Construction of Financial Risk:
A Study of the Stock Market Investors and their Communicative Practices

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ABSTRACT

This dissertation aims to develop a grounded theory explaining how Chinese stock investors construct risk through their communication practices. Many of the previous studies attribute the risk in the stock market to greedy or unprofessional investors who speculate in stocks. In order to explore this topic further, this dissertation applies a grounded theory approach to develop a detailed local case showing the communication practices of Shanghai investors with respect to stock investment. By examining how investors produce meanings of risk and the relevant risk positions, the dissertation explains why investors keep speculating in the stock market. It uses interviews with 35 investors, in-depth interviews with 12 investors, and on-site observations of four stock exchange halls, investors' home and working places in Shanghai from 2012 to 2014. The findings show that the investors consider risk to be the uncertainties about the accuracy of the information and the speed by which it is obtained. Ideally, they would obtain public information, make sense of public information professionally, and then generate directional information on which they can base their stock trades. However, with the devaluation of public information due to the corrupt social system, investors are forced to communicate more accurate information in a private way to position themselves to have a privileged risk position, which produces certainties for them but uncertainty for others. The belief in professionalism is eroded through the surge in demand for insider information based on interpersonal relations (*guanxi*). Because of the lack of insurance and security when circulating information privately, investors have shifted away from long-term stock investments to speculate in stocks. Although the mechanism of stock speculation produces risk for almost all investors, they still produce and reproduce this mechanism. The reason for this is that these investors are trapped in a paradox of risk and security without realizing that their practices to produce security are in fact producing uncertainties for them.

内容摘要

本論文研究上海的股票投資者是怎樣在傳播實踐中構建風險的意義的 。很多研究將金融風險歸咎於投資者的貪婪或不專業的過度投機行為。為了進一步研究這一課題，本論文採取紮根理論的研究方法，構建一個詳實的關於上海投資者傳播實踐的案例。由此，本論文研究了當地投資者怎樣通過傳播實踐構建風險的意義以及不同的風險處境，並由此對投資者進行投機行為進行理論性的闡釋。本論文的數據收集時間為 2012 年至 2014 年，其中主要包括對 4 所上海的投資交易大廳的實地觀察，對 35 個投資者的訪談，以及 12 個深入訪談以及追踪觀察。研究發現，投資者將風險與對信息的正確性以及傳播速度的不確定性相關聯。理想狀態下，投資者通過獲取公共信息，專業解讀信息以將其轉化為導向性的信息，之後進行股票交易。然而，由於腐敗等問題，各類公共信息都產生了貶值，投資者被迫用更私人的方式傳播更準確的信息，以使自己能處於有利地位，並將對信息的確定性建立在其他投資者對信息的不確定性之上。專業主義被瓦解了，取而代之的是建立在人際關係之上的對內幕消息的傳播。投資者們也從專業的、長期的投資專為短期的投機。而那些處於不利地位的投資者所面臨的不確定性亦將反過來加諸於有利地位的投資者之上。儘管投機的體系將風險加諸於幾乎所有投資者之上，投資者仍繼續投機行為。本論文認為其原因是投資者被困於“風險矛盾”之中——投資者通過實踐來尋求保障，未曾意識到其實踐造成了自己乃至於經濟體系更大的風險。

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Chapter 1 Introduction

"The stock market is risky. Be cautious when entering the market."

The slogan that introduces this chapter is famous in China, communicated widely through TV programs, newspapers, official reports, and investor discussions. Accordingly, this dissertation primarily focuses on the communicative construction of risk in China's stock market. It is inspired by the observation of myriad social phenomena related to risk, the theories of risk in sociology (e.g., the Risk Society theory developed by Beck (1992, 2009a), and the conceptualization of risk by Giddens (1999)). This dissertation also is based on major concerns about the unsecured and immature stock market and investors' excessive speculation in stocks in China (China Securities Regulatory Commission, 2011 & 2012) as well as my own experience of being the daughter of a stock investor who has invested in the Chinese stock market for two decades. In the thesis, instead of imposing previous theories of risk on the observed data, I use a grounded theory perspective (Charmaz, 1987, 1995, 2006; Strauss & Corbin, 1998) to approach the communicative construction of risk on the individual level. More specifically, I emphasize the communicative practices of stock investors to see how they produce the meanings of risk and different risk positions (Beck, 1992). In light of the social theories of practice (e.g., Giddens, 1984, 1991; Schatzki, 2010), as well as certain theories or ideas about communicative or media practices (e.g., Couldry, 2004; Craig, 2006), I define communicative practice as a setting of sayings and doings associated with communication; these expressions produce meanings and social positions that relate to different people. By approaching the communicative practices of investors, I will elucidate on the meanings of risk as well as the construction of relevant relationships associated with stock investments.

The social phenomena of stock investment and the social theories of risk (Beck, 1991; Adam & van Loon, 2000; Levitas, 2000; Bell & Mayerfeld, 1999) suggest the possibility of inner differences among investors in understanding risk. Therefore, I conduct a grounded study and identified *small investors* and *big investors* as two major groups of investors with different patterns of communicative practices and understandings of risk. I also consider the investors' professional backgrounds in finance that may influence their construction of risk: some investors are "profession have-mores", while some are "profession have-lesses." These two concepts are in light of Qiu's (2009) concepts of information have-mores and information have-lesses. I compare different investors in terms of their communicative construction of risk in order to ascertain if I may provide alternative explanations to the previous understanding of risk and social (in)equality in China. More specifically, I would like to provide explanations for stock investors' practice of speculation in stocks in relation to their conceptualization of risk and (in)equality.

The introduction, including sections 1.1, 1.2 and 1.3, provides the rationale for the study. Here, I introduce the topic and context of my thesis before explaining the theoretical and practical contributions as well as the significance of this research.

1.1. **Situate the Study in Context**

In recent decades, risk has become a buzzword in various social science disciplines (Nicholson, 2009). Concrete sub-disciplines in academia have emerged primarily focusing on how to calculate, control, and deal with risk; these sub-disciplines include risk management, risk assessment, and risk communication (Morgan, Fischhoff,

Bostrom, & Atman, 2001; Smith, 2013). The eagerness to examine risk may have arisen in response to worldwide dangers, crises, and catastrophes; these hazards influence not only the lives, health, safety, and happiness of human beings, but also our understanding of the current era's social dynamics. Today, a great deal of uncertainty and threats exist, including terrorism, environmental pollution, and financial crises (Giddens, 1990, 1999; Sennett, 1998; Beck, 2009a; Nicholson, 2009). In the following section, I will use a communicative event (Hymes, 1972) to illustrate why I chose this particular area of finance to study risk, how it may fill in the "gaps" between the relevant phenomena and extant research, and how it may enrich the theoretical explanation of risk. Through this explanation, I hope to make clear why this dissertation is a helpful reference for practical use in understanding and dealing with risk-related issues in financial markets.

> **11:05 am August 16, 2013.** The green and red numbers on the big digital screen in a stock exchange hall located in the western part of Shanghai, China, suddenly turned all red within a few short minutes. The crowd of individual investors, which were mostly small investors or so-called *sanhu*[1] of the stock market, began shouting.[2] "What is going on here?" "Anyone got any information?" "The government decides to save the stock market, I told you so!" "I am going to buy some stocks and follow the big bankers. It is a good chance!" People in the hall started making phone calls, gathering in groups, and surfing on the Internet using their cell phones and iPads. "There

[1] This term also can be translated as 'scattered accounts' in English (see Keith, Lash, Arnoldi & Rooker, 2014). In this dissertation, I use the term small investor to highlight wealth as the major difference between them and the big investors.
[2] The people's sayings and doings were derived from the data recorded or observed by the research participant.

are computers with Internet access in the hall (…), but online sources are full of rumors. But anyway, the Internet is far faster than TV in delivering information, so we surfed online to find the truth," a 52-year-old small investor in the hallway told me. Meanwhile, thousands of microblogs were posted on the biggest social network site in China, Sina Weibo (2014), discussing the sudden surge in stock prices.

"It was totally chaotic, a mess, I mean it. Rumors were anywhere. We tried hard to find out what was going on, if it was a great chance or a risky trap. Some investors in my exchange hall truly believed that there was really good news to release and bought a lot of stocks that morning," one participant said.

At 11:47 am, on its official Sina microblog, the Shanghai Exchange declared that "the system of the Shanghai Exchange is absolutely normal." After one investor shared her cell phone with others in the hall a few minutes later, most people got the information. "Since the officers said so, we thought, at that time, that it was good, it must be some great chance coming," the investor said.

At around 12:30 am, one investor in the stock exchange hall claimed that he had heard from his friend by cell phone that the unexpected surge in the stock prices was because a stock company made a mistake and invested a large amount of money in the stock market. Two investors who were surfing on the Internet supported his claim because they found that piece of information as well. "But many of the investors in the hall still believed in some other rumors. Not many people found out it was a threat at that moment," the investor explained. At 13:00 pm, when the stock market

reopened regularly, it was confirmed that the stock of one brokerage firm, Everbright Securities, was forcefully suspended. The firm announced at 13:00 pm that they had mistakenly purchased many stocks due to a mechanical problem in their trading software. The Shanghai stock index crashed nearly 100 points between 13:00 pm and 15:00 pm. “I lost 5,000 CNY in a day because of this. (…) My pension is only 2000 CNY per month. My wife was angry. (…) A woman in the hall cursed like crazy because she thought the increase in the index was because of some good news, and then bought a lot of stocks in the morning. We small investors are always getting played and being hurt,” the investor told me.

A big investor who also worked as a stock analyst told me how he responded to the same event that day: “Look, the data showed that it was just not right. The trend (of the stock index) was very strange. It was not normal, not the way a sane banker will do. If you are a professional, like me, you can tell. I thought it was dangerous to trade the stocks at that time, and I phoned some of my friends who worked in this field and discussed it with them. (…) They have good information sources. I knew what had happened at about twelve o’clock that morning.” Another big investor who worked as a fund manager said, “I knew what had happened long before the investors knew. My friends told me that there was something wrong when the index increased that morning. We have friends in the media, and we contacted them immediately. So I knew that it was because of the Everbright Securities accident half an hour after, and based on this, we quickly made strategies to protect our fund from the dangers by calculating the possibility of the future trend of the market. (…) But anyway, I need to admit, we still

lost money in the crash. This kind of unpredictable risk is not welcome at all, for it increases uncertainties and chaos in the market. Even if someone can win some easy money in this case, it is still highly risky because winning or losing depends on luck, not analysis. And you may probably lose in most of the cases."

Professor Zhou Xunyu, a well-known economist teaching at the Chinese University of Hong Kong revealed to me, "It (the August 16th crash event) is similar to the 2010 flash crash in the U.S. stock market. However, the relevant U.S. officials responded and reacted fairly quickly, and you can see that the prices of the market soon went back to the fundamentals. But in China's case, the officials reacted slowly, and the information was not released quickly enough, and then caused risk to the investors. You can tell from the data that many small investors bought the stocks in the morning and got hurt."

As these quotes suggest, people's sayings and doings responding to the Everbright Securities event were not the same; however, they all attributed some characteristics echoing the connotation of "risk" to the event: threats, crashes, unpredictability, hurts, losing money, dangers, and the uncertainties of the information. Indeed, risk is so ubiquitous in the stock market that many financial scholars have declared that it is impossible to eliminate it in stock investment (e.g., Graham, 2009; Philip, 1958; Siegel, 1994). Since this unique financial system influences myriad economic entities and households all over the world, it is important for researchers, especially those who examine the issue of risk in the field of social science, to take a closer look at financial risk and how it may influence society.

But what exactly is a stock market? How does it function? And why is it so important to our economies nowadays? In brief, a stock market is a place for the trading of stocks and other financial instruments, in which enterprises can obtain monetary funds while investors are able to trade stocks (Northrup, 2003, p. 2). In the original form of stock trading, investors were the lenders of funds, while the companies were the borrowers (Krugman & Wells, 2006). Usually, companies need funds to expand their investment spending for further production, promotion, or innovation, and thus, exist in a so-called *deficit position*, which means their expenditures exceed their receipts (Kidwell et al., 2000, p. 5). Meanwhile, other companies, institutions, or individuals have extra money and are in a *surplus position* (Kidwell et al., 2000, p. 5). The companies then sell a share in their ownership called *stocks* or *securities*, which entitle the buyers to some of the future income of the sellers. This process enables companies to gain funds from investors, and investors can sell or buy stocks from other investors (Krugman & Wells, 2006; Kidwell et al., 2000).

Because the value of a stock is linked to the company's future income, under ideal conditions, the most promising companies will receive more funds; for their part, investors will enjoy the fruits of the expanding business together, which eventually benefits general economic growth (Krugman & Wells, 2006; Kidwell et al., 2000). This benefit to the economy is the reason why stock markets have become one of the most important institutions not only for the financial and economic system, but also for the general social system in many countries (Krugman & Wells, 2006; Kidwell et al., 2000). Indeed, large increases in stock prices could be found in the U.S., Australia, Europe, and Asia, increases that facilitated business expansion and benefited the

wallets of many investors (Cetina, 2007). However, as the aforementioned event in China shows, the stock market does not always go well, and may hurt its investors' wealth, happiness, and standard of living, a feature that echoes the social concept of risk (e.g., Giddens, 1999; Beck, 1991). In the Wall Street Crash of 1929, many investors reportedly committed suicide (Essvale Corporation, 2011). In 2008, the India stock market crisis claimed several victims, people who ended their lives because of losing money (Thomas Jr., 2008). While making promises to the economy and people's lives, the financial market also threatens its investors as well as their families, regardless of the time and nation involved.

Although the close relationship between risk and stock investment may reveal some theoretical potential for study, there remains a gap between the theories of risk in social science and in finance. The gap mentioned here does not imply that social scientists have neglected the issue of finance. In the 1980s, for example, many researchers had already worked on the interdisciplinary field of finance and social studies (e.g., Smith, 1981; Adler & Adler, 1984; Baker, 1984). Early interest taken by sociologists in the stock market can be traced back to Max Weber's (2000, originally published in 1894) work on the stock exchange a century before. In more recent years, some researchers like Saskia Sassen (2001, 2005, 2006), Alex Preda (2005), and Ezra Zuckman (2005) have emphasized the importance of studying finance-related phenomena in the field of social science. Sociologists' interest in the topic of finance has also increased due to the recent worldwide financial crisis, an event that has influenced society deeply (e.g., Cetina, 2007).

However, compared to sociologists' interests in finance, their efforts have been rather

small in enriching the important concept of risk in social science by examining stock market-related phenomena. This scarcity has resulted in a gap between the understanding of risk in social science and its understanding in financial research. In other words, researchers in the social sciences and those in finance seem to study risk in two parallel ways, seldom borrowing ideas from each other. On one side, financial experts tend to hold very positivist perspectives and approaches towards risk (e.g., Bühlmann, 1970; Dimson, Marsh, & Staunton, 2003); on the other side, social scientists often have critical or constructionist perspectives towards risk (e.g., Beck, 1991, 2009a; Giddens, 1999; Adam & van Loon, 2000). Some researchers in social science, like Ulrich Beck (2009a) who developed risk society theory, have been aware of this gap and called for more social studies on finance in terms of risk. This study attempts to fill this gap by investigating and analyzing the ways that participants in the financial market construct the meaning of risk. By doing so, we may provide alternative understandings of social theories about risk by articulating the study of risk in the field of finance and the field of social science. In order to approach the construction of the meaning of risk, this study focuses on the communicative practices of stock investors. The next section introduces the significant role that communicative practices may play.

1.2. **Why Communication Matters: A View of Communicative Practices**

Famous economist Robert J. Schiller (1984) begins his prominent paper, "Stock Prices and Social Dynamics," by saying:

> Investing in speculative assets is a social activity. Investors spend a substantial part of their leisure time discussing investments, reading

> about investments, or gossiping about others' successes or failures in investing. (Schiller, 1984, p. 457)

This statement illustrates the importance in stock investment of communication, which has been defined as the producing and conveying of information (e.g., Graig, 2005; Barnett & Lee, 2002). Indeed, almost every crucial step of stock investment, including information collecting, analyzing, and trading, is closely related to the communication of information (Johnson, 2010). For instance, in the event mentioned in chapter 1.1, many of the investors' activities were related to different forms of communication, such as making phone calls to others, surfing the Internet, and talking face-to-face with each other. If we look at the big picture, both electronic and non-electronic communication keep the whole stock market system functional and controllable, especially for today's large-scale markets and the need to deal with significant amounts of money and information on a daily basis (Johnson, 2010).

The close relationship between stock investment and communication can be observed through various phenomena, including the following: the investors' daily usage of the numerous computers located in the stock exchange halls, big investor rooms, and their homes; the flourishing of stock software all over the world; investors talking with traders, friends and colleagues; and the huge amount of financial media, including newspapers, magazines, websites, TV channels, and radio programs that discuss stock markets and investments (Barber & Odean, 2008; Johnson, 2010; Davis, 2005). Almost all major economic entities that own stock markets have some relevant media, like the United States, the United Kingdom, India, China, Hong Kong, and Korea (Johnson, 2010; Davis, 2005; Chakravartty & Schiller, 2010). Chakravartty and

Schiller (2010) pointed out that some developing economies with more immature markets were actually more eager to build up financial media than developed countries. In China, for example, there were over 200 financial TV programs or shows per week as of January of 2014; most of these programs emphasized the stock market (TVmao, 2014). The new media also embraces financial topics and the stock market; one website providing stock market investing information, Eastmoney.com, became so popular and well-used that it became a listed company itself in 2010 (Zhang, 2010).

Communication has been illustrated to be an important ingredient in the stock investment, leading to two questions: 1) What do different forms of communication mean to investors? 2) How can we use communication studies as an approach to enrich the concept of risk with relation to stock investment? Schiller's (1984) quote at the beginning of this section may provide a hint. Similar to researchers doing interdisciplinary work through the social study of finance (e.g., Smith, 1981; Adler & Adler, 1984; Baker, 1984), Schiller (1984, p. 457) highlighted the term "social" when talking about stock investment and communication; this emphasis implies that investor communication may be associated with particular meanings in social relations and structures. This perspective is consistent with the ideas of researchers in communication, linguistics, and other fields of social science, researchers who long held that communication is a "fundamental aspect of social life" (Philipsen & Albrecht, 1997, p. 2) because it constructs different meanings and develops various social relationships among people (e.g., Ong, 1982; Hymes, 1972; Philipsen, 1992; Carbaugh, 2007). Based on this assumption, one may suppose that examining investor communication may inform us how they make meaning of important concepts,

positioning themselves and others within particular relationships regarding stock investment.

Is it possible to approach risk, a major focal point in this dissertation, by examining investor communication relating to the stock market? In academia, scholars have already made efforts to examine how the media responds to financial risk and what it means to the social dynamics of different nations, demonstrating the topic's theoretical potential in combining communication, risk, and finance (e.g., Chakravartty & Schiller, 2010; Qiu & Kim, 2010; Hope, 2010). When narrowing down the issue of finance to the specific area of stock investment, there is also strong evidence showing the close relationship between communication and risk: the *communicative practices* (Couldry, 2004) relating to risk and stock investment. These practices are performed on a daily basis by both individuals and institutions, such as news reporters, companies, stock analysts and commentators, government officers, and investors.

In light of the social theories of practice (e.g., Giddens, 1984, 1991; Schatzki, 2010; Shove, Pantzar, & Watson, 2012) and the communication studies of practice (e.g., Couldry, 2004; Craig, 2006; Carbaugh, 2007), communicative practices here refer to some pattern or routine set of sayings and doings in relation to communication that produce meanings and set up social relations among people. These sayings and doings can be illustrated through people's enthusiasm for communicating the concept of risk in terms of stock investment on different platforms. For instance, a search on the international core newspaper database, Library PressDisplay, showed a total of 3,578 English newspaper articles published in different nations around the world within a

single month discussing risk and stock markets (Library PressDisplay, 2014). During the same period, 1,661 news articles about risk and stock markets were published in China, and another 626 articles were published in Hong Kong newspapers (Wisenews, 2014). Lawmakers and government officials talked about risk in legislation and official announcements, a phenomenon illustrated in the securities regulations of the United States (the U.S. Securities and Exchange Commission, n.d.), the United Kingdom (London Stock Exchange, n.d.), India (National Stock Exchange of India Limited), Hong Kong (Hong Kong Exchange, n.d.), and on the official websites of the China Securities Regulatory Commission (2011, 2012). Well-distributed books about stock investment, like *The Intelligent Investor* (Graham, 2009), *How to Make Money in Stocks* (O'Neil & Ryan, 1988), and *Technical Analysis of the Financial Markets* (Murphy, 1999), also discuss about the issue of risk intensively. A search on Twitter (2014), the largest microblog platform in the world, turned out 31,700 tweets posted about risk and stock investment in January of 2014. That number leaps to 1,795,643 when searching China's largest microblog site, Sina Weibo (Sina Weibo, 2014). The designers of stock trading and analysis software regard risk as a crucial component when they develop software, using risk as an important point to promote their products (e.g., Dazhihui, n.d.; HubbFinancial, n.d.; VectorVest, n.d.).

Based on the above data, we may assume that there is an association between risk and the stock investors' sayings and doings relating to communication. These investors are likely to read financial newspapers and books, listen to financial radio programs, follow (or go against) government laws and the announcements, write and read microblogs, and chat with others about risk. The event shown in chapter 1.1 also supports this assumption. During the event, people tried to reduce uncertainty by

making sense of the sudden fluctuation of stock through a series of communicative practices, including surfing on the Internet and calling or talking face-to-face with other people. More than one participant linked the event with risk through their practices of talking, phoning, and online surfing.

Following these observations and the relevant communication theories, I have attempted to examine the meanings of risk constructed by the stock investors through their communicative practices; by doing so, I hope to provide some theoretical explanations to the social problems linked with financial risk. The next section explains why investors in China were chosen for this study, and how this choice will contribute to understanding the concept of risk (and related concepts like social equality) as well as to understanding contemporary Chinese society, with its changing social system under the influences of capitalism.

1.3. **(In)Equality and Excessive Speculation in China's Stock Market**

Today, more than 77 countries have stock markets, with billions of dollars traded through them every working day (Tucci, 2011). Among these countries, with about two decades of history is the young stock market in the People's Republic of China. This stock market has become extremely large, with a great amount of capital and large number of people engaging in investments (China Securities Regulatory Commission or CSRC, 2011, 2012). In 2008, the major stock exchange of China, the Shanghai Exchange, became one of the tenth largest stock exchanges in the world, and the second largest exchange in Asia in terms of its domestic market cap (Johnson, 2010). By October 2012, China's stock market owned 2,493 domestic-listed companies and 175 overseas-listed companies, while its total market capitalization

reached 21,278.4 billion CNY (CSRC, 2012). According to the CSRC database (2012), there were about 139.68 million valid stock accounts by 2012, which is roughly equal to 1/10 of China's population. The number of people affected by stock investing could be even larger if the relatives and family members of these investors is taken into account.

Because China's stock market was such a socially significant system brought about by capitalism (CSRC, 2011), studying it may help us to understand China as an economically and politically transforming country, one transforming from a state-oriented economy to a market economy. In order to do so, it is important to look at the bigger picture of China's economic and social changes to understand how the stock market system is situated in the nation's social context. This understanding will be assisted by previous theorization and investigation of China from the disciplines of political economy and sociology.

As Ren (2010, p. 105) put it, China is "a state both transforming itself rapidly through economic rationalism and yet standing firmly through governmental authoritarianism." During Mao Zedong's governance, China's social and economic system was quite closed, yet the society was partially equal due to "Mao's attempt to systematically erase elite domination" (Qiu, 2009, p. 12). After Mao's governance, China "began to distance itself from ideological orthodoxy and adopted open and reformist policies," thus starting to embrace the capitalist world by a set of liberal strategies (Chan, 2002, p. 226). According to many researchers (e.g., Li, 2010; Tomba, 2004, Kraus, 1989; Unger, 2006), the transformation of Chinese society led to the emergence of a group of middle-class people who were educated, owned their

own properties, and usually lived in urban areas. Social researchers wondered if the revolution in China and the emergence of new social classes (Marx & Engels, 1976, originally published in 1848) would move the country towards strategies once adopted by that developed countries, like neo-liberalism (Rofel, 2007; Wu, 2008). However, for Nonini (2008), the resemblance of China to neo-liberalism was overstated. He describes the change in Chinese society since Maoism as follows: "A new cadre-capitalist class has emerged during liberalization, while large numbers of farmers, urban workers and a 'floating population' of urban migrants have been dispossessed of land, employment and political rights" (p. 145).

The "cadre-capitalists" that Nomini (2008) mentioned were closely articulated with the strong and powerful, yet not without challenges from outside and self-liberalization, of the Chinese Communist Party on the state's politics and economy. According to Lam (2006, p. 215), the "collusion" between the cadre and some big businessmen, may exploit people, like workers and famers, which widens social inequalities. Statistically, the Gini coefficient, which helps to measure inequality in income distribution, also supports the idea that Chinese society has become unequal. Ma Jiantang (2013), the head of the National Bureau of Statistics, released the Gini coefficients for China to the press from 2003 to 2012, as showed in Table 1 below. The numbers were all very close to 0.5, which indicates a large gap in wealth distribution; nevertheless, many skeptics even thought that the coefficients were underestimated (The Economist, 2013). Ma (2013) claimed that the coefficients showed that there was an "emergency" requiring a change in income distribution to narrow the gap between the rich and the poor.

Table 1.*Gini Coefficients in China*[3]

Year	Gini Coefficient
2003	0.479
2004	0.473
2005	0.485
2006	0.487
2007	0.484
2008	0.491
2009	0.490
2010	0.481
2011	0.477
2012	0.474

One of the issues at the heart of social equality in China is wealth, which is closely linked with the financial system. Therefore, it may be worth examining the link between the stock market and equality: Does the stock market widen the gap in wealth distribution in China or reduce it? There are two opposing arguments regarding this question. Some researchers argue that the flourishing stock market in China actually enlarges inequality in two ways: between urban residents who compose the majority of stock investors and people living in the rural areas (Zhang, 2004), and between big investors as winners and small investors as losers (Shenzhen Stock Exchange, 2013).

[3] Source for Table 1: National Bureau of Statistics of the People's Republic of China, http://www.stats.gov.cn

However, the stock market has also been regarded as a comparatively equal chance for people in China because access to the market is not difficult; opening an account in a stock company requires only a Chinese ID, a bank account, and usually less than 100 CNY for the registration fee. An investor could invest the least amount in the cheapest stock in the Chinese market (calculated on April 20th, 2010) for only 359 CNY (Xiao, 2010). In 2012, this figure was equivalent to 1.46% of the average disposable income per year for urban residents and 4.54% of the annual income of rural residents (National Bureau of Statistics of China, n.d.). The bull market period in China, from the middle of 2006 until the end of 2007, led to a major increase in many investors' income, which may have facilitated the mobility of people from economically lower classes to upper classes (Zhang, 2004; Yao & Luo, 2009).

The question remains: Instead of the distribution of goods (wealth), is there any alternative way to examine the stock market and social equality in China? I argue that risk might be a useful concept in approaching the issue. According to Beck's (1992) assumptions in risk society theory, class conflicts have been blurred and perhaps even overcome in contemporary society due to the overwhelming phenomena of risk; under extreme conditions, risk may bring a sense of social equality. Equality here does not mean that social inequalities have disappeared in the current era; instead, it refers to the fact that no one can escape risk regardless of class or socio-economic status (Beck, 1992; Levitas, 2000; Scott, 2000). Thus, social inequality may rest in who has the power to define risk, to claim an issue is a danger or not, to show who are and are not victims, to point fingers at some people, organizations or nations, and to attribute responsibility for the risk (Beck, 1992, 2006; Cottle, 1998; Levitas, 2000; Scott, 2000). Beck's assumption about risk and social equality and the critics of his theories (e.g.,

Bell & Mayerfeld, 1999) will be discussed in more detail in the literature review section of this thesis.

The enthusiasm for examining this assumption illustrates the theoretical potential of the relationship between risk and equality; therefore, the relevant phenomena in China is worthy of consideration. As the event mentioned in chapter 1.1 illustrates, the construction of risk through communicative practices may help us to test and enrich our understanding of risk and equality. First of all, participants in the event identified two groups of people in terms of how they named themselves and how they communicated risk: the big investors and the small investors. Clearly, the small investor tended to use the particular label of *small investor* not only to identify himself, but also to generalize and represent a group of people with disadvantaged conditions under certain circumstances of risk. As quoted from the event, "We small investors are always getting played and being hurt." The big investors and the professional investors in this event were faster than the small ones in gaining a sense of certainty regarding the accuracy of their information, thus changing the uncertainties regarding the sudden event into the scientific probability of threats (Bell & Mayerfeld, 1999). They did so either through being professional themselves or through communicating with a good "information source" based on their interpersonal relations (*guanxi*) (Nonini & Ong, 1997). They were also very aware of the differences between themselves and the small investors ("If you were a professional like me, you could tell"; "I knew what really happened before the small account holders.") However, like the small investors, the big investors expressed negative attitudes towards the uncertainties of the event ("This kind of unpredictable risk is not welcomed at all"), which means that they might attach similar meanings to

the concept of risk.

Actually, investors' self-identification of these two groups in the observed data was consistent with the categorization of investors by Chinese officials, traditional media, and new media. Searches of the CSRC database (2013, 2014), Shanghai Stock Exchange (2011, 2012), WiseNews database (2014), and Sina Weibo (2014) showed that small and big investors were the most frequently mentioned differentiations of these investors in government reports, news articles, and on social networking sites. Individuals who invest in the stock market with comparatively less money are called small account holders, middle and small investors, or small investors; meanwhile those who invested in or were able to invest in the market with large amounts of money were called big investors (CSRC, 2011, 2012, 2013; WiseNews, 2014; Sina Weibo, 2014). Funds or other financial institutions that invested in the stock market as an organized group with a large amount of money were called institutional investors, an important type of big investor (CSRC, 2012; Shanghai Stock Exchange, 2011, 2012). In brief, economic status is an indicator identifying these two groups of investors.

However, is economic status the only difference between these two groups? Are they socially equal or unequal with regard to risk and stock investment? Does professional background matter in finance? In order to answer these questions, we first need to look at the issue of risk in relation to the Chinese stock market. Some researchers have described the stock market in China as highly immature and risky (e.g., Zhou & Sornette, 2004; Pistor & Xu, 2005). The State Council of China (2013) has claimed that small and middle investors face high risk and have a weaker position due to

strong information asymmetry and other illegal activities in the market. The Council admitted that this condition obscures the objective of developing an open, equal, and fair market. Researchers (e.g., Gao & Kling, 2006) and government reports (CSRC, 2012 & 2013) also ascribe risk in China's stock market to excessive investor speculation, which causes extraordinary fluctuations in the market and disrupts the market's function in flowing funds to the most promising companies (Krugman & Wells, 2006). The government has attempted to encourage investors' long-term investment and to restrict their speculation using different regulations; nonetheless, excessive speculation is still ubiquitous in China's market (CSRC, 2013).

For economists, speculation refers to "a short-term investment behavior that expects to sell it under favorable conditions after buying it," which differs from "a long-term investment behavior that plans to enjoy higher dividends and increase on the enterprise's value after buying of the stock" (Cheng, 2011, p. 15). Due to the high level of uncertainty in the stock market compared to other financial institutions (Markowitz, 1952), stock investors are sometimes called "speculators" and the stocks "speculative assets" (e.g., Schiller, 1984). Though economists regard a certain amount of speculation as stimulating, and thus, endurable in the market, they agree that excessive speculation creates a large degree of uncertainty and instability in the market, eventually disrupting capital flow to the more promising enterprises and hurting the economy as a whole (Cheng, 2011). Scholars point out that excessive speculation is so common in China that investors use the term "stir-frying stocks" (*chaogupiao*) more frequently than "investing in stocks" (touzigupiao), indicating their short-term instead of long-term, unstable instead of stable, and price-oriented instead of value-oriented trading practices (Kang, Liu, & Ni, 2002).

The previous study suggests that excessive speculation in the stock market may be related to illegal practices like cheating, circulation of insider information, and stock market manipulation (Cheng, 2011). These illegal practices are further facilitated by the weak law enforcement in China. Pistor and Xu (2005) argue that improper activities like cheating, market manipulation, and insider trading threaten investors' interests. However, the researchers also point out that the law enforcement in the stock market was not strong enough to protect the legal rights of investors and to punish rule breakers efficiently. After a serious business scandal involving a company named Yinguangxia was reported by the media, the Chinese Supreme People's Court (CSPC, 2010) temporarily banned lawsuits from stock investors with regard to investment because the laws relating to stock investment at that time were not clear enough for people to sue the company. The securities laws became more complete and stronger after the Central People's Government (2005) passed the revised laws in 2005. However, legal insurance for investors remains limited, particularly when considering the high frequency of regulation violations that hurt investors in the Chinese stock market (CSRC, 2013). The Everbright case mentioned in chapter 1.1 is a typical example. The Supreme People's Court (2013) released a notice claiming that the local courts could accept suits from investors against the Everbright Securities company, showing that law enforcement is very case-oriented and insecure.

In addition to illegal activities in the stock market, national and global economic conditions also cause risk in the Chinese stock market, as can be seen from the 2007 U.S. economic crisis, the 2008 EU debt crisis, and the downturn of China's own economy in recent years (Zhang, 2013). After reaching a peak of 6124.04 in October

of 2007, the Shanghai composite index has entered a process of decline (Shanghai Stock Exchange, 2012). By December 2012, the lowest Shanghai composite index was about 1950 points (Shanghai Stock Exchange, 2012). The same scenario occurred in the Shenzhen Stock Exchange. The highest point in the compositional index of the Shenzhen Stock Market was 19600.03, also in October of 2007. In December 2012, the lowest point of the compositional index of the Shenzhen Stock Market was 7660.45 (Shenzhen Stock Exchange, 2012). Billions of dollars have been invested in the stock market during the past five years, and the majority of individual investors in China has lost a large amount of money (CSRC, 2012).

Middle and small individual investors compose the majority of stock investors in China; faced with these threats, however, they are described as suffered the most from excessive speculation in the stock market (General Office of the State Council of China, 2013). The General Office of the State Council of China (2013) encouraged government institutions to see the protection of the legal interests of small investors as the “foundation” of sustainable and healthy development in the Chinese capital market. Such a view could increase the openness and equality of the market. As the General Office has claimed (2013), small investors face more challenges in gaining access to information and are too weak to protect themselves against the threat of risk. The Chinese government (CSRC, 2012) also claims that they need to educate investors to be more professional and less greedy in order to reduce excessive speculation in the stock market.

Did these laws and statements portray the full picture regarding the issue of stock investment and risk? Are the big investors untouchable, while the small ones are

merely victims? Why do some investors receive more accurate information quickly, while others do not? Most importantly, if speculation is producing risk for investors and the whole market, why do investors keep speculating in stocks? Is it simply because the big investors can escape the risk? Or, are there other reasons behind the choice to invest? When we go back to the event mentioned in chapter 1.1, we can see that the relevant phenomenon was very complicated. Responding to an uncertain condition in the market, both the small and big investors used different communicative practices to produce meanings regarding the condition, and this communicative process became part of the event. Through communication, they also positioned themselves and other actors in different places related to risk. In other words, the event is being constructed in the sense that the meanings attached to it and the links related to it have been communicatively produced; meanwhile, the crucial concepts like risk and (in)equality that emerged in this event lie in the investors' own communicative practices. Thus, (in)equality cannot be simply explained by some widely-spread social theories, like Marx's and Engels' (1976, originally published in 1848) perspectives about classifying social classes (like working class and Bourgeoisie) in terms of the ownership of the means of production fixed social categories like class might not be enough to explain investors' complicated practices and understandings of risk. Although economic statutes serve as obvious indicators for identifying small investors and big ones, the classification is also constructive because these two names are ascribed with various meanings during the process of communication in terms of risk.

After introducing the background of this dissertation in Chapter 1, I review previous studies of those key concepts of my dissertation in Chapter 2: risk, stock investment,

social (in)equality and communicative practice. I not only review the research emphasizing on each of these concepts, but also those studies focusing on the entanglement of them. I also focus on how economists and sociologists examine risk in different ways to see the limitations of previous understandings of risk, knowing which can help me contributing to enrich the theorization of this important concept. In Chapter 3, I introduce the reasons I choose the methodology of grounded theory to approach the stock investors' communicative constructions risk, and I also illustrate the research design of developing a local case in Shanghai. Chapter 4, Chapter 5, Chapter 6, and Chapter 7 are the analysis chapters. In these chapters, I examine how the stock investors' in Shanghai use different communicative practices to communicate five important kinds of information: stock prices, news, stock comments, stock opinions, and insider information. I focus on the moments that the concept of risk steps in, to see what does risk mean to the investors, and how they position themselves and others when constructing risk through their practices. By developing a detailed local case, I explain why Shanghai investors keep speculating in stocks, which is viewed as risk in the eyes of many economists. Chapter 8 is for discussion and conclusion. I compare the local case in China with the grand theories of risk, to see how this case may enrich previous theories of risk.

Chapter 2 Literature Review

To date, many researchers have conceptualized risk in various ways and attached different meanings to the concept, often reflecting their own ideas and assumptions about modernity and the changing world (e.g., Beck, 1992, 2009a, 2009b, 2011; Giddens, 1999; Bell & Mayerfeld, 1999; Nicholson, 2009). Taking a closer look at the myriad meanings of risk, I identify one key debate and two controversial methods in academia's theorization of risk.

The debate focuses on the conceptualization of risk and crucial questions, including the following: What exactly is risk? Ontologically, does risk exist or is it socially constructed? Why have researchers tried to identify modern risk, and how can its identification help us to understand our current society in terms of serious social issues like equality (Beck, 1991, 2009a)? The researchers situated their studies in different paradigms (Guba & Lincoln, 1994) with various assumptions about social phenomena (Bell & Mayerfeld, 1999); they thus may provide different answers to the above questions. Regarding this debate, I will first review the theoretical definitions of risk in the field of social science before focusing on risk society theory and critiques emphasizing the assumption of social equality. This section compares and contrasts the literature to locate the gaps and controversies in former studies. Ultimately, the review aims to highlight this study's potential theoretical contributions in terms of conceptualizing risk and its influence on our society.

Concerning the two controversial methods of risk study, I will focus on the scale and range with which people theorize risk, categorizing two approaches to the concept of risk. More specifically, I name two methods approaching risk: the generalization and

specification of risk, respectively. The generalization of risk refers to the development of a series of grand theories (Mills, 1959) that attempt to examine risk through a high level of abstraction and to build up assumptions, explanations, or predictions that can be applied on a broad scale, if not universally. Studies about the generalization of risk will be reviewed in section 2.1 as well. The specification of risk method refers to the development of risk theories in a specific discipline, attempting to examine and explain risk in a particular area. I will focus on the theoretical explanations of risk in relation to finance, particularly stock investing, and I will compare them to the ideas presented in the grand theories in order to ascertain if there are any gaps to be filled. Section 2.2 will focus on studies specifically related to stock market and risk.

In the final part of this chapter, I will review works about practice and communicative practice, as well as their relationship to meaning construction, relation building, and social structures (e.g., Giddens, 1984, 1991; Schatzki, 2010; Carbaugh, 2007; Couldry, 2004; Craig, 2006). This review will explain why I select investor communicative practices in my approach to risk; it will also illustrate this study's possible contributions to the risk literature in light of it being a communication study.

2.1. Risk Society and (In)Equality

For human beings, risk is far from a new concept. When ancient humans hunted to live, they measured risk in selecting their prey (Gaudzinski-Windheuser & Roebroeks, 2011). Still, one might wonder why social scientists felt a sudden need to examine the concept of risk in relation to the current era. Have the definitions of risk changed from more than 10,000 years ago to today? Modernity might help explain these questions (Beck, 1992, 2009a, 2009b, 2011; Giddens, 1999; Bell & Mayerfeld, 1999; Nicholson,

2009; Adam & van Loon, 2000; Levitas, 2000). More than ever before in human history, today's world has been industrialized, digitalized, and capitalized (Nicholson, 2009; Ma & Zhang, 2011). Ostensibly, human beings are following an evolutionary line—from less-advanced to advanced, from low to high level, from barbaric to civilized, from traditional to modern—and modern society provides people more promises and properties than ever before. However, while people are enjoying and celebrating the fruits of modernization, they simultaneously face the dark side of modernity (Giddens, 1990, p. 9). For instance, the large number of factories and electronic vehicles cause pollution in the air, on land, and in the water (Hill, 2004; Rao, 2007). The vast quantity of burned fossil fuels combined with deforestation has caused global warming and its effects, including species extinction and sea-level-rise disasters (Houghton, 2004; Maslin, 2007). Meanwhile, the development of a modernized financial system and the establishment of free markets across the world has been accompanied by more intense economic crises and crashes (Klein, 2007; Krugman, 2009).

Although the phenomena listed above vary in their scope and characteristics, a commonality they share is their close link to the industries, systems, rules, and technologies that have been developed or expended during industrialization. In brief, these phenomena are modern, human-made, manufactured, and "technically-induced" catastrophes and hazards (Giddens, 1999; Adam & van Loon, 2000, p. 3; Beck, 1992). Even though natural disasters detached from manufactured ones continue to exist, modern technologies enable people to understand, communicate, and deal with them in new ways (Chouliaraki, 2006; Robertson, 2008). Therefore, academic studies on risk have been linked to concerns that modernization could pose a threat to people's

wealth, health, trust, and safety of people (Giddens, 1990, 1999; Sennett, 1998; Beck, 1992; Beck & Sznaider, 2006).

Before approaching the concept of risk, social scientists need to clarify the definition of risk and their own epistemology and ontology (Adam & van Loon, 2000). When researchers attempt to emphasize the characteristics of risk using terms like modern hazards (Beck, 1992) and manufactured uncertainties (Giddens, 1999) in defining the concept, they are referring to possible dangers or catastrophes. For some researchers, like Bell and Mayerfeld (1999), risk is not a danger that exists out there:

> Consider the connotations of the word "risk." Using the term immediately conjures up numbers and calculations in a way that words like hazard and concern and danger do not. Risk is imbued with the image of science, of studies that have been done or could be done. Risk turns witchcraft into statistics. Risk turns subjective uncertainties into objective probabilities, sanctified by the iron laws of mathematical logic and scientific method. (Bell & Mayerfeld, 1999, p2)

Indeed, even before modern science, risk referred to more than threats and dangers. Let us rethink ancient people and their understanding of risk. In saying that they measured the risk required to select their prey, it means that the selected prey should not be so big that it causes them distress, but it should not be so small that it is not worth their effort (Gaudzinski-Windheuser & Roebroeks, 2011). Since ancient times, the meanings of risk have included not only the dangers, but also the odds, the yields, the fears, the pleasure, the excitement, the greed, and the future uncertainties. The

meaning also included calculation of the probability of a better outcome (Lupton & Tulloch, 2002; O'Malley, 2006). That is to say, the term is not only associated with hazards (Beck, 1992); it also articulates the "anticipation of catastrophe" in the future (Beck, 2009, p. 9), or the "future possibilities" of hazards. What differentiates the meanings of risk from ancient times to modern times, according to Bell and Mayerfeld (1999), is how this term is linked to modern and scientific rationales of measurement and calculation. Risk, in this sense, is constructed, which opposes the positivist perspective, especially when considering the immateriality of some would-be hazards, like genetically-modified organisms, which are not associated with risk observed through "(unaided) human perception" (Adam & van Loon, 2000, p. 3).

Then, we come two questions: If risk is a constructed concept, who is in a position to construct it? How is risk constructed? The concept of social risk position (Beck, 1992) is important in understanding these two questions. In his early work on the concepts of risk society, Beck (1992) generally defined social risk position as the differentiation between who suffers more and who suffers less, the producers of certainties and the victims of uncertainties. The vulnerable individuals experiencing risk, including people in developing nations, were associated with disadvantaged positions. In his later work, Beck (2006, 2009a) emphasized the "constructed nature" of risk (Adam & van Loon, 2000, p. 3) and focused on the different social positions in relation to defining risk:

> Risk 'is not reducible to the product of probability of occurrence multiplied with the intensity and scope of potential harm.' Rather, it is a socially-constructed phenomenon, in which some people have a greater

> capacity to define risks than others. […] Risk exposure is replacing class as the principal inequality of modern society, because of how risk is reflexively defined by actors: 'In risk society relations of definition are to be conceived analogous to Marx's relations of production.' The inequalities of definition enable powerful actors to maximize risks for 'others' and minimize risks for 'themselves.' Risk definition, essentially, is a power game. (Beck, 2006, p. 333)

According to Adam & van Loon (2000), risk does not occur in a vacuum, and people are not free to construct the meanings of risk as they like. Instead, some logic and norms must be followed. Due to the discourse of risk being "imbued with the image of science," (Bell & Mayerfeld, 1999, p. 2) some actors, like scientists, experts, and powerful economic entities and institutions, have been situated in more powerful positions to define risk. Thus, risk has often been defined in a way suiting the definers' own interests, causing losses to others (Beck, 1992, 2006, 2009a; Scott, 2000; Adam & van Loon, 2000). They could silence expressions related to risk that ran contrary to their own privileged risk positions with the formula of "schweigen entgiftet" (silence decontaminates) in the process of risk definition, thus ensuring the unconsciousness of unprivileged groups (Beck, 2009, p. 8). The traditional categorization of classes (Marx & Engels, 1976 [1848]) based on the distribution of goods thus becomes somewhat blurred for two reasons: 1) some phenomena of risk, like climate change and air pollution, affect all people, and 2) social inequalities lead to strong or weak positions in constructing risk, as determined by the ownership of the knowledge or truth (Beck, 1992, 2006, 2009a; Scott, 2000; Adam & van Loon, 2000). The experts control the distribution of hazards and dangers, the "bads" (the

knowledge of risk) as well as people's awareness of it. Thus, this ability to distribute gave them an advantage in gaining a better position to deal with risk (Beck, 1992, 1997). The differences between a class society and a risk society are listed in Table 2.

Table 2. *Class Society vs. Risk Society*[4]

	Class Society	Risk Society
Form of inequality	Social class position	Social risk position
Focused on more contentious issues, questions of justice and fairness	Distribution of scarce goods (wealth)	Definition of risk/Distribution of 'bads'
Experienced personally paradigmatically as	Hunger	Fear
Experienced collectively potentially as	Class consciousness	Risk consciousness
Utopian projects aimed at	Elimination of scarcity	Elimination of risk; Cosmopolitanism

The inequality of a risk society is not without challenge. Individuals refuse to acknowledge the negative effects of modern industries as mere side effects of modernity portrayed by the experts. In other words, they reject the legalization and normalization of risk (Beck, 1992). Beck (1992, p. 61) argues that, "On their side of the fence, 'side effects' have voices, faces, ears and tears (…) Therefore, people themselves become small, private alternative experts in risks of modernization." In

[4] Source: Adapted from Scott's (2000, p. 35) interpretation of class society and risk society.

this sense, people's active construction of risk may be regarded as the counter-expert debate, providing alternative understandings and definitions based on their own interests and experiences; this situation has altered the unequal power map dominated by experts and the interest groups they serve in a risk society (Beck, 1992, 2009a; Cottle, 1998).

Beck's theories of risk, especially regarding social class and equality, are not without critique from researchers in fields like political economy (e.g., Bell & Mayerfeld, 1999; Engel & Strasser, 1998; Martell, 2009; Atkinson, 2007; Goldthorpe, 2002; Mythen, 2005). Bell and Mayerfeld (1999) criticized the possible overuse of the risk concept to describe social phenomena. They were concerned that the equality of risk discourse would shift people's attention from remaining class inequalities. Mythen (2005) argued that Beck stuck to a few extreme examples when arguing that risk had overcome class. In addition, Atkinson (2007) pointed out that some of Beck's understandings of class analysis were incorrect and misleading in regards to risk and equality. In brief, the critics upheld the power and existence of social classes; even if the phenomena of risk added new meaning to traditional class analysis, the distribution of risk still followed the logic of social class (Engel & Strasser, 1998).

Nonetheless, Beck (1992) did not deny the existence of social classes and inequalities. What he claimed was that risk phenomena were so deeply rooted in the modern era that the concept of risk (as well as its construction) may serve to explain today's social dynamics. What Beck (1992, 2009) and some of his critics (Engel & Strasser, 1998; Atkinson, 2007; Goldthorpe, 2002; Mythen, 2005) agree on is that risk society theory and its assumptions about social equality, risk position, and risk

construction require further empirical work in support or in opposition. Thus, studies of risk are required focusing on a particular field, such as finance. The objective is not only to test the grand theory in a specific field, but also to enrich the general and specific understandings of risk. For instance, it is interesting to see how risk society theory and risk theories in finance explain the excessive speculation in China's stock market. Risk society theory has assumed (Beck, 1992) that when excessive speculation places almost all investors at risk, they should gather as a group and fight against the risk for their own interests. However, this change has not happened. Since the beginning of China's stock market, excessive speculation has existed, and it continues to exist after more than two decades of development (Kang, Liu, & Ni, 2002; Keith, Lash, Arnoldi and Rooker, 2014). Is it because risk society theory is not applicable in examining financial risk? Are there any alternative explanations to the phenomenon in the field of finance? In the next chapter, I will review the literature from the field of finance and the social study of finance to determine how economists and social scientists conceptualize risk in the stock market.

2.2. Risk and Stock Markets

Risk theory is very much a grand theory (Mills, 1959), similar to Giddens' (1984) theory of structuration, Bauman's (2000) theory of liquid modernity, Castells' theory (2011) of a network society, and Urry's (2002) theory of mobile hybrids. Risk theory is similar to these theories in that it tries to make very general, if not universal, theoretical explanations about modern society and relevant phenomena. However, a social phenomenon could be very time-space specific. Therefore, it is questionable whether or not a grand and broad theory can work on each phenomenon. In his later work, Beck was very aware of this problem and identified four different axes of

conflict crisis in world risk society: ecological interdependency crises, economic interdependency crises, terrorist interdependency crises, and moral interdependency crises (Beck & Sznaider, 2006; Beck, 2011). There are differences between each category of risk. For instance, in the case of ecological or environmental risks, it is difficult for people to find particular persons or nations to blame, while economic or financial risks are often individualized and nationalized (Beck & Sznaider, 2006; Beck, 2011). Thus, re-examining assumptions about risk and equality requires a specific study emphasizing the construction of risk in relation to a particular area.

In this study, I will focus on the concept of risk associated with stock investments, categorized as financial risk. The phrase financial risk does not imply that all characteristics and meanings attached to risk in relation to stock investments are financial; instead, it delineates the object I aim to study as "uncertainty about future outcomes that involve financial losses and gains" (Krugman & Wells, 2006, p. 687). This type of risk may show characteristics that differ from the previous assumptions of risk society theory. For instance, Beck (2009b, p. 294) has used the term "non-compensability" to describe the characteristics of modern risk. He explained the concept as follows:

> If the climate has changed irreversibly, if progress in human genetics makes irreversible interventions in human existence possible, if terrorist groups already have weapons of mass destruction available to them, then it is too late. (p.294)

However, in the field of finance, risk is regarded as compensable and manageable,

closely associated with returns for stock investors (Taylor & Weerapana, 2007). As mentioned in the introduction, risk is regarded as a coherent ingredient of financial markets, and many financial experts have declared that it is impossible to eliminate it (e.g., Graham, 2009; Philip, 1958; Siegel, 1994). If risk is something that people are not able to avoid in stock markets, why do so many investors still participate in the market? Financial researchers argue that a person's risk allowance in stock investments results from his or her desire to gain higher returns than what they can gain from bank interest rates or government bonds that feature less or no uncertainty regarding future profit (Williams, 1938; Markowitz, 1952; Besley & Brigham, 2011; Taylor & Weerapana, 2007, p. 478). When people are concerned with the tears, bitterness, and painfulness caused by risky phenomena like ecological problems and terrorist threats (Beck, 1992), financial risk, including risk related to the stock market, can be associated with excitement, achievement, pleasure, and returns (Giddens, 1999).

The special understanding of risk as being related to chance in the field of finance does not mean that financial experts welcome or neglect risk. Instead, economists hold the notion that financial risk should be calculated, managed, and controlled through rational analysis, evaluation, and decision-making (Markowitz, 1952; Evans, 2000; Jorion, 2009). In order to do so, they use the categorization of risk as a research tool. A widely-used categorization of risk in stock investments involves two types: systematic and unsystematic risk (Besley & Brigham, 2011). Systematic risk, which is also known as market risk, is a market-oriented risk associated with interest rates, exchange rates, liquidity, and inflation; unsystematic risk refers to firm or industry-specific risk, inherent in the conditions of the firm or industry (Besley & Brigham,

2011). In economics, systematic risk is known as Beta (β), and it cannot be reduced by adding a variety of stocks to the portfolio (an activity called diversification) (Markowitz, 1959; Norton & Tenenbaum, 1993). Contrarily, unsystematic risk can be reduced and eliminated through diversification (Besley & Brigham, 2011).

Researchers have developed a so-called capital asset pricing model to measure systematic risk associated with the expected return from stock investments (Fama & French, 2004). Based on Markowitz's (1952, 1959) and Tobin's (1958) theories on risk and stock selection (with the development of important tools as an efficient frontier, diversification, and capital market line), Sharpe (1964) and Lintner (1965) framed the capital asset pricing model and introduced formulas to measure risk. Based on the assumptions of Markowitz (1952), people will rationally choose the less risky portfolio if it provides the same profits, and they will choose the higher-return portfolio if it provides the same level of risk. The capital asset pricing model measures risk by considering risk-free interest rates and the expected returns from risky portfolios; the risk (Beta) is positively related to the expected return to the investors.

The capital asset pricing model has been challenged by the field of behavioral economics as it fails to explain the relationship between risk and return in some cases (Subrahmanyam, 2008). Researchers of behavioral economics do not presume investor rationality, nor do they emphasize the complexity of human psychology in relation to stock investments (Subrahmanyam, 2008; Sewell, 2007). People have different attitudes toward risk, ranging from risk aversion to risk neutral to risk seeking, and they take different measures regarding decision-making (Pratt, 1964;

Richard, 1975). In this field, one of the most important theories about risk is prospect theory, which helps to explain and predict decisions made under risk (Kahneman & Tversky, 1979). Researchers have applied the model of prospect theory in measuring and calculating the risk people would like to take, the expected returns, and the stock prices (Barberis, Huang & Santos, 2001; Ding, Charoenwong & Seetoh, 2004).

In spite of the differences in assumptions between the capital asset pricing model and the research of behavioral economics, risk is regarded as something that can be measured and calculated. In addition, both fields tend to use mathematical tools to transfer the uncertainties of future outcomes into probabilities upon which investors can rely. This focus is consistent with what Bell and Mayerfeld (1999) called the scientific rationalization of risk, through which the unknown and the uncertain are transformed into clear probabilities with the help of scientists and expert knowledge. When risk is calculated as Beta in a formula or model, the social meanings are eliminated, and only its mathematical meanings remain. It becomes “calculated risk” (Abolafia, 2001, p. 29), which is based not on the rationality of the investors who take the risk, but on the economists who measure it.

Beck (2013) challenged the logic of calculated risk as oversimplifying the socially complex. Though economists’ models and rational concepts make it easier to understand risk, the reality of what happens in society does not always fit into the models. For Beck (2013), economists’ social blindness is an obstacle in understanding risk openly and comprehensively. Ultimately, social scientists do not understand risk in relation to stock investment in the same way as economists. They try to take into consideration the social factors and meanings attached to risk in order to explain the

dynamics of our society in the era of capitalism (Dore, 2000). For instance, Baker (1984) argued that social structure matters to the stock market—limiting the size of crowds and the differences among participants can reduce the uncertainty of the market. Dore (2000) regarded the risk-taking orientation of the financial market in the United States as fuel for Anglo-Saxon capitalism, an orientation that determined the form of modern American society. For his part, Bordan (2000) was more concerned with the risks contained in technology and examining stock market risks on a global scale.

In the specific case of China's stock market, to understand risk-related phenomena like excessive speculation requires a social science approach as well. If the researchers focus only on the financial investment aspect, they may easily come to the conclusion that risk and security are opposing concepts and that China's investors keep speculating in stocks instead of using other secure ways of making money like bank savings and bonds (Markowitz, 1952). However, if we take a step back to see the larger social map of China, we may see that the investors invest in stocks for security. Researchers reveal that China's urban citizens are facing extreme economic pressures nowadays; by investing in stocks, they can produce security and maintain their living (Keith, Lash, Arnoldi, & Rooker, 2014). Because the old parts of the socialist system, like free public housing, has been dismantled by capitalism in Chinese cities, urban citizens have to spend a large amount of money on housing, rent, education, transportation, and medicine in order to maintain their lives in the cities, the expense of which always exceeds their salaries and bank savings (Walder & He, 2014; Keith, Lash, Arnoldi and Rooker, 2014). Thus, the stock market provides these citizens a chance to enjoy the fruits of China's capitalizing, instead of being

positioned as the victims of market economy reform. These investors are actually facing the paradox of risk in the sense that they produce risk to themselves by investing in stocks due to their desire to produce security in their lives.

The social theories of risk may also enrich financial studies on risk by examining the issue of social relations when considering risk and stock investment (Bordan, 2000). Max Weber's (2000[1894]) research on stock markets more than a century ago may provide some insight into risk, social (in)equality, and stock investments. In his work, Weber (2000 [1894]) called for stronger regulation and supervision of stock exchanges to prevent the exploitation of private investors in the capitalist world. He believed that unprofessional individuals should be banned from the market to avoid such dangers. As Weber (2000 [1894]) put it, the dangers related to stock markets were definitely classed and unequal: workers were more vulnerable to stock risk because of their weak economic status, and they were more likely to be convinced by false information about stock returns. Though he admitted that nearly everyone could obtain access to stock investments, "the big capitalist, when criticized, points to the 'disreputable elements' who take part in trading on the exchanges" (Weber, 2000 [1894], p. 333).

Though this piece of work was written over one century ago, some of Weber's ideas remain relevant in describing the current conditions of stock markets and risk (Lestition, 2000). Of course, Weber's class-oriented study of stock market risk was quite different from Beck's risk position assumption; however, this difference holds the theoretical potential to further develop the topics of risk, stock investments, and social relations. This thesis does not assume that pre-existing social classes or risk

positions change the distribution of risk; instead, I will conduct grounded research to see how varying positions in relation to risk are constructed and enacted by investor communicative practices. In the next chapter, I will review the relevant literature regarding communication studies, communicative practices, and communication research on stock markets to explain why I examine communicative practices to approach the key concept of risk and explain the crucial phenomenon of excessive speculation in China's stock market.

2.3. Risk, Communication And Communicative Practices

Beck (2011) and Cottle (1998, 2009) claimed that communication plays a critical role in staging risk, and they called for more communication studies on this topic. In the introduction, I mentioned how Schiller (1984) highlighted the importance of investor communication in their stock investment. However, what role does communication play in terms of risk and stock investment? Weber (2000 [1984]) describes the issue as follows:

> […] the danger precisely arises that too many stocks shares […] who are attracted by the occasional high dividends that they read, heard about, or saw advertised - and who think that because there is, for example, '1,000 DM' written on the stock share that that amount will at some point come back to them, and that they will receive it from someone, somewhere. (Weber, 2000 [1894], pp. 319-320)

When Weber (2000 [1894], p. 319) writes that "they read, heard about, or saw advertised," he is referring to the production and conveyance of information

activities, or in short, people's communication (Craig, 2006). On the one hand, future investor uncertainties were transformed into convincing promises through communication; on the other hand, communication may deliver misleading information and cause false, imagined outcomes while encouraging poor investment decisions, especially for investors with weaker social positions (Weber, 2000 [1894]). Weber's argument shows the theoretical potential of utilizing communication in dealing with issues of risk, stock investment, and social (in)equality.

Communication, as one of the fundamental facets of human life, has been defined variously in numerous studies, leading to a number of assumptions. Some classic definitions are still frequently used in communication research, including Lasswell's (1948) "Who Says What in Which Channel to Whom with What Effect?" model (p. 117). In the large field of communication, social constructionists hold the view that communication is "the fundamental activity by which humans constitute their social world as a 'real' phenomenon" (Lindlof & Taylor, 2002, pp. 45-46). Other active audience theories encourage autonomy, subjectivity, and active engagement in the communication process (Fiske, 1987; Hayward, 1997). They also emphasize that ideologies and meanings are embedded in communication (Kevin, 2003; Ross & Sreberny, 2000). Meanwhile, the ethnography of communication focuses on how communicative means and meanings produce social life (Philipsen & Coutu, 2004; Hymes, 1972). Another group of researchers approached communication by focusing on its distribution of information and knowledge rather than examining its constructive power. Some of their theories include the information-processing model (Sternberg, 1977; Sternberg & Sternberg, 2012), knowledge gap theory (Donohue, Tichenor & Olien, 1970; Viswanath & Finnegan, 1996), and digital gap research

(Cartier, Castells & Qiu, 2005; Jung, Qiu & Kim, 2001; Qiu, 2009; Warschauer, 2004; Clark & Gorski, 2001).

In terms of their ontology and epistemologies, these studies examine the issues of communication, risk, and social equality in different ways. Some media research from the constructionists' perspective examined how risk was composed through communication by focusing on media reports of various events involving risks, crises, and disasters that pain human beings and their interests. These catastrophes were crucial themes in media coverage (e.g., Sood, Stockdale & Rogers, 1987; Chouliaraki, 2006; Robertson, 2008; Cottle, 2009). Researchers have proven that the media are capable of constructing risk in different ways and able to control the salience of the phenomenon (Chouliaraki, 2006; Robertson, 2008). By examining the construction of risk-related phenomena like crimes, crises, and diseases, some researchers studied the discursive construction of social positions for certain social groups through risk discourse. They examined where the groups were socially positioned, including experts (Beck, 2009 & 2013; Epstein, 1995), forced migrants (e.g., Gabrielatos & Baker, 2008; Witteborn, 2011), homosexuals (Lupton, 2013), Muslims (Poole, 2002), and African Americans (1995). Though not necessarily focusing on risk, many constructionist communication researchers have already conducted many studies on the issue of (in)equality in terms of social categories like class (Hayward & Yar, 2006), gender (Lorber, 1994; Greedon, 1994), and race (Fair, 1993; Rivero, 2002). These studies regard communication as the construction of different social relations and positions, showing the theoretical potential to examine the issue of risk and social equality through communication research.

Other studies view communication as an exchange of information and examined the issues of risk and equality differently. Instead of examining how social positions are constructed, they regarded socio-economic status as the influential variable of social inequality, since it affects knowledge consumption, innovation adaption, and access to information technologies through communication (e.g., Donohue, Tichenor & Olien, 1970; Castell, 2011; Cartier, Castells & Qiu, 2005; Qiu, 2009). As Castell (2011, p. 33) argues, "Differential timing in access to the power of technology for people, countries, and regions is a critical source of inequality in our society." For Castell (2011), the inequalities observed in most societies are growing. Thus, some people have become information have-nots and are situated in a more vulnerable social position (Cartier, Castells & Qiu, 2005; Jung, Qiu & Kim, 2001). This argument relates to Beck's (2009) idea that access to knowledge influences risk distribution; people with knowledge may advance their position when faced with risk. However, research also showed that, regarding risk, the social groups of information have-lesses built up their own networks. They use this communication to exchange information regarding employment and housing equality (Qiu, 2009), thus reducing the level of risk and uncertainty while increasing socializing. This component illustrates the potential to more deeply examine communication, risk, and social equality, so long as the influence of communication on social equality remains questionable in many aspects (Castells, 2011).

I argue that social constructionism in communication studies focused on media research may overlook communication on the personal level, while studies focused on the access and distribution of information and knowledge may too early presume the influential power of some fixed social categorizations, such as class or race. Another

issue in some of the previous communication studies examining social (in)equality is that they examined communication as a process of transmitting information. However, the concept of information itself can be attached to different meanings in different situations. I have already discussed the different connotations of information relating to the stock market, including the differentiation between public and insider information (Pistor & Xu, 2005); inequality lies in information asymmetry (The State Council of China, 2010), and misguiding messages that hurt the interests of working class investors (Weber, 2000[1894]). These studies indicated the possible linkage among risk, information, and (in)equality. This thesis aims to further examine this linkage by approaching what information means to the investors, instead of presuming unequal positions in facing risk, as already determined by social categories like class in the distribution of fixed information.

I think that the concept of communicative practice is useful in this research because it brings a grounded philosophy to approaching people's daily activities; as a result, this research may provide some alternative understandings of the social phenomena relevant to the two ways of examining risk, (in)equality and information. Some recent studies of communicative practices focus on non-electronic and digital media (e.g., Couldry, 2004 & 2010; Postill, 2010; Kjaerulff, 2010; Ardèvol, et al., 2010, Christensen & Røpke, 2010; Witteborn, 2012). They borrow insights from social scientists' ideas of practice (e.g. Bourdieu, 1977; Giddens, 1984; Shove, Pantzar & Watson, 2012; Schatzki, 2010). The theories of practice essentially focus on people's routine and recurrent activities in their daily lives. By examining these activities, the researcher can understand how the social relations and social positions have been produced and reproduced (Giddens, 1984; Carbaugh, 1996 & 2007; Shove, Pantzar &

Watson, 2012). In essence, the practices are closely related to communication in the sense that they include sets of sayings and other communicative activities (Schatzki, 2010). In other words, communicative practices are technically social practices (Fiehler et al., 2004, translated and cited by O'Connell & Kowal, 2012). Some research illustrates that people's communicative practices, such as labeling or using particular names, could enact social positions, build up or change social relations, and construct meanings among people (e.g., Philipsen, 1992; Zetter, 2007; Witteborn, 2011). Communicative practices also have a normative aspect because people are likely to evaluate the conduct of communicative practices (Craig, 2006).

One question remains: How does one identify and categorize the very acts of sayings and doings as different communicative practices? In previous studies, practices and communicative practices have been examined on different levels and dimensions with various indicators for categorization (Couldry, 2005; Craig, 2006; Schatzki, 2010; Shove, Pantzar, & Watson, 2012; Peterson, 2013). In terms of the media involved in the activities, a communicative practice can be very abstract and generalized, such as Internet use (Shove, Pantzar, & Watson, 2012; Couldry, 2005), oral conversation (Kramsch & Thorne, 2002) or newspaper reading (Peterson, 2013). It could also be specific to the rhetorical devices that people use (Burke, 1950), or as mentioned above, the very act of labeling and naming (Philipsen, 1992; Zetter, 2007; Witteborn, 2011). The forms of communication, like the one-way and two-way flow of communication, can also be used to build categories that distinguish one category of communicative practice from the other (e.g., Thompson, 1995; Tomlinson, 1999). All in all, communication has various components, including the purpose, means, participants, time, and communication setting (Lasswell, 1948; Hymes, 1974). The researchers

might pick up one or more indicators (rather than others) to identify specific categories of communication in order to fit to their research interest and epistemology. For instance, the examination of Internet use of a specific category of communicative practice might tell us how the Internet influences people's communication and relationships with others (Shove, Pantzar, & Watson, 2012; Couldry, 2004). Because the focus is on a new medium of communication, the medium becomes the indicator dividing categories of communicative practice from others. Only by categorization of the communicative practice can the researchers further explore questions like these: Why do people do certain communicative practices at certain moments, instead of doing others? When do people change their practice, and why? By answering these questions, the researchers can understand particular indicators that differentiate one category of communicative practice from the other, such as Internet use.

In order to examine the meaning construction of risk, information and (in)equality by stock investors, this thesis requires a coherent and comprehensive way of categorizing communicative practice. Instead of assuming some particular factors may serve to define and categorize the communicative practices of stock investors, I use a grounded theory approach (Charmaz, 2006) to see how some similar concepts (e.g., the names that the investor uses to describe a particular saying or doing) emerge from the observed data in terms of the investors' communication of risk. I explain this concept in more detail in the next chapter involving methodology, research design, and research questions.

Chapter 3 Methodology, Research Design and Research Questions

3.1. Methodology

In order to employ a methodology that ontologically and epistemologically fits the topic, aim, and scope of this thesis, I apply a grounded theory approach. Following this approach, this research considers the meaning construction of risk and other relevant key concepts, including (in)equality and information, as demonstrated in the communicative practices of Chinese stock investors. Grounded theory calls for open, creative, systematic, and inductive ways for analyzing and theorizing data (Strauss & Corbin, 1998; Charmaz, 2006). Introduced by Strauss and Glaser in the 1960s (Strauss & Glaser, 1967), this approach has been frequently used in analyzing nursing and health issues in the U.S., and it has been widely applied in the field of social science (Martin & Turner, 1986; Strauss & Corbin, 1998; Mills, Chapman, Bonner, & Francis, 2007). Researchers have identified the benefits of using this creative approach in developing communication research (Lindlof & Taylor, 2002). These studies in various sub-fields of communication, like health (Donovan-Kicken, Tollison, & Goins, 2012), advertising (Hirschman & Thompson, 1997), and new media studies (Liu, 2007), demonstrate the theoretical potential of using grounded theory in the field of communication.

The term *grounded* here refers to the idea of grounding theory in the data (Charmaz, 2006). Different from other methodologies using deductive ways of theorization, the grounded theory method tries not to impose pre-existing concepts and theories on the phenomenon; instead, it helps the researcher to create, define, and re-define the concepts and their sub-categories. It also assists in determining the relationships among these categories through systematic coding of the data related to the

phenomenon (Charmaz, 2006). The objective of grounded theory is to develop a coherent and comprehensive theory that fits and explains the phenomenon, instead of imposing existing theories and models on it.

The grounded theory approach has been used, developed, and understood in different ways. With their investigation of researchers' epistemology and ontology, Mills et al. (2007) identify three different types of grounded theory: traditional (researchers holding a positivist perspective and believing in discovering theories, like Glaser, 1978), evolved (researchers holding the belief that "truth is enacted" and believing in "constructing" theories (Strauss & Corbin, 1994, p. 9; 1998, p. 5)), and constructionist (researchers bearing in mind that they are co-producing data and meanings with the participants of the research (Charmaz, 1987, 1995, 2006)). Although I do not completely agree with Mills et al.'s categorization, I suppose the core aim of their work is to urge researchers to rethink and clarify their positions when using grounded theory as a methodology; the researchers' epistemology and ontology would certainly influence the research design and results.

In this research, I will use grounded theory with a social constructionist perspective, agreeing with Charmaz (2006) as well as Strauss and Corbin (1994, 1998): truth is enacted, and researchers construct theory. Ontologically, I am not denying the existence of the material world; however, I am more interested in examining how people make sense of it in terms of the "multiple realities" constructed by different individuals (Kincheloe, 2008, p. 238). In this thesis, multiple realities refer to different understandings about risk (and other relevant key concepts, including information and (in)equality) for stock investors in China. Unlike some economists

and financial analysts who are keen on finding out what is “truly” risk in the stock market, I am more interested in investigating and analyzing how people construct the ideas of risk as part of their investment through communicative practices. Epistemologically, I hold the social constructionist perspective, believing in “the subjective interrelationship between the researcher and participant” (Mills et al., 2007, p. 2). I am very aware that my pre-perceptions and pre-experiences may influence the construction process of the theory. As a Chinese individual who has family members highly engaged in stock market investment, I find it comparatively easier to encourage investors to talk more about their experiences because I share common experiences with them and/or their families. I inform participants that I am a Ph.D. student, and that the objective of the interviews is to conduct research. Most of the participants say that they feel more comfortable and safe to talk to a researcher in academia, since the data are merely for academic use; in addition, they are assured that their identities would be kept confidential.

In terms of the thesis methodology, interviews and observations are the two most crucial methods for collecting data, and nontechnical literature is used as a supporting tool (Chamaz, 2014; Strauss & Corbin, 1998). I explain how these methods are used to fulfill the needs of this thesis in the following sections.

3.2. Research Design

Using an approach that grounds theory in data, this thesis will not provide a developed conceptual framework to guide the analysis (Charmaz, 2006). Instead, a grounded theory researcher will develop a theoretical understanding during the analytical process (Strauss & Corbin, 1998). In other words, the theoretical frame is

located in the researcher's arguments (Charmaz, 2006). However, I need to clarify that this research still has theoretical assumptions. Two main assumptions from both communication research and grounded theory, which have already been discussed above, form the basis of this thesis: 1) people are active, and they are able to construct varied ideas and meanings in the social world, and 2) people produce meanings and social positions through communication.

First of all, grounded theory (Strauss & Corbin, 1998; Charmaz, 2006) suggests that both technical literature (academic research) and nontechnical literature (non-academic documents) are important in building up and specifying research frameworks and questions. Because my major concern is generally about individual stock market investors' constructions of risk, the study begins with an examination of the relevant technical literature and nontechnical literature, including the media news, Chinese government reports, Chinese investors' surveys, interviews, and relevant laws. I also invite two economists, one financial advisor, and one government official to talk about their ideas regarding China's stock market, investors, and risk issues. I have mentioned some of these data in the first and second chapter of this thesis. These studies assist me in becoming more familiar with the phenomenon under study, while also finding out which concepts have been linked more closely to the phenomenon of stock investment and risk. Following this process, I find that, to the Chinese government and many financial experts, 1) risk is an important issue in stock investment in China, and the concepts such as (in)equality are closely related to risk (e.g., General Office of the State Council of China, 2013). 2) According to the data collected in the preliminary research, two groups of investors, namely big and small investors, are identified as different not only in terms of the amount of money they

invested in the market, but regarding the assumptions of holding unequal positions in dealing with risk (e.g., CSRC, 2013). 3) Communication plays an important role in relation to the stock investors and the issue of risk (e.g., CSRC, 2012).

But is it truly the case? In order to answer this question, I start to approach investors' daily communication and their understanding of risk using interviews and on-site observation. As previously outlined, these two methods are the most frequently used tools in grounded theory study. This research attempts to examine big and small investors' daily communication of risk. First of all, I select Shanghai as the main research avenue. According to China Securities Depository and Cleaning Corporation Limited (2013), until 2012, an overall 13.66% of A-Share accounts were opened in Shanghai, the highest percentage in all of China. I focus on active investors living in big cities; this way, I controlled variables like cities/rural areas (Keith, Lash, Arnoldi, & Rooker, 2014) that could also influence people's understanding of risk. Also, by focusing on the citizens, I can explore the (in)equality within a group that is perceived as more privileged than others. I approach five contact people who were active in stock investment in Shanghai, including two financial consultants, one big investor, one stock company staff, and one teacher who does stock investment training. I ask them to introduce me to some investors, either big or small, who are willing to share their opinions regarding their communicative practices. I also conduce four months of on-site observation in four stock exchange halls in Shanghai from 2012 to 2014, during which time I have made the acquaintance of several investors. Once I gain their trust, I ask for their help in the study.

Overall, I interviewed 35 investors[5] in Shanghai about their communication regarding risk. I use theoretical sampling (Charmaz, 2006; Strauss & Corbin, 1998) and set criteria to select the participants: First, data from both the technical and nontechnical literature as well as from interviews and on-site observations illustrate the differences between small and big investors in their communicative practices; therefore, individuals from both of the two categories should be selected. Based on the patterns observed in the pilot study and the data gained through a national survey of individual investors (Shenzhen Stock Exchange, 2013), I regard small investors as non-institutional investors who invested in the stock market with a comparatively small amount of money. In this research, I have interviewed 25 investors who invest less than 400,000 Chinese Yuan in the market, less money compared to the average amount invested in the market by individual investors (about 494,000 Chinese Yuan). 10 big investors are selected based on the criteria that they were either individual investors who invested a great deal more money in the market than the small investors (above 5,000,000 Chinese Yuan), or institutional investors (fund managers or directors, senior investment analysts, etc.). The participants' ages range from 25-60, and they have at least three years of investment experience. According to the national survey (Shenzhen Stock Exchange, 2013), this selection covered the age range and the investment experience of the majority of the investors in China.

Interview data and on-site observation illustrated that investors' communicative practices and their understanding of risk, information and (in)equality were associated

[5] I usually started with a general question like, "How long have you invested in the stock market?" or "How do you feel about investing in stocks?" If the idea of "risk" emerged during the interview, I would focus on it and dig deeper into the issue by asking more specific questions like, "How would you react in such a situation?" or "Why did you turn to your friends when you felt uncertain about the threat?" I would not impose the idea of risk on the participants.

with the participants' background in financial education (including the earning of a financial degree or systematic training in financial skills), the level of their involvement in the stock investment (those who invest in stocks as their main job were categorized as full-time investors, and those who did not were part-time investors), and their usage of information and communication technologies (ICTs, which include computer technologies, mobile phones and relevant apps, etc.). Data also show that many of the big investors and some of the young, small investors have a financial background in finance and economics, while the elder small investors were not usually educated in a relevant field. I consider all factors that might influence the investors' communication of risk and other relevant concepts, using in-depth interviews and on-site observation, following the investors to the stock exchanging hall and their homes to some of the typical participants varying from their levels of investment involvement, usage of ICTs, and professional background in finance. The theoretical sampling approach (Charmaz, 2006; Strauss & Corbin, 1998) is used in this research, and by this doing so I can generate the patterned theory of communicative practice and risk has emerged from the data. Because there are no extra concepts and properties important to the crucial concepts including risk, information and (in)equality, I stop the sampling process with 12 participants. Seven participants (P1, P2, P3, P4, P5, P6, P7) are small investors, and five participants (P8, P9, P10, P11, P12) are big investors. Their self-identifications are consistent with this categorization.

I use line-by-line coding (Charmaz, 2006; Strauss & Corbin, 1998) as the analysis method in dealing with the data. Coding in the grounded theory approach is the primary method for data analysis, referring to "the analytic processes through which

data are fractured, conceptualized, and integrated to form theory" (Strauss & Corbin, 1998, p. 3). Coding assist me in identifying different concepts and their properties. It also helped me to not only compare them, but also to examine how they related to each other (Strauss & Corbin, 1998; Charmaz, 2006). I use the technique of in vivo coding to generate crucial concepts in this study. In vivo coding means that the concepts are identified and named based on the participants' own words (Glaser & Strauss, 1967; Strauss & Corbin, 1998; Charmaz, 2006). This method is especially useful because this study takes place in China and targets China's investors who have their own terms to define stock investment, communicative practices, risk, and other relevant issues (Keith, Lash, Arnoldi, & Rooker, 2014). By using this method, I am able to avoid imposing the concepts of the literature on the data.

3.3. Research Questions

Usually in grounded theory, a research question involves a general description of one phenomenon, open to further revision during the research process (Charmaz, 1987, 2006; Strauss & Corbin, 1998). In order not to impose presumptions on the research questions, I maintain an open attitude and generate the research questions as the research progressed.

The central phenomenon that I would like to examine using the grounded theory approach is investors' excessive speculation in China's stock market. Since the literature and the pilot study prove that this phenomenon is closely related to the concept of risk, I try to approach this phenomenon by examining how stock investors produce meanings of risk during their communicative practices. The first research question is as follows:

RQ1: How do stock investors in Shanghai construct risk through communicative practices?

When examining RQ1, I identify which communicative practices the investors use in terms of their wealth status, media usage, and professional background in finance. I also examine what risk means to them by approaching these practices. During this process the concept of (in)equality emerges from the data, which is related to the investors positioning of themselves and others related to risk. I then begin to examine the second crucial concept, (in)equality, by analyzing the risk positions produced by investors in their communicative practices and what these positions mean to them.

RQ2: How do stock investors in Shanghai position themselves and others related to risk through communicative practices?

When examining the investors' construction of risk and risk positions, I find that the concept of speculation emerges repeatedly from the data, as the literature has assumed. I finally approach the issue of stock speculation. The final research question asks about the reasons behind the investors' speculation in terms of the risk concept. It also attempts to situate the analysis of stock speculation in the big social context of China.

RQ3: Why do stock investors in Shanghai speculate in stocks in related to risk and risk positions?

Chapter 4 Communication of Stock Prices

Chapters 4, 5, 6, and 7 are the analysis part of this dissertation. First, I identify the major communicative practices that the investors use during stock investment and examine how these practices are linked to one another. I find that the investors use these co-related practices to communicate different types of information, including stock prices, news, stock comments, stock opinions, and the insider information, which I will examine in the analysis chapters. The ultimate goal of the investors is to generate a piece of directional information that leads them to trading stocks. The profession have-mores generate the directional information by obtaining and making sense of the "raw information," like stock prices and news, while the profession have-lesses gain the directional information by obtaining the stock comments and stock opinions shared by the profession have-mores. On occasions, the investors communicate insider information, which is regarded as the most valuable directional information.

I then examine when and how the concept of risk arises from the data, in order to approach not only the meaning of construction of risk, but also how the investors produce both risk and security for themselves and for others. I also examine the risk positions of the investors, by approaching how they position themselves and others in relation to risk when communicating different types of information. Finally, I focus on the trading practice that the investors label as speculating. I examine what speculation means to the investors, when they label their trading practices as speculation rather than long-term investment, and the reason they speculate in stocks with relation to risk and risk positions.

4.1. Five Categories of Communicative Practice Related to Stock Investment

Many participants describe stock investment as a communicative process in the sense that the process contains different clusters of communicative practices that are associated with the conveying of information. The participants identify some particular communicative practices as the start, the progress, and the end using ordinal numbers (first, second) or prepositions (e.g., before, after) in expressions of time. For example, P8, a senior financial analyst says:

> The basis of stock investment is to get relevant information [obtaining information]. So, first of all, in every stock investment, I always need to obtain the relevant information ["obtaining information"]. After that, I analyze it professionally in order to make sense of the data [making sense of information] (…) Sometimes, I discuss my views of the stocks with my friends ["sharing information" and "obtaining information"]. (…) Finally, I buy or sell the stocks ["trading stocks"]. (…) People consult me about my analysis of the stocks ["sharing information"]. (P8, January 28, 2014)

From P8's description, we can identify four different clusters of communicative practices in terms of the time order of stock investment: obtaining stock information (*huoquxiaoxi* in Chinese), making sense of information (*lijiexiaoxi*), trading stocks (*jiaoyigupiao*), and sharing stock information (*jiaoliuxiaoxi*). These categories of communicative practice are patterned in the sense that they repeatedly happen ("in every stock investment" from P8). The first three communicative practices are more

closely related to the time order and are described by ordinal numbers and prepositions of time. That is to say, the investors usually obtain stock related information first, which they make sense of and use for trading stocks. The fourth category of communicative practice, namely, sharing stock information, loosely attaches to the other categories. The participants mentioned that the timeframe in which they practice sharing stock information is very flexible.

Besides the time order, the first three clusters of communicative practice link to each other logistically following the reasoning process, which initially begins with information collection leading to the trading of stocks. Not only P8, but also P2, P5, P9, and P11 use the term “basis” to describe what obtaining stock information means to them in terms of stock investment. As P9 puts it, “without obtaining information, I can’t do any trading.” The metaphor used by the participants and the use of a double negative in P9’s statement associated obtaining information with the sense of starting points or pre-conditions (Shove et al., 2012), which happens before the practice of making sense of information and trading of stocks.

Even though the investors describe the three circulating clusters of communicative practices as a process, they also mention that they would not always strictly follow the process of obtaining information, making sense of the information obtained, and trading stocks. When describing the interconnections (Shove et al., 2012) among different clusters of communicative practices, the participants mention that they sometimes shift the practice [I coded this as “practice shifting moment”], meaning that they obtain stock information after making sense of the information and trading stocks. At such moments, a fifth cluster of communicative practice emerges from the

data, which I coded as “evaluating practice.” The investors usually use different criteria to judge whether their communicative practice is effective or ineffective and satisfactory or unsatisfactory (Craig, 2006). The evaluating practice is communicative in that it conveys some information (for example, the investors opinions and assessments about their communicative practices), and sometimes serves to link different communicative practices. In some situations, the practice of evaluating would be causally related to the practice shifting moments. For instance, P4 says, “The (stock) prices fluctuated so much this morning [obtaining information], but I cannot figure out why [evaluating the practice “making sense of information” as unsatisfactory]. (…) Therefore, I have to call Teacher Wang to ask for his opinion [obtaining information].” P4’s use of the term “therefore” (*suoyi* in Chinese) indicates the causal relationship between his unsatisfactory sense making of the information and his shift to the practice of obtaining another type of information. In other situations, the evaluating practice serves as a connection between different clusters of practice, not because the investors are dissatisfied with their practice. For instance, almost all the investors obtain information of stock prices again after trading stocks (creating a circular process). The reason for re-obtaining the same type of information is to “see if my trading was smart or not” (from P11) or, in other words, to evaluate the practice of stock trading. The investors evaluate not only their own practice, but also the practices of others.

Each cluster of communicative practice contains different practices, some of which overlap those in other clusters. The cluster of obtaining information, based on my observations, includes various practices such as watching TV, reading newspapers and reports, listening to the radio, surfing the Internet, and talking with others. The in-

vivo coding shows that the investors identify several kinds of obtaining practices that contain the practices mentioned above. Some of them refer to a practice that is possibly conducted by oneself, which usually contains specific practices like obtaining information of stock prices (*kanpan*), news (*kanxinwen*), and stock comments (*kanguping*), without necessarily sharing or exchanging the investors' information with another. Other practices embrace interactions with more participants, such as stock talk (*liaogupiao*), which combines the practices of obtaining and sharing information. The participants name different stock talks as talking on phone (*dianhualiaotian*), talking at a public gathering (*jujiliaotian*), discussing in an "elite club" (*neibujuhui*), and talking at a family gathering (*jiatingjuhui*). In the different stock talks, the investors are either an information obtainer, sharer, or exchanger. The investors use the informal stock talks to communicate the information of stock opinions and insider information.

As mentioned above, the investors use these communicative practices to communicate information. They construct five types of information mostly concerned with stock investment: stock prices (*gujia*), news (*xinwen*), stock comments (*guping*), stock opinion (*kanfa*), and insider information (*neimuxiaoxi*). These types of information are interrelated. For instance, the investors obtain stock price information and news first and transform them into stock opinions or stock comments by making sense of the information. In order to complete the entire communicative process of stock investment successfully, the investors use different communicative practices to communicate these types of information and thus attach different meanings to them. They conceptualize ideas such as risk and equality during the communication process.

4.2. Obtaining Stock Price Information (Kanpan)

Stock prices are crucial information in stock investment. The investors describe the instant stock prices and the relevant data such as trading volumes, highest prices, lowest prices, and K-lines as the most basic information they need to obtain. In other words, obtaining stock price information is the pre-condition for the investors to make sense of the information and trading stocks. As mentioned in section 4.1., after trading the stocks, the investors often obtain stock price information to evaluate investors' practices of trading stocks.

In China, the opening hours of the stock market are from 9:30 am to 11:30 am and from 1:00 pm to 3:00 pm. During these four hours, stock prices and relevant data change continually, unless the securities are being suspended. The release of stock prices influences the stock investors' daily routines. For instance, P1 explains that dealing with stock prices is his "priority" during the opening hours of the stock market. Obtaining stock price information (*kanpan*) and making sense of the stock prices are two of the main communicative practices that the investors carry out during the opening times of the stock market.

Communication technology is important for the communication of stock prices. Before the development of computer technology, people in many stock markets learned about the security prices and other relevant data by reading ticker tapes printed by ticker tape machines (Kavesh, Garbade, & Silber, 1978). The production of ticker tapes depended on the communication technology of printing telegraphy, and specific tape-readers were required for interpreting and representing the ticker tapes (Preda, 2006; Sandvig, 2008). Nowadays, even though the investors in the United

States and the United Kingdom no longer use ticker tapes to communicate stock price information, they continue to use the term “tape reading” to refer to the practice of obtaining and making sense of the stock prices and relevant information. Ticker tapes have never been used in the People’s Republic of China. The stock market system in China started using computer technology to show stock prices from the very beginning of its establishment (Shanghai Exchange, 2013).

The participants use the particular word *kanpan* to describe their practice of obtaining stock price information. In Chinese, *kan* means “to watch” and *pan* refers to “a bowl.” The participants identified *pan* as a term used to represent the market, which “contains” (P6 and P9) different stocks. Even though the concept of *kanpan* means “to watch the market” in Chinese, not all the investors position themselves as merely a watcher. The media the investors use to obtain the stock prices varies from electronic boards and personal computers to cell phones. (E.g., P1: “I focus on the big electronic stock board in the stock exchange hall, which shows the changing prices of the stocks”; P6: “I check the stock prices and other data”; P9: “I mainly use computer software to find out the prices, K-line, and other data”). Only the investors, who do not use Information and Communications Technology (ICT) to obtain stock prices, position themselves as merely a watcher. The small investors without a full-time job, such as P1 and P4, say that they practice *kanpan* by watching the electronic stock board in the stock exchange hall. Stock exchange halls (*gupiaojiaoyidating*) are big halls in Shanghai, where the public can enter to check the stock prices. The small investors usually stay in the stock exchange hall to watch the stock board. P1 and P4 describe watching the stock board as the “main way” for them to obtain stock prices, and both of them label themselves as mainly a “watcher” during this communicative

practice. During an observation, when P4 sat in the stock exchange hall and watched the board, I asked her to describe what she was doing.

> I am watching the numbers changing on the board. I have to wait until the stocks I feel interested in show up on the board. The delay is not good [evaluating practice], but I have gotten used to that. The data shown on the board were quite limited [evaluating practice]. (…) Those people who use computers can locate the data much quicker and react sooner than me [evaluation of practice], and I am afraid I might be slow in reacting. But, I don't want to learn the new techniques, because watching the board is my habit. (P4, June 18, 2013)

According to P4, the label of "watcher" has two meanings. First, it is associated with the very practice of investors who "watch" the electronic stock board. The investors are, in general, the receivers of information during this monological communication. Second, as watchers, the investors are located in a passive position, meaning they are unable to actively obtain the information they want immediately. This situation makes the investors feel uncertain of the latest conditions of the market, leading them to conceptualize the idea of risk. This sense of uncertainty has grown because of their assumptions of inequality regarding technology use; other investors who use more advanced and controllable devices (ICT) could access the necessary information more quickly and smoothly.

Thus, the non-ICT users construct an opponent relationship between the watchers and the ICT users. In other words, the ICT users' position of privilege leads to risk for the

watchers. The criteria of evaluating the practice of obtaining stock prices, for P4, include speediness and convenience. P4's high evaluation of ICT users' practices and low evaluation of non-ICT users' practices create the sense of inequality, which she associates with the concept of risk. Her evaluation also shows that she positions other investors as opponents or competitors because they compete to gain the interests. The risk associated with the inequality in ICT usage, for those non-ICT users, is constructed on a daily basis through the practice of obtaining the stock prices.

The concept of "access to ICT" also emerged from the data. Interestingly, even though they do not use ICT to obtain stock prices, the non-ICT users deny that access is the reason they fail to use ICT. Both P1 and P4 mentioned that they have easy access to ICT because (1) ICT devices are widely used by, and are easily accessible to, all investors (both P1 and P4 own cell phones, and the computers are described as "everywhere in the exchange hall" by P1) and (2) ICT devices do not require "very much expertise" (quoted from both P1 and P4) to employ. According to the small investors who do not use ICTs to obtain information on stock prices, the inequality in technology is associated with self-incapability caused (though not necessarily) by factors such as age (almost all the non-ICT users interviewed were aged over 50) and people's habits in obtaining stock prices. Thus, the inequality in using ICTs is constructed as "reducible" and "conquerable," similar to the risk associated with inequality. For instance, P1 explained that his grandson planned to teach him how to use a computer, "I believe that I can use a computer in the future to do kanpan," said P1, "Besides, when I really need some information about the stock prices, I ask my friends in the stock exchange hall for a favor." By shifting the practice of stock talk, the non-ICT users position themselves as active inquirers instead of passive watchers.

Based on the interpersonal relations (*guanxi*) with ICT users, which refer to a mutual understanding of exchanging favors to each other (Luo, 1997), the non-ICT users have constructed a sense of equality with the ICT users through their practice of stock talk to obtain stock price information.

Unlike those small investors, who mainly watch the stock boards when obtaining stock price information, both small and big investors who use PC software, cell phones, or other ICTs label themselves as "users" instead of "watchers." The places where they carry out these practices are more diverse, ranging from stock exchange halls and workplaces to cafés and their homes. For instance, when talking about how he uses ICT to obtain stock prices, P2 identifies himself as an ICT user and he evaluates the practice based on not only speediness and convenience, but also the stability and freedom to control the process of the practice.

> Thanks to the function of my PC stock software, which is a very commonly used one [access] (…) I have selected several stocks in which I feel most interested. I can easily track the prices and other information of these stocks at any time, and I can see the K-lines and other technical indicators easily [evaluating practice]. (…) Yeah, the software went wrong two or three times during the last three years and I was so frustrated at that time [evaluation of practice], but overall it works smoothly [evaluation of practice]. (P2, December 23, 2013)

According to P2 and other small and big investors who use ICT to obtain stock prices, the label of "users" locates them in relatively more active positions than those who

merely watch the electronic stock board. These users take control of the process of obtaining the stock prices by actively employing the functions of the ICT they use. The uncertainties and insecurities of those users are associated with the random and rare collapse of the ICT they use, instead of the patterned and almost daily uncertainties caused by the difficulty to access information. The ICT users mention that their freedom to control the process of obtaining stock prices because they are not bound to certain locations like stock exchange halls. They can practice anywhere they choose using ICT.

Meanwhile, the concept of "equality" emerged from those investors' descriptions, which is associated with the easy access of ICT. Both small and big investors talk about how widespread ICT is among the investors, which has brought a sense of equality, as many investors are able to access ICT for the latest information on security prices, volumes, and other relevant data. P5 says, "This (*kanpan*) is the very basic starting line of stock investment. I am glad that I am not delayed." The metaphor of a starting line shows that the competitive relationships among investors are constructed in their investing of stocks. P5's statement also indicates that small investors who are ICT users link the concept of equality in obtaining stock prices with security.

Different from the small investors, the big investors (the participants of whom are all ICT users) associate the meaning of insecurity with the inequality of obtaining stock price information. P8, P10, and P11, who all have more than 15 years of investment experience, explain that during the 1990s, ICT was not commonly distributed in China. For instance, P10 says, "At that time, the small investors had to stay in the

stock exchange hall and watch the stock board, but we big investors could use computers—usually everyone had one computer—in the Big Investor Room to check the stock prices and other data." P8 and P11 mention that computers in the stock exchange hall were very rare, "sometimes only one computer was provided in the big hall" (P8).

According to the big investors with a long-term investing experience, the label, "big investor," used to be strictly associated with a privileged position in producing certainties. This privileged position was facilitated because their easier access to ICT put the small investors at a disadvantage when trying to obtain the latest stock price information and other relevant data. Therefore, the uncertainty experienced by the small investors, who were not ICT users, led to an increased sense of security for the big investors in 1990s. For instance, P10 says, "Back then, I knew the prices changed a bit quicker than other people. (…) I reacted faster, and it gave me a big advantage because of the information asymmetry." The concept of "information asymmetry," which emerges from P10's description, means that the big investors temporarily have more stock price information and other relevant information than the small investors due to the unequal distribution of ICT. Although the small investors were at risk because their lack of knowledge about market trends raised their uncertainty, the big investors enjoyed the advantage of being one step ahead in reacting and responding. For the big investors, the wider distribution of ICT in *kanpan* practice has reduced their sense of security and lowered their privileged position in relation to risk.

Besides the use of ICT, the investors' involvement in stock investment also plays an important part in their ability to obtain stock prices. Part-time investors, whose main

job is not stock investment, evaluate the practice as bad, even with the help of ICT. P7, a part-time investor who is working as an accountant, describes the uncertainty of obtaining the latest stock price information caused by his job.

> I have a stock relevant app on my iPhone [ICT usage]. (…) I can do *kanpan* on my cell phone when I am not too busy doing my job [freedom]. It is not good to let my colleagues or bosses know that I am doing something else instead of focusing on my work. (…) I miss some important information of price changes from time to time [risk], because I can't check the instant prices during the opening hours of the market [evaluating practice]. (P7, February 13, 2014)

Even though ICT usage speedily delivers P7 the latest stock price information, his job does not allow him the freedom to obtain it immediately. He also points out that the inequality between full-time and part-time stock investors in terms of the freedom to control the practice of obtaining stock prices creates risk on his part, since the full-time investors may react faster than him based on their speediness of obtaining the latest stock price information.

4.3. Sharing Stock Price Information

As mentioned in section 4.2., the small investors who do not use ICT turn to their friends at the stock exchange for help when checking the relevant information of the stock prices. At this practice shifting moment, while the practice of watching is associated with inequality and risk, the non-ICT users are forced to change their practices and position themselves as an inquirer, which is more active than a mere

watcher. Similarly, the small investors, who are ICT users, practice sharing the stock price information. Interpersonal relations (*guanxi*) of friendship and cooperation replace the competitive relationships among the investors. But what does sharing stock price information mean to the ICT users? Why do they share the stock price information? P3, a small investor who is an ICT user, describes how she uses computers in the stock exchange hall to obtain stock price information, and how she shares the information with other small investors.

> I use the computers located in the stock exchange hall. They are easy to use. (…) When my friends ask me to tell them the prices or show them the K-lines, I do a little favor for them and check out the data [helper]. We help each other when needed [equality]. Besides, it's easy, you know. It does not cost me much time or effort (P3, August 5, 2013).

According to P3, the small investors have constructed the interpersonal relations of friends through their practice of sharing information in the stock exchange halls. This interpersonal relation, named friendship, is associated with the concept of equality because it requires the understanding of exchanging small favors, and the positions of the helpers and the ones being helped are not fixed. Even an ICT user is positioned as a sharer and a helper when the non-ICT user asks him or her to check for relevant information. They are still equal to each other because the sharer could shift to become the inquirer in other situations. Equality is also associated with the small investors' understanding of the label on themselves. P7 explains, "I am relaxed when talking to other small investors, because we are all small investors. We are small potatoes. (…) Why should a big investor share information with us? We can provide

him nothing." Thus, a network of small investors is built up, and based on the interpersonal relations with each other, they share and obtain the basic information to produce a sense of security.

P7 and P3 both use the personal pronoun "we" to construct the small investors as a group, while identifying the big investors as "others." This binary has been constructed because the small investors, to whom the big investors would not turn for information, are located in a lower position, even though they could both be sharers and inquirers of information with other small investors. That means sharing is an active practice that links to a higher social position, while inquirers are located in a lower position. For the inquirers, using the practice of inquiring to obtain information is a compulsory pre-condition for the next practice, and the evaluating of which depends on whether the sharer is willing to provide the information. For instance, P1 states that when asking his friends about stock prices, he first checks to "see if it is convenient for them at that time." P1 also mentioned that he "relies on" (P1) the interpersonal relations to get information, which means he positions himself as dependent on the relations with ICT users when inquiring about stock price information. Thus, the small investors who do not use ICT conceptualize the idea of risk in relation to the uncertainties involved in the practice of targeting a sharer and in terms of relationship with the person to whom they inquire.

For the sharers mentioned in this chapter, sharing stock price information is not a necessary connection to their next practices of stock investment, or a contractual obligation. Instead, it is a voluntary practice controlled by the sharer. To share means to locate oneself at a higher, positive, and decent social position, with the self-image

of being helpful and friendly. In addition, sharing the information means that the sharers actively construct and reinforce the relations between the inquirer and the sharer, with the mutual understanding that the inquirers will return the favor in the future. For instance, P3 says that sharing the information means she "will get help when needed." By positioning themselves as active sharers, helpers, and producers of interpersonal relations, the small investors who use ICT produce security through their active control over the sharing practice, and they also produce security with the guarantee of the interpersonal relation, ensuring the favor will be returned in the future.

As mentioned above, in the specific case of inquiring and sharing stock prices, even though the inquirer is positioned as a dependent asking for help, while the sharer is positioned as an active helper, they have still constructed equal relations with other small investors in the sense that their positions are perceived as reversible. When the positions of the helper and the helped change, I identify the overall practice as "exchanging," which combines "sharing" and "obtaining." The practice of exchanging stock price information, for example, produces an equal relationship among the investors. The combined practice of exchange also produces a sense of security for the investors because they are mutually dependent on each other. When exchanging the information, the small investors construct cooperating relations instead of "zero-sum relations," meaning they help each other for the mutual good. P7 says, "The small investors should help each other because we are weaker than the big investors in many ways. If we are united, we can increase our risk resistance capacity (*kangfengxiannengli*)." The small investors associate risk with their inequality with the big investors, and by practicing the exchange of information with other small

investors, they produce a sense of security because the practice of exchanging may increase the speediness and accuracy of the information they gain, which may increase the sense of equality between the small and big investors.

P3 defines the sharing of stock prices as only "a little favor," meaning that the investors quantify information by the size of the favor they do or return. When I ask P3 to elaborate on the term "a little favor," she says, "You see, the stock prices are not difficult to obtain. I just pass the exact information on to them (the inquirers) without thinking." Here P3 attaches two meanings to the stock prices. First, stock prices are easy to access, and the investors associate its public access with low value (e.g., P2 stated, "the stock prices are just the most basic information"). Second, the stock prices are constructed as "raw" information, meaning they have yet to be made sense of. Thus, the sharer of the stock prices merely passes the exact data they obtain via ICT to the inquirer. Raw information is considered low value, since it cannot guide the investors directly to trading stocks. The higher the value assigned to the information, the higher the position the sharer will gain. Since most of the big investors are granted with ICT usage, the small investors who are ICT users are unable to share with them the stock price information as a favor, and thus they cannot position themselves as equal to or higher than the big investors. In addition, since the small investors cannot produce equal interpersonal relations with the big investors by exchanging information of the same value, they produce uncertainty because they cannot secure the practice of obtaining more valuable information by sharing some information in return. As P7 mentioned, being merely an inquirer to obtain information makes him "uncomfortable," since the uncertainties of being denied emerge if the inquirers have nothing to exchange with the possible sharer.

4.4. Analyzing, Guessing, and Trading

As discussed in section 4.3., the investors regard stock prices as raw information, which needs to be made sense of and generated into directional information before commencing the practice of stock trading. According to the participants, making sense of the information refers to a mediating practice conducted between obtaining stock information, sharing stock information, and trading stocks. For those small and big investors with a professional background in finance, identified as *profession have-mores* (including P2, P6, P8, P9, P10, and P11), the process of making sense of the information is a process of analyzing (*fenxi*), which includes the practice of predicting or explaining. For example, during an observation, P10 describes the process of analyzing the price of a particular stock as follows:

> You can see from the stock price [obtaining information] that it fluctuates because the investors with a long position (*duotou*) are struggling against the investors with a short position (*kongtou*) [explaining]. However, the K-Line indicates that the ones with a long position have become weak, so I think the price of this stock may go down soon [predicting]. I will be prepared to sell it [stock trading] (P10, July 25, 2013).

For P10, the stock prices are associated with the competition between the investors with a long position (who buy the stocks with the anticipation that the price will increase) and those with a short position (who sell the stocks with the anticipation that the price will decrease). Therefore, the stock prices are the consequence of the buyers

and sellers' actions when practicing trading stocks. These investors use their capital flow to compete with each other. When the investors buy in more than those who sell out, the price of a certain stock increases, and vice versa. Investors with a professional background in finance make sense of the stock prices by, first, explaining the past and present trading practices of the investors, based on the past and current stock prices and, second, predicting the future prices by foreseeing the future practices of the investors. Therefore, the practice of explaining and predicting are related with the professional skills and knowledge, and the process of doing these practices is a transformation of raw information into rational and scientific explanations and predictions. For instance, P11 invites me to her home and showed me a shelf of books she owns describing how to analyze stock prices.

> During my college days, I learned how to technically analyze the stock market [education]. I continued to read books written by local analysts [self-training] to learn how to systematically analyze the changes in stock prices. (…) My skills have been tested and improved over years and years of analyzing stock prices [experience]. Thus, I can predict the investors' trading more accurately [evaluating practice] than those who do not have a professional background in finance [inequality]. (P11, July 20, 2013)

The investors who are profession have-mores attach education, self-training, and length of experience to the idea of profession and expertise, and position themselves as professional analyzers. These participants associate "accuracy" with the criterion they use to evaluate the practice of analyzing stock prices. After generating the

directional information from the analysis, some investors obtain the latest stock prices again to see if their predictions are accurate or not. In analyzing the stock prices, having a professional background in finance offers security to the investors, since the concept is associated with certainty of prediction accuracy. P11 mentions that she explains and predicts the stock prices in a "systematic" (P11) way, meaning that her profession is related to the investors' patterns of thinking and doing when analyzing the stock practices. Thus, the investors follow some rules and theories, which have typically been tested by their experiences and are usually associated with higher prediction accuracy.

Unlike inequality in the use of ICT that is constructed as coverable and conquerable, the investors understand that inequality between the investors' professions is difficult to reduce, since it requires long-term professional training. P6 says that it is "normal" (*tianjingdiyi*) for investors who are profession have-mores to make better sense of the stock prices. P6 says, "Do you know how much effort I have spent gaining professional knowledge? Of course I can predict the stock prices more accurately than those who know nothing about the market." From his description, we can see that the investors conceptualize an unconquerable inequality between the profession have-mores and profession have-lesses, and based on this inequality, the profession have-mores produce a privileged position in generating more accurate directional information. However, some profession have-mores point out that the inequality between the profession have-mores and profession have-lesses may also create uncertainties for them, especially in cases where they cannot use professional theories, models, and tools to explain the "irrational" (P8, P9, & P10) trading practices of the profession have-lesses. P9 describes how the profession have-lesses disrupt the

market.

> There are too many ignorant investors [profession have-lesses] (in the stock market). (…) We professional investors know what the tendency (of stock prices) means [profession have-mores], but they [profession have-lesses] don't. When the indicators of the prices clearly show that we should sell out, they buy in [trading practice]. When the prices indicate that we need to buy in, they sell out. Their irrational trading makes the prices fluctuate a lot, and sometimes it is difficult for me to analyze them accurately [evaluating practice]. The professional investors' trainings are readable, because we are trained with similar theories and skills. But the ignorant investors are not. (P9, February 3, 2014)

For the profession have-mores, like P9, the concept of risk emerges when the profession have-lesses make sense of the stock prices in a different way from them, and the profession have-lesses' following of trading practices pushes the stock prices in a different direction to the profession have-mores' systematic predictions. For the profession have-mores, the trading of the "ignorant" (P9 & P10) and "irrational" (P8, P9, & P10) profession have-lesses without the pre-practice of professional analysis disrupts the market, which detaches the certainty in accurately explaining and predicting the market from the professional analysis. Under this circumstance, the profession have-mores evaluate the practice of analyzing as unsatisfactory based on the criterion of "accuracy."

Besides, these profession have-mores also relate risk to the differences between

China's market and the stock markets in capitalist countries. Compared to the markets in these countries, China's stock market is different. The profession have-mores such as P11 are worried that the professional tools they learn, which are based on the markets in the United Nations or the United Kingdom, do not work as well in China's stock market in explaining and predicting the stock prices.

> You see, the books, the models, and the theories about stock prices are based on the assumption of a mature free market. The scholars in the field of finance are from the West, and they developed the models based on their capital markets. However, our stock market is still closed and immature. (…) We do not have a mature short-mechanism. (…) And our market is absolutely controlled by the party. When the state steps in, scientific analysis is worth nothing. (P11, July 20, 2013)

As indicated in P11's description, we can see that the profession have-mores regard China's stock market as different from the more "mature" (P11) stock markets for several reasons: (1) It is a closed market, meaning it is difficult for the global capital from the outside to enter (Shih, Hsiao, & Chen, 2008); (2) Compared to the more mature market, few derivatives are allowed for trading in China's stock market (Mei & Xiong, 2005); and (3) There is an overwhelming national control over the market in China (Chen, Lee, & Li, 2008). When I ask P11 to describe the moments that "the state steps in," she says that she is insecure when she obtains the national policies[6], many of which, according to P11, are unpredictable and unprofessional. In addition, when the national policies are released, the investors follow the policies to practice

[6] The practice of obtaining news, which will be explained in Chapter 5.

trading stocks since they believe in the absolute power of the state, thus the stock prices immediately follow the direction of the central government instead of the profession analysis. At these moments, a profession have-more is no longer related to a high level of accuracy in predicting the stock prices.

While the professional background in finance is not necessarily associated with security, some big investors admit that they have tried to take advantage of the small investors by using their capital to manipulate the market (*caopan*). Thus, they are able to produce a sense of certainty in controlling the information of future tendencies of the stock prices.

The fund managers and stock analysts, such as P8 and P9, are more cautious when talking about this issue, but they admitted that they have heard many big investors are manipulating the market. All the big investors agree that the low law enforcement facilitates the practice of manipulating the market. However, this does not mean that they regard the state as weak. Actually, the big investors associate the controlling power of the state with risk to them, too.

> You saw the news? Some bankers were thrown into prison for manipulating the market. They live in fear, and they try to give bribery to stay safe [corruption]. (…) But, who knows? If the government decides to do something, they (the bankers) are done. They are lucky if they can make some quick bucks [speculation] before being caught. (P9, February 3, 2014)

The bankers' manipulation of the stock prices is associated with security because they control the prices and, thus, they know the tendency accurately without analysis, but it is also associated with risk because of the uncertainties of the government's actions against them. In addition, since the concept of risk is associated with the practice of trading stocks, the big investors shorten their trading period to speculate as much money as they can. Thus, they understand their trading practice as speculating rather than investing. For the profession have-mores, the practice of manipulating the market and speculation not only means wealth and security, but also risk.

> It is ironic. The classic textbooks told me to invest long term based on the value of the company. They told me not to speculate short term, because it is unprofessional, but I have to (speculate in stocks). Many big investors are forced to (speculate in stocks). (…) You know what, I hate this system. (…) When a stock price increases, the first thing I think is to check the volume to see if it is a banker trying to bait the investment or not. I will not see it as the investors' faith in this listed company. (…) The market is chaotic. (…) I have to check the price change from time to time, because most of the investors are speculating, and they will buy or sell at any second. I am tired and nervous. (…) China's stock market sucks. (P10, July 25, 2013)

The data show that some big investors are forced to change the systematic, patterned, and stable practice of explaining and predicting the stock prices for multiple reasons, such as the unpredictable trading practices of the profession have-lesses, the weak law enforcement, the overwhelming power of the nation on the market, and other big

investors' manipulation of the market. They position themselves as bankers instead of professional investors, which is associated with risk. Even though the position of a banker means control and larger profits, the big investors are not secured by this position.

The profession have-lesses, who do not have much professional training in finance and most of whom are small investors, either make sense of the information by guessing or shift to other practices to make sense of the stock prices. The practice of guessing is different from explaining and predicting because it is detached from the meanings of professional skills or expertise. The investors without professional training in stock investment deny making sense of the information by analyzing or investigating. For example, P1 laughs when I ask him if he is "analyzing the stock prices."

> No, no, I am not analyzing. I am just blindly guessing (*xiacai*) what these stock prices really mean. I am not so sure. I have to take a risk by gambling. I hope I am lucky this time. Let's see. If it increases to 5.2 yuan, I will sell it immediately. (P1, July 15, 2013)

P1 regards his position as a guesser and a profession have-less as risk. He and some other profession have-lesses use the term "blindly guessing" to describe the process of guessing, which is unsecured and unstable because there are no patterns, rules, or theories for the profession have-lesses to follow to make sure of their accuracy. He also uses the metaphor of gambling to refer to his practice of guessing, the accuracy of which depends on uncertain luck. These profession have-lesses do not usually trust

their decisions. P1 says, “I don’t dare to put my money in the stock market for a long time. If I luckily make some quick bucks, I sell the stocks.” These guessers describe the short-term trading practices after the practice of guessing as speculation and attach meanings like “quick buy and sell” or “blindly guessing” to the concept.

Since the guessing practice produces risk in relation to inaccuracy, the small investors who are profession have-lesses usually shift to other practices to produce a sense of security, for example, consulting the stock opinions or reading the profession have-mores’ stock comments.

> I consult the teacher (*laoshi*) Wang for his opinion about the market [consulting stock opinions] when I cannot interpret the tendencies of stock prices [evaluating practice]. (…) I am fond of several other stock commentators (*gupingjia*) as well. I read their columns in the newspaper to see their predictions of the future prices [obtaining stock comments]. (P4, August 5, 2013)

When P4 uses the terms teacher (*laoshi*) and stock commentator (*gupingjia*) to describe the profession have-mores, she positions them as sharers with expertise in analyzing stock price information. By shifting to practices like consulting stock opinions or obtaining stock comments, the profession have-lesses construct security by obtaining professional explanations and predictions of the stock prices, without analyzing the prices by themselves[7].

[7] The communication of stock comments is analyzed in Chapter 6, and the communication of stock opinions is analyzed in Chapter 7.

However, sometimes the small investors who are profession have-lesses are forced to change their practices in obtaining professional analysis because they position the big investors as bankers instead of professional analyzers. The small investors see the stock prices as a reflection of the big investors' trading practice, meaning they need to know what the bankers are doing to make sense of the stock prices.

> The bankers are very cunning. They sometimes set traps to bait the small investors. (…) You see these tendencies? If I follow the theory, I should buy in. But it could be a trap as well. Analysis does not work [evaluating practice]. (…) I therefore make some calls to find out if anyone has some relevant insider information [obtaining insider information]. (P6, August 1, 2013)

According to P6 and other small investors, they understand their inequality with the big investors in terms of wealth as risk. While the big investors could control the rise or fall of the stock prices, and thus know the reasons behind the changes, the small investors have to find out the big investors' plans in trading practices. In order to do so, the small investors sometimes use the guessing practice to guess what the big investors are doing. However, owing to information asymmetry between the small and big investors, the practice of guessing is associated with risk of inaccurate assumptions of the big investors' trading practice. Thus, they usually shift to other practices like obtaining insider information (*neibuxiaoxi*)[8], which refers to the information of exact trading practices of the big investors, to produce security.

[8] The communication of insider information will be analyzed in Chapter 7.

Summary

For the investors, stock price information in China is currently constructed as a type of public, raw, and basic information. The practices of obtaining and making sense of stock prices are required for the practice of trading stocks, and investors' practice of trading stocks on a big scale influences the stock prices in return. During the communicative practices of obtaining, making sense of the information, and trading in relation to stock practices, the investors identify ICT usage, a professional background in finance, and wealth as crucial factors relating to evaluating the practices.

First, ICT usage is associated with the access and speediness of obtaining stock prices, and the investors use concepts like speediness and convenience to evaluate whether their practice of obtaining information is effective or not. The concept of risk emerges from not only the low evaluation of the investors' own practices, but also the high evaluation of other investors' practices. Previous studies in finance take for granted that stock prices are public information (Eichholtz, 1997), but the data provide an alternative explanation. For the investors who obtained stock prices in the 1990s in China, ICT was not very popular and only served the big investors efficiently. Therefore, the stock prices were not easily accessible to the public, since only the big investors in the Big Investor Rooms could access the latest information of stock prices speedily. However, nowadays, easy access to ICT facilitates the small investors' communicative practice. By using ICT to obtain the latest stock price information, the investors identify equality between the small and big investors, which is associated with the idea of security by the small investors. Thus, by using ICT in their practice of obtaining stock price information, the small investors have constructed a sense of

security, instead of risk.

Despite the popularity of ICT facilitating the construction of equality between the small and big investors in their practices of obtaining stock information, ICT has not helped to produce security in the investors' practice of making sense of the stock prices and trading stocks. The data show that the concepts of profession and wealth are important. Unlike the use of ICT that is associated with easy access, inequality in profession and wealth is difficult to change. The investors employ different practices to make sense of the stock prices, which fixedly locate the investors in unequal positions of profession have-mores and profession have-lesses. The criterion of "accuracy" is used to evaluate the practice of making sense of the stock prices. The profession have-mores have constructed security through the practice of explaining and predicting, while the profession have-lesses produce risk through the practice of guessing. The profession have-lesses, who are mostly the small investors, shift to the practice of obtaining stock opinions and comments to produce a sense of security.

When the big investors cannot produce security related to accurate prediction based on their privileges of their professions, they shift from the practice of analyzing stock prices to the trading practice of manipulating the market. By positioning themselves as bankers, they produce security associated with control over the stock prices. When the big investors skip the practice of analyzing the stock prices and manipulate the market using their capitals, the small investors produce uncertainties in their practice of making sense of the stock practices, because it is difficult for them to predict the big investors' trading practices accurately using solid theories or models. Thus, they are forced to blindly guess or shift to the practice of obtaining insider information to

construct a sense of security.

When obtaining and making sense of the information of stock prices, the investors construct a competitive relationship with other investors. They want to take advantage of others based on their privileged usage of ICT, professional background in finance, and wealth, and thus position other investors as unprivileged groups facing risk. The ICT users, profession have-mores, and wealthy investors use communicative practices to build and reinforce unequal relationships with non-ICT users, profession have-lesses, and poor investors. In other words, they construct the "zero-sum relations" among the investors, because they conceptualize that risk to others means security for them. But the investors, especially the small ones, also construct cooperative relationships when sharing stock price information with each other, with the expectation of help from the inquirers in return.

In addition, the zero-sum relations are associated with risk to the people who are privileged as well, because the corruption, manipulation of the market, and cheating in relation to the competitive relationships among the investors make the stock prices chaotic, which is conceptualized as risk to all investors in the market. The chaotic and unpatterned market forces the investors to speculate on a stock short term, based on the bankers' trading practices, instead of investing in a stock long term, based on the value of the company. This also explains why the investors associate "speediness" in obtaining stock prices with security. Since many of the investors frequently practice trading, the market has become unstable and the investors are forced to obtain the latest stock price information.

Chapter 5 Communication of News

News (*xinwen*) is another important type of information for stock investment. For the investors in China, news refers to a specific type of information related to the public media reporting the latest information. The investors usually understand news as basic and raw information as stock prices, which required being analyzed and then used to generate a piece of directional information. In many cases, the investors would consider news and stock prices as supplementary to each other, and they may obtain both types of information before making sense of them. Unlike stock prices, some types of news, such as national policies and common company news, do not require professional analysis to generate directional information. This chapter focuses on the communication practices that the investors use to communicate news, and the relation between the communication of news and stock speculation associated with risk.

5.1. Different Criteria in Evaluating the News-related Practices

Some similarities are evident between the investors' practices of obtaining stock prices and obtaining news. For instance, ICT usage is a crucial practice for the investors to obtain the news, which differentiates the non-ICT users from the ICT users. In general, the investors use different practices to obtain news, such as watching TV, reading newspapers, listening to the radio, and using computers, tablets, or cell phones. The non-ICT users' practices of obtaining news are influenced by the routines of mass media.

> I buy several stock market newspapers every morning. It has been my habit for more than one decade. (…) They are all very decent ones from which I can learn the news. (…)I usually read them at breakfast before going to the stock exchange hall. I watch the evening news every day, and I also read the evening newspaper to gather news. (P1, June 25, 2013)

From P1's description, we can see that a non-ICT user positions him- or herself as a watcher, listener, and reader when obtaining news. Similar to the watchers in the practice of obtaining stock price information, being merely a receiver in obtaining information seems to locate the non-ICT users in an inactive position. The routine and schedule of mass media determines the time these investors obtain the news (e.g., morning newspaper, evening news program), and the information they receive is selected, filtered, and framed by the mass media as well. However, when those non-ICT users obtain the stock prices, the usual choice is to obtain the information from the electronic board in the stock exchange hall. The sources from which they can obtain the news are more diverse. Thus, they can actively choose the source from which they would like to obtain the news. For instance, P1 selects some "decent" newspapers to obtain the news. Positioning as themselves as selectors, the non-ICT users perceive themselves as more active in the practice of obtaining the news.

As mentioned in Chapter 4, the investors who are ICT users usually obtain stock prices through ICT. However, they practice obtaining the news through both ICT and traditional mass media, and their positions change from users, readers, and watchers to active participants.

> I check the websites like the BBC, the Economist, and several Chinese news websites to check for relevant national and international news from time to time during the day in case something emergent happens, so I can know immediately about the news [speediness].(…)At night, I watch the TV news for information, and I search the Internet to see if there is any updated news for the events I am concerned about.(P9, February 25, 2014)

The ICT users portray their position in obtaining news as more active because they are able not only to obtain the latest news by ICTs, but also to control the process by selecting the targeted information sources or by actively obtaining the news they were interested in whenever they wish. For instance, when I asked P9 why he selected these websites to check for information, he replied, “These websites are professional in releasing the latest and reliable news. I do not want to miss anything important that could influence the market.” As a user, he actively sets the criteria of obtaining the news (e.g., reliability, speediness, and exhaustiveness) and selects information sources based on the criteria. However, even though the ICT users evaluate the practice of using ICTs to obtain the news as effective, they still position themselves in a less active position by obtaining the news through the practice, for example, of watching TV. This indicates that traditional media plays a more important role in communicating news than communicating stock prices.

The question is whether the differences in using ICTs to obtain news are necessarily associated with the sense of inequality among the investors, as they are in the practice

of obtaining the stock prices. Does the use of ICTs really matter? The main criterion associated with security for the investors is the "speediness" in obtaining the information of stock practices, which is satisfied by the usage of ICT. Nevertheless, as mentioned above, the investors use various criteria in their evaluations. Unlike stock price information that is released in a consistent, regular, and comparatively reliable form (e.g., the participants tell me that they "would not worry about the reliability" (P7) of the stock prices they obtained) during the time the stock market is open, the content and the timing of the release of the news is more flexible. The investors do not view all news as the same. They attach different meanings to different types of news and thus set different criteria for evaluating the practice of obtaining and making sense of the news, including speediness, reliability, exhaustiveness, freedom in controlling the practice, accuracy, and completeness. The interview data shows that the investors identified two types of news that they are mostly concerned with: national affairs (*guojiadashi*) and company news (*shangshigongsixinwen*). They obtain international news (*guojixinwen*) and other types of news as well. In the next sections, I analyze how the investors obtain and make sense of these types of news and produce risk through the communication process.

5.2. National Affairs

The investors perceive news of national affairs as crucial in stock investment. They identify two important types of national affairs that were reported by the media: the national policies (*guojiazhengce*) and national economic reports (*jingjibaogao*). The investors describe national policies as the irregular release of government policies, which could be in the form of a talk about national strategies from a high-ranked

government officer or a statement of plan from a government institute. Unlike the irregular release of national policies, national economic reports refer to the regular release of economic reports about national economic matters from government departments or other important financial institutions. The investors use different practices to obtain and make sense of the news of national affairs.

5.2.1. National Policies

The investors perceive some national policies as pieces of clear and directional information that guides the investors' future stocks trading practices. For example, P11 says, "I am mostly concerned about big national policies. For instance, if Xi Jingping shows his support to certain industries or companies, the prices of the relevant stocks will increase (…) If the government increases the duty rate and tries to calm down the market, it is a dangerous sign that we need to 'run' away from the market as fast as possible." When talking about these national policies, the investors use the terms "nation" and "government"; sometimes they use the term "party" or "President Xi Jingping" as well. These terms are replaceable and all refer to China's government, which is seen as an influential, strong, and overwhelming political power over the capital market.

The usage of ICTs is comparatively irrelevant to the practice of obtaining the news of national policies. Most of the participants confirm that they obtain national policies though mass media, especially through the practice of watching television.

> It is unusual for the government to release important news during the time the stock market is open. They do not want to make the

> market unstable. They usually release new policies during the evening news on CCTV (China Central Television, the predominant state broadcaster). Everyone can see the news [access]. (P11, July 20, 2013)

The concept of equality emerges from the practice of obtaining the news through public access to information about national policies, thanks to the popularity of television in China. The concept of public access is also linked to the information source of CCTV. As CCTV is a state broadcaster, audiences in every province and city in China can watch its channels. The investors, being different in their ICT usage, wealth, or professional background in finance, position themselves as merely the information receivers of national policies.

However, do the investors associate this equal opportunity for obtaining national policy information with a sense of security? P10, a big investor with a professional background in finance, labels himself as a "small potato" (*xiaolaobaixing*) in obtaining national policies, and sees the impact of influential national policies as a huge factor of uncertainty in the market.

> Personally, I believe in a free market, but what can I do? I have to follow the government policies, or I will lose [follower].(…)I am just a small potato.(…)Yes, I have a lot of money, but then what? The policies are unpredictable, and they often surprise me [uncertainty]. Faced with the government, my money means nothing. (P10, July 25, 2013)

Like some other big investors, P10 labels himself as a small potato and positions himself as a follower of the state in obtaining information of national policies, with the perspective that the state has absolute controlling power over the market and the nation. Owing to this position, the big investors' "privileges" over other investors, including their expertise, usage of ICTs, and wealth, does not facilitate their sense of security.

The big investors associate all national policies with either encouraging stock investment and supporting certain industries, namely, the "bull news"[9] (*liduoxiaoxi*) or discouraging stock investment and withdrawing support from certain industries, namely, the "bear news" (*likongxiaoxi*). P9 says, "When the party wants the market to go up, it releases some bull news and the market goes up. When the party wants the market to go down, it releases some bear news and the market goes down. There is no security at all." For the big investors, the risk means the state's power to control the market, which is ruled by the party or powerful politicians. The central government's policies, for the big investors, are uncertain because they are not necessarily "rational decisions" (P11) made by professional economists. Therefore, they cannot use their expertise to predict the national policies, such as fiscal policies or public investment. Not only the big investors, but also the small investors with a professional background in finance or economics expressed similar ideas. For example, P6 says:

> You thought we had a market economy (*shichangjingji*)? I told you, our economy is still a strange form of state-oriented economy

[9] The term bull market refers to a stock market with rising prices, while a bear market refers to a general decline of the market.

> (*jihuajingji*). Worse than that, someone who does not have the knowledge about economics at all plans our economy. (…) They just do whatever they want, benefiting their own interests. (P6, August 1, 2013)

Though only two participants (P6 and P11) label themselves as "liberalists," other investors with professional backgrounds also associate the state-oriented economy with risk, while the liberal market is associated with security. For these investors, the speediness of obtaining the latest news of policies is not enough by itself. They try to take advantage of their professional background to stay ahead of the profession have-lesses by predicting the news. However, they perceive the national policies for the state-oriented economy as not professional. Thus, they are unpredictable for the profession have-mores. In their opinion, the policies could "disrupt the market" (P9). Even though, the profession have-mores are forced to position themselves as followers when obtaining information about national policies and trading the stocks following the policies, because of their belief in the controlling power of the state.

The profession have-mores also construct risk in their practice when analyzing the national policies. For the investors, making sense of the news means judging whether the news is bull news or bear news for the market, and the object is to produce a piece of directional information that predicts the future tendencies of the stock prices accurately. The profession have-mores point out that making sense of the national policies requires little expertise. For example, P10 says, "Even an idiot knows what the government wants," because "the national policies are always very clear and direct."

In other words, the practice of making sense of national policies seems to produce equality, in the sense that those who obtain news of the national policies would probably make sense of them in the same way and reach the same judgment about whether a policy is bull or bear news. The profession have-mores, on the other hand, do not associate equality between them and the profession have-lesses in making sense of national policies with security, since they cannot position themselves at a privileged position where they can predict the stock prices more accurately than the profession have-lesses.

For many of the small investors, especially those non-ICT users and profession have-lesses, the equality in obtaining the news of national policies is associated with security. Even though they understand the state's power over the market as producing uncertainty just as the profession have-mores do, they still see access to the news as producing security, associating it with equal access and similar interpretation of national policies. Due to this equality, the profession haves and big investors could not obtain and interpret the information from a position of privilege, while positioning the profession have-lesses and small investors at an unprivileged position with the uncertainty of the information. Moreover, the small investors also associate the information source of the national policies with reliability. As P4 says, "At least the party does not lie when they release national policies [reliability]. Everyone [equality] needs to face the risk of the policies." P4 also mentions that when she obtains information about national policies by watching TV, she is not worried that she will miss something. "The morning, noon, and evening news broadcast all the important policies," according to P4. The small investors' criterion of exhaustiveness is satisfied

when they evaluate the practice of obtaining news, which is associated with security.

In addition, even though the small investors who are profession have-mores do not associate security with the practice of making sense of the national policies, the profession have-lesses evaluate their practice as effective and satisfactory. “The national policies are easy to understand,” according to P1, “I can easily work out if it is bull news or bear news for the market, and I can make a decision whether to buy or sell stocks.” The small investors who are profession have-lesses do not worry about accuracy in making sense of the national policies. Besides, they are not forced to shift to practices such as consulting the profession have-mores to predict future stock prices. Thus, they have a sense of security related to equality when making sense of the news of national policies, since they can control the communication process themselves rather than relying on others.

5.2.2. National Economic Reports

Another type of news about national affairs that the investors care about is the national economic reports. These reports are, in general, about past or future conditions of the Chinese economy, which are released monthly, seasonally, or yearly by government institutions such as the National Bureau of Statistics of China (2014), the People’s Bank of China, which is the central bank of China (2014), the Ministry of Finance of China (2014), and the Ministry of Commerce of China (2014). The other authorized institutions, such as the Bank of China (2013), also release some reports. P1, a non-ICT user, describes how he obtains economic reports through mass media.

> I get to know the GDP index by watching TV. There are monthly news reports [regularity] about the GDP. (…)I always forget what these abbreviations mean, you know, but the reporters explain them briefly in the reporting of the news. So I can at least have a general idea that the national economy is good or bad. (…) Sometimes I forget the details in the TV news, or forget to watch TV news [unrepeatable]. So I will read the newspapers to know what is going on in our country. (…) The newspapers mention these reports in more detail, but usually they only quote part of the reports [incompleteness]. (P1, July 15, 2003)

For P1, the practice of watching TV is evaluated as a satisfactory way of obtaining and making sense of the national economic reports, because it satisfies the criteria of the "speediness" of obtaining news and "accuracy" of making sense of the news. The time of release for the economic reports is the same for all investors and thus associates with equality between the investors in terms of the speed of gaining the latest reports. For P1 and the small investors who are non-ICT users, their worries of "the risk of being left behind" (P4) are eased by the conceptualization of equality, and they perceive equality as security. The investors also associate the regularity of the release of national economic reports with security. Unlike the national policies, the investors are prepared for when the national economic reports are released. Thus it is easier for the investors, even those without ICT usage, to obtain the latest national economic reports speedily. The TV reporters' explanations of the terms and meanings of the national economic reports generate a sense of equality between the profession have-mores and the profession have-lesses; based on these explanations, profession

have-lesses can also determine whether the reports are bull news or bear news.

However, the investors also evaluate the practice of watching TV as ineffective because they cannot sustain the freedom of controlling the practice. They cannot repeatedly watch the news of the national economic reports anytime they would like. Besides, the criterion of "completeness" is also not satisfied by the practice of watching TV. The national economic reports are usually described as lengthy and complicated, and according to the investors, TV news broadcasts, which are limited in length, usually only quote a part of the reports. The newspapers cite the national economic reports with more detail, but the content is still incomplete. The non-ICT users associate the incompleteness in obtaining the national economic reports with risk, since they are uncertain whether they might miss some important messages.

The investors who are ICT users continue to use practices such as watching TV to obtain the national economic reports, because it sometimes satisfies the criterion of speediness. P10 tells me that he is "unsure" which information source releases national economic reports more quickly: the Internet or TV news programs.

> Sometimes the news websites of social networks are speedier. (…) You know, some institutions release national economic reports at press conferences, but it takes some time for the TV and newspapers to generate the information into news reports. However, the news media journalists do not have to wait that long. They release the news more quickly. (…) But I would say most of the time the TV and the radio are speedy (in releasing the national economic reports). Sometimes the

> government departments allow CCTV to release the economic reports first. (P10, July 25, 2013)

However, compared to the practice of watching TV, the ICT users evaluate their practice of surfing the Internet as satisfactory because the practice can satisfy the criterion of "completeness" in obtaining the news of national economic reports. By positioning themselves as a user of ICT, the investors actively evaluate and use online information sources to ensure they do not miss any important information, thus making sure they obtain more information about the national economy than others do. Further, by using ICT, the ICT users conceptualize the freedom of controlling the practice, which is associated with security for them. For example, P6 tells me how he obtains information from the websites.

> You see that? I check the official websites of the financial institutions of government departments for the full reports [completeness]. Can you see the column entitled "news release"? Let me click that. There it is. I can read and reread it anytime I want [freedom of control]. Sometimes the news websites will release the full reports as well. (…) The news reports (on TV) are too general. I always check the full reports and analyze them myself [making sense of national economic reports]. (P6, August 1, 2013)

When I ask P6 what he means by the term "too general," which he uses to describe TV news reporting of national economic reports, he states that the TV news programs try to provide the most crucial information from the reports, thus not only missing

some other information, but also focusing too much on the whole national economy. P7, P9, and P10 agree that they would like to obtain more detailed data about the specific industry, because it may be more sensitive to the stock prices of a listed company, instead of the only getting information about the national economy on a grand scale.

P6 also mentions that obtaining all the national economic reports could facilitate his practice of analyzing the information with his professional background in finance. The participants agree that making sense of national economic reports is important in stock investment. P11 explains why she is so concerned about the national economic reports:

> By its very nature, the stock market cannot be isolated from the national economy. In theory, if the nation's economy is very healthy, some of the listed companies have a better chance to earn more money. You know what I am saying? The value of some companies has a better chance of being increased. (…) It suggests that the more faith people have in the national economy, the more faith they have in the future of listed companies. The investors are willing to invest more money if the reports show that China's economic status is good. The economic reports can be great bull news. (…) Of course, (they can be) bear news if the reports show that the economy is not good. (P11, July 20, 2013)

For P11, making sense of the national economic reports has three meanings. First,

interpreting the reports about the status of the national economy enables her to construe the reports as bull news or bear news. The profession have-mores use the practice of interpretation to analyze the data shown in the reports, and therefore to judge whether the recent economic status of China is good or bad based on their expertise. If the status of the national economy is good, the report is considered bull news; if poor, the report is considered bear news. A professional background in finance is linked with security in accurately interpreting the influence of the national economic reports. Those profession have-mores who use ICT also associate the completeness of the information they obtain with the security of accurate explanations.

The information have-nots, instead, rely on obtaining stock comments from the TV news programs, newspapers, and the obtaining of stock opinions from the profession have-mores in person to interpret the reports as bear or bull news. For example, P1 and P3 explain that they obtain explanations of the national reports from the stock commentators by watching TV programs and reading newspapers. P4, P5, and P7 mention that they usually consult the profession-haves for their stock opinions in person in relation to the national economic reports. Even though they relate risk to their lack of ICT usage and professional background in finance, they try to generate security by obtaining professional analyses from the profession have-mores. The concept of stock comments and stock opinions will be further analyzed in Chapter 6 and Chapter 7.

Second, making sense of national economic reports means identifying the particular listed companies that might be sensitive to the reports, which is a process of specialization from the information contained in the general reports. In other words,

the investors use communication practices to answer questions such as, “Which companies are influenced by this bull (bear) news?” (P5) Unlike national policies that are usually more specific in targeting particular industries or companies (for example, P8 says that a policy that restricts peoples’ trading of real estate would be bear news for the real estate companies), the national economic reports are very general. For instance, P10 says, “The data about the exports and imports of our nation are related to thousands and thousands of companies and institutions. I need to analyze the data thoroughly to find out which listed companies could be related to the data.” The investors with a professional background in finance position themselves as analyzers to describe the general reports more specifically as either bear news or bull news for particular companies. They evaluate this practice of analyzing with the criterion of accuracy, the security of which is associated with their professional background in finance and the entire information presented in national economic reports, which they obtained from the mass media and through ICT. Again, the profession have-lesses obtain stock opinions and stock comments through different communication practices to describe or interpret the impact of general national economic reports.

Third, making sense of national economic reports helps predict future national economic conditions. Unlike national policies, which are perceived as unpredictable in their content and time of release, the profession have-mores indicated that the national economic reports are not only regular in their time of release, but also predictable in their contents. P11 says that the professional analysts can find “patterns” in the economy based on past national economic reports and other information. “For example, the seasonal economic reports are always about what happened in the previous season, but based on the data at hand, I can foresee whether

the next report will be bull news or bear news." (P11) The investors mention that some national economic reports are about predictions of future economic conditions. P6, P9, and P10, for example, all identify yearly reports from the Bank of China (2013) about the future of the economy as very useful for predicting China's future economy. P10 says, "I think it is a good reference. I would like to look at other people's analyses to see if they are consistent with my predictions. It helps me to make a more accurate prediction." Thus, the profession have-mores can use the practice of predicting to generate a general idea about future national economic reports at quite an early stage, which is associated with security for them since they would be less uncertain about future national economic reports.

Despite the profession have-lesses trying to foresee future economic conditions by obtaining public news reports about national economic reports that analyze the future economy of China, they evaluate the practice as unsatisfactory because they are positioned merely as followers, who cannot verify or judge the accuracy of the predictions in the reports. For example, P4 advises, "I am not sure if the experts (who wrote this report) are right or not. I have to follow it. I cannot know the future (economic) tendencies by myself." Thus, they produce risk related to the uncertainties of accuracy in other people's predictions of the future economy, and the passive self-position of merely following others' analyses. The profession have-lesses construct uncertainty in the practice of predicting the future economy more often than in the practice of interpreting and describing the economic reports. P1 explains, "After one day, two days, or three days. (…) I can know whether the experts' analyses of the economic reports are right or wrong from the stock prices. But who knows what will happen in the next season? The experts can say whatever they want, and pretend they

have say something different if it turns out that their predictions are inaccurate." Though positioned as followers of the profession have-mores, the profession have-lesses produce distrust towards the profession have-mores in accurately predicting the future economy, which is associated with the idea of risk. P1 also mentioned the experts' lack of responsibility in sharing their predictions, which will be analyzed further in Chapter 6.

The investors not only conceptualize distrust in relation to the experts, but they also associate the term "distrust" with all national economic reports. As mentioned above, P11 says, "In theory, if the nation's economy is very healthy, some of the listed companies will have a better chance to earn more money." I ask her what is meant by "in theory."

> It means that the condition just happens under an ideal circumstance. You know, some people do not trust the economic reports. I am not sure, but you know, the local officials would like the data to be polished so that they can remain in their positions or get promotions. It is possible that they fake the data. The nation is full of corruption and cheating, so it is possible. (…) Anyway, what we mostly care about is that we can earn more money from the stock market. If the report is bull news, it is good enough for me. At least the companies seem to have a better potential to earn more money, and the investors would pretend that they are investing in them because of that. (…) Indeed, we invest in them just because the stock-price has a better chance of increasing due to the bull news. We do not really have faith in the

economy or in these companies. (P11, July 20, 2013)

P11's uncertainty is correlated with uncertainty not only towards the stock market as a whole, but also towards the specific listed companies that may be associated with some indicators in the reports. Thus, the investors tell me they would buy and sell stocks quickly after making sense of the national economic reports, acting on the assumption that other investors would speculate in the market following the national reports, instead of believing that the reports reflect actual future tendencies of the national economy and some particular listed companies. "If the data like GDP is really reliable, we would like to make long-term investments. Who would not want to? It's more stable," says P10 to me, "But I am not sure about these data. We have to speculate, earn the money, and withdraw quickly."

The profession have-mores also associate distrust in the reliability of the national economic reports with a sense of insecurity in the practice of predicting future economic conditions. P6 and P9 tell me that if the basic information of the economy is biased, the accuracy of the prediction concerning future economic conditions will be lower. They conceptualize risk in relation to the distrust towards the reliability of the national economic reports. P6 says, "I do my best to predict the future economic conditions (of China). But if some of the data is faked, it is more difficult (to do so). I just hope that if they fake it once, they fake it twice, so at least the general tendency of the fake reports will be consistent." The investors are forced to adapt to the corrupt political system to make sense of the information that they do not trust. They separate the economic conditions from the economic reports. Therefore, making sense of the reports does not mean making sense of the economic conditions for the profession

have-mores; instead, it means construing the reports as good news or bad news for the stock market, without referencing them to the economic conditions.

While associating the low reliability of the national economic reports with risk, the investors perceive the positions related to uncertainty about economic conditions as equal. P5 says, “No one knows whether the reports are true or not. Even the central government might not have a solid answer.” The professional have-mores insecurity towards this sense of equality because, as mentioned above, they have more difficulty locating themselves at a privileged position than the profession have-lesses in understanding or predicting the national economy more accurately or in advance. The big investors also point out that they perceive equality in relation to risk, because it is hard for them to practice, for example, stock talk[10] that is based on interpersonal relations with the insiders to obtain more reliable information. P9 adds, “If it’s about the information of a company, maybe I can find a solution (to gain more reliable information). But who the hell knows the real conditions of our nation?” A professional background in finance and wealth cannot guarantee them a higher and more secure position related to risk.

As mentioned above, the non-ICT users regard the news reporting of national economic reports from the mass media as incomplete. However, investors usually neither obtain the national economic reports by using the practice of stock talk nor share information about the reports. For instance, P4, who is a non-ICT user who often asks her friends to share the latest stock price information with her, says, “It is unnecessary” to ask others for the national economic reports in their entirety, since

[10] Stock talk and interpersonal relations (guanxi) would be examined in Chapter 7 in-depth.

she cannot make sense of them as a profession have-not. “I obtain professional opinions about the reports directly,” P4 says. While P4 regards the lack of freedom in controlling the practice of obtaining national economic reports as risk, she suggests that it is more efficient for her to obtain the experts’ analysis of the reports. I believe that this is because most of the non-ICT users are also the profession have-lesses. Since they cannot interpret the raw information of national economic reports professionally, they sometimes shift to obtaining more directional information from the profession have-mores, who tell them if the reports are bull or bear news. The profession have-mores also report that they are often asked to share their opinions on the national economic reports. P9 says, “Everyone watches the TV news. Everyone knows about the reports, more or less (…) But the national economic reports are just raw data. What people are concerned about is whether the market would rise or fall (related to the reports).”

5.3. Company News

For the investors, company news refers to the business news related to the listed companies in the market. When describing the news of national affairs—regardless of national policies or national economic reports—the investors typically use general terms like “China,” “the national economy,” “the market,” and “the industry” to describe the huge influence of this type of information on stock investments. Nevertheless, when describing company news, investors mention the specific names of the companies that the news is reporting about. This indicates that the investors associate news about national affairs with the whole or a part of the market while connecting the company news to one or several listed companies. When making sense of company news, the investors do not usually specify or narrow down the

information to identify the specific companies that the news refers to. This is because the targeted companies are clearly mentioned in the company news. The investors conceptualize two types of company news that they are concerned about: The common news of the listed companies (which does not include financial statements), the release time of which is usually irregular, and the regular financial statements of the listed companies.

5.3.1. Common Company News

P1, a small investor who does not use ICT, describes how he obtains the common news of the listed companies:

> See? There are so many listed companies. I can't gather all of them [exhaustiveness]. (. . .) I have to focus on the news (of the companies) I am interested in to see if any news about them turns up in newspapers and TV programs [mass media]. (. . .) But I am still worried about [the risk] that I will be the last person to know some important news [speediness]. You know, breaking news can be released at any time [irregularity]. So, I ask my friends in the stock exchange hall who use computers for help to see if there is any company news [inquiring]. (P1, July 15, 2013)

From P1's description, we can see that he evaluates the practice of obtaining company news using the criteria of exhaustiveness and speediness, and risk arises when he is uncertain about certain criteria being fulfilled. P1 positions himself as a "selector" by obtaining news of particular companies in response to the risk related to

exhaustiveness. While faced with a lack of speed, without the use of ICTs, he shifts to the practice of inquiring from others instead of reading newspapers or watching TV. Positioning himself as an inquirer and a friend to ICT users, P1 obtains the company news more actively. As mentioned in Chapter 4, unlike the practices of watching TV or reading newspapers, the practices of stock talk such as inquiring, sharing, and consulting require, produce, or reinforce interpersonal relations such as friendships and kinships. During the shifting moments of practice, the non-ICT users construct the idea of equality with the ICT users thanks to a practice that involves personal interactions and equality, which is associated with the non-ICT users' concept of security.

However, what about the people who share company news with them? P5 mentions that he frequently practices sharing company news: "We know each other's investing conditions. (. . .) So, when I see some breaking news from news websites or my stock software about the listed companies that my friends have invested some money in, I tell them." By positioning himself as a deliverer of news, P5 evaluates the sharing practice as satisfactory since sharing news means he is helpful to and friendly toward other investors. Just like sharing information about stock prices, sharing the latest company news means that the investors build up interpersonal relations with the mutual understanding of exchanging favors. These relationships are more cooperative than competing.

These small investors who exchange information about the common company news also attach the meaning of equality to this cooperating relationship. For instance, both P1, who asks ICT users to help him, and P5, who is an ICT user sharing the company

news with non-ICT users, describe the sharing practice as “not a big issue” or merely “a little favor.” This is similar to the practice of inquiring and sharing stock prices, which means that all the investors regard the two types of information as raw (without professional analysis) and easily accessible (for its public access through mass media, ICT, etc.). Thus, the common company news is constructed as low value, the sharing of which would not assign the sharer to a higher or privileged position.

However, even though the common news of the listed company and the stock prices are both constructed as raw information, the investors explain that unlike making sense of the stock prices, making sense of the common company news does not require a professional background in finance. P7 says, “It is obvious whether the news (of the company) is bull news or bear news. If the news reporters say good words about what kind of new products the company is selling, for example, it is bull news for sure. If they talk about the difficulties that the company is faced with, it is bear news. Even idiots can see that.” From P7’s statement, we can see that making sense of the common company news mean two things. First, it explains whether the news is good news about the company that encourages the investors to invest their money, or if it is bad news about the company that encourages the investors to withdraw their investments from the company. Second, the practice of interpreting the common company news is associated with equality since a professional background in finance is not necessarily required, and both the profession have-mores and profession have-lesses would probably generate the news into similar directional information.

The investors say that they evaluate the practice of making sense of the common news of the company by the criterion of accuracy. As mentioned above, since the common

company news is not difficult to make sense of, it is assumed that the investors will take the similar practice of trading stocks, and the stock prices will go up or down consistent with the investors' judgment of the news. However, the investors, especially the small investors, produce uncertainty here related to the low accuracy of predicting the stock prices. This is because the small investors, regardless of whether they are ICT users, non-ICT users, profession have-mores, or profession have-lesses, attach the meaning of unreliability to the information of common company news. For instance, P5 says that even though he could obtain a large amount of the latest company news at speed thanks to the usage of ICTs, the practice itself is useless. He adds that he does not trust the company news at all.

> I was fooled by the (company) news several times. They released some bull or bear news just because the bankers wanted to bait us small investors [unreliability]. The media were corrupted [corruption]. They took bribes from the companies and then released the news containing fake contents [cheating]. (. . .) I trust nothing in (company) news [distrust]. You know what, if it is bull news, you should be careful. Don't be hotheaded or your money will be robbed by the bankers. (2013, July 15, P1)

When P5 says "bankers," he uses he metaphor to construct the meanings of the big investors as rich, powerful, and manipulative cheaters. He also uses the metaphor of robbery to construct the cheating behavior of the big investors as illegal and unethical. The small investors position themselves as victims who are fooled into the practice of making sense of the common company news, and they position the listed companies,

the big investors, and the media as cheats. Owing to the unequal positions between the big and small investors, "zero-sum relations" are produced in the sense that the small investors' risk of loss is understood as the big investors' security in gains. The small investors also make comparisons between the news of national policies and the companies, advising that the news of national policies is more reliable. "At least it is impossible for them (the bankers) to buy the central government," says P5. "I can endure the risk of national policies because at least all the investors are facing the risk. It bothers me that the big investors use their money to manipulate the market, and us small investors are faced with danger."

Those big investors who do not admit that they have used the common stock news to manipulate the market also agree that the cheatings are "very usual" (P11) in relation to the company news. Thus, they associate distrust with the common stock news as well, thereby producing uncertainty related to the distrust. To produce certainty, they shift from obtaining company news to the practice of obtaining insider information[11] from the bankers or the managers of the company to verify the news. The big investors' professional background in finance is not associated with security. They have to either position themselves as bankers, manipulators, or cheats using their advantages in wealth and personal relationships with the businesspersons to construct security, or else they position themselves as inquirers to obtain insider information about other big investors' and businesspersons' practices of producing common company news and trading of stocks.

[11] Chapter 7 analyzes insider information in-depth.

5.3.2. Financial Statements of the Company (*Caibao*)

Another type of company news that the investors are concerned with is the company's financial statements. The investors describe financial statements as documents that outline the economic conditions of the targeted company; these documents are regularly released.

> The government asks all the listed companies to publicize their financial statements every six months and every year. We all know when it will be released [regularity]. (. . .) After the release of the statement, TV news programs, news websites, and social networks report them immediately [speediness]. (. . .) I do not worry about missing this type of information. (P6, August 1, 2013)

Similar to obtaining the common company news, the investors obtain the news of financial statements from both the mass media and ICTs, practices that satisfy the criterion of speediness and produce a sense of security for both ICT users and non-ICT users. The regularity of the release time of the financial statements of the listed companies is also associated with security for the investors. However, even though the investors conceptualize multiple ways to release the regular financial statements of the listed companies with the idea of equality between the ICT users and the non-ICT users, the non-ICT users point out that the practice of watching TV news does not satisfy the criterion of completeness in obtaining the financial statements. The national economic reports and the financial statements of the listed companies are described as long and complicated because of the extensive data they contain

regarding the economic conditions of the companies. The investors explain that the TV news only reports whether the company has deficits or earnings. Compared to the non-ICT users, who can only obtain incomplete financial statements from practices such as watching TV, the ICT users can check for the full reports online on the news websites. P4, a non-ICT user, says that it bothers her that she might miss some data contained in the reports, but she also mentioned that "it is more important" (P4) to understand the financial statements (whether they are bull news or bear news).

> Even if I can read the full reports online, I can't understand them. I do not understand the complicated data [making sense of news]. I do not have the professional knowledge to do so [profession have-lesses]. I just want to know whether the statement is bull or bear news. (. . .) The TV news reporters would say if the company has earned or lost some money this year [obtaining explanations]. That's enough for me [evaluating practice]. I want to keep it simple. (P4, August 5, 2013)

For the investors, the public release of the financial statements of the listed companies through mass media and ICT, and the regularity of the release date of this type of information facilitates the production of equality between the ICT users and the non-ICT users in their practice of obtaining news. In addition, easy access to the simple explanation of the financial statements helps investors produce equality between the profession have-mores and the profession have-lesses in making sense of the financial statements. The latter factor also enables the non-ICT users to construct a sense of security in understanding the financial statements without obtaining the full statements via ICT.

However, the small investors still produce uncertainty related to obtaining the listed companies' financial statements. First, even though the criterion of speediness in obtaining this type of news has been satisfied by almost all the investors, the small investors assume that some of the big investors can still obtain the financial statements quicker than they can through the practice of obtaining insider information. P4 says, "Some companies leak the information to the big investors. They (the big investors) set everything up in advance, and the small investors have to buy the stocks for a higher price or sell the stocks for a lower price." For P4 and other small investors, inequality in the timing of obtaining the financial statements is associated with risk in relation to the trading practice. When evaluating the trading practice after obtaining financial statements, the investors construct zero-sum relations between the big and small investors because the quicker reactions of the big investors in trading are perceived as a risk to the small investors; thus, the small investors would not buy or sell the stocks with more decent prices.

Both the big and small investors mentioned that the reliability of the financial statements is highly questionable, and they link this unreliability with risk. P11 says, "What I worry about is whether the financial statements reflect the true conditions of the companies or not. Some of them (the companies) cheat on their financial statements. It's not a secret." P5 mentions a similar idea: "The companies give bribes to the accounting companies to fake financial statements. Indeed, some of the listed companies are not qualified enough to be in the market. "

The investors construct distrust toward the reliability of financial statements in

relation to the social problems of bribery, corruption, and cheating. For them, the concept of unreliability means three things. First, they link the unreliability of financial statements to their short-term speculation in trading stocks. The investors explain that they have little faith in the long-term running of the companies, and even with a very positive financial statement, this is regarded as big bull news, and they do not want to put money in the stock market long-term. For example, as P2 points out, "The problem of the company will finally show up. They fake it (the financial statement) once, twice, but not forever. I need to withdraw (my money) from it (the stocks) before the economic problem of the company eventually bursts out."

Second, the profession have-mores regard the unreliability of financial statements as risk because they are unable to make accurate predictions of the future financial statuses of the companies. P10 says: "If every financial statement is generated with honesty, I, as a professional analyst, certainly can explain it efficiently and predict the future tendencies of the company with the help of past financial statements and other public information. But they are not (generated with honesty). My profession is useless." P10 and other profession have-mores explain that making sense of financial statements based on their professional background in finance is associated with security for them because not only do they have some theories to rely on to make sense of the financial statements accurately, they can also locate this information themselves in a higher position compared to the profession have-lesses when predicting the future financial statements of the company. Thus, they associate the financial statements with uncertainty because the accuracy of their professional analysis is evaluated as very low.

Third, the investors construct inequality in relation to the unreliability of financial statements. For the investors, the unreliability of national economic reports is related to equality because almost no one can obtain all the information regarding the real economic conditions of China. However, as mentioned above, some of the big investors, who can give bribes to the high-level managers or accountants in the listed companies, may obtain reliable insider information about the companies. Thus, the big investors can produce security and position at a privileged position related to risk, while the small investors are positioned at an unprivileged position related to risk.

5.4. International News (*Guojixinwen*)

For the investors, the news about national affairs and the company news are constructed as crucial news in stock investments. For them, the practices of obtaining and making sense of these two types of news are necessarily required for the practice of trading stocks. Only a part of the investors include obtaining and making sense of international news and other types of news in their communicative process of stock investment. P3 explains why she does not regard international news as important for stock investment.

> People always say globalization, globalization, globalization. Yes, our economy is globalized. But our market is not globalized. It is closed. Foreign investment is highly restricted. (. . .) I think that relevant national news is more important. The global issues are too distant. The stock prices are not sensitive to them. (. . .) Even though they influence some listed companies, I can't tell which ones by myself. I obtain the

> stock comments about the global news as reference. (P3, August 5, 2013).

From P3's very typical description, we can see that the investors attach three meanings to international news in relation to stock investment. First, international news is constructed as distant in the sense that the international capital's practice of trading stocks is restricted in China's stock market. As discussed above, the investors' construction of bull and bear news is to predict other investors' trading practices. Since the stock market in China is perceived as closed (because the outsider investors cannot freely invest in it), the investors mostly care about the national news that serves to predict the national investors' trading practices. For example, P10 explains that the stock investment in China is a "game only for the insiders to participate in." Second, the international news is constructed as relevant in the sense that the investors perceive the national economy as globalized, which is affected by global issues. The investors regard international news as having the potential to be transformed into the news of national affairs or the listed companies. Thus, to make sense of international news is to transform it into national or company news and explain it as bull or bear news. According to the investors, a professional background in finance is required to make sense of international news accurately.

Since the stock market is perceived as closed, the global issues are constructed as an indirect and distant influence on the financial market in China. Some investors, especially the profession have-lesses who cannot transform the international news into bull or bear national news or company news, do not regard obtaining the latest international news as a compulsory process in stock investment. They shift to obtain

the stock comments or stock opinions from the profession have-mores. For the profession have-mores, to obtain and make sense of international news is not only required by the practice of making sense of national and company news and the stock prices, it is also required through the practice of sharing stock opinions or stock comments.

> Every professional analyst needs to pay attention to the international news. I do not believe that it has a direct influence on our market since our market shuts its door to foreign capital, but it affects some of our industries long-term, and eventually it is reflected in the financial statements of the listed companies [company news]. (. . .) So, when I analyze the stock prices [making sense of stock prices], I take into consideration the international influence. (. . .) Also, as a stock commentator (*gupingjia*), I frequently mention my analyses on the international news [sharing stock comments]. I check first-hand business news every day on English [language] news websites [obtaining international news]. It shows my profession. My biggest fear is that my clients do not trust me [risk]. I need to show them my profession to make them trust me. (P8, February 26, 2014)

For P8, the practices of obtaining, making sense of, and sharing analyses of international news positions him as a professional analyst and stock commentator. Not only P8, but also P6, P7, P9, and P11 mention the term “first-hand” (*diyishou*) to describe the international news they obtain. For these profession have-mores, the term has two meanings. First, the international news they obtain is probably the latest news,

not reposted information. Using ICTs, the profession have-mores are able to practice obtaining the latest news. They mention that obtaining the latest international news means they can make sense of it quicker than others, and by doing so, they can be positioned as professional analysts who share stock comments or opinions that most other people do not know. Second, it means that the ability to read foreign languages (like English) is required to obtain the news since the original sources are not in Chinese. For the investors, the requirement of the English language is also associated with their position as professional analysts. For example, P4 says that she respects those experts who can use English since English learning in China is related to a high level of education (McKay, 2002).

The profession have-mores, especially those who work as stock analysts or stock commentators, associate people's distrust toward them with risk. By obtaining the latest international news using their foreign language ability, making sense of it by identifying the influence of international issues on the national market using their professional background in finance, and sharing their professional opinions about international news, they construct security in reinforcing and reproducing their position as profession have-mores, which is linked to the people's trust toward them. Like the small investors, they believe that international news does not affect the financial market in China directly. As a result, obtaining and making sense of international news does not directly link with the profession have-mores' practice of trading stocks.

Summary

The investors perceive the news of national affairs and listed companies as important

information in the communicative process of the stock investments. For the investors, making sense of the news determines whether it is bull news (encouraging the trading practice of buying) or bear news (encouraging the trading practice of selling) to the targeted companies. Some of the news, such as national policies and common company news, can be explained as bull or bear news without a professional background in finance. Other types of news, such as national economic reports and financial statements of the listed companies, require professional analysis.

By obtaining the news through mass media and ICT usage, some investors, especially non-ICT users, conceptualize security in relation to the equal access of the latest news. The profession have-mores try to predict national economic reports and financial statements of the companies in advance, but they evaluate the predictions as unsatisfactory in accuracy in relation to the unreliability of the past reports and statements. Since they cannot use the practice of professional analysis to gain a higher position in obtaining news such as financial statements, the big investors take advantage of their wealth to obtain insider information about the financial statements of the listed companies. They also position themselves as the original sharers of the bull or bear company news to manipulate and cheat the small investors.

In the communication of news about national affairs, the investors, especially the wealthy and/or profession have-mores, conceptualize risk in relation to a mixture of different things: the belief that the state has the absolute power to control the market, and the passive position of a follower that is not guaranteed a privileged position in stock investment, the position of which might be achieved by their money or profession. They also conceptualize risk in relation to the uncertainties about national

policies and the unreliability of national economic reports, which those small investors, who do not have professional backgrounds in finance, perceive as acceptable since they produce a sense of equality among the investors when faced with these uncertainties.

In the communication of company news, the idea of risk occurs when the investors evaluate the predictions of other investors' trading practices as inaccurate since the information that they make sense of is unreliable. They construct the concept of unreliability in relation to corruption, bribery, and cheating inside and outside the stock market, and they construct distrust toward the law enforcement, the listed companies, the accounting companies, and the media. The profession have-mores cannot use the practice of professional analysis to produce security related to their professional background in finance. Thus, the big investors shift to practices such as sharing company news or obtaining insider information to sustain a privileged position over other investors. The small investors associate the inequality between them and the privileged groups with risk. The zero-sum relations among the investors are constructed in the sense that the big investors' security is linked to the small investors' risk. The distrust of the reliability of the news eventually persuades the investors to speculate in stocks rather than invest in them long-term since they are uncertain about the true value of the companies. The uncertainties are even expanded due to illegal activity like cheating, circulating insider information, and manipulating the market in relation to the communication of news.

Chapter 6 Communication of Stock Comments (*Guping*)

As discussed in Chapters 4 and 5, the investors use different practices, such as obtaining or making sense of the raw information, to generate a piece of information that is perceived as a directional prediction of the future tendencies of the stock market or a particular stock. Following this, they trade stocks based on this information. Unlike stock price information and news, which are considered public and raw information with low value, the investors perceive the directional information related to the future tendencies of stock prices as valuable information, since this information can lead to people directly trading stocks, which is the ultimate goal of the communicative process of stock investment. The investors identify three types of information that can lead them to trade stocks: stock comments (*guping*), stock opinions (*kanfa*), and insider information (*neimuxiaoxi*). Chapters 6 and 7 analyze how these three types of information are communicated. This chapter focuses on the communication of stock comments.

6.1. Demanding Directional Information: Investors' Distrust Of Institutional Investors

As mentioned in Chapters 4 and 5, by making sense of the raw information, such as stock prices or news, some investors, particularly the profession have-mores, produce directional information about the future tendencies of the stocks and the market. Specifically, they produce professional explanations and predictions regarding the trading practices of investors on a large scale. However, as mentioned in Chapters 4 and 5, the profession have-lesses are unable to conduct a professional analysis of the

raw information, with the exception of information that is directional, such as news on national policies. In many situations, they can only make guesses about the future tendencies of the market. This guessing creates risk for the profession have-lesses, since investors consider the practice to be ineffective due to the low accuracy of the directional information it generates.

Of course, the profession have-lesses, most of who are small investors, can choose to let the professional and institutional investors analyze the information and trade the stocks for them. By positioning themselves as clients and the big investors as agents, the profession have-lesses can increase their security as a result of the agents' professional predictions based on the pertinent information. Indeed, an anonymous high-ranked officer at the Hong Kong Stock Exchange advised that allowing institutional investors to handle stock investment is an effective way for small investors on the mainland to avoid risk.

> The profession have-lesses in mainland China should opt for mutual funds. Investing in individual stocks, unless you are wealthy enough to afford a diversified portfolio, is not usually a wise strategy for individuals. If you want to speculate, use only money that you can afford to lose (Anonymous high-ranked officer at the Hong Kong Exchange, June 4, 2013).

According to the officer, it is common in Hong Kong for the profession have-lesses to entrust institutional investors with communicative practices, such as obtaining and analyzing information, and to trade stocks for them. If a profession have-not insists on

investing in the stocks by him- or herself, the officer from the Hong Kong Stock Exchange believes that he or she is speculating rather than investing professionally in stocks, which is associated with uncertainty due to the directional information that is produced. However, as mentioned in the Introduction, the majority of investors in China are not institutional investors and many of them are profession have-lesses (Shanghai Stock Exchange, 2013). Among the participants in this study, only P12, a big investor, entrusts a fund to invest in stocks on his behalf long-term. The other participants prefer to invest in stocks themselves. P12 says that he entrusts the institutional investor to invest in stocks on his behalf because of a kinship relation.

> You know, a lot of fund managers are actually cheaters. They promise a lot but do little. They do not care about your money [distrust in ethics]. They do not have the real ability (in stock trading) [distrust in profession]. Luckily, my brother-in-law's cousin works in a fund. We are family [kinship], so I can trust that he will take my money seriously. So, I let him do all the analyzing and trading stuff [trust]. (…) I do not know how to do stock investment, and I do not want to blindly buy a stock [profession have-not]. I feel good that my family member can help me handle that [security]. (P12, February 5, 2014)

P12, similar to other investors, distrusts the ethics and professionalism of institutional investors. This distrust of financial institutions is a global phenomenon, as it is also occurring outside China, including in the different economic entities like United States (Schiller, 2003) and Russia (Spicer & Pyle, 2002), and it has led to people withdrawing money from funds and banks. However, this withdrawal is not solely

due to distrust of the profession (Beck, 1992), as peoples' distrust of financial institutions is linked with other social dimensions, such as weak governmental regulation of institutional investors, which has led to illegal activities by institutional investors. For instance, P2 says that "The government should supervise those funds, or there is no guarantee at all." Thus, investors face uncertainty related to the contractual obligations of institutional investors, and so they are reluctant to let institutional investors, such as fund managers, invest in stocks for them.

Only P12, because he has a family member who is an institutional investor, trusts the financial institutions, and this is based on interpersonal relations (*guanxi*) rather than contractual obligation. As discussed in Chapters 4 and 5, the term interpersonal relations in China refers to a mutual understanding between people to exchange favors, and kinship is a strong type of interpersonal relation, as it is rooted in the powerful family ties inherent in Chinese society (Tsui & Farh, 1997). Outside of kinship relations, interpersonal relations are usually regarded as fragile, as they are not protected and guaranteed by law (Lu & Reve, 2011). P5, who previously invested in a fund for a short period of time, explains that sometimes people would entrust a fund because they had "some interpersonal relations with the funder manager." Since the relational obligation is also weak, P5 describes entrusting as a huge uncertainty for him. He says, "I tell you the truth. I did not sleep very well during the period when I gave my money to the fund." In other words, investors in China associate security with kinship more than other interpersonal relations. When they distrust the relational obligation, the investors, despite being profession have-lesses, are forced to take control of their wealth and handle it themselves. They are not taking blind risks and speculating on stocks, as suggested by the official at the Hong Kong Stock Exchange,

but rather they are choosing to trade stocks on their own to ensure a sense of security.

P8, an institutional investor with years of experience working on Wall Street, suggests another factor that may contribute to the investors' distrust of financial institutions: the state-oriented economy in China. He admits that the fund managers and stock analysts care little about investors' money. P8 says, "The way we are being paid here is different from the U.S.A. For instance, the salary is limited and is not based on the money you gain for your clients, but on the rules set by the funds. So why (should we) work so hard? (…) I know there are some terrible fund managers who have cost the investors a lot of money, and they are not fired and punished." P8 describes the reward system for institutional investors as "getting an equal share regardless of the work done" (*chidaguofan*), which is linked to the egalitarianism in Maoist ideology (Jiang, 2001). P8 says, "It is ridiculous that our financial institutions, which should be mostly capitalized, still stick to the old-fashioned way instead of the rules of the free market." Other institutional investors who participated in this study, such as P9, agree with P8, who conclude that institutional investors who provide great analysis are not paid well enough, while the "cheaters and incapable managers" (P8) are not punished or kicked out of the system.

Since most of the profession have-lesses want to trade stocks themselves, rather than ask institutional and professional investors to handle the job, they must obtain the stock analyses from the profession have-mores, as this information can provide direction when trading stocks. Thus, the demand for stock analysis is increased by the investors' need to obtain information. The mass media, consulting firms, and profession have-mores respond to this huge demand by supplying stock comments

and stock opinions. When the profession have-mores share their stock analysis, the information they share is perceived as either stock comments (*guping*) or stock opinions (*kanfa*). These two types of information are differentiated by the nature of the sharers' and obtainers' communicative practices. When the stock commentators (*gupingjia*, which is a typical type of stock analyst), share explanations and predictions with the public through TV channels, radio programs, and newspaper columns, these explanations and predictions are called stock comments. When investors share this type of information with a particular person or people, instead of with the public, through face-to-face or phone conversations, these explanations and predictions are called stock opinions. As mentioned above, since sharing stock opinions and stock comments requires the ability to make sense of stock prices and news, which requires professional skills, most of these sharers are profession have-mores.

As directional information, stock opinions are usually perceived to be more valuable than stock comments, since investors believe that the profession have-mores will share more complete stock analysis when sharing stock opinions directly. In contrast, stock comments are considered to be public and easily accessible information, as stock commentators do not usually share their original analysis when sharing stock comments.

In some situations, as mentioned in Chapters 4 and 5, professional stock analysis is not associated with security for investors. In order to conceptualize security, investors also try to obtain insider information, which refers to the private information that, by law, cannot be communicated in public. This insider information is considered to be

the most valuable information, since “precise insider information” is perceived to provide a more accurate prediction of the investors’ future practice with regard to trading stocks than stock comments or stock opinions. The communication of insider information does not require professional analysis. The practices adopted to share and obtain insider information are very similar to stock opinions. Both types are shared via interpersonal communications, such as face-to-face or phone conversations. The communication of stock opinions and insider information will be analyzed in Chapter 7.

6.2. Stock Commentators (*Gupingjia*): Sharing Stock Comments

Stock comments (*guping*) provide information from the analysis of the stock market, and this information is shared publicly through TV, radio, newspapers, and online platforms by the profession have-mores, who are called stock commentators (*gupingjia*). As the data indicate, investors in China only consider a piece of information to be a stock comment when it satisfies the above definition. Who practices sharing information(stock commentators), what kind of information they share (explanations and predictions of the stocks) and the way the share it (publicly) are comparatively fixed.

Among the participants, only three label themselves as stock commentators. P6, a 35-year-old small investor who works in a consulting firm, usually shares his stock comments through newspapers, magazines, blogs, and microblogs. P8, a 50-year-old large investor, who works as a senior financial analyst in a stock company, used to be a very active stock commentator. He has been invited by several newspapers to write

columns and by some TV programs to share his stock comments. He still provides stock comments in some newspapers and on the website of a stock company. P9, a 45-year-old large investor, is currently a fund manager and a stock commentator who shares his stock comments in newspapers and on his blog. He has also been on a number of TV and radio programs.

All three stock commentators explain that these days, in China, a person needs to have official certificates, such as the Certification of Securities Professional (Securities Association of China, 2014) or the Professional Certificate of Security Investment Consulting (China Securities Regulatory Commission, 2014), to earn the title of stock commentator. P6 says that some pirate radio shows invite unlicensed stock commentators to share their analysis, but "Overall, the phenomenon seen less and less" (P6). P6 and some profession have-lesses, such as P3 and P4, suggest that the official certifications indicate authority, expertise, and reliability. For example, P4 says, "I heard they (the certificate owners) need to pass many exams. Their expertise has been tested. (…) I trust those with the certifications more. At least they are licensed, not unlicensed (*yeluzi*)." In addition, a stock commentator must share information through the traditional media, such as TV, newspapers, and radio.

> After I graduated from the department of finance with a master's degree [education], I gained a job in a consulting firm. The consulting firms in China encourage their consultants and analysts to work as stock commentators in the media, to promote the reputation of the firm. In order to become a stock commentator, I worked hard to pass different exams to gain the certificates [certification], which are the

> proof that you have certain level of professional knowledge [profession have-mores]. But, they (the certificates) do not mean that you can be a stock commentator. (…) You have to share decent analysis consistently when doing your job [sharing] and build up your reputation among the professionals before managers will recommend you to some newspaper editors or TV producers. I am very lucky to write stock comments for several very decent newspapers. When you are invited by the newspapers, TV programs, or radios [mass media] to share your opinions, it means you are a stock commentator. People listen to your stock comments. People follow you. (P6, August 1, 2013)

According to P6, a stock commentator is not merely a title granted by professional certificates or a professional background in finance. P6 suggests that a professional background in finance and the certifications are just the "basic requirements" (P6). He also says that simply sharing his analysis online, by phone, or in other forms does not position him as a stock commentator, since people only recognize "familiar faces or names" (P6) on TV programs and in newspaper columns as stock commentators. For the stock commentators, the mass media is associated with restricted access. They think that being able to share their stock analysis on TV or in newspapers is based on their educational background, professional certificates, experience, and reputation as a professional. For instance, P8 mentions that some TV programs show the serial number of the stock commentators' professional certification to assure the audience that they are profession have-mores. In contrast, sharing their analysis on the Internet or by phone is associated with easy access, and people assume that it is not only the profession have-mores but also the profession have-lesses who share their opinions,

without the gatekeeping of the mass media (e.g., Shoemaker & Vos, 1996).

In short, some investors regard this gatekeeping by the traditional media, which filters the information, as a guarantee of professionalism. For these people, the label of stock commentator is based on the practice of sharing information via TV, newspaper, and radio, and it is dependent on the need of other investors' to obtain the information being shared. In other words, the position of stock commentator is based on a mutual understanding between the sharers and the receivers, who consider the people in mass media as gatekeepers who will filter out non-professional information.

Once a person begins sharing stock analysis through the mass media, he or she is positioned as a stock commentator, and the stock analysis he or she shares publicly through the mass media or through online platforms is perceived as stock comments. P6 states that his personal profiles on his blog and microblog mention his experience sharing stock analysis in several newspapers and describe him as a young but decent stock commentator so that "people will trust you and listen to your analysis." P6 adds, "Some people will search, find, and follow your blog and microblog to obtain your stock comments after reading your newspaper columns." All three stock commentators claim that the main ideas in the stock comments that they share via the mass media and online platforms are the same. P8 says that "Most of my followers (of the microblog) online are my audience (from TV programs). It is impossible to say A on TV and B online. People will question my honesty. They (the stock comments) are very similar." The stock commentators say that they post their stock comments online to allow the investors who miss the TV or radio programs, or do not read the newspapers, to read their stock comments online.

P6 tells me, in order to become a stock commentator, one requires a good interpersonal relationship (*guanxi*) between the profession have-mores and stock analyst companies' referrals (usually the senior managers or the people working in PR or the media department), and the relationship between the profession have-mores and TV producers, newspaper editors, or magazine editors. The people working in mass media, and those with personal connections to media personnel, largely control professional stock analysts' access to channels by which they may share their analysis. The profession have-mores seek to be recruited by the mass media as stock commentators, with the mass media personnel deciding who will share stock analysis in the media.

P6 informs me that some stock and consulting companies bribe high-ranking mass media managers to develop a relationship with them, which results in the mass media allowing the employees of these companies to make stock comments. Sometimes, the profession have-mores themselves bribe mass media managers directly. These profession have-mores rely on bribes to obtain the label of stock commentator, and to ensure they can access the mass media to share their stock analysis. The traditional media's role as a gatekeeper to ensure objectivity and professionalism (Livingstone & Bennett, 2003) is faulty, due to the mechanism and corruption of interpersonal relations.

All three stock commentators say that when one stops sharing stock analysis through the mass media for a while, he or she is no longer labeled as a stock commentator. Thus, stock commentators like P6 focus on satisfying the requirements of the mass

media in order to ensure their comments may continue to be shared through TV, newspapers, and other media forms. These commentators associate the criteria set by the mass media with high risk.

> You know, as a stock commentator, you can't say whatever you want to say in the media. Take TV programs as an example. You have to be careful when making stock comments. You can criticize the policies, for example, but not in too radical a way. And the TV programs are concerned about TV ratings, so they like the stock commentators to show a positive attitude [optimism] towards the market, even if your analysis [profession] shows that it is a bull market [self-contradictory]. (…) I know the investors are accusing us of making ambiguous statements. You know what? That's because the TV producers and hosts do not want the stock commentators to be too radical [conservation]. (…) Also, if the tendencies of the market are not consistent with your stock comments several times, you are out. The TV programs encourage ambiguous comments [ambiguity], only if they look very professional [profession], but they do not welcome an inaccurate but clear statement [accuracy] (P6, August 1, 2013).

P6 addresses several concepts regarding the requirements for stock comments, including, optimism, conservation, professionalism, and accuracy. P6 adds that the requirements of different mass media may differ slightly. For example, newspapers require commentators to provide a more in-depth analysis to show their professional ability in analyzing the long-term tendencies of the market. Adherence to moderation

is prioritized, even though these conditions conflict with other requirements of a commentator, such as professionalism and accuracy.

Because P8 and other stock commentators understand the risk of losing access to the mass media, they try to follow the strict media regulations when sharing stock comments. However, in adhering to these requirements, they often must compromise their own professional integrity. The production of stock analysis demands accuracy, but stock comments must satisfy the controversial mandate of the mass media. Stock commentators are forced to revise their original analyses to meet these regulations. As such, publicly shared stock comments do not accurately reflect the profession have-mores' true analysis of stock prices and news. P6 claims that he has to "sacrifice the level of accuracy" (P6) when sharing stock comments. P6 regards the investors who rely on his stock comments as merely an audience that cannot influence his position as a commentator. As such, P6 prioritizes satisfying mass media regulations over receiving positive investor evaluation of his stock comments.

P8 and P9 advise that their experiences as stock commentators during the 1990s were very different from P6's current situation. They describe a system that valued accuracy both in producing stock information and in sharing comments, which allowed them to deliver stock analysis to the public without revisions and compromises.

> Back in our time, I was a star in the brokerage firm, because my professional analysis was very accurate [accuracy]. After the opening hours of the market, we investors usually talked about our analysis of the

> stocks in the stock exchange hall or in the Big Investor Room [sharing stock opinions]. If your opinions were sharp and accurate, people would listen to you, and more and more of your listeners would gather in and outside the stock exchange hall [discussion in a gathering]. The manager of the brokerage firm thought I could help them attract more clients, so he asked me to give some regular presentations in the stock exchange hall, and some newspapers invited me to write stock comments. (…) The stock commentators at that time were democratically elected by the market and by the other investors who listened to and judged your analysis (P9, February 3, 2014).

According to P9, stock commentating in the 1990s was very different. First, the mass media did not decide who was, or was not, an appropriate stock commentator. Instead, analysts shared their analyses in public forums to be received by investors. Positive investor responses to accurate analyses could boost one's popularity and propel an analyst into the role of stock commentator (*juzhongliaogupiao*). Simply by continuing to read or listen to one's stock comments, investors could establish a sharer as a stock commentator. As such, investors were not merely audience members, but judges. Should stock comments prove to be inaccurate, investors had the power to strip one's status as stock commentator by ceasing to receive that person's analysis. For P8 and P9, this process was more democratic because investors could freely "elect" (P9) the most capable sharers as stock commentators, rather than letting the mass media choose for them.

P8 shares his dislike of the current relationship between the mass media and stock

commentators, regarding it as risk to the real decent stock commentators for lacking of the free competence.

> Bad money drives out good. The really good stock commentators who share decent analyses are hard to compete with those who kiss the ass of the mass media. Eventually, no one will want to share good analyses. They are busy building up relations with the producers and editors (P8, February 26, 2014).

For him, the stock commentators who shared accurate stock analysis in the 1990s were invited by the media, rather than regulated by it. P8 and P9's production of security was proportional to the respect they received from the media. However, the current position of the mass media as recruiters and decision makers means stock commentators must constantly struggle to keep their positions. As recruiters, the mass media set up different requirements for stock commentators to satisfy, some of which threaten professionalism. Stock commentators can no longer produce comments mainly based on accurate stock analyses and predictions.

Unlike P6, who regards a poor evaluation of his stock comments by the mass media as risk, P8 and P9 state that in the 1990s, risk was present when the obtainers of stock comments determined one's comments to be inaccurate. Thus, stock commentators were more willing to share their complete and original stock analysis, as these analyses prioritized accuracy. P8 and P9 explain that most of the great stock commentators at that time were big investors because their wealth from the stock market relied on professional and accurate market analysis rather than government

certifications.

> It's a simple logic. If you can predict the market correctly, you can win money. Your wealth shows your profession. You know what I think when I am invited to give a talk with those young stock commentators? 'You little kids are just small investors. You cannot even win money based on your own analysis. How dare you share your analysis with others!' (…) These new stock commentators gain their positions by kissing the ass of the hosts and the TV producers. (…) Only the decent, accurate stock comments can prove one's profession. The certifications gained by those new stock commentators, in my eyes, mean absolutely nothing (P8, February 26, 2014).

P8 and P9 describe current official certifications required by the mass media as the result of the state control. They state that in order to regulate the first generation of stock commentators, the state has set up official requirements and examinations. Only those licensed through this system can be labeled as stock commentators. P8 and P9 believe these certifications lower them to the level of the most incapable stock commentators who pass the examinations by memorizing textbooks rather than conduct accurate stock comments. All those certified are regarded as profession have-mores who meet the basic requirements of a stock commentator. P8 and P9 label these certifications as risk because they produce more competitors, and it becomes hard to "beat the incapable stock commentators" when such people hold official certifications (P9).

While P6, P8, and P9 attach different meanings to stock commentators and stock comments, all of them regard "black mouths" (*heizui*), those who "ruin the reputations of the stock commentators" (P8), as risk. P6 states that investors will publicly name the black mouths who cheat on and manipulate investors by intentionally sharing inaccurate information. While P6 regards investors as an audience rather than judges of stock commentators, he states that their distrust of commentators is still able to present risk.

> The audience's trust in us is crucial. I feel sad that some black mouths are ruining it (the trust). They share stock comments with a purpose. For instance, they share some accurate information of the market to show their profession; however, the information they share is not their professional analysis, but the insider information they are told by the bankers. When they win the trust of the audiences, they cheat on them. (…) For instance, they are told that a banker wants to sell a stock. Then they tell the audiences that the stock company is not a desirable target to invest in by misinterpreting the tendencies of the stock prices or the relevant news. When the audiences buy in, the banker sells out. (…) I know many black mouths are doing such things. I am afraid my own reputation will be hurt by those guys (P6, August 1, 2013).

P6 advises that some investors accuse him of being a black mouth on his microblog, and he worries that his future career and reputation are in danger. P8 and P9 attribute the black mouths as being the "risk of this stock comments system nowadays" (P8), in

the sense that the position of stock commentators is not decided by the investors' practice. In the 1990s, black mouths also released misleading information, but after they cheated investors once or twice, people stopped listening to their comments and they could no longer position themselves as stock commentators. However, with the guarantee of government certifications and approval by the mass media, it is difficult to "kick the black mouths out if they are licensed and have a good relationship with the mass media personnel" (P9).

6.3. Obtaining Stock Comments

As mentioned in Section 6.1, information regarding stock opinions and insider information is valuable directional information. However, the ability to obtain these two types of information requires a good interpersonal relationship between the obtainer and the information sharer, which makes access to stock opinions and insider information very limited. Due to these limitations, many people still rely on stock comments.

6.3.1. Selecting the Stock Commentators

As mentioned above, mass media is the main avenue by which stock commentators share their comments. Similarly, the investors who observe stock comments do so by reading newspapers and magazines, listening to the radio, and watching TV. ICT users state that they also read online blogs and microblogs for the stock comments, but only as a "second choice" (P10) after TV, newspapers, etc. Part-time investors, particularly those who attend other jobs on weekdays, may miss live broadcasts of the

latest stock comments. Thus, observing stock comments online is a supplementary way for them to obtain otherwise missed information. P7 states, “It is impossible for the stock commentators to change their analyses publicly. In my experience, they briefly talk about their ideas shared on TV (in their blogs and microblogs). When I get home really late and miss the (TV) programs, I read the blogs of the stock commentators I am interested in” (P7). The public and easy access of stock comments in the media provides equal opportunity between investors. Non-ICT users report that they are “not worried about having access to these comments” (P1).

Even though almost all the major practices for receiving stock comments are related to the mass media, investors mention that these practices have different meanings for them. They actively set different criteria to evaluate their practices in relation to the mass media, and pick up the information sources that satisfy their needs.

> The radio and TV programs about stock comments are usually (launched) before or after the opening hours of the stock market. Some programs are released at the “half-time interval” of the stock market. During the opening hours (of the market), we are busy obtaining the stock price information. After that, people have the time to listen to the experts’ analysis. (…) Many of these programs are live programs, and the stock commentators talk about their analysis of what has just happened inside and outside the market [latest information analysis]. I really need them (the stock comments), because the comments are about the predictions of the tendencies (of the stock market) this afternoon or tomorrow. (…) I read the stock comments from newspapers and

> magazines for the more in-depth analysis about the long-term tendencies [long-term tendencies analysis] (P5, February 10, 2014).

As indicated in P5's description, investors position themselves as active selectors who evaluate the different methods of obtaining information analyses of both the latest information and long-term tendencies, and select the source of stock comments that best suit their needs. For P5, the stock comments shared via TV and radio explain and predict the most recent stock price information and news, while those in newspapers and magazines explain past information and present predictions of long-term market tendencies.

Since the demand for stock comments is so large, various media outlets compete to provide stock comments based on their own criteria. For instance, P8 says that daily newspapers are unable to release analysis of the latest stock prices and news in the same way as TV programs, due to the timing of publication. They ask stock commentators to write more in-depth analyses of long-term market conditions to attract consumers of stock comments. This allows investors the opportunity to select practices that satisfy their criteria for stock comments. By positioning themselves as selectors, they see security in easy access to differing stock comments and the freedom to use the practice that best satisfies their needs.

In terms of mass media, watching TV programs and reading daily newspapers are the most popular practices that investors use to obtain stock comments. Investors use a standard criterion to evaluate practices of obtaining comments from mass media. They perceive stock commentators invited and stock comments shared by TV

channels and newspapers as the most standardized (P1, P3, and P5).

> I occasionally listen to radio programs, but I think they are not as standardized as TV programs. The government supervises TV and newspapers more seriously. For instance, TV producers do not dare let unlicensed stock commentators share stock comments. Nevertheless, radio programs are a mess because they are full of unlicensed (*yeluzi*) stock commentators [professional certifications]. I want real professional experts to share their analysis [profession]. (…) I don't trust radio programs that much [distrust]. (P3, August 5, 2013).

For investors like P3, trust in a stock commentators' professional background in finance is directly linked to their professional certification. They find security in the government's control over TV programs, which ensures that stock commentators who share their comments are licensed and professionally certified. In contrast, they regard lack of government supervision as a risk. They distrust stock comments shared by some radio programs and shift to practices like watching TV or reading newspapers to obtain stock comments.

After adjusting their criteria for sourcing stock comments, the investors begin to select stock commentators from whom they would like to obtain comments. Almost all stock commentators who share their stock comments on TV and in newspapers are perceived as financial professionals because of their professional certifications. The investors then select those commentators who share the most accurate predictions of future stock prices. The investors evaluate the stock commentators' practice of

sharing stock comments and their accuracy in predicting stock prices.

> I am not idiot, and I would not randomly trust a stock commentator on TV [distrust]. There are many stock commentators, and many of them are incompetent in making accurate predictions of the market [evaluating practice]. Even though I don't understand those professional terms that these stock commentators use to explain the market, I understand when they make some predictions on the future tendencies of the stock prices. (…) Many stock commentators try to blur their conclusions [compromise because of the requirements of mass media], but they still have to say if the prices will rise or fall. (…) I always investigate a stock commentator and the stock comments he makes over several weeks and months, comparing his stock comments with the tendencies of the market. If he proves to be accurate, it means his analysis works [linkage between profession and accuracy] and I put him on my trust lists [trust]. (P1, June 25, 2013)

The investors will trust stock commentators' because of their professional certifications and sharing practices through mass media. For investors the professional status of a commentator is not necessarily linked with accuracy in stock analysis. The investors position themselves as selectors who evaluate the practice of sharing stock comments based on the accuracy of the commentators. Becoming a selector brings security in the sense that they have the freedom and authority to judge, choose, and make decisions based on their own criterion. The stock commentators are the ones who are chosen. When a stock commentator's practice of sharing stock comments

continuously satisfies the criterion, investors trust that stock commentator' analysis and select his or her stock comments to follow or to use as a reference.

6.3.2. Following Stock Commentators

When an investor trusts a stock commentator because of their accurate prediction of the market, he or she uses various methods like watching TV, reading newspapers, and visiting blogs to find stock comments shared by this particular commentator. The investors, especially those who do not have a professional background in finance, become followers instead of selectors in obtaining stock comments.

> I follow his analysis [follower] when buying or selling stocks [trading stocks]. I have made sure that his stock comments are accurate [trust]. My win or lose really depends on the (stock commentator's) analysis. His judgment guides my opinion [opinion leader]. (…) If his analysis works (in predicting the market) many times, it should continually work. (…) But what bothers me is if he is a black mouth. He makes accurate predictions because he is told insider information [insider information]. That is dangerous [risk]. (…) I have lost a lot of money because I trusted a black mouth. He would eventually set a trap to cheat on us with the bankers. (P1, July 15, 2013)

When investors position themselves as a follower of stock commentators and position the commentator as an opinion leader, they become followers at a risk. Being a follower means the investors' practice of trading stocks is highly reliant on the

accuracy of the stock commentator. The investors who are followers lose control over their trading practice, and uncertainties about the accuracy of stock comments arise. When a stock commentator is a black mouth who shares accurate predictions of the market based on insider information those who follow the black mouth are at risk. As indicated in P1's description, it is difficult for the investors to differentiate a black mouth from a good stock commentator because accuracy is used to evaluate the commentators' practice. As mentioned in Section 6.2, there are two possibilities in which stock commentators make accurate predictions of the market: their professional analysis works to explain and predict stock prices or they use insider information. Investors explain that precise insider information can usually predict future trends in stock prices with "100% accuracy" (P10), while the professional analysis may make some misjudgments of the market (as mentioned in Chapters 4 and 5). The black mouth is more likely to generate investors' trust by advertising insider information as their own professional analysis.

Investors are certain of professional analysis because this analysis is based on analysts' comparatively fixed theories and models (as mentioned in Chapters 4 and 5). A stock commentator's professional analysis is perceived as a pattern. If the analysis works to accurately predict trend in stock prices several times, then investors trust the stock commentators who subsequently use the same theories to produce future comments. For example, P3 says that she can "endure the risk" (P3) of a stock commentator misjudging the market as long as he or she maintains a pattern of professional stock analysis. "Of course I can understand that sometimes the analysis does not work, like when the government suddenly releases a national policy. I do not lose faith in the stock commentator. I assume that his analysis still works in general."

Investors consider insider information in stock comments to be a risk because insider information is perceived as an accurate “one shot” (P10) prediction. Investors understand that black mouths pretend to share stock comments using patterned theories and models, the accuracy of which attracts investors to follow them. The assumption is that black mouths use the standard theories and models to predict stock prices. What black mouths actually deliver is insider information, which usually comes from big investors who are manipulating the market. As mentioned in Section 6.3.1, big investors release insider information concerning their future practice of trading stocks to stock commentators, which the stock commentators then release as stock comments. P10, who used to ask a stock commentator to release insider information for him, explains the process in detail.

> He (the stock commentator) is not stupid. He would put many professional terms in his stock comments as if they (the stock comments) were his professional analysis based on the information of the market and public news of the company. But we all knew that he said the stock would increase just because he knew I would buy into the stock the next day. (P10, July 25, 2013)

When stock investors deem a black mouth’s practice of sharing stock comments as accurate and become followers of him or her, the black mouth will then cooperate with big investors to bait the stock investors into buying and selling stocks for their own profit. P4 says that investors see risk and distrust all stock commentators due to the existence of black mouths. They are unable to efficiently evaluate the stock

commentators' practice of sharing comments based on accuracy and select a honest stock commentator to follow. She says, "When they make an accurate prediction, I ask myself, is it because they do a good job, or because they have insider information? When they make a wrong prediction, I ask myself, is it because their analysis does not work this time, or because they are black mouths trying to bait our investments?" The investors also explain that they distrust stock commentators because enforcement of investment law is uncommon, and corruption of mass media includes "conniving with these black mouths" (P7).

Some stock investors report that they have been able to find some honest stock commentators who share decent stock comments. As the followers of "honest stock commentators" (P1), these investors still see a risk in relation to two issues: the stock commentators' unwillingness to share the original and complete stock analysis in their stock comments, and the moment that the stock commentators' professional background in finance can no longer provide an accurate stock price analysis. As mentioned in Sections 6.2 and 6.3.1, stock investors have to compromise when sharing their stock comments. The information they share does not mirror their professional analysis of the stock market. Because stock investors perceive the professional analysis of these stock commentators as accurate in predicting future trends in stock prices, they associate inaccuracy with stock commentators' making changes to their original analysis. In order to produce certainty in obtaining more accurate stock analysis, the investors shift to obtaining stock opinions and inquire about stock analysis from commentators and other profession have-mores directly.

As mentioned in Chapters 4 and 5, there are instances in which making sense of stock

prices and news does not provide security for stock investors because it does not ensure accurate predictions of the market. Some investors then shift to obtaining insider information to provide a sense of security.

Like profession have-lesses, some profession have-mores obtain stock comments as well. Since the profession have-mores can produce predictions of the market by making sense of raw information on stock prices and news, they claim that they obtain stock comments only "for reference" (P2 and P10). For instance, P2 says that he compares the stock comments with his own analysis, "If they (the stock comments and his analysis) are consistent, I would say there is an agreement in the market. If they are not, I have a closer look at this alternative explanation." Some profession have-lesses do not follow stock commentators and trade stocks independently because of their own professional background in finance. For profession have-mores, the gap between them and the profession have-lesses is still there, regardless of how stock comments are communicated. As P10 stated:

> How expensive is a newspaper publishing stock comments? 50 cents, one yuan, or one yuan and 50 cents? The ignorant investors want to make big money like us by spending one yuan and 50 cents. (…) It's a joke. In their dreams they can do so. (…) Those (stock commentators) would not tell them everything (of their analysis). (P10, July 25, 2013)

Summary

Stock investors view contractual obligations by institutional investors as dishonest and most trade stocks independently because of weak law enforcement and a

corrupted Chinese social system. Among these investors, profession have-lesses cannot make sense of raw information like stock prices and news, and cannot produce accurate information because they have been blindly guessing. Under these circumstances, a huge number of investors demand information from profession have-mores. Information generated through professional analysis and shared publicly it is called a stock comment. The supply of stock comments through TV, newspaper, radio, and online platforms becomes a business, and the profession have-mores who share the stock comments are called stock commentators. It is assumed that by obtaining stock comments, the profession have-lesses can reduce uncertainty in their under-privileged position and generate accurate directional information that increases security in stock trading.

This mechanism fails because of the devaluation of stock comments through corruption of the media, unethical behavior by stock commentators, and lack of competence in sharing stock comments. Investors lose faith in the accuracy of publicly distributed stock comments, and the profession have-lesses become followers of stock commentators at their own risk. Practices then shift from obtaining public stock comments to obtaining privately circulated stock opinions and insider information based on personal relationships. The profession have-mores are not able to compete freely with others by sharing more accurate stock analyses. They are not able to receive the promotions and payments they think they should. The profession have-mores are less willing to share complete analysis in public stock comments, and begin privately sharing their analysis with profession have-lesses in return for favors.

Chapter 7. Communication of Stock Opinions and Insider Information

Investors' communication of the three types of information (stock prices, news, stock comments) analyzed so far do not require frequent face-to-face or phone conversations. Investors claim that they rely mainly on the mass media and ICT to gain the required information on their own, resorting only occasionally to conversation with people to supplement this information. For investors, stock prices, news, and stock comments are all obtainable from publicly available sources, to which access is generally perceived as easy, thanks to the wide distribution of television, newspapers, the Internet, and so on.

As mentioned in Chapter 6, investors produce certainty related to the accuracy of a piece of directional information, which can lead them to the practice of trading stocks. They also produce uncertainty related to the inaccuracy of a piece of directional information, which can lead them to a failure in investment. Investors can produce a piece of directional information either by making sense of stock prices and professional news or by obtaining it from those who share stock comments with the public through the mass media or who share stock opinions with one person or a small group of people through stock talks. For investors, the stock opinions shared by the profession have-mores are perceived as more accurate and hence more valuable directional information. In addition, some investors seek so-called insider information as directional information. The communication of insider information does not require a professional background in finance. Instead, it comes from a particular person who has access to the information that has not been made public yet. Precise insider information is associated with the highest, if not absolute, accuracy in predicting

stock prices, and is thus regarded as the most valuable directional information. Unlike stock prices, news, and stock comments, people communicate both stock opinions and insider information by practicing stock talk (*liaogupiao*).

7.1. Stock Talk (*Liaogupiao*)

Stock talk (*liaogupiao*) is a communicative practice the investors use to exchange information, and the most common stock talk practices are face-to-face conversations (*mianduimianliaotian/miantan*) and talking on the (cell) phone (*dadianhualiaotian*). For Chinese investors, stock talk is a specific practice that is crucial to successful communication regarding stock investment. They believe that stock talk can obtain "more valuable information" (P4) than other communicative practices.

But what does stock talk mean to the stock investors? Literally, stock talk means people talking about stocks. However, the investors deny that stock commentators' sharing of stock comments or news reporters' reporting of stock-related news are practices of stock talk. For the investors, stock talk refers to a cluster of practices including obtaining or sharing information in a less public and formal way, the participants usually being two or a small handful of people who are at least acquainted with each other. The investors attach the meaning of informality to the practice of stock talk in the sense that the practice is not characterized by official styles or standards, and is usually described by terms such as "casual" (P1, P4, and P6) and "not that formal" (P1, P2, P6, P8, and P9). However, although stock talk is usually informal, it is not meaningless chitchat (*xialiaoliao*). For instance, P2 says, "I

won't waste my time on meaningless chitchat with others." Instead, the investors say that they "have some clear purposes" (P1 and P8) in doing stock talk.

As mentioned in Chapters 4 and 5, non-ICT users practice stock talk to inquire about so-called raw information such as stock prices and news from ICT users. In these situations, the inquirers "owe a little favor" (*qianyigexiaorenqing*, quoted from P1) to the sharers, while the sharers of the raw information "do a little favor" (*zuoyigexiaorenqing*, quoted from P4) to the inquirers. By exchanging raw information, the small investors owe and do little favors for each other and produce interpersonal relations (*guanxi*) of friendship (*youqing*). Some researchers regard interpersonal relations as personal ties that override and precede principles, laws, and ethics in Chinese society, and are developed through people doing and returning favors (Xin & Pearce, 1996).

Friendship as one type of important interpersonal relations suggests equality and cooperation and a mutual understanding that the inquirer will return the little favor by positioning him- or herself as a sharer of raw information in the future. For those investors who position themselves as inquirers, their objective is to obtain information they cannot obtain from using ICT. Through stock talk, they produce security related to the equality between them and other investors in speedily obtaining raw information. Those investors who position themselves as information sharers and helpers produce and reinforce the friendship between themselves and the inquirer based on the understanding that the inquirer may return the little favor in the future. Therefore, the sharers of the raw information derive a sense of security from the assumption that they will be the recipients of shared raw information in the future.

Overall, the investors who inquire about and share raw and public information regard their practices as exchanges, since the positions of sharers and inquirers may be shifted, and the value they attach to the information they exchange with each other is roughly the same.

Unlike the sharing of stock prices and news, which is regarded as a little favor, investors perceive the sharing of directional information such as stock opinions and insider information as "a big favor" (*darenqing*). In some situations, they regard the participants who communicate stock opinions and insider information as equal, providing they exchange these types of valuable information with each other as similar favors. Typical examples include the case in which a professional calls another to exchange his or her professional opinions of the stock market; a big investor exchanges insider information with another big investor; or the profession have-mores and the wealthy investors form an "elite club" (P9) to discuss stocks. However, when some participants in the stock talk are fixed as sharers of stock opinions or insider information, while others are the fixed obtainers, the practices of stock talk produce unequal relations between the participants. For example, a profession have-not may call a profession have for his or her professional stock opinions; a CEO of a listed company shares insider information with a big investor during a dinner party; or a profession have shares his or her stock opinions with profession have-lesses at a public gathering (*juzhongliaotian*), as mentioned in Chapter 6. The sharers occupy a higher position than the obtainers. The details of positioning in stock talk will be analyzed in the following sections.

As mentioned above, major practices that investors use in communicating stock

opinions and insider information are face-to-face conversations (e.g., discussion in an "elite club," talks at a public gathering, dinner party chats) and talking on the phone. Most of the stock talks that communicate stock opinions and insider information occur in a private place, either in a physically closed place that does not allow for public access or in a private space created by talking on the phone, permitting only the participants access to the information communicated (Humphreys, 2005). But why do the investors use these particular practices in communicating stock opinions and insider information? Why do they attach the meaning of privacy to these types of information, instead of communicating them more publicly, in the same way as they communicate stock prices, news, and stock comments? If they communicate these types of information to one or a small handful of people, instead of the public as a whole, why do they not use other practices such as writing emails and sending messages? In the following sections, I will answer these questions by analyzing how investors communicate stock opinions and insider information, respectively.

7.2. Stock Opinions (*Kanfa*)

Any investor can produce his or her own opinions about the stock market. However, when investors say, "I consult my teacher (*laoshi*) Wang for his opinion about the market" (P4) or "I discuss my stock opinions with my friends" (P10), they refer to a particular type of practice, which is about obtaining and sharing professional explanations and predictions of the stock market in a more private and informal way. Stock opinions are similar to stock comments, in that they are related to the profession have-mores' sharing of their analysis of raw information such as stock prices and news. Unlike stock comments, the investors perceive stock opinions as more valuable

information, and they believe that the profession have-mores, such as stock commentators, share more complete and accurate stock analysis with a targeted small number of people. As mentioned above, investors mainly use two communication practices of stock talk to share and obtain stock opinions: talking on the phone and face-to-face conversation. These clusters of practices also contain more specific practices, such as consulting, teaching, and exchanging. Through different practices, the investors produce interpersonal relations (*guanxi*) and position themselves and others differently, thus producing risk and security related to these positions. Overall, investors produce two types of relations: student/teacher relations and friendship relations. The investors produce the former type of interpersonal relations in communication of stock opinions between profession have-mores and profession have-lesses, and the latter type of relations in communication between profession have-mores.

7.2.1. Student/Teacher Relations

As mentioned above, the profession have-lesses relate risk to the practice of making sense of the raw information (stock prices and news), since they are unable to professionally analyze the information and generate accurate directional information for stock trading. They also relate risk to the inequality between the profession have-mores and the profession have-lesses, for the profession have-mores are able to generate directional information. Thus, some investors shift to using practices such as obtaining public stock comments, in order to produce a sense of certainty in gaining the same directional information as the profession have-mores. However, as mentioned in Chapter 6, the obtainers of stock comments believe that the stock commentators do not share their original professional analysis with the public (which

is confirmed by the stock commentators themselves). Under these circumstances, practice-shifting moments occur, in which the profession have-lesses change their practices of communicating information in a comparatively public (in the sense of public access to TV, radio, newspapers, and the Internet), formal (in the sense of the information being standardized and formalized in its contents), and equal (in the sense that almost every investor has access to the information) way to the practice of stock talk, which communicates directional information, such as stock opinions, in a more informal and unequal way.

Unlike the obtaining of stock prices, news, and stock comments, which do not depend mainly on investors' interpersonal relations, stock talk is a cluster of practices that relies greatly on (also produces and reproduces) such relations. One of the common relations between a profession have and a profession have-not that is produced in stock talk is the student/teacher relationship (*shishenguanxi*). As P4 indicates in section 7.2, she refers to the profession have whom she consults for stock opinions as a teacher (*laoshi*). In Chinese society, the title *laoshi* shows respect for a person, according him or her a high social position and usually indicating that he or she has a high level of knowledge (Hui, 2005; Tian & Zhang, 2007). The particular relations between a student and teacher are built up by the profession have-lesses' practice of consulting (*qingjiao*) and learning (*xuexi*), as well as the profession haves' practice of teaching (*jiao*).

For investors, the label "teacher" has different meanings. First, it means that the sharer of the stock opinions is perceived as having a higher professional level than the obtainer. When investors are communicating public and raw information that is not

being professionally analyzed, they do not use the term teacher to define the sharers. In addition, when two profession have-mores discuss their stock opinions, they do not label each other student or teacher. Only when a profession have-not consults and learns about stock opinions from the profession have do the relations of teacher and student emerge.

In addition, investors use the label "teacher" to indicate an informal student/teacher relation between the sharer and the obtainer, which is not guaranteed by a contract. For example, P8 says that, unlike sharing stock comments in the mass media, he is not obliged to share his stock opinions with the profession have-lesses through stock talk. "My company and the newspapers pay me, but they (the profession have-lesses) don't pay me. I teach them (my stock opinions) for free because they respect me as a teacher." Thus, the label "teacher" here is an honorific title, rather than a job position. The student/teacher relations are not protected and produced by a legal system or contracts, but are rather a way in which the profession have-lesses may show their respect to the profession have-mores, and the profession have-mores may share their professional analysis with the profession have-lesses. Almost all the profession have-mores state that they do not expect the profession have-lesses to return this "big favor" by sharing the "same decent information in return" (P9). However, they do expect the obtainers of stock opinions to return the favor in some other way.

> P9: If you only read my stock comments, you would not know how good I am (at analyzing stocks). For example, will Goldman Sachs tell you everything in public? I bet that they won't. (…) I enjoy showing them how good I am [showing off]. I enjoyed being called "teacher" [respect].

> (…) Also, you know what? I used to share some opinions with a famous dentist, and he won a lot of money [sharing stock opinions]. He still occasionally calls me for more information [consulting stock opinions]. (…) He always serves my daughter, wife, and me as a priority every time we go to the dentists' [returning the favor]. You can't imagine how many people cannot even book an appointment with him!

P9 shares his stock opinions, not only to show off and raise his self-esteem by receiving respect, but also to produce and reinforce interpersonal relations (*guanxi*) with others, especially those who can return the favor in different ways. Not only P9 but also P6, P8, P10, and P11 mention that the profession have-lesses who obtain their stock opinions sent them some gifts or pulled a few strings for them and their family members in different circumstances. For instance, P11, who describes China as "a society based on *guanxi*," explains that a high school headmaster granted her son admission because P11 consistently shared information with him. In this sense, risk is not merely the suffering and tears of the ordinary people (Beck, 1992); instead, it facilitates the informational elites' privileged position in the society. For instance, profession have-mores take advantage of other people's risk to trade for favors such as services or money in an informal way. In this sense, the unprivileged groups' uncertainty is necessary for the profession have-mores, which makes them more reluctant to share their professional analysis in public.

Overall, investors produce student/teacher relations between the profession have-mores and profession have-lesses, but they attach different meanings to risk and security when doing the two common practices of communicating stock opinions:

talking on the phone (*dianhualiaogupiao*) and face-to-face conversations (*juzhongliaogupiao*). The latter includes the practice of talking in public and family gatherings. Kinship relations influence the way investors produce teacher/student relations. The next section analyzes how investors communicate stock opinions with people with whom they do not share kinship, on the phone and through face-to-face conversations, and, in section 7.2.4., how they communicate stock opinions with family members.

7.2.2. Talking on the Phone

For investors, talking on the phone (*dadianhua*) refers to the specific communicative practice of stock talk between two investors. The profession have-lesses claim it is the most important way for them to obtain stock opinions from the profession have-mores. Unlike public gathering discussions, which will be mentioned in section 7.2.3, the profession have-mores who share stock opinions by talking on the phone control the process of communication by granting particular persons access to them. For instance, P11 says that he does not give his phone number "randomly to others." The profession have-mores evaluate the favor that the profession have-lesses can return, and judge whether to allow them access to their stock opinions.

As mentioned in section 7.2.1, the profession have-mores gave their phone numbers to the headmaster, who granted high school admission to the daughter of P11, and the dentist, who serves P9 and his family as a priority. The profession have-mores describe this as an unspoken (*xinlingshenhui*) mutual understanding, in which the people who are given the phone numbers are regarded as the "students" of the profession have-mores, able to call the profession have-mores and obtain their stock

opinions.

Even if the profession have-lesses obtain the profession have-mores' phone number in other ways, without the mutual understanding mentioned above, the profession have-mores would refuse to share their stock opinions with them. For the profession have-lesses, getting a phone number from a profession have-more is crucial to obtaining stock opinions. A typical case is the relations between P4 and teacher Wang, a profession have-more she turns to for stock opinions.

> When I can't figure out what to do next [evaluating practice], I usually turn to teacher Wang for help [practice shifting moment] and consult his opinions [consulting]. He is a very famous stock commentator now. (…) He used to use the service of the same brokerage firm as me. He stayed in the Big Investor Room most of the time, but he would go to our stock exchange hall and share his opinions with us small investors when the market was closed [sharing]. I got to know him at that time, and I respected him a lot. (…) I went to hear his talks, bought his books, and sometimes I brought him little gifts. (…) He eventually gave me his contact number. (…) Before I call him, I make sure I am not interrupting his work. (…) Every time I learn from his stock opinions [learning], I feel reassured [security]. (P4, June 18, 2013)

P4 positioned Wang as a teacher before Wang has positioned her as a student by doing favors for him, including showing him respect, buying his books, and giving him gifts, because she believed that Wang would share more accurate stock opinions

with her in private. After consistently doing favors for Wang, he eventually gave her his phone number, which for P4 was a signal that the student/teacher relations between her and Wang had been established. Thus, she now has access to Wang's stock opinions by talking to him on the phone.

P4 and other profession have-lesses mention that the separation between themselves and the profession have-mores not only involves physical space, but also social space in terms of hierarchical relations (Bourdieu, 1985; Witteborn, 2011). As mentioned in Chapters 4, 5, and 6, the big investors, most of whom are profession have-mores, are granted access to the Big Investor Room, while the small investors are located in the stock exchange hall. With the development of financial institutions in China, combined with the government's control of the professional certifications, the profession have-mores' (including those big and small investors) workplace includes funding companies, stock companies, consulting firms, TV stations, and so forth. For the investors, these places are associated with meanings of difficult access and expertise, and the profession have-mores who can access these places occupy a respective social position. The profession have-lesses describe their difficulty meeting the profession have-mores "face-to-face," unless the profession have-mores choose to do so (for instance, in Chapter 6 and P4's description above, the profession have-mores actively enter the stock exchange hall to share their opinions in a public gathering). As mentioned in Chapter 6, because of the government's control, nowadays many of the profession have-mores share their stock comments through the media, and fewer and fewer of them talk at public gatherings. It seems like the personal bridge between the profession have-mores and the profession have-lesses has been broken in the sense that the physical places where they work are separated. But,

as previous researchers have suggested (e.g., Onnela, 2007), talking on the phone can produce a bridge between two different groups of people and precede the hierarchical positions. In this case, talking on the phone is perceived as a bridge between the profession have-mores and the profession have-lesses that enables them to communicate with each other directly. Furthermore, such communication bridges their social and physical separation.

The investors who are profession have-lesses develop a sense of equality between themselves and the profession have-mores, since talking on the phone creates a platform or space that does not exclude them. These profession have-lesses understand the physical and social separation between them and the profession have-mores as risk, based on the perception that the profession have-mores could take advantage of them by using their professional backgrounds in finance as a privilege. Thus, they perceive the relations between themselves and the profession have-mores as zero-sum relations, in the sense that their uncertainty is used for insuring the profits of the profession have-mores. However, when accessing the profession have-moresby talking on the phone, the profession have-lesses establish the student/teacher relationship between themselves and the profession have-mores, which develops the trust, security, and cooperation of doing and returning favors.

The student/teacher relationship is not an equal relationship between the “student” and the “teacher.” For instance, P4 describes her practices in talking to teacher Wang as consulting and learning. For the investors, consulting is a practice of obtaining information by asking questions, similar to the practice of inquiring. By using either the practice of consulting or inquiring, the investors position themselves as a

questioner who actively obtains the particular piece of information they need rather than as a passive receiver of the information. Ostensibly, the profession have-lesses actively approach the profession have-mores and cultivate the interpersonal relations by practicing consulting. However, unlike the practices of inquiring about raw and public information mentioned in Chapters 4 and 5, which are associated with equal friendship relations, the practice of consulting about stock opinions indicates that the obtainers of information, as students, are positioned at a lower position, while the sharers of information, as teachers, receive respect. Subsequent to the consulting practice is the practice of learning, in the sense that the profession have-lesses are the passive receivers of the stock opinions the profession have-mores share with them. In addition, as mentioned in Chapters 4 and 5, it is unusual for the investors who inquire about stock prices and news from others to associate risk with the access to the sharers, because they consider sharing raw and public information to be just a little favor. Nevertheless, the investors worry that the "teacher" might deny answering their questions or discontinue the relations with them by not picking up the phone. They also relate risk to the uncertainties regarding whether the profession have-mores will share their stock opinions with them. Thus, when engaging in the practice of talking on the phone, the profession have-mores are positioned as the controllers of the production of interpersonal relations, because they decide both who has access to them for stock opinions and the extent to which they will share their stock opinions with the profession have-lesses. Since the student/teacher relations are informal and not guaranteed by law, the profession have-mores can stop sharing stock opinions with the profession have-lesses at any time, especially with those profession have-lesses who cannot "return enough favors" (P10).

In other words, the profession have-lesses' evaluation of their consulting and learning practices is based on the evaluation of the profession have-mores' practice of teaching. The latter practice relies on the student/teacher relations between the profession have-mores and the profession have-lesses, which are controlled by the profession have-mores. The risk arises when the profession have-lesses become uncertain about the student/teacher relations. Thus, in order to produce the security associated with the relations with the profession have-mores, they try to do more favors for the profession have-mores to maintain and reproduce the relations. The profession have-lesses tell me that they "do not dare to put money in the market for too long" since "the teacher may not reveal the exact analysis to me" (P7). The profession have-lesses are also concerned about the small circulation of stock opinions. When the stock comments are shared with the public, the investors are somehow certain that a large portion of the audiences would obtain, if not being guided of, the stock comments. However, when the circulation is restricted to a small circle, the profession have-lesses tell me that they are uncertain whether the other investors would practice stock trading just as the profession have-mores have predicted. Due to the uncertainty toward the accuracy of the stock opinions, the profession have-lesses usually define their trading practice after obtaining stock opinions as short-term speculation.

7.2.3. Talking at a Public Gathering

As mentioned in Chapter 6 and in this chapter, the profession have-mores used to talk at public gatherings quite often in the 1990s to generate their reputation, to increase their popularity among the profession have-lesses, and to position themselves as stock commentators. According to the profession have-mores who started to share their stock opinions in the 1990s (P8 & P9), due to to the government's control, most

licensed stock commentators practice sharing stock comments through the TV, newspapers, and radio nowadays instead of sharing their opinions at public gatherings, since the latter practice will not promote their future career as a stock commentator. However, some of the profession have-mores – the majority of which are not licensed stock commentators – continue to share their stock opinions at public gatherings.

According to the investors, a public gathering refers to a gathering of stock investors (most of whom are small investors and profession have-lesses). During weekends and after the market is closed on weekdays, some groups of investors gather near the stock exchange halls, parks, or other places with public access. They usually gather as several circles, each with one profession have-more sharing his stock opinions with the profession have-lesses. Some circles are bigger than others. The biggest circle I observed included about 20 people. People are free to participate in or leave each circle. Most of the time, the profession have-more talks and the participants in the circle occasionally ask him or her some questions about the stocks.

P3, who attends a public gathering of stock investors twice a week, describes what she does when we attended a public gathering together.

> I just walk around from one circle to another listening to the different people's opinions [evaluating practice]. (…) If one person's opinions really make sense (in explaining and predicting the market), I stay in the circle. (…) Some speakers do not make any sense at all. You heard what he was talking about? Total nonsense. This guy is just complaining about the market. He is not an expert. (…) Let's move on.

> Here, this is teacher Li [labeling]. You should not look down upon him. He is not a stock commentator [unlicensed], but he is as (good as) the stock commentators. (…) You heard his analysis? His words make sense [evaluating practice] (P3, August 4, 2013).

Unlike the licensed experts, that is, the stock commentators or stock analysts mentioned in previous sections, those who share their stock opinions by talking at public gatherings are considered unlicensed. I mentioned in Chapter 6 that the investors generate distrust toward unlicensed stock commentators (*yeluzigupingjia*) who share their stock comments on pirate radio channels with respect to their expertise and ethics. However, these investors consider unlicensed and unofficial sharers of stock opinions different from the unlicensed stock commentators. Like P3, P1 also attends public gatherings regularly. He says, "The unlicensed stock commentators are paid to share their opinions (of the stock market). During the radio programs, they always try to hard sell their service and bait us to buy their service." However, he added that those who share their stock opinions at a public gathering are volunteering without receiving payment, so they do not persuade people to buy any services. Thus, they generate trust toward the ethics of the sharers of stock opinions at public gatherings.

For some investors, the position of an unofficial and unlicensed opinion sharer also means that the person is not supervised or controlled by the government, financial institutions, or the mass media. The investors, especially the profession have-lesses, believe that the stock opinions they share may be the counter-discourse to the stock comments made by licensed stock commentators. If the counter-discourse is

generated professionally without being censored and changed, it is perceived as a more accurate piece of directional information that leads the obtainers to the stock trading practices. However, since these sharers of stock opinions are not licensed by the government, there is no guarantee of their professional background in finance. Thus, the profession have-lesses, like P4, firstly position themselves as the selectors who actively evaluate the sharing practice of the sharers at a public gathering. If they evaluate one sharer's sharing practice as unprofessional, they leave the circle to obtain another sharer's opinions until they locate the professional they believe in. Then, the profession have-lesses position themselves as the students and the unlicensed sharers of stock opinions as the teachers. For example, P4 only referred to Li, an unlicensed opinion sharer, as "teacher Li" once she evaluated Li's sharing practice as professional. After developing the student/teacher relations, the profession have-lesses practice consulting and learning to obtain the stock opinions from the profession have-mores, i.e., the unlicensed sharers. It is difficult for the profession have-lesses who attend the public gatherings to develop interpersonal relations with the licensed profession have-mores and obtain their stock opinions. Thus, obtaining the stock opinions from unlicensed profession have-mores is a "second choice" (P4), since they are easier to access.

The term "second choice" has another meaning, indicating that the investors do not believe that the stock opinions shared by the profession have-mores at a public gathering are more accurate than those shared while talking on the phone. The favors the profession have-lesses can offer the profession have-mores in a public gathering are very limited. As mentioned in Chapter 6, after the government took control of the professional certifications, the profession have-mores could not position themselves

as stock commentators by becoming popular among the profession have-lesses at a public gathering. Thus, the profession have-lesses can only show their respect by listening to the profession have-mores at a public gathering and calling them "teacher." The profession have-lesses do not believe that the profession have-mores will return this small favor by sharing their complete and precise analysis produced by making sense of the raw information. Without the mechanism of doing and returning equal favors to develop interpersonal relations (Xin & Pearce, 1996), the profession have-lesses do not obtain security with respect to the student/teacher relations between themselves and those who teach stock opinions at public gatherings.

Consistent with the profession have-lesses' distrust, the profession have-mores who share their stock opinions during public gatherings do not share their complete analysis with the profession have-lesses at these gatherings. P2, for example, explains that the reason he attends these public gatherings to share his stock opinions is to boost his self-esteem (P2) and prove that even though he is not a licensed stock commentator, his analysis is as good as – if not better than – the licensed ones. I accompanied P2 to five gatherings, where he explains that the big circle of people around him proved that his stock opinions are very professional.

> People cannot vote for the (professional) stock commentators, but they can vote for the professional stock analysts here with their feet. (…) My opinions are sharper, and I am not afraid of being kicked off of a TV program or something. (…) That's why they (the obtainers of information) want to listen to me. (…) I feel good by being listened to and respected [self-esteem]. However, I owe these guys nothing [returning a favor]. (…)

> I do not share everything with them [doing a favor] (P2, August 13, 2013).

As P8 and P9 mentioned in Chapter 6, P2 believes in the spirit of a free market, which encourages the demanders of the stock opinions to evaluate, elect, and label the profession have-mores who can share accurate explanations and predictions of the stock prices and news. However, because of the government's control power, the investors' evaluation of the profession have-mores' practice of sharing stock opinions cannot guarantee them the same benefits as the position of stock commentators. Thus, the profession have-mores are unwilling to share their most complete and original analysis with the public. P2 also mentioned that when some students approach him and tell him that they would like to return a bigger favor to him, he gives them his phone number and shares more accurate stock analyses with them by talking on the phone. In short, the information communicated in the spaces with public access is devalued and related to uncertainty, while the stock opinions communicated in private spaces are regarded as valuable and associated with security.

7.2.4 Talking with the Family

All of the profession have-mores mentioned so far, regardless of whether they are licensed or unlicensed or if they are practicing stock talk on the phone or at public gatherings, relate security to their position as a teacher, in the sense that they are controlling the teacher/students relations and their practices of sharing stock opinions. They choose with whom to share, what to share, and when to share. They can stop sharing when they choose to. Since laws or contracts do not guarantee the

teacher/student relations, the profession have-mores do not worry about the accuracy of the stock opinions they share with the profession have-lesses. However, when the teacher/student relations are combined with kinship relations, the conditions are different.

For instance, another situation in which the profession have-mores share stock opinions with the profession have-lesses is at family gatherings. Even though the profession have-mores and the profession have-lesses are separated by different workplaces, they are occasionally located in the same home (i.e., private space) since they are family members. The profession have-mores say that they are asked to share stock opinions at family gatherings. Unlike sharing stock opinions with other profession have-lesses, they take the practice very seriously when the obtainers are their family members.

> Every time my mother-in-law or cousins ask me about the stocks at a family party, I feel under pressure. (…) If you make an inaccurate prediction in the media or at work, it is tolerated because the producers or your boss can understand that. People make mistakes, don't they? (…) However, if you make an inaccurate prediction and share it with your mother-in-law, causing her to lose 10,000 Yuan? Sorry, but your marriage is in trouble [risk]. (…) I would be very careful about sharing opinions with them and I would make sure that the analysis is as accurate as possible (P8, February 26, 2014).

As mentioned in section 7.3.1, P8 declares that he is not obligated to share stock opinions with the profession have-lesses, since the profession have-lesses do not have a contract with him, nor do they pay him. However, when faced with family members, P8 regards the practice of teaching stock opinions as his responsibility, which somehow corresponds to the idea of a kin obligation, indicating that Chinese people are bound to strong kinship ties and that they have to support their family members (Peng, 2004). Under these circumstances, the profession have-mores associate a low evaluation of their practice of sharing stock opinions with the risk of hurting their family relations (e.g., marriage or parenthood), thus forcing them to share as decent of stock opinions as they can, without changes or reservations.

The profession have-mores also state that almost all of their family members have their phone numbers, and that they would “definitely pick up their phone calls” (P9) and share stock opinions with them. While the profession have-lesses regard the phone numbers of the profession have-mores as access to stock opinions, which requires them to do favors for the profession have-mores, the family members of the profession have-mores are granted this access. For example, P12, who entrusts a family member to trade stocks for him (as mentioned in Chapter 6), says that he can access his family member and ask for his stock opinions “any time” (P12) he wants. Profession have-lesses who are bound with the profession have-mores through kinship relations perceive the student/teacher relations as security, with the insurance of kinship relations.

7.3. Insider Information

Investors perceive insider information as the most valuable and directional

information, which can ensure accuracy in their predictions of the future market. A piece of insider information can guide the participants directly to actively trading stocks, enabling them to skip the practices of communicating about the stock prices, news, stock comments, or stock opinions.

According to the Securities Law of the People's Republic of China (2005), "Before the information of securities issuance is publicized according to law, no insider may publicize or divulge the relevant information." Article 73 of the law states, "Any insider who has access to any insider information of securities trading or who has unlawfully obtained any insider information is prohibited from taking advantage of the insider information as held thereby to engage in any securities trading." Therefore, the official definition of insider information is the information (usually about the listed companies) that is not yet publicized, which would have an influence on the stock prices. According to the law, insider information is publicized as public information, such as company news (as analyzed in Chapter 5), but in the practice of making sense of the news and trading stocks, to ensure equality among the investors, leaking, obtaining, and taking advantage of it before it is publicized is forbidden by China's government.

However, for investors, the insider information they communicate through different practices is constructed a bit differently from the official definition. They identify two types of insider information: the first type is similar to the official definition of insider information, which refers to the information not yet publicized. However, in addition to unpublicized company news, the investors also regard the news of policies that is not yet publicized as insider information as well. The second type of insider

information with which they identify is the "truth" (P1, P6, & P8) of the economic conditions of the listed companies and the nation, which is perceived as the information that "should be publicized but is not" (P9). Almost all of the participants admit to using stock talk to obtain insider information. Moreover, they also agree that only the big investors can successfully access insider information by positioning themselves as the bribers, who obtain the information from the insiders, or cheaters, who produce misleading information (publicized as company news or the stock comments shared by the "black mouths") with the knowledge of the true conditions of the company.

7.3.1 Big Investors as Bribers and Cheaters

Even though other large investors, such as P8, P9, and P11, deny having positions as bribers and obtaining this type of insider information illegally, they state that they know many large investors who do such things. For example, P8 says that two of his colleagues always "buy in a stock before a bull news (is released)" (P8) and that it is "frustrating" for him, since he has to buy in the stocks at a higher price, because of the delay in receiving the information; therefore, his colleagues have more opportunities for promotion than he does, since they are able to make more money for the company.

> No matter how good the experts are, they cannot be 100 percent correct (in explaining and predicting the stock market) [evaluating practice]. (…) Even Buffet[12] cannot do that. (…) However, a piece of precise (insider) information can guarantee that [evaluating practice]. (…) Therefore, the many stock analyzing tools and theories that I have learned (…) are

[12] P8 refers to Warren Buffet, a famous business investor in America.

> nothing when faced with the people who hold the insider information. (…) (P8, February 26, 2014).

In the sense that they are not able to produce certainty by associating their professional background in finance with a privileged position in making sense of the raw information more accurately, those profession have-mores regard the unequal communication of unpublicized company news as risk. Those profession have-mores additionally associate the distrust of the law enforcement of the government with a sense of certainty.

P10 identifies the second type of insider information: the information that should be publicized but is not. Some CEOs or high-ranked managers of the listed companies collude with the large investors by publicizing a piece of information about the companies as "bait". They intentionally produce a piece of information as company news through news reporting in the mass media or as stock comments through the mouths of stock commentators (the "black mouths"), by bribing them. If they want to buy a stock, they release positive information of the company as bull news or positive stock comments, which persuades the investors to sell the stocks, and if they want to sell a stock, they release negative information, as bear news or negative stock comments, which persuades the investors to buy the stocks. Therefore, by positioning themselves as cheaters and bribers, the big investors produce security when they are certain about the real conditions of the companies, as well as other investor manipulated trading practices.

As mentioned in Chapters 4, 5, and 6, big investors who take advantage of insider

information are perceived as bankers, in the sense that they obtain faster or more accurate information than other participants in the market, and they manipulate others by releasing misleading information. Because their practices are against the law and they construct others' risk as their own privilege and benefits, the term "banker" is additionally associated with meaning illegality and unethicality. However, even though those bankers earn significant amounts of money by positioning themselves as bribers and cheaters, they still associate risk with their communication of insider information. Since they obtain the information that should be publicized but is not—the "true economic condition" (P8) of the company, which is always controversial to the misleading news they release—the bankers have to buy in or sell out the stocks against their professional analysis. Therefore, they are forced to practice trading stocks as short-term and unstable speculation instead of long-term and stable investments. The concept of risk related to the uncertainty of the information they obtain and generate is emerging during these practices.

In addition, almost all of the investors, including the bankers, associate the concept of risk with the inequality of communicating the insider information about national policies and national economics between the "small potatoes" (*xiaolaobaixing*, P1, P3, P6, & P10) and princelings (*taizidang*, meaning the descendants of the senior members of China's communist party, who are regarded as politically powerful and wealthy because of their family ties, e.g., Buckley, 1999). For these investors, only those with strong political power can access the national policies and economic statements that are waiting to be publicized, and the true conditions of the national economy, which should be publicized but are not. When faced with the "national power," the large investors and profession have-mores, (P9 & P10) shift to position

themselves into a weak position to obtain the information. As P10 states, his money "means nothing" compared to the people who hold a decent political position in China.

7.3.2. Small Investors As The Followers Of The Bankers

As mentioned in the previous section, it is almost impossible for small investors to obtain insider information from the insiders, since they do not have enough wealth to give them bribes. As P1 explains, "we (the small investors) all know that the possibility is less than small (to obtain the insider information)." The inequality between the small investors and some of the large investors in obtaining insider information is associated with the small investors' risk, which is both related to the uncertainty in the reliability of the information they obtain and the large investors' access to reliable information before them.

Nonetheless, almost all of the small investors participating in this research say that they continue to seek insider information by practicing stock talk. When I observe the small investors' everyday communication in different stock exchanges, I find that, "Do you have any information?" (*niyoushenmexiaoxima*) is a frequent question among the small investors. Here, according to the small investors, the term "information" specifically refers to insider information. P1 explains why the small investors have such a strong desire for insider information, even though they know it is impossible for them to access it.

> P1: You should follow the bankers if you want to make some money here (in China's stock market). (…) You need to gamble. What if I am lucky

> enough to get a piece of insider information? Who knows if I will or not? (…) You see, if I get precise (insider) information, as poor and unprofessional as I am, I can still make a lot of money. (…) Where else can I find such good things? (P1, July 15, 2013)

P1 and other small investors, who want the insider information, position themselves as followers of the bankers in a gambling metaphor, and they believe that, as followers, they can make money by following the bankers' trading practices, which they believe manipulate and control the stock prices. Through the practice of obtaining insider information, they produce a sense of equality with the other investors who have the perceived advantages of a professional background in finance and wealth. Since the insider information is constructed as the most accurate and directional prediction of the market, the small investors can jump into the practice of trading stocks without consulting other profession have-mores. They do not have to rely on the public news and stock comments they do not trust, or keep doing favors to the profession have-lesses with the uncertainty of whether they would actually return the favors by sharing their stock opinions with them. For the small investors, most of whom are profession have-lesses, obtaining insider information means independency and self-control over the communicative process of stock investment.

By positioning themselves as followers of the bankers, the small investors produce security with their beliefs that the bankers can manipulate the stock prices as they like. On the one hand, the small investors themselves have been manipulated and cheated; for them, the insider information and the bankers are both associated with risk. However, on the other hand, they are "sure about the bankers' power" (P4) in having

control over the stock prices. Small investors associate distrust toward the company news and the stock comments, and it is difficult to persuade the profession have-mores to share complete stock opinions with them. Therefore, these small investors shift from the practice of long-term investing in the stocks based on the quality of the listed company (which relies on the information from the news, stock comments, and stock opinions, and evaluating their practices of obtaining these types of information as ineffective) to a short-term speculation dependent on insider information, which they believe obtaining can help them to be the followers of the bankers.

Summary

The communication of stock opinions and insider information is related to the devaluation of public information. Since the investors do not believe that the communication of public information can produce security for them in generating accurate directional information, they shift to obtain the information being circulated in private, attaching more value to these types of private information.

However, although the objective of the investors is to produce a sense of security, the communication of stock opinions and insider information generates more uncertainties to not only the stock market, but also to China's society as a whole. First, the practices of circulating stock opinions and insider information are based on producing interpersonal relations (*guanxi*) among the participants, the relations of which indicate a mutual understanding of exchanging favors, preceding the laws and regulations. Corruption and bribery are evident both inside and outside the financial system; the profession have-nots trade their stock opinions for extra social services, while the insiders trade the insider information with financial profits.

It appears that the private circulation of stock opinions increases the value of professional analysis, since the investors could not obtain the said information through an easy and inexpensive method, such as by watching TV, reading newspapers, listening to the radio, or searching the Internet. Instead, the profession have-lesses are forced to do big favors to the profession have-mores to obtain the directional information generated by professional analysis, and thus position the profession have-mores in a privileged position of controlling the source of the information. However, the restricted circulation of the professional analysis also reduces the guiding influence of the information, meaning that the majority of the investors are not influenced and guided by the information. Therefore, the tendency of the stock market may not be as consistent as the profession have-mores have suggested, and the mechanism of professionalism is under risk.

For those participants who circulate insider information, on the one hand, they take advantage of their wealth to produce certainty about the future tendencies of the stock market, while positioning other investors in an unprivileged, uncertain position. However, these investors also construct the communication of insider information as a risk, for they are forced to shift from the practice of patterned stock analysis with reliable professional theories to the practice of obtaining unpatterned, irrational, and one-shot-based insider information. They have to rely on the insiders who are the

source of their information, and they perceive the loss of independent control of the communicative practice as uncertainty. Moreover, investors who circulate insider information have little protection against the law enforcement, though weak, that may punish them for their illegal activity.

In brief, because the interpersonal relations that the investors rely on in their communications are fragile and uninsured by laws, the investors are in a position with a high level of uncertainty. Thus, they are likely to speculate in stocks after obtaining stock opinions and insider information, for they are uncertain about the long-term accuracy of the directional information they have obtained.

Chapter 8 Discussion and Conclusion

The discussion and conclusion part of the research is a comparison of a local case developed in the analysis with previous theorizations of the crucial concepts (Charmaz, 2006). More specifically, I compare and contrast the findings of this thesis with previous theories and understandings of risk, (in)equality, and the reasons investors speculate in stocks. As economists have stated (Krugman & Wells, 2006; Kidwell et al., 2000), the financial market makes some promises to society, in that investors should ideally invest their funds in decent enterprises, enabling the listed companies to expand and the investors to enjoy the fruits of their development. However, the promises fail in China's stock market, as they occasionally fail in other countries (Barro & Ursúa, 2009). Many economists and the government reports ascribe this failure to investors' excessive speculation in stocks, which is regarded as risk not only to the investors themselves, but also to the stability of the stock market and the whole economy (Cheng, 2012).

The issue is why, if excessive speculation is identified as a risk to all the investors in the market, this phenomenon still repeatedly and predominantly emerges in stock markets. If the social system is produced and reproduced by people's everyday practices (e.g., Schatzki, 2010; Shove, Pantzar, & Watson, 2012), why do investors continue their practices that produce and reproduce the mechanism of short-term speculation instead of long-term investment, when the latter could give them security? According to the risk society theory (Beck, 1992, 2011), when no one—regardless of social-economic status—can escape risk, everyone is positioned as a victim of risk, forced to participate in the *community of risk* and deal with it for their own survival.

The distinctions between the classes are blurred, and social inequality among the positions of risk (which according to Beck [1992] refers to people's roles as victims, risk producers, and so on) is dismantled. Even the privileged groups in the society should realize that the problem of risk cannot be solved without the involvement of the marginalized and weaker groups (Beck, 2014).

With this assumption in mind, stock markets that are afflicted with excessive speculation, such as China's stock market, should have changed in terms of the investors' excessive speculation. Are changes failing to occur because the investors perceive financial risk as compensable and even desirable (Krugman & Wells, 2006), in contrast to Beck's (1992, 2009) definition of risk as non-compensable hazards? Does the inequality in wealth mean that some big investors can escape risk, while small investors are the victims of risk in the stock market? Or are stock investors just greedy and unprofessional? Furthermore, what are the relationships between investors' speculation and other practices that are regarded as risk to the stock market, such as manipulation of the market, communication of insider information, and cheating? This chapter will answer those questions by presenting the local case of Shanghai I have developed in answer to my three research questions.

8.1. Risk Construction, Risk Position, and the Dismantling of Professionalism

RQ1 asks how risk is constructed through investors' communicative practices. In the literature review, I have reviewed those works dealing with the paradox of risk related to the stock market in China: that many citizens choose to take greater risks by

investing in the stock market rather than earning savings interest from banks (Markowitz, 1952) because of their desire for security in maintaining their daily lives in cities without the guarantee of a socialist society (Walder & He, 2014; Keith, Lash, Arnoldi, & Rooker, 2014). A similar paradox is produced in the process of stock investment: that the practices investors use to produce security in fact produce risk to others and to themselves in return. First of all, I have examined what risk means to investors by observing how they communicate different information. Overall, the data show that risk is the investors' uncertainty (Krugman & Wells, 2006) about the accuracy and speediness of the directional information they produce and hold, which predicts the future tendencies of the stock market and directs the investors' practice of trading stocks. The investors also regard as risk their uncertainty about the accuracy and speediness of the raw information they can use to generate directional information. In contrast, they feel secured when they are certain about the accuracy and speediness of their information, especially the directional information that is a precondition for them to trade stocks.

Investors not only construct a sense of certainty and uncertainty through their own practices, but also produce certainty and uncertainty related to others' practices. That is to say, they position themselves and others related to risk in their communicative practices. Examination of RQ2 finds that risk positions (Beck, 1992) are not fixed and separate positions, such as victims of risk and those who oppress and exploit the victims. Instead, risk positions refer to people's self-positioning and positioning of others related to the uncertainty generated through communicative practices. These positions are unfixed, in the sense that the investors may actively change their practices in order to place themselves in a position in which they are more certain of

their information. Sometimes, the security of some investors is co-related with other investors' certainty about the directional information they communicate. Under these circumstances, investors build up cooperative relations with each other through practices such as sharing stock comments and stock opinions, and they tend to invest in stocks long-term instead of speculating. However, at other times, some investors' security comes at the cost of others' security. In such situations, the first group of investors communicates stock opinions and insider information to position the majority in a disadvantaged position of risk, which is associated with less accurate and less speedy information. Zero-sum relations build up among investors, and they tend to speculate in stocks.

But what exactly are the circumstances in which investors cooperate with others in producing security, and when do they produce security by putting others into an unprivileged position of risk? For investors, an ideal communicative process facilitates the mechanism of cooperative relations in reducing uncertainty and producing certainty of information. To produce a sense of security related to the accuracy and speediness of directional information, investors set up an ideal, complete, and stable process of stock investment, which starts by obtaining public information about stock prices and the listed companies, followed by making sense of the information professionally, which produces directional information about whether the listed companies will increase in value. Finally, based on this directional information, they trade stocks and invest in decent enterprises.

The profession have-lesses, who cannot make sense of public information professionally, can choose to entrust their money to profession have-mores, such as

fund managers, and sign a contract to let the profession have-mores complete the communicative process of investing for them. Alternatively, they can obtain directional information shared publicly as stock comments by the profession have-mores, based upon which they can complete the communicative process on their own. In short, the communicative prgru68ocess of stock investment is a series of practices ordered with logic, in the sense that an earlier practice is the precondition of a later practice (Shove, Pantzar, & Watson, 2012).

This ideal process is identified as professional investment, which is associated with security for two reasons. First, a professional background in finance is crucial for the investors to produce directional information that leads them to trade stocks. The profession have-mores produce security because they can rely on patterned theories, models, and other tools that they use to judge whether a stock is worthy of investment. Second, they produce security related to whether other profession have-mores (and profession have-lesses who obtain stock comments from the profession have-mores) use similar theories and tools to make sense of public information, so that stock prices tend not go against their predictions. Additionally, they produce security by getting public access to raw information about stock prices, national and international economies, and the economic conditions of the listed companies. Owing to equal distribution of reliable information, the profession have-mores believe that other professional investors will make sense of the same information using similar professional tools and thus produce similar directional information in judging the (future) value of a company or the whole market. Thus, the investors produce trust related to the companies they invest in, and they prefer to invest in a company for the long term. Equal and public distribution of directional information in the form of

professional analysis, such as stock comments, is also crucial, in the sense that many investors with less professional knowledge are likely to follow professional analysis in trading stocks. As a result, the investors' money flows to similar stocks, and they enjoy the fruits of higher dividends and gradually increasing stock prices, just as the ideal stock market promises (Cheng, 2012; Krugman & Wells, 2006). Though competition among the investors still exists in buying into or selling out of stocks for better prices based on their professional analysis and the speediness with which they can produce it (Kidwell et al., 2000), the investors position each other as cooperators with corresponding practices of trading stocks. In short, in the ideal communicative process of stock investment, the investors have a cooperative relationship with each other, and they regard the security of others as their own security.

The operations of the ideal communicative process of stock investment require the investors to believe that a professional background in finance can help them analyze information and predict the market accurately. The concept of professionalism is related to systematic and scientific theories developed by economists, reliance on which can result in people's consistent and patterned practices that produce a sense of security for them. However, belief in the profession is not unconditional. To produce and reproduce this sense of belief, it is important that the professional theories and skills learned by the profession have-mores really work in a particular market, such as in China. As explained above, belief in professionalism also requires the equal distribution of raw or analyzed information based on its public assessment, as well as people's trust in the reliability of the information to reflect the (future) condition of the stock market, national economics, and the listed companies.

According to the analysis, however, investors usually shift from a public way of communicating information to a more private way. During such practice-shifting moments, which occur when the investors' belief in the profession have-mores breaks down because of risk and unequal risk positions, investors are forced to shift to speculating in stocks instead of investing long term. Practice-shifting moments can happen in either step of the ideal communicative process of stock investment. These moments are, in short, when the investors believe that neither public information nor professionalism guarantees accuracy of information anymore, and they shift to obtaining stock opinions and insider information in a private way based on their interpersonal relations *(guanxi)*. At these moments, some investors are forced to position themselves in a privileged position and position others as disadvantaged when generating accurate information. Previous research assumes that China is a society with elite privileges and the promises of professionalism (Saxenian, 2005). However, this study finds that the mechanism of professionalism is dismantled in the communicative process of stock investment, which, according to economists, is one of the systems that most requires professionalism (Krugman & Wells, 2006).

More specifically, even though Chinese investors regard the complete communicative process of obtaining information, making sense of information, and, finally, trading as ideal and normal, the concept of risk arises when they evaluate their own practices that communicate public information as ineffective and others' practices that communicate private information as effective. They are forced to shift from the practice of obtaining information through public access to a privately circulated practice, taking advantage of their wealth and interpersonal relations *(guanxi)* rather than relying on their professional background in finance.

When investors shift to communicating information privately, they produce zero-sum relations with others, in the sense that the uncertainty of others regarding the accuracy and speediness of information is associated with their own benefits and advantages. Owing to these zero-sum relations, the investors associate security with gaining a privileged position over other investors by obtaining more reliable stock analysis or insider information to remain a step ahead of the majority. In other cases, they produce misleading information to manipulate other investors' trading practices and ensure their own certainty about the future tendencies of stocks. Some big investors are positioned as bankers in the market, because they can manipulate stock prices by controlling others' trading practices through the communication of particular information. Small investors position themselves as the followers of the bankers, caring only about the bankers' future practices instead of about the value of the targeted enterprises. Crimes such as manipulating the market, communicating insider information, and cheating are rife in China's stock market, combined with bribery and corruption among the mass media, listed companies, and other financial institutions. Investors position each other as opponents, and while some big investors produce uncertainty for small investors through practices of cheating and manipulation, the small investors also produce uncertainty for the big investors through their unsystematic trading practices. Under these circumstances, professional tools and theories do not work.

Previous research has associated investors' speculation in stocks with some psychological reasons, such as greediness in gambling, based on the assumption that people make unsystematic, irrational, and short-term decisions to fulfill their desire to

make more money quickly, regardless of the huge risk they are taking (Cheng, 2012; Hazen, 1991; Yao & Luo, 2009; Warner, 1977). Their decisions are unsystematic in the sense that they do not depend on systematic analysis but instead rely merely on uncertain luck (Baker & Wurgler, 2007). However, as the analysis shows, speculation in stocks by China's investors is not an isolated process. Investors do not decide to speculate in stocks to make a "quick buck" instead of investing long term at the very beginning of their investment process, as previous research has assumed. Evidence shows that China's investors, especially those small investors who are profession have-lesses, use different practices to obtain stock comments and stock opinions, which are the directional information generated by the profession have-mores using professional theories and tools. Such practices illustrate that even unprofessional investors desire to complete the normal process of stock investment and achieve security related to the concept of professionalism. If the small investors were just gambling blindly (Baker & Wurgler, 2007) based on irrationality, unprofessionalism, or greed (China Securities Regulatory Commission, 2011, 2012), they would not make the effort to obtain information from professional analysis. Furthermore, the big investors who are blamed for manipulating the market and speculating in stocks as "bankers" also still obtain and make sense of raw information professionally, showing their desire for a stable investment based on professional analysis. Even those investors who have made a significant amount of money by speculating in stocks with insider information regard their speculation as a compulsory choice that they are driven to select because they can no longer produce security with their professional background in finance through the communicative process of investing.

I believe there are two main reasons why the concept of risk arises during investor's

communicative practices, which force the investors to shift from the ideal stock investment communicative process to circulating information more privately, eventually causing excessive speculation. The first reason is the clash between the state-oriented economy and the market economy in China; the second reason lies in the tradition of interpersonal relations (*guanxi*) in Chinese society. With the control of the state, instead of the mechanism of competition in the market economy (Lazonick, 1993), the profession have-mores cannot get a promotion based on their practices of sharing more accurate stock comments in public. Thus, they turn to trading pieces of directional information for personal favors in a more private way through the development and reinforcement of interpersonal relations. The circulation of directional information based on professional analysis has become smaller and smaller within a micro-scaled network of the profession have-mores and those who build up interpersonal relations with them. While the circulation of the professional analysis is limited, the explanation and predictions of the analysis do not work well in the sense that the majority of the investors are excluded from the network of professionals, whose trading practices do not influence the market in the same directions as the professional analysis assumed. Meanwhile, in the context of China's current society, people distrust the public information, with the belief that the society is full of corruptions (Beck, 1992; Saxenian, 2005). Since they consider public information uncertain, some of the big investors shift to taking advantage of their wealth by communicating insider information with the fear that the professional analysis does not work and that others might communicate insider information and thus become a risk to them. The small investors, most of whom are profession have-lesses, also attach more value to the insider information and seek it out over the professional analysis.

8.2. Interpersonal Relations (*Guanxi*) vs. Contractual Relations: Place Making and Inequality

As mentioned in earlier sections, the speculative practices are brought about by people's private circulation of stock information, which should be publicized but is not, including the professional analysis of the stock market and the reliable information about the economic conditions of companies and the nation. Two privileged groups are generated in this process by controlling and communicating the two types of information within a small and closed network based on interpersonal relations (*guanxi*): the professional elites and the wealthy investors.

The inequality between the privileged groups and the disadvantaged groups (most of whom are small investors) in the financial market in China used to be related to the "structural inequality and institutional constraints" that "systematically keep the have-less from accessing regular and high-end ICT services" (Cartier, Castells, & Qiu, 2005, p. 23). In the 1990s, when the ICT services were only accessible by the Big Investors Room, the wealthy investors, positioned as information have-mores, obtained security related to the small investors' uncertainties of the latest information. However, with the popularity of ICT among the urban citizens, most investors are granted access to the public information sources through the TV, newspapers, the radio, the Internet, and cell phones. The small investors are no longer the information have-lesses because of the restricted access to public information sources. However, they are again placed in an unprivileged position because they have difficulty gaining access to the more reliable information, which is only for private circulation, based on

the interpersonal relations (*guanxi*) with the profession have-mores and the insiders who hold the insider information.

I argue that the reason why the profession have-lesses and the small investors are still in a disadvantaged position of risk, while the profession have-mores and the big investors obtain security based on their uncertainties of information, is because of the devaluation of the public information, which means people do not believe they can obtain the reliable information through public access. As mentioned above, the devaluation of the public information is a result of the clashes between the authoritarian governance based on the "rule of man" with the market economy insured by the mechanism of the "rule of law" (Jones, 1994; Peerenboom, 2012). With the absence of the rule of law, the equal and reliable release of so-called raw information, perceived as the economic conditions of companies and the nation, is not guaranteed by contractual and lawful obligation. Thus, some insiders, who hold the information, use it for rent-seeking. The big investors are forced to use money as a bribe to produce interpersonal relations based on their certainties of the information. Thus, the privileged group is constructed based on rent-seeking and related illegal practices such as corruption and bribery. The information is exchanged with money for favors (*renqing*) and, by exchanging favors, the big investors and the rent-seekers produce and reinforce their interpersonal relations (*guanxi*) as a mutual agreement for future exchange (Park & Luo, 2008).

In addition, since the state control over the market restricts the free competition among the profession have-mores in the accurate analyses they share, the profession have-mores shift to exchanging the analyses in a more personal way as a favor to the

profession have-lesses, or they exchange their analyses for other profession have-mores' stock opinions in private. They are reluctant to share analyses in public, since the practice does not guarantee them the sufficient rewards that the free market promises. Due to the low accuracy of the profession have-mores' stock comments, the profession have-lesses also shift to the practice of building interpersonal relations to obtain more accurate stock analyses. In order to build interpersonal relations, the profession have-lesses are eager to do favors for the profession have-mores in different ways. Because of the lack of law enforcement, which guarantees contractual relations, people rely on interpersonal relations to generate certainty for other social resources (Bian, 1994) such as educational and medical resources. The profession have-lesses usually return the favor to the profession have-mores by offering priority services in some social resources, the practice of which is usually against the contractual rules.

Thus, the profession have-mores and the big investors who communicate insider information use their communicative practice to facilitate the place-making (Lindlof & Taylor, 2010) of an extension of the Big Investors Room, which is only accessible for the wealthy and professional investors. With the increased popularity of ICT services among the urban citizens in China, the small investors can use the practices related to stock software and online platforms to produce a place that exceeds the stock exchange hall with a disadvantaged service of information to the Big Investors Room, in which they position themselves as equal with the big investors in regard to the certainties of obtaining the latest information. However, by devaluating the public information and reducing the circulation of authentic information through more personal communicative practices such as talking on the phone or face-to-face

conversations in private places without public access (e.g., Ito, 2005; Lepofsky & Fraser, 2003), the wealthy and professional investors reproduce the place of communication separate from the stock exchange hall, and they position themselves as privileged groups, based on the certainty of the information they communicate. Even though it is declared that the media is above spatial orientation because it can distribute ideas regardless of the physical place (e.g., Couldry, 2005), the distribution of information in the financial market is still bound by physical and social hierarchized locations (Witteborn, 2011).

8.3. Paradox of Risk and “Schweigen Entgiftet" in Risk Definition

The privileged risk positions, or more secure positions, are based on interpersonal relations that grant the profession have-mores and big investors access to more valuable information. However, these investors from the privileged groups still describe their positions as having risk. First, previous research describes the interpersonal relations in China as fragile and easily broken, without the insurance of the legal system (Lu & Reve, 2011). Those who take advantage of interpersonal relations in order to obtain more reliable information face the uncertainty of maintaining such relations. Thus, for instance, the big investors who obtain the insider information always speculate in stocks instead of investing in stocks long-term, not because they do not trust the reliability of the information they obtain, but because they are uncertain about the future collusion with the insiders who share the information as rent-seeking. Besides, as previously mentioned, the restricted circulation of the professional analysis between professional elites and those who approach them through personal relations actually reduces the accuracy of the

directional information of the professional analysis.

Overall, stock prices are determined by the trading practices of the investors on a large scale (Chan, Dahan, Lo, & Poggio, 2001). When the professional analysis about the future tendencies of the stocks and the market cannot reach the majority of the investors, the accuracy of the predictions is reduced. It is harder for the profession have-mores to predict the practices of the profession have-lesses, and it is harder for them to predict the tendency of the market. For example, the professional investors participating in this dissertation complain to me that the professional have-lesses are disrupting the market, which they regard as an obstacle in accurately predicting the stock prices. Another piece of evidence that requires further exploration is that the profession have-mores with less investing experience (e.g., P6) complain that they find it more difficult to make money nowadays based on their profession than the senior analysts. When the promise of the professional tools and theories (which are patterned, stable, and can predict the long-term tendencies of the stocks and the market) fails to work in the stock market, even those who obtain the directional information are uncertain about its long-term effect and accuracy, and thus tend to speculate in order to win some quick bucks. Moreover, with the belief in professionalism breaking down, more investors shift to obtaining insider information through bribery and corruption, producing more uncertainties for other investors and generating zero-sum relations.

Many scholars (e.g., Lash & Urry, 1994; Cartier, Castells, & Qiu, 2005) have talked about the social inequality and the (access to) information, especially on how those less privileged groups “slip through all the safety nets” due to the information

distribution (Beck, 2005: 117). This research, when showing how the privileged groups are constructed through communicative practices and the information flows within the social context in China, illustrates that even the privileged groups are excluded from the safety nets. The uncertainties they have produced to the disadvantaged groups by narrowing the circulation of reliable information would be eventually transformed to be their own uncertainties, trapped them in a paradox of risk. This finding echoes with Beck's (1992) definition of equality in risk society. Unlike the critics of this statement especially from the field of political economy studies (e.g., Bell & Mayerfeld, 1999; Atkinson, 2007; Mythen, 2005) have stated, the equality here does not mean that the privileged groups (in this study they are the profession have-mores and wealthy investors) and disadvantaged groups (the small investors who are mostly profession have-lesses) face the same uncertainties in the stock market. Instead, it means the moments that the privileged groups cannot use their privileges like professional background or wealth to produce security, due to the fragile interpersonal relations they rely on and the uncertainties produced back to them from the unprivileged groups.

However, since the majority of investors, even those in privileged groups, position themselves as the sufferers of uncertainty and therefore being under risk, they still reproduce the system by repeating their practices of speculating. The social changes assumed by the risk theory (Beck, 1992, 2009a) do not happen in China's financial market. The Research Question 3 asks why, and I suppose the reason lies in the risk definition (Beck, 1992). For Beck (1992), the definition of risk is a power game, in the sense that those who define the risk guarantee their privileged risk positions, ensuring the definition of which would not hurt their own interest. Unlike the

distribution of goods in classic class-oriented theory (Marx, 1971), risk is not something fixed that can be distributed physically. Instead, in the case of financial risk, risk is the uncertainty about the information that is produced in people's communicative practices. The risk definition here refers to the discourse (Beck, 1992) that determines which communicative practices may produce risk to the investors, and who are the risk producers and sufferers. As in the case of China's stock market, laws and official reports play important role. However, they somehow ascribe the uncertainties and sufferings in the stock market to the greed and unprofessionalism of the investors, who practice speculating to win quick bucks and disrupt the market. They do not frequently associate the financial risk with the clashes between the state-oriented economy and the free market. They do not mention enough how the lack of law enforcement pushes people to rely on the interpersonal relations inside and outside the stock market, which, eventually cause uncertainties to the investors, the market, and the society as a whole.

For Beck, this is a so-called formula of "*schweigen entgiftet*" (Beck, 2009, p. 8), meaning that some expressions of risk are regarded as challenging the current system and have been by silenced who those who want the current system to continue to operate without changes. A typical case is the gap between lawful definition and peoples' conception of insider information. The law focuses on the equal release of company information, but the people focus on distrust of the fair release of national economic data, which ought to identify the true economic conditions of China. The latter uncertainty is ignored in the law and other official definitions of financial risk.

Another finding is that, unlike the assumptions of some economists, the practice

shifting moments happen when people cannot produce certainty related to professionalism and public access of information prove that they do not speculate in stocks because they desire risk, but rather, they keep shifting from the ostensibly stable process of long-term investing to speculating because they try to avoid uncertainties and produce a sense of security. However, people's desire for certainty produces an unawareness of risk (Beck, 2005), in the sense that at the very moments that they shift to the practices in order to produce certainties to themselves at the cost of certainties to others, they are not aware that this practice comes at the cost of their own certainties due to the zero-sum relations they produce in the market and thus become trapped them with the paradox of risk. Even though they agree that speculation produces uncertainties to them as well, they repeat these practices, since they evaluate the ideal communicative process of long-term investing as more uncertain and effective.

8.4. Rethinking "Risk": What's New and Some Future Applications

In this dissertation, I use grounded theory approach to develop a local case in Shanghai to examine the investors' construction of risk through their communicative practices. After doing so, I observe some differences between the local case and the previous social theories of risk. First of all, in the case of stock investment in Shanghai, the risk positions are not fixed. More specifically, those factors that are mostly seen as privileges in the eyes of political economists and Marxists, e.g., wealth, would not guarantee the investors a safe position. Meanwhile, those who are considered as the disadvantaged groups by political economists and some other social scientists, e.g., small investors, could be perceived as risk producers. For instance, as

mentioned in Chapter 7, the big investors complain to me that the small investors' unprofessional trading practices disrupt the market, making them difficult to predict the future tendencies of stock prices. In the situations like this, small investors could be risk producers, while the big investors the victims.

That is not saying that the inequality between the big and small investors is not an issue anymore, or the big investors are not responsible to the instability in China's stock market. What the local case indicates is that the mechanism of risk construction is more complicated than classic class theories would assume, that we have a fixed upper groups exploit and oppress the lower groups (Marx & Engels, 1848). In the risk society theory, the similar distinction of victim/risk producer is just like the bourgeoisie/working class binary. Ulrich Beck (2011), for instance, talked about how weaker groups like the developing countries or the future generations would be suffered from risk while being excluded from the risk definition process. I argue that we should not oversimplify the risk positions by presume that one group (most likely those who own less wealth or some particular knowledge) would always suffer more, while the wealthier and more knowledged owners would be the exploiter or cause the risk on the victims. The social scientists should consider the complexity of the mechanism of risk production. For example, in the local case of Shanghai, the investors with different levels of wealth and financial background together produce, maintain and being trapped in paradox of risk when doing communicative practices of stock investment. As the data indicate, their practices, especially those practices that communicate information privately, are influenced by their distrust towards the corrupted social system. If the researchers presume that it is the big investors hurt the small investors' interests and force them to be the victims, they would overlook the

complexity of financial risk in China. Overall, I argue that the examination of risk should not be mirroring the examination of distribution of goods in classic class theories. The researchers need to look at the full picture of risk construction, while bearing in mind that the risk positions could be very changing and unfixed, and they should not treat these changing positions as social classes or other comparatively fixed social categories.

The complexity of risk indicated in this local case brings another issue: the specificity of risk construction. For example, as the data show, to interpret Shanghai investors' communicative construction of risk requires researchers' understanding of *guanxi*, a very social-cultural concept. In this case, risk construction is very time-space specific, and the theorization of which is not necessarily consistent with a grand and universal social theory of risk, e.g., risk society theory by Ulrich Beck. Beck realized that there are differences between different types of risk (e.g., Beck & Sznaider, 2006). However, some of his grand arguments about risk, like non-compensability of risk, can only explain some particular risk-related phenomena, while are inconsistent some other relevant issues. For example, if we presume that financial risk is non-compensable, we could not understand why the investors take the risk when speculating in stocks. Instead, when I use a grounded theory approach to understand local investors' communicative construction of risk, I find that risk means different things to the investors: win, lose, chance, pain...And these meanings are produced in their communicative practices. That is the reason why the investors keep speculating in stocks and producing paradox of risk: when investing in stocks, sometimes the practices that produce uncertainties mean security and chance to the investors, while doing some professionally and morally encouraged practices are perceived as being

laggards and taking risk of losing money.

Thus, I call for more grounded theory research to see how people in different time-space construct risk in their own ways. For me, that is the solid way to approach the concept of risk, and the data of which may challenge or enrich the very grand social theories of risk. In the cases of financial risk, the researchers need to develop more comparative studies of different local cases without imposing previous grand theories on them. The researchers need to know, for instance, what are the similarities and differences in risk construction between Shanghai investors and the investors in other areas, and why? Do the investors in other developing countries produce the similar paradox of risk as the Chinese investors do? What about the investors from those more lawfully and economically developed areas, e.g., the investors from the United States? If the researchers are able to develop these grounded cases for further comparisons, they might be able to provide not only the theoretical explanations to the risk-related phenomena, but also provide some solid solutions to financial risk in local and global markets.

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