

SOCIAL MEDIA VISIBILITY PLATFORM INSTAGRAM: INSTITUTIONAL AND INDIVIDUAL OWNERSHIP LQ45 FIRM 2022-2023

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ABSTRACT

The purpose of this research is to examine the impact of the response of social media users to posting company Instagram accounts (likes and comments) on individual share ownership and institutional share ownership of LQ45 companies in Indonesia. The data collection method uses a purposive sampling technique. The number of samples in this study were 37 LQ45 companies for the period August 2022-January 2024 which were listed on the Indonesia Stock Exchange and had active Instagram accounts. Data processing uses SPSS 26 with multiple linear regression. The results show that the response of Instagram users is able to increase institutional share ownership and individual share ownership. The results of this research interpretation find the company's visibility among investors. Increasing company visibility on Instagram makes information more accessible, especially for individual and institutional investors, so they are interested in investing more in these companies.

Keywords: *Instagram; Ownership; Visibility; Liquidity; Social Media*

1. INTRODUCTION

The investment trend among young investors in Indonesia in shares and other securities is increasing. PT Kustodian Sentral Efek Indonesia (KSEI) recorded that the number of stock investors in the Indonesian capital market reached 4 million. Based on KSEI data at the end of the first semester of 2022, the number of Single Investor Identification (SID) has reached 4,002,289, with 99.79% being local individual investors. At the end of the first semester of 2022, stock investors were dominated by investors under 40 years old, namely gen z and millennials at 81.64% with an asset value of IDR 144.07 trillion. As many as 60.45% of investors work as private employees, civil servants, teachers and students, with asset values reaching IDR 358.53 trillion (KSEI Press News, 2022). Companies included in the LQ45 index must pass several criteria, namely being in the top 95% of the total annual average share transaction value on the regular market, then being in the top 90% of the average yearly market capitalization and with high liquidity. LQ45 is determined at the beginning of each month of February and August.

Social media plays an important role in increasing company value so that companies try to manage their visibility among investors, creditors, government and stakeholders (Hasan and Wang, 2020). Companies are increasingly using social media such as Facebook, Twitter, TikTok and Instagram as channels to distribute information related to the company's corporate actions and support their marketing activities (Hasan and Wang, 2017). A company's visibility through social media has an important effect on the stock market. Therefore, many companies use Instagram media as a channel to disseminate company information (Hendrianto, 2019).

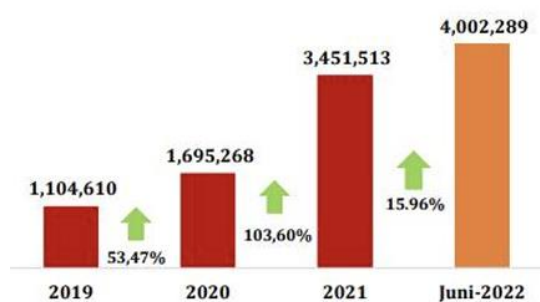


Figure 1 Stock Investor Data



Figure 2 Investor Demographics

Facebook is still the platform with the busiest traffic in Indonesia as of February 2022, followed by YouTube and Instagram. Recently, Meta Inc, the parent of Instagram, released the Threads application, which was downloaded more than 10 million times in the first seven hours since the application was launched last Thursday, July 6 2023. Figure 3 shows social media traffic in Indonesia.

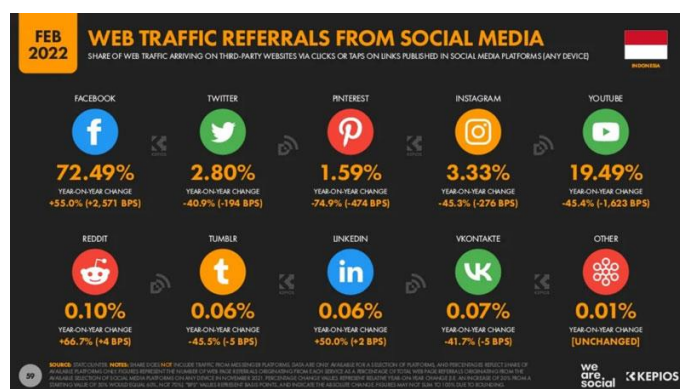


Figure 3 Web Traffic Referrals from Social Media Indonesia February 2022

The increasing number of stock investors means that companies that own shares must also use social media such as Instagram to explain the performance of their shares, company achievements and good news from the company. While companies use social media as a means of communicating with their investors, individual investors are increasingly using social media to share knowledge and intuition regarding their expectations for the Company. Thus social media becomes an important channel for companies that allows them to communicate with investors in real time and cost-effectively. This is an important channel for investors, providing access to information not only from the Company but external parties also gain the same access. Social media is different from conventional media such as television broadcasts and company websites, where social media promotes two-way interactions in general. Social media allows companies to respond to market sentiment more quickly. Previous research shows the relevance of social media activities (Curtis and Richardson, 2014), (Chen et al., 2014).

Company visibility and brand recognition by investors have important effects on the stock market. Increased visibility can act as a trigger that can convert investor interest in a company into share ownership (Bushee and Miller, 2012). A stock price with a high value is an indicator of high investor attention to a stock. This indicates that the large number of investors and high stock liquidity are greatly influenced by the large promotional and advertising costs of the company (Bushee and Miller, 2012). Investor expectations, investor followers, and stock market value are influenced by media publicity. Apart from that, investors' tendency to invest in certain stocks is also influenced by their perceptions of stock valuation (Frieder and Subrahmanyam, 2003). Some evidence says investors tend to hold shares they are familiar with (Keloharju, 2012).

Share ownership in investments is owned by the public and institutions or companies. Currently, share ownership in Indonesia is mostly owned by institutions. However, with the development of better information technology, especially internet connections, digital literacy and social media platforms, it is hoped that the number of public share ownership will increase. The differential effects of social media on retail and institutional investors' information sets may result in different levels of investment growth. This research has a contribution to investigating the effects of social media influence on investors. Specifically, this research examines Instagram users' reactions to corporate Instagram posts in increasing the proportion of retail investor ownership, and examines whether information broadcast via social media can reduce the information gap among investors (asymmetry theory) (Baron & Holmstrom, 1979). Parties related to the company are expected to have the same information regarding the Company's prospects and risks. This change can ultimately change the composition of investors in a company.

Information obtained on social media will influence investment decisions for large investors and retail investors (individuals) differently. Generally, institutional investors have the ability to search for information actively and massively. Institutional investors may have the same initial information as information spread on social media. When compared to institutional investors, retail investors have fewer resources to obtain and process information about the companies they want to invest in. Thus, retail investors tend to get more additional benefits from information on Instagram social media.

Research on the effect of posts (likes and comments) on share ownership has been carried out by several previous researchers using various research subjects, time durations and research methods. Based on the results of previous research, different results were found for each study. One of the research by (Grullon, 2014) regarding social media visibility shows the results of a positive influence on share ownership. When compared to institutional investors, retail investors have fewer resources to obtain and process information about the companies they want to invest in. Thus, retail investors tend to gain more additional benefits from information on social media. This research aims to test the predictive ability of investor opinions expressed on Instagram by examining the following two questions: (1) Can visibility in company posts on Instagram predict the percentage of public share ownership in LQ45 companies? (2) Can visibility in company posts on Instagram predict the percentage of institutional share ownership in LQ45 companies?

Social Media Visibility

Visibility is very important if the company wants to be more visible in a very competitive market. This is the reason, the more investors know about the company and the brand, the more information from the company will be conveyed more quickly and cost-effectively. Instagram is a platform that is currently popular and one of the most promising, especially for brands and company owners. Instagram as a visual platform, this is a creative way to build a company image and connect with investors and company stakeholders. Social media visibility is how social media is able to reach the public more widely to convey information about account owners in this context, namely companies (issuers). If a company has good social media visibility, then posts will appear in more places and potentially have a higher chance of getting clicks, likes, and shares. Visibility "likes" is measured by the number of likes given by viewers to a post provided by the company on Instagram. Meanwhile, "comment" visibility is obtained from the number of "comments" given by viewers for a post provided by the company on Instagram.

Institutional Share Ownership and Public Share Ownership

Institutional ownership can be interpreted as ownership of company shares owned by institutions that are able to play an important role in supervising, disciplining and influencing managers so that they can force management to avoid selfish behavior (Darsani, 2021). Institutional share ownership is obtained by dividing the number of shares owned by the institution by the total number of shares outstanding.

Public share ownership is the proportion of share ownership owned by the public or the public in company shares. When a company is owned by the public, it will encourage the company

to implement broader corporate social responsibility towards social and environmental matters with the aim of gaining and increasing a sense of trust and a form of corporate responsibility for the activities they carry out to shareholders (Hillary and Nicken, 2017). Public share ownership is measured by comparing the number of shares owned by the public or individuals with the total number of shares outstanding.

Researchers analyzed whether Instagram user activity had a significant contribution to the composition of institutional share ownership (H1) and whether Instagram user activity had a significant contribution to the composition of public share ownership (H2). So based on this framework, the regression equation is determined:

$$\begin{aligned} \text{KSI} &: \beta_0 + \beta_1 \text{ Like} + \beta_2 \text{ Comment} \\ \text{KSP} &: \beta_0 + \beta_1 \text{ Like} + \beta_2 \text{ Comment} \\ \text{Information} & \\ \text{KSI} &: \text{Institutional Share Ownership Variable} \\ \text{KSP} &: \text{Public Share Ownership Variable} \\ \text{Like} &: \text{Visibility Variable "Like"} \\ \text{Comments} &: \text{Visibility Variable "Comment"} \\ \beta &: \text{Variable Coefficient} \end{aligned}$$

2. METHOD

This research uses secondary data. Secondary data is data that has been processed by agencies/companies/third parties (Neuman, 2006). Meanwhile, the data collection method uses probability sampling with a purposive sampling technique. Purposive sampling is a sampling technique by determining certain criteria (Cooper & Schindler, 2006). The data collected in this research were 37 stock issuers. The sample selection criteria are companies that are members of the LQ45 index of the Indonesia Stock Exchange for the period August 2023 to January 2024. Data was taken in 2022 and 2023. The selected companies must have an active company Instagram account. Data collection on likes and comments from Instagram is obtained using a web crawler application. Meanwhile, individual ownership data and institutional ownership are obtained from the IDX.

The research method used in this research is quantitative research. Quantitative research is research intended to test hypotheses (Neuman, 2006). A hypothesis is a temporary assumption in a research that needs to be proven. Hypothesis testing in this research was carried out using Ordinary Least Square (OLS) analysis with SPSS.26. OLS linear regression is a linear regression model with the method of calculating least squares or what in English is called ordinary least squares (Gujarati, 2003). To produce estimates using the OLS method, four basic assumptions are required, namely BLUE. BLUE itself is an abbreviation for best, linear, unbiased, and estimator (Ghozali, 2021).

3. RESULT AND DISCUSSION

Social media activities provide important company information to external parties, including regulators, investors and other stakeholders who make decisions to influence the market and improve social welfare. States that social media visibility has a very important role in determining individual share ownership by the public.

The results of testing hypothesis 1 state that the visibility of "Like" has a positive and significant effect on public (individual) share ownership. The significance value is $0.000 < 0.05$ and the calculated t value $> t$ table. This indicates that the more "Likes" on a company's Instagram can influence the increase in the number of individual share ownership. Retail investors prefer issuers that channel information via Instagram so they can minimize information asymmetry. Interaction on Instagram can increase public trust in the company's existence. This condition is due to the awareness of retail investors that the majority of Instagram users prefer to "Like" rather than provide comments with valid information. Likes are described as approval and appreciation for a post given by a company. So "Like" is used as a research benchmark for retail investors in choosing shares because the LQ45 company share account is considered to have good publicity

Table 1 Descriptive Statistics

Variable	N	Min	Max	Mean
Like	74	5	30367	2682
Comments		0	3664	532
Institutional Ownership		0.0211	0.8499	0.21
Public Ownership		0.0001	0.0519	0.15

Source: SPSS Data Processing, 2023

and a good response from netizens. These results also apply to the visibility of "comments" which have a significant positive influence on public (individual) share ownership. The significance value is $0.001 < 0.05$ and the calculated t value $> t$ table. However, the influence on the visibility of "comments" is stronger than the visibility of "Likes". More "comment" interactions can attract the interest of retail investors so that public share ownership can increase.

Table 2 Multiple Linear Regression

Independent	Dependent	Unstandardized B	t	Sig.
Visibility (Likes)	Individual	0.678	3,198	0,000
Visibility (Comments)	Ownership	0.926	2,847	0.001
Visibility (Likes)	Institutional	0.050	1,167	0.148
Visibility (Comments)	Ownership	0.108	0.025	0.073

Source: SPSS Data Processing, 2023

The results of testing hypothesis 2 state that the visibility of "Like" has no effect on institutional share ownership. The significance value is $0.148 > 0.05$ and the calculated t value is $< t$ table. When there is a change in the level of "Like" visibility, it does not have an impact on the interest of large investors (institutions) so that institutional share ownership does not change. Likewise, the visibility of "comments" has no effect on institutional share ownership. The significance value is $0.073 > 0.05$ and the calculated t value $< t$ table.

4. CONCLUSIONS AND SUGGESTIONS

Social media visibility has a different influence between retail investors and institutional investors. This research uses social media user responses as evidence of the company's visibility and publicity to external parties, especially investors. The research results prove that companies that have higher visibility of likes and comments on Instagram will attract more retail investors compared to institutional investors. This is in contrast to what happens to institutional investors, which is proven by the high level of insight on social media which is unable to attract institutional investors to choose the company as their investment choice. This happens because institutional investors have wider access to information than retail investors, there are many other information channels besides social media (Instagram).

This research highlights the composition of institutional investors that can be shaped by the role of social media. Our findings suggest that social media users' responses to a company's social media activities increase visibility among investors and promote shareholder diversity specifically by attracting individual investors. Our results also show that knowledge and information gaps can be effectively reduced by social media activities thereby increasing trading consensus among investors. Therefore, the role of conventional media as a means of obtaining fair information for investors can be replaced by social media which is a new, more effective means.

This research makes contributions both theoretically and practically. The practical contribution that can be made from this research is that companies use social media to strategically disseminate valid and informative news so that retail investors can interact directly via the company's Instagram. Because, currently we are in an era of information openness and massive use of social media. So, to increase engagement, stock investors need to continue using social media as a medium for disseminating information. This research also has several limitations, namely identifying the reaction effects of company Instagram posts which was carried out

separately for each post such as company news, financial information and advertising. Identifying differential effects in future research can separate positive and negative reactions from each investor and from each type of post on Instagram social media.

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