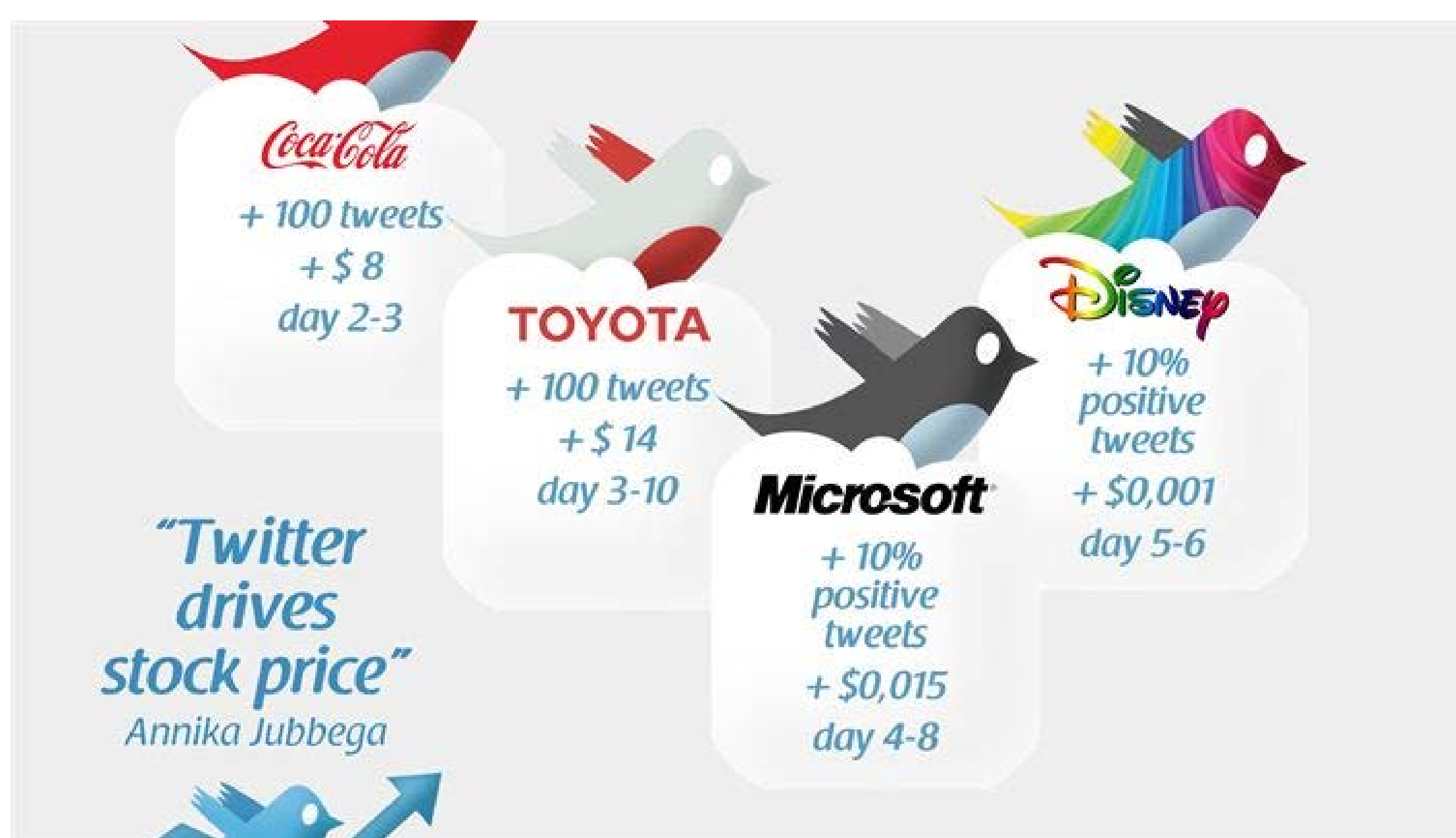


THE ECONOMIC CONSEQUENCES OF HAVING “SOCIAL” EXECUTIVES

- Hypothesis:** Twitter activation events are associated with lower bid-ask spreads and increased trading activity. The effect is present in both the subset of Twitter activation events that result in CEOs/CFOs sending mostly work-related tweets and the subset of Twitter activation events that result in CEOs/CFOs expressing primarily their personal sentiments.
- Results:** Our analysis shows that personal tweets predict abnormal stock market performance. Moreover, turnover and bid-ask spreads behave in a manner consistent with the hypothesis that CEO/CFO Twitter activity increases the flow of information and grabs investor attention. Any interesting findings that may introduce or support future research or creative activity.
- Implication:** The use of social media among financial market participants has been growing exponentially. In a National Examination Risk Alert, the U.S. Securities and Exchange Commission states that “social media is landscape-shifting.” Our study is an initial attempt to provide descriptive evidence on how executives have begun to directly communicate with investors and customers.



Twitter as driver of stock price

30. May 2012 - Av Annika Jubbega, Bendik Samuelsen and Auke Hunneman

	Tweeting Firms	Matching Firms	Difference between Event- and Matching Firms
Bid-Ask Spread_Value-weighted [%]			
[-126 ; -2]	0.15	0.15	0.00
			(0.24)
[+2 ; +126]	0.12	0.15	-0.03***
			(-4.10)
Δ	-0.03***	0.00	-0.03***
	(-4.33)	(0.10)	(-4.81)
Turnover [%]			
[-126 ; -2]	1.02	1.01	0.01
			(0.44)
[+2 ; +126]	1.13	1.05	0.08***
			(3.22)
Δ	0.11***	0.04	0.07***
	(6.07)	(0.23)	(4.25)