

Minimum	1.00
Maximum	5.00
Sum	251.00
Count	75.00

The data indicates a moderate belief (mean 3.35) among respondents regarding the sufficiency of investment-related content on social media for informed decision-making. The median and mode scores of 3.00 suggest a significant portion perceive the content as moderately sufficient. With a standard deviation of 1.06, there is relatively low variability in responses around the mean. The range of 4.00 reflects varying perceptions, from highly sufficient (maximum score 5.00) to less adequate (minimum score 1.00). Overall, while many respondents find social media content sufficient for investment decisions, perceptions vary among the surveyed individuals.

III. Hypothesis Testing

A one-sample t-test was employed to assess the impact of investment-related posts on social media on the investment decisions of youth in Mumbai.

Significance Level (α): 0.05, Hypothesized Mean (μ): 2.7

<i>Hypothesis Testing: One sample t-test</i>	
Mean	2.5676
Variance	0.9207
Observations	75
Hypothesized Mean Difference	2.7
df	74
t Stat	-1.8773
P(T<=t) two-tail	0.0621
t Critical two-tail	1.9729

Using a two-tailed test at a significance level of 0.05, the calculated t-statistic (-1.8773) falls outside the range of the critical value (1.9729). The resulting two-tailed p-value (0.0621) exceeds the selected significance level, leading to the inability to reject the null hypothesis (H_0). Therefore, the findings suggest that social media posts about investments may not have a significant impact on investment decisions among youth in Mumbai. Hence we reject Alternative Hypothesis (H_1) There is a significant influence of investment-related posts on social media on the investment decisions of youth in the Mumbai region, and accept Null Hypothesis (H_0) There is no significant influence of investment-related posts on social media on the investment decisions of youth in the Mumbai region. Thus, the Null Hypothesis (H_0) stands, indicating that investment-related posts on social media may not significantly impact investment decisions among youth in Mumbai.

IV. Qualitative Findings

From the gathered responses, it's evident that Mumbai youth approach social media cautiously for investment-related information, emphasizing the need to verify the reliability of sources. They acknowledge the presence of FOMO but recognize its potential risks to financial stability, advocating for a balanced decision-making approach. While some value social media for real-time company performance tracking and management insights, others prefer consulting financial advisors. Concerns arise regarding social media gurus' credibility and the lack of thorough justifications in investment-related posts, demanding better information and critical analysis. Despite social media's importance, Mumbai youth seek practical advice and awareness campaigns on responsible financial practices, acknowledging the limitations of social media algorithms in content exposure. These findings highlight both social media's benefits and the importance of caution and education in investment decision-making.

SUGGESTIONS

Based on the research findings, it's essential to promote financial literacy and critical thinking among Mumbai's youth, emphasizing the use of reliable information sources and access to financial advisors for informed decision-making. Encouraging a balanced approach to investment choices and fostering social media literacy can help mitigate the risks associated with FOMO and unreliable investment advice prevalent on social media platforms. Additionally, targeted awareness campaigns should be organized to raise awareness about responsible financial practices and the diversity of available information sources, empowering youth to navigate the complex landscape of investment decisions with confidence and competence.

LIMITATIONS

The study's focus on Mumbai youth aged 18-30 limits the generalizability of findings. Convenience and snowball sampling methods introduce bias, potentially distorting the representation of Mumbai's young population. Heavy reliance on close-ended questions in the questionnaire may hinder the exploration of underlying motivations. Descriptive analysis and one-sample t-tests may restrict the examination of the complex interaction between social media and investment decisions. Resource and time constraints impact the study's depth and breadth, while the evolving nature of social media algorithms may affect the relevance of findings over time. Future

research should consider more representative sampling methods, a balanced mix of open-ended and closed-ended questions, and sophisticated statistical methods for deeper analysis.

CONCLUSION

In conclusion, this study addresses a significant research gap by investigating the impact of social media on Mumbai's youth. By employing random convenience and snowball sampling techniques, valuable data was collected from respondents. The demographic analysis provided insights into the characteristics of the local youth, while descriptive analysis and one-sample t-tests facilitated hypothesis testing. The study revealed a significant impact of social media on investment behavior, financial knowledge enhancement, and changes in investment approach among Mumbai's youth. However, limitations exist due to demographic and geographic constraints, potentially affecting the generalizability of findings. Future research should delve deeper into this dynamic interaction to understand its broader consequences for youth and society.

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