Journal of Advanced Research in Humanities and Social Sciences
Volume 8, Issue 4 - 2021, Pg. No. 1-5
Peer Reviewed Journal

Review Article

Strategic Financial Communication in Times of Crisis: An Analysis of Indian Financial Dailies

Padmini Jain[1], Gargi Yadav[2]

[1]Assistant Professor, School of Journalism and New Media Studies, Indira Gandhi National Open University, New Delhi, India.
[2]Media Student and Researcher.
DOI: https://doi.org/10.24321/2349.2872.202106

I N F O

Corresponding Author:
Padmini Jain, School of Journalism and New Media Studies, Indira Gandhi National Open University, New Delhi, India.
Email Id:
padminijain@ignoua.c.in
Orcid Id:
https://orcid.org/0000-0003-3815-1624
How to cite this article:
Jain P, Yadav G. Strategic Financial Communication in Times of Crisis: An Analysis of Indian Financial Dailies. *J Adv Res Humani Social Sci 2021; 8(4): 1-5*
Date of Submission: 2021-11-06
Date of Acceptance: 2021-12-08

A B S T R A C T

Purpose: This study investigates the media representation of the 2020 stock market crash by three leading Indian financial dailies—Business Standard, Financial Express, and Mint—during the COVID-19 pandemic, and examines the role of these newspapers in shaping public perception and investor sentiment during a financial crisis.

Design/Methodology/Approach: The research employs a mixed-methods approach, combining qualitative content analysis and quantitative assessment. Front-page articles from the selected newspapers were analyzed over an 11-day period, focusing on the content, tone, headline design, and thematic framing. Articles were categorized and analyzed for patterns in reportage and the frequency of specific keywords related to the stock market crash.

Findings: The study reveals significant differences in coverage among the newspapers, with Business Standard publishing the most articles. The predominant use of "Flush Left" headlines indicates emphasis, and the thematic focus was mainly on the immediate impacts of the crash, regulatory responses, and investor advisory during uncertainty. The framing varied from technical analysis to cautionary tones, reflecting attempts to balance urgency and avoid panic. The study highlights the critical role of media in financial markets, influencing public perception and investor behavior during crises.

Keywords: Stock Market Crash 2020, Media Representation, Financial Journalism, Framing Theory, Indian Financial Dailies

Introduction

The stock exchange is a crucial component of the financial system, serving as an organized marketplace where ownership stakes in companies are listed and traded. This marketplace, regulated by bodies such as the Securities and Exchange Board of India (SEBI), facilitates the issuance of new shares in the Primary Market and their subsequent trading in the Secondary Market through exchanges like the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) in India. SEBI, established as a statutory body in 1992, aims to protect investors' interests and promote the development and regulation of the securities market.

The intricate relationship between the stock market and the economy is well-documented. According to the United Nations Conference on Trade and Development (UNCTAD), there is a positive correlation between well-functioning stock exchanges and economic development. This relationship underlines the role of financial markets in promoting economic growth by facilitating the mobilization of capital and risk diversification [1], The impact of stock markets have been extensively studied on factors like liquidity, risk diversification [2], information acquisition, corporate governance and savings mobilization.

The COVID-19 pandemic had a profound impact on global financial markets, including the Indian stock market. The crash of 2020 was characterized by extreme volatility and significant losses, driven by widespread panic and uncertainty. This study aims to analyze the media coverage of the stock market crash by three prominent Indian financial dailies—Business Standard, Mint, and Financial Express. The objective is to understand the role of media in shaping public perception and the narrative during a financial crisis.

Context

The stock market crash of 2020, triggered by the COVID-19 pandemic, led to a sharp decline in stock prices globally. In India, the crash was marked by significant sell-offs and a steep fall in market indices. The media played a crucial role in reporting this financial turmoil, influencing investor behaviour and public sentiment. This study examines the coverage of the crash by Business Standard, Mint, and Financial Express, focusing on the content, tone, wording, and salience of the stories published during the crisis.

Terms

- **Stock Market:** An organized marketplace where securities such as stocks and bonds are bought and sold. It consists of a Primary Market, where new securities are issued, and a Secondary Market, where existing securities are traded.
- **Primary Market:** The segment of the capital market where new securities are issued and sold to investors. Companies raise capital by issuing shares directly to the public.
- **Secondary Market:** The segment of the capital market where previously issued securities are traded among investors. The BSE and NSE are prominent examples of secondary markets in India.
- **SEBI:** The Securities and Exchange Board of India, a statutory regulatory body established in 1992 to oversee the securities market in India. Its functions include protecting investors' interests, promoting and regulating the securities market.

Newspapers Covered

The three newspapers selected for this study—Business Standard, Mint, and Financial Express—are leading financial dailies in India. These publications were chosen due to their prominence in the financial journalism sector and their wide readership among investors, policymakers, and business professionals.

- **Business Standard:** Known for its comprehensive coverage of financial markets, economic policies, and corporate news, Business Standard is a key source of information for the financial community.
- **Mint:** A financial daily that provides in-depth analysis and reporting on economic and financial matters. It is recognized for its clarity, accuracy, and relevance in financial journalism.
- **Financial Express:** This newspaper focuses on financial markets, economic policies, and corporate developments. It is known for its insightful reporting and analysis, making it a valuable resource for understanding financial trends.

Significance of the Study

The study of media representation during financial crises is significant for several reasons. Firstly, it helps in understanding how media coverage influences investor behaviour and market outcomes. During the 2020 crash, media played a pivotal role in shaping public perception and investor sentiment. By analyzing the coverage of Business Standard, Mint, and Financial Express, this study aims to provide insights into the role of financial journalism during a crisis.

Secondly, the study contributes to the broader field of persuasive media and communication. It examines how newspapers use persuasive messaging to report on financial crises, thereby influencing public opinion and investor decisions. The findings of this study will be valuable for scholars interested in the intersection of media, finance, and public perception.

Lastly, the study stresses the importance of media literacy among investors and the general public. By critically analyzing media coverage, readers can better understand the complexities of financial markets and make informed decisions during periods of volatility.

Literature Review

The Indian stock market, traditionally known for its resilience, faced a tumultuous period as the pandemic unfolded. The cascading impact of lockdowns, supply chain disruptions, and a global recession sent shockwaves through the financial landscape. Investors witnessed a sharp decline in stock prices, triggering panic selling and exacerbating the crisis. To understand the intricacies of this market turmoil, it is essential to scrutinize the media's role in disseminating information, shaping investor sentiment, and influencing market behaviour.

Timothy Knight and Jeffrey A. Hirsch (2014)[3] in their book "Panic, Prosperity, and Progress: Five Centuries of History and the Markets" offer a historical perspective on market crashes, highlighting the role of panic in amplifying financial downturns. They argue that the media's role is to present the public with unbiased, factual information by rephrasing

ISSN: 2349-2872
DOI: https://doi.org/10.24321/2349.2872.202106

and reconstructing information to prevent panic. However, it is not an essential role the media are supposed to play because it is the media's job to provide information, and they should not be held responsible for how the public reacts to that information.

Stefan Theil (2014)[4], in his paper "The Media and Markets: How Systematic Misreporting Inflates Bubbles, Deepens Downturns and Distorts Economic Reality," concludes that systematic flaws in media reporting ruin trust among audiences. He highlights how the media often neglects aspects of the economy relevant to most of the audience, focusing instead on high-profile personalities and sensational narratives. During financial crises, the media's misreporting can worsen market bubbles and spread misinformation. The paper suggests that improving journalism requires knowledgeable editors and reporters who prioritize careful research and transparency. This requires avoiding reliance on biased sources and scrutinizing corporate data more thoroughly.

Theoretical Perspective

The theoretical perspective of this study is rooted in the agenda-setting theory and framing theory. Agenda-setting theory posits that the media doesn't tell us what to think but what to think about, influencing the salience of issues. This theory is crucial in understanding how media coverage of the stock market crash might have influenced public perception and investor behaviour. Framing theory, involves the presentation of information in a way that influences the audience's perception. This study examines how the framing of the stock market crash by different newspapers affected the investors' reaction and market dynamics.

In addition to these theories, the concept of media credibility is significant. Media credibility impacts how much trust audiences place in the information provided, affecting their reactions and decisions. Studies such as those by Fombrun (1998)[5] on corporate reputation and media rankings provide insights into how media credibility can shape public opinion and investor behaviour during financial crises.[6]

Research Gap

Despite extensive research on the stock market and media dynamics, there is a notable gap in the literature regarding the specific role of Indian economic newspapers during the COVID-19 induced market crash. Most studies have focused on Western contexts, leaving a gap in understanding the Indian media landscape and its impact on financial markets. This study aims to fill this gap by providing an in-depth analysis of how three major Indian economic dailies reported on the stock market crash during the pandemic and how their coverage influenced investor sentiment and market behaviour.[7-9]

Objectives

To Analyze the Media Coverage of the 2020 Stock Market Crash: To examine how the three selected newspapers—Business Standard, Mint, and Financial Express—reported on the stock market crash of 2020. By analyzing the content, tone, and framing of articles, the study aims to understand the media narrative during this period.[10]

To Assess the Role of Newspapers in Shaping Public Perception: To assess the role that these newspapers played in shaping public perception of the stock market crash. This involves analyzing whether the coverage was predominantly positive, negative, or neutral, and how this might have impacted readers' understanding and reaction to the economic downturn.[11]

To Evaluate the Inclusivity of Retail Investors' Perspectives: To evaluate the extent to which the perspectives and concerns of retail investors were included in the media coverage. This involves analyzing the types of articles published, such as advisory pieces for individual investors, and determining if the coverage addressed the practical needs and concerns of small-scale investors.[12,13]

Methodology

Research Design: This study adopts a mixed-methods research design, incorporating both qualitative and quantitative approaches to provide a comprehensive analysis of newspaper coverage. The qualitative aspect involves a detailed content analysis of front-page articles from the selected newspapers to understand the framing and context of the stock market crash reporting. The quantitative aspect includes counting and categorizing the number of articles, the tone used, and the frequency of specific keywords related to the crash.

Sampling Methods: The sampling for this study was conducted in two stages. Initially, three newspapers—Business Standard, Mint, and Financial Express—were selected based on their prominence and high circulation among Indian economic dailies. Purposive sampling was used to choose these newspapers due to their relevance and availability of digital archives. Subsequently, articles related to the stock market crash were filtered using inclusion and exclusion criteria. Articles focusing on global markets, specific companies, or sectors were excluded, while those addressing the Indian stock market, regulatory responses, and general economic impact were included.

Research Tools: Content analysis was employed as the primary research tool, suitable for both qualitative and quantitative analysis. This method involves systematically categorizing textual information to identify patterns, themes, and biases. For qualitative analysis, the front-page articles were examined for their narrative style, tone, and framing. For quantitative analysis, the frequency of articles, keywords, and tone categorizations were measured and statistically analyzed.[14,15]

Results

The studyaimed to analyze the reportage, determine its effectiveness, and identify trends among three newspapers: Business Standard, Financial Express, and Mint. The research utilized content analysis and framed a set of nine categories to assess the front-page coverage of the stock market crash over 11 days, from March 16 to March 26, 2020.

Front Page Articles:

- Business Standard published the highest number of front-page articles related to the stock market crash, with 11 articles (41% of the total).
- Financial Express followed with 10 articles (37%).
- Mint had the fewest, with 6 articles (22%).
- This distribution highlights that while all three newspapers are among the top financial dailies in India, their coverage varied, potentially due to the pandemic's impact on the economy and news priorities.

Types of Headlines:

- The analysis of headline types revealed a predominance of "Flush Left" headlines, particularly in Financial Express.
- Other headline types included Banner, Crossline, Flush Right, Kicker, Deck, Inverted Pyramid, and Hammer.
- The use of different headline styles indicates the varying degrees of importance and prominence given to the stock market crash news.

Themes and Focus:

- The articles primarily focused on the immediate impacts of the crash on stock exchanges, indexes, regulatory measures by SEBI and RBI, market volatility, mutual funds, and investor advisory during uncertainty.
- This thematic concentration shows the newspapers' focus on the direct and broad implications of the crash on the Indian economy and investors.

Framing and Tone:

- The framing of the articles varied, with some newspapers opting for more technical and analytical perspectives, while others included a mix of analytical and advisory content.
- The tone ranged from neutral and informative to cautionary, reflecting the newspapers' attempts to balance the urgency of the situation with the need to avoid panic among readers.

Coverage Trends:

- A notable trend was the consistent reference to government and regulatory responses, indicating the critical role of SEBI and RBI measures in the coverage.
- The newspapers' coverage also highlighted the broader economic context, including the global market trends and comparisons, though the primary focus remained on the Indian stock market.16

The findings reveal significant differences in coverage, reflecting each newspaper's editorial priorities and target audience.The analysis of headline types and thematic focus offers a nuanced understanding of how the stock market crash was presented to the public. This analysis helps elucidate the newspapers' role in shaping public perception and investor behaviour during a financial crisis.

These results accentuate the varied approaches of Business Standard, Financial Express, and Mint in covering a major economic event, providing insights into the media's role in framing financial news and its potential impact on readers and investors.[17,18]

Discussion

The analysis revealed that COVID-19 significantly impacted the Indian stock market, with the crash attributed largely to Foreign Portfolio Investors (FPI) pulling out their investments due to pandemic fears and Federal Bank measures.

The newspapers, however, failed to acknowledge the pre-existing economic conditions such as the ongoing decline in GDP growth over six quarters, the longest in 23 years. This omission suggests an attempt to shift the blame entirely onto the pandemic rather than considering the broader economic context. This selective reporting might have influenced public perception by oversimplifying the causes of the market crash and ignoring deeper systemic issues.

The findings align with the agenda-setting theory, which posits that media coverage shapes public perception by emphasizing certain issues over others. The newspapers' focus on the immediate impact of COVID-19 while neglecting long-term economic trends reflects this phenomenon. Additionally, the framing theory supports these results, suggesting that the way information is presented influences the interpretation and reaction of the audience. The newspapers framed the market crash predominantly as a consequence of the pandemic, thereby shaping the narrative and potentially influencing investor behaviour.

The study highlights the critical role of media in financial markets, not just in reporting but in shaping perceptions and potentially influencing market behaviour. This findingsunderline the need for more balanced and comprehensive reporting that includes historical context and diverse perspectives. Moreover, the lack of retail investor-friendly coverage suggests a gap in the media's role in educating and guiding individual investors, which could have long-term implications for market participation and investor confidence.

ISSN: 2349-2872
DOI: https://doi.org/10.24321/2349.2872.202106

Recommendations

Based on the findings, several recommendations emerge.

Newspapers should aim for more balanced reporting that includes historical economic trends and diverse viewpoints, including those of retail investors. This approach would provide a more comprehensive understanding of market dynamics and enhance the informational value for all market participants.

Additionally, incorporating practical investment advice, such as diversification strategies and the performance of various sectors, could better serve the needs of retail investors.

Finally, collaboration between media outlets and financial educators could help bridge the knowledge gap and promote informed investment decisions.

Conclusion

The study found that the media's coverage of the Indian stock market crash during the COVID-19 pandemic was skewed towards immediate causes like FPI withdrawals and pandemic fears, while neglecting pre-existing economic conditions. This selective reporting influenced public perception and emphasized the media's significant role in shaping market narratives.

This research is crucial as it highlights the need for balanced and comprehensive media coverage in financial markets. It underscores the influence of media narratives on investor behaviour and the importance of including diverse perspectives and historical context in financial reporting. These insights are vital for media practitioners, policymakers, and investors alike in understanding and navigating market dynamics.

Future research could explore the long-term effects of media narratives on investor behaviour and market stability. Additionally, studies could examine the impact of incorporating more diverse viewpoints and historical context in financial reporting on investor education and market participation. Expanding the scope to include other emerging markets could also provide a comparative perspective on the role of media in different economic contexts.

References

1. Levine, R. & Zervos, S. (1996). Stock Market Development and Long-Run Growth, World Bank Economic Review, Oxford University Press
2. Atje, R., & Jovanovic, B. (1993). Stock markets and development. European Economic Review.
3. Knight T. (2014). Panic, Prosperity, and Progress: Five Centuries of History and the Markets, John Wiley & Sons
4. Theil, S. (2014). The Media and Markets: How Systematic Misreporting Inflates Bubbles, Deepens Downturns and Distorts Economic Reality. Shorenstein Center Discussion Paper Series.
5. Fombrun, C.J. (1998). Indices of corporate reputation: An analysis of media rankings and social monitors' ratings, Corporate Reputation Review
6. McCombs, M., & Reynolds, A. (2002). News influence on our pictures of the world, APA PsycNet
7. Arowolo, S.O. (2017). Understanding Framing Theory. Lagos State University.
8. Bora, D., & Basistha, D. (2021). The outbreak of COVID-19 pandemic and its impact on stock market volatility: Evidence from a worst-affected economy (unpublished open source article).
9. Boubaker, S., Liu, Z., & Zhai, L. (2021). Big data, news diversity and financial market crash. Technological Forecasting and Social Change.
10. Chakraborty, I. (2020). Impact of Covid-19 on the Stock Market and Corporate Firms in India. Institute of Development Studies Kolkata.
11. Cinelli, M., Quattrociocchi, W., Galeazzi, A., Valensise, C. M., Brugnoli, E., Schmidt, A.L.A. (2020). The covid-19 social media infodemic. Scientific Reports - Nature Research.
12. Dickinson, M. (2010). Where Were the Media in the Financial Crisis of 2008, and Have We Seen This Trend Before? Bryant University Honors Program.
13. Eachempati, P., Srivastava, P. V. & Panigrahi, P.K. (2021). Sentiment Analysis of COVID-19 Pandemic on the Stock Market, American Business Review- University of New Haven
14. Krugman, P. (2020). Crashing Economy, Rising Stocks: What's Going On?, New York Times, April 30, 2020.
15. Kumar, M. P. & Kumara, N.V. M. (2021). Market capitalization: Pre and post COVID-19 analysis, Elsevier
16. Narayan, P. K. (2020). Has COVID-19 Changed Exchange Rate Resistance to Shocks? Asian Economics Letters- Asia-Pacific Applied Economics Association
17. Business Today, April 2, 2020, Coronavirus outbreak: The current crisis can be a great opportunity for stock market investors, https://www.businesstoday.in/opinion
18. The Hindu, March 13, 2020, Covid 19 fear: FPI pull out Rs. 34,000 crore in just eight trading sessions, https://www.thehindubusinessline.com/markets/stock-markets/