

THE IMPACT OF SOCIAL MEDIA AND ECONOMIC NEWS ON STOCK PRICES: A BEHAVIORAL FINANCE PERSPECTIVE IN THE SOCIETY OF WEST SULAWESI PROVINCE

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ABSTRAK

Penelitian ini bertujuan menganalisis pengaruh media sosial dan berita ekonomi terhadap harga saham dalam perspektif *behavioral finance* pada masyarakat Provinsi Sulawesi Barat. Metode penelitian menggunakan pendekatan kuantitatif dengan desain *cross-sectional*. Data dikumpulkan melalui kuesioner pada 100 responden yang dipilih dengan *purposive sampling*, serta dianalisis menggunakan regresi linier berganda. Hasil penelitian menunjukkan bahwa secara parsial, media sosial tidak berpengaruh signifikan terhadap harga saham ($\text{sig. } 0,336 > 0,05$), sedangkan berita ekonomi memiliki pengaruh signifikan ($\text{sig. } 0,001 < 0,05$). Uji simultan memperlihatkan bahwa media sosial dan berita ekonomi bersama-sama berpengaruh signifikan terhadap harga saham dengan nilai F hitung $96,443 > F \text{ tabel } 2,70$. Koefisien korelasi ($R = 0,816$) menunjukkan hubungan yang sangat kuat, dan $R^2 = 0,665$ menandakan 66,5% variasi harga saham dijelaskan oleh kedua variabel tersebut. Temuan ini menegaskan bahwa dalam perspektif *behavioral finance*, pergerakan harga saham tidak hanya dipengaruhi faktor fundamental, tetapi juga sentimen, emosi, dan bias kognitif investor yang terbentuk melalui media sosial serta berita ekonomi.

Kata Kunci: *behavioral finance*, berita ekonomi, harga saham, media sosial.

ABSTRACT

This study aims to analyze the effect of social media and economic news on stock prices from a behavioral finance perspective in West Sulawesi Province. A quantitative approach with a cross-sectional design was employed. Data were collected through questionnaires from 100 purposively selected respondents and analyzed using multiple linear regression. The results indicate that, partially, social media has no significant effect on stock prices ($\text{sig. } 0.336 > 0.05$), while economic news shows a significant effect ($\text{sig. } 0.001 < 0.05$). Simultaneous testing reveals that social media and economic news jointly have a significant impact on stock prices, with $F \text{ value } 96.443 > F \text{ table } 2.70$. The correlation coefficient ($R = 0.816$) indicates a strong relationship, while $R^2 = 0.665$ shows that 66.5% of stock price variation is explained by these two variables. These findings highlight that, from a behavioral finance perspective, stock price movements are influenced not only by fundamentals but also by investor sentiment, emotions, and cognitive biases shaped through social media and economic news.

Keywords: *behavioral finance, economic news, social media, stock prices*

INTRODUCTION

The capital market plays a crucial role in the modern economy as a mechanism for mobilizing public funds to be allocated toward productive activities (Selasi et al., 2024).



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One of its primary instruments is stocks, which represent individual or institutional ownership in a company (Seventeen & Shinta, 2021). Stock prices are inherently volatile and influenced by both internal and external factors, including a company's fundamental performance, macroeconomic conditions, market sentiment, and public information (Sukartaatmadja et al., 2023). In the digital era, social media has emerged as a significant factor shaping investor perceptions and behaviors (Fadila et al., 2025). Social media has transformed the way corporate information is distributed and accessed, serving as an external transparency mechanism that reduces information asymmetry and enhances capital market openness. Through platforms such as Twitter and Facebook, investors can obtain company information rapidly, affordably, and broadly contrasting with traditional channels like annual reports or press conferences (Hu et al., 2025).

In the capital market, social media functions as a primary channel for disseminating information that influences investor behavior, particularly among younger generations. These platforms provide interactive spaces for exchanging ideas, news, and stock analyses, thereby reducing information asymmetry among investors (Junaidi & Nurhidayah, 2023). In addition to social media, economic news disseminated through online news portals, television, and print media also plays a significant role in shaping market sentiment (Kemenkeu, 2024). However, in the digital era, social media exerts an even stronger influence in generating investor sentiment and driving stock dynamics, as opinions, news, and comments can spread rapidly and extensively. This introduces a new dimension to behavioral finance, where stock prices are influenced not only by fundamental factors but also by perceptions and emotions arising from online social interactions. The concept of investor sentiment explains how collective optimism or pessimism expressed through social media can affect stock prices often more swiftly than traditional news dissemination (Nyakurukwa & Seetharam, 2024).

The evolution of behavioral finance emphasizes that investors' decisions are affected by psychological and social factors, which may cause stock prices to deviate from their fundamental values. Social media has become a dominant source of information that amplifies investor sentiment, as opinions, news, and discussions shape collective expectations. Consequently, stock prices are determined not merely by rational information but also by cognitive biases, emotional responses, and social trends. Theoretically, social media accelerates the formation of market sentiment, triggering volatility, herding behavior, and price bubbles. Hence, stock movements increasingly reflect psychological interactions and social dynamics alongside factual determinants (Paule-Vianez et al., 2020).

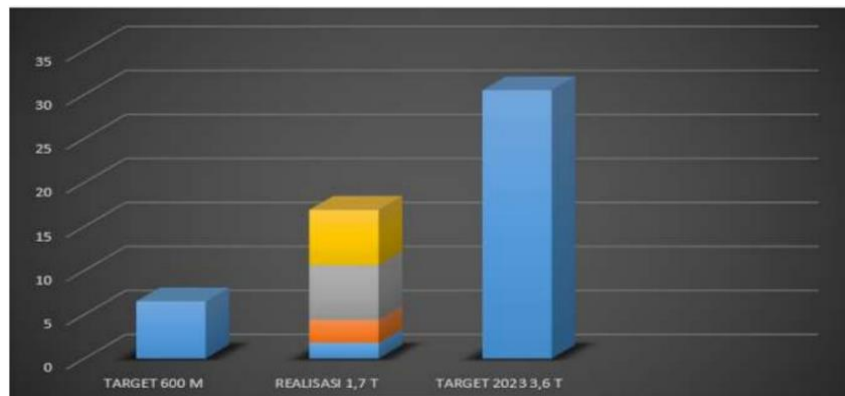


Figure 1. Investment Targets and Realizations in West Sulawesi Province for 2022 and Projected Targets for 2023

According to the 2023 report by the Investment and One-Stop Integrated Services Office, the initial investment target of IDR 600 billion was significantly exceeded, with actual realization reaching IDR 1.7 trillion, more than three times the projected goal. For 2023, the Provincial Government of West Sulawesi raised its investment target to IDR 3.6 trillion, reflecting strong optimism toward the region's continuously expanding investment trend.

For the people of West Sulawesi, who are relatively new to capital market participation, social media serves as a primary medium in shaping investment perceptions and decision-making. Rapid access to information through platforms such as Facebook, Instagram, and WhatsApp often exerts a stronger influence than official reports, leading investment decisions to be shaped by public opinion or viral issues that may not always be accurate. Therefore, examining the influence of social media and economic news on stock prices through the lens of behavioral finance becomes essential, not only to enrich academic literature but also to provide practical insights for investors.

Stock prices represent the market value that emerges from the interaction between demand and supply in the stock exchange, influenced by both internal and external factors. Sukartaatmadja et al. (2023) define stock price as a market-driven valuation determined by the interplay of company-specific conditions such as profitability, liquidity, and leverage, as well as macroeconomic factors including inflation, interest rates, and exchange rate movements. In a similar vein, Seventeen and Shinta (2021) emphasize that stock price serves as a reflection of corporate performance and an objective indicator of investment value. However, they also highlight that stock movements are not solely shaped by fundamental performance, but also by technical market dynamics, macroeconomic trends, and political developments that collectively influence investor confidence and valuation patterns.

Building on this perspective, Putra and Mahyuni (2023) argue that stock prices are essentially formed as a result of market reactions to various types of information ranging from firm fundamentals to external sentiments such as social media influencers' recommendations. In the framework of signaling theory, stock prices adjust in response to new information, which is reflected through the presence of abnormal returns. Hence, stock price behavior cannot be separated from the psychological and behavioral aspects of investors, as emotional reactions and collective perceptions often amplify market movements beyond rational expectations.

Putra and Mahyuni (2023) further identify three key indicators that influence stock price formation. The first is Abnormal Return (AAR), which represents the deviation between actual returns and expected returns within a given period serving as an indicator of how the market reacts to new information. The second is Influencer Sentiment (Buy/Hold), referring to the impact of social media recommendations or

opinions from online influencers that can sway investor perceptions and affect short-term price dynamics. The third is Market Capitalization, which measures the size and strength of a firm in the stock market, determining the extent to which information and market sentiment can influence price movements.

In sum, stock prices encapsulate not only the intrinsic value derived from corporate fundamentals but also the extrinsic factors rooted in macroeconomic conditions and investor psychology. The convergence of these rational and emotional forces creates a complex behavioral pattern in the market, making stock price movements both a reflection of financial realities and a manifestation of collective sentiment.

Social media has transformed the landscape of information exchange in the financial world, functioning as both an accelerator of transparency and a source of uncertainty. As noted by Zhang et al. (2022), social media platforms are capable of disseminating information widely and rapidly, performing a dual function that is both constructive and disruptive. On one hand, they reduce information asymmetry by providing investors with quicker and broader access to corporate and market updates. On the other hand, they may serve as conduits for inaccurate or misleading information, which can distort investor perceptions and erode trust in the market.

Yusuf et al. (2023) describe social media as a medium that simplifies communication and interaction through digital connectivity, enabling individuals and organizations to share insights, opinions, and news in real time. This instantaneous communication has reshaped the way investors process information, often prioritizing immediacy over accuracy. Meanwhile, Qadir and Ramli (2024) underscore the participatory nature of social media, highlighting its dual identity as a platform for both content creation and consumption. In this ecosystem, users are no longer passive recipients of information but active participants in producing and distributing financial narratives, discussions, and even speculative rumors.

In the context of capital markets, social media has evolved into a dynamic environment that not only reflects but also shapes investor sentiment. The digital interaction among users through posts, comments, and reactions creates a feedback loop that amplifies emotions and expectations. Positive discussions about a company may lead to heightened optimism and increased trading activity, while negative rumors can trigger waves of skepticism and sell-offs. Thus, while social media enhances transparency and information flow, it also introduces volatility by accelerating the spread of unverified content and emotional reactions within the investor community.

To capture the complex influence of social media on financial behavior, Zhang et al. (2022) introduced the Internet Financial Forum Rumor Index (IFFRI) as a quantitative measure of its impact. This framework assesses the extent to which information circulating on online financial platforms affects market behavior through three main components. The first is the Attention Rate (AR), which measures the level of public engagement based on the number of views, comments, and interactions with particular financial discussions or rumors. The second is Market Capitalization (MC), representing the size of the company targeted by these rumors, indicating how large an effect such discourse may have on market valuation. The third component is Sentiment Polarity (SP), which distinguishes between positive sentiment, stimulating investor optimism and negative sentiment dampening confidence and trust.

Collectively, these indicators illustrate how social media serves as both a reflection and a driver of investor psychology. By facilitating rapid dissemination of information and opinions, social media blurs the line between fact and speculation, making markets more responsive yet more susceptible to emotional contagion.

Consequently, understanding the dynamics of social media becomes essential for both academics and practitioners seeking to interpret the interplay between digital communication, investor sentiment, and stock market behavior in the modern era.

Economic news serves as a vital medium that connects macroeconomic developments with public perception, playing a significant role in influencing investor behavior and market dynamics. As noted by Nyakurukwa and Seetharam (2024), economic news encompasses information disseminated through both traditional mass media and social media platforms, often carrying implicit or explicit sentiment that shapes investor reactions and contributes to stock market fluctuations. Unlike technical financial data or corporate reports, economic news interprets and contextualizes events, transforming abstract figures and policies into narratives that affect collective confidence and decision-making.

Durán-Sandoval and Uleri (2024) further explain that economic news should be understood as the presentation of economic issues within the public sphere, reflecting how economic realities are communicated, debated, and interpreted in society. In this view, news is not a neutral transmission of information but a constructed discourse that frames the meaning of economic events. Through selective emphasis, tone, and narrative framing, the media can guide the way audiences perceive growth, risk, and opportunity thereby influencing market expectations.

Similarly, Kurniasih et al. (2023) define economic news as a form of media discourse that presents economic issues while carrying a representative function in shaping public understanding. This definition underscores the role of media not only as an observer but also as an active participant in the construction of economic meaning. Economic news provides a lens through which individuals interpret complex issues such as national and global economic trends, recovery efforts, business financing, small and medium enterprise (SME) development, and government policy implementation. These narratives, by linking macroeconomic indicators with human experiences and institutional decisions, make the economy intelligible to the public while simultaneously framing the emotional tone of market participation.

Through the coverage of national and global economic issues, the media situates local markets within a broader international context, emphasizing interdependence and the ripple effects of external shocks. Discussions of economic recovery, on the other hand, often serve to reinforce narratives of resilience and optimism, highlighting strategies for growth and policy interventions aimed at restoring stability. Likewise, reporting on business financing and SME development reflects the democratization of economic participation, portraying access to capital as a cornerstone of inclusive growth. Furthermore, government policies such as those concerning taxation, subsidies, and investment incentives are often framed not only in terms of their economic impact but also their social implications, reinforcing the interconnectedness between state action, market confidence, and public welfare.

In this way, economic news transcends its informational function to become a social and psychological force that mediates between fact and sentiment. It influences how investors interpret signals from the market, how businesses strategize in response to policy changes, and how the general public perceives the health of the economy. The framing and tone of economic reporting can thus amplify optimism during periods of growth or deepen uncertainty in times of crisis. Consequently, economic news operates as both a mirror and a mold of financial reality reflecting existing economic conditions while simultaneously shaping the collective sentiment that drives modern financial behavior.

Behavioral finance is understood as an interdisciplinary approach that integrates psychology and economics to explain how investors make financial decisions. Unlike traditional financial theories that assume complete rationality and efficiency, behavioral finance argues that investment decisions are often shaped by cognitive biases, emotional influences, and heuristic shortcuts, all of which can lead to market inefficiencies and suboptimal outcomes (Bennett et al., 2023). This perspective challenges the classical notion of the efficient market hypothesis by suggesting that markets are not always rational or self-correcting; rather, they are frequently driven by the psychological tendencies and emotional reactions of the investors who participate in them.

Emerging as a response to the limitations of conventional finance, behavioral finance offers an alternative explanation for the anomalies observed in financial markets phenomena that traditional models struggle to account for, such as bubbles, overreactions, and herd behavior. It recognizes that investors often deviate from rational expectations due to biases like overconfidence, loss aversion, and representativeness, which influence how information is interpreted and how risk is perceived. As Paule-Vianez et al. (2020) describe, the theory originated as a descriptive framework for understanding decision-making under uncertainty, combining insights from psychology and sociology to analyze how non-standard preferences and expectations can affect asset prices and create deviations between fundamental value and market price.

In this sense, behavioral finance serves as a corrective lens to the overly rational assumptions of traditional finance. It explains that investors do not always process information objectively or make decisions that maximize utility; instead, they rely on mental shortcuts and emotional cues that distort judgment. Market participants may follow trends blindly (herding behavior), hold onto losing stocks too long (disposition effect), or react disproportionately to news (overreaction bias). These recurring patterns contribute to volatility and inefficiency in financial markets, making prices fluctuate beyond what fundamentals can justify.

Corzo et al. (2024) further describe behavioral finance as a branch of behavioral economics specifically concerned with the systematic errors in judgment and decision-making that occur in financial contexts. It provides a framework for analyzing how psychological tendencies shape market phenomena and how collective behavior can amplify individual biases into macro-level effects. By integrating cognitive psychology, social dynamics, and financial modeling, behavioral finance deepens our understanding of why markets deviate from equilibrium and how sentiment, perception, and emotion intertwine with information to influence investment outcomes.

Ultimately, behavioral finance represents a paradigm shift in the study of financial decision-making. It positions the investor not as a perfectly rational actor but as a complex individual influenced by both logic and emotion. This human-centered view offers a more realistic depiction of market behavior one that acknowledges uncertainty, imperfection, and the powerful role of psychology in driving financial systems.

METHOD

This study employs a quantitative approach that utilizes numerical data analyzed statistically to generate valid and reliable conclusions (Ali et al., 2022). The research design follows an observational, cross-sectional method, wherein both independent and dependent variables are measured simultaneously to identify the relationship between them (Wang & Cheng, 2020). As explained by Abdullah et al. (2023), the data sources consist of both primary and secondary data. Primary data were collected through structured questionnaires, while secondary data were obtained from literature such as books, academic articles, and journals. The research population comprises all residents

of West Sulawesi Province, totaling 1,380,256 individuals according to BPS (2021) (Amin et al., 2023). The sample was selected using purposive sampling based on predetermined criteria as outlined by Razali et al. (2023) and calculated using the Slovin formula (Tunru et al., 2023), resulting in a total of 100 respondents. The primary research instrument was a questionnaire containing both open-ended and close-ended questions designed to assess the influence of social media and economic news on stock prices (Ardiansyah et al., 2023), complemented by a checklist and Likert-scale items.

The validity of the instrument was tested using the Pearson Product-Moment Correlation, while its reliability was assessed using Cronbach's Alpha, with the instrument considered valid when the calculated r value exceeded the table r value (Darma, 2021), and reliable when $\alpha > 0.60$ (Anwar & Marzuki, 2020). Data analysis was conducted using SPSS, incorporating classical assumption tests such as normality (Kolmogorov-Smirnov), multicollinearity (Variance Inflation Factor and tolerance), and heteroscedasticity ($p \geq 0.05$) (Sugiyono, 2020). Descriptive analysis was presented in the form of tables, graphs, and narrative explanations. Hypothesis testing employed multiple linear regression analysis, which included t -tests to evaluate partial effects, F -tests to examine simultaneous effects, and the coefficient of determination (R^2 and Adjusted R^2) to measure the explanatory power of the independent variables toward the dependent variable (Sugiyono, 2020).

RESULT AND DISCUSSIONS

Result

Table 1. Demographic Characteristics of Respondents

Characteristic	n	Percentage
Age		
18-30 Years	85	85%
31-40 Years	5	5%
41-50 Years	3	3%
> 51 years old	7	7%
Gender		
Man	43	43%
Woman	57	57%
Education		
High School/Vocational School	18	18%
S1	71	71%
S2/S3	11	11%
Income		
IDR <1,000,000	68	68%
IDR 1,000,000 – 2,000,000	12	12%
IDR 2,000,000 – 3,000,000	5	5%
IDR > 3,000,000	15	15%

Based on Table 1, the majority of respondents are aged 18–30 years old (85%) with a predominance of women (57%). Most of them have a S1 education (71%) and earn less than IDR 1,000,000 (68%). This shows that respondents are dominated by young age groups, with a bachelor's education, and relatively low income

Validity and Reliability

Table 2. Validity and Analysis Results

Variable	Number of Items	R count	R Table	Information
Social Media	9	0,679 - 0,841	0,196	Valid
Economic News	10	0,660 - 0,879		
Stock Price	9	0,696 - 0,802		

Based on the results of the validity analysis in Table 2, all research instruments were declared valid because the *r* value of each item on social media variables, economic news, and stock prices was greater than the *r* table (0.196). The range of calculated *r*-values for the Social Media variable is at 0.679–0.841, Economic News at 0.660–0.879, and Stock Price at 0.696–0.802. This shows that all question items in the instrument can be used because they are able to measure the variables being studied precisely.

Table 3. Reliability Analysis Results

Variable	<i>Cronbach's Alpha</i>	<i>Rcritical</i>	Information
Social Media	0,924	0,60	Reliable
Economic News	0,936		
Stock Price	0,906		

Based on the results of the reliability analysis in Table 3, all research variables have a *Cronbach's alpha* value above 0.90, namely social media of 0.924, economic news of 0.936, and stock price of 0.906. This value far exceeds the minimum limit of reliability (critical *r* = 0.60), so it can be concluded that the instrument used in this study is very reliable and consistent in measuring each variable.

Classic Assumptions

Table 4. Results of Normality and Multicollinearity Analysis

Normality	Multicollinearity	
	<i>VIV</i>	<i>TOLERANCE</i>
0,099	0,232	4,312

Based on Table 4, the results of the normality test showed a significance value of 0.099 which was greater than 0.05. This indicates that the data is distributed normally. Meanwhile, the results of the multicollinearity test showed a *tolerance* value of 0.232 (greater than 0.10) and a VIF of 4.312 (less than 10). Thus, it can be concluded that there is no multicollinearity problem in the model used.

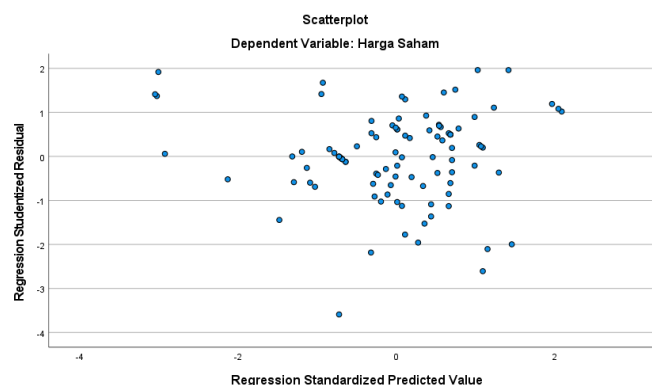


Figure 2. Scatterplot Results

The scatterplot in the image shows the relationship between the independent variable and the dependent variable. The data points are scattered randomly around the line, without forming a definite pattern. This indicates that there are no serious problems with the regression assumption, particularly regarding heteroscedasticity.

Hypothesis Analysis

Table 5. Hypothesis Analysis Results

Variable	Thitung	Sig	F count	Sig	R	Rsquare
Social Media	2,962	0,336	96,443	0,001	0,816	0,665
Economic News	5,825	0,001				

The results of the analysis showed that the social media variable had a calculated t-value of 2.962 greater than the t-table of 1.661, but the significance of 0.336 was greater than 0.05, so the effect was not partially significant. Meanwhile, the economic news variable obtained a t-count of 5.825 greater than the t-table of 1.661 with a significance value of $0.001 < 0.05$, meaning that it had a significant effect on the dependent variable. Simultaneous tests showed that the F-count was 96.443 greater than the F-table of 2.70 with sig. $0.001 < 0.05$, so that social media and economic news together have a significant influence. The value of the correlation coefficient (R) of 0.816 indicates a very strong relationship, while the *R square* of 0.665 means that 66.5% of the variation of the dependent variable can be explained by both independent variables, the rest is influenced by other factors outside the model.

Discussions

The Impact of Social Media on Stock Prices: A Behavioral Finance Perspective on the People of West Sulawesi Province

The results showed that social media had a t-table value (2,962) greater than t-table (1,661). Statistically, this condition should indicate an influence. However, a significance value of 0.336, which is greater than the significance level of 0.05, confirms that the effect is not significant. This means that the existence of social media has not been able to have a real impact on stock price fluctuations in West Sulawesi Province.

Research by Pradana et al. (2020) found that sentiment on social media, especially in telecommunications companies in Indonesia, has a dominant composition in the form of negative sentiment (78%), while positive sentiment is only 16% and the rest is neutral. The results of the analysis show that negative sentiment does not have a significant effect on stock prices, while positive sentiment actually has a real relationship with stock price movements. This means that positive perceptions built through social media are able to increase investor confidence, although negative sentiment does not always directly lower stock prices.

This is in line with the *perspective of behavioral finance* which emphasizes that stock price movements are not only determined by rational information, but also by psychological factors, biases, and cognitive limitations of investors. According to Paule-Vianez et al. (2020), the deviation between fundamental value and market price often arises due to non-standard preferences and expectations influenced by social and emotional factors. Corzo et al. (2024) also emphasized that cognitive and heuristic bias can trigger market anomalies, so information on social media is not necessarily able to be the main determinant of stock movements. Thus, although social media plays a role in disseminating information quickly, its impact on stock prices is still influenced by the psychological dynamics of investors as explained in the *framework of behavioral finance*.

The Impact of Economic News on Stock Prices: A *Behavioral Finance Perspective* on the People of West Sulawesi Province

Economic news has proven to have a significant influence on stock prices in West Sulawesi Province. The results of the analysis showed that the t-count value of 5.825 was greater than the t-table of 1.661 and the significance value was $0.001 < 0.05$. This indicates that the circulating economic information is able to influence investor behavior in making investment decisions.

Ren *et al.* (2020) states that economic news has an important role in influencing stock price movements. Investors don't always respond to the news directly, so there's a time lag before price changes are reflected in the market. The results show that news is able to cause changes in market sentiment that lead to fluctuations in stock prices.

When linked to a *behavioral finance perspective*, these findings reinforce the view that investment decisions are not entirely rational as assumed in traditional financial theory. Investors are often influenced by psychological factors such as emotions, cognitive bias, and limited information, so the response to economic news can cause a deviation in the stock price from its fundamental value (Paule-Vianez *et al.*, 2020; Bennett *et al.*, 2023; Corzo *et al.*, 2024). Thus, both empirical results in West Sulawesi Province show that economic news has a real impact on stock prices through the mechanism of investor behavior explained by *behavioral finance*.

The Impact of Social Media and Economic News on Stock Prices: A *Behavioral Finance Perspective* on the People of West Sulawesi Province

The results of the simultaneous test showed that social media and economic news together had a significant influence on stock price movements in West Sulawesi Province. This is shown by an F-count value of 96.443 which is much higher than the Ftable of 2.70, as well as a significance value of $0.001 < 0.05$. The value of the correlation coefficient ($R = 0.816$) indicates a very strong relationship between independent variables and stock prices. Meanwhile, the determination value ($R^2 = 0.665$) indicates that 66.5% of stock price variations can be explained by the influence of social media and economic news. The remaining 33.5% was influenced by other variables outside the model.

These findings are in line with the study of Ren *et al.* (2020) which confirms that news has a direct impact on stock price movements because it is able to shape market sentiment and trigger emotional behaviors, such as the *herding* phenomenon, which causes stock prices to deviate from their fundamental value. Lemel (2022) emphasized that social media sentiment is related to stock prices, where changes in public sentiment expressed through various social platforms can affect the stock price movements of large companies.

In a *behavioral finance perspective*, these results reinforce the understanding that investment decisions are not entirely based on full rationality as traditional financial theory assumes. In contrast, investors' financial decisions are often influenced by cognitive, emotional, and heuristic biases, which are reflected through the rapid dissemination of information on social media and economic news (Bennett *et al.*, 2023; Paule-Vianez *et al.*, 2020; Corzo *et al.*, 2024). Thus, both empirically in West Sulawesi and globally, consistent findings are that social media and economic news play a significant role in shaping investment decisions through the psychological mechanisms of investors as described by *behavioral finance*.

CONCLUSION

This study shows that social media has not partially had a significant influence on stock prices in West Sulawesi Province, although it theoretically has the potential to shape investor perception. On the other hand, economic news has been proven to have a significant influence on stock price movements, indicating that the economic information circulating is able to influence people's investment behavior and decisions. Furthermore, the results of the simultaneous test confirmed that social media and economic news together had a strong and significant influence, with a contribution of 66.5% to stock price variations. From a *behavioral finance* perspective, these findings reinforce the view that stock price movements are not only determined by rational information, but also by psychological factors, cognitive biases, emotions, as well as investor heuristics. Information spread through social media and economic news can shape market sentiment, trigger *herding behavior*, and create a deviation between market prices and fundamental values. Thus, the results of this study confirm that the psychological dynamics of investors play an important role in explaining the relationship between social media, economic news, and stock prices.

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