Research Question

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Research Question

Research Title: The relationship between Soical Media Sentiment and Stock Prices.

Variables in the Study:

IV: Social Media sentiment.

DV: Stock prices

Moderators: The size of the firm.

Context

The significance of social media platforms as alternative information sources has been steadily growing over the last several years. Compared to traditional media sources, social media platforms provide users access to a more extensive and up-to-date real-time news database due to the huge volume and lightning-fast pace at which information is disseminated (Fan et al., 2019). However, this large amount of rapid information may include significant distractions that may confuse readers. The biggest change in how information is shared on the Internet has been the rise of social media platforms like Twitter, which lets users post their opinions about stocks instantly to a large audience (Fan et al., 2019).

This study's main goal is to determine s whether such a link between these two variables, social media sentiment and the stock price, and how consumers' or investors' social media sentiment, as measured by their social media posts, affects the price of a company's stock. The annual income of these companies was also measured and compared to how people felt about them on social media. (Rosa, 2022). This study also explains how the influence of activity on social media platforms on changes in stock prices can be moderated by the sizes of the companies involved. (Jing et al.,2022). Numerous types of research have shown that investor sentiment does have an impact on the pricing of stock markets. Consequently, both the stock price and social media platforms can directly affect one another. When we talk about how stock price and social media affect each other, we are trying to find a Granger cause-and-effect relationship between the two. Granger causality is the idea that if a change in social media sentiment comes before a change in the stock market, and if social media sentiment is a statistically significant predictor of stock market returns, then social media sentiment "Granger causes" stock market returns. (Amir et al,2022).

Purpose Statement

The primary purpose of this investigation is to establish whether or not there is a correlation between the level of emotion expressed on social media and the price of a company. Therefore, the study will provide more information on the impact of the moderator on stock prices. There are two main ways to determine what effect social media has on stock prices. One is a top-down approach that looks at the social media posts made by the company itself. (Amine et al ,2020). Another method is the bottom-up method, which looks at how customers feel on social media and how that affects stock prices and annual revenue. (Babu et al.,2015).

Research Questions:

1- What is the overall effect of Social Media Sentiment on Stock Prices? (Causal)

2-Dose Social Media Sentiment affect the stock return of small or large companies?(Casual)

3- How do the reactions of companies and investors on social media affect the stock performance of the companies? (Casual)

4- What are the relationships between the size of the company as a moderator and stock prices? (Relational)

Significance of the study:

This study will be important to four different groups: researchers, social media makers, consumers, and investors. Researchers will benefit from the results of this study because they will have a better idea of how the public thinks about the impact of social media on stock prices. Also, the results of this study will add to what is known about how much stock prices are affected by social media sentiment. social media creators and investors will be aware that individuals react to financial news on social media, and their reactions can affect how the stock price moves.

Reference

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