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European Ph.D. on  
Social Representations and Communication  
At the Multimedia LAB & Research Center, Rome-Italy

Social Representations in Action and Construction  
in Media and Society



"Cultural and cross-cultural  
approaches to social representations:  
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# Ph.D. Progress Report #1

**Covering period:** February - August 2009

**Project Title:** Mass Psychology and Stock Market: Heterogeneous Agents, Investors and Media

**Main Tutor:** Prof. Annamaria de Rosa

**Researcher:** Lazar Ristic

# Abstract

The aim of the research is an economic psychology study of the social representations of the stock market and their impact on the media and on investors. This research should include both acquired and recently developed knowledge in the fields of psychology, economics, statistics, organizational studies, and the communication sciences. Rational Investing is the approach to investing used by those seeking to avoid the influence of the most negative investing emotions and thereby to maximize long-term returns. This research is part of a much larger global research program "Mass Psychology and Stock Market: Heterogeneous Agents, Investors and Media" that has been designed and is being coordinated by Prof. Annamaria de Rosa, University of Rome "La Sapienza".

During the time of a global financial crisis it is very hard to find rational investing. The global financial crisis that started in September 2008 has created unfamiliar circumstances. Policies regulating the way we trade have changed, thus new trading rules are made up along the way. Some of the larger investors have been able to withhold the crisis, and the smaller investors are looking up to them.

# Abstract

Moscovici (2001) argues that “the purpose of all representations is to make something unfamiliar, or unfamiliarity itself, familiar.” (p. 37). That is why this research will focus on social representation of stock markets, global financial crisis and investment behaviour specifically “anchoring” among investors.

The hypothesis is that a large investor as the International Finance Corporation with a total investment fund surpassing 10 billion USD that invests in private enterprises: companies, financial institutions, and other businesses that are majority-owned by the private sector influence the decisions making process of smaller investors.

Through this research I will work on understating the investment behaviour among expert VS. naive investors during the time of a financial crisis, what influences them during the time of crisis and in what way the expert investors influence the decision making process among naive investors.

# Activities undertaken during the reporting period

As part of the research during this reporting period I visited Washington in February, Hong Kong in May and New York in June. The primary purpose of these visits was to meet with Senior Investment Officers in the International Finance Corporation and independent stock traders.

In better understanding the fluctuations in stock markets during the global financial crisis two days were spent researching at the New York Stock Exchange Research Library and two days in International Monetary Fund's Library. The aim of this research was to identify the peak trading periods and to identify trading patterns among large VS. smaller traders.

For the need of this research I will be using a set of tools that have been developed by Prof. Annamaria de Rosa, University of Rome "La Sapienza". At this stage of my research I plan to use two questionnaires:

1. Questionnaire for Expert Traders
2. Questionnaire for Naive Traders

# Activities undertaken during the reporting period

During my visits to Washington, Hong Kong, and New York the English versions of both questionnaires were tested. The questionnaire for expert traders was tested with two Senior Investment Officers in Hong Kong and two Senior Investment Officers in Washington and New York.

The questionnaire for naive traders was tested with two independent stock traders in Hong Kong and three independent stock traders in Washington. Based on the input from the Senior Investment Officers and independent stock traders, revisions were made to the English version of the questionnaires. This revisions primary relate to the some abbreviations used and use of more common language among traders.

This period I have initiated research related to the meta-theoretical analysis of the social representations literature.

# Activities undertaken during the reporting period

During this reporting period, in my role in the World Bank, I have started work on a Study of Investor Attractiveness for South Central Europe (SCE). The primary aim of this study is to understand investor's perception of South Central Europe. The survey will be done through telephone interviews with investors in Europe, US and Asia regarding their degree of interest to invest in SCE (Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Macedonia FYR, Kosovo, Moldova, Montenegro, Romania, and Serbia). A total of 750 investors will be interviewed from Europe, US and Asia.

A questionnaire will be developed for this purpose and it will address: i) the position and degree of attractiveness of SCE, ii) future business plan in SCE, iii) issues related to the global financial crisis and its impact.

# Synopsis of the approach



- Kick off meeting
- Agree on objectives, timeline
- Define the sample of interviewees

- Interview of the investors respecting the segmentation of the defined sample
- Presentation of the raw results

- Presentation of report with the key issues



# Activities to be undertaken during the upcoming reporting period

**September 2009**

The upcoming period will focus on re-visit the investment officers in the USA and China and start preparing the field for the synchronised data collection.

Preparatory will also include the translation of the English versions of the multi-techniques tools in different languages where needed. Control of the quality of the translation will be done via back-translation technique.

A research visit is planned for the last week of September to Delhi India during which I plan to attend a conference on Asian Markets and meet with more than 10 Investment Officers that cover the continent of Asia.

# Activities to be undertaken during the upcoming reporting period

**October –December 2009**

Data collection will be done among the investment officers in IFC in USA and China. Questionnaire designed for expert traders will be used for this purpose.

Another major milestone for the upcoming period will be the preparation of the data input file for the centralized data analysis aimed at allowing cross-national comparisons in addition to national analyses.

For my research on a Study of Investor Attractiveness for South Central Europe, during the upcoming period the questionnaires will be finalized so that they include various issues related to the global financial crisis and its impact on investors. Interviews will be held with 750 investors throughout the world, and work will start on the raw data.

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