



Department of Applied Social Studies Serves the Society

STOCK MARKET FEVER

Last year, the few months of stock market boom in the region made Hong Kong a hotbed for investment. However, with the subprime mortgage crisis in United States and a vast number of speculative traders rushing in, the stock market underwent rigorous fluctuations. Between October 30, 2007 and March 9, 2008, the Hang Seng Index dropped 9,426 points (approximately 30% of its former value). Many people clamored about their failure in stock investment.

Such public's noise revealed not only that there are many stock gamblers and emotional investors out there but also that people should be cautious against following the flow in terms of risky investing.

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Smart Investing under Certainty

(from the cover page)

Moreover, this year's HSBC Investment Market Monitor Survey showed that retail investors are increasingly younger and thus more risk-taking. In particular, investors with monthly income below \$10,000 have grown from last year's 22% to 31% this year; the age group of 18-29 has grown from 12% to 17%. Indeed, many young people turned their interest to stock trading ever since the beginning of a bull market in mid 2006.

"In the past, people perceived investing a risk-taking behavior. Today, investing is so common among the young and old; the style of investing among people nowadays is very different from that among people many years ago," indicated **Dr. Raymond Chan**, Associate Head of the Department.

"Hong Kong's economic and social environment has changed much in the last decades. During the 60s and 70s, Hong Kong's economy was largely driven by industrial production. Then, in the 80s and on, middle class ruled as tertiary productions became major money-making industries. Such booming economy provided a favorable environment for people to invest, which led to the growth of stock market. So, in the old days people used to work very hard to earn a living, now they choose to invest their wealth in stock at their home on their fingertips or via phone calls, and they are more willing and financially ready to take risk."

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People like to make quick money in the stock market based on their amateurish predictions. Although most players actively conduct financial planning and study stock information, they are



prone to make errors in their judgment of outcomes and in their perception of risk under uncertainty. Research showed that people are likely to see patterns when there is none and to attribute the cause of accidental success to their skills rather than to chance.


"The mass media only covered successful investors' stories, which are what investors love to hear; however, positive outcome does not always occur," explained **Mr. Stephen Ma**, lecturer in the Department.

In addition, people are overconfident in their own abilities; investors and analysts are particularly overconfident in areas in which they have some knowledge. However, high level of confidence frequently shows zero correlation with greater success. Investors with overconfidence often trade more frequently than they should and bet heavily on a limited number of stocks, which lower their chance of gaining positive returns.

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Then, amateur investors also engage in emotional investment that is driven by their gut feelings and instinct.

Dr. Julian Lai, Associate Head of the Department, explained the influence of "stars in the financial industry" on people's judgment. "Positive images are most readily accessible as information in people's mind when making judgments, thus reinforcing their favorable feelings about their predictions. Prior success in gaining quick and easy returns will create positive feelings. When



the decision is complex but mental resources are limited — as in most real life situations of investment or predictions — people tend to rely more on their feelings, which lead them to anticipating low-risk and high-benefit outcomes, and in turn, motivating them to engaging in investment or speculating behavior.”

Prior success in gaining quick and easy returns will create positive feelings, which lead people to anticipating low-risk and high-benefit outcomes – despite in reality risk and benefit always go hand-in-hand.

Thus, driven by their feelings, many amateur investors become either over-optimistic if the market goes up, or over-pessimistic if the market goes down. Such phenomenon explains the occurrences of stock market anomalies, market bubbles, and crashes — a vast majority of investors rushed to trading under the influences of their emotions, faulty information, and fallacious logic. Another example of affect-driven behavior is the speculative surges in asset prices, when people predict future price gains with wishful thinking, reinforced by positive feedback from the mass media. The reverse, however, is triggered when buying is exhausted and contrary news is circulated.

We can see that market fluctuations are caused not by the changes in actual stock values but by the susceptible mind. Clearly, information gathering is the key to successful investment. Dr. Chan suggested that whenever there is a hot trend of investment, people have a stronger sense of wealth management. He remarked, “Investing is a life’s necessity. We all need to manage money well for our future; other popular investment plans include insurance policy, pension, and education fund. It is good that more people plan their lives financially at a younger age.”

How should we use investment as a financial management tool? As financial expert Frederick L. Muller suggested that “the human mind craves clairvoyance, but anyone’s ability to see the future is extremely limited,” we should act according to our own ability. Smart investing involves investing as rationally as possible and use time and diversity to nullify the effect of harmful risk. More, to minimize the influence of emotional decision making, we should set clear financial goals and have self-control. Rather than maximizing profits, we should aim to achieve our preset goals and make marginal profits.

*Interview by Wendy Lo
Written by Simon Tsui*



The 6th Chinese Psychologist Conference

The 6th Chinese Psychologist Conference, jointly organized by the Department of Psychology of CUHK, the Hong Kong Psychological Society, and the SS Department, will be held at The Chinese University of Hong Kong on 11-14 June 2008.

This conference has two objectives:

- 1) encourage academic exchanges and networking among scholars in Chinese psychology from the Mainland China, Taiwan, Hong Kong, and other regions of the world, and
- 2) provide a forum for advancing psychological studies of Chinese people.

For details and updates, please visit the conference’s web site:
<http://www.psy.cuhk.edu.hk/6thconf/index.html>

Striving to adapt to a new life - the story of a new Chinese immigrant



New immigrants in Hong Kong often were portrayed as victims and villains in newspapers. They appeared needy, powerless, and even mischievous, seeking every opportunity to become receivers of the local social welfare. But is this a genuine portrayal of new immigrants in Hong Kong? I have found that the answer is no: Rather, they are quite optimistic and motivated. Most of them adapt well to their new environment and new lifestyles in Hong Kong.

Immigrants in Hong Kong often dislike interviews because they don't speak Cantonese well, nor they want to expose their vulnerability. But, Miss So is an exception. She is confident and talkative. She is an immigrant from Mainland China and has moved to Hong Kong with her husband, daughter, and mother eight years ago in 2001. At her seventh year in Hong Kong, she had applied for a Hong Kong Identity Card and was no longer an "immigrant." Now, she behaves like an average Hong Kong citizen. But her story was different six years ago.

During her first two years in Hong Kong, she had various adaptation problems. "I had no close friends and relatives in Hong Kong. When I felt sad and lonely, I had nobody to share my burdens with," she said in the interview. Because of her lack of social support, she stayed home most of the time and shied away from any social interaction which she felt was meaningless. She would go straight back to home after taking her daughter to school. She had completely cut herself off from the society.

"I used to cut myself off from the society, but my sad experience motivated me to think about my life in Hong Kong."

Fortunately, an incident had changed her mind. "I had a friend of mine who attempted suicide — because she felt lonely and hopeless as I did — after moving to Hong Kong but was rescued by the passers-by. This incident motivated me to think about my life in Hong Kong," she recalled.

She started to have a new outlook on her life in Hong Kong. She began to open herself up more to people in the community: "In the past, I had experienced many disappointments in my life in Hong Kong. But now, I have realized I needed to think more positively and to make friends to help me cope with the challenges."

"Going out to the community is more helpful than staying at home by myself," she continued. Encouraged by her daughter's teacher, she began to participate in voluntary work at a local school and helped tidy up the library. This endeavor





has changed her life: "Doing the volunteer work, I met a lot of friends and saw my life more valuable," she said. Since then, she was more determined to integrate into the society.

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Doing voluntary work at a local school was just the beginning of her transformation. She participated in more voluntary services in the community and began to join the visitation to the elderly, new immigrants, and low-income families. She helped the elderly people cleaning their home and brought attention to those who needed professional intervention.

She found her meaning in life: "Helping others is fantastic. I am pleased that I can make people feel happy."

Miss So realizes how blessed she is from her voluntary work and the importance of showing concerns for others. She felt that she is a lucky one in Hong Kong: "I have visited some new immigrants who suffer from financial burden and domestic violence. Comparing myself with them, I am really lucky." She continued, "some elderly living alone are suffering from many diseases. I empathize with them and want to do something to help them."

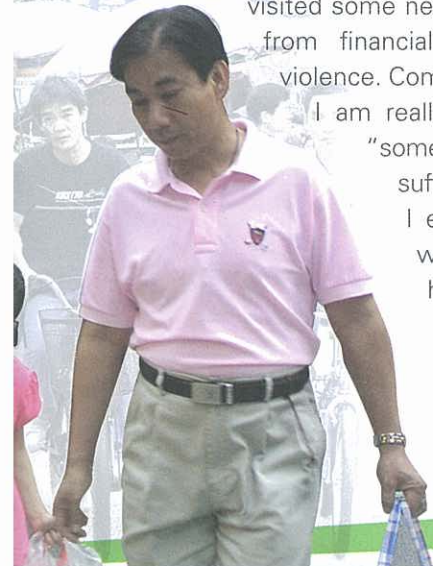
Being curious about and making efforts in learning new things, the new immigrants not only could adjust well to living in Hong Kong but also become helpers to those who need helps.

Apart from the voluntary work, Miss So also makes use of her leisure time to learn English. "The English course gave me a chance not only to learn to speak English but also to meet many other immigrants from Mainland," she added. Being curious about and making efforts in learning new things, she has sharpened her life skills and become quite adaptive to her Hong Kong lifestyle. Now, she is a busy, talkative, and competent woman.

Miss So is a perfect example of how new Mainland immigrants can muster their strengths and in turn become helpers to many others. They really do not have to be receivers of social welfare; rather, many are resilient and able to cope with adversities with grace and dignity.

Their personal traits and life skills could help them not only to adjust well to living in Hong Kong but also to become helpers to those who need help.

Reported by Mike Ng



SS offers multi-disciplinary undergraduate programmes

The SS Department offers Bachelor of Social Sciences (BSocSc) (Hons) degree programmes in four distinct fields: Applied Sociology, Psychology, Social Work, and Criminology, with the highlight of applying social science models and theories to the understanding and analysis of social issues and to the solution of individual and community problems.



Programme Features

Programme	Programme Objectives	Entrance Requirements	Programme Duration	Professional Accreditation
BSocSc (Hons) in Applied Sociology	<ul style="list-style-type: none"> To equip social science practitioners with competence in service management and sound knowledge of sociology concept and practice and social research methods in solving individual, organizational, and community problems. 	<ul style="list-style-type: none"> Satisfy the General Entrance Requirements of the University 	3 Years	---
BSocSc (Hons) in Psychology	<ul style="list-style-type: none"> To equip students with in-depth knowledge of human behaviour in various social and cultural contexts and with research skills in conducting quantitative psychological studies. 			<p>Graduates will normally be eligible to be considered for the Graduate Membership of the Hong Kong Psychological Society or overseas psychological societies upon application.</p>
BSocSc (Hons) in Social Work	<ul style="list-style-type: none"> To equip students with competences in undertaking culture-sensitive social work practice and offer professional social work education. 			<p>Graduates are qualified to register with the Social Workers Registration Board as Registered Social Workers (RSW).</p>
BSocSc (Hons) in Criminology	<ul style="list-style-type: none"> To equip students with broad knowledge of theories in criminology and professional competence in criminal justice and security management. 	<ul style="list-style-type: none"> Hold a recognized associate degree, higher diploma, or equivalent qualifications in social science or a related discipline, from a recognized institution or university. 	2 Years	---

SS Provides a Good Learning Environment

- Over 50 dedicated and experienced staff members
- Five Teaching Excellence Awards to staff members
- Two Maximising Student Learning Awards granted by the university
- Rewarding learning opportunities including student exchange, cross-cultural learning internship, and mentor system

- A large quantity of scholarships and prizes
- Active research and consultancy
- Close contact with the community and government

Enquiries

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Learning Outside the Classroom

Four Year-2 SS students gave a presentation at a multinational business firm. The first time in their lives they dressed up in business attire, visited a prestigious company, and pitched their proposal to a group of business people — to sell a collaborative project that aimed to provide voluntary services to bereaved children. Having worked on many revisions refining their proposal and rehearsing many times their presentation, they were ready to hit home with results; but they worried that business people would render their project a waste of time.

What have social science students to do with business people?



A "Big" Project

To enhance students' sense of belonging to the department, Instructors Vincci Lau and Stephanie Li initiated the idea of letting students represent the department through selling a voluntary-service project idea to business firms. This particular project had four student participants: Cloud, Kuen, Lu, and Seafood. They had big hopes for this project. More than they have imagined, they discovered that they have begun to see the world differently than before.

As they sat down to brainstorm on project ideas, they realized they must adjust their preconceptions.

"We realized that we needed to abandon unrealistic goals to make our proposal look more appealing," recalled Seafood. They saw the need to infuse the altruistic social work beliefs with the money-driven business concerns, because they still thought businessmen cared only about cost-effectiveness.

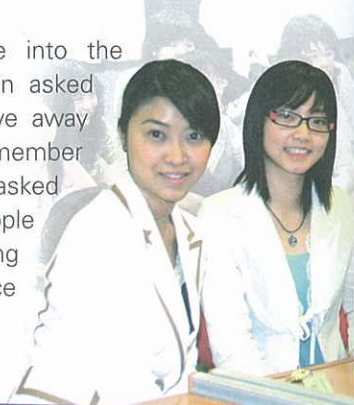
After some time they found their worry unnecessary. "Our [business] collaborators just don't want us to determine everything for them," said Cloud. "They wanted to make decision on the content and their responsibilities and roles in the project."

Subsequently, these students became very comfortable upholding their social work rationales as well as being open to inputs from their business collaborators. Step by step, they expanded their flexibility through dealing with the unexpected.

Strength Unfolds Bit by Bit

After a series of rigorous preparation, they entered the final presentation stage. Although they thought business presentations must be boring, they were determined to adopt a different approach: They designed a variety of games and lively demonstrations to illustrate their points. As a result, not only did their presentation impressed the corporate panel, it had also brought a strong message.

Intending to put the audience into the bereaved children's shoes, Kuen asked one member in the panel to give away her wedding ring. When the member was shocked by his request, he asked the audience to imagine how people would feel having lost something very precise to them. The experience



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would be the same as that experienced by bereaved children who had lost their parents. The panel members felt the emotions and were touched by the presentation.

After the presentation, the students awaited for the result: They looked anxious. "Although I know there is a 50-50 chance that we will win the project opportunity, I still don't want to lose, because we have worked so hard." Despite their anxious feeling, they have also learned how to have a positive attitude. As Seafood indicated, "There will be lots of other challenges lying ahead of us."

Success in Learning Comes from Within

During the process, they have transformed from lurking in uncertainties to keeping their heads above the waters in challenges. Now they have got a better sense of the reality and are much more able to cope with changes. "Work is a matter of survival," Seafood explained, "in the real world there is no guideline to follow; nobody can tell you what work and what not. You have to learn from trials and errors."

When being asked what they have achieved, Kuen — after a brief silence — indicated, "I think we gave our collaborators at the business firm a new perspective. Their responses were very positive."

Cloud added, "From their reaction, I could see that they had never heard of such type of message before. But now, they came to understand bereaved children's needs." As they continued to list their achievements, they were filled with joy and satisfaction. The result of the project was obvious.

Reported by Mike Ng

When Giving Is Beautiful

"The most important thing in life is to give out love and to let it come in," Mitch Albom wrote in his best-seller *Tuesdays with Morrie*. I agree with Albom totally. It is easy to let love come in; but, how should I give love out?

Having been a Red Cross member in secondary school, I learned about the meaning of serving the weak and needy — it was a rewarding way to give out my love. Through participating in various kinds of services, I found "doing service" was never one-way: I gained much from giving.

I believe I am lucky to be able to give to others because I have excess to share with them. Every time I serve, I feel I am contributing to the society and connected with the heart of the community.

I have found that my joy comes not from the number of service certificates earned but from hearing words of appreciation from people whom I have served and seeing them smile. Nothing can make me happier than that.

I have made Albom's saying the motto of my life: It is in giving that I receive. Voluntary community service is but a large part of my personal growth. Its essence lies in its voluntary nature: You serve because you wanted to give, not because you were required to fulfill a course credit or meet people's expectations. Only when you serve willingly and whole-heartedly will you experience its beauty from within.

Written by Choi Ying Cheung Shirley

Choi Ying Cheung Shirley was awarded the Hong Kong Jockey Club Scholarship in 2007/08 for her outstanding academic achievements and strong leadership in extra-curricular activities and community services.

