

Country Comparison: Levels of Investor Relations information within the different countries in the OMX Market

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**Country Comparison: Levels of Investor Relations information within the
different countries in the OMX Market**

Master's Thesis
Olli Andersson
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COUNTRY COMPARISON: LEVELS OF INVESTOR RELATIONS INFORMATION WITHIN THE DIFFERENT COUNTRIES IN THE OMX MARKET

Goals of the Thesis

The quality of the Investor Relations information can be different from company to company and from country to country. The aim of the thesis is to examine the differences small investors face when evaluating companies in different countries within the OMX stock exchange (Finland, Sweden, Denmark and Baltic countries) and the differences on the level of the Investor Relations information in certain companies within these countries on three different levels: legal, timeliness and overall applicability.

Materials and Methodology

Due to the fact that IR is still a fairly new area of scientific research the thesis used an exploratory method to describe the differences between the regions. The materials used in the thesis included scientific literature as a starting point for examining the IR function as well as best practice guidelines from the practical field. Empirical section included several company website examples as well as different IR surveys and rankings.

Findings

The thesis found that legal frameworks and implementation of regulation varies greatly from country to country even within the countries in OMX stock exchange and that small investors are greatly dependent on companies in certain areas of the information, since no other sources exist. In summary the level of IR information is dependent on local implementation of regulations and infrastructure of the financial systems and the technologies used to present and display information towards small investors

Implications of the thesis are connected to small investors evaluating companies outside their home market, governments and legal entities to push technology and financial infrastructure for improved level of Investor Relations information and people working with Investor Relations.

Key Words

Investors Relations, Disclosure Information, Country comparison, Sweden, Finland, Baltic Countries

MAAVERTAILU: SJOITTAJAVIESTINNÄN ERI INFORMAATIOTASOT TARKASTELTUNA OMX PÖRSSIN ERI MAISSA.

Tutkielman tavoitteet

Sijoittajaviestinnän rooli sijoituspäätöksissä on luonnollisesti hyvin tärkeä ja listatuilla yrityksillä on yleinen tiedonanto velvollisuus. Tietoa jaetaan hyvin, mutta tiedon laatu ja käytettävyys voi vaihdella hyvinkin paljon yrityksestä toiseen ja maasta toiseen. Tutkielman tavoitteena on tuoda esille eroja sijoittaja informaatiossa eri maiden välillä OMX pörssin sisällä (Suomi, Ruotsi, Tanska ja Baltian maat) ja eroja yritysten tiedon laadussa näissä maissa. Tiedon laatu on jaettu kolmeen eri tasoon, jotka ovat lainsäädännöllinen, ajantasaisuus ja yleinen käytettävyys, joiden eroja tarkastellaan maiden ja yritysten osalta.

Materiaalit ja tutkimusmenetelmä

Koska sijoittajaviestintä tieteen alana on vasta nuori, tutkielma keskittyy tarkastelemaan eroja tutkivaan sävyyn. Materiaalina tutkielmaan on käytetty sijoittajaviestintään keskittyneiden tieteellisten lähteiden lisäksi hyvän käytännön ohjeita. Empiirinen tieto hankittiin seuraamalla eri yritysten verkkosivuilta saatavaa tietoa, sekä erilaisten sijoittajaviestinnän kyselyjä ja listauksien yhteenvetoa.

Tutkimustulokset

Tuloksissa selvisi, että lainsäädännöllinen taso eroaa maiden välillä vaikka pörssi itse toimii rajojen yli. Samoin piensijoittajien saama tieto eri maiden yrityksistä on hyvin erilaista ja he ovat hyvin riippuvaisia juuri yritysten kertomasta tiedosta, koska muita lähteitä ei ole saatavilla piensijoittajille. Sijoittajaviestinnän taso on riippuvainen paikallisesta lainsäädännön täytäntöönpanosta, finanssijärjestelmän infrastruktuurista sekä tietotekniikan hyödyntämisestä tiedonvälityksessä.

Tutkielma antaa piensijoittajille lähtökohdat ymmärtää eri maiden eroja sijoittajaviestinnässä ja auttamaan yritystiedon analysoinnissa. Tutkielma antaa selkeän motiivin lainsäädännöllisesti lisätä teknologian käyttöä sijoittajaviestinnässä, sekä auttaa sijoittajaviestinnän ammattilaisia.

Avainsanat

Sijoittajaviestintä, Tiedonantovelvollisuus, Maavertailu, Ruotsi, Suomi, Baltian maat

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1 Introduction

In the late 90's and beginning of 2000 brought light to the Enron scandal, where one of the largest firms in the US literally fell to pieces and went to bankruptcy due to illegal and unethical business standards and melted away pensions for almost 20000 employees (BBC News, 2003). Some of us might have been reading the news about this Enron scandal and remember the aftermath and discussion that was surrounding on company disclosure and corporate governance. Also the issues gave rise to what information investors were getting when things were really bad. Just recently this issue was brought up by Swedish Financial authorities when they found D. Carnegie responsible for similar misconduct and lack of governance of vital investor information and inflating trading results resulting in resignation of the bank's chief executive and board of directors in the late fall of 2007 (Laurent, 2007). Both of these cases have been discovered due to that more transparency is being demanded by financial authorities as well as investors. Not to mention that stock market information is more readily available to investors through internet and other electronic sources. It is clear that modern financial field requires companies to examine their financial information in order to assess the actions towards a more open and transparent information.

Investor Relations (IR) function for the company comprises the functions that take care of the information flow to markets, investors and potential investors. IR has grown to more and more important role in any company as the communicator of strategy and financial results and goals of the company to its investors and potential investors (Marston C. , 1996, pp 479-480). The role of IR also shows the directions in which the company is going to in the near future and provides the basic information to do these estimations by providing investors access to relevant information nationally and internationally. Furthermore pressure to provide information across borders and across different cultures to new investors is very important and in rising through

the use of the Internet and such business portals as Google Money, Yahoo Finance, Thomson Reuters and Bloomberg and increased global business information displayed by media.

This thesis concentrates on studying the differences in informative levels of IR between close markets in the OMX, the Baltic and the level of information provided by the listed companies to investors and especially to small investors. It will be noted that informative studies about the level of information provided by companies themselves to the investors vary immensely from one another and even more when compared against peers in the international markets.

1.1 Research Objectives

The new EU transparency directive calls for companies to post material information in their Web sites, yet it leaves the manner of the disclosure to the market authorities, since there is no one entity to oversee this in the Europe (RealIR, 2007). This is also true of all companies listed in stock exchanges that cover more than one nation, like OMX and Euronext. OMX covers stock exchange listings from six different markets: Finland, Sweden, Denmark, and OMX Baltic (Latvia, Lithuania and Estonia) (Nasdaq OMX Group, 2008), Euronext on the other hand covers stock exchange listings from Portugal, Netherlands, Belgium and France as one single market (NYSE Euronext, 2008).

The main objective of the thesis is to show what differences in the levels of information provided by the listed companies in the OMX region are apparent and what differences can be found in the investor information on country level even though they are listed within the same stock exchange. The thesis uses OMX region, because the cultural differences between the Nordic countries are very minor in terms of cultural dimensions (Hofstede, 2001) yet even small local differences can have a major effect on the level of investor information due to different laws and ways business is conducted. Also what will be examined is how the listed companies use Internet technologies to bring new dimensions to the information they put forth

to the target audiences and if they provide more tools for private and small investors within the OMX market place. Location of the stock exchange listing is studied and how this affects the level of information provided to the small investors. In a sense the main idea is to study and observe some of the listed companies and their local IR function, and what affects the information small investors are receiving from the listed companies and if that information is enough to provide a clear picture of the situation of the company on a local and global scale. The aim of the study is to find out how local differences apply in the IR information and thus provide valuable practical information to all IR professionals and especially to IR Managers who are responsible for company's IR information in these areas by pointing out that when providing small investors adequate information it will strengthen the overall investor confidence about the company. Hence, contributing to that company's stock price is close to the expected value that is determined by the market.

The study will try to answer following questions

1. What are the country specific differences in legal requirements and implementation of best practices and use of the Internet in IR within the OMX (Finland, Sweden, Denmark and The Baltic)?
2. What are the differences in investor information in these markets and do the differences affect the IR functions of the listed companies?
3. What are the general informative issues within each country for small investors when finding information for investment decisions on a company and are they met in each of the location?

Another set of questions related to the main research problem is to find the following information:

1. What theories lie behind IR?

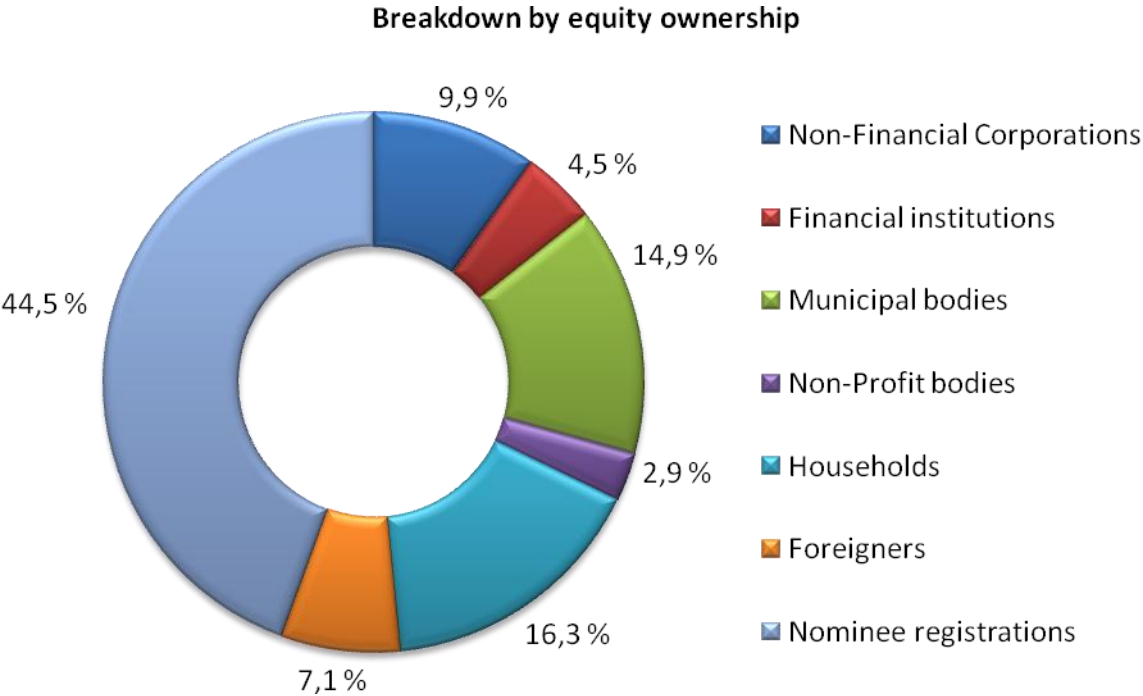
2. What are the main sources for different information in the different Market areas? Are there any difference and if so what?

After the main issues from the information, propositions are made to what listed companies need to consider when providing information to small investors on a more general level rather than just addressing the home based small investors. For the main part, financial information and market information about a particular listed Multinational Companies (MNC) is addressing institutional investors, financial media and analyst audience. At the same time small investors are getting more global access to different stock exchanges through global and better financial systems as well as through the use of the Internet. Also during the past year many Stock Exchanges have merged to create better and potentially more lucrative lists to investors around the world.

Main concern is to study if investor information is comprehensive for the listed companies in these markets and if they exclude some information that can be accessed by other investor groups other than small investors. Even though it may be significantly a small portion that each individual small investor has of the company, yet together they form a large number of company's stakeholders. Therefore listed companies should not only provide financial and investor information (as might have been the case earlier, when information has been submitted) according to local standards. The starting point of the thesis is that listed companies should be aware of the best practices that take into consideration the information needs of all investors, institutional, analyst and small investors alike regardless of the location they are based in. For example in Finland the portion of foreign ownership is substantial with listed companies when looking (see figure 1) at data from the Nordic Central Securities Depository (NCSD), in which the total foreign ownership amounts to more than 50% of the total outstanding shares within the Finnish market (Finnish Statistics, 2008). This can be regarded as one of the drivers to evaluate the level of information the company provides. Although it needs

to be stated that these ownership are usually fairly large, but direct smaller foreign ownership within the OMX market is not uncommon.

Figure 1. Ownership in Finnish companies



Foreign ownership amounts to 51,5% (displayed by foreigners and nominee registered owners)
Source: (Finnish Statistics, 2008)

1.2 Structure of the Thesis

Firstly the thesis will go over some important definitions that need to be explained in order to go fully understand the language used in the field of IR. Some basic historical information will be briefly discussed to explain what development of IR as a field of its own.

The next section will concentrate on what is meant by investor information and investor relations. Also the theories and best practice literature that is provided by the field of IR and IR professionals are examined in detail. When looking at the information, the study will concentrate on three different levels of investor relation and investor information and through these three levels of information main propositions will be provided and compared. Limitations and further study suggestions will also be reviewed in this section of the thesis.

Following section will look at several aspects in different market environments in order to find out what kind of information is readily available for the small investors and how that information is usable for small investors, while at the same time looking closer to actual use of the information and what companies are providing for their investors through their website. Website is used since we assume that also most printed material used can be found from company websites. Also the thesis uses several different web rankings, done by independent entities within the field of corporate communications and IR. They include consultancy firms, magazines, foundations and IR societies, which to the use of this thesis give an overall picture of the level of information provided by the listed companies in the different countries. Hence, a closer look at the different markets is being viewed and investigated through examples of the survey top performer listed companies in each market within the Finland, Denmark, Sweden and the Baltic countries. Comparisons are made to the levels of information provided by these companies and how they correlate to existing theories.

The last section of the study will summarize the findings from the study of the markets and compare the propositions to the findings that were discovered in the previous section and make recommendations to IR officers as well as any IR organization. Should there be hindering circumstances such as legal structure or lack thereof, will also affect the conclusive arguments to listed MNCs on what kind of information and on what level it should be provided to their investors and especially to their small investors.

1.3 Background in IR

Basic background information will help in understanding the need for this study just as it is important to understand what is meant by IR and what it covers in practice. Hong and Huang (2005, p. 1) define IR in simple terms as “a set of activities that firms engage in with investors and analysts.” According to Investor Relations Society definition of IR is the following: “Investor Relations is the communication of the relevant and necessary information by which the investment community can consistently make an informed decision about the fair value of a company’s shares and securities.” (Investor Relations Society, 2007) As this definition gives clear meaning to IR, it needs to be refined for the use this study. When IR is discussed in this study it is narrowed to concern only listed companies and their IR functions that are addressed towards the company’s current and future shareholders, analysts and media. The study will not, for the sake of simplicity, examine any of IR functions of non-listed corporations. However, non-listed companies should also consider the propositions and recommendations put forth in this study when looking their own IR functions, since they are applicable also to a large extent to non-listed companies as well.

As the International financial markets have grown immensely in the past few decades and created many new scientific methods of analyzing and evaluating financial information as for example mathematical approaches to investing. In addition, computers and Internet have contributed to new and additional levels of knowledge creation and accuracy regarding financial information. The latest additions are new regulations that have played a great role in the way people look at financial information as well as financial transparency for any MNCs. (Marcus, 2005, pp. 125-126)

The new transparency directive was implemented in the EU, where listed companies are required to provide new information to company shareholders, very recently. There has always

been interest within the listed companies to provide information to shareholders, however the way and what information is provided is not at all consistent within the EU region or within a smaller region for that matter. Another interesting aspect of financial information is that it seems to be directed more towards institutional investors than small investors (Mars, Virtanen, & Virtanen, 2000, pp. 95-96). This is due to the fact that institutional investors have access to more information and also usually own larger portions of the stock, whereas small investors rely heavily on company website and annual reports (ibid, pp. 95-96).

All listed companies must provide different types of information to the authorities and to investors. According to the new EU regulation and even more so to the best practice model by Investor Relation Society, listed companies should provide the same information to all of its investors and display their efforts in to increase the company's shareholder value. Much of this information is available and must be available due to the regulation yet there are still many differences even within the EU and no real consensus about the required level of information has been established. Regulation comes in different forms in the EU due to implementation of the directives, even though its creation is centralized among its members. Cultural and social factors as well as economic factors affect the investor structure in different countries and through that these factors influence the investor information as well. Debreceeny et al. (2002, p. 392) included environmental factors in their study of Internet Financial Reporting and state that the effects of environmental factors on presentation of investor sensitive information are significant. For the purpose of this thesis a good example of this issue is the differences in the way public insiders are shown between close markets like Denmark and Sweden, where the Sweden holds a centralized register for insiders and Denmark does not and each of the companies are required to uphold this register internally.

Also other differences between who is gathering the information and where to find information for investors can be recognized. Institutional investors are in a situation where they have different channels and sources to find information regarding investment decisions (Mars, Virtanen, & Virtanen, 2000, p. 94). However, small investors are not in the same position, since

they might not have the same resources or the knowledge where to find different investor information (ibid, p.98). This aspect will only increase when decisions are made in the international markets. Companies' interest and especially larger companies' interests lie in creating shareholder value and maximizing that value. They also need shareholders and need to attract different and new shareholders from different markets. Tuominen (1997, p. 48) calls this "investor keeping and catching". Thus MNCs need to be aware what kind of information is needed to find new audiences and new investors that find potential in their stocks. Small investors can easily be deterred from investing to a company if they do not find enough information or the right information.

In the following section some of the historical aspects regarding IR need to be discussed in order to link the different situations with specific legal requirements that are in effect today.

1.4 From yesterday's Investor Relations to today (history of the IR) - in order to understand the present one must study the history

The history and practice of investor Relations (IR) began in the early 20th century as companies started to create contacts to the investors and investment community. At that time investor relations was still called shareholder relations which has been used many times even today, since most of the information is towards the current shareholders of the company, although the idea is to address the whole investor community as well as the market. For a long period of time IR was considered still a more emerging field since it was many times handled by the Public relations department. (Mars, Virtanen, & Virtanen, 2000, p.11)

It was not until 1953 that Investor relations as term was used in order to clarify the term. Also there was of course strong correlation between the developments of IR compared to the development of the Capital Markets. As Capital markets grew and more entities and market devices were introduced to the market the more grew the pressure to control some of the market

information. The turning point in the Capital markets was the year 1929 when the Stock market crash in New York that threw the country into a great depression. Previously there were no regulatory entities or control over the capital markets and the information that was provided for the investors. Their sole aim was to gather money for the company in order to invest or something else. Hence, since many gave false hopes and did not realize the consequences year 1929 hit and the Stock Market crashed. After this regulatory entities as well as regulation started to appear. Following the example from the US, European regulation began developing as well. (ibid, pp. 13-23)

Latest turn in the regulation has been issues within the information concerning insider information and public insiders for any company due to scandals like case of Enron and misuse of insider information in Sweden. These are all new examples that new regulation towards listed companies will continue to develop to a direction of increased openness as well as increased level of timely information to the market and to the investors. As a result the newly introduced Transparency directive is a product of this development within the capital markets here in Europe.

1.5 Relevant Terms and Their Definitions

First and foremost before we go more deeply into Investor Relations it is very important to establish the clear picture of what is meant by the different audiences that IR function must address. Although most of the audience is connected to the need for financial information and in a broader sense of course one could argue that the audience is the current and potential shareholders that company has. However, as we know there are different players within the potential and current shareholders and it is very important to understand each sub-group by the IR department. Also the IR function should take into consideration that

other non-financial entities need to be addressed as well, in order to create valuable information to the investors.

There are many types of entities within the investment field and all these need to be addressed by the IR function of the company. Company should also be aware in which markets these different types of entities are located, in order to understand what informational requirements might be needed when providing IR information to these entities.

The main group for any listed company is its current **shareholders** (also referred to as stockholders or equity holders). **Shareholders** are people who own one or more of the company shares. They can own two types of shares, ones with voting right and others without, depending which ones company has. Other rights include for example dividends when earned and declared by the board of directors. Main issue is that **shareholders** have an equity stake of a particular company. (Woelfel, 1994)

Another established difference is between different shareholders is the strategic involvement of these shareholders. In this thesis these are defined as **owners**, since they have enough equity and voting rights to have an impact on the strategic decisions of the company. The type of different owners can be either large **individual investor** or an **institution** that have invested a big equity share to a particular company. According to Woelfel (1994, p. 596) an **institutional investor** is an entity that trades large quantities of shares or money. Entities can include such entities as mutual funds, brokerages, insurance companies, pension funds, investment banks and endowment funds. **Institutional Investors** can also be **Debt Investors** that invest in listed companies bonds or borrow money to a listed company. Furthermore institutional investors are not covered by the

protective legislation such as private investors since they are considered more knowledgeable about the risks and able to protect themselves (Woelfel, 1994, p. 597)

The last group of shareholders is the **small investors** group. By definition according to Rosenberg (1995) **small investors** purchase small amounts of shares or bonds in odd quantities. In addition what is crucial to establish is that small investors do not have an impact on the strategic decisions alone, since they do not have big enough ownership over the company shares to affect major decision making. Small investors are mainly after financial returns rather than trying to affect the strategic decision making of the company. Therefore they need to be aware of the different stages of each area of business within the listed company in order to make an informed investment decision.

Other entities that require attention from the IR function are **Media institutions, press**, and in general **Equity Market Expectations** (these are defined by the various entities looking for company information and much information is required from the company that will be the expected information provided to the equity markets, e.g. investors and analysts). Other stakeholders (such as suppliers etc.) are entities that do not have a direct connection to equity markets and cannot affect the share price or the traded volume of the company stock. (Mars, Virtanen, & Virtanen, 2000, pp. 94-104)

Furthermore tied to **Equity market Expectations** it is very important to understand that when talking about **Market capitalization** is meant the total value of all shares outstanding and is calculated by multiplying the total number of shares with the current share price. (Investor Words, 2008) Usually texts or investor information refer a given company as being a small-, mid or large-cap company, depending on the market capitalization. One way of being in contact with the market is using **road shows**, which usually are directed to institutional investors and **analysts** and refer to presentations and face-to-face meetings

with the former groups of investors. There are some forms of roads shows directed to small investors but these usually take place with larger group of small investors

The **Analyst** is an employee of a bank, brokerage, advisor, or mutual fund who studies companies and makes buy and sell recommendations, often specializing in a single sector or industry (Investor Words, 2008). **Analysts** have access to vast amount of information and they use a wide variety of techniques for researching and making recommendations. The reports and recommendations they publish are often used by traders, mutual fund managers, portfolio managers and investors in their decision making processes.

Market authorities refer to the entities that follow and supervise the markets. These can be different in different markets. These can include entities like the stock exchange itself, independent entities such as the SEC and even political entities much like in the case of Europe where EU has a strong role in designing and regulating the financial market rules.

2 Theories and literature

Recently literature on IR has become more visible due to increased interest on corporate governance rules, thus many articles have been written about new IR practices and corporate governance. Many different entities provide good practical information about IR and the role of the IR as a strategic tool for any company. Although as Marston (1996, p. 478) and Marston and Straker (2001, pp 82-84) state most of this literature has been directed to the company management on more how-to basis it has been seen as something that is gaining more and more interest in the field of business.

This Literature Review will be focused on basic theories about IR and their impact on the planning and developing investor information. One of the key ideas to remember from the current literature is that it has been mainly dealing with corporate or institutional investors and their effects on the IR information as well as analysts' requirements for company information. Very little has been written on the small investor point of view or about the level of information listed companies provide to their investors. Only very recently there have been ideas out about the information and the quality of information investor can access. Furthermore the small investors' view can be studied by looking at the basic theories as well as newspaper articles and recommendations to companies how to display their information. This information can be then applied to IR practices that companies are using.

2.1 Previous Research on IR

Previous research in IR has focused more the traditional side of IR as the function to distribute and organize financial reports and annual meetings. According an early research by Marston (1996, p. 477) investor relations can be said to be “the link between a company and the financial community, providing information to help the financial community and the investing public to evaluate a company”. This view however leaves very little to wonder about the level of recent information to investors. Marston does however continue to add that IR function also organizes one-to-one meetings and site visits with the most important analysts and fund managers in order to provide more in depth information to them (1996, p. 477). According to this earlier definition IR function main task was really to keep communication channels open to the markets and the actual analyst, and institutional investors that follow the company’s progress in the financial markets. Small investor’s role was basically to read annual reports and newspaper articles about the progress of the company. Therefore small-cap and mid-cap companies had a much harder time to make them known in the financial markets.

Another view of the IR function is that IR is used to endorse the company stock to its investors and potential investors which means that according to Ryder and Register (1989) and Gummer (1987) IR includes identification of target audience and correct planning and communication of company’s financial messages. In a sense Ryder and Register (1989) and Gummer (1987) described the dos and don’ts of the IR department from a strategic and practical point of view. However, the information used in these functions was mainly the written information about company financials, but not the use of the current possibilities with the Internet.

Tuominen (1997, pp. 46-47) on the other hand provides a more relationship based view of the IR Function indicating that IR function is a part of Relationship marketing, where the management of all relationships between current and potential investors and the company itself are the most crucial. It remains to the company on the other hand to define these relationships and how these should be addressed. Very much the same approach as the previous points, but from another perspective.

Dolphin (2004) on the other hand suggests that IR has a more strategic role in the overall corporate communication that ultimately can help boost competitive advantage and it is really a question for the company to be understood by the financial audiences and the investors. Dolphin (2004) continues to mention that it has not been until now that management scholars have become more interested in IR as a tool to manage company reputation. In a more practical level this means that companies should be thinking about their information on a more strategic level than just “putting out” number to the investing public.

It was not until the early 2000 that studies started to consider the urgency of IR and the IR function as such that it needs to display the most current financial information to its target audience. For example Debreceeny and Grey (1999) predicted that World Wide Web will be the primary channel for communicating the company financials, through implementation of new technologies such as XBRL. However, their view has not been taken into consideration the many different faces within the financial reporting which is still needs to establish different taxonomies that local regulation, industries and companies need to agree upon and thus is not yet in wider use (XBRL, 2008).

Very recently studies have concerned with more descriptive studies about the relationship between the type of information and the amount of information and the use of the internet

in presenting the information. Bollen et al (2006) for example examined in their study the detailed quality of information used in the Internet and what factors affected the quality of information. However the quality aspect of the information was not detailed further than just what information is present yet no guidelines as to how the separate information should or should not be used for the use to most audiences. In this view, the role of investor relations is to complement existing information flows, not by adding new information content but by improving the method of providing that information. Traditionally, the role of investor relations has been to distribute corporate reports (annual and interim), organize annual general meetings, arrange press and financial analyst conferences, telephone conference calls, etc. Within the context of IR activities, the Internet can be used as an alternative means of implementing traditional IR activities, but also as a new form of communication using the latest technology (Deller et al.,1999).

However, the most recent turn in the literature dealing with IR has been focused much on the level of transparency. Bushman et al. (2006) argue that availability of corporate information and the kind of information provided to investors or outsiders and how it is made available is the fundamental aspect of corporate transparency.

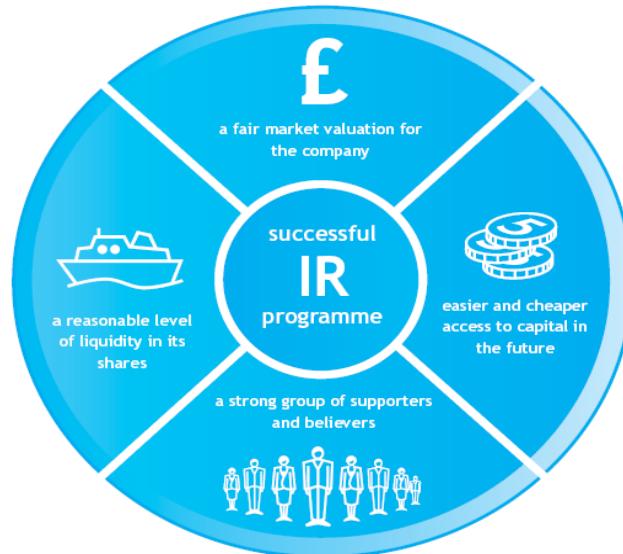
It needs to be stated also that even though previous research and texts within the field of IR have stated fairly clearly of what needs IR demand from a specific company there has not been any reference or study that examines the actual quality of the information companies are presenting to the market through the use of the Internet. Furthermore IR literature has focused more on best practice scenarios through case studies and especially in the US the IR literature focuses on practical guidelines of what information companies should provide to its Investors and potential investors, but the best practice books do not take any stand on how the information should be usable.

2.2 *Objective of the IR Function*

IR functions are much broader than usually expected and act also internally as well as to the investment audience and require that the objectives for successful IR functions have been defined. According to Sauli Saumala, Investor Relations Officer in Neste Oil, a publicly traded company in the OMX Helsinki Exchange, states that the main objectives for the IR Department can be divided into these five categories:

1. Supporting liquidity of the share
2. Managing market expectations
3. Valuation of the company vs. its peers
4. Gaining feedback from the market to assist the top management with planning and delivering strategy - Business Intelligence
5. Standard reporting activities that include press releases, financial reports.

Figure 2. Successful IR according to London Stock Exchange



Source: London Stock Exchange

On a general level Cole (2004) defines objectives of the IR in terms of marketing the Company and its stock to help to increase shareholder value according to the framework set forth by the authorities of the specific market through timely disclosure, financial reporting, increasing market awareness and building and maintaining relationships with the investment community. Another more practical view is set forth by Rieves and Lefebvre (2002, pp. 133-134) where they list nine most crucial points for Investor Relation function in an US based firm the following way:

1. Assisting the finance department in overseeing filings with the SEC
2. Assisting the outside auditing firm in formatting reports, and providing the liaison between your company's departments and the outside auditors
3. Preparing and distributing the annual report and the Management Discussion and analysis (MD&A).
4. Creating and disseminating all news releases about material developments.
5. Scheduling and organizing the annual meeting

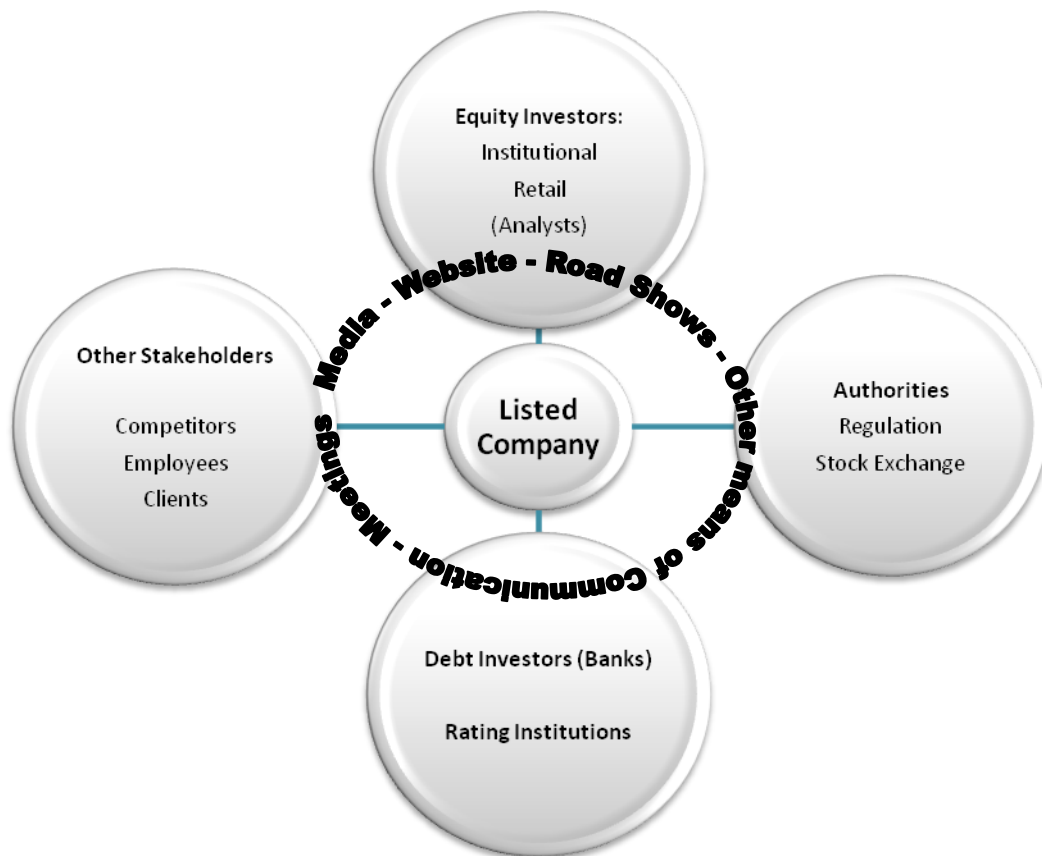
6. Scheduling and preparing all teleconferences, road shows, and investor presentations.
7. Preparing and distributing due diligence reports and media kits
8. Working with the CFO and counsel to ensure an effective system for monitoring financial reporting and disclosure.
9. Working with other departments within the company to ensure that they are complying with all reporting and disclosure requirements.

Objectives of course vary from company to company when looking at the specifics of the objectives, but in general IRO's have to have a strong picture of what the Investment Story of the company is and how that can be best displayed throughout the market and the company itself . For the most part IR objectives should always be bound to keeping the market as informed as possible.

2.3 Operational field of IR

The operational field for IR consists of the audiences IR faces in its everyday works and the media it uses to convey its message to reach the above mentioned objectives. There are four different areas where IR is present through different means as depicted in the image below.

Figure 3. Different Areas of IR in reference to a listed company.



Adopted from Kariola et al. (2004, p. 34).

These main areas can have equal or unequal importance for any listed company, depending on the company. However, the structure itself does not change significantly from country to country in terms of the operational field. The differences emerge depending on the local regulation and Stock Exchange listing location as well as competitor situation and so forth, but the areas are present in almost all cases. One exception to the operational field of IR is company's debt investors, which might be omitted if a company does not engage in these activities. Although as Capital markets grow and more information is available debt investors will definitely be one of the growing areas within the IR functions.

We can place the different definitions within the framework of the operational field and look at each area separately and what functions IR has in each one. As Saumala explained in his presentation of Neste Oil's IR the main task within Stakeholder area is to find business intelligence through Conferences, news, market situations and following the competitors closely in order to create a full picture of the stakeholders that are present. This also includes the ability to follow what is happening within the company's clients and their situation.

When moving to area of authorities IR must act according to Regional and local directives as well as according to Stock exchange rules. Depending where the company is listed it could be that IR must also act according to different set of rules. Fortunately the main rules when considering Transparency and disclosure and somewhat streamlined, but local differences can be strong. We will look at the location differences within OMX later in this thesis. However, wherever the company is listed, it is required by the law to disclose information and results on a regular basis to its shareholders and to the market according to the regulations set forth by local authorities, which include usually the stock exchange itself, financial authority such as The Finnish Financial Supervision Authority (FIN-FSA), SEC (USA), Finansinspektion (SWE) etc. For example just within the OMX stock exchange

there are six different authorities as well as rules of the stock exchange itself. All of these authorities survey the companies and their ability to abide by the law to disclose information to the markets.

Third area of the IR fields is its equity side, its shareholders and its potential shareholders. In many cases the importance of Institutional Investors and analyst is very important to any IRO and they also take very good care of the information institutional investors or analyst need. Yet on the Retail side are also small investors and individual investors that make investment decision based mainly on the information company can provide to them through annual reports, financial information, expectations, etc. Depending on the company the importance of Retail investors can be substantial or less substantial, but there is never room to forget the retail investors altogether. Rieves and Lefebvre (2002) argue that for an emerging company even though institutional investors are very important, small investors form a group of the longest and most stable investor base compared to any other shareholders. Usually the more liquidity and market capitalization the company has the more it needs to address the retail side investors on a daily basis through different means of communication.

Last operational field for IR is its Debt investors and these include banks, rating institutions. If company is engaged in debt investor area it needs to convey the current information of the business to its debtors in order to keep them informed of their ability to return the money loaned.

2.3.1 The Means of Communication for the IR

It is also very important to understand the means of communication used when looking at the IR function. As seen on the image earlier listed company or the IRO uses different types

of communications between the Market and the company. Some of the main tools IRO's are familiar with are press releases, financial reports (interim and full-year) and financial statements and annual reports. Different guidelines are created to display the information according to the company brand and its image and IR should also follow this guideline with its tools when providing information to the market. Mars et al. (2000) have argued that annual report and financial statements are the main documents for the company when providing information to investors and shareholders and annual general meeting in the form of live information to investors. However, these are considered more to be the traditional means of conveying the company information to the market. Geerings et al. (2003) stated in their study that the use of Internet in IR has been growing tremendously and the uses of different technologies for the use of IR. Today more and more emphasis is put on the Company Website as well as face-to-face meetings and road shows and the documentation used in these occasions, yet the field of IR considers the internet and the company website the most important means for IR to display and present the company information.

Internet can be used to convey a holistic view of the company on a more dynamic base compared to traditional means of communication. Another advantage of using company website efficiently is that company can easily address different interest groups and provide accurate and up to date information to its investors. However, there are still many companies who are not using the Internet and the company website to its full potential. The criterion for a good corporate website has been defined by several different reviewers within the global financial arena. Also companies receive recognition for excellence when it comes to corporate website and investor information. Entities like Halvarsson&Halvarsson and IR magazine give out yearly awards to the best IR websites.

Other means of communication include articles in the newspapers, Interviews different types of investor conferences, investment occasions etc. It is important to understand that

every senior executive as well as any company employee can act on behalf of the IR. What is most crucial in all forms of communication is that they are used properly and with enough thought to portray the right message. According to Bushman et al. (2006) lack of developed communication infrastructure may well impede the flow of information to the company investors.

Companies should also take into consideration the location aspects in their information. Brennan et al. (2003) found in their study that location matters when looking at local institutional investors and foreign institutional investor and that foreign institutional investors are in a disadvantage to local institutional investors. As note it can be draw to the small investors that foreign small investors are in a similar disadvantage to local small-investors.

2.4 Supervising Authorities examined within the OMX

Examining the differences in the regions when looking at the each part of IR from the listed company's point of view and by looking at these differences we can make recommendations to listed companies to act according to the needs of each group that requires investor information. It has to be said that the means to recognize proper Investor Information and hence provide substance with the information as well, is also something that varies from country to country even within such close proximity as Sweden, Finland, Denmark and the Baltic countries and even within the same Stock exchange.

On an overall basis it needs to be mentioned that the Baltic region is still in its emerging state and the level of investor information is mainly acted from the corporate side, which provides challenges for the field of IR in the Baltic. As Marston (1996) indicates in her study that discipline such as IR can be regarded as more established field of business when

professional association has emerged. When looking at the countries involved in the OMX exchange all Baltic countries lack an IR association and no regional association has been formed to this date. The primary setting indicates that the level of information provided by the Baltic companies will be much less than their counter parts in Finland, Sweden and Denmark, which all have their own IR associations.

Almost all of the countries have their own entity of authority that surveys the actors in the market. Yet, a look at each country within the area of the study will explain more in detail of each country's specific situation. Also it needs to be stated that OMX as the stock Exchange and the market place also includes market surveillance in one of their functions. OMX States that

“The Surveillance function within the Nordic Exchange has the primary goal of working to maintain confidence in the exchange amongst the general public. This is mainly achieved by means of a credible, professional and integrated surveillance of the trading and the listed companies and also by assuming surveillance responsibility for the listing of equities and other financial instruments.” (Nasdaq OMX Group, 2008)

2.4.1 Financial Supervision and Legislation in Finland, Sweden and Denmark

There are two authorities within Finland that enforce the EU directives of the equity and debt markets. These entities are the OMX itself as mentioned earlier and The Finnish Financial Supervision Authority (FIN-FSA). The main authoritative function is exercised by FIN-FSA. “FIN-FSA supervises financial markets and parties operating in these markets. Examples of these entities are banks, investment service institutions, fund management companies and the Stock Exchange. The FIN-FSA evaluates the financial standing, risk-bearing capacity, and risk management systems of supervised organizations.

We also monitor that sound practices are observed. We also investigate suspected cases of insider information abuse and other securities market crimes.” (Financial Supervision Authority, 2008) The FIN-FSA also is very responsible for regulation of the financial market and implementation of regulation together with the EU (Ibid).

The main difference in regulation in Finland compared to Swedish and Danish falls under insider information. In Finland it is required by law to have the company’s current insider information present on the website. This not required in any other country within the OMX. According to the law on public insiders every listed company should have transaction history and previous transactions available to the public in their website with current information (which means basically as soon as information is available from the insider that transactions have been made) and have at least one year’s history available (Ministry of Finance, 1989/2007). Since the insider information serves as good example that other countries within the OMX do not enforced insider regulation as strongly as in Finland does.

Swedish supervision resembles much the one in Finland although there are subtle differences that affect the listed companies as for example insider information. Although the Swedish authorities do keep a registrar of all the insiders in the publicly traded companies, there is no requirement from the regulators to show this information on the corporate website or even refer to where this information can be retrieved. On the other hand in Sweden the responsibility has been given to the issuers that they provide enough information to their shareholders and what is happening with the public insiders.

In Denmark the supervising authority is The Danish Securities Council (Danish: Fondsrådet) and it “is responsible for ensuring a well-functioning Danish securities market with the capacity to attract issuers, investors and securities traders. The Danish Securities Council ensures that the Danish securities market conforms to international standards.” (Finansrådet, 2008) In most cases the insider issue has been left with the companies to take

care of. This means that companies' public insider transactions are being presented with press releases from each company. Also each company is responsible to abide by the law to keep records of the insider dealings; no central registry exists at this moment. However, this registry is being built and will be taken in use as soon as it is functional. It will increase immensely the information available on Danish public insiders' holdings and their transactions. What remains to be seen is how it will affect the information companies will be providing to the market itself.

2.4.2 Local Authorities and Regulations in the Baltic countries

The Estonian Financial Supervision Authority is an independent agency by the Bank of Estonia and conduct the supervision over the financial field. Their clear objective is “to enhance the stability, reliability, transparency and efficiency of the financial sector in order to reduce systemic risks and to promote prevention of the abuse of the financial sector for criminal purposes, with a view of protecting the interests of clients and investors by safeguarding their financial resources, and thereby supporting the stability of the Estonian monetary system.” (Finansinspektion, 2008)

Also the Estonian authorities in the financial supervision have been divided into three different sections that each supervises Banking, Equity and insurance sectors respectively. The equity sector, according to the report from the bank of Finland, is poorly organized and behind international standards set by the International Organization of Securities Commissions (IOSCO). According to the report Estonian Supervisors do not have enough resources at their disposal, cooperation with the stock exchange and the Police, and also lacking training and knowledge in the agency. The report especially noted that as Internet trading increases with time the Estonian authorities must develop better knowledge and

systems in order to provide adequate supervision and protection of investors. (Rantama, 2001, p. 37)

The supervision in the Lithuanian and Latvian countries on the other hand is at a better level. Their basic functions are in line with Securities Authorities in Europe as a whole. In the following is a caption of the main responsibilities of the Latvian and the Lithuanian authorities.

“Starting from July 1, 2001 the Latvian Banking system is supervised by the Financial and Capital Market Commission that incorporated the supervision department of the Bank of Latvia. Commission’s main task is to protect the interests of investors, depositors and the insured, and to promote the development and stability of the financial and capital market. Previously, supervision function was performed by the Bank of Latvia. This change mainly was structural because now supervision of all the financial and capital market participants (issuers, investors, credit institutions, insurers, private pension funds, insurance brokers, stock exchanges, depositories, broker companies, brokers, investment companies and investment consultants) is centralized under the newly established Financial and Capital Market Commission. Banking supervision principles, laws and regulations was transferred the same, developed when the Bank of Latvia supervised banking sector in Latvia.” (Latvijas Banka - Bank of Latvia, 2008)

“THE SECURITIES COMMISSION OF THE REPUBLIC OF LITHUANIA is the securities market supervisory authority founded by the Seimas of the Republic of Lithuania, whose composition, functions and principal tasks are defined in the Law on Securities of the Republic of Lithuania, the Law on Markets in Financial Instruments, the Law on Collective Investment Undertakings and the Law on Supplementary Voluntary Pension Accumulation of the Republic of Lithuania. (LSC, 2007)

Although all of the authorities in the Baltic countries are organized to support the development of the securities markets the authorities are still on a very early stage to begin with. According to the BOF report (Rantama, 2001) all of the Baltic authorities are facing challenges as the markets grow. Also it is interesting that in all Baltic countries government makes the decision of company listings and public offerings rather than the company itself (Ibid, pp. 80-83) that on the other hand still retains the ability to be a proactive information provider in the market itself.

2.5 Notes on Investor Information and Information Strategy of IR

Main researchers that can be noted within the field of IR have been mainly American influence and research done by the prominent American researchers such as Marcus (2005, p. 15) who argues about investor relations in the following way:

“In order to compete successfully for that capital, any corporation must be prepared to demonstrate – clearly, forcefully, honestly, and skillfully – those factors about itself that indicate that an investment in it is warranted. Today’s corporation, recognizing the atmosphere fostered by the chicanery of the past few years, must also go to great lengths to demonstrate not just the facts about itself, but the integrity and accuracy of those facts. Investor skepticism must be overcome before investor confidence can be regained. Nor can it be assumed that a company’s record will speak for itself. True, there are rare occasions when a company’s superior performance is discovered, recognized, and rewarded in the marketplace. But for each such company there are dozens of companies whose presidents moan in frustration that the price of their stock in no way reflects the company’s performance. Under the best of circumstances nobody is watching. Under the worst of circumstances there is a lethargy and a suspicion that precludes the independent

investigation that might turn up a corporate gem and follow it, quarter by quarter, through superior performance.”

Another view of looking at IR function is made by another American professional, Ryan Thomas (2005, pp. x-xi) about the importance of IR and its relevance to companies functioning in today’s financial markets.

“Currently, many CEOs and CFOs dismiss IR as too costly or unnecessary. That’s a precarious stance on a communications function that, at its best, can lower a company’s cost of capital and, at its worst, can destroy management’s credibility, as well as hundreds of millions of dollars in holder value. The new world of corporate affairs must position IR at the tip of the spear, leading the communications strategy to preserve and enhance corporate value.”

Although these views are very informative and state the case of the information needed within IR it must be noted that main views do not take into consideration of how the IR information should be displayed and who is the target audience that is analyzing the company information and if they are able to do it easily form the material that the company is providing. These views only demonstrate the importance of IR and that IR is a reflection on the company’s transparency.

Also it needs to be taken into consideration that many times information that the company is giving needs to be easily understandable and that all the people who are involved with the information can understand it and convey it as it was intended. This creates tremendous pressure for the IR function to organize and create a solid strategy for the IR information. Therefore many IRO’s are facing a challenge to get everyone on the same page when considering the information that is provided by the company.

It means that not only is the function to provide the information internally, but also to provide that same information outside in a manner that is easily understandable and usable. This creates more transparency for the company and transparency again creates the means to communicate with a trustworthy image within the Financial field. In an IR Quarterly Roundtable discussion president of the National Investor Relations Society, Lou Thompson, stated that information needs to be clear and understandable in order to be transparent. In addition the information should also be interactive, analyzable, illustrative and to the point.

In Table 1. Bushman et al (2006, p. 24) list the different components of transparency which explains how the IR information is related to corporate transparency, and thus the IR strategy. On the first level of transparency we find that information is being born with the respective financial or corporate content. After that content has been disclosed, it will be reviewed and more information or actions follow as information has been disclosed as referred in column two. Lastly the level of transparency of the company and ultimately their level of information is defined by the ways the company displays the information that is available in the financial market about themselves.

Table 1. Degrees of transparency:

I. Corporate Reporting	II. Private Information Acquisition and Communication	III. Information dissemination
<p>Disclosure Intensity (CIFAR)</p> <p>Financial Disclosures Segments, R&D, Capital expenditures, Accounting policies, subsidiaries</p> <p>Governance Disclosures Major Shareholders, management, board, director and officer remuneration, director and officer shareholdings</p> <p>Accounting Principles Consolidation, discretionary reserves</p> <p>Timeliness of Disclosures Frequency of reporting, management, consolidation of interim reports, number of disclosed items</p> <p>Credibility of Disclosures Percent audited by major firms</p>	<p>Communication</p> <p>Direct (reports) Financial Analysts</p> <p>Indirect (trading) Institutional Investors Insider trading</p>	<p>Media Channels Penetration</p>

Source: Bushman et al. (2006)

Furthermore when looking at the table we can draw that the level of information within the company or the content is highly related or even based on a single investor meeting or an analyst meeting, since information has been constructed for that special occasion from the disclosed information. Yet, companies might not be able to provide this kind of information on

a regular basis to all of its investors and need to be aware of these issues in order to create more transparency for the company.

2.6 Levels of Information Defined

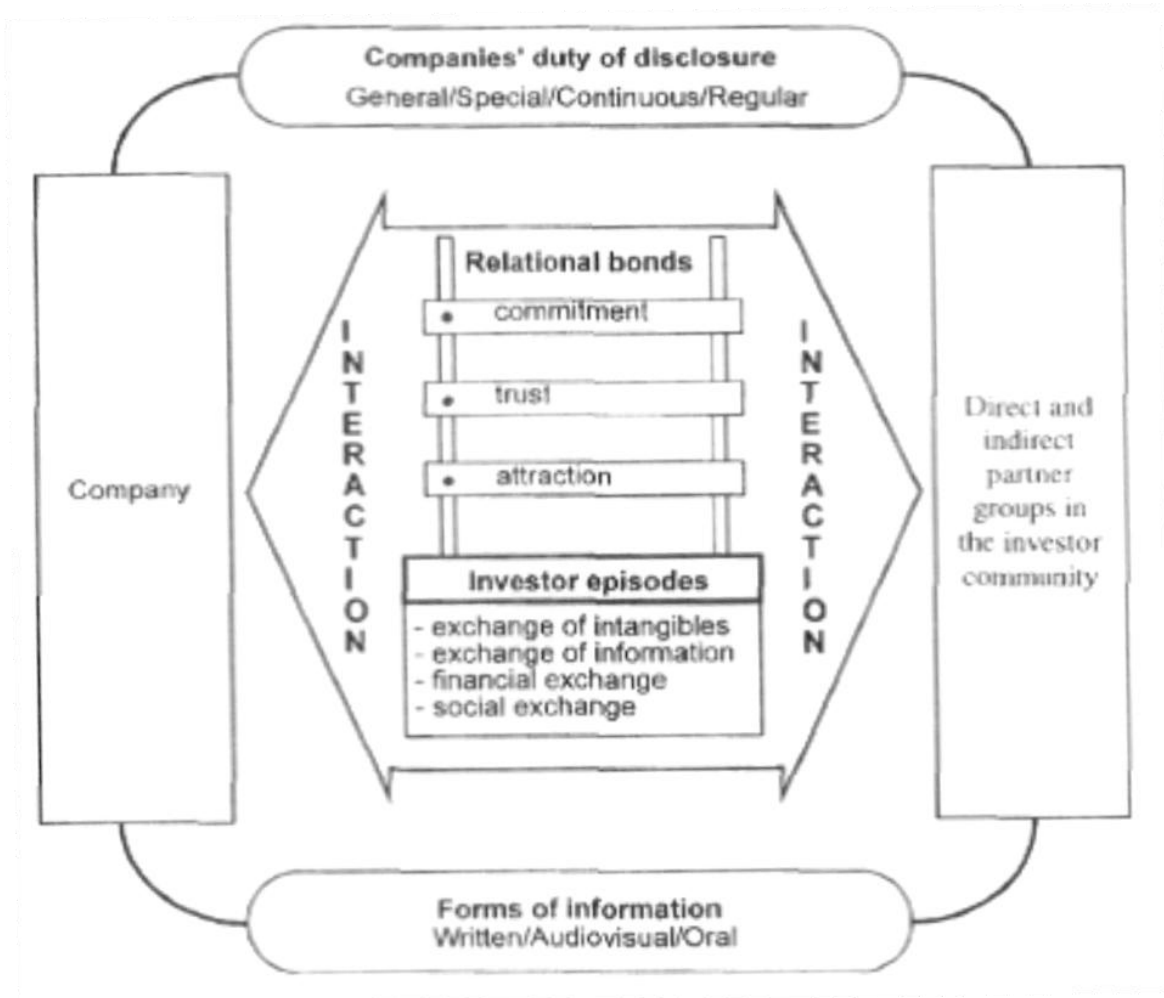
As mentioned earlier the three different levels of information require understanding and what is meant by them. Also it needs to be said that the basic required level of information is very much dependent on each country's legal frame and how that affects the basic level of the listed MNCs within the OMX Nordic list (Finland, Sweden and Denmark) and OMX Baltic list (Estonia, Latvia, Lithuania).

Listed below are the basic characteristics of IR information considered in this thesis, where each adds to the overall level of information provided:

1. basic requirements level, (requirements by market standards, requirements by law/legal entities and entities that enforce/implement laws)
2. Timeliness level (up-to-date information)
3. Overall applicability level (Usability; effectiveness)

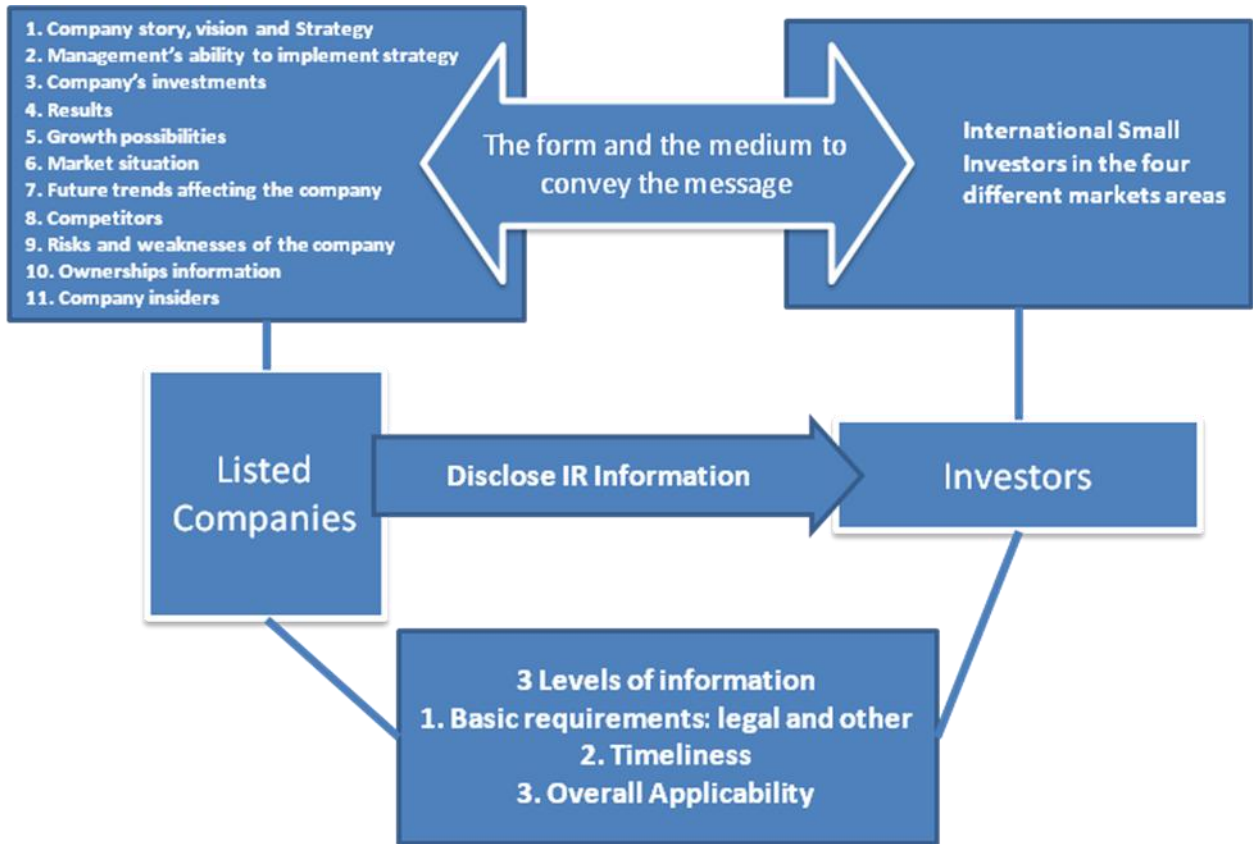
To illustrate how the different information characteristics and levels apply this thesis adopts a framework by Tuominen (1997, p.51) in Figure 4, which shows various levels and relationships within the field of IR and shows that IR is a very complex structure of different levels of relationships and information. We build on the original framework by adding information relating to small investors and the characteristics of the levels of investor relations, above. This is shown in Figure 5.

Figure 4. The Theoretical framework for investor relations



Source: Tuominen (1997, p. 51)

Figure 5. Framework of the thesis in regards to information levels



The focus of this thesis will be in the information and use of different channels to convey company financial information and related information to the small investors in a common and non discriminating way so that each potential small investor will be able to acquire that information. Examining these different levels within each region is the key to showing subtle and great differences between the information level of the small investors that are present within a single stock exchange and for the most part these small investors do not have access to same kind of information as professional investors or institutional investors.

2.6.1 Basic Level of Information – First Tier

Literature on basic level of IR information is based highly on different types of corporate governance recommendations. Good corporate governance sets basically the limits to what companies should and should not do. One part of this lies in the Investor Relations in terms of displaying the information or decision made within the executive board and the Beaufort (2004) defines Corporate Governance as “regulations or principles issued by professionals and governments, in an effort to boost investor confidence, ensuring transparency, certification requirements, independence of the administration and the protection of the rights of shareholders.” Although this definition strikes as very unified there are many different interpretations of this notion as well as how IR in itself is affected by the Corporate Governance. IR function as the link between the company and the market, investors and analyst its main goal is to display the Corporate Governance guidelines according to the definition, hence in their part help in creating the investor confidence and protecting the rights of the shareholders.

Another view of Corporate Governance and its dimensions are set forth previously by Hart (1995) where he argues that large listed companies face a huge problem is setting up its governance structure due to the fact that it has so many small owners, who cannot affect the decisions over the management board and top management of the company other than vote according to consensus set in the general annual meeting using separation of ownership. This on the other hand creates the fact that monitoring the actual decision on a day-to-day basis becomes almost impossible and it is left on the hands of the regulatory system or believed board. However, as Hart (1995, p. 681) argues, it creates a position for the management to use its power to pursue great self-interests, a dilemma that is very common with companies with highly dispersed ownerships base. In this case the IR function becomes even greater, since position as a link between the markets and investors in order for them to receive and understand the decisions made in the organization’s management.

To help in both of these fundamental issues concerning Corporate Governance OECD (2004) created in 1999 separate Guidelines or principles of Corporate Governance to aid the companies task to create and inform about issue affecting the shareholder value of the company. Also EU used the recommendations from OECD to address issues within the Region on Corporate Governance, from which it made action plan to be implemented within each member state. In Table 2. the main points are listed from the OECD (2004) and the EU (2003) action plan to show what basic requirements apply to Corporate Governance and which of them need to be addressed or displayed within the functions of the IR.

Table 2. Basic notion of Transparency by the OECD and their reflection to EU and IR

Areas of the Principles set forth by OECD	Recommendation of the OECD	EU Action plan	IR function related to recommendation
Ensuring the Basis for an Effective Corporate Governance Framework.	The corporate governance framework should promote transparent and efficient markets, be consistent with the rule of law and clearly articulate the division of responsibilities among different supervisory, regulatory and enforcement authorities.	<i>Annual Corporate Governance Statement</i> <i>Information about the role played by institutional investors</i>	Fulfill legal requirements Use of media to convey information to markets
The Rights of Shareholders and Key Ownership Functions	The corporate governance framework should protect and facilitate the exercise of shareholders' rights.	Enhanced shareholder rights through better access to company information	Use of websites, annual reports, shareholder information as well as insider information
The Equitable Treatment of Shareholders	The corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign Shareholders. All shareholders should have the opportunity to Obtain effective redress for violation of their rights.	Enhanced Shareholder democracy and issues related to cross border voting	Equal access to all information regarding the IR and market expectations
The Role of Stakeholders in Corporate Governance	The corporate governance framework should recognize the rights of stakeholders established by law or through mutual agreements and encourage active co-operation between corporations and stakeholders in creating wealth, jobs, and the sustainability of financially sound enterprises.		Addressing the rest of the audience such as personnel with different mediums
Disclosure and Transparency	The corporate governance framework should ensure that timely and accurate disclosure is made on all material matters regarding the corporation, including the financial situation, performance, ownership, and governance of the company.	Transparency Directive	Press releases Website Presentation Synchronization of the above
The Responsibilities of the Board	The corporate governance framework should ensure the strategic guidance of the company, the effective monitoring of management By the board, and the board's accountability to the company and the shareholders.		Keeping the board and management up to date and conveying the feedback from the market to them.

Source: OECD (2004) and EU (2003)

According to the above information it can be proposed that companies should follow the guidelines set forth by the local authorities and the stock exchange. However, the proposal

also would include the review of the local regulations and making sure that these regulations are being followed in the company. Thus, our first proposition is as follows:

Proposition (1) = Regulators should push the companies to provide more information useful for the small investors on the company website, and enforce the regulations set forth in order to raise the level of investor information.

2.6.2 Timeliness – Second Tier

Very important to the above mentioned functions is the fact that companies should always try to convey information without unreasonable delay to the market. Usual notion has been that companies do give out timely information when overall situation is good. However, Ettredge and Gerdes (2005) found that firms with worse financial state have more up-to-date information provided to their investors than companies that are in good financial health. Yet the underlying notion for any listed company should be that information outflow is always consistent regardless of the financial situation. This of course can be very demanding to all of the IR to do.

Second tier of Information is also very closely related to the authorities and surveillance of the listed company actions within the financial markets. Any listed company should be able to convey information on a timely fashion to its shareholder and to the market, which results in the following proposal:

Proposition (2) = IR should provide all investors a channel to receive information of sudden changes in the market and share price.

Proposition (3) = Content should always be current and older items placed in a clearly labeled archive

Proposition (4) = Timeliness of the information should always be consistent with the information strategy of the IR function

Even though companies are required by the law also to provide such information there is other information that can affect greatly the share price and is still not in the range of legal requirements to be disclosed without further delay. This kind of information should be provided by the IR to all of the investment audiences regardless of the nature of the news. Timeliness also adds consistency to the information strategy of the company and thus provides a much better view of the company and its results if done correctly. Many IR best practices urge companies to convey fresh information as they are available. Ettredge and Gerdes (2005) discovered a slight correlation between the fresh corporate information and high-quality content regarding the corporate information indicating that companies should be aware of the fact even though information might be available on a timely fashion it necessarily does not affect the quality of the content. Thus it needs to be viewed when looking at the information companies provide that the latest tier which is overall applicability is functional.

2.6.3 Overall Applicability and Effectiveness – Third Tier

The last tier of information provision considered by this thesis is the overall applicability of the information, which refers to the usability and ease of analysis of the information. It needs to be stated that this last tier has been set forth to assess if the companies are using the technologies that are available for any listed company when constructing and providing financial information. It is very important that financial figures can be easily accessible,

even though it is argued that many companies do provide this information to its investors and they have all financial statements on their website for example, but it has not been studied how easy it is to find specific information from large PDF files or from the static figures that many provide. Debreceny et al. (2002, pp. 372-375) found that when displaying financial figures only very few companies used more sophisticated technologies and web technologies in with their information. They also stated that hardly any video or sound was used with financial information as they studied. They (Ibid. 2002) also made a clear distinction between the content and the presentation of the information.

There is a need for more refined criteria to access company information and the usability of that information. Many times information such as market consensus estimations is only available from few companies. Yet even with these companies the information is not combined with enough data to give a more thorough picture of the actual state of the company. Al Loehnis (2007, pp. 7-15), from Investis Ltd. (a London based company specializing in Online Corporate Communication for Listed companies), together with Makinson Cowell, a capital markets advisory firm, lists different criteria for website information that listed companies should be aware of and provide some insight that usability with structured use of video webcasts and other analytical tools raise the level of the information companies provide. In other words not only should companies have reliable website but the level of information should also be created that the user can find the information easily. Information should be alive for the user and there are almost endless possibilities with current technologies that can be used for new type of thinking within the IR function as well as new type of academic attitude towards IR information. Some examples of the analytical tools are interactive financial figures (displayed by Metso) or an interactive calendar for the user to download and subscribe to upcoming IR events.

In summary it is fair to say that when thinking about the small investors of any listed company one should come into a conclusion that a listed company should have a website where information is available in different formats, hence the following proposal:

Proposition (5) = All information provided should be accessible with an Internet browser without having to download or request for printed material.

And that the information is within the realm of the company and evaluation is made easy for the small investor. Hence:

Proposition (6) = Firms should provide analytical and interactive tools to small investors in order to evaluate financial performance.

2.7 *Limitations to Study*

Limitations of the research are following:

1. The comparative market analysis will mainly present European views of the IR information, thus global impact of the study is not applicable, since investor behavior can vary greatly in US or far-eastern countries as well.
2. The impact of small investors in the financial market cannot be precisely assessed, and might not be as great as assumed. Although Rieves and Lefebvre (2002) consider small investors as the most stable pool of company's investors, it needs to be clear when looking at small investors that companies might not consider them as important as they should.
3. Assessments of the quality of the content and the quality aspects of the information provided are always subjective and thus the thesis gives only one aspect of the quality criteria. However, further research on IR function will increase the quality criteria and make it more objective as more research is done.

Finally, as the thesis was in its early stages and information gathering was ongoing, I ran many times into the same problem in regards to academic materials as well as what needs to be done in terms of research. In an response email from John Palizza (personal communication, February 25, 2008), who teaches investor relations at the Jones Graduate School of Management at Rice University, he reinforced the fact that most academic writing in the field of IR is very scattered and is very much practice related. It was clear that my field of research could not be conducted with quantitative research due to the infancy of the field. Hence, the thesis needed a more unconventional approach to gathering both secondary and primary data, since there was a degree of ambiguity in the academic field of IR. Choosing qualitative research over quantitative will give more scope and

richness to the research than by using qualitative methods, which could overlook the many-faced levels of information that this thesis will study. The following section of the thesis outlines the methodology in more detail.

3 Methodology and Materials Used in the Study

The thesis is based on qualitative research to inform the readers about the field of IR. In qualitative research the aim is to describe a situation or phenomenon, to understand why and what is happening, or to find new theoretical insight to a particular point (Eskola & Suoranta, 2005, p. 61). Qualitative research as such is set to present views and perception to what is being studied (Malhotra & Birks, 2005). This qualitative research is conducted using a basic deductive method to examine the different observations over the levels of IR information. The deductive method can also be referred to as basic research. Brinberg and McGrath (1985, p.80) define basic research as a method of looking at the conceptual level of an issue or an object at one hand and drawing hypotheses from that conceptual level. The thesis draws upon propositions instead of the hypothesis in order to keep the thesis as close to what works in practice and what does not.

The thesis observes the empirical field of IR and mirrors the findings with the literature review and propositions set forth by the author in order to assess these observations of the current levels of IR. The propositions provide a basis for comparing the conceptual foundations and empirical findings of the study?. The basic task of the thesis is to find a link between these two. Ghauri & al. (1995, pp. 42-43) explain the importance of choosing the right measurements for the studying the theories and empirical world and serve as a guideline or rules for the thesis and the research. Furthermore, as the measurements are brought into cross-cultural context in order to distinguish that locality can affect the level of IR; it creates a more comprehensive view of those measurements used in the thesis. All in all the measurements observed from both primary and secondary sources and defined in the thesis research model and concentrates on the three levels of IR.

3.1 *Exploratory Road*

The thesis came about to find a cause between the differences that have risen in the author's everyday work. The initial information that the author used was the same that was available for small investors and since there were differences within the information companies provided to small investors. The situation gave way to find out more about the IR information. Ghauri et al. (1995, p. 26) explain that the choice of the research design resembles the strategy to get the information wanted for the study. Since, one of the problems was known that small investor can find information for example from a Finnish company, but might not get that same type of information from Danish company, even though considered as a part of requirement. Thus finding the cause for the problem was a keen issue and would bring more use for the people working with IR and also for the small investors to know that the cause for different levels of information. Therefore the author chose to use exploratory research design to find out the reasons for the differences within these close countries and within the same market. Exploratory design is characterized by finding a flexible way to look at a problem and find different pieces of information related to it (Ibid, p. 28).

In the exploratory research gives room to look at the different aspects of the IR information and also to assess if theory has touched the very same problem directly or indirectly previously, which was needed to understand before the actual framework came about in the thesis. The causality that is being researched in this thesis requires the use of *a priori* theory (Ibid, p.31), in order to find the right framework for the study and the right measurements for the empirical evidences from the vast number of observations that can be made in the exploratory research. The main process that was to be taken was to look at the conceptual field and draw the relevant information out from that to create a good starting point for observations made according to the framework. The framework in the study was

formulated with the small investor in mind and by looking at the receiver (small investor) and the sender (listed company) of IR information.

3.2 Validity and Reliability of the Thesis

Validity is defined by choosing the right measurements or indicators for the right study (Carmines & Zeller, 1979, pp.11-12). Thus the validity of the thesis is based on chosen method and correct measures of the current situation. The method and data chosen for the thesis provides a picture of the cross cultural situation within the field of IR. Since there has not been any known cross-country studies within IR it is fairly good to start with methods that leave room to adjustment and follow closely with the practical world and comparing the different regions among each other to form a bigger picture of the levels of IR information will give more applicable propositions. Although the indicators used in this study are very accurate to display and compared the levels of IR information it is still dependent very much on the secondary data of the different surveys and thus is dependent on the accuracy and consistency of those surveys, it can be stated that no other starting point would have been applicable due to time constraints as well as due to the nature of practicality that the authors wanted to portray with this thesis.

Looking deeper into validity it needs to be stated that validity is also in the eye of the beholder and author's vision of the measurements might not be same as for someone else. However, in terms of applicability to the field of IR the thesis provides a good starting point for anyone wanting to do regional analysis of the field of IR. Brinberg and McGrath (1985, pp. 17-19) assess validity according to three different stages of the research process itself where the first stage is the identification of the study or the research itself from the concepts, methods and substantial, the second stage is identified through the study path taken and how it relates to the actual findings, third and the last stage is identified by verification of the results of the research. In other words validity is much more than just

finding the right measurement for the right study, but rather looking at the research and the findings how they are related with theory and if these findings can be applied to other situations or cases within the scope of the thesis. It has been mentioned already that the scope of the thesis is related to listed companies only and regional aspect is defined within the OMX exchange including Finland, Sweden, Denmark and the Baltic countries (Estonia, Latvia, and Lithuania), that provide a controlled empirical area of study (can be extended easily for further studies) and also because of the high level of transparency (Transparency International, 2008) within the market and that the author has been working in the Nordic region in the field of IR. It is also due to the higher levels of transparency and IR information that the thesis should be applicable throughout any region that has listed companies.

3.3 Material base of the Thesis

The study will be based on secondary and primary sources available in the context of the thesis. Primary sources include observations done by extensive study of each of the chosen listed Company's Web site (See Appendix 1) and the IR section of those websites in order to get a full picture of the IR strategy used by these companies. The companies have been chosen based on the rankings of the different IR research companies or societies that are published in the regions countries. Also the listed companies IR strategy is being examined from web sources as well as from written information such as Annual Reports. Examining the companies' web sites is a solid way of finding the different levels used when providing IR information, since most of the top companies consider the website as main media for delivering IR information to everyone. All of the levels are present in companies' online presentation, thus website examination is used due to time and regional constraints. It was just not possible to attend in each of the companies investor events, but these were in most cases available from the company's website.

The secondary data includes these very rankings and surveys that have been done. These rankings provide a very good starting point when looking at the best practice companies as well as in some cases the surveys extent over local boundaries across the borders covering the whole region. This way the empirical data can be viewed objective in a cross-cultural context. Furthermore observations are made from the best practice advices and legislative actions and laws that affect the level of IR information used by the companies.

3.3.1 Corporate information and websites by rankings and surveys

In order to fully understand the field of information used by corporations the thesis will use the help of different entities that study the actual investor information. These entities include the Swedish Halvarsson & Halvarsson (H&H), which conducts yearly web rankings country- and region-wide, within Europe (see Appendix 2). Their main areas of study include Northern Europe and Central Europe. However, H&H has not yet studied the corporation in the Baltic countries. (Halvarsson & Halvarsson, 2008)

IR Magazine also provides overall rankings about the level of IR information on the companies within Europe. Their study concentrates mainly on looking at the best information providers within each region (see appendix 3). Although their rankings are fairly in line with H&H, it is not as comprehensive as H&H or local IR studies. One of these local studies is The Finnish Foundation for Share Promotion, an independent organization to promote share ownership and the effective functioning of the stock market in Finland. Their primary goals is to “ensure that companies have access to risk capital through a reliable, effectively-supervised and efficient market in which the best possible trading conditions prevail, and a wide and diverse range of interesting investment opportunities is presented.” (The Finnish Foundation for Share Promotion, 2008) Their

main tasks included different surveys and publications that are used in this thesis such as the yearly web rankings of the Finnish websites, which are categorized by the Market capitalization of the listed company.

Also information retaining the corporate information and the levels of information from the local financial publications such as Kauppalehti, Borsen, and Dagens Industri are used in case there are implications of a survey that review corporate information.

On a general note about corporate information it is very important to acknowledge that corporate website has taken the most important place when looking at corporate information and the weight of printed material is becoming less and less. “Though the criterion used to judge the companies has changed slightly every year to reflect changes in corporate governance and other aspects of financial disclosure, the methodology and total score have remained the same, making it possible to study trends and developments. In general, it seems like we are experiencing a harmonization in online corporate communication with the corporate website as the main communication channel of the global market place”, comments Marcus Eriksson, Head of H&H Webranking (Webranking, 2007)

The above quotation shows that companies consider the Internet as their main window to the financial markets and as their main medium for corporate communications. Also latest survey done by The Finnish Foundation for Share Promotion, Talouselämä (Finnish Financial Periodical) and The Finnish Society of Financial Analysts stated that corporate websites are the only access small-investors have on more in-depth information such as analyst recommendations or other information related to investment decisions (Heiskanen, 2008) There is thus pressure for companies to understand the information need that small-

investors are entitled to and thus provide their small-investor the right kind of information in a right form.

According to International Investor Relations Federation (IIRF) Global Survey on Shareholder transparency (2005) states that more than half of the IRO's surveys are dissatisfied with the disclosure regulations in their home country. The survey concluded that there is a clear need for greater transparency within the global scale. This means that for example differences that can be found in close proximities such as Finland and Denmark need to reassessed and require more governmental and technological guidance to ease the development of increased transparency.

3.3.2 Top Companies

The top companies from the surveys serve as examples and were used in the thesis to reflect the best case scenario what companies should do in terms of investor information and how that information is available for the investors. The idea behind this is that since these companies are in the top of the rankings they can be used as examples, because we can assume that the top performers provide a good enough picture of the companies. This is due to the fact that companies that we behind them in the surveys and rankings do not have as elaborate information as these examples.

Finding the right IR information from these companies requires an inspection of the information available on all of the three levels of the model. All information of these companies was accessed through company website during the month of April, 2008 and thus is based on this information that was available during that time. Arguments against the fact that time information changes over time is valid, but the levels of the information do not vary as much, since companies need to have a consistent strategy for information

disclosure and thus looking at the information at a later date would not change much of the three levels examined. Appendix 1 lists all of the companies that were examined in the thesis.

3.3.3 Top Large Cap Performers

In the Large Cap category there were no Baltic companies examined, due to the fact that they should be compared more with Mid Cap due to their market value, only one company had market value as much as the Large Cap companies in the OMX Nordic Exchange. Fortum, YIT, Swedish Match, Atlas Copco and Danske Bank made their remark on several of the surveys examined earlier and thus provide a good example of what levels of IR information is used when looking at the best performers, in other words these companies can be considered as the best practice examples.

3.3.4 Top Mid Cap Performers

The chosen companies were Alma Media, NKT Holding, Intrum Justitia, Gunnebo, TEO and Eesti Telekom. It needs to be stated that the Baltic companies were considered as Mid cap companies due to their size. All except Eesti Telekom had market cap less than one billion EUR, and Eesti Telekom only just barely broke the level with a market cap of 1050 mEUR (Eesti Telekom, 2008) and can be taken into this group for the sake of simplifying the comparison.

3.3.5 Top Small Cap Performers

Componenta, a Finnish company, was the only company in the small cap category that was mentioned in the surveys and thus represents the very top level of IR information within the

small cap category. It shows that in terms of the IR information Finland does consistently provide higher level of IR information which also Halvarsson & Halvarsson's ranking states that Finland has the best corporate information throughout Europe (Halvarsson & Halvarsson, 2008). Also it needs to be stated reasons for the small amount of small cap companies mentioned in these surveys depends very heavily on the funding of the IR function and who is responsible for the IR function in these companies. In terms of the IR team and the size of the IR there small-cap companies usually do not have a team or designated person responsible over the IR function. It is usually handled by the CEO, CFO or head of Communications, which have many other responsibilities also, whereas mid- and large cap companies tend to have a separate team or person who handles the company's IR functions.

4 Empirical Data and Findings

The empirical data has been divided into four different sections, of which the last three explain what the author found and how the propositions were supported. The first section explains the information found from the surveys within each region. The next three sections show that there are differences when looking at the company information on a country level and even when looking at different criteria. It needs to be stated that only the top performer from each country has been chosen in order to simplify the findings, however we can assume from the results that companies that come close to the top position have similar information available for their investors and thus the best practice model is applicable for the use of the thesis. The companies thus can provide examples of good quality investor information on all of the three levels as an assumption. These results of the used methods of displaying IR information are compared with the propositions set forth from the theoretical section of this thesis.

4.1 Comparison of the Different Rankings

By giving a more thorough examination of the information levels of listed companies we look at the top performers from these surveys and compare them against each other as well as to the low performers in the survey. In addition look at some companies that cannot be found from the list at all. This will provide a good overview of the different companies' level of information presented. Also due to nature of the authors work as an area manager we can find more relevance to the actual need for each business.

4.1.1 Top Performers in Surveys – Comparison of the Finnish, Swedish and Danish Companies.

Studying the surveys gives a good overall picture of what information levels are available and what specifications are valued in the industry. The aim is to look at each of the different surveys and see what companies are doing well and are there correlations among them. Thesis will examine H&H, IR Magazine Awards, and local rankings such as Pörssisäätiö in Finland.

4.1.2 Halvarsson & Halvarsson Surveys and Corporate Website

Halvarsson & Halvarsson's webranking is done in accordance that results can be compared over time by the points gained from the survey, as mentioned earlier. Current top performers Finnish Fortum, Danish Danske Bank, and Swedish Swedish Match have all progressed within the past five years so much that their points have in most cases more than doubled. (H&H, 2008, see also Appendix 2).

In terms of the information levels it is very clear that these companies have made an effort to provided information to all of their investors small and large alike. Their main idea has been to increase the investor information and increase the level of the information as well. It can be compared that companies such as Tekla that gained almost the same amount of points as Fortum in 2000 had dropped from the list altogether in 2007, which can indicate that the level of information has been the same since 2000 or that their view of investor information and the use of better technology has not been the main priority in providing investor information.

When looking at same examples from Danish current ranking we cannot find similarities to the Finnish results. However, what we can find is that overall points have not increased

tremendously as a whole compared to the points received by the Finnish companies. This indicates that Danish companies have also remained much on the same level with their investor information rather than progressed during time.

Swedish companies on the other hand have retained much of the points that they have had over the past five years. This again shows that Swedish companies have been active in progressing and maintaining their investor information and also have followed more the current advances that can help in providing investor information throughout the past 8 years.

When looking at the overall Nordic rankings, excluding the Norwegian and Icelandic companies, we can find that from 2000 to 2007 the Finnish companies have made most progress. The reason can be that Finland has become of one of the countries to use newer technologies the most (Halvarsson & Halvarsson, 2008).

4.1.3 IR Magazine Award Winners

IR Magazine awards those companies that can be recognized as doing very good IR function. This means that not only do the companies have a good overall IR information, but also companies that use something specific to bring more informative IR to its audience. There are several categories that actually change from year to year a little bit, but since 2001 IR country categories have been present. Also worth mentioning is that Categories such as best use of technology has come up only 2007. This indicates also the fact the Technology is one of the key issues when looking at investor information and how it is accessible.

Interesting result from the IR Magazine awards among the Finnish companies were that Nokia held the top spot since 2001 until 2004, but has dropped from the winning circle since then. Another interesting categorization that was made by the IR magazine was that small companies were separate as their own category recognizing the differences that smaller companies might have in their investor information. This can be due ownership structure or due to lack of analyst coverage. Both reasons why smaller companies do have different ways of providing information compared to larger ones, even though they do need to show the information with the same requirements as the larger companies.

When looking at Danish and Swedish companies we can find correlations for example Novo Nordisk topped the number one spot for Danish companies yet was dropped from the top spot by Danske Bank during the past two years. Swedish companies on the other hand we can find similar results as with the H&H survey that they have more or less kept their level through time. The top spot has changed more times than with Finland and Denmark among the very best ones, meaning that there has been effort to keep the level of the IR function and the information as good as possible.

4.1.4 IR Nordic Awards

Another Nordic-wide acknowledgement includes awards by IR Nordic Market Awards, in which the largest companies with most analyst coverage are examined by the analyst and the fund managers. The awards are based on surveys and interviews with the analysts and the fund managers (IR Nordic Markets, 2008). The survey ranks each local market by country and they focus more on the personal characteristics of the IR function listing the best people behind the IR of each company. Most of the criteria are based on how the respondents rate the overall quality of the IR information by looking at the different aspect of the information, from websites to annual reports. Appendix 3 explains in general the IR

Nordic Awards criteria and selection that they use to conduct the study. It must be noted also in this study the criteria and emphasis is not as clear as in the H&H study, but the study does however focus solely on IR information and therefore is very important in comparison with the different levels of IR information.

4.1.5 Local Surveys and Rankings

As mentioned earlier there are also local surveys that rank Company IR and also IR website. In Finland the best know annual ranking done by Pörssisäätiö (The Finnish Foundation for Share Promotion), Talouselämä and The Finnish Society of Financial analysts. This was the fourth time the ranking was done. The best companies have been pretty much the same during the past four years, although some companies have improved and risen to the top of the rankings. Interestingly enough the Finnish ranking also takes into account the market capitalization and divides the companies accordingly into three categories that are examined individually. The results are a bit different compared to H&H rankings and the reason is probably that the Finnish local survey only viewed the IR section of the Company information and thus went into more detail just with IR information. Interesting is that even though differences are not huge Companies that were on top are not the same as in the previous cases.

4.1.6 Summary of All Rankings and Top Results

In table 3. one can see a summary of all top performers. The table has been constructed from the various rankings and thus making the comparison easier. It must be noted that depending on the criteria mentioned above there are differences in the results of different studies.

Table 3. Summary of the different rankings.

		FINLAND	SWEDEN	DENMARK	NORDIC	BALTIC	
H&H webranking Top 5, 2008		1.Fortum 85.5p 2.Metso 80p 3.Neste Oil 77.75p 4.Stora Enso 77p 5.Cargotec 75p	1.Swedish Match 84.75p 2.SCA 79.5p 3.Eniro 78.5p 4.Electrolux 77.5p 5.Stora Enso 77	1.Danske Bank 76.5p 2.Danisco 74.75p 3.Nordea 73.25 4.Lundbeck 66.25 5.Novo Nordisk 66.25	1.Fortum 2.Swedish Match 3.Metso 4.SCA 5.Eniro	N/A	
IR Magazine Awards, 2007	Best IR (Small- Mid Cap):	Kemira Oyj and Stockmann	Holmen	NKT Holding	Best Overall IR: Danske Bank	N/A	
	Best IR (Large cap):	Metso and Stora Enso	Atlas Copco	Danske Bank	Best use of technology: Danske Bank, Denmark Best corporate literature: Atlas Copco, Sweden Best investment community meetings: Novo Nordisk, Denmark		
	BEST CEO/CFO support:	Metso and Sampo Group	Atlas Copco	Novo Nordisk	Best IRO: Danske Bank, Denmark		
IR Nordic Markets awards, 2007	Best Company	Mid Cap: 1. Alma Media 2. Cramo 3. Pöyry Large Cap: 1. YIT Group 2. Outotec 3. Nokian Tyres	Mid Cap: 1. HIQ International 2. Munters 3. Telelogic 4. Intrum Justitia 5. PA Resources Large Cap: 1. Ratos 2. Volvo 3. JM 4. Nobia 5. Atlas Copco	1. NKT Holding 2. FLSmith & Co 3. Novo Nordisk 4. Østasiatiska Kompagni 5. William Demant	1. NKT Holding, DEN 2. FLSmith & Co, DEN 3. Alma Media, FIN 4. YIT, FIN 5. Ratos, SWE	N/A	
	Best CEO	Mid Cap: 1. Teleste 2. Pöyry 3. Alma Media Large Cap: 1. Nokian Tyres 2. Outotec 3. Ramirent	1. Ratos 2. SKF 3. ABB	1. FLSmith & Co 2. Bang, NKT Holding 3. Novozymes 4. William Demant 5. Østasiatiska Kompagni			
	Best IRO	Mid Cap: 1. Pöyry 2. Comptel 3. Alma Media Large Cap: 1. YIT Group 2. Cargotec 3. Tellussonera 4. Sponda 5. Sampo	Mid Cap 1. HIQ International 2. Telelogic 3. Gunnebo Large Cap 1. Swedish Match 2. Volvo 3. Ratos 4. Sandvik 5. Investor	1. William Demant 2. NKT Holding 3. Topdanmark 4. FLSmith & Co 5. SimCorp	William Demant Holding, DEN REC Group, DEN Swedish Match, SWE Volvo, SWE YIT, FIN		
	Best IR Team (Practical IR):	1. YIT Group 2. Alma Media 3. Neste Oil 4. Kesko 5. Nokian Tyres					
	OMX Baltic Awards, 2007	The IR in the Baltic Countries: The Best IR in Tallinn: The Best IR in Vilnius: The Best IR in Riga and The Best IR among Small Cap Companies:	N/A	N/A	N/A	N/A	TEO LT Eesti Telekom TEO LT SAF Tehnika
Pörssiääitiö, 2008	Best Company:	Large Cap: YIT Mid Cap: Lemminkäinen Small Cap: Componenta	N/A	N/A	N/A	N/A	

4.2 First Level - Legal Requirements.

All of the examined companies abide by the legal requirements, since they are very careful not to get fined due to bad disclosure or something else. An example of this was seen as Stora Enso, one of the top performers also, published its results one hour before the scheduled publication resulting in a warning from the market authorities. (Arvopaperi Online, Tekniikka&Talous, 2008) All of the companies' investor information is at a high level on the legal requirement level and small investors can find this information fairly easily. All of the legal requirements are set by the legal authorities within each country based by the recommendations from the EU and the OECD.

On the 1 tier of information, legal requirement level all companies are functioning according to the level needed in their respective markets. However, differences can be found among the individual companies. Finnish companies, due to regulation have to show insider transactions on their website, where as Swedish, Danish, and Baltic companies are not required to do so. However, Swedish Match for example does provide insider information to show more than that the legal requirements are being met. Another version to show a bit more than requirements ask is displayed by Atlas Copco, who has a link directly to the insider transactions from Finansinspektion's website. The Danish companies on the other hand rely on stating that insider transactions are available from the press releases company sets out. Even though small investor cannot access insider information as easily about the companies in Sweden and Denmark, they do have access to this information. The Estonian regulation does not have local regulation to enforce companies to show insider information to the investors at all, so this information is not available at the moment in the Baltic region. There are compliance issues at this moment in the Baltic area to deal with issues concerning insider information and the first step has been to oversee that insider trading does not occur. However, companies themselves are not required to display

any kind of insider information on the company website for the investors. Again by looking at the company level we can confirm that P1 is partly supported, since some of the companies do not see the need to show more than required information and thus there are differences in between the companies depending where they are listed.

Another legal requirement that entails different levels of disclosed information is bound to the language used in providing investor information. From the legal point of view local authorities do not require listed companies to disclose information to the investor in other than one language for the most part. The requirement is to provide all with equal access to same information pertaining the company. From a regulatory point of view it is enough that listed companies provide company disclosures in that language where they are listed in. We can see that as market has matured as the Finnish, Swedish and Danish markets have done and securities have been traded for some time, companies provide all disclosures and information to investor in the local language as well as in English to ensure the equal treatment of all investors. Same applies to Estonian companies. (Market Securities Acts, Finland, Sweden, Estonia, Latvia; 2008)

According to this P1 is also supported, if all companies would provide two or more language options to its investors.

It needs to be stated that there are no known cases where any of the presented companies or their top management had been under inspection by the financial authorities other than basic requests, which are quite common. We can also refer to the information that is available for the use of the small investor, which is according to the legal requirements. In many cases law concerning insider information (transparency level) is a good example of the legal framework of the local government. The insider information displayed and given to the investors supports proposition P1, and in case of Finnish examples compared to the

other countries examples, which were not required to do this by law we can state that the legal requirements do affect the level of investor information, since insider information can be seen as something that can be considered as standard information about the listed companies, especially for larger companies, that have extensive ownership bases and lot of the power lies on the top management.

In the Swedish examples it was clear that the investor was direct to a place where this information was available and this way also supported P1. As stated earlier in Sweden it is required by the law to report insider transactions to authorities' database, but companies are not required to show that information on their website if they do not want to. Danish companies on the other hand are not required by the local authorities to show the information, but in the form of stock Exchange releases, which does lower the level of information available to investors. As an example of the Baltic regulation Estonian examples are only required to keep a list of insiders at their disposal, in case authorities need to examine it and the information in this list. As for the market as a whole this does put companies into very different categories and thus the findings support P1 and that legal authorities have a key role in protecting the small investors rights and the level of information available for small investors.

4.3 Timeliness of the Information

On the timeliness level the companies show several good points about what information is available for small investor as well as for any investor interested in taking a better look at these companies and their shares. Most of the vital information to any small investor such as news and press releases are available in practice real time. Same applies to Annual reports, which are available in some form (browser version, PDF-file or other) upon or just

after publication. Information on the share prices and their development are displayed with basic 15 minutes delayed data, which is the most common type used when companies are displaying share information. For the Baltic companies this information was not as readily available as their Swedish, Danish and Finnish counterparts had. Moreover there were also instances where share related information was to be found in an external source, such as the Stock Exchange itself. Large Cap companies in Sweden, Finland and Denmark had share information displayed extensively as well as some share related information such as index comparison and peer groups. The information was shown in an updated and dynamic manner. Danske Bank, Fortum and Swedish Match were good examples of how extensive share related information is available. The Baltic companies on the other hand had only few examples of where share information was available. The common trend is that share information was directed to the stock exchange itself or then the current situation with the share was displayed as form, table or snapshot of the latest trades and price of the

Other differences were to be found in the timeliness of ownership information. In Finland investors can find information that is updated monthly, where as Swedish companies displayed ownership information that was more than three months old. Danish companies on the other hand displayed two different types of timeframes; for example information was updated March 2008 and January 2008. Recommendation that was mentioned earlier in the theory section for ownership information was no more than one month.

Insider information is updated daily for both Finnish and Swedish companies, and same applies also to any changes in the analyst information that are available to the small investors. Although this information itself does not change unless the analyst themselves update the information, which usually is after interim reports and annual results. For the insider information Danish companies, update also the information as it comes, since insider transactions are reported through stock exchange releases from the company. There

is no logical and overall manner for examining at the insider information, since everything is done through corporate stock exchange releases.

Timeliness level for the Danish companies suffers from the lack of central database with company insider information. Analyst information in the Danish companies was at the same level as with the counter parts in both Sweden and Finland. However, the timeliness of the information is not stated clearly and all of the companies lack this action of stating when things are updated and with what rate. This may cause confusion among small investors, if they do not know what they should think of the information. Therefore the propositions set forth in the timeliness level of investor information are supported fully for P(2), but only partially for P(3), with the exception of the Finnish companies. Also P(4) is only partially supported within the Nordic region, since there are some discrepancies among some timeliness factors of information and the IR strategy when compared with other timely information set forth by the companies.

Also the timeliness level of findings support P(1), if it is considered that legal requirements can affect the timeliness factors regarding disclosure practices in a listed company, meaning that if authorities are to require tighter schedule not only on information disclosures, but on the level of updated investor information the impact on the level of investor information is tremendous.

4.4 Overall Applicability

On the last factor that is probably the most important factor in case of all companies, can be found the most differences. Overall applicability is very much dependent on the ability to bring the information alive from static numbers and charts so that small investors can easily understand and analyze the information available and access the information without

knowing what means need to used to access the information. On this level P(5) was not supported, since there were different ways of showing for showing annual reports, some used browser version, while others used plain PDF format, even fully coded HTML was used in one case, but only once. Also due to some applications used on the websites in one instance the application failed to load when examining the pages. There were no clear differences within the region itself, since it seemed that all companies were having the same effect when looking at the overall applicability. There were cases where Finnish companies were more advanced and in some instances it was the Swedish companies.

On the other hand P(6) was also only partially supported by the companies. All in all the two Finnish and Swedish example companies had more analytical tools for small investors than the Danish counterparts. And Finnish example companies did provide even more interactivity in some cases when looking at the company financial information, for example with the case if YIT that used clearly an more advanced method to display financial figures for the use of the investors. Yet there were many cases even with Finnish companies that some information needed more tools to be able to get fully utilize the potential of the IR information available. There are for example many cases where basic graphical display over time can help small investors to further analyze the investment opportunity. Finnish companies did provide historical ownership information compared to Danish and Swedish companies, but Finnish and Swedish companies provided more in depth ownership information than the Danish companies, which settle to show only the few major owners of the companies. In the case of Danish companies it is the regulation that does not require the companies to show the information until the ownership is more than 5% of the outstanding shares and also due to the fact that Denmark lacks a database that would have this information at hand for small investors.

Another issue that came up was that in some cases a basic graphical display of targets and actual results for the ease of comparison would have been obvious but in many cases was lacking. Only in the case of clear market information did companies have more than basic tools. Share information was readily available with a share monitor to be used to compare and analyze share price development over time. However, NKT Holding did not provide this to its investors. Small investor does actually have access to this information fairly easily, but they need to know where this information can be found. Other factors that give more overall applicability are further analysis of the ownership information and how it has changed over time. Current information displays the change from previous month to the current one, but no longer time frame can be examined, other than constructing one's own table of information. The Baltic counterparts on the other hand had very little ownership information, not to mention that changes and history of the ownership would have been comparable. It can be argued that the findings on graphical display of information shows that small investors need to have good analytical skills in order to further analyze ownership information on the Baltic counterparts.

As a general statement of the overall applicability level it can be stated that larger companies seem to have better access to analytical tools for investor information, which in part makes small investors analysis of the company much easier than of the smaller ones. However, after the initial indications, the differences within the different local countries under the same market, is interesting to see that the level of IR information of smaller Finnish examples was better than the larger Baltic examples.

5 Analysis of Results

Looking at the data and results of which of the propositions were supported is interesting to see that as we go further towards the mid and the small cap companies the level of the investor information declines in that smaller companies tend not to show as much as their larger counterparts. This applied across the regions that were studied. Although the Finnish and Swedish companies do clearly have better quality in their investor information, in some cases even with small cap companies than its counter parts in the OMX market, there are still major differences also between these two countries. The Baltic countries are clearly behind the development and there is much room to provide more information to satisfy investor needs for the small investor. In the Baltic countries investor information was lacking the basic analytical tools as well as information was not thought through fully, but basically put on display to abide by the legal requirements.

The thesis states that although legal framework is in place, the implementation of that framework is not fully functional yet, since it does not take into account the full needs of the small investors. Especially when looking at the company insiders and the ownership information, Baltic companies were not able to display this information in a form that is equal towards all investor. For small investor the level of information is far lower than it should be and small investors cannot access all of the information they can for example in Finland. Also the fact that the Baltic market as it is very small compared to any of the other three Nordic Countries, should add the level of information rather than lower it. Interesting example of this is the Estonian law for insiders and insider transactions. The law clearly states that information and transactions needs to be displayed on the website (Estonian Market Securities Act, 2007), yet this information is hard to come by. Comparison to the Finnish law is that they appear to be very similar, yet the information what is shown on the company website clearly speaks differently to the Estonian counterparts. This can be an

indication of the emerging market's problems and the infrastructure that need to be in place for the information to be transparent and functional.

As the number of investors and foreign investors begin to increase, which it has already been doing, there will be new listings and increase in the equity market information. This will create pressure for the authorities to demand more quality as well as pressure from the investors also to receive better and equal information. Small investors in different countries are in a different situation compared with one another, which can cause that their decisions might not be based on all facts. IRO's role to see that small investor needs are met will be very important as well as IRO's role to see that all data is easily analyzable and accessible. This aspect has not been fully investigated yet and it seems that investor information is based more on providing numbers and content while usability and evaluation of the information is dismissed by many companies. For small investors this level of information would prove very useful.

The thesis also states that more pressure should be put on companies in the Baltic region to answer to the need of the markets. There is a clear difference in the level on ownership information and what is available for investor when considering direct stock investments to companies listed in the OMX Baltic exchange. This vital piece of information is very crucial to any small investor, since the information is not available in practice from any other than the company itself. Between Denmark, Sweden and Finland there are still differences in the legal structure and the guidelines for disclosure. Legal entities such as financial supervisory authorities need to keep in mind the level of information as well as the other aspects.

Timeliness factors were also considerably different in the local level. Timeliness of crucial information such as changes in the ownership of the company should be basic information among any company IR information. There were also differences when examining the different types of information. Share information which is available from the market itself was very easily accessible and updated in all of the countries. Yet with information that might not be as easily accessed such as ownership information timeliness was not consistent. Considering the possibilities for small investors to do extensive information gathering of the company information it is highly unlikely that small investor get this information anywhere else other than from the company itself. Especially when considering the international small investors, who want to do a more thorough analysis of the investment, need to rely on the information displayed by the company. Local differences could thus hinder companies to find international investors and get full potential out of the equity market and equity funding for the company. International small investors could also increase the liquidity of the shares of the company, which should be one of the main concerns of the IR function in these companies.

Another interesting analysis that can be drawn from the information available for the small investors is the already mentioned inequality factors that came upon this research. Even though the legal frameworks are in place in all of the countries studied the thesis found that international small investors are in a disadvantaged position compared to the local small investors. This was already stated earlier about analysts and their position and it seems to apply to small investors as well, since information is not always available in English and can interfere with the international small investors' decisions about the investment, or even worse can hinder the shareholder, who is not from the local region, from getting the same information as his counterpart. Legally this inequality does not exist, but leaves much for interpretation for the companies. Examining the chain from EU directives to the local level we can find that this actually exists.

Very interesting note on the overall applicability factor are new technologies to be used such as XBRL, which was mentioned very briefly earlier in the thesis. The XBRL technology allows or enables better potential to provide much more applicability to the information company is already presenting, but some clear standards and requirements are only developing for the use of XBRL. This technology could also bring more timeliness factors into the IR information, since it can make financial figure accessible in almost instantly after the disclosure in a user friendly way.

6 Summary of research findings

6.1 Finland and Sweden ahead in their level of information compared to others

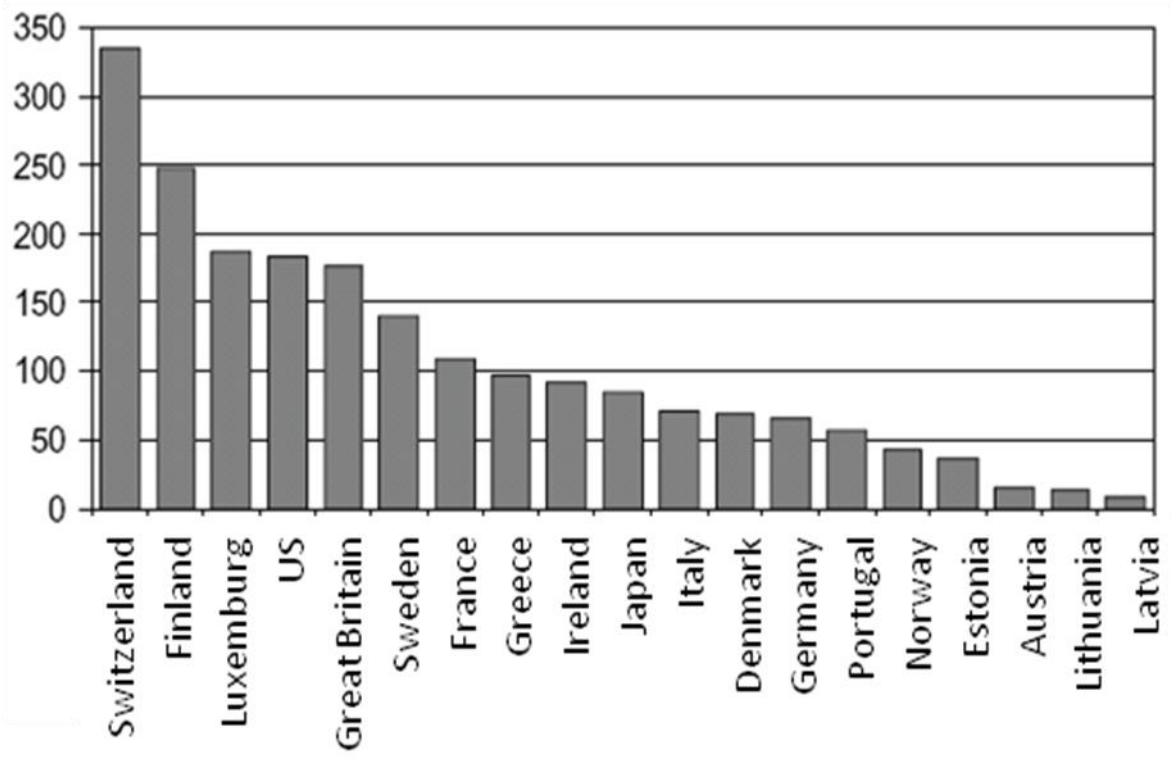
Finland and Sweden had much better infrastructure in place to follow and transactions and ownership information than other countries. The main question here applies that all investors are in an equal position to analyze the company.

Denmark is in a stage of developing more through structure for the information from a legal point of view and this will probably drive the evolution to a more in depth information regarding IR functions as well as readily available information to all shareholders equally. Also due to regulation there are many listed companies, such as Football clubs and banks which are listed only through legal reasons and thus do not actually have any kind of IR function since their portion of free float is near zero. Stocks are traded, but the liquidity of the stock is almost nothing. As said there are no IR functions present at all for these kinds of companies and in some terms affect the level of IR information in the country.

The Baltic Market is in its emerging stage. However, it needs to be stated that transparency for the Baltic listed companies will be one of their most valuable assets in attracting foreign investors or any investors for that matter, be they institutional or individual investors. The level of transparency and information conveyed to the market in its entirety is still on a very low level compared to even the Danish listed companies. Same applies to showing constant and timely information to investors.

Very little information on share price and its development can be found from the Baltic companies and investors have to base their analysis on external sources about share price development and correlation (if any) to what has been happening with the company and the surrounding world. Rantama (2001, p. 83) refers to the listed companies markets share portion of the GDP, shown in Figure 6, in these countries and as we look at the results from the BOF report we can see that Finland, Sweden are within the top six countries and Denmark lagging a little behind, and the Baltic countries at the very end. Figure 6 shows that also that the impact of the listed companies is very minor in the countries as we have established in the thesis.

Figure 6. Combined market share of the listed companies and its portion of GDP



Source: (Rantama, 2001, p. 83)

6.2 *Levels of IR information*

In terms of the propositions set forth in the beginning and how they were assessed it can be summarized that regulation plays a crucial role in providing both the guidelines and starting point to building a solid infrastructure to implement good levels of IR information and transparency throughout the studied region.

Timeliness issue set forth by proposition based on the existing literature we can only state that timeliness is still not streamlined within a small region like the Nordic countries. This also creates the fact that depending on the information investors do have a way to get information in a timely manner (usually what is required by legislation e.g. stock exchange releases, information that affects the share price directly), but information such as ownership information is not displayed in a timely manner. It does not reflect any one direction which to be used, even though ownership information is very important to investors and analysts.

In terms of overall applicability we must state that the most differences were found in this level of the IR information. All the companies did have a common interest not to show old information to investors, which in terms of applicability is good. However, most companies still rely on PDF material when looking at company documents, which can be problematic for the user. There is no attempt with smaller companies to provide higher usability since this will cost money for the company. Different version of analytical tools were present in the some companies' websites, but their ease of use and understanding left room for improvement, when other were lacking these tools altogether.

In the light of this it can be summarized that the level of IR information within the OMX exchange varies in three different categories from one country to another:

1. Different countries' legal implementation of financial legislation in region
2. Infrastructure in terms of financial information
3. The use of technology in providing the information

The thesis main task was to find out why there were so many differences within the OMX region in investor information and the result is that companies and IRO's do not always take into account these factors when disclosing investor information. The thesis contributes to the acknowledgement of these differences that can be found within a close region and will also provide a base for further research over investor information towards small investors.

7 Conclusion

The main conclusion that can be drawn from this information is that local legislation and implementation plays a tremendous role in pushing the listed companies to provide information more openly. Also the fact that countries financial systems or financial infrastructure is not up-to-date shows that they do not follow the international standards, but rather lag behind. It was established that Finland and Sweden do follow fairly close the standards set forth by the OECD and EU, but since the other countries are far behind it raises the question of what is the point with international standards and why they are not used. Crucial issue here is that investors become unequal in terms of accessing and analyzing the IR information provided by the company. Not only are some investors in a disadvantage position in terms of institutional investors, we can find that investors within the region can find themselves in an unequal position to other investors from country to country. This vital piece of information can provide to be very valuable to any one in touch with IR information especially the IROs within a company that can make sure that all investors are considered when providing investors information. This inevitably will have an effect on the transparency of the company and further more will increase the investment value of the company.

This entails that legislative bodies in the region have much responsibility to correct and work together with other bodies in the region to ensure that infrastructure in the financial field is functional. Information tied to shares should be available to all for example ownership information. By raising the level of requirements also the level of IR information would be increased so that ownership information could be easily accessible as well as more open. This would also require that the level of infrastructure is raised.

In terms of international aspects the thesis shows that the levels of IR information are connected to the local culture and social qualities that have existed much longer than sound financial characteristics, such as to which stock exchange the company belongs to. Just by looking at the level of transparency in these countries we can find a correlation to the culture and IR information. A very useful piece of information when companies are seeking investors from abroad or when investors are seeking new companies to invest in. Therefore knowing the level of IR information we can find that countries with higher levels of transparency should have better IR information as well, as in the case of comparing Finland and Estonia for example.

Finally it needs to be stated that through the process of the research and the propositions, the thesis discovered differences also between the empirical and the theories connected to IR. Most of the theories and literature emphasized on providing solid and transparent information to investors, but this did not really happen through the empirical world and especially when taking the small investor perspective. Especially in terms of information that owners or company might consider creating precarious or unstable situations for them.

7.1 Managerial implications

Managerial implications of this study are very practical for the use of any IR officer as well as for the use of the companies working with IR information. The thesis shows that in order to fully examine and provide functional and well rounded IR information managers must include small investors' aspects as well, meaning that all investors and possible investors should have the same information available. This means in practice that in order for the managers to excel in their tasks they should take into account the number of small investors and provide them with the same information or similar information that analysts and institutional investors are getting.

IR Managers or anyone responsible for IR information should also take into account how the information is displayed and use either good consulting help to build the information so that technology and timeliness is as good as it can be not only in terms of legal requirements, but also in terms of other information. Ownership information for example is often considered as something that is not good to show to all, which in terms of investors is one of the most important pieces of information that an investor or an analyst needs to have in order to fully assess the company. This is true especially in the case of smaller companies and their ability to attract more liquidity of the stock, which the IR manager needs to take into account.

Another aspect is that international small investors need to be taken into account and examining the local differences as indicated in this thesis. By doing this, it can give opportunities to differentiate a company from its local financial market and thus gain access to more capital in terms of international small investors. Taking into account the whole region rather than answering only to the domestic investors can increase the transparency as well as liquidity of the stock. How to do this is of course up to the individual IR manager to choose, but it should create more stability for the stock if done correctly.

Finally, there is well enough room for more consultative roles in IR and IR information, which companies should and probably will use in the future. The thesis clearly shows that the field of IR is not yet at the stage where it could claim to be ready. This creates opportunities for companies involved with IR to concentrate on providing better technologies and consultation over usability, accessibility, evaluation of data and legislation.

7.2 *Suggestions for further research*

Further research should try to construct a more holistic and quantitative research of the level of IR information provided to the small investors and the use of website and possibilities in the field of IR. IR field as overall should include more in-depth studies about the international aspects of IR information. It seems that the smaller the market, the more local the ownership of the listed companies are and research on this field could bring more practical issues as well as academic notion to the field of IR.

In term of purely looking at the smaller investors quantitative research could bring more support to this thesis in terms of looking at what information is needed and analyzed by the investors and if higher levels of IR information have an effect on the investment decision, which is argued in this thesis.

Also more theories based on information should be looked at in the field of IR. This thesis has focused heavily on practical aspects of the field of IR and IR information drawing conclusions very much from the actual world to find some guidelines for levels of IR information. More theory based research could also bring more insight to the different cross-cultural aspects in the field of IR, since many of the stock exchanges have expanded to multi-cultural characters. Latest ones being the merger of NYSE and Euronext, and the merger of NASDAQ and the OMX exchange. Even though they are not on a single trading system the trend seems to be that smaller stock exchanges will be acquired by larger ones in the future, which creates new challenges and opportunities to research the field of IR in terms of cultural and social aspect and how they might affect the field of IR.

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Appendix 1 – Company websites that were studied

Fortum – www.fortum.com

Metso – www.metso.com

Swedish Match – www.swedishmatch.com

Neste Oil – www.nesteoil.com

Danske Bank – www.danskebank.com

NKT holding – www.nkt.com

Gunnebo – www.gunnebo.com

Stora Enso – www.storaenso.com

Nordea – www.nordea.com

Alma Media – www.almamedia.com

YIT – www.yitgroup.com

Nokia – www.nokia.com

Nokian Tyres – www.nokiantyres.com

Tallink – www.tallink.ee

Componenta – www.componenta.com

Eesti Telekom – www.telekom.ee

TEO – www.teo.lt/en

Appendix 2 – Halvarsson & Halvarsson Survey Results 2007

Finland

Rank	Company	Url
1	Fortum	www.fortum.com
2	Metso	www.metso.com
3	Neste Oil	www.nesteoil.com
4	Stora Enso	www.storaenso.com
5	Cargotec	www.cargotec.com
5	Wärtsilä	www.wartsila.com
7	TeliaSonera	www.teliasonera.com
8	Nordea	www.nordea.com
9	Rautaruukki	www.rautaruukki.com
10	SanomaWSOY	www.sanomawsoy.com
11	Alma Media	www.almamedia.fi
12	Kesko	www.kesko.fi
13	M-Real	www.m-real.com
14	Elisa	www.elisa.com
15	KONE	www.kone.com
16	YIT	www.yitgroup.com
17	Ahlstrom	www.ahlstrom.com
18	Nokia	www.nokia.com
19	TietoEnator	www.tietoenator.com
20	Sampo Group	www.sampo.com
20	UPM	www.upm-kymmene.com
22	Amer Sports	www.amersports.com
23	Cramo	www.cramo.com

23	Outotec	www.outotec.com
25	Outokumpu	www.outokumpu.com
26	Nokian Tyres	www.nokiantyres.com
26	Vaisala	www.vaisala.com
28	Kemira	www.kemira.com
29	Uponor	www.uponor.com
30	Lemminkäinen	www.lemminkainen.com
31	Huhtamäki	www.huhtamaki.com
32	Kemira GrowHow	www.kemira-growhow.com
33	Konecranes	www.konecranes.com
33	Vacon	www.vacon.com
35	Orion	www.orion.fi
36	Citycon	www.citycon.com
36	Finnair Group	www.finnairgroup.com
38	OMX	www.omxgroup.com
39	Pöyry	www.poyry.com
40	Lassila & Tikanoja	www.lassila-tikanoja.fi
41	OKO Bank	www.okobank.fi
42	Finnlines	www.finnlines.fi
43	Sponda	www.sponda.fi
44	Stockmann	www.stockmann.com
45	Fiskars	www.fiskars.fi
45	Oriola-KD	www.oriola-kd.fi
47	Atria Group PLC	www.atria.fi
48	HK Scan	yritys.hk-ruokatalo.fi
48	Ponsse	www.ponsse.com
50	Ramirent	www.ramirent.com

Denmark

Rank	Company	Url
1	Danske Bank	www.danskebank.com
2	Danisco	www.danisco.com
3	Nordea	www.nordea.com
4	Lundbeck	www.lundbeck.com
4	Novo Nordisk	www.novonordisk.com
6	Carlsberg	www.carlsberggroup.com
7	SAS Group	www.sasgroup.net
8	Coloplast	www.coloplast.com
9	Norden	www.ds-norden.com
10	Vestas	www.vestas.com
11	Novozymes	www.novozymes.com
12	Topdanmark	www.topdanmark.dk/ir
13	FLSmidth	www.flsmidth.com
14	TrygVesta	www.trygvesta.com
15	Mærsk	www.maersk.com
15	TDC	www.tdc.com
17	Københavns Lufthavne	www.cph.dk
18	Genmab	www.genmab.com
19	Group 4 Securicor	www.group4securicor.com
20	DSV	www.dsv.dk
21	William Demant Holding	www.demant.com
22	Torm	www.torm.dk
23	Jyske Bank	www.jyskebank.info
24	Rockwool	www.rockwool.com
24	Sydbank	www.sydbank.com

Sweden

Rank	Company	Url
1	Swedish Match	www.swedishmatch.se
2	SCA	www.sca.com
3	Eniro	www.eniro.com
4	Electrolux	www.electrolux.com
5	Stora Enso	www.storaenso.com
6	Trelleborg	www.trelleborg.com
7	Billerud	www.billerud.com
8	Atlas Copco	www.atlascopco-group.com
9	Kaupthing bank	www.kaupthing.com
10	TeliaSonera	www.teliasonera.com
11	Nordea	www.nordea.com
12	Securitas	www.securitas.com
13	ABB	www.abb.com
14	Assa Abloy	www.assaabloy.com
15	Sandvik	www.sandvik.com
16	Boliden	www.boliden.com
17	Husqvarna	www.husqvarna.com
18	SKF	www.skf.com
19	Ericsson	www.ericsson.com
20	SAAB	www.saab.se
21	Scania	www.scania.com
22	Intrum Justitia	www.intrum.com
23	Axfood	www.axfood.com
24	Cardo	www.cardo.com

25	TietoEnator	www.tietoenator.com
26	AstraZeneca	www.astrazeneca.com
27	Industrivärden	www.industrivarden.se
28	Swedbank	www.swedbank.com
29	Skanska	www.skanska.com
30	Volvo	www.volvo.com
31	Investor	www.investorab.se
32	Kungsleden	www.kungsleden.se
33	Lindex	www.lindex.com
34	Carnegie	www.carnegie.se
35	Nobia	www.nobia.se
36	SAS Group	www.sasgroup.net
37	NCC	www.ncc.info
38	SSAB Svenskt Stål	www.ssab.se
39	Ratos	www.ratos.se
40	SEB	www.seb.net
41	Hexagon	www.hexagon.se
42	Holmen	www.holmen.com
43	Nobel Biocare	www.nobelbiocare.com
44	Securitas Direct	www.securitas-direct.com
45	Alfa Laval	www.alfalaval.com
46	Autoliv	www.autoliv.se
47	Höganäs	www.hoganas.com
48	LogicaCMG	www.logicacmg.com
49	OMX	www.omxgroup.com
50	Securitas Systems	www.securitassystems.com

51	Q-Med	www.q-med.se
52	B&B Tools	www.bb.se
53	Axis	www.axis.com
54	Latour	www.latour.se
55	Cloetta Fazer	www.cloettafazer.se
56	Lindab	www.lindab.com/default.htm
57	Unibet	www.unibetgroupplc.com
58	Handelsbanken	www.handelsbanken.com
59	TradeDoubler	ir.tradedoubler.com/ir/en/
60	Indutrade	www.indutrade.com
61	JM	www.jm.se
62	KappAhl	investors.kappahl.se/
63	Hakon Invest	www.hakoninvest.se
64	BE Group	www.begroup.com
65	Fabege	www.fabege.se
66	Munters	www.munters.com
67	Elekta	www.elekta.com
68	Rezidor	www.rezidor.com
69	Peab	www.peab.se
70	Getinge	www.getingegroup.com
71	Hennes & Mauritz	www.hm.com
72	Tele2	www.tele2.com
73	Sweco	www.sweco.se
74	MTG	www.mtg.se
75	Oriflame	www.oriflame.com
76	NIBE Industrier	www.nibe.com

77	PA Resources	www.paresources.se
78	Wallenstam	www.wallenstam.com
79	Lundbergs	www.lundbergs.se
80	Lundin Petroleum	www.lundin-petroleum.com
81	AAK AarhusKarlshamn	www.aak.com
82	Hufvudstaden	www.hufvudstaden.se
83	Meda	www.meda.se
84	Castellum	www.castellum.se
85	Klövern	www.klovern.se
86	Investment AB Öresund	www.oresund.se
87	Millicom	www.millicom.com
88	Kinnevik, Investment	www.kinnevik.se
89	Tanganyika Oil Corp.	www.tanganyikaoil.com
90	Säki	www.saeki.se
91	Mekonomen	www.mekonomen.se
92	MSAB Melker Schörling	www.melkerschorlingab.se
93	Wihlborgs Fastigheter	www.wihlborgs.se
94	Seco Tools	www.secotools.com
95	Lundin Mining	www.lundinmining.com
96	HQ	www.hq.com
97	LjungbergGruppen	www.ljungberggruppen.se
98	RNB Retail and Brands	www.rnb.se
99	Clas Ohlson	www.clasohlson.se
100	Vostok Nafta	www.vostoknafta.com

Appendix 3 – IR Magazine Award winners 2007

Nordic - June	
Award category	Winner
Best investor relations from a Norwegian company (small or mid-cap)	Schibsted
Best investor relations from a Norwegian company (large cap)	DnB NOR
Best investor relations support by a Norwegian CEO/CFO	Tom Grondahl (CFO) - DnB NOR
Best investor relations from a Danish company (small or mid-cap)	NKT Holding
Best investor relations from a Danish company (large cap)	Danske Bank
Best investor relations support by a Danish CEO/CFO	Jesper Brandgaard (CFO) and Lars Rebien Sorensen (CEO) - Novo Nordisk
Best investor relations from a Finnish company (small or mid-cap)	Kemira Oyj and Stockmann
Best investor relations from a Finnish company (large cap)	Metso and Stora Enso
Best investor relations support by a Finnish CEO/CFO	Olli Vaartimo (CFO) and Jorma Eloranta (CEO) - Metso Bjorn Wahlroos (CEO) & Peter Johansson (CFO) - Sampo Group
Best investor relations from an Icelandic company (large cap)	Actavis Ossur HF
Best investor relations support by an Icelandic CEO/CFO	Hjorleifur Palsson (CFO) and Jon Sigurdsson (CEO) - Ossur HF
Best investor relations from a Swedish company (small or mid-cap)	Holmen
Best investor relations from a Swedish company (large cap)	Atlas Copco
Best investor relations support by a Swedish CEO/CFO	Hans Ola Meyer (CFO) - Atlas Copco
Best use of technology for investor relations	Danske Bank
Best corporate literature	Atlas Copco
Best investment community meetings	Novo Nordisk
Best investor relations officer	Martin Gottlob - Danske Bank
Most progress in investor relations	KONE Corporation and Swedbank
Grand prix for best overall investor relations	Danske Bank

Appendix 4 – IR Nordic Markets Award Winners

Winners IR Nordic Markets Finland 2007

Best Company

Mid Cap:

1. Alma Media
2. Cramo
3. Pöyry

Large Cap:

1. YIT Group
2. Outotec
3. Nokian Tyres

Best CEO

Mid Cap:

1. Teleste - Jukka Rinnevaara
2. Pöyry - Erkki Pehu-Lehtonen
3. Alma Media - Kai Telanne

Large Cap:

1. Nokian Tyres - Kim Gran
2. Outotec - Tapani Järvinen
3. Ramirent - Kari Kallio

Best IRO

Mid Cap:

1. Pöyry - Satu Perälampi
2. Comptel - Samppa Seppälä
3. Alma Media - Rauno Heinonen

Large Cap:

1. YIT Group - Petra Thorén
2. Cargotec - Eeva Mäkelä
3. TeliaSonera - Martti Yrjö-Koskinen
4. Sponda - Pia Arrhenius
5. Sampo - Jarmo Salonen

Best IR Team (Practical IR)

1. YIT Group
2. Alma Media
3. Neste Oil
4. Kesko
5. Nokian Tyres

Winners IR Nordic Markets Sweden 2007

Best CEO - total

1. Ratos - VD Arne Karlsson
2. SKF - Tom Johnstone
3. ABB - Fred Kindle

Best IRO Mid Cap

1. Annika Billberg - HiQ International
2. Johan Holmqvist - Telelogic
3. Janerik Dimming - Gunnebo

Best IRO Large Cap

1. Emmett Harrison - Swedish Match
2. Christer Johansson - Volvo
3. Clara Bolinder-Lundberg - Ratos
4. Jan Lissåker - Sandvik
5. Oscar Stege Unger - Investor

Best Overall Company - Mid Cap

Mid Cap:

1. HiQ International
2. Munters
3. Telelogic
4. Intrum Justitia
5. PA Resources

Best Overall Company - Large Cap

1. Ratos
2. Volvo
3. JM
4. Nobia
5. Atlas Copco

Winners IR Nordic Markets Denmark 2007

Best Company

1. NKT Holding
2. FLSmidth & Co
3. Novo Nordisk
4. Østasiatiske Kompagni
5. William Demant

Best CEO

1. Jørgen Huno Rasmussen, FLSmidth & Co
2. Thomas Hofman-Bang, NKT Holding
3. Steen Riisgaard, Novozymes
4. Niels Jacobsen, William Demant
5. Niels Henrik Jensen, Østasiatiske Kompagni

Best IRO

1. Stefan Ingildsen, William Demant
2. Thomas Hofman-Bang, NKT Holding
3. Steffen Heegaard, Topdanmark
4. Pernille Friis Andersen, FLSmidth & Co
5. Niels Beck, SimCorp

Best Overall Company in the Nordic Region

Company	Country
1. NKT Holding	Denmark
2. FLSmidth & Co	Denmark
3. Alma Media	Finland
4. YIT	Finland
5. Ratos	Sweden
6. Volvo	Sweden
7. JM	Sweden
8. Outotec	Finland
9. Nobia	Sweden
10. Schibsted	Norway

Best IRO in the Nordic Region

Name	Company	Country
1. Stefan Ingildsen	William Demant Holding	Denmark
2. Jon André Løkke	REC Group	Norway
3. Emmett Harrison	Swedish Match	Sweden
4. Christer Johansson	Volvo	Sweden
5. Petra Thorén	YIT	Finland
6. Thomas Hofman-Bang	NKT Holding	Denmark
7. Steffen Heegaard	Topdanmark	Denmark
8. Rune Helland	Orkla	Norway
9. Pernille Friis Andersen	FLSmidth & Co	Denmark
10. Clara Bolinder-Lundberg	Ratos	Sweden

Appendix 5 – Baltic Market Award winners

Baltic Market Awards

Baltic stock exchanges launched a project The **Baltic Market** Awards, the mission of which is to identify the best **Baltic market** participants, to increase listed companies' awareness of the significance of disclosure quality, good investor relations and corporate governance practices. In particular, the Awards identify best practice in organizing websites, drafting reports and preparing corporate disclosures. Though only the best were be singled out and awarded, all companies involved benefited. All **Baltic** Main List and **Baltic** Secondary list companies were enrolled in the project, with no need to apply specifically.

Evaluation criteria groups:

- annual report
- interim reports
- ongoing corporate disclosures
- company web-page
- investor evaluation

Evaluation Committee

- Geoffrey Mazullo, Corporate Governance expert, Partners for Financial Stability Program (Chair of the Committee)
- Dalia Jasulaityte, Deputy President of the OMX **Baltic Market**
- Andrus Alber, Chair of the Management Board, Tallinn Stock Exchange
- Daiga Auziga-Melnalksne, Chair of the Management Board, Riga Stock Exchange
- Arminta Saladžiene, Chair of the Management Board, Vilnius Stock Exchange
- Enn Metsar, Hansa Investment funds
- Martynas Cesnavicius, Amber Trust
- Anete Pajuste, Riga Business School
- Audrone Ranonyte, Verslo Zinios
- Agnese Vanaga, Dienas Bizness
- Tõnis Oja, Äripäev

The **Baltic Market** Awards 2007 winners were:

- TEO LT: The Best Investor Relations in the **Baltic** Countries
- Hansapank: Member of the Year
- Eesti Telekom: The Best Investor Relations in Tallinn
- TEO LT: The Best Investor Relations in Vilnius
- SAF Tehnika: The Best Investor Relations in Riga and The Best Investor Relations among Small Cap Companies
- Olainfarm: The Best Investor Relations Online
- Sanitas: The Best Annual Report
- Silvano Fashion Group: The Most Visible Improvement over the Year in investor relations