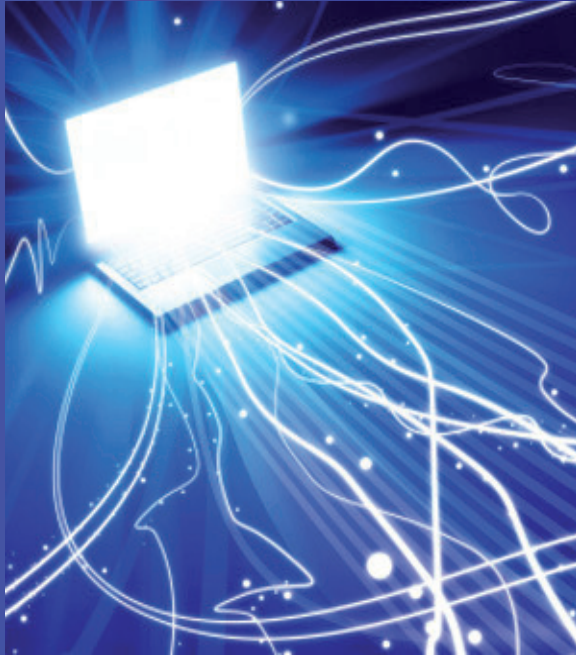


INVESTOR RELATIONS ON THE WEB

INTERPRETATIONS ACROSS BORDERS

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PER SHARE75MILLIONSUSDOLLARYEAR2013NETPROFIT250MILL
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SVETLANA SABELFELD

INVESTOR RELATIONS ON THE WEB

- INTERPRETATIONS ACROSS BORDERS

Svetlana Sabelfeld

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BY ALE TRYCKTEAM, BOHUS 2013

To my family

ABSTRACT

Investor Relations on the Web - interpretations across borders

Motivation/Purpose: Communication is crucial for society, especially in today's globalized world. Internet has profoundly influenced how listed companies and investors communicate to each other. This study gives insights into the practice of Investor Relations on the Web, linking the perspectives of companies and investors.

Changes in the patterns of provision and consumption of corporate information stimulated the rise of a new practice called Internet Reporting, or Investor Relations (IR) web practice. As the IR web practice is still relatively new, there is an uncertainty about how and from whose perspective the IR web quality can be defined.

The purpose of the study is to explore the practice of Investor Relations on the Web by studying interpretations behind IR web quality, or "excellence"; and to link the perspectives of IR managers and investors. The study also aims to explore the role of IR websites in a bigger context of IR communication.

Design/methodology/approach: The fieldwork focuses on the Investor Relations practice and investigates the "excellence" of IR websites from different perspectives. An interpretative praxiographic approach is used to study the practice of Swedish institutional investors and practices of Investor Relations managers in the UK, Russia and Japan. Additionally, a netnographic analysis of IR websites enables the study to show how interpretations of "excellence" are enacted in the IR web content.

Findings: Investigation of investors in Sweden, of IR managers in the UK, Russia and Japan and, finally, of the content of IR websites, shows patterns of IR web communication that differ depending on the purpose of the website in the context of Investor Relations. Four such patterns are identified, depending on the type of audience that an Investor Relations website is addressed to; and depending on the dominating interest of IR managers. These four patterns are: large content addressed to a broad audience; focused and tailored content addressed to a diversified audience; large content addressed to a focused audience; and selected content addressed to a focused audience.

From the investor perspective, IR websites help investors to understand the management's view of the results which is an important part in the process of analyzing companies and making decisions. IR web is also found to be an additional channel complementing the direct company-investor communication. It is therefore meaningful to study websites in connection to the overall Investor Relations agenda. The findings show that communication on the Investor Relations websites is about persuasion and not only about transmission of information.

Contribution: Previous researchers studied the quality of IR websites by mainly looking at the amount of online disclosure. Relating IR websites to the context of Investor Relations practice, this study enabled the four patterns, invisible in the previous research, to emerge. It also linked the IR websites to the perspectives of IR managers and investors, which has both theoretical and practical implications.

Key words: Investor Relations, websites, IR web practice, interpretation, IR managers, investor audience, communication, information, quality

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Svetlana Sabelfeld
Göteborg, October 2013

CHAPTER 1

CHAPTER 1

INTRODUCTION

1.1 GLOBALIZATION AND INFORMATION EXCHANGE

One quarter of our national income is earned by persuasion (McCloskey and Klamer, 1995, pp.191-195). It means that communication is crucial for society and for the nation's wealth, especially in a globalized world. By the 1990s, an increased information exchange and globalization of economic activities became notable features of the world economy. Today's society is often called the information society as all members are part of information exchange. In organizations, information is normally used in relation to accountability, when one party provides an account of one's actions to another party (Power, 1999).

There is a mainstream view on the role of accounting information, particularly articulated in agency theory¹, assuming that information is needed in order to eliminate the problem of "information asymmetry". Information asymmetry is believed to arise between people who actually drive the company (agents) and people who own the company (principals). Providing accounts on the agents' actions is therefore assumed to be an effective control mechanism, which solves the problem of information asymmetry. The more information is provided, the better knowledge the owner is supposed to have about what is going on in the company; and in this way the problem is believed to be solved. However, in practice, it is rather naïve to assume that provision of large amounts of information leads to a better knowledge about what is going on.

Deidre McCloskey (2008) emphasized that transmission of information is only a minor part of what happens in communication between people and creates knowledge. But the central part that contributes to the knowledge is persuasion (McCloskey and Klamer, 1995). It means that the crucial thing is not how much information people technically transmit to each other, but how people communicate and persuade each other. For example, if a couple of hundred pages long document tells about corporate financial results and operations, this is probably not persuasive to become interested in this company. As a consequence, the possibility to invest in this company would not be considered, without having received any message from the companies' people enriching the context. So, the amount of information might only play a minor role in the relation between companies and stakeholders.

Speaking of the second feature, mentioned in the beginning, globalization of economic activities had consequences for financial markets increasing foreign listings and geographical dispersion of ownership (Nobes and Parker, 2012). For example, Swedish

¹ Agency theory is one of the main theories on the field of accounting and finance, initially developed by Jensen and Meckling (1976)

investors located in Stockholm, can easily invest their money in companies located in Asia, Europe or anywhere else. Such situations where companies and investors communicate at distance becomes nowadays more common. As a response to this development, many companies began establishing units focusing on external communication with their stakeholders. Simultaneously, the emergence of Internet and the World Wide Web in the mid-1990s gave companies an opportunity to communicate to their investors in a new way. This had consequences for the corporate financial communication in terms of pattern change. In particular, publicly listed companies started providing larger amounts of voluntary non-financial information beyond the traditional financial statements.

The emergence of the new media extended traditional paper-based reporting by enabling companies, as they claim, to present timely and updated corporate information in a more illustrative and searchable way. Companies achieve it by using new technology, which allows presenting corporate information in new formats such as interactive graphs, webcasts and multimedia presentations.² It is believed that such tools equip external users of corporate information with additional possibilities. As articulated in the previous literature, Internet reporting adds to the traditional paper-based reporting in a way that it makes corporate information available to all and yet customized and adapted to various reader groups in terms of languages, navigation paths and levels of complexity of the content (Hedlin, 1999; Lymer, 1999; Deller et al, 1999; Debreceeny et al, 2002; Jones et al, 2002).

From the investor-perspective, some changes also emerged. One effect of the globalization process was that investors started to diversify their investments. Diversification of the share portfolio across several financial markets is believed to help investors to avoid bearing all the risk of the economic activities in one particular economy (Stulz, 1999, p. 10). Instead, investors are assumed to be motivated to balance the risks by diversifying investments across different economies; and conditions of the global financial market made it fully possible (ibid). As a result, foreign ownership increased in the shareholdings of publicly listed companies (Shah and Patnaik, 2011). With the increase of foreign shareholdings, publicly listed companies' international audience also increased. In such situation, traditional paper-based reports became outdated and limited as information source, which means that traditional paper-based reports became less useful to investors (Ashbaugh et al, 1999). Moreover, a lot of information disclosed in paper-based reports, and especially in annual reports was found to be irrelevant from the user-perspective (Hooks et al, 2002; Rimmel, 2004; Campbell and Slack, 2008). In particular, annual reports were not found to contribute much to the stakeholders' knowledge about what was going on in the company (Hooks et al, 2002).

² This was observed during my previous working experience of supplying publicly listed companies with services and tools for their Investor Relations websites.

1.2 IR WEB PRACTICE

Changes in the patterns of provision and consumption of corporate information stimulated the rise of a new practice, Internet reporting, as well as Investor Relations (IR) web practice³. In this dissertation, practice is understood in terms of what practitioners actually do in order to achieve their goals. However, the focus is not on the process but rather on the context in which the things are done. Puxty (1993) and Hopwood (1994) emphasized the importance of studying accounts in relation to the context in which they are produced. When practitioners do something in practice, they have an idea about how to do it best. MacIntyre's understanding of practice brings this dimension into account, defining it as "any coherent and complex form of socially established cooperative human activity through which human goods internal to that form of activity are realized in the course of trying to achieve those standards of excellence, which are appropriate to, and partially definitive of that form of activity" (MacIntyre 2007, p.187). Consequently, according to MacIntyre (2007), a practice involves the dimension of "excellence", which means that the intention to improve things is inherent in the way people conceive of their practices.

"Excellence" can be also used as synonym of "quality". For example, Erlingsdóttir and Lindberg (2005) studied quality of the health care by investigating interpretations behind the health care "excellence". "Quality" or "excellence" of health care was found to be interpreted differently in the practice of different professional groups (Erlingsdóttir and Lindberg, 2005). Quality can therefore be interpreted differently among professionals in practice.

Back to IR web practice, there is a large community of IR professionals involved in this practice. The Global Investor Relations Network (GIRN) includes a number of local investor relation societies from 25 countries, aiming to "achieve best practices in global IR profession and supplying demand for greater disclosure and transparency"⁴. IR web practice has been among discussed topics on the GIRNs agenda. Starting from the late 1990s/early 2000s an IR website became a separate part of the listed companies' websites (Lymer, 1999); a part addressed to investors and shareholders, where companies provide information and documents related to financial and non-financial performance and corporate governance (Sabelfeld, 2011).

As it can be seen from the objectives, articulated by Global Investor Relations Network, IR professionals in different countries aim to achieve "excellence" of the IR website in order to supply demand of investors. The notion of "excellence", mentioned by MacIntyre (2007) is therefore inherent to the IR web practice. IR managers involved in the IR web practice are professionals who develop the content of the IR web with the intentions to achieve an excellent or high-qualitative product (IR website), that would not only benefit themselves in terms of being "winners of competition", but also benefit the users of the IR websites. Every year, local IR societies arrange a number of prize nomina-

³ As Internet reporting is discussed from the practice perspective, the terms Internet reporting and IR web practice are used synonymously.

⁴ Global Investor Relations Network <http://www.girnet.org>

⁵ See event calendars of IR societies involved in GIRN <http://www.girnet.org>

tions that address various investor relations practices, including the prize “Best Investor Relations website”⁵ The winners of the competition become models of the “best practice”, which many other companies want to follow. How would it then be defined what the “excellence” and “quality” of the IR website is? “Best practice” is something that mostly benefits companies in their competition. However, “excellence” or “quality” is rather about how to benefit the whole community involved in the practice, including the users of the IR websites. It means that MacIntyre’s “excellence” does not have a uniform definition, because it can be discussed from different perspectives.

As the IR web practice is relatively new, there is an uncertainty around the issue what the excellence, or quality⁶ of the IR web is. Such uncertainty is not uncommon when the practice is still in its developing process. If for example, look at the practice of software interaction design, which was actively discussed by both researchers and practitioners in the 1980-1990s, the problem of limited understanding of the users of computer systems and uncertainty in practice was also one of the big research issues (Baecker et al, 1995). During my own work experience as account manager at one of IR’s agencies in Sweden in 2008-2009⁷, I could, observe that the IR web practice was still in its developing stage. IR professionals were mostly talking about “best practice”, or some patterns of the IR web content which were regarded to be good to follow. However, IR managers were uncertain about what the investors actually expected and how investors actually used the information on the IR websites. Being rather uncertain, IR managers were often looking at each other’s practices, trying to learn from each other by imitating bigger companies’ “IR web practice”, without having sufficient knowledge about the investment community’s expectations.

Besides my own working experience, I also had preliminary discussions with the members of the Swedish Association of Financial Analysts in late 2011/early 2012, which have provided additional indications about investment community’s uncertainty addressed to the IR web. The analysts showed an interest of this information source, but still seemed unsure if they could use this source, mentioning such concerns as complicated navigation and overwhelming amount of voluntary and non-audited information. Prior research on the topic of Internet reporting also articulated such concern, showing that too much information presented on corporate websites in an unstructured way could lead to the reader’s cognitive overload and distraction (Debreceny et al, 2001).

1.3 PROBLEM DISCUSSION, PURPOSE AND RESEARCH QUESTIONS

Studying IR managers and the members of investment community, it was observed that the link between IR managers’ and investors’ interpretations behind IR web quality, or notion of “excellence” in the IR web practice was missing. The importance of such a link between producers and users of accounting information was highlighted by Young

⁶ IR web quality, information quality and “excellence” of the IR website are used as synonyms in this dissertation.

⁷ This experience involved regular discussions of the issue of IR website with IR departments of listed companies in Europe and Japan, and additionally a yearly participation at IR conferences in Europe.

⁸ See Healy and Palepu (2001)

(2006) who raised the issue of taken-for-granted but never discussed needs of the users of corporate reporting.

Additionally, information quality was found to be a complex and multifaceted concept (Beattie et al, 2004), which needs to be discussed more. So far, disclosure quality was mainly discussed in terms of information amount, assuming that companies are motivated to disclose as much information as possible, because it would reduce information asymmetry problem⁸. Beattie and Thomson (2007) criticized the methodology of disclosure studies that addressed information quality by only studying extend of disclosure. They argued that existing disclosure studies might generate somewhat misleading conclusions about information quality, as the researchers of these studies only investigated extend of the disclosed information.

Existing research on the topic of Internet reporting is dominated by disclosure perspective and most of the existing studies focus on the extent of online disclosure and draw conclusions about quality and transparency of Internet reporting (see Craven and Marston, 1999; Marston, 2003; Allam and Lymer, 2003; Xiao et al, 2004; Abdelsalam et al, 2007). However, the researchers who studied Internet reporting from the user's perspective revealed that too much information organized in a complicated way might lead to a cognitive overload of the reader (Debrecey and Gray, 2001). This means that the reader's focus can easily be distracted by the overwhelming amount of information.

Obviously, there are more dimensions, involved in the IR web quality, but WHAT are these dimensions and from WHOSE perspective are they good? If IR managers develop an "excellent" IR website aiming to benefit the members of investor communication without being aware of which expectations investors have, who will benefit from such a website? The problem is that the "excellence" has to be discussed and understood from different perspectives, in which IR websites might have different roles. Investors and IR managers talk about "excellence", but "excellence" might mean different things to them in practice, or can be interpreted differently by IR managers and investors in practice.

The purpose of this dissertation is therefore to explore the practice of Investor Relations on the Web by studying interpretations behind IR web quality, or "excellence"; and to link the perspectives of IR managers and investors. The study also aims to explore the role of IR websites in a bigger context of IR communication. Accordingly, the main research question of this study is:

HOW IS QUALITY INTERPRETED IN THE CONTEXT OF IR WEB COMMUNICATION PRACTICE?

As information quality is context dependent (Beattie et al 2004), the dimensions of information quality on the IR web might differ from the dimensions articulated in the context

⁸ See Healy and Palepu (2001)

of financial reporting. Moreover, being in line with Annemarie Mol (2002), an object can be enacted differently in practice, as practitioners interpret it differently. IR web communication involves IR managers, who provide IR websites addressed to investors; it also involves investors, who use information on the Web to be able to analyze companies. The knowledge where exactly the differences in their interpretations of IR web quality are could therefore contribute to the improved IR web communication between the IR managers and investors. To answer the main question and to link the perspectives of the providers and the users of the IR web, the following issues are placed in focus:

1 HOW DO INVESTORS DEFINE IR WEB QUALITY IN THEIR PRACTICE OF ANALYZING COMPANIES?

The key issues here are what dimensions investors consider to be important when they use IR web in their practice of company analysis. In other words, what is considered to be an "excellent" website from the perspective of investor?

2 HOW DO IR MANAGERS DEFINE IR WEB QUALITY IN THEIR PRACTICE OF COMMUNICATION TO INVESTORS?

Here, the intention is to explore which dimensions IR managers focus on when they manage the "excellence" of the IR website in practice and how they relate these dimensions to the role an IR website plays in their practice of investor communication.

3 HOW ARE INTERPRETATIONS OF QUALITY ENACTED IN THE IR WEBSITES OF DIFFERENT FINANCIAL MARKETS?

The focus of this sub-question is to investigate the IR web as a product of IR managers' interpretations behind the IR web quality. This issue is important from the perspective of those investors who own shares in companies outside their own country. Can international investors expect consistency in the IR web quality in different markets? Are there differences across borders? An international perspective is embedded in the study with regard to the tendency of geographical spread of the ownership in companies, which shapes the issue how IR web practices respond to this trend, namely which role the IR websites have in the IR communication when investors and companies are located in different countries.

During the last decade, the process of convergence of accounting principles across many countries and harmonization between two main accounting standards – IFRS and US GAAP, has been a powerful attempt to realize the idea of elimination of the borders and

making accounting comparable across countries. However, as the ownership patterns and accounting traditions of different countries varied, IFRS practice was still developed differently in different countries (Nobes and Parker, 2012). When it comes to IR web practice, most of the information communicated on the Web is voluntary. There is a number of information items that are required by the local financial markets to be disclosed on the Web (see 4.2.5), but there are no international standards that address the issue of how companies should communicate to their investors on the web.

Figure 1.1 visualizes the connection between the studied questions and the purpose. To explore the practice of Investor Relations on the Web and the role of the IR web in IR communication, it is necessary to investigate what the “excellence” of the IR web is regarded as from the perspectives of its providers and users. This is done by exploring IR managers’ and investors’ interpretations behind the IR web “excellence” and analyzing the content of IR websites where IR managers’ the interpretations are enacted.

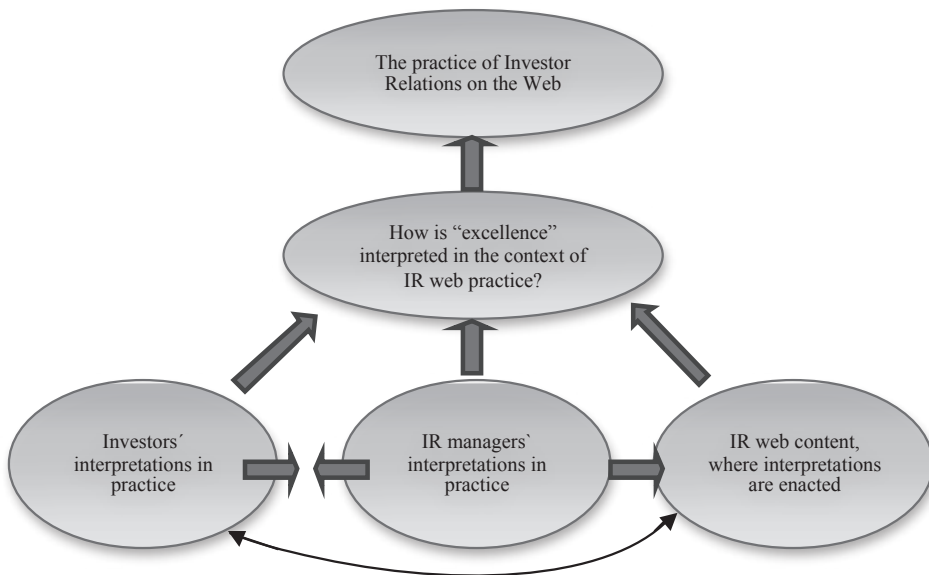


Figure 1.1: The connection between the studied questions and the purpose

This study links the perspectives of investors and IR managers; it also explores how the perspective of IR managers is enacted in the content of IR websites and discusses the roles that the websites can play in the overall company-investor communication.

1.4 WHERE TO CONTRIBUTE?

There are mainly two sources of motivation why this study is needed. First, as it was discussed earlier, there is a great deal of uncertainty around the IR web practice, which leads to a missing link between producers and users of Internet reporting. Investigation of the IR web practice and IR web excellence from the perspectives of companies and investors in the situation when companies and investors are located in different countries could therefore help to link these two perspectives. Hart (1999) calls it “illuminative evaluation”, when the researcher “enlightens practitioners in comparable situations in order that those behaviors can be understood and attended in a more appropriate way” (Hart, 1999, p 46). By providing such “illuminated evaluation” of the IR web practice and interpretations behind the IR web “excellence”, the intention is to contribute to the issue of how an IR website can be meaningful as a communication channel between the publicly listed companies and the international investment community. Investor related information on the Web is one of the important sources where investors receive knowledge about the company, which, in turn, helps them to make investment decisions (Beattie and Pratt, 2003). It is therefore important to develop this IR channel further. IR professionals might consequently benefit from the results by gaining knowledge concerning investors’ interpretations of IR Web quality. This awareness might lead to a further development of IR web practice internationally from the perspective of its relevance to the users, thereby making this new communication channel more beneficial to the investors.

The second reason why this study is needed is that I am not completely comfortable with the mainstream disclosure literature that addresses the topic of Internet reporting. In disclosure studies researchers are mainly focusing on the amount of disclosed information. The underlying assumption in these studies can be reduced to: the more information is disclosed the more transparent the company is. This approach has been criticized seriously by researchers who emphasized the importance of the context in which information is provided (Beattie et al, 2007) and the importance of the link to the user perspective (Young, 2006).

Thus, the results of this study are also a theoretical contribution to the research on the area of Internet reporting in terms of providing an interpretative insight into the practice of Internet reporting from both companies’ and investors’ perspectives. The intention is also to reflect on the results from the perspective of accounting communication theory and thereby contribute to the theory by placing it to a new context, the context of IR web practice.

1.5 THE STUDY’S APPROACH AND RESEARCH DESIGN

This is an interpretative study of practice (praxiography), inspired by grounded theory approach (see Chapter 3, sections 3.2 and 3.3). The openness of the grounded theory

approach is considered to be suitable to the tasks where researchers aim to explore new phenomena that are not addressed enough in the previous research and where the existing frameworks fail to fit (Corbin and Strauss, 2008). In the field of accounting research, this approach is also used when new organizational phenomena are studied (Holland, 2004; Kirk and van Staden, 2001; Rimmel, 2003; Holland, 2011). Even if the IR web practice emerged in late 1990s, it is still a relatively new and developing practice in accounting.

An open approach of praxiography, inspired by the grounded theory is therefore believed to be appropriate in this study of IR web practice. Accounting researchers, who opposed the mainstream positivist tradition and advocated the interpretative tradition, emphasized the importance of studying accounting in its context and understanding of the social construction of accounting (Puxty, 1993; Hopwood et al, 1994; Kirk and van Staden, 2001). In order to capture the context, in which IR managers create the content of the IR websites and investors use the IR websites, a combination of different techniques was used, namely interviews and browsing observations of investors and IR managers and netnographic analysis of the IR websites' content.

Furthermore, as the financial markets are globalized nowadays, Investor Relations in a distance becomes more and more common (see 1.1), which motivated me to take an international scope in this research and investigate examples where the companies were geographically distanced from their investors. Several reasons, described in 3.6.1, led to the choice of design, where the perspectives of Swedish investors on the one hand and IR managers in Japan, Russia and the UK, as well as the content of the IR websites created by these managers on the other hand, were investigated.

1.6 DISSERTATION OUTLINE

Chapter 1 provides a motivation why the study was needed. First, it introduces the study's background, namely discusses the role of information and communication in a globalized society. This is followed by the introduction of the IR web practice, emerged to respond to the new globalized setting in the financial markets, when companies and investors started communicating across geographical borders. Next, the problem of uncertainty around the IR web practice is observed and the missing links in the literature are identified. The problem discussion leads to the formulation of the purpose and the main research question of the dissertation. Finally, the areas of contribution of the study is articulated, which is followed by the overview of the study's approach and research design.

In Chapter 2 a review of previous literature that addresses the topic of Internet reporting is done. A large part of research on Internet reporting is found to follow the disclosure tradition. Identifying limitations of the disclosure approach it is discussed to move away from this traditional disclosure perspective towards a communication perspective.

It is followed by a review of accounting communication literature. The final part of the literature review presents more general communication theories in which communication is discussed in terms of persuasion through text, rather than in terms of transmission of information.

Chapter 3 describes how the fieldwork has been done and how choices on the way of carrying out this study have been made. The chapter opens with an introduction of praxiography as the study's main methodological approach. This is followed by the discussion of grounded theory that inspired the methodology of this dissertation. The limitations of grounded theory are also identified to explain why procedures of grounded theory were not fully applied in this study. Thereafter, the choices of financial markets are motivated; such as why a selection was made to study investors in Sweden and IR managers in Japan, Russia and the UK; why a combination of interviews and browsing observations was needed when studying investors and IR managers; why the method of netnography was applied when studying IR websites. Finally, a discussion is made about the challenges in the field and the study's reliability, in terms of theoretical sensitivity and contextual validity.

Chapter 4 and Chapter 5 present accounts from the fields. Chapter 4 provides insights into the perspectives of Swedish investors' practice and IR managers' practice in Japan, Russia and the UK. Chapter 5 focuses on the IR websites, where the studied perspectives are enacted. This chapter illustrates four patterns of the IR web content, developed during netnographic analysis of the IR websites.

In Chapter 6 the perspectives of the studied investors and IR managers are encountered and the results are discussed in relation to the previous research. Four main issues that have been crystallized in the field material are placed in focus of the discussion, namely the "excellence" of the IR websites from the perspectives of IR managers and investors; country-based and non-country based differences in IR web practices; IR web practice as an integrated part of investor relations and, finally, four patterns of IR web communication.

Chapter 7 provides the final story, where answers to the research questions are delivered. This is followed by a discussion on how this study contributes to previous knowledge on the topic of Investor Relations on the Web. In the concluding part of this chapter, a number of reflections that came up during the field study are articulated and possible avenues for further research are identified.

CHAPTER 2

CHAPTER 2

INTERNET REPORTING IN THE PRIOR RESEARCH: TOWARDS THE COMMUNICATION PERSPECTIVE

This chapter presents an overview of the literature focusing on the following areas - Internet reporting, information quality, accounting communication and communication in a broader sense. The chapter starts with the review of the field of Internet reporting, because it is the main topic of this dissertation. The review of the field of Internet reporting begins with the issue of development of the Internet reporting as a part of the Investor Relations agenda (2.1), highlighting several stages of development of the phenomena. This is followed by the review of previous studies of information disclosed on the websites (2.2), studies of providers of the websites (2.3), studies of users of the websites (2.4), and, finally, a study which combines both providers' and users' perspectives (2.5).

Next, the focus switches to the issue of information quality (2.6). How information quality was discussed and understood in the previous literature is important in this dissertation, because the problem of uncertainty around the issue "IR web quality" or "excellence" was identified to be central in this study. The review of information quality in the previous research highlights a variation of definitions used in different fields and discuss its dependence on the context. In reviewing the literature on the Internet reporting and its quality, it is found that most of the studies are conducted within the disclosure perspective, looking mostly at the amount of information presented on the Web.

Identifying limitations of the disclosure approach, the study suggests switching the perspective from disclosure to communication, where the focus is not only on the disclosed information but also on the providers and users. Section 2.7 starts with the introduction of communication-perspective in accounting. Communication perspective is chosen because it allows studying websites from the perspectives of two main parts involved in Investor Relations, namely producers and users of IR websites. In 2.7.1, an overview of literature related to the field of accounting communication is presented. It is followed by a broader discussion of communication beyond the field of accounting communication. Therefore, in 2.7.2, more general models from the field of communication are presented. The final part of the chapter (2.8) summarizes the knowledge gained during the previous research review and relates the main ideas from the previous knowledge to this dissertation. In particular, the discussion links the main issues learned from the literature overview to the way in which this particular study of IR web practice is conducted in order to contribute to the previous knowledge.

2.1 DEVELOPMENT OF INTERNET REPORTING AS A PART OF INVESTOR RELATIONS AGENDA

As mentioned in the Chapter 1, starting from the late 1990s/early 2000s, Investor Relations becomes a dedicated area on the corporate websites; an area where companies provide financial and non-financial information addressed to investors and shareholders. At the same time, the topic of Internet reporting becomes an issue for the academic research. In 1999, the European Accounting Review Journal included Internet reporting in a special issue¹. Here, researchers started discussing the topic of IR reporting from the disclosure perspective, by studying the presence and content of IR websites in different countries, looking at the firm characteristics as determinants of the amount of disclosure and discussing possible paths for the future of the Internet reporting.² The researchers also stressed their discussion around Investors Relations, aiming to define it. The most referred definition of Investor Relations (IR) was articulated by Marston (1996), where Investor Relations was seen as “a link between a company and the financial community providing information to help financial community and the investing public to evaluate the company” (p.477). Later, in the report, published in 2004, Claire Marston defined Investor Relations to be a multi-disciplinary management function which encompasses the knowledge of accounting, finance, management, communication, marketing and law; and works as a part of company’s financial reporting and communication strategy (Marston 2004).

Some of the previous studies discussed Internet reporting as a part of Investor Relations activities. Hedlin (1999) identified three stages in the history of development of Internet reporting. The first generation of IR websites addressed investors by only providing the possibility of ordering hard copies of the annual reports. The second stage involved electronic versions of the paper-based documents such as annual reports, interim reports and press releases. Finally, some years later, IR websites reached the third stage when companies realized that technical advantages of the Internet could improve corporate reporting. Here, corporate websites were not only used as alternative means for distributing paper-based annual reports, but became a new form of financial reporting where the unique features of the Internet were taken advantage of (Hedlin 1999).

Later, Jones, Xiao & Lymer (2002) and Jones & Xiao (2003) conducted a Delphi study, discussing the issue of development of Internet reporting with a group of experts in the areas of accounting and Internet. The discussions resulted in a consensus over some issues concerning development of the Internet reporting. For example, Internet reporting was agreed to be seen as a coexisting alternative to the paper-based reporting. This means that Internet reporting was not aimed to replace paper-based reporting, but rather to complement it with such new features as customization and timeliness. Addressing the role of a corporate website in the process of company-investor communication, the shared understanding was that corporate website could rather be seen as a channel for information dissemination and not as a channel for communication. (Jones, Xiao and Lymer, 2002).

¹ European Accounting Review, Volume 8, Issue 2, July 1999

² See Craven and Marston (1999), Hedlin (1999), Pirchegger and Wagenhofer (1999), Gowthorpe and Amat (1999), Lymer (1999)

2.2 STUDIES OF INFORMATION ON IR WEBSITES

The majority of previous research on the topic of Internet reporting focused on the content and form of information, disclosed on IR websites. Starting from late 1990s, a number of quantitative studies of online disclosure³ drawn on big samples of companies representing specific financial markets can be found. By now, there are empirical studies covering many countries, such as the UK, Sweden, Germany, Austria, Spain, Finland, Japan, China, Malaysia, and more⁴. What do we learn from these studies? First the evidence from different markets showed that many companies from non-English speaking countries produced an additional English version of the IR website, which was a sign of the companies' intention to address their message to the international investment community. Second, the studies documented how IR Web content looked like at certain points of time in certain places. Comparing such studies, especially of those researchers, who looked at the same financial markets, can give the reader a general picture of how the content has been developed over time. For example, this development can be seen from the disclosure checklists, or disclosure indices, used in these studies as main methodological instruments to measure the quality of IR websites (see 2.2.1). Finally, another important outcome of the previous studies of information on the IR website was identification of various internal determinants of the Internet reporting (see 2.2.2).

2.2.1 Development of disclosure checklists

The first checklists were theoretically constructed, based on the annual report disclosure studies. Later, by highlighting the differences between the content of hard copy annual reports and the content of IR websites, this method was found to be problematic (Debreceeny, Gray and Mock, 2001). Accordingly, Debreceeny et al (2001) started distinguishing between two dimensions in their methodology – the content and the form of Internet disclosure. Moreover, they investigated online reporting by involving users' opinion about which information and formats were preferred. Based on the user perspective, captured from questionnaire answers, the authors created a framework for the future research of Internet disclosure, where the content and form were distinguished. Further, Xiao et al (2004) applied this framework in their empirical study of disclosure provided by Chinese companies. Based on Debreceeny's framework, Xiao et al (2004) developed a more advanced disclosure index, where 82 items of information were identified and the dimensions of the content and form were separated. So, the disclosure index has grown like a snowball over time, by gaining more categories and information items to be checked on the IR websites, starting from only three items in 1999 and developing into a 143-item disclosure checklist in 2007⁵.

3 According to Gibbins et al, corporate disclosure is a deliberate release of financial and non-financial information, numerical or qualitative, required or voluntary, via formal or informal channels (Gibbins, Richardson and Waterhouse, 1990, p.122). By online disclosure I mean corporate disclosure presented on the Web.

4 For example, Craven and Marston 1999 and Abdelsalam et al 2007 investigated companies in the UK; Hedlin (1999) – Sweden; Pirchegger and Wagenhofer (1999) – Austria; Deller et al (1999) – US; Marston (2003) - Japan

5 Ashbaugh et al (1999) - 3 items, Craven and Marston (1999) - 2 items, Hedlin (1999) - 8 items, Deller et al (1999) - 19 items, Pirchegger and Wagenhofer (1999) - 38 items, Ettredge et al (2001) - 17 items, Marston (2003) - 13, Allam and Lymer (2003) - 36, Xiao et al (2004) - 82, Marston and Polei (2004) - 71, Abdelsalam et al (2007) - 143 items

In 2007, the study of Abdelsalam and Street (2007) started an elaborated discussion on the dimension of timeliness as an important attribute of the IR web quality. Their empirical study of IR websites of British companies revealed significant lags in providing timely updated data on the corporate websites and the authors suggested adding the dimension of timeliness into consideration when studying the quality of corporate Internet reporting. However, even though I mentioned some possibilities to compare the results of the previous studies, it is still very hard to make consistent comparisons between markets and over time, which is often the aim of the descriptive quantitative studies. That is because each study applied different disclosure index depending on the frame of reference the study was based on. For example, in the studies from 1999, the number of items in the checklists varied from Craven and Marston's two items to Pirchegger and Wagenhofer's thirty eight items, which makes it difficult to compare the results. The scope of the information categories, used in the checklists, also might vary. Studies of Ashbaugh et al (1999), Craven and Marston (1999) and Hedlin (1999) used checklists with rather broad information items, such as presence of corporate website, financial reports, hyperlinks, graphics, press releases, downloads, dynamic updates, and other languages. The application of such checklists can possibly lead to a fragmented and too general picture of the IR website content (Sabelfeld, 2011).

2.2.2 Determinants of Internet reporting

Another contribution of prior studies of Internet disclosure was that they identified various firm characteristics that had an impact on the amount of information disclosed on the web, or the level of online disclosure. It was revealed that following internal characteristics of companies could have an impact on the level of Internet disclosure: company's size, profitability, liquidity, leverage, free float, foreign listing, type of industry, ownership spread and corporate governance characteristics⁶.

Regarding the company size, the previous research shares understanding that the size has a positive impact on the amount of information, presented on the IR Web. Most of the previous studies, mentioned earlier in this section, also included profitability, liquidity, leverage and free float into the range of variables that had a positive impact on the level of Internet disclosure (see Ashbaugh et al, 1999; Pirchegger and Wagenhofer, 1999; Marston and Polei, 2004; Xiao et al, 2004; Abdelsalam et al, 2007, Kunz, 2013). Additionally, Debreceny et al (2002), Marston et al (2004) and Xiao et al (2004) investigated the impact of such factors as foreign listing and industry type.

The foreign listing is found to be positively associated with the level of Internet disclosure. Furthermore, the results concerning the type of industry seem to be less consistent between researchers. For example, Debreceny et al (2002) and Xiao et al (2004) found high-tech industries and in particular pharmaceutical and IT companies to provide a

⁶ Based on the results of empirical studies of Ashbaugh (1999), Craven and Marston (1999), Pirchegger and Wagenhofer (1999), Debreceny et al (2002), Ettredge et al (2002), Oyeleru et al (2003), Marston (2003), Marston and Polei (2004), Xiao et al (2004), Abdelsalam, Bryant and Street (2007)

higher-quality Internet reporting, while Oyelere et al (2004) find industrial companies from the oil and gas sectors to be leaders in terms of quality of Internet reporting.

Finally, empirical studies of Oyelere et al (2003), Marston et al (2004), Xiao et al (2004), Abdelsalam et al (2007) and Kunz (2013) agree on a positive effect of ownership spread, assuming that companies with a larger ownership spread disclose more information, while state-owned companies and companies with more concentrated ownership provide less information on the websites. Abdelsalam, Bryant and Street (2007) also explored the impact of corporate governance related factors such as director holding, director independence and CEO duality in relation to comprehensiveness of the Internet reporting. By director holding the authors mean that a director owns a substantial portion of the company's shares; by director independence they mean existence of non-executive director in the company; and by CEO duality they mean that CEO acts concurrently as a chair of the board of directors. The results revealed that existence of an independent director in a company has a positive impact on the level of Internet disclosure, while companies where CEO has a dual role were found to disclose less information on the Web.

2.3 STUDIES OF PROVIDERS OF INTERNET REPORTING

Compared to the studies of information on the IR web, there is a significantly less number of studies focusing on the IR Web providers. To date, only two academic articles, both published in 2004, have been found. Trabelsi et al (2004) applied disclosure-management framework of Gibbins, Richardson and Waterhouse (1990) in their study of disclosure management policies. The framework was initially developed by Gibbins et al (1990) in their inductive interview study of professionals, involved in the disclosure process. Gibbins et al (1990) identified two patterns of disclosure management. The first ritualistic pattern is a passive and repetitive behavior, where the managers' main objective is to follow rules. While opportunistic behavior contrasts to ritualism; here managers treat disclosure as opportunity to gain specific benefits.

Trabelsi et al (2004) investigated the possibility of applying Gibbins et al (1990)'s framework to the field of Internet reporting. They analyzed the content of the corporate websites in the UK from the perspective of disclosure management and found that ritualistic and opportunistic dimensions of the management of Internet disclosure were not different from the disclosure management in traditional financial reporting. Differently from the quantitative approach of this study, Gowthorpe (2004) conducted a qualitative study of the providers of Internet reporting. She interviewed senior managers about how they used the Internet in the process of financial reporting and how they addressed the needs of their stakeholders. The results of interviewing showed that, even if Internet technology was expected to offer possibilities for a timely and symmetrical dialogue between companies and stakeholders, this potential was not fully used by the companies. In practice, the dialogues on the IR websites still remained limited and asymmetrical.

2.4 STUDIES OF USERS OF INTERNET REPORTING

This section only reviews studies of the users of Internet reporting, which are different from the studies that focus on the correlations between extend of Internet disclosure and number of analysts following the company; or between extend of Internet disclosure and share price development. The latter strand of research is outside of the scope of this dissertation.

As it is previously articulated by Jonas and Young (1998) and Young (2006), accounting research that focuses on the actual users of accounts is extremely scarce. Jonas and Young (1998) mentioned several reasons for that. Firstly, the understanding of the usefulness of information is a complex and very hard task, as decision usefulness, by nature, is difficult to quantify. Secondly, there are fundamental differences between the training and the experiences of accountants and those of users. This means that investigation of the samples, where potential users, or trainees of accounting profession, are involved, is not enough for the study of actual users. Third, financial analysts and brokers are found to be unmotivated to collaborate with the researchers and standard setters, looking for solutions to make corporate reporting more transparent, because they might gain competitive advantage from information that is not available to all (Jonas and Young, 2008).

To date, a small number of user-studies are found in the current Internet reporting research. First, Debreceny, Gray and Mock (2001) investigated users of Internet reporting by studying their opinions concerning the content and form of information presented on companies' financial websites. The authors used Web survey as a research tool, and the results were based on the response of 169 potential users, among which 58% were from the education/training industry and 23% were professional accountants. Table 2.1 presents the findings of the survey, where the most preferred items of information and formats of presentation are summarized.

Table 2.1: The content and the forms preferred by potential users of the IR Web.

Content	Forms of presentation and navigation tools
Financial statements	Well-structured and readable text
Annual report	Graphs
Notes	Sitemap
Auditors' report	Extensive overviews
Financial summary 2 years	Query functions
Management report	Table of contents
Non-financial indicators	
Financial summary 5 years	
Forecasts	
Financial ratios	
Year in review	

Source: Debreceeny, Gray and Mock (2001)

Rowbottom, Allam and Lymer (2005), studied the usage of fifteen IR websites in the UK, by analyzing its Web server log files. Web log files contain information about all visits of the website, such as, for example, IP address of each visitor, information on the user's navigation path, revealing how many times the user comes to certain information categories, the average time spent on each page, the page views over the year, information type mostly viewed and downloaded documents. By analyzing IR addresses of the visitors, the authors identified the main groups using information on companies IR websites. These groups were private individuals, employees, professional investors and creditors, competitors, consultants and educational institutions. It was also found that different groups consumed different types of information. Narrative reporting was mostly requested by employees, while management commentaries were mostly accessed by consultants and unaffiliated organizations (competitors). Professional investors and creditors were not found to be interested in narrative reporting and management commentary. Instead, they were found to be the users of audited financial information. From the whole content of narrative annual reports, key financial statements, notes and segmental analysis generated the highest number of user requests, which means that these blocks of information were assumed to be mostly used. Finally, aggregated information and summarized narratives were assumed to be more useful than information presented in details.

A similar study was done by Hodge and Pronk (2006) with the focus on the use of PDF and HTML formats of quarterly reports. The researchers applied the same Web log method to investigate how professional and non-professional investors navigated through the HTML reports. The results suggested that professional investors preferred PDF formats over HTML formats, and relied more on the management discussion of the quarterly results; while non-professionals tended to use HTML reports and rely more on the quarterly results.

Even though these three studies are rather unique in their user-approach and provide an important knowledge about the usage of information on IR websites, their methodologies can be criticized in following ways. The results of the first study were based on survey answers received from respondents who were not necessarily analysts, investors or actual users of companies' websites. This means, that the user of the IR web in this study was too generalized. Moreover, the answers to the survey questions did not necessarily capture the practice of the studied users. The answers might instead reflect some general theoretical knowledge of the respondents, such as for example, which financial information is important, in general, but not in a particular situation. With other words, it remains unclear, if the survey answers are based on the actual practice of the users, or not.

The second study contributed to the online disclosure research in a way of introducing a "web log" method for studying the usage of information. An advantage of this method was that it enabled researchers to analyze actual visits of the IR websites, which was a much better way of capturing practice, compared to the survey-study. However, as the authors recognized in the final discussion, IP addresses still couldn't show us who exactly was browsing. It could be an investor sitting in the train and browsing from his own notebook; and in this case, the investor would be assigned to the group of private individuals in this study. It is then not surprising why the group of private individuals were found to be the biggest user-group of online accounts. In fact, this group could potentially include users from any other group of visitors. Second, by tracking the navigation path of the visitor, it was still impossible to know why the visitor went this way. He or she might become confused by the complex navigation and finally stop somewhere, in order to switch to some other activity. Or, the visitor could simply go through the whole website with the hope to find something, but it remains unknown whether the initial goal of the visit was reached or not.

2.5 INTERNET REPORTING FROM THE PROVIDER' AND USER'S PERSPECTIVES

As mentioned in 2.2-2.4, most of the studies of Internet reporting are focused on the information disclosed on the IR websites. There are also few studies, where Internet reporting is discussed from either the management' perspective or the users' perspective.

Different from the studies of Internet reporting, mentioned above, Beattie and Pratt (2003) started approaching Internet reporting by bringing several perspectives into the discussion. They conducted an extensive quantitative survey of interested parties of Internet reporting in the UK by asking opinions of IR Web' producers, auditors and users. Focusing on the issue of consensus between the three groups, the study resulted in conflicting views regarding following issues, presented in the Table 2.2.

Table 2.2: Conflicting views of the three main constituencies of corporate reporting

Users' preference, financial managers skepticism and auditors neutrality regarding availability of the following issues on the Web
Make available key company information
Layer information to avoid information overload when providing the detail designed for many
Maintain a facility on the website for free search, allowing the users to retain control over the search and selection process
Provide a range of pre-packaged information, based on standardized template for each group of users.
Expend access to general company meetings with financial analysts/institutional shareholders and one-to-one meetings, by placing audio, video reportage and detailed minutes, to reduce unfair advantage.
Allow wider access to AGMs
Facilitate online questioning during AGMs
Update business reporting information on the Web periodically (quarterly or monthly), not continuously
Distinguish clearly information that is continuously updated from more stable information that is updated periodically

Source: Beattie and Pratt (2003)

This quantitative study is a unique contribution to the existing literature, in a way that it related the producers, the users' and the auditors' attitudes to each other. The authors of this study, however, acknowledged some limitations in the study's sample, where the members of the British Shareholder Association and ProShare were assumed to represent a group of private shareholders. However, they all might not necessarily be private shareholders at the moment of answering the questionnaire. Another critique can be addressed to the questionnaire method, where the risk is that the questions might be interpreted differently by various groups, and therefore, the results of the questionnaires may not speak for the actual practices of the surveyed people (Silverman 2006, Czarniawska 2013).

2.6 THE MULTIFACETED CONCEPT OF INFORMATION QUALITY

Information quality is found to be multifaceted and complex to measure (Beattie et al, 2004, p. 227). Previous studies of Internet reporting studied the quality of the IR websites by measuring amount of disclosed information. Other researchers studied the quality of disclosed information though measuring the effect of the information on the

number following analysts, or changes in shareprices. There are a number of quality definitions when it comes to the quality of disclosed voluntary accounting information.

Analytical studies define quality of disclosed information in terms of precision of investment community's beliefs about future value of the company share (see for example Diamond and Verrecchia 1991). Disclosure quality can also be defined as the degree of bias in the disclosure (King 1996) and as the ease with which investors can read and interpret the information (Hopkins 1996). Beattie et al (2004) developed dimensions of quality of information disclosure in corporate annual reports, arguing that "the amount of disclosure relative to size and complexity and the spread of the disclosure across main topics and sub-topics are two fundamental dimensions of quality" (p.232). The authors emphasized that it is important to continue research on the topic of quality of disclosed information by looking at the views of the key user groups on the quality dimensions (p.233). In general, Beattie et al (2004) mentioned that "quality" is a central issue in many areas of research, such as "quality of life", "quality of food", "quality of service" etc. They emphasized that the complex, context-sensitive and subjective nature of quality is apparent in all cases.

Information quality is also addressed by the researchers of computer-mediated communications and information systems. Wand and Wang (1996) and Strong, Lee and Wang (1997) discussed the multi-dimensionality of the information quality and articulated the importance of the understanding of what information quality means to the members involved in communication. "The notion of information quality depends on the actual use of data" (Strong et al, 1997, p.87). What may be considered good data in one case, may not be sufficient in another case. For example, in the literature on the field of computer-mediated communications and information systems, information quality involves such dimensions as accuracy, relevance, completeness, timeliness, understandability, accessibility, consistency and many more. However, there are no commonly accepted definitions of what these dimensions mean exactly. As argued by Pullen (1993), a set of abstract dimensions of quality has limited appeal. Instead, a set of concrete, context related attributes can be defined, based on local circumstances and the goals and objectives of local interest groups.

In this dissertation the notion of quality is therefore tightly connected to the concrete practice of Investor Relations on the Web. According to MacIntyre, the dimension of "excellence" is always involved in people practices, which means that the intention of betterment inherent in the way people conceive of their practices, is placed in focus. The notion of "excellence", inherent to any organizational practice, is also inherent to the IR web practice. IR managers develop the content of the IR web with the intentions to achieve an excellent or high-qualitative IR website. The discussion that addresses the issue of IR web quality will therefore be related to the context of Investor relations practice on the Web seen from the perspective of companies' IR managers as well as from the perspective of investors.

2.6.1 The theory of interpretation and its enactment in practice

As “quality” or “excellence” can be multifaceted depending on the context, the theory of interpretation, developed by a philosopher Annemarie Mol (2002) can be helpful in understanding how interpretations can be enacted in practice. “The body multiple” provides a convincing example of how an object can be interpreted and enacted differently in various practices. The book is about a disease of atherosclerosis, but the author does not aim to give one uniform description of the studied disease. Instead, Mol (2002) discusses how this disease is interpreted and enacted in different medical practices. Arguing that the concepts are enacted in practices, she suggests focusing on the activities, or practices of the actors. Using the term enactment, Mol (2002) emphasizes the local, specific situation, in which the studied object, or phenomenon is being enacted.

The suggestion is therefore to move away from the knowledge about a phenomenon to a depiction of the practices in which the phenomenon comes to exist. For example, in the empirical part of the book, the author illuminates practices in which the disease of atherosclerosis is enacted, such as patient-doctor meetings leading to the diagnosis; investigation of the disease in the lab under a microscope; or a situation where the disease is enacted in the practice of treatment of the disease. She also seeks to compare the different perspectives where the studied phenomenon, or concept, is enacted, in order to receive the whole picture of the phenomenon. Her way of viewing the studied object is therefore to see it as more than one, but less than many, meaning that there is more than one interpretation behind one object. However, the different interpretations should not be seen as separate fragments, but rather should be treated as multiple parts of the whole. Providing this example, Mol (2002) carries on a philosophical discussion, suggesting a shift from an epistemological to a praxiographic inquiry into reality. It means that instead of aiming to define and conceptualize the phenomena that exist in the reality, it is suggested to see how they are interpreted and enacted in various practices.

Relating the discussion above to the particular problem of this dissertation, “IR web quality” or “excellence” is also an object that can be in practice interpreted from the perspectives of IR managers (providers of IR web) and investors (users of IR web). Moreover, it can be interpreted by different IR managers that work in different contexts; and their different interpretations can be enacted in the product of their practice, the content of IR websites. The intention in this dissertation is therefore not to define what the quality of IR web is, but rather to discuss “quality” or “excellence” from different perspectives, the perspectives of IR managers’ and investors’ practices, in which the IR web excellence comes to exist. Like Mol (2002) suggests, the focus is not on the knowledge about the phenomenon, but on the practices in which the phenomenon is enacted. However, different interpretations of IR web “excellence” are not seen as unrelated fragments, but rather seen as multiple parts of the whole. In this way, the studied perspectives of IR managers’ and investors’ practices are linked together.

2.7 FROM DISCLOSURE PERSPECTIVE TO COMMUNICATION PERSPECTIVE

Reflecting on the prior research on the topic of Internet reporting, discussed in 2.2-2.5, it can be observed that most of the prior research on Internet reporting is inspired by disclosure approach. In the disclosure studies, the amount of disclosure is positively associated with disclosure quality (see 2.2 and 2.6). This assumption is in line with the positive agency theory, according to which companies are motivated to disclose information on a voluntary basis in order to eliminate uncertainties of their stakeholders, which would solve the problem of information asymmetry (Healy and Palepu 2001, referred by Beattie et al 2007). However, even if it is possible that disclosure amount and disclosure quality are positively associated, disclosure quality is much more complex and can not only be measured by its amount (Beattie et al 2007). By reviewing the methodology of previous disclosure studies, Beattie et al (2007) came to a conclusion that measuring disclosure quality by looking at its amount could generate somewhat misleading results about disclosure quality.

Moreover, the problem is also that the knowledge about the users of corporate accounts, including the users of Internet accounts, is very limited. As mentioned in previous section, academic accounting research is lacking an understanding of who are the actual users of the accounts and what the users' needs are (Young 2006). My intention is therefore to move out from the disclosure perspective and try to approach IR websites from a broader perspective where several actors can be involved in the analysis. By only investigating information disclosed on the websites, it can only be seen what information and how much information is disclosed. However, it is impossible to see why just this content is presented and how this content is important to investors. Therefore, adding the perspectives of the IR managers and investors and discussing IR websites from the communication perspective enables the study to generate new knowledge about IR web practice.

Mol's theory of interpretation and enactment in practice, discussed earlier in 2.6.1, is found to be helpful in approaching IR websites in a way that the "excellence" of IR websites, which is central to the IR web practice, can be studied from different perspectives, which in turn results in the link between different perspectives. Accordingly, this study moves towards communication approach to accounting, where accounts can be discussed in the context of communication between their providers and users. The next section presents an overview of literature that suggests approaching accounts from the communication perspective.

2.7.1 The accounting communication

In recent decades, an increasing number of researchers have shared the view of corporate reporting as a function of communication processes between companies and stakeholders⁷. Starting from the early 1960s, researchers approached the field accounting communication in two different ways. An approach suggested by Bedford and Baladouni (1962), discussed accounting communication as a linear process of transmission of information. While the other, interpretative approach suggests that accounts are created by companies to persuade people. This section will present an overview of how communication approach to accounting was discussed in the previous research.

In the early 1960s, Bedford and Baladouni (1962) suggested to apply the communication theory approach in the field of accounting. They proposed that ‘viewing accountancy as a communication process may provide a clearer picture of the nature and scope of the accounting function in an economic system’. This proposal resulted in a conceptual framework of the communication process adapted for the study of accountancy. The authors identified four basic components of the communication situation in accountancy. The model implies that the producer of accounts codes and transforms the economic events into the informational message, which is in turn received by the user. After receiving the message, the user makes decisions that affect the company’s future economic events. An underlying ontological assumption behind this model is that the economic reality exists and is mirrored in the corporate reporting. The producer (or communicator) of the message selects the content and form of the message from the observed economic reality, in order to adequately deliver his message to the user (Bedford and Baladouni, 1962, pp.653-654).

Later, Belkaoui (1978) developed the idea of accounting as a language. He found similarities between linguistics and accounting, assuming that accounting as a language influences its users’ perception and behavior. Belkaoui’s ideas were based on the ontological assumption that there was no objective reality shared by all people. Instead, reality was created by a given language. By building his assumptions on the “Sapir-Whorf Hypothesis”⁸ from the linguistic field, Belkaoui proposed the idea of linguistic relativism in accounting. He related characteristics of accounting language such as symbolic representation and manipulation rules to the user’s behavior. One of the outcome propositions articulated in this paper was that accounting content had an impact on the user’s decision making.

Lavoie (1987) also stressed the communicative function of accounting language by suggesting an interpretive approach in accounting research. He noted that accounting theory and practice were matters of interpretation. Moreover, he claimed that reading accounts was a doubly interpretive process. By doubly interpretive process, he meant that the preparers interpreted the companies’ business performance, producing accounting reports, while the users read the reports and again interpreted those interpretations.

⁷ See, for example, papers presented on the Financial Reporting and Business Communication conference (Bristol, UK) during the last 16 years.

⁸ “Sapir-Whorf Hypothesis” implies that the language shapes our conception of the world (Sapir, 1956 and Whorf, 1956 referred by Belkaoui, 1978, p. 97)

In the beginning of the 1990s, Macintosh and Scapens (1990) stressed the discussion on the meaning of accounts. In particular, their debate focused on where in the process of accounting communication the meaning of accounts emerged. Discussing this issue over years, Macintosh and Scapens (1990, 1996) and Boland (1993) found a consensus in their assumption that the meanings made out of the accounting information can be quite different from what is actually initially intended by the preparers of the accounting information. Moreover, depending on the users and the contexts, the meaning can also vary and change, which implies that the meaning is not static and ultimate in its nature.

Finally, the Barthesian approach has recently been articulated as a useful framework for the accounting communication research (Davison 2011). Barthes' philosophy shares the idea of linguistic relativity, meaning that our language creates a reality. In this process, the reader interpreting the communicated meaning becomes the most important part. As Barthes metaphorically expresses it, when the information is communicated, "the author is dead and the reader is born" (Davison 2011). According to Davison (2001), there are some accounting researchers within the interpretive tradition, referring to Barthes' thoughts. However, there are only three pieces of research which systematically apply Barthes' theory as a framework for analysis (see Cooper and Puxty 1994, Macintosh 2002 and Davison 2007), even though his theory is highly relevant to the field of accounting communication. Barthes' fundamental thoughts concerning the function of language, mentioned above, have a potential to fit into the debate whether accounting represents external reality or whether it creates a reality (Davison 2011).

The spectrum of media which are discussed in Barthes' work is also highly relevant to the recent corporate reporting practice which encompasses texts, sounds, videos, images, graphs and other formats that accounting information can be presented in. A common element for all types of communication media are signs which can be interpreted in certain ways. Barthes introduces two levels of interpretation – denotation ("a primary level of literal meaning") and connotation ("a secondary level of interpretation that involves associations, symbols, suggestions, implications, and inferences") as referred to by Davison (2011). One more concept to be used in the accounting communication research suggested by Davison is "enlightening", a concept which addresses the role of the users' understanding and interpretation of the messages. Barthes distinguishes between "readerly text", a user-friendly text which complies with the reader's expectations; and "writerly text", whose meaning can be interpreted in different ways. Finally, Davison articulated some suggestions of how Barthes' thoughts can be used in the future research of accounting communication. She emphasized the shift of the focus from the intentional mode of communication when the provider sends the message, assuming that it will be received in the same way, to the interpretational mode, where the focus is on the receiver's interpretation of the message.

To summarize, accounting communication can be seen as a linear process where information is assumed to be transmitted from sender to receiver, like through the pipe

(Bedford and Baladouni, 1962). On the other hand, communication can be discussed in terms of interpretation. Here, accounting communication is understood as an interpretative process, where accounts are created by providers to persuade users. Common for the researchers of the interpretative strand is that they consider the users of information to be an essential part of the communication process.

In the next section, the focus will be switched from accounting communication to a more general discussion, where communication is discussed as a non-technical phenomena (McCloskey and Klamer 1995). This is followed by an introduction of Wolfgang Iser's (1989, 2000) hermeneutic triad addressing a text-reader communication that involves the relationship between the text, the reader and the author.

2.7.2 The art of persuasion and the art of reading

McCloskey and Klamer (1995) and McCloskey (2008) articulated the importance of distinguishing between technical and persuasive modes of communication. In the technical mode of communication, information is conveyed like a telephone number received by a technical search procedure. However, most of the communication is not like this. McCloskey and Klamer (1995) argue that "conveying" of information is a socially and economically constructed process. With other words, "information is not a natural property. Humans must judge the information relevant or accurate or interesting for it to be information, selected from the blooming, buzzing confusion of the world" (p 191). They argue that information is a part of knowledge, while the other part of knowledge is judgement, or interpretation. Communication from the perspective of the information provider is therefore assumed to contain two parts – "the machine part" and "the human part". The machine part is that information which can be technically transmitted, like a phone number; while the human part is a matter of persuasion. The provider of information persuades the receiver of the information who judges whether the information is relevant or interesting to her/him. "Persuasion is normally involved in the communication; collecting information is nice but ordinarily insufficient" (McCloskey and Klamer 1995, p 192).

When it comes to the communication through the text, it is also important to see the relation between the author, text and the reader, which can be seen in the hermeneutic triad of Wolfgang Iser (1989, 2000). Iser (1989) illuminated the relation which occurs when the reader interacts with the text, and, through the reading, meets the author of the text. He studied this relation by looking at how people read and interpret literary texts. Iser (1989) considered interaction between the text structure and the text's recipient to be central to the reading. He provided valuable insights into how this interaction is distinguished from the social interaction. The obvious difference is that the reading occurs in a different situation compared to the face-to-face situation. It is different in a way that the

text cannot be adapted to each reader, differently from the face-to-face interaction, when the people in their dialog can ask each other in order to “ascertain how far their image have bridged the gap of the inexperienceability of one another’s experience”. (Iser, 1989, p.32). Thereby, social communication arises when people can’t experience how others experience them, opposed to the situation when people perfectly understand each other and are in a common convention that joins two parts together. Such “situations and conventions regulate the manner in which gaps are filled, but the gaps, in turn, arise out of the inexperience ability and, consequently, function as a basic inducement to communication” (p 33). Here, Iser draws a parallel between social interaction and text-reader interaction. “It is the gaps, the fundamental asymmetry between text and reader that gives the rise to communication in the reading process” (Iser, 1989, p.33).

Further, Iser opens a question how the text-reader interaction can be made successful. He suggests that the author can control the reader activity in the text, in order to make communication more fruitful. This control can be done by using some guiding devices, which are not as tangible as the social codes of the face-to-face communication, but still help the reader to bridge the gaps, to connect various pieces of text to each other. “Whenever the reader bridges the gaps, communication begins” (Iser, 1989, p34). Such guiding devices as references to specific situations, familiar to the reader, are therefore assumed to be one of the crucial elements in the Iser’s model of text-reader communication.

Furthermore, Iser (2000) scrutinized the concept of interpretation in the process of communication. He suggested viewing interpretations as an act of translation, where the transitions are not only occurring between languages, but also between cultures and professions. Accepting the fact that people have a tacit assumption about natural presence of interpretations in our lives, in a way that people always have their different views of the world and always interpret things, Iser (1989) stressed another issue, which did not come natural. He opened the question “which forms do interpretations take when the things are transposed from one side to another”. As this thesis deals with the interpretations of the actors involved in company-investor communication on the Web, as well as the authors own interpretations, constantly involved in the field work, conducted in four different languages, Iser’s view of interpretation as an act of translation was helpful.

2.8 SUMMARIZING PREVIOUS LITERATURE AND GOING FOR COMMUNICATION PERSPECTIVE

As this study was inspired by an open logic of the grounded theory approach, the role of the prior literature in this research can be seen as an escort that helps the author to navigate through the relevant fields; namely the fields of Internet reporting, information quality, accounting communication, and communication in a more general sense. By reviewing previous studies of Internet reporting, it was learned that most of the research was focusing on the type and amount of disclosure on the IR websites. Few studies fo-

cused on the perspective of the IR managers (Trabelsi et al, 2004; Gowthorpe 2004); few on the perspective of the users of IR websites (Debreceeny et al 2001; Rowbottom et al 2005; Hodge et al 2006) and only one previous study (Beattie and Pratt 2003) combined the two perspectives. From the brief overview of different studies looking at the issue of information quality, it was learned that quality needs to be studied in a particular context. The crucial point is to understand what “good quality” means to the members, involved in communication (Strong et al 1997) and how this concept is enacted in practices of the actors (Mol 2002). Further, the review of the field of accounting communication enriched the understanding of how accounting can be studied from the communication perspective. One is a more technical approach (Bedford and Baladouni 1962) where the communication is assumed to be a technical transmission of the message; while the other approach is interpretative, where the accounts are assumed to be created with the purpose to persuade people.

The purpose of this dissertation is to explore interpretations behind IR web quality in order to link the perspectives of IR managers and investors; and to explore the role of IR web practice in a bigger context of IR communication. It is thus suitable to investigate IR web practice from the accounting communication perspective where the context of IR managers and investors’ practices can be captured. Being in line with Mol (2002), the study follows the assumption that IR web quality can be differently interpreted in the practices of various professionals and, as a result, differently enacted in the content of IR websites. Accordingly, to capture the different perspectives, it is important to study IR managers that work in different contexts, as well as to study investors included in the audience of the IR websites. It is also important to have an open approach when studying the content of IR websites, differently from the deductive disclosure-checklist-method, commonly used in the disclosure studies of Internet reporting. To capture the context in which the IR websites are produced and used, it is necessary to have open discussions with IR managers and investors with the focus on their actual practice, as Mol (2002) suggests. In the next chapter, all methodological choices made on the way will be presented in details and motivated.

It is crucial to highlight that the aim of this chapter’s literature review was not a development of a model for analysis of the field material. This is often the way in which deductive quantitative studies are done: the theories are reviewed, a model for analysis is developed from the theories and then the theory is tested on a bigger empirical sample. The logic of this study of Investor Relations on the Web is opposite. The previous research was reviewed with the intention to be prepared to reflect and discuss the field material. However, the final model of this dissertation derives from the field material, not from the reviewed theories.

A final note can be addressed to the field of communication. As the field is huge, the review was only done on the literature that would fit the scope of this project. Bigger issues outside the scope of the dissertation were therefore not included in the study.

For example, the author is aware about the importance of trust in accounting communication (Baldvinsdottir et al, 2011), but the issue of trust is worth more attention than just being a part of one dissertation. Trust is therefore not discussed within the scope of this study. But it is suggested as an important issue for further research on the topic of Investor Relations on the Web.

CHAPTER 3

CHAPTER 3

THE STUDY'S METHODOLOGY AND THE FIELDWORK

This chapter guides the reader through the process of how this research was conducted. It presents the choices made during the process and the steps followed on the field as well as the challenges experienced during the fieldwork process. Some parts of this chapter are written in a narrative style, presenting the author's own "journey". This style is chosen because doing fieldwork is a personal "journey" of the researcher, which cannot be 100% replicated by another researcher. It is therefore "my story" in a way.

The chapter starts with the introduction of the method of praxiography discussing why the method is suitable for studying practice and chosen for this particular study of IR web practice. Next, I present the grounded theory approach, and in particular, its interpretative strand, which inspired the methodology of this study. The rest of the chapter is dedicated to the detailed description of the fieldwork, starting from the background, which is followed by a description of the process of material collection and methodological choices made on the way. I finish the chapter by reflecting over the challenges on the field and discussing the study's validity.

3.1 STUDYING PRACTICE

This is a study of IR web practice seen from the perspectives of its providers and users. The study was inspired by the methodology of ethnography. Classical ethnographers typically studied people or communities bearing different cultures. The anthropologists or ethnologists observed such communities over a long time, in order to learn to see the world with the natives' eyes.

Since the 1970s, researchers have started using the method of ethnography in the studies of organizations (Schwartzman, 1993). As Barbara Czarniawska (1997, 2013) articulated it, ethnographic studies of organizations could be done as a window study, where researchers opened a window in a certain time and space and followed everything that could be observed from it. It could be also done as a case study, where the observers followed some series of events or some practices in the organizations. Some of the inspiring examples of ethnographic studies of organizations are Kunda (1992), Boden (1994), Latour (1996) and Diedrich (2004). Even though these studies are focusing on different phenomena, they are all about the ways people work in organizations. Often, ethnographic studies of organizations are descriptions of the ways people work, and not the ways people live. The ethnography-inspired studies of organizations are therefore not

ethnographies, but rather ergonographies (Czarniawska, 1997, 2013), or praxiographies (Mol 2002) if the research focuses on a certain practice.

I find praxiography the most suitable name for what I actually do in my study of IR Web practice. Inspiring examples of such praxiographies (even if their authors did not explicitly call them so) are Raviola (2010), a study of how an institution of news production works on paper and online; Tarim (2011), a study of how stock exchange brokers make stories behind the numbers; and Czarniawska (2012), a study of how news agencies produce overflow.

3.2 WHAT IS THE CONCERN OF PRAXIOGRAPHIES?

Annemarie Mol (2002) introduced the method of praxiography when she studied how the object (a disease) was enacted and shaped in various medicine practices. She suggested that it was rather meaningful to look at the interpretations of the phenomena and their enactments in people's practices, instead of viewing phenomena as representations of reality. So, instead of having preconditions for acquiring true knowledge, bracketing the practices by using existing references, Mol (2002) suggested to focus on how the objects (or phenomena) are handled and interpreted in practice, arguing that "the objects handled in practice are not the same from one side to another" (Mol, 2002, p. 5). Drawing comparisons of how the coordination between such different interpretations proceeds becomes the main issue for the praxiographies.

The problem of this study is that in the situation of uncertainty about what the quality of IR Web is, the IR Web can be interpreted by its producers and users, as well as enacted in the content of IR web in different ways. Accordingly, the quality of the IR Web cannot be seen as something isolated from the practices it is interpreted in, which means that there is no uniform definition of what the quality of IR web actually is. It is therefore important to study what the quality of IR Web means to particular producers and users and analyze the coordination between various interpretations by comparing them.

The underlying philosophical assumption of Mol's (2002) theory, namely that objects should never be isolated from the practices in which they are enacted in, explains why this study was designed in a particular way. First, looking at the practice of Swedish investors, then investigating the practice of IR managers operating in three different contexts (Japan, Russia and the UK), and, finally, studying the content of IR websites, produced by these IR managers. IR web "quality", or "excellence" can therefore be handled differently by professionals that operate in different contexts. And therefore, it can be enacted differently in the content of the Investor Relations websites.

3.3 THE GROUNDED THEORY APPROACH

The grounded theory approach can be of a great help when a researcher prefers to be open and not to frame the study design with the existing theoretical models from the beginning. (Charmaz, 2006; Czarniawska, 2013). The reason for such preference can be that the studied research field is relatively new and theoretical frameworks are not yet established on the field. The idea of building theories from the empirical material was first introduced by Barney G. Glaser and Anselm Strauss (1967).

Kathy Charmaz (2006) has emphasized the fact that the grounded theory approach had dual roots, namely that its grounders belonged to two different research traditions; Barney Glaser advocated the positivistic tradition while Anselm Strauss was inspired by the constructivist tradition of the Chicago school of sociology. This background might explain why the grounded theory approach took somewhat different forms over time. Researchers using the objectivistic grounded theory approach treated data as objective facts about the world, assuming that the data already existed in the world, and the mission of the unbiased researcher was to find them (Charmaz 2006). The constructivist strand of grounded theory approach, furthered by Kathy Charmaz, had an underlying assumption that there were multiple realities (constructions) in the world and that data could only reflect the researchers and the research participants' mutual constructions, and not reflect the reality itself. With other words, researchers inspired by the constructivist strand of the grounded theory approach treated data without isolating it from its context (Charmaz, 2006).

Regardless of the differences in the ontological assumptions behind the two strands of the grounded theory approach, the logic of the method remained same. According to Charmaz (2006), the logic of data analysis implies that the researcher starts analyzing data already in the stage of its collection, by separating, sorting and synthesizing with the help of qualitative coding of data. Coding means attaching labels that could depict each fragment of data (Charmaz, 2006). Such labeling distills the data, providing possibility for comparisons between different pieces of the puzzle. Finally, through studying the data, comparing and writing memos, the researcher identifies categories that best fit the data. During the process, some new questions may arise, and the researcher then needs to collect more data to fill the gaps and to refine the developed categories (Charmaz, 2006). It is typical for the research process when using the grounded theory approach that the researcher “moves from the field to the desk and back, step-by-step, refining the emerging theory” all the time (Czarniawska, 2013). For this study, it was a natural way of dealing with the data from the beginning, because the field of communication on the IR web was rather new and there were no established theoretical models to frame the research questions and test on the data; instead, the field material was used as a main source for generation of patterns.

However, being inspired by the grounded theory approach does not mean that the researcher avoids existing literature, and has no theories in the background. Mol (2002) refers to Latour (1987) who writes that “a paper without references is like a child without an escort walking in the night in a big city it does not know: isolated, lost, anything may happen to it (Latour, 1987, p. 33)”. It can be a good analogy, explaining the role which the existing theories play in the research, inspired by the grounded theory approach. In this dissertation, prior literature can be seen as an escort that helped the researcher to navigate through the fields, and, at the same time, allowed the researcher to be open.

3.3.1 Constraints of the grounded theory approach

Even though grounded theory approach was found to be useful in this research, it still has some disadvantages. The main constraint is that it is not always practically possible to conduct a grounded theory research. A pure grounded theorist needs years of interacting with the data before a new theory emerges from the data; often the research questions arise during the research process, and the questions, as well as the direction of research can change over time (Glaser and Strauss, 1967). Purely grounded research is therefore impossible to conduct within the limited time frame of a PhD project. Being inspired by the grounded theory approach, the study still needed a ready research design, in order to be systematic and efficient on the field.

Another issue that was considered to be a practical constraint was formulation of the research questions. Pure grounded theorists usually don't have specific questions when being on the field; they just observe and ask what is going on (Corbin and Strauss, 2008). However, as the fieldwork of this study involved interviews and observations conducted in Sweden, Russia, Japan and the UK, it was not only a constraint of a time limit, but also a cultural constraint. Namely, asking the study's respondents “what is going on” and expecting them to tell about the way they actually work with the IR web, would be too naïve for this project. Respondents' interpretations of such an open question as “what is going on” can be endless; and asking such open questions would not be fruitful in a situation when each meeting would normally not last more than one hour. That is why, more focused research questions were needed from the beginning; as well as a more specified interview guide, which still could be flexible and could be adjusted to each particular meeting.

Finally, grounded theory approach can be criticized for its subjectivity, because it is mainly the researcher who interprets empirical data (Silverman, 2006). However, this comment could be done to all qualitative research. Instead of achieving objectivity, qualitative researchers aim to achieve sensitivity, or insight into data (Corbin and Strauss, 2008). Sensitivity can be reached through the immersion in the field data and researcher's intellectual response to what is being said in the data, which in terms results in new concepts or patterns emerged from the data (ibid, p.41).

3.4 GROUNDED THEORY APPROACH IN ACCOUNTING RESEARCH

Grounded theory approach has been also used in the field of accounting research. The method is considered to be suited to the tasks where researchers aim to explore some new phenomena or some change in organizational processes, which are not enough addressed in the previous research and where the existing frameworks fail to fit (Kirk and van Staden, 2001). It is therefore appropriate to use such approach in the study of IR web practice, as it is still a new developing phenomenon in organizations and is not enough addressed in the prior research. Accounting researchers that advocate grounded theory approach emphasize that it is important to study accounting in its context (differently from the positive accounting research approach) and to understand the social construction of accounting (Kirk and van Staden, 2001). Some examples of accounting studies inspired by the grounded theory approach are a study of electronic commerce by Kirk and van Staden (2001), studies of disclosure of intangibles and its impact on users and value creation by Rimmel (2003) and Holland (2004) and a study of behavior and investment actions of fund managers by Holland (2011). Common for these researchers is that they used open-minded intensive interviews with the practitioners to collect empirical data. Additionally to the interviews, Holland (2004) also analyzed the content of corporate reports and presentations. Rimmel (2003) investigated users and providers of human resource disclosure; as well as accounts of human resource disclosure in which the perspective of the providers was mirrored. Even if the author did not explicitly use praxiographic approach in the study's methodology, Rimmel (2003) can be an example of a praxiographic study in accounting.

Besides, in all mentioned accounting studies inspired by the grounded theory approach, the literature review was done with the different purpose, compared to the traditional deductive studies. As Kirk and van Staden (2001) articulated it, by investigating the prior research, a grounded theory researcher develops “a skeptical and cautions attitude towards the literature to prevent premature acceptance of concepts or ordering of concepts that are not truly embedded in the data” (p.186). Even the questions addressed by the grounded theory researchers emerge from the researcher's observation of a problem, in a style of “there is something strange going on”. The next section presents the process how the research problem of this particular PhD project emerged.

3.5 MY “JOURNEY” TOWARDS THE RESEARCH PROBLEM

Three things that influenced my “journey” towards the problem formulated in this dissertation have to be mentioned. First, in 2008, I got a position as account manager in a Swedish investor relations agency, a provider of IR services to hundreds of listed companies internationally. Starting from the focus on the Japanese market, my responsibilities then moved to the European markets with a focus on Finland and Russia. Two years

of the intensive communication with the community of IR managers, including regular phone conversations and face-to-face meetings, as well as active participations at IR conferences, was an exciting experience. At that time, we were mostly talking about IR Web best practice, offering customized solutions to our clients, IR managers of leading companies from a number of different industries – telecommunications, electronics, shipping, mining and many more. A common question heard among IR managers discussing best practice was “Can you please have a look at our IR website with the eyes of an international investor?”. “Well, I am not actually an investor but I can give you some feedback from my own perspective...” was usually my answer. Some of the IR managers more directly asked me “Do you know what investors actually want to see on the IR websites?”. Here, I was equipped with some survey-based statistical reports showing what investors usually want to know when analyzing companies. However, I was not able to explain why investors needed to know just this. So, in general, the uncertainty feeling about the best practice - best to whom? – was always present in our discussions, often implicitly, “between the lines”.

The next influential event was the defense of my licentiate thesis in 2011 (Sabelfeld, 2011). In the licentiate project, the focus was on the type and extent of disclosure on IR websites provided by companies in the UK, Sweden and Japan. Obtaining quite clear results about which market was “the best” in providing online disclosure and how the local institutional regulations contributed to it, I received a thought-provoking comment from my opponent in the end of our discussion, saying that “this is actually quite similar to the Eurovision song contest – Sweden wins!....”. But what the type and extend of disclosure actually tell us remained an important issue for further investigation. Here, I realized that a total reload and a switch of perspective were needed.

After the licentiate project, a user perspective was decided to be added into the continued study. However, first, I needed to make sure that the topic of Investor Relations on the Web was of any interest to the potential users. A contact with two representatives of the Swedish investment community was established. Magnus, an investor from the Swedish pension fund and Lars, a top representative of the Swedish association of financial analysts¹ seemed to be willing to discuss research questions of this study. Such preliminary investigation included one meeting with Magnus, two meetings with Lars and a mail correspondence with Pontus, another representative of the Swedish association of financial analysts. It was realized that even representatives of the Swedish investment community were unsure if they could use IR web as an information source or not; they were unsure because of too much information on the Web. Finally, when the main problem and the research questions crystallized, it was time to go to the field.

¹ The persons in the study due to requests from several respondents.

3.6 THE COLLECTION OF THE FIELD MATERIAL AND THE CHOICES MADE ON THE WAY

As discussed in Chapter 1, international perspective was needed in this study, because of globalization of financial markets and tendency of corporate ownership to be geographically spread. The intention was therefore to find examples, or cases, where companies were geographically distanced from their investors. Investigating different examples of Investor Relations across geographical borders would illuminate the role that IR websites play in IR communication.

To response to the problem of uncertainty around the issue of IR web quality and to answer the research questions, this research was designed in the following way. First, the study focused on Swedish investors' practice, namely on how they used companies' IR websites when investing in Japan, Russia and the UK and how they viewed IR web "excellence". Second, the fieldwork explored the practice of IR managers in the UK, Russia and Japan, namely how they communicated to their investors by using IR websites and how they viewed IR web "excellence". Finally, the research focused on the content of IR websites provided by Japanese, Russian and British companies; the content in which IR managers' perspective was enacted.

3.6.1 The international setting

The fieldwork of this dissertation was conducted in four countries – Sweden, Russia, Japan and the UK. First, why were investors in Swedish chosen for this study? As mentioned earlier, I started establishing a contact network with the members of the Swedish investment community, aiming to identify the research problem. When the problem of the dissertation was formulated, there was a unique opportunity to continue studying the practices of the Swedish investors. From the existing literature, financial analysts and investors are well known to be a rather difficult target group for researchers (Jonas and Young, 1998; Debreceny et al, 2001). It has motivated this research to focus on establishing contacts with the investment community in Sweden where the researcher is located herself.

Why were the UK, Russia and Japan selected for the study of IR managers' practices? First, they are markets that Swedish investors are interested in. An overview of the Swedish portfolio holdings released by Statistics Sweden (SCB)² in September 2011 showed that Swedish investments to foreign securities are increasingly growing, and the amount of Swedish crowns invested in foreign securities reached 3 277 865 millions in 2010, which is almost a three-fold increase compared to 2001. The UK, Russia and Japan are the three financial markets where Swedish investors are found to have the biggest portfolio holdings in the three regions respectively – European Union (EU), Central & Eastern Europe and Asia (SCB 2011). The choice of these three markets, whose securities Swedish investors tend to have at stake, could therefore be meaningful in a way of pro-

2 <http://www.scb.se>

viding the Swedish investment community with a deeper knowledge about IR managers' practices in those countries.

Second, being inspired by the logic of the grounded theory approach, it is meaningful to investigate different and contrasting examples. As Charmaz (2006) argued, it would provide better grounds for comparisons and analysis. According to existing comparative international accounting literature and comparative corporate governance literature, the UK, Russia and Japan differ from each other in terms of legal systems origin, accounting practices and patterns of corporate governance. Nobes (1998) and La Porta (1997, 1999) connect differences in accounting practices and corporate governance traditions to regulatory systems in different countries.

For example, the UK is a common law country with a high level of investor protection and therefore a diversified equity tradition. Companies in the UK tend to use principle-based accounting practices, which are related to an Anglo-Saxon accounting tradition. Accounting in Japan is classified as being mostly influenced by a continental rule-based tradition. Additionally, according to Nair and Frank (1980), Japanese accounting has also received some impact from the US, which means that practices in Japan have been developed under both European continental and Anglo-Saxon traditions. Speaking of corporate governance patterns, Japan is considered to be a country with a low level investor protection and thereby the concentrated corporate governance pattern (La Porta, 2002). Russia, according to La Porta (1999), belongs to a socialist legal system where the socialist practices serve to enhance the power of the State. This results in a very high level of centralization of regulations and practices around the State.

Moreover, the profession of IR emerged in these countries at different points of time. The IR society in the UK is one of the oldest IR societies, founded in 1980, and one of the initiators of the Global Investor Relations Network (GIRN), while the IR societies in Japan (Japanese Investor Relations Association, JIRA, founded in 1993) and Russia (Financial Communications & Investor Relations Association, ARFI, founded in 2000) are much younger societies, founded one-two decades later, joining the Global Investor Relations Network in recent years.

Speaking of the choice of different financial markets, one might wonder why such influential markets as the US and China were not chosen in this study. Adding more countries in the sample would not contribute to a more diversified sample, because the US still belongs to the common law tradition which is already represented by the UK; and China – to the socialist tradition, which is represented by Russia in this study. The reason why the UK and Russia were preferred over the US and China was a shorter geographical distance and easier availability of the British companies compared to the American companies; and better conditions for communication with Japanese companies, compared to Chinese companies. An additional detail that benefits the choice of companies in Russia, Japan and the UK, as well as investors in Sweden, is that I can speak Russian, Swedish, English and Japanese languages.

Table 3.1 below summarizes the above mentioned factors which are assumed to be connected to the international differences of the companies' financial reporting. In particular, the table illustrates the differences between the UK, Japan and Russia.

Table 3.1: Institutional differences between the UK, Japan and Russia

	The UK	Japan	Russia
Legal systems origin	Common law	Roman law	Socialist legal system
Ownership tradition	Diversified outside ownership	Concentrated bank ownership	Concentrated state ownership
Accounting traditions	Anglo-Saxon	Continental+ Anglo Saxon	Continental
IR profession	Since 1880	Since 1993	Since 2000

As displayed above, there are systematic differences in accounting traditions and corporate governance patterns, as well as differences in the history of IR profession in the three countries. Some possible consequences of such differences that were previously articulated in the research are that companies from the markets with the concentrated ownership pattern are less transparent in their reporting compared to the companies from the markets with the diversified ownership pattern. However, this assumption is not used as a pre-determined outcome in this study; it is rather used as a reference to which the results of this study can be related later on.

3.7 THE STUDY OF THE SWEDISH INVESTORS' PRACTICE

3.7.1 Respondents in Sweden

Besides the preliminary meetings and discussions mentioned in the beginning of this chapter, the collection of the interviews and observations from the field of Swedish investors' practice started in September 2012. Between September and December 2012 three trips to Stockholm and one trip to Varberg were made in order to meet institutional investors and experts from the Swedish investment community. The list of all respondents³ is presented in Table 3.2 below.

³ All names are anonymized according to requests of several respondents.

Table 3.2: The list of all respondents for the study of Swedish investors' practice

Respondents	Organization	Responsibilities	Time and space of the meeting
Lars	Swedish association of financial analysts	Expert in financial analysis and disclosure	M1: January 2012, Stockholm M2: May 2012, Göteborg M3: September 2012, Stockholm
Magnus	Swedish pension fund	Investments in Swedish and European companies	M1: December 2011, Göteborg M2: September 2012, Göteborg
Pontus	Swedish association of financial analysts	Expert in financial analysis	Mail correspondence, Fall 2011
Erik	One of the biggest Swedish banks	Fund manager with focus on Japan	September 2012, Stockholm
Johan	One of the biggest Swedish banks	Fund manager with focus on Russia and Europe	October 2012, Stockholm
Niklas	One of the biggest Swedish banks	Fund manager with focus on Russia and Europe	October 2012, Stockholm
Mats	Private investment company	Fund manager, international investments, including Russia, Japan	November 2012, Varberg
Jan	Private investment company	Fund manager, international investments, including Russia, Japan	November 2012, Varberg
Karin	Private investor	Private portfolio of diversified funds	November 2012, Varberg

In total, the study of Swedish investors involves eleven meetings with the Swedish investors and experts and, additionally, a mail conversation with one more expert who was not able to meet me face-to-face. The respondents were either fund managers investing in Russian, Japanese and British companies (like, for example, Johan, Niklas and Mats), or investors (alternatively financial analysts) who were not focusing on the three markets, but still worked with the analysis of international companies (like Lars and Magnus). The latter group of respondents is called experts, because in contrast to the fund manag-

ers, they did not actually invest money in the Russian, Japanese and British companies. However, they could offer their opinion regarding Russian, Japanese or British IR web-sites from the perspective of their own experience.

One exception can be found in the list of respondents, namely Karin, who was a private investor. Initially, the plan was to only interview institutional investors. However, when interviewing institutional investors, it was realized that the respondents attached some parts of the content of the IR Web to the interest of private investors, saying that “this information is definitely not for me, but for the private investors” (Lars, 20120921). Following the logic of the ground theory approach, it was necessary to find the missing piece of the puzzle. A meeting with Karin who had several international companies in her fund portfolio, was therefore helpful. Interviewing Karin, it was understood that she never used IR web as information source when investing in foreign companies. Additionally, Mats, who has tight relations with his clients, private investors, also confirmed Karin’s view. Hence, Karin’s perspective was needed in order to make sure that private investors should not be included as a separate group of users in this study. Consequently, the focus could be kept on the institutional investors.

In the interviews, the respondents were not regarded as informants. Gaining objective and accurate information about what actually has happened is argued to be impossible in interviews (Qu and Dumay, 2011; Czarniawska, 2013). However, interviews are recognized to be of great value when exploring how a person perceives and interprets the world. As Czarniawska (2013) emphasizes, an interview represents nothing else but interaction between the interviewer and interviewee. It can simply be seen as a joint product of what the researcher and the respondent talk about and how they talk (Czarniawska, 2013). In this interaction, or “intensive interview”, as Charmaz (2006) calls it, the researcher has a possibility to explore the studied person’s perspective, her or his personal insight into reality. When it comes to the interviews of practitioners, here again, this study followed Czarniawska’s line of thoughts, based on her more than forty years’ experience of interviewing in five countries. Her experience showed that “professionals are usually lonely in their thoughts; every exposition of their thinking within their colleagues has political or practical consequences” (Czarniawska, 2013, p. 57). A research interview, on the contrary, offers professionals another situation of a so called symmetrical exchange, where the practitioners offer a personal insight into the realities of their practice, while the researcher offers his respectful attention and an opportunity of trying out one’s thoughts without practical consequences” (Czarniawska, 2013, p. 58).

The experience of this particular fieldwork confirms the statements above. The study’s respondents in Sweden were surprisingly open in the interviews because the interview exchange situation was something totally different from their usual exchange at work. They seemed to enjoy this situation where they could look at their own practice from a

distance and talk about their own way of working. During the meetings, it was observed that “thinking aloud” was not something the respondents were used to. Half-a-page-long sentences, where all possible verb forms (correct and incorrect) could be gathered and connected in all possible ways, is a typical example of such inexperienced “thinking aloud”. At the same time, it was just these long, unstructured sentences that were most fruitful; it was here, the study could capture respondents’ insights into their own practice.

3.7.2 Combination of interviews and browsing observations

During the interviews, all respondents were systematically observed. The observations were focused on the browsing together through the IR websites of the companies which the investors followed in practice. Such browsing helped to avoid too general accounts in the interviews, such as, for example, a general opinion about what a website quality is. Navigating together through a concrete IR website anchored discussions into a particular practice, an IR Web of a particular company, and the ways how investors used the IR Web in their particular practices. The interview guide, addressed to the Swedish investors, translated from Swedish to English, is attached in Appendix 1. The guide is built in a way that it has main questions and sub-questions, to be prepared for different scenarios. For example, what if the investor says that he is not using IR web at all? What if the person does not feel comfortable and is not in a telling mood, then several smaller questions were prepared. This guide was used as a navigator. During the interviews, the guide was on the table, but it was never followed exactly. Instead, the intention was to follow the flow of the conversation, being flexible in the order of the main discussion points. Every interview was therefore unique, but still involved the main discussion points from the interview guide.

3.8 THE STUDY OF THE IR MANAGERS’ PRACTICE

3.8.1 Overview of chosen companies in Russia, Japan and the UK

To investigate IR managers as people who actually work with the content of IR websites was a natural choice for this research. However, it was not that obvious which companies’ IR managers the study would focus on. The initial plan was to select large companies that represent the ownership patterns typical for each country (see Table 3.1); that are included in the portfolio of the Swedish investors included in the sample, or, at least, belong to the industry that the Swedish investors invest in; and finally, that belong to the same industries across selected countries. Having these intentions, the work on the access and on the process of matching the companies within the industries and sizes started. Some of the issues in this process will be discussed separately in the section 3.11 about challenges on the field, but already now it can be mentioned that the initial plan

had to be slightly adjusted during the process. Table 3.3 provides a short overview of the companies whose IR managers were studied.

Table 3.3: Companies, whose IR managers were studied.⁴

Japanese companies	Group revenue, m\$	Number of employees	Number of shareholders	Ownership structure	Industry
Nakano Corporation	117,001	24,236	174,195 (major 6,42%)	Diversified	Oil and metals
Tobo Telecom	46,253	23,289	327,927 (major 63,32%)	Concentrated	Telecom
Tokada Corporation	105,426	323,540	418,528 (major 6,76%)	Diversified	Electronics and software
Russian companies	Group revenue, m\$	Number of employees	Number of shareholders	Ownership structure	Industry
Oilru	133,650	120,300	46,783 (major 75,94%)	Concentrated	Oil
Rustel	12,318	20,165	unknown (major 50,8%)	Concentrated	Telecom
IT Russia	145	897	150 (major 8%)	Concentrated	Software
UK companies	Group revenue, m\$	Number of employees	Number of shareholders	Ownership structure	Industry type
OilPro	6,324	18,000	5400 (major 18,19%)	Concentrated	Oil
Teleholding UK	70,925	86,373	536,833 (major 5,99%)	Diversified	Telecom
Softlink	414	1,221	unknown (major 9%)	Concentrated	Software

Source: Companies' annual reports FY 2012 and corporate websites

⁴ All companies are anonymized (invented names are used instead), according to requests from some of the IR managers.

As can be seen from Table 3.3, the group revenue and the number of employees can vary significantly within the same industry, even though all companies are among the leading companies within their industry in their domestic market. Why for example a high-tech company in Russia is thousand times smaller than a high-tech company in Japan can be explained by the fact that this industry is not yet developed in Russia, while technological innovations and electronics have been Japan's major strength since many years ago. Even representativeness in terms of the ownership structure slightly deviates from the patterns supposed to be typical for each market. One of the three Japanese companies, Tobo telecom, has a typically concentrated ownership while the other Japanese companies are rather diversified in their shareholding structure. When it comes to the British companies, only Teleholding UK has a typically diversified ownership while the other British companies' ownership pattern is concentrated. All three Russian companies included in the sample seem to have a typical concentrated ownership. Even if IT Russia's major shareholder owns about 8% of all shares, the total number of shareholders is rather small and majority of all investors are big institutional investors, which means that the ownership is concentrated.

3.8.2 Getting access

The final list of the companies was ready three days before the trip to Moscow and Tokyo occurred. One of the most difficult things was getting access to IR teams in Japan. Even if I had previously spent eight years working for a small Japanese company, can speak some Japanese and am interested in Japanese culture for the past 20 years, I was still not a Japanese person. Being a Japanese person, who, in addition, has an established relation at least with some member from the IR team seemed to be an important condition for obtaining access for the research. Moreover, the status of PhD student seems to be quite low in Japan, and companies' managers are not particularly interested in such PhD research interviews about their practice. Being aware of these circumstances, my former colleague from the Swedish IR agency was asked for support. Kumiko has been working with the Japanese market for five years and currently has sixty-five clients, the biggest companies in Japan, the IR teams of which she meets every year. Even with her help, it took almost two months to receive access and book three meetings with IR managers in Tokyo. In addition to that, Kumiko and I could as observers attend a local IR conference in Tokyo, organized by JIRA (Japanese Investor Relations Association).

When it comes to Russian and British companies, getting access was a much easier process. Booking meetings with the Russian IR managers three days in advance appeared to be much easier than to do it some weeks in advance. While booking meetings with the British IR managers was preferred to be made two weeks in advance.

3.8.3 Respondents in Russia, Japan and the UK

The fieldwork in Moscow and Tokyo was done during one week in December 2012. After processing and analyzing the field material collected in Moscow and Tokyo, the fieldwork in London was conducted in April 2013. A short overview of the fieldwork can be seen in Table 3.4 below.

Table 3.4: An overview of the meetings in Moscow, Tokyo and London.

Respondents	Organization ⁵	Responsibilities	Time and space of the meeting
Alexey	Oilru	Head of IR division	December 2012, Moscow
Vadim	Rustel	IR manager	December 2012, telephone interview
Ivan	IT Russia	Head of IR division	December 2012, Moscow
Irina	ARFI (Financial communication and Investor Relations Association of Russia)	Executive director	December 2012, Moscow
Mr.Konishi and Nakanishi	Nakano Corporation	Investor Relations Group, Senior Staff and Assistant Manager	December 2012, Tokyo
Ms.Kondo and Ms.Hiraoka	Tobo Telecom	Investor Relations associate and Investor Relations manager	December 2012, Tokyo
Mr.Matsuda	Tokada Corporation	Investor Relations; Corporate Brand & Communications Division	December 2012, Tokyo
IR annual conference	JIRA (Japan Investor Relations Association)	One -day observation	December 2012, Tokyo
David	OilPro	Investor Relations manager	April 2013, telephone interview
Jane and Richard	Teleholding UK	Investor Relations manager	April 2013, London
Allan	Softlink	Investor Relations manager	June 2013, telephone interview
Mark	IR society UK	General manager	April 2013, London

⁵ All companies and IR managers are anonymized (invented names are used instead) according to requests from some of the IR managers.

The study's respondents in Moscow, Tokyo and London belong to the companies' IR teams, and, among other IR-related tasks, they are responsible for the content and form of IR websites. Besides Investor Relations managers, meetings with representatives of the local IR associations in Russia and the UK were arranged. Members of the IR association in Japan were observed during the IR conference, organized by JIRA (Japan Investor Relations Association).

3.8.4 Combination of interviews and browsing observations

Similarly to the fieldwork in Sweden, interviews and browsing observations were combined during the meetings in Moscow, Tokyo and London. The interview guide, attached in the Appendix 2, contained three main parts. The first part involved questions addressing the IR managers' working practice. The second part contained questions addressing their interpretations of the IR Web quality, followed by the third observational part, where browsing through the content of the company's IR website was observed.

Similar to the interviews with the Swedish investors, the interview guide was used as a navigator, and therefore the structure could vary between the interviews. Especially part two and part three often merged together, as the discussions of the IR Web quality often were embedded into the range of examples from the IR websites.

All interviews took place in the meeting rooms of the companies, except for one respondent in Russia and two in the UK. Vadim, David and Allan, IR managers of Rustel, Oil-Pro and Softlink were unfortunately not available during the days I was in Moscow and London. Therefore, telephone conferences with the possibility of Web browsing were arranged instead. This setting still enabled the study to combine interview with observation. However, being at a distance, it was more difficult to interpret the answers, as the respondent could not be seen "in action". It was therefore more difficult to follow the flow of the conversation. Instead, the structure of the interview guide was followed more systematically. Telephone interviews with the British IR managers went, however, smoother in a way that we still could have more elaborated discussions while browsing through the IR websites.

When meeting Russian IR managers in their offices, it took at least half an hour from the moment the entrance of the company was reached to the moment the interview started. It is because large companies in Russia usually have an intensive security control of the visitors. After the passport control and security control were passed, the next challenge was to find the right building and the reception, because the company's head office can be quite distanced from the initial security control entrance. The meeting with Alexey was, for example, conducted at a restaurant near Oilru. The reason was that visitors of Oilru usually need to receive an official invitation to the meetings inside the company; moreover, all computers and other devices needed to be left outside the internal doors. These

rules would make it almost impossible to do any recordings and browsing observations during the meeting. Luckily, Alexey knew these rules and, therefore, did not send any official invitation to me in advance. Instead, he arranged a lunch at a nearby restaurant, where some of his colleagues also had lunch-meetings with their own visitors.

Differently from the meetings in Moscow and London, all meetings in Tokyo took place in companies' meeting rooms. In Japan, people prefer attending meetings in teams. In two meetings of the three, a team of two IR managers was interviewed and observed. In fact, Kumiko and I were also a team, as it was expected by our Japanese respondents. Even if Kumiko was acting as a listener most of the time, the interviews benefited a lot from her presence, because the respondents were much more relaxed, having one of the visitors, they already knew. Moreover, when the respondents became somehow tensed and too official, Kumiko joined the conversation trying to switch the tone from the official to a more relaxed one, which contributed to a more open atmosphere. In addition to that, while moving between the meetings, Kumiko shared her valuable insights and interpretations of the respondents' answers: from the point of view of the native Japanese person.

To physically reach the reception of Japanese and British companies was much easier compared to visiting the Russian companies. In Tokyo, Kumiko and I only had to know which button to push in the elevator, in order to come to the right division. IR teams usually were located quite high up in the building. For example, when visiting Tobo Telecom, we had to come up to the floor 40 in order to reach the company's IR team. At the reception, Kumiko and I received our guest cards and proceeded to the meeting room, where two cups of green tea were waiting. Some seconds after we took our seats and placed our papers and devices in front of us on the table, the IR managers entered the room. At this moment Kumiko and I raised and started the ceremony of the greeting and business card exchange. Next, when all participants took places around the table, Kumiko presented me shortly, and then left the initiative to me. I continued introducing my research for some minutes and asked about possibility of recording and using iPad for browsing, before the interview started.

When visiting Teleholding UK, I proceeded to the waiting room in order to check-in at the company's local reception and wait until Jane, the contact person, comes to pick me up. Together with Jane, we took elevator and arrived to the landscape office of the division for communication. Finally, we proceeded to a separate meeting room. At the meeting room, the local computer was already prepared for Web browsing. After a short introduction of the project and a question about recording of the conversation, the interview started.

Each meeting started with a short introduction of the study's background. All respondents were also asked if the interviews could be recorded. Often IR managers expressed appreciation regarding the initiative to study the topic of Investor Relations on the Web and include both investors and companies in the research design.

3.9 NETNOGRAPHY OF THE IR WEBSITES

Netnography is an ethnography-inspired method, specifically developed for studying online environments. Kozinets (2002, 2010) developed and used netnography in the field of marketing research when investigating online coffee newsgroup forums from the consumer perspective. Netnography enables researchers to approach websites, web forums and other online environments with the inherent openness and flexibility of the ethnography (Kozinets, 2010). The idea of “grounded knowledge”, central to ethnographic studies, also saturates the methodology of netnography. Kozinets (2002) identified the main steps important to the researchers studying online environments. These steps are *entrée*, when the researcher makes a choice which particular domain or online community will be investigated. The next step is data collection and analysis. There are two techniques for data collection – direct copying of the data from the computer-mediated communication and the data the researchers assign by observing communication on the Web. The process of analysis involves categorization of the information, and, in the case of Kozinets’ (2002) particular study of the coffee newsgroups, analysis of the content from the consumer perspective. The final step is interpretation of the data, when the researcher aims to make a point from the observed online “stories”.

As netnography is an ethnographic method adapted to the online environment, it is logical to use netnography in this particular study of IR web practice. It fits well with the logic of the whole project and with the possibility to analyze the IR Web from the perspective of its users and providers. Following the main steps of the netnography articulated above, this study, first, identified the space within the corporate website to focus on. As the companies have a separate section on their websites addressed to investors and shareholders⁶, this domain became a focus area for the study. In case of Russian and Japanese companies, only English versions of their websites were studied. Sometimes, companies choose to place some IR-related information outside Investor Relations domain. That is why the work was not limited to the IR section only. The whole English version of website was screened in order to see if any other IR-related information was placed outside the IR-domain. For example, corporate governance information can be kept separately from the IR domain. Each company’s IR website was downloaded by using HTTrack application and saved to a hard disk in July 13-15, 2013⁷.

Next, moving to the step of data collection and analysis, first, information items found on the IR websites, were recorded and structured in three different levels – level 1 (what comes first on the IR top page), level 2 (what comes next) and level 3 (what is not easy to find; often users need to click at least three times in order to come to this level). It is important to mention that, inspired by the grounded approach, data collection and data analysis are conducted simultaneously, which means that the process of data collection and analysis is seen as one process and not two separate processes following one another. During the collection of the data from the observation of the IR websites, the analysis of the content was done simultaneously. During the analysis, categories emerged from the

⁶ This section is often called “Investor Relations”, or “To our shareholders” or something similar.

⁷ HTTrack is a freely downloadable and easy-to-use offline browser utility. It allows user to download a WWW site from the Internet to a local directory, building recursively all directories, getting HTML, images and other files from the server to the user’s computer. See details on <http://www.httrack.com/>

content of the IR Web, and dimensions of “excellence” emerged from the studies of the users and providers were compared. Table 3.5 below presents main categories of information derived from the content of the IR Web and dimensions of IR web quality derived from the investigation of the IR managers and investors.

Table 3.5: Information categories and dimensions emerged during the fieldwork.

Main categories of information found on the IR websites	Main dimensions of the IR web quality articulated by the companies’ IR managers		Main dimensions of the IR web quality articulated by the investors
	Market-centered logic	Relation-centered logic	
Recent financial data, company background, archival financial information (IR library), share information, corporate governance, news and press releases and contact information	Comprehensiveness Interactivity of the tools, relevance, timeliness	Relevance (customized information), navigability, proactivity	Easy navigation, relevance of the content, timeliness, familiarity of the presentation formats, focus (not too much information)

Source: The study’s fieldwork

The aspects presented in Table 3.5 are discussed in chapter 5, where the perspectives of investors and IR managers, as well as the perspectives of different IR managers meet each other.

An issue that becomes different for cyberspace ethnographies compared to traditional ethnographies is the relation between “the reality online” and “the reality offline”. As argued by Christine Hine (2000), another ethnographer of the cyberspace, the online reality can be seen as a part of offline reality; however, these two realities do not entirely, but only partly, mirror each other. Being in line with this assumption addressed to the Web environment, this study will bring this discussion into the analysis and connect the content of IR Websites to the IR communication occurring face-to-face between companies and international investors, based on the insights provided by studied investors and IR managers.

3.10 THE ANALYSIS OF THE FIELD MATERIAL

One of the central ideas of the grounded theory approach is that the analysis has to be done continuously, parallel with the data collection (Charmaz, 2006; Czarniawska, 2013). This is how it was done in this particular study too. Continuous writing of memos and reflections during the fieldwork was a part of my analysis. Comparisons were continuously done after each meeting; and the intention was to relate the cases to each other and to develop categories and dimensions parallel with the ongoing fieldwork.

After interviewing investors in Sweden and IR managers in Russia, Japan and the UK, all recordings were transcribed in the language in which the interviews were performed. Notes and observations were also written down during the fieldwork. The analysis of the transcripts started by identifying the main themes discussed during the meetings. At this stage, a number of accounts that addressed each theme were selected. Having several interviews at hand, the respondents' accounts were compared to each other. In cases where the respondents had similar views, the account became homogeneous, while in other cases different accounts illustrated different voices.

The observations were also recorded and transcribed, which was followed by the analysis, similarly to the interview analysis. The browsing observations were embedded in the interviews and therefore processed and analyzed as a part of the interviews.

When analyzing the content of the IR websites, categories emerged from the content were compared with the dimensions emerged during the studies of IR managers and investors. Thus, interplay between the three data sets received from IR managers, investors and IR websites, was placed in the focus of the analysis. Finally, during the analysis, the main discussion issues were identified and connected to the previous literature and the theory of communication. At the last stage of the discussion, an attempt has been made to develop patterns of Investor Relations on the Web.

3.11 THE CHALLENGES OF THE FIELDWORK

3.11.1 Receiving "accounts" from the field

This research shares Czarniawska's (2013) view of accounts, as when the practitioners agree to explain their behavior as it was not routine and common sense. The intention of this fieldwork was to receive as many accounts as possible. However, during the process, it was realized that not all respondents could provide accounts right away. Often, the answers to the questions started with more general statements about how theoretically, for example, the practice of Investor Relations should look like. It was therefore important to be aware about the fact that the respondents actually may try to avoid the accounts. Czarniawska (2013) noted some of the examples of avoiding accounts.

For example, there is a referral type of avoiding accounts when the interlocutor refers to the “more competent sources”, saying something like “you can easily find this information on the Web”, meaning “I don’t need to tell you this now”. Another situation is when the respondent switches his identity during the conversation, saying under the lines “I am not a person who tell tales” (Czarniawska, 2013). This field study has a similar example when an interlocutor articulated during the meeting: “We are actually the experts here.” And it was not surprising, because the interviewed people were experts in their daily work indeed. While, on the other hand, telling a researcher about obvious (to them) things as it was not routine and common sense was not an easy task for the respondents. Luckily, this study was equipped with the advice, received during Barbara Czarniawska’s course “From field to desk” attended parallel with the fieldwork process: to try to be an inexperienced listener during the interviews, to show own interest and wonder about the details that might seem obvious to an expert. In such situations, the interviewees become more collaborative, explaining the way they actually work.

3.11.2 Lost in translation?

As the fieldwork was conducted in four countries, dealing with four different languages (and cultures) became an unavoidable part of the research process. The first challenge was met when developing interview guides. When translating the same questions into Russian and Japanese, it was realized that some formulations needed modifications in order to fit a particular language and a particular culture. Translation is not a simple issue in the field of linguistics, and there is an ongoing debate concerning the issue how to translate – literally or interpretively. Here, Iser’s (2000) understanding of interpretation as translation was useful. I tried to imagine myself being a Russian or a Japanese IR manager answering the questions, and modified the formulations in a way that I thought, fitted the Russian or the Japanese way. Writing of the Japanese interview guide was supported by one of my former Japanese colleagues, who revised and adjusted some formulations.

Another challenge was to translate the interview transcripts in Swedish, Russian and Japanese to English and construct the accounts during the analysis of the transcripts. It was very hard to keep the authenticity of the language when translating into English, especially when the respondents used some local metaphors or symbols. The attempt was still made to find corresponding words or metaphors in English that would mean similar things. This experience shows that translating languages is also about translating cultures.

3.11.3 Too many pieces in the puzzle?

In the process of getting access, one of the challenges was to puzzle different pieces together in line with the study's research design. The most difficult task was to arrange meetings with the companies in Japan and Russia, so that the companies belonged to the same three industries (oil, telecommunications and software). The initial plan was to have pharmaceutical industry instead of software industry, because it was easier to find three pharmaceutical companies comparable in size. However, when an attempt to book meeting with an IR manager of a Japanese pharmaceutical company failed, the whole sample needed to be rearranged and the software industry was chosen instead.

Another challenge was switching from one perspective to another during the analysis as well as drawing comparisons between different perspectives. Numerous notes and reflections written during the process of the fieldwork helped me not to get lost in this situation. Writing down the reflections enabled the study to identify emerging patterns and to be more structured in the process of data analysis.

3.12 THEORETICAL SENSITIVITY AND CONTEXTUAL VALIDITY

When evaluating the grounded theory methodology, it is relevant to focus on the dimensions of theoretical sensitivity and contextual validity. Theoretical sensitivity refers to the capacity of the researcher to "think about the data in theoretical terms rather than hypothesizing a pre-determined outcome" (Parker and Roffey, 1997, p. 226 as referred by Kirk and van Staden, 2001, p.180). Several techniques are used in order to enhance theoretical sensitivity of the research, such as questioning of the previous assumptions, memo writing, theoretical sampling and making constant comparisons (Strauss and Corbin, 1990; Kirk and van Staden, 2001). This study took a skeptical position towards the assumption made in previous research of Internet reporting, namely that the more information is disclosed on the Web the better the quality of the IR web is. The question addressed to this assumption was – better quality from whose perspective? – meaning that there is no universal definition of a good IR web, all is about "good to whom". The concept of the IR web quality was therefore questioned and I started investigating the IR web practice from the perspectives of IR managers and institutional investors. Memo writing or theoretical note taking means that the researcher continuously takes notes and categorizes the data during process of data collection, in order to capture "the moment of insight, minor or major, that lead to discovery and theory building" (Kirk and van Staden, 2001, p.180).

Theoretical sampling is another criterion, important for the evaluation of the grounded theory inspired methodology. Theoretical sampling differs from the statistical sampling in a way of being a cautiously arranged sample, where different perspectives can be involved (Strauss and Corbin, 1990). Theoretical sample also involves flexibility as it al-

allows the researcher to constantly analyze the data and decide what data to collect next, in order to fill the missing pieces of the emerging model (Glaser and Strauss, 1967). Being in line with this logic, the sample for this project was arranged successively during the time of data collection, which enabled the study to fill the missing pieces of the emerging patterns. Finally, constant comparisons of the different perspectives were continuously made during the whole research process. The results were therefore emerging fragmentarily during the research process and all patterns could only be seen when the whole analysis chapter was written down.

The next important dimension of grounded theory inspired methodology is contextual validity. It addresses the credibility of the case study evidence. Holland (2011) articulated strategies that enhance the validity of qualitative research inspired by grounded theory approach. These are a combination of different perspectives (in this research, IR manager vs. investor perspectives), a combination of sources and techniques for the data collection (in this research, interviews and observations of IR managers in Japan, Russia and the UK and investors in Sweden, combined with the investigation of the IR websites), and, finally, the experience of the researcher (the author of this dissertation has a previous working experience on the field of Investor Relations; additionally, the author speaks Russian, Japanese, English and Swedish, which enabled conversations with the interviewees to be more open and the author's interpretations more reliable).

CHAPTER 4

CHAPTER 4

ACCOUNTS FROM THE FIELD

Chapter 4 provides a number of accounts, collected during the fieldwork in Sweden, the UK, Russia and Japan. These accounts are collected with the purpose to explore the role of IR websites in a bigger context of IR communication and to explore how IR web quality is interpreted by investors in Sweden and IR managers in Japan, Russia and the UK. According to the main methodological steps of this dissertation project, first, a study of Swedish investors was conducted. Most of the meetings with the Swedish investors took place in September-October 2012. Starting from the presentation of accounts received from the Swedish institutional investors, the focus then turns to the companies' IR managers' perspective. This part presents the accounts of the IR managers in Russia, Japan and the UK. Interviews and observations of Russian and Japanese IR managers were conducted in December 2012, while most of the British IR managers were studied in April 2013.

Accordingly, the study of Swedish investors' practice and the study of IR managers' practice in the UK, Russia and Japan provide empirical evidence for the first two sub-questions articulated in Chapter 1. Section 4.1 presents accounts received from Swedish investors to address the first sub-question, namely how investors define IR web quality in their practice of analyzing companies. It is followed by section 4.2 that addresses the second sub-question, namely how IR managers define IR web quality in their practice of IR communication.

4.1 SWEDISH INSTITUTIONAL INVESTORS' PRACTICE

This section provides insights into the Swedish Institutional Investors' practice, namely, how they use IR websites when analyzing foreign companies and how they define IR web quality in their practice of analyzing companies. The material is generated from the interviews and browsing observations of Swedish investors.

During one of the visits to a Swedish bank in Stockholm, I could observe other visitors from Russia and Asia, sitting next to me on the sofa and waiting. Later I realized that these people were representatives from the Russian and Asian companies, who came to meet their investors. A normal day of a fund manager in Sweden can involve four or five meetings with the companies' executives or IR managers from various countries. Often the investors met me directly after such meetings with the companies, being still in a hosting mood and guiding me shortly through the building on the way to our meeting rooms – beautiful rooms with fantastic views and coffee served on the table. Here, the meetings with the visiting executives and IR managers usually took place as well. On

the way to the meeting room I usually had a possibility to tell the respondent about the research project. Before the interviews, I usually made sure that it was ok to record the conversation and use my own iPad when browsing during the interview. Of course, no problem – was usually the interviewees' response. In most of the cases we had one hour for the interview and we had to keep strictly the time limits, because the next company-investor meeting was usually scheduled right after the interview.

Four main issues were placed in the focus of discussion, namely, how Swedish investors analyzed foreign companies; what information sources they used during the process; which problems and challenges they experienced during the process; and how an excellent IR website was defined from the perspective of the Swedish institutional investor.

4.1.1 How Swedish investors analyze foreign companies?

The process how the interviewed Swedish fund managers analyzed companies in the UK, Russia and Japan involved similar elements. First, the main goal of each interviewed investor was articulated as to find companies with a sustainable competitive advantage and a potential to grow. A share portfolio of a fund manager normally consists of several companies from different industries, with both long-term and short term oriented growth strategies.

It can be, for example, market leading companies; it can be a company with a strong brand; it can also be a company exporting its product to developing markets such as China, for example. (Erik, 20120921)

Investors' approach differs slightly depending on whether the company is new or already familiar to the investor. The first case is when investors try to find new companies; and the second one is when they follow up companies, which are already in their investment portfolio. When exploring new companies, the process starts with a benchmark.

I try first to see the risk profile of a certain benchmark. Trying to understand, where is the risk? Am I taking risk on the industry level, on the company level or on the macro level (country level)? So the question is where I want to take risks? Another thing is that we often have a certain theme that leads our choice – for example, to invest into the companies, established in growing markets. (Niklas 20121025)

The analysis of new companies involves three steps, namely analysis of a company from the three different perspectives. The first perspective is the investor's own expectation based on the own calculations; the second perspective is company's management's expectation, based on company's managers analysis of their own results and, finally, the third perspective is external expectations addressed to the company. Such expectations

are usually based on the forecasts provided by financial analysts. By matching these three perspectives, investors receive a comprehensive picture of the company, which enables them to make a decision.

Even if I see a potential in the company, but the company's management does not indicate that they have similar view... for example I believe that the company will grow 20% while the management says, that their forecast is 10%, then I don't think it is a good idea to invest here. After that, I look at the external analysis and compare my expectations with the market's expectations. Are market's expectations much higher, then my conclusion: there is no surprise potential regarding this company. Then it is not that interesting case for me (Niklas 20121025).

According to the studied investors in Sweden, they look at how sales and profits develop in relation to their own expectations and to the external expectations on the financial market. Even if company's results deviate from the expected results, investors listen to the management and see, if they receive relevant explanation of the results; if they receive guidance of what had actually happened; if they get persuaded by the management. In other words, combination of the numbers and what the company is saying about the numbers is important for investment decision.

On the other hand, when investors follow up companies that they already have in their investment portfolio, the focus becomes to early identify a change in the company's future performance.

It is the change that generates new value for the company. Here again, I need updated financial results, followed by the comments and explanations of the top management on the one hand, and market expectations on the other hand. (Niklas 20121025)

This means that even if the focus of the second case switches into identifying changes rather than identifying a company with a growth potential, the main approach still remains same. Investors need to follow up the existing company's performance from the three perspectives – own expectation, company's management expectation and market expectation.

4.1.2 Information sources used during analysis of foreign companies

All interviewed investors were equipped by sophisticated Bloomberg's professional database, from which they could retrieve all numbers from all listed companies' financial statements and reports. The database also allows investors to do sophisticated comparisons across many companies, which investors seem to appreciate.

It is easier for me to access them from Bloomberg's professional database, because such databases provide us with many possibilities to make comparative analyses across competitors, industries and countries. Bloomberg database has a direct connection to companies' websites, and there are alerts when a new report is released. In this sense, it is important to have all reports on the homepages. (Johan, 20121012)

However, the numbers do not tell investors the whole story. They acknowledge that it is very important to have opportunity to meet companies and have direct contacts with companies' top management and IR persons. Often when there is a large geographical distance in between investors and companies, investors are not able to meet all companies every time. In this case, they appreciate the possibility of listening to the top management via telephone conferences or webcasts available on IR websites.

Everybody can listen to what the top management is saying, all information is available to everyone who is interested... This is a really big change in the way we communicate, compared to some years ago. I can say, there is no insider information anymore, compared to what we had earlier. (Lars, 20120921)

An IR website is therefore an important channel that makes information accessible to all investors, which, according to the studied respondents was not experienced before. The respondents of this study called IR websites as a channel for IR communication, which means that it is not only a channel where information is disclosed, but also it is a channel that plays a role in the overall IR communication.

4.1.3 Problems and challenges investors experienced during the process of analyzing foreign companies

The voices of the investors diverged when discussing the issue of problems and challenges, experienced during the process of analyzing Japanese, Russian and British companies. The fund managers who invested in shares of Japanese companies, found Japanese companies to be too much protocol-following, in a way that they always had a ready manuscript prepared before the meeting. However, Swedish investors found it challenging to discuss questions beyond the prepared material.

Often, IR managers want to receive our questions before the meeting, in order to prepare the answers. That is why it can be difficult to get relevant answers to our spontaneous questions. It can be difficult to have a real discussion there. I think it is better to meet CEOs, because CEOs usually give us much more developed answers. But at the same time, it can be difficult to make appointments with the CEOs, if you are not one of their bigger investor. (Erik, 20120921)

When it comes to the fund managers, who invest in the Russian companies' shares, three problems were articulated. These are the problem of corporate governance, the problem of complicated structure of the Russian holdings and the problem of limited available free float.

Russian companies have corporate governance problems and we consider it as a risk in our model. For example governance people in Russian companies are allowed to take loans from the company cash flow, or from the invested money, and it is never clear in the reports about such issues; it is acceptable to leave those posts without detailed clarifications. Another unclear thing is that Russian holdings can have a very complicated structure, involving many companies on each layer of the holding. It is unclear, how much of the rights investors have in such complicated structures. So we don't really know sometimes, what we actually own in Russia. In general, I can say that Russian companies are not transparent about their corporate governance yet. On the other hand, even if I complain about corporate governance problem here, it actually does not play so big role for us at the end, because if we look at the valuation of the Russian and British companies, often P/E (price-earnings) ratio of Russian companies is double so small compared to the UK companies. So I am still ready to invest for example 13% to Russian companies, while only 10% to British companies, because companies in Russia are simply more profitable. (Niklas, 20121025)

As we can see from Niklas's account above, the problems of corporate governance and too complicated organization structures are still not considered to be a serious problem because investors just receive a discount for this problem. They are still ready to invest a little more in Russian companies than in British companies. However, the issue of a limited free float in Russia is considered as more problematic.

What I think is a problem for us is that in Russia we have a very little choice; there are few listed companies with available free float. Companies that seem to be promising in a sense of having a growing potential, are often not listed on the Stock Exchange, so we have to find "pearls" from a quite limited list. (Niklas, 20121025)

A limited free float available to foreign investors, leads to the limited opportunities to make investments in Russian companies. The choice is therefore very limited on the Russian market, which means that international investors often have to be tolerant and accept corporate governance problems in Russia, if they want to receive a bigger discount for a bigger risk.

Finally, fund managers that have British companies in their investment portfolio, find it challenging to receive additional information during the company-investor meetings beyond the information, already disclosed on the companies' websites. Investors

mean that British companies have already so much on their websites, so that it becomes difficult to find a purpose to meet management, to discuss issues beyond the information already disclosed.

British companies are very transparent in their reporting, including corporate governance issues. They usually have lists of all shareholders available so that we investors can see how much every shareholder owns. Management reports how much shares they own according to the contract, how big their bonuses are and so on. But on the other hand, when talking to the companies' representatives, it is quite difficult to obtain new information that is not yet on the Web. (Niklas, 20121025).

To the interviewed investors, who considered direct contact to the company to be very important besides the information provided on the Web, British companies' transparency on the IR websites was perceived to be problematic. When there is everything on the Web, there is no need to meet a company. But sometimes investors still want to have a direct contact with the companies' people. It is therefore not information on the Web itself, but a combination of information provided on the Web and direct contact with the companies that is mostly appreciated by the studied investors.

4.1.4 An excellent IR web from the perspective of Swedish institutional investors

When discussing the excellence of the IR website from the perspective of Swedish investors, the focus was on the issues of what information was considered to be important and what dimensions were important to take into account. It was important to make sure that we were talking about the same thing – an excellent website from the perspective of its usefulness to investors in their practice of analyzing companies. The results of the interviews and browsing observations showed that investors might prioritize different information depending on whether they are looking at new company or they are following up a company they already know. Johan's and Magnus's accounts below illustrate what investors focus on when approaching a new company.

If the company is quite new to me, I, first, look at the business model to understand what drives the company and how its business works. Then, I look at their sales history and EVA development. I also look at the cash flows, to be sure that the EVA is supported by the cash flow. In general, am trying to get a picture of how focused the company is. What are the main forces, driving this company? For example, it can be some geographical markets, that the company is focusing on, it can be some brand that gives the company competitive advantage. (Johan, 20121012)

In Johan's account, the important information is recent financial results in comparison to the previous years' result, presentation of the company's business model, geographical markets the company operated in and contact information. Important is also corporate governance information that places key persons of the company in the focus, as seen from Magnus's account below.

I need to know who these guys are. The question I am interested here is who owns what. Company management's view of the market and its competitors is also important for me. (Magnus, 20120920)

When an investor already knows the company, the focus becomes to follow up the company over time and try to identify possible changes that may happen with the company in the future. In this stage, updated investor presentations are considered to be very important, namely presentations with the focus on earnings performance, showing all financial highlights, detailed information from the operations in different geographical markets, recent quarterly results webcasts and their transcriptions, investor calendar, news and press releases, future oriented strategies and plans.

When it comes to the issue which dimensions an excellent IR website need to involve, all interviewed investors mentioned that they need a well-organized website that presents timely and relevant information. When talking about a well-organized website, the study's respondents mean easy navigation through the content. As Lars articulates below, a search function of websites does not usually help to easily find relevant information. Search function is therefore also related to the navigability on the Web.

Our challenge is to take all information and figure out what is relevant for us. So we appreciate any help on this way. Everything that makes our search process easier is valuable for me, because every second is important in my work. Everything should be done quickly. It is many companies to go through. However, often the search function on the corporate websites does not help us so much. (Lars, 20120921)

As seen from the Johan's account below, investors also appreciate if the websites have a familiar structure and when they can see what the main message from the IR team to investors is.

It should not be too much flashy, because then it becomes very difficult to find new and relevant information. It is good that all companies can follow approximately same structure. A clear logic, when you see how different parts are related to each other, where the focus is. Like, when we see that the company's Investor Relations team has a message to us. Why should we buy their company? Because they are good at this, this and this. The problem is rather that it is too much information than too little. It is good to have relevant information that helps us to see potential and upcoming changes in the company. (Johan, 20121012)

As Johan highlights, the problem is rather too much information on the IR web. An “excellent” IR web should provide relevant information and structure it in a way familiar to investor. Important information should not be placed under unexpected categories.

However, even if an investor has an excellent (from the investors’ perspective) IR website on the screen, it is still not enough. As discussed in 4.1.1-4.1.2, the picture that investors receive from the IR websites is only one piece of the process of analyzing companies. Investors verify this picture by comparing it with the other two pictures: one obtained from their own raw data based analysis and the other obtained from the reports provided by external analysts’ on the financial market. It means that investors use a method of triangulation when analyzing foreign companies. They compare their own analysis with the analysis and explanation of the results by the company’s management and, finally, match these two perspectives with the external experts’ view of the company. An IR website is therefore one of the important channels for Investor Relations, especially for those investors, who invest in foreign companies and not always have a possibility to meet each company’s management face-to-face.

4.2 IR MANAGERS’ PRACTICE

In this section, insights into the IR managers practice in Russia, Japan and the UK are presented. The results are reported in a thematic way, presenting the perspectives of the Russian, Japanese and British IR managers’ within each theme. The themes are structured in line with the interview guide, addressing following issues: responsibilities of the IR team; IR managers’ target audience; why the IR web is needed; strategies and intentions behind the content of IR websites; regulations and recommendations addressed to the IR web; how IR managers interpret/address IR web quality in practice and, finally, problems and challenges experienced in practice. Starting from a short description of the interview settings in each country, the rest of the chapter will present the accounts of the IR managers in Russia, Japan and the UK addressing the main themes.

4.2.1 Responsibilities of the IR team

The work of Investor Relations teams in Russia, Japan and the UK has a very similar content. The main task of all IR teams is to communicate to the existing investors and to target new investors. IR members of Russian and British companies have a rather broad range of responsibilities, as their teams are quite small, while the Japanese IR teams are larger, and each member is more specialized on a certain task. The range of the tasks is however very similar in all studied companies. The main focus is on a direct communication to the investors via phone, e-mail and personal/group meetings. They also prepare investor presentations, financial reports and press releases; arrange investor events such as road shows and investor days, provide required disclosure via the stock exchange and

voluntary disclosure via the corporate website. Two accounts below, received from IR managers in Russia and Japan, illustrate that IR managers have similar tasks to work with. The difference between the Russian and Japanese IR teams is that Japanese teams are bigger in size and the members are diversified in terms of backgrounds, which helps the team to manage various questions coming from investors.

IR manager of a Russian company:

I am working in a rather small team, having a broad range of responsibilities. My work is daily communication to investors via phone and e-mail, preparation of the IR-materials, mostly financial reports and investor presentations, organization of events where we present our company and our strategies to investors, working with information disclosure and provision of information online. (Alexey, 20121214)

IR managers of a Japanese company:

I am responsible for various issues concerned with both public relations and investor relations. We have more than 10 people in our team, and we prefer having people with different backgrounds, to be able to respond to different questions coming from our investors. Our main task is direct communication to investors such as response to daily requests and individual meetings; we also produce various reports for our investors, providing annual and quarterly reports, required disclosure via the stock exchange and voluntary disclosure via our corporate website. (Ms Kondo and Ms Hiraoka, 20121218)

IR teams of the studied companies in the UK are not as big as Japanese IR teams. As it can be seen from Jane and Richard's account below, they divide responsibilities in a way of creating small teams communicating to a certain type of investors. For example, two smaller teams can be responsible for communication to respectively institutional investors and analysts on the one hand and private shareholders on the other hand.

IR managers of a British company:

We are all divided into the analysts and buy side in terms of talking to them. Still the whole team is involved in writing presentations, press releases, organizing roadshows in Europe and the US. The responsibilities also include managing IR section of our website – to create, maintain and recreate the Investor section of the website. (Jane and Richard, 20130419)

However, as articulated above, the whole team is involved in a range of other tasks such as writing presentations, press releases, organizing roadshows and managing the IR section of the website.

4.2.2 The target audience of the IR teams

The target audience, considered by the interviewed IR managers to be most important, varied across companies. The accounts below illustrate four types of the answers regarding the target groups, namely diversified audience and broad focus in communication; diversified audience and narrowed focus in communication; focused audience and broad focus in communication; and finally, focused audience and focused communication.

Some of the companies (Rustel for example) identified their target group to be very broad, including not only investors, but also other groups of people, that might have interest to the company. On the other extreme, IR manager of IT Russia considered a limited group of investors, most of whom the IR manager knew personally, to be the most important target group.

Diversified audience and broad focus in communication:

As the account below shows, Mr.Konishi and Mr.Nakanishi identify their target audience to be broad and they also address their IR web communication to a very broad groups of investors.

We target all types of investors - institutional, private, international and domestic investors and more. IR section is therefore addressed to all who is interested in our company (Mr. Konishi and Mr. Nakanishi, 20121218)

Diversified audience and narrowed focus in communication:

Even if the audience of Jane and Richard's company is broad, they still focus their communication around particular groups, whose needs they address in different parts of the IR website content.

There are many groups of people visiting our IR website, but we structure the content focusing on the main three groups – institutional investors and analysts, private investors and debt investors. (Jane and Richard, 20130419)

Focused audience and broad focus in communication:

The audience of Rustel is rather focused. However, Vadim's intention is not to limit the IR website to a particular audience, but to make the content broader, addressing other potential audiences, which are not precisely defined.

Our English version of IR website is mostly for institutional investors, but also for some broader audience. It can also include journalists, researchers and many others (Vadim, 20121127)

Focused audience and focused communication:

As Ivan's account illustrates, IT Russia's target audience is limited to a particular group

of institutional investors, to whose needs the IR team aims to adjust the content of IR web communication.

Our main audience is institutional investors in Europe. During the years of communication with our investors, we created a huge database that contains all records and notes from our meetings with each investor. Following such database, we can track all asked questions and given answers. This gives us a good base for the planning of the content of our future presentations, our IR website content, and our future meetings that would answer the previously unanswered questions or update the previously given information. It is easier for us to do that because the number of investors is not so big and the group is quite homogeneous, compared to bigger listed companies. In this case, it is actually possible to know exactly what information is needed. (Ivan, 20121214)

Ivan comments that his company is different from large holdings with much more diversified ownership patterns. In this situation, it is easier to focus on the relation with a smaller number of large institutional investors.

4.2.3 Why is the IR web needed?

All interviewed managers viewed IR web as an important complement to the direct dialog they have with the investors. Russian IR managers emphasized that IR web gives a possibility to be more proactive in communication. By being proactive they mean that they need to remind investors about their company, contact them or send them an e-mail every time they have something new on the IR web.

IR web is like a heart of our IR communication. Our principle is to do update when we have some news to tell, to update information at least once a quarter, otherwise you will be forgotten. On the IR web we place all documents and presentations that facilitate our direct communication. Sometimes it is just enough to refer to the right link or page and then, our investor is satisfied. Many investors actually do not come with the general questions anymore, because they can find answers on our IR website. (Ivan, 20121214)

For Japanese IR managers IR web is especially crucial when communicating to the investors across borders, because the direct communication to foreign investors has limitations in terms of time difference and language barrier.

An IR website is a good complement to the direct dialog we have with our investors. Especially, when it comes to the international investors, distanced from us, it becomes crucial to have an IR section in English. We usually spend too much

time communicating to our domestic investors, and sometimes it leads to the lack of the time and resources to make our international communication equal to our domestic one. Here, the IR Web becomes a good solution, giving investors opportunity to meet our company online. (Mr.Matsuda, 20121217)

Jane and Richard's account shows that British IR managers highlight the advantage of the IR website compared to the paper-based reporting, in a way that all investors can access information quickly, making their own path of gaining information.

An IR website provides a new experience to the investors, compared to the traditional paper-based reporting. Here, all investors can access information quickly; it allows investors to get what they want to achieve. There is a lot of information on the IR web that can be followed up by the meetings and questions that we care in the direct communication where we provide all the details if needed. So IR websites and direct investor communication complement each other. (Jane and Richard, 20130419)

As accounts of the studied IR managers in Russia, Japan and the UK show, IR website is seen as an important part of investor communication, being a great support for direct communication that companies have with investors. Communicating information that would answers investors questions eliminates the need to discuss these questions face-to-face or by phone, which means that during the face-to-face meetings, more elaborated questions can be discussed. In this way, IR web communication saves resources of the IR team and enriches the content of the overall IR communication; the answers to the questions can be provided on the Web and more elaborated future-oriented discussions can be placed in the focus of face-to-face meetings.

4.2.4 Strategies behind the content of the IR websites

The strategies behind the IR web content varied depending on the target group/groups that IR managers had in focus of their communication. Four following patterns were identified - diversified audience and broad content, diversified audience and focused content, focused audience and broad content and, finally, focused audience and selected content. The patterns are illustrated below.

Diversified audience and broad content:

IR web is a possibility to communicate to mass audience, which is important to us, because it is impossible to communicate to everyone directly.” (Mr. Konishi and Mr. Nakanishi, 20121218)

IR managers, who have a much diversified investor audience, do not have time and resources to communicate to each group directly. Therefore, they use IR web as a channel

for mass communication, addressing information to all who can possibly have interest to the company.

Diversified audience and focused content:

Our goal is to “sell” our company to investors in a few seconds. That is why there is a serious work with the issues of navigation, perception and design. It is important for us, IR managers, to distinguish between different pieces of the content, addressed to different investors. (Jane and Richard, 20130419)

In this case, the investor audience is also diversified, but the IR managers’ strategy is to identify which particular groups they have in focus; and to figure out the needs of each investor group in order to tailor the IR web content in a way that it addresses information needs of each type of audience.

Focused audience and broad content:

Our intention is to make the content of the IR web as much comprehensive as possible. Then, the information can be followed up by the meetings and questions that we care in the direct communication where we provide our investors with all the details if needed. (David, 20130425)

Even though David’s main audience is large institutional investors, he prefers to make the IR web content comprehensive and cover other potential audiences. Then, during the investor meetings, they can discuss some particular topics in details, but the IR web should cover a range of topics, addressing a broader potential audience.

Focused audience and focused content:

Our intention is to send information, which is important to investors, and to do it on a timely basis. Our strategy is to make IR web as a good complement to our direct communication. We still consider direct communication to be the most important channel. (Ivan, 20121214)

Ivan’s strategy is to use IR web content as additional channel to complement a direct dialog with the particular group of investors.

4.2.5 Regulations and recommendations addressed to the IR web

Most of the IR web content is voluntary in the three investigated financial markets. In Japan it is entirely voluntary, while the basic requirements in Russia and the UK is availability of the yearly- and quarterly results, publishing of any significant information in a form of press releases and news, and availability of at least three years archives as well as information regarding annual general meetings. If companies only disclosed required information on the Web, downloading of the IR web content would never take one hour

or more. But in most of the cases it did, which means that there is a huge amount of voluntary information disclosed on the IR web. Local IR communities are institutional bodies that have a potential to impact the voluntary part IR web content. As the results of the study of IR managers show, IR communities impact IR web practice differently in the three studied markets. In Russia, for example, the profession of Investor Relations is rather new and there is no established practice that can be discussed by the practitioners yet.

Recommendations from the institutional bodies probably exist, but they never reached me yet. What happens often is that there are IR people that know each other and that can talk and discuss their experience. For example such exchange can happen when a group of fifteen IR managers goes to some conference to London or something like that. In Russia, even if there are some activities organized by IR magazine, some workshops, prize nominations, the motivation of the IR managers to master their IR competence is often quite low. (Alexey, 20121214)

In Japan, the practices are shaped by yearly IR web rankings, organized by Investor Relations agencies.

We call IR website as a voluntary type of information disclosure because we do not have any requirements pushing us to disclose particular information on the Web. On the other hand, we feel that we must follow certain pattern because there are IR web rankings in Japan. There are three ranking agencies, evaluating IR websites of publicly listed companies and every year some companies websites receive a nomination "The Best IR website of the year". After the winners of the year are nominated, the ranking agencies offer us a report where recommendations concerning design and content of a good IR website can be found. Sometimes we buy those reports. And sometimes, we do not buy them, but instead, we investigate the winners' IR websites, learning best practices and trying to improve our own practice in such way. (Ms. Kondo and Ms. Hiraoka, 20121218)

The IR community in Japan is large. It was observed at the local IR conference in Tokyo, where almost two hundred local IR managers were participated. However, the conferences were found to have a more ritualistic character, rather than an exchange of managers' experience. Instead, the real exchange of experience occurs during more private gatherings after work.

It is not so much exchange of experience on our IR conferences. In fact, we discuss much more and share our professional experiences when meeting other IR managers of the same age during the afterworks, called nomikai. (Mr.Matsuda, 20121217)

In the UK, IR managers usually follow recommendations of the British IR society and the seminars organized by the IR society are seen to be a possibility for the practical experience exchange.

Most of the content is arranged according to the best practice principle. We have some best practice recommendations from the IR society; there are agencies that organize their own best practice courses. If you want, they can make the whole website for you. Sometimes we attend seminars organized by the IR society here in London, where people discuss the practice of Investor Relations. (Jane and Richard, 20130419)

A high degree of voluntariness in the IR web practice allows IR managers to develop their practice by benchmarking others' practices. IR web rankings and prize nominations, after work discussions, seminars organized by IR societies and IR magazine are examples of how IR managers get inspired by other companies' practices. Such exchange can occur on domestic and international levels; on industry level and across different industries. For example, IR managers can have local discussions with their peers from the same industry and tell each other about how they do best. But when it comes to the prize nominations and rankings, companies from different industries participate in this competition, which means that IR managers from oil industry can easily get inspired by best practice examples of telecommunication companies. On the IR conferences, the exchange occurs on both domestic and international levels; domestic in a way that IR managers from the same financial market share their experience; and international in a way that foreign IR agencies, participating in such conferences, often introduce best practice cases from the other countries and in this way bring international experience into a local market.

4.2.6 How do the IR managers interpret/address IR web quality in their practice?

Even if IR managers shared a general understanding of how the IR web content should look like, managers of different companies sometimes highlighted different features and dimensions of IR web quality, depending on companies' ownership structure and the IR managers' focus in the IR communication. Two main patterns of interpretation were found, namely interpretation based on so called "market-centered" logic and interpretation based on so called "relation-centered" logic¹. To distinguish between these two kinds of dominating logic, IR managers, whose communication is dominated by the "market-centered" logic, have a big audience of various investors on the financial market in mind when creating the content of the IR web, while managers dominated by the "relation-centered" logic have the needs of a particular investor group in mind when communicating on the IR web.

¹ Labels "market-centered logic" and "relation-centered logic" are attached by the author of this dissertation. Accordingly, IR managers, dominated by these logics, are called "market-focused IR managers" and "relation-focused IR managers" in this dissertation.

These two logics of IR managers are related to broad or narrow focus in the IR communication, mentioned in 4.2.2, which, in turn, results in broad or focused content of the IR websites, mentioned in 4.2.4. Accounts received during the interviews show that depending on the type of dominating logic, the IR managers' interpretation of the IR web "excellence" can vary. For example, IR managers with the "market-centered" logic mainly view IR web as an opportunity to communicate their message to all potential investors in the financial market. They create a large content of information, often placing accessed information in focus. On the other hand, relation-focused IR managers address IR web content to a particular group or groups of investors that they already know and have an established relation with. If the relation-focused IR managers have a diversified audience, they tailor information into several blocks, addressing each block to a particular investor group.

Market-focused IR managers' view

Four accounts below illustrate some of the dimensions and features, considered to be important by the IR managers with the "market-centered" logic.

What is mostly accessed should be there, like quarterly reports and financial information, presentations about future plans, information about financial performance, sales, development and changes in the performance. But here again comes the ranking and its "standards" which also should be taken into account. For example, availability of interactive tools is important for the IR web content. (Ms Kondo and Ms Hiraoka, 20121218)

As Ms. Kondo and Ms. Hiraoka, IR managers of a Japanese telecommunication company, articulate it, they consider all information that is often accessed by visitors to be important on the IR Web. According to their view, it is also important to include interactive tools in the IR web content, to keep the level of highly ranked best practice websites. IR managers of a Japanese company from the oil and metals industry, Mr. Konishi and Mr. Nakanishi, associate the content of IR web with a puzzle containing a big number of small pieces. It is a rather abstract comparison, telling us that IR managers place their focus on the broad content, addressed to a broad and not specified group of investors.

What I think is a sign of a good IR quality is when its content has a clear logic. The puzzle should be clearly arranged, even if it contains a big number of small pieces. (Mr Konishi and Mr Nakanishi, 20121218)

The next two accounts illustrate similar views articulated by Mark and David.

Interactive tools, easy navigation, clear presentation of the IR-related themes and clear separation between the information blocks addressed to different types of investors, to have all information without having need to scroll down, less text and more visual information, simplifying what we are saying. It is important be

more “punchy”, trying to make headings clear, so that people can easily navigate. That is why we split them up into groups. And finally, to adapt content to the new devices is very important (Mark, 20130418).

The information should cover the whole area of questions that investors might just come across the company and might ask. It should be comprehensive. Focus should be on the new information (David, 20130425)

Summarizing the perspective of market-focused IR managers studied in Russia, Japan and the UK, to make the content of IR web comprehensive and clear in its structure; and to make the large content easy to navigate through were considered to be most important tasks when creating an “excellent” IR website.

Relation-focused IR managers’ view

On the other hand, IR managers with the “relation-centered” logic place particular information needs of their particular investors in focus. Direct dialog with the investors provides “relation-focused” IR managers with the knowledge about their investors’ information needs, and the IR web content is shaped in a way to correspond to the investors’ particular needs and questions. Two accounts below illustrate this view.

A good IR website is a website that considers the needs of your particular investors. We track the questions of all our investors over time, and try to make the content of the IR website in order to correspond to those questions and present updated information that addresses our investors’ questions. We also need to be proactive in sending the message on the IR web, to persuade our investors to stay with us. (Ivan 20121214)

As I have been working with the Investor Relations for many years, I know exactly what kind of information our investors need. Information items, important to have on the Web are financial results, message from our Chair, press releases, presentations, webcasts from the action, video meetings, information transferred on the transcript, the spreadsheet, and, of course, the annual report, and the shareholder letter. Recent results should be highlighted, as well as contact information. Apps are very important to have because people are browsing a lot from the devices nowadays. Important for shareholders is to find out the dividends, how to register, how to change address; these functions are quite simple and we are trying to make them available online. (Jane and Richard, 20130419).

Ivan’s account, as well as in Jane and Richard’s account show that understanding of the needs of particular investors, to whom they often talk, is important when creating the content of the IR website. The IR web content becomes therefore connected to the content of the direct investor communication. Comparing the accounts given by Ivan and by Jane and Richard, a difference can be seen in the scope of audience that they aim

to address. Namely, Jane and Richard aim to address a much broader audience, clearly dividing the needs of different investors and addressing these needs through different parts of the IR website. It means that the logic still is same as Ivan has, but the difference in the scope of addressed audience can be explained by the difference in ownership patterns, where the ownership pattern of IT Russia is concentrated and the ownership pattern of Teleholding UK is diversified.

4.2.7 Problems and challenges experienced in practice

One of the challenges, common for all interviewed managers was that the teams had not enough time and resources to dedicate to the IR websites. The reason is that the range of responsibilities is broad and IR managers often have to prioritize more urgent issues such as direct investor requests, investor events, and preparation of press releases and recent financial results. Still IR managers realize that IR web is an important communication channel which also saves their resources and facilitates a smoother investor communication. IR managers in Russia emphasized the problem that the IR Web practice is still on its developing stage and there is no established way to follow. “We are mostly using trials and errors method here” (Ivan, 20121214). Differently, IR managers in Japan recognize that the need to conform to the best practices established by the system of IR web rankings becomes an unnecessary pressure, which not always improves investor communication.

We need to conform to the best practices established by the system of IR web rankings, even though it is not always in line with our team’s priorities and objectives. In fact, our IR website is far from the top of the IR web ranking lists. And we can see why. The ranking agencies’ evaluation is often focused on such parameters as accessibility, design, usability, interactivity; a website should look like an animé in other words... But if we mostly focus on the information needs of institutional investors in our IR communication, then we prioritize other things (Mr.Matsuda, 20121217).

Another two common problems are managing big information volumes and understanding of how investors would navigate. First, big companies have usually a lot to tell, but the problem is how to make the content rich and easy at the same time.

We need to make an easy-to-buy version out of it. To create a balance here is very difficult. In order to manage this task, we try to avoid unnecessary information for the IR section, such as for example detailed description of the products, CSR related information. Usually, we present this information separately from the IR section. (Mr.Konishi and Mr.Nakanishi, 20121218).

As for the navigation, IR managers recognized that in practice it is very difficult to know how investors would navigate through the website. They can sometimes track visiting statistics, but the number of hits does not usually tell so much about what kind of visitor is browsing and for which purpose.

Another challenge is trying to understand how the visitors would navigate. I think now I know about the investor point of view, how he or she would look for the content, because I have been working with it for seven years now. But sometimes you need to step back and see if you really know about the websites. How people would best navigate and look for the content? How to try to keep it up to date? (Jane and Richard, 20130419).

An emerging problem, mentioned by the IR managers in the UK was also to synchronize the content with the new technologies. People are browsing from many other devices than computers nowadays (such as smart phones and surf tablets). To make the content available in all new devices becomes a challenge for the IR teams, especially when the resources are limited.

Summarizing accounts received from the IR managers in Russia, Japan and the UK, two types of IR managers' logic was found, namely market-centered logic and relation-centered logic. These two types of logic interact with the other important dimension, namely diversified or focused investor audience that the IR managers aim to address on the IR websites. Interplay between the dominating logic of IR manager and scope of investor audience is connected to whether the IR managers have a broad or narrow focus in their IR web communication. Depending on the type of dominating logic, IR managers' interpretations of IR web "excellence" also differ.

In the next chapter, the focus switches to the content of the IR websites, provided by the studied IR managers in Russia, Japan and the UK. Netnographic analysis of the content of the IR websites will show how the perspectives of the studied IR managers are enacted.

CHAPTER 5

CHAPTER 5

NETNOGRAPHY OF IR WEBSITES

After investigation of investors' practice in Sweden and IR manager's practice in Japan, Russia and the UK, the fieldwork was also done in cyberspace. It involves a netnographic analysis of IR websites of the studied Japanese, Russian and British companies. This chapter illustrates the results obtained from the netnographic investigation of Investor Relations websites, where the perspectives of the studied IR managers are enacted. It addresses the third sub-question formulated in this dissertation, namely, how interpretations of IR web "excellence" are enacted in the IR websites of different financial markets.

The investigation of the companies' English versions of IR websites resulted in several accounts in which four content patterns could be found, namely, pattern 1 diversified audience and broad content; pattern 2 diversified audience and focused content, pattern 3 focused audience and broad content and, finally, pattern 4 focused audience and selected content. Following the methodology of netnography, the IR web content was also analyzed from the investor perspective, which means that the dimensions, which shaped the interviewed investors' understanding of the IR web quality, namely relevance, consistency, presentation forms, timeliness and navigability were also studied. The chapter is structured in a way of presenting each pattern illustrated by examples typical to each pattern. This is followed by the overview of the presentation formats, timeliness and navigability – dimensions that were found important to the Swedish investors. The other important dimensions articulated by the studied investors, namely relevance and consistency are illustrated by four IR web patterns presented in 5.1-5.4.

5.1 IR WEB PATTERN 1: DIVERSIFIED AUDIENCE AND BROAD CONTENT

The IR web content of a Japanese company Nakano Corporation can be a good example of the pattern 1, where IR managers address a broad content to a broad audience. Here, the IR web is used as a channel for mass communication, which implies that the content is not tailored to any specific investor group. Information is very systematically structured and all themes are addressed to all groups. The content is also repeated across different levels. The knowledge of what information is most important is mainly based on the Web log statistics, i.e the statistics telling how many people access a certain item (however, what kind of visitor is browsing still remains unknown).

Table 5.1 presents an overview of the content of Nakano Corporation's IR website. The first page (level 1) starts with the recent news, stock price ticker and interactive share graph where the price can be tracked over time; latest results, including presentation in

PDF, audio presentation of the results by the president of the company, supplementary presentation that focuses on tables, charts and comparisons over years; message from the president and chairman of the board, medium-term management plan including presentation, movie and frequently asked question; information about corporate governance, only including a list of names of executives; financial statements and IR library which includes an archive of reports and presentations since 1999. This is followed by the stock overview, including shareholding ratios, information on dividends, stock quotes, general meeting information, articles of incorporation and analyst coverage. On the left side of the first page, there is also a smaller menu 2, which contains a short overview of the themes already presented in the middle, namely management policies, financial highlights, IR library, shareholder and stock information. There are also additional themes, such as IR calendar and IR site map. There is no direct contact information available. However, general request can be done through a contact form, accessible from the corporate website general menu. On the level 3, information presented on the level 2 is again repeated.

Table 5.1: Nakano Corporation's IR Web content overview

<p>Level 1</p> <p>In focus (menu 1 in the middle of the first page): IR news, stock quotes (real time ticker and sharegraph), latest results for 2012 (Presentation, Supplementary information, Audio, Q&A), Management policies (Management message, Medium-term management plan (Statement, Presentation, Supplementary information, Movie, Q&A), Corporate governance, (Executives, Disclosure policy, Business and other risks); financial highlights (Statement of Income Balance Sheets, Cash Flows, Segment Information); IR library (Financial results and presentation materials, Annual reports, Presentation, SEC filings, Market Price Information archives); shareholder and stock information (Stock overview, Shareholders & shareholding ratio, Return to shareholders and dividend, Stock quotes, General meeting of Shareholders, Articles of incorporation & Share Handling regulations, Rating and Corporate bonds, Analyst coverage)</p> <p>Menu 2 on the left: Management Policies, Financial highlights, IR Library, Shareholder & Stock Information, IR Calendar, Latest IR materials, IR Site Map</p>
<p>Level 2</p> <p>Menu 2 on the left unfolds the number of categories similar to the ones that were in the middle of the first page.</p> <p>Additional categories on this level: IR calendar, Latest IR materials, IR site map.</p> <p>Menu 1 in the middle: categories in the middle unfold a number of sub-categories: Management policy and strategy: Corporate philosophy, brand slogan, corporate vision, strategy.</p>

Corporate governance: basic policies regarding corporate governance and their implementation status.

Risk factors: risks that might affect operating results, financial position, stock price and operational environments.

Financial highlights: download financial data (in PDF and Excel), income statements, profitability indicators, balance sheets, cash flows.

Financial indicators: download indicators (in PDF and Excel), details of financial indicators.

Business segments: composition of operating revenues by segment, main business areas, operating performance by segment.

Annual operating data: download annual data (in PDF and Excel), number of subscriptions and other operating data.

Quarterly operating data: for FY 2012 and archive previous months 2001-2013

Monthly operating data: Download of recent month data (in PDF and Excel), archive previous years 2001-2011

Corporate bonds and ratings: credit ratings, outstanding bonds.

Stock information: general information, major shareholders, distribution of share ownership, changes in shareholder numbers, ADR information.

Dividend trends: overview of dividend payment for years 1998-2013.

Stock quotes: interactive sharegraph

Analyst coverage: list of analysts including name of institutions and name of analysts, notes

Share repurchase: description of the status of share repurchase.

Articles of incorporation and share handling regulations

Level 3

Second level of the menu on the left unfolds the content similar to the content in the middle on the level 2.

Source: Nakano Corporation's IR website accessed 2013-07-13

Further, the design of the IR website is very professionally done; it includes a lot of visual presentation forms such as narrative figures (Picture 5.1), graphic presentation (Picture 5.2), interactive tools (Picture 5.3) and other visual information illustrated by various presentation formats (Table 5.5).

Picture 5.1 illustrates an example of a narrative figure that presents the company's basic policy, the main components of which are profitability, growth and flexibility. Profitability is planned to be reached by "realizing overwhelming competitiveness through continuous restructuring and stable operation; and through realizing returns from invested projects". Growth is supposed to be reached by "allocating management resources to highly profitable and developing operations on priority basis". And, finally, flexibility is planned to be realized by "structuring stronger balance sheet corresponding to business environmental change".

Basic Policy

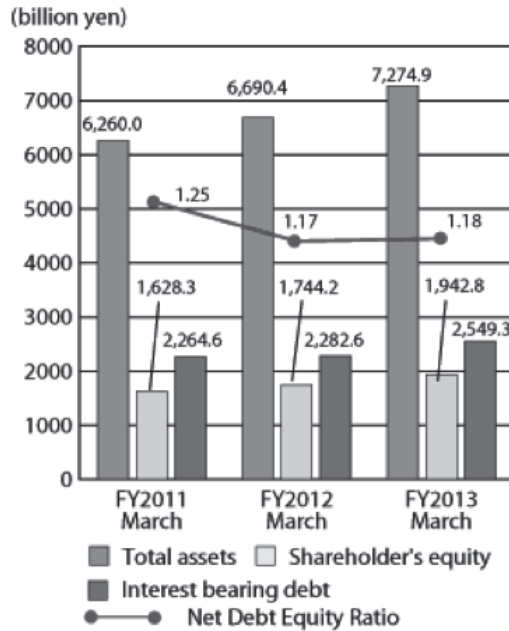


Picture 5.1: An example of a narrative figure

Source: Nakano Corporation's IR website accessed 2013-07-13

These components together are supposed to create value for investors, namely continuous realization of high profit and high ROE (return on equity), which, in turn will maximize group corporate value. It is an example of how a visualization tool can be used to persuade investors, showing how the components of the policy can lead to the increased value of the company.

Picture 5.2 provides an example of static graphs presenting four components from the balance sheet over the last three years, namely total assets, shareholder equity, interest bearing debt and net debt equity ratio. As can be seen, the picture tries to persuade investors that the total assets, shareholder equity tend to gradually increase over time.



*Picture 5.2: An example of a static graph used by Nakano Corporation
 Source: Nakano Corporation's IR website accessed 2013-07-13*

Visualization of the balance sheet development over three years is also one of the ways to illustrate how company grows over time and persuade investors in that the company makes its efforts in meeting investors' expectations and is therefore worth invested in.

Picture 5.3 is a typical example of an interactive sharegraph, where the development of the company's share price can be followed within different time periods and in relation to indices and corporate financial indicators.



*Picture 5.3: An example of an interactive sharegraph
Source: Nakano Corporation's IR website accessed 2013-07-13*

The graph also shows share prices from all stock exchanges where the company is listed. It can also show a comparison with the company's competitors. However, in this particular case, the company decided not to include this option into the sharegraph content. To summarize, a large content of Nakano Corporation's IR web is not addressed to any specific group of investors; instead it covers a broad range of issues addressing a larger audience, which mirrors the market-centered logic of Nakano corporation's IR managers. The focus is not to make the information on the IR web relevant to any specific group, but rather to use IR web as a possibility to communicate to all possible investors on the financial market. The content is therefore not tailored to any particular group of investors.

5.2 IR WEB PATTERN 2: DIVERSIFIED AUDIENCE AND FOCUSED CONTENT

The content of Teleholding UK's IR website is a good example of the IR web with a focused content, which is addressed to a large diversified audience. The Table 5.2 shows an

overview of the content. Menu 1 in the middle of the first page is placed in focus of the content. It includes such main themes as investors and analysts, individual shareholders, quick links, investor calendar and debt holders. Each main information category involves sub-categories, presented in the Table 5.2. The themes are divided according to the interviewed managers' definition of the main target groups of investors, namely institutional investors and analysts, individual investors and debt investors.

Additionally, there are two similar content bars, namely menu 2 and menu 3 on the Table 5.2. Menu 2 on the top provides all main themes visible at the same time and menu 3 on the left highlights the three addressed audiences, presents detailed IR contacts (each person responsible for each type of target audience) and, finally, provides an investor relations glossary for a general use. Different groups of users can therefore easily make their own paths through the content even though the content is quite large and varied. Most of the content is placed in the section addressed to the institutional investors and analysts. Here, extensive archives of reports and financial information are presented together with the recent reports and financial results. The financial results are structured in a way of having PDF files, presentations, webcasts, spreadsheets and transcripts available in the same place. When it comes to the corporate governance information, the presentation of the board members and executive managers is first available on the third level, which means that the visitor has to click at least three times in order to read this information.

Table 5.2: Teleholding UK's IR web content overview

<p>Level 1:</p> <p>Menu 1 in the middle: To Investors and analysts: financial results, presentations, press releases To Individual shareholders: ordinary shareholders, AGM holders; AGM Latest events: interim management statement, access the webcasts, news release and documents (in English and German) Quick links: sign up to alerts, order an annual report, shareprice calculator, dividend calculator, contacts, about us, download presentation, download factsheet Investor calendar To Debt holders: bonds, commercial paper, credit ratings</p> <p>Menu 2 on the top: About us: strategy, corporate governance; Investor information: financial results, presentations, financial reports, investor calendar, analyst coverage, press releases and regulatory fillings; Shareholder centre: ordinary shareholders, ADR holders, shareholders tools, share buyback program, AGM, stock information, FAQs; Debt investors: financing strategy, bonds, commercial paper, credit ratings</p> <p>Menu 3 on the left side: About us; Investor information; Shareholder centre; Debt investors; Glossary; Investor contacts</p> <p>Separate items on the right side: shareprice ticker, recent annual report, video presentation introducing Teleholding UK 2015, sign up for alerts, twitter following</p>

Level 2

Menu 1 (in the middle):

To Investors and analysts:

Financial results: Financial results 2013, including archive from 2001 and downloads of presentation, webcast, excel spreadsheet and transcripts; archive since 2001

Presentations: corporate presentation 2013, including downloads of webcast, presentation and transcript, archive since 2004

Press releases: recent news including archive since 1999

Individual shareholders

To ordinary shareholders: manage your holdings (more on level 3), shareholder communication (more on level 3), dividends (more on level 3), dividend reinvestment plan (more on level 3)

ADR holders: manage your holdings, dividends, buying, selling and transferring, ADR FAQs (find out more on level 3)

Annual general meeting: AGM2013, webcast, notice of AGM, vote online, AGM archive since 2009

To Debt holders

Menu 2 on the top: About us

Strategy: video presentation of the strategy 2015

Corporate governance: board committees, executive committee, compliance and code of ethics, NASDAQ governance

Investor information

Financial results: Financial results 2013, including archive from 2001 and downloads of presentation, webcast, excel spreadsheet and transcripts; archive since 2001

Presentations: corporate presentation 2013, including downloads of webcast, presentation and transcript, archive since 2004

Annual reports: annual report 2013 and archive since 1989, sustainability report 2013 and archive since 2001, order hard copy service

Investor calendar: events 2011-2013

Analyst coverage: name of institution, name of analysts, phone numbers

Press releases and regulatory filings: press releases, UK regulatory, SEC filings, form 20F

Shareholder centre: same as menu 1

Debt investors: same as menu 1

Menu 3 on the left:

The content of About us, Investor information, Shareholder centre and Debt investors is same as Menu 2.

Glossary: investor relations terms and abbreviations in alphabetical order

Investor contacts: phone numbers for general enquiries, ordinary shareholders, ADR holders, analysts. Names, phone numbers and e-mail addresses of IR team members.

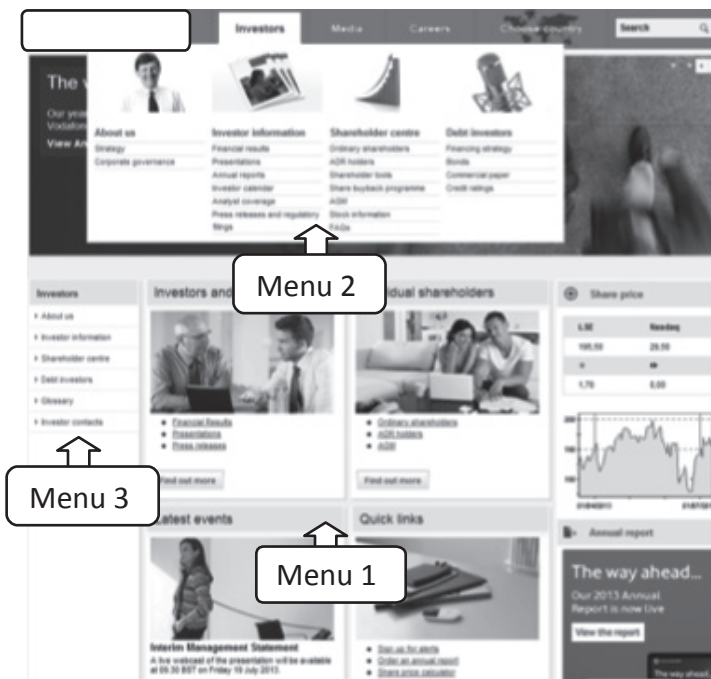
Level 3

Corporate governance: presentation of the members of the board committees, executive committee

Press release archive since 1999

Source: Teleholding UK's IR web accessed 2013-07-14

The picture 5.4 provides an illustration of how the three menu bars can be allocated on the start page of the IR website. The most central menu 1 in the middle of the page presents four main information blocks, namely information to investors and analysts, information to ordinary shareholders, information to debt investors and quick links to other information. The content of the menu 2 on the top unfolds when clicking to the heading “Investors”, the name of the whole IR domain. It also contains same three categories as in the first menu, namely information to investors and analysts, information to ordinary shareholders, information to debt investors. Additionally, it includes general information about the company. Finally, menu 3 on the left side contains same headings as the menu 2 plus two more categories added; these are IR glossary and investor contacts.



Picture 5.4: An example of three menu bars
 Source: Teleholding UK’ IR web accessed 2013-07-14

The content of Teleholding UK’s IR website is structured in a way of having three main information blocks addressed to three different investor audiences. The content is repeated across three levels; gives visitors possibility to take different paths when navigating through the content. Repetitiveness of the content also makes information available on

different levels of the IR web content. Teleholding UK's IR web contains a large amount of information, yet structured and focused on the three particular investor audiences. It reflects relation-centered logic of the company's IR managers, as they place the needs of particular investors in focus, namely the needs of institutional investors and analysts, private shareholders and debt investors.

5.3 IR WEB PATTERN 3: FOCUSED AUDIENCE AND BROAD CONTENT

The IR website of the Russian company Oilru is a good illustration of the pattern 3, where the audience for the IR section is rather focused and the IR Web content is broad. The first page of the IR Web (first level) highlights three documents, namely Annual report 2012, Analyst Databook 2012 and the company's fact book 2012. It is followed by detailed contacts of the IR team and two banners advertising the company's products. On the left side, there is a layered menu (Picture 5.4), where the Investor and Shareholder center can be found on the first level and then, on the second level, the main themes can be accessed. The main themes are reports, for investors and analysts, for shareholders, general shareholders meetings, shareholders equity, securities trading statistics and FCA disclosure. Corporate governance, corporate general information and press releases are located outside IR section, which makes the content rather unfocused and complicated from the navigation point of view.

During the interview, the IR manager of Oilru showed a rather theoretical understanding of how an "excellent" IR web content should look like. According to his understanding, the content should include a statistical part (numbers and results), a descriptive part (about company's business, strategies and products) and thematic part (highlighting a certain theme, for example corporate governance, CSR and more). Such interpretation is enacted in the Oilru's IR web content, where the three parts are clearly separated. However, it is unclear, to whom the parts are addressed. The logic is therefore to make the website content available to all, which means that the content is not addressed to any specific group of investors, even though the investor audience of Oilru is rather focused, which can be seen from the company's ownership structure and from the interview accounts.

The layered menu structures the content in a way that most of the information becomes available first on the third level (see level 3 in Table 5.2). There are also some repetitions, for example the interactive tool "investment calculator" is repeated three times through the content, even though this tool is not considered to be very useful by the institutional investors, interviewed in this study. This case shows therefore a market-centered logic of the IR manager, where there is a broader audience in mind, even if the actual target group is a homogenous group of institutional investors.

Table 5.3: Oilru’s IR Web content overview

<p>Level 1 Annual report 2011, Annual Databook 2012, Company’s fact book Shareprice ticker , Press releases, IR contacts, shareholder relations contact, Two banners advertising, company’s products</p>
<p>Level 2 Reports; For Investors and analysts; For shareholders; General shareholders meetings; Shareholders equity; Securities trading statistics; FCA disclosure Corporate governance (outside the IR section): Board of directors, Committees of the board of directors, Management committee, Stakes of Board Members and Management Committee Members, Remuneration of Directors and Management Committee Members, Dividends, Internal documents of the company, Corporate governance report, To insiders of the Company General information (outside the IR section): Presentation including company today, Description of segments and sectors, Innovation policy, Company history, history of the brand, Subsidiaries, Insurance strategy and policy, Inquiry form Press centre (outside the IR section): Press releases, Speeches, articles, interviews – latest from 2010, Video 25, Photo hundreds of photos, including top management in Russian political elite surroundings, Booklets and books 8, Corporate collection – historical cards, securities and photos</p>
<p>Level 3 Reports: Financial reports since 1999, in PDF and HTML formats, Annual reports (since 2000, latest from 2011, both English and Russian versions since 2009 including order printed copy service), Data books in PDF since 2004, Fact book in PDF since 2008 , Sustainability report in PDF since 2003, Corporate governance report in PDF since 2010 For investors and Analysts: Financial fundamentals, Operating highlights, Presentations, Financial Calendar, Investment calculator, Analyst coverage, Investor trips to Sites, Contacts For Shareholders: Shareholder relations policy, Investment calculator Dividends, Depositary receipts, FAQ, Contacts General Shareholders Meetings: Annual General Shareholders Meeting, Extraordinary General Shareholders Meeting Shareholder Equity: History of share capital, Shareholders, Company securities Security trading statistics: Shareprice information, Debt securities price information, Share-price history, Investment calculator FSA disclosure</p>

Source: Oilru’s IR web accessed 2013-07-13

Picture 5.4 is an example of a layered menu, where the user has to go “downstairs” and unfold the content of each category by proceeding to the next stair level. Organizing the content in such a way, makes the structure to be discovered during the process of navigation. In other words, the user cannot see the content overview without clicking on each of the categories and discover what is on the next level.

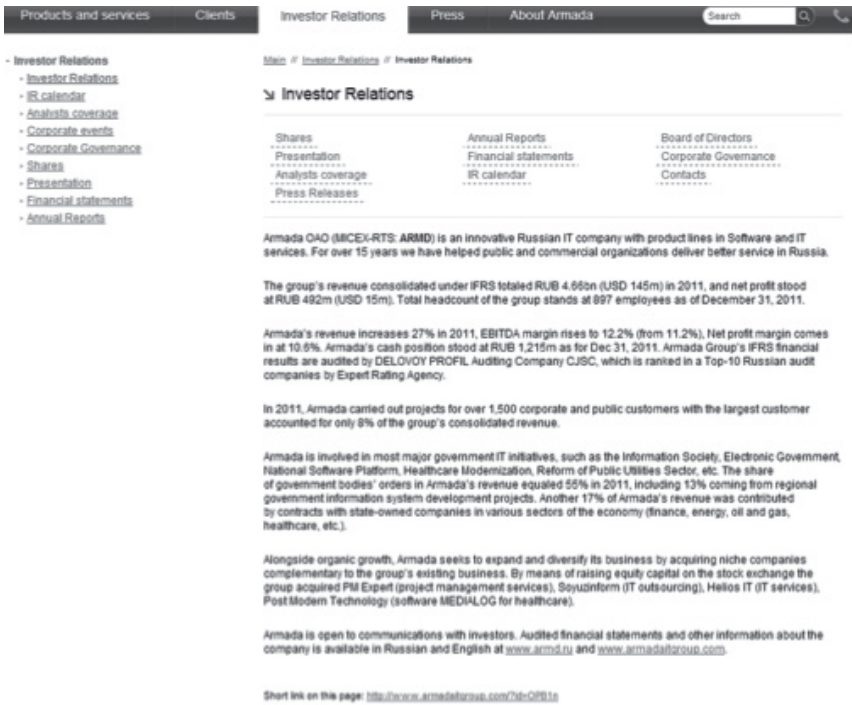


*Picture 5.4: An example of a layered menu
Source: Oilru's IR website, accessed 2013-07-13*

For example, in order to see which information is disclosed under category shareholders equity, the user needs to make a click to unfold the next level that contains information about history of share capital, shareholders and company securities. Finally, to reach the information about of share capital, shareholders and company securities the user needs to click one more time on each of these items.

5.4 IR WEB PATTERN 4: FOCUSED AUDIENCE AND SELECTED CONTENT

IT Russia's IR website is an example of pattern 4, in which the IR team has a rather focused investor audience and the IR web content is focused on the needs of a particular audience. Picture 5.5 illustrates how easy the structure of IT Russia's IR web looks like.



Picture 5.5: The first page of IT Russia's IR web
Source: IT Russia's IR web accessed 2013-07-15

The narrative description of the company's business and financial performance is placed in the middle of the first page. As illustrated below, it provides an overview of the company's business, highlighting the company's growing potential and future plans to expand.

Our company is an innovative Russian IT company with product lines in Software and IT services. For over 15 years we have helped public and commercial organizations deliver better service in Russia.

The group's revenue consolidated under IFRS totaled RUB 4.66bn (USD 145m) in 2011, and net profit stood at RUB 492m (USD 15m). Total headcount of the group stands at 897 employees as of December 31, 2011.

The group's revenue increases 27% in 2011, EBITDA margin rises to 12.2% (from 11.2%), Net profit margin comes in at 10.6%. The cash position stood at RUB 1,215m as for Dec 31, 2011.

In 2011, we carried out projects for over 1,500 corporate and public customers

with the largest customer accounted for only 8% of the group's consolidated revenue. We are involved in most major government IT initiatives, such as the Information Society, Electronic Government, National Software Platform, Healthcare Modernization, Reform of Public Utilities Sector, etc. The share of government bodies' orders in the company's revenue equaled 55% in 2011, including 13% coming from regional government information system development projects. Another 17% of the group's revenue was contributed by contracts with state-owned companies in various sectors of the economy (finance, energy, oil and gas, health-care, etc.). Alongside organic growth, the company seeks to expand and diversify its business by acquiring niche companies complementary to the group's existing business. We are open to communication with investors. Audited financial statements and other information about the company is available in Russian and English at our website. (IT Russia's IR website, accessed 2013-07-15)

The aim of this message is to persuade investors that the company has a growing potential in the future. However, the numbers highlighted in this text, cover a period of 2011, which is rather outdated information for an investor who accesses the website in July 2013. On the other hand, an investor presentation in PDF, which is also available on the first page of the IR web, is updated very recently (in 2013-06-27). As it is understood from the study of the Swedish institutional investors, investor presentations with the focus on earnings performance, showing all financial highlights, and detailed information from the operations in different geographical markets are considered to be an important source used by investors in order to capture the management's view regarding company's future potential.

Focusing on highlighting only certain content, mostly requested by the company's particular investors means that the company mostly use the IR web to follow up direct communication with their investors. To make the first general message "excellent" addressing the whole financial market is therefore not a priority for the IT Russia's IR managers; instead the focus is on the relations with particular investors that are important to the company.

Further, the narrative description is surrounded by the IR contact information and two similar menu bars on the top and on the left side. These two menu bars are almost identical containing same themes, but in different order, as it can be seen from Table 5.4. The main themes presented in the menu bars are share information, presentation, analyst coverage, press releases, annual reports, financial statements, IR calendar, board of directors, corporate governance and contacts. In the menu 2, the category Press Releases is replaced by the category Corporate Events, while the categories Board of Directors and Contacts are excluded. The content of IT Russia's IR web goes through two levels, which means that all information is reachable within two clicking steps.

Table 5.4: IT Russia's IR web content overview

<p>Level 1 Company narrative overview, Contacts Menu1 on the top: Shares, Presentation, Analyst coverage, Press releases, Annual reports, Financial statements, IR Calendar, Board of directors, Corporate governance, Contacts Menu2 on the left: IR Calendar, Analyst coverage, Corporate governance, Shares Presentation, Financial statements, Annual reports</p>
<p>Level 2 Menu 1 Shares: Short narrative description of company shares followed by four links to share –related press releases Presentation: Latest company presentation in PDF (2013-02-20) Analyst coverage: List of the analysts names, affiliations and status of the analysts' reports Press releases: Press releases for years 2007-2013 Annual reports: Annual reports in PDF for years 2007-2012 Financial statements: Financial statements and Auditor's reports for years 2008-2011 IR Calendar: 3 years overview of events Board of directors (outside the IR section): List of the members of the board, Photos and a short CV of each member Corporate governance: Corporate governance structure overview, Article of Association, Amendments to Articles of Association, Code, General Shareholders' Meeting, Board regulations, Audit and Compliance Committee of the Company, Information disclosure policy, Regulations on General Director Contacts: addresses, phones and e-mail addresses of the main company and subsidiaries, name and e-mail address for the Investor Relations contact Menu 2: IR calendar, analyst coverage, corporate governance, shares, presentation, financial statements and annual reports – same as in the Menu 1. Corporate events: materials for Annual General Meeting of Shareholders in June 2013 (annual report, opinion of the audit commission, draft of the resolutions, recommendations for appropriation of profits, candidates for the members of the board of directors, candidates for the members of the audit commission, information about the auditors, evaluation of the audit committee)</p>

Source: IT Russia's IR web accessed 2013-07-15

As it was articulated by the interviewed IR manager of IT Russia, the content of the IR web is organized in a way to support the direct IR communication with the company's particular investors. As the number of investors is relatively small, the IR managers know all of them personally and they know exactly which information their particular investors need to be supplied with in a distance. The recent investor presentation, for example, is made to follow up the questions previously received from the investors. The interactive graphical information formats are not available on the Web, because the IR team regularly

interacts with the limited group of current and potential investors, talking to them by phone and meeting them personally. Relation-centered logic of IT Russia' IR manager is therefore enacted in such a selected content of the company's IR website that addresses particular institutional investors in Europe.

5.5 PRESENTATION FORMATS, TIMELINESS AND NAVIGABILITY OF THE IR WEBSITES

This section provides an overview of presentation formats, used on the investigated websites; it also accounts for timeliness and navigability of the studied IR websites. These dimensions were articulated by the studied Swedish institutional investors to be important. All websites were checked in the same days. Presentation formats and timeliness were investigated on July 17th, which was followed by the investigation of the navigability on July 18th, 2013.

As Table 5.5 illustrates, the information can be presented in various formats. The most common formats are PDF documents, static graphs, tables, excel sheets, video presentations and pictures. The number of the PDF files on the Japanese IR websites is significantly higher, because a lot of reports are additionally presented as a collection of chapters, each in its own PDF file. Most of the Japanese companies use less photos and pictures on the IR web, compared to their Russian and British peers. Instead, static graphs and narrative figures are their common ways to visualize financial performance and management's strategies. (see Pictures 5.1-5.2 as examples).

Table 5.5: Overview of presentation formats provided by studied companies

Presentation formats	J1	J2	J3	R1	R2	R3	U1	U2	U3
Pictures (photos)	1	1	52	65	22	6	2	19	13
FLASH reports	0	9	0	6	6	0	6	0	0
PDF files	572	391	213	332	86	16	34	134	152
Word files	0	0	0	0	0	0	0	15	0
HTML files	0	53	0	0	0	0	0	9	3
Excel files	9	18	11	72	10	0	1	38	0
XBRL files	0	4	0	0	0	0	0	0	0
ZIP files	0	1	0	0	0	0	1	0	0
Video presentations and webcasts	2	21	17	45	26	0	0	26	0
MP3 audio files	2	0	36	6	6	0	0	0	0
Static graphs	20	22	77	6	0	0	6		3
Tables	29	83	44	40	14	5	13	31	1
Interactive tools	1	1	1	2	2	0	1	7	4
Ticker	1	1	1	2	1	0	1	1	1
Narrative figures	12	5	5	0	0	1	0	4	0

Source: IR websites of all studied companies accessed 2013-07-17

Note: J1-J3 are respectively Nakano Corporation, Tobo Telecom and Tokada Corporation; R1-R3 are respectively Oilru, Rustel and IT Russia; U1-U3 are respectively OilPro, Teleholding UK and Softlink.

It is observed that the companies where IR managers are dominated by the market-centered logic provide more visualized information, compared to the companies where IR managers are dominated by the relation-centered logic. For example, J2 Tobo Telecom and R1 Oilru use interactive versions of the annual reports (HTML and FLASH reports) and webcasts (or video presentations) more than, U3 Softlink and R3 IT Russia, whose IR managers are driven by the relation-centered logic. The websites of the market-focused IR managers are usually more diversified in terms of the presentation formats and design features. Furthermore, Table 5.6 illustrates the dimension of timeliness of the studied IR websites.

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Table 5.6: Timeliness of the IR websites of studied companies

Information item	J1	J2	J3
Latest annual report	AR 2012	AR 2012	AR 2013
Latest interim report	2013-05-09	2013-06-30	2013-05-10
Latest press release	2013-07-09	2013-07-05	2013-06-28
Latest presentation	2013-05-09	2013-05-15	2013-05-16
Corporate governance report	-	-	-
Latest event in IR calendar	2013-07-31	2014-01	2013-07-30
Latest update of analyst coverage	2013-06-27	2013-07-16	2013-02-14
Information item	R1	R2	R3
Latest annual report	AR 2012	AR 2012	AR 2012
Latest interim report	2013-05-22	2013-06-07	The date is not provided
Latest press release	2013-07-11	2013-07-15	2013-07-05
Latest presentation	2013-06-28	2012-10-17	2013-04-16
Corporate governance report	2012		
Latest event in IR calendar	2013-08	2013-08-15	2013-02-20
Latest update of analyst coverage	The date is not provided	The date is not provided	2012-11-19
Information item	U1	U2	U3
Latest annual report	AR2012	AR 2013	AR 2013
Latest interim report	2013-02-17	2013-02-07	2012-02-21
Latest press release	2013-07-05	2013-07-05	2013-07-17
Latest presentation	2013-06-25	2013-03-05	2013-06-19
Corporate governance report	2012		
Latest event in IR calendar	2013-08-27	2013-11-12	2013-09-26
Latest update of analyst coverage	The date is not provided	The date is not provided	-

Source: IR websites of all studied companies accessed 2013-07-17

Note: J1-J3 are respectively Nakano Corporation, Tobo Telecom and Tokada Corporation; R1-R3 are respectively Oilru, Rustel and IT Russia; U1-U3 are respectively OilPro, Teleholding UK and Softlink.

As observed from Table 5.6, the market-centered IR websites tend to be more updated compared to the relation-centered IR websites. This can be explained by the fact that the relation-focused IR managers dedicate much more time and resources to the direct communication with their investors, updating the investors directly on the meetings or sending the updates by e-mails, while the market-focused IR managers use IR web as a main channel for the updates.

Table 5.7 illustrates navigability of the IR websites. The features, studied here were menu of the content, search function and availability of mobile version of the web content.

Table 5.7: Navigability of the IR websites of studied companies

Navigation	J1	J2	J3
Menu	Two versions of the same menu, one of them maps the content	Two versions of the same menu, one of them maps the content	Two versions of the same menu, one of them maps the content
Search function	Convenient search, showing a detailed context where searched item is placed	The search can be done within different themes	The search can be done in 16 languages
Mobile version of the Web	Not found	Not found	Mobile app
Navigation	R1	R2	R3
Menu	“Stairs menu” – difficult to navigate through	Three variations of almost same menu	Two variations of almost same menu
Search function	Slow, sometimes the results don’t precisely match the searched item	There is a separate search function for the IR web, but many items could not be found	Sometimes the results don’t precisely match the searched item
Mobile version of the Web			
	Not found	Mobile version in Russian only	There is a shortened mobile version of the website
Navigation	U1	U2	U3
Menu	Two variations of the same menu	Three variations of the same menu, one maps the content	One menu

Search function	sometimes the results don't precisely match the searched item	Convenient search, showing a detailed context where searched item is placed	sometimes the results don't precisely match the searched item
Mobile version of the Web	Not found	Mobile app	Not found

Source: IR websites of all studied companies accessed 2013-07-18

Note: J1-J3 are respectively Nakano Corporation, Tobo Telecom and Tokada Corporation; R1-R3 are respectively Oilru, Rustel and IT Russia; U1-U3 are respectively OilPro, Teleholding UK and Softlink.

When discussing the dimension of navigability with the Swedish investors, functionality of the menu and search engine was considered to be crucial. Moreover, as browsing from the mobile devices is common nowadays, availability of a mobile version of the Web was assumed by the studied investors to be a beneficial option on the Web. A majority of the IR websites are found to be structured in a way of having two or three menu bars of almost same content. One of the bars often maps the content, while the other ones give a short overview of the main themes.

The search functions were found to be less advanced in most of the investigated companies. Even if the search can be done within a few seconds, the results do not often match the searched items precisely. Sometimes, the results are shown in a very limited context, so that the user needs to open each document in order to see whether the information is relevant or not. Finally, only a few of the investigated companies, mostly companies from the telecommunications and software industries, had mobile versions of the websites.

5.6 SUMMARIZING RESULTS OF NETNOGRAPHIC STUDY OF IR WEBSITES

To summarize the results of the netnographic analysis of English versions of IR websites provided by Russian, Japanese and British companies, four patterns of the IR web content were found.

When comparing the results of netnographic study with the accounts received from the study of IR managers, it can be seen that the four patterns identified in the accounts of the IR managers correspond to the four patterns found in the content of the IR websites. Namely, the accounts of the IR managers resulted in variations in the type of logic driving IR managers and shaping their way of communicating to investors on the Web. The two types of logic are market-centered logic and relation-centered logic, which in different combinations with the scope of investor audience resulted in the four different patterns, described in 4.2. These patterns are pattern 1 diversified audience and broad focus

in communication; pattern 2 diversified audience and narrowed focus in communication; pattern 3 focused audience and broad focus in communication; and pattern 4 focused audience and focused communication. Corresponding patterns were also found in the content of investigated IR websites. The four content patterns are pattern 1 diversified audience and broad content; pattern 2 diversified audience and focused content; pattern 3 focused audience and broad content; and pattern 4 focused audience and selected content. Each pattern was illustrated by one example in this chapter; the other studied companies' IR websites were also found to follow one of the four identified patterns.

In addition, the dimensions of the IR web considered by the studied Swedish investors to be important, namely relevance and consistency, easy navigation, timeliness and familiarity of presentation formats also varied depending on the scope of companies' investor audiences and dominating logic of IR managers. In the next chapter, the results of the fieldwork and netnography will be analyzed within the three perspectives initially articulated in the research questions, and related to the previous literature highlighted in Chapter 2.

CHAPTER 6

CHAPTER 6

INVESTOR RELATIONS ON THE WEB - DISCUSSION

This chapter discusses Investor Relations on the Web, letting different perspectives meet each other. In particular, comparisons between different perspectives and patterns are placed in focus. The chapter starts with the discussion of the IR web “excellence” from the perspectives of investigated IR managers and investors (6.1). This discussion addresses the two first sub-questions of this study and links them together. It is followed by a discussion of the IR managers’ practice, comparing different patterns across borders. This discussion addresses the second sub-question of this study and links the perspective of IR managers to the content of the IR websites, the main issue of the third sub-question. The section highlights both country-based and non-country-based differences in IR web practices (6.2).

Next, IR web practice is discussed as a part of the overall Investor Relations agenda, which corresponds to the purpose of the study, namely to explore the role of IR websites in a bigger context of IR communication (6.3). This is followed by the final part, which introduces four patterns of Investor Relations on the Web, which emerged from this study’s field material (6.4). Each discussion is related to the previous research from the areas highlighted in Chapter 2, namely the areas of Internet reporting, information quality and communication.

6.1 “EXCELLENCE” OF THE IR WEB FROM THE PERSPECTIVES OF IR MANAGERS AND INVESTORS

6.1.1 Discussing the field material

The discussion in this section will encounter two investigated perspectives - the perspective of studied Investor Relations managers in the UK, Russia and Japan and the perspective of institutional investors in Sweden. This addresses the first two sub-questions articulated in Chapter 1, how is IR web “excellence” interpreted from the perspectives of IR managers’ and institutional investors’ practices?

The main difference between IR managers and investors views of the IR website content is that most of the interviewed IR managers, especially market-centered managers, focus on provision of the large amounts of technical information (pure numbers) more than on providing the context and explanations behind the numbers. However, investors do not see IR website as a main source for getting the numbers, as they receive such data from

the Bloomberg databases, which are routinely used by investors in the process of analyzing companies. But, what the studied investors consider useful on the websites is the company's management explanations and the context behind the numbers. Therefore, it seems more important to investors to receive the persuasion part through the companies' websites and through the direct communication with the management.

However, it does not mean that investors will be persuaded by only looking at the explanations provided by companies on the Web. Management's explanations are only one part of the game. In practice, investors analyze companies from three different angles. First, they look at what the numbers from the financial statements tell them; second, what the company's management tells them; and third, what the external consensus on the financial market tells them. How the company presents and explains the results in relation to the company's context and strategies, is therefore one part of the whole picture, which apparently can't be obtained from the technical databases, but rather from the written or spoken narratives. As seen from the field material of this study, institutional investors consider such narratives to be most important and useful on the investor relations websites. The important parts are investor presentations with the focus on earnings performance, quarterly results including webcasts (video of the executives speaking) including written transcriptions of the speech, investor calendar, the latest news, future oriented strategies and plans, a presentation of the executive team, the management's view of the market and competitors, a clearly presented business model and detailed contact information.

The results obtained in the study of IR managers and netnographic investigation of the websites show that a majority of the investigated companies focus on providing main information themes such as recent financial data, company background, archival financial information (IR library), share information, corporate governance, news and press releases and, finally, contact information. However, the ways in which these categories are presented on the Web differ depending on the dominating logic of IR managers. In particular, different types of IR managers attach different dimensions to an "excellent" IR website. "Market-focused" IR managers want to cover all possible investor audiences on the financial market, presenting timely and relevant information in an interactive way, covering all possible questions that they might receive from investors.

Differently, "relation-focused" managers consider customization of the content and navigability to be most important. They also want to be proactive on the Web, sending their investors the links to the new information and reminding investors that they exist. On the other hand, institutional investors prefer IR websites to be focused on the most important and relevant information to them, presented in an easily accessible way with a familiar structure.

Table 6.1 illustrates investors', market-focused IR managers' and relation-focused IR managers' views of the IR web "excellence", namely the most important information items and dimensions

Table 6.1: Interpretations behind the IR web "excellence"

Information items on the IR web		
Swedish investors' practice	Market-focused IR managers' practice	Relation-focused IR managers' practice
Investor presentations with the focus on earnings performance, financial highlights five years overview, detailed segment information, quarterly results including webcasts with transcriptions, investor calendar, latest news and press releases, future oriented strategies and plans, contact information, corporate governance information and presentation of the executive team, management's view of the market and competitors, clearly presented business model.	Mostly accessed information and the range of all possible questions, that can potentially be asked. Important is to have a statistical part (current and historical financial performance); a descriptive part, which describes our business, products and strategies; and, a thematic part, where we present some material focused on a certain themes (for example CSR)	Information needed to particular investor groups. To institutional investors: webcasts and transcripts of the management's speech, company background, Chair message, investor presentations, spreadsheets of the financial statements, To private shareholders: annual reports, contact information, dividend information, and shareholder support
Dimensions of the IR web quality		
Investors' view	Market-focused IR managers' view	Relation-focused IR managers' view
Easy navigation, relevance of the content, timeliness, familiarity of the presentation formats, focus (not too much information)	comprehensiveness interactivity of the tools, relevance, timeliness	Relevance (customized information), navigability, proactivity

Source: The study's field material

Even if both IR managers and investors articulate relevance as a crucial dimension of the IR web quality, the interpretations of what is relevant differ. From the perspective of the market-focused IR managers, relevant information is what is often accessed on their websites. The logic of the market-focused IR managers is to provide as much information as possible and see what is mostly visited (clicked), when they work on the improvements of the IR websites. Here, the best practice from the IR managers' point of view would

be to highlight the mostly visited information, repeating it in different levels, in order to make it accessible from different places on the IR web. Relation-focused IR managers consider information relevant, based on questions they receive from their investors when communicating to them directly, namely recent financial results including webcasts and transcripts, company background, message from the Chair, investor presentations, the spreadsheets of the financial statements and annual reports, contact information, dividend information and shareholder support.

On the other hand, relevant information in the investors' interpretation is the information about the future value of the company; information that presents background and explanations behind the company's financial results and information that makes management and their plans visible to the investors. Investors already have plenty of numbers coming out from the financial statements and annual reports. They can easily access such information from the extensive databases, which include thousands of companies from all possible financial markets. But the numbers and combinations of numbers do not speak for themselves unless the specific context is given. That is why Investor Relations and explanations behind the numbers become so important and the non-technical part of the IR websites becomes relevant for the investors. As McCloskey and Klamer (1995) argue, knowledge is not only getting information, it is "information plus judgment" (see 2.7.2). Investors evaluate companies by looking at the information (given from the extensive databases), but also looking at the explanations (judgments) provided by the company's top management and the explanations (judgments) provided by the financial analysts. Having these three perspectives, investors develop their own view of the company and make decisions.

Furthermore, relating the findings of this study to the previous literature addressing the concept of information quality, discussed in 2.6, the quality, or "excellence" of the IR web was found to be multiple and differently enacted in practices of the actors involved in the IR communication. In contrast to the previous studies that tried to identify a set of abstract dimensions for measuring the concept of information quality, this study was rather in line with Pullen (1993) who argued that identification of a set of abstract dimensions was insufficient to understand the concept. The results of this study also provided the concrete context, or situations, in which the concept was interpreted and in which certain dimensions became more important than others. Looking at the specific situations in which IR managers acted, it was found that the logic behind the activities of the IR managers differed. This, in turn, resulted in different interpretations of the IR web "excellence" in different practices, discussed earlier in this section and illustrated in Table 6.1.

6.1.2 Relating the study's results to the previous research

A comparison of the results generated by this study with the results from the previous studies of the providers or/and users of the Internet reporting shows how this study contributes to the previous knowledge of providers and users of Internet reporting. Starting from the perspective of providers (companies), Trabelsi et al (2004) in their interview-study of providers of corporate websites, found the Internet disclosure management in the UK to be either ritualistic (passive and repetitive behavior of following rules), or opportunistic (when managers actively provide disclosure as opportunity to gain specific benefits). The authors applied this classical framework of disclosure management, initially developed by Gibbins, Richardson and Waterhouse (1990). However, the material of this study of IR managers in the UK, Russia and Japan indicates that the managers of the IR websites of the large listed companies only follow the opportunistic pattern. No website could be found, whose content only followed rules. In fact, in all three investigated markets, the content of the IR websites is almost entirely provided on a voluntary basis. There are only a few items which are regulated by the Stock Exchanges in London and Moscow, such as timely provision of interim and annual reports with five years archives, press releases including three-five years archives. The Tokyo Stock Exchange only requires timely provision of the above mentioned information via the Stock Exchange's own channel called TDNet without addressing any requirements to the corporate websites.

This means that the passive ritualistic type of management of the Web content is not a reality for the large listed companies anymore. As the study of Trabelsi et al was conducted in 2004 when many companies still were at Hedlin (1999)'s second stage of Internet reporting development, providing just electronic versions of the required paper-based documents and press releases, the results of Trabelsi et al (2004) can be out of date today. The second stage was soon advanced to the third stage, where companies not only used websites as alternative means for distributing paper-based annual reports, but rather as a new form of financial reporting where the features of Internet were taken advantage of (Hedlin, 1999). At this stage, the IR managers' strategies became more opportunistic, aiming to benefit from the new form of reporting.

The results of the study of the IR manager in the UK, Russia and Japan also show that the website is considered to be a communication channel through which companies communicate to their investors. The interviewed investors consider corporate websites to be a new experience, totally different from the previous communication when only those who attended the meetings and talked to companies directly, had an advantage over those who only could read paper-based documents. IR websites open opportunity for all to get to know the company better. A visitor of an IR website can even hear the management by looking at the webcast and interact with them online. Both companies and investors agree that this is a big step forward. However, this does not mean that institutional investors do not need to meet companies anymore. Communication on the IR web still

does not replace direct company-investor communication and does not entirely replace the paper-based reporting; these two modes can rather be seen as complementing each other. This is also in line with the previous statement of Jones, Xiao and Lymer (2002) and Jones and Xiao (2003), arguing that the aim of Internet reporting is not to replace the paper-based reporting but rather to complement it with new features such as customization and timeliness. Now the paper-based reporting can be distributed to only those who request it on the Web. Differently from Jones, Xiao and Lymer (2002), who only viewed Internet reporting as a channel for dissemination, this study of the providers and users of Internet reporting suggests viewing Internet reporting as a channel for communication that is connected to the context of overall investor communication.

Switching to the user's perspective, comparing the results of this study with the previous results provided by Debreceeny, Gray and Mock (2001), Rowbottom, Allam and Lymer (2005) and Hodge and Pronk (2006), both similarities and differences can be observed. The survey of potential users of Internet reporting conducted by Debreceeny, Gray and Mock (2001), resulted in a list of the information items and forms, which is preferred by the users to be disclosed on the corporate websites. The list of the preferred information, presented in the Table 2.1, only partly matches the results of this dissertations' material. For example, notes (explanations behind the numbers), financial summaries and year reviews were also considered to be important by the respondents of this study. However, market forecasts, financial and non-financial indicators are example of items that investors receive from the Bloomberg database, not from the IR websites.

Rowbottom, Allam and Lymer (2005) claimed that professional investors and creditors were not interested in narrative reporting and management commentary; instead they were found to be the users of audited financial information. However, again, the results obtained from this study of Swedish institutional investors, indicate that investors prefer to receive financial numbers, auditors reports and market forecasts from other sources than IR websites. This, in turn, does not mean that these items should not be included in the content of the IR web, but it is still good to be aware of the fact that the institutional investors are not interested in receiving this information on the IR websites. On the other hand, the results of this study totally agree with the results of Debreceeny et al (2001) regarding presentation forms, especially when it comes to the well structured and readable forms of presenting information. Addressing the study of format presentations conducted by Hodge and Pronk (2006), the respondents of this study also provided indication that PDF formats of the reports are preferred over the other, more flashy formats.

Contrary to the above mentioned researchers who studied either companies' managers or users, Beattie and Pratt (2003) surveyed three interested parties of Internet reporting, namely managers, auditors and users. The study found conflicting views on several issues, presented in Table 2.2. Some of these conflicts of interests can also be seen in the material of this dissertation. For example, the results of this study agree with Beattie and Pratt's finding of investors' preference and managers' skepticism concerning maintaining

a facility on the websites for free search, allowing the users to retain control over the search and selection process.

Swedish investors expressed a shared opinion about the lack of possibilities in the search function of the IR websites. Even though all studied corporate websites had a search engine, investors still found this function not so advanced, because many of the information items were not possible to find quickly. While IR managers' statement is that the search function for the IR section is shared with the whole corporate web domain, and that is why the IR team cannot do much to customize this function for the IR domain only. In addition to that, the provision of a range of pre-packaged information, based on standardized template for each group of users was also articulated as a conflict-issue by Beattie and Pratt. The results of this dissertation also share this understanding.

The Swedish investors showed interest concerning standardized and recognizable structures of the content on the IR web. While the main themes, mentioned in the beginning of this section, seem to be presented in all studied websites, the way IR managers structure the content varies. IR managers in Japan express the issue of structuring the large volumes of company information as a challenging issue, realizing that the IR websites of different companies are hardly comparable. On the other hand, in practice, institutional investors do not compare companies on the basis of information from the IR websites. They have much more sophisticated tools to do it within the Bloomberg portal. The reason why they still need recognizable structures of the IR web content is to be able to find the relevant information items (presented in Table 6.1) quicker.

Furthermore, Beattie and Pratt' (2003) study resulted in IR managers' skepticism and investors' preference concerning issues such as making available key company information, expending access to the annual general meetings and other meetings by placing video reportage and the transcripts online and, finally, updating business reporting information periodically (quarterly or monthly) rather than continuously. The results of this study, which are obtained ten years after Beattie and Pratt' (2003) study, show that these conflicts seem to be solved nowadays. Companies already have enough key company information on their websites; most of the investigated large companies have video and audio materials, and the content of the IR web is normally updated on a quarterly basis.

To conclude, the investigation of how the quality of the IR websites is interpreted by the IR managers and institutional investors in practice found that the IR web "excellence" looks different from the different perspectives as it can be seen from Table 6.1. From the point of view of "market-focused" IR managers' practice, an excellent IR web has a content, which presents timely and relevant information in an interactive way, covering all possible questions that can be received from their investors. According to the view of "relation-focused" IR managers, customization of the content is placed in focus in line with its relevance. While from the perspective of institutional investor's practice, an excellent IR web has a focused, relevant and timely content, presented in an easily ac-

cessible way with a familiar structure. Like Mol (2002) suggests, the objects handled in practice are not the same from one side to another (see paragraphs 2.6.1 and 3.2). Looking at how IR web “excellence” was interpreted and addressed in IR managers’ and investors’ practices it was observed that “excellence” was interpreted differently from one side to another. Moreover, even if some dimensions, like relevance of information, were articulated to be an important dimension of “excellence”, investors and IR managers considered different information to be relevant on the Web.

6.2 COUNTRY-BASED AND NON-COUNTRY-BASED DIFFERENCES IN IR WEB PRACTICES

The discussion in the previous section was focused on the comparison of the two perspectives, namely IR managers’ and investors’ perspectives. Now the IR managers’ perspective will be analyzed closely. By comparing IR web practices in the three investigated financial markets, some interesting differences and similarities will be placed in the focus of discussion.

6.2.1 Discussing the field material

IR web practices are found to be thematically harmonized across the three studied financial markets providing the same main categories of information, such as recent financial data, company background, archival financial information (IR library), share information, corporate governance, news and press releases and contact information. Companies also tend to use similar formats to present information on the Web. These formats are narrative texts, graphs, tables, figures, video and audio files, pictures and tickers. However, depending on how the IR managers interpret the “excellence” of the IR websites, the content of each main category may differ, and different themes are highlighted vs. hidden behind the front stage of the IR website. Differences were found both between the countries (country-based differences) and between different types of IR managers’ practices (non-country based differences).

Speaking of the country-based differences, one of the typical features of the Japanese IR web content is that the CEO always comes first with his message to the shareholders on the Japanese IR websites. However, information about shareholding structure and detailed information about key persons of corporate governance is, in best case, buried in the PDFs files, the path to which is not easy to figure out. In contrast, British and Russian companies do not focus on the CEO message as much, but tell investors more about their corporate governance members, by, for example, including visual presentations and backgrounds of the executive managers online.

Some presentation formats were also found to be preferred in certain financial markets. For example, financial performance presented in small static graphs (see picture 6.2) and corporate strategies presented in narrative figures (see picture 6.1) are examples typically used on the Japanese IR websites, while the interactive tools were found to be mostly used by the studied British companies. Also, speaking of the ways in which companies in different countries present information and organize the content, the IR websites in the UK were found to have more similarities between each other, differently from the IR websites in Russia and Japan. This can possibly be connected to a more active role of the IR community in the UK that stimulates practical exchange between the IR managers more than in Russia and Japan.

However, even if some differences between countries were identified, the most interesting differences were found to be non-country based. Here, again the IR web content varied depending on the previously mentioned “market-centered” and “relation-centered” types of IR manager’s communication. With other words, when talking to the IR managers about their way of communicating to investors and their way of working with the IR web content, a combination of two different interests could be observed. The story of the same IR managers could sometimes vary depending on whether they talked from the perspective of (paying) companies or from the perspective of the IR professionals. “Best practice” from the point of view of the company would be to create a favorable picture of the company, being efficient for the company’s profit. But on the other hand, the practitioners don’t always like to be viewed this way: they are IR professionals. IR people want to be professionals, who are reporting on the companies and maintain communication with the company’s investors. It shows in their desire for “best practice” and “good quality communication”, to win the competition and be a “best practice” model for others.

It was observed that managers’ logic was dominated by one of the two above mentioned interests. IR managers with a dominating company-interest focused on creating good and long-term relations with their investors, and this type of logic is called “relation-centered logic” in this dissertation. The logic dominated by the professional interest is called “market-centered logic”, where the IR managers’ aim is not to focus on the relations with the actual investors, but rather to base the content of the IR websites on the theoretical knowledge of various potential investors on the financial market. They are active members of the professional community and their IR web practice is mainly based on the knowledge received during the professional exchange, IR conferences and professional courses.

Depending on the dominating type of logic, the content of the “market-centered” websites was found to be structured in a rather comprehensive way, covering all possible investor audiences and using various visual and interactive formats of presentation. (see Pattern 1 in 5.1). Creating a comprehensive website content covering all issues that investors might be interested in becomes a way of showing (and persuading) investors that the

company is transparent and worth invested in. Alternatively, the content of “relation-focused IR websites” is simpler in its structure (see Pattern 4 in 5.4) and more responsive to the needs of the company’s actual investors; but it is often less advanced in terms of design and technology, especially in cases where the company has only one focused target audience.

The differences were also found between two types of investor audience, namely diversified audience vs. focused audience. Companies, which have a diversified investor audience tend to focus on dimensions like interactivity (a big amount of interlinked information embedded in interactive tools), navigability (creating different navigation paths) and comprehensiveness (covering all possible questions from investors) on their IR websites. Depending on which logic (market-centered or relation-centered) dominates the IR managers of the companies with diversified audience, the content can either be focused or broad. The focused content is divided into smaller information blocks addressing private investors and institutional investors separately; it contains interactive share graphs where the investors can analyze the history of the share, compare companies’ share price development with the competitors’, calculate dividends and so on (see Pattern 2). The broad content is a less customized IR website, where all information blocks are addressed to all potential investor groups on the financial market.

In other words, companies that have a diversified investor audience tend to have as much information as possible on their IR websites in order to avoid additional questions from the thousands of investors (see 5.1 and 5.2). The difference between the two patterns is that the whole content of pattern 1 is addressed to all possible investors, while the content of the pattern 2 addresses different information blocks to different groups of investors.

On the other hand, IR managers of companies with a focused investor audience mainly included large institutional investors in their target group. However, in this case, the IR web content also differed depending on the dominating logic of IR managers. When the IR manager is dominated by market-centered logic and the investor audience is focused, the IR web content not only aims to cover the focused investor group, but other potential targets groups on the market (see pattern 3 in 5.3). In contrast, in cases where the relation-centered logic dominates, the IR managers’ aim is to build good relationships with their institutional investors. Here, the IR web content becomes related to the questions that IR managers usually receive from their particular investors. (see pattern 4 in 5.4). “Talk to them face to face and online, remind them that we exist and persuade them not to sell our stocks” is how the relation-centered logic sounds. Here, the focus is on the direct (face-to-face) communication and the website is only used to follow up direct investor communication. The IR websites of such companies tend to be more focused and condensed, following up questions arisen during the actual investor meetings. Less video files, fewer pictures, less interactive tools and more focus on the narrative explanation of the company’s business and recent results in form of investor presentations is how the perspective of this group of companies enacted in the content of the IR websites.

It is important to emphasize that all IR managers are driven by both the company's interest and their professional interest. But often in a combination of these two interests, one of them becomes dominating and depending on the type of investor audience, the way of communicating on the IR websites can therefore differ.

6.2.2 Relating the study's results to the previous research

Addressing previous research on the area of Internet reporting, most of the studies were driven by the disclosure perspective and assessed the quality of corporate websites by applying the same disclosure checklists to compare the amount of the content and draw conclusions about which companies are better in their online communication. (see overview of the previous studies in 2.2). If we apply, for example, the same disclosure checklist to a Japanese company Nakano Corporation and a British company Oilpro, the result would be that the quality of the Japanese company's website is better than the quality of the British company's website. However, as the analysis of this study's field material shows, the IR web practice may serve different purposes. And the purposes may vary depending on which groups of investors are in focus of the company and depending on which logic dominates the IR managers who create the content, as highlighted in the previous discussion. Consequently, a website where five hundred PDF documents and thirty tables and narrative figures are disclosed, is therefore not better than the Web of a company where only thirty PDF documents and ten tables are disclosed.

The crucial thing is to understand what purpose the IR practice serves and how the IR managers' interpretation of the "excellence" is enacted in the content of the website. The difference between Nakano Corporation' and Oilpro IR websites' is that they serve different types of audiences. The number of shareholders of Nakano Corporation is significantly higher compared to Oilpro (see Table 3.3) and the major shareholder of Oilpro owns a bigger share of the company compared to Nakano corporation, which means that the companies have different ownership patterns and the IR websites therefore address different types of audiences. An "excellent" IR web seen from the perspectives of IR managers of those two companies is therefore not the same thing. To IR managers of Nakano Corporation, an "excellent" IR web would be a website presenting all aspects of corporate business to all possible stakeholders on the financial market. While an "excellent" IR web from the perspective of Oilpro's IR managers would be a website focusing on a particular group of institutional investors, where the content is thoroughly selected to meet its particular audience.

Relating this discussion to the theory of interpretation and its enactment in practice (Mol, 2002), "IR web quality" or "excellence" is an object that is interpreted by different IR managers working in different contexts, having their investor audiences and their interests. The different interpretations are, in turn, enacted in the product of IR managers' practice, namely the content of IR websites. As discussed in the previous section, inves-

tors also interpret IR web “excellence” from the perspective of their practice of analyzing companies. Multiple interpretations of IR web “excellence” are still not unrelated fragments, but rather multiple parts of the whole. Linking different perspectives by drawing comparisons therefore gives a multifaceted picture of IR web practices in which the IR web “excellence” comes to exist.

Addressing the studies of Internet disclosure, where internal company factors, discussed in 2.2.2 were found to determine the amount of information disclosed on the Web, the results of this study also show some of the factors that have an impact on the content of the IR web. Specifically, ownership spread, previously discussed by Oyelere et al (2003), Marston et al (2004), Xiao et al (2004) , Abdelsalam et al (2007) and Kunz (2013) was found to be an important factor on which the content of the IR web might vary. However, in previous studies, the content of the IR web was evaluated by the application of disclosure checklists, investigating the type and amount of disclosure. The qualitative methodology of this study allowed an in-depth analysis of the content with regard to the perspective of institutional investors.

From the sample of this study, some systematic differences in the content depending on the industry type and size could be seen. However, the observation is rather that the bigger companies tend to have a more diversified ownership and therefore the pattern of the content might become similar. Here, the main impact would still come from the ownership pattern and not from the size of the company. This study also shows that the content can be shaped by the dominated logic of the IR manager, namely market-centered or relation-centered logic. It is the same with the industry type, because the industry type itself does not seem to determine the IR web content pattern (for example, Nakano corporation and OilPro were found to follow different patterns), but it is possible that companies from the same industry tend to have a similar focused ownership pattern, which makes the content of the IR web follow the same pattern.

To conclude the discussion about the differences in the IR web practices, the field material showed rather unexpected results regarding differences across different financial markets. Based on the literature that supported the choice of the financial markets (see 3.6.1), the expectation was that the country-based differences would dominate. However, the evidence of this study shows that the practices across the investigated markets are rather harmonized and the differences are marginal. However, the differences are much bigger between different types of IR managers’ logics and between different types of ownership patterns. So, the main “borders” were found to go between other dimensions than countries, namely, market-centered/relation-centered logics of IR managers and diversified/focused shareholding structures in companies.

6.3 IR WEB PRACTICE AS AN INTEGRATED PART OF INVESTOR RELATIONS

6.3.1 Discussing the field material

From the disclosure perspective, one can argue that a company that has presented everything on its IR website is more open and transparent than a company which selected only certain aspects to present on the Web. From the disclosure theory point of view, it can be assumed that the problem of information asymmetry between the first company and the investors is solved. However, as evidence in this study tells us, investors do not see less information on the IR Web as a problem. The crucial thing is that investors, by communicating with the company, both face-to-face and online, can see dynamics of the company's development and understand the strategies and plans of the company's management in order to assess the future potential of the company. It therefore becomes more meaningful to see the IR web practice as a part of the overall Investor Relations communication, which means that the content of the IR websites should be seen in connection to the communication that occurs between IR teams and investors beyond the website.

How well the IR managers understand what is "good" to investors, and how well the content of the IR websites address the needs of the company's particular investors become the key issues here. For example, Teleholding UK, decided to split the content of the IR websites into three themes, each of which would address different types of investors, namely institutional investors and analysts, private shareholders and debt investors (see 5.2 for details). The reason was that these audiences are different in terms of information needs. Having the perspectives of different investors groups in mind, the three information blocks of the IR website have different focus. The knowledge about the needs of these different investor groups was gained by IR managers in their direct communication with these groups. Being in a direct contact with the investors, IR managers get their particular investors' perspective and then shape the content of the IR web in relation to this perspective.

6.3.2 Relating the study's results to the previous research

The study's view of IR website as a part of a bigger context of Investor Relations is in line with what Christine Hine (2000) found in her study of online environment, arguing that the online reality is a part of offline reality. Hine (2000) did not investigate the Web in connection to Investor Relations; she followed the story of a person on the Web and related it to the same persons' real life. However, the parallel can still be drawn to the context of the IR web in connection to the direct IR communication (beyond the Web). According to Hine (2000) the online and offline realities do not entirely, but only partly, mirror each other, which is also true in the case of the IR websites, because the content of an IR website is a construction that is related to the company's reality, but does not

present the whole picture. From the investor point of view, it is only one piece of the whole puzzle. But the important thing is that this piece is related to the other pieces of the investor communication. When studying IR web practice, it is therefore important to analyze the content of the websites in the context of the whole investor communication, by studying the investors' and IR managers' perspective, seeing how the content of the IR websites is related to these perspectives.

6.4 FOUR PATTERNS OF INVESTOR RELATIONS ON THE WEB

6.4.1 Discussing the field material

The study of IR web practice from the perspectives of IR managers and institutional investors and the investigation of how different perspectives were enacted in the IR web content resulted in four patterns of Investor Relations on the Web, shaped by the type of investor audience (focused/diversified ownership pattern) and the logic that dominates IR managers (market-centered/relation-centered).

As McCloskey and Klamer (1995) argued discussing the role of information and talk in business and economy, information can only be a part of knowledge; the other, bigger part of knowledge is judgment, or interpretation. Communication from the perspective of the information provider is therefore assumed to contain two parts – “a more technical part, or the “machine part” and an interpretation part, or “the persuasive part” (see 2.6.2). In the content of the IR websites of the Japanese, Russian and British companies, both technical and persuasive parts were found. The items related to the technical part are, for example, posts from the financial statement, the current share price and contact information of the IR team members. The examples of the persuasive part are webcasts and recent presentations of the results, where the management presents the numbers together with the comments, explaining what happened in the company during the last period of time; share prices presented in the relation to the other competitors within the industry; numbers from the financial statements presented in relation to the previous performance and in relation to the current strategies of the company; narrative and visual presentations of the corporate governance and much more.

The persuasive part of the IR web is therefore found to be a larger and, in many cases, dominating part of the IR Web content. It is also regarded as a most important part from the institutional investors' perspective; they want to be persuaded.

However, the ways in which to persuade can differ. Depending on whether IR managers are dominated by market-centered or relation-centered logic, as well as on the ownership structure of the company, the ways of persuasion on the Web were found varied. The four patterns of Investor Relations on the Web are presented in Figure 6.1.

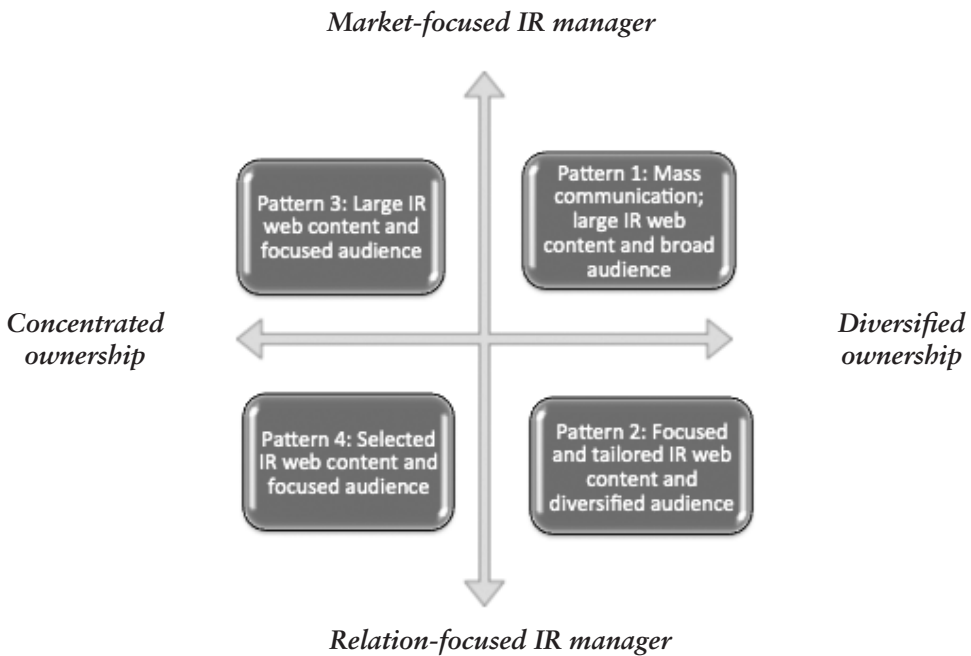


Figure 6.1: Four patterns of Investor Relations on the Web

As illustrated by Figure 6.1, in companies where the ownership is diversified and the logic of IR managers is market-centered, the purpose of the IR website is to communicate to a large group of unknown people, which means that the content becomes large and not tailored to any specific audience, but is rather addressed to all. Nakano corporation's IR website (pattern1) is an example of such a mass communication on the IR web. Presentation of visualized information such as narrative figures, graphic presentation of the company's financial highlights and interactive tools becomes a way to persuade investors that the company is transparent.

When the ownership is still diversified but the logic of IR managers is dominated by the company's interest, the website content starts to be more tailored. It is still a very large content, but the messages are clearly addressed to the two main groups – institutional investors and analysts on the one hand, and private investors on the other hand. An example of this pattern is the website of Teleholding UK (pattern 2). The way to persuade investors in this case is tailoring of the content, and making each of the tailored parts to cover the questions that particular investor audience might have about the company.

Furthermore, when a company's IR team has a rather focused and homogenous audience of investors, the content of the IR website can also vary depending on whether the

IR manager is dominated by market-centered or relation-centered logic. An example of this pattern is Oilru's website (pattern 3). Here, even though the target audience is rather focused, the IR managers have other target group's interests in mind and create a larger content addressed to potential investors. Here, the information mostly covers the institutional investors' and analysts' needs, but also aims to cover other potential investor groups. The content has similarities with the content of pattern 1 in a way that a lot of visualized information is used in order to create an aesthetic value of the company. However, different from pattern 1, information is still mainly addressed to the focused audience; but there is also additional information, in case if some other investors are interested.

Finally, when a company is owned by a smaller group of large investors, the content of the IR web becomes very focused and selected, addressed to those particular investors that the IR managers know very well. IT Russia's IR website is a typical example of this communication type (pattern 4). The way to persuade investors in this case is to proactively communicate a specific content focusing on those questions that investors rise during direct conversations (meetings or phone calls). The four patterns are also illustrated by examples from the field material in Chapter 4 and Chapter 5.

As it can be seen from the content of the IR websites, IR managers that are more professionally driven and dominated by market-centered logic persuade their audience through creating aesthetic value on the websites by using more interactive tools and having more focus on visualization of the information. On the other hand, when the IR managers are more driven by company interest and dominated by relation-centered logic, the IR web becomes a support for the direct investor communication, which means that the content gets selected in a way that the IR managers select the most persuasive and attractive information to the particular investor group/groups. This means that relation-focused IR managers persuade their audience by maintaining the content of the IR web in relation to direct IR communication.

6.4.2 Relating the study's results to the previous research

The results of this study are a contribution to the field of accounting communication. As mentioned in section 2.6.1, the discussion on the field of accounting communication developed from Bedford and Baladouni's (1962) technical approach where communication was assumed to occur by technical transmission of accounting information. Then, the focus switched to more interpretative issues, emphasizing the meaning of the accounts (Macintosh and Scapens 1990, 1996 and Boland 1993) and the role of the language of the accounts in communication process (Lavoie 1987, Davison 2011). In the content of the IR websites both technically transmitted information and interpretive (persuasive) information could be found. Investors were found to use both types of information in their practice of analyzing foreign companies; the persuasive part is what investors mostly appreciate on the IR websites, as they seek to capture the management's explanation of

the results and future oriented perspective. It is therefore in line with McCloskey and Klamer's (1995) understanding that both parts (technical and persuasive) actually create the knowledge; in this case, investors' knowledge about company gained during the process IR communication. The study also shows that the interpretations of IR web "excellence" across borders (where the borders go across ownership patterns and two different logics of IR managers), shape the way companies persuade their investors on the Web.

As mentioned by Davison (2011), Barthes distinguished between a "readerly text", a user-friendly text, which complies with the reader's expectations; and a "writerly text", whose meaning can be interpreted in different ways (see 2.6.1). The four identified patterns of Investor Relations on the Web show that pattern 1 and pattern 3, where the logic of the IR managers is market-centered, provide more "writerly text", which can be interpreted in various ways; while the content pattern 2 and pattern 4, where the logic of the IR managers is relation-centered focus more on the "readerly text" responding to the information needs of the company's particular investor groups.

As argued by Iser (1989), the fundamental asymmetry between the author and the reader always exists (2.6.2). What can be done in the text in order to "bridge the gap" is to relate the content to specific situations familiar to the reader. The empirical evidence of this study illustrates that relation-focused IR managers treat the content IR websites more in connection to the direct conversations (face-to-face or telephone meetings) that occur between companies' managers and investors beyond the online communication. From the investor-perspective, such connection helps investors to bridge the gaps in their knowledge of the company. On the other hand, the content, driven by the market-focused IR managers, gives opportunity to the different reader groups to find their own paths in the large IR web content. Such contents also have their purpose, namely to satisfy as many as possible, and the solution here is to create space for the large audience.

Discussing McIntyre's "excellence" in terms of benefiting the whole community, and not only aiming to be a "winner of competition", it is therefore crucial to attach a particular role to an IR website so that it gets a particular purpose in the company's Investor Relations agenda. To "bridge the gaps" and relate the content to specific situations familiar to investors and to the direct dialogue between companies and investors would make the content of the IR web as contributor to a sustainable company-investor communication and not only a follower of a "best practice". "Bridging the gaps" is however not the same thing as "solving of information asymmetry problem" by providing as much information as possible. Investors will always know less than the companies do about their own business, so the fundamental asymmetry always exists and need not be solved, because investors do not need to know everything. However, investors always have questions, and they always need particular information, particular insights into the company's business and governance, in order to "bridge the gaps" in their knowledge needed for the analysis of the company. Investor Relations on the Web is therefore an opportunity for the IR managers to help investors to "bridge the gaps".

CHAPTER 7

CHAPTER 7

CONCLUSIONS AND SUGGESTIONS FOR FURTHER RESEARCH

7.1 CONCLUSIONS

The purpose of this dissertation was to explore the practice of Investor Relations on the Web by studying interpretations behind IR web quality, or “excellence”; and to link the perspectives of IR managers and investors. The study was also aimed to explore the role of IR websites in a bigger context of IR communication.

In particular, the issues placed in the focus of the investigation were how IR managers and institutional investors interpreted IR web quality from the perspective of their practice and how the interpretations of quality were enacted in the IR websites of different financial markets. Through the investigation of the questions how the “IR web excellence” was interpreted in the context of the IR web communication and how these interpretations were enacted in the content of IR websites in the UK, Russia and Japan, different perspectives could be encountered and four patterns of Investor Relations on the Web emerged. It was found that IR web can serve different purposes and different interests. When evaluating the content of the IR websites, it is therefore meaningful to understand how the IR web is connected to the overall investor communication and which purposes and interests it serves. These patterns were not visible in the previous research on the area of Internet reporting, where information on the websites was mostly studied separately from the context in which it was produced and used.

7.1.1 Investor’s perspective

To answer the main question and to link the perspectives of the providers and the users of the IR web, three questions were placed in focus of this study. This first question was how investors defined IR web quality in their practice of analyzing companies.

The results of the study of Swedish institutional investors’ practice show that an IR website is only one part of the whole puzzle of analyzing a foreign company. The IR website helps investors to understand the management’s view of the results and the management’s explanation behind the results. In the process of analyzing a foreign company, investors gain knowledge about the company by triangulating three perspectives: investors’ own analysis of technical financial data, company’s management view of the results; and external consensus on the financial market. While Bloomberg databases help investors to do the technical analysis and financial analysts provide their external estimates, direct

dialogue with the management in a combination with the content of Investor Relations websites helps investors to understand how the management explains and interprets the results and what plans the management has in the future. This underpins the importance of the content that the corporate management sends to investors on the Web.

From the perspective of the investigated investors' practice, an excellent IR website is interpreted to be a domain that contains relevant information, when the IR team not only presents the numbers, but also relates the results to the company's context and strategies. Relevant and useful parts are regarded to be presentations with the focus on earnings performance, quarterly results including webcasts (video of the executives speaking) including written transcriptions of the speech, investor calendar, the latest news, future oriented strategies and plans, presentation of the executive team, management's view of the market and competitors, clearly presented business model and detailed contact information. Investors highlight following important dimensions of the IR websites, namely relevance of the content, timeliness of the information, familiarity of the presentation formats, easy navigation and focused structure.

7.1.2 IR managers' perspective

The second question of this study was how IR managers defined IR web quality in their practice of communication to investors. From the IR managers' perspectives, an IR website is a complement to the direct company-investor communication that helps to attract and persuade investors. The ways how IR managers defined IR web "excellence" in practice and the roles that IR managers attached to the IR web were found to follow similar patterns in the three studied financial markets.

Bigger differences were therefore not found across geographical borders. Instead, different patterns were identified on each studied financial market, and the differences between the patterns were found across other dimensions than geographical borders. Namely, the practice of IR managers was found to be driven by two different interests, company interest and professional interest. Each of these interests dominates and shapes "relation-centered" logic vs. "market-centered" logic of IR managers when they organize the content of IR websites. The "relation-focused" IR managers place the dialogue with investors in center and create the content of IR web to follow up the dialogue and address particular investors' needs. They define the "excellent" IR web to be a website where the content is customized to particular investor groups and easily available to these groups. In contrast, the "market-focused" IR managers view the IR web as an opportunity to address their message to all potential actors on the financial market who might be interested in their company. Their intention is to cover all questions that they might potentially receive from investors.

On the other hand, the way how IR managers organize the IR web content and which role they attached to the IR web is also found to vary depending on the company's ownership structure, the investor audience that the IR managers have to communicate to. IR managers with a focused and homogeneous target audience aim to address information needs of a particular investor group, while those who target a diversified investor audience have various audiences in mind when managing the IR web content.

7.1.3 “Enactments” in IR websites

The third question of this study was how interpretations of quality (IR web “excellence”) were enacted in the IR websites of different financial markets.

The results of netnographic investigation of IR websites in Japan, Russia and Japan show that the IR web practices in different markets are harmonized on the surface of the content. As reported in the Chapter 5, the surface structure of the IR websites contains similar themes, namely recent financial data, company background, archival financial information (IR library), share information, corporate governance, news and press releases and contact information.

However, the ways in which companies decide to persuade their investors within each theme are related to the factors mentioned in 7.1.2 – the dominated logic of the IR manager and the ownership structure of the company. Depending on these two dimensions (see Figure 6.1), the content of the IR websites, where IR managers' interpretations are enacted, follows one of the four identified patterns. The four identified patterns of Investor Relations on the Web are pattern 1 large content addressed to a broad audience; pattern 2 focused and tailored content addressed to a diversified audience; pattern 3 large content addressed to a focused audience; and pattern 4 selected content addressed to a focused audience.

Gradually answering the research questions and linking different perspectives to each other enabled the study to generate the four patterns of Investor Relations on the Web, mentioned above and illustrated by Figure 6.1. To conclude, the main “borders” between different patterns of Investor Relations on the Web are found across other dimensions than countries, namely, market-centered/relation-centered logic of IR managers and diversified/focused ownership structure in companies. These results contribute to the field of Internet reporting research, where the content of the websites was previously discussed from the disclosure perspective, mainly focusing on the amount of information.

The findings of this study also show that communication on the Investor Relations websites is about persuasion and not only about the transmission of information. Transmission of as much information as possible does not solve the problem of “information asymmetry” as many of the previous disclosure studies assume. From the disclosure theory point of view, providing of as much information as possible is assumed to solve

the problem of information asymmetry between companies and investors. However, as evidence in this study suggests, investors do not see less information on the IR Web as a problem. The crucial thing is that investors, by communicating with the company, both face-to-face and online, can see the management's view of the results and get a clear message persuading that the company is worth invested in.

7.2 FINAL REFLECTIONS AND SUGGESTIONS FOR FURTHER RESEARCH

The open approach of grounded theory has not only helped this study to generate four patterns of Investor Relations on the Web out of the field material, but also allowed some interesting paths for the further research to be seen. The rest of this section is structured in a way of presenting final theoretical, practical and methodological reflections, each followed by the suggestions for the further research.

7.2.1 Theoretical reflections and further suggestions

As Young (2006) emphasized it, many accounting studies take the needs of the users of corporate reporting for granted without exploring and discussing the users' perspective. Even though most of the studies of Internet reporting assume that the IR websites are used by investors, the evidence of this study showed that they are only partly used. In this study, the perspective of a particular user-group, the Swedish institutional investors, has been explored. From the interview accounts given by IR managers, it could be seen that there were more groups of users that could be involved in the audience of the IR websites. Often mentioned target groups were private shareholders, debt investors and financial journalists. The perspectives of these groups remain unexplored. Moreover, IR managers in Russia and Japan mentioned that English and Russian/Japanese versions of the IR web content could differ depending on the types of international and domestic audiences placed in focus. If the international and domestic audiences differ, then the English and the domestic versions of the IR web content also may vary. Adding the above mentioned perspectives into the model could refine the patterns of Investor Relations on the Web, which can be suggested as an issue for the further research.

More contribution can be done on the topic of IR web quality. As illustrated by the results of this study, the IR web "excellence" is context dependent in practice, namely it depends on the dominating "market-centered" or "relation-centered" logic of IR managers and on the type of investor audience that IR managers communicate to. However, this discussion can be further developed by questioning whether IR web quality is always context dependent. Is there any minimum acceptable level of quality in IR websites? How does the quality of Investor Relations on the Web contribute to a sustainable company-investor communication and trust?

Previous research on the field of Internet reporting tends to associate the quality and transparency of Internet reporting with the amount of information disclosed on the IR websites. Transparency is not discussed in this study, but it is a concept that could be illuminated more in the academic research, because it is often used by the researchers, companies and IR societies in the context of Internet reporting, often in connection to more disclosure on the Web. But is transparency really about more disclosure? In physical terms, transparency means that we can see something clear, can see what is inside of some object. In the context of Investor Relations, a transparent website would be a web that the investor could clearly see the company through. In this study, the IR web quality was found to be interpreted differently from the perspectives of studied investors and IR managers. Correspondingly, transparency could also mean different things to the companies and investors. The question what transparency is and how it affects investors' knowledge and trust is therefore worth more discussions in the context of Internet reporting and with respect to the perspectives of providers and users.

Relating the IR web practice to the practice of overall IR communication, it is found that IR web is used by both companies and investors as a complement to the direct IR communication. Referring to Iser (1989), the text can help the reader to "close the gaps". Investigation of IR websites in relation to the direct company-investor communication can be advanced by an in-depth study of the IR web content in relation to the content of direct dialogue between IR managers and investors. It can be done by exploring the ways in which the IR web content follows up the direct conversation and "closes the gaps", making the investors' knowledge about the company more complete and updated. It is meaningful to observe how the IR Web content in relation to the direct dialog contributes to the investors' decisions and trust.

7.2.2 Practical reflections and further suggestions

Receiving accounts from the IR managers and representatives of IR societies in the three countries, it was observed that the IR practitioners shared the idea of some kind of "best practice", an ideal pattern that can be applied to the content of the IR website. It was also observed that many IR managers were not able to follow this ideal because they had their own objectives and their particular audiences. The question is again "best practice" to whom? This study shows that the question "best from whose perspective?" is crucial for the IR communication on the Web . It would be therefore meaningful to the local IR societies to tailor recommendations that address Internet reporting with regard to the potential different audiences that companies might have.

A similar comment can be addressed to the popular IR web rankings, where the websites are ranked according to the score system based on the disclosure checklists. However, Investor Relations websites are often analyzed without connection to the role that each particular website plays in the IR communication. Detaching the content of the IR

website from the role that the website plays in the company's overall Investor Relations agenda, can possibly lead to rather misleading results about whose IR website is best.

Finally, when interviewing the IR managers, it was observed that the social media is starting to be used as a new additional channel for online IR communication. Having an own blog or twitter account becomes more and more popular among companies today. Communicating via social media, the IR managers, as they claimed in the interviews, try to be less official than on the IR websites. This opens opportunities to receive more feedback from their audience, which is otherwise difficult to receive on the official corporate websites. The roles of this communication channel in the context of Investor Relations are not reported in the accounting research yet. Consequently, an investigation of social media as a channel for Investor Relations would be a new contribution to the existing knowledge.

7.2.3 Methodological reflections and further suggestions

Was this study really needed to be done in this way? To make this journey and meet, first, investors in Sweden and then IR managers in Russia, Japan and the UK, discussing their practice and browsing through the IR websites; and finally to juggle through the IR websites and see how the IR managers' perspectives were enacted in the IR web content. Now, when the findings are on the desk, this question can be answered. It would definitely be impossible to receive these findings by using alternative methods. Had the survey been chosen in order to receive the perspectives of IR managers and investors, it would be impossible to ask open questions, and therefore impossible to receive the whole context, in which the IR websites were used and provided; and in which the "IR web excellence" was interpreted.

Receiving accounts, as referred to Czarniawska (2013) in the methodology chapter, is not an easy task, and it requires a certain openness and flexibility from the researcher side when conducting the interviews and observations. Being able to understand the language and the cultures of the studied countries, allowed me to approach the study's respondents in a way of having open and interesting discussions. These discussions enabled the study to capture those different types of logics, described in Chapter 6, which dominated one or another IR manager and, finally, to generate the four patterns of Investor Relations on the Web.

When it comes to the method of netnography of the IR websites, it also contributes to the results. The same results could not be obtained by using a traditional method of content analysis. Had a pre-constructed checklist been used instead, a lot of information items involved in the content of the IR websites could be missed. A more open way of looking at the content of the Web enabled the study to identify three levels of the content and induce the main categories of information provided on the studied companies' websites.

The broad scope of the study and the grounded theory inspired approach was therefore helpful in this investigation. Therefore, this research adds to the previous studies on the field of Internet reporting, where the focus was mainly on the information disclosed on the Web. Moreover, the researchers who investigated providers or/and users of Internet reporting by using surveys as a main method, did not capture the context in which the IR web was provided and used. This study did.

The choice of the financial markets, namely Russia, Japan and the UK initially relied on the classifications of Nobes (1998) and La Porta (1997, 1999). However, the evidence of this study did not show any big differences in the IR web practice of different countries. In other words, same variation of patterns could be found in each market. But the borders between each pattern are not geographical. As it is illustrated by Figure 6.1, the two borders are market-/relation-centered logic of the IR managers, and focused/diversified type of ownership. For example, Teleholding UK and Tokada Corporation are companies from two different markets and industries but are found to have similar ownership structure and similar dominated entrepreneurial logic of the IR managers, which results in similarity in their interpretation of the IR web excellence and similarity in their IR web content. While two Russian companies Oilru and IT Russia' IR managers have different interpretations of IR web "excellence" and different patterns of IR web content because their dominated logics are different.

Now, imagine if only an IR web practice of a single financial market was studied. Then, it would be impossible for the patterns to crystallize in a way they did in this study, because of the lack of possibility to do wide comparisons, which, according to the grounded theory approach, is crucial. What can be done more in furthering this study's methodology is to explore the rhetoric of each pattern and see which story each pattern of the IR web content tends to communicate; and how the story is interpreted by various audiences. Here, the Barthesian approach, previously suggested by Davison (2011), is useful, as Barthes' framework allows to analyze the language as signs that can be interpreted in different ways. The elements of Barthesian language include both narrative text, sounds, videos, images and graphs, which are also present in the "language" of Investor Relations websites. Investigation of how rhetoric shapes Investor Relations websites and what roles rhetoric plays in the process of company-investor communication is therefore worth further investigation.

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APPENDIX 1

The Interview guide addressed to the Swedish investors (in practice, the order and formulation of the questions varied). The interviews were conducted in Swedish.

- 1 Can you please tell me about your work as investor?
 - ✓ How do you analyze companies?
 - ✓ Which steps do you have in your investment decision making process?
- 2 Which sources of information do you use during the process?
- 3 How do you use corporate IR websites as information source?
 - ✓ Where in the process?
 - ✓ What is it exactly you look at?
 - ✓ If you don't use IR website at all, why?
 - ✓ Which information is important for you in your working process?
- 4 Can we have a look at one or two IR websites of those companies you have previously analyzed?
 - ✓ What do you think about this IR website?
 - ✓ What is relevant for you on this IR website?
 - ✓ What do you think is good / not so good here?
 - ✓ Do different presentation formats play any role for you here?
- 5 What is information quality for you? Which components do you include in the concept of information quality, when we talk about information on the IR web?
 - ✓ What is crucial for you when you evaluate which information you can use, and which information you can't use?
- 6 In case if the respondent do not use IR web at all, what would be your message to publicly listed companies' IR managers?
- 7 If you would evaluate this particular IR website that we have in front of us, which criteria are important for you here?
- 8 What would you, as a user, recommend to those who develop content and design of the IR websites?

APPENDIX 2

The Interview guide addressed to IR managers (in practice, the order and formulation of the questions varied). The interviews were conducted in Russian, Japanese and English.

Part 1: Can you please tell me about your work?

- 1.1 What are your responsibilities within the IR department?
- 1.2 Which types of investors do you target in your IR communication?
- 1.3 What channels do you use in your communication with the international investors?
- 1.4 What are your strategies and intentions behind the content of the IR website?
- 1.5 Can you please tell me about possible recommendations that you receive concerning IR website content and form?
- 1.6 Can you tell me about IR community in your country? Do you discuss the issues of IR website and its content with the IR community members?
- 1.7 Can you tell me if you have any other sources of inspiration for your work with IR website?
- 1.8 How do you know what is actually used on the IR website and who are the actual users?
- 1.9 Do you experience any difficulties/challenges when you are working with the content and design of the IR web?

Part 2: Questions about information on the IR website

- 2.1 What do you think a high quality IR website should be like? Do you have any favorite examples?
- 2.2 Which information do you consider as most important when you work on the content of the IR website?
- 2.3 Which dimensions are important for you to think about when you organize information on the IR website?
- 2.4 What do you usually try to avoid when you develop your IR website?

Part 3: Can we please look at the IR website of your company and together navigate through its content?

This part would probably take us 20-25 minutes. I would like to go through the main content of the website and ask which target groups these information categories are addressed to. I would like to ask about why you decided to structure and design the IR website as it is.

INVESTOR RELATIONS ON THE WEB

– INTERPRETATIONS ACROSS BORDERS

Communication is crucial for society, especially in a globalized world. Internet profoundly influences how publicly listed companies communicate with their investors. This dissertation gives insight into the practice of Investor Relations on the Web.

The fieldwork focuses on the qualities of Investor Relations websites and discusses them from different perspectives. It also explores the role of Investor Relations websites in company-investor communication.

Investigations of investors in Sweden, of Investor Relations managers in the UK, Russia and Japan and, finally, of the content of IR websites, show patterns of IR web communication that differ depending on the purpose of the website in the context of Investor Relations.

Four such patterns have been identified, depending on the type of audience that the website is addressed to; and depending on the dominating interest of Investor Relations managers. The four patterns are:

- large content addressed to a broad audience;
- focused and tailored content addressed to a diversified audience;
- large content addressed to a focused audience;
- selected content addressed to a focused audience.

The findings show that communication on the Investor Relations websites is about persuasion and not only about the transmission of information.

Svetlana Sabelfeld is a researcher and teacher at the department of Business Administration at the University of Gothenburg since 2009. She has previously worked at a Swedish Investor Relations agency providing website solutions internationally.



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