

A Qualitative Study of Adoption of Social Media for Personal Finance Investing

Sunil Hazari

University of West Georgia
shazari@westga.edu

Alycia Rhea-Annice Richards

University of West Georgia
arichar2@my.westga.edu

ABSTRACT

The use of social media tools has transformed the way individuals and businesses communicate. To increase market share and attract as well as retain customers, businesses are using social media platforms to add value to their products and services. One area in which many social media tools have been developed is Personal Finance investing. The purpose of this research-in-progress exploratory study is to investigate the diffusion of online communities and social media for personal finance investing by consumers, and their perceptions regarding use of these platforms. An online community of 131 members was surveyed on personal finance investment topics. A qualitative inductive approach was used to investigate member perceptions of social media communities, advantages, disadvantages of sharing and engagement prospects in a community, and features of social media considered most valuable by members. Results of this study will benefit consumers and investment providers looking to leverage social media tools for personal finance and investing.

Keywords

Social media, technology acceptance, personal finance investing

INTRODUCTION

The last two decades have shown tremendous advancement in technology products and services. Companies such as Google and Facebook have become household names that are keeping people connected to content and communities. By using the Internet, technology has made it possible to easily access resources using personal computers, portable devices, personal digital assistants, and smart phones. Social media has been embraced from teenagers to senior citizens who are interacting with others to share information ranging from the mundane to newsworthy items in a rich multimedia environment.

The World Wide Web is no longer an avenue comprised solely of structured communication. Kasavana, Nusair and Teodosic (2010) state, "The emergence of the internet has had subtle but profound changes in the way people search, locate, and access information and subsequently communicate, conduct business, and learn from each other" (p. 68). Social media, commonly referred to as social networking, has become a prevalent channel for individuals to connect and communicate. Social media outlets provide users with the capability to freely publish information through the use of social interaction. Social networking sites embrace both synchronous and asynchronous environments. Synchronous technologies involve real-time, simultaneous communication and can be found in the form of wireless components, in addition to "instant messaging and short message services types of applications" (Barnes & Barnes, 2009, p. 29).

Social networks present the opportunity to unite with individuals who share mutual interest. Some of the common platforms of social media are MySpace, Facebook, LinkedIn, YouTube, Twitter, Yahoo, Blogger, and Wordpress websites. According to Walsh (2009), "Two-thirds of the world's Internet population visits a social network or blogging site, and the sector now accounts for almost 10% of all Internet time" (p. 22). Hunter (2009) contends that, "The social good that comes from such networks is that people/businesses that would be ordinarily fragmented from one another now have a place to reach out to others and connect with a like-minded audience" (p. 14). The powerful interactive dialogue that occurs on social networking sites can lead to endless opportunities, such as making decisions about personal finance and investments.

Advancements in technology and emergence of social media have strengthened consumers' ability to acquire influential information. Lazaroiu (2010) mentions, "...the purpose of social media is to empower and enable conversations digitally: social media tools do a great job of capturing unstructured information, and can act perfectly as a crossover tool" (p. 163). This crossover tool now allows individuals to make personal finance investment decisions. Social media outlets are being used as a guiding force in significant financial assessments.

An anonymous article published in 2008 states, "One out of four U.S. adults is engaged in social media that deals specifically with personal finance and investing" (p. 25). Anonymous (2008) goes on further to say, "More than one third have questioned their advisers or investment firms based on what they've read or heard on social media sites" (p. 25). Social media

networks are becoming one source of information for finance related topic including personal finance investment and banking. The conventional branch infrastructure of banking institutions is no longer preferred by some. Quittner (2010) discusses how banking institutions are using social media to communicate with customers. As an example, Vantage Credit Union in St. Louis provides a service that allows “members send a message through Twitter to the credit union, which in turn would tweet back the user's account balance as a direct message viewable only by the account holder” (Quittner, 2010, pp. 7). Quittner (2010) contends that although many financial institutions have not adopted the use of social media, it “is expected to change dramatically by 2012, when 90% of companies surveyed said they will have dedicated funding in place for social media” (p. 6).

BACKGROUND

The background of this study is based on the Unified Theory of Acceptance and Use of Technology (UTAUT) proposed by Venkatesh, Morris, Davis, & Davis (2003) which was used to identify themes and patterns regarding social media adoption. Use of technology and technology based platforms (such as Social Media) would depend on several factors that are unique to individuals' background, goals, and expectations. These factors can be rooted in the domain of psychology, business, education, and would encompass use of constructs such as motivation, efficacy, and technology acceptance. Ziefle and Arning (2007) observed that purchase or ownership of a technology devices such as personal computers, mobile phones may not be directly related to effective utilization. Individuals today use technology for business, education, and/or personal reasons, and the adoption of technology has been widely studied. For example, the Technology Acceptance Model (TAM) has provided insight into decision to adopt and utilize technology by individuals (Davis, 1989). This model was based on an earlier of reasoned action (Ajzen & Fishbein, 1975) which used dimensions of attitude, and subjective norm to study a person's intention in committing the action (such as utilize a technology). TAM was unable to identify other variables that influence ease of use or usefulness of a system, but additional work by researchers such as Venkatesh and Davis (2000) identified variables such as relevance, enjoyment, and quality of output to predict behavioral intention. Of relevance to this study is the inclusion of social influence variable which is found in social media platforms and online communities. Researchers such as Malhotra and Galletta (1999) found that social influence does play a role in individuals' decision to adopt technology. They also note that given the, “greater role of users' self-determination in interacting with increasingly flexible technologies in remote and virtual environments, the theory of social influences seems to offer a rich understanding of user behavior in the implementation of new communication, coordination and collaboration technologies” (p. 10).

Use of technology may also be tied to the value or benefit gained from using the technology device or system. Factors such as ease of use, cost, effort, and benefits are some factors proposed by Melenhost, Rogers, and Caylor (2001) who relate cost-benefit analysis to adoption of technology. Since majority of social media platforms and online communities do not require a proprietary software and are available using a web-based interface available in any web-browser, the cost factor is nullified (other than the cost required to access the Internet over a cable or wireless medium), so other individual factors such as age, gender, previous experience with social media tools, attitude may influence intention to use the system (Harrison & Rainer, 1992; Gefen & Straub, 1997).

This study will use a Qualitative approach to investigate the problem. Potential themes or perceptions that will be explored in the qualitative research framework are to investigate why individuals participate in online communities, what they see as perceived benefits by participating, what communities are considered credible, reasons for sharing (or not sharing) information related to personal finance investing, and features of online communities they find useful. The purpose of this study is to conduct an inductive qualitative inquiry of data that can eventually be used for theory construction. The focus of this research-in-progress paper was limited to identifying patterns and themes from responses of participants in the study.

METHODOLOGY

Data for this study was collected from an online community of members who participated in discussions on personal finance and investing topics. This study relies on secondary data collected in response to questions posed by the investment provider to gather information about products and services as a result of consumer insight. Qualitative measures will be used to analyze diffusion of online communities and social media platforms for personal finance investing. Data from survey responses will be sorted by themes and analyzed by the researcher using QSR NVivo 9 software.

Use of qualitative analysis provides a dimension and richness that quantitative numbers would not be able to supply. Qualitative research uses inductive reasoning to provide analysis of data. According to Klauer and Phye (2008), “inductive reasoning can be achieved by a comparison strategy, where attributes of objects or relations between objects are to be scanned with respect to similarity, difference, or both, for commonality and/or diversity” (p. 107). The purpose of this study was to investigate reflections of respondents about social media communities where personal finance and investing topic

ideas are discussed, advantages, disadvantages of sharing and engagement prospects related to personal finance in a community, and features of social media considered most valuable by members. Shea and Onwuegbuzie (2008) list different types of qualitative research methods to include phenomenological studies (provides insights into a group's lived experience), ethnographical inquiries (study of culture sharing in a group), case studies (understand phenomena in which an individual or group is involved), grounded theory research (used to develop a theory), and biographical studies (understand life events and experiences of individuals). This study also aligns with the definition and parameters of case study research as defined by Creswell (1994) and Yin (1994). The intent of this study was to identify, conceptualize, and elaborate on common patterns and themes brought forth by respondents when replying to questions about their experiences with online discussions and social media platforms.

Berelson (1956) suggested forming categories for quantifying responses which can then lead to systematic analysis of content. This will help describe characteristics of content, make inferences between the nature of content and the individuals making the comments, and interpret the content to provide insight on individuals in the group. Forming categories based on comments does not result in predetermined rigid categories. This technique is recommended for exploratory studies. Lederman (1989) recommended assigning codes for interpreting data. As an example, "C" code would be assigned to consensus comment, "A" code assigned to agree/disagree comment, and "I" code assigned to any individual/idiosyncratic comment. Although these methods can be used, information technology has helped provide more granular analysis which is can be more accurately coded. Stockdale (2002) observed there are no standard strategies for analyzing qualitative data and suggested leveraging the features of spreadsheet programs to analyze this data. Meyer and Avery (2009) focus on general use of spreadsheet and specifically describe the use of Excel as a qualitative data analysis tool, and explain how Excel's structure and data manipulation and logical functions can be particularly useful for qualitative analysis. Today many sophisticated software tools are available to assist researchers with conducting qualitative data analysis. Some of these software programs are Computer Assisted Qualitative Data Analysis Project, CAQDAS [<http://caqdas.soc.surrey.ac.uk/index.html>]; NVivo [<http://www.qsrinternational.com>]; The Ethnograph [<http://www.qualisresearch.com/>]; ATLAS/ti [<http://www.atlasti.de/>]; WordStat [<http://www.provalisresearch.com/>]; and Text Analyst [<http://www.megaputer.com>]

RESULTS & DISCUSSION

Researchers have proposed different ways of analyzing qualitative data whether it is collected as a result of focus groups, individual or group interviews, reflection logs, or open-ended answers in questionnaires. Results of this research-in-progress study will be presented during the conference session.

LIMITATIONS

The group respondents in this study were self-selected and the authors had no control over sample selection. The authors were unable to follow up with other questions regarding responses that may have provided additional insights into thoughts and reflections regarding the use of social media for personal finance and investing.

CONCLUSION

Although there may be individual variables that impact an individuals' decision to use social media for personal finance investing, this study has attempted to focus on commonalities and differences regarding use of these platforms which have become ubiquitous in daily lives of individuals. Other groups with different demographics, geographical location, and socio economic background, as well as multiple sources of data collection such as focus groups, individual and group interviews should be used to provide additional insights which can guide grounded theory development based on the existing unit of analysis presented in this study.

REFERENCES

1. Ajzen, I. and Fishbein, M. (1975) Belief, attitude, intention, and behavior: An introduction to theory and research, Reading, MA: Addison-Wesley.
2. Anonymous. (2008) Investing ideas and opinions only a click away, *Journal of Accountancy*, 206, 2, 25.
3. Arning, K. & Ziefle, M. (2007) Understanding age differences in PDA acceptance and performance, *Computers in Human Behavior*, 23, 6, 2904-2927, doi:10.1016/j.chb.2006.06.005
4. Barnes, N. D., & Barnes, F. R. (2009) Equipping your organization for the social networking game. *Information Management Journal*, 43, 6, 28-32.

5. Berelson, B. (1956) Content analysis in communication research, The Free Press, Illinois.
6. Creswell, J. W. (1994) Research design: Qualitative & quantitative approaches, Sage, Thousand Oaks, CA.
7. Davis, F. D. (1989) Perceived usefulness, perceived ease of use, and user acceptance of information technology. *MIS Quarterly*, 13, 319-340.
8. Gefen, D. & Straub, D. W. (1997) Gender differences in the perception and use of email: An extension to the technology acceptance model, *MIS Quarterly*, 21, 389-400.
9. Harrison, A. W., & Rainer, R. K. (1992) The influence of individual differences on skill in end-user computing. *Journal of Management Information Systems*, 9, 93-111.
10. Hunter, G. E. (2009) Utilizing social networks as a business marketing tool for NGOs. *Law Technology*, 42, 4, 1-53.
11. Kasavana, M. L., Nusair, K., & Teodosic, K. (2010) Online social networking: Redefining the human web. *Journal of Hospitality and Tourism Technology*, 1, 1, 68-82.
12. Klauer, K. J., & Phye, G. D. (2008) Inductive reasoning: A training approach. *Review of Educational Research*, 78, 1, 85-123.
13. Lazaroiu, G. (2010) Social media, networking software, and creative digital marketing. *Review of Contemporary Philosophy*, 9, 160-165.
14. Lederman, L. C. (1983) High communication apprehensive talk about communication and apprehension and its effects on their behavior. *Communication Quarterly*, 31, 233-237.
15. Malhotra, Y. & Galletta, D. F. (1999) Extending the technology acceptance model to account for social influence: Theoretical bases and empirical validation. In *Proceedings of the 32nd Hawaii International Conference on System Sciences*, 1, 1-10. IEEE Computer Society, Washington, DC.
16. Melenhorst, A. S., Rogers, W. A., & Caylor, E. C. (2001) The use of communication technologies by older adults: Exploring the benefits from user's perspectives. In *Proceedings of the Human Factors and Ergonomics society 45th annual meeting*. Santa Monica, CA: Human Factors and Ergonomics Society.
17. Meyer, D. Z., & Avery, L. M. (2009) *Field Methods*, 21, 1, 91-112, doi:10.1177/1525822X08323985
18. Quittner, J. (2010, Dec. 28) Early payoff from social media work. *American Banker*, 1. Retrieved from Proquest Database.
19. Shea, K. T., & Onwuegbuzie, A. J. (2008) Types of research methods. In C. A. Lassonde & S. E. Israel (Eds.), *Teachers Taking Action*, 44-57. International Reading Association, Newark, DE.
20. Stockdale, M. S. (2002). *Analyzing focus group data with spreadsheets*. *American Journal of Health Studies*, 18, 1, 45-60.
21. Venkatesh, V. & Davis, F. D. (2000) Determinants of perceived ease of use: Integrating perceived behavioral control, computer anxiety and enjoyment into the technology acceptance model. *Information Systems Research*, 11, 342-365.
22. Venkatesh, V., Morris, M.G., Davis, F.D., and Davis, G.B. (2003) User acceptance of information technology: Toward a unified view, *MIS Quarterly*, 27, 425-478.
23. Yin, R. (1994) Case study research: Design and methods, (2nd ed.), Applied Social Research Methods Series Sage, Thousand Oaks, CA.