

Impact of Social Media on Investment Decisions among Young Adults

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Abstract— The purpose of this study is to analyze the impact of social media on investment decisions among young adults which means changes in investment pattern after the enhancement the role of social media to a greater extent. It influence our investment options available and other financial tactics. Digital technology gad made us depend and sometimes re- check our own decisions over the internet based sited to confirm our actions as right or wrong. This dependency has its own pros and cons. Social media includes various platforms like- Facebook, Youtube, Instagram, Twitter and many their digitalized news and reviewing sharing platforms. This Study found that the young adults using social media frequently. They take investment decision with the help of social media.

Index Terms: Social media, Investment, Investment decision, Young Adults.

1.INTRODUCTION

Social Media is a computer based technology that facilitates the sharing of ideas, thoughts, and information through the building of virtual networks and communities. There are more than billion social media users around the world. The largest Social media networks are Facebook, Instagram, Twitter, Youtube etc. More male buyers flip to social media for funding updates.

Investment

Investment is the process of sacrificing something now with the prospect of gaining something later. Investment is an economic activity which involves creation of assets or exchange of assets with profit motive. It is the employment of funds with the purpose of earning additional income or growth in value. The person making investment has to part with his funds. These funds may be converted into monetary assets in an expectation of return. This return is a reward for abstaining from present

consumption, for parting with the money or liquidity and for taking a risk. The risk may be about the return on investment, time of waiting, cost of getting back funds, safety of funds, variability of the return etc.

2.REVIEW LITERATURE

Ismail et al., (2018) published Impacts of online social media on investment decision in Malaysia aimed to showcase about the speculation choice in Malaysia and examine centres around a few effects of online webbased media towards the venture choice of financial investors in Malaysia

Kumari (2017) in a report entitled Impact of social media on biases of individual investor's decision making intended to methodically analyse whether or not social media tends to create a sense of biases in the minds of the individual retail investors while decision making.

Rudin (2019) published an article titled as Understanding how social media affects the investor biases that concluded that the prominence of internet sites would continue and the information, communication channels on social media platforms play a vital role in the investor's decision making.

Greenwich Associates (2018) reported that almost 80% of institutional investors use social media as part of their regular workflow, and approximately 30% of these investors said that the information obtained through social media has directly influenced an investment recommendation or decision.

Tham (2018) summarized his research on Social media impact on household investors and their stock markets participation as households' trust in social media is correlated with their stock market participation rate and this trust is not 'blind', but households still make decisions to invest according to

prevailing news headlines available on social-media platforms.

Mudholkar & Uttarwar (2015) reported in his research paper that the online media impacted on the buying choices of monetary item purchasers. It is reasoned that the online media settled on an effect on monetary choices. The venture choices are influenced now a days by the web-based media. Web-based media isn't just utilized for individual uses yet is currently assuming a filling part in business and associations

3.RESEARCH METHODOLOGY

Research is a careful investigation or inquiry especially for new facts and branch of knowledge, Market research specifies the information required to address these issues, designs method for collecting information, manages and implements the data collection process and analysis the result and communicates the findings and their implications. Research problem is the one which requires a researcher to find out the best solution for the given problem i.e. to find out the course of action the action the objectives can be obtained optimally in the context of a given environment. Research Methodology is the systematic, theoretical analysis of the methods applied to a field of study. It comprises the theoretical analysis, the body of methods and the principles associated with the branch of knowledge. Typically, it encompasses concept such as paradigm theoretical model, phases and quantitative and qualitative techniques. Research Methodology is the systematic, theoretical analysis of the methods applied to a field of study. The research paper is an attempt of exploratory research, based on the primary data collected with the help of questionnaire.

OBJECTIVES OF THE STUDY

- To know the extent of social-media impact on the investment decisions taken by the young adults
- To know the top preferred investment option by the young adults
- To know whether the available social media content related to Financial investments as been an advantage or disadvantage.

4.DATA ANALYZE AND INTERPRETATION

Commodities	Number of Respondents
Stocks	53
Bonds	3
Mutual Funds	24
Insurance	11
Exchange Traded Funds	5
Others	5
Total number of respondents	101

Table no.1: The most preferred investment option

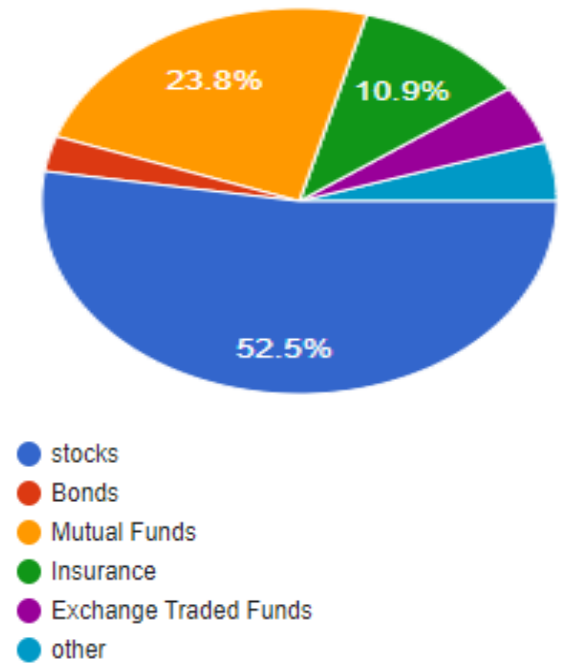
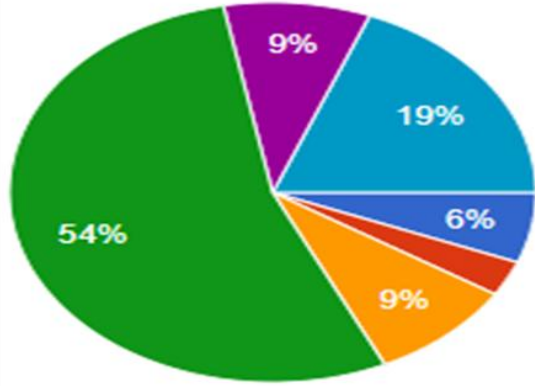


Figure no. 1: The most preferred investment option

Interpretation: From the collected data from the respondents show that the most preferred investment option by many is Stocks. Considering the fact that the Stocks give high returns with aggressive risk, it can be the obvious of most preferred investment option among the young adults. A good number of respondents opted for Mutual Funds. Mutual Funds being the new trendy investment option in India, it give good returns with low risk. Insurance is the third best investment option of the young adults after stocks and mutual funds. Insurance is the amount of compensation paid is proportional to the loss incurred by the unpleasant event.

Table no. 2: Social Media Platform that Holds The Highest Financial Investment Related Content

Social Media Apps	Number of Respondents
Facebook	6
Twitter	3
Youtube	9
Google	54
WhatsApp	9
Other	19
Total number of respondents	100



- Facebook
- Twitter
- youtube
- google
- WhatsApp
- Other

Figure no.2: Social Media Platform that Holds The Highest Financial Investment Related Content

Interpretation: Out of 100 respondents, 54 respondents agree to that they have come across financial investment related content on the social media platforms. It can be noted that google has been comparatively more popular among platform youngsters and hence they have come across the financial related content the highest on google. The other is the second highest platform where the respondents have viewed the financial investment related content. Youtube and WhatsApp are on third position in which the investors take a decision after viewing these apps.

Table no. 3: Continue to use social media to learn new skills to handle personal finance

	No. of Responses	Percentage Value
Strongly Agree	18	18
Agree	39	39
Neutral	31	31
Disagree	4	4
Strongly Disagree	7	8

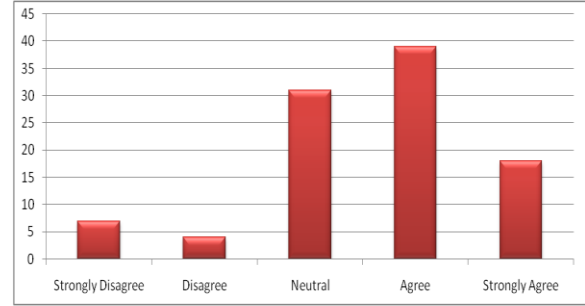


Figure no. 3: Continue to use social media to learn new skills to handle personal finance

Interpretation: When the respondents were asked- either you continue to use social media or not to learn new skills? , The response received supports the study of this question as 39 and 18 respondents of them said they continue to use social media to learn new skills for handling personal finance. Yet a good number of 31 young adults are in neutral position.

A Likert scale survey was taken considering such statements. Opinions of the respondents were recorded as to whether they strongly agree, agree, disagree or have a neutral stand. social media has helped you to learn or create awareness, atleast about one new investment option

Multiple Regression Analysis

Table 4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.932 ^a	.869	.867	.435

a. Predictors: (Constant), IMPACT OF SOCIAL MEDIA ON INVESTMENT

The model indicates that the independent variables explained approximately 86.9% ($R^2 = 0.869$) of the variability of the investment decision. Unfortunately, R^2 tends to overestimate the strength of the association especially if the model has more than one independent variable. R^2 may provide misleading results especially when assessing with small sample size of regression analysis. While the adjusted R-square (adjusted R^2) attempts to give a better estimation of the true population (young adult) value. In addition to this, adjusted R^2 can provide accuracy to the model and give corrected goodness-of-fit measure in regression analysis. Therefore, most of the researchers choose to apply adjusted R^2 rather than R^2 value in the studies. Due to the sample size of this study is small, adjusted R-square has been used in the study.

Coefficients^a
Table no. 5: Results of Coefficient Testing

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-.217	.115		-1.880	.063		
	IMPACT OF SOCIAL MEDIA ON INVESTMENT	1.113	.044	.932	25.181	<.001	1.000	1.000

a. Dependent Variable: [I spend a considerable amount of time looking for financial advice through various social media sites I frequently visit social media apps on personal investments]

The statistical significance of each of the independent variable can be explained by the significant value (Sig.). Generally, those significant values less than 0.07 explains that the independent variables have significant contribution to the dependent variable and vice versa. This indicates that all the independent variables in the model have significant impacts on the investment decision. Other than that, the standardized coefficient Beta value is important to determine and compare the strength of each predictor variable in affecting the dependent variable. Concisely, the variable with a larger Beta value has stronger influence from its contribution to the dependent variable. According to the table, it is found that the variable in online social media ($\beta = 0.932$).

Table no. 6: Anova

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.535	1	4.535	12.094	<.001 ^b
	Residual	36.374	97	.375		
	Total	40.909	98			

a. Dependent Variable: How much do you invest per month?
b. Predictors: (Constant), How often do you read about 1 ,investment in general ,from social media per week?

Table no. 7: Coefficients

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.865	.156		5.539	<.001
	How often do you read about 1 ,investment in general ,from social media per week?	.245	.070	.333	3.478	<.001

a. Dependent Variable: How much do you invest per month?

Table no. 8: Casewise Diagnostics

Casewise Diagnostics^a

Case Number	Std. Residual	How much do you invest per month?	Predicted Value	Residual
1	2.289	3	1.60	1.402
20	3.088	3	1.11	1.891
32	2.688	3	1.35	1.646
45	2.289	3	1.60	1.402
57	2.289	3	1.60	1.402
62	2.289	3	1.60	1.402
72	2.688	3	1.35	1.646
90	2.289	3	1.60	1.402
93	2.289	3	1.60	1.402

a. Dependent Variable: How much do you invest per month?

Table no. 9: Residuals Statistics

Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	1.11	1.60	1.36	.215	99
Residual	-.598	1.891	.000	.609	99
Std. Predicted Value	-1.183	1.091	.000	1.000	99
Std. Residual	-.977	3.088	.000	.995	99

a. Dependent Variable: How much do you invest per month?

Charts

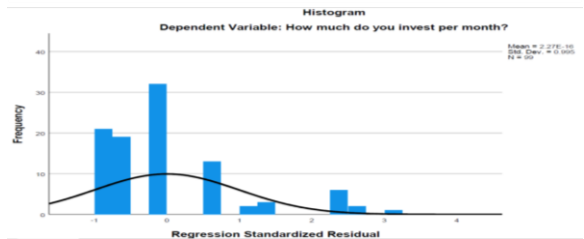


Figure no. 3: Frequency Chart

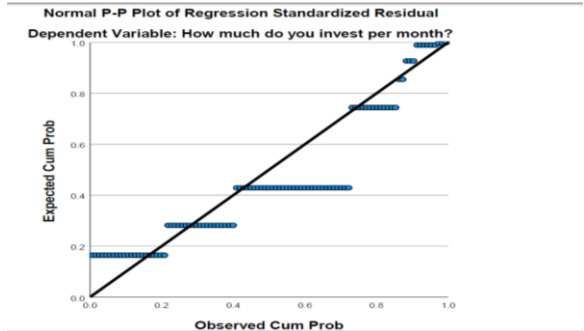


Figure no. 4: P Plot

5.CONCLUSION

This chapter introduces the conclusions of the whole study. The chapter repeats some of the key findings of the impact of social media on the decision of the investors, and answers to the research questions. The conclusions are backed with the data and analysis achieved from the previous chapters. Furthermore, the chapter introduces some of the research credibility, such as the validity, reliability, and generalizability of the findings. The chapter ends with further research suggestions related to the topic of this study.

This study concludes that significant among young adults in society about the perceived usefulness of

social media. It could be a vital aspect for marketers and service providers to serve and understand their customers better. Many studies are conducted on social media influence on consumer goods, but very few studies are about financial products. Thus, the present study contributes to this limited literature and how individuals perceive the usefulness of social media in financial decision-making.

The outcomes of the study can be useful in several ways. The marketing firms are constantly looking for innovative and possible ways to reach the customer. Social media platforms could be a potential promotion and sales point for financial services, financial advisory, etc. The present study attracts the marketers' attention towards the social media platform and how they can use it to reach the targeted segments with their customized promotion of financial services. Social media platforms can also serve as a direct connection, thereby removing the middlemen, ultimately saving the cost, resulting in greater returns to everyone involved. Financial service marketers can create a niche market over social media platforms.

Thus, the results support social media platforms as a potential place to reach consumers and marketers and must be utilized as a strategic point of contact with prospective buyers. Social media platforms can be used in building competitive advantage and long-term strategic advantage.

It is believed that the study makes way for further studies at a higher and broad level, which can be useful for marketers and service providers. The present study identifies further research needs on how young adults behaves over social media regarding financial services choice and how marketers can use it as an innovative marketing tool.

In addition, this research paper uses primary data and quantitative method. Due to this, the data collection method used is questionnaire. Hence a 5-point Likert scale is used for all the statements regarding the independent and dependent variables and this has a few limitations whereby the respondents are limited to the Likert Scale and are not able to provide extra information or explanation since it is a close ended questionnaire. So, future researchers also can consider qualitative methods by adding more open-ended questions in the questionnaires so that more accurate opinions and information can be obtain.

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