



How do public relations practitioners perceive investor relations? An exploratory study

How do PR practitioners perceive IR?

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Abstract

Purpose – The purpose of this paper is to investigate how public relations practitioners perceive investor relations itself and what the potential is in terms of public relations with empirical results.

Design/methodology/approach – A web-based survey was conducted by using systematic random sampling with a probability sample of 5,000 public relations practitioners drawn from the 2004 Public Relations Society of America (PRSA) Directory. The survey consisted of three sections, investor relations functions at organizations with a multiple-answer format, perceptions on specific activities of investor relations with a seven-point Likert scale, and demographic information.

Findings – Practitioners conceived that counseling with top management the most important investor relations activity and that earning a reputation for honesty the most significant result the activity can create. Moreover, practitioners considered direct involvement with top management a highly effective investor relations strategy for achieving goals. However, for handling investor relations, practitioners showed contrary attitudes regarding qualifications and undergraduate courses, indicating that public relations qualifications would be more needed for entry-levels, while basics for finance would be more necessary for undergraduates.

Research limitations/implications – This research acquired an extraordinarily low response rate, 3.54 percent and targeted the US public relations practitioners only.

Originality/value – This study is the first to directly investigate public relations practitioners' perceptions on investor relations as well as fairly in accordance with the current consensus that investor relations and public relations should be convergent.

Keywords Investors, Public relations, Perception

Paper type Research paper

Introduction

As capital markets in the world have become increasingly more complex, the necessity for investor relations has become apparent (Marston, 1996). Since, the infancy of investor relations in the 1960s, public relations practitioners have referred to acquiring press releases, annual reports, and financial disclosures as a common area of investor relations (Davids, 1989; Silver, 2004). However, due to the years preceding the 1987 stock-market crash as well as the increasing institutional investors during the 1980s, people have considered investor relations more significant and complex tasks (Davids, 1989; Silver, 2004). According to Marston and Straker (2001), the number of respondents thinking of investor relations as very important at European continental



corporations increased from 6.8 to 97.8 percent over the last ten years. As such, the importance placed on investor relations has been steadily increasing.

It was not until in the 1980s that investor relations departments appeared in earnest (Mahoney, 1991). Investor relations activities were primarily conducted by financial affairs or independent investor relations departments, separated from the public relations function because goals of investor relations largely focus on increasing stock price (Farragher *et al.*, 1994; Marston, 1996; Petersen and Martin, 1996). Not only did these conditions seem to place the emphasis for investor relations on finance in the past, but also investor relations seems to fall within the business area more at present.

However, public relations professionals began to perceive the importance of financial communication capabilities after the Enron scandal in 2001 (Petrecca, 2002). Since, then, the convergence between investor relations and public relations has been given more serious attention (Johnson, 1990; Silver, 2004). Prout (1997) noted that investor relations is one of functional responsibilities in the department of public relations. These situations have started to extend the center of investor relations from finance affairs to the public relations function.

Despite the importance and attention to investor relations in public relations, only a few academic studies in public relations have been explored. There were surveys for chief executive officers (Petersen and Martin, 1996) and investor relations professionals at Fortune 500 companies (Laskin, 2005), yet few studies examined how public relations practitioners perceive investor relations. According to Petersen and Martin (1996), academic studies of investor relations in terms of strategic public relations have been largely neglected under the communication field.

Therefore, this study targets how public relations practitioners perceive investor relations, and addresses the handling of investor relations' activities in the practical field. This research contributes to the starting point for understanding viewpoints of public relations professionals regarding investor relations and provides implications to public relations educators.

Literature review

Definition of investor relations

National Investor Relations Institute (NIRI), a specialized organization for corporate professionals and investor relations experts responsible for managing comprehensive communication among corporations, investors, and financial community since 1969, defined investor relations on its web site (www.niri.org/about/mission.cfm) as:

A strategic management responsibility that integrates finance, communication, marketing and securities law compliance to enable the most effective two-way communication between a company, the financial community, and other constituencies, which ultimately contributes to a company's securities achieving fair valuation (adopted by the NIRI Board of Directors, March 2003).

Comparing this current statement to the viewpoint of NIRI in 1996, there have been subtle changes regarding the definition of investor relations:

A corporate marketing activity combining the disciplines of communication and finance, and providing present and potential investors with an accurate portrayal of a company's performance and prospects. Conducted effectively, investor relations can have a positive

effect on a company's total value relative to the overall market and a company's cost of capital (NIRI, January 1996 as cited in Petersen and Martin, 1996, p. 177).

While NIRI emphasized the marketing perspective in 1996, the new definition in 2003 stressed communication as clearly including "two-way communication." With the excellence theory, Grunig (1992) contended two-way symmetry enables practitioners to realize ideal public relations outcomes from the organizational perspective. This change of definition is in accordance with the supposition of the excellence theory. Additionally, NIRI turned its focus on relationships between organizations and publics, rather than merely providing financial information in a one-way. Even though NIRI consists of investor relations professionals, the new definition of investor relations by NIRI implies that investor relations has drifted more toward a public relations perspective. This suggests that investor relations might be better handled within the public relations paradigm.

The recent definition by Cutlip *et al.* (1999) has placed more weight on public relations. Cutlip *et al.* (1999, p. 21) have defined investor relations as "a specialized part of corporate public relations that builds and maintains mutually beneficial relationships with shareholders and others in the financial community to maximize market value." Although public relations scholars have recently acknowledged investor relations within public relations (Cutlip *et al.*, 1999), the scholarship has faced a lack of empirical research through the lens of public relations.

Emphasis on public relations for investor relations

Several scholars have argued whether investor relations should be considered within finance or within public relations. Considering people who primarily handle investor relations within organizations, investor relations has largely belonged to finance. According to McGrath (1974), it was financial executives to whom practitioners mostly reported investor relations affairs. With regard to surveys NIRI conducted in 1985 and 1989, more than 65 percent investor relations executives reported investor relations things to top executives or top financial officers (Rao and Sivakumar, 1999). Similarly, responsibilities of investor relations weigh mainly on finance directors (Ryder and Register, 1989) as well as fall under the department of financial affairs (Marston, 1996; Petersen and Martin, 1996). According to Petersen and Martin (1996), 250 chief executive officers not only did not identify investor relations as a realm of public relations, but also did not regard supervision of investor relations as under the authority of the department of public relations. This study shows to what extent the top executives disagree with public relations scholars with regard to viewpoints for investor relations.

The reason investor relations affairs were primarily under the department of finance was that essential requirements tended to be closer to business areas. Petersen and Martin (1996) stated investor relations is one of the most demanding provinces to public relations practitioners because few practitioners have been trained or have had experiences in dealing with corporate finance, law, and management, which are required for investor relations. Further, "knowledge of finance, capital markets" ranks with chief executive officers' opinions regarding "importance of qualifications for handling investor relations" (Petersen and Martin, 1996, p. 190), which seems to relate to investor relations practitioners' backgrounds. Dark (1988) observed that ex-specialties of investor relations staffs mainly shifted from journalism to corporate finance in the UK. Among almost 4,600 members in NIRI, nearly 45 percent affiliates'

backgrounds are in finance, while about 20 percent have backgrounds in public relations and the other 20 percent are from corporate communications (www.niri.org/about/mem_profile.cfm). As such, investor relations practitioners have tended to be from the financial field. Much emphasis on finance among all qualifications has been an obstacle to promoting public relations practitioners as suitable officers for investor relations.

Although financial departments at organizations have continuously handle investor relations functions, there has been a growing consensus that investor relations and public relations should be convergent. Silver (2004) asserted that combination of public relations and investor relations contributes to improving stock prices of corporations as well as enhancing corporate reputation in the long run. According to Johnson (1990), a favorable corporate image resulting from public relations endeavors enables shareholders to have higher confidence on companies. Owing to the close relationships between public relations efforts and higher financial values of corporations, scholars considered integration of public relations and investor relations beneficial for public companies (Johnson, 1990; Silver, 2004).

As the need for convergence has expanded, communication qualifications for investor relations affairs have become significant as much as finance qualifications. Marston and Straker (2001) interpreted investor relations as communication of financial information between companies and key publics such as financial communities, investors, and analysts. This implies to what extent the communication function is important for investor relations, rather the financial function only. Barmash (2000) argued if specialists responsible for investor relations have little practical experiences or inadequate professional training in communication, they will not be very successful in handling investor relations. Similarly, Grunig and Hunt (1984) suggested that investor relations practitioners could be more effective with specialties in corporate finance, law, economics, and public relations as well. While investor relations professionals have traditionally come from financial backgrounds, the need to have thorough knowledge of public relations besides financial acumen has become clearer in the convergent era. However, an analytical research on public relations professionals has been relatively limited.

Benefits of investor relations

Investor relations commonly has a positive influence on the price of stocks (Farragher *et al.*, 1994). Taking a step further, Silver (2004) asserted combining investor relations and public relations instead of the investor relations only would result in more positive effects for the stock price. This seems to be consistent with a trend towards convergence between investor relations and public relations. Dolphin (2004) suggested that a totally advantageous corporate image may result from investor relations affairs. Further, Silver (2004) strongly underscored that great company reputation has positive effects on improving stock price. Such beliefs imply that investor relations effects tend to shift from simply increasing the share price to enhancing the corporate reputation and image in the long term.

Public relations scholars and professionals perceive investor relations within the public relations area. For example, Cutlip *et al.* (1999, p. 21) clarified investor relations as “a specialized part of corporate public relations.” Similarly, NIRI showed distinct shifts from marketing-based perspectives to mutual communication in defining investor relations. Some researchers claimed advantages resulting from integrating

public relations with investor relations (Ferris and Newman, 1991; Johnson, 1990; Silver, 2004). However, few studies were conducted to understand public relations practitioners' perception on investor relations. For these reasons, this research aims to explore how public relations practitioners perceive investor relations at present.

Research questions

Research outcomes involving investor relations exist, yet little is known about the degree to which public relations practitioners currently perceive investor relations. Accordingly, the first step is to examine the perceptive link between public relations professionals and investor relations:

- RQ1.* How do public relations professionals perceive the investor relations activities?

Under the first research question, the following specific questions are developed:

- RQ1-1.* What are the most important investor relations activities?
- RQ1-2.* How important are results that investor relations activities might result in?
- RQ1-3.* How effective are investor relations activities for achieving organizational goals?
- RQ1-4.* What are the necessary skills and knowledge for entry-level practitioners as well as academic courses for undergraduates who will handle investor relations?

Method

Conducting the survey and participants

A web-based survey was used to answer the following research questions:

- RQ1.* How do public relations professionals perceive the investor relations activities?
- RQ(1-1).* What are the most important investor relations activities?
- RQ(1-2).* How important are results that investor relations activities might result in?
- RQ(1-3).* How effective are investor relations activities for achieving organizational goals?
- RQ(1-4).* What are the necessary skills and knowledge for entry-level practitioners as well as academic courses for undergraduates who will handle investor relations?

Public relations professionals were drawn from the national membership directory of the Public Relations Society of America (PRSA)[1] which includes approximately 20,000 members. Using PRSA, membership might bring into questions the external validity of study because only public relations professionals capable of affording PRSA membership fees participated in the research. Professionals working in non-profit

sectors are more likely be excluded in such research studies (Grunig *et al.*, 2000). Despite these criticisms, the PRSA membership directory has the most comprehensive available list of public relations practitioners. More importantly for the present study, as Marston (1996) pointed out, investor relations relates to the company size. Public relations practitioners working at larger corporations or public relations firms, capable of affording the membership fees, might have more experiences with investor relations. Thus, it is reasonable for this study to use the directory to select the sample.

Systematic random sampling was used to select 5,000 public relations professionals from the 2004 PRSA membership directory. The web survey was distributed in three waves between March 7 and 25, 2005, via an e-mail containing an embedded link to a survey site. The first reminder e-mail was sent one week later, and then the second reminder e-mail was transmitted two weeks later to encourage respondents to participate in the survey.

Survey instrument

Some questionnaire items for the current study were inspired by the research of Petersen and Martin (1996) and adjusted for public relations practitioners. Before the main survey, 15 pretest questionnaires were distributed to public relations professionals, many of whom were senior practitioners, and questionnaires were then modified based on the pretest responses. The online version of the questionnaire was designed with clickable responses.

The questionnaires consisted of three main sections. The first section related to investor relations functions within the public relations practitioners' organizations with a multiple answer-format. Respondents were asked if their organization conducted investor relations activities and if so, what types of investor relations activities were conducted, which departments were responsible for these activities, and more. The second section asked questions directly related to the research questions, using a seven-point Likert scale:

- RQ1-1.* How important is each listed investor relations activity?
- RQ1-2.* How important is each result that investor relations might result in?
- RQ1-3.* How effective is each investor relations activity for achieving each organizational goals?
- RQ1-4.* What are the necessary skills and knowledge for entry-level practitioners and academic courses for undergraduates that should obtain to handle investor relations activities?

In the last section, respondents gave their demographic information – gender, age, educational background, years in the public relations industry, ethnicity, and employment status.

Findings

Of 5,000 questionnaires transmitted, 1,116 respondents (22.3 percent) were unreachable due to incorrect e-mail address, were no longer in positions listed, or were no longer working in public relations. Additionally, 73 declined to participate, and 26 were

otherwise unavailable. Of 3,785 usable e-mail addresses, 134 responses, which represent a response rate of 3.54 percent, were included in the data analysis.

Participants profiles

Of the respondents, 61 percent were female; 34.3 percent were male. Six respondents did not report their gender. About 85 percent were Caucasian, 3 percent were African American, 3 percent were Asian American, 2.2 percent were Hispanic, and less than 1 percent were Native American. About 6 percent of the participants did not report race. Approximately, 90 percent of participants were working full-time, while less than 5 percent respondents were working as a part-timer. About 50 percent of them were working for organizations that engage in more than 1,000 employees and 33.6 percent of respondents worked for small companies having less than 100 employees. The rest of them were working at a kind of middle size of companies. About 36 percent of participants held accredited in public relations (APR)[2]. Respondents ranged from 23 to 79 years old, with an average age of 43.96 years. Experience in public relations industry ranged from 1 to 40 years, with an average of 15.6 years, and experience in other industry ranged from 1 to 43 years, with an average of 12.5 years. All of the participants reported having a bachelor’s degree, or at least a community college degree. About 49 percent had a graduate degree and 9 percent reported having a PhD.

Of the respondents, 23 percent indicated they had corporate affiliations, 18.7 percent a public relations agency, 17.2 percent not-for-profit affiliations, 11.9 percent government affiliations, 11.2 percent corporate in-house affiliation, and 17.2 percent “other” organizations, such as advertising and public relations agency.

Investor relations activities in the participants’ organization

To determine how investor relations functions are handled in the public relations environment, the practitioners were asked if their organizations have investor relations functions and who conducts these activities. Of the participants, 43 percent reported their organizations have investor relations functions, and a majority reported investor relations activities are conducted within their organizations. Approximately, 5 percent stated investor relations activities are conducted by an outside consultant. However, 55 percent indicated their organizations did not participate in such activities.

Public relations practitioners were asked which department runs investor relations activities. As shown in Table I, approximately 50 percent of the respondents’ organizations have a separate department for investor relations. Of the participants, 11 percent said their organizations leave investor relations activities up to the public

Department	Practitioner responses	Percentage of total
Financial affairs	6	9.5
Investor relations	31	49.2
Legal affairs	1	1.6
Marketing	4	6.3
Public relations	7	11.1
CEO	1	1.6
Other	13	20.6
N	63	

Table I.
Who conducts investor relations activities

relations department, about 10 percent to their financial affair department, 6 percent to the marketing department, and 2 percent to their legal affair department and chief executive officer. However, 21 percent selected “other” and specified their development department or chief financial officer controlled investor relations activities.

About 95 percent of respondents said their organizations use an in-house department for investor relations activities. Practitioners whose companies conducted investor relations in-house largely agreed only an inside staff understands company very well. Different sets of questions were addressed to the remaining 5 percent of participants whose organizations employed an outside consultant, through the use of a seven-point Likert scale (1 = strongly disagree to 7 = strongly agree). Respondents whose organizations used an outside consultant for investor relations activities mostly supported that a consultant was needed to supplement the skills and knowledge of inside staffs.

Participants indicating their organizations had no any investor relations activity were asked to reveal the reasons their organizations did not handle investor relations through the use of the same Likert scale. As responses appear in Table II, most somewhat agreed that it was not necessary to deal with investor relations and the size of their organization was too small to handle investor relations. When their organizations did not administer investor relations functions, they somewhat disagreed investor relations is important in terms of public relations. In a similar vein, these persons also believed that their chief executive officer considered investor relations less important.

RQ 1-1. *The most important investor relations activities*

The practitioners were asked about the degree of the importance for each investor relations activity through the use of a seven-point Likert scale (1 = not very important to 7 = very important). The results are provided in Table III.

Table II.
Perceptions of public relations whose organizations not having investor relations

<i>Reason not handling investor relations</i>	
It is unnecessary to deal with investor relations	3.97
The size of the organization is too small to handle investor relations	3.86
Handling investor relations costs too much	2.66
<i>N</i> = 53	
<i>Importance of investor relations</i>	
How important is investor relations to you in terms of public relations	3.88
In your judgment, what importance does your CEO give to investor relations	3.09

Table III.
Importance of investor relations activities

	Mean	N
Counseling with top management	6.50	74
Providing information to investors	6.28	74
Publishing financial reports (e.g. annual/quarterly/monthly, etc.)	6.24	74
Working with industry analysts	6.00	74
Updating financial news on company web site	5.89	70
Finding new/credible analysts	5.34	74
Using “benchmarking”	5.03	73
Interacting with the mass media	4.91	74

The public relations practitioners perceived the following investor relations activities were more important than others: “counseling with top management,” “providing information to investors,” and “publishing financial report” ($M = 6.50, 6.28, \text{ and } 6.24$, respectively). Other investor relations activities were also considered as somewhat important: “working with industry analysts,” “updating financial news on company web site,” and “finding new/credible analysts” ($M = 6.00, 5.89, \text{ and } 5.34$, respectively). The following activities were considered the least important among investor relations activities: “using benchmarking” and “interacting with the mass media” ($M = 5.03 \text{ and } 4.91$, respectively).

RQ1-2. Importance of results that investor relations activities might result in

Table IV shows practitioners considered most investor relations activities’ outcomes important. Of eight activities, three results that investor relations activities might develop were considered most important: “earning a reputation for honesty,” “meeting disclosure requirement,” and “keeping investors well-informed” ($M = 6.82, 6.74, \text{ and } 6.65$, respectively). However, “increasing the price of stock” and “generating analyst interest in the company” were considered somewhat less important than other investor relations activity results ($M = 5.94 \text{ and } 5.78$, respectively).

RQ1-3. Effectiveness of investor relations activities to achieve organizational goals

Degrees of effectiveness for each investor relations technique for ensuring that investor relations efforts achieve their goals were asked using a seven-point Likert scale (1 = the least effective, 7 = the most effective). A broad range of effectiveness was attributed to several strategies for achieving goals in investor relations. According to Table V, “direct involvement of top management” ranked the most highly effective

Result	Mean
Earning a reputation for honesty	6.82
Meeting disclosure requirement	6.74
Keeping investors well-informed	6.65
Getting investors interested in the company	6.19
Good relationships with analysts reporting on the company	6.12
Good communications with the public	6.01
Increasing the price of stock	5.94
Generating analyst interest in the company	5.78
$N = 66$	

Table IV.
Importance of investor relations activities’ results

Result	Mean
Direct involvement of top management	6.59
Personal contact with analysts for informal feedback	5.98
Reading analyst reports for information on company	5.50
Monitoring institutional stock purchases	5.22
Surveying analysts about investor relations efforts	5.20
Monitoring the price/earnings ratio of stock	5.18
Pursuing awards for investor relations efforts	3.48
$N = 66$	

Table V.
Effectiveness of investor relations activities to achieve goals

at 6.59, implying that even public relations practitioners believed that higher level positions at organization need to supervise the investor relations function. This finding is consistent with that of Petersen and Martin (1996). The following investor relations activities were considered to be effective for achieving the organizational goals: “personal contact with analysts for informal feedback,” “reading analyst reports for information on company,” “monitoring institutional stock purchases” ($M = 5.98, 5.50, \text{ and } 5.22$, respectively). Both “surveying analysts about investor relations efforts” and “monitoring the price/earnings ratio of stock” were regarded as relatively less effective ($M = 5.20 \text{ and } 5.18$, respectively). Additionally, “pursuing awards for investor relations efforts” ranked the least effective for meeting organizational goals ($M = 3.48$).

RQ1-4. *The necessary skills and knowledge for entry-level practitioners and academic courses for the undergraduates who will handle investor relations*

The practitioners were asked to evaluate necessary skills and knowledge for the practitioners who will handle investor relations activities, using a seven-point Likert scale (1 = not very important to 7 = very important). The results present in Table VI. The item “writing and speaking skills” ranked the highest at 6.54 as a necessary skill for public relations practitioners to handle investor relations activities, followed by “public relations knowledge,” “writing financial news releases,” and “knowledge of finance/capital markets” ($M = 6.07, 5.90, \text{ and } 5.63$, respectively). Interestingly, specific skills or experiences which are more specialized in investor relations, such as “experiences in major financial center” and “experiences as stockbroker/investment banker” ranked the lowest ($M = 4.04 \text{ and } 3.01$, respectively).

Using the same seven-point Likert scale, respondents were also asked to evaluate the necessary new courses to supplement investor relations training at the undergraduate level. As shown in Table VII, the highest ranking of the new courses was given to “fundamental for understanding finance” followed by “basic law encompassing investor relations surroundings,” and “writing for financial news releases” ($M = 6.56, 6.18, \text{ and } 6.08$, respectively). The content of “speaking skills for investment presentation” and “statistical research for measuring effectiveness by investor relations” ranked the least ($M = 5.55 \text{ and } 5.38$, respectively).

Table VI.
Important skills for entry-level public relations practitioners handling investor relations

Result	Mean
Writing/speaking skills	6.54
Public relations knowledge	6.07
Writing financial news releases	5.90
Knowledge of finance/capital markets	5.63
Investor relations experiences	5.01
Knowing analysts/professional investors	4.37
Degree relating to business (e.g. MBA, etc.)	4.21
Experiences in major financial center	4.04
Experiences as stockbroker/investment banker	3.01
$N = 71$	

Discussion

The current research explored how public relations practitioners perceive investor relations activities, through a web-based survey. This determined that most practitioners considered investor relations fell within the realm of public relations, but they took a different position on necessary knowledge, skills, and academic courses for investor relations activities.

First, the existence of independent investor relations departments tends to be dominant with the growing importance of investor relations. The majority of practitioners in this study indicated investor relations activities were conducted by staff members from a separate department within their organizations, which is similar to several previous studies (Marston, 1996; Marston and Straker, 2001; Petersen and Martin, 1996). Specifically, Marston and Straker (2001) found out more than half of European corporations had a separate department for investor relations within organizations. A recent survey by the Pittsburgh Chapter of NIRI reported that almost 75 percent of investor relations professionals responded that their organizations now make investor relations a priority (“Investor relations function gets higher priority, NIRI-Pittsburgh Survey says,” (NIRI-Pittsburgh Survey, 2003)). Despite the increasing importance of investor relations in general, professionals whose organizations reported no investor relations activities responded that they did not think investor relations was much important in terms of public relations, and they also believed that their management level officers might share the same opinion.

In response to research question measuring the importance placed on each investor relations activity, public relations practitioners regarded relationships with top management as the most important among investor relations activities. This finding is consistent with the perception of chief executive officers (Petersen and Martin, 1996). Linked with research question concerning the effectiveness of each investor relations activity for achieving organizational goals, practitioners thought of “direct involvement of top management” as the most effective activity for achieving corporate goals, which means public relations practitioners highly acknowledged the importance of top executives’ involvement in investor relations activities. According to Laskin (2005), investor relations practitioners at *Fortune* 500 companies responded that offering top executives or other departments information is a quite common activity. Regarding involvement with higher executives, public relations practitioners, chief executive officers, and investor relations practitioners at Fortune 500 corporations seem to have similar standpoints.

Public relations practitioners also considered providing financial information to investor relations publics important second. Similarly, investor relations practitioners

Result	Mean
Fundamental for understanding finance	6.56
Basic law encompassing investor relations surroundings	6.18
Writing for financial news releases	6.08
Speaking skills for investment presentation	5.55
Statistical research for measuring effectiveness by investor relations	5.38
<i>N</i> = 71	

Table VII.
Necessary courses for investor relations at the undergraduate level

commonly complied with requests of significant publics such as analysts, shareholders, and stockbrokers (Laskin, 2005). Silver (2004) identified acquiring of press releases, annual reports, and financial disclosures as common areas of investor relations in the 1960s. Providing financials to investors is still an important way of conducting investor relations activities, which implies that the dissemination of information to investors can play a key role in taking charge of investor relations activities and serve to maintain a relationship with the public.

Regarding the research question addressing important outcomes of investor relations activities that might result in, practitioners thought of “earning a reputation for honesty” as the most important outcome. Interestingly, increasing the stock price was considered the least important outcome of investor relations. This finding inconsistent with several previous studies (Farragher *et al.*, 1994; Petersen and Martin, 1996) implies that the results of investor relations activities can be extended from a limited role in finance like increasing stock price to the much broader area of public relations such as improving corporate reputation. This also reflects that practitioners tend to consider investor relations function within the public relations paradigm in much the same way as public relations scholars (Cutlip *et al.*, 1999). However, no evidence is available to confirm that investor relations truly does affect organizational reputation. Therefore, it would be more valuable to look into how much investor relations activities affect organizational reputation in future research.

In an answer to the last research question about necessary knowledge and skills for public relations practitioners in handling investor relations activities, the respondents regarded “writing and speaking skills” and “public relations knowledge” as the most necessary, which fall more into general qualifications in public relations than particular ones in finance. Interestingly, specific investor relations experiences (e.g. “investor relations experiences”) or financial knowledge and experiences (e.g. “knowledge of financial/capital markets” and “experiences in major financial center”) were considered less important. Practitioners’ points of view reflect investor relations as being a part of, or falling within, public relations functions. This view is in accordance with those of public relations scholars (Cutlip *et al.*, 1999; Ferris and Newman, 1991). Laskin (2005) also agreed that investor relations practitioners might be unsuccessful in accomplishing effective communication and increasing corporate values without a communication background. Specifically, the survey about investor relations qualifications from PRSA reported that investor relations mutually relied upon public relations (Ferris and Newman, 1991). This trend might coincide with the increasing need for converging public relations and investor relations (Johnson, 1990; Silver, 2004). In other words, practitioners’ perceptions on skills and knowledge for investor relations were as one in the current trend.

Yet, the findings in the current study are contradictory to those of Petersen and Martin (1996) who found that chief executive officers regarded specific investor relations knowledge including finance and capital markets as a predominant qualification necessary for investor relations, and that public relations knowledge was the least necessary knowledge for investor relations activities. The chief executive officers even believed that public relations professionals might have difficulties in performing investor relations tasks due to a lack of training in corporate management and law (Petersen and Martin, 1996). These results show both public relations

practitioners and chief executive officers perceived significant qualifications for investor relations activities differently.

Regarding the necessary undergraduate courses for investor relations, practitioners showed contradictory attitudes. They took “fundamental for understanding finance” and “basic law encompassing investor relations surroundings” into account as the most necessary courses for investor relations at an undergraduate level, although practitioners also gave much attention to public relations skills or knowledge for entry-level staff members. Considering the relatively high mean score for “writing for financial news releases” among necessary courses, a gap concerning investor relations seems to exist between the practical field stressing technical things and public relations academia emphasizing “mutually beneficial relationships with shareholders and others in the financial community” (Cutlip *et al.*, 1999, p. 21). The practitioners took investor relations for granted as a boundary of public relations in the perspective of necessary skills and experiences, yet they still put more emphasis on finance regarding required academic courses. This study could provide some guidelines to public relations educators in that to what extent educators should pay attention to demands from practitioners regarding investor relations.

Limitations and future research

Like any typical study, this research has some limitations, which may lead to future research directions. First of all, the low response rate is obviously a problem in this study. Extremely low responses can introduce a bias into the survey results; thus, the results of this research may not be generalized.

There are reasons that this research garnered an extraordinarily low level of responses. First, it seems that there is a lack of awareness about investor relations activities among public relations practitioners. In this study, the practitioners were targeted regardless of their organization classification or investor relations activities because this study was intended to investigate how they perceive investor relations itself. The researchers asked practitioners to participate in several sections of the survey, even if their organizations did not perform investor relations activities, and some professionals simply rejected participation in the survey. Since, some of them worked for nonprofits, governments, and educational institutions or were self-employed, they also believed their responses would skew the total outcomes. Therefore, in order to acquire higher response rate, it would be better to select samples among public relations practitioners exclusively from for-profits. Further, some professionals denied participating in the survey because the investor relations activities were considered to be confidential information according to their organization policy.

Owing to the thorough anti-spam programs provided by organizational e-mail systems, reaching target audiences has become more difficult via an e-mail sent by an unknown person. In fact, internet surveys have become troublesome in gaining a high response rate. According to Wimmer and Dominick (2003), the user rate for a hyperlink on a web-based survey is within a range of 1-30 percent. Hence, future research needs to use more sophisticated methods to collect more data.

Except the response issues, this research can be investigated from practitioners working in foreign countries in the future. Because this research only targeted the US public relations practitioners, it is less likely to understand to what extent a variety of

public relations practitioners, for example, in Latin American or Asian countries, perceive investor relations differently or similarly. Hence, future research may gain worth as comparing existing research findings with future ones.

In summation, a small sample size would make generalizing this study arguable. However, this research established a basis for developing investor relations studies in terms of public relations. Additionally, the research shows that public relations practitioners largely regarded investor relations as being under the jurisdiction of public relations and confirms academic definitions by public relations scholars for investor relations.

Notes

1. The PRSA is the largest public relations organization in the nation and the world and includes approximately 20,000 members organized into 116 chapters across the USA. The organization provides a variety of professional development programs including courses, seminars, teleconferences, and annual meetings, etc. See also www.prsa.org
2. Accredited in public relations (APR) is a certification given by PRSA to its members who go through its testing processes. Candidates should meet the following requirements to take the test, who have at least five-year full-time working or teaching experiences in public relations and have a bachelor's degree in communication-related majors including public relations, journalism, or mass communication or have equivalent working careers in public relations. See also http://prsa.org/_Advance/apr/index.asp

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