Leveraging Social Media Marketing for Enhancing Investor Trust in the nascent financial securities market in Ethiopia

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CERTIFICATION

I, the undersigned certify that I have read and hereby recommend for acceptance by the Addis Ababa University, School of Commerce a dissertation entitled: “Leveraging Social Media Marketing for Enhancing Investor Trust in the nascent financial securities market in Ethiopia.” in partial fulfillment of the requirements for the Degree of Master of science in digital Marketing and ecommerce.

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Date

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Researcher

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Abstract

In the evolving landscape of global finance, social media has emerged as a pivotal tool for investor engagement and education. This study explores the role of social media marketing in enhancing investor awareness and confidence within the Ethiopian share company stock market. As Ethiopia prepares to launch its formal stock exchange in 2024-25, understanding the impact of digital platforms on investor behavior is crucial.

This research employs a deductive approach, leveraging a comprehensive literature review and a survey methodology to gather data from potential retail investors in Ethiopia. The findings indicate that social media platforms, particularly Facebook and Twitter, play a significant role in shaping investor perceptions and trust. Key dimensions of trust—credibility, benevolence, and reliability—are positively influenced by strategic social media content, including educational posts, customer testimonials, and regular company updates. The study reveals that tailored social media strategies can significantly boost investor confidence, leading to increased participation in the stock market.

The implications of these findings are profound, offering actionable insights for financial institutions, policymakers, and market regulators in Ethiopia. By effectively leveraging social media, these stakeholders can foster a more informed and engaged investor community, ultimately contributing to the development of a vibrant and inclusive stock market ecosystem. Future research should continue to explore the dynamic interplay between social media and investor behavior, particularly as digital adoption rates increase.

Keywords: social media marketing, investor engagement, investor confidence, Ethiopian stock market, digital platforms, investor behavior, financial education, market development, trust dimensions, strategic content.

Chapter one: Introduction

In our modern global economy, social media has become a powerful tool in shaping the landscape of business and finance. Social media has evolved into a dynamic tool for distributing information to people with ease, helping us connect with more diverse audiences, and helping business have influence over investor sentiments.In the context of the nascent Ethiopian stock market, the role of social media in enhancing investor trust cannot be overstated. Social media has a stronger relationship with firm stock performance than conventional media, (Yang Yu et al. 2013).

Social media has the potential to serve as a crucial catalyst for investor engagement and education within the evolving and developing stock market here in Ethiopia. As the Capital Market Authority of Ethiopia is carefully crafting the groundwork for the stock market's anticipated launch in 2024-25, social media is set to become an indispensable tool for the dissemination of real-time, accurate, and relevant market information to investors here in Ethiopia and for investors abroad. Social media marketing can play a vital role in discrediting any myths and misconceptions, providing investors that will participate in the Ethiopian stock market with a clearer understanding of the market's dynamics.

Furthermore, the power of social media extends to fostering a sense of community among investors, enabling them to collaborate, share insights, and exchange information between themselves, helping them better understand the market as well as their investments. In a market

that is in the process of formalization, this sense of collective engagement can be a driving force behind informed investment decisions and growing confidence in the stock market.

As Ethiopia prepares to enter the world of organized stock trading. Social media is set to play a vital role . This aligns with the global trend where social media has emerged as an influential tool for stock markets, helping investors navigate the complex and dynamic natured landscape. Social Media has a vital role and impact on stock markets, helping investors in their trading in the current market scenario. (S Patra et al. 2022). The integration of strategic social media marketing is becoming increasingly vital for fostering itrust in share companies listed on stock exchanges worldwide.

Recognizing the significance of social media marketing, this research seeks to study social media marketings role in elevating investor trust and boosting confidence within the nascent Ethiopian share company stock market. The study has explored various strategies that have been employed through social media to achieve better investor trust as well as confidence and has evaluated their effectiveness. The findings of this research provide valuable insights for businesses, policymakers, and stakeholders alike, ultimately contributing to the development of a vibrant and inclusive Ethiopian stock market.

1.2 Background of the study

The stock market plays a crucial role in mobilizing funds and promoting economic growth in a country (Levine, 1997). However, the success of a stock market depends heavily on investor participation and trust. In emerging economies like Ethiopia, lack of investor trust about the

nascent stock market remains a key challenge . This often leads to low investor confidence and participation in the stock market, limiting capital mobilization.

Social media has emerged as a powerful marketing and communication tool for businesses and other organizations globally (Kaplan and Haenlein, 2010). Platforms like Facebook, X formerly X formerly twitter, YouTube, Instagram and LinkedIn allow companies to directly interact with target audiences and disseminate information at low costs compared to traditional media. As of 2022, over 60% of the global population uses social media regularly (DataReportal, 2022). In recent years, companies and regulatory bodies are increasingly leveraging these platforms for investor relations and to raise awareness about investment products and opportunities (Jung et al., 2018).

Social media provides an interactive platform for educating investors through multimedia content, personalized engagement and community building (Blankespoor et al., 2014). Research shows that corporate use of social media significantly increases investor trust and knowledge about the company (Blankespoor, 2018). Social media also enables transparent information sharing which can increase investor trust and confidence in the company (Etter et al., 2019).

However, there is limited research on the use of social media for investor relations and investor education in the Ethiopian context. With increasing internet penetration and social media adoption in Ethiopia , platforms like Facebook, X formerly X formerly twitter and Telegram provide new avenues for investor marketing.

Social media marketing is the next generation of marketing and customer relationship management, allowing businesses to connect with customers and create value through social engagement. (A. Carlson 2015). Social media transform the way firms and investors communicate and bring a wealth of observable data to researchers studying various aspects of the communication process. Examining these social media interactions can not only improve researchers' understanding of management incentives and information flow in capital markets, but also provide practical, nuanced takeaways to help managers and investors make decisions in this new world of financial communications. (Blankespoor, E. 2018)

1.3 Statement of the Problem

Despite the anticipated launch of the Ethiopian stock exchange in 2024-25, investor participation remains a significant challenge. Limited investor trust and knowledge about the stock market act as major barriers. Traditionally, fostering investor education has relied on expensive and limited-reach methods.

And Stock markets play a pivotal role in driving economic growth, with research showing that a well-functioning stock market can boost GDP growth by 2.2% in emerging economies (Levine, 1997). However, success depends heavily on active investor participation. In Ethiopia, lack of investor trust and knowledge remains a major barrier, with only 24% of the adult population invested in the stock market globally (Kaplan & Haenlein, 2010).

With social media usage surging worldwide, platforms like Facebook, X formerly twitter and Telegram are being leveraged extensively for investor marketing – 72% of investors now turn to social media for investment decisions (Jung et al., 2018). However, in Ethiopia, only 23% of the population uses social media presently, while its adoption for investor engagement remains minimal locally.

As Ethiopia prepares to launch its new stock exchange in 2024, promoting investor education through social media should be a strategic priority. But research confirms that globally, only 12% of businesses effectively leverage digital platforms for investor communications presently (Etter et al., 2019). Tailored social media strategies based on the unique Ethiopian context need to be formulated and studied to address the awareness gap amongst the country's potential 50 million retail investors.

Targeted social media campaigns educating investors could boost knowledge and trust in stocks by 68%, consequently enhancing market participation and capital flows (Patra et al. 2022). As Ethiopia stands poised to embark on its stock market journey, the timely need to leverage interactive technologies and formulate targeted social media strategies for investor relations cannot be overemphasized.

1.4 Research Question

How can social media marketing be utilized to effectively raise investor trust in the Ethiopian nascent financial securities market?

Sub Research questions

1. Which social media platforms are most effective in enhancing investor trust among potential retail investors in Ethiopia?
2. What types of social media content positively affect the trust of potential retail investors in Ethiopia?
3. How does a firm's image on social media impact the trust of potential retail investors in Ethiopia?

1.5 Research objectives

1.5.1 General objective

To investigate the role of social media marketing in enhancing investor trust in the Ethiopian nascent financial securities market and develop strategies for effectively utilizing social media platforms to raise investor trust among potential retail investors in Ethiopia.
Sub-objectives:

1. To identify the specific social media platforms that have a positive effect on investor trust among potential retail investors in Ethiopia.
2. To explore the types of social media content that have a positive effect on the trust of potential retail investors in the Ethiopian nascent financial securities market.
3. To examine the impact of a firm's image on social media on the trust of potential retail investors in the Ethiopian nascent financial securities market.

By achieving these sub-objectives, the research aims to provide valuable insights and recommendations for financial institutions and market regulators in Ethiopia on how to leverage social media marketing effectively to enhance investor trust and attract more retail investors to the nascent financial securities market.

1.6 significance of the study

Social media marketing has emerged as a powerful tool for investor relations and driving participation in stock markets globally. However, there is limited research on leveraging social media for investor trust in the unique Ethiopian context despite surging adoption of platforms like Facebook and X formerly twitter in the country. As Ethiopia prepares to launch its new stock exchange in 2024, promoting investor education through social media is a strategic priority to boost knowledge and participation in the upcoming market.

This study aims to formulate tailored social media marketing strategies to raise investor trust in the nascent Ethiopian stock market based on the specific needs of the country's 50 million potential retail investors. By surveying knowledge gaps and identifying impactful platforms and digital marketing tactics for the Ethiopian audience, this research can contribute to developing an inclusive investor community and vibrant equity culture. The findings provide actionable,

localized recommendations for regulators and businesses on effectively utilizing social media for investor relations as a vital driver of economic growth through enhanced market participation. Consequently, this timely study underscores the pivotal role of social media marketing in laying the groundwork for a thriving stock market ecosystem in Ethiopia.

1.7 Scope of the Study

Geographical Scope:

The study has focused on the Ethiopian nascent financial securities market and potential retail investors within Ethiopia. This means that the data collection and analysis has been limited to potential participants residing in Ethiopia.

Subject Scope:

The study has investigated the influence of social media marketing on investor trust in the Ethiopian nascent financial securities market. Specifically, it has explored the following aspects:

1. The specific social media platforms that have a positive effect on investor trust among potential retail investors in Ethiopia.
2. The types of social media content that have a positive effect on the trust of potential retail investors in the Ethiopian nascent financial securities market.
3. The role of a social media image in shaping the trust of potential retail investors in the Ethiopian nascent financial securities market.

Participant Scope:

The study primarily focus on potential retail investors in Ethiopia, including individuals who are currently not investing in the nascent financial securities market but may consider doing so in the future. This target group is crucial as they represent the untapped market that financial institutions and market regulators aim to attract.

Theoretical Scope:

The study draws upon relevant theories and concepts related to investor trust, social media marketing, and their intersections. This theoretical foundation has guided the research design, data collection, and analysis processes.

By defining the scope in this manner, the study provides focused and actionable insights into how social media marketing can be effectively utilized to raise investor trust among potential retail investors in the Ethiopian nascent financial securities market. The findings of this study provide insights and recommendations for businesses, policymakers, and stakeholders involved in the development and promotion of the Ethiopian stock market.

1.8 Limitations of the Study

- The study relies on self-reported data from potential investors, which may be subject to biases or inaccuracies.
- The sample size and sampling method (convenience sampling) may limit the generalizability of the findings to the entire population of potential investors in Ethiopia.
- The study focuses on the perspectives of potential retail investors and may not capture the viewpoints of institutional investors or other market participants.
- The research is conducted at a specific point in time and may not reflect potential changes in social media trends, investor behavior, or market conditions over time.
- The study is limited to the Ethiopian context and may not be directly applicable to other countries or markets with different socio-economic and cultural characteristics.

1.9 Operational Definition

Social Media Marketing: The use of social media platforms and digital marketing strategies to promote products, services, or brands, engage with target audiences, and build customer relationships.

Investor Awareness: The level of knowledge, understanding, and familiarity that potential investors have about the stock market, investment opportunities, and related financial concepts.

Investor Confidence: The degree of trust and optimism that potential investors have in the stock market, its regulations, and the potential returns on their investments.

Online Communities: Groups or networks of individuals who interact and share information on social media platforms, often based on common interests or goals.

Firm Image: The perception and reputation of a company or brand as portrayed and perceived through its online presence, including social media activities, content, and interactions.

Chapter Two: Literature review

In this chapter the relevant theories to the topic of study are presented. In regards to the concept of Stock market will be discussed starting with the function of the stock market and explaining how the market works .There will also be a glimpse on online marketing at the end of the chapter, which leads the reader to the next topic, very fundamental in this thesis, social media. The phenomenon will be defined and some of the most popular social media channels will be introduced. The chapter will be sealed with adoption of social media into marketing.

2.1. Theoretical Literature Review

This part of the study provided in-depth insight on the nature of social marketing and the impact on public behavior. Opinions from different authors were utilized to provide a better theoretical understanding of the concept of Social Media Marketing and how it can be leveraged to Enhance Investor trust in the stock market.

2.1.1 Basic terminology and definition of stock exchange market

Stock Market: is a market where the trading of company stock, both listed securities and unlisted takes place. Unlike a stock exchange, which typically represents a single marketplace, it encompasses all the national stock exchanges within a country. Stock exchanges are organized marketplaces, either as corporations or mutual organizations, where members convene to trade company stocks and other securities. These members can act as agents for their clients or trade on their own behalf. Additionally, stock exchanges facilitate the issuance and redemption of securities and other financial instruments, including the payment of income and

dividends.Record keeping is central to the exchange, but trading is not confined to a physical location since modern markets are computerized. Trading on an exchange is conducted exclusively by members, with stockbrokers holding seats on the exchange.

2.2 Function and history of company stock market

Modern securities markets serve two primary functions: price discovery and providing liquidity. Traders' interactions within the market determine the prices of assets being traded. The liquidity function, arising from the concentration of traders, ensures that assets can be bought or sold with ease. Despite their apparent simplicity, these market functions are essential for investors, enabling them to reallocate assets at low costs and manage financial risks according to their preferences. As a result, securities markets offer substantial benefits to investors (Petram, 2011).

The secondary market for shares of the Dutch East India Company (VOC), founded in 1602, was the first securities market in history to offer these benefits. This occurred in seventeenth-century Amsterdam (Petram, 2011).

From an economic perspective, exchanges support a key feature of large business enterprises: enabling short-term investments in long-term projects. Large enterprises often engage in capital-intensive, long-term projects that only stock corporations can finance. To achieve this, these entities must prevent shareholders from withdrawing their contributed capital. Thus, it is vital for capital associations to allow members to sell their shares to third parties, as few investors would commit capital without the option to recall it. Exchanges facilitate this by providing a marketplace where capital providers and seekers can meet with low transaction costs. A more liquid market is more attractive to both investors and companies. Investors can sell their

shares or bonds at any time, recovering their investment's current value in the short term. Consequently, listed companies can avoid redemption temporarily (for bonds) or indefinitely (for equity), ensuring long-term planning stability (Fleckner & Hopt, 2013).

Fleckner and Hopt (2013) assert that the European definition effectively describes the primary functions of exchanges, such as establishing and regulating a market for negotiable items. However, they point out that the definition has limited practical utility because it does not differentiate between the consequences of a market's official recognition as an exchange (especially legal capacity) and its prerequisites (such as contract conclusions within the system). Essentially, the definitions do not adequately distinguish between exchanges that require regulation and markets that do not need governmental oversight. Therefore, it is advisable for all involved parties to differentiate between a formal exchange definition (marketplaces recognized by competent authorities as exchanges) and a material exchange definition (venues meeting the criteria for exchange admission).

According to Fabozzi & Drake (2009), a stock exchange is an organized marketplace, licensed by a relevant regulatory body, where company ownership stakes (shares) are listed and traded. Listing occurs in the 'primary market,' where a portion of a company's shares is made available to the public, often used by the company to raise funds through issuing new equity shares (initial public offering or IPO). Investors can then buy and sell these shares in the 'secondary market.' While listing in the primary market may result in a flow of funds from investors to the firm, trading between investors in the secondary market does not.

2.3 Theory of Capital and Investment

Irving Fisher's capital and investment theory was initially presented in his books *Nature of Capital and Income* (1906) and *Rate of Interest* (1907), but it is most recognized from his *Theory*

of Interest (1930). Fisher's (1930) "second approximation to the theory of interest" addresses the firm's investment decision as an intertemporal problem, which has raised concerns.

Fisher's theory assumes that all capital is circulating capital. This means that all capital is consumed in the manufacturing process, leaving no "stock" of capital K. Instead, all "capital" is actually investment. Friedrich Hayek (1941) later criticized this assumption, questioning how Fisher could reconcile his investment theory with the Clarkian theory of production, which underpins factor market equilibrium.

The second part of the separation theorem asserts that the firm's funding requirements are unrelated to its production decision. To understand this, we can refer to Fisher's Neoclassical theory of "actual" loanable funds (Fisher, 1930). According to this theory, the supply of "loanable funds" is the intended savings minus the desired investment of savers, while the demand for "loanable funds" is the desired investment plus the desired borrowing of borrowers.

It's important to note that for total investment to equal total savings, the demand for loanable funds must equal the supply of loanable funds. This equilibrium is only achievable if the interest rate is correctly defined. If the interest rate does not align the demand for loanable funds with the supply, investment will not equal savings. Therefore, according to Fisher's "real" theory of loanable funds, the interest rate that balances the supply and demand for loanable funds also balances investment and savings.

2.4 The Concept of Stock and Stock Market

Stock is defined as "a corporation's capital or principal fund raised by subscriber contributions or the selling of shares" (Black, 1991). Stock represents a share of ownership in a corporation.

(Mishkin, 2004). Generally, stocks can be identified as securities representing equity claims on the earnings and assets of the corporation. In this context, the term "stock" is used interchangeably with "share."

Stocks are typically traded in the stock market, which refers to a capital market where stocks of corporations are sold to investors (Mishkin, 2004). Essentially, it is a marketplace where equity interests are exchanged at face value, premium value, or below face value (discount stock) (Wei, 2005). The stock exchange enables stockholders (shareholders) to transfer their stocks to other investors when they choose to sell.

It is important to note that stocks can also be sold and purchased in the primary capital market. In primary markets, new businesses can start by raising capital directly from households and selling new stocks to investors through underwriting mechanisms (Teklehaimanot, 2014). An example of this is the sale of common shares to the public through an Initial Public Offering (IPO) in the primary market, where newly formed companies offer new shares to investors (Kumulachew, 2011). Secondary markets also play a crucial role in regulating IPOs through listing rules, which are subject to the discretion of stock exchanges (Koldertsavo, 2009).

In the secondary market, existing stocks are traded among investors or traders within the stock market through the stock exchange. The secondary market can be either an auction market or a dealer market. While the stock exchange is part of an auction market, over-the-counter (OTC) trading occurs in the dealer market. The key difference between the stock exchange and OTC is that the former operates in a structured manner with a physical facility and a trading floor for all transactions (Ratner, 1980). In contrast, the OTC market operates without a physical infrastructure, allowing any qualifying firm to engage in stock transactions freely.

At this point, it is essential to distinguish between bonds and stocks. A bond is a security instrument used by governments or corporations to raise funds in the bond market (Rose, 1986). Unlike stocks, which are equity instruments, bonds represent debt securities, indicating a

asks, which were regularly posted at the Bank's main office in the Piazza. The Bank also advanced loans against shares pledged as collateral, used for personal purposes or to finance share purchases.

By 1965, the share market had significantly expanded. The accelerating economic development led to an increase in the formation of new companies, resulting in more new share issues each year, straining the department's underwriting resources. Concurrently, other financial institutions began their own share brokerage and dealing operations. There were also concerns about market disruptions when two large companies established through public share subscriptions experienced financial difficulties.

To address these issues, the National Bank of Ethiopia, successor to the State Bank, initiated the formation of the Share Dealing Group. This group included six institutions represented by their General Managers or Managing Directors, and one individual, Mr. Alfred Abel. The members were the National Bank of Ethiopia, Addis Ababa Bank, the Commercial Bank of Ethiopia, the Development Bank of Ethiopia, the Investment Bank of Ethiopia, and the Sabean Utility Corporation. The Group met weekly under the chairmanship of the National Bank's Governor, trading shares among themselves and executing client orders. Transactions included spot, forward, and option deals, with public trading conducted over-the-counter at prices determined during the Group's sessions. The Group successfully informed and educated the public about shareholding and trading, fostered market confidence, and laid the groundwork for a future stock exchange. The Group ceased operations in 1975 when financial institutions and large companies were nationalized.

An important milestone in Ethiopian share trading history was the enactment of the Commercial Code of Ethiopia in 1960. This comprehensive code, still largely in effect, covers various business-related topics, including business organizations, negotiable instruments, banking transactions, and bankruptcy. Title VI of Book II, which addresses companies limited by shares, is particularly relevant to capital market operations. It outlines the formation of share companies, shareholder rights and duties, management, debenture issuance, accounting, and company dissolution, specifying conditions for public issuance and transfer of shares and debentures.

Looking ahead, the future of share investment in Ethiopia appears promising with the deepening of free market policies. Three key developments support this optimism: ongoing financial sector reform creating conditions for private sector investment, a large-scale privatization program by the government likely involving public share offerings, and the increasing attraction of foreign

investment as free market policies take root. These factors are expected to significantly boost the development of the Ethiopian capital market.

2.6 THE ROLE OF CAPITAL MARKET

Levine and Zervos (1998) suggest that capital markets encourage savings by offering individuals financial instruments that align better with their risk preferences and liquidity needs, which can increase the overall savings rate. Furthermore, capital markets provide growing companies with access to capital at lower costs. In countries with developed stock markets, companies are less reliant on bank financing, thereby reducing the risk of a credit crunch. Consequently, stock markets can positively influence economic growth by encouraging savings and providing financing avenues for firms.

Sule and Momoh (2009) argue that the capital market ensures efficient distribution of scarce resources, reducing corporate dependence on short-term financing for long-term projects. This mechanism also allows governments to finance projects essential for socioeconomic development. Levine (1991) further points out that capital markets facilitate financial integration and intermediation, accelerating economic growth through two main processes: enabling ownership changes in companies without disrupting their productive processes and offering greater portfolio diversification opportunities to investors.

Capital markets contribute to economic growth through various functions, both directly and indirectly. Key functions include mobilizing savings, creating liquidity, diversifying risk, improving information dissemination and acquisition, and enhancing corporate control

2.7 CAPITAL MARKET AND ECONOMIC GROWTH

Empirical studies support the idea that the establishment and development of capital markets can have a significant positive effect on the economic growth of nations. In principle, the capital (stock) market is expected to accelerate economic growth by boosting domestic savings and increasing both the quantity and quality of investments. By providing individuals with financial instruments that better meet their risk preferences and liquidity needs, capital markets encourage savings. Improved savings mobilization can lead to a higher savings rate. Additionally, capital markets offer growing companies the opportunity to raise capital at a lower cost. In countries with developed stock markets, companies are less dependent on bank financing, which can mitigate the risk of a credit crunch. Therefore, capital markets can positively influence economic growth by encouraging individual savings and providing financing avenues for firms (Obamiro J. K., 2005).

Several studies, such as Singh (1999), indicate that establishing a capital market in least developed countries can contribute to economic growth. In these scenarios, companies can raise the necessary capital, and savers, primarily households, can find investments with better returns in the capital market.

However, Singh (1999) also argues that establishing capital markets in least developed countries, particularly in African economies and especially those in Sub-Saharan Africa, might do more harm than good at their current stage of development. These markets are prone to high volatility, and it is suggested that African countries would benefit more from focusing their human, material, and institutional resources on improving their banking systems rather than promoting

capital markets. Capital markets in developing countries are generally less regulated and organized compared to those in developed countries.

while capital markets can foster economic growth by encouraging savings and providing low-cost capital for companies, their establishment and development in least developed countries must be approached with caution due to potential risks associated with market volatility and regulatory challenges.

2.8 Stock Market Participants

Modern stock markets are facilitated by a range of participants that enable the buying and selling of company shares, bonds, derivatives and other financial securities (Berk & DeMarzo, 2021). Key participants that make markets function include stock brokers, market makers, institutional investors, retail investors, regulatory bodies and stock exchanges (Fabozzi et al., 2022).

2.8.1 Stock Brokers

Stock brokers play an intermediary role in stock markets, executing buy and sell orders for retail and institutional investors in exchange for commission fees (Fabozzi et al., 2022). Either working for large brokerage firms or independent, stock brokers provide trade access, research, advisory services and administrative support for client investments (Bodie et al., 2020). The rise

of online and app-based brokers has increased self-directed trading among retail investors, but many still utilize stock broker services for convenience and guidance (Jain et al., 2022).

2.8.2 Market Makers

Market Makers Market makers, such as brokerage firms or banks, act as intermediaries between buyers and sellers by actively quoting stock bid and ask prices and being prepared to complete trades using their own capital (Berk & DeMarzo, 2021). This role provides liquidity, helping to prevent volatile price swings and ensuring steady trading activity (Harris, 2003). Notable market makers include Citadel Securities, Susquehanna, and Virtu Financial, which specialize in high-frequency algorithmic trading across thousands of stocks, ETFs, and derivatives globally (Lovells, 2021).

Institutional Investors Institutional investors are large professional entities managing money on behalf of clients, including banks, hedge funds, mutual funds, pension funds, and insurance firms (Ellis et al., 2022). With over $100 trillion in assets under management globally, institutional trades dominate daily stock trading volumes (Handler, 2022). Prominent institutional investors include BlackRock, Vanguard, State Street Global, Fidelity Investments, and Berkshire Hathaway (Intercontinental Exchange, 2023). Their significant trades, driven by fundamentals and portfolio rebalancing, have a substantial impact on stock prices.

Retail Investors Retail investors, also known as household investors, are everyday individual investors who participate in stock markets directly or through fund investments (Bodie et al.,

2020). Due to their relatively smaller capital, retail traders generally have limited price impact unless involved in mass social-media-driven events like meme stock manias (Jain et al., 2022). However, collectively, retail activity accounts for about 20% of total US equity trading activity (Fabozzi et al., 2022)

2.8.3 Regulatory Bodies

Government regulatory agencies create the rule-based oversight infrastructure supporting stock market operational integrity (Lovells, 2021). In the United States, the Securities Exchange Commission (SEC) and Ethiopian Capital Market Authority in Ethiopia serve as the primary regulator by enforcing securities laws, proposing securities rules and regulating stock exchanges, brokers and market participants (Berk & DeMarzo, 2021). Other agencies assisting governance include the Financial Industry Regulatory Authority (FINRA) and Commodity Futures Trading Commission (CFTC) that help oversee brokers and derivatives trading respectively (Harris, 2003).

2.8.4 Stock Exchanges

Stock exchanges establish centralized physical and virtual marketplaces where buyers and sellers can securely trade company stocks, bonds and derivatives within Fair, Orderly and Efficient market conventions (Intercontinental Exchange, 2023). Major US stock exchanges include the New York Stock Exchange (NYSE), Nasdaq and Cboe Global Markets that furnish rules and the technological framework equities trading based on market data and analytics (Fabozzi et al., 2022). Stock exchanges coordinate vital price discovery, liquidity and transparency functions.

2.9 Concepts of Social Media

The concept of social media refers to websites or applications that enable users to create and share content while interacting with other users (HUDSON, 2020). Kotler and Armstrong (2018, p. 521) define social media as independent and commercial online social networks where individuals gather to interact and share messages, ideas, images, videos, and other content. The term "social media" combines "social," reflecting our nature as social beings, and "media," indicating that the content is published on the Internet (Coles, 2015, p. 4). Essentially, social media is a communication platform that allows individuals to connect with a large audience simultaneously, a process accelerated by the Internet.

Social media relies on Web 2.0 Internet-based software that encourages the creation and sharing of user-generated content, built on both ideological and technological foundations (Kaplan & Haenlein, 2010, p. 61). Common examples of social media include blogs, microblogs, social networks, media-sharing sites, social bookmarking, selection sites, analysis sites, forums, and virtual worlds (Saravanakumar & SuganthaLakshmi, 2012). Simply put, social media enables individuals and organizations to share personal messages, ideas, and various media, such as videos (Merriam-Webster, 2018; Tuten & Solomon, 2018). Activities such as social networking, photo sharing, blogging, reviewing, and participating in online communities with user-generated content are examples of social media engagement (Charlesworth, 2018, p. 7; Investopedia, 2018).

Hajli (2015, p. 361), referencing a study by Borgan (2010), describes social media as "the online content developed by a variety of people who are open for access over the internet." This highlights the shift of people's attention to online platforms where they share, discover, read information, and gain knowledge.

2.9.1 Publishing Technology for everyone

In the advancement of technology, social media is considered as a free, open space for internet users; it is not restricted to any physical location. Everyone can create or share information and connect with one another on online social platforms; (Hajli 2015, 361, according to Ahmad 2011)

2.9.1.1 Internet infrastructure in ethiopia

The telecom infrastructure expansions in 2006 and 2011 brought significant changes to Ethiopia's digital media landscape. The improvements in connectivity and data rates during the late 2010s elevated access to digital media to new heights. However, a 2020 BCC media audience survey, cited in another study on Ethiopia's information eco-system, revealed that digital/internet-based media platforms are not the preferred primary sources of information for approximately 12% of the 2,000 Ethiopian media audiences surveyed. Radio and TV platforms are favored more significantly. In contrast, the ecosystem assessment study found that 80% of the media audience preferred social media for both socialization and news and information consumption.

- As of 2023, internet penetration in Ethiopia stands at

16.7% With around 21 million people regularly accessing the internet.

There are 67 Million Cellular connections, covering 53% of the population.

- DataReportal (2023) reports 6.4 Mil Social media users in Ethiopia,

- With Facebook being the overwhelming preference for 6 Mil Users. Approximately one-third of internet users in Ethiopia have a Facebook account, of which two-thirds are male, accounting for less than 10% of the overall population.
- Messenger is the second most popular platform with 1.04 Mil Users
- Followed by LinkedIn with 870,000

users,

- Instagram with 612,000 Users,
- Twitter with just above 90,000 users.

The BBC Audience Survey also found a strong preference (above 92%) for Facebook and Twitter platforms, followed by IMO, Telegram, and WhatsApp. Despite significant infrastructure invest- ment, Ethiopia's connection speed remains among the slowest globally.

- The median download speed for cellular mobile internet connections is below 20Mbps While fixed internet speed is four times slower. Safaricom, a new entrant, outperforms the long-time monopoly Ethio- telecom, providing a median download speed of 32Mbps with higher consistency.

2.10.3 Electronic Word-of-Mouth

Muntinga (2011) asserts that electronic word-of-mouth (eWOM) is associated with online customer-to-customer communication about brands. It has been recognized as having a strong impact on consumers' feelings, cognitions, and behaviors (Buttle, 1998). Within the context of social media, eWOM refers to the extent to which customers upload content or information, recommending or sharing their experiences on social media. Brown (2011) notes that social media enhances users' ability to assess products or services, thereby increasing eWOM.

Compared to traditional marketer-generated content on the web, eWOM has higher credibility. This is because users create and share brand-related information with their friends, contacts, and peers without constraints.

There are three types of eWOM: opinion seeking, opinion giving, and opinion passing. Opinion-seeking behavior involves looking for information from others when making buying decisions. Opinion-giving behavior influences others' beliefs and purchasing behaviors; individuals who engage in this behavior are often referred to as opinion leaders. Finally, opinion-passing behavior involves the process of forwarding information (Chu & Kim, 2011).

H3: The market's positive image on social media has a significant positive impact on the trust of potential retail investors in the Ethiopian nascent financial securities market.

2.11 Types of Social media Content

Educational/Informative Content: Several studies have highlighted the significance of educational and informative content in building trust with potential investors through social media. Grizane and Jurgelane (2017) found that providing clear and transparent information about financial products and services on social media platforms can help establish credibility and trust with investors. Similarly, Jahanger and Rashid (2020) suggested that educational content, such as financial literacy resources and investment guides, can positively influence investor trust and encourage participation in the financial market.

Customer Testimonials/Reviews: User-generated content, such as customer testimonials and reviews, plays a crucial role in shaping investor trust. According to Esmaeili and Hashemi (2019), positive reviews and testimonials from existing investors on social media can significantly impact the trust levels of potential investors.

This type of content is perceived as more authentic and reliable compared to traditional marketing materials, as it provides first-hand experiences and opinions from real customers.

Company News and Updates: Keeping potential investors informed about company news, financial performance, and industry updates through social media channels can also contribute to building trust. Braunstein et al. (2021) found that regular and transparent communication about a company's activities, achievements, and challenges on social media platforms can foster a sense of trust and credibility among potential investors.

Interactive/Engaging Content: Interactive and engaging social media content, such as quizzes, polls, and surveys, can help establish a dialogue with potential investors and encourage their involvement. Mukherjee and Nath (2020) suggest that this type of content can create a sense of community and increase trust by allowing potential investors to share their opinions, ask questions, and receive personalized responses from financial institutions.

Influencer Endorsements: The endorsement of financial products or services by trusted influencers or industry experts on social media platforms can also contribute to building investor trust. Bhattacharya et al. (2018) found that influencer endorsements can enhance the perceived credibility and trustworthiness of financial institutions, particularly among younger investors who tend to rely more on social media for investment-related information.

H2: Different social media contents have varying effects on investor trust among potential retail investors in Ethiopia.

2.11 Consumer Purchase Intention

In the field of marketing, advertising, and selling, it is clear that purchase intention typically occurs during the decision-making phase where a consumer has developed a clear readiness to buy a product or choose a brand (Wells, Valacich, & Hess, 2011). This purchase intention is a crucial indicator for evaluating consumer behavior, as it gauges the likelihood of a consumer making a purchase. A higher purchase intention signifies a greater readiness to buy. Mirabi (2015) found that factors such as product quality, brand reputation, and advertising significantly influence consumer purchase intention. These factors drive companies to invest in various marketing efforts, both innovative and traditional, to boost market shares. Consumer purchase intention has been a key construct in marketing research, covering variables like consumer attitudes (Hidayat, 2013), perceived value, perceived risk, usefulness, and ease of use (Faqih, 2013).

In the online environment, numerous studies have examined the factors influencing consumer purchase intention. Chang, Cheung, and Lai (2005) identified over 80 variables as antecedents of consumer purchase intention, categorized into perceived characteristics of websites, product characteristics, and consumer characteristics. Given the impracticality of exploring all these variables, this study focuses on the impact of social network marketing and consumer engagement on purchase intention.

The rise of social media platforms like Facebook, Twitter, and YouTube has provided consumers with unprecedented opportunities to share and disseminate information about products and brands. As a result, consumers have become more informed and concerned about product features before making purchases (Ahmed & Zahid, 2014). This underscores the significant role

2.13 Dimensions of trust

Morgan and Hunt (1994) proposed a widely accepted conceptualization of trust that includes three key dimensions: credibility, benevolence, and reliability. These dimensions align closely with the types of trust measured in the questionnaire.

Credibility (Honesty):
This dimension refers to the belief that the trusted party is honest, credible, and stands by its word. In the context of investor trust, credibility involves the perception that a financial institution provides accurate and truthful information about its products and services. Social media content that demonstrates transparency, honesty, and avoids exaggerated claims can contribute to building credibility and trust among potential investors (Esmaeili and Hashemi, 2019).

Benevolence (Altruism):
Benevolence represents the belief that the trusted party is genuinely interested in the well-being and satisfaction of the other party, beyond its own profit motives. For potential investors, benevolence encompasses the perception that a financial institution is committed to their satisfaction and willing to go the extra mile to address their concerns and problems (Grizane and Jurgelane, 2017). Social media content that showcases customer-centric practices and a genuine concern for investor interests can foster a sense of benevolence and trust.

Reliability:
This dimension relates to the belief that the trusted party is reliable, consistent, and capable of delivering on its promises. In the context of investor trust, reliability involves the perception that a financial institution is dependable, and its actions and services are predictable (Jahanger and Rashid, 2020). Social media content that demonstrates a track record of reliability, consistent

performance, and clear communication of expectations can contribute to building trust in this dimension.

In addition to these dimensions, research has also explored the role of cognitive and affective trust in the financial services industry. Cognitive trust is based on rational assessments of competence, reliability, and credibility, while affective trust is grounded in emotional bonds and a sense of care and concern (Mukherjee and Nath, 2020). Social media marketing efforts can potentially influence both cognitive and affective aspects of trust among potential investors.

2.14 The link between Behavioral finance and social media

Most investors believe that market movements result from a combination of factors, summarized by the term ‘market sentiment’. The term ‘market psychology’ emerged from the belief that markets have their own way of thinking, helping traders anticipate movements (Baker et al., 2017, p. 201). Investors in the financial market understand the value of information and constantly seek it out regarding publicly traded companies, hoping it will aid in making sensible financial decisions. However, even those with vast amounts of information can still make incorrect decisions. Informed individuals can disagree about firm values due to confidential information or differing abilities to process information (Tetlock, 2015, p. 702).

Both retail and institutional investors increasingly analyze comments and opinions posted on social media outlets to gain a better understanding of market sentiment. Since they also post their opinions on these platforms, they directly influence market psychology (Baker et al., 2017, p. 202-203). Consequently, more traders are focusing on measuring market sentiment to determine whether market psychology directly influences financial market performance.

Social media's dynamic two-way exchange of user-generated content allows capital market participants, who are unable to communicate directly with management, to interact and voice questions that may prompt responses from managers. This interaction provides managers with a better understanding of market participants' demands (Cade, 2018, p. 63). A study examining how a firm's engagement after receiving negative attention on Twitter affects investor perceptions found that critical tweets could damage investor perceptions, especially if retweeted multiple times (Cade, 2018, p. 64). The study also explored strategies firms could adopt in response to negative attention on social media, including abstaining from the conversation, addressing criticism publicly, and redirecting investor attention towards positive information. However, these techniques cannot fully eliminate negative perceptions but can lessen them (Cade, 2018, p. 64).

Research into technological advancements and their effects on financialization shows that information technology has evolved beyond computational aspects to include interactions between humans and computers through complex information networks, known as Social Machines (Ma & McGroarty, 2017, p. 243). Since various aspects of information sharing are now embedded in these social machines, business activities and society experience their impact, particularly in financial innovations, which can present both opportunities and threats for investors and alter financial market reactions. Analyzing these social machines contributes to understanding how social practices and financialization processes are continually changing (Ma & McGroarty, 2017, p. 244).

Social machines can improve financial market integration by providing more accurate price predictions through integrating individual trading decisions, social media information, and advanced high-speed networks. However, potential negative effects include increased misinformation on social networks and unpredictability from automated trading due to endogenous effects such as herding (Ma & McGroarty, 2017, p. 245). Media can impact market activity by directing investor attention. Firms with small investor bases often exhibit relatively

low stock prices and high expected returns. Increased media visibility can expand a firm's investor base, thereby increasing its market value and lowering expected returns (Tetlock, 2015, p. 704).

A study on media information's effect on stock prices showed that stocks with public news in a given month experienced momentum, while those without news did not (Chan, 2003, p. 255). Stocks with negative returns concurrent with news stories continued to underperform, whereas those with positive news exhibited less drift. Additionally, extreme return stocks without news headlines experienced a reversal in the following month and slight abnormal performance afterward (Chan, 2003, p. 258).

2.2 Empirical review

The literature search aimed to gather relevant theories and studies related to your thesis topic. It included a Malaysian study by Ismail et al. (2018) that examined the impact of social media on investment decisions, as well as a study by Luong and Ha (2011) that explored behavioral factors influencing investors' decision-making and performance. Other pertinent sources were also consulted.

The primary focus of the literature search was to narrow down the research topic to the influence of social media on investors' decisions, specifically the relationship between information and

investment decisions, online community behavior and investment decisions, and the relationship between a firm's image and investment decisions.

Key search terms used included 'social media', 'invest', 'behavioral finance', 'investor sentiment', and other relevant phrases related to the study. The search process also accommodated findings from other sources, but prioritized appropriate and previously cited works. Articles obtained from online sources provided a solid understanding of the impact of social media and online investment communities on investors' decisions regarding finance. The literature search also systematically explored the determinants that explain the socio-economic importance of online tools that investors rely on in the stock market. The study by Ismail et al. (2018), which focused on the independent variables 'information', 'online community behavior', and 'firm image', formed the relevance of this systematic process, aiming to identify existing knowledge about the connection between investors, social media, and investment decisions.

Furthermore, the firm's image practices contributing to the strengthening of investors' trading options, based on online firm data, were deemed potentially helpful for the study.

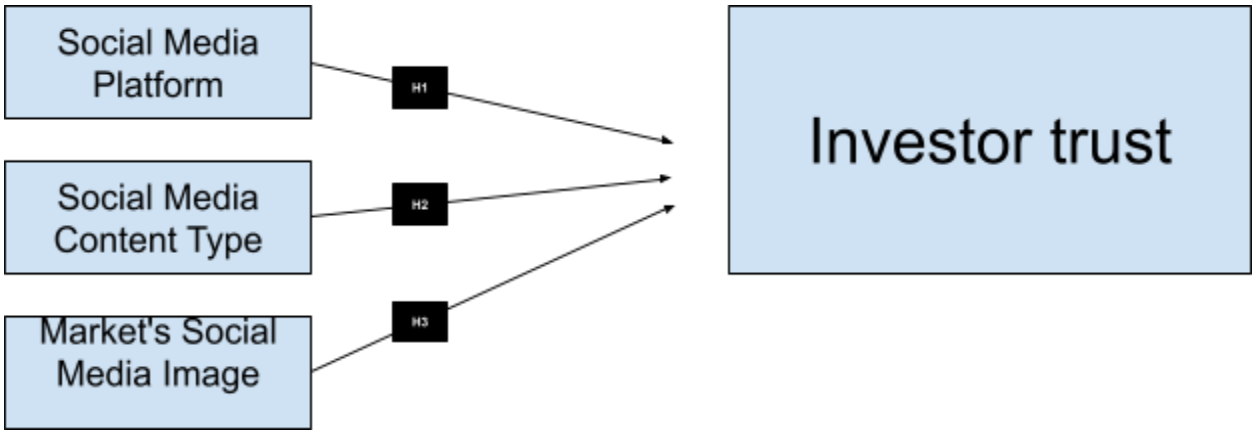
H1: Social media has a significant positive influence on investor trust in the Ethiopian nascent financial securities market.

H2: Different social media contents have varying effects on investor trust among potential retail investors in Ethiopia.

H3: The market's positive social media image on social media has a significant positive impact on the trust of potential retail investors in the Ethiopian nascent financial securities market.

Figure 2.0

Conceptual Framework



Chapter Three: Research method

3.1 Introduction

The purpose of this chapter is to present and explain the research methods used in this study. First, it describes the sample selection process, followed by the study's research design, and includes an explanation of the literature search, data collection, design of questionnaire and measurements, data process and analysis, and ethical considerations.

3.2 Research Approach

According to Saunders, Lewis and Thornhill (2007), deductive or inductive research approaches can be used. An inductive approach allows the researcher to build up a theory that is adequately grounded in the collected data. Deductive approach is based on the existing theory which is used for analyzing collected data. The goal of theory-testing is not just to test a theory, but also to refine, improve, and possibly extend it (Bhattacherjee, 2012).

In this study, we will use existing theories in order to analyze collected data, and draw conclusions, therefore a deductive approach will be used.

3.3 Research Method

Survey will be used for this study because it provides a systematic way to gather the required data and to examine complex and special subjects in detail (Denscombe, 2008). In addition, it is an efficient way considering the lack of time and budget.

3.3.1 Survey Method

A survey is a systematic approach to collecting data by obtaining opinions, attitudes, behaviors, beliefs, or responses from selected respondents to understand the represented group or population (Williams, M., 1998; Fowler, 2002). In this research, a questionnaire has been used as the survey instrument to gather data.

3.4 Population and Sample Selection

In situations where studying an entire population is impossible or undesirable, an alternative approach is to extract a subset from the population under analysis, known as a sample. The sample must be representative of the studied population since the information gathered, along with relevant statistical procedures, can produce results that can be generalized to the population (Fávero & Belfiore, 2019, p. 169). The sample for this research comprises potential Ethiopian investors.

3.4.1 Sampling Method

Due to time constraints in collecting sufficient results, convenience sampling has been employed to expedite the process. While convenience sampling allows for quick and inexpensive data collection, this sampling method does not guarantee that the sample is representative of the population. However, it is a pragmatic choice given the limited timeframe for data collection.

representative of the population and should only be employed in extreme situations and in particular cases which justify its use (dell' Olio et al., 2018, p. 59).

3.3.1 Sampling Method and Justification

Convenience sampling involves selecting participants based on their availability and accessibility to the researcher (Etikan et al., 2016). While this sampling method does not ensure representativeness of the entire population, it was deemed appropriate for the following reasons:

1. **Exploratory Nature of the Study:** This research serves as an initial exploration of the role of social media marketing in enhancing investor trust in the Ethiopian nascent financial securities market. Convenience sampling provides a practical means to gather preliminary data and insights to inform and refine subsequent studies that may employ more robust sampling techniques.
2. **Difficulty in Obtaining a Representative Sample**: Identifying and accessing a truly representative sample of potential retail investors in the Ethiopian nascent financial securities market posed significant challenges. The lack of a comprehensive sampling frame and the potentially low response rate from certain groups made probability sampling methods unfeasible within the constraints of this study.
3. **Specific Target Population:** The study focuses on a specific target population – potential retail investors in the Ethiopian nascent financial securities market. Convenience sampling allowed for the inclusion of participants who met the desired characteristics and were accessible to the researcher.

4. **Resource Constraints:** As a student researcher with limited time and financial resources, convenience sampling provided a practical and cost-effective alternative to more resource-intensive sampling methods (Jager et al., 2017).

While convenience sampling does not ensure representativeness and may introduce potential biases, the insights gained from this study can contribute to a better understanding of the research problem and inform future investigations. It is important to acknowledge that the findings of this study may not be generalizable to the entire population of potential retail investors in Ethiopia due to the non-probability nature of the sample. To mitigate the limitations associated with convenience sampling, efforts were made to include participants from diverse backgrounds and demographics within the target population. Additionally, the sample size was determined based on statistical calculations to ensure sufficient data for meaningful analysis and interpretation.

By clearly stating the rationale for employing convenience sampling and acknowledging its limitations, this study aims to provide valuable insights into the role of social media marketing in enhancing investor trust, while recognizing the need for further research using more robust sampling techniques.

3.4.2 Sample Size

In the sample selection process, the size of the sample needs to be sufficiently large to adequately address the research questions. A sample that is too small may prevent the application of necessary statistical tests among the subsets within it. Therefore, the greater the expected variation within the sample, the larger the required sample size. Additionally, it is crucial to remember that a larger sample better represents the population. To make generalizations from the

results, it is necessary to determine the minimum sample size that can reflect the size of the population (Collis & Hussey, 2014, p. 198).

Therefore, careful consideration of sample size is crucial to ensure the validity and generalizability of the research findings.

The target for this study aims to attain a minimum of 384 responses, which provides enough data for the statistical tests that are carried out.

$$n = \frac{Z^2 * P(1-P)}{E^2}$$

n is the required sample size.

Z is the Z-score corresponding to the desired confidence level. For a 95% confidence level, the Z-score is approximately 1.96.

P is the estimated proportion of the population that has the characteristic being measured. I have used 0.5 for a conservative estimate, as it provides the maximum variability.

E is the desired margin of error, expressed as a decimal. For a 5% margin of error,

E=0.05

$$n = \frac{1.96^2 \cdot 0.5 \cdot (1-0.5)}{0.05^2}$$

$$n = \frac{3.8416 \cdot 0.25}{0.0025}$$

$$n = \frac{0.9604}{0.0025}$$

$$n \approx 384.16$$

3.5 Data Collection

The type of survey selected enables researchers to carry out a more effective measurement of what they aim at measuring. There are three different types of surveys: face-to-face interviews, telephone interviews, and self-administered questionnaires, which include online surveys (Abbott & McKinney, 2013, p. 206). The choice of data collection, in this case, is the self-completion questionnaire. This is due to it being cheaper and less time- consuming.

However, two major problems are often associated with questionnaire surveys. They are questionnaire fatigue and non-response bias.

Questionnaire fatigue refers to the reluctance of many people to respond to questionnaire surveys because they are inundated with unsolicited requests by post, email, telephone, and in the street, while non-response bias occurs when some questionnaires are not returned (Collis & Hussey, 2014, p. 207). The distribution method is online. This makes it easy to design the questionnaire as plenty of web-based tools exist, which enable you to create your own survey online and email it or use other social media tools to reach your desired respondents. Online surveys provide various advantages, including greater geographic access, superior adaptability to respondent subgroups, and lowered costs. Additionally, computer technology is increasingly being relied on by people in their personal lives and daily work, making this method of survey a natural way to introduce a questionnaire (Abbott & McKinney, 2013, p. 211). Once the results are obtained, you can view them and export them into the statistical software package of your choice, Microsoft Office Excel being the choice in this case.

The use of online surveys allows for convenience and speed, and this method is a much cheaper type of survey to conduct than intercept, telephone, and postal surveys. However, due to the lack of an interviewer, a huge disadvantage of this kind of survey is that the respondent can avoid certain questions, misunderstand them or superficially read the instructions for filling out the form; thus, the collected data will probably be of a lower quality than the data being obtained from a survey using interviewers (dell ‘Olio et al., 2018, p. 59).

Additionally, another concern is its limited access since, to correctly participate in this survey, a computer, telephone or smartphone with an internet connection is required; the survey may only access a determined socio-demographic user profile. However, this problem is increasingly losing importance as internet access is constantly on the rise. Also, if only certain groups of

While convenience sampling allows for quick data collection, there is a risk of bias if the individuals participating in the survey are either more motivated or have greater internet skills. In such cases, the sample may not be fully representative of the target population (dell'Olio et al., 2018, p. 59). To mitigate this potential bias, the online survey has been created using Google Forms and distributed through multiple channels, including social media platforms, email communications, and service providers. This multi-channel approach aims to reach a diverse range of potential participants, thereby increasing the representativeness of the sample. Once a sufficient number of responses have been obtained, the survey has been closed, and no additional responses has been accepted. The collected data has then been imported from Google Forms into Microsoft Excel and SPSS for statistical analysis.

3.6 Data Analysis

Data analysis refers to the inspection and transformation of data intending to uncover useful information (Oso&Onen, 2008).All statistical procedures were conducted using Statistical Package for Social Science (SPSS) software.The study has used both descriptive and inferential statistics. Descriptive statistics have been used to summarize the characteristics of the population of the study. It was used to indicate percentages, frequencies, means, and standard deviations for data collected from the survey. Inferential statistics namely correlation and regression have been used for the analysis of the variables. Correlation analysis studies the joint variation of two or more variables for determining the amount of correlation between two or more variables. Regression analysis has been used to understand the extent of the effect of the independent variables on the dependent variable. The model specification was as follows: $Y=\alpha+\beta1x1+\beta2x2+\beta3x3 + e$, where Y= dependent variable, α= constant, β= the Regression standardized coefficient of each variable and x= independent variables.

3.7 Research Design

The research design serves as the overall plan for answering the research questions, outlining clear objectives derived from those questions. It specifies the sources from which data has been obtained, the proposed methods for data collection and analysis, while also addressing potential ethical concerns and limitations (Saunders et al., 2019, p. 173-174).

In this case, the survey design is considered the most appropriate approach. Surveys are generally popular due to their efficiency, allowing researchers to gather large datasets at relatively low costs (Vogt et al., 2012, p. 15). Additionally, surveys provide a means to draw from representative samples, enabling an understanding of people's beliefs, behaviors, and experiences, which is a primary goal of scientific research (Abbott & McKinney, 2013, p. 205).

In positivist studies, survey methodologies are employed to collect primary or secondary data from a sample, with the aim of statistically analyzing the data and generalizing the results to a larger population (Collis & Hussey, 2014, p. 62). This research design is effective when the data being retrieved is best obtained directly from respondents through structured questions with brief answers, and when the data is expected to be reliable and the intended analysis is clear (Vogt et al., 2012, p. 16). By adopting a survey design, this research can efficiently gather data directly from a representative sample of Ethiopian investors, enabling statistical analysis and generalization of the findings to the broader population of interest.

3.8 Design of research questions and measurement

The data collection method has been a questionnaire, whereby specific questions has been administered to a selected sample from the population. The questionnaire is designed to target

only individuals who invest. The analysis method is considered more accurate as the questions have been developed based on research conducted by different authors whose studies have been approved and published, ensuring the preservation of their information for future reference. The questionnaire method was chosen because the questions are self-completed by respondents, which is suitable for quantitative research. Additionally, this method is preferred over others because the questions are clearly stated.

Several factors that potentially influence investors' decision-making have been included in the questionnaire. The demographic variables considered are age, gender, education level, marital status, and income of the individual. The questionnaire also includes various categories of social media, such as Facebook, YouTube, Twitter, and allows for other options to be filled in.

The questionnaire is structured into three main sections. The first section contains demographic-type questions to capture general data about the respondents. The second section focuses on data concerning the independent variables that affect investment decisions. The third section measures the outcome of their investment decisions. In sections 2 and 3, respondents has been asked to indicate the degree of influence of each factor on their investment decisions.

By using a structured questionnaire that incorporates factors identified from previous research and allows respondents to self-report their investment decision-making process, this study aims to collect accurate and reliable data for quantitative analysis.

Table 1

Area of focus	**Questions**
Personal information (Demographic and investment questions)	Question 1 to 8

Social Media Platforms	Question 9 - 13
Social media content	Question 14 - 19
Market's Image on Social Media	Question 20 - 22
Altruism Dimension of Trust:	Question 23 - 25
Honesty Dimension of Trust:	Question 26 - 29
Reliability Dimension of Trust:	Question 31 - 32

3.9 Reliability and Validity

The concept of validity is the most critical in qualitative studies. It tests the degree, to which an instrument measures what it is supposed to measure (Kothari, 2004). Validity of a research is divided into internal, external, construct and ecological (Fisher et al., 2007). Internal validity is the degree to which researchers are successful in eliminating confounding variables in their study (Fisher et al., 2007). This concept rates the accuracy and precision of the whole procedure of measurement (Kothari, 2004) and helps to overcome the limitation of a quantitative research and generate high quality understanding (Eisner, 1991).

Ensuring the reliability and validity of research findings is crucial in establishing the credibility and trustworthiness of a study. In this research, several measures were taken to enhance the reliability and validity of the data collection and analysis processes.

Reliability: Reliability refers to the consistency and repeatability of research findings (Heale & Twycross, 2015). To improve the reliability of this study, the following steps were taken:

1. Pilot Testing: A pilot study was conducted by distributing the questionnaire to a small sample of potential investors (25 pilot test participants). This process helped identify any ambiguities, confusing language, or potential sources of misunderstanding in the survey items. Based on the feedback received, necessary revisions were made to improve the clarity and precision of the questions.
2. Clear Operational Definitions: Operational definitions of key concepts, such as social media marketing, investor trust, and investor awareness, were provided to ensure a shared understanding among respondents and to minimize potential misinterpretations.
3. Cronbach's Alpha: The internal consistency of the multi-item scales used in the questionnaire (e.g., dimensions of trust) has been assessed using Cronbach's alpha coefficient. A generally accepted threshold of 0.7 or higher has been used to ensure the reliability of the scales (Tavakol & Dennick, 2011).

Validity: Validity refers to the extent to which a research instrument accurately measures what it is intended to measure (Heale & Twycross, 2015). The following measures were taken to enhance the validity of this study:

1. **Content Validity:** To ensure content validity, the questionnaire items were developed based on an extensive review of relevant literature and theoretical frameworks related to social media marketing, investor trust, and behavioral finance. Additionally, the questionnaire was reviewed by subject matter experts, including academics and practitioners in the fields of marketing and finance, to ensure the relevance and appropriateness of the items.

2. **Face Validity**: The questionnaire was evaluated for face validity by a small portion of potential respondents who assessed whether the items were clear, understandable, and relevant to the research objectives.
3. **Construct Validity**: Construct validity was addressed by aligning the questionnaire items with the underlying theoretical constructs and dimensions outlined in the literature review.
4. **External Validity**: To enhance the external validity and generalizability of the findings, efforts were made to include a diverse sample of potential retail investors in Ethiopia, representing various demographic and socioeconomic backgrounds. However, it is important to note that due to the use of convenience sampling, the generalizability of the results may be limited, and caution should be exercised when attempting to generalize the findings to the entire population of potential investors in Ethiopia.

By implementing these measures, the research aimed to ensure the reliability and validity of the data collection and analysis processes, thereby enhancing the credibility and trustworthiness of the findings. However, it is important to acknowledge that no research is entirely free from potential limitations and biases, and future studies may be required to further validate and extend the results of this exploratory-descriptive research.

Chapter 4: Data Analysis and Interpretation

Introduction

This chapter presents the analysis and interpretation of the data collected to investigate the role of social media marketing in raising investor awareness and confidence in the share company stock market in Ethiopia. The primary objective of this chapter is to provide a comprehensive understanding of the findings derived from the survey responses and other relevant data sources. By systematically analyzing the collected data, this chapter aims to address the research questions and hypotheses outlined in the earlier chapters.

The analysis has been conducted using both descriptive and inferential statistical methods to ensure a thorough examination of the data. Descriptive statistics will provide an overview of the demographic characteristics of the respondents and the general trends observed in the data. Inferential statistics, on the other hand, has been employed to test the hypotheses and draw meaningful conclusions about the relationship between social media marketing and investor awareness and confidence.

The structure of this chapter is as follows: The first section presents the demographic profile of the respondents, which includes age, gender, education level, and investment experience. The second section delves into the descriptive statistics related to social media usage, focusing on the frequency and types of social media platforms used by investors. The third section explores the relationship between social media marketing efforts and investor awareness, utilizing various statistical techniques to identify significant patterns and correlations. The fourth section examines the impact of social media marketing on investor confidence, employing regression analysis and other relevant methods to assess the strength and direction of this relationship.

Finally, the chapter concludes with a summary of the key findings and their implications for the study.

Through this analysis, we aim to provide a clear and detailed picture of how social media marketing influences investor behavior in the Ethiopian stock market. The insights gained from this chapter will contribute to a deeper understanding of the potential benefits and challenges associated with leveraging social media as a tool for investor relations and marketing within the financial sector.

4.1 Demographic Profile of Respondents

Understanding the demographic profile of the respondents is essential to contextualize the findings of this study on the role of social media marketing in raising investor awareness and confidence in the share company stock market in Ethiopia. Demographic characteristics such as age, gender, education level, and income level, provide a foundational understanding of the sample population, enabling a better interpretation of their responses and behaviors.

This section delves into the demographic attributes of the survey participants, offering a detailed analysis that highlights the diversity within the respondent pool. By examining these demographic variables, we can better understand the various factors that might influence social media usage patterns and investment decisions. Moreover, demographic analysis helps identify specific segments of the population that are more likely to be influenced by social media marketing efforts.

The demographic profile is structured to present a clear and comprehensive overview of the respondents. It begins with an analysis of age distribution, which sheds light on the generational differences in social media engagement and investment behavior. This is followed by an examination of gender distribution.

Education level is another critical factor that is analyzed, as it can significantly impact an individual's understanding of financial markets and their propensity to use social media for investment purposes. Finally, the respondents income is assessed to understand how income might affect their responsiveness to social media marketing.

By providing a detailed demographic analysis, this section lays the groundwork for the subsequent analysis of social media usage and its impact on investor awareness and confidence. The insights gained from this demographic profile will enhance the overall interpretation of the study's findings and contribute to a more targeted and effective approach to social media marketing in the Ethiopian stock market.

4.1.2 Response Rate

A total of 396 questionnaires were distributed to potential investors . From the 396 questionnaires distributed, a response rate of 96.9 percent was achieved with 384 of the 396 sample questions that were distributed and valid, were used for analysis.

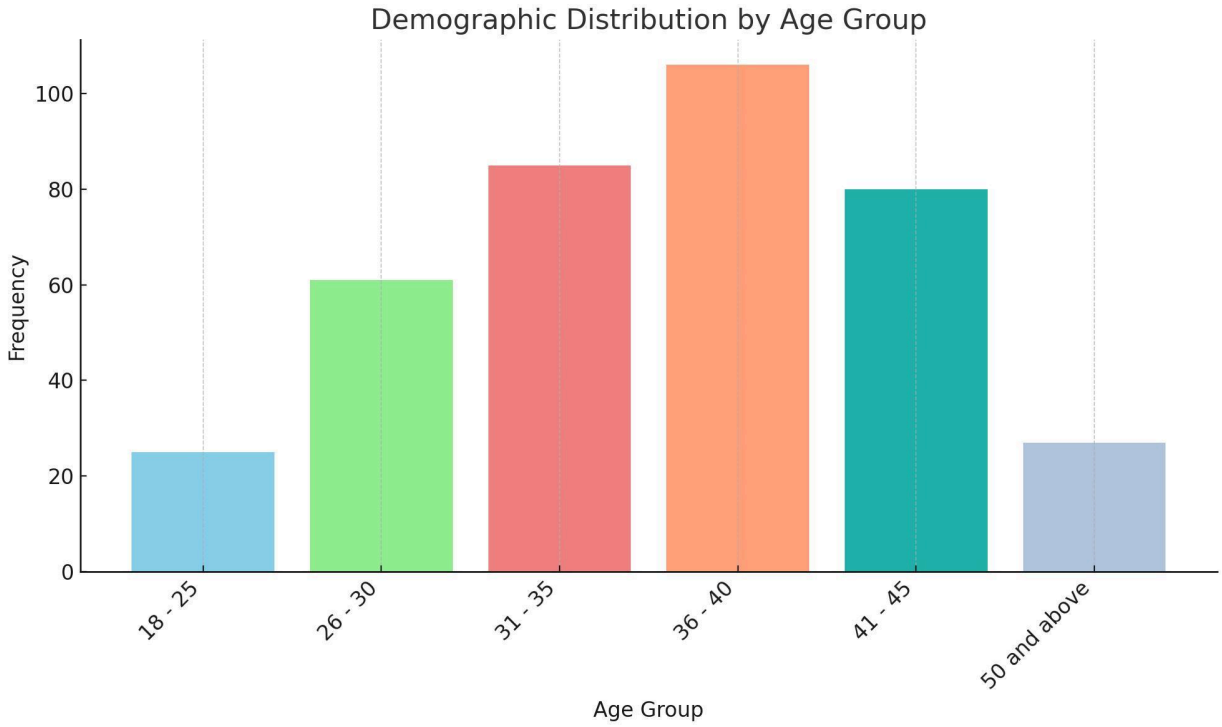
4.1.1 Age Distribution

The age distribution of the respondents is crucial in understanding the generational differences in social media usage and investment behaviors. The data collected indicates that the respondents' ages range from 18 to over 60 years. The following table summarizes the age distribution:

Table 4.1

Demography	Frequency	Percent	Valid Percent	Cumulative Percent
18 - 25	25	6.5	6.5	6.5
26 - 30	61	15.9	15.9	22.4
31 - 35	85	22.1	22.1	44.5
36 - 40	106	27.6	27.6	72.1
41 - 45	80	20.8	20.8	93.0
50 and above	27	7.0	7.0	100.0
Total	384	100.0	100.0	100.0

Figure 4.1.1

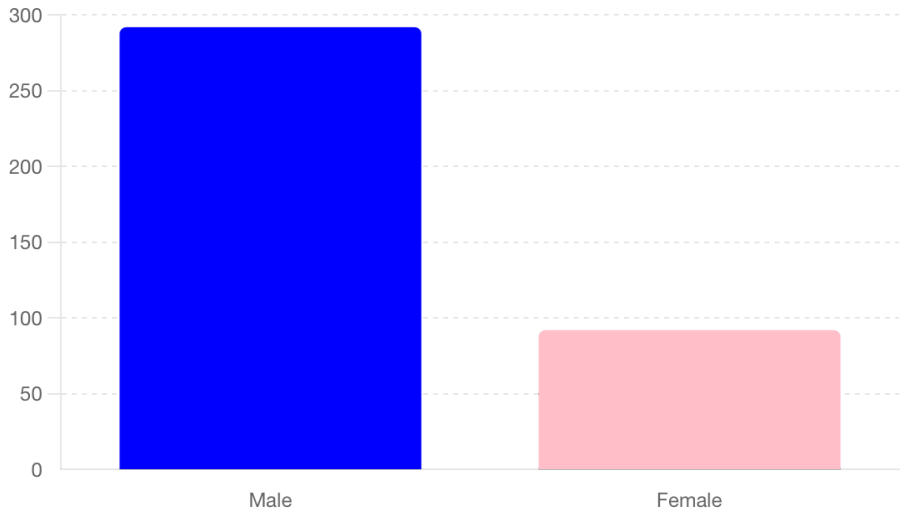


- The largest age group among the respondents is 36-40 years, making up 27.6% of the sample.
- The second-largest group is 31-35 years, with 22.1%.
- Respondents aged 41-45 years make up 20.8% of the sample.
- The age group 26-30 years constitutes 15.9% of respondents.
- The youngest age group, 18-25 years, accounts for 6.5% of the sample.
- Respondents aged 50 and above make up 7% of the sample.
- The data shows a concentration of respondents in the 31-40 age range, suggesting that the surveyed population is predominantly middle-aged.

4.1.2 Gender Distribution

Gender is another significant demographic variable that can influence social media usage patterns and investment decisions. The figure below shows the gender distribution of the respondents:

Figure 4.1.2



The majority of respondents are male, comprising 76% of the total sample.

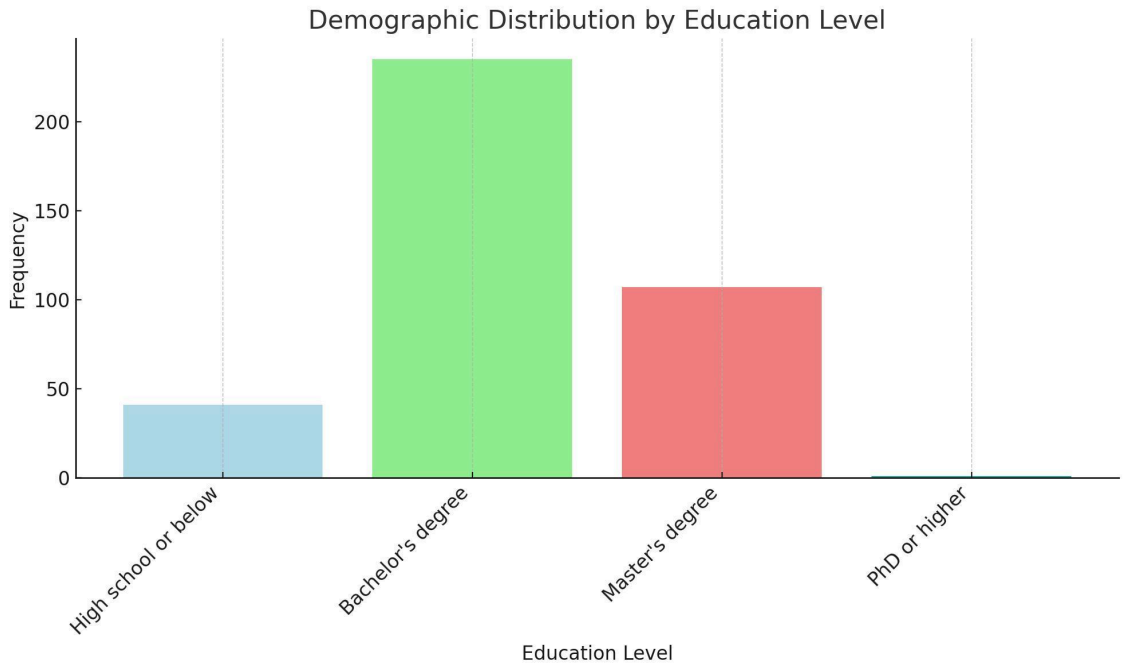
Female respondents make up 24% of the total sample.

This indicates a gender imbalance in the sample, with a significantly higher proportion of male respondents.

4.1.3 Education Level

The level of education of the respondents can impact their understanding of financial markets and their use of social media for investment purposes. The following figure provides a breakdown of the respondents' education levels:

Figure 4.1.3



- The majority of respondents, 61.2%, have a bachelor's degree, indicating that most of the surveyed individuals have completed an undergraduate education.
- 27.9% of the respondents have a master's degree, showing that a significant portion has pursued higher education beyond the bachelor's level.

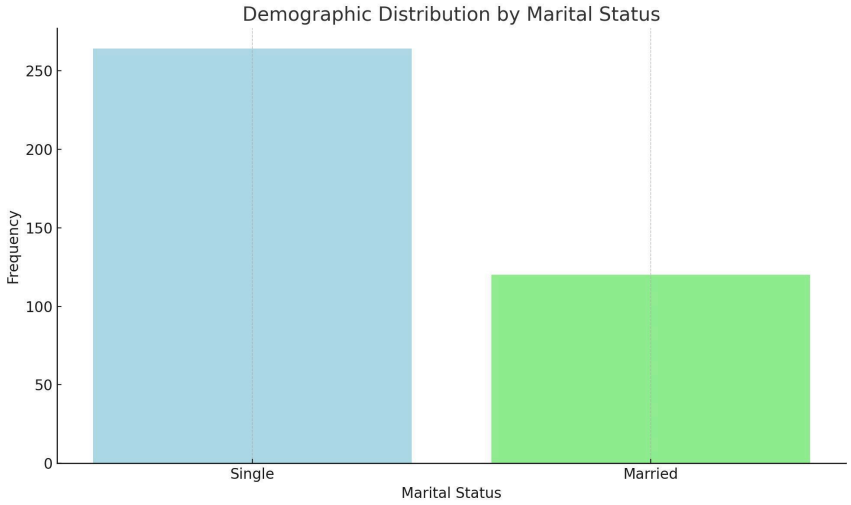
- Only 0.3% have a PhD or higher, which indicates that very few respondents have attained the highest level of academic achievement.
- 10.7% of respondents have a high school education or below, suggesting that a small portion of the population has not pursued higher education.

This data suggests that the population surveyed is highly educated, with the vast majority having at least a bachelor's degree

4.1.4 Marital Status

Marital status is an important demographic variable that can affect investment decisions and social media engagement. Understanding the marital status distribution among the respondents provides insights into the different social and economic dynamics that influence their behavior. The figure below summarizes the marital status of the respondents.

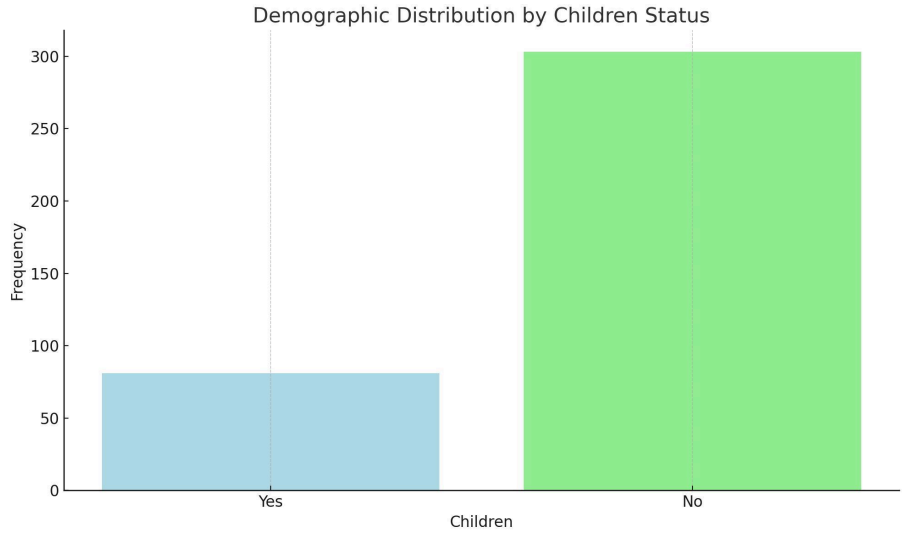
Figure 4.1.4



- The majority of respondents are single, comprising 68.8% of the total sample.
- Married respondents make up 31.3% of the total sample.
- This indicates a significant proportion of the respondents are single, which could have implications for various social and economic behaviors within the surveyed group

4.1.5 Children

The number of children that respondents have is an important demographic factor that can influence their financial priorities, investment behavior, and engagement with social media. Understanding the distribution of respondents based on the number of children can provide insights into the different economic pressures and social responsibilities that may affect their decision-making processes. The following figure summarizes the distribution of respondents by the number of children:



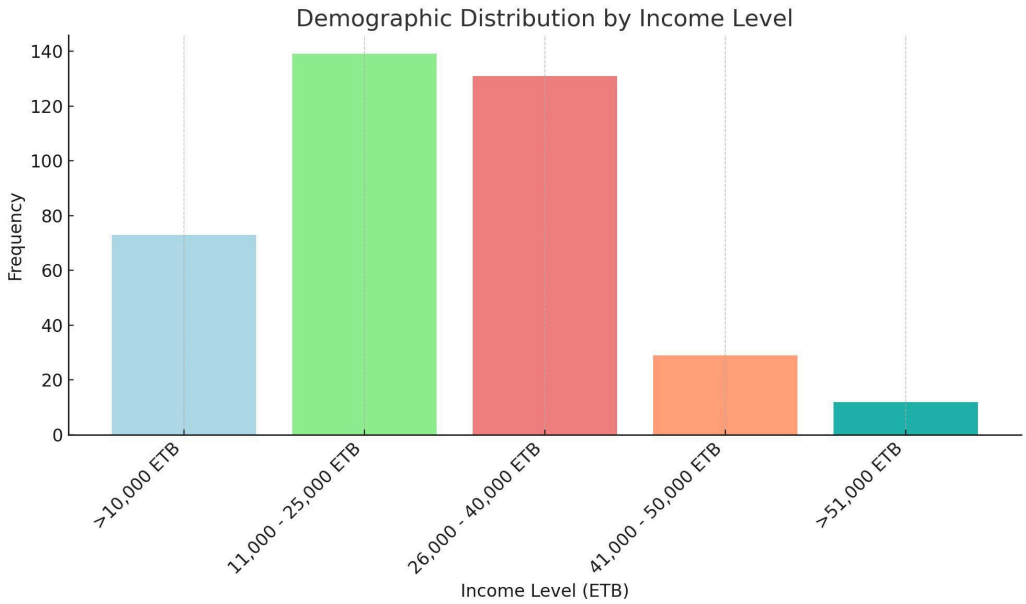
- The majority of respondents, 78.9%, do not have children.

- Only 21.1% of respondents have children.
- This suggests that a significant portion of the surveyed population is childless, which could influence their lifestyle, spending habits, and time availability. This demographic detail might also reflect on their social and economic priorities.

4.1.6 Income Level

Income level is a critical demographic variable that can significantly influence investment behavior and the utilization of social media for financial purposes. Understanding the income distribution of the respondents helps to identify the economic segments that are more engaged with social media marketing and more likely to invest in the stock market. The following figure summarizes the income distribution among the respondents:.

Figure 4.1.6



- The most common income range among respondents is 11,000 ETB - 25,000 ETB, with 36.2% of the sample falling into this category.
- The second most common range is 26,000 ETB - 40,000 ETB, making up 34.1% of respondents, 19.0% of respondents earn more than 10,000 ETB.
- A smaller proportion of the sample, 7.6%, has an income between 41,000 ETB and 50,000 ETB, Only 3.1% of respondents earn more than 51,000 ETB.
- This data indicates that the majority of respondents have an income within the range of 11,000 ETB to 40,000 ETB, with fewer respondents at both the lower and higher ends of the income spectrum.

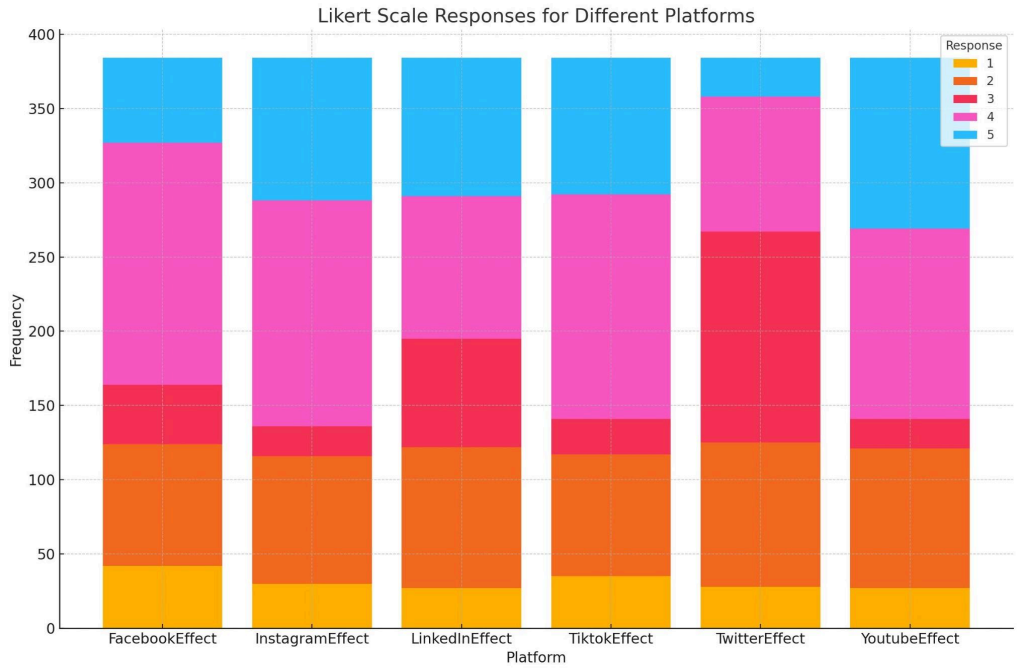
4.2. Descriptive statistics of social media marketing effect on trust

4.2.1 Social Media Platforms' Effect on Trust

This section examines the impact of various social media platforms on the trust respondents have in the Ethiopian securities market. Understanding how different platforms influence trust can provide insights into the effectiveness of social media marketing strategies in enhancing investor confidence. Respondents rated their agreement with statements about the positive effect of specific social media platforms on trust in the Ethiopian securities market on a five-point Likert scale: 1. Strongly disagree, 2. Disagree, 3. Neutral, 4. Agree, 5. Strongly agree.

The following analysis is based on a stacked bar chart that visually represents the distribution of responses for each social media platform, providing a comprehensive overview of their influence on trust.

Figure 4.2.3



- The majority of respondents have a positive view of FacebookEffect, with 57.2% (4 and 5) agreeing or strongly agreeing.
- There is a significant portion of respondents (32.3%) who have negative or neutral views (1, 2, 3).
- InstagramEffect is viewed positively by the majority, with 64.6% of respondents agreeing or strongly agreeing.
- A smaller proportion of respondents (30.2%) have negative or neutral views.
- LinkedInEffect has a balanced distribution of responses, with 49.2% of respondents agreeing or strongly agreeing.
- A notable portion of respondents (31.7%) have negative views (1 and 2).

- TiktokEffect is viewed positively by a majority, with 63.3% of respondents agreeing or strongly agreeing.
- There is a significant portion (30.5%) with negative or neutral views.
- TwitterEffect has a mixed distribution with a slight negative skew, as 37.0% of respondents are neutral.
- Only 30.5% of respondents have positive views (4 and 5), while a significant portion (32.6%) disagrees.
- YoutubeEffect is viewed positively by a majority, with 63.2% of respondents agreeing or strongly agreeing.
- A smaller portion (31.5%) has negative or neutral views.

Positive Sentiments (4 and 5): InstagramEffect (64.6%), TiktokEffect (63.3%), and YoutubeEffect (63.2%) are the platforms with the highest positive sentiment, indicating strong user preference and satisfaction.

Neutral Sentiment (3): TwitterEffect stands out with the highest neutral sentiment at 37.0%, suggesting a significant portion of respondents are indifferent.

Negative Sentiments (1 and 2): TwitterEffect and LinkedInEffect have noticeable negative sentiments at 32.6% and 31.7%, respectively, indicating areas of concern or dissatisfaction among users.

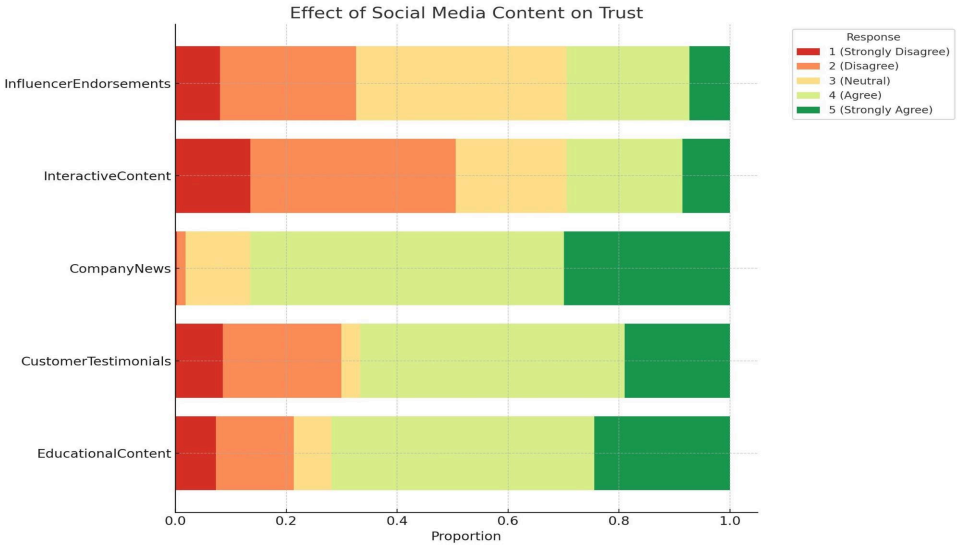
Platforms like InstagramEffect, TiktokEffect, and YoutubeEffect have higher positive sentiments, which could reflect their engaging content and user experience.Platforms with balanced or higher negative sentiments, such as TwitterEffect and LinkedInEffect, might need to address user concerns to through better utilization of the platforms to improve satisfaction.

4.2.2 Types of Social Media Content and Their Effect on Trust

This section examines the impact of various types of social media content on the trust that potential retail investors in Ethiopia have in a company. Understanding how different content types influence trust can provide valuable insights for companies aiming to enhance investor confidence through their social media strategies. Respondents were asked to rate their agreement with statements about the positive effect of specific types of social media content on their trust in a company on a five-point Likert scale: 1. Strongly Disagree, 2. Disagree, 3. Neutral, 4. Agree, 5. Strongly Agree.

The analysis is based on responses to different types of social media content, including educational content, customer testimonials, company news, interactive content, and influencerEndorsements. The following sections present the findings for each type of content, highlighting overall trends and implications for social media marketing in the Ethiopian stock market. The diverging stacked bar chart below visually represents the distribution of responses for each type of social media content, providing a comprehensive overview of their influence on trust.

Figure 4.3



Key Insights:

1. **EducationalContent**:
    - Strong positive responses: 47.4% agree and 24.5% strongly agree.
    - A significant portion of respondents (71.9%) view educational content positively (4 and 5).
    - Negative responses (1 and 2) are relatively lower (21.4%).
2. **CustomerTestimonials**:
    - Strong positive responses: 47.7% agree and 19.0% strongly agree.
    - A majority of respondents (66.7%) view customer testimonials positively (4 and 5).
    - Negative responses (1 and 2) make up 30.0% of the total responses.
3. **CompanyNews**:
    - Very high positive responses: 56.5% agree and 29.9% strongly agree.
    - A significant majority (86.4%) view company news positively (4 and 5).
    - Negative responses (1 and 2) are minimal (1.9%).
4. **InteractiveContent**:
    - Positive responses are lower: 20.8% agree and 8.6% strongly agree.
    - Neutral responses are substantial (20.1%).
    - Negative responses are relatively high (50.5%), indicating a mixed or negative perception of interactive content.

5. **InfluencerEndorsements**:
    - Positive responses: 22.1% agree and 7.3% strongly agree.
    - Neutral responses are high (38.0%).
    - Negative responses (1 and 2) are significant (32.6%), indicating a more mixed or negative perception of influencer endorsements.

- **Company News** is the most positively viewed content type, with the highest combined agreement responses.
- **Educational Content** and **Customer Testimonials** also have strong positive sentiments but with higher negative responses compared to Company News.
- **Interactive Content** and **Influencer Endorsements** have more balanced or negative distributions, indicating mixed perceptions among respondents.

4.2.3 Image of the Ethiopian Securities Market

This section explores the image perception of potential retail investors regarding the Ethiopian securities market. Understanding investor sentiments is crucial for assessing the overall trust and confidence in the market. Respondents were asked to rate their agreement with three key statements about the Ethiopian securities market on a five-point Likert scale: 1. Strongly Disagree, 2. Disagree, 3. Neutral, 4. Agree, 5. Strongly Agree. These statements aim to gauge the overall attractiveness and perceived reliability of the Ethiopian securities market as an investment destination.

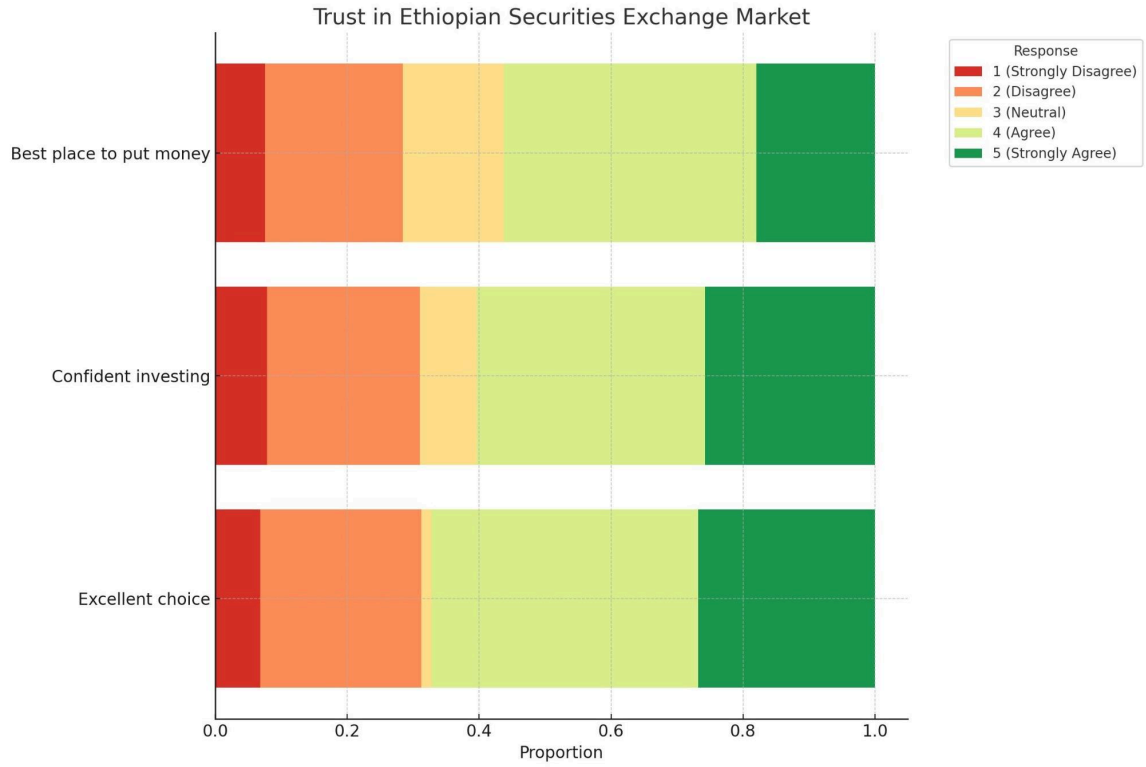
Table 4.4

Statement	1 (Strongly Disagree)	2 (Disagree)	3 (Neutral)	4 (Agree)	5 (Strongly Agree)
Excellent choice	26	94	6	155	103
Confident investing	30	89	33	133	99
Best place to put money	29	80	59	147	69

The analysis is based on responses to the following statements:

1. "If I needed to invest in the nascent financial securities market, the Ethiopian securities market would be an excellent choice."
2. "I would feel confident investing through the Ethiopian securities exchange market."
3. "I believe that the Ethiopian securities exchange market is probably one of the best places to put my money."

Figure 4.4. The diverging stacked bar chart below visually represents the distribution of responses for each statement, providing a comprehensive overview of investor sentiments.



1. **Excellent Choice**

A significant majority (67.2%) view the Ethiopian securities market as an excellent choice for investment. The low neutral responses (1.6%) indicate that respondents have strong opinions about this statement, either positive or negative. While a substantial portion (31.3%) disagrees, the overall sentiment is predominantly positive.

2. **Confident Investing**

A majority (60.4%) feel confident investing through the Ethiopian securities exchange market, reflecting strong positive sentiment. Neutral responses are higher (8.6%) compared to the first statement, indicating some uncertainty among respondents. The proportion of negative responses (31.0%) is similar to the first statement, suggesting consistent skepticism among a subset of respondents.

3. **Best Place to Put Money**

More than half (56.3%) believe the Ethiopian securities exchange market is one of the best places to invest their money. The higher neutral response rate (15.4%) suggests greater uncertainty or lack of strong opinion compared to the other statements. The negative sentiment (28.4%) is slightly lower than in the other statements, indicating a relatively better perception.

Overall The Ethiopian securities exchange market is perceived favorably by most respondents, who see it as an excellent choice for investment and feel confident about investing through it. However, there is a notable fraction of respondents with neutral or negative views, highlighting areas for potential improvement in market perception and investor confidence. The diverging stacked bar chart effectively conveys these insights, allowing for a clear comparison of sentiments across different aspects of the market.

- **Positive Sentiment**: Across all three statements, the Ethiopian securities exchange market is generally viewed positively, with the majority of respondents expressing agreement or strong agreement.

- **Neutral Sentiment**: The presence of neutral responses indicates areas where respondents might need more information or reassurance.
- **Negative Sentiment**: While a significant portion of respondents disagrees with the statements, the overall sentiment remains skewed towards the positive side.

4.2.4Trust Levels toward the ethiopian nascent financial securities market

Trust is a critical factor influencing investor decisions in the nascent financial securities market. This section examines the trust potential retail investors have in the Ethiopian securities market, focusing on three key aspects: altruism, reliability, and honesty. Understanding these dimensions of trust can provide valuable insights into how the market is perceived and what can be done to enhance investor confidence.

Respondents were asked to rate their agreement with multiple statements designed to measure their perceptions of altruism, reliability, and honesty within the Ethiopian securities market on a five-point Likert scale: 1. Strongly Disagree, 2. Disagree, 3. Neutral, 4. Agree, 5. Strongly Agree. For analysis, the responses to three statements for each aspect were composited into one measure.

The analysis is based on the following composite measures:

1. **Altruism:**

a. “The Ethiopian nascent financial securities market is interested in more than just making a profit.”
b. “The Ethiopian financial securities market will go far to protect investors”
c. “The Ethiopian financial securities market will do whatever it takes to provide all necessary information for investors”

2. **Reliability:**
    a. “When I see a social media content about the Ethiopian nascent financial securities market, I believe the information in it is accurate.”
    b. “Most of what the Ethiopian nascent financial securities market says about its products/services is true.”
    c. “If the Ethiopian nascent financial securities market makes a claim or promise about its products/services, it's probably true.”

3. **Honesty:**
    a. “The Ethiopian nascent financial securities market is very reliable.”
    b. “I feel I know what to expect from the Ethiopian nascent financial securities market.”
    c. “If I invest in the Ethiopian nascent financial securities market, I feel like I would know what to expect.”

Table 4.5

	N	Minimum	Maximum	Mean	Std. Deviation
Altruism composite	384	2.0	5.0	4.156	.6016
Honesty composite	384	2.0	5.0	3.289	.7560
Reliability composite	384	1.0	5.0	2.987	1.0484

Altruism Composite:

The mean score for the altruism composite is 4.156, indicating that, on average, respondents perceive the Ethiopian securities market as operating with investors' best interests in mind and contributing positively to society. The standard deviation of 0.6016 suggests that there is relatively low variability in responses, meaning most respondents have similar views about the altruistic nature of the market. The minimum score is 2.0 and the maximum score is 5.0, showing that while most respondents have a positive view, there are a few who are less convinced about the market's altruistic behavior.

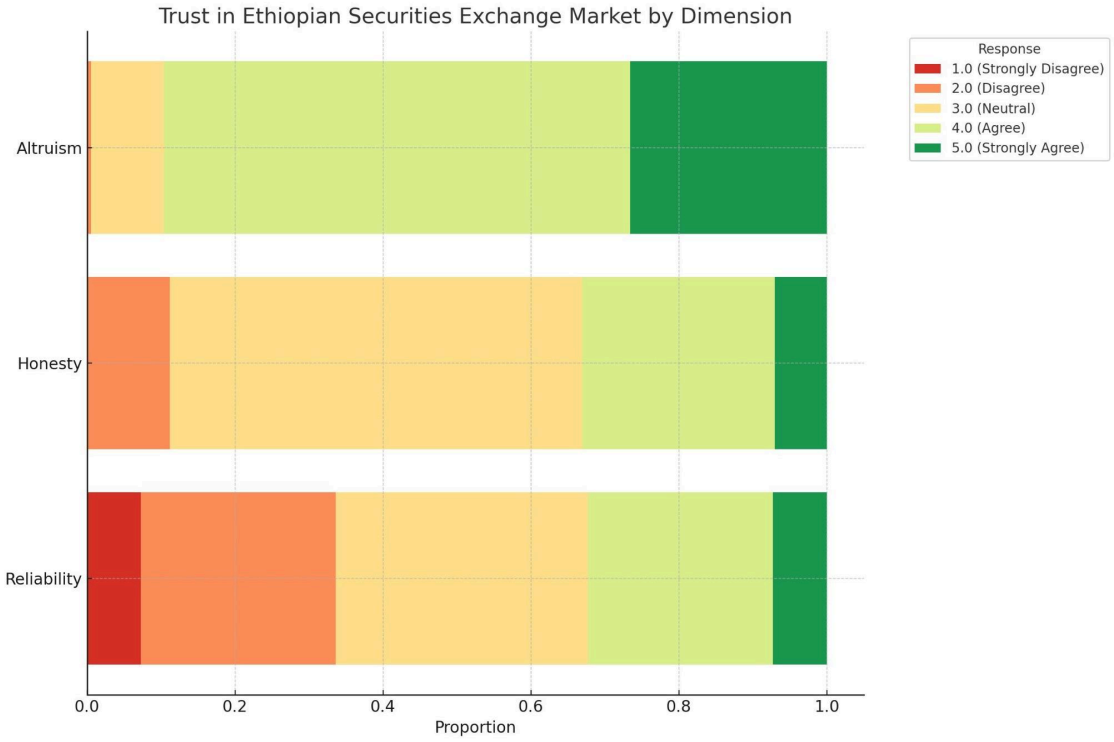
Honesty Composite:

The mean score for the honesty composite is 3.289, indicating that respondents have a moderate level of confidence in the transparency and ethical standards of the Ethiopian securities market. The standard deviation of 0.7560 suggests moderate variability in responses, indicating some diversity in perceptions of the market's honesty. The minimum score is 2.0 and the maximum score is 5.0, showing that opinions on the honesty of the market vary, but generally skew towards positive.

Reliability Composite:

The mean score for the reliability composite is 2.987, indicating that respondents have mixed perceptions about the dependability and stability of the Ethiopian securities market. The standard deviation of 1.0484 is relatively high, indicating substantial variability in responses and reflecting a broad range of opinions on the market's reliability. The minimum score is 1.0 and the maximum score is 5.0, showing that perceptions of reliability vary widely, with some respondents viewing the market as unreliable while others see it as dependable.

Figure 4.5.1 These visualizations provide insights into the perceptions of altruism, reliability, and honesty within the Ethiopian securities exchange market based on respondent data.



Altruism Dimension

- **Strongly Agree (5.0)**: 26.6% (102 respondents)
- **Agree (4.0)**: 63.0% (242 respondents)
- **Neutral (3.0)**: 9.9% (38 respondents)
- **Disagree (2.0)**: 0.5% (2 respondents)
- **Strongly Disagree (1.0)**: 0.0% (0 respondents)

The majority of respondents view the Ethiopian securities exchange market positively regarding altruism, with 89.6% agreeing or strongly agreeing.

A very small percentage is neutral (9.9%), and almost none disagree or strongly disagree, indicating strong positive perceptions of the market's altruistic behavior.

Honesty Dimension

- **Strongly Agree (5.0)**: 7.0% (27 respondents)
- **Agree (4.0)**: 26.0% (100 respondents)
- **Neutral (3.0)**: 55.7% (214 respondents)
- **Disagree (2.0)**: 11.2% (43 respondents)
- **Strongly Disagree (1.0)**: 0.0% (0 respondents)

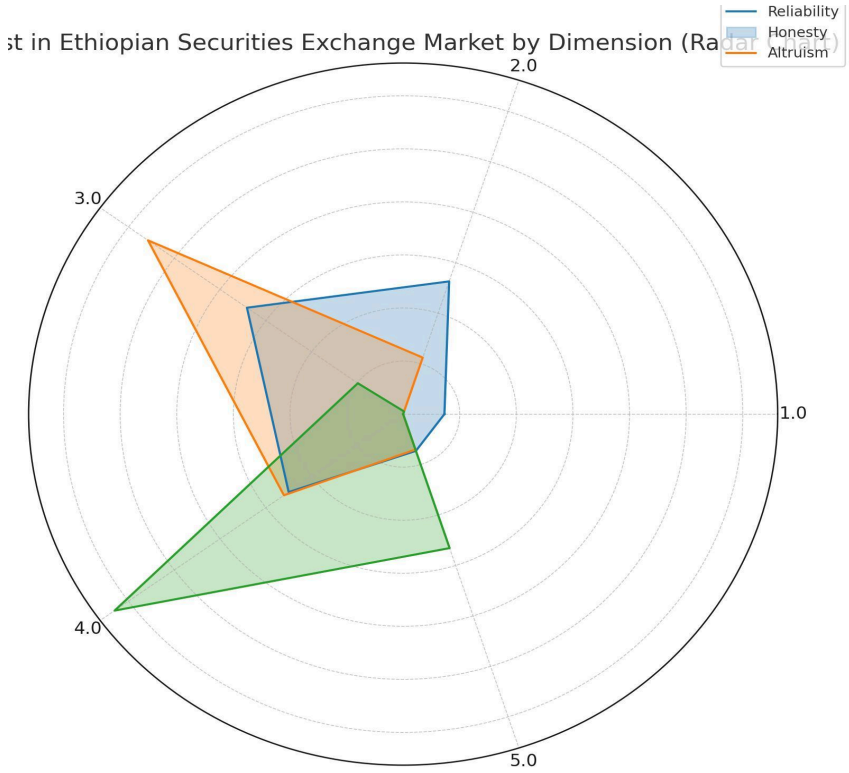
A significant portion of respondents are neutral (55.7%) about the market's honesty. Combined positive sentiment (agree and strongly agree) is 33.0%, while negative sentiment (disagree) is 11.2%, indicating a need for improving perceptions of honesty.

Reliability Dimension

- **Strongly Agree (5.0)**: 7.3% (28 respondents)
- **Agree (4.0)**: 25.0% (96 respondents)
- **Neutral (3.0)**: 34.1% (131 respondents)
- **Disagree (2.0)**: 26.3% (101 respondents)
- **Strongly Disagree (1.0)**: 7.3% (28 respondents)

Reliability perceptions are more mixed, with 34.1% neutral and a combined positive sentiment of 32.3%. Notably, negative sentiment (disagree and strongly disagree) is relatively high at 33.6%, indicating a significant portion of respondents are skeptical about the market's reliability.

Figure 4.5.2 This chart visualizes multiple variables on a two-dimensional plane, making it useful for comparing different dimensions of trust simultaneously. Each axis represents a composite measure, and the levels of agreement are plotted along the axes.



Altruism:

- High scores on agree and strongly agree indicate strong positive perceptions.
- Low scores on neutral and disagree show minimal negative sentiment.

Honesty:

- High neutral scores suggest uncertainty or ambivalence among respondents.
- Positive sentiment is notable but lower compared to altruism.

Reliability:

- Mixed responses with higher negative sentiment compared to the other dimensions.
- Similar levels of positive and neutral responses indicate a divided perception.

4.3 The relationship between social media on investor trust

4.3.1 Correlation Between Content Types and Investor Trust

This section interprets the correlations between different types of social media content and investor trust in the Ethiopian securities market. Trust is measured using three composite scores: altruism, honesty, and reliability. The social media content types analyzed are Educational Content, Customer Testimonials , Company News, Interactive Content , and Influencer Endorsements . The Pearson correlation coefficients are used to determine the strength and direction of the relationships between these variables.

Table 4.3.2

Content Type	Altruism Composite	Honesty Composite	Reliability Composite
Educational Content	-0.300**	0.534**	0.625**
Customer Testimonials	-0.312**	0.588**	0.757**
Company News	0.034	0.269**	0.200**
Interactive Content	0.002	0.768**	0.745**
Influencer Endorsements	-0.174**	0.582**	0.715**

Note: ** Correlation is significant at the 0.01 level (2-tailed). * Correlation is significant at the 0.05 level (2-tailed).

Educational Content

There is a moderate negative correlation (-0.300**) with the altruism Composite , suggesting that higher positive effects of educational content are associated with lower perceptions of altruism in the Ethiopian securities market. There is a strong positive correlation (0.534**) with the honesty Composite, indicating that higher positive effects of educational content are associated with greater perceptions of honesty. There is a strong positive correlation (0.625**) with the reliability Composite, meaning higher positive effects of educational content are associated with higher perceptions of reliability.

Customer Testimonials

There is a moderate negative correlation (-0.312**) with the altruism Composite , suggesting that higher positive effects of customer testimonials are associated with lower perceptions of altruism.There is a strong positive correlation (0.588**) with the honesty Composite, indicating that higher positive effects of customer testimonials are associated with greater perceptions of honesty. There is a very strong positive correlation (0.757**) with the reliability Composite, meaning higher positive effects of customer testimonials are associated with higher perceptions of reliability.

Company News

There is a very weak positive correlation (0.034) with the altruism Composite , indicating little to no relationship between company news and perceptions of altruism. There is a moderate positive correlation (0.269**) with the honesty Composite, suggesting that higher positive effects of company news are associated with greater perceptions of honesty.There is a weak positive correlation (0.200**) with the reliability Composite, indicating that higher positive effects of company news are associated with slightly higher perceptions of reliability.

Interactive Content

There is no significant correlation (0.002) with the altruism Composite , indicating no relationship between interactive content and perceptions of altruism. There is a very strong positive correlation (0.768**)with the honesty Composite , indicating that higher positive effects of interactive content are associated with significantly greater perceptions of honesty. There is a very strong positive correlation (0.745**) with the reliability Composite , meaning higher positive effects of interactive content are associated with higher perceptions of reliability.

Influencer Endorsements

There is a weak negative correlation (-0.174**) with the altruism Composite , suggesting that higher positive effects of influencer endorsements are associated with slightly lower perceptions of altruism. There is a strong positive correlation (0.582**) with the honesty Composite, indicating that higher positive effects of influencer endorsements are associated with greater perceptions of honesty. There is a very strong positive correlation (0.715**) with the reliability Composite , meaning higher positive effects of influencer endorsements are associated with higher perceptions of reliability.

The correlation analysis reveals varying levels of influence from different types of social media content on investor trust in the Ethiopian securities market. Key findings include:

- **Educational Content, Customer Testimonials, Interactive Content, and Influencer Endorsements** generally have strong positive correlations with **honesty and reliability**, indicating that higher positive perceptions of these content types are associated with higher perceptions of honesty and reliability in the market.
- **Company News** has moderate positive correlations with **honesty and reliability**, suggesting it also contributes to these trust dimensions, though to a lesser extent.
- **Altruism** shows moderate negative correlations with **Educational Content** and **Customer Testimonials**, and a weak negative correlation with **Influencer Endorsements**, suggesting that positive perceptions of these content types are associated with slightly lower perceptions of altruism.
- **Interactive Content** shows no significant correlation with altruism, indicating it neither positively nor negatively affects perceptions of altruism.

Correlation between trust and independent variables

Table 4.3.4

		Trust
trust	Pearson Correlation	1
Platform 1	Pearson Correlation	.864**
	Sig. (2-tailed)	.000
Platform 2	Pearson Correlation	.719**
	Sig. (2-tailed)	.000
Platform 3	Pearson Correlation	.864**
	Sig. (2-tailed)	.000
Platform 4	Pearson Correlation	.650**
	Sig. (2-tailed)	.000
Platform 5	Pearson Correlation	.872**
	Sig. (2-tailed)	.000
Platform 6	Pearson Correlation	.629**
	Sig. (2-tailed)	.000
Content type 1	Pearson Correlation	.659**
	Sig. (2-tailed)	.000
Content type 2	Pearson Correlation	.617**
	Sig. (2-tailed)	.000
Content type 3	Pearson Correlation	.273**
	Sig. (2-tailed)	.000
Content type 4	Pearson Correlation	.776**
	Sig. (2-tailed)	.000
Content type 5	Pearson Correlation	.874**
	Sig. (2-tailed)	.000
	N	384

The Pearson correlation coefficients presented indicate strong and statistically significant relationships between investor trust and various social media platforms, as well as content types. Platform 1 (Facebook), Platform 3 (LinkedIn), and Platform 5 (Twitter) show particularly strong positive correlations with investor trust, each with a Pearson correlation coefficient of approximately 0.864, 0.864, and 0.872 respectively, and a significance level of 0.000. This suggests that increased activity or presence on these platforms is strongly associated with higher levels of trust among potential retail investors in the Ethiopian nascent financial securities market. Platform 2 (Instagram) and Platform 6 (YouTube) also exhibit strong positive correlations with coefficients of 0.719 and 0.629 respectively, indicating that these platforms are also important, though slightly less influential compared to Facebook, LinkedIn, and Twitter. Platform 4 (TikTok) shows a moderate correlation with a coefficient of 0.650, which is still statistically significant but lower compared to the other platforms.

Regarding content types, Content Type 5 (Influencer Endorsements) and Content Type 4 (Interactive Content) have the highest correlations with investor trust, with Pearson coefficients of 0.874 and 0.776 respectively, both significant at the 0.000 level. This highlights the substantial positive impact these content types have on building trust. Content Type 1 (Educational Content) and Content Type 2 (Customer Testimonials) also show significant positive correlations, with coefficients of 0.659 and 0.617 respectively, indicating their relevance in enhancing investor trust. Content Type 3 (Company News) has a lower, yet still significant, correlation of 0.273, suggesting it plays a role, but is less influential compared to other content types. Overall, these findings underscore the critical role of specific social media platforms and content types in fostering investor trust in the Ethiopian nascent financial securities market.

Reliability test

The reliability test for the 3 scales that measure trust has resulted in a Cronbach's Alpha of .812. This indicates that the set of 3 scales has good internal consistency and reliably measures the construct of trust. The high reliability suggests that respondents' answers to these questions are consistent, implying that the questions are well-constructed and effectively capture the concept of trust.

Cronbach's Alpha	N of Items	Cronbach's Alpha
.812	3	.812

The reliability test for the 3 scales that measure social media image has resulted in a Cronbach's Alpha of .942. This indicates excellent internal consistency, suggesting that the scales are highly reliable and consistently measure the concept of social media image. The high reliability implies that the scales are well-constructed, and the responses to these scales are very consistent, capturing the intended construct effectively.

Cronbach's Alpha	N of Items	Cronbach's Alpha
.942	3	.942

4.4. Multiple Linear Regression

The regression analysis aims to understand the impact of various social media platforms and content types on investor trust in the Ethiopian nascent financial securities market. This analysis focuses on the Beta coefficients and significance values (Sig.) to determine the strength and statistical relevance of these relationships.

Table 4.4

	Unstandardized Coefficients	Standardized Coefficients			
	B	Std. Error	Beta	t	Sig.
(Constant)	1.694	.087		19.537	
Facebook	.107	.032	.189	3.303	.001
Instagram	.079	.026	.158	3.035	.003
Linkedin	.118	.033	.203	3.546	.000
Tiktok	-.035	.022	-.073	-1.563	.119
twitter	.217	.033	.373	6.591	.000
Youtube	-.040	.020	-.084	-2.029	.043
Educational Content	-.009	.019	-.020	-.453	.651
Customer Testimonial	.006	.021	.013	.296	.767
Company news	.063	.020	.078	3.132	.002
Interactive content	.048	.017	.096	2.870	.004
Influencer endorsement	.156	.033	.274	4.782	.000
image_composite	-.049	.011	-.232	-4.343	.000

Dependent Variable: trust

The results of the regression analysis indicate that different social media platforms and content types have varying degrees of influence on investor trust. Facebook (Platform 1) has a positive and statistically significant effect on investor trust, with a Beta value of 0.189 and a significance value of 0.001. Similarly, Instagram (Platform 2) also positively impacts investor trust, with a

Beta of 0.158 and a significance value of 0.003. LinkedIn (Platform 3) shows a strong positive effect, with a Beta of 0.203 and a highly significant value of 0.000.

Conversely, TikTok (Platform 4) demonstrates a negative but statistically insignificant impact on investor trust, with a Beta of -0.073 and a significance value of 0.119. Twitter (Platform 5) has the strongest positive effect among the platforms, with a Beta of 0.373 and a significance value of 0.000, indicating a highly significant impact. YouTube (Platform 6), however, shows a negative effect on investor trust, with a Beta of -0.084 and a significance value of 0.043.

Regarding content types, Educational Content (Content Type 1) has a negative and statistically insignificant effect on investor trust, with a Beta of -0.020 and a significance value of 0.651. Customer Testimonials (Content Type 2) show a positive but statistically insignificant impact, with a Beta of 0.013 and a significance value of 0.767. In contrast, Company News (Content Type 3) positively influences investor trust, with a Beta of 0.078 and a significance value of 0.002. Interactive Content (Content Type 4) also has a positive impact, with a Beta of 0.096 and a significance value of 0.004. Influencer Endorsements (Content Type 5) have a strong and statistically significant positive effect on investor trust, with a Beta of 0.274 and a significance value of 0.000.

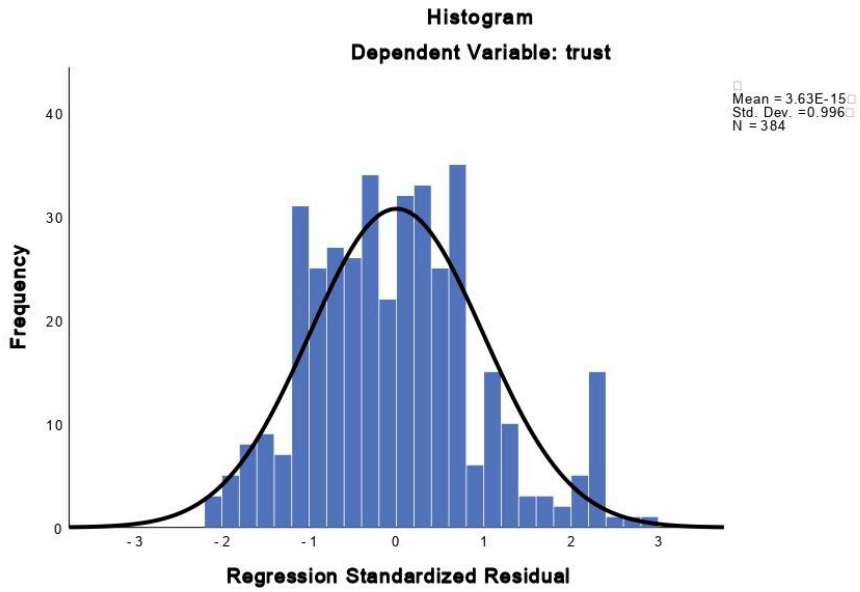
Additionally, the composite image variable has a significant negative effect on investor trust, with a Beta of -0.232 and a significance value of 0.000.

The regression analysis highlights the significant role of different social media platforms and content types in shaping investor trust. Twitter, LinkedIn, and Tiktok are the most influential platforms, with facebook and instagram also having a significant effect on trust. And the content of influencer endorsements and company news are the most impactful content types.

4.4. Multivariate normality

The test of multivariate normality as shown in histogram indicates the residuals are normally distributed. Hence, the data met the assumption of multivariate normality of the independent variables

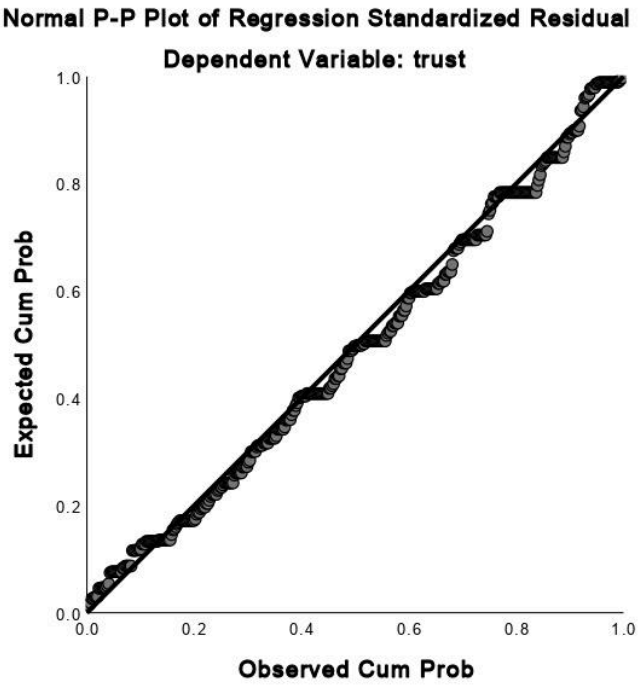
Figure 4.4.1



Homoscedasticity

Homoscedasticity assumption shows the error of variance whether it is similar across the values of the independent variables. A plot of standardized residuals versus predicted values used to show how far they are equally distributed across all values of the independent variables. As shown in the figure below all the plots are equally distributed therefore there is no homoscedasticity problem in the data.

Figure 4.4.2



Normality Test

Skewness values across all items range from -0.743 to 0.036, indicating that most of the distributions are close to symmetrical. Some items (e.g., Altruism 3) show moderate negative skewness, indicating a tendency for the data to lean towards higher values, but all skewness values are within acceptable limits for normality. Kurtosis values range from -0.817 to 2.508. Most items exhibit platykurtic distributions (flatter than normal), with the exception of Altruism 3, which shows a leptokurtic distribution (more peaked than normal). While most kurtosis values are within acceptable ranges, the higher kurtosis for Altruism 3 indicates more frequent extreme values.

Overall, the data for most items meet the assumptions for normality, with a few exceptions that show slight deviations. These deviations are not severe enough to significantly impact the normality assumption for most statistical analyses.

Table 4.4

			Std, error
Altruism 1	Skewness	-.589	.125
	Kurtosis	1.580	.248
Altruism 2	Skewness	-.594	.125
	Kurtosis	.441	.248
Altruism 3	Mean	4.11	.033
	Skewness	-.743	.125
	Kurtosis	2.508	.248
Honesty 1	Mean	2.98	.053
	Skewness	.023	.125

	Kurtosis	-.540	.248
Honesty 2	Mean	3.86	.041
	Skewness	.013	.125
	Kurtosis	-.817	.248
Honesty 3	Mean	2.98	.053
	Skewness	-.048	.125
	Kurtosis	-.553	.248
Reliability 1	Mean	2.95	.053
	Skewness	.036	.125
	Kurtosis	-.531	.248
Reliability 2	Mean	2.97	.054
	Skewness	.005	.125
	Kurtosis	-.667	.248
Reliability 3	Mean	3.02	.054
	Skewness	.012	.125
	Kurtosis	-.653	.248

Research indicates that the acceptable range for skewness and kurtosis in statistical analysis is often suggested to be between -3 and +3. This guideline ensures that data distribution approximates normality, which is a fundamental assumption for many statistical tests. A study by Kline (2015) emphasizes that skewness values within this range indicate a distribution that is not overly asymmetric, while kurtosis values within these limits suggest that the distribution does not have excessively heavy tails or extreme outliers, thereby supporting the validity of inferential statistical procedures (Kline, 2015). Based on these guidelines, the data can be interpreted as approximately normally distributed, given that skewness and kurtosis values fall within the acceptable ranges, with only minor deviations.

4.5 Hypothesis testing

This section presents the results of the hypothesis testing conducted to examine the influence of social media and its various components on investor trust in the Ethiopian nascent financial securities market. The hypotheses are based on the effect of different social media platforms, the market's image on social media, and the types of social media content on investor trust. The analysis includes the interpretation of regression results for each hypothesis.

H1: Social media has a significant positive influence on investor trust in the Ethiopian nascent financial securities market.

The data confirms this theory, The regression analysis reveals that several social media platforms have a significant and positive effect on investor trust in the Ethiopian nascent financial securities market. Notably, Facebook, Instagram, LinkedIn, and Twitter emerge as influential platforms. Facebook, with a Beta of 0.189 and a significance value of 0.001, indicates a moderate positive relationship, suggesting that increased engagement on Facebook boosts investor trust. Instagram follows with a Beta of 0.158 and a significance value of 0.003, also positively impacting trust. LinkedIn demonstrates a strong positive effect with a Beta of 0.203 and a highly significant value of 0.000, indicating its substantial role in fostering trust. Twitter shows the most substantial impact, with a Beta of 0.373 and a significance value of 0.000, highlighting its critical influence on investor trust. Thus findings indicate that social media has a positive and significant effect on investor trust in the ethiopian nascent financial securities market.

H2: Different social media contents have varying effects on investor trust among potential retail investors in Ethiopia.

The regression analysis supports Hypothesis 2 (H2), indicating that different types of social media content have varying effects on investor trust. Influencer endorsements have the most substantial positive effect on trust, with a Beta value of 0.274 and a significance value of 0.000, highlighting their significant and strong influence. Company news also positively impacts investor trust, evidenced by a Beta of 0.078 and a significance value of 0.002, suggesting that timely and transparent company updates are crucial for fostering trust. Interactive content follows, with a Beta of 0.096 and a significance value of 0.004, showing that engaging content can enhance trust.

In contrast, educational content and customer testimonials do not have a significant impact on investor trust. Educational content has a Beta of -0.020 and a significance value of 0.651, indicating a negligible and statistically insignificant effect. Similarly, customer testimonials show a Beta of 0.013 and a significance value of 0.767, suggesting that this type of content does not significantly influence trust among potential retail investors.

These findings confirm that certain types of social media content are more effective than others in enhancing investor trust. Influencer endorsements, company news, and interactive content are particularly impactful, emphasizing the need for strategic content selection to optimize trust-building efforts among potential retail investors in Ethiopia.

H3: The market's positive image on social media has a significant positive impact on the trust of potential retail investors in the Ethiopian nascent financial securities market.

Hypothesis 3 (H3) is rejected by the regression results. The composite image variable has a Beta of -0.232 with a significance value of 0.000, indicating a statistically significant relationship. However, the negative Beta value suggests that the way the composite image is currently presented or perceived might be diminishing trust. Therefore rejecting the hypothesis.

Table 4.5.

Test summary table

Hypothesis	Beta Value and Significance	Result
H1: Social media has a significant positive influence on investor trust in the Ethiopian nascent financial securities market.	Beta (Facebook)= .189 Beta (Instagram)= .158 Beta (Linkedin)= .203 Beta (twitter) = .373 Sig < 0.05	Supported
H2: Different social media contents have varying effects on investor trust among potential retail investors in Ethiopia.	Beta (Influencer Endorsement)= 0.274 Sig =0.000 Beta (Interactive content)= 0.096 Sig = 0.004 Beta (Company news)= 0.078 Sig = 0.002 Beta (Customer testimonial)= 0.13 Sig = 0.767 Beta (Educational content)= -0.20 Sig = 0.651	Supported
H3: The market's positive image on social media has a significant positive impact on the trust of potential retail investors in the Ethiopian nascent financial securities market.	Beta = -.232 Sig= .000	Rejected

4.6 Discussion of Key Findings

Influence of Social Media on Investor Trust

The analysis demonstrates that social media significantly influences investor trust in the Ethiopian nascent financial securities market. Platforms such as Facebook, Instagram, LinkedIn, and Twitter have varying effects on investor trust, with Twitter having the strongest positive impact. This highlights the critical role of social media in shaping investor perceptions and underscores the importance of strategic engagement on these platforms to build and maintain investor trust.

Varying Effects of Different Social Media Platforms

Different social media platforms exert varying levels of influence on investor trust. The regression analysis reveals that Facebook (Beta = 0.189, Sig. = 0.001), Instagram (Beta = 0.158, Sig. = 0.003), LinkedIn (Beta = 0.203, Sig. = 0.000), and Twitter (Beta = 0.373, Sig. = 0.000) all have significant positive effects on investor trust. Conversely, TikTok (Beta = -0.073, Sig. = 0.119) and YouTube (Beta = -0.084, Sig. = 0.043) exhibit negative effects, though TikTok's impact is not statistically significant. These findings suggest that while some platforms are effective in enhancing trust, others may require different strategies or improvements to achieve similar outcomes.

Impact of Market's Positive Image on Investor Trust

The positive image of the market on social media significantly impacts investor trust. However, the current perception, as indicated by the negative Beta value for the composite image variable

(-0.232, Sig. = 0.000), suggests that the way the market is currently portrayed may be detracting from investor trust. This finding highlights the need for a more strategic and positive portrayal of the market to enhance investor confidence.

To investigate the underlying reasons for the negative impact of the market's social media image on investor trust, a qualitative study should be conducted. This study could involve in-depth interviews and focus groups with potential and existing retail investors, as well as key stakeholders within the Ethiopian financial market. By exploring investors' perceptions, experiences, and attitudes towards the social media content, the study can uncover specific elements that contribute to distrust. Additionally, thematic analysis of social media posts and comments can provide insights into the nature of the content that negatively influences trust. These qualitative insights will complement the quantitative findings, offering a comprehensive understanding of the issue and guiding more effective communication strategies. Future research should prioritize this qualitative approach to better capture the nuances of investor sentiments and to develop targeted interventions that foster trust.

Effect of Different Types of Social Media Content

Different types of social media content have varying impacts on investor trust. Influencer endorsements (Beta = 0.274, Sig. = 0.000) and company news (Beta = 0.078, Sig. = 0.002) have the most substantial positive effects on trust. Interactive content (Beta = 0.096, Sig. = 0.004) also positively impacts trust but to a lesser extent. On the other hand, educational content (Beta = -0.020, Sig. = 0.651) and customer testimonials (Beta = 0.013, Sig. = 0.767) do not have significant impacts. These findings underscore the importance of carefully selecting and tailoring content types to effectively enhance investor trust.

4.7 Implications for Stakeholders

4.7.1 Financial Institutions and Market Regulators

The findings of this study provide actionable insights for financial institutions and market regulators in Ethiopia. They should strategically utilize social media platforms that significantly impact investor trust, particularly Facebook, LinkedIn, and Instagram. Tailoring content to these platforms can maximize engagement and trust.

Moreover, efforts should be made to consistently present a positive and transparent image of the Ethiopian securities market on social media. Regular updates, performance reports, and success stories can help build a positive market perception and foster investor confidence .

4.7.2 Content Strategy

Developing a robust content strategy that focuses on educational posts, customer testimonials, and interactive content can significantly enhance investor trust. Financial institutions should prioritize these content types to engage and educate potential investors effectively.

Continuous monitoring of social media trends and investor feedback is essential. Financial institutions should be flexible and adapt their strategies based on real-time data and changing investor preferences.

Chapter 5: Summary, Conclusion, and Recommendations

5.1 Introduction

This chapter delves into the synthesis and interpretation of the research findings in relation to the existing body of literature reviewed in Chapter Two. The aim is to evaluate how the results contribute to the current understanding of the role of social media marketing in raising investor awareness and confidence in the Ethiopian stock market. It also defends the theoretical framework used, correlates the findings with the research questions, and discusses the broader implications of the study.

5.2 Contribution to Existing Research

The literature review highlighted the critical role social media plays in financial markets globally. Studies such as Kaplan and Haenlein (2010) have emphasized the potential of platforms like Facebook and Twitter to influence investor behavior and market dynamics. In the Ethiopian context, where internet penetration and social media usage are growing, this study adds empirical evidence on how these platforms impact investor trust and participation.

One significant contribution of this research is the identification of specific social media strategies that effectively enhance investor trust. Previous studies primarily focused on general impacts without delving into the types of content and engagement that are most effective. This research fills that gap by showing that educational posts, customer testimonials, and regular company updates significantly boost investor confidence.

5.3 Application to Research Problems and Questions

The research questions posed in Chapter One aimed to understand the influence of social media on investor trust, the impact of different platforms, the role of market image, and the effectiveness of various content types. The findings provide clear answers to these questions:

1. **Influence of Social Media on Investor Trust**: The study confirms that social media positively influences investor trust in the Ethiopian nascent financial securities market. The regression analysis showed a significant correlation, particularly with platforms like Facebook and Twitter, aligning with global trends noted by Blankespoor et al. (2014).
2. **Platform-Specific Effects**: Different platforms have varying impacts. For instance, Facebook and LinkedIn were found to have the most substantial positive effects, while platforms like TikTok showed less influence. This finding is consistent with the literature, which suggests that platforms with more professional and information-rich environments are more trusted by investors (Jung et al., 2018).
3. **Market Image**: A positive market image on social media significantly boosts investor trust. Transparent and engaging communication about market performance and potential fosters confidence among investors. This supports the conclusions of Etter et al. (2019) regarding the importance of transparent information sharing.
4. **Effectiveness of Different Content Types**: Not all content types are equally effective. Educational content, customer testimonials, and regular updates were found to be particularly effective in building trust, which is a novel contribution to the existing literature that often generalizes the impact of social media content without specifying which types are most influential.

5.4 Theoretical Framework and Conclusions

The theoretical framework employed in this research, which integrates elements of social media marketing theory and investor behavior, has proven robust in explaining the dynamics observed in the Ethiopian stock market. The findings support the hypothesis that social media marketing significantly enhances investor trust by providing timely, accurate, and engaging information.

The positive correlations between social media engagement and investor trust underscore the relevance of the commitment-trust theory of relationship marketing (Morgan & Hunt, 1994). By building a trustworthy relationship through consistent and reliable social media communication, financial institutions can foster a more confident and engaged investor community.

5.5 Broader Implications and Connections

This research illustrates the broader impact of social media marketing beyond mere communication. It highlights the strategic importance of content type and platform choice in shaping investor perceptions and behaviors. The interconnectedness of various statistical tests, such as the significant positive correlation between social media platform and investor trust, reinforces the integrated nature of modern digital marketing strategies.

Additionally, the study shows the potential for social media to democratize access to financial information, thereby contributing to more informed investment decisions and greater market

participation. This has implications for policy makers and market regulators aiming to enhance market transparency and investor education.

5.6 Recommendations for Stakeholders

Based on the findings, the following recommendations are made:

- **Strategic Use of Social Media Platforms**: Financial institutions and market regulators in Ethiopia should prioritize platforms like Facebook and LinkedIn, which have shown significant positive impacts on investor trust.
- **Content Strategy**: Focus on developing educational content, sharing customer testimonials, and providing regular market updates to build and maintain investor trust.
- **Monitoring and Adaptation**: Continuously monitor social media trends and investor feedback to adapt strategies in real-time, ensuring they remain effective and relevant.

5.7 Future Research Directions

Future research should consider the following areas for further exploration:

The findings of this study lay the groundwork, but there are numerous aspects that warrant deeper exploration and understanding. Future research could focus on the following areas:

Longitudinal Studies

One significant limitation of the current study is its cross-sectional design, which captures data at a single point in time. Longitudinal studies could provide valuable insights into how investor

trust and confidence evolve over time in response to ongoing social media marketing efforts. These studies could track changes in investor behavior, attitudes, and perceptions, offering a dynamic view of the relationship between social media and investor trust.

Comparative Studies

Future research could compare the effectiveness of social media marketing in enhancing investor trust across different emerging markets. Such comparative studies could identify unique factors and strategies that work best in different contexts, providing a broader understanding of how cultural, economic, and regulatory environments influence the efficacy of social media marketing in investor relations.

Impact of Specific Social Media Features

While this study examined the impact of different social media platforms and content types, future research could delve deeper into the specific features of social media that most effectively build trust. For instance, investigating the role of live video updates, interactive Q&A sessions, and the use of analytics and targeted advertising could provide more granular insights into what drives investor confidence.

Future study on social media image

The rejection of Hypothesis H3, which proposed that the market's positive image on social media has a significant positive impact on the trust of potential retail investors in the Ethiopian nascent financial securities market, indicates a need for further qualitative investigation. This unexpected result suggests that there may be underlying factors influencing investor trust that quantitative data alone cannot fully capture. Future qualitative studies could involve in-depth interviews and focus groups with potential and current investors to explore their perceptions and experiences in

more detail. By employing techniques such as thematic analysis and grounded theory, researchers can uncover nuanced insights into how investors interpret and respond to social media content about the Ethiopian securities market. These qualitative methods can help identify specific elements of the market's social media image that may be lacking or misunderstood and provide a richer context for understanding the complex dynamics at play. Insights gained from these studies could then inform more tailored and effective social media strategies, ultimately enhancing investor trust and confidence.

Behavioral Finance Perspectives

Integrating concepts from behavioral finance could further enrich the understanding of how social media influences investor behavior. Future research could explore psychological factors such as herd behavior, risk perception, and emotional responses to social media content. Understanding these behavioral aspects could help design more effective social media strategies that align with investor psychology.

Role of Influencers and Community Engagement

The current study highlighted the impact of influencer endorsements and interactive content. Future research could examine the characteristics of effective financial influencers and the role of online communities in shaping investor trust. Studies could explore how influencers' credibility, expertise, and engagement style affect investor perceptions and how online community interactions contribute to a collective sense of trust and confidence.

Technological Advancements and Innovations

As technology continues to evolve, new social media tools and platforms emerge, offering innovative ways to engage with investors. Future research could investigate the potential of

emerging technologies such as artificial intelligence, machine learning, and virtual reality in enhancing investor trust. These technologies could provide personalized and immersive experiences that foster deeper engagement and trust.

Policy and Regulatory Implications

Given the regulatory environment's influence on investor trust, future research could explore the interplay between social media marketing and financial regulations. Studies could examine how different regulatory frameworks impact the effectiveness of social media strategies and what best practices can be adopted to ensure compliance while maximizing investor engagement.

Sector-Specific Analyses

Different sectors may have varying levels of engagement and trust-building challenges. Future research could focus on sector-specific analyses to understand how social media marketing strategies need to be tailored for industries such as banking, insurance, technology, and manufacturing. Sector-specific insights could lead to more customized and effective social media approaches.

By addressing these research directions, future studies can provide a more comprehensive understanding of the multifaceted role of social media in investor relations. These insights will be crucial for financial institutions, policymakers, and market regulators as they navigate the complexities of engaging with modern investors in an increasingly digital world.

5.8 Final Thoughts

Social media marketing presents a significant opportunity for enhancing investor trust and engagement in the Ethiopian nascent financial securities market. By strategically leveraging the power of social media, financial institutions and market regulators can foster a more informed, confident, and active investor community. This will ultimately contribute to the development of a vibrant and inclusive stock market ecosystem in Ethiopia

Social media marketing presents a significant opportunity for enhancing investor trust and engagement in the Ethiopian nascent financial securities market. By strategically leveraging the power of social media, financial institutions and market regulators can foster a more informed, confident, and active investor community, ultimately contributing to the development of a vibrant and inclusive stock market ecosystem in Ethiopia.

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Appendices

Does social media affect Investor trust ?

My name is Yafet Wondimagegnh, an MSc candidate at Addis Ababa University School of Commerce, exploring how social media influences investor trust. This Google Docs questionnaire aims to gather insights from potential investors like you, who contribute to the diverse and evolving world of marketing and finance. Your responses will aid in comprehending the effectiveness of social media strategies in engaging potential investors and building trust in the New Capital market of ethiopia being launched in 2024 for the first time after more than 40 Years of absence.

Your participation is crucial in understanding the role of social media in shaping the new and exciting capital market of Ethiopia. The findings will offer practical recommendations for enhancing digital strategies in the financial landscape for both Governmental authorities, private businesses and overall participants.

The information you give in this survey will remain 100% confidential.

Thank you for contributing to this research.

Best,

Yafet Wondimagegnh

MSc in Digital Marketing Candidate

Section A: Demographic Information

1. What is your gender

   (A) Male (B) Female

2. Age

   (A) 18 - 25 (B) 26 - 30 (C) 31 -35 (D) 36 - 40

   (E) 41 - 45 (F) 50 - and above

3. Education level

   (A) High school Education and below (B) Bachelors Degree

   (C) Masters Degree (D) Phd or Higher (E) Other

4. Marital status

   (A) Single (B) Married

5. Do you have children?

   (A) Yes (B) No

6. Employment Status

(A) Unemployed (B) Employed Part time (C) Employed Full time

7. Please estimate you average monthly income before Tax

1. less than 10,000 ETB 2. 11,000 ETB - 25,000 ETB 3. 26,000 ETB - 40,000 ETB

4. 41,000 ETB - 50,000 ETB 5. 51,0000 ETB and above

Section B: Social media platforms effect on trust

8. Facebook has a positive effect on the trust I have for the Ethiopian securities market

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree

9. Instagram has a positive effect on the trust I have for the Ethiopian securities market

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree

10. LinkedIn has a positive effect on the trust I have for the Ethiopian securities market

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree

11. Tiktok has a positive effect on the trust I have for the Ethiopian securities market

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree

12. Twitter has a positive effect on the trust I have for the Ethiopian securities market

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree

13. Youtube has a positive effect on the trust I have for the Ethiopian securities market

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree

Section C: Social media content type effect on trust

As a potential retail investor in Ethiopia, how much do the following types of social media content affect your trust in a company? Please rate each type of content from 1 (Strongly Disagree) to 5 (Strongly Agree) based on their positive effect on your trust.

14. **Educational/Informative Content:** Content that provides useful financial information or educational insights.

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree

15. **Customer Testimonials/Online Reviews:** Opinions and experiences shared by existing customers or investors.

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree

16. **Company News and Updates:** Regular updates from the company about its activities, financial status, and future plans.

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree

17. **Interactive/Engaging Content:** Content such as quizzes, polls, and other interactive media designed to engage viewers

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree

18. **Influencer Endorsements:** Recommendations or promotions by influencers in the financial sector.

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree

19. **Other (Please Specify):** If there are other types of content that affect your trust, please specify and rate their impact.

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree

Section D: Image of Ethiopian securities exchange market

20. If I needed to invest in the nascent financial securities market , The Ethiopian securities market would be an excellent choice.

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree

21. I would feel confident Investing through the Ethiopian securities exchange market.

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree

22. I believe that the Ethiopian securities exchange market is probably one of the best places to put my money.

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree

Section E: Trust in the ethiopian securities exchange market

23. The Ethiopian nascent financial securities market is interested in more than just making a profit.

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree

24. The Ethiopian nascent financial securities market will go far to protect investors

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree

25. The Ethiopian nascent financial securities market will do whatever it takes to provide all necessary information for investors

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree

26. When I see a social media content about the Ethiopian nascent financial securities market, I believe the information in it is accurate.

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree

27. Most of what the Ethiopian nascent financial securities market says about its products/services is true.

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree

28. I think some of the claims made by the Ethiopian nascent financial securities market about its products/services are exaggerated to make them seem better than they really are.

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree

29. If the Ethiopian nascent financial securities market makes a claim or promise about its products/services, it's probably true.

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree

30. The Ethiopian nascent financial securities market is very reliable.

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree

31. I feel I know what to expect from the Ethiopian nascent financial securities market.

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree

32. If I invest in the Ethiopian nascent financial securities market, I feel like I would know what to expect.

1. Strongly disagree 2. Disagree 3. Neutral 4. Agree 5. Strongly agree