

# Impact of Social Media on Investor Behaviour In The Share Market In Ramanathapuram District

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**Abstract-** *The rapid growth of digital technology has transformed the way individuals participate in the share market. Social media platforms, including YouTube, Twitter, and Telegram, have emerged as important sources of financial information and investment guidance. This study examines the impact of social media on investor behaviour in the stock market. It highlights how real-time information, opinions, and trends shared on these platforms influence investment decisions. While social media improves awareness and accessibility, it also introduces risks such as misinformation, herd behaviour, and emotional decision-making. The study aims to analyse both the positive and negative effects of social media on investors, emphasising the importance of informed decision-making in a digital environment.*

**Keywords:** Social Media, Investor Behaviour, Share Market, Investment Decision, Digital Influence

## I. INTRODUCTION

Share market investment has become increasingly popular due to technological advancements and easy access to trading platforms. Social media platforms such as YouTube, Twitter, and Telegram provide real-time market information and investment tips. This has significantly changed the traditional way investors make decisions.

In addition to being a platform for personal communication and information sharing, social media now exerts a significant influence on financial markets, particularly the stock market.

Due to the rapid dissemination of information, amplification of emotions, and the ease with which individuals can express their opinions on stocks and companies, social media events can have a substantial impact on stock prices and overall market behaviour. Various platforms, including Twitter, Telegram, YouTube, Facebook, and LinkedIn, have played a crucial role in facilitating the rapid flow of both positive and negative information in the digital era.

The stock market has evolved into a virtual area of exchanges, operating alongside social media platforms within

the same digital ecosystem. Given this context, it is evident that social media has become a pivotal factor influencing investment decisions and investor behaviour.

### 1.1. Objectives of the Study:

- To study the impact of social media on investor behaviour
- To study the positive and negative impacts of social media on investment behaviour.
- To examine the risks associated with social media-based investing
- To identify the most commonly used social media platforms, such as YouTube, Twitter, and Telegram, for investment-related information.
- To study the role of social media in shaping investor perceptions, attitudes, and market trends.

## Advantages Of Social Media in the Share Market

### 1. Easy Access to Information

Social media provides instant access to stock market news, company updates, and expert opinions. Investors no longer depend only on traditional sources like newspapers or brokers.

### 2. Real-Time Market Updates

Investors receive live updates about stock prices, economic changes, and global events, helping them make quick decisions.

### 3. Increased Financial Awareness

Educational content, tutorials, and webinars on platforms like YouTube improve financial literacy among investors.

### 4. Cost-Effective Source

Most information on social media is free, reducing the need for paid advisory services.

## 5. Wide Reach and Connectivity

Investors can connect with experts, analysts, and other traders globally, gaining diverse perspectives.

## 6. Market Transparency

Social media discussions and disclosures increase transparency and reduce information asymmetry.

## 7. Quick Decision-Making

Faster information flow helps investors react immediately to market changes.

## Benefits Of Social Media on Investor Behaviour

### 1. Better Investment Decisions

Access to multiple viewpoints helps investors make informed decisions.

### 2. Learning Opportunities

Beginner investors can learn trading strategies, technical analysis, and market trends.

### 3. Community Support

Groups and channels (especially on Telegram) provide peer support and shared knowledge.

### 4. Awareness of Market Trends

Trending stocks and sectors can be easily identified through social media discussions.

### 5. Increased Participation

More people are encouraged to invest due to simplified information and ease of access.

### 6. Sentiment Analysis

Investors can gauge public opinion about stocks, helping in predicting market movements.

### 7. Empowerment of Retail Investors

Retail investors gain power similar to institutional investors through shared information.

## Functions Of Social Media in the Share Market

### 1. Information Dissemination

Social media acts as a channel for spreading financial news, updates, and analysis quickly.

### 2. Opinion Formation

Investor opinions are shaped through discussions, expert views, and trending topics.

### 3. Market Influence

Positive or negative news on platforms like Twitter can directly impact stock prices.

### 4. Communication Platform

Companies, analysts, and investors interact directly, improving engagement.

### 5. Trend Creation

Social media can create hype around specific stocks, leading to increased trading activity.

### 6. Behavioural Influence

It affects investor psychology, including:

- Fear
- Greed
- Overconfidence
- Herd behaviour

## II. REVIEW OF LITERATURE

**K. Sathish, Nomula Aishwarya (July 2025).** In this digital era, social media has become a game-changer in shaping the financial behaviour, particularly among young investors between 18 and 30. By providing real-time market insights, peer-driven advice, and multimedia learning opportunities. This study also examines how social media platforms like Instagram, Twitter, YouTube, and Reddit influence young investors in the stock market participation. The study aims to understand how these platforms influence investment behaviour, decision-making, and overall engagement in the stock market. Data was collected through a structured survey, and the findings indicate that social media significantly

encourages young individuals to explore and participate in stock market activities. While it acts as a motivator and learning tool, the study also reveals risks associated with impulsive decisions and misinformation. The content creators on YouTube, Instagram or Facebook teach about different investment options available to people, which they might not have been aware of. Many creators market a particular investment option and try to influence people with their tactics. The Instagram memes, or what we call posts regarding a particular stock market awareness, slightly influence people in venturing into the available investment options. The study findings establish a relationship between social media and stock market participation. The results of this study have proven that social media does have an impact on stock market participation.

**Dr Priyanka Malhotra, Dr Mohd Iftikhar, Dr Simran Kaur (Jan 2026).** This empirical study investigates the multidimensional relationship between media exposure and investor behavioural responses in contemporary financial markets. Utilising a comprehensive dataset spanning 2020-2025, encompassing 2,340 publicly traded securities across global markets, this research employs advanced econometric techniques to quantify media influence on investment decision-making processes. The analysis reveals that media sentiment serves as a significant predictor of investor behaviour, accounting for approximately 42% of variance in short-term trading volumes. Social media platforms demonstrate the strongest immediate impact ( $\beta = 0.687$ ,  $p < 0.001$ ), while traditional media exhibits more sustained influence patterns extending beyond initial publication. The study identifies asymmetric response patterns, with negative sentiment producing 1.7 times stronger behavioural reactions compared to positive coverage. These findings challenge traditional efficient market assumptions and provide empirical evidence for media-driven market inefficiencies. The research contributes to behavioural finance literature by establishing quantitative relationships between information dissemination channels and investor psychology, offering practical insights for portfolio managers, regulatory authorities, and financial market participants.

### III. RESEARCH DESIGN

The study adopts a descriptive research design to analyse the impact of social media on investor behaviour in the share market. It focuses on understanding how social media influences decision-making, attitudes, and investment patterns.

#### 3.1. Data Collection:

- **Primary Data:** Collected directly from investors through a structured questionnaire.
- **Secondary Data:** Collected from journals, research articles, websites, and reports related to share markets and social media platforms like YouTube and Twitter.

#### 3.2. Sampling Technique:

The study uses a convenience sampling method, selecting respondents who are easily accessible and willing to participate.

#### 3.3. Sample Size:

A sample of 150 respondents is selected for the study, consisting of individuals who actively invest in the share market.

#### 3.4. Area of the Study:

The study is conducted among investors in a selected region in Ramanathapuram District, Tamil Nadu, India.

#### 3.5. Period of the Study:

Study Period The study was conducted over a period of 6 months, from October 2025 to March 2026.

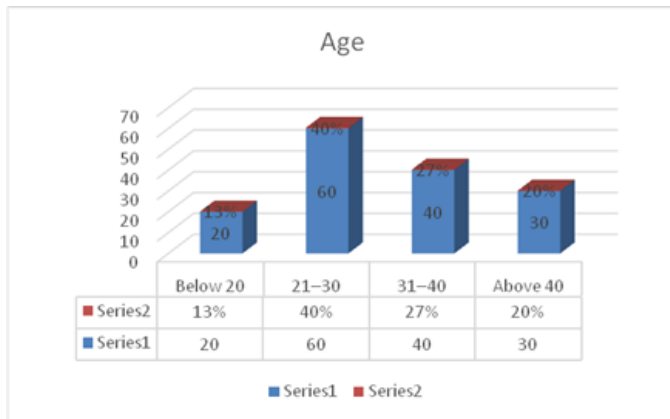
#### 3.6. Variables of the Study:

- **Independent Variable:** Social Media Usage (platforms like Telegram, YouTube)
- **Dependent Variable:** Investor Behaviour (decision-making, risk-taking, investment choices)

## IV. DATA ANALYSIS AND INTERPRETATION

### 4.1. Table Respondent of Age Group

S. No	Options	Respondents	Percentage
1	Below 20	20	13%
2	20 - 30	60	40%
3	30 - 40	40	27%
4	Above40	30	20%
	<b>Total</b>	<b>150</b>	<b>100%</b>

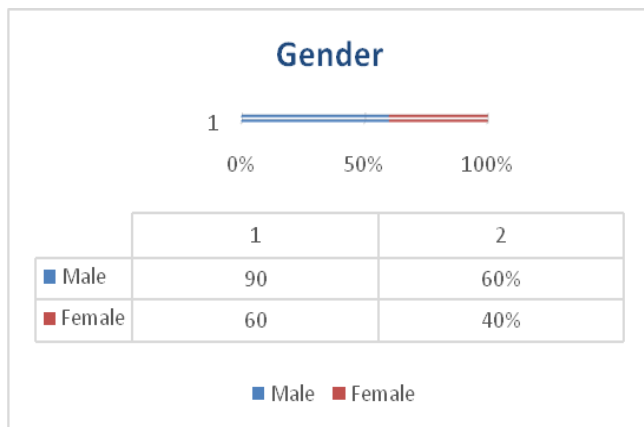


**Interpretation:**

The majority (40%) of respondents belong to the 21–30 age group, indicating that young investors are more active in the share market.

**4.2. Table Respondent of Gender**

S. No	Options	Respondents	Percentage
1	Male	90	60%
2	Female	60	40%
	<b>Total</b>	<b>150</b>	<b>100%</b>



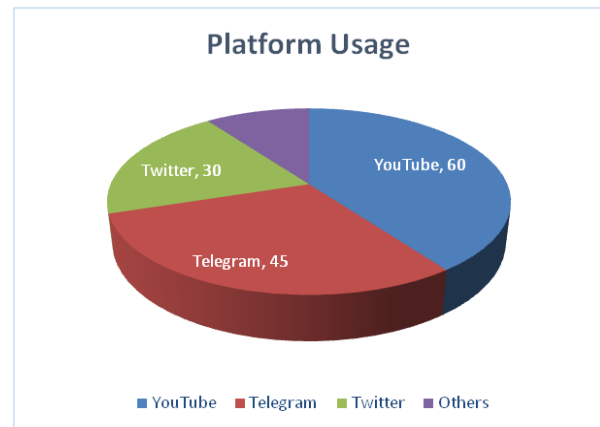
**Interpretation:**

Male investors dominate (60%), but female participation (40%) is also significant.

**4.3. Table Respondent of Platform Usage**

S. No	Options	Respondents	Percentage
1	YouTube	60	40%
2	Telegram	45	30%
3	Twitter	30	20%

4	Others	15	10%
5	<b>Total</b>	<b>150</b>	<b>100%</b>

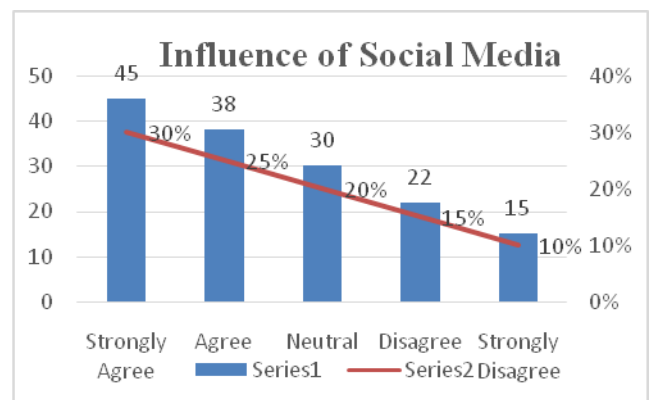


**Interpretation:**

YouTube is the most preferred platform, followed by Telegram.

**4.4. Table Influence of Social Media on Investment Decisions**

. No	Options	Respondents	Percentage
1	Strongly Agree	45	30%
2	Agree	38	25%
3	Neutral	30	20%
4	Disagree	22	15%
5	Strongly Disagree	15	10%
	<b>Total</b>	<b>150</b>	<b>100%</b>

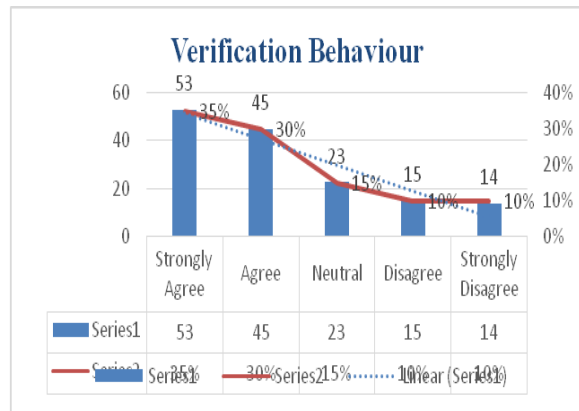
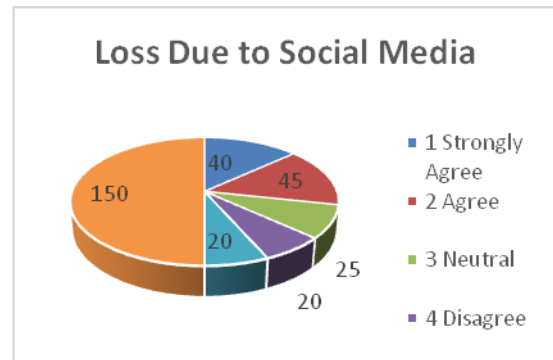


**Interpretation:**

A majority of respondents (55%) agree that social media influences their investment decisions. This shows a strong impact of social media on investor behaviour.

**4.5. Table Respondent of Verification Behaviour**

S. No	Options	Respondents	Percentage
1	Strongly Agree	53	35%
2	Agree	45	30%
3	Neutral	23	15%
4	Disagree	15	10%
5	Strongly Disagree	14	10%
	<b>Total</b>	<b>150</b>	<b>100%</b>



**Interpretation:**

Most investors verify information before investing.

**4.6. Table Respondent of Loss Due to SocialMedia**

S. No	Options	Respondents	Percentage
1	Strongly Agree	40	27%
2	Agree	45	30%
3	Neutral	25	17%
4	Disagree	20	13%
5	Strongly Disagree	20	13%
	<b>Total</b>	<b>150</b>	<b>100%</b>

**Interpretation:**

Many investors have also faced losses due to social media influence.

**CORRELATION**

Correlation analysis deals with the association between two or more variables.

**CORRELATION AND CAUSATION**

Correlation analysis helps us in determining the degree of relationship between two or more variables. It does not tell anything about the cause-and-effect relationship. Even a high degree of correlation does not necessarily mean that a relationship of cause and effect exists between the variables, or, simply stated, correlation does not necessarily imply causation or a functional relationship through the existence of causation always implies correlation.

Direct method of finding out the correlation coefficient

Correlation coefficient can also be calculated without taking deviations of items either from the actual mean or assumed mean (i,e) actual x and y values.

The formula in such a case is

$$R = \frac{N\sum XY - (\sum X)(\sum Y)}{\sqrt{N\sum X^2 - (\sum X)^2} \times \sqrt{N\sum Y^2 - (\sum Y)^2}}$$

The formula would give the same answer as we get when the deviation of items is taken as the actual mean or the assumed mean.

The correlation is adopted to trace out the relationship between the age group and the social media platform usage.

**Assuming Age Group as x**

<b>X</b>	Below 20	21 - 30	30 -40	Above 40
<b>Y</b>	20	60	40	30

**Assuming Social Media Platform Usage as y**

<b>X</b>	YouTube	Telegram	Twitter	Others
<b>Y</b>	60	45	30	15

**Calculation of application correlation**

S.N	X	X <sup>2</sup>	Y	Y <sup>2</sup>	XY
1	20	400	60	3600	1200
2	60	3600	45	2025	2700
3	40	1600	30	900	1200
4	30	900	15	225	450
5	$\sum X=150$	$\sum X^2=6,500$	$\sum Y=150$	$\sum Y^2=6,750$	$\sum XY=5,550$

$$\begin{aligned}
 R &= \frac{N\sum XY - (\sum X)(\sum Y)}{\sqrt{N\sum X^2 - (\sum X)^2} \times \sqrt{N\sum Y^2 - (\sum Y)^2}} \\
 &= \frac{4 \times 5,550 - 150 \times 150}{\sqrt{4 \times 6,500 - (150)^2} \times \sqrt{4 \times 6,750 - (150)^2}} \\
 &= \frac{22,200 - 22,500}{\sqrt{26,000 - 22,500} \times \sqrt{27,000 - 22,500}} \\
 &= \frac{-300}{\sqrt{3,500} \times \sqrt{4,500}} \\
 &= \frac{-300}{59.161 \times 67.082} \\
 &= \frac{-300}{3,968.64} = -0.076
 \end{aligned}$$

“The correlation coefficient (-0.076) indicates a very weak negative relationship between the variables. Hence, there is no significant linear relationship.”

**V. LIMITATIONS OF THE STUDY**

- The study is limited to a specific sample size and area.
- Responses may be subject to personal bias.
- The accuracy of the study depends on the honesty of respondents.
- Time constraints may limit in-depth analysis.

- The study is limited to a specific sample size of respondents, which may not fully represent all investors in the share market.
- The data collected is based on respondents’ personal opinions, which may be biased or subjective.
- The study focuses only on selected social media platforms such as YouTube, Twitter, and Telegram, and does not cover all available platforms.
- Investor behaviour is influenced by many external factors such as market conditions, economic changes, and government policies, which are not fully considered in this study.
- The time constraint of the study may affect the depth of analysis and findings.
- The accuracy of the study depends on the honesty and understanding of the respondents.
- Rapid changes in social media trends and stock market conditions may make the findings less relevant over time.

**VI. SCOPE OF THE STUDY**

The present study focuses on analysing the impact of social media on investor behaviour in the share market. It examines how platforms such as YouTube, Twitter, and Telegram influence investment decisions, perceptions, and trading patterns of investors.

The study is based on a sample of 150 respondents from Ramanathapuram district, focusing on individuals who actively participate in the share market. It covers key behavioural aspects such as investor awareness, decision-making patterns, emotional influence, herd behaviour, and risk-taking ability influenced by social media.

The scope also includes evaluating both the positive impacts, such as improved access to real-time information and enhanced financial awareness, and negative impacts, including misinformation, rumours, and speculative trading behaviour.

However, the study is limited to a specific geographical area and selected respondents; therefore, the findings may not be generalised to all investors. Additionally, it focuses only on selected social media platforms and does not include all possible factors influencing investor behaviour.

**VII. FINDINGS**

- Social media has a strong influence on investor behaviour.

- Investors rely heavily on influencers and online content.
- Risk awareness is moderate among investors.
- Many investors make quick decisions without proper analysis.
- A majority of investors use social media platforms like YouTube, Twitter, and Telegram for gathering stock market information.
- Social media plays a significant role in influencing investors' decision-making process.
- Social media increases awareness and knowledge about the share market among new investors.

### VIII. SUGGESTIONS

- Awareness programs on financial literacy should be conducted.
- The government should regulate misleading financial content.
- Investors should focus on fundamental analysis rather than trends.
- Investors should not rely completely on social media information and should conduct proper analysis before investing.
- Awareness programs should be conducted to educate investors about risks associated with social media influence.
- Beginners should seek guidance from financial advisors instead of blindly following online tips.
- Regulatory authorities should monitor misleading financial content on social media platforms.
- Investors should focus on long-term investment strategies rather than short-term trends influenced by social media.

### IX. CONCLUSION

The study concludes that social media plays a crucial role in influencing investor behaviour in the share market. While it provides easy access to information, it also increases the risk of misinformation. Therefore, investors should use social media wisely and make informed decisions. Social media has become a powerful tool in shaping investor behaviour in the share market. Platforms like YouTube, Twitter, and Telegram provide easy access to financial information, making investing more accessible to the public.

However, while social media enhances awareness and participation, it also increases the risk of misinformation and impulsive decision-making. Therefore, investors must use

social media wisely by combining it with proper research and analysis to make informed investment decisions.

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