

## CAPITAL MARKET REACTION TO INVESTOR SENTIMENT ON SOCIAL MEDIA: SYSTEMATIC LITERATURE REVIEW

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### Abstract

This study aims to systematically examine the relationship between investor sentiment on social media and capital market reactions in the context of modern finance. The approach used is Systematic Literature Review (SLR) with reference to the PRISMA guidelines, in order to identify, evaluate, and synthesize the results of previous research that are relevant and indexed in reputable journals. Analysis was carried out on publication trends, geographical context, sentiment analysis methods, and empirical results related to the influence of sentiment on stock prices, volatility, and other market variables. The results of the study show that investor sentiment on social media plays a significant role in influencing the dynamics of the capital market. Information spread through digital platforms such as Twitter, Reddit, and Weibo are able to shape the collective perception of investors which has a direct impact on stock price movements and volatility levels. These influences are heterogeneous, depending on the context of the country, type of industry, and economic conditions. Emerging markets and sectors with low levels of transparency tend to be more sensitive to changes in sentiment than more efficient developed markets. In addition, external factors such as economic crises, pandemics, and government policies strengthen the relationship between sentiment and market reactions. This research provides practical implications for investors in developing strategies based on sentiment analysis, for regulators in designing policies to supervise digital information, and for companies in strategically managing public communications. The next research recommendation is directed at the development of a quantitative model that integrates social media sentiment data with accounting and corporate governance variables to strengthen understanding of market behavior in the digital era.

**Keywords:** Investor Sentiment, Social Media, Fashion Market Reaction

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### 1. Introduction

The capital market plays a vital role in the global economy by serving as a mechanism for fund mobilization, capital allocation, and as a key indicator of a country's economic health. According to Thirumala et al. (2025), capital market dynamics are influenced not only by fundamental factors such as financial statements and macroeconomic conditions but also by psychological factors derived from investor behavior. Investor sentiment, representing the collective emotions and perceptions of market participants, has emerged as a critical factor in explaining stock price fluctuations and market volatility levels. Consequently, a comprehensive understanding of the relationship between investor sentiment and capital market responses is essential, particularly in the digital era characterized by rapid and extensive information dissemination.

The advancement of information technology has positioned social media as a primary channel for real-time, interactive, and wide-reaching information dissemination. Social

media now functions not only as a public communication platform but also as an arena for opinion formation that influences investor expectations and financial market dynamics. Liu et al. (2022) demonstrated that activity and sentiment on platforms such as Twitter and Reddit exhibit a strong correlation with stock price volatility across various global markets. Information disseminated through these platforms has been proven to trigger significant stock price movements, often surpassing the speed of traditional media. This underscores the strategic role of social media in shaping contemporary investor sentiment.

The interconnection between social media and capital markets gained prominence during the GameStop short squeeze event in 2021. Bibliometric analysis by Nyakurukwa and Seetharam (2023) revealed that opinions and interactions in online forums can mobilize retail investors collectively, thereby influencing stock prices beyond fundamental economic logic. In a broader context, Olanrewaju et al. (2024) emphasized that the integration of big data analytics and machine learning has enhanced the capacity to analyze investor behavior influenced by social media, establishing it as an effective non-traditional source for predicting market trends. This phenomenon confirms that social media and big data have become significant exogenous factors in modern capital market analysis, supplementing classic indicators with real-time sentiment-based information.

The relationship between investor sentiment on social media and capital market reactions extends beyond stock prices to encompass volatility levels and market crash risks. Rodríguez-Ibáñez and Casáñez-Ventura (2023) highlighted the importance of sentiment analysis from social media in understanding collective behavior patterns that impact stock price fluctuations. Thus, social media represents a critical variable capable of amplifying systemic risks in capital markets. Despite growing research in this area, a knowledge gap persists regarding the mechanism through which investor sentiment on social media translates into capital market responses. Existing studies vary in focus, with some examining stock returns while others concentrate on volatility or crash risk. Prasad et al. (2022) noted that sentiment measurement methods also diverge, ranging from textual linguistic analysis to machine learning, leading to inconsistent research outcomes.

This study aims to conduct a systematic literature review examining the relationship between investor sentiment on social media and capital market reactions. The systematic review approach facilitates the identification of existing research patterns, trends, and gaps while providing a structured conceptual framework. Karki et al. (2024) emphasized that systematic review methods and meta-analyses are crucial for synthesizing empirical findings regarding social media's influence on market sentiment and volatility. Concurrently, Chaudhary (2025) asserted that integrating public sentiment analysis into stock market studies, such as the S&P500 index, continues to face methodological challenges, particularly in measuring complex market emotions. Therefore, this research not only provides descriptive insights but also seeks to develop a novel conceptual framework to support further empirical studies in behavioral finance and financial analytics.

This research offers significant benefits from dual perspectives. Academically, it enriches financial literature by providing comprehensive mapping of the relationship between social media-driven investor sentiment and capital market reactions, aligning with Hafidz's (2025) emphasis on investor sentiment studies as crucial for expanding behavioral finance theory. Practically, the findings assist investors in understanding sentiment-driven market volatility, enable regulators to monitor social media-based

market behavior, and help companies optimize communication strategies and investor trust through social media, as suggested by Aggarwal (2022).

The urgency of this research intensifies alongside global trends where social media significantly impacts financial market stability. Rasyid et al. (2024) emphasized that investor sentiment can serve as an early indicator for predicting potential market crises. Therefore, this systematic review aims to provide a comprehensive understanding of sentiment influence patterns on capital market reactions, strengthening theoretical and practical foundations for developing adaptive market

## **2. Theoretical Background**

### **2.1 Efficient Market Hypothesis (EMH)**

The Efficient Market Hypothesis (EMH) was introduced by Eugene F. Fama in 1970 which states that the price of a security fully reflects all the information available in the market (Fama, 1970). This theory develops in three forms: weak form (price reflects historical data), semi-strong form (price reflects all public information), and strong form (price even reflects private information) (Fama, 1991). In this study, EMH is used as an initial framework to understand how markets should respond to information efficiently. However, the reality shows that investor sentiment, especially from social media, often triggers overreaction and market delays. Thus, the use of EMH is relevant because it allows the identification of gaps between efficiency theory and the reality of market behavior.

### **2.2 Behavioral Finance Theory**

Behavioral Finance Theory emerged as a response to the limitations of the Efficient Market Hypothesis (EMH) in explaining market anomalies. This theory emphasizes that investment decisions are not always rational, but are often influenced by cognitive, emotional, and social psychological biases. According to Barberis and Thaler (2003), phenomena such as herding behavior, overreaction, and bounded rationality can explain why stock prices sometimes deviate from fundamental values. In the context of this research, behavioral finance theory is very relevant to understand how investor sentiment spread through social media is able to trigger collective action. Emotional information that spreads quickly can reinforce herding behavior and create high volatility, which cannot be fully explained by assumptions of market rationality.

### **2.3 Investor Sentiment**

Investor sentiment is generally understood as a collective perception formed from investors' optimism and pessimism towards the capital market, which is often not entirely based on fundamental information. According to Aggarwal (2022), sentiment can be defined as the psychological attitude of investors that influences trading decisions and creates market anomalies. This perspective is in line with the view of behavioral finance that cognitive, emotional, and group behavior biases can encourage investors to act irrationally, resulting in price movements that deviate from their intrinsic value (López-Cabarcos & Pérez-Pico, 2020).

The sources of investor sentiment are very diverse, ranging from traditional media, investment forums, to social media. In the digital era, the rapid dissemination of information strengthens the role of sentiment as a variable that determines market dynamics. According to Awad et al. (2025), social media serves as the main channel in shaping investor sentiment because it is able to facilitate real-time interaction and create

collective opinions on a wide scale. Furthermore, research by Ballinari and Behrendt (2021) shows that data from social media can be used as a proxy for investor behavior through online sentiment measurement.

#### 2.4 Capital Market Reaction

Capital market reaction is generally defined as the response of stock prices and other market indicators to information, both fundamental and non-fundamental. Indicators commonly used to measure market reactions include abnormal returns, volatility, liquidity, and bid-ask spreads that reflect trading dynamics and price efficiency. A study in Indonesia by Madani et al (2020) shows that the stock split event causes significant changes in abnormal returns, trading volumes, and bid-ask spreads, so it can be used as a benchmark to assess the market's response to a corporate event. Furthermore, Dzar et al (2023) added that abnormal returns and trading volume activity reflect market sensitivity to public information.

The relationship between market indicators such as bid-ask spreads, trading volumes, and volatility with market efficiency is one of the important topics in modern financial literature. Lokesh (2022) emphasized that market microstructure analysis is key in understanding the relationship between bid-ask spreads, trading frequency, and price efficiency, as liquidity and volatility dynamics reflect how quickly information is processed by the market. Research by Zatira et al. (2022) shows that stock prices, trading volumes, and return volatility have a significant influence on the bid-ask spread in LQ45 companies listed on the Indonesia Stock Exchange. This finding is strengthened by Riyanto et al. (2024) who found that the tick price mechanism and high-frequency trading activities affect the price quality and efficiency level of the Indonesian capital market.

#### 2.5 Social Media and Capital Markets

Social media has become an increasingly influential new source of information in the modern capital market. Platforms such as Twitter and Reddit allow for the formation of collective opinions in a fast, massive, and interactive manner, thereby accelerating the spread of market perception. Viral information often has direct implications for trading dynamics, triggering significant changes in stock prices and market volatility. Burra's study (2024) shows that investor opinions disseminated through social media can amplify the effects of collective behavior (herding) and increase the risk of market volatility, especially when the information circulating is emotional or speculative. Similar findings were put forward by Ferraro and Sperli (2024), who prove that user-generated content on Twitter and Reddit can influence stock price predictions through strengthening investor sentiment.

The GameStop short squeeze phenomenon in early 2021 is concrete evidence of how sentiment on online forums can change market dynamics. Long et al. (2023) found that the positive sentiment in the Reddit community r/WallStreetBets contributed to the extreme surge in GameStop's stock price, outpacing its fundamental value. In addition, Joseph (2025) emphasized that the combination of emotional analysis, text, and social data shows how investors' social informedness accelerates the flow of information and creates market imbalances. These studies confirm that social media is not only an alternative source of information, but also a disruptive force capable of shaking up traditional market efficiency assumptions.

### 3. Methods

#### 3.1 Research Design

This study employs a Systematic Literature Review (SLR) methodology to comprehensively identify, evaluate, and synthesize existing research on the influence of social media-driven investor sentiment on capital market reactions. The SLR approach was selected for its ability to provide a structured, transparent, and reproducible framework for analyzing literature (Kitchenham, 2004). The implementation of this review adheres to the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) guidelines, following its four-stage protocol: identification, screening, eligibility assessment, and final inclusion of studies (Page et al., 2021). The identified literature is subsequently analyzed through both descriptive and comparative techniques to identify prevailing research patterns, emerging trends, and critical knowledge gaps within the field.

#### 3.2 Data Source and Search Strategy

The literature search was conducted to identify relevant studies that address the formulated Research Questions (RQs). Primary searches were executed using the Watase Uake database. A strategic combination of keywords was employed, including: "capital market reaction", "investor sentiment analysis", "social media networking", "social media capital market", "investor sentiment social media", and "investor sentiment capital market". Boolean operators (AND, OR) were utilized to refine and expand the search results. The publication year filter was set from 2015 to 2025 to ensure the inclusion of the most recent developments concerning the interrelationship between investor sentiment, social media, and capital market reactions. The initial search results were subsequently filtered using pre-defined inclusion and exclusion criteria.

#### 3.3 Inclusion and Exclusion Criteria

To ensure the relevance and quality of the reviewed literature, this study applied the following inclusion and exclusion criteria:

| Criterion        | Inclusion Criteria                                                                                                                                      | Exclusion Criteria                                                                                                                 |
|------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|
| Research Topic   | Discusses investor sentiment on social media and its link to capital market reactions (e.g., abnormal returns, volatility, liquidity, bid-ask spreads). | Discusses capital markets or finance solely from a fundamental perspective without attributing it to investor sentiment.           |
| Context          | Focuses on companies or organizations in the business sector, specifically capital markets and investments.                                             | Focuses on the public sector, education, or non-profit organizations unrelated to capital markets.                                 |
| Document Type    | Peer-reviewed scientific journal articles, empirical research, systematic literature reviews, or bibliometric analyses.                                 | Opinion articles, editorials, non-peer-reviewed conference proceedings, theses, dissertations, or unverified practitioner reports. |
| Publication Year | Published between 2015–2025.                                                                                                                            | Published before 2015.                                                                                                             |
| Language         | Articles in English or Indonesian.                                                                                                                      | Articles in other languages without official translations.                                                                         |



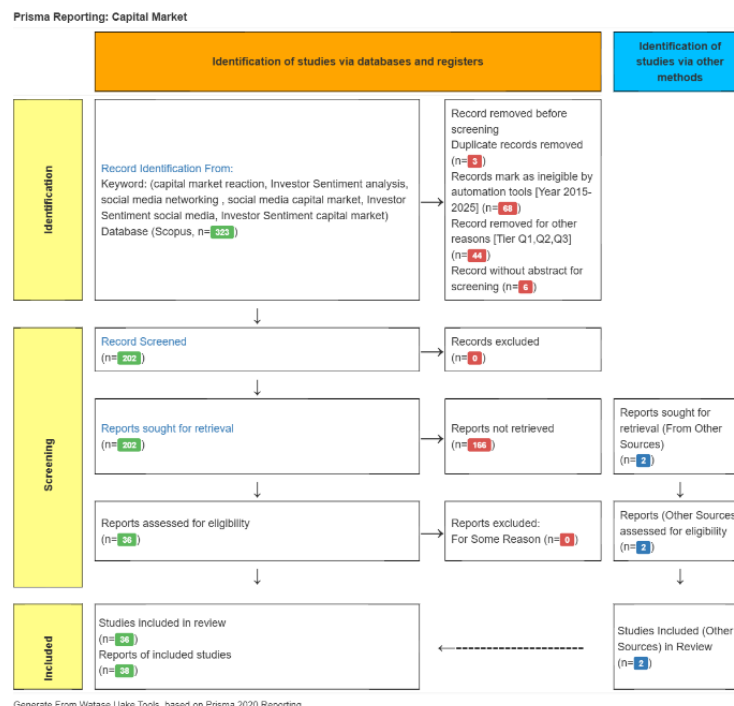
| Criterion            | Inclusion Criteria                                         | Exclusion Criteria                                            |
|----------------------|------------------------------------------------------------|---------------------------------------------------------------|
| Indexation & Quality | Indexed in Scopus with Q1–Q4 quartile rankings.            | Not indexed in Scopus or of unknown indexation status (N/A).  |
| Document Access      | Full text is available for download and thorough analysis. | No full text is available, or only an abstract is accessible. |

### 3.4 Data Collection and Screening Process

The data collection process involved a systematic search and retrieval of scientific articles based on the defined keywords and criteria. The initial identification phase yielded 323 articles. These records then underwent a rigorous screening process:

- 1) Identification: 323 articles were identified from the database search.
- 2) Screening: 3 duplicate articles were removed. A further 68 articles were excluded for being outside the 2015-2025 publication range, 44 were removed for not meeting journal quality criteria (non-Q1-Q3), and 6 were excluded due to the absence of a filterable abstract. This left 202 articles for eligibility screening.
- 3) Eligibility: The 202 articles were assessed for topic relevance. While all were deemed relevant, a check for full-text availability revealed that 166 articles were inaccessible. Thus, 36 articles proceeded to the final eligibility assessment.
- 4) Included: All 36 articles met the inclusion criteria. An additional 2 relevant articles were identified from outside the primary database. Therefore, a total of 38 articles were included for the qualitative synthesis in this systematic review.

This multi-stage screening process, summarized in Figure 1, ensures that the final corpus of literature is of high academic quality, directly relevant to the research objectives, and suitable for a robust analysis of investor sentiment in the capital market context.



**Figure 1. PRISMA Flowchart of the Study Selection Process**  
 Source: Watase Uake (2025)

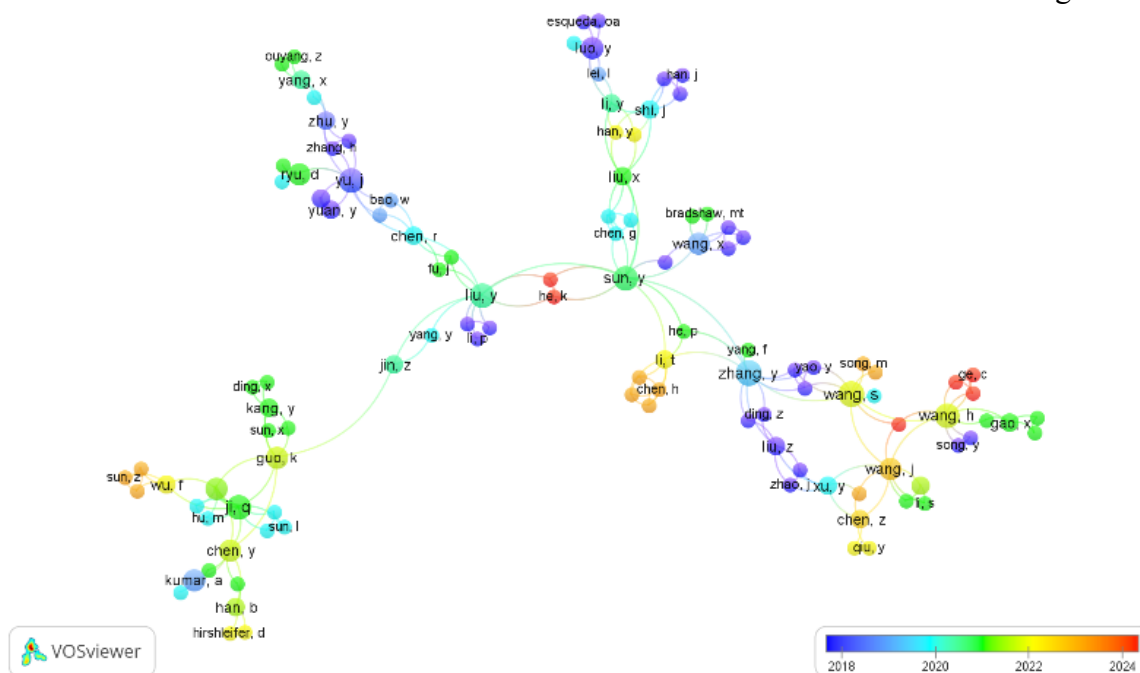
The PRISMA flowchart illustrates a transparent and rigorous selection process. From an initial pool of 323 articles, approximately 11.7% met all criteria for inclusion, a common outcome in systematic reviews that emphasizes quality over quantity. The primary challenge encountered was limited access to full-text articles, even for seemingly relevant studies.

#### 4. Results and Discussion

This section presents comprehensive findings from a systematic literature review analyzing the relationship between investor sentiment on social media and capital market reactions. The analysis synthesizes evidence from rigorously selected academic publications that meet established quality criteria and demonstrate direct relevance to the research focus.

##### 4.1 Research Publication Trends

Recent years have witnessed a substantial increase in studies examining the relationship between social media-driven investor sentiment and capital market reactions. The analysis reveals evolving research patterns that mirror the growing significance of social media as a non-traditional information source in investment decision-making.



**Figure 1.** Research Trends Based on Author Relationships

Source: VosViewer, 2025

Figure 1 illustrates the collaborative network among researchers in this field, dominated by key authors including Sun, Y, He, K, and Liu, Y who serve as central nodes in cross-research collaborations. The network demonstrates strong collaborative groups, particularly in East Asia, with active clusters such as Wang, H–Gao, X and Zhang, Y–Yang, F. The color gradation from green to yellow indicates intensified collaboration during the 2020–2024 period, reflecting growing research interest in integrating artificial intelligence and machine learning to understand investor sentiment dynamics in capital markets.



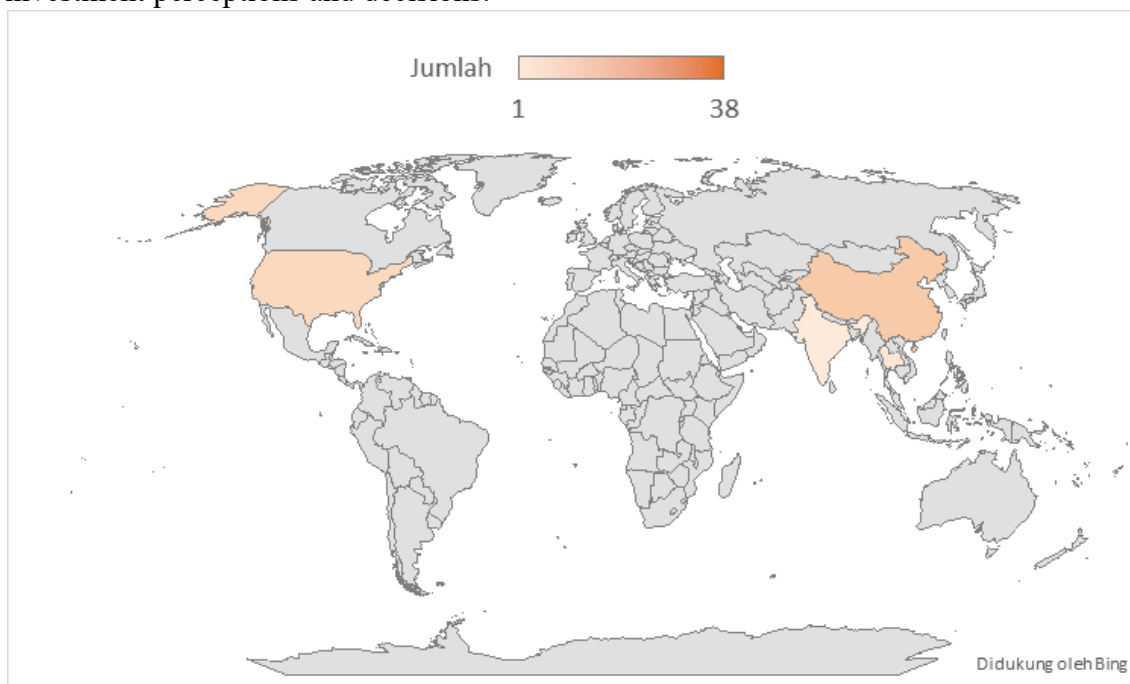
A pie chart showing the distribution of responses by year for the question 'How many years have you lived in your current home?'. The chart is divided into eight segments, each representing a different year. The segments are labeled with the year and the number of responses in blue text. The years and their corresponding counts are: 2018 (1), 2019 (2), 2020 (7), 2021 (5), 2022 (10), 2023 (5), 2024 (5), and 2025 (3).

| Year | Count |
|------|-------|
| 2018 | 1     |
| 2019 | 2     |
| 2020 | 7     |
| 2021 | 5     |
| 2022 | 10    |
| 2023 | 5     |
| 2024 | 5     |
| 2025 | 3     |

Figure 3 demonstrates significant growth in publications examining investor sentiment and capital market reactions during 2018–2025. Publications emerged in 2018 with a single article, gradually increasing to peak at 10 publications in 2022. Research output



stabilized during 2023–2024 with five articles annually, declining slightly to three publications in 2025. This pattern indicates accelerated academic interest following the COVID-19 pandemic, coinciding with social media's expanding role in shaping investment perceptions and decisions.



**Figure 4.** Research Trends by Country  
Source: Data Processed, 2025

Figure 4 illustrates geographical research distribution, dominated by China (10 publications) and the United States (6 publications), with substantial cross-border studies (5 publications). China's dominance reflects heightened attention to market dynamics and investor activity on local platforms including Weibo and Eastmoney Forum, while the United States leads in developing AI methodologies, big data analytics, and machine learning applications. Other regions including India, South Korea, Thailand, Hong Kong, and the United Arab Emirates demonstrate emerging interest, confirming the global nature of investor sentiment research with concentration in regions possessing advanced financial and technological infrastructure.

#### 4.2 Impact of Investor Sentiment on Market Variables

Extensive research conducted over the past decade provides compelling evidence that investor sentiment significantly influences stock prices, market volatility, and related financial variables across diverse geographical and sectoral contexts. The literature demonstrates that both rational and irrational sentiment components substantially impact market dynamics through multiple transmission channels.

Studies by Liston-Perez and Gutierrez (2018) established sentiment's direct influence on stock returns and volatility within the "sin stocks" industry, while Feng and Johansson (2019) documented how executive social media activity on Weibo platforms enhances firm-specific information content and market efficiency. Research examining behavioral aspects by Liu, Wu, and Li (2019) highlighted social media envy effects on economic expectations and investment behavior among younger generations, revealing psychological mechanisms underlying sentiment formation.

International perspectives emerge from Nițoi and Pochea (2020), who identified collective sentiment amplifying correlations between European markets during crises, and Maghyreh, Awartani, and Abdoh (2020), who demonstrated investor emotions significantly influence crude oil returns. Methodological advancements are evident in Jing, Wu, and Wang (2021), who improved stock price predictions by integrating forum sentiment analysis with technical indicators, and Chen (2021), who identified dual transmission channels through which sentiment affects bond markets.

The literature consistently confirms investor sentiment as a crucial determinant of capital market dynamics, operating through both direct channels (price reactions and volatility) and indirect mechanisms (herding behavior, media exposure, and interactions with analyst recommendations and audit information). Sentiment impact demonstrates heterogeneity across market types, economic contexts, and measurement methodologies, reinforcing that sentiment analysis has become indispensable for understanding information efficiency and price behavior in digital-era capital markets.

#### 4.3 Formation and Interpretation of Social Media Investor Sentiment

Research examining sentiment formation and interpretation mechanisms reveals that emotions, perceptions, and digital interactions fundamentally shape contemporary capital market behavior. The literature demonstrates that social media sentiment emerges through complex processes combining digital interactions, collective emotions, risk perceptions, and economic expectations, while its market interpretation depends on investors' rational and psychological processing of online information.

Sectoral variations are evident across studies. Liston-Perez and Gutierrez (2018) identified differential reactions between markets characterized by strict versus permissive social norms, particularly within controversial industries. Feng and Johansson (2019) documented strongest sentiment effects within technology and financial sectors, while Liu, Wu, and Li (2019) observed greater tourism and lifestyle industry susceptibility compared to heavy industry. These findings highlight how industry characteristics mediate sentiment impact.

Temporal dimensions emerge through Nițoi and Pochea (2020), who demonstrated emerging markets' heightened reactivity to perception changes and liquidity pressures during crises, and Maghyreh, Awartani, and Abdoh (2020), who established strengthened sentiment effects during crisis periods, particularly within energy sectors. Market phase influences are evident in Ugurlu-Yildirim, Kocaarslan, and Ordu-Akkaya (2020), who identified stronger market reactions during expansion phases compared to recessions.

The literature collectively establishes social media as an autonomous, rapidly evolving ecosystem that systemically influences capital market efficiency and stability. Sentiment has transformed from an exogenous variable into a socially constructed mediator between information, beliefs, and investment decisions, fundamentally altering market dynamics in the digital age.

#### 4.4 Cross-Country, Cross-Industry, and Economic Cycle Variations

Capital market reactions to social media sentiment demonstrate significant heterogeneity across national contexts, industry sectors, and economic cycle phases, reflecting complex interactions between social, economic, and structural factors shaping investor behavior.

Geographical variations are pronounced in the literature. Hsu and Tang (2022) established that developed markets recover more rapidly from negative sentiment shocks

compared to more volatile emerging markets. Hao, Li, and Yang (2022) demonstrated emerging markets' greater vulnerability relative to developed counterparts, while Vuong and Suzuki (2022) identified more prolonged reactions in emerging markets contrasted with faster but corrected responses in developed countries. These patterns highlight institutional and structural factors moderating sentiment effects.

Sectoral susceptibility exhibits consistent patterns across studies. Technology, energy, financial, and consumer industries emerge as most sentiment-sensitive sectors according to multiple researchers including Han and Zhou (2022), Andleeb and Hassan (2023), and Long and Guo (2025). Kammoun, Power, and Tandja (2021) identified stronger reactions within high-risk industries including energy and infrastructure, while Mansley, Wang, Weng, and Zhang (2023) documented more rational REIT sector responses compared to sectors characterized by high information asymmetry.

Economic cycle influences are well-established. Lin (2023) demonstrated technology industry's highest sentiment sensitivity across expansion and contraction phases, while De Sousa-Gabriel et al. (2024) emphasized intensified reactions during crises, particularly within emerging markets and energy/mining sectors. These findings collectively confirm that social media sentiment functions as a market information amplifier, with effects contingent on contextual factors including market development, sector transparency, and macroeconomic conditions.

#### 4.5 External Factors Moderating Sentiment-Price Relationships

External factors including economic crises, pandemics, government policies, and socio-political conditions significantly moderate the relationship between investor sentiment and stock prices, according to extensive empirical evidence.

Crisis periods substantially amplify sentiment effects. Nițoi and Pochea (2020) and Maghyereh, Awartani, and Abdoh (2020) established that global financial crises strengthen inter-market relationships and emotional dominance in price formation. The COVID-19 pandemic emerges as a particularly significant moderator, with Hsu and Tang (2022) documenting its role in strengthening sentiment-stock price relationships through internet sentiment channels, and multiple studies including De Sousa-Gabriel et al. (2024) confirming pandemic-induced amplification of sentiment-volatility relationships.

Policy and regulatory influences are well-documented. Ugurlu-Yildirim, Kocaarslan, and Ordu-Akkaya (2020) demonstrated monetary policy uncertainty suppresses sentiment and stock prices, while Kitiwong, Ekasingh, and Sarapaivanich (2025) identified audit policy variations affecting sentiment signals across different jurisdictional contexts. Government interventions and regulatory frameworks consistently emerge as significant moderators across studies.

The literature collectively indicates that volatile market conditions, low-transparency sectors, and crisis periods strengthen sentiment effects, while developed markets and transparent sectors exhibit more rational responses. These findings emphasize the importance of continued research examining sentiment transmission mechanisms, investor literacy influences, and digital information regulation for mitigating social perception-driven market volatility.

## 5. Conclusion

Based on the comprehensive systematic review conducted, this study concludes that investor sentiment formed through social media significantly influences capital market dynamics. The research demonstrates that information and opinions disseminated across

digital platforms not only complement fundamental data but also shape collective perceptions that substantially impact stock prices, increase market volatility, and trigger emotional market reactions. Social media has evolved into a crucial space where investor perceptions, emotions, and expectations intensely interact, thereby significantly influencing market movement directions.

The impact of social media sentiment exhibits substantial variation depending on country characteristics, industry types, and prevailing economic conditions. Emerging markets and sectors with lower transparency levels generally demonstrate higher sensitivity to sentiment changes compared to more efficient developed markets. External factors including financial crises, pandemics, and government policies further strengthen the relationship between sentiment and market reactions, indicating that investor behavior is profoundly influenced by macro-environmental and social contexts.

These findings substantially reinforce Behavioral Finance Theory, which emphasizes the role of cognitive and emotional biases in investment decision-making, while simultaneously revealing limitations in the Efficient Market Hypothesis's capacity to explain contemporary market dynamics. Theoretically, this research contributes to expanding our understanding of the integration between financial behavior and information technology, particularly within the context of market data digitization.

Practically, the study's outcomes hold significant implications for multiple stakeholders. Investors can utilize sentiment analysis as a valuable tool for predicting market behavior, regulators can develop enhanced policies for monitoring digital information, and companies can design more effective public communication strategies. For future research, investigations into cross-platform sentiment transmission mechanisms and their interactions with accounting and governance variables are recommended to develop a more comprehensive understanding of sentiment's role in market stability.

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