

# Can social media visibility affect institutional ownership and trading consensus on sharia stocks?

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## Abstract

**Purpose** - This study aims to examine the effect of Instagram users' responses to corporate Instagram post (Likes and Comments) toward trading consensus and institutional ownership of sharia stocks in Indonesia.

**Method** - This study used purposive sampling technique. The number of samples in this study were 158 companies registered in ISSI (Indonesia Sharia Stock Index) and having an active Instagram account. Data processing using SPSS.26 with Ordinary Least Square (OLS).

**Result** - The results showed that Instagram users' responses increased the institutional investor and individual investor in sharia stock. The interpretation for this findings that such Instagram activities increase the visibility of the company across a more diverse group of investors. This increase visibility makes information more accessible to individual and institutional investors, so that they are attracted to invest more in sharia stock.

**Implication** - Sharia issuer companies should also use social media to provide valid information to potential investors. So that it can be one of the foundations of investors in choosing Islamic stocks.

**Originality** - This research is the first study that used social media to measure sharia stock ownership.

**Keywords:** like; comment; trading consensus; institutional ownership; sharia stock



## Introduction

The Islamic capital market industry in Indonesia has experienced significant growth, mainly due to Indonesia being a predominantly Muslim country. Based on this condition, all Islamic stocks are included in the Indonesia Sharia Stock Index (ISSI), and the screening process is conducted by the Financial Services Authority (OJK). In general, the Indonesian stock market has been stable, and fundraising through the capital market has been growing steadily over the years. By the end of June 2022, the Jakarta Composite Index (IHSG) reached a level of 6,911.58, an increase of 5.02% compared to the end of 2021. Similarly, the sharia stock index also showed positive growth compared to the end of 2021. The ISSI index grew by 6.02% to reach a level of 200.39, compared to 189.02 at the end of 2021. The market capitalization of ISSI also increased by 6.92% to Rp4,259.24 trillion. The increased number of sharia stocks is one of the factors contributing to the growth of the index and market capitalization.

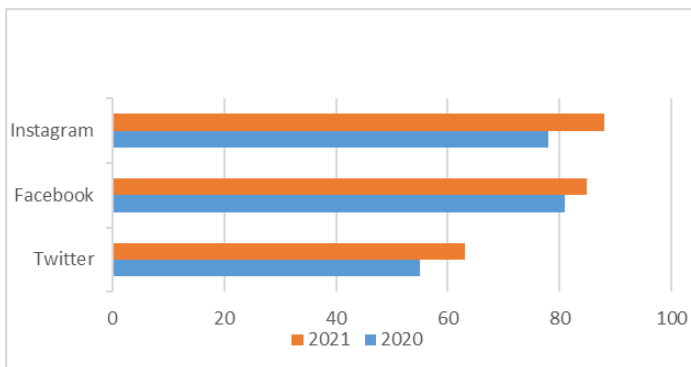
The increase in market capitalization in sharia stocks is undoubtedly influenced by the massive role of information technology in providing various knowledge and information to the public. Both companies and investors strive to obtain and share information from various channels, including social media. Currently, companies are gradually adopting social networking platforms such as Facebook, Twitter, and Instagram as channels for distributing company news and supporting their marketing strategies (Hasan & Wang, 2017). This is because social media plays a crucial role in enhancing a company's value, leading companies to manage their visibility among investors, creditors, and other stakeholders (Hasan & Wang, 2020). Company visibility through social media has a significant impact on the stock market. Therefore, in recent years, many companies in Indonesia have been using Instagram as a channel for disseminating company information, as shown in Figure 1, which depicts the high number of Instagram users in Indonesia.

The responses or interactions that can be made on Instagram are giving "Likes" by pressing the heart symbol or leaving comments on Instagram

posts. Posts that receive likes and comments are considered to have informational value, indicating that the Instagram post is perceived as informative. On the other hand, posts with no or few likes and comments indicate a lack of informational value and receive minimal response or interaction from social media users.

Likes and comments also hold meaning for investors because they reflect market opinions on a company's stock, thereby creating market sentiment. Market sentiment occurring on social media can influence investment decisions and, in turn, affect the trading volume and proportion of stock ownership. This aligns with Hasan & Wang (2020), who found that responses to social media posts affect institutional stock ownership.

Ownership of sharia stocks in the investment world is held by both individuals (public) and institutions. In Indonesia, institutional ownership dominates stock ownership. Institutional investors have a significant role in the stock market, usually exerting pressure on companies regarding certain (Hassan & Gad Alrab, 2015). However, the influence of institutional ownership also depends on the magnitude of their investment in a company. Institutional investors, with their significant ownership stakes, have strong incentives and better monitoring capabilities compared to minority shareholders (Djohanputro, 2015).



**Figure 1. Most popular social media in Indonesia 2020 - 2021**

Source: Web Global Index, 2021

In addition to its impact on institutional ownership, Hasan & Wang (2019) found that overall stock trading consensus increases after responding to social media activities. This suggests that social media enhances the amount of information available to all market investors. As a result, the information gap among investors decreases, leading to an increase in stock trading consensus. Trading consensus is assessed based on trading volume in the stock exchange, which reflects the number of shares traded (Naufa et al., 2019).

Based on data from the Indonesia Stock Exchange (IDX), stock trading volumes from 2017 to 2020 showed fluctuating changes. Fluctuations can be predicted based on information or signals in the stock market. This information can be a driving factor for investors in buying or selling stocks, making it crucial for investors to consider both internal and external market information when making investment decisions (Cremades, 2016). Information such as stock trading volume is essential as it indicates the liquidity of securities, which is measured by stock trading volume (Nguyen et al., 2020).

Previous studies have examined the impact of post responses on stock ownership and trading consensus, with variations in subjects, durations, and methodologies. The findings of these studies have varied. For example, Bank et al. (2019) found a positive and significant relationship between post responses and stock ownership. This finding was supported by subsequent research by Grullon (2014) which also found a positive and significant influence of post responses on stock ownership. However, Nofsinger & Nofsinger (2010) found contrasting results, as the post responses in their study showed a positive but insignificant relationship with stock ownership. Similarly, Griffin et al. (2014) found a negative and insignificant relationship between the two variables. Nevertheless, these results contradict Bushee & Miller (2012), who found a positive but insignificant relationship between post responses and trading consensus. Wang (2011) also found a positive but insignificant relationship in their study.

## **Literature Review**

### **Signaling Theory**

Signaling theory refers to the actions taken by a company's management to provide guidance to investors regarding their assessment of the company's prospects. The theory explains why companies emphasize the importance of information disseminated by the company on the investment decisions made by external parties. Information plays a vital role for investors and business people as it essentially presents details, notes, or descriptions about a company's past, current, and future conditions for survival, as well as the functioning of the securities market. Investors in the capital market require complete, relevant, accurate, and timely information to serve as an analytical tool for making investment decisions.

Announcements made by a company serve as signals for investors in their investment decision-making process. If an announcement carries a positive value, it is expected to elicit a market response upon receipt. Xie et al. (2019) explain that there is a logical consequence of signaling theory, which creates an incentive for all managers to provide signals about future profits. When investors believe these signals, stock prices increase, and shareholders' benefit. Positive announcements also lead to changes in stock trading volume, indicating their significance to investors. One particular type of information released by a company that can act as a signal for external parties, especially investors, is the annual report. The annual report may include accounting information, such as financial statements, as well as non-accounting information unrelated to financial statements. It is crucial for the annual report to contain relevant information and disclose details considered important for users of the report, both internally and externally (Bergh et al., 2014).

### **Asymmetric Information**

Asymmetric Information arises due to companies having greater control over information compared to other parties such as owners or shareholders.

Assuming individuals act in their own self-interest, this information asymmetry incentivizes agents to withhold certain information from principals, who are the owners (Maulita & Arifin, 2018). Consequently, the asymmetry between management (agents) and owners (principals) presents managers with an opportunity to engage in earnings management to enhance their own benefits. However, the ability of management to manipulate earnings can be limited by providing higher-quality information to external parties. The quality of financial statements serves as an indicator of the extent of earnings management.

### **Visibility of Social Media**

Blankespoor et al. (2012) stated that visibility encompasses various means and methods such as posts, comments, status updates, friendships, or pictures. Dissemination plays a crucial role in enhancing a company's visibility, particularly in addressing information asymmetry. By increasing dissemination, information can reach a broader range of investors, resulting in a reduction in information asymmetry among investors and an increase in liquidity (Tm et al., 2014).

Measuring visibility can be done by examining activities on social media platforms. Social media activities can be observed through responses provided by users in the form of Likes and Comments. On Instagram, Likes are represented by a red heart button and are seen as an audience's appreciation for a posted content. Likes can reflect various affective responses such as affection, understanding, joy, and approval from social media users (Gerlitz & Helmond, 2013). Likes hold significant importance on Instagram as they indicate whether a posted content is interesting or unappealing. Similarly, Comments serve as a written form of response to Instagram posts, allowing interaction between post creators and social media users.

### **Institutional Ownership**

According to Trafalgar & Africa (2019), institutional ownership refers to the founder or majority shareholder of a company. Share ownership by institutional entities such as banks, insurance companies, investment firms, and other institutions can mitigate the influence of conflicting interests within the company, such as those of managers and debt holders. Institutional ownership plays a significant role in monitoring management, as it promotes more effective supervision. The level of institutional ownership also serves as an indicator of a stock's quality, as institutions only invest in stocks that they consider safe and promising for future returns.

The presence of institutional investors is seen as an effective monitoring mechanism for managerial decisions. Higher levels of institutional ownership result in increased oversight efforts by institutional investors, which can deter self-interested behavior by managers that could potentially harm the company's owners. Greater ownership by financial institutions translates to a stronger voice and greater motivation to optimize the company's value. Institutional ownership is measured by the percentage of shares held by institutions out of the total outstanding share capital.

### **Trading Consensus**

Trading consensus is the percentage of share ownership by external parties owned by individuals which are usually in small amounts not included in the group of shares owned by executives in the individual category (Bartov et al., 2018). Trading consensus is a tool that can be used to indicate investors' reactions in the capital market to information, using parameters related to the number of shares traded in the stock market (Chadijah, 2010). The higher the supply and demand for stocks, the greater the impact on stock market fluctuations. On the other hand, an increase in trading volume indicates an increase in public demand, which affects stock price fluctuations and returns. A significantly large trading volume on the exchange is interpreted as a sign of market improvement or bullishness (Rhee & Wang, 2009). Trading consensus is usually in small amount to gain returning of some budget which

has been invested. The individual investors are ones who invest their capital in the form of stock in stock exchanges by purchasing or selling the stock back. The investors in capital market are various, which is contributed by several aspects like motivation of investment, purchasing power on security, level of knowledge and investment experience, as well as investment behavior. The variety results in the difference of confidence and expectation on return and risk of the investment. This is the importance of understanding the behavioral finance. Trading is consensus measured by trading volume that happened on stock exchange.

### **Hypotheses Development**

According to signal theory, the actions taken by a company's management provide indications to investors about how the management perceives the company's prospects. This theory offers an explanation for why companies feel the need to disclose or provide information about their financial statements to external parties. The motivation behind sharing financial information with external parties stems from the existence of information asymmetry between the company's management and external stakeholders (Bergh et al., 2014). A signal represents a management action that guides investors in understanding the management's outlook on the company's future. Empirical evidence by Grullon (2014) suggests that increasing a company's visibility through advertising attracts more institutional investors and enhances the liquidity of the company's stock. Consequently, in recent years, companies have increasingly utilized social media platforms like Instagram as channels for disseminating company news and supporting their marketing strategies. Leveraging social media facilitates the rapid dissemination of news to a broader range of investors, thereby reducing information asymmetry (Cade, 2018b).

*H1a: The ownership percentage of a company's sharia-compliant stocks by large institutional investors is correlated with the responses from "liking" users on the company's Instagram post.*



*H1b: The ownership percentage of a company's sharia-compliant stocks by large institutional investors is correlated with the responses from users' comments on the company's Instagram post.*

Signaling theory states that the sender (information owner) will provide a signal in the form of information that reflects the company's condition, which can be used as a basis for decision-making. Every company listed on the Islamic stock exchange strives to disseminate information, and social media platforms are used for this purpose. This is because social media differs from traditional media by offering two-way communication between the company and stakeholders (Cade, 2018a).

Social media enables companies to assess and respond to market sentiment more quickly. One unique feature of Instagram is that responses to posts, such as "Likes" and "Comments" from known users (e.g., friends, colleagues, or selected followers) can be seen by readers. Peeters et al. (2020) suggest that social media applications can be used for both active and passive marketing. The dynamic platform of Instagram allows users to validate their conclusions by observing the reactions of known and trusted individuals. Instagram is also useful for accelerating information dissemination, bridging information gaps, and generating increased consensus among investors. Sharing information through social media is considered a communicative activity that enhances the relationship between companies and stakeholders and increases trading volume (Tm et al., 2014). This is because financial and company information is easily accessible through social media. According to Paul C. Tetlock (2010), social media platforms like Instagram serve as a means of information dissemination that enhances stock liquidity through buying and selling activities. If social media activities can reduce information gaps among investors, it is expected to lead to an increase in stock trading consensus.

*H2a: Instagram's "Like" responses from the company positively influence stock trading consensus in Islamic Stock.*

*H2b: Instagram's "Comment" responses from the company positively influence stock trading consensus in Islamic Stock.*

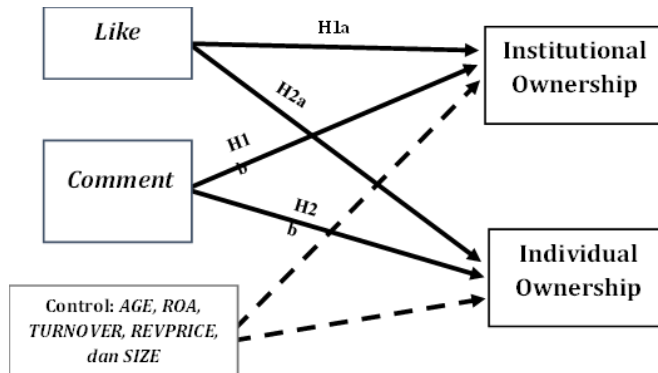


Figure 2. Research Model

### Research Methods

This study uses secondary data. Secondary data is data that has been processed by the agency/company/third party. Meanwhile, the research data collection method used probability sampling with purposive sampling technique. Purposive sampling is a sampling technique by determining certain criteria (Berndt, 2020). The data collected in this study were 158 sharia stock issuers. The criteria for determining the sample are included in the ISSI (Indonesia Sharia Stock Index) and have an active company Instagram account. The collection of data "Like" and "Comment" from Instagram is obtained using web crawler application. Meanwhile, data about trading consensus, institutional ownership and control variables (ROA, Age, turnover, revprice, size) were obtained from IDX and KSEI. Table 1 shows the description of the variables with the measurement unit and formula of extracting the dependent variables.

**Table 1. Operational Variables**

No.	Variable	Operational Definition	Measurements
1	Social Media Visibility “Like” (Independent)	the number of likes given by the viewer for the information provided by the company on Instagram	Like = (Total LIKE/100)/(Total Post)
2	Social Media Visibility “Comment” (Independent)	the number of comments given by the viewer for the information provided by the company on Instagram	Comment= (Total COMMENT/100)/(Total Post)
3	Institutional Ownership (Dependent)	Ownership of company shares by institutions or institutions such as insurance companies, banks, investment companies and other institutional ownership.	Institutional Ownership= (Institutional Ownership)/(Total Investor) x 100%
4	Trading Consensus (Dependent)	Ownership of company shares by individuals	Trading consensus = (Individual Ownership)/(Total Investor) x 100%

We first analyze whether Instagram users’ activities have any significant impact on sharia institutions ownership (H1). We adopt a methodology similar to Grullon (2014) and test, whether Instagram response activities. Specifically, we implement a firm and time fixed effects framework to estimate the following equation:

$$IO = \beta_0 + \beta_1LIKE + \beta_2COMMENT + \beta_3AGE + \beta_4ROA + \beta_5TURNOVER + \beta_6REVPRICE + \beta_7SIZE \dots\dots\dots (1)$$

Where :

IO = institutional ownership

$\beta$  = coefficient of variable

X = variable

In order to identify the underlying cause of possible changes in trading consensus structure from increased Instagram activities, we focus on the impact of trading consensus. We estimate the following equation, to analyse the effects of Instagram activities on trading consensus:

$$TC = \beta_0 + \beta_1LIKE + \beta_2COMMENT + \beta_3AGE + \beta_4ROA + \beta_5TURNOVER + \beta_6REVPRICE + \beta_7SIZE \dots\dots\dots (2)$$

Where:

TC = trading consensus

$\beta$  = coefficient of variable

X = variable

The research method used in this research is quantitative research. Quantitative research is research that is intended to test hypothesis. A hypothesis is a provisional assumption in a study that needs to be proven. Hypothesis testing in this study was carried out by using the Ordinary Least Square (OLS) analysis with SPSS.26. OLS linear regression is a linear regression model with the method of calculating the least squares or what in English is called the ordinary least square. This method is used to minimize the number of squares of errors by estimating a regression line. The OLS method is an econometric method with 2 variables, namely the independent variable and the dependent variable. The final result of the OLS method is a population regression function that will be used for data estimation. To produce an estimate using the OLS method, four basic assumptions are needed that are BLUE. BLUE itself stands for best, linear, unbiased, and estimator (Ghozali, 2014). Best is the result of the best regression model with minimal error, Linear is the model in regression according to OLS rules, Unbiased is the expected value according to the correct value, and Estimator is the regression model that is formed to have the variance with the smallest

value. The OLS Ordinary Least Square method also has operating criteria, namely the line of best fit with the minimum number of squared deviations between the observation points and the regression line. The estimation results in the OLS method have a BLUE nature. The estimation results also tend to be more efficient, consistent. In addition, the estimation results on the OLS method also tend to have a regression coefficient with a normal distribution.

## Results and Discussion

In this study, hypothesis testing was performed using the Ordinary Least Squares (OLS) method. The OLS method is based on several assumptions, including normality, heteroscedasticity, multicollinearity, and autocorrelation, which were assessed through classical assumption tests. Each tested model in this study successfully passed the classical assumption tests. Since this study utilized two dependent variables, separate tests were conducted for each variable.

The regression model was validated using the F test, and the corresponding F test results are displayed in the table. Based on the F test values, the significance of models 1, 2, and 3 is indicated by a p-value below 0.05. When the F test statistic is statistically significant at a 5% alpha level, it indicates that the independent variables in models 1, 2, and 3 collectively have the ability to predict changes in institutional ownership variables.

The table provides the values of R<sup>2</sup>, which represents the coefficient of determination. R<sup>2</sup> indicates the proportion of the dependent variable that can be explained by the independent variables in the model. Among the three models, model 2 has the highest coefficient of determination (R<sup>2</sup>=0.117), while model 1 has the lowest coefficient of determination (R<sup>2</sup>=0.074). This indicates that the independent variables included in model 2 can explain 11.7% of the variance in institutional ownership, while the remaining variance is attributed to other variables not accounted for in the model.

**Table 2. Descriptive Statistic**

Variables	N	Min	Max	Mean	St.Dev
Like	158	6	180000	8193.83	20028,178
Comment	158	5	126000	1584,73	10237,185
Institutional Ownership	158	55800	61981588	3,9417	2,0956
Trading Consensus	158	3792225	36890036	19,842	1,8723
Age	158	0.5	44	16.503	11.4335
ROA	158	0,0007	0,4651	0,0572	0,0617
Revprice	158	0,0000433	0,020	0,0022	0,0033
Size	158	178,5	48032000	79990980	40158824,05
Turnover	158	0,0000063	0,01957	0,00165	0,00331

**Table 4. Hypothesis test results with institutional ownership as the dependent variable**

Variable	Model 1	Model 2	Model 3
Control			
ROA	.007	.027	-.038
AGE	.170*	.174*	.117
REVPRICE	.082	.111	-.010
SIZE	.183*	.131	.129
TURNOVER	.074	.048	-.010
Independent			
Like		.217*	.217*
Comment			-.038
R <sup>2</sup>	0.074	0.117	0.089
ΔR <sup>2</sup>	0.044	0.082	0.062
F	2.436*	3.330*	3.342*

Noted: N=158; The displayed value is the standardized coefficient. \*p < 0,05

**Table 5. Hypothesis test results with trading consensus as the dependent variable**

Variable	Model 1	Model 2	Model 3
Control			
ROA	.003	.008	.025
AGE	-.004	.005	-.004
REVPRICE	.320*	.326*	.335*
SIZE	.134	.123	.106
TURNOVER	-.089	-.093	-.104
Independent			
Like		.105	-.099
Comment			.225*
R <sup>2</sup>	0.101	0.111	0.126
ΔR <sup>2</sup>	0.071	0.076	0.085
F	3.401*	3.154*	3.091*

Noted: N=158; The displayed value is the standardized coefficient. \*p < 0,05

The R<sup>2</sup> value illustrates the change in R<sup>2</sup> in the subsequent regression model upon the inclusion of additional independent variables. Model 2 exhibits the highest R<sup>2</sup> value (ΔR<sup>2</sup>=0.082), indicating that the inclusion of the Like variable contributes an additional 8.2% explanation to the variance observed in the institutional ownership variable.

The table presents the results of the multiple regression test, which are utilized to explain hypothesis 1 (a and b). The control variable, AGE, shows statistical significance in both models 1 and 2, with beta coefficients of 0.170 and 0.174, respectively, and p-values below 0.05. Additionally, the control variable SIZE significantly affects institutional ownership in model 1, with a beta coefficient of 0.183 and a p-value below 0.05.

In hypothesis 1a, both model 1 and model 2 show that the Like variable has a significant effect on institutional ownership, with beta coefficient values of 0.217 and -0.217, respectively, and p-values below 0.05. On the other hand, hypothesis 1b, which examines the impact of the Comment variable on institutional ownership, does not find any significant effect ( $\beta=0.038$ ;  $t=-$

0.378;  $p > 0.05$ ). Therefore, hypothesis 1b is not supported. Conversely, the multiple regression testing supports hypothesis 1a, indicating that the Like variable has a positive and significant effect on institutional ownership ( $\beta = 0.217$ ;  $t = -2.144$ ;  $p > 0.05$ ). This finding aligns with the initial hypothesis, which suggests that Like has a positive influence on institutional ownership. Thus, based on the test results, hypothesis 1a is considered supported.

The significance of models 1, 2, and 3, as indicated by the p-values from the F test, is found to be less than 0.05. When the F test statistic is significant at a 5% alpha level, it suggests that the independent variables in models 1, 2, and 3 collectively have the capability to predict changes in the trading consensus variables. The coefficient of determination results in models 1, 2, and 3 reveal that model 3 has the highest coefficient of determination ( $R^2 = 0.126$ ), while model 1 has the lowest coefficient of determination ( $R^2 = 0.101$ ). This indicates that the independent variables included in model 3 can explain 12.65% of the variance observed in the trading consensus, while the remaining variance is explained by other variables outside the model. Furthermore, the largest increase in the coefficient of determination ( $\Delta R^2 = 0.085$ ) is observed in model 3, signifying that the inclusion of the Comment variable contributes an additional 8.5% explanation to the variance observed in the trading consensus variable.

The multiple regression test results in the table are employed to investigate hypothesis 2 (a and b). The control variables, namely ROA, AGE, SIZE, and TURNOVER, do not exhibit a significant effect on trading consensus. Specifically, the ROA control variable does not significantly influence trading consensus in models 1, 2, and 3, with beta coefficient values of -0.003, 0.008, and 0.025, respectively, all with p-values greater than 0.05. Similarly, the AGE control variable does not have a significant effect on trading consensus in models 1, 2, and 3, as indicated by the beta coefficient values of -0.004, 0.005, and -0.004, respectively, all with p-values exceeding 0.05. Conversely, the REVPRICE control variable demonstrates a significant effect on trading consensus in models 1, 2, and 3, with beta coefficient values of 0.320, 0.326, and 0.335, respectively, all with p-values greater than 0.05. In contrast, the



SIZE control variable does not significantly impact trading consensus in models 1, 2, and 3, with beta coefficient values of 0.134, 0.123, and 0.106, respectively, all with p-values below 0.05. Similarly, the TURNOVER control variable does not significantly affect trading consensus in models 1, 2, and 3, with beta coefficient values of -0.089, -0.093, and -0.104, respectively, all with p-values below 0.05.

In the multiple regression testing, hypothesis 2a reveals that the Like variable has no significant effect on trading consensus ( $\beta=-0.099$ ;  $t=-0.997$ ;  $p>0.05$ ). Consequently, hypothesis 2a is not supported. On the other hand, hypothesis 2b demonstrates that the Comment variable has a positive effect on trading consensus ( $\beta=0.225$ ;  $t=2.256$ ;  $p>0.05$ ). Therefore, hypothesis 2b is supported according to the results of the regression analysis.

Social media activities are very important in providing valuable information to corporations, regulators, investors, and other stakeholders involved in decision-making processes that influence markets and improve social welfare. According to Grullon (2014), the visibility of social media plays a crucial role in determining a company's share ownership. The results of testing hypothesis 1 (a and b) indicate that "Likes" have a positive and significant effect on institutional share ownership. This suggests that companies with sharia shares receiving more "Likes" on Instagram tend to attract institutional interest in owning those shares. This preference stems from institutions' awareness that the majority of Instagram users express approval and appreciation through "Likes" rather than providing comments with valid information. "Likes" are considered as a measure of approval and serve as a research benchmark for institutions when selecting sharia shares, as they indicate good publicity and positive responses from netizens. These findings align with the research conducted by Hasan & Wang (2020) which also confirms the influence of "Likes" on institutional share ownership. In contrast, the study reveals that "Comments" have no effect on institutional share ownership, contradicting the findings of Hasan & Wang (2017) that suggest the influence of "Comments" on institutional ownership. This result is likely because institutional shareholders of sharia shares rely on other

sources of information that they consider more accurate, rather than basing their decisions on netizens' comments. Institutional shareholders are well aware that numerous sources provide them with information.

The findings of the hypothesis 2 (a and b) state that "Likes" have no effect on trading consensus. Trading consensus reflects the cautious behavior of individual investors who tend to be careful before investing in Islamic stocks due to the limited information available. They do not easily believe the high number of "Likes" on a company's social media accounts. Conversely, "Comments" have a positive and significant impact on trading consensus. This occurs because trading consensus describes how individual investors can delve deeper into information and exchange ideas with other investors through the "Comment" column on the company's account. Thus, their investment decisions in Islamic stocks are influenced not only by their own analysis but also by the opinions expressed in the "Comment" section. According to Bartov et al. (2018), the dissemination of information on social media affects individuals' ownership of shares, as they are likely to derive more incremental benefits from information on social media. The efficient information dissemination process through Instagram exposes potential investors to relevant information, even when they are not actively conducting their own research. Social media platforms make obtaining information cheap and easy. The dynamic network effects of social media help reach a potential group of investors that were not easily reachable through traditional media, as highlighted by To et al. (2019).

## Conclusion

The influence of social media on sharia shareholders varies between individual investors and institutional investors. In our study, we utilize user responses as indicators of a firm's visibility and reputation among sharia investors. Consequently, we anticipate that companies receiving a higher number of responses from Instagram users will experience increased ownership from both small individual investors and large institutional investors. Our research highlights how social media platforms enable the

accessibility of Islamic stocks to both individual and institutional investors. The study emphasizes the significant role of social media in shaping the composition of corporate investors. Our findings suggest that user responses to corporate social media activity enhance visibility among investors and foster shareholder diversity, particularly by attracting individual investors. Furthermore, our results demonstrate that social media activity effectively bridges knowledge gaps, thereby increasing consensus in trading among investors. Consequently, social media has emerged as a valuable and complementary tool alongside traditional disclosure channels, promoting fairness and equality in capital markets for investors.

This research makes contributions both in theory and practice. From a practical perspective, the findings suggest that companies can use social media strategically to disseminate accurate and informative news, thereby increasing the demand for sharia shares among institutional sharia shareholders and trading consensus. This is especially relevant in today's information-driven era and widespread use of social media. To enhance engagement with sharia stock investors, it is important to consistently utilize social media as a platform for distributing information. This study also has several limitations. The effects of user reactions to various corporate Instagram posts were examined without separately identifying the types of posts, such as advertising, financial information, and corporate news. It is suggested that in future research, the differential effects of specific types of posts and reactions on investor diversity be explored. By identifying these factors separately, a more comprehensive understanding can be gained regarding the nuanced impacts of social media engagement and its influence on investor behavior.

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