

THE HONG KONG POLYTECHNIC UNIVERSITY DEPARTMENT OF MANAGEMENT AND MARKETING

Departmental Research Seminar

Wisdom of Crowds in Investment Social Networks: Differences Make a Difference By



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Date : 22 Jan 2025 (WED)
Time : 10:30 am – 12 noon
Venue : M714, PolyU

Abstract

Prior research has leveraged sentiment from posts on investment social networks to forecast firms' earnings and stock returns, often linking these patterns to the wisdom of crowds (WoC). However, posts encompass more than sentiment alone, and this study examines how discourteous expressions influence WoC. While discourtesy typically undermines communication effectiveness offline, the weak ties and high volume of posts in social networks create a dynamic where its effects remain uncertain, necessitating empirical investigation. Using a dataset of 1.2 million posts from StockTwits about 821 firms that went public between 2008 and 2018, we construct tree-like conversation structures to model interactions and analyze shifts in discourteous expression styles (i.e., flipping). By applying 50 LIWC wordlists, we identify courteous and discourteous style shifts that significantly impact the predictive strength of post sentiment in forecasting abnormal returns. These findings underscore the critical role of socio-linguistic cues in shaping collective decision-making dynamics in investment social networks, offering deeper insights into how communication mannerisms influence predictive outcomes.

Prof. Susanna Ho is a Professor of Information Systems. Her research focuses on judgment and decision making, big data, and data analytics as they apply to social media, management turnovers and internal control material weaknesses. In particular, she is interested in how they intersect with organisation and team behaviour, social media and corporate social responsibility. Prof. Ho's early research examined how web personalisation influences the behaviour of online users and her research portfolio continues in this area. Her work has been funded by the Australian Research Council's Discovery Project scheme and by organisations including CPA Australia. Prof. Ho's research has been published in a number of leading academic journals including *MIS Quarterly*, *Information Systems Research*, *Journal of the Association for Information Systems*, *Information Systems Journal*, *European Journal of Operational Research*, *Information and Management*, *Decision Support Systems*, and *Journal of Business Ethics*.

All interested are welcome.



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