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Impact of Company Public Relations on Stock Investment Decisions among Generation Z Investors in Bengaluru

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Abstract

In recent years, Generation Z investors in India, particularly in urban centers such as Bengaluru, have become increasingly active participants in the stock market. This study examines the impact of company public relations (PR) on stock investment decisions among this demographic. The research focuses on how PR activities, corporate communication, leadership statements, social media updates, and financial news influence investor perception, trust, and decision-making. Primary data were collected through a structured Likert-scale questionnaire targeting Generation Z investors, and responses were analyzed using percentage-based analysis to identify key trends and patterns. The findings reveal that leadership communication and transparent corporate messaging are the most influential factors in shaping investor confidence, while general PR campaigns and social media communication exhibit limited impact. Positive and negative corporate news elicit polarized responses, reflecting a critical and evaluative investment mindset. The study further highlights that trust and credibility, rather than promotional visibility, drive investment behavior within this cohort. These insights suggest that companies seeking to attract Generation Z investors should prioritize leadership-driven, clear, and honest communication strategies over broad PR campaigns or social media-centric messaging. The results contribute to a deeper understanding of the intersection between PR and investment decision-making among younger investors and offer practical guidance for corporate communication strategies in emerging financial markets.

Keywords: Generation Z, Public Relations, Investor Perception, Stock Investment Decisions, Corporate Communication

Introduction

In today's rapidly evolving investment landscape, the participation of Generation Z investors in the stock market has grown steadily, particularly in metropolitan cities like Bengaluru. With easy access to digital platforms, financial news, and corporate communication, young investors are increasingly influenced by how companies present themselves to the public. Beyond financial performance, company public relations play an important role in shaping perceptions, building trust, and influencing investment-related decisions.

This study focuses on understanding the impact of company public relations on stock investment decisions among Generation Z investors in Bengaluru. Public relations activities such as media coverage, corporate announcements, social media communication, and leadership messaging are examined to assess how they influence investor trust, credibility, and overall investment behavior.

The research is based on primary data collected through a structured questionnaire administered to Generation Z investors. The study follows a systematic research process that includes data collection, organization, and analysis to identify key patterns in investor responses. Percentage analysis is used as the primary analytical tool to interpret the influence of various public relations factors on investment decisions in a clear and meaningful manner.

The findings of this study aim to provide practical insights into how company public relations shape stock market participation among Generation Z investors. By highlighting the most influential communication channels and trust-building elements, the research seeks to assist companies in improving their investor communication strategies and strengthening long-term relationships with young investors.

Review of Literature

Prior research establishes that public relations and corporate communication play a crucial role in influencing investor perception and investment behavior. Fombrun (1996) and Cornelissen (2017) identified corporate reputation and transparent communication as strategic assets that build investor trust and reduce perceived risk. With the growth of digital media, Mangold and Faulds (2009) and Kaplan and Haenlein (2010) highlighted how social media and online platforms enable firms to directly shape stakeholder and investor sentiment. Recent studies have emphasized credibility and trust as key mediators in investment decisions; Reddy and Narayan (2022) found that credible corporate communication significantly improves investor confidence, while Joshi and Kulkarni (2021) reported that ethical and consistent public relations positively influence young investors' willingness to invest. ScienceDirect (2023) and OECD (2022) further noted that digital news, financial media narratives, and governance communication strongly impact retail investor behavior in emerging markets. More recent evidence from Edelman Trust Barometer (2024) and Zhang et al. (2025) indicates that Generation Z investors rely heavily on authentic, transparent, and socially responsible communication when making stock investment decisions. However, empirical studies focusing specifically on the influence of public relations on Generation Z investors in urban Indian contexts such as Bengaluru remain limited, highlighting a clear research gap addressed by the present study.

Research Gap

The table below highlights the key areas explored in existing literature and clearly identifies the unresolved gaps that this study aims to address, particularly in the context of Generation Z investors and digital public relations practices.

Aspect Covered in Literature	Key Findings from Previous Studies	Identified Research Gap
Corporate reputation and PR	Strong PR improves trust and investor confidence	Limited focus on younger investor segments, especially Generation Z
Digital communication channels	Social media and online platforms shape investor perception	Lack of empirical evidence on which digital PR channels influence Gen Z most
Investor trust and transparency	Transparency reduces perceived investment risk	Insufficient studies linking PR transparency directly to investment intention

Ethical and CSR communication	Ethical PR positively affects brand image	Minimal research on CSR-driven PR impact on Gen Z investment behavior
Geographical context	Studies largely focus on global or developed markets	Scarcity of India-specific, city-level (e.g., Bengaluru) empirical studies
Methodological approach	Mostly conceptual or qualitative studies	Limited quantitative, survey-based analysis targeting Gen Z investors

Objectives of The Study

1. To examine the impact of company public relations on stock investment decisions of Generation Z investors in Bengaluru.
2. To assess the role of trust and credibility generated through public relations in influencing Generation Z investors.
3. To identify the most influential public relations channels affecting stock market investment decisions among Generation Z investors.

Research Methodology

- Research Design

This study adopts a descriptive research design to understand the influence of company public relations on stock investment decisions among Generation Z investors in India.

- Target Population

The population comprises Generation Z individuals who actively participate in or show interest in stock market investments.

- Sampling Area

The study focuses on urban India, with greater representation from metropolitan cities where Gen Z participation in equity markets is relatively high.

- Sampling Technique

Convenience sampling was used, considering accessibility and willingness of respondents to participate in the study.

- Sample Size

Responses were collected from a defined group of Gen Z investors, ensuring relevance to the research objective.

- Data Collection Method

Primary data was collected through a structured Google Form questionnaire circulated digitally among the target respondents.

Secondary data was sourced from reputed journals, financial publications, and industry reports to support the study.

- Research Instrument

The questionnaire was designed using Likert scale statements (ranging from strong disagreement to strong agreement). This approach enabled the measurement of respondents' perceptions regarding company public relations, trust, credibility, and investment influence in a structured manner.

- Variables Considered

  - Independent Variables: Company public relations elements such as media coverage, corporate communication, social media presence, and leadership messaging.

  - Dependent Variable: Stock investment decisions of Generation Z investors.

- Data Analysis Technique

Percentage analysis was employed to summarize responses and identify dominant patterns and trends in investor perceptions. No hypotheses were formulated, as the study aims to provide exploratory insights rather than causal inference.

- Scope of the Study

The research captures current perceptions of Gen Z investors toward corporate public relations and its role in influencing stock investment behavior.

- Ethical Considerations

Participation was voluntary, respondent anonymity was maintained, and data confidentiality was strictly ensured, aligning with standard academic research ethics.

Data Analysis Methodology

The data collected through the structured Google Forms questionnaire were subjected to an initial screening process to ensure data completeness, consistency, and validity. All measurement items were operationalized using a Likert scale, enabling systematic quantification of respondents' perceptions.

The study employed percentage analysis as the primary descriptive statistical technique to analyze the data. Frequency distributions were converted into percentage values to summarize response patterns and to identify dominant trends related to the influence of company public relations on stock investment decisions among Generation Z investors.

The analysis focused on evaluating respondent perceptions across key dimensions, including the impact of public relations activities, the role of trust and credibility, and the relative influence of different communication channels. Given the descriptive and exploratory nature of the study, no hypotheses were formulated, and inferential statistical techniques were not applied.

Results were presented using tabular and graphical representations to enhance interpretability and facilitate objective comparison across response categories. The findings derived from the analysis were subsequently interpreted in alignment with the stated research objectives to generate empirically grounded insights.

Data Analysis

The collected data were analyzed using percentage analysis to examine the influence of company public relations on stock investment decisions among Generation Z investors. Responses were measured using a five-point Likert scale ranging from Strongly Agree to Strongly Disagree. The analysis focuses on leadership communication, transparency, public relations credibility, social media communication, and media news influence.

Table 1: Percentage Analysis of the data collected

Question	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Company public relations influence my decision to invest in stocks.	16%	8%	36%	24%	16%
Positive news about a company encourages me to invest in its shares.	24%	16%	12%	32%	16%
Negative publicity makes me avoid investing in a company.	12%	16%	32%	20%	20%
Good public relations increase my trust in a company.	8%	4%	40%	36%	12%

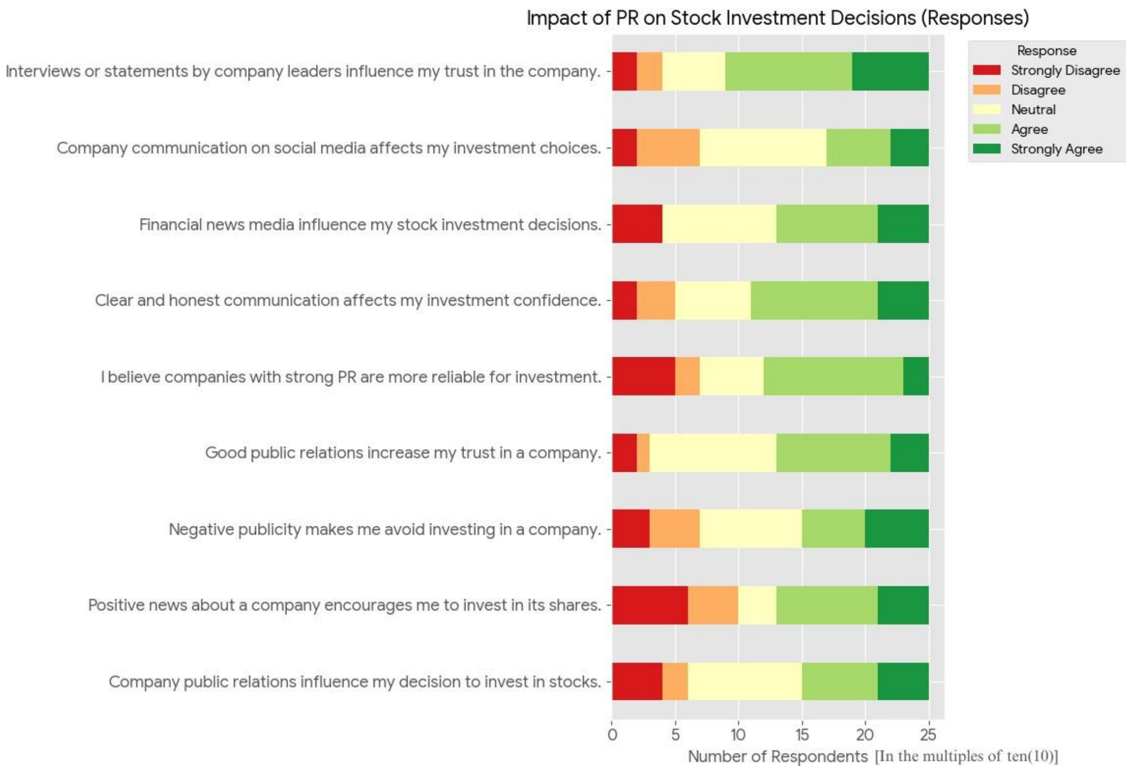

Fig 1: graphical representations of Percentage Analysis

Inferences

- Company public relations exert a selective rather than uniform influence on stock investment decisions, indicating that not all PR activities are perceived with equal importance by Generation Z investors.

- A high proportion of neutral responses across multiple variables suggests that public relations alone are insufficient to trigger investment decisions and are likely evaluated alongside financial and market-based information.

- Leadership-driven communication emerges as a relatively stronger trust signal compared to generalized corporate messaging, implying that executive visibility enhances perceived credibility.

- Transparency and clarity in corporate communication play a critical role in shaping investor confidence, reinforcing the importance of ethical disclosure practices.

- General perceptions of “strong PR” show ambivalent influence, indicating skepticism toward promotional narratives that lack substantive informational value.

- Social media communication demonstrates limited effectiveness as an investment influence channel, suggesting it functions primarily as an awareness tool rather than a decision-making input.

- Investor responses to positive corporate news indicate cautious optimism, while sensitivity to negative publicity reflects risk-avoidance tendencies.

- Financial news media influence is present but not dominant, suggesting critical evaluation rather than passive acceptance of media narratives.

- The coexistence of agreement and disagreement across news-related variables highlights a mature evaluative approach, where information credibility is assessed before influencing investment behavior.

- Overall, Generation Z investors appear to prioritize credibility, leadership accountability, and transparent communication over volume-driven or image-centric public relations strategies.

Findings

- Company public relations have a moderate influence on stock investment decisions, mainly by shaping trust and credibility.

- Leadership communication (interviews/statements by executives) is the most influential channel affecting investor perception.

- Clear and honest corporate communication strengthens investment confidence and builds credibility

- General PR activities show mixed influence, with a high level of neutrality, indicating skepticism toward promotional messaging.

- Social media communication has limited impact on investment decisions despite high usage among Generation Z.

- Responses to financial news and positive/negative publicity are polarized, showing critical evaluation and cautious decision-making.

Overall, Generation Z investors prioritize transparency, credibility, and leadership-driven communication over broad PR campaigns or social media content when making investment choices.

Suggestions

- Companies should prioritize leadership-driven communication, such as CEO interviews, statements, and direct messages, to enhance investor trust among Generation Z.
- Emphasize clear, honest, and transparent communication in all corporate messaging to strengthen investor confidence.
- Avoid over-reliance on social media or generic PR campaigns for investment-related influence, as these channels have limited credibility for financial decision-making.
- Design PR strategies that combine informative content with credibility signals, focusing on substance rather than promotional visibility.
- Monitor investor reactions to news and media coverage, and address potential skepticism through timely clarification and consistent messaging.
- Tailor communication to reflect data-driven and trustworthy information, integrating PR with corporate performance updates to support informed investment decisions.

Conclusion

The study concludes that company public relations influence stock investment decisions of Generation Z investors primarily through trust and credibility rather than direct promotional impact. Leadership communication and clear, honest corporate messaging are the most effective channels, while general PR activities and social media content have limited influence. Generation Z investors demonstrate a critical and evaluative mindset, selectively relying on PR information alongside financial and market data. Companies aiming to engage this demographic should prioritize transparent, leadership-driven, and informative communication strategies to foster confidence and support informed investment decisions.

Scope for Further Research

- Future studies can explore the influence of company public relations on investment decisions across different investor age groups, beyond Generation Z, to examine generational differences.
- Comparative analysis of urban versus rural investors could reveal variations in PR perception and trust formation.
- Research can investigate the role of emerging digital channels, such as podcasts, YouTube, and financial apps, in shaping investor behavior.
- Longitudinal studies could assess changes in investor perception over time in response to sustained PR campaigns and market events.
- Future research may examine the interaction of PR with financial fundamentals, stock performance, and market sentiment to understand combined effects on investment decisions.

- Cross-country studies could evaluate cultural and regulatory influences on PR effectiveness in investment decision-making.

Declaration of Conflicting Interests

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