The Economic Consequences of Corporate Disclosure on Social Media - The Case of Twitter

Abstract of PhD Proposal

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Abstract

This study considers the nature and extent of use of Twitter for financial reporting by Australian Securities Exchange (ASX) listed companies, and the potential economic consequences of this form of disclosure. Using event methodology and selecting bid-ask spread as the proxy as information asymmetry, this study looks into the effectiveness of Twitter as financial reporting disclosure channel. Empirical results from the investigation of effectiveness of financial reporting on Twitter will provide future evidence and direction for the formation of regulation in this area. Through the comparison of existing legislations on financial reporting between Australia and the U.S., including guidelines from corporate and professional bodies, this study will also contribute to the development of a conceptual framework for regulation of the use of social networking tools like Twitter for corporate disclosure, in Australian context. There are many different forms of corporate disclosure. This study will focus on financial reporting, which include tweets that hold specific financial information, and the tweets that match with material information disclosed to ASX.