

"Do not surprise investors!" - Meeting investors' expectations with IR communication

International Business Communication

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”Do not surprise investors!” – Meeting investors’ expectations with IR communication

Objective of the Study

The main objective of this study was to examine to what extent the investor relations (IR) function can make companies more attractive investment targets and how investor relation officers’ (IRO) activities differ from investors’ expectations. In order to find answers to the main objective, the study consisted of three research questions related to creating competitive advantage, differentiating companies from each other among investors with IR activities, dialogue between the company and its investors and the future trends of IR communication in relation to social media, promotional language and analyst coverage.

Methodology

The study utilized a qualitative research approach. Empirical data was gathered through semi-structured interviews with five institutional investors and five IROs in order to compare IROs’ activities to investors’ expectations. Five interviews were conducted in New York, the USA and five in Helsinki, Finland.

Findings and Conclusions

The findings of the study showed that although companies’ IR practices were generally in line with investors’ expectations, there were some issues related to IR’s strategic role and IR’s cooperation with the management that could be improved. Investors and IROs also had some different opinions about the use of social media and promotional language. Instead, the findings clearly indicated that investors and IROs had similar opinions about non-financial information, such as building trust and long-term relationship, which were seen as fundamentals of the IR function.

Based on the findings it can be concluded that the deeper IROs’ knowledge is, the more valuable the IR function is for the company. The findings suggested that companies should emphasize the role of IR as a strategic function and strengthen cooperation between the top management and IR teams in order to develop deeper understanding of the company’s business and strategy for the IR teams. Finally, the findings indicated that new technology helps to reach investors of all sizes, especially the small ones, from all over the world. However, the present study could not give a definite answer how social media could be utilized as a part of IR communication in order to reach both institutional and retail investors.

Key Words: Investor relations, IR communication, International business communication, IROs, Stakeholder dialogue

”Älä yllätä sijoittajia!” – Sijoittajien odotusten täyttäminen IR-viestinnän avulla

Tutkimuksen tavoitteet

Tutkimuksen tavoitteena oli selvittää missä määrin yritys voi sijoittajaviestinnän (IR-viestintä) avulla erottautua muista sijoituskohteista ja verrata miten hyvin IR-viestinnän käytännön toimenpiteet tavoittavat institutionaaliset sijoittajat ja täyttävät heidän odotuksensa. Lisäksi tavoitteena oli selvittää, voidaanko sijoittajaviestinnän avulla kasvattaa sijoittajien kiinnostusta yritystä kohtaan sekä lisätä olemassa olevien sijoittajien sitoutumista yritykseen. Tutkimus selvitti myös arvioita IR-viestinnän tulevaisuuden näkymistä.

Tutkimusmenetelmät

Tutkimuksessa käytettiin laadullista tutkimusmenetelmää ja tutkimusaineisto kerättiin teemahaastattelujen avulla. Tutkimukseen haastateltiin viittä institutionaalista sijoittajaa ja viittä sijoittajasuhdejohtajaa. Puolet haastatteluista tehtiin New Yorkissa, Yhdysvalloissa ja puolet Helsingissä.

Tutkimuksen tulokset ja johtopäätökset

Vaikka yritysten IR toiminnot olivat yleisesti hyvin linjassa sijoittajien odotusten kanssa, tutkimus löysi muutamia parannusehdotuksia liittyen IR-toiminnon strategiseen rooliin ja IR:n yhteistyöhön yritysjohton kanssa. Lisäksi sijoittajien ja IR-henkilöiden mielipiteet sosiaalisen median ja markkinointikielen käytöstä IR-viestinnässä erosivat hieman toisistaan. Sen sijaan, tulokset osoittivat selkeästi sijoittajien ja IR-henkilöiden olevan yhtä mieltä luottamuksen ja pitkäaikaisten suhteiden rakentamisen tärkeydestä, sillä ne ovat koko IR-viestinnän perusta.

Tulosten perusteella voidaan päätellä, että mitä perusteellisemmat IR henkilön tiedot yrityksen strategiasta ja toiminnasta ovat, sen hyödyllisempi IR-toiminto on yritykselle. Parantaakseen IR-henkilöiden tietämystä, yritysten tulisi korostaa IR-viestinnän roolia yrityksen strategisena toimintona sekä vahvistaa yhteistyötä ylimmän johdon ja IR osaston välillä. Vaikka tulokset osoittivat, että uudet teknologiaratkaisut helpottavat erityisesti yksityissijoittajien tavoittamista, tutkielma ei pystynyt selkeästi määrittelemään kuinka sosiaalista mediaa voitaisiin hyödyntää IR-viestinnässä, jotta se tavoittaisi yksityissijoittajien lisäksi myös institutionaaliset sijoittajat.

Avainsanat: Sijoittajasuhteet, sijoittajasuhdeviestintä, kansainvälinen yritysviestintä, sidosryhmä dialogi

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1 INTRODUCTION

“The investor of today does not profit from yesterday’s growth.”

Warren Buffett

As Warren Buffett states, historical performance in the stock market does not guarantee future results. Instead, companies have to find other ways to highlight their competitiveness to attract new investors and to keep the old ones. Companies need to wrap up their business idea and revenue logic into an easily understandable investment story, and this is where investor relations (IR) communication comes into the picture. According to Argenti (2007, p. 157) the IR function is an essential part of a company’s corporate communication, which explains financial results but also gives guidance on future earnings beyond the numbers. Therefore, as he continues, IR activities need to link communication to a company’s strategy and continually communicate their progress to the investing public.

In publicly listed companies, the IR function is the most important connection between the company and its investors. The IR function is a diverse concept, as the largest professional investor relations association, the National Investor Relations Institute (NIRI, 2013), defines:

“Investor relations is a strategic management responsibility that integrates finance, communication, marketing and securities law compliance to enable the most effective two-way communication between a company, the financial community, and other constituencies, which ultimately contributes to a company’s securities achieving fair valuation.”

The definition highlights the integration of finance, communication, marketing and securities law compliance in a company’s strategy and fair valuation. Also, the definition emphasizes the role of two-way communication in the IR function. According to Kelly, Laskin and Rosenstein (2010, p. 204), two-way communication represents a common ground for building a partnership and cooperation with investors. Fair

valuation refers to a consensus of the company's stock price between the company and the market. Ultimately, achieving fair valuation is the main goal of the whole IR function (e.g. Laskin, 2011, p. 302). However, for example, as Brennan and Tamarowski (2000, p. 37) and Laskin (2011, p. 310) argue, the link between IR activities and the stock price is indirect. Actually, as Kelly et al. (2010, p. 183) emphasizes, the IR function has been divided into two quite opposing camps: those who believe that a finance orientation gives the best results, and those who believe that key to success is based on corporate communication and public relations (PR).

There is an increasing interest in non-financial issues, which, according to Hoffmann and Fieseler (2011, 139), has significant impact on a company's market performance. It has been estimated that investors give non-financial measures one-third of the weight when deciding to buy or sell a stock (Ernst & Young, as cited in Argenti, 2007, p. 158). However, the relation between communication and financial issues will be taken into account. Synergy between these is essential, as Laskin (2005, 70) emphasizes: "*Investor relations is a practice on the border of finance and public relations.*" Moreover, future convergence or the possible changes of these two issues need to be analyzed further. Thompson (2002) also notes that IR is no longer only providing financial information, but is also disclosing information beyond financial performance. He continues that investors need to know how companies earn money. Laskin (2009, p. 215) explains: "*Investor relations is not about numbers anymore; today's investor relations is about building and maintaining relationships.*"

IR is both a financial discipline and a communication function, as Thompson (2002) and Laskin (2009) illustrate above. Argenti (2007, p. 158) agrees that investors want understandable explanations of financial performance as well as non-financial information. Hence, there is a lot of evidence to support the belief that IR professionals need to have both financial knowledge and solid communication skills.

As has been noted by several researchers (e.g. Brennan & Tamarowski, 2000; Allen 2002; Dolphin, 2003), IR plays a core role in company's strategy, and IR has become a significant component of the total of corporate communication. In spite of the growing interest toward IR, it is still one of the least studied areas in corporate communication

and academic research in the area is still emerging. As Laskin (2005, p. 241) explains, “*The field of investor relations is rather underdeveloped from the communication theoretical perspective.*” Furthermore, as Dolphin (2004, p. 25) agrees, IR communication has been one of the fastest growing areas of corporate communication already for a few decades. Studying international investors’ expectations related to IR communication is a relevant issue in the field of International Business Communication. First, the IR function involves increasing communication and building relations with the investors. Second, the importance of international investors is growing more and more in globalizing world and business environments.

Diversifying, maintaining and increasing the number of both domestic and international investors are among the main goals of IR communication, as agreed by, for example, Virtanen (2010, p. 108). There is a growing amount of evidence (e.g. Bushee and Miller, 2012, p. 868) which supports the view that IR actions can significantly increase both the number of institutions and the percentage of institutional ownership of the company.

The IR function is essential in a company’s long-term business strategy, as highlighted by Laskin (2009, p. 21). In particular, he argues that new challenges in investor relations require new strategic skills and knowledge in IR communication. By new skills and knowledge, Laskin (2009, pp. 209-210) means, for example, relationship-building components, better communication skills of the IR officers and two-way communication. Also, building credibility, confidence and trust are considered as important tasks of IR activities by several researchers (e.g. Brennan & Tamarowski, 2000, p. 37; Laskin, 2011, p. 307, Allen, 2002, p. 206, Partanen, 2007, 39). Therefore, trust is the cornerstone of IR and companies need to earn it with the right behavior and communication. Additionally, according to Partanen (2007, p. 39), good IR communication is also understandable, and clear, and includes future aspects so that big surprises in the company’s economy can be avoided.

IR communication, like all communication today, is subject to constant changes due to inevitable technological development (e.g. Allen, 2002; Higgins, 2000). Zerfass and Koehler (2012) agree that due to technological development companies are facing

challenges of engaging in a digital dialog. As Virtanen (2010, p. 185) also points out, new technological equipment in IR communication, for example blogs and social media, are challenging for companies. But, as she continues, their importance will increase together with mobile technologies. Zerfass and Koehler (2012) also emphasize that as strategic approaches toward mobile and social media further evolve, specific IR channels of financial social media platforms will become more established. Additionally, mobile applications and use of social media platforms will gain importance within IR. As Investis (2013) notes, there are 1.9 billion smartphone subscribers in the world and the number of smartphones and tablets is predicted to exceed PCs in 2013. Therefore, no company can communicate effectively unless it meets the needs of mobile users. In spite of the expanding use of social media, there is very little research which addresses how investors consider social media and how companies could utilize it in their IR activities.

Different crises, market failures and scandals have all intensified attention to investor relations. Allen (2002, pp. 206, 211) agrees that crises and scandals have all required rebuilding investor confidence and have made better communication skills of IR specialists more important than ever. Moreover, as Zerfass and Koehler (2012) point out, high uncertainty among investors is prevalent within the financial community, while especially social media increases the amount of information and rumors distributed. According to Kelly et al. (2010, p. 184), in the US, scandals have led to stiffer regulations. However, in Finland, IR activities have been controlled by strict laws and regulations since 1998, when the security markets law was legislated (Virtanen 2010, 31). Additionally, on one hand, many EU Directives, standards and orders given by authorities steer IR in Finland (e.g. Virtanen 2010, p. 31). Therefore, IR officers are subject to legal liability in any IR actions.

On the other hand, according to Beltratti (2005, p. 384) good corporate governance can prevent illegal actions of the company. Moreover, corporate governance can also prevent actions which are legal but inappropriate. Beltratti continues that effective corporate governance makes companies more respected and valuable. Therefore, it is an important part of a company's strategy and IR function, as strong governance can have a positive effect on market value and return.

As generally agreed, an active and functional stock market has a great impact on the Finnish market economy. The stock market involves huge amounts of money; the market value of Finnish listed companies is almost 200 billion euros, and the investment portfolio of the Finnish pension system, the largest investor, is about 150 billion euros (Herrala 2013, 4). In addition, the value of average share trading in a month is about two billion euros (Nasdaq OMX, 2013). Therefore, investor relations have a great potential of directing available capital to desired destinations.

Finland is a relatively small market; therefore, it is extremely important to attract foreign investors to the Finnish market. According to Dolphin (2004, p. 25), globalization and capital flows around the world have increased the meaning of IR function in order to attract international investors. As Virtanen (2010, p. 108) states, the increasing number of international owners is one of the main targets for many listed companies and their IR departments. Mars, Virtanen and Virtanen (2000, p. 202) explain that globalization means more potential investors, but also more challenges for IR officers in order to find, contact and attract the right target groups.

In spite of the previous research, a key question still remains to be answered: how exactly can IR communication contribute to corporate trust and confidence. Nor do previous studies explain what investors expect from IR communication in order to become owners or maintain their ownership of the company. This thesis brings together theories relating to the practice of investor relations and the process of communicating IR with investors.

1.1 Research objective and questions

The main objective of this study is to examine if IR communication can make companies more attractive investment targets and whether it is possible to create competitive advantage and differentiate companies from each other with IR activities. In more detail, the study focuses on the most important IR activities, tools and practices of IR communication and what the investors expect from it. In other words, how a company could utilize IR activities and especially non-financial issues in the best possible way when communicating with investors and stand out from all other

investment targets. As Virtanen (2010, 29-30) explains, if two companies look like similar investments, the efforts of IR make the difference between them. Therefore, companies need to differentiate themselves from other companies and communicate their strategy and prospects in an interesting way to attract investors. In other words, a company's story must appeal more than that of other companies in order to compete for investment money. Allen (2002, p. 206) also agrees that with effective IR activities companies have a chance to distinguish themselves and create a competitive advantage. According to Tuominen (1997, p. 46), information provided to investors is a key instrument in IR communication. Therefore, the present thesis concentrates on the strategic communication tasks of investor relations and non-financial information.

Investors are the most important stakeholder group within a company and listed companies are dependent on stakeholders who provide capital, as companies need investment capital to succeed and survive as agreed by Dolphin (2003, 36) and Kelly et al. (2010, 205). Additionally, Bushee and Miller (2012, 867) state that one of the common goals of IR communication is to attract more institutional investors. Therefore, institutional investors, for example, pension funds and insurance companies, are the focus of this study. Research interviews are used to gain insight into their motivations for investing in certain companies. The present study investigates more closely thoughts and ideas of both sides, investor relations officers (IRO) of public limited companies, and institutional investors both in Finland and the U.S. in order to understand how communication could be used to develop a mutual understanding between companies and investors. As it is important to bear in mind that for international investors a company's market value and sufficient liquidity are essential factors and usually only Finnish large-cap companies fulfill these requirements (Virtanen, 2010, 120), the large-cap companies of NASDAQ OMX Helsinki and their IR activities are the main focus of this thesis.

The present study also examines more closely how the future trends of IR communication, for example, the potential of social media services and new mobile technologies could be utilized and capitalized on companies' IR communication and how the views of IROs and investors differ from each other.

The three research questions are presented below. Based on these questions, this thesis aims to bridge the gap between theory and practice, and provides a framework and recommendations that can be used by companies when communicating IR with institutional investors. In other words, this study aims to find out which factors of the IR function actually reach and influence their target audience.

RQ 1: To what extent is it possible to create competitive advantage, make companies more attractive investment targets and differentiate companies from each other among investors with IR activities and especially with its non-financial sectors?

RQ 2: What types of dialogue and with whom would investors expect to have with the company?

RQ 3: How do IR officers and investors see the future of IR communication in relation to social media, promotional language and analyst coverage?

Due to the limited scope of the study, the concept of investor relations cannot be observed from every perspective. Therefore, this study concentrates mainly on the communication point of view, and IR communication will be mainly examined from the perspective of institutional investors, one of the primary target groups of investor relations. Moreover, even though the considerations of laws and regulations and legal country-specific issues in IR are important and have to be understood and followed by IROs, they are beyond the scope of this thesis.

1.2 Structure of the study

This thesis is divided into six chapters. This introductory chapter 1 has described the background and the gap for the research. It has also presented the research objective and the research questions. Chapter 2 introduces the literature review, which is divided into three main parts: the first section explores investor relations, the second section presents non-financial issues of IR function and the third section outlines the future aspects of IR activities, including the role of social media and promotional language. The theoretical framework is also presented in chapter 2. Chapter 3 gives details of the methodology of this study. It also describes the data collection and analysis, and discusses the

trustworthiness and quality of the study. Chapter 4 presents the findings of the research. In Chapter 5 the findings are further discussed in the context of the literature review and the theoretical framework. The final chapter returns to the aims of the study and concludes the main findings and their recommendations. Moreover, chapter 6 discusses the limitations of the study and provides suggestions for further research.

2 LITERATURE REVIEW

The present chapter reviews literature relevant to the objective of this study, which is to examine how IR communication could make companies more attractive investment targets and gain investor commitment. Moreover, this chapter develops a theoretical framework for the forthcoming research. The literature review is divided into four sections: 2.1 the concept of investor relations, 2.2 investor relations beyond financials, 2.3 development of the IR concept in the future and 2.4 the theoretical framework, which is based on the reviewed literature.

2.1 The concept of investor relations

In order to understand the relationship between companies and investors, it is crucial to give a full description of the IR concept. IR has multiple tasks and tools in order to perform diverse IR communication and implement its goals. Various goals and tools are defined by several researchers, for example Laskin (2011), Dolphin (2004), Mars et al. (200) and Virtanen (2010) are presented in sub-section 2.1.1. Additionally, the first sub-section presents IR as a corporate function and its different target groups. Sub-section 2.1.2 discusses the convergence between finance and communication in IR function. Sub-section 2.1.3 presents requirements of IRO's skills, as it is important to understand IROs' current knowledge in order to reach an understanding of how IRO's skill or education should change or develop. Finally, sub-section 2.1.4 introduces ways to evaluate IR function and its activities. In other words, it describes indicators of successful IR work.

2.1.1 Goals, tools and target groups of IR

The IR function is a very diverse concept, which involves multiple goals, tools and target groups. IR contributes value to an organization's bottom line and the main goal of the whole IR function is to ensure fair share price. Primary tools to ensure the main goal are relevant finance reporting, maintaining the company story and building trust with its

target groups, such as institutional investors. As agreed by several researchers (e.g. Laskin, 2009), IR plays a crucial role in bridging the knowledge gap between companies and investors, as it tries to reach mutual understanding between listed companies and investors. For example, Dolphin (2003, p. 31) explains: “*Investor relations is continuous, planned, deliberate, sustained marketing activities that identify, establish, maintain and enhance both long- and short-term relationships between a company and not only its prospective and present investors, but also other financial analysts and stakeholders.*” Tuominen (1997, p. 46) highlights frequent, extensive, proactive and two-way interaction in IR communication.

IR communication has a crucial role in order to get the shareholder on their company’s side. As Laskin (2011, p. 303) argues, corporations should be aware that shareholders are as likely to invest in their stock as they are in competitors’ stocks. Therefore, successful IR is a significant tool in corporate communication strategy, which helps to win the approval of present investors, but also evaluates potential ones, as Dolphin (2003, p. 40) emphasizes. According to Dolphin (2004, p. 29), IR can have a very positive impact on a company’s image and therefore it has become a core component in many companies’ communication programs. Alahuhta, the President & CEO of Kone Corporation (2013), emphasizes the transparency and consistency in IR communication and argues that the key factors of successful IR communication are to focus on the relevant topics and highlight how a company will develop its business.

Goals of IR

In his study among US investment professionals, Laskin (2011, p. 302) found four key goals of investor relations: fair share price, liquidity of stock, analyst coverage and building investor relationship, which is discussed more closely in sub-section 2.2. The primary goal of these four is to ensure that a company’s share is fairly priced, as agreed by many (e.g. Mars et al. 2000, p. 45). According to, for example, Doorley and Garcia (2007, p. 212), fairly priced means that the price of the company’s securities reflects both the present and the potential value of the company, whereas, the potential value includes, for example, earnings prospects, the industry outlook and the economy. Mars

et al. (2000, p. 43) summarize: When the company's share price is undervalued, the company's IR function has failed to communicate and build trust with the investment community.

The second goal of an effective and active IR function is to increase the liquidity of stock. According to Laskin (2011, p. 306) and Mars et al. (2000, p. 45), higher trading volume attracts more investors, while lack of liquidity discourages investors who look for a quick turn-around of their investments. Furthermore, Laskin (2011, p. 313) emphasizes the liquidity aspect with establishing a broad institutional shareholder base. However, there are different approaches to the liquidity of stock, since not all IR programs have it as a goal. According to Laskin (2011, p. 312), increasing liquidity may cause more hedge fund activity, which may not be desired. In other words, companies might try to focus on the efficiency of the company's securities market, rather than on actual liquidity and the daily trading volume.

Analyst coverage is the third goal for IR according to Laskin (2011, p. 302). Along with investors, analysts are also an important target audience for the IR function. Laskin (2011, p. 306) argues that it is a basis for the evaluation of investor relations and an important part of IR, but not the primary one. According to Laskin (2011, p. 306), analyst coverage can be viewed based on how many analysts cover the company or the accuracy of analysts' coverage. Therefore, IR's role is to increase the number of analyst covering, but also to improve their understanding of the company. However, Laskin (2011, p. 320) states that IR officers need to look beyond the analyst's coverage to the actual effect of their efforts with investors. In other words, analysts are intermediaries to reaching investors, but evaluating only analysts' coverage does not answer the question of what is the contribution to the bottom line. Furthermore, Hockerts and Moir (2004, p. 87) summarize that higher analyst coverage leads to higher ownership, which leads to higher liquidity of a company's stock.

Figure 1 shows the correlation between Euro Stoxx 50 price index and sell-side analysts' estimations



Figure 1. The graph of Euro Stoxx 50 price performance and Bloomberg Consensus EPS estimates (Bloomberg, 2014).

As can be seen in Figure 1, analysts' estimations (blue line) differ greatly from actual stock price performance (red line), especially from the beginning of the year 2012. Analysts' estimation is based on Earnings Per Share –ratio (Bloomberg, 2014).

Stakeholder treatment is closely linked to companies' competitive advantage and value-creation opportunities. Therefore building stakeholder trust plays an important role in discussing why some firms outperform others (Harrison, Bosse & Phillips, 2010, p. 59). As Laskin (2009, p. 209) states, in addition to the four goals mentioned before, another important goal of IR is to create competitive advantage. Dolphin (2004, p. 39) agrees that a well-organized IR function can add to the competitive advantage of a company, as good corporate reputation correlates with the financial performance and the level of brand loyalty. Furthermore, for example, Virtanen (2010, p. 108) adds diversifying and maintaining, as well as increasing volume and the number of investors, to the goals of the IR function.

Tools and activities of IR

IR has various different tools and activities in order to achieve its numerous goals and reach a mutual understanding between companies and investors. According to Mars et al. (2000, p. 35) IR includes at least the following tools: finance reporting, establishing and maintaining the company story, two-way communication between the company and investors and building trust and confidence with both current and potential investors, as well as building loyalty with current investors. In a survey among UK investment professionals, Laskin (2009, p. 218) found that the most often carried-out investor relations activities were: attending roadshows, preparing presentations and conferences, as well responding to requests from shareholders, analysts or stockbrokers. One-on-one meetings, negotiations and report preparations were also cited as important. Allen (2004, p. 8) also adds live webcasts of conference calls to the lists which makes it easier to provide information to all shareholder groups, including the media. According to Virtanen (2010, p. 120) a company should actively search new, potential investors and meet them on one-on-one meetings or on roadshows. Tools for investor targeting are, for example, to search investors from the company's peer group or to use international offices that provide address directories.

In order to complete their activities properly, information and activities have to be provided timely and precisely. As Doorley and Garcia (2007, p. 212) emphasize, it is IR's duty to ensure accurate and timely information, so that investors can appraise the attractiveness of the company in comparison to other investment opportunities.

Target groups of IR

IR has several target groups in the stock market and financial community. IR communication targets both institutional and retail investors, but also, for example, analysts, media and news agencies. All in all, every group that can influence a company's stock value belongs in the IR's target audience, as Mars et al. (2000, p. 93) explain. As Laskin (2011, p. 313) states: "No stock is a one size fits all". Therefore, it is important to classify different target groups, as different stakeholders have different

demands and they require the use of different communication channels. As Partanen (2007, p. 43) highlights, the knowledge level of investors about the financial issues has to be taken into consideration by the sender of the message. This is emphasized especially when communicating details, explanations or financial figures (Partanen, 2007, p. 43).

According to, for example, Argenti (2007, p. 161) and Mars et al. (2000, p. 94) IR communicates directly with both individual and institutional investors, but also with analysts, the media and the rating agencies. Therefore, IR function communicates both directly and indirectly with investors.

Figure 2 shows multiple target groups of IR communication.

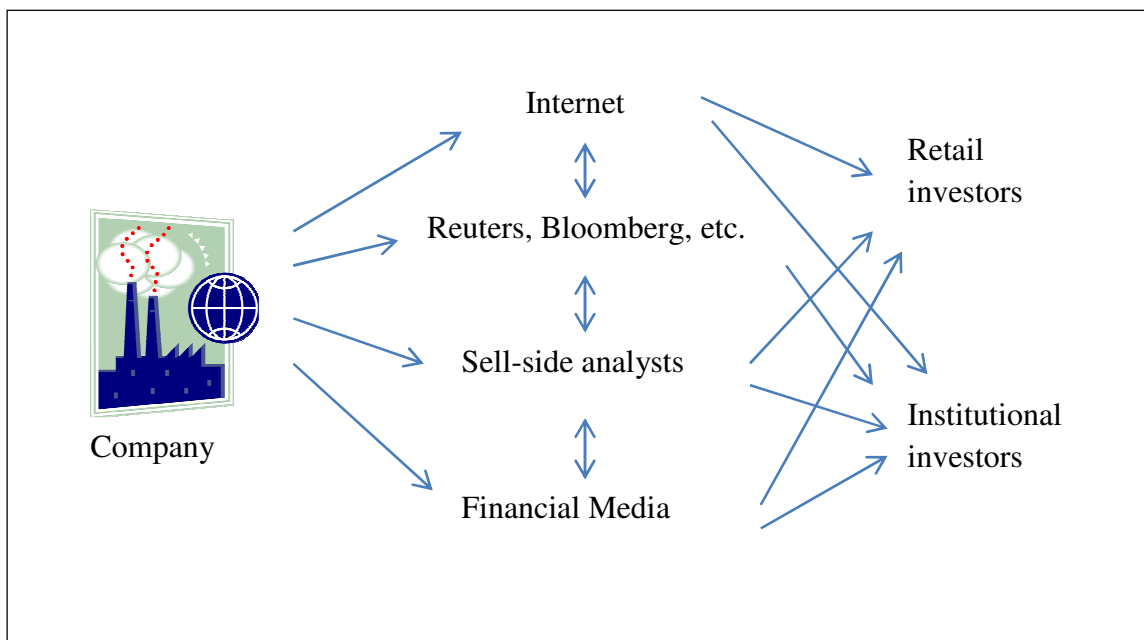


Figure 2. Communication between IR target audiences (Mars et al. 2000, p. 94).

As can be seen in Figure 2, multiple intermediaries disseminate the company’s information to both retail and institutional investors and also interact with each other. Additionally, companies naturally communicate directly with especially institutional, but also retail investors.

Institutional investors, such as pension funds, mutual funds, insurance companies and banks, have large holdings and huge assets under management. Argenti (2007, p. 162)

notes that they are usually more active traders than individual investors, and their activities can have an enormous short-term effect on a company's stock price, especially for small and medium-sized companies. Because of the huge financial resources, institutional investors are the main target audience and investor group researched in this thesis.

As previously mentioned, IR's target audience is in general a very heterogeneous group, but also institutional investors can be divided into multiple categories. According to Argenti (2007, p. 162), institutions can be broken down into groups based on portfolio turnover or investment styles. He continues that investors can specialize, for example, in growth, value, income or index investments. Allen (2004, p. 15) also adds momentum investors as one category of institutional investors. In any case, it is important to monitor existing shareholder demographics, to see who already owns a company's stock and develop a balance among different investor categories (Allen, 2004, p. 17). Additionally, as Harper, Rafkin-Sax and Goodwin (2004, p. 33) explain, companies should understand which investors are buying and selling their stock at least on a monthly basis. It is one of the few concrete ways that IR officers can understand stock movements. Once the key categories have been identified, companies need to develop several tactical elements and styles to communicate with them. This thesis aims to develop an understanding of how different knowledge could be integrated into the IR discipline and how different target audiences could be communicated with effectively.

Good IR function is a moving target. Therefore, according to Allen (2004, p. 21), an IR program should be flexible and adaptable over time. However, as he emphasizes, not all IR communication efforts can be planned in advance. There are also times when IR needs to implement crisis communication activities, such as responding to financial or market crises or providing a response to unplanned corporate events. In other words, as Harper et al. (2004, p. 33) emphasize, companies and their management should not hide when times are bad. Instead, their accessibility and consistent information flow in the time of a crisis is one way to stabilize a situation and maintain credibility. Although the considerations of crisis communication activities in IR are important, they are beyond the scope of this thesis.

In sum, it can be concluded that in order to achieve various goals of IR function, such as a fair share price, the liquidity of a stock and analyst coverage, numerous tools and activities need to be performed. IR function includes at least the following tools: finance reporting, establishing and maintaining the company story, building trust and confidence, attending roadshows, two-way communication with investors and preparing presentations and conferences. Different target audiences require different approaches. Interaction and two-way communication with investors are at the core of IR. Non-financial issues, such as building trust and confidence and two-way communication will be discussed more closely in section 2.2.

2.1.2 Convergence between finance and communication in investor relations

As previously mentioned, the present practice of IR is a function that combines elements of finance and communication to provide information on both a company's current performance and its future prospects. Although this thesis concentrates mostly on non-financial information, financial reporting is always at the core of the IR function and the base of it, as the main role of IR is to ensure a company's fair market value. Therefore, the present sub-section describes financial issues, as they cannot be ignored when discussing investor relations. According to, for example, Harper et al. (2004, p. 31), it is still important to provide detailed and clear financial information, including all key facts, and make them easily accessible to investors.

Despite the important role of non-financial issues, it is agreed by several researchers (e.g. Brennan & Tamarowski, 2000, p. 37, Laskin, 2011, p. 310) that the share price depends on the company's performance, rather than on IR activities. In other words, IR activities do not have a meaningful impact on the stock price or the power to move the price, like for example earnings growth and profitability have. As Laskin (2011, p. 311) summarizes, the company creates value, but IR improves availability and quality of information about the company's performance and strategic vision.

Many IR activities strongly involve financial information. Virtanen (2010, pp. 110, 138,) lists tasks that are purely based on companies' results and figures: financial reports and reviews, profit forecasts, financial statement releases and stock exchange

releases, conference calls, stockholders' meetings, roadshows and Capital Markets Days. Additionally, discussions and meetings with analysts and investors are highly based on financial information as well. All this information has to be provided simultaneously with equal possibility for everyone to access the information (Arvopaperimarkkinäalaki, 2012).

In sum, it can be concluded that one of the key factors in IR success is team cooperation. IR wraps up the financial information in order to make it easily understood by all investors. Through this way IR leads to a more efficient market for the company's stock.

2.1.3 Requirements for IROs' strategic skills

This sub-section discusses skills of IROs that make practice of IR successful and will be of the best use to the company. Two previous surveys, one for the members of The Finnish Investor Relations Society and one conducted by the National Investor Relations Institute are presented in order to cover diverse practical tasks, educational information, competence and skills of IROs. As Alahuhta (2013) notes, IR is a very demanding job. Hence, it is important to present those demands that make the practice of the IR job successful.

The IR function is extremely important in a company's success and business strategy. According to Hockerts and Moir (2004, p. 95), many companies are not yet fully utilizing the whole scale of the IR function and IROs need to become more closely involved in the strategic management of their companies in order to communicate with the investment communities on a greater scale than is currently being done. Also Virtanen (2010, p. 108) and Alahuhta (2013) emphasize the role of IR in a company's strategic decision making. They agree that deep knowledge of the business and close relationships with the key people within a company are essential for successful IR communication.

According to the survey of the members of The Finnish Investor Relations Society (2011), 44 percent of the members carry out management level tasks and participate in

strategic planning, development and practical work of communication. To be more specific, IR's main activities among the members of The Finnish Investor Relations Society are to: provide financial information, such as interims and annual reports, meet investors and analysts, find new investors from new geographical areas, consult management about IR activities and emphasize the meaning of IR inside the organization. These activities clearly support IR tools and activities discussed in subsection 2.1.1. Moreover, 80 percent of the members are responsible for budgeting.

Strategic skills and a deep understanding of both business functions and financial figures were also considered highly important. Hence, the majority of the members (75%) participate in management team work either as full member or with presence rights. 43 percent of the IROs report to CFOs, 25 percent to Communication Directors and 23 percent to Managing Directors.

Most of the members (78%) have studied communication in universities, in universities of applied sciences or in colleges. 53% of the members have studied communication as their major subject. Of the members, 17% have a secretary or assistant background, 11% have an analyst background and 9% have a journalist background. 32% of the members entered straight from school.

Statistics from NIRI and backgrounds of US investor relations practitioners are the following: 49% have a finance background and only 23% have communication background. 19% came to investor relations from marketing or sales background. (NIRI, as cited in Kelly et al. 2010, p. 186.)

Educational information of US investor relations practitioners is more specific than Finnish practitioners. In a survey of US IROs, Kelly et al. (2010, p. 197) found that 95 % of the survey respondents have training in finance, either education courses or graduate degrees, whereas 67 % have similar training in communication or public relations. A graduate degree in finance has 37 % of the respondents and only 8 % in communication. Moreover, most of IROs are cross-trained in both finance and communication.

In addition to suitable education, Alahuhta (2013) emphasized excellent analytical and social skills and the ability to manage different situations as well as convincingly influence people.

In sum, the present sub-section emphasizes IR as a strategic corporate function. 44 percent of the members of The Finnish Investor Relations Society carry out management level tasks and participate in strategic planning. IR's practical tasks are, for example, to provide financial information, meet investors and analysts, find new investors from new geographical areas and consult management about IR activities. In order to have successful IR communication, understanding of business, financial issues and communication are all crucial. In other words, IROs have to be talented with both numbers and people. Therefore, it is relevant to know what kind of skill and education IROs have.

2.1.4 Evaluation of IR activities

In general, it can be difficult to find the right indicators to measure efficiency and financial results of IR communication (Virtanen, 2010, p. 190). However, this sub-section presents a few ideas that can be used to evaluate IR activities. Virtanen (2010, p. 190) emphasizes the meaning of both quantitative and qualitative instruments when results of IR activities are evaluated. Especially if IR is seen as an investment in the company's future, the way of influencing the company's market value or strategy, diverse indicators should be used in order to measure the effectiveness of IR. However, if IR is seen only as a cost item to meet legal requirements, measurement is easy and even unnecessary.

One of the most important qualitative indicators to measure IR work is trust between companies and their investors, and one way to build it is to clearly communicate the company's target and report whether it was reached or not, as explained by Virtanen (2010, p. 190). It is important to be able to compare goals, achievements and promises. Additionally, building trust is a challenging task, as it is only partly company-specific. In other words, every CEO has to inspire confidence and build his or her personal trust

among investors and other stakeholder groups. The trust of the predecessor does not automatically transfer to the successor; neither does the lack of trust.

Other widely used indicators are, for example, different perception studies for current and potential investors, sell-side analysts or the finance media, as Virtanen (2010, p. 192) explains. These studies aim to find out the competence and the quality of IR communication. Hence, openness and transparency, clarity and feasibility of information, availability of management and IROs, as well as credibility and reality of prospects are being evaluated. According to Virtanen, these studies should be done at least every second year in order to ensure comparison between results.

There are number of quantitative indicators to evaluate IR work, as defined by Virtanen (2010, p. 193) and Mars et al. (2000, p. 42). One simple indicator is the development of company's equity. However, it is also the most uncertain and untrustworthy indicator, as share price consists of so many other factors also. In many cases it is impossible to estimate how much stock price depends on good communication and how much on good performance of a company and its financial results.

Analyst coverage is another quantitative indicator, as Virtanen (2010, p. 193) and Mars et al. (2000, p. 44) explain. The IR department is responsible for analyst coverage, and the number of analysts who follow the company describes investors' interest towards the company. However, neither is this a totally explicit indicator, as analysts may, from time to time, favor certain industries and avoid others.

Other barometers defined by Virtanen (2010, p. 194) and Mars et al. (2000, p. 43) to measure success and improvement of IR function are, for example, the liquidity of the company's stock and the structure and the number of investors. If a company's goal is to increase certain type of investors, for example, foreign institutions, growth among them is a good indicator of IR (Virtanen, 2010, p. 194). Therefore, roadshows and one-on-one meetings with investors are extremely important. Mars et al. (2000, p. 43) state that IR communication has been successful if the number of investors increase.

There are over 60,000 funds under management around the world, as mentioned by Simms (2013), so naturally it is impossible to meet them all. Moreover, the challenge is

to filter the amount down to the investors who could be most interested in a company's investment story. A good target would be to meet approximately 100 to 200 institutional investors in a year, focusing on core and long-term investors. Simms (2013) suggests that companies define their goals and evaluate their targets. In more detail, companies should monitor capital flows across the sector and in the peer group, as well as identify target funds with the capacity to buy a company's stock. In other words, net asset value of the fund and fund exposure to the sector and to the country should be identified.

Additionally, the annual stock exchange, with relation to the number of stocks in market, is a good measure for IR as Mars et al. (2000, p. 43) point out. The higher the annual stock exchange is, the higher is the active follow-up of the company and the more successful IR functions have been.

To summarize section 2.1, it can be concluded that measuring IR communication is sometimes difficult, as both quantitative and qualitative instruments are involved. However, the number of investors, number of meetings, annual stock exchange and analyst coverage are good measures. Moreover, to be able to compare achievements, it is essential to set explicit goals and define objectives. All this is relevant information when evaluating whether IR communication meet investors' expectations and how to make the IR function as successful as possible and gain competitive advantage with it.

2.2 Investor relations beyond financials

The role of non-financial issues is the cornerstone of the present thesis. This sub-section describes investor relations beyond financial factors. In other words, intangible assets, such as behavioral finance, building trust and a long-term relationship, two-way communication, corporate governance and good image are discussed in in this sub-section. In order to understand which factors reach and influence IR's target audience, it is important to know non-financial issues thoroughly and understand how they can be utilized in IR communication. Sub-section 2.2.1 discusses heuristic decision making, also known as Behavioral Finance theory, which describes the lack of rationality in an investors decision-making process. Sub-section 2.2.2 discusses building trust and a long-term relationship with investors. Sub-section 2.2.3 introduces two-way

communication as a part of the IR function. Sub-section 2.2.4 presents the importance of corporate governance for investors. Finally, sub-section 2.2.5 briefly discusses IR's role in shaping a company's image and reputation.

2.2.1 Behavioral Finance theory

Non-financial factors have a significant impact on the decision making process and therefore on a company's market performance, which Behavioral Finance theory clearly illustrates. Traditional finance theories describe rational consumers' actions in the marketplace and assume that consumers make their decisions about financial matters and forecasts of future price estimations in an unbiased, logical and highly informed way (e.g. Estelami, 2007, pp. 26-27, Thaler, 1999, p. 12). Additionally, as Hoffman and Fieseler (2012, p. 139) emphasize, investors like to consider themselves as rational decision makers, driven purely by hard financial data. Estelami (2007, p. 26) continues that according to finance theories, individual decision makers have a clear picture of the risk and price associated with each security. Moreover, rational decision makers are able to process complex information and carry out the elaborate mathematics in order to evaluate a financial offer. Nevertheless, according to numerous researchers (e.g. Keloharju, Knüpfer & Linnainmaa, 2012; Knüpfer, 2007) there is increasing evidence of consumers' lack of rationality in the decision making process, and as Thaler (1999, p. 13) points out, cognitive biases influence asset prices. Although, Kaustia, Alho and Puttonen (2008, p. 393) suggest that expertise significantly reduces behavioral bias, Estelami (2007, p. 27) argues that poor decision-making does not only concern retail investors, but also well-trained investors such as fund managers and stock brokers. Hence, it can be concluded that issues beyond numbers can influence the decisions of institutional investors. In other words, investors are not machines as their decision-making process is influenced by personal emotions and cognitive biases.

Thaler (1999, pp. 13-15) explains in more detail that, for example, a company's announcement of earnings and such measures of value as price-to-book ratio or price-to-earnings, can be used when predicting future returns and stock prices. As Thaler (1999,

13) continues, these are areas that make behavioral finance possible and differ from traditional finance theories.

2.2.2 Building trust and long-term relationship with investors

As agreed by several researchers, building trust and long-term relationship with shareholders are one of the cornerstones of the IR function. According to Laskin (2011, p. 307), a company that consistently communicates clearly and builds a relationship with its shareholders is often rewarded with investments. As a result, these shareholders do not normally sell the stock as soon as the company faces challenges or the price goes down. Building relationships with shareholders seems to clearly increase investors' confidence in the company and therefore provides a competitive advantage to it. As Laskin (2011, p. 318) continues, personal credibility and belief in the management team helps long-term investors to hold through temporary blips in performance. Therefore, a flat or down quarter is not an automatic sell signal, if IR can convince that fundamentals are still strong and growing.

In their study of sell-side analysts, Hoffman and Fieseler (2012, p. 138) found the most important non-financial information in order to form a good impression of a company, which was the quality of a company's IR communication. Analysts consider, for example, the following categories: stakeholder relations, corporate governance, reputation and brand and the quality of management and its strategic consistency. It is obvious that IR communication and the IR function are no longer just tools for financial reporting. According to Hoffman and Fieseler (2012), the more competent, transparent and reliable a company's IR communication, the more likely investors have a chance to develop a clear understanding of a company's current situation and future prospects.

“Markets do not run on the money; they run on trust” (Minow, as cited in Laskin, 2011, p. 307). It is obvious that when companies perform well, their stock price goes up. Share price goes down when companies do not meet expectations. Therefore, as Allen (2004, p. 4) notes, this means that companies must provide a consistent flow of good, reliable and transparent information so that investors can evaluate future performance. According to Harper et al. (2004, p. 32) this means, for example, demonstrating what is

behind the numbers and ensuring that audiences understand the factors and forces driving the results.

However, as the measurement of contributions to the results may prove difficult, relationship-building activities also have their skeptics. In a panel among US investment professionals, Laskin (2011, p. 311) found that no matter how transparent and helpful the IR officer is, investors will not buy the stock if the company is not doing well. One of the objectives of this thesis is to investigate this contradiction.

2.2.3 Two-way communication as part of IR

In order to develop a flexible and adaptable IR program, Allen (2004, p. 21) emphasizes the meaning of feedback from the environment in which the company operates to company management. In other words, good inbound communication to management is essential to any major IR program. Hockert and Moir (2004, p. 92) point out that the IR function is constantly on the move from one-way broadcasting toward a more interactive and two-way relationship management. According to Allen (2004, p. 21), it is important to maintain good contact with the investment community and advise management on what should be done. The IR officer is a carrier of both positive and negative information from the market back to the management. In this way, the most successful investor relations program can be achieved.

Two-way communication may result in the organization and investors changing their behavior. Allen (2004, p. 4) argues that a properly planned IR function serves both the company and the investment community. As he continues, information communicated by IR helps to drive investment decisions. In addition, investor feedback can help management adjust business strategies and facilitate the creation of shareholder value. As Kelly et al. (2010, p. 203) agree, a two-way symmetrical communication model is the most effective model in order to develop a mutual understanding and negotiate conflicts between the management and financial publics. Hence, the purpose of the two-way communication model is to establish a better relationship with investors and help the organization succeed and survive. Therefore, it has direct financial benefits for

publicly listed companies. Alahuhta (2013) also emphasizes that companies can learn from professional investors and should never disregard their expertise.

Figure 3 illustrates differences between one-way symmetrical and two-way asymmetrical and symmetrical models of communication between an organization and its stakeholders.

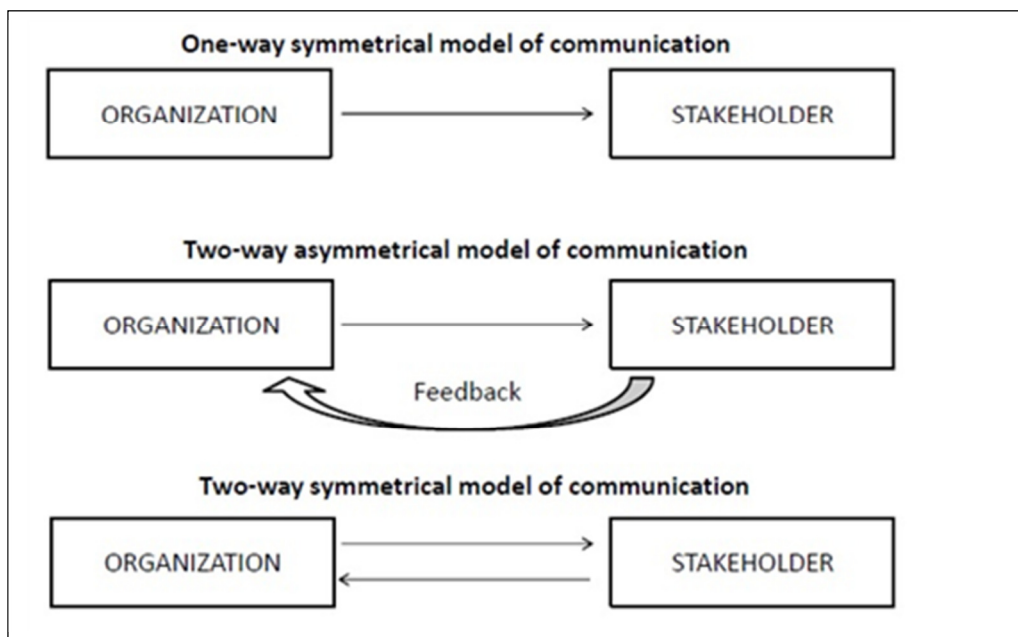


Figure 3. Models of organization-stakeholder communication (Cornelissen, 2008, p. 56).

As can be seen in Figure 3, in both two-way communication models, information flows between an organization and its stakeholders. However, according to Cornelissen (2008, pp. 55-56), in the asymmetrical model an organization only gathers feedback from stakeholders in order to ensure they understand the message, whereas in the symmetrical model an organization aims to reach a mutual understanding with stakeholders. In other words, in the two-way symmetrical model both parties have equal opportunities for a free exchange of information and ideas. Therefore, it is a dialogue between both parties rather than a monologue from an organization to investors.

2.2.4 Corporate governance

Corporate governance is one of a company's intangible assets which seriously influences investors' investment decisions, as emphasized by Harper et al. (2004, p. 35). As they point out, investors today ask as many questions about the non-financial issues as they do about financials. Although, having effective governance does not mean merely complying with recent stock price; companies must prove that they can govern effectively. According to Harper et al. (2004, p. 36), to do this, companies need to leverage the important intangible factors, such as management and board members' various expertise, irreproachable character and commitment to the company, as corporate and management reputation plays an increasingly important role in the investment decision-making process. According to Laskin (2011, p. 318) more than half of investment criteria are intangibles, and issues regarding a company's management is one of the top criteria. In other words, it is important to add detailed information about the board and its activities, for example, to the annual report and the company's website. Imlay (as cited in Laskin, 2011, p. 307) summarizes that if investors do not trust those who run the company, numbers do not mean much. Additionally, as Laskin (2011, p. 318) states, investor relations cannot build trust and confidence if management consistently underperforms expectations.

There are several different approaches to corporate governance and its association with a company's performance and return. Many researchers (e.g. Gu & Hackbarth, 2013, p. 1989, Love, 2010, p. 42 and Beltratti, 2005, p. 375) agree that good corporate governance leads to a higher return for shareholders and has a positive impact on company performance and market value. In other words, there is a positive correlation between corporate governance and different measures of company performance. Furthermore, as Love (2010, p. 51) notes, governance has even more impact on company valuation in countries where legal protection of investors is weaker. In addition to governance, Gu and Hackbarth (2013, p. 1992) emphasize the importance of accounting transparency for companies, as transparent companies benefit more from effective corporate governance than opaque companies. Actually, transparency is

crucial for higher value and higher operating performance of a company (Gu & Hackbarth, 2013, p. 2030).

Love (2010, p. 44) defines corporate governance as a mechanism to ensure that investors get their money back. In other words, according to Beltratti (2005, p. 374) it is a concept related to profit maximization and protection of investors. As Beltratti (2005, p. 376) defines, it includes, for example, the possibility to monitor the work of managers and formation of the board of directors. However, corporate governance is a complex issue, as it involves conflict of interests between owners, managers and stakeholders. It is a typical example of “agency problem” between different stakeholder groups. Corporate governance becomes problematic if one or more stakeholder groups coordinate their actions in order to increase their own benefits at the expense of the other stakeholders. Therefore, as Hoffman and Fieseler (2012, p. 147) emphasize, a good corporate governance practice ensures that management acts in the best interest of the company’s investors and other shareholders.

2.2.5 Image and reputation

Hoffmann and Fieseler (2012, p. 139) emphasize the role of IR in shaping a company’s image and reputation. Moreover, non-financial information plays a core role as an image-building function on capital markets. Hence, IROs need to know which factors influence their target audience. According to Hoffmann and Fieseler (2012, p. 139), various studies show that investors prefer companies that are more visible than others. Also, a positive image of a company and its top management can represent the basis for investment decisions and create competitive advantage. Therefore, cooperation between the IR, public relations and marketing departments is suggested by Hoffmann and Fieseler in order to create a positive reputation, enhance investor loyalty and stock price performance. Although combining different departments may be difficult, as argued by Harper et al. (2004, p. 37), it is worth the effort. By working together, teams can ensure that communication is well coordinated, financially responsible and compelling (Harper et al, 2004, p. 37). As Dolphin (2003, p. 33) agrees, a company’s reputations, especially

its financial reputation is increasingly important to investors. Moreover, the rise and fall of corporate image consistently mirror earnings growth and stock performance.

A lack of convergence between IR, public relations and marketing can even have negative consequences for a company's share price, as argued by Silver (2004, p. 60). He considers reputation as the most important intangible asset of a company, as the intangibles determine 40 percent of a company's capitalization. Silver emphasizes a new investor relations and public relations paradigm, if companies desire to use mass media to share their investment story with investors. According to Silver, mass media greatly influences how investors think about companies. A company's story should be self-evident to the whole company including management, IR and public relations professionals. However, it is extremely important to bear in mind that overly optimistic messages are not only unacceptable but also illegal.

In order to gain a competitive advantage, Silver (2004, p. 72) recommends that companies consistently update information on operations and finance issues for investors. Moreover, Silver advises to determine levels of interest with investors, keep them comfortable and spend as much time as possible with them. Companies should not surprise investors and analysts. As Allen (2004, p. 4) also agrees, the IR function can enhance a company's success by defining the company image and providing information that supports the company as a positive and profitable investment target.

To summarize section 2.2, it can be concluded that non-financial issues, such as building trust and a long-term relationship, two-way communication, corporate governance and company's image are extremely important parts of the IR function. All these issues provide for better quality of a company's IR communication and help investors to develop a clear understanding of a company's current situation and future prospects. Non-financial factors are relevant to this thesis, as they have a significant impact on investors' decision-making process, which is clearly shown by the Behavioral Finance theory.

2.3 Development of IR concept in the future

The present section introduces future aspects of the IR concept. It will specifically focus on the role of new technology, as rapid technological changes create huge possibilities, but also challenges, to IR communication. The increasing use of smartphones and tablets leads to growing use of mobile solutions and social media. Additionally, marketing and promotional aspects as a part of the IR concept will be briefly discussed.

Social media, mobile solutions

According to Europe's leading specialist in digital corporate communication, Investis (2013), there are 1.9 billion smartphone subscribers in the world and the market shows no sign of slowing. The Investis IQ Research team regularly monitors the digital estates, such as websites, social media and apps, of over 700 public companies in Europe, the US and Asia. Their research draws on reviews of corporate websites, mobile sites, apps and social media channels from a client base of over 1,700. Investis (2013) points out that mobile traffic has more than tripled in the last two years. Additionally, the number of smartphones and tablets in use will overtake the number of desktop and laptop computers making an important milestone in how audiences are connecting to online information. Therefore, it can be agreed that no company can expect to communicate effectively unless it meets the needs of mobile users.

According to a recently released National Investor Relations Institute (2013) survey, the majority of IR professionals (72%) do not use social media for their IR work. There are several reasons why IR officers avoid social media. The main reason is lack of interest by the investment community. Other reasons include a lack of understanding on how to best utilize social media and an inability to control messages. Essentially, management does not see value in using social media. On one hand, according to the survey, 52% of institutional investors utilize social media as part of their research process and indicate that social media has influenced their investment decisions at least occasionally. On the other hand, as much as 92% consider the information received from social media sites

as either somewhat or not at all reliable. That makes social media the lowest rated information source in terms of influence.

Juvonen (2013) agrees with the results of the NIRI survey and states that the use of social media in IR communication is still very low in Finland. Companies are uncertain whether their target audiences, such as institutional investors, follow social media. According to Juvonen, it is notable that for financial journalists social media is an important information source. Although journalists are using social media on a daily basis, information is regarded critically. Furthermore, resources for active operation in companies are insufficient. However, companies are interested in social media's benefits and follow the situation. It is generally agreed by companies that although the mobile world is complex and fast moving, the best practices have already shown the possibilities for corporate mobile services. Additionally, as agreed by both Juvonen and Investis, mobile usage is predicted to continue to increase considerably, so even if user numbers currently appear low, mobile and social media are not things that can be ignored for long.

In a survey among global IR officers, Zerfass and Koehler (2012) found that companies worldwide increasingly implement social media within their online IR activities, even though, for example, online dialogue is still a challenge. Overall, the survey reveals recent developments in the field, such as, a more active use of social media and mobile applications, the emergence of dialogue and a relationship-building approach. According to Zerfass and Koehler, Twitter, LinkedIn and Facebook are the most popular sites among companies, while specific IR channels are still rarely used. However, IR applications experienced the highest growth rate among mobile applications. Financials, sustainability and annual meetings are the most commonly published issues via social media. Furthermore, Zerfass and Koehler estimate that social media activities can positively influence the number of foreign investors, analyst coverage and trading volume within the domestic market.

There are increasing possibilities to dialogue and relationship building via social media, as emphasized by Zerfass and Koehler (2012). Although just a few companies use a dialogic approach and provide tools with feedback possibilities on social media

platforms, social media is seen as an excellent tool for two-way communication, such as answering users' comments and handling critics openly. However, as Zerfass and Koehler (2012) argue, it is demanding to really get into virtual dialogues with shareholders, as it requires new technical platforms, resources, structures, a strategic approach and the company's willingness and ability to participate in these conversations. In other words, successful social media strategy requires support from the whole company. It involves the interdisciplinary workforce of the management, financial, legal, IT and personal resources, as well as planning, evaluation, guidelines and training for employees.

Furthermore, as Zerfass and Koehler (2012) explain, communication style is also important. An argumentative style rather than informative or even persuasive style serves as a precondition for relationship building. Additionally, shareholder conversations online can be challenging due to strict regulatory and disclosure policies. Regulatory frameworks for the strategic management of social media activities are a crucial requirement for a successful establishment. Therefore, social media has to fully comply with legal restrictions and regulatory demands. However, IR officers have the expertise in one-on-one meetings with investors and analysts, so these experiences can be transferred to online communications as well.

Mobile channels and social media are considered as a valuable information and communication platform by Zerfass and Koehler (2013), but only if companies can develop an individual approach which fits into their specific corporate cultures and financial markets. Additionally, the users need be better identified and targeted with relevant information. As they continue, topics are often too diverse to attract the right audience, such as investors and analysts. Therefore, according to Investis (2013), companies need to understand their audience's requirements, for example, what sort of content they are most likely to want and how they want to access information. There are various mobile solutions, when one may be more appropriate than another depending on the target group. In order to provide the right information to the right target audience, companies can poll a survey to understand current demand for information. All in all, as Investis (2013) states, a mobile strategy needs to be fast-moving, forward-looking and flexible enough to adapt to changing trends. Additionally, as Zerfass and Koehler

summarize, monitoring the social web is already compulsory for every communication department in order to identify changes and risks, regardless of whether or not a company is active on social media.

Promotional language in IR communication

There is significant latitude to use non-financial information to help market a company to investors, as emphasized by Allen (2004, p. 12). Different forms to provide non-financial information are, for example, news releases, annual reports, company profiles, IR web pages and presentations at financial conferences. As Allen (2004, p. 12) continues, it is all a matter of defining your company and what type of investment opportunity it presents to potential investors. In other words, companies need to communicate why they are good investment prospects, which, according to Allen (2004, p. 12), many times has nothing to do with financial information. Allen (2004, p. 12) defines the IR function as a classic marketing situation – only now a company and its stock are marketed, not just products. Hockerts and Moir (2004, p. 87) also agree that the IR trend is moving more and more toward active marketing. However, as Allen (2004, p. 15) emphasizes, when communicating goals and future prospects, it is important to make sure that those are attainable. It can be extremely harmful in the long run to communicate goals that are not achievable. After all, as Harper et al. (2004, p. 29) note, always at the core of the IR function is communicating financial results and earnings.

Language used by managers in IR communication, for example, in earnings press releases, can provide a signal to the market regarding managers' expectations about a company's future performance, as argued by Davis, Piger and Sedor (2012, pp. 845-846). In more detail, optimistic language is positively associated with future performance and leads to positive market reaction. Nevertheless, language varies significantly between companies from straightforward to promotional. Moreover, according to Davis et al. (2012, 863), market participants consider used language a credible signal, although managers have a possibility to also use overly optimistic words.

Companies present their information as favorable as possible from the corporate viewpoint and also in financial reports, such as the annual reports and letters to shareholders, as Pander Maat (2007, 61) agrees. For instance, profits are more often mentioned than losses. Promotional language is regularly used in many corporate press releases.

To summarize section 2.3, technological changes, such as increasing use of social media and different mobile solutions, are obvious. Besides two-way communication, IROs are still uncertain on how to best utilize new possibilities in IR communication. Although companies are still uncertain of the benefits of social media, it is not something that can be ignored. Hence, possibilities to use new media solutions are currently being investigated. The IR function seems to be moving more and more toward marketing. Moreover, use of promotional language can have a positive influence on future performance. However, companies need to be sure that goals are achievable. Studying social media, new trends in IR and development in the future are important, since this study examines how companies can benefit from mobile technologies in their IR communication and what kind of changes are expected in IR activities in the future.

2.4 Theoretical framework

This section introduces the theoretical framework of the present study based on the literature reviewed in sections 2.1 – 2.3. The framework synthesizes the key concepts of this study and identifies how these concepts can be connected to the context of this research. Figure 4 illustrates the research framework.

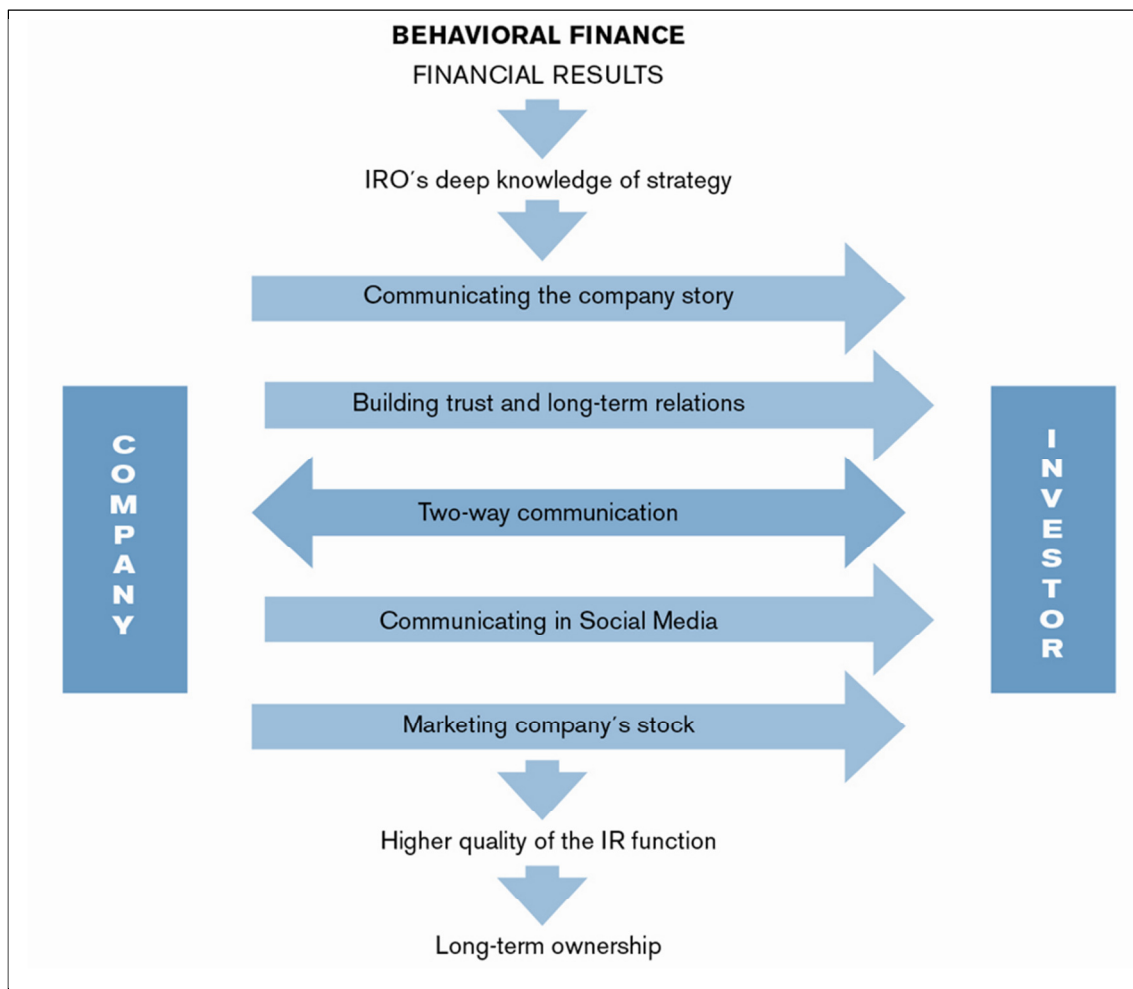


Figure 4. Research framework of the present study.

As can be seen in Figure 4, financial results are at the topmost level in the practice of the IR function, which the whole IR communication has to be based on. However, the IR actions are gradually moving from pure financial reporting toward relationship management and communicating of the company story. The various tasks of IR function require deep understanding of the company's strategy and industry specific issues. Good knowledge can be achieved with close cooperation between IR, the top management, finance, communication and marketing departments. Nevertheless, above everything is the behavioral finance theory which steers people's decision-making process in their investment activities. Without behavioral finance, personal biases and emotions would have very little impact on decision making, in which case the IR function would be somewhat unnecessary.

Arrows in the research framework from the company toward investors illustrate important parts of IR communication. The more the company utilizes different activities of IR, the higher is the quality of the IR function. Companies will find more potential investors and maintain relations with existing ones. Eventually, this will lead to long-term ownership.

3 METHODOLOGY

This chapter presents the data and the methods used in this study. Section 3.1 justifies the use of the qualitative approach and semi-structured interviews. Section 3.2 presents the data collection method and section 3.3 the data analysis method. Finally, section 3.4 evaluates the quality and trustworthiness of the study.

3.1 Research methodology

The research methodology of this study is qualitative. Qualitative methodology was selected because the objective of this study is to understand the interaction between investors and companies and not to provide numeric information. As Saunders, Lewis and Thornhill (2007, p. 472) explain, the qualitative approach usually concentrates on meanings expressed through words instead of numbers. Additionally, according to Hirsjärvi, Remes and Sajavaara (2008, p. 157) the basis of the qualitative approach is to study and describe real life. And as Saunders et al. (2007, p. 315) agree, the qualitative approach is necessary when it is essential to understand the reasons for research participants' attitudes and opinions. Hence, as Hirsjärvi et al. (2008, p. 160) suggest, qualitative research should prefer data collection methods that allow the interviewees' voices to be heard; one of those methods is the semi-structured interview.

An interview is the best way to gather information from a rather unexamined topic, when it is difficult to estimate the answers in advance, but it is known that the answers can be diverse, as Hirsjärvi et al. (2008, p. 200) emphasize. Moreover, an interview is a flexible way to collect data, including a possibility for interviewees to freely express their opinions and for the interviewer to make further questions and clarify the answers (Hirsjärvi et al. 2008, p. 200). Therefore, it is important to allow the interviewees to talk and bring their thoughts the study.

Semi-structured interviews, which are also called as "theme interviews" by Hirsjärvi and Hurme (2000, p. 47), have the same themes in all interviews, but the exact form and order may vary. Therefore, instead of having exact questions, interviews were based on

certain themes and were not steered by the interviewer's predetermined questions. In other words, the interviewer should be a good listener, and an interview can be more like a conversation than an interview with strict questions. According to Saunders et al. (2007, p. 315) this may lead the discussion into areas that were not previously considered, but may be significant for the research and provide rich and detailed data. Designing interview themes will be introduced in more detail in sub-section 3.2.1

3.2 Data collection

This study used semi-structured interviews for collecting the data. In more detail, it describes why certain interviewees were selected and explains the number of interviews that were conducted.

The present study uses a deductive approach, as theory guides research. Bryman and Bell (2003, p. 3) define a deductive approach as the relationship between theory and data where theory drives the process of gathering data. Furthermore, the deductive approach is a logical and linear process where one step follows the other.

The present research process consists of two different types of interviewees: institutional investors and IR officers of public limited companies. The purpose of two different interviewee groups was to acquire information related to the research problem from the professionals of the topic, in both the sell- and buy-side of investor relations. Interview requests were sent by e-mail and in total ten interviews were conducted; five were with institutional investor representatives, and four with IROs of public limited companies. The interviewees' selection process is described more carefully in the next paragraph. Five interviews were held in New York, the USA, in English, and five in Helsinki, Finland, in Finnish. According to Marschan-Piekkari and Reis (2004), interviewees may feel uncomfortable using a foreign language, which may lead to short and superficial answers. Therefore, it is suggested by Marschan-Piekkari and Reis (2004), to use the interviewees' mother tongue, especially when the interview involves two native speakers, like in this case, as the researcher and the Finnish interviewees shared the same first language. All participants were interviewed utilizing face-to-face interviews and all interviews were arranged in each interviewee's office. Absolute

anonymity was promised to make the interviewees feel more comfortable sharing their insights.

The New York interviewees were selected from the list of 198 New Yorker portfolio managers. First, all domestic portfolios were left out and only global portfolios were selected for closer examination, as they have a possibility of choosing international stocks into their portfolio. Secondly, specific theme portfolios, such as emerging market, real estate, social responsibility and climate portfolios were ignored, as their possibility to select different companies into their portfolio is limited and strictly regulated. Thirdly, large and mega-cap companies were left out, as Finnish companies are internationally qualified into micro, mini, small and mid-cap portfolios. Finally, 32 interview requests were sent out by e-mail and seven of those responded. Due to the time limits of the portfolio managers, five interviews were scheduled for the first week of August 2013. Originally, all New York interviewees were planned to be investor side interviewees. However, one of the portfolio managers suggested to interview the company's IR officer, as the company was both an asset management company and listed on the New York Stock Exchange. Therefore, one New York interview was an IRO interview contrary to the researcher's original intention.

IRO interviewees were selected from the large-cap of NASDAQ OMX Helsinki. All companies were multinational with a high number of analyst coverage and high international ownership. The similar background enables comparison between companies. In other words, IR activities between small and large companies or domestic and international companies can be significantly different.

According to Hirsjärvi et al. (2008, p. 177) data is sufficient when interviews begin to repeat the same aspects to the study. Therefore, new interviews can be continued as long as they bring new ideas and relevant thoughts to the research questions. In the present study, ten interviews seemed to be a sufficient number to provide enough insight and fulfill the saturation. It can be assumed that further interviews would not have provided significantly new information.

Sub-section 3.2.1 presents the interview design and sub-section 3.2.2 the profiles of the interviewees.

3.2.1 Interview design

The interview design and themes were strongly influenced by the literature reviewed in chapter 2, especially by the studies of Hoffman and Fieseler (2012), Allen (2004) and Laskin (2011), who discussed the importance of non-financial issues in IR communication. Literature was carefully examined prior to the interviews in order to find the most important themes to focus on. Interview themes and questions were formulated according to the literature and two briefing sessions with IROs in Finnish listed companies. During the briefing sessions the topic was carefully examined and considered as to whether it would be something that interests IROs and would be useful for the listed companies. Additionally, relevant interview questions were discussed. As Hirsjärvi and Hurme (2000, p. 67) suggest, interview themes should be sufficiently broad so that the phenomenon will be exposed as widely as possible. Moreover, broad themes allow interviews to go as deep as is required and the knowledge of the interviewer and the interviewee allows. The following interview themes emerged as a result of preliminary work:

1. IR communication activities beyond numbers
2. IR communication as a strategic role in a company's business function
3. The future of IR communication

The first theme aimed to understand the importance of non-financial issues in IR communication. The purpose of this theme was to understand if it is possible to differentiate a company from other investment targets with effective IR activities and hence gain a competitive advantage. Telling the company story can be relatively easy when the company is doing well, but what can be done when the times are bad and revenue falls?

The second theme aimed to understand how interviewees perceive the IR function in the company's strategy. In other words, where should the IR department be placed and with whom from the company would investors like have an active dialogue?

The purpose of the third theme was to develop a mutual understanding of the future of IR communication. Technological changes are commonly understood. However, there

are different opinions on how companies should utilize, for example, social media in the future.

Although both sets of interviews naturally focused on IR, discussions with investors and IROs were different, nor were the questions necessarily asked in the same order. Interviews with investors focused more on what investors expect and want from IR communication. In other words, what investors consider the most important and valuable activities of IR communication in order to catch their attention or to hold on to their ownership of the company. Interviews with IROs focused more on what has been done and what IR activities are considered the most important and valuable in their work. Additionally, IROs considered the place of investor relations in corporate function.

3.2.2 Profile of interviewees

All interviewees were carefully selected, as suggested by Hirsjärvi et al. (2008, p. 160), and can be considered experts on the topic, as they all had relevant education and long work experience in IR communication or portfolio management services. In the interviews the institutional investors represented the target group and IR officers the executives of the IR activities.

Institutional investors

Five institutional investors were interviewed: four interviews were conducted in New York and one in Helsinki. Interviewees from New York were selected among Portfolio Managers of global stock portfolios. Hence they have the possibility to choose Finnish companies for their portfolio. Selected companies from New York were huge asset management firms with total assets under management from USD 207 billion to USD 520 billion. Moreover, New York was chosen because of its obvious leading position as the world's financial center and as the target destination of many Finnish listed companies' IR roadshows. Table 1. provides more detailed information of the

institutional investor interviews and Table 2. provides more personal information, such as education and work history, of each interviewee.

Pseudo-nym	Company	Position	Duration of interview	Total assets under management	City
II1	Financial Services Company	Managing Director	53min	520 billion \$	NYC
II2 a & b	Asset Management Firm	Vice President Managing Director	25min	214 billion \$	NYC
II3	Asset Management Firm	Director of Global Equities and Portfolio Manager	43min	207 billion \$	NYC
II4	Asset Management Firm	Senior Portfolio Manager/ Senior Vice President	1h 01min	444 billion \$	NYC
II5	Mutual pension insurance company	Chief Securities Officer	35min	5.7 billion €	Helsinki

Table 1 Profile of institutional interviews and their employers

As can be seen in Table 1, the interviews were of different lengths. However, the same themes were discussed in all interviews. Interviewee pseudonyms are used in Chapter 4 in analysis and with direct citations. It should be noted that in the shortest interview (interview II2) two interviewees were present and they talked constantly. Interview II2 included 3513 words, while other interviews included 3420 – 5679 words. Therefore, the information flow seemed to be equally high as in the longer interviews. Originally, the interview was agreed and scheduled with II2a, the Vice President, but he had asked

his subordinate to join him because, according to II2a, his subordinate had a better understanding and knowledge of IR activities and would add value to the interview.

Pseudo-nyms	Education	Work history, number of years in finance	Language	Gender
II1	MBA in finance from the University of Pennsylvania; CFA	More than 30	English	M
II2 a & b	a) MBA in finance from Fordham University b) MBA in finance from Fordham University; CFA	a) More than 20 b) More than 12	English	M M
II3	MBA from Cornell University; CFA	More than 30	English	M
II4	PhD in finance from the University of California in 2003; MBA in math and chemical engineering from MIT	More than 10	English	M
II5	KTM, DI	More than 20	Finnish	M

Table 2 Profile of institutional investors, education and working experience

As can be seen in Table 2, the interviewees had long work experience in finance and high education, as they all had at least Master Degrees.

IR officers

Four IR officers were interviewed in Helsinki and one in New York City, using the semi-structured interview approach. In order to achieve comparable results, the Finnish listed companies were all selected from the large-cap of NASDAQ OMX Helsinki. The American company represents an international view of the IR function and the person was recommended by the portfolio manager, who was originally contacted. The American company was listed on the NYSE. Table 3. provides more detailed information of the IRO interviews and Table 4. provides more personal information, such as education and work history in the IR function of each IRO.

Pseudo-nyms	Position	Duration of interview	City	Language
IRO1	Senior Vice President, Investor Relations	44min	NYC	English
IRO2	IR Director	45min	Helsinki	Finnish
IRO3	Director, Investor Relations	41min	Helsinki	Finnish
IRO4	Vice President, Investor Relations	43 min	Helsinki	Finnish
IRO5	Director, Investor Relations	42 min	Helsinki	Finnish

Table 3 Profile of IRO interviews and their employers

As can be seen in Table 3, all interviews were approximately same length. Additionally, IROs' titles were closely the same.

Pseudo-nyms	Education	Work history, number of years in IR	Gender
IRO1	B.A.	2 years in IR + 7 years as equity analyst	M
IRO2	LL.M.	More than 4	F
IRO3	MBA	More than 7	M
IRO4	M.Sc.	More than 9	M
IRO5	M.Sc.	More than 5	F

Table 4 Profile of IROs, education and working experience

As can be seen in Table 4, all IROs have high education, but some have relatively short work experience in IR. In spite of this they have reached high positions in the field.

To summarize sections 3.1 and 3.2 a qualitative research method was selected for the present study, and the data consisted of ten semi-structured interviews that provided both investor and IRO aspects for the study. International aspects were gained through five interviews in New York. Interview themes were carefully chosen from the subjects that emerged from reviewed literature and previous theory.

3.3 Analysis of the data

This sub-section describes in more detail how interviews were gathered and how the data from them was analyzed. According to Eskola and Suoranta (1999, pp. 138, 161) the meaning of analysis is to clarify and compact collected data in order to produce completed research. On the other hand, as Saunders et al. (2007, p. 478) emphasize, there is no standardized approach to analyze qualitative data.

All interviews were recorded and the recordings were transcribed verbatim. The parts of Finnish interviews used in the reporting of the findings were later translated into English. As all citations from Finnish to English were translated by the author, the possible translation errors are the responsibility of the author. Translated citations are marked with *-sign when presented in Chapter 4.

Unnecessary fillers and small talk were left out from transcriptions and standard language was thus used, as Hirsjärvi and Hurme (2000, p. 140) suggest. Moreover, non-verbal responses, such as laughter, were not included. After transcription, the texts were carefully read through and relevant issues, such as IR communication activities beyond numbers, for example, two-way communication, building trust and confidence between the company and its investors, IR's strategic role in a company's business function and the future aspects of IR communication, were searched for. Repeated ideas and words were identified and divided into their own categories according to the themes and research questions. Eskola and Suoranta (1999, p. 175) call this type of analysis "theming". According to Saunders et al. (2007, p. 480), categories are essential in order to organize, analyze and further utilize data. After the analyzing and writing process, the previous research was reviewed once again and combined with the findings of this study in discussion chapter 5.

Although finding similar themes and thoughts is important, according to Hirsjärvi and Hurme (2000, p. 176), also equally important is to find possible differences. Dissident views are as important to results as regularities. Hence, after finding similar themes, divergent thoughts were searched and marked down for the reporting of the findings.

3.4 Trustworthiness of the study

This subsection evaluates the trustworthiness and quality of the study on three levels: the researcher's objectivity as an interviewer, reliability and validity. There are also certain limitations to semi-structured interviews that are described in this subsection.

The researcher's objectivity

It is nearly impossible to be prepared for all types of extra questions during an interview, but it is always an advantage if the interviewer is familiar with the topic, as Hirsjärvi and Hurme (2000, pp. 184, 68) emphasize. In order to increase the researcher's knowledge of IR, two briefing sessions with IROs from Finnish large-cap companies were held prior to the interviews. The briefing sessions helped to create a general view

and focus on the most essential issues. On the one hand, although the previous literature and theory were carefully examined in advance, the researcher's previous knowledge, especially practical knowledge of the topic was rather low. Hence, it was difficult for the researcher to create extra questions during an interview and direct discussion with those. On the other hand, the researcher's knowledge of the IR function was, due to having master courses related to the topic and having studied literature, on such a high level that she had her own perspective and some ideas of the answers she was expecting to get. Furthermore, during the time this study was conducted, the researcher was working in investment and asset management services, which helped her to observe the field very closely. Therefore, she had some knowledge of the investors' biases and the investors' decision-making process. As Gillham (2005, p. 9) suggests, a researcher should be aware of pre-judgements that he or she may have and always ask the following questions: "What do I expect to find? What do I hope to find? What would I hope not to find?" Therefore, the researcher recognized her own bias, tried to be as objective as possible during the process and was more open to unexpected findings. To decrease the interviewees' possible hesitations to answering honestly, all participants were promised confidentiality and anonymity.

Reliability

Reliability relates to the consistency of a measure of a study (Bryman and Bell, 2003, p. 74). As Bryman and Bell (2003, pp. 74-77) and Hirsjärvi et al. (2000, p. 186) describe, there are three different ways to define reliability. First, the study is reliable if the results remain similar when the study is repeated once again. However, it should be noted that the results may not be stable, as people change over the time. Second, the study is reliable if another researcher comes to the same conclusion. Nevertheless, due to people's individual biases and knowledge, it is very unlikely that two researchers would understand messages completely similarly. Third, reliability means that the same results can be achieved with two different research methods. However, this is difficult, as people's behavior is context-dependent and changes with the time and place.

According to Hirsjärvi et al. (2000, p. 186), it can be concluded that reliability is overall a highly uncertain concept.

In order to positively contribute to reliability and avoid misinterpretations, all interviews were carefully transcribed word for word. Moreover, relevant quotations from the interviewees to illustrate the findings are presented in chapter 4 and translated citations are marked with *-sign. Citations in their original language, Finnish, are presented in Appendix 2. Furthermore, all interviewees were experts in the topic of IR communication, either as a target group of it or as practitioners of it, and carefully chosen from appropriate target groups. They all had long work experience and were thus able to have and give deep insights into the research questions. Therefore, it can be assumed that they would provide similar information also in other circumstances.

Validity

Validity is an important issue in every research as it refers to whether the chosen concept really measures what it is supposed to measure (Bryman and Bell, 2003, p. 77). In other words, an invalid measure does not measure what the research is aimed to achieve. Bryman and Bell (2003, p. 79) explain that if the measure is not stable, it cannot be valid, as it may measure different things in different occasions. As Bryman and Bell (2003, p. 77) suggest, this can be ensured by asking experts in the field of IR if the concept is practical. Hirsjärvi and Hurme (2000, p. 72) also suggest that trial interviews can be done prior to the actual interviews in order to test the functionality of the interviews and the research concept.

Bryman and Bell (2003, p. 288) draw a parallel between internal validity and credibility and between external validity and transferability. Bryman and Bell (2003, p. 288) define internal validity as the connection between the researcher's observations and the theoretical part of the study. Additionally, credibility means that the researcher needs to follow good academic practice and submit the findings to the members involved in the study. According to Bryman and Bell (2003, p. 288), external validity evaluates whether the findings can be generalized and transferred outside the research setting. Sometimes

this can be problematic for qualitative research due to their tendency to employ small samples and provide contextually unique findings (LeCompte & Goetz, 1985, as cited in Bryman & Bell, 2003, p. 288).

In order to achieve high validity and ensure that valid measure concepts were chosen, two briefing sessions with IR professionals were held prior to starting the research process. In total ten interviews were conducted of which five were IRO interviews and five investor interviews. This might appear to be a relatively low number. However, as a highly regulated field, IR communication and its actions are quite similar in all large public listed companies. Therefore, it could be noted that interviews were able to reach the saturation point. Additionally, Perry (1998, p. 791) suggests that four interviews are the minimum for providing enough evidence for a qualitative study in a master's thesis.

To summarize section 3.3, trustworthiness of the present study was examined via objectivity of the researcher, reliability and validity. Although the research included several elements that could have lessened trustworthiness of the outcomes, these elements were addressed and explained in this sub-section. For example, briefing sessions with IROs were organized prior to the actual interviews, interviewees were carefully chosen experts in the field, and all participants were promised complete anonymity. Additionally, the researcher was aware of her own possible biases and made every effort to stay as objective as possible. Therefore, it can be concluded that the present study has been conducted according to acceptable scientific norms and regulations.

4 FINDINGS

The findings of the study based on interviews with five institutional investors and five investor relations officers of large public limited companies both in New York and Helsinki. These interviews provided the data for the study. This chapter is divided into sub-sections based on the three research questions introduced in chapter 1:

RQ 1: To what extent is it possible to create competitive advantage, make companies more attractive investment targets and differentiate companies from each other among investors with IR activities and especially with its non-financial sectors?

RQ 2: What types of dialogue and with whom would investors expect to have with the company?

RQ 3: How do IR officers and investors see the future of IR communication in relation to social media, promotional language and analyst coverage?

Sub-section 4.1 provides answers to research question 1. It discusses how the IR function is perceived by institutional investors and what kind of tools and activities IROs can use in order to catch investors' attention. In other words, this question aims to find out if IR communication could help a company to attract more investors and maintain the existing ones. Section 4.1 presents answers to research question 2. It discusses IR's role in the company's strategy and examines the dialogue between the company and its investors. Finally, section 4.3 provides answers to research question 3. It evaluates the future trends of the IR function. In more detail: use of social media, promotional language and analyst coverage as a part of IR communication are evaluated further. All the interviewees are referred to with personal codes, which were given in section 3.2.2 and all translated citations are marked with *-sign.

4.1 Creating competitive advantage with the IR function

The first research question seeks an understanding on how companies could utilize the IR function in order to create competitive advantage and make companies more attractive investment targets among institutional investors.

The findings clearly indicate that there are a number of important elements that companies can use in order to gain competitive advantage and differentiate themselves from other investment targets. For example following issues came up: maintaining and building confidence with investors which was considered one of the most fundamental tasks of IR, open conversation and transparency, complete honesty and disclosure of the essential facts at any business cycle were also strongly emphasized by all investors. In other words, IR should create convenient, reliable and easy access to the company. The same issues were pointed out by IROs as their job involved open and balanced conversation with investors and tried to ensure transparency and sufficient information flow at any time. Additionally, investors appreciated activity and efforts to show that the companies cared about their shareholders. The following quotes illustrate these findings and emphasize the importance of building a relationship and confidence in IR.

*“You can lose the confidence only once. Building long-term relationships is the best way to build trust” (II5)**

“Fool me once, shame on you; fool me twice, shame on me.” (II2a)

*“It takes years to build it [confidence], but one second to lose it” (IRO3)**

“I care most about responsiveness, ease of information access, honesty, and frankness. Essentially having an orientation that says look, we care about our shareholders and potential shareholders.” (II4)

*“Building long-term relations mean constant communication with investors.” (IRO5)**

In more detail, with open conversation, confidence and emphasis on building relationships, interviewees implied that IROs should provide truthful and unbiased information in all business cycles. Moreover, the same information should be distributed simultaneously to all IR’s target groups.

Investors expect transparency in IR communication which relates closely to open communication and confidence. If companies want to be transparent, they need to be truthful and disclose all essential facts. Like in macroeconomics and also in the business world high transparency leads to higher confidence which may lead to better performance of the company's stock, as the following quote illustrates:

“Central banks which are very transparent and communicate a lot with the public, their equity prices, and equity indexes of those countries significantly outperform the countries whose central banks are very closed doors. That tells you a lot. If you are willing to talk, willing to let people know what is on your mind, people have more confidence in your abilities and that translates to more investment, more investments come to the country and translates to higher stock prices.” (II3)

Corporate governance was seen as a fundamental element to the companies, as it ensures that management acts in the best interests of the company's shareholders. Bad corporate governance may become problematic for investors if some stakeholder groups coordinate their actions in order to increase their own benefits, as can be seen from the following quotes:

“...if there is a lack of corporate governance, there is a lack of transparency, there is a lack of communication between the companies and their investors and that is kind of a big problem.” (II3)

“I'm not interested in a company that doesn't have good corporate governance. I just won't buy it. It's an absolutely necessary condition that you have good corporate governance.” (II4)

*“In Finland it [corporate governance] is self-evident, but in other countries the situation is different. If something negative happens and the company has not followed corporate governance, it may affect to share price.” (II5)**

Good management and good employees eventually relate to good corporate governance. In essence, the interviewees felt that investors need to trust in the management of the company. Moreover, if a company has good employees it will succeed. If the company has poor corporate governance, good employees will eventually leave the company and

it may even face legal issues and *“those are the companies that Warren Buffet tries to avoid”* (II1). As was agreed, if a company has been around for many years, it probably has a good product, and therefore who operates and manages the company is critical. It can be suggested that Finnish companies should keep up their good corporate governance in order to maintain their image as a good and reliable employer and therefore maintain competitive advantage by that way.

If the company is not doing well, the interviewees found three different ways how the company can operate and even utilize the situation. First, when times are challenging and share price is going down, it is important to repeat the company story and earnings logic and bear in mind that it can also be a good entry point for new investors or time for the current owners to add their shares. Second, when times are challenging it is even more important to actively meet investors and be available. Third, investors suggested that companies should always disclose essential facts, as well as keep up with honesty and open communication even when something goes wrong or something unexpected happens. And particularly, companies should always be upfront and inform investors about any issues as soon as possible. The more upfront companies are, the more likely investors come back after challenging times. The following quotes illustrate the findings related to challenging business cycles:

“Be up front about anything bad. Be in front of the bad story, not behind. Being in front helps you win. Being behind, you piss people off. People are not willing to forgive dishonesty.” (II4)

“If the numbers are bad, it usually reflects the stock prices. It is essential to bring out facts in good and bad times.” (II5)*

“Nokia is going down. I used to be Nokia shareholder; I sold all my shares and I don’t own it anymore. The good IR people still bring their executives in because they want investors to buy stock again. So if I just sold your stock because you had horrible earnings, IR people have to remain the relationship regardless. You want your company visible to every institutional investor.” (II1)

“The numbers are the numbers, they can be good or bad, but it’s all about making sure they’re interpreted the right way.” (IRO1)

“It’s [IR communication] not gonna change the company’s value from bad to good, but it will make the difference in that if you’re given the benefit of the doubt because you are more open. I think it structurally enhances your corporate value.” (II4)

The findings showed that if the companies did not disclose enough information, investors could think they were hiding important issues and became fearful. And if investors became fearful, the market became fearful and all the great things which might be going on in these companies, get overshadowed by the risk that management was doing something which is suspicious, as the following quote illustrates:

“If they are not forthcoming, they must be hiding something. They are probably hiding something, which is bad.” (II3)

However, companies need to balance between disclosing too little or too much. Disclosing too much can lead to losing the most important point, or if the investors or analysts focus on something irrelevant or insignificant issue, as the following quote implies:

“They [investors and analysts] pick up a piece of noise and make a big deal out of nothing.” (II2b)

The findings indicate that IR needs to provide the company story to investors in an understandable way. Throughout the interviews it was obvious that IR was not only about providing strict facts, such as annual or interim reports that are legally required. It was also about building the story that had to be based on numbers. Companies have to present their revenue logic to their investors and try to make sure the message is understood. The following quotations indicate that these issues have been considered by IROs:

“One thing is to make sure that our existing shareholders are familiar with the story...” (IRO1)

*“We want to make sure that our target audience understands our strategy and what our spokesperson says. We invest quite a lot in spoken communication... Our story is good. It helps us to gain visibility.” (IRO3)**

*“It is not enough that you know everything about the company; you should be able to answer the questions understandably. It is not necessarily useful to provide only numerical value. You also have to provide some background information for it [numerical value].” (IRO4)**

To summarize section 4.1, it can be concluded that IR communication beyond numbers is extremely important. The findings indicate that both investors’ expectations and companies’ IR activities support the previous theory about the importance of open conversation, transparency, building a relationship and confidence in IR. From the interviews it was clear that IR needs to build an understandable story about the company’s strategy, growth drivers, profitability figures and revenue generation models. Both investors and IROs saw a slump in stock prices as a good entry point for new investors or time for the current owners to add their shares. Therefore, IR has to be active and maintain open communication in every cycle. Based on the interview data, it seems that IR activities meet investors’ expectations. However, the findings suggest that it is important for IR to be familiar with the company’s investors in order to fulfil their needs and expectations in the best possible way.

4.2 Dialogue between the company and investors

This section presents the findings related to the second research question that is dialogue between the company and its investors, which relates closely to IR’s role as one of the company’s strategic functions. In more detail, this section addresses three topics: IRO’s skills and capability and IR’s role in the company’s strategy in sub-section 4.2.1, IR’s co-operation with the management teams and the kind of dialogue investors would like to have with the company and with whom, the CEOs, CFOs or IROs and IR roadshows in sub-section 4.2.2.

4.2.1 IR's role in the company's strategy and IRO's skills and capability

The findings show that both IR's role in a company's strategy and IRO's skills are extremely important. Whoever is involved in IR activities should have a deep knowledge of company's business and very wide understanding of the company. All investors agreed that they would rather meet and talk with the management, with the CEO or the CFO rather than the IRO. However, they pointed out that it also depends on the IRO's role in the company and his or her capability to answer questions. Hence, the more the IRO knows about the company's business and operations, the more useful the IR function is for the company and for the investors. IROs agreed that their knowledge needs to increase continuously and they also have to be active when searching for information inside the company.

The findings suggest that IR is not only about financial information nor it is not only about communication; it is about close cooperation between those two. Financials are a requirement and without the numbers IR does not have a lot to talk about. It is IR's job to help investors to understand the numbers. In other words, IR means communication based on financial results and numbers.

The successful IR function means continuous studying and learning for an IROs, in spite of IRO's original education and background. Four IROs reported to the CFO and only one to the Communication Director, but in every company these departments seemed to work closely together. In order to better understand the company's strategy, cooperation between IR and the management team was considered very important by both investors and IROs. Overall, findings indicate clearly that IR is a very demanding and diverse job, which requires knowledge and skills in the company's operations, strategy, finance and communication, but also a fundamental knowledge of the industry and business in general is a necessity. Therefore, some investors suggested job rotation for IROs within the company in order to learn as much as possible about the company. The following quotations imply how the interviewees pointed out IR's role and its requirements:

"It almost seems like that the role of IR professional is almost more difficult than anything else, because he has to have, not only an understanding from the business side,

the financial side and the operational side, but he also has to have an understanding of what it is that we as investors are looking for. So he is a jack of all trades, perhaps a master of none. (II2a)

“That role [IR] is important. It is simply a role that requires some knowledge of the industry or a good deal of the knowledge of the industry and knowledge of the company. It is rarely a job somebody will get out of the school.” (II1)

“It doesn’t really matter what your original background is. Whether is it communication or whether it is somebody from an operating area, it needs studying. Either one needs training.”(II1)

According to IROs, they seemed to respond to training expectations the same as those who had financial backgrounds who had been strengthening their communication skills and those with communication or other backgrounds who had been strengthening their accounting and financial skills. It was clear that knowledge of only finance or only communication was not enough for IROs. Despite the training, there still seemed to be a wide spectrum of IROs, as the following quotes illustrate:

“In one end you have IROs that have a very superficial understanding of the company, they rely more on putting investors in a contact with management. So that is one side and the other side of the spectrum you have an IR guy that could be a CFO, they know the business, they are very smart and know how to think about the problems and questions that investors have.” (II2b)

“There are some [IROs] that can do it well and some can do it horribly. It is not an easy job.” (II1)

Different companies have different approaches to what IR is about. The knowledge of IROs seems to vary between companies, from multiskilled specialists, who are deeply involved with the strategy, to information receivers, who just control communication. Therefore, IROs need to be curious and actively search for information and show that they can support the company and benefit investors. The IR function needs to make its way to the top of the organization. In other words, take its position inside the organization, develop its operation and in this way gain more appreciation.

According to the findings, IROs' full understanding of both the company's operation and strategy and the fundamentals of the industry were considered important by both investors and IROs. As the findings clearly show, IR is not a useful function, if IRO doesn't really know the company, what is going on there and how its strategy and operations are developed. Therefore, the IR function does matter when it comes to attracting investors, as the following quotes illustrate:

"The companies that have better investor relations tend to attract better investors, tend to attract larger institutional buyers that have a longer term hold, because they can get more comfort in the investment. They feel like they can understand that much better. We have had investments that we have passed on, because IR was so weak." (II2b)

"It is not only financial information, it is also operational information. If you are an IR person for example in Stora Enso, you need to understand the business, recycle issues, business in China and how it is going to affect prices. You are expected to have deep knowledge of the industry, what's happening in the business world." (II1)

"Whoever is involved in the IR area would have in depth knowledge, a real in depth knowledge, not just of the business and not only the fundamentals but from the financial perspective as well." (II2a)

Although the findings have suggested that IR should be as close to the company's management team as possible, only one IRO of those five interviewed was a member on the company's board. However, the others argued that they had access to all information they needed and they worked very closely with top management, the strategy and development teams.

4.2.2 Communication between the company and its investors

This sub-section moves the discussion from the strategic and organizational role of IR to practical actions concerning dialogue and meetings with the investors. On one hand, it discusses whom investors want to meet from the company, and on the other hand, what kind of investors IROs prefer to meet. Moreover, this section presents findings of

IR roadshows and IR's role as a two-way communicator between the company and its investors.

The findings indicate that active and proactive two-way communication and especially availability of the IRO is important for the investors. IR is the link between the company and the investors. It gathers information and feedback from the market to the management and delivers information from the management to investors. IROs need to pay attention how investors want to receive the information. The IRO is the person that an investor can call and ask questions, and, not only call, but also e-mail and meet face-to-face. Easy access to information and availability on every platform is important, as shareholders come in different shapes and sizes and appreciate different things. Investors want to know IROs personally. The following quotations illustrate these findings:

“There are some IR people that I have never heard of in my life, I never had a call from them, never seen them. They are just completely invisible. Then there are other IR people that get their chief executives in here every six months, they go to roadshows, they stop by and they visit. We are always a target when they get here; I need to know all of my IR people.” (II1)

“I use the internet to access the information. For me that's the easiest way to go. I get seven hundred emails a day, so if somebody started sending me emails, I'm gonna be really annoyed. You want to make sure that you give them [investors] access in the way they want to access.” (II4)

“Maintain act between IR and a company. That is number one. Secondary, act as a source of information, someone that an investor can call and ask questions.” (II1)

“The more you make me work to find out, the less interested I am in your company.” (II4)

The IROs actions seemed to meet with the investors' expectations, as all IROs pointed out their availability and activity toward investors. Companies meet the biggest investors in their roadshows in major financial centers, mostly in Europe and the USA, but some also in Asia. Roadshows were an essential part of the IROs work and as the

findings clearly show, companies that visit investors and potential investors get much more attention than companies that do not visit their investors. It was agreed by all interviewees that face-to-face meetings typically lead to positive impressions. Furthermore, roadshows were considered important even in challenging times. Numerous cities in Europe and the USA were target destinations for IR road shows. All Finnish IROs mentioned London, New York and Boston as their main target cities, where they always travel together with their CEO or CFO.

London was visited up to eight times a year, whereas New York and Boston at least twice a year. Most Central European cities, such as Frankfurt, Geneva, Zurich, Paris, Amsterdam and Vienna, as well as Nordic Countries and US West-Coast, were visited once or twice a year, usually just by IROs themselves. Only one IRO was regularly visiting Asia, while the others were still considering it.

Although IROs traveled a lot, investors clearly agreed that they would rather meet with the CEO or the CFO rather than the IRO, because they thought that the top management was able to provide more valuable and more valid information for them, whereas IROs did not have all the same information. And even though they did, investors were concerned that the IROs were not able to speak for the company because they were not the decision makers like the top management was. It is all about the knowledge and the quality of interaction. As the findings suggest; IROs should be a member on the company's board in order to obtain all the possible information about the company's strategy and operation. Although IROs would not be decision makers in the meetings, they would get real time, first-hand information immediately in the meetings which would increase their appreciation among investors. For some investors, the IRO was only someone who answered urgent questions by phone or made sure the communication worked between him and the executives. The following quotations indicate the findings related to whom investors want to meet from the company:

"I want to meet the CEO. Always with the CEO. Simply because, I talk to the IR person all the time. When we have a visitor we would like to talk about the strategy. And IR people, all they are allowed to do is to communicate what executives relate at. Investors are interested to meet the CEO to hear what has not been spread out yet, what has not

been told yet, what has not been specified in the strategy. Rather meet the CEO first, the CFO second, IR person third. IR person is better than nothing.” (II1)

*“The top management is the most important. Of course it depends on the IR function inside the organization, but many times the IRO is not in the management team and does not know as much as the executives.” (II5)**

“1,500 companies walk through our doors every year. So if the CEO and CFO are coming to meet us, they often bring the investor relations person, but for the most part 90 % or 95 % of the time we spend talking with the CEO or CFO.” (II2a)

“I prefer to speak with someone who is a decision maker. The problem also is that the further down the ladder you go, the more cautious somebody is about saying something because they don’t know if they’re authorized to say something. The CEO and the CFO can speak for the company because they’re executives who are responsible for speaking for the company. If the IR person is always at every board meeting and has a good sense of it, then it’s fine I don’t mind.” (II4)

As the last quote above implies, dialogue only with the company’s top management was not an absolute value, at least for some investors. If IROs had the same knowledge and they were able provide the same information and not only the basics, it was appropriate to meet IROs instead of the executives. However, despite the knowledge, some investors still wanted to hear about the company’s policy and strategy from the top management. These biases were clearly something IROs wanted to change. They wanted to gain credibility and appreciation among investors by showing that they knew as much as the management did; they were able answer the same questions and explain the same information as the senior managers. The following quotations indicate that these issues have been considered by IROs:

“If the IRO knows the company, the products, the business, the strategy and is able to explain everything well to the investors. That way they [investors] feel like they can learn a lot from the IRO and they don’t really need to talk with the CFO or the CEO of the company.” (IRO1)

*“Our investors greatly acknowledge our IR function because the IRO sits in the board meetings and knows the company’s operation and strategy so well. But of course, it requires commitment from both the management team and IRO to develop the IR function to that effect.” (IRO2)**

*“London and New York are even a bit spoiled markets. They always want to meet the top management. But it is totally understandable and that’s why our executives travel there.” (IRO5)**

Most IROs agreed that they mostly met new and potential investors and helped to build their basic understanding of the company, while senior managers met current or the most important investors. The minority, about 10 – 30 percent of all the meetings were with completely new investors. Generally companies targeted long-term and stable investors instead of day traders. Additionally, the interviewees pointed out that the base of the ownership should be so wide that one owner leaving or coming would not cause significant changes in share prices.

To summarize section 4.2, this sub-chapter described how important IR’s strategic role is for the company. The findings indicate that IR is a very diverse function and requires numerous skills from IROs, such as knowledge of finances, communication, the company’s operations and the business in general. Investors still wanted to meet the senior managers as they could because according to investors they provide better information than IROs. Therefore, IROs needed to constantly search information and improve their knowledge. At the same time, IROs had to be available for investors either by phone, e-mail or face-to-face.

The findings show that roadshows were an important part of an IRO’s work in order to maintain relations with the current investors and to find new, long-term investors for the company. Moreover, roadshows helped companies to get more attention among investors. IROs regularly visited the major financial centers, such as London, New York and Boston, but also smaller cities, like Frankfurt, Zurich and Paris.

4.3 Future of IR communication related to social media, promotional language and analyst coverage

This sub-section presents the findings related to the third research question and aims to show how IR communication will change in the future. In more detail, it concentrates on the role of social media as a distribution channel of information but it also covers the use of promotional language in IR communication and the importance of analyst coverage. This research question was examined from the perspective of both investors and the IROs. Firstly, this question aimed to determine whether investors are using social media as their information source and how listed companies are utilizing the possibilities of social media in their IR communication, or if they are utilizing it at all. Secondly, participants' opinions about the use of promotional or marketing-type language in IR communication were covered. Thirdly, the importance of sell-side analysts for investors and IROs was studied.

4.3.1 Use of social media

Technological changes have made use of social media possible in IR communication. All interviewees agreed that better access via internet to companies' information, such as presentations, webcasts, annual reports and other financial returns has significantly improved the flow of information. Moreover, it makes information available contemporarily to all investors, all over the world. Nevertheless, the mixed findings particularly reflect the fact that no one seems to know of concrete ways to utilize social media. Most interviewees felt that the use of social media is still a challenge for the IR function. The companies hesitate whether the investors are there, and the investors seem to get their information from other sources. All interviewees agreed that the role of social media in IR communication will change and strengthen in the future, but especially investors' opinions polarized into supporting and opposing, as can be seen by the following quotes:

“It [use of social media] has been positive for a couple of perspectives, in terms of the impact that it has for the company that uses it actively. They use it for advertising purposes and for their business. Now it is becoming more communication not

advertising. It is just moving into that now. If the company actively uses social media to spread a positive story they have, it is a positive thing.” (II1)

“That [social media] is a whole different story for someone like me, who is older. I hate social media. Things often get lost in translation when they are posted on social media. And you can’t get the message you need to get across in such a limited amount of space.” (II2a)

“Even I think it is a mistake. I think there are enough channels of distribution, like Bloomberg and all the different ways that people get their news today.” (II2b)

“Companies will be using social media and they should be using it already, I think. Not to reach me, though.” (II4)

Each interviewee approached social media slightly differently. Two interviewees did not really see the benefit of social media for IR function, but considered it more important and relevant for the company’s PR and advertising, as they emphasized social media’s role in strengthening positive company image and reputation. Moreover, one of the interviewees was a bit worried that social media will engage too much resource from the IR department. Four interviewees were concerned about legal issues and what things can be disclosed in social media and what cannot. However, the U.S. Securities and Exchange Commission (SEC) has clarified the rules in the US. Hence, it is allowable to do public disclosures on social media sites. Some interviewees believed that, at least at the moment, social media seemed to be more important for B-to-C companies than for B-to-B, like their company. Additionally, a few interviewees perceived social media more important for retail investors than for large institutional investors, like they were. They could not think of ways to utilize social media in their research and decision process. However, as one of the interviewees pointed out, it is important for them, as a mutual pension insurance company, to follow what people are discussing in social media, as the following quote illustrates:

“We have lots of so called ‘the common people’ stocks, such as Talvivaara, that are discussed widely in social media whether they are ethically acceptable investment

*targets or not. Therefore, we have to follow the discussion and consider if it is justified to invest in certain stocks.” (II5)**

Overall, although the findings show that social media was perceived to increase in importance, the majority of the interviewees could not think of how it would help them in their own work. However, some general, concrete benefits were discovered, as the following quotes illustrate:

*“For example a remarkable US investor tweeted that he had bought Apple’s stocks and the share price gained by 5 %. This example shows that social media matters, it cannot be ignored.” (II5)**

“The company is Tesla. The CEO is Elon Musk. He is having a constant flow of blogs and information disclosures for the last years. He will lead to the debate with media, New York Times, so it is a good example of social media.” (II1)

One of the interviewees indicated an interesting point on why social media matters also for both institutional investors and the companies. In essence, it is important for them as a big owner of a company to know that information also reaches retail investors. In other words, the more retail investors come in, the more shares gain and all benefit.

“In a world where the big institutional investors, like us, get all the attention. Big investors get the management time. We investors like seeing companies that actively communicate their story to small guys. We want our companies to get their story out. If the company actively uses social media to spread positive story they have, it is a positive thing. I would consider a good IR person somebody that is using all those tools to reach big and small investors. I wanna be visited and I want to make sure everybody else gets visited too and it is possible via social media.” (II1)

It can be concluded that among investors, only one of them was really positive about social media, while three investors remained skeptical or even negative and could not really see the benefits of it. Two interviewees were quite neutral, as they were neither great supporters nor opponents.

IROs were more united in their opinions about social media. The majority of them agreed that it cannot be ignored, but at the same time, they were uncertain how social media could benefit the IR function and how it could add value versus resources. They also seemed to struggle with this question at the moment and deliberated how they should approach this matter. However, they agreed that it can be a valuable additional way to search of information. Hence, it is only a positive thing, if social media can reach more investors and get their attention. Only one IRO did not see social media worth developing as an information source for the IR function, as he did not believe that it would add value to the IR function. He argued that the capital market is still very conservative and relevant information is not searched from Twitter or Facebook. Investors would rather use other sources that are more appropriate and useful, such as webpages or direct contact by e-mail or telephone. Therefore, he disagreed that IR needs to invent ways to utilize social media. Nevertheless, some concrete suggestions were made by IROs, such as to increase the awareness of the company and spread the company story by posting concrete information of the products and the company worldwide, as can be seen by the following quote:

“One way could be to get investors closer to our company. For example, post a few pictures of our mills in different countries and add some information on what is being done in that mill and what is being done with our products. This would increase understanding among investors, because many investor feedbacks concern that.”

IRO3*

One IRO believed that investors will eventually find social media, once they realize that there is valuable, market-moving information on it. Although, social media was considered more important for B-to-C companies, one of the companies had already launched their own IR application for iPad users, which shows all IR activities and materials, such as interims and presentations.

4.3.2 Use of promotional language

In an attempt to develop further understanding of the future trends of the IR function, use of promotional language as a part of IR communication was discussed and

evaluated further. In other words, whether IR communication should move closer to marketing in the future was examined. As the findings show, strictly promotional messages were seen quite negatively, at least among investors, while IROs were more positive about promotional language and suggested that it could be used to highlight the most important facts in order to catch investors' attention. Moreover, like in all IR communication, companies should bear in mind who is the target audience, as they appreciate different approaches. In particular, companies need to be careful where to draw the line of promotional language, for not being too promotional or too modest. All in all, companies have to consider very carefully their use of promotional language. These findings can be seen in the following quotes:

"We have found that very often when the business is very promotional about their specific company, and very promotional about their stock price, there is usually something wrong. So we would prefer less to more in terms of a promotional language." (II2a)

"I think companies should set expectations a little bit lower, Wall Street would rather have positive than negative surprises. If you are promoting and always being optimistic and always saying that our company is the best in the world and things are great, is very detrimental to the business..." (II2b)

"Finnish companies are never too promotional and I appreciate that. You should never promise too much or you will lose confidence." (II5)*

"...the IR person has to resist being too promotional. They want to make sure that the company is credible; being too promotional really hurts when things turn bad. ...Finnish companies are very conservative, but there is nothing wrong with that." (II1)

However, in the end, one investor admitted that everything is fine as long as the message is not **too** promotional and emphasized that the content of the message is the most important argument.

IROs felt more positive about promotional language and suggested that it can be used in order to catch investors' attention. When the message needs to be short and simple, companies need to highlight things that are easy to remember. One of the IROs, for

example, emphasized that IR is not only providing numbers and filing legal documents; it is also pulling the story together and convincing investors to buy the company's stocks. Another IRO suggested simplifying the story and giving a few, memorable reasons why the portfolio manager should buy the stock. The majority of IROs agreed that companies should highlight the central points and pay more attention to, for example, presentation materials, so that something would stick in busy investors' minds. Moreover, some IROs emphasized that using promotional language is both a culture and occasion-specific issue. In more detail, the target audience needs to be taken into account, whether it is American or Finnish and whether it is a large or a small group. Furthermore, three interviewees mentioned that sometimes Finnish companies are even too modest in their statements and do not use superlatives even when they have reason to it. Naturally, companies may communicate their positive future prospects if they have a reason for that. However, companies need to be careful of not creating too high expectations. Some IROs argued that Finnish companies give competitive advantage to the other companies by being too modest or by highlighting only negative issues, as the following quotes illustrate:

"We are at the same line with the Swedish, European and American companies and we are giving quite a lot lead, if we keep too low a profile. (IRO4)"*

"Of course you have to be honest, but sometimes the Finnish companies highlight only possible problems without any promotional aspects." (IRO3)"*

As the quotes above imply, IROs suggested paying attention to promotional language as a part of IR function. However, one IRO argued that IR is more teaching and telling investors about the company and why it is a good investment target, instead of marketing or promoting the stock. In particular, truthfulness was emphasized above all:

"You should not promise too much. It will only disappoint the investors." (IRO3)"*

"...but it all comes back to you, so you have to stick to what's true." (IRO1)"

"You can highlight your strengths that are based on the facts. But if you start to say that we are going to conquer the whole world, then you are going too far." (IRO4)"*

*“Nordic companies are considered as reliable investment targets, partly due to the language they use and how they communicate.” (IRO5)**

Overall, the interviewees indicated that there seems to be no single approach to promotional language. Investors were more negative about it than IROs. A few interviewees agreed that promotional language, or lack of it, can be related to personal qualities, as individuals have different ways to represent things. The different views may also imply the cultural differences between Finnish and American companies and their IR activities when it comes to promotional language. In more detail, for Americans promotional language could be more natural, while Finnish are modest, even though they have no reason to be.

It can be suggested that promotional language in the IR communication is not totally forbidden, but it absolutely has to be based on outstanding results and facts. All interviewees agreed that companies should never promise too much, as investors dislike surprises, especially negative ones.

4.3.3 Importance of analyst coverage

It was not the purpose to evaluate the future of sell-side analyst work as such, but to find out how investors consider analysts' analyses and recommendations in their decision-making and how much analyst relations impact the work of IROs. As, for example, Virtanen (2010) argues, the number of sell-side analysts has decreased in recent years due to, for example, merger or bankruptcies of their employers.

The findings clearly indicate that sell-side analysts were an important group for both investors and IROs. The majority of investors followed analysts and they were very important messengers and opinion leaders for the companies who can impact the market. Additionally, analysts disseminate the company's story and increase its visibility around the world. This is indicated by the quote below:

“There's a big part of the world that these people [analysts] influence” (II4).

“Analysts are like speakerphones. You call to sell-side analysts and information will be everywhere very quickly” (II1).

All investors agreed that analyst coverage and good relations between IR and analysts were important for the IR function and the company, as analysts deliver information to the market. Therefore, it is important to make sure that information is correct and earnings expectations are right. IROs manage the process and regularly provide enough information for sell-side to be published. It can be harmful for the company if analysts’ information is wrong or differs greatly from the company’s information. Some interviewees also highlighted the role of analysts to the share price. They agreed that a lot of people do listen to the analyst and if the analyst has a strong following he can impact the market. However, an analyst’s impact on the market depends on how good he is and how long he has been analyzing the company or the field.

Four out of five investors agreed that they talk to analysts regularly, and sell-side analysts provide useful information for them.

“We’ll talk to anybody. We’re open. We are happy to use whatever provides us quality understanding of something. So we absolutely use sell-side analysts.” (II4)

Also the same investors agreed that analysts are important for their work, although with certain conditions: analysts commonly followed the consensus and were rarely outside the mainstream. Moreover, for some investors they only provide aid, as the quotes below illustrate:

“I think analysts are biased to just stay close to the consensus... there is little to gain for analysts to take that leap of faith. But I think it is important to listen to what analysts are saying because they know more about the company than investors do. I think analysts do provide a useful role. If they didn’t, they wouldn’t be around” (II3)

“I look at their [sell-side analysts] financial models. I do my own, but I also look at theirs.” (II1)

Only one investor disagreed with the others' opinion. Although he admitted that they often talk to the analysts and try to learn from them, he argued that they never make their decisions based on other companies' analysts, as the following quote implies:

"We will not make a decision based upon what an analyst in Merrill Lynch or Morgan Stanley or Goldman Sachs says. But that is just us. There are others that are very different, they will get to know analysts, they will come to trust him or her. We will always operate under the promise that when you rely on the research of the others, you only know what they know and what they don't know often hurts you." (II2a)

One of the interviewees suggested that, especially for Finnish companies, it would be important to provide information to international analysts who can help to put the company's message forward. After twenty years of experience in Finnish companies, he still felt that Finnish companies are a bit withdrawn, although things have gotten better, as can be seen from the following quotes:

"There seems to be a sort of closeness in the way people approach things [in Finnish companies] and there isn't a whole bunch of willingness to be expansive about things". (II4)

As the quote above implies, the lack of information on Finnish companies outside Finland seemed to be a problem.

All IROs agreed that analysts are an important target group for IR activities. They all emphasized analysts as opinion leaders, who spread the company's story and increase its visibility, which is highly important, especially for the smaller companies whose visibility can otherwise be limited. IROs highlighted the cooperation with sell-side analysts. They described analyst relations with terms like "extremely important" and "very important". One IRO, for example, pointed out that ignoring analysts is very unusual:

"I know companies that do not serve sell-side at all, nor consider them relevant. I think this is quite an exceptional way of thinking, even dangerous." (IRO2)*

The findings showed that IROs highly value analysts' work and their importance as a messenger. However, IROs noted some challenges related to analyst coverage. In particular, IROs argued that a high turnover of analysts, which is caused partly by banks' cost cuts, has led to more shallow reports.

In addition to beforehand plan themes: social media, promotional language and analyst coverage, other possible changes in IR function were also discussed. First, the majority of IROs agreed that the growing importance of Asia will change IR activities in the future. One of the companies was already actively visiting Asia, while the others were planning to visit sometime in the future or waiting for the right moment, but were not active yet. Especially one IRO strongly supported the importance of Asia and its growth as a part of IR roadshows.

"I couldn't even think that I didn't visit Shanghai, Hong Kong and Singapore. People are used to thinking only of Europe and USA as their target markets, but the rise of Asia will change this. An eye will clearly turn to Asia." (IRO2)*

Another theme that was highlighted by most IROs was the strategic function of IR in the future. IROs strongly suggested that IR needs to be a strategic part of the company's business function. IR should be able to act as the messenger of the company and its management team. In this way it will add extra value and create competitive advantage for the company.

To summarize section 4.3, all three sectors related to the future trends of IR, social media, promotional language and analyst coverage, were covered. All interviewees emphasized that technological changes have been positive for IR function. It was generally agreed that the role of social media in IR communication will change and strengthen in the future, but whether these changes will be positive or negative, was disagreed by the interviewees. Supporters of social media argued that it is important to spread a positive story and reach investors of all sizes, while opponents argued that they can get information from other, more appropriate and practical channels. Therefore, the questions of how social media could be utilized by the IR departments and how investors could benefit from it still remained unsolved. Additionally, an even more

fundamental question about the ability of social media to provide additional value for the IR function and its target audiences also remained unsolved.

The findings did not provide clear answers to how widely the company should use promotional language in their IR communication, though it should be noted that messages should neither overvalue the company nor undervalue it. The findings clearly supported the view that IR communication needs to be based on facts. The discussion of promotional language was partly characterized by cultural and individual differences, as some cultures or people are naturally more promotional than others. Based on the findings, it can be suggested that IROs should keep the story simple and highlight the most important facts in order to make investors' decisions easier. Moreover, the companies should not give an edge to the other investment targets by being too modest.

It appears that in spite of the decreasing number of analysts and possible irregularities in the quality of their reports, analysts will remain an important target group for the IR function and the voice of the companies. Analysts, especially the good ones, are respected and widely followed; hence they reach the public and a large number of investors. It can be suggested that for Finnish companies, especially smaller or unknown ones, it is important to maintain good relations with analysts and provide them with high-quality and constant information and utilize them as their messengers.

5 DISCUSSION

This section discusses the main findings of the study and connects them to the reviewed literature. The main objectives of this study were to compare IROs' activities to investors' expectations, examine to what extent the IR function can differentiate companies from other investment targets and to investigate how IR communication practices are estimated to change in the future. In other words, this study aimed to find out which IR activities reach and influence investors.

The findings mostly supported the reviewed literature, with a few exceptions. The study revealed that even though companies' IR practices mostly meet with the investors' expectations there were some issues that could be improved in order to achieve a higher attention and advantage compared to other investment targets.

The findings clearly showed that building trust and long-term relationship formed the basis of the IR function. Both investors and IROs agreed that confidence and information based on facts are fundamentals of IR communication. The importance of non-financial information, such as two-way communication, transparency, building trust and relationship, was particularly emphasized by Hoffman and Fieseler (2012, p. 138), Laskin (2011, p. 307), Kelly et al. (2010, p. 204) and Allen (2004, p. 21). Additionally, as Harper et al. (2004, p. 32) pointed out, companies must communicate what is behind the numbers. In other words, spread the company story, explain their earnings logic and define why they are good investment targets. Although the findings supported this view, investors would rather hear these prospects from the top management than from IROs, as they believe that the views of senior managers would help them better evaluate future performance of the company.

The most relevant findings related to IR's role as a strategic corporate function which influences the quality of companies' IR communication. This topic was mentioned, for example, by Hockerts and Moir (2004, p. 95), and Virtanen (2010, p. 108). Particularly Hockerts and Moir emphasized IROs involvement in strategic management. Although the key findings were somewhat in line with the literature review, it was surprising how much investors emphasized this matter. Deep understanding of business and industry

were extremely important competences of IROs. The more they co-operate with the management, the more they know about the company's strategy and the more quality information they can provide. This was also agreed and understood by all IROs. Surprisingly, only one of them participated in the board meetings, which, according to the findings, would be highly recommended for all IROs. All the others argued that they had close co-operation with other departments and access to all required information. This finding did not support the previous survey among the members of the Finnish Investor Relations Society, which indicated that 75% of the members participated in management team.

Based on the findings, open conversation and constant flow of information were proved to be important in every economic situation, also when the company's results are not great. This was briefly discussed by Laskin (2011, p. 311), as he found that investors will not buy the stock if the numbers are bad, and in that case IR communication does not matter. On the one hand, his analyses remained rather narrow: hence, he did not detail suggestions how IR should communicate when the company is not doing well. On the other hand, the findings did not support the literature review, as the interviewees argued that there are a number of ways how IR can communicate when times are challenging. The lack of further research is surprising, because the present study explicitly suggested that lower share price could be a good entry point for new investors. Therefore, companies should remain in the relationship regardless the situation and stay visible. Additionally, IR needs to make sure the numbers are interpreted correctly and the prospects for the future are correct. As the findings suggested, open conversation will eventually enhance the corporate value, so IR communication does matter, even when the numbers are bad.

Future trends of IR communication, in more detail, issues related to social media, promotional language in IR communication and analyst coverage were examined. The findings did not provide clear answers to future aspects. Especially, the question of how IR communication could utilize social media received mixed comments. Supporters argued that it helps to reach investors of all sizes, all over the world, while opponents could see a number of other, more practical information sources. Additionally, it appeared that social media benefits more retail investors and gives them a new

distribution channel and a way to access the company's information. As of 2013, the stock of Finnish household deposits totaled EUR 81 billion (Bank of Finland, 2013). The Finnish retail investors have a huge potential in investment. Consequently they cannot be ignored by the companies.

Being a relatively new area, social media in IR communication was not thoroughly covered in the literature review. For example, any suggestions on how companies could utilize social media were not presented. However, the findings related to currently low but increasing use of social media were well in line with the literature review (see e.g. Zerfass and Koehler, 2012 and The National Investor Relations Institute, 2013).

The second step in examining future trends was to understand to what extent companies can use promotional language in IR communication. Although, the convergence of IR communication and promotional language mostly lacks existing research, the topic was mentioned, for example, by Allen (2004, pp. 12-15) and Hockerts and Moir (2004, p. 87), who pointed out that IR is moving more and more towards active marketing. The somewhat mixed findings did not completely support the literature review, as investors' and IROs' opinions were quite different. However, the findings clearly suggested that promotional language needs to be based on financial results and achievable goals. This was agreed on by Allen (2004, p. 15) and Harper et al. (2004, p.29).

Finally, the importance and the future of sell-side analysts were evaluated. Although the number of analysts may be decreasing in the future, their importance as the company's messenger was undeniable. The findings were well in line with the literature review confirming that it is the IROs' duty to improve analysts' understanding of the company (see e.g. Laskin, 2011, p. 306).

6 CONCLUSIONS

This chapter concludes the present study by summarizing the research project, and discusses the main findings, practical implications and limitations. Section 6.1 briefly summarizes the study, its objectives and the main findings. Based on the findings, section 6.2 presents the proposed recommendations of the study. The potential limitations are discussed in section 6.3. Section 6.4 concludes the report by providing suggestions for further research.

6.1 Research summary

The main objective of this study was to examine to what extent IR communication can differentiate companies from other investment targets and what type of dialogue would investors expect to have with the company. The purpose was to compare investors' expectations with IROs' actions. In other words, the study aimed to uncover to what extent expectations and practice meet each other now and in the future. The three research questions are presented below.

RQ 1: To what extent is it possible to create competitive advantage, make companies more attractive investment targets and differentiate companies from each other among investors with IR activities and especially with its non-financial sectors?

RQ 2: What types of dialogue and with whom would investors expect to have with the company?

RQ 3: How do IR officers and investors see the future of IR communication in relation to social media, promotional language and analyst coverage?

The theoretical framework for the study was constructed from extant literature on three key areas around the topic: the concept of IR, IR communication beyond financials and development of the IR concept in the future. The main contributors from extant research to the theoretical framework were Laskin (2011), Allen (2004) and Virtanen (2010).

The study employed a qualitative research design, utilizing semi-structured interviews among five institutional investors and five IROs. The interviews were recorded and transcribed, after which they were translated from Finnish to English by the present author. All citations relevant for the outcomes of this study were presented in the findings.

The main findings of the study clearly indicated that non-financial information, such as building trust and long-term relationship are fundamentals of the IR function. Based on the findings it can be concluded that the deeper the IROs knowledge is, the more valuable the IR function is for the company. Therefore, the findings suggested that companies should emphasize the role of IR as a company's strategic function and strengthen co-operation between the top management and IR teams in order to develop deeper understanding of the company's business and strategy for the IR teams. Finally, the findings indicated that new technology helps to reach investors of all sizes, especially the small ones, from all over the world. However, the present study could not give a definite answer as to how social media could be utilized as a part of IR communication in order to reach both institutional and retail investors.

6.2 Practical implications

This sub-section presents three implications for IROs in order to practice successful IR communication with investors. First, issues related to confidence and open conversation between IR and investors are described. Second, the role of IR in the company's strategy and the importance of roadshows are discussed. Finally, recommendations related to the future of IR communication are provided.

6.2.1 Building confidence and long-term relationship with investors

Based on the results it can be concluded that building confidence is one of the fundamentals of the IR function. This sub-section presents a number of concrete recommendations showing how companies can build confidence and long-term relationships.

Companies should first provide relevant and understandable information, which is always based on absolute facts, and second, ensure easy access to the information for all investors. In other words, earnings logic, growth drivers and the company story around numbers should be presented to investors. Additionally, IROs' achievability and a proactive two-way dialogue should be emphasized as they offer opportunities for getting important feedback from investors and to better understand their expectations and suggestions. It can be concluded that companies should maintain good confidence and corporate governance in every economic cycle.

6.2.2 Understanding the strategy and operations of the company

In order to ensure that investors develop a full appreciation of the IR efforts undertaken by companies, companies should ensure that their IROs are completely aware of the company's strategy and are preferably members on the company's board. Based on the study, it can be concluded that IROs and IR departments should have a close cooperation with the finance department, communication department and with top management. Moreover, deep understanding of the business and industry in general should be emphasized in IRO's work. IROs need to be active and constantly develop their knowledge in strategy, visions, growth drivers and financial results, in order to strengthen IR's position in the organization.

Companies should also maintain a high level of roadshows and face-to-face meetings with investors despite the low economic cycle. The more companies visit investors, the more they increase visibility and differentiate themselves from other investment targets. Additionally, meetings help to strengthen and maintain relationships with long-term investors, which are the main target group for most companies. Also, expanding roadshows to Asia can be recommended, especially for the companies that have operations there.

6.2.3 Estimating future of IR communication

Implications related to three key areas around to the future of the IR function are the use of social media, promotional language and analyst coverage.

Although the findings did not clearly provide clear answers to the question of how relevant social media is for the IR function and how it could be utilized, the role of social media is likely to increase in the future. Therefore, companies should follow and evaluate trends, in order to adapt with the changes and to be able to provide new distribution channels to investors of all sizes. Moreover, social media can be used in effective two-way communication between companies and investors.

Since there was not a single approach to promotional language, it can be recommended that IR needs to carefully consider the use of promotional language in their communication. Communication has to be based on facts. However, it should not be too modest in order to catch investors' attention. Additionally, knowing the investors and their likes helps IR in producing the right type of dialogue.

Sell-side analysts are widely followed and hence important messengers for the company. Therefore, companies should ensure good relations with the analysts and make sure the information they deliver is correct, as they can enhance corporate visibility and positively contribute to corporate recognizability. This is especially essential for the Finnish companies which may not be that well known among foreign investors.

6.3 Limitations of the study

The limitations of the present study should be considered when evaluating the findings presented in Chapter 4. Three most significant limitations mainly arise from data collection, in particular, from selected interviewee groups in New York and Helsinki.

First, the data consisted of ten semi-structured interviews with both institutional investors and IROs, five with each group, which is a relatively small data sample. However, as the interviews began to repeat the same aspects related to the research

questions, they seemed to reach the saturation point. Therefore, it can be agreed that number of interviews was sufficient for the reliable findings.

Second, limitation of the study is due to the fact that four investors were from New York. On the one hand, New York is the world's financial center and one of the most important target cities for IR, but on the other hand, even a bit spoiled target group, as one interviewee pointed out. In more detail, New York investors are in a special position, due to their significant assets and high potential to invest. They can demand special treatment, for example meeting the top management instead of IROs. This may give distorted and somewhat limited outcomes. Therefore, it would have been interesting to interview, for example, investors from smaller European cities. Nevertheless, it should be kept in mind that the selected New York investors were among the biggest in the world and contributed important viewpoints, and eventually, recommendations related to listed companies' IR activities. Additionally, New York interviewees were recognized and highly respected by all Finnish IROs.

Third, Finnish IROs were selected from the large-cap companies of NASDAQ OMX Helsinki operating in the business-to-business environment. This means that some of the findings are not directly applicable to other contexts, especially for the smaller companies with less international operations and investors or for business-to-consumer companies. Results about utilizing social media could differ between b-to-c and b-to-b companies. Overall, the interviews provided appropriate and unbiased results, but some care should be considered when generalizing the results.

6.4 Suggestions for further research

The present section provides four suggestions for further research, which relate to somewhat subjective interview groups of this study, and second, to social media, which seems to be current, but still an unsolved topic in IR.

First, this study examined the expectations of IR communication mostly from the perspective of New York investors. Therefore, it may be interesting to study, for example, European institutional investors from smaller financial centers, such as Paris,

Amsterdam or Zurich. Second, since this thesis provided a view of only one target group of IR, and institutional investors, studies on other parties of the investment community, for example, analysts and what they expect from the IR function, would be justified. Moreover, retail investors would be an interesting target group to study, as they have high potential to invest and their behavior differs from institutional investors.

Third, since this study investigated the IR function mostly from the perspective of large-cap, Finnish companies, whose IR activities and target groups may greatly differ from smaller and newer companies, the IR activities of different type of companies would be interesting and useful to study.

Fourth, possibilities of utilizing new communication technologies, especially social media services in IR communication, could be examined in more detail, as the importance of these is likely to increase in the future. However, this suggestion will be relevant in a few years, as now the question of how companies could utilize social media services still remained unsolved.

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APPENDICES

Appendix 1: Interview themes for investors and IROs

Theme 1: Creating competitive advantage with IR communication and making companies more attractive investment targets

- What can Finnish companies do in order to attract more investors?
- What makes you, as an investor, to become interested in a company as an investment target?
- How can companies differentiate themselves from other investment targets?
- What kind of tools could be used?
- If the company is facing challenging times and the numbers are bad, is there something IR can do?
- The importance of building trust and long-term relationship

Theme 2: IR communication as a strategic role in a company's business function and dialogue between companies and investors

- Discussion on general level, how investors want to get in contact with a company and how IROs contact investors (e-mail, telephone, face-to-face meetings)
- The importance of two-way communication
- Discussion about preferred knowledge and background of IROs (e.g. strategic knowledge, financial or communication background)
- Meeting investors on IR roadshows (e.g. with whom investors want to meet, with whom IROs meet, how many roadshows in a year and to where)
- How much IROs meet current investors and how much new potentials?

Theme 3: The future of IR communication

- The role of social media as a part of IR communication
- The role of promotional language as a part of IR communication
- The role of sell-side analysts as a target group for IR communication
- Free discussion on any other future issues related to IR function

Appendix 2: Quotations in their original language

Page	Interviewee code	Quote in Finnish
56	II5	Luottamuksen voi menettää vain kerran. Tämä on pitkäjänteinen polku. Pitkäjänteinen kommunikointi on paras tapa luottamusta rakentaa.
56	IRO3	Kestää vuosia rakentaa se ja sekunti menettää.
56	IRO5	Pitkäaikaisten suhteiden rakentaminen tarkoittaa jatkuvaa viestintää sijoittajien kanssa.
57	II5	Kyllä Suomessa se on itsestään selvyys. Muissa maissa tilanne on eri. Jos jotain negatiivista tapahtuu, eikä tätä ole noudatettu, niin sitten asialla voi merkitystä osakkeen kannalta.
58	II5	Jos yrityksen luvut ovat huonot, silloin ne yleensä heijastuvat kurssissa. Mutta on tärkeää tuoda faktat hyvinä ja huonoina aikoina.
60	IRO3	Haluamme varmistaa, että sijoittajat ymmärtävät strategian ja edes 50% mitä spokepersonit sanovat. Pistetään aika paljon paukkuja viestintäkoulutukseen. Tämä tarina on hyvä. On helppo saada näkyvyyttä.
60	IRO4	Ei riitä että tietää kaiken firmasta, pitää myös osata vastata oikealla tavalla, että se palvelee kysyjää parhaalla tavalla. Pelkkä numerotieto ei välttämättä ole hyödyllinen vastaus. Se pitää jotenkin taustoittaa.
66	II5	Kyllä ylin johto on tärkein. Riippuu tietysti IR:n funktiosta yrityksen sisällä. IR johtaja ei välttämättä ole ihan siinä sisäloopissa monessakaan yrityksessä. Eikä ole johtoryhmässä. IR on pikkuisen ulkokehällä, eikä tiedä niin paljoa.
67	IRO2	Olemme saaneet paljon kiitosta sijoittajilta, että olen

		mukana johtoryhmän kokouksissa ja olen mukana strategiassa. Johdon ja IR funktion pitää olla sitoutunut, jos haluaa tehdä IR:stä tietynlaisen funktion.
67	IRO5	Lontoon ja New Yorkin sijoittajat ovat jopa hieman hemmoteltuja. Heillä on varaa valita ja he aina haluavat tavata ylintä johtoa. Se on täysin ymmärrettävää ja siksi ylin johto matkustaa sinne.
69	II5	Onhan meillä sitten näitä ns. kansanosakkeita, esim. Talvivaara, joista keskustellaan laajasti eri foorumeissa onko se eettisesti hyväksyttävää sijoittaa siihen. Kyllä meidän täytyy miettiä onko jotain sijoituskohteita, jotka eivät ole perusteltuja eikä kannata olla mukana, syystä tai toisesta.
70	II5	Esim. merkittävä jenkkisijoittaja twittaa, että on ostanut Applen osakkeita ja kurssi nousee 5 %. Esimerkki osoittaa, että ei sitä voi ignorata.
71	IRO3	Yksi tavoite voisi olla saada sijoittaja lähemmäs yritystä ja sitä konkretiaa mitä me tehdään. Esim. lisätä pari kuvaa millainen tuotantolaitos eri maissa on, mitä siellä tehdään ja mitä meidän tuotteilla tehdään. Se lisää sitä ymmärrystä, koska sitä sijoittajapalautteessa tulee.
72	II5	Suomalaiset yritykset eivät koskaan ole liian promotionaalisia tai käytä ylisanoja ja sitä on oppinut arvostamaan. Ei pidä luvata liikoja tai luottamus on mennyt.
73	IRO4	Me kuitenkin kisataan siellä samalla viivalla ruotsalaisten, muiden pohjoismaalaisten, UK, eurooppalaisten, tai amerikkalaisten firmojen kanssa. Kyllä aika paljon tasoitusta annat sillä, että ajattelet, että me ollaan vaan tällaisia.
73	IRO3	On hyvä, että on rehellinen, mutta ehkä joskus liikaa

		korostetaan vain mitä ongelmia firmassa on mutta ei yhtään osata myyntipuolta.
73	IRO3	Liikoja ei pidä luvata. Sitten se tuottaa vaan pettymystä.
73	IRO4	Jos faktat on taustalla, niin voi niitä vahvuuksia vähän nostaa. Mutta jos aletaan puhua, että tässä nyt valloitetaan maailma, niin se menee överiksi.
74	IRO5	Pohjoismaisia yrityksiä pidetään luotettavina sijoituskohteina, osittain juuri siitä syystä millaista kieltä käytetään ja miten viestitään.
76	IRO2	Tiedän firmoja, jotka eivät palvele sell-side puolta ollenkaan, eivät koe sitä relevantiksi ollenkaan. Minusta tämä on aika erikoinen ajattelutapa, jopa vaarallinenkin.
77	IRO2	En voisi kuvitellakaan, etten kävisi Aasiassa, Hong Kongissa ja Singaporessa. On totuttu ajattelemaan Eurooppa ja USA keskeisesti, Aasian nousu tulee muuttamaan tätä. Katse on selkeästi kääntymässä itään päin.