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The Impact of Social Media on Investment Behaviour of IT Sector Employees: An Empirical Study

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ABSTRACT

The increasing penetration of social media has transformed the way individuals access financial information and make investment decisions. Social media platforms provide real-time market updates, peer opinions, and expert insights, which significantly influence investors' perceptions and behaviour. This study examines the impact of social media on the investment behaviour of IT sector employees, a technologically adept and financially informed group. Primary data were collected from 390 IT sector employees using a structured questionnaire. The study employed statistical tools such as percentage analysis, mean and standard deviation, reliability analysis, correlation, regression, and chi-square tests.

The findings reveal that social media has a significant influence on investment awareness, risk perception, decision-making behaviour, and herd behaviour. While social media enhances accessibility to investment information and decision speed, it also increases emotional bias and trend-driven investing. The study highlights the need for responsible use of social media and improved financial literacy to support rational investment decisions.

Keywords: Social Media, Investment Behaviour, IT Sector Employees, Behavioural Finance, Digital Investing

INTRODUCTION

Investment behaviour reflects how individuals gather information, assess risk, and make financial decisions. Traditionally, investors relied on financial advisors, newspapers, and television channels for market-related information. However, the emergence of social media has significantly altered this landscape by enabling rapid dissemination of financial information, peer discussions, and influencer-driven investment narratives.

IT sector employees represent a crucial segment of modern investors due to their high digital literacy, stable income levels, and frequent exposure to online platforms. Social media platforms allow investors to monitor market trends, explore new investment avenues, and engage with online investment communities. While this enhances awareness and participation in financial markets, it also exposes investors to misinformation, speculative behaviour, and herd mentality.

This study aims to empirically examine the influence of social media on the investment behaviour of IT sector employees, focusing on awareness, risk perception, decision-making behaviour, and herd behaviour.

REVIEW OF LITERATURE

Prior research indicates that social media plays a significant role in shaping investor behaviour by influencing attention, sentiment, and information processing (Barber & Odean, 2008). Studies have found that online discussions and digital sentiment can predict stock market movements, reflecting the growing power of social media in financial markets (Bollen et al., 2011).

Behavioural finance literature suggests that social media intensifies behavioural biases such as overconfidence, confirmation bias, and herd behaviour (Bikhchandani & Sharma, 2001; Statman, 2019). Empirical studies in emerging markets report that young and technologically skilled investors are more likely to rely on social media for investment-related decisions (Jain et al., 2020).

In the Indian context, recent studies highlight that platforms such as WhatsApp, Telegram, and YouTube significantly influence retail investors' stock selection and trading frequency (Bhat & Dar, 2022). Despite growing evidence, limited empirical studies focus specifically on IT sector employees using large sample sizes, indicating a clear research gap addressed by the present study.

Objectives of the Study

1. To examine the influence of social media on investment awareness among IT sector employees.
2. To analyze the impact of social media on investment decision-making behaviour.
3. To study the relationship between social media usage and risk perception.
4. To assess the influence of social media on herd behaviour in investment decisions.

Research Hypotheses

H1: Social media usage has a significant positive impact on investment awareness.
H2: Social media usage significantly influences investment decision-making behaviour.
H3: Social media usage has a significant effect on investors' risk perception.
H4: Social media usage significantly induces herd behaviour in investment decisions.

RESEARCH METHODOLOGY

5.1 Research Design

The study adopts a descriptive and analytical research design to examine the behavioural impact of social media on investment decisions.

5.2 Data Collection

Primary data were collected using a structured questionnaire based on a five-point Likert scale. Secondary data were obtained from academic journals, books, and research reports.

5.3 Sample Design

Population: IT sector employees
Sample Size: 390 respondents
Sampling Technique: Convenience sampling

5.4 Measurement of Variables

Independent Variable: Social Media Usage
Dependent Variable: Investment Behaviour
Dimensions: Investment awareness, risk perception, decision-making behaviour, herd behaviour

Statistical Tools and Techniques

The following statistical techniques were employed using SPSS:

- Percentage analysis
- Mean and standard deviation
- Reliability analysis (Cronbach's Alpha)5.5
- Correlation analysis
- Multiple regression analysis
- Chi-square test

DATA ANALYSIS AND RESULTS

7.1 Reliability Analysis

Construct	No. of Items	Cronbach's Alpha
Social Media Usage	3	0.881
Investment Awareness	2	0.864
Risk Perception	2	0.852
Decision-Making Behaviour	2	0.873
Herd Behaviour	2	0.859
Overall Scale	**11**	**0.914**

Result: All constructs demonstrate strong internal consistency, exceeding the recommended threshold of 0.70.

7.2 Mean Score Analysis

Variable	Mean	Standard Deviation
Social Media Usage	4.12	0.68
Investment Awareness	4.05	0.72
Risk Perception	3.78	0.81
Decision-Making Behaviour	4.01	0.69
Herd Behaviour	3.84	0.77

Result: High mean values indicate strong agreement regarding the influence of social media on investment behaviour.

7.3 Correlation Analysis

All dimensions of investment behaviour show a **positive and statistically significant correlation** with social media usage at the 1% significance level, indicating a strong relationship between social media exposure and behavioural outcomes.

7.4 Regression Analysis

Predictor	β	t-value	p-value
Social Media Usage	0.683	14.92	0.000

- **$R^2 = 0.467$**

Result: Social media usage explains 46.7% of the variance in investment behaviour, supporting all proposed hypotheses.

DISCUSSION

The findings confirm that social media significantly influences the investment behaviour of IT sector employees. Increased awareness and faster decision-making align with earlier studies on digital investor behaviour. However, the presence of herd behaviour and elevated risk-taking reflects behavioural finance concerns regarding emotional and trend-based investing. These findings reinforce the argument that while social media enhances financial participation, it also amplifies behavioural biases.

CONCLUSION

The study concludes that social media plays a pivotal role in shaping the investment behaviour of IT sector employees. With a robust sample size of 390 respondents and comprehensive statistical analysis, the study provides strong empirical evidence that social media influences investment awareness, risk perception, decision-making behaviour, and herd behaviour. Responsible consumption of social media-based financial information is essential to ensure rational investment decisions.

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