Analysing The Impact of Public Knowledge on the Market Share Index’s Fluctuation

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# Introduction

This study explores the complex link between public awareness and market share index volatility to close a significant knowledge gap in the financial markets. Based on the positivist research philosophy, the study uses closed-ended questionnaires to implement a quantitative methodology. In order to give a thorough understanding of the elements impacting market dynamics, the research examines the effects of public awareness, economic indicators, company performance, market mood, and government policies. These aspects are then tempered by media influence and global economic situations. The idea emphasises the importance of comprehending Market Share Index Fluctuations for theoretical development and real-world financial applications.

# Context

This study fills a significant knowledge gap regarding the dynamics of financial markets by exploring the complex link between public awareness and the market share index's volatility. The main goal is to provide insightful observations that connect the theoretical and empirical realms, benefiting financial practitioners and scholars. Studies underscore the importance of public awareness in shaping investor conduct and market results. Research by Gao et al. (2022, p. 8) highlights how investor attitude affects trading choices and shows how market developments, public sentiment, and awareness are related. Furthermore, theories of behavioural finance, most notably the Adaptive Market Hypothesis (Noreen et al., 2022, p. 168), offer a framework for understanding how the information processing of market players impacts market dynamics. Furthermore, the Information Cascades hypothesis, which emphasises the significance of public information in influencing investment decisions, is consistent with public knowledge as a critical factor. Comparable to this, economic indicators are acknowledged as the primary forces behind changes in the market. Conversely, corporate performance is a fundamental component that recognises the influence of individual companies on the dynamics of the market as a whole (Anderson, 2014).

The media's function in distributing financial information and influencing investor attitudes is essential to understand the larger context of market swings further. Based on research by Anastasiia Kuz Miskinis (2021, p.131) (2001), the state of the global economy is a significant moderator, highlighting the interdependence of markets in an international economy. This study aims to thoroughly understand how public awareness interacts with various elements to impact market share index variations by combining the variables and moderators. The study's multifaceted methodology aligns with how financial research develops and has valuable implications for academics, politicians, and investors.

# Literature Review

## Challenging Aspects of Market Share Index Fluctuations

Since market share index fluctuation is a gauge of financial markets' overall health and dynamics, it presents a significant issue. The index is an essential indicator of market stability because of its continuous oscillation, which captures investor emotion, economic conditions, and company performance. Despite being a natural feature of financial markets, this volatility causes issues since it significantly influences capital flows, investment choices, and economic stability (Chikwira & Jahed Iqbal Mohammed, 2023, p.155). According to James (2018, p. 230), during the 2008 financial crisis, the international market indexes' sharp declines indicated a systemic collapse, which sparked fear and a global economic depression. The issue is worsened by the globalisation of markets, as changes impact both developed and developing nations. To make strategic decisions, investors need stable market circumstances. Excessive volatility can undermine investor confidence and result in inefficient use of resources in the market. Therefore, it is critical to comprehend and reduce Market Share Index Fluctuation in order to maintain economic health and guarantee the stability of financial systems.

## Public Knowledge and Market Sentiments Influence

Market mood and public knowledge significantly impact changes in the Market Share Index; this is a complicated interaction with significant consequences. Studies like Richard Paul Gregory's (2021, p. 100499) confirm that market movements may be driven beyond fundamental values by investor mood, a component of public knowledge. Sajid et al. (2021, p. 11) examine behavioural biases and information cascades to clarify how public perceptions might increase market volatility. Furthermore, research by Florin Cornel Dumiter et al. (2023, p. 3128) highlights the media's critical role in influencing market sentiment and how it may aggravate or lessen swings. The instability of market indexes is partly due to investor decisions, which are frequently motivated by emotion rather than reasoned research. Behavioural finance theories offer a theoretical framework for comprehending how people's risk perceptions and decision-making affect market sentiment; one such theory is the Prospect Theory by Guevara Cortés et al., 2023, p. 121. Events that occurred in real life, like the dot-com boom and the 2008 financial crisis, eloquently demonstrate how sentiment-driven public knowledge can drive speculative bubbles and cause market crashes. Consequently, regulators and investors alike must have a sophisticated grasp of the complicated interplay between public awareness, sentiment, and Market Share Index Fluctuations to devise effective methods for navigating the inherent difficulties of financial markets.

## Effects of Economic Indicators and Corporate Performance

Economic indicators such as GDP and business performance significantly influence fluctuations in the market share index and are crucial factors in the dynamics of the financial markets. Bartholomew Paudyn (2023) provides empirical data highlighting economic indicators' importance in determining market movements. Strong GDP growth indicates a healthy economy, which frequently translates into an optimistic market mood, whereas contractions may lead to sell-offs and index drops. According to Anna Sofia Atichasari et al. (2023, 100137), corporate performances are a microcosm of the larger economic environment. The financial stability, profit margins, and earnings reports of publicly traded corporations are essential factors that impact index patterns and investor confidence. For example, markets frequently respond rapidly to business results during earnings seasons, reflecting the immediate impact on share prices and, subsequently, the index as a whole. Examples from the real world, like the 2008 financial crisis, show how economic variables predict market volatility. Market Share Index Fluctuations reflected these economic upheavals when Lehman Brothers fell, the GDP shrank, and company bankruptcies followed (James, 2018, p. 230). Therefore, to effectively navigate the complexities of financial markets, investors and policymakers must possess a thorough awareness of the complex relationships between economic data and market indices.

## Government Policies and Market Mediators

Market share index fluctuations are significantly impacted by government policies, which are empirically supported to play a crucial role in determining market dynamics. Research like Zaremba et al. (2020, p. 101597) highlights how monetary and fiscal policies affect investor behaviour and market results. Changes in policy, including adjustments to interest rates or regulations, can cause substantial reactions in the market, demonstrating the direct relationship between government actions and index values. Global economic conditions and media influence appear as important mediating factors of these oscillations simultaneously. Research emphasises the media's ability to shape public perception and market sentiment, as demonstrated by Liao (2023, p. 621). Furthermore, according to Mamman et al. (2023, p. 103877), the state of the world economy modifies or amplifies the effect of government actions on market indices. Because markets are interconnected in a globalised economy, it is essential for investors and policymakers navigating unstable financial environments to have a nuanced understanding of how media and global economic factors mediate the relationship between government policies and Market Share Index Fluctuations.

# Research Objectives and Questions

## Question

How does the market share index fluctuate due to the interaction of public awareness, economic indicators, company performance, market mood, and government policies, all tempered by media impact and global economic conditions?

## Objectives

* Examine the direct effect of public awareness on the variation of the market share index.
* Analyse the correlation between changes in the market share index and economic indices such as GDP growth, inflation, and unemployment.
* Analyse the impact of company performance on changes in the market share index.
* Examine how the market share index dynamics are influenced by the market sentiment, as determined by surveys and sentiment research.
* Examine how legislative and regulatory actions affect the market share index as you analyse how government policies affect it.

# Methodology

A quantitative methodology utilizing survey methodologies will be employed in the specific research study, aligning with the chosen positivist research philosophy. Positivism emphasizes objectively assessing observable phenomena, harmonizing with the study's quantitative variables (Jelena et al., 2023). Employing a close-ended survey approach facilitates the collection of numerical data from a substantial sample size, simplifying subsequent statistical analyses to discern trends and correlations among variables (Mumtaz et al., 2020). The survey method ensures a comprehensive and organized exploration of the impact of Public Knowledge, Economic Indicators, Corporate Performance, Market Sentiment, and Government Policies on the Market Share Index Fluctuation dependent variable. This methodological choice supports the positivist philosophy by emphasizing empirical evidence and quantitative analysis, contributing to a rigorous examination of the factors influencing market dynamics in a structured and systematic manner.

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# Appendices

## Appendix 1- Gantt chart for Project Timeline

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Weeks | 1-2 | 2-4 | 4-6 | 6-8 | 8-10 | 10-12 |
| Identification of Research Objectives |  |  |  |  |  |  |
| Formulation of Research Question and Selection of Variables |  |  |  |  |  |  |
| Writing Research Proposal |  |  |  |  |  |  |
| Detailed Literature Review |  |  |  |  |  |  |
| Development of Questionnaire |  |  |  |  |  |  |
| Data Collection via Survey |  |  |  |  |  |  |
| Data Analysis |  |  |  |  |  |  |
| Draft Write-up |  |  |  |  |  |  |
| Final Dissertation |  |  |  |  |  |  |