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**"INVESTOR RELATIONS AND SOCIAL MEDIA: AN ANALYSIS ON  
TWITTER TOP CORPORATE ACCOUNTS"**

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## Table of Contents

<b>Introduction .....</b>	<b>3</b>
<b>Research Question .....</b>	<b>5</b>
<b>Part I – Literature review of Investor Relations (IR) .....</b>	<b>7</b>
<b>1. Definition and Evolution of IR .....</b>	<b>9</b>
1.1 Preprofessional Period .....	10
1.2 Professional Period.....	11
<b>2. Perspectives and functions of actual IR .....</b>	<b>17</b>
2.1 Market efficiency and the pivotal role of two-way disclosure .....	17
2.2 Shareholders activism and principal - agent problem: IR as a new struggling power .....	19
2.3 IR and PR sharing a common ground.....	21
2.4 IR as integrated corporate reporting function.....	25
2.5 The strategic role of Investor Relations.....	32
<b>3. Investor relations Officer: profile, activities &amp; performance measurement.....</b>	<b>39</b>
3.1 The profile of an IRO.....	39
3.2 Educational Background & Expertise.....	42
3.3 Goals and Tasks .....	43
3.4 Tools .....	47
3.5 Performance measurements .....	47
<b>4. Managing Financial Communication on Digital Media .....</b>	<b>53</b>
4.2 Components of Financial Communication.....	53
4.3 IR, Web & Website .....	55
4.4 Social Media .....	62
4.5 Disclosure, Dissemination and Response on Twitter.....	67
<b>Part II – Empirical Research .....</b>	<b>69</b>
<b>5. Analysis of Disclosure on Corporate Twitter Accounts .....</b>	<b>69</b>
5.1 The sample .....	69
5.2 Methodology and research .....	71
5.3 Conclusions.....	80
<b>Appendix.....</b>	<b>81</b>
<b>References .....</b>	<b>83</b>
<b>Tables of Figures &amp; Tables .....</b>	<b>88</b>



## Introduction

The aim of the research is to deepen the topic of Investor Relations and in particular investigate the link between investor relations and social media.

The first part of the work has the purpose to build a framework of analysis: starting by the general definitions and functions of the Investor Relations it is possible to catch the multi-purpose –central role it plays in a company.

The Investor Relations Officer is a pretty new role that need solid background in various area, from the corporate communication to the financial markets. Literature and scholars do not have reached a unanimous point of view on Investor relations activities yet.

The literature review proposed in the first part wants to unify all the recent studies to build a clear framework on who the Investor Relations Officer is, what does he do and which are the main challenges of his work.

The second part of the review is more focused on financial communication, with a special focus on new digital media such as Internet and social media. The recent scientific literature is supported and integrated also by technical and professional website of consulting companies specialised in Investor Relations and dedicated Magazine.

The second part of the thesis is dedicated to a qualitative empirical analysis on the corporate communication of top Italian listed companies, in particular on Twitter. The analysis takes into consideration a small range of companies both in the financial sector and in non-financial sector, in order to perform cognitive analysis, which are gaining special consideration as fundamental metrics in social media marketing.

Although the sample is not representative of the entire Italian landscape, it is aim of the study to evaluate different communication approach on social media for Italian listed companies.



## Research Question

### HOW TOP ITALIAN LISTED COMPANIES USE TWITTER TO DISCLOSE FINANCIAL AND NON FINANCIAL DATA

The purpose of this thesis is to analyse the role of investor relations, focusing in particular on the top Italian listed companies and their use of social media as a tool for financial and non-financial disclosure. In details, Twitter has been considered to be the best proxy to investigate how corporations are disclosing information on social media.

The proposed analysis is relevant in order to gain a better understanding of the actual status of development of investor relations among Italian companies.

The originality of the work consists of empirical evidences that will be discussed, thus bridging the gap in the existing literature.

Investor relations is still a niche topic in the academic literature and very few researchers are seeking material evidence of the use of social media as a tool for corporate communication and disclosure.

Moreover, the majority of existing literature stems from American and British scholars, who are taking into consideration IR in their own market.

The interest for social media as official channel and source of information for the financial market is broadly increasing, since nowadays corporations need to have a direct link with their customers and stakeholders to ensure a fast and immediate communication with all the audiences.

Some evidences of disclosure through Twitter have already been considered in the existing literature: this work adds value, by taking into consideration the features of the Italian companies and financial market.





## Part I – Literature review of Investor Relations (IR)

In this first part the concept of investor relation (IR) is analysed, recalling the main topics covered in the worldwide literature.

The references were accurately selected among renewed academic journals and business reports, taking into account investor relations, financial communication and corporate disclosure topics. Most of them belong to the past decade, highlighting how the interest for Investor relations has been growing recently.

The literature review is functional to build on overview on the topic of Investor Relations and financial communication, to understand the main problems and challenges of performing IR in today's world. This results in a useful guideline in order to perform significant empirical analysis that will be displayed in Part II.

At the end in Appendix the most significant papers have been collected and analysed, summarizing the relevant issues and research methodologies applied.



## 1. Definition and Evolution of IR

It is of material importance to put a milestone in the dissertation by defining the concept of investor relations. As referred in the London Stock Exchange Guide, investor relations are “the term used to describe the ongoing activity of companies communicating with the investment community” (London Stock Exchange, 2010).

The perspective on investor relations may be further widened considering it 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” as stated by National Investor Relations Institute’s Board of Directors in March 2003 (Laskin, Investor relations and Financial communications. The Evolution of the Profession, 2018).

The importance of communication and audience is also confirmed in the definition of Marston and Straker, referring to investor relations as the communication of information relating to a company to the financial community, analyst, investors and potential investors.

In other words, IR can be considered a “strategic corporate marketing activity, combining the disciplines of finance and communication” (Dolphin, 2004)

The recurrent relevant themes for IR regard information disclosure on financial markets, investor and shareholders’ relationship management thus sharing a common ground with the PR function of the company.

In order to gain a better understanding of the IR function, it is important to go back in history and recall all the steps in the evolution of the profession.

## **1.1 Preprofessional Period**

Primitive trace of investor relations activity date back to 1602, when the first publicly traded companies were established. Dutch East India Company seems to be al so the first example of multinational company. Stock trading activity required also the birth of the first stock exchange in Amsterdam in September 1602.

At the beginning of the 20th century in the United States, with increasing development of large industries such as railroads, mines and manufacturing, demand for capital raised without precedents in history.

To full exploit the purchasing power of the middle class, companies created the so called “blue cheap” securities, whose price was usually equal to 100\$ instead of traditional 1000\$ or even 10.000\$ securities.

Unfortunately, many people lost their money, due to the severe informational problem that affected those securities. It was almost impossible to “verify the claims made about the securities, especially if the shares were part of a distant California gold mines” (Laskin, Investor relations and Financial communications. The Evolution of the Profession, 2018).

Following these facts, the first securities regulations were issued: “laws created the first requirements for disclosure and securities regulation. The issuers were required to file periodic reports on the financial conditions of the company; before selling its securities in a state, the company was required to provide a business plan and a copy of the securities offered for sale” (Laskin, Investor relations and Financial communications. The Evolution of the Profession, 2018).

According to Laskin, up to this moment in history, we could call this period of time “Preprofessional Period”.

More securities laws were issued after the Great Depression: The Securities Act of 1933 and Securities Exchange Act of 1934. “These laws paved the way for the professionalization of investor relations and continue to influence the practice of financial communications in the United States today” (Laskin, Investor relations and Financial communications. The Evolution of the Profession, 2018, p. 9).

## 1.2 Professional Period

Following the introduction of securities laws and the end of World War II, new professional associations arose, as well as investor relations officers and specialists. At the same time, the first corporate investor relations department and small financial communication agencies were established.

Financial scandals and frauds brought companies and investors “to the use of credit rating agencies on a large scale. The credit rating agencies dealt with estimating the level of risk associated with investing in debt instruments.” (Gackowski, 2017, p. 5).

To recover the confidence of investors, companies relied on third independent parties, as credit rating agencies. At the same time, corporations felt the need to communicate directly with their audience about strategic topics, such as the overall state of a company, its business model and further perspective of development. (Gackowski, 2017)

According to Laskin, professional period of IR can be further analysed by considering three main phases and their features, which can be summarized in the table below and will be then discussed.

	<b>Communication Era 1945-1975</b>	<b>Financial Era: 1975-2005</b>	<b>Synergy Era: 2005 - today</b>
<b>Comparison with public relations models</b>	Press agency, publicity and public information	Two way asymmetrical	Two way symmetrical
<b>Purpose</b>	Promotion and disclosure	High valuation	Fair valuation
<b>Direction of Communication</b>	From the company	Two way	Two way
<b>Intended beneficiary</b>	Organization	Organization	Both organisation and investors
<b>Practitioner's role</b>	Communication technician	Accounting, technician	Manager
<b>Structural location</b>	PR, corporate communications	Finance, treasury	Stand-alone IR dept.
<b>Background of practitioners</b>	Communication, journalism	Finance, accounting	Dual degree, graduate degree

Table 1 Historical Eras of IR and financial communication. Source: Laskin, 2018

### Communication Era (1945-1975)

General Electric chairman Ralph Cordoned created in 1953 “a department in charge of all shareholder communications” (Laskin, Investor relations and Financial communications. The Evolution of the Profession, 2018, p. 10). GE started a programme that “aimed at attracting individual investors to invest in the company’s shares thanks to a specific communication strategy. The programme was named Investor relations.” (Gackowski, 2017).

Afterwards, car companies such as Ford, General Motors and Chrysler followed this way; they “figured out that if you give at least one share to a person, that person will never buy a competitor’s vehicle from that point on. Product marketing, as a result, merged with stock marketing” (Laskin, Investor relations and Financial communications. The Evolution of the Profession, 2018).

These corporations targeted at private shareholders and customers, revealing the two folded function of IR:

- Gaining loyalty of existing and potential customers/shareholders
- attracting attention and capital of financial public to the stock.

In this phase, IR experts were considered to be part of a “dog and pony show” in which dog and pony pertained to sell side analyst and small individual investors respectively (Gackowski, 2017). The marketing activity of financial instruments was crucial and many firms relied on public relations agencies to manage investor relations, although they had no financial background or knowledge. The output of the first investor relations agencies was more or less the same as a publicity.

“Corporations did not have any interest in listening to their shareholders – the focus was on a one-way stream of information from the company to the financial publics” (Laskin, Investor relations and Financial communications. The Evolution of the Profession, 2018, p. 10).

Around the late 1960s, investor relations practitioners gathered to form the Investor Relations Association (later NIRI) to differentiate themselves from PR colleagues. They conducted strict background checks on all applicants.

*Financial Era (1975-2005)*

In the 1970s, retail private investors were replaced with institutional investors.

The financial system was in a bubble: after WWII, shareholders experienced a stunning growth and expected to be like this forever. Expectations were too high and could not be satisfied anymore. As a result, individual shareholders walked away, leaving room for institutional investors and the boom of mutual funds.

This shift in the financial audience set the stage for the financial era of IR.

“Instead of less than knowledgeable individuals, overqualified stock analysts became the main contacts of investor relations. The whole expertise previously geared toward private retail shareholder was becoming less and less relevant. It was no longer relevant to issue communications through mass media to reach crowd of retail shareholders or to organize majestic special events to put the company’s name out there” (Laskin, *Investor relations and Financial communications. The Evolution of the Profession*, 2018, p. 13-14).

Since IR Officers (IROs) at that time did not have the competencies to deal with financial analysts, most of the requests from analysts were directly addressed to the CFO. As retail investors were gradually being substituted with institutional investors, the IR functions shifted on the financial area as well, usually in the treasury or the finance department.

Institutional investors gained importance and this affected in material way the financial market and the overall volatility: “a single word from a company to a financial analyst could change the price of the stock enormously” (Laskin, *Investor relations and Financial communications. The Evolution of the Profession*, 2018).

This new landscape of the market required companies to handle investor relations in a strategic way: financial background for IROs became essential and investor relations moved away from the public relations practices and paradigms of the previous years.

Financial era of IR was mainly focused on professional investors and financial analysts, which more often were hired by companies to play the role of new IROs. Even though they were lacking of communication skills, financial analysts knew the rule of the game of Wall Street and the investment community.

In this framework IR was often viewed as a marketing activity, able to drive a positive impact on the company’s value. In the end, also this approach led to an overvaluation and attempt to

push the share price up” (Laskin, Investor relations and Financial communications. The Evolution of the Profession, 2018).

Investor relations landed in Europe very late, only in 1988 when Basf AG established its own investor relations department.

Other financial scandals and the collapse of some leader companies such as Enron in 2001, brought again back the attention to the relationship between the company and the stakeholders, realizing that IR is more than just a financial function. “The pendulum was swinging back, looking for communication expertise again.” (Laskin, Investor relations and Financial communications. The Evolution of the Profession, 2018).

### *Synergy Era (2005 – today)*

As in the past, the shift to the new era was caused mainly by exogenous changes in the economy. The regulatory framework was influenced by recent history as well and tried to improve corporate governance and the accountability of managers and Boards of Directors. For example, the Sarbanes – Oxley Act in 2002 required more disclosures and changes in procedures.

New Media and communication technologies also brought significant changes to the activities of IR: “following the information age, when information was the most treasured asset, we are now in the post information age, when information is widely available to everybody”. (Laskin, Investor relations and Financial communications. The Evolution of the Profession, 2018).

For this reason, IROs are required to have a sound background in both financial and communication skills, to build and maintain solid relationships not only with investors but also with employees, customers and consumers.

The trust relationship is the key for a successful IR strategy, based on symmetrical communication between the company and the financial community.

As Laskin underlines, “today communications targeted at investors have to be able to explain not only the numbers, but also the nature of the business, its long term strategy and non-financial information, as investors have learned to incorporate these higher level questions into their buy



and sell decisions.” (Laskin, Investor relations and Financial communications. The Evolution of the Profession, 2018)



## 2. Perspectives and functions of actual IR

The “Synergy era” highlights the importance of both financial and communication aspects in carrying out IR function: in the next paragraphs the main perspectives and functions of IR will be displayed.

### **2.1 Market efficiency and the pivotal role of two-way disclosure**

Gackowski highlights how carrying out IR activities means considering different functions:

- **Compulsory/Legal function**

It is a form of *one-way communication*, based on the minimum level of disclosure required by regulations, in order to meet legal requirements.

The company provides basic financial and economic information to the financial community.

- **Self-regulatory /Optional function**

It concerns “the *bilateral communication* that is of financial and economic nature between a company and its investment community, especially the potential shareholders.” (Gackowski, 2017, p. 4)

In this case, IR is one of the most important tools in gaining capital advantage over the competitors.

Two–way communication is effective when “*investor relations is a dialogue and is as much about companies explaining their business to the investment community as it is about companies listening to the views and feedback from that very group*” (London Stock Exchange, 2010). As suggested by Chatlots, the goal of investor relations is reaching and hearing from a diverse audience.

This is also justified by the theory of some scholars, which hold to be true that IR is not only about an amount of disclosed information, but rather on understanding and managing expectations of financial markets.

As suggested by Laskin, “the goal is not as high valuation as possible, but rather a fair value of the stock price. Finding the right investors, building trust and relationships with them, and developing long term ownership patterns to combat volatility are the new goals of the

profession” (Laskin, Investor relations and Financial communications. The Evolution of the Profession, 2018).

In contrast to financial era’s objective of achieving highest value, in the synergy era the focus is on the fair valuation of stock prices, as recalled in the NIRI definition of IR.

Considering IR as a function of managing expectations means taking into consideration a two – way street: “investor relations professionals manage the expectations of investors and financial analysts about the company’s past and future performance, but they also manage the expectations of the organization’s executive team about the financial community’s evaluation of the company and their reactions to the corporate news.” (Laskin, Investor relations and Financial communications. The Evolution of the Profession, 2018, p. 4).

According to this definition we could outline a new measure of performance based on Return on Expectations. The alignment of stock price to fair value and the prevention from bubble formation are just two of many indicators of market efficiency in which investor relations play a role.

In fact, the definition given by Fama in 1970 of market efficiency states as follow: A market in which prices always fully reflect available information is called efficient.

Since IROs actively contribute to the disclosure of information, they are a function that could help to mitigate information asymmetries and efficiency problems in a market.

Good investor relations are then directly linked to a reduced volatility in the market.

If all securities are fairly priced, according to their risks and returns, no investors can consistently outperform, or beat, the market and thus there is no reason to constantly buy and sell shares of companies in an attempt to outperform the average market return. (Laskin, Investor relations and Financial communications. The Evolution of the Profession, 2018).

According to the theory of Fama, elaborated in 1970, three different degrees of market efficiency could be achieved. The difference among each other’s consists of the degree of disclosure of information (public and non-public) and the availability of such information to all the subjects in the market.

Figure 1 shows the different features of each degree of efficiency, according to Fama.

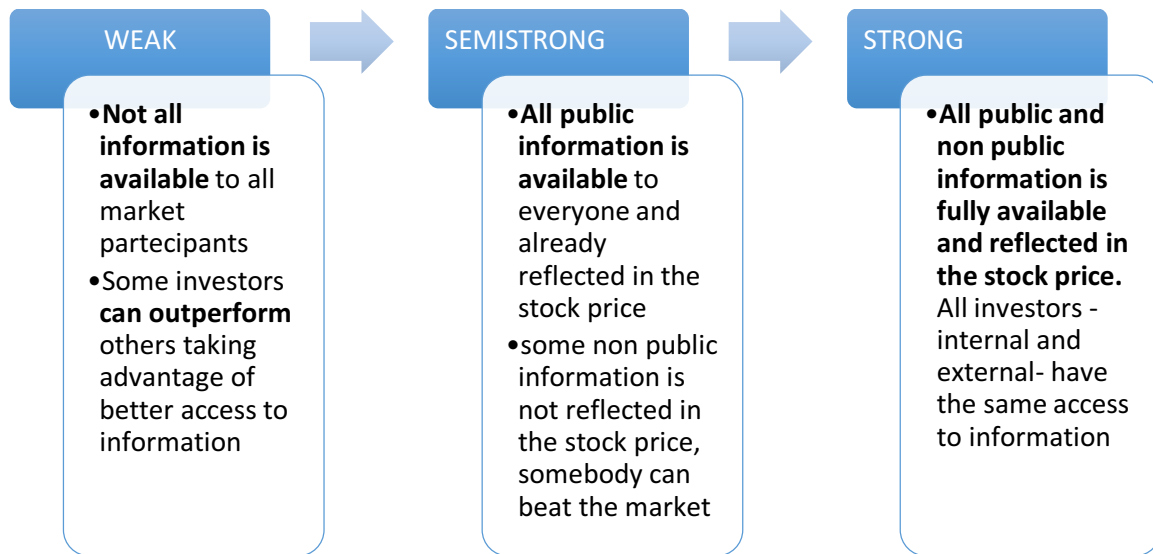


Figure 1 Market Efficiency Theory by Fama (1970), Source: Own elaboration from Laskin, 2018

## 2.2 Shareholders activism and principal - agent problem: IR as a new struggling power

Shareholder activism is often defined as “the attempt of shareholders to directly impact, form, or change management decisions based on the threat or application of public pressure” (Hoffmann & Fieseler, 2018, p. 180). This happens quite often in public listed companies, if major shareholders claim their own requests to the management of the company.

Principal – Agent Problem is a collateral aspect that arises when separation of ownership and control takes place: in particular in listed companies, where the shareholder base could be very fragmented, management could have incentive to follow its own interests, despite the willpower of shareholders.

In this framework, a single shareholder with a concentrated stake in his own hands could become a “shareholder activist”, even though “corporate governance structures are intended to alleviate agency problems by assuring shareholders of constitutional, structured, and continuous channels for influencing the management of the organization” (Hoffmann & Fieseler, 2018, p. 180).

In recent years, shareholder activism has been commonly related to short term strategies to gain returns, often steered by hedge funds. However, over the years shareholder activism has been observed also related to moral concerns: as suggested by some scholars “social issue advocates, including religious groups, environmental groups, union groups, and social investors, buy stock

and exercise shareholder rights in an attempt to exert pressure on corporations to change company practices” (Hoffmann & Fieseler, 2018, p. 181).

Since shareholder activism affects the interaction between management and shareholders (Hoffmann & Fieseler, 2018), investor relations represent the heart of power struggles, acting as intermediary in the disclosure of financial data and as a vehicle for bilateral communication.

The task of IR is not only about “providing the financial community with relevant data, investor relations departments try to identify and attract investors through targeted relationship management activities” (Hoffmann & Fieseler, 2018, p. 182). For this reason, IR is sometimes defined as a strategic corporate marketing activity.

To face the increasing challenges of shareholder activism, IR are required to play an active role and be engaged in the following areas, as suggested by Hoffmann:

*1) Shareholder intelligence:*

the companies must “understand and monitor their shareholders, which includes being familiar with their objectives, investment styles, investment strategies, and investment goals. It also includes knowing whether a particular investor’s style is long or short term, and what activists are looking for from the company” (Hoffmann & Fieseler, 2018, p. 183)

*2) Shareholder dialogue*

Two – way communication enhances the ability of the company to collect information from key audiences and anticipate forthcoming issues: “Listening to analysts and investors, gauging the market sentiment, and actively pursuing feedback have become mainstays of strategic investor relations. A more dialogical approach to investor relations does not mean that the corporate side has to succumb to every activist’s wish and whimsy, but it implies that companies should take the disruptive potential of shareholder activism seriously” (Hoffmann & Fieseler, 2018, p. 183)

*3) Shareholder advocacy*

Investor relations play also an important task in cultivating relationships with shareholders: two-way communication and the ability of listening and reporting should help IRO to transform shareholders in company’s advocates.

They could represent a useful source to understand capital markets perspectives and help the management to undertake better strategic decisions.

#### 4) *Shareholder engagement*

A recent study performed by Rao and Sivakumar evidences the importance of IR in facilitating shareholders' engagement: a good shareholder base could be a weapon to shield the corporation and its management from critical stakeholder interventions (Hoffmann & Fieseler, 2018)

### **2.3 IR and PR sharing a common ground**

Recalling the Communication Era, it seems interesting to analyse the common ground that today IR and PR share successfully and in which aspects they are different.

#### [Game Theory Approach to Shareholders Activism: a strategic mitigating function](#)

A shareholder activist may be led back to the definition of "activist publics" as defined by Grunig: "a group of two or more individuals who organize in order to influence another public or publics through action that may include education, compromise, persuasion, pressure tactics or force".

In this framework, not only IROs are singled out, but public relations practitioners as well, in order to understand the best way to deal with activists. According to a very common definition given by Murphy, one of the primary functions of Public Relations is to mediate conflict between an organization and its publics. Based on this assumption, it is easy to understand that "public relations practitioners seek to anticipate and influence active and adversarial publics by identifying and analysing emerging issues and assessing potential responses the organization can make to such groups". (Chandler, 2018, p. 198).

The mitigating function performed by PR resembles the focus of game theory, which try to model strategical behaviours able to obtain a conflict resolution through compromise. In fact, in "game theory, the goal generally is not to eliminate conflict entirely but to navigate toward an acceptable balance between conflict and cooperation" (Chandler, 2018, p. 200).

The entire process could be imagined as a journey in the "spectrum of interests", from one side to the middle, where lies compromise.

"At one end of the spectrum is pure conflict, which game theorists describe as a zero-sum game. Such games align with an asymmetrical view of relationships in which the players stand in direct opposition to one another. Gains by one player can only come at the expense of the other player. The possibilities of mutually beneficial cooperation, bargaining, and compromise do not exist. Such zero-sum games produce a clear winner and a clear loser" (Chandler, 2018, p.

201).

“Complete cooperation resides at the other end of the spectrum, where no conflict exists and both players expect complete honesty and full transparency from one another. They seek to achieve mutual benefit through compromise void of strategic posturing or positioning. Such games align with the two-way symmetrical approach to relationships, in which the players seek mutual understanding and a balance between their interests (Colman, 1982 as in Chandler, 2018)”.

*Reputational approach*

PR and IR share also a common responsibility related to maintain a good reputation and image, two intangibles that highly influence the performance on stock market.

“Reputation is long term and consists of several factors: different images of a company and its subsidiaries, corporate identity, corporate strength and financial reliability, innovation, quality of the products and services, ethical and environmental standards, relations with market regulators. Reputation management is one of the most important task ahead of the departments responsible for IR.” (Gackowski, 2017, p. 9-10)

Company’s reputation may heavily affect the decision of stakeholders: principal positive effects are summarized in the Table below.

<b>Stakeholder</b>	<b>Effect of a company’s positive reputation</b>
<b>Workers</b>	<ul style="list-style-type: none"> <li>- Attractive workplace</li> <li>- Motivation to work harder</li> <li>- Higher efficiency</li> </ul>
<b>Clients</b>	<ul style="list-style-type: none"> <li>- Improved turnover and market share</li> </ul>
<b>Investors</b>	<ul style="list-style-type: none"> <li>- Shares perceived as a good investment</li> <li>- Increased cash flow and lower cost of capital</li> </ul>
<b>Media</b>	<ul style="list-style-type: none"> <li>- Positive perception on a variety of media</li> </ul>
<b>Financial Analysts</b>	<ul style="list-style-type: none"> <li>- Better analysis and reporting</li> <li>- Higher credit rating</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>- Company perceived as a reliable business partner</li> <li>- Lower cost of trade credit</li> </ul>
<b>Creditors</b>	<ul style="list-style-type: none"> <li>- Lower collateral requirements and provisions</li> <li>- Company perceived as a trustworthy entity</li> </ul>

*Table 2 The influence of a Company's Reputation on stakeholders' decision. Source: own elaboration based on Gackowski,2017*



IR are major involved in reputation management: the financial reputation can be considered as an intangible asset, that exerts a powerful influence on the value of the company.

“The management of the company that is considered credible has a greater freedom of action and a lower level of social control. The community of investors, characterised by a high confidence in the board of such a company, is more willing to justify decisions that may seem unfavourable in that short term as well as those that are simply not right. All these aspects directly affect the reputation of a company” (Gackowski, 2017, p. 9-10)

Financial reputation of a firm may be subject to unexpected changes, due to the rumours and perceptions in the market. Gackowski points out the following potential affecting factors:

- Assessment of management competence
- Quality and repeatability of financial results;
- Development strategy and evaluation of effects after its implementation;
- Principles of corporate governance;
- Quality, transparency, and credibility of information provided
- Financial and supplementary data

PR activities instead are mainly focused on the image building and maintaining process. For some aspects, IR are involved in the image building process as well: in particular to contribute to the good image and reputation of executive managers and Board members, since reputation of the management boosts the perception of reliability of the company.

PR and IR play similar functions for what concerns good relationships with stakeholders and overall perception of the company: “PR activities are designed to communicate with a broader community, creating and maintaining its desired image. In the case of IR activities, communication serves only financial and economic purposes” (Gackowski, 2017, p. 10).

PR and IR mainly differentiate each other in the possible legal sanctions that are related to the proper disclosure of financial information required for a public company. Here below a table that summarizes the principal differences between IR and PR, mainly underlying the different role they play in legal, economic and communication functions.

Type of distinction	Investor Relations	Public Relations
Philosophy	IR practitioners deal with financial instruments of public companies: perceived as sellers of financial instruments.	PR deal with corporate image
Main reason	Managing the commitment of two-way communication in public companies	Good image building and maintaining
Main Objective	Encourage the market to buy shares and convince analysts to issue favourable recommendations.	Care about the best corporate's image in the public space to achieve the best possible publicity
Practical dimensions of work	Participating in public trading securities, guaranteeing active two-way communication with shareholders and prospective shareholders	Participating in the creation of the image, mostly one-way communication of the company with stakeholders
Legal function	Help to avoid penalties and negative ratings, taking care of legal reputation	Maintain a good relation between company and business environment
Economic function	IR help to increase business value, achieve reliability in business valuation, provide access to capital and diversifying capital sources. Reduce financial costs and volatility. Prevent hostile takeovers, support M&A	Maintain a good relation between company and business environment
Communication function	IR help to provide reliable information, build trust, conduct two – way communication, maintaining loyalty, build brand awareness. Interaction mainly with shareholders and B2B	Interactions mainly with B2C and media

Table 3 Type of distinctions between IR and PR. Source: Gackowski, 2017

## **2.4 IR as integrated corporate reporting function**

The IR function is not only committed to disclosure of financial information, it is a central function performing disclosure about almost every aspect that concerns the company. For this reason, IR performs an integrated reporting activity that can be defined as “the active consideration by an organization of the relationships between its various operating and functional units and the capitals that the organization uses or affects” (Koehler & Pieter, 2018).

The European Union issued in December 2014 the Directive on Disclosure of non-financial and diversity information (Directive 2014/95/EU) requiring

*“large companies to disclose certain information on the way they operate and manage social and environmental challenges. This helps investors, consumers, policy makers and other stakeholders to evaluate the non-financial performance of large companies and encourages these companies to develop a responsible approach to business.” (European Commission, website<sup>1</sup>).*

With the introduction and ratification of the directive, large European companies are asked to include non-financial statements in their annual reports from 2018 onwards. The disclosure is related to the following areas and topics <sup>1</sup>:

- environmental protection
- social responsibility and treatment of employees
- respect for human rights
- anti-corruption and bribery
- diversity on company boards (in terms of age, gender, educational and professional background)

In 2017 and 2019 the European Commission issued practical guidelines related to environmental, social and climate related information.

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<sup>1</sup> Source: [https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/non-financial-reporting\\_en](https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/non-financial-reporting_en)

The attention on these themes is highly increasing in recent years, having also an impact on the functioning of the capital markets.

In fact, capital markets are increasingly striving to incorporate so called ESG (Environmental, Social Governance) data into portfolio and investment decisions. According to the study performed by Friede, Busch and Bassen there is empirical evidence of the positive effect on corporate financial performance thanks to the effective integration of ESG criteria into the investment process. About this, in the next paragraphs a further deep analysis of Socially Responsible Investing will be displayed.

Although the increasing demand for these kind of disclosure, ESG criteria are not mainstream yet. Scholars have found two main obstacles that prevent broad diffusion:

- Difficulty in implementation of ESG criteria in investment analysis: “according to the CFA Institute, less than 10% of investment professionals worldwide receive formal training with this regard” (Koehler & Pieter, 2018)
- Difficulty for investors to gain a clear view of ESG data, due to the complexity faced by the company to explain and proper outline how “ESG issues are connected to strategy, risk management and financial outcome in the short and in the long run” (Koehler & Pieter, 2018)

The table below shows the main topics that are considered as part of ESG criteria:

<b>Environmental (E)</b>	<b>Social (S)</b>	<b>Governance (G)</b>
<ul style="list-style-type: none"> <li>● Emissions</li> <li>● Environmental policies</li> <li>● Environmental management systems</li> <li>● Toxic chemicals</li> <li>● Genetic engineering</li> <li>● Pollution</li> <li>● Water</li> <li>● Energy efficiency</li> <li>● Hazardous and solid waste</li> </ul>	<ul style="list-style-type: none"> <li>● Stakeholder relations</li> <li>● Working conditions</li> <li>● Respect for human rights</li> <li>● Diversity</li> <li>● Workplace health and safety</li> <li>● HIV/AIDS</li> <li>● Product safety</li> <li>● Treatment of customers</li> <li>● Labor relations</li> </ul>	<ul style="list-style-type: none"> <li>● Board structure</li> <li>● Independent directors</li> <li>● Independent leadership</li> <li>● Separation of chairman and CEO</li> <li>● Remuneration</li> <li>● Shareholder rights</li> <li>● Accounting quality</li> <li>● Audit quality</li> <li>● Board skills</li> </ul>

*Table 4 Examples of Environmental, Social, and Governance Issues. Source: Louche & Lydenberg, p.403*

## *Integrated reporting and Integrated Thinking*

Integrated reporting is part of a new holistic approach to corporate reporting: the company is managed beyond the financial perspective. That's why it may be inferred that integrated reporting is part of an internal change management process. To perform an effective integrated reporting, a continuous improvement of the company is necessary. Different functions need to tightly cooperate and investor relations "involvement is crucial as investor relations professionals know the capital markets participants' expectations and the way they assess companies" (Koehler & Pieter, 2018).

Once again, IR function plays as link between the outside environment and the company: moreover, successfully cooperate through a dialogue oriented approach with various departments such as finance, PR, accounting and CSR.

IR are particularly involved in the preparation of the annual report that according Koehler and Pieter represents the most significant communication instrument of corporate reporting. (Koehler & Pieter, 2018).

The modern annual report is not just a document of financial disclosure made up of financial statement and key financials figures: it describes how went the year, where the company stands and where it intends to go. It is a vehicle to communicate with a wide variety of audiences "as a tool for impression management" (Koehler & Pieter, 2018).

The annual report comprises not only the mandatory financial information but also the information shared voluntarily: the company "proactively constructs images of itself and its business, employing state-of-the-art corporate design elements, narratives, tables, pictures and graphs" (Koehler & Pieter, 2018, p. 211).

Integrating Reporting is not only a way of thinking but today is also a non-profit organization: International Integrated Reporting Council (IIRC) 's mission is *"to establish integrated reporting and thinking within mainstream business practice as the norm in the public and private sectors. The IIRC is in the Momentum Phase of its strategy, delivering accelerated action towards our goal for integrated thinking and reporting to be the global norm and building on achievements following the IIRC's breakthrough phase (2014-2018). The IIRC is leveraging the support of its partners to create the scale and pace to deliver a step change in adoption"*<sup>2</sup>

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<sup>2</sup>Source: <https://integratedreporting.org/the-iirc-2/>

Investor Relations contribute to the implementation of Integrated Reporting by:

- 1- Building and maintaining close relationships with investor and analysts
- 2- “IR is responsible for providing strategic counselling to top management and company executives in regard to capital markets’ assessment and peer-group benchmarking of the company” (Koehler & Pieter, 2018, p. 215)
- 3- IR and corporate communication department produce the annual report: IR has also experience with the quality of data, ensuring a rigorous treatment of the disclosure activities.

The role of Investor relations has been investigated also by Crifo et al., focusing the attention of the influence of IR over Corporate Governance mechanisms and specifically on Corporate Sustainability. The authors investigated the role of Corporate Governance’s main actors, such as Investor Relation and Board of Directors to understand their role in the development of Corporate Sustainability in France (Crifo, Escrig-Olmedo, & Mottis, 2018).

The study of Crifo et al. was based on the assumption that both BoD and IR have great influence over corporate Sustainability: the aim of the study was to better investigate the role of each component and understand in which way they contribute to the sustainable corporate culture. Their findings are particularly material since the sample was made up of the top 120 biggest corporations in France in 2013 for market capitalization.

This is a key point in the discussion: usually in European countries, as France for example, the stakeholder model is in place. This corporate governance model usually is the alternative to the “shareholder model” or “financial or outsider based” model usually in place in Anglo-Saxon countries.

The stakeholder model or pluralist model “relies on the idea that if the firm respects the interests of its shareholders, it also represents broader social interest that must be taken into account as much as those of capital providers” (Crifo, Escrig-Olmedo, & Mottis, 2018, p. 3).

The findings show an ambiguous impact on corporate sustainability due to the presence of opposite effects linked to internal, external and intermediate forces.

Crifo et al. confirms the central role of IR in the process of internal change, just recalled above: IROs are emerging as an important driver of corporate transformation (Crifo, Escrig-Olmedo, & Mottis, 2018). According to Kakabadse et al. the process of transformation is influencing also the models of corporate governance, leading to an integration of the stakeholder-

shareholder model to a new hybrid model, capable of “maximizing shareholder value and providing a meaningful protection of the interests of a larger stakeholder group.” (Crifo, Escrig-Olmedo, & Mottis, 2018, p. 4).

### *Socially Responsible Investing*

Responsible Investing (RI) is another name of what is commonly called ethical investing, sustainable investing or green investing.

At the core of RI lies the assumption of a long-term, stakeholder oriented value creating approach, that takes into consideration not only the short term financial perspective, but an entire set of values bound to the environmental, social, governance and ethical issues. For this reason, RI is strictly correlated to the integrated reporting and ESG criteria, that in many cases become the key parameters to elaborate scores and rankings.

It is crucial to remember that each criterion may assume a different weight, according to the industry analysed. For example, “environmental issues may be given a substantial weight in the chemical sector while human resource issues may be over weighted in the computer software industry” (Louche & Lydenberg, 2010, p. 403)

It is common belief in the RI community, that investment is not only referred to as a mere financial activity, but it has deep consequences and impacts on environment and society.

Moreover, RI is acknowledged as a powerful instrument for a better risk management, due to the long term vision that comprises both shareholders and stakeholders.

The RI approach can be summarized as a chance to striking a balance “between that relevance (what matters to whom) and significance (how much it matters)” (Louche & Lydenberg, 2010, p. 394).

Asset owners, such as Retail Investors and Institutional Investors, willing to invest their funds in RI products are constantly increasing and therefore it is important for Investor Relations Departments to know in details what investors expect from companies and their preferences.

“Retail investors are individuals wishing to invest in corporations that have positive social and environmental records and to avoid those with more questionable records. They usually invest in RI mutual funds (unit trusts) or, if they are particularly wealthy, through separate accounts managed by private banks or trust offices. They are typically driven by a desire to use their

investments as part of a commitment to lives that improve the world” (Louche & Lydenberg, 2010, p. 407)

Referring to Responsible Investing, a recent blogpost of InvestisDigital reports:

“According to the US SIF Foundation’s “Report on US Sustainable, Responsible and Impact Investing Trends,” socially responsible investing is exploding and shows no signs of slowing down. Assets invested in businesses that place a priority in sustainability/environmental and social governance (ESG) have jumped 40% year-over-year since 2016. There is more than \$12 trillion invested in socially responsible businesses, or a quarter of the total assets managed in the United States.” (Investis Digital, 2019)

This trend is particularly significant for millennials and the so called Generation Z, which increasingly ask for sustainability and a material alignment between their investment choices and values. This reveals both a chance and a challenge for IR, since they are asked to improve their narrative on themes related to sustainability, environment and CSR. Once again, the financial-communication profile of IR is essential for the company.

Institutional Investors have been one of the critical factors thanks to which the adoption of RI is so largely increasing. External factors, such as governments requirements from mid 1990s, pushed institutional Investors to promote Corporate Social Responsibility. In particular, governments such as United Kingdom, Germany, and Sweden “adopted policies requiring pension funds to state whether they took social and environmental considerations into account in their investment practices (Louche & Lydenberg, 2010, p. 408).

Figures below show the increasing importance of RI, both in USA and across European Countries.



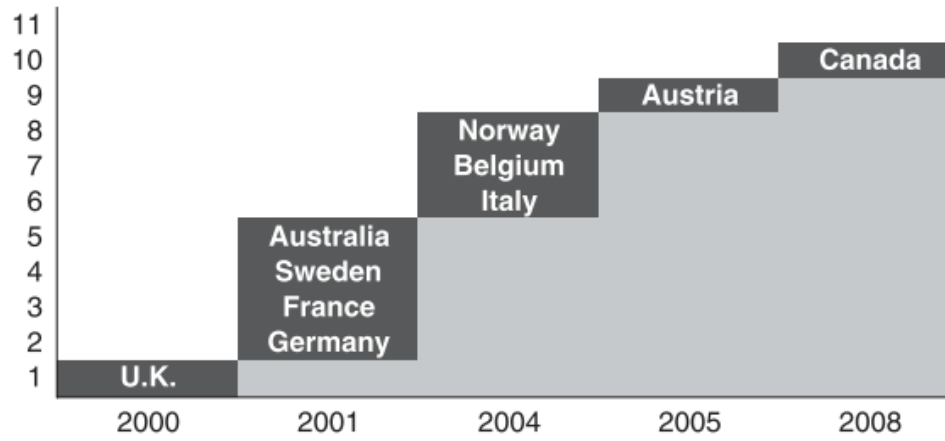


Figure 2 The Adoption of Disclosure Regulations for Pension Funds. Source: Louche & Lydenberg, 2010

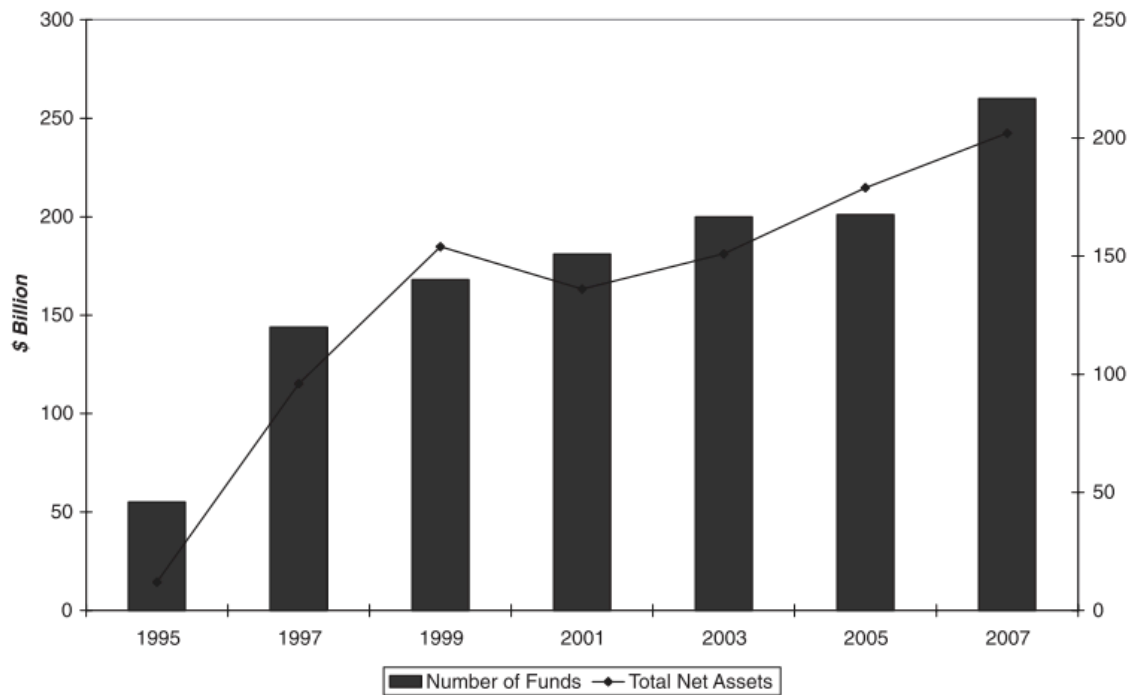


Figure 3 Responsible Investment Assets and Funds in the United States, 1995–2007 Source: U.S. Social Investment Forum, 2008 report

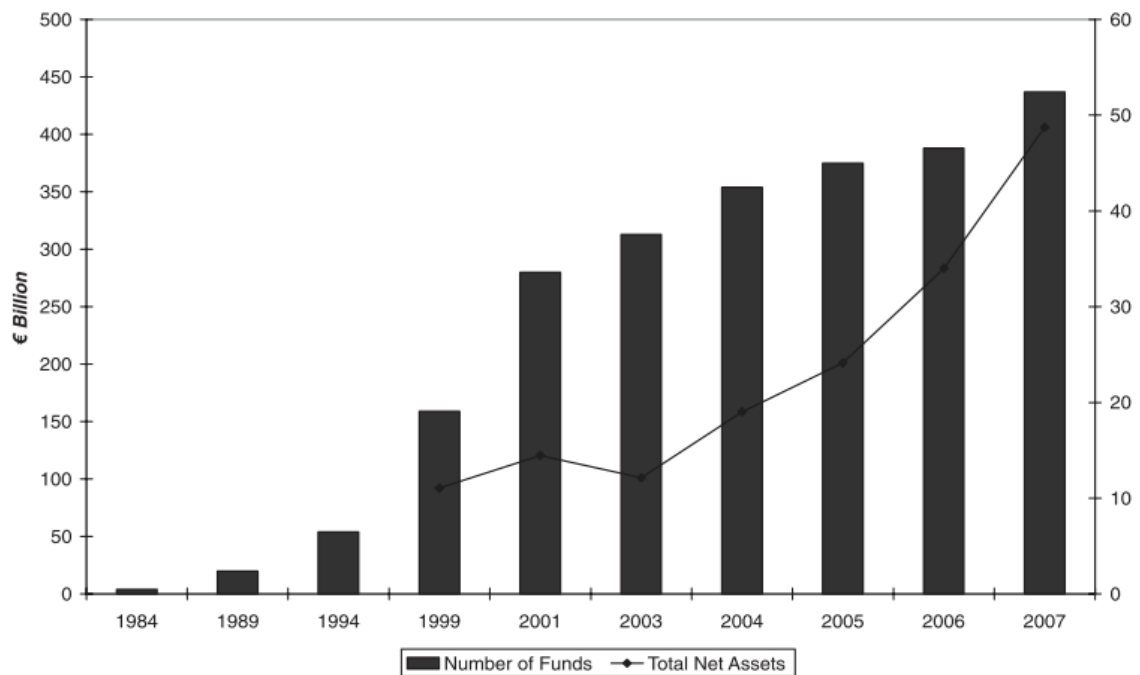


Figure 4 Responsible Investing Assets and Funds in Europe. Source: SIRI Group, 2007.

## 2.5 The strategic role of Investor Relations

Some of the main functions of IR have been discussed in the previous paragraphs. In this section further strategic implications of IR will be presented and discussed.

Before starting the analysis of the strategic role of IR, a general overview of the landscape in which IR daily operates is presented. To better understand which are the advantages of an Investor Relations function, we're going to introduce who are the main players and how they are involved in the process.

As already outlined, Investor relations play a pivotal role in the two-way disclosure of both financial and non-financial information related to a composite audience.

The communication abilities and the financial knowledge help the IR function to perform an effective communication and gain strategical advantages.

The London Stock Exchange in its Practical Guide has outlined a general workflow, that could be useful to illustrate the main features of the audiences and the main financial advantages connected to a good performance of IR.

The figure below shows the role of communication performed by the company, and in particular by IR, can resemble an input factor, whereas the financial advantages could be thought of as Output and Returns. In the next section an overview on institutional investors, private investors and analyst is provided. Media will be analysed separately in the next chapter.

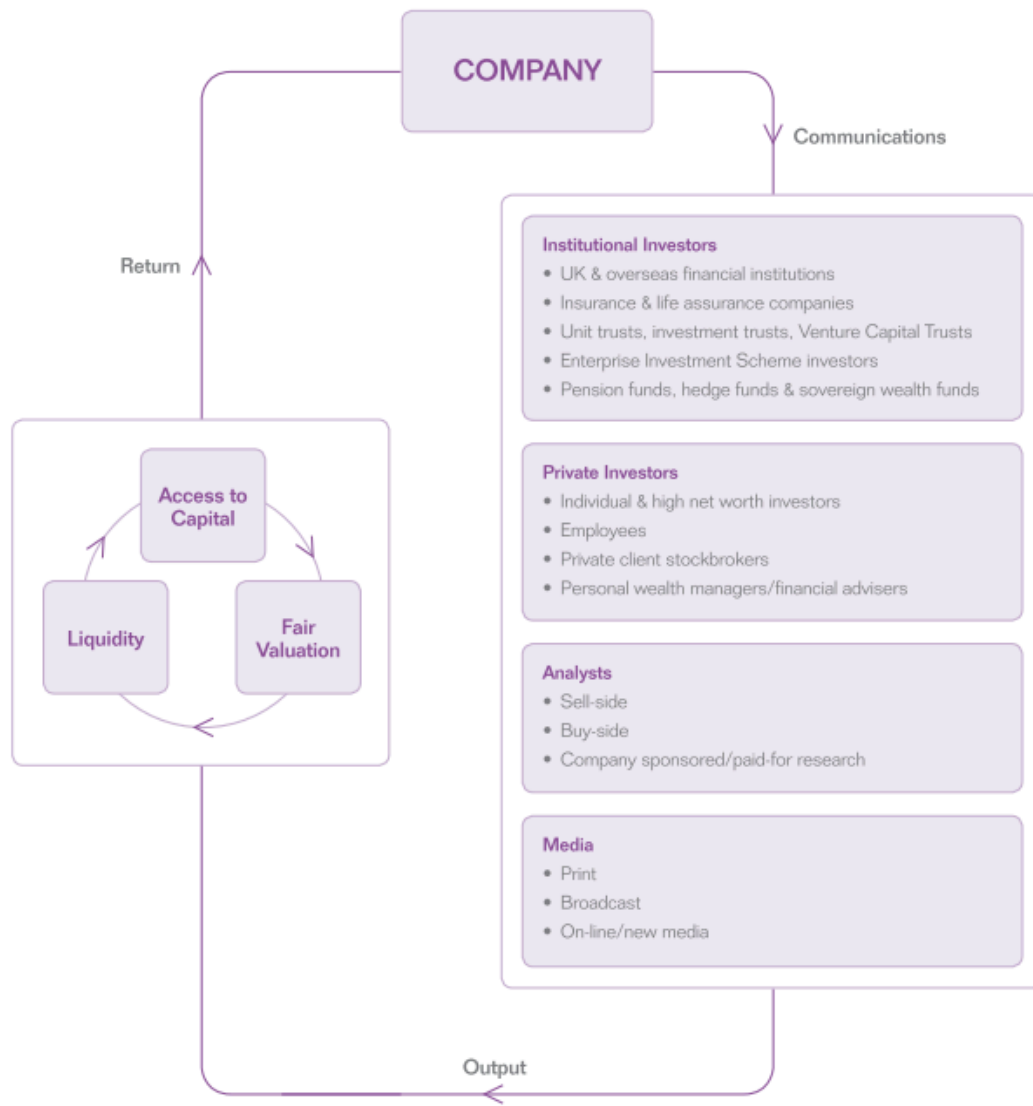


Figure 5 Investor Relations Workflow. Source: London Stock Exchange- A practical Guide (2010), p.9

## *The audience*

The audience represents the daily counterparts of Investor Relations:

- *Institutional Investors*

They are the most important category of investors, because of the volumes of asset managed. Institutional investors have a long run horizon of investment, thus reducing the volatility in the market: “such support is extremely important in allowing management teams the time and space to be able to execute their strategic plans” (London Stock Exchange, 2010, p. 10).

This kind of investors have an in depth knowledge of the industry in which companies operate.

- *Retail/Private investors*

Private investors are private persons that buy shares as a form of investment, with or without professional advice. They may be independent investors who buy shares according to the sentiment toward some industries. In the case of private investors, the role of media is central. Gaining media coverage at the right time, could be meaningful to stimulate interest of prospective shareholders: media have a stimulating function, particularly for private investors.

- *Analysts*

Analysts forecast company’s performance in terms of profitability and future growth: their evaluations become a benchmark for the market.

Different types of analysts deal with the company:

- Sell side analyst: they are hired by Investment Banks and stockbrokers and their analysis is then distributed mainly to institutional investors
- Buy side analyst: are employed by fund management institutions to provide specialist knowledge. They produce research that is used only internally by fund managers as a guide to future investment decisions (London Stock Exchange, 2010)
- Paid for research analyst: the analyst is sponsored by the company which is the object of his study. Usually this kind of study involves small companies which usually are not covered by other analyst and need to gain visibility in the market. (London Stock Exchange, 2010)

In the next section, we are going to analyse two different categories of advantages stemming from IR activities, that may be summarized in direct and indirect financial advantages obtained through IR activities.

### *Direct Financial Advantages*

#### *Liquidity, Fair Valuation, Access to capital*

Kirk and Vincent (2014) performed an empirical analysis on firms that initiated an internal professional IR experience, meaning establishing its own IR department within the firm. The authors monitored also how the performance of companies varied or not, after the introduction of Regulation Fair Disclosure, to understand whether IR could mitigate the effect or not.

The hypothesis of a positive correlation between IR and following outcomes is confirmed, (Kirk & Vincent, 2014, p. 1425):

- Increase in public disclosure
- Increase in analyst following
- Increase in institutional investor ownership
- Increase in liquidity
- Increase in market valuation

The first three variables have been analysed also by Bushee & Miller, and similar results were found, thus confirming the consistent data. It can be assessed that IR performed both as internal function and by hiring external agencies lead to the same outcome.

Changes in Capital Market Outcomes after Establishing Professional IR

Panel A: Public Disclosure

Variable	Mean				Median		
	IR	Control	Diff.	IR Coeff.	IR	Control	Diff.
<i>ΔAny MEF</i>							
Year 1	0.08***	0.05***	0.03***		0.00	0.00***	0.00***
Year 2	0.10***	0.05***	0.05***		0.00***	0.00***	0.00***
Average	0.09***	0.05***	0.04***	0.06***	0.00**	0.00***	0.00***
<i>ΔNum MEF</i>							
Year 1	0.13***	0.09***	0.04*		0.00***	0.00***	0.00
Year 2	0.18***	0.13***	0.05**		0.00	0.00***	0.00**
Average	0.16***	0.11***	0.05**	0.11***	0.00**	0.00***	0.00**
<i>ΔNum PR</i>							
Year 1	0.38***	0.24**	0.14		0.00**	0.00	0.00
Year 2	0.62***	0.22**	0.40***		0.00***	0.00	0.00***
Average	0.50***	0.23**	0.27**	0.28**	0.00***	0.00	0.00***

Panel B: Analysts

Variable	Mean				Median		
	IR	Control	Diff.	IR Coeff.	IR	Control	Diff.
<i>ΔAnalysts</i>							
Year 1	0.81***	0.46***	0.35***		0.25***	0.00***	0.25***
Year 2	0.95***	0.57***	0.38***		0.13***	0.00***	0.13***
Average	0.88***	0.52***	0.36***	0.34***	0.25***	0.00***	0.25***

Panel C: Institutional Investor Ownership

Variable	Mean				Median		
	IR	Control	Diff.	IR Coeff.	IR	Control	Diff.
<i>ΔNumber of Institutions</i>							
Year 1	18.77***	14.99***	3.78***		11.75***	5.38***	6.37***
Year 2	24.10***	20.25***	3.85**		14.63***	6.63***	8.00***
Average	21.39***	17.55***	3.84**	4.28***	13.00***	5.75***	7.25***
<i>ΔPIH (%)</i>							
Year 1	7.63***	4.58***	3.05***		5.76***	3.11***	2.65***
Year 2	9.36***	5.73***	3.63***		7.32***	3.70***	3.62***
Average	8.48***	5.14***	3.34***	3.74***	6.50***	3.40***	3.10***

Table 5 Changes in Capital Market Outcomes after establishing Professional IR. Source: Kirk&Vincent,2014,p.1436

The hypothesis of an increase both in liquidity and in market valuation is confirmed by the regression analysis performed by Kirk and Vincent, showing a significant improvement in liquidity and a reduction in bid-ask spread for those companies that initiated a IR program than the control group.

Panel D: Liquidity

Variable	Mean				Median		
	IR	Control	Diff.	IR Coeff.	IR	Control	Diff.
<i>ΔSpread (%)</i>							
Year 1	-0.51***	-0.06	-0.45***		-0.42***	-0.25***	-0.17***
Year 2	-0.63***	-0.13	-0.50***		-0.59***	-0.40***	-0.19***
Average	-0.57***	-0.09	-0.48***	-0.41***	-0.50***	-0.33***	-0.17***
<i>ΔTurnover (%)</i>							
Year 1	0.07***	-0.02	0.09***		0.01***	-0.04***	0.05***
Year 2	0.07***	-0.04*	0.11***		0.01**	-0.04***	0.05***
Average	0.07***	-0.03	0.10***	0.07***	0.01***	-0.04***	0.05***

Panel E: Market Valuation

Variable	Mean				Median		
	IR	Control	Diff.	IR Coeff.	IR	Control	Diff.
<i>ΔBook-to-Market</i>							
Year 1	0.12***	0.21***	-0.09***		0.05***	0.09***	-0.04***
Year 2	0.14***	0.24***	-0.10***		0.07***	0.08***	-0.01***
Average	0.13***	0.22***	-0.09***	-0.05***	0.06***	0.09***	-0.03***

Table 6 Liquidity and Market Valuation Outcomes. Source: Kirk&Vincent,2014,p.1437

### *Indirect Financial Advantages*

Some indirect financial advantages of IR activities have been already mentioned in the previous sections: image building and reputation are two of the main focus on which both PR and IR are involved. It can be assessed without any doubt that investor relations may be thought as the link between a company and the investor community.

#### *Reputation*

Managing trust and reputation is crucial in the financial market, since stock prices are very sensitives and subject to sudden changes in case of bad news or scandals. Reputation may be considered a very precious intangible asset, which is mostly valuable for chief executives and the entire company. Affecting reputation means affecting a “significant portion of value. Thus recent interest among management scholars has begun to focus on managing reputation through enhanced investor communication” (Dolphin, 2004, p. 26)

The role of IR is precious, because of the knowledge of key audiences: Dolphin highlights the contribution of IR to the “corporate communication strategy, winning the approval of financial stakeholders, helping to get the “shareholder on your side”. This evidence does play a key role in gaining the support important financial opinion formers” (Dolphin, 2004, p. 27).

The study of Farragher et al. (Do investor relations make a difference? 1994) is reported by Dolphin, as empirical evidences confirm the fact that investor relations can impact the stock price. Moreover Farragher in his study “found that earnings growth and stock performance consistently mirrored the rise and fall of corporate image” (Dolphin, 2004, p. 27).

#### *Firm visibility and Investor following*

Scholars like Bushee & Miller investigated the role of IR in small firms, mainly approaching IR through outsourcing, hiring an IR firm/agency.

The study is relevant to isolate the effect of investor relations program on firm performance.

Prior literature regarding large and high visible companies already highlighted the role of corporate voluntary disclosure in improving analyst and investor following. The study of Bushee & Miller focuses on 210 small and midcap companies: the choice of hiring a PR agency is caused by significant costs that an IR activity requires. Beside the monetary costs for consulting fees and travel expenses, there is also a “time-consuming” component: CEOs refer

that about 25% of his time is used to perform IR activities in a typical small newly public firm (Bushee & Miller, 2012).

Firms seek IR assistance in order to widen the investor base and above all trying to attract institutional investors, even though they tend to prefer larger firms “that are listed on stock indices and major exchanges” (Bushee & Miller, 2012, p. 870). Empirical evidences show a positive correlation between institutional investor ownership, firm visibility and stock prices. Literature supports also the thesis that geographical distance firm-investor has a huge impact on the likelihood of the visibility and the investment.

Moreover, small companies fear regulatory changes and this leads to looking for external help to navigate in the new environment. This aspect is also mentioned in the study of Kirk & Vincent, in relation to Regulation Fair Disclosure (Kirk & Vincent, 2014).

Bushee and Miller try to explain how investor relations strategy try to mitigate regulations uncertainty, volatility, undervaluation and improvement in visibility. The study is based on a survey performed on test companies against control group companies.

The tests confirm the following facts:

- Increase in disclosure alone is not significantly correlated to an increase in visibility
- IR strategy is associated to a significant increase in the number of institutional investors following and ownership. IR and visibility are correlated.
- IR strategy increases media coverage

“These results together suggest that IR activities significantly influence the firm’s interactions with market participants” (Bushee & Miller, 2012, p. 893)



### 3. Investor relations Officer: profile, activities & performance measurement

In this section we are going to analyse the human side of Investor Relations: a part from the mere theoretical functions already analysed, a more practical approach is now needed.

It is necessary to understand who are the IR Teams, which activities they perform daily and if a specific educational path or professional background is advisable to become a good IR Officer.

An IRO is the person responsible for Investor Relations activities in a company: since he performs a very delicate role related to information disclosure and two-way communication, he is often called “Chief Disclosure Officer”.

IROs are the conjunction between the outside world and the senior management of a company: sometimes it is usual to refer to IRO as a corporate gatekeeper (Brown, Call, Clement, & Sharp, 2019).

As recalled in the previous sections, having an IR function is vital for a public company, since information are managed from the inside to the outside, allowing the company to achieve some strategic advantages, for example a lower cost of capital and increased visibility and analyst coverage.

#### **3.1 The profile of an IRO**

If a profile of an IRO should be drawn, would be very difficult to say with extremely honesty. The worldwide landscape is composite, non homogeneous and tailored according to the market of performance. Nevertheless, some pillars are in common.

Recent study of Brown, Call, Clement & Sharp “Managing the narrative: Investor relations officers and corporate disclosure” (2019) outlines a profile of IROs, based on a survey of 610 IROs at U.S public companies, performing then a deeper follow up interview with 14 of them.

The table below summarizes the main findings:

Demographic characteristics of survey respondents.

Investors with 5% ownership	%	Years as IR Professional	%
Hedge fund	61.54	< 1 year	5.08
Mutual fund	87.59	1-3 years	20.81
Defined-benefit pension fund	22.38	4-6 years	20.30
Insurance firm	9.62	7-9 years	11.68
Endowments or foundations	8.57	10 + years	42.13
High net-worth individuals	22.62		
Retail brokerage clients	16.78	Years with current employer	
		< 1 year	8.89
Primary industry		1-3 years	26.34
Consumer discretionary	7.32	4-6 years	22.99
Consumer staples	3.99	7-9 years	13.26
Energy	10.82	10 + years	28.52
Financials	14.48		
Health Care	13.64	Education	
Industrials	8.99	Bachelor's degree in marketing	1.85
Information Technology	10.98	Bachelor's degree in communications	6.54
Materials	6.49	Bachelor's degree in accounting	17.79
Telecommunication Services	4.33	Bachelor's degree in business	11.91
Utilities	3.16	Bachelor's degree in economics	13.76
Other	15.81	Bachelor's degree in finance	17.28
		Other bachelor's degree	20.64
Analyst following		MBA	45.13
0-3	11.11	Other master's degree	19.30
4-6	21.03	Ph.D.	1.68
7-10	23.76		
11-15	17.09	Certifications	
16-20	11.62	Chartered Financial Analyst	11.15
21-25	7.18	Certified Public Accountant	16.56
26+	8.12	Investor Relations Charter	4.92
		Other	7.21
Preference for analyst following			
Fewer than current number	14.91	Company market capitalization	
Current level is about right	38.86	< \$100 million	7.01
More than current number	46.23	\$100 million-\$249 million	6.51
		\$250 million-\$499 million	8.68
Age		\$500 million-\$999 million	12.52
< 30	4.52	\$1 billion-\$10 billion	50.08
30-39	25.29	> \$10 billion	15.19
40-49	37.52		
50-59	26.80	Prior experience	
60+	5.86	Corporate communications / PR	22.49
		Corporate finance	49.40
Gender		Corporate marketing / Sales	12.10
Male	66.10	Accounting	27.94
Female	33.90	Investment banking	13.97
		Sell-side research	16.52
		Institutional investing	10.05
Report directly to CEO/CFO?	%		
Yes	93.60		
No	6.40		
Issue earnings guidance?			
Yes	56.47		
No	43.53		
Annual compensation			
< \$100,000	7.96		
\$100,000-\$199,999	21.24		
\$200,000-\$299,999	30.09		
\$300,000-\$399,999	16.99		
\$400,000-\$499,999	11.50		
> \$500,000	12.21		
% Equity compensation			
None	20.28		
1%-9%	14.81		
10%-19%	22.40		
20%-29%	25.04		
30% +	17.46		

Table 7 Demographic characteristics of IRO (survey respondents). Source: Brown et al., 2019, p. 63

A similar analysis has been carried out by Crifo et al. with similar results, confirming data consistency about the demographic profile of IROs. Whereas Brown et al. consider a sample of U.S firms, the study of Crifo et al. considers a sample of French companies.

Demographic characteristics of the respondents	Frequency (n)	Relative frequency (f) (%)
Age < 29	3	7.32
Age 29–39	12	29.27
Age 39–49	16	39.02
Age > 49	8	19.51
Gender (woman/man)	27/14	65.85/34.15
Education BA	4	9.76
Education MA	27	65.85
Education PhD	10	24.39
Expertise finance and accounting	21	51.22
Expertise business and management	17	41.46
Expertise science and others	3	7.32
Seniority < 3 years	11	26.83
Seniority 3–7 years	12	29.27
Seniority > 7 years	18	43.90

Table 8 IROs' characteristics. Source: Crifo et al. 2018, p. 7

From a demographic point of view, the identity card of the average IRO considers:

A male individual, between 30-60 years old with higher educational level employed in a company, controlled mainly by institutional investors such as hedge and mutual funds. Main industries are Energy, Financials and Health Care with an average market capitalisation of about 1\$ billion. These data regarding gender mix is confirmed also by a recent blog post by Investis Digital, discussing the role of women in IR and executives top positions, according to which “67 percent of senior positions are held by men, leaving 33 percent held by women” (InvestisDigital, 2019).

Instead, The sample of Crifo et al. highlights a higher percentage of female IROs than the U.S sample of Brown et al.

An interesting perspective about gender equality in corporations, especially in public companies, is offered by Joe Keefe, President and CEO, Pax World Funds, in a HuffPost guest column, “Gender Equality As an Investment Concept”<sup>3</sup>:

<sup>3</sup> Reported in InvestisDigital,2019 ”Women in IR: where does your company stand on achieving gender parity”; Original source: [https://guce.huffpost.com/copyConsent?sessionId=3\\_cc-session\\_a5812ec4-d6df-470f-acc1-ac416858bb26&inline=false&lang=en-us](https://guce.huffpost.com/copyConsent?sessionId=3_cc-session_a5812ec4-d6df-470f-acc1-ac416858bb26&inline=false&lang=en-us)

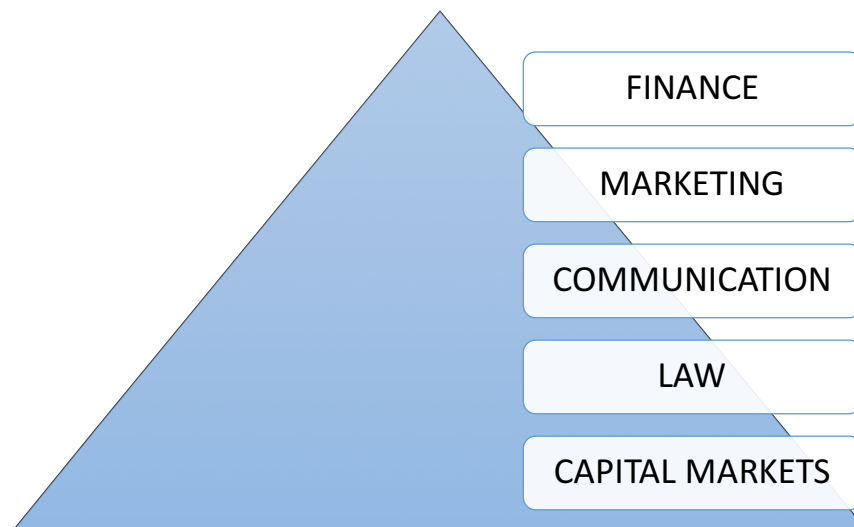
“Investors are hungry for strategies whose trajectories point not toward more financial bubbles, and the crises that inevitably follow, but toward long-term growth that is sustainable in the true sense of the term — the creation of durable, enduring value.”

Gender parity is a long- term strategy that need to be disclosed carefully to the audience: it needs to be supported by a narrative made up of facts that confirm the company’s commitment.

### 3.2 Educational Background & Expertise

Most of the IROs interviewed reported to have a Master, MBA or a PhD with backgrounds and past experiences in the areas of accounting, finance and communication.

Krishnan reports (Kala, 2018) The Five pillars of Investor Relations (CorporateEye, 2013), that are summarized graphically here below:



Key knowledge and topics are:

- **Finance** >> good knowledge of financial statements analysis, different model valuation used by analysts
- **Marketing** >> investment segmentation, target investors and positioning through narrative
- **Communications** >> “Crafting a memorable message that resonates with investors is a critical communications skill that is used in IR” (CorporateEye, 2013). Strategic management of multiple communication channels, including new digital platforms. An

IRO should be also a good writer and a confident speaker and storyteller, able to write a story about the numbers (Kala, 2018)

- **Law** >> Good understanding of mandatory and voluntary legal requirements
- **Capital Markets** >> Knowledge of the proper functioning of capital markets, liquidity and volatility management

The survey data show a sharp picture: IROs need a very sound background both in finance & accounting and marketing & communication. Even though the skills required are many and complex, there is still a lack of dedicated educational paths: a specific course called “Financial and Investor Communication Emphasis” was activated in 2016 by S.I Newhouse School of Public Communications at Syracuse University, USA.

The NIRI began in 2016 a certification course “enabling investor relations professionals to take an official exam and become certified as Investor Relations Charter Holders. The main aims of the certification are to add value to the profession, create a formal recognition process, create a competency framework, list specific content and subjects” (Kala, 2018, p. 105).

The 4.92% of the surveyed IROs (Brown, Call, Clement, & Sharp, 2019) are members as Investor Relations Chartered, whereas others are certified Public Accountant or Financial Analysts.

### **3.3 Goals and Tasks**

According to Bragg, the focus of an IRO should be on the following objectives (Bragg, 2010)

#### *1) Alter perception of the company*

In case the company belongs to a peer group whose multiple valuation are low, IRO should improve the narrative trying to reposition the company to more valued stock multiple group

#### *2) Increase Analyst Coverage*

#### *3) Increase geographic coverage*

As already demonstrated for example through the analysis of Bushee and Miller, IR performs an important function in reducing geographic gap, thanks to the communication role and the organization of local roadshows, meeting potential new investors, brokers and retail investors.

#### *4) Reduce stock volatility*

### 5) *Manage existing investors*

The aim is to achieve a long term retention of investors, able to reduce volatility thanks to a dialogue between company and audience. This can be the result of profitable one to one meetings and newsletters.

A recent report by Ernst&Young and IR Magazine surveyed IROs from all over the world to examine IR departments and their functioning.

“Respondents were asked a series of questions relating to the structure of their IR function, their formal and informal relationships with both the board and other departments, and what aspects are important to the practice and assessment of investor relations” (Ernst&Young, 2018, p. 2).

The sample was formed by both small cap and mega cap companies, from various industries. Data found regarding leading industries for IR are consistent with what disclosed by Brown et al. (Brown, Call, Clement, & Sharp, 2019), showing Financial Sectors, Energy and Power and Health care on the top of the ranking, as shown in figure below.

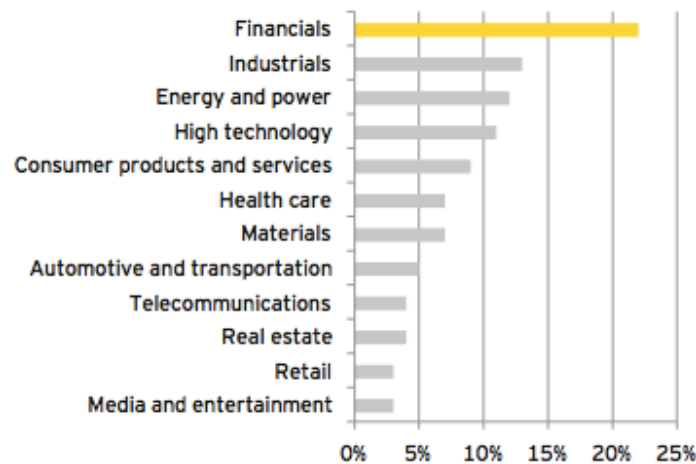


Figure 6 Split by Industry Sector. Source: EY, 2018,p.2

Just a few ago, we defined IRO as a “corporate gatekeeper”: but the role of an IRO is not only performed toward inside vs outside audience, he has very strong relationships also with the other department of the company. This is supported by evidences in (Brown, Call, Clement, & Sharp, 2019) and in the survey of EY (Ernst&Young, 2018). In smaller companies, the role of the IRO is performed by the Chief Financial Officer, while in more structured companies the IRO reports directly to the CFO and has very tight interaction with the so called “C-suite” (CEO &CFO) .

Brown et al. asked IROs << How important are your interactions with the following individuals for the purpose of doing your job effectively? >>

Survey responses to the question: How important are your interactions with the following individuals for the purpose of doing your job effectively?

Responses	Average rating	Significantly greater than	% of respondents who answered	
			Very important (5 or 6)	Not important (0 or 1)
(1) Your company's CFO	5.83	3-6	97.00	0.50
(2) Your company's CEO	5.82	3-6	97.35	0.33
(3) Institutional investors	5.56	4-6	90.40	0.99
(4) Senior management of your company, other than the CEO or CFO	5.35	6	85.93	0.33
(5) Sell-side analysts	5.28	6	82.59	1.16
(6) Members of the business press	2.19	-	10.12	39.80
Total possible N = 604				

Interactions with CEO, CFO and senior management are considered very important by all the surveyed participants. This confirms the pivotal role of IRO in performing two-way communication. EY report (Ernst&Young, 2018) emphasizes this feature by naming it “IR-Board Symbiosis”: according to the market capitalisation of the company, different topics are discussed with the Board. The figure below shows an increase of two-way disclosure (FAQ, shareholders activism and engagement) as the market capitalisation increases.

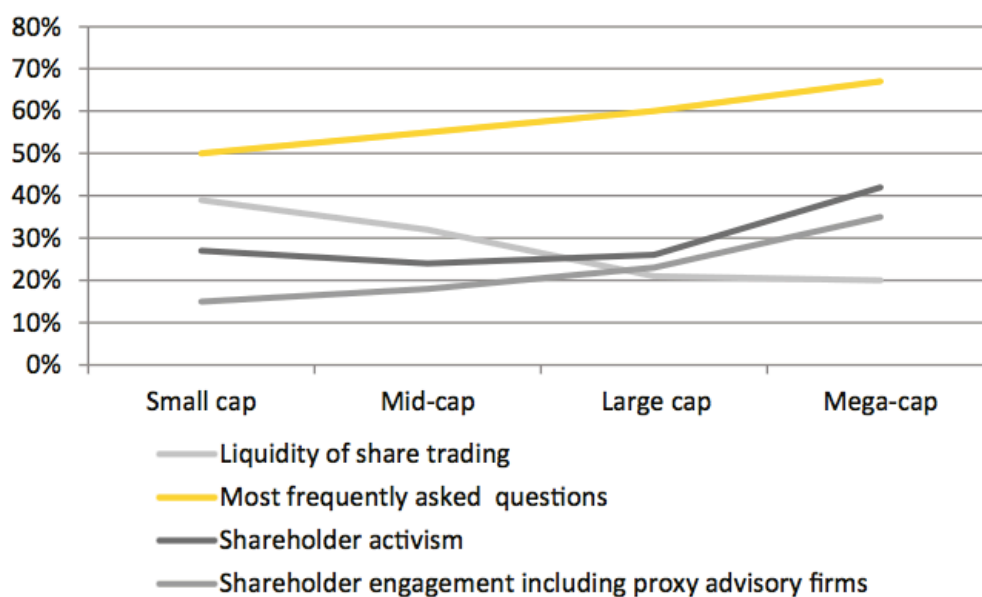


Figure 7 Topics discussed with the Board according to Market capitalisation. Source: EY (2018), p.7

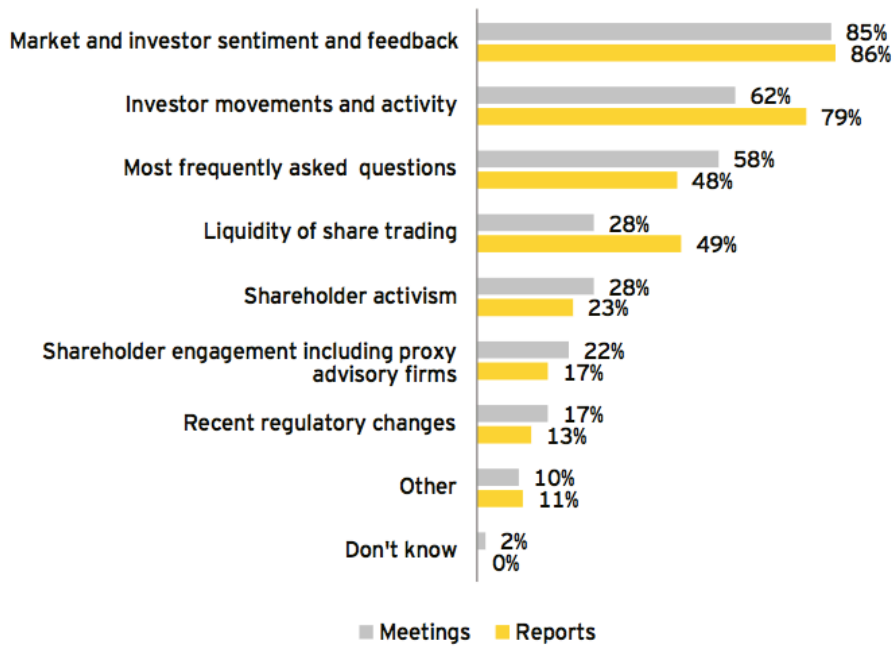
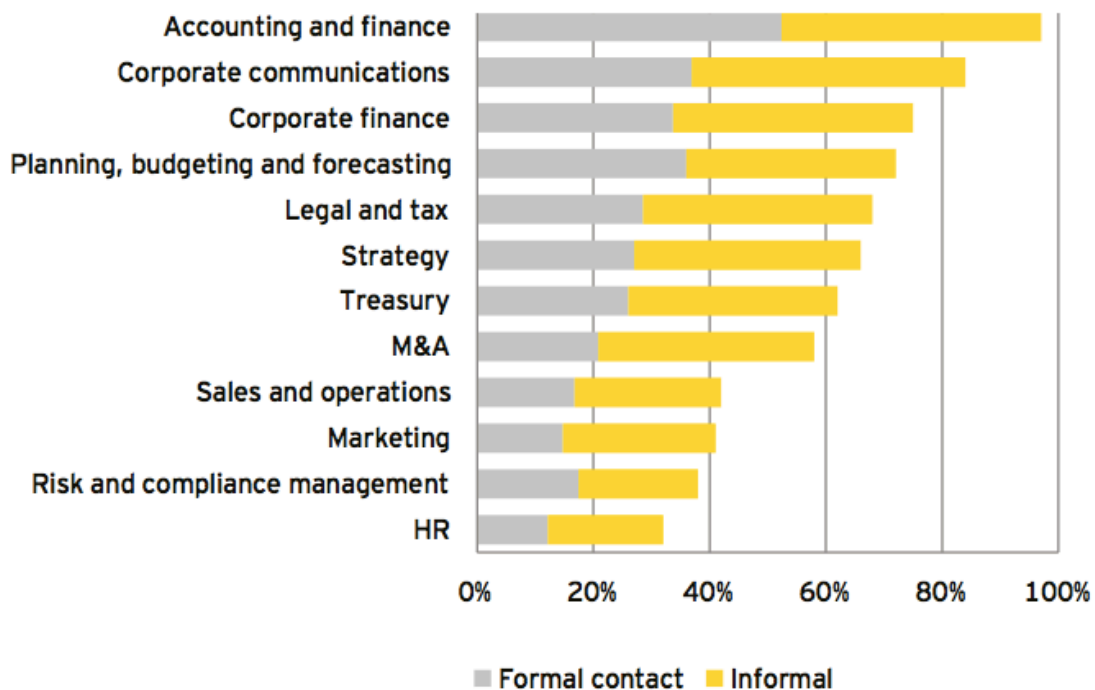


Figure 8 Topics shared with BoD in Meetings or through Reports. Source: EY, 2018, p.7

In addition to the cooperation with senior management and CFO, the EY report discloses further details about the inter-departmental nature inside the role of the IRO.

The Investor Relations function works mainly in cooperation with other financial and corporate governance functions, such as Accounting, Corporate finance, Controlling Tax and legal and Treasury.





### **3.4 Tools**

According to Bragg's classification in (Bragg, 2010), IROs have more than one tool to disclose information and communicate with the market. Based on the goal that it is needed to accomplish and the degree of details needed, IR Tools can be clustered as follow:

- Basic: these tools basically are issued to meet legal requirements; lower level of active engagement with the community
  - Annual Report
  - Annual Meeting
  - Proxy solicitation
  
- Intermediate
  - Press release
  - Web site
  - Fact sheet
  - Reports
  - Speech transcript
  - Advertising
  
- Advanced
  - Roadshow
  - Conference calls
  - Investor days

### **3.5 Performance measurements**

So far, the main focus of the analysis has been on the multiple activities and nature of the role of an IRO. The next step regards the measurement of the performance of Investor relations and their effectiveness. The recent literature seems to agree on a mixed method, based both on quantitative and quality factors. This is a very delicate field, on which scholars do not have yet an unanimous theory of judgment, leading often to wrong metrics for the measurement.

#### *Metrics*

In Bragg (Bragg, 2010), an entire chapter is dedicated to illustrate a comprehensive list of metrics used by IR to measure and monitor their activities, for example: average bid/ask spread, average holding period, institutional/retail/insider investor mix, n. of analysts following the company, trading volumes and so on.

## *Evaluation Models*

The study of Regas&Laskin investigated the common measurement approaches in IR: there are already studies focused on measurement in the field of corporate communication, but still few of them are suited for IR. Regas & Laskin interviewed 384 practitioners of the NIRI to understand which are the most common evaluation metrics.

They found evidence of the following methods:

1) *Qualitative methods*

They consist in soft data collection, “without pre-set response categories, thereby yielding non-numeric textual or image-based data” (Regas & Laskin, 2014, p. 168). Small samples usually are used to uncover insights.

2) *Quantitative methods*

Quantitative research use data and seeks to find empirical evidences based on numbers, through the use of statistics: it is often called hard data.

3) *Mixed methods*

It consists in performing both quantitative and qualitative analysis to better understand research problems

Regas proposes four main areas of interest for measurement and evaluation of Investor Relations:

- Securities Valuation
- Stock Liquidity
- Financial Analysts’ coverage
- Relationships with the financial community

The survey consisted of closed-ended questions for which the surveyed should “rate the perceived importance of seventeen different criteria in evaluating the success of a company’s investor relations” (Regas & Laskin, 2014) according to a seven point Likert scale from 1 to 7, where 7 is extremely important. The candidates were divided according to the preference for the evaluation method: the 80% of the respondents gave preference to a mixed method.

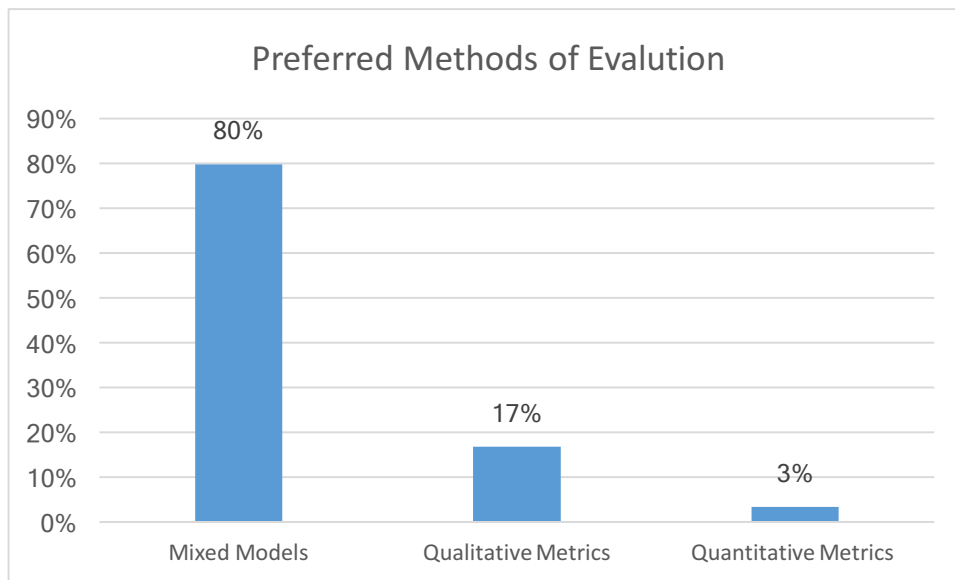


Figure 9 Methods of Evaluation in IR. Source: Own elaboration based on Regas & Laskin, 2014

Moreover Regas&Laskin investigated the preference according to the reporting structure and the market capitalization, to understand whether this could be a factor of influence. They found that no matter of the reporting structure or market capitalisation of the company, IROs prefer mixed methods, as the table below shows:

	Report to CFO		Do not report to CFO		Total	
	Percentage	<i>n</i>	Percentage	<i>n</i>	Percentage	<i>n</i>
Quantitative	3.3	6	4.8	3	3.7	9
Qualitative	15.9	29	14.3	9	15.5	38
Mixed methods	80.8	147	81	51	80.8	198
Total	100	182	100	63	100	245

	Small capitalization		Mid capitalization		Large capitalization		Total	
	Percentage	<i>n</i>	Percentage	<i>n</i>	Percentage	<i>n</i>	Percentage	<i>n</i>
Quantitative	5.2	5	3.3	3	1.7	1	3.6	9
Qualitative	18.6	18	13	12	13.6	8	15.3	38
Mixed-methods	76.3	74	83.7	77	84.7	50	81	201
Total	100	97	100	92	100	59	100	248

Table 9 Evaluation Preference according to Reporting Structure and Market Capitalization. Source: Regas&Laskin, p.174

For the majority of respondents in the mixed method category, the most important criteria to monitor are: Relationship with the financial community, individual meetings with top shareholders, feedback from financial community, qualitative assessment by the C-suite, responsiveness to investor inquiries.

Since the discipline as known today is quite new-born, Laskin claims a “a lack of standardized approaches” (Laskin & Laskin, *Measurement and Evaluation of Investor Relations and Financial Communication Activities*, 2018, p. p.275): majority of evaluation studies focus on two mainstream parameters, ROI and share-price.

Choosing ROI as KPI is justified by the fact that a typical large or mega cap US public company spends more than \$1 million on investor relations per year. On the other hand, Laskin suggests that ROI is not a fitting measure of performance, since many other factors than communication can affect ROI.

Laskin disagrees also on the other most common indicator, because “it is difficult to establish a direct causal link between investor relations and company share price. Other metrics, such as earnings growth, profitability, management credibility and others drive stock prices to larger extent than anything IROs can do” (Laskin & Laskin, *Measurement and Evaluation of Investor Relations and Financial Communication Activities*, 2018, p. 276). This is also confirmed by the results of a recent survey of the National Investor Relation Institute (NIRI) according to “ 87% of IROs said share price was not a valid measure of Investor Relations’ performance as this metric is largely out of IROs control.

For the above mentioned reasons, Laskin &Laskin propose a Model based on different levels of evaluation, supported by recent research and IROs’ opinions, according to which the “best way to measure their work is through a combination of metrics, including quantitative, qualitative and mixed –methods measures”. (Laskin & Laskin, *Measurement and Evaluation of Investor Relations and Financial Communication Activities*, 2018, p. 276)

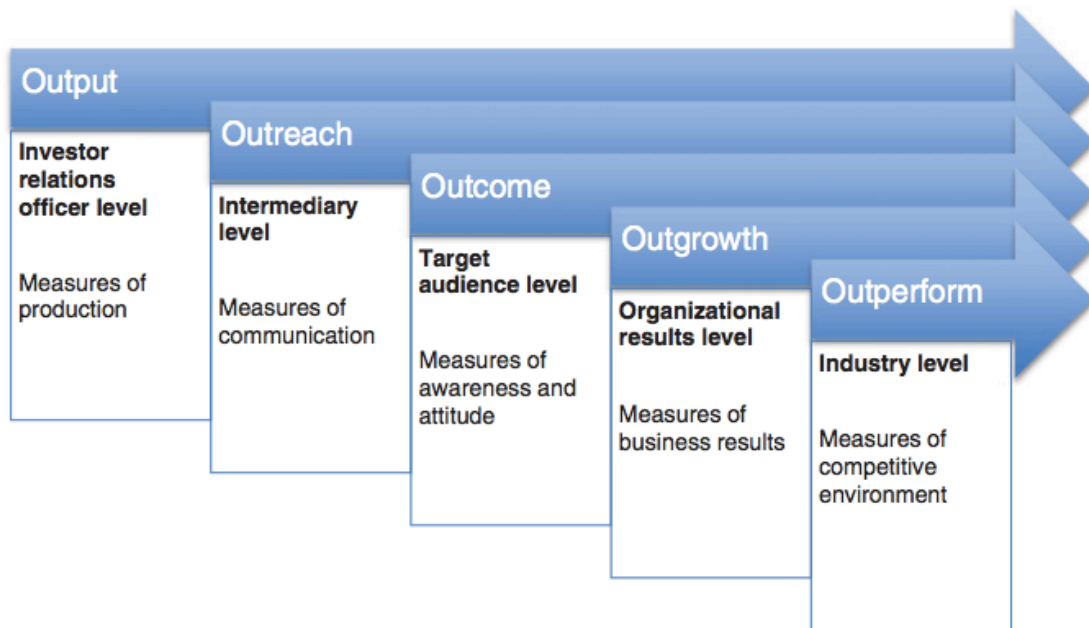


Figure 10 Levels of Evaluation: Investor Relations and Financial Communication. Source: Laskin&Laskin,p.277

The first level aims to measure the performance of IRO in terms of efforts and real activities: for example, it can take into consideration the elaboration of reports and press releases, organization of events and roadshow.

While the first focuses on the output, the second level of analysis try to measure “ how far and wide a produced message was able to reach” (Laskin & Laskin, Measurement and Evaluation of Investor Relations and Financial Communication Activities, 2018, p. 279).

This second stage is focused on the intermediaries, the media, opinion leaders and analysts. Some interesting measures refer to “readership” or “viewership”, that can be applied also to Social Media platforms as Facebook, Twitter and so on in terms of shares, comments and retweets.

The third stage aims at measuring the effects produced on the target audience by the outcome spread through the media: measures of awareness and comprehension could be taken into account, but also measures regarding purchase intention.

The fourth step “outgrowth” focuses on real business results: for example share price, trading volume and shareholder mix. “It measures actual stock movement: who purchased the stock, who sold the stock, all the stock movements, changes in the stock price and so on. This level evaluates what actually grew out of the seeds of the campaign and what return was generated in the end.” (Laskin & Laskin, Measurement and Evaluation of Investor Relations and Financial Communication Activities, 2018, p. p.280)

The last step in analysis considers the overall industry performance and economic environment, to understand there are macro factors that must be taken into consideration, to evaluate performances without bias. Since overall economic forces have a huge influence on the stock market, it is advisable to understand how the entire industry is performing as a whole.

For this reason, it is crucial to perform some peer analysis, as suggested by Bragg in (Bragg, 2010):

<b>Measurement</b>	<b>Subject Company</b>	<b>Peer A</b>	<b>Peer B</b>	<b>Peer C</b>
<b>Share information</b>				
Stock price	\$5.50	\$11.00	\$2.35	\$6.85
Daily trading volume	52,000	81,000	24,000	60,000
Float	15M	20M	9M	18M
Market capitalization	\$233M	\$420M	\$102M	\$321M
<b>Valuation</b>				
Price/earnings multiple	20.3x	26.2x	18.1x	19.0x
Market cap/revenue multiple	4.0	5.0	3.5	4.0
<b>Financial Results</b>				
Revenue	\$58M	\$84M	\$29M	\$80M
Gross margin %	40%	47%	38%	42%
EBITDA margin %	11%	15%	8%	10%
Net profit margin %	7%	10%	4%	8%

*Figure 11 Example of Peer Analysis for IR. Source: Bragg, 2010, p. 244*

Peer multiple are benchmark parameters used by analysts and investment community to evaluate the company. These multiples must be monitored by the company itself and disclosed if the company is outperforming the market.

## 4. Managing Financial Communication on Digital Media

### 4.2 Components of Financial Communication

The study of Elisabeth Blankespoor is a milestone in the framework of financial communication, in particular for her studies integrating the role of social media.

Before starting the focus of social media, it is useful to build a general framework regarding the mechanisms of financial communication.

According to Blankespoor (Blankespoor, 2018), the process of spread information from the firm to its investors consists mainly of four elements: disclosure, dissemination, investor response and management response.

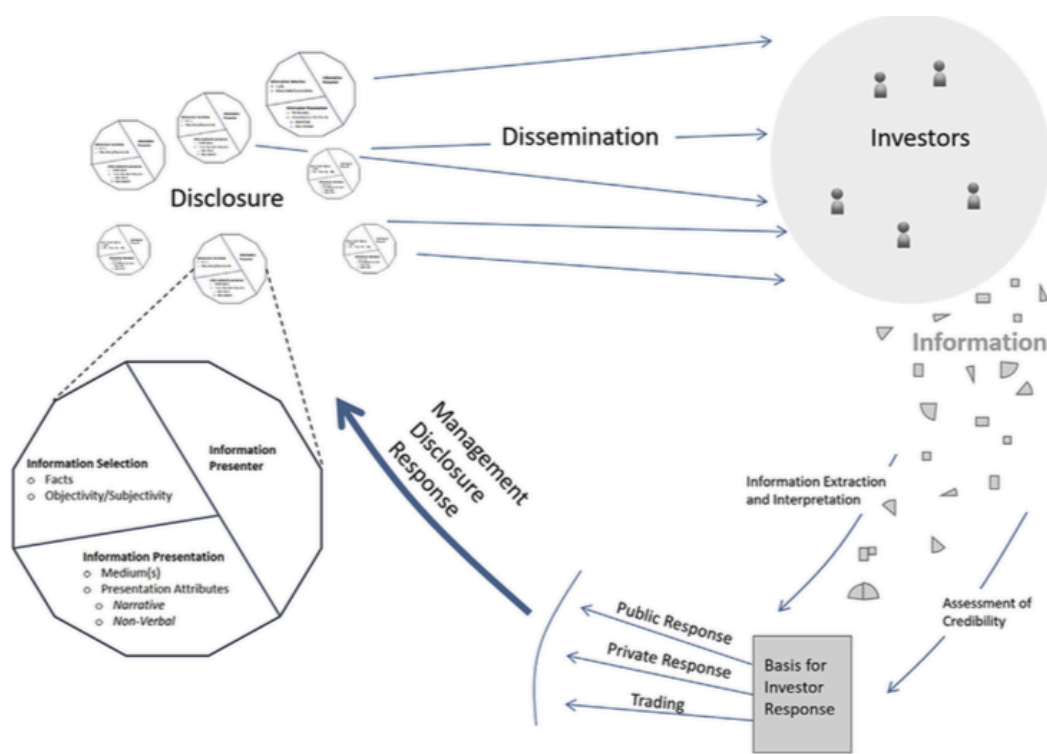


Figure 12 Framework of Firm Financial Communication and Investor Response. Source: Blankespoor, 2018, p. 81

Disclosure consists in building an “information package” that must be delivered: it is made up of three main components that determine respectively the What, How, Who.

The content of the information package results in the *information selection*: which data the company decides to disclose to the public. The data could be both objective, such as amount of sales or earnings, and subjective and less verifiable, such as “quality of sales, internal and external factors, affecting sales or likely persistence in the future” (Blankespoor, 2018, p. 82).

Information presentation regards the “How”: the company chooses via which media the information package will be delivered: as text, image, audio or video.

According to the media selected, the firm chooses “the presentation attributes, for examples in case of texts: tone, readability, formality of language, vividness or intensity, ordering of the information and emphasis or focus on each data item” (Blankespoor, 2018, p. 82). In case of audio and video also the non-verbal language must be carefully chosen.

The information presenter is the “who”: it represents the point of view, can be more impersonal by the use of the third person “the company”, or giving a sense of team “we” with the use of collective first person, or individual first person if the presenter is the CEO or the CFO.

Dissemination is about the channel through which the company distribute the information package. It can vary according also to medium chosen. Some examples are press releases, conference call or shareholder meetings.

The way in which the company decides to manage disclosure and dissemination could heavily affect the investor response.

Investors bear an *acquisition cost* for information extraction: “investors can only spend limited time and pay little attention to news about firms, due to the acquisition cost that they bear through searching, retrieving and understanding the required information” (Albarrak, Elnahass, Papagiannidis, & Salama, 2019, p. 1).

In addition to the effort in terms of time, the investor response could be influenced by the so called *persuasion knowledge theory*, according to which the investor response is not just about the real knowledge investors have about the company, but also regards the expectations on management’s behaviour. (Blankespoor, 2018).

Investors extract the information and then they assess its the credibility, according to their perceptions: Blankespoor reports two main critical factors that play a role in this process.

#### *1- Quality of the information*

It is assessed according to the knowledge of the investor and possible external validation. Thus the inclusion of “verifiable forward looking statements increases investor response to good news management forecasts” (Blankespoor, 2018, p. 82)

#### *2- Credibility of the information presenter*

Investors combine prior information with the perceptions they get from the presenter, such as formality of the language and non-verbal behaviour.



Once the investors have extracted information, it is now up to the managers react towards investors' responses. Management response is often made up of two consequently steps:

The first consist in monitoring activities, such as “listening to investor and analyst questions and comments during conference calls, annual meetings or private conversations” (Blankespoor, 2018, p. 83). Management could also monitor media response, articles, blog posts and online forum.

Once the monitoring step is done, management can choose whether to “ignore the statements or to respond via disclosure” (Blankespoor, 2018, p. 83). The choice of further disclosure is also influenced by the initial investor response: if it was public, the lack of answers/comments would be negatively perceived.

### **4.3 IR, Web & Website**

#### *Overview on IR Website*

One of the first publications regarding the link between IR and Internet is dated back to 1999 thanks to the inquiry of Hedlin on Swedish companies and their related degree of “web development”. The evolution of corporate websites started at the end of 1990s, with a first very simple structure, mainly focused on customers rather than IR (Hedlin, 1999, p. 373).

According to the evidences found by Hedlin, evolution's stages can be divided into two eras (Hedlin, 1999):

- *Up to 1995, First generation of corporate websites*  
General company information is provided, no focus on investors
- *From 1996, Second generation of corporate websites*  
Companies started to elaborate differentiated web strategies according to the audience with which they wanted to interact, first IR sections started to appear.  
Electronic versions of paper-based documents became available online: this was exploited only as cost-cutting source. Potential of Internet was not realized yet.

Today things are very different and it could be assessed that, with the introduction and the exploitation of social medias' potentialities, a new third era is already begun, since social media platforms represents an alternative but complementary channel to the common website.

The IR Website or IR Section in the corporate website is a strategic element in the dissemination strategy of the company: it allows the company to disclose information directly to investors and customers, acting as official safe source of information. “Creating a stellar IR site inspires confidence in your company’s investor relations and quickly and easily satisfies most international investors’ information requirements” (J.P Morgan, 2017, p. 20)

The IR Section thus functions a container for mandatory disclosure documents and as a strategic communication tool. Providing financial and non-financial information by itself helps the company to build its own narrative and to insure itself from fake data that would damage the company and its management.

Here below a quick summary of benefits from IR Website, (Addison Design Company Ltd., 1999) :

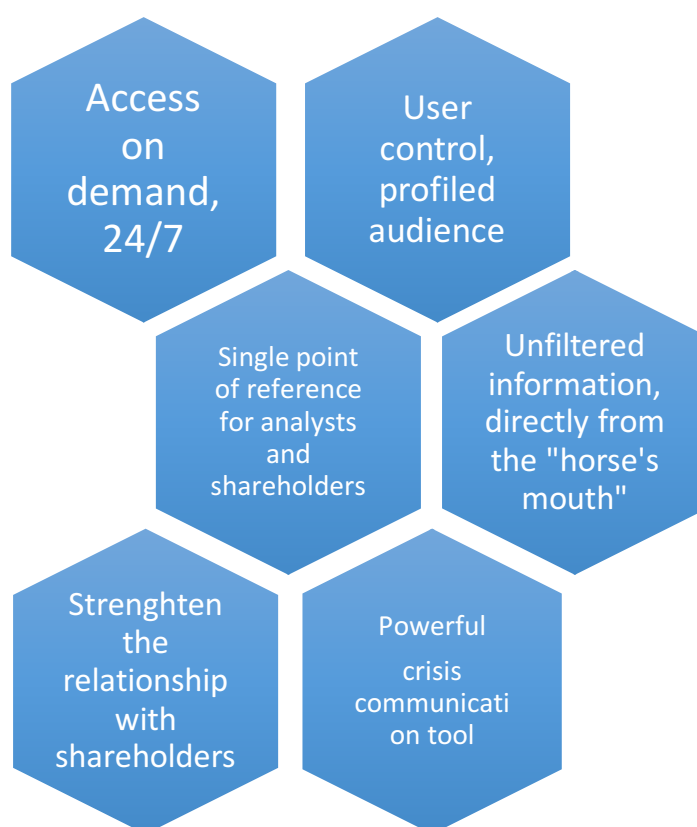


Figure 13 Benefits from IR Website. Source: Own elaborations from Addison Design Company, iRelations,1999

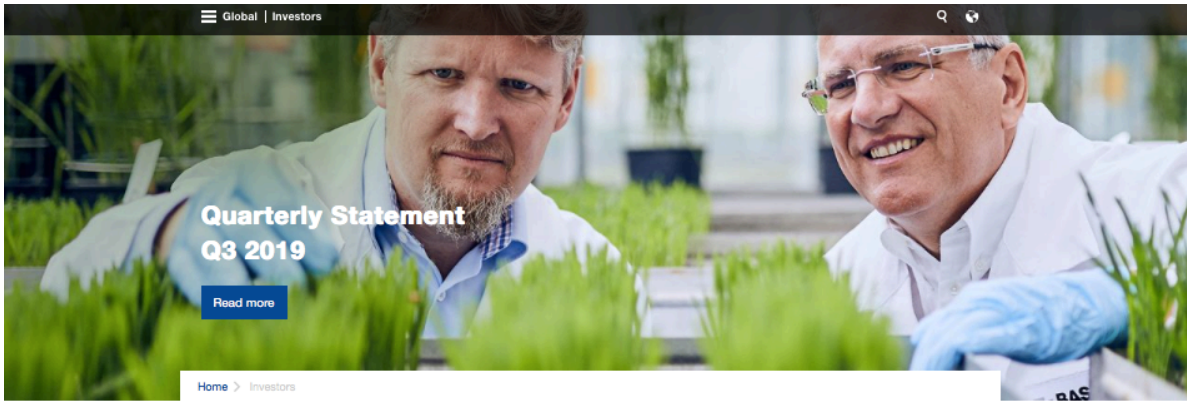
There are some general guidelines for a good IR website:

- *User-friendliness*: the experience of the user on the website could affect his perception of the company and its management. The more the user is able to find information, the more the company results in effective disclosure, leading to an increased perceived transparency and credibility.
- *Carefully well designed website*: “The goal here is to quickly secure an investor’s interest and encourage him or her to further explore your company as a potential investment” (J.P Morgan, 2017, p. 20). The website should be clear, complete, avoiding over technical language and expressing strategic vision and initiatives
- *Current and archived documents section*: “reports, press releases, regulatory filings, webcasts, information on the management team and board of directors, as well as information on corporate governance” (J.P Morgan, 2017, p. 20).
- *Updated information*: Share price, most recent annual report, industry overview.
- *Contacts and details of IRO, IR Dept.*
- *Language*: the IR website should be accessible by international investors requiring at least a dedicated English version

IR Magazine recently awarded BASF for the best IR Website: not surprisingly Basf is one of the first European company that built its own IR department, so it has a very long tradition in Investor Relations. Basf commented like this (IR Magazine, 2018):

*<<Our goal is that every stakeholder can quickly find relevant and current news on BASF directly on the IR landing page,’ says the firm – something it has certainly achieved. It notes, however, that ‘you do not need fancy tools to have a good IR website. You need resources in the team [and] somebody who feels responsible for the online content.>>*

Basf has a dedicated IRO in the Team: he is responsible for IR Website and social media. The website is accessible and all the major topics are available at first glance: the IR section is available both in German and in English. On the very the top, the last updated Q3 report stands out, the strategic pillars and vision then follow. At the bottom of the section, latest tweets from Basf Twitter account are displayed.



At BASF, we create chemistry for a sustainable future.

BASF shares – an attractive investment

- **Strategy focused on participating in fast growing Asian markets**  
driven by strong and expanding local presence
- **Industry-leading innovation platform**  
covering a broad range of technologies and providing solutions for a multitude of customers
- **Unique Verbund concept**  
competitive advantage based on integrated sites, operational excellence and best-in-class technologies
- **CO<sub>2</sub>-neutral growth until 2030 targeted**  
creating value to society and contributing to a sustainable development
- **Earnings growth, strong cash flow generation and clear return criteria**  
based on operational excellence and financial strength
- **Long-term value creation with progressive dividend policy**  
increase the dividend per share every year

• [Learn more about our Corporate Strategy](#)



BASF Capital Markets Day 2019

September 27, 2019

• [More information](#)

IR Events 2018/2019

- March 26, 2019 - Conference Call: Restated figures 2018 and 2017
- January 10, 2019 - R&D Webcast: Carbon Management at BASF
- November 20, 2018 - BASF Capital Markets Day

BASF Conference Call: Quarterly Statement Q3 2019

October 24, 2019

- [Presentation](#)
- [Quarterly Statement Q3 2019](#)
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**Latest News**

- October 24, 2019 - BASF Group third-quarter EBIT\* before special items declines 24% from prior-year quarter; outlook for 2019 confirmed
- October 21, 2019 - BASF reduces size of Board of Executive Directors from seven to six members
- October 17, 2019 - ADNOC, Adani, BASF and Borealis sign Memorandum of Understanding to further evaluate collaboration for a chemical production complex in Mundra, India
- [Show more news](#)



Figure 14 Basf IR Website

Moreover, the section – Contacts- provides a complete list of the members of the IR Team and highlights in a special sub-section all the awards won year by year.

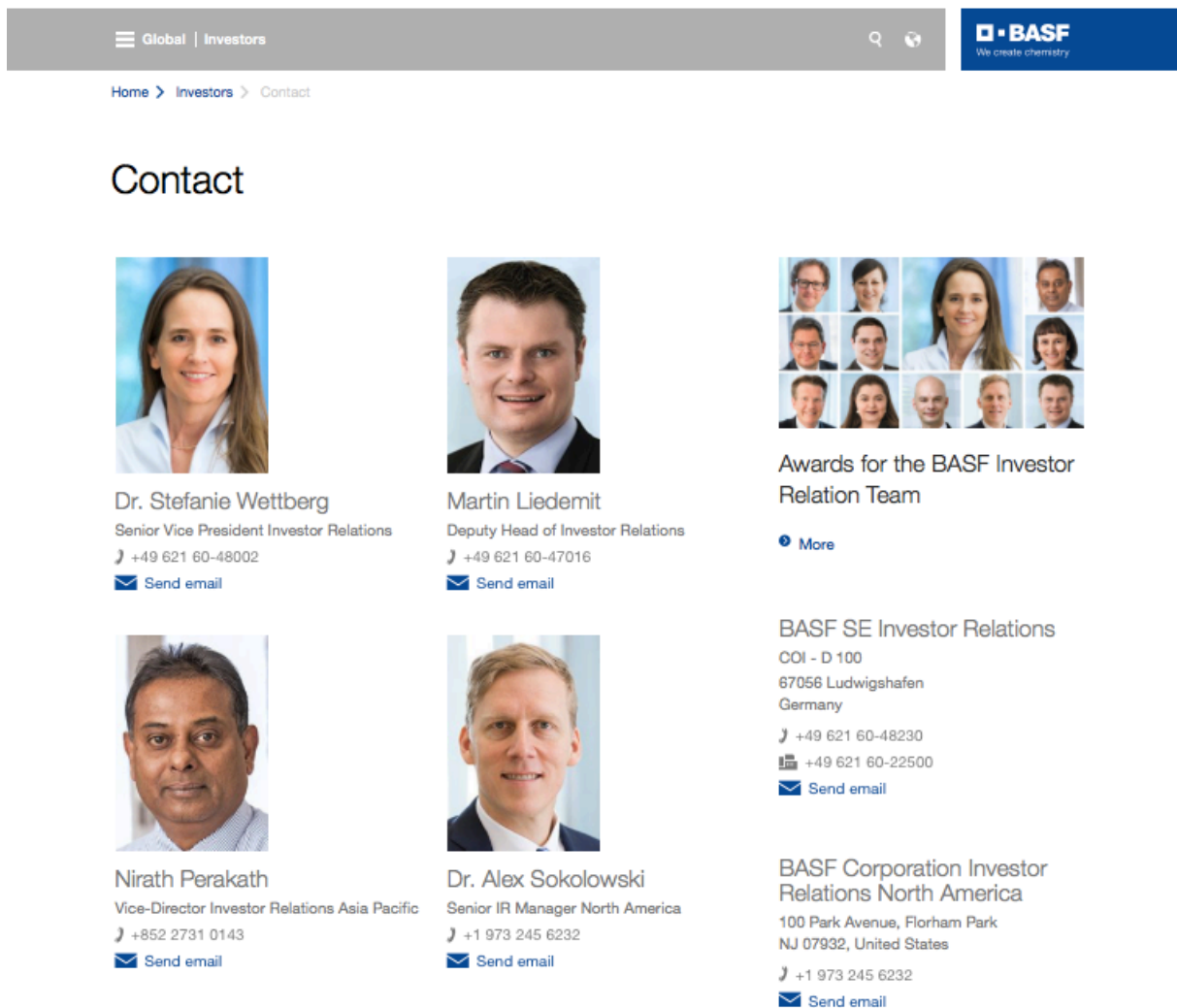


Figure 15 Basf's IR Team

IR magazines provides further advice and tips on how to get an effective IR Website (IR Magazine, 2018): it should be not only user friendly, but also mobile responsive and friendly, preferring the use of HTML rather than PDF documents to download. A deep, rich and logical results archive should not miss: best if organized year per year, with “standard – and therefore intuitive – icons to denote the formats of materials in the archive: PDF, Excel, and so on. And ensure the materials provided are comprehensive: HTML announcements, detailed documents in PDF, financial data in Excel, plus an audio or video webcast with accompanying transcripts.” (IR Magazine, 2018).

### *Narrative and engagement in IR Website*

It is always good to remember that IR Website will be a source of information for different audience and stakeholders, that implies a strong effort to meet all the needs. A website is usually a one-way communication tool: engagement is very limited and the information travel only in the direction from the company to the audience.

However, things are changing and there is an increasing demand for a change in the paradigm of corporate communication, that should strive for interactivity, real-time updates and engagement.

The Annual Report itself has been described in the literature as a strategic marketing tool: CocaCola and Burberry are two examples of companies that revised their reports to meet the transition from the shareholder perspective to the stakeholder perspective, moving towards integrated reporting (InvestisDigital, 2019).

Here below an extract from “From Shareholder to Stakeholder value: the evolution of the Annual Report” by InvestisDigital, 2019:

- Helen Baker from CocaCola European Partner “*described her company’s momentous three-year journey from incorporation to integrated reporting. Unlike many organizations, Coca-Cola has consciously reduced the length of its report, while at the same time increasing disclosures. And as part of their sustainability efforts they’ve reduced their print run to just 750 copies, despite pressure from US investors. She revealed that she had not had a single request for a printed report since its publication.*” (InvestisDigital, 2019)

- Louise Pyman from Burberry *“explained the importance she puts on ensuring each year’s report truly reflects the year’s narrative and isn’t merely a dusting-off of last year’s messages. Her other key message was that in our digitally centric world, companies should not rely on their message being buried within the report but should make sure the message is reflected across all of their communications. Each year, Burberry updates the content across the entire corporate website to align with the company’s report narrative. We’ve been advocating the need to treat corporate websites as living, agile communication platforms rather than evergreen behemoths for years. However, we also warn clients from simply lifting and shifting content from annual reports onto their website as doing so rarely results in a satisfactory or effective online experience.”* (InvestisDigital, 2019)

At the light of the central role of Digital Media, IR corporate website must be updated in order to become a key tool in the dissemination strategy, empowering interactive data and user experience.

IROs should be aware of the targeted audience in order to develop “audience personas” and “user journeys” that lead the targeted user to customized landing pages in which the narrative should be consistent with corporate values, vision and overall tone of voice.

To align IR Website to the increasing demand for interactive data, the content should be revised, for example by providing videos and infographics about material KPI/ corporate figures.

Market fluctuations are more frequent than in the past and investors ask for real time updates and engagement (Investis Digital, 2017).

Here below an extract of the blogpost from InvestisDigital “Why Investors need interactive data- and how to provide it to them”, 2017:

- *Over 84 percent of investors visit an organization's IR website to do research to inform investment decisions.*
- *More than a quarter of investors visit IR websites at least once a day, while almost three-quarters visit at least once a week.*
- *Announcements of earnings spur 70 percent of investors to go to a brand's IR website immediately*

*IR sites with interactive data are easier to use and more effective from a user experience, or UX, perspective. They integrate visuals, stock data and on-demand webcasting to make IR communication as engaging as possible. It's also important that the site is intuitive. That means careful attention to site navigation. Grouping related materials*

*together can make a difference. A strong online presence for your organization's IR audience might include:*

- *Supplemental earnings materials (webcasts, presentations and so on)*
- *Financial press releases*
- *Annual reports and commentary*
- *Historical stock data (going back five or more years)*
- *Detailed share prices*
- *Total return calculators*
- *Historical price lookup*
- *Analyst forecast data*
- *Corporate profile and strategy*
- *Regulatory filings*
- *Corporate governance charters and documents”*

(Investis Digital, 2017).

#### **4.4 Social Media**

Social media are generally used by companies to connect with customers, advertise sales, share financial performance and special events.

In case of financial communication they have been appointed as a powerful tool for disclosure to a wider audience and able to influence the market in terms of share prices .

Their particular feature consist in enbling the so called “two-way” communication, that other channels do not permit. Users of the social media are able to interact directly with the company, ask for clarifications and join the discussion.

Companies can take advantage of these audience to communicate their vision, strategy, mission and values, building a corporate image based on the narrative of the company's values.



The role of Social Media has been already deeply investigated by management scholars for the purpose of marketing and business, but only recently they have become matter of interest among the accounting scholars (Ramassa & Di Fabio, 2016).

Just in recent time, social media have been officially Acknowledged as “recognized channel of distribution” and “dissemination” by the Securities Exchange Commission (SEC), which issued in 2008 “Guidance on the Use of Company Web Sites”.

This regulation requires companies to identify channels of distribution for material financial information such as the channel could become a “recognised channel of distribution” and acknowledged as such by the financial community. (Zepralka & Cross, 2013)

As stated by Zepralka et al, “ The guidance provide a non-exclusive list of factors for a company to consider in evaluating whether its website is a recognised channel of distribution and whether information posted on the website is adequately disseminated: - whether and how the company informs investors that it has a website that they should look at for company information; - whether the company has notified investors that it will post important information on its website and whether it typically posts important information on its website [...] ” (Zepralka & Cross, 2013, p. 26). Before the company could engage in private conversations about that information, a reasonable waiting period should be honoured, in order to ensure the wide dissemination of the disclosed information.

On 2012, Netflix’s CEO posts on his own personal Facebook account a posts disclosing a metric relating to monthly views on Netflix. No other official dissemination channel of Netflix disclosed the same information. The SEC in 2013 issued a Report of Investigation, even if in the end SEC decided not to initiate an enforcement action.

The timeline that follows provides a complete framework of the case.

### Timeline

4 January 2012 – Netflix issues a press release announcing that Netflix members streamed more than two billion hours of TV shows and movies in the fourth quarter of 2011.

25 January 2012 – Netflix features the two billion hours streaming metric as part of its announcement of year-end financial results. Netflix's CEO explains relevance of streaming metric in response to a question during earnings call; states that Netflix expects to update metric "on a milestone basis".

4 June 2012 – Posting on Netflix's official company blog references streaming metric: "Around the world, people are enjoying nearly a billion hours per month of movies and TV shows from Netflix."

3 July 2012 – CEO posts the following on his personal Facebook page (which has approximately 200,000 subscribers): "Congrats to Ted Sarados, and his amazing content licensing team. Netflix monthly viewing exceeded 1 billion hours for the first time ever in June. When *House of Cards* and *Arrested Development* debut, we'll blow these records away. Keep going, Ted, we need even more!" Netflix does not make any other public announcement of the streaming metric.

6 December 2012 – Netflix announces in a Form 8-K that the company and its CEO have received Wells notices from the SEC staff in the Division of Enforcement.

2 April 2013 – SEC issues Report of Investigation Pursuant to Section 21(a). Stating that it recognizes that there has been market uncertainty about the application of Regulation FD to social media, the SEC decides not to initiate an enforcement action or allege wrongdoing by Netflix or its CEO.

10 April 2013 – Netflix states in a Form 8-K that it plans to announce material financial information using its corporate IR website, SEC filings, press releases, public conference calls and webcasts. It states that it plans to use these channels plus specified social media channels to communicate with subscribers and the public about the company, its services and other issues. Netflix states that: "It is possible that the information we post on social media could be deemed to be material information. Therefore, in light of the SEC's guidance, we encourage investors, the media, and others interested in our company to review the information we post on the [identified social media channel]".

Figure 16 Timeline for SEC-Netflix, Source: Zepralka et al., 2013, p.30

The framework of analysis proposed by Blankespoor could be used also to explain the role of Social Media in Financial Communication.

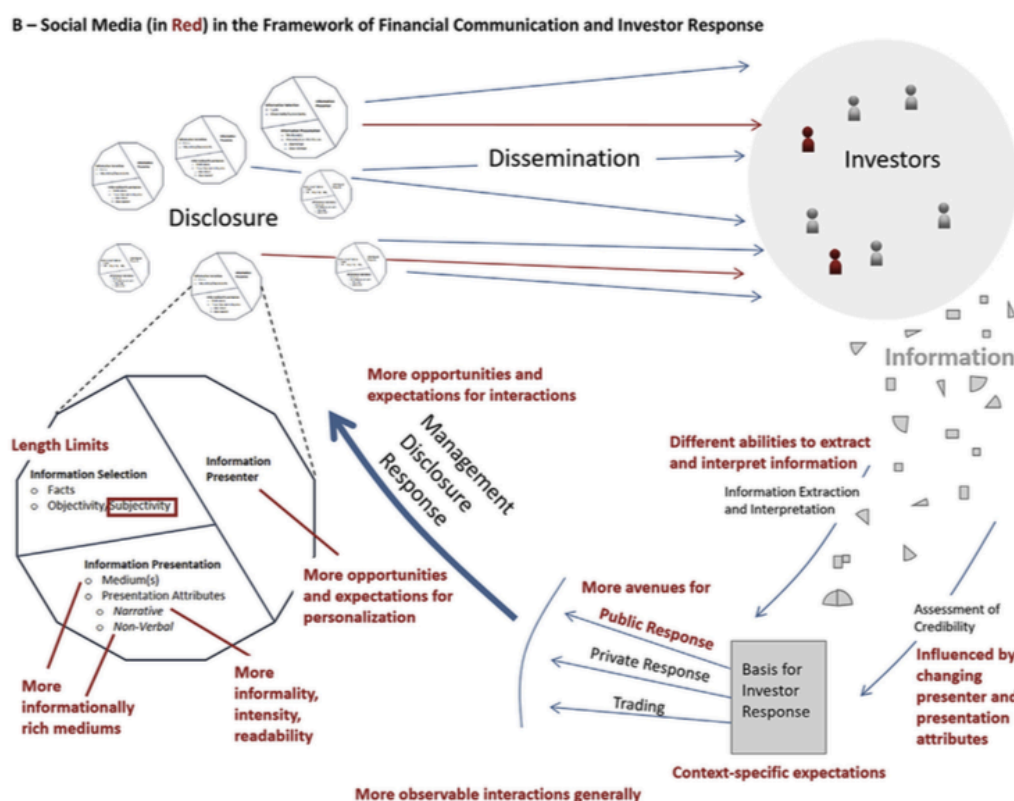


Figure 17 Blankespoor's framework for SM. p.81

Integrating social media in this framework of analysis means evaluating again the pillars of the model, at the light of the fact that disclosing financial information and disseminate information through a social media channel means that the company discloses information to a wider and non-technical audience. This influences heavily how information is selected, disclosed and evaluated by the audience. (Blankespoor, 2018)

Because of the features of the audience, a selection of less complex and technical information must be made. Social media often do not allow long texts, so the amount of information should be reduced to fit properly the chosen channel.

Social media affect presentation of information according to which platform is used: “each social media application facilitates and encourages specific choices for medium (i.e text, image, audio or video)” (Blankespoor, 2018, p. 84).

Social media increase the available dissemination channels and engage investors differently, according to the platform. The timing in the response can vary, as a result of different audience. (Blankespoor, 2018).

On social media, two-way communication is possible and encouraged by the interface itself of the platform: users are encouraged to share, give feedback, connect and comment.

The investor response on social media is thus influenced by the information selection, according to the medium preferred by the company. The more audio and video are used, the greater the possibility of an immediate investor response to the disclosed content. The range of language used in social media is usually informal, providing investors a less difficult information extraction process.

#### *Risks and chances of Social Media in IR*

Social media enhance the information dissemination among a very wide audience, made up of both investors and consumers. They provide an effective way to engage and communicate in two-ways, sharing information and reducing the information asymmetry thanks to a timely disclosure.

Being exposed on such platforms could represent both an opportunity and a risk, especially in terms of control of rumours and reputation issues. Many firms are afraid to lose control over the several user generated content that are shared every day. This leads to the “feedback dilemma”: how to handle the situation?

It is of fundamental importance to listen to the market and act promptly: performing a sentiment analysis will help to monitor mentions and build a sentiment-benchmark.

A dedicated blogpost is shared on InvestisDigital “Using Sentiment Analysis to monitor your company’s reputation”, (Investis Digital, 2017):

*“Sentiment analysis involves evaluating online opinions based on specific words. The sentiment is then judged to be positive, negative or neutral. Tools that pull data from multiple sources, including forums and blogs, provide contextual information to notify you when your organization’s or product’s name is mentioned online. Categorize mentions as positive, negative or neutral. Several tools will do this for you, but a one-stop platform is the most efficient. Once mentions are sorted, determine how sentiment has shifted in the last day, week, month and year.*

*Know how you stack up to your competitors in terms of positive and negative media mentions so you can take advantage of shifts in those numbers. Google Alerts can help you find how many mentions a company has received. And when you see your competitors' sentiment going negative, it may be time to raise your organization's visibility as an alternate provider."*

Once the negative mention is found, IR need to "Respond promptly: Timing matters. A delayed response can give the "Twitterverse" plenty of time to control the story. By the time you finally speak up, the negative sentiments may have already taken hold and can persist." (InvestisDigital, 2017)

#### **4.5 Disclosure, Dissemination and Response on Twitter**

"Twitter is ranked as the top platform by investor relations professionals. It is accessed by 21% of the internet population on a monthly basis and, unlike other forms of new media, user demographics do not skew to teenagers: 55-64 year olds exhibited the fastest adoption rate. In August 2012 Twitter adopted the Cashtag mechanism developed by StockTwits to make it easier for followers to track stock news" (Alexander & Gentry, 2014, p. 163).

"Twitter provides an excellent way to listen to stakeholder: "Financiers are increasingly using sentiment and text analysis from social media sites to develop trading strategies, so firms need to take care in developing social media platforms and in training users. Recent studies examined the words used in tweets about company stock and found that user mood – positive, negative, calm, alert, sure, vital, kind and happy- evidenced by word choice was associated with stock prices at 87% accuracy" (Bollen, Mao & Zeng, 2011 in (Alexander & Gentry, 2014) )

The study of Cade is another milestone in the discussion of social media in IR. She investigates the different outcomes of different management strategies in giving (or not) feedback to investors and stakeholders . She focuses especially on "non professional investors' reactions to the activity around the earnings announcements on Twitter" (Cade, 2018, p. 64). Cade investigates how the different form of engagement available on Twitter can be interpret from stakeholders, customers and shareholders.

On Twitter, three different ways of interaction are possible:

- Retweet: it means sharing on the own profile a Tweet of another user
- Reply: it means leaving a comment below the Tweet of another user
- Like: it expresses positive consensus

As in Blankespoor, Cade's premises is the Persuasion Knowledge Model, that outlines how customers' behaviour is influenced by information and persuasion tactics. According to Cade, users on social media interpret consensus as a proxy for correctness: the times a tweet has been retweeted could represent such insight for shareholders and customers.

Firms have different strategies to use social media, thus they should be aware of the possible implications of their actions and the signals they send to audience.

The study of Cade is particularly interesting because it allows to focus on non visible dynamics that actually can influence the market and the reputation of a company.

Especially in case of a raised criticism, the online behaviour of the company is a key aspect to consider in the attempt of mitigating the negative spreading "rumours".

Cade outlines that in case of non professional investors users, the criticism could be evaluated as a trusted source of information, as the number of retweets increases.

Companies have different options to handle the situation:

- *Providing explanations*  
This strategy could be quite successful, since additional information is provided and the company could outline why the criticism is undeserved
- *Repeat a positive highlight or Redirection strategy*  
This strategy does not add any additional detail to contrast the criticism. Investors could interpret it as "a negative signal about the criticized act (e.g the firm has no acceptable explanation)
- *No response*

Cade's results give evidence of a user preferences for companies' strategies: current and prospective investors prefer "explanation" strategy over redirections and no response. The "explanation strategy" seems to be the most effective in contrasting criticism, even if a lower mitigating effect seems existing also for redirection strategy.

## Part II – Empirical Research

### 5. Analysis of Disclosure on Corporate Twitter Accounts

The research consists in a qualitative analysis on the communication of Italian listed companies on Twitter. According to the recent literature, Twitter is a significant channel of disclosure and dissemination for corporate communication.

#### 5.1 *The sample*

The sample for the research consist in a “Tweets” database of the top Italian listed companies, awarded in the “Webranking by Comprend- 17<sup>th</sup> Edition 2018”

The “Webranking” analysis comprises 111 italian listed companies, valued according to their online communication and transparency. According to the report, Italian listed companies have improved their disclosure quality on digital channels. Just two years ago, more than 52% of the ranked companies did not disclose basic information that instead are available today.

The feature of the Webranking approach consists in a “stress test”, based on the gar between the information requested by stakeholders and the information disclosed by the companies. On average, all the companies have improved their performance of +4,4 points. Some firms perform better than others: we could define them the “best improver”, reaching +10 points than previous years, among which there is Cattolica, Pirelli, Italgas and Moncler.

The year 2018 could be defined a “turning point” not only for the average positive performance, but also thanks to the qualitative improvement in the disclosure of information.

Companies do not only simply disclose information, but they start to build an organic narrative by creating contents of high quality in terms of language and multimedia.

In most cases, the visual communication is a key in performing an efficient communication on the market.

Compared to European performances, Italian companies are aligned in performance regarding disclosure of past data, but they still lack in communicating their vision, future commitments and investor story.

Thanks to the European Directive MIFiDII, integrated reporting has increased, counting more than 69% of companies presenting a sustainability report, in line with the European average.

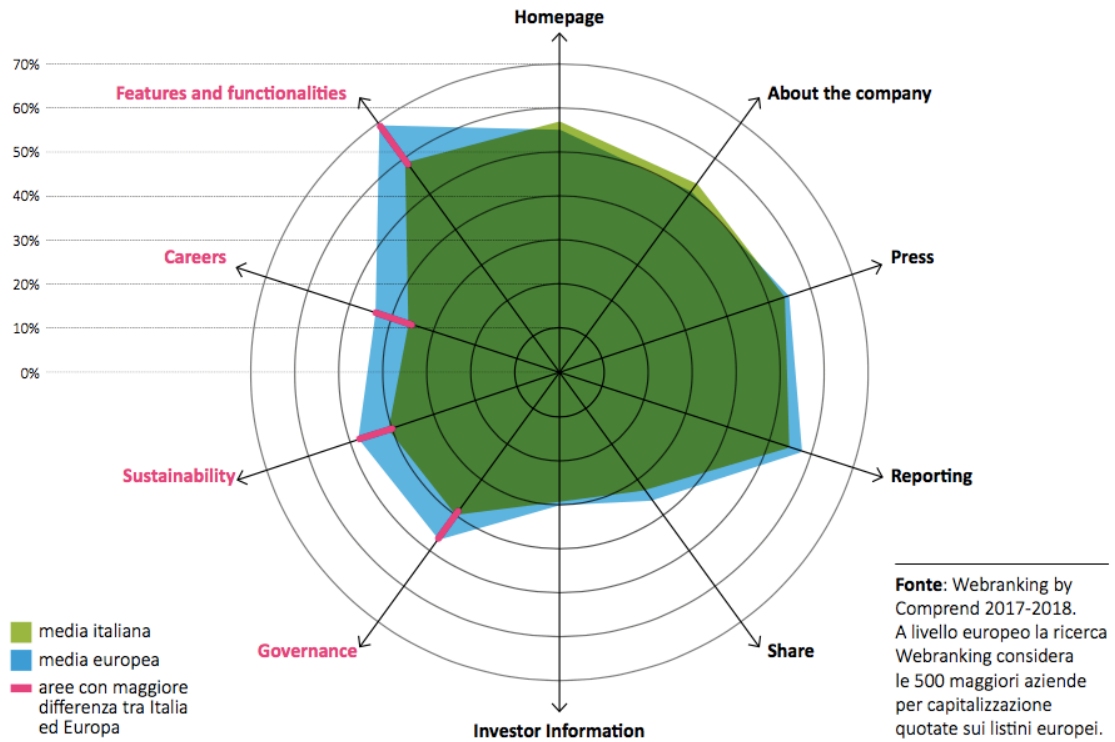


Figure 18 Webranking italian Companies vs Webranking Europe. Source: Webranking, Comprend,2018

According to “Webranking Europe” that collects and analyses data of the top 500 listed companies in the European market, best players are the companies in industrial sectors, such as Chemicals, Oil&Gas, Insurance and Communications.

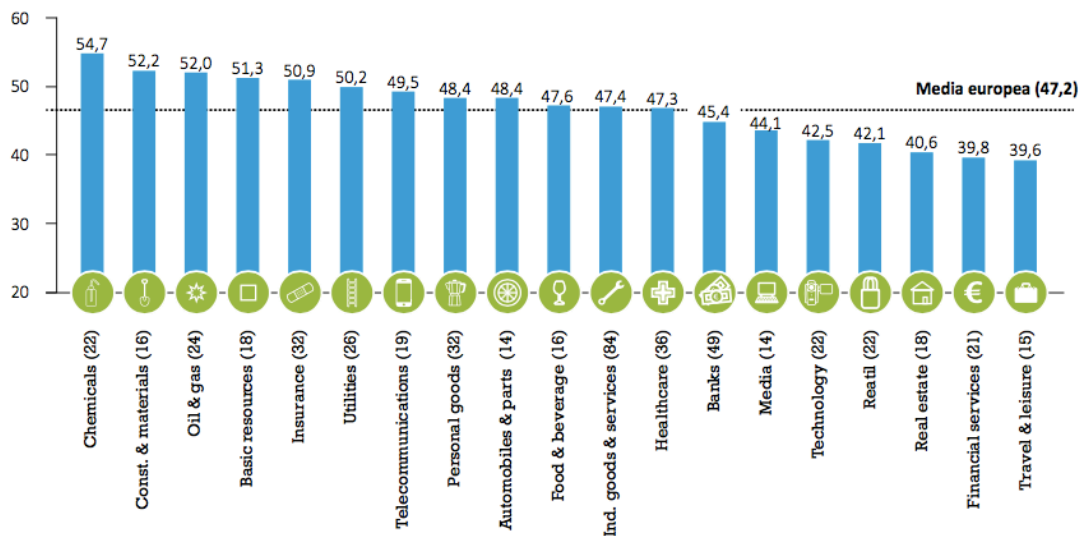


Figure 19 Webranking european distribution per Industry. Source: Webranking,Comprend,2018



## 5.2 Methodology and research

The Webranking 2018 is the starting point for our analysis on communication of the Italian listed companies on social networks.

The sample of analysis has been restricted to 10 top account of listed companies, with an active corporate Twitter account, used to disclose financial and non-financial information.

The companies have been sorted out according to the relevance of the industry and the types of product and/or services provided, in order to investigate a significant and omogeneous sample. A first generic data analysis was performed to understand the investment segment: the graph below provides an overview of the 111 listed Italian companies. The majority of the companies (77%) belong to MTA segment, 22% belong to STAR and only 1% to Global Equity Market.

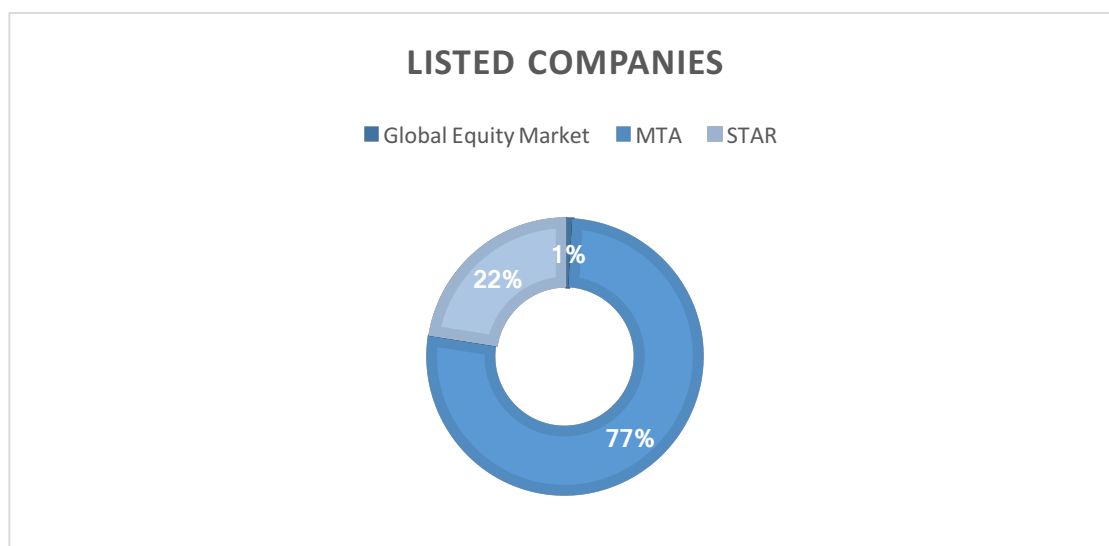


Figure 20 Distribution of Companies according to Segment of quotation. Source: Own elaboration on Dataset

To perform our analysis, only the companies of the ranking with an active Twitter corporate account were considered: 78 out of 111 companies have the features requested.

First, companies were analysed according to the industry to find evidences of the Italian best players: the next two graphs below represent the Industry Distribution and the average ranking per Industry.

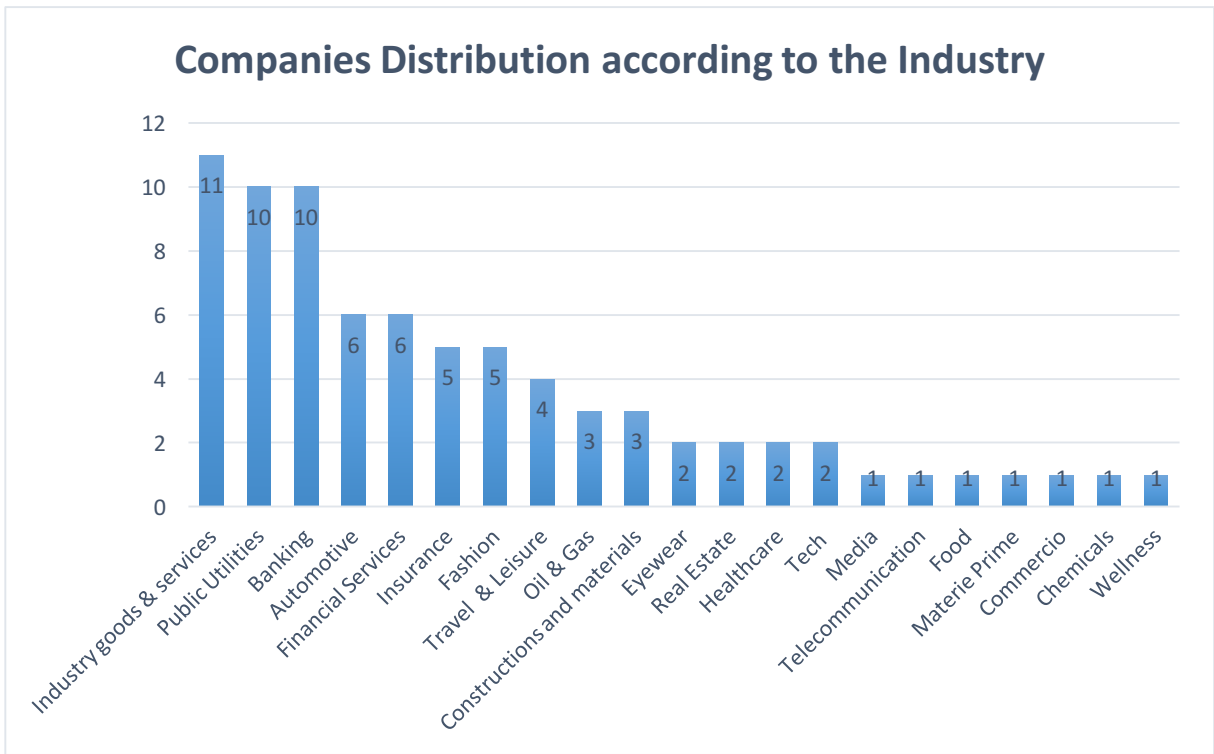


Figure 21 Companies' distribution according to Industry Source: Own elaboration on Dataset

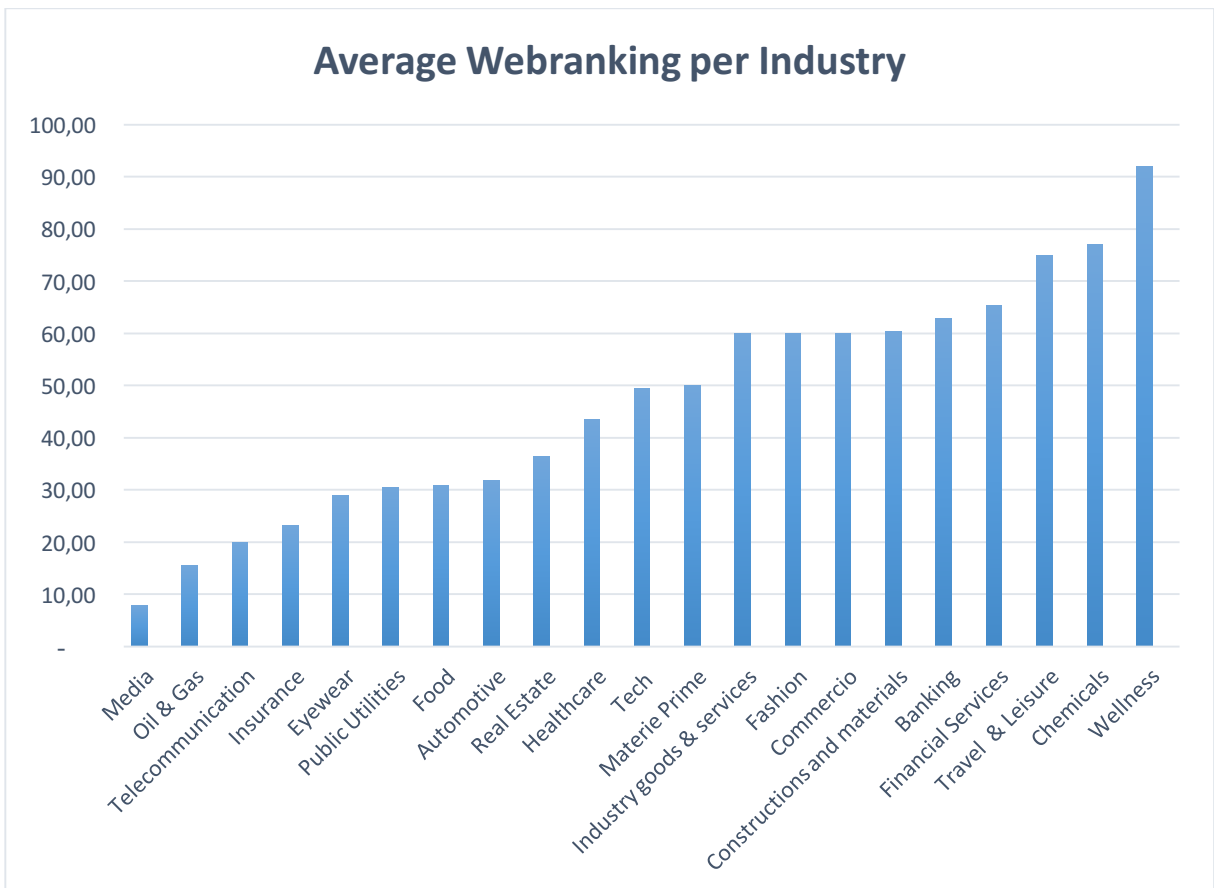


Figure 22 Average ranking per Industry. Source: Own elaborations on Dataset

The Italian data are consistent with the European average ranking: best companies belong to Oil&Gas, Insurance & Telecommunications. The most ranked companies belong to industrial sectors, such as Industry goods and services, public utilities, Banking, Automotive and Financial Services.

According to these two basic metrics, companies were selected among the most densely populated industries with an average ranking per industry up to 60 points. Industries were further classified in two different clusters, Financial and Non Financial in order to investigate whether the narrative and disclosed financial and non financial information are influenced by a macro sector-factor.

Among these companies only the companies that perform at least financial disclosure were selected.

Sector	Companies	Average Webranking
Oil & Gas	3	15,67
Insurance	5	23,20
Public Utilities	10	30,50
Automotive	6	32,00
Industry goods & services	11	60,00
Fashion	5	60,00

*Table 10 Main Sectors and Average Ranking. Source: Own elaboration on Dataset*

Many companies, although listed, use twitter as main account to give resonance to events, product marketing, sponsorships and always an increasing number to disclose information regards Sustainability, CRS and corporate communication in general.

Our main focus is based on financial disclosure and how companies use social media to disclose and disseminate these data.

To perform a complete analysis, the top 5 companies of each cluster were considered.

Cluster	Webranking	Industry
<b>Financial</b>		
Generali	6	Insurance
Poste Italiane	12	Insurance/Services
Mediobanca	13	Banking
UniCredit_PR	23	Banking
BancaGenerali	26	Banking
<b>Non Financial</b>		
Eni	1	Oil & Gas
Italgas	10	Public Utilities
ERG	11	Public Utilities
Cirgroup	16	Automotive
Moncler	21	Fashion

Table 11 Clusters of sample companies. Source: Own elaboration on Dataset

The analysis was performed on the tweets published by each account up to the first days of October. A cognitive analysis was carried out on each account to find evidence of the language, main keywords and hashtags through the use of a free software for Data Mining called “MeaningCloud”.

The use of the software allowed the identification of links to external pages and images. Supported by the literature review performed, we interpret the link in a tweet as a best proxy for information dissemination on social media. The overall Dataset consisted of approx.16.000 tweets.

Companies	Total Tweets
BancaGenerali	291
Cirgroup	205
Eni	3659
ERGnow	2257
GENERALI	800
Italgas	524
Moncler	735
PosteNews	1963
UniCredit_PR	2629
Mediobanca	2910
<b>Total Amount</b>	<b>15973</b>

Figure 23 Twitter Dataset

The analysis started from the language used: with the help of the software, each tweet was analysed and assigned to a language category. The two principal language used are Italian and English, sometimes French or even in rare cases Spanish.

We found out that financial companies prefer to speak in Italian, whereas for Non Financial companies there is no a specific trend, even though a preference for English seems existing.

The two graphs below show the results of our analysis.

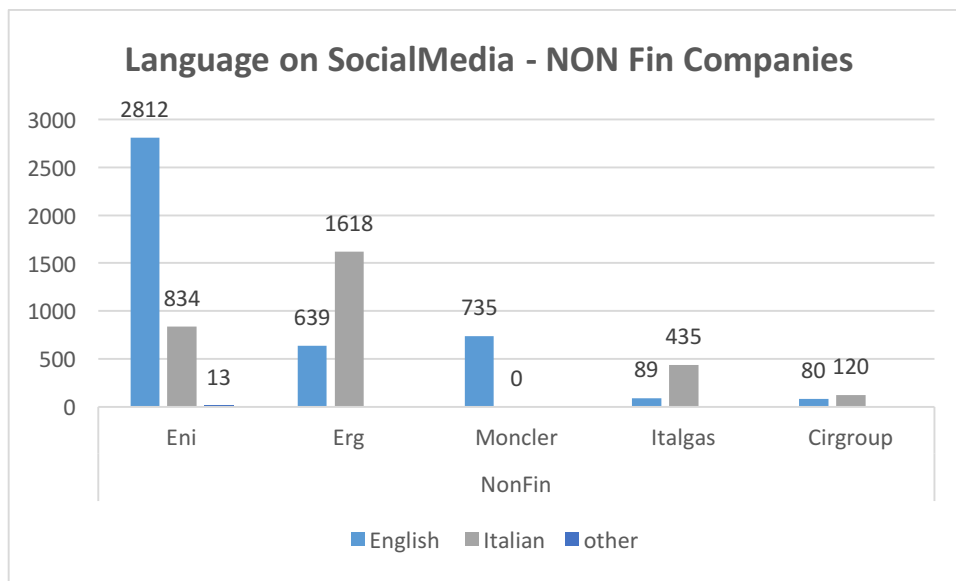


Figure 24 Figure 18 Language used on TW for Non Financial Companies. Source: Own elaboration on Dataset

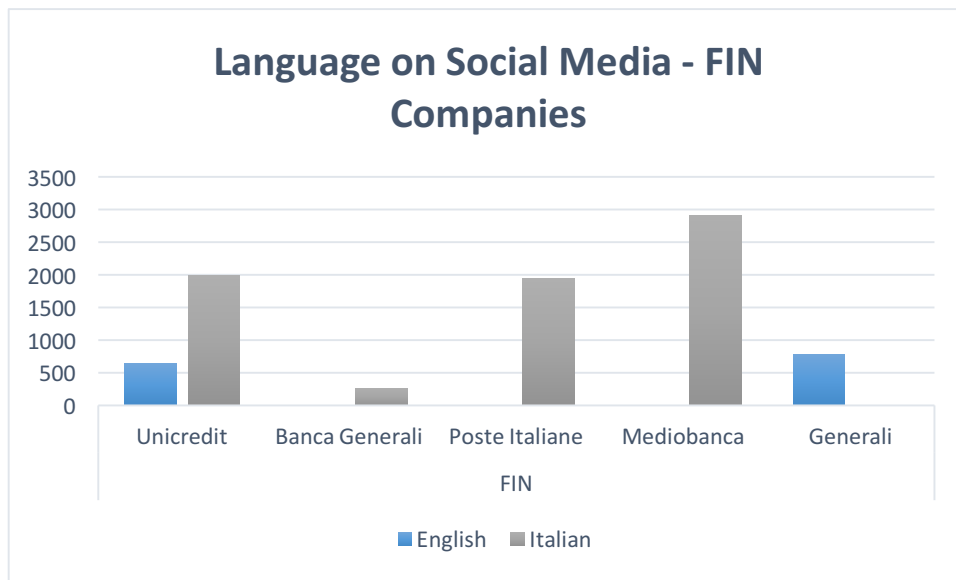


Figure 25 Language used on TW for Financial Companies. Source: Own elaboration on Dataset

In a second phase, for each account were analysed the first 50 top hashtags to investigate the most tweeted themes. A complete list of the findings is available in Appendix.

The empirical evidences show that companies from financial sector are more interested in using the social media channel to disclose financial data: some of them, for example ERG has a specific hashtag #IR, even though it is not the principal topic.

A very common tweet-topic is about sustainability, CSR, Green economy and climate change. In particular this is true for Non financial Companies which belongs to Public Utility Sector, where energy, oil and natural resources are very central topics.

Eni's online communication strategy is based on the pillars of financial communication, sustainability and innovation. They have their own #EniIR hashtag and share often financial results, also with the help of images and infographics.

Eni's IR hashtags are among their top 50 and write often about their CEO Claudio Descanzi.



Figure 26 Eni's tweet about Investor Relations activities

A similar approach has also Generali, an insurance company that uses Twitter mainly to disclose financial results and new insurance products. They use their own #Generalirisults hashtag to introduce the topic, with the help of videos, infographics and images that give the numbers a new appeal. For example, the image below shows a video with the main KPI achieved for a first good impression.

In the tweet there is also the link that take the user directly to the Investor Corporate Website, where additional information is available.



Figure 27 Generali's tweet about financial results

Both these companies, use Twitter as a tool for disclosure and dissemination. Multimedia content is king in their tweets and the communication strategy seems clear and very effective.

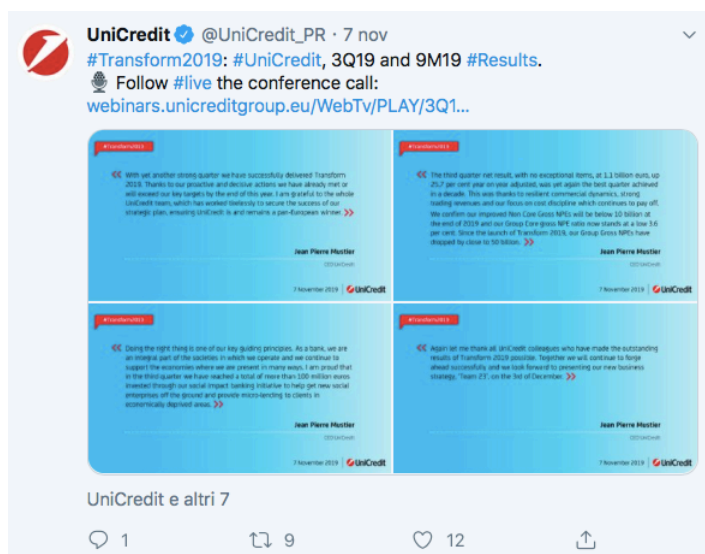


Figure 28 Unicredit's tweet about financial results

Unicredit performs as the same way of the previous two, with a dedicated communication strategy enriched by a visual element that facilitate the approach to numbers and figures.

They do not have a own hashtag, but the tweets related to financial disclosure are tagged with specific hashtags and #pressrelease is among their top 50.

All these accounts disclose and disseminate financial data obtaining a high level of engagement, in terms of average replies, retweet and likes.

The table below shows the average level of engagement for the accounts taken into consideration: Eni, Generali and Unicredit perform very well and this is consistent with the effective strategy in place.

Company	Valori			
	Count Tweet	Average Likes	Average Retweets	Average Replies
Eni	3.659,00	8,71	6,13	0,49
Mediobanca	2.910,00	2,10	1,13	0,04
UniCredit_PR	2.629,00	7,92	5,24	0,19
ERGnow	2.257,00	3,68	4,27	0,06
PosteNews	1.963,00	11,84	4,07	0,70
GENERALI	800,00	17,31	8,05	0,44
Moncler	735,00	49,05	19,54	1,58
Italgas	524,00	3,72	1,86	0,26
BancaGenerali	291,00	2,08	0,99	0,03
Cirgroup	205,00	1,62	1,41	0,02
<b>Totale complessivo</b>	<b>15.973,0</b>	<b>9,0</b>	<b>5,0</b>	<b>0,4</b>

Table 12 Engagement on Twitter. Source: Own elaboration on Data set

The highest level of engagement is for Moncler, which does not have a particular financial communication strategy, even if it uses Twitter as well as a toll for dissemination. The most Tweets of Moncler are related to their products and their advertisement: the narrative is strategic and often pairs with videos and images. The higher engagement level can be attributable to the fashion industry, which is more well known and attractive, not only for B2B users but also for private customers.



**Moncler** @Moncler · 13 set

Pushing prints to the max.  
The first **#MONCLERRICHARDQUINN** collection features bodysuits and slinky dresses, quilted pyjamas and huge padded coats.

**#MONCLERGENIUS**  
[moncler.com](http://moncler.com)



2 7 50

**Moncler** @Moncler · 24 ott

Moncler 9M 2019 Interim Management Statement

The Group continues to record double-digit revenue growth in the third quarter of 2019

Consolidated revenues at 995.3 million euros (+12% at constant exchange rates)

Read more on: [monclergroup.com/wp-content/upl..](http://monclergroup.com/wp-content/upl..)



2 5 30

Figure 29 Moncler Twitter Account

### **5.3 Conclusions**

The comparison between Financial and Non Financial companies can help us to understand how different companies from different industries are approaching the theme of financial and non-financial communication over the social media.

As expected, Financial Companies have an advantage and its their own interest to communicate financial performance to the markets. It is interesting to highlight that both financial and non-financial companies disclose information about the main trends of the moment, almost equally. The topics of sustainability, CSR, Climate Changes and Innovation are present independently from the industry.

The best performers have clear strategies of communication and make extensive use of visual elements to strengthen their narrative and tone of voice. The combination of dedicated hashtags, infographics and videos is one of the strengths of “Big” players: all these factors enhance the dissemination and disclosure power.

The role of Investor Relation in the recent years has gained importance and it will increase even more in the next years, when digital communication will be the main source of information for stakeholders and financial markets. As the analysis performed showed, the financial communication to be effective need to be handled with proper instruments that come from the field of the communication and integrate the cognitive aspects with hard data.

The analysis performed is just a little insight: the sample was not big enough to draw general conclusion, but it was useful to understand that mega trend of the moment are influencing all the companies, nevertheless their industry or size.

As the tweets showed, the integration of IR and ESG/CSR is no more a pure matter of integrated reporting, but they have become daily topic on which companies discuss on social media with their audience.

## Appendix

<b>Title</b>	<b>Author</b>	<b>Journal</b>	<b>Year</b>	<b>Topic</b>	<b>Method of research</b>	<b>Results</b>
Investor Relations, Firm Visibility and Investor Following	Brian J. Bushee; Gregory S. Miller	The Accounting Review	2012	IR activities as determinant of improvement in visibility & understanding determinants in initiating IR programs	Interview of 11 IRO through open ended questions in order to collect data for statistical research. Multiple regression analysis with control group	IR activities improve the firm visibility, investor following and market value
Professional Investor Relations within the firm	Marcus P. Kirk; James D. Vincent	The Accounting Review	2014	Initiating IR programs and effects on disclosure, analyst following and effect of RFD.	Matched the IRO admission to NIRI and calculation of the impact, compared to control group. Multiple regression	Companies with IR programs were less affected by the new regulation
Managing the narrative: investor relations officers and corporate disclosure	Lawrence D. Brown; Andrew D. Call, Michael B. Clement, Nathan Y. Sharp	Journal of Accounting and Economics	2019	Investor Relations Officers: activities, processes in which they are involved and corporate disclosure	Survey of 610 IRO and multiple regression to understand the role of the IRO and his activities	The study contributes to add understanding on the relationship with sell side analysts and dynamics of conference calls
“Firm Communication and Investor Response: a framework and discussion integrating social media”	Elizabeth Blankespoor	Accounting, Organization and Society	2018	Financial communication: disclosure, dissemination and investor response, in normal context and by integrating social media	Analytical framework of analysis regarding disclosure factors	Social media could affect the perceived credibility of disclosure.
Corporate social media: how two way disclosure channels influence investors	Nicole L. Cade	Accounting, Organization and Society	2018	Two-way communications on social media and how company's response could influence investors	Regression on the model to investigate effects of redirection, no response or explanation on Twitter	Response and redirection have a mitigating effect in case of critical issues arising.

Account	<b>Italgas</b>
Cluster	Non Fin- Public Utilities
Total Tweets	524

Most tweeted themes Digital, IR,Sustainability

PICTURE	621
URL	43

TOP 50 HASHTAG	#
#Italgas	114
#gas	45
#DigitalFactory	36
#ItalgasJob	27
#distribuzione	20
#CareerDay	19
#PaoloGallo	17
#digitalizzazione	16
#DigitalRoom	16
#metano	14
#savethedate	14
#Italgas180	13
#Milano	13
#ParcoRussoli	12
#energia	12
#futuro	11
#digitaltransformation	10
#Torino	9
#Napoli	9
#innovazione	9
#DigItalgas	9
#Sardegna	8
#diversity	8
#Gaston	8
#sostenibile	8
#MilanoGreenWeek	8
#ConferenceCall	7
#BigData	7
#Roma	7
#distribuzioneegas	7
#investimenti	7
#sicurezza	6
#IGStrategicPlan	6
#biometano	6
#DavisCup	6
#iotifoitalia	6
#FedCup	6
#cultura	6
#gasnaturale	6
#lavoro	6
#Agile	5
#Museo	5
#Italia	5
#GasPedia	5
#risultati	5
#societàdivendita	5
#ItalgasQuiz	5
#sostenibilità	5
#decarbonizzazione	4
#rinnovabile	4

Account	<b>Eni</b>
Cluster	Non Fin - Oil&gas
Total Tweets	3659

Most tweeted themes IR, Sustainability

PICTURE	583
URL	1647

TOP 50 HASHTAG	#
#enidaypic	851
#eniday	205
#eniIR	178
#ENERGY	140
#theEnimodel	118
#Results	110
#climatechange	79
#eniIRpic	76
#renewables	72
#renewableenergy	70
#oilandgas	54
#offshore	53
#Descalzi	52
#gas	48
#circularconomy	47
#naturalgas	45
#innovation4energy	41
#InstagramStory	39
#lowcarbon	39
#Mozambique	36
#EniAward	35
#Fuel4Growth	32
#Africa	32
#accesstoenergy	31
#oil	30
#innovation4energypic	30
#Eni	29
#innovation	27
#EnergySnack	26
#energytelling	25
#LNG	25
#Ghana	24
#Mexico	23
#energy4integration	22
#technology	22
#solarenergy	21
#renewable	21
#SUItalySummit	21
#bigdata	21
#exploration	21
#energy4integrationpic	20
#energytransition	20
#cleanenergy	19
#EniPeople	19
#CO2	18
#Angola	18
#sustainable	17
#green	16
#solar	16
#renewableenergypic	14

Account  
Cluster  
Total Tweets

CIRGROUP  
NON FIN Automotive  
205

Most tweeted themes **IR,Financial**

PICTURE 25  
URL 160

**TOP 50 HASHTAG** #

#auto	18
#media	9
#results	8
#Sogefi	8
#sustainability	7
#components	6
#parts	6
#revenues	6
#ricavi	4
#crescita	4
#CSR	4
#riabilitazione	3
#growth	3
#Espresso	3
#healthcare	3
#sostenibilità	3
#ristoranti	2
#ebitda	2
#Morocco	2
#2016	2
#euro	2
#automotive	2
#2017	2
#DEEJAYTEN	2
#earnings	2
#heathcare	2
#componentistica	2
#Italy	2
#filter	2
#margins	2
#risultati	2
#dividendo	2
#Milano	2
#filters	2
#filtri	2
#vini	2
#sostenibilitàpic	1
#rehabilitation	1
#pick	1
#China	1
#risultatihttp://www.cirgroup.	1
#europe	1
#EU	1
#EuropeMatters	1
#quality	1
#Europe's	1
#cars	1
#familybiz	1
#slideshow	1
#Female	1

Account  
Cluster  
Total Tweets

Poste Italiane  
FIN  
1963

Most tweeted themes Payments,Financial

PICTURE 572  
URL 1059

**TOP 50 HASHTAG** #

#Posteltaliane	472
#Filatelia	294
#Poste	181
#PosteperiPiccoliComuni	83
#Postamat	74
#PosteHack	74
#Roma	57
#PiccoliComuni	45
#Milano	44
#Postelnsieme	40
#Postepay	40
#ecommerce	35
#PosteHack7	31
#Payvolution	30
#terremoto	29
#PAINT	29
#SalonePagamenti2017	28
#Milanofil	25
#SPID	24
#innovazione	24
#Deliver2022, #Deliver2022	24
#Torino	23
#Natale	22
#streetart	21
#Bologna	21
#Deliver2022	21
#postestyle	20
#Cybersecurity	20
#digital	20
#Palermo	19
#Posteltalianepic	19
#BancoPosta	18
#CassettePostali	16
#Sindaciditalia	16
#Genova	16
#10impegni	16
#forumpa2016	15
#SanValentino	15
#Napoli	14
#AudizionePoste	14
#NetcommForum	14
#BabboNatale	13
#FORUMPA17	13
#pagamenti	13
#Pitch	13
#JointDelivery	12
#IRisparmioCheFaScuola	12
#mobile	12
#RisparmioPostale	11
#francobollo	11

Account  
Cluster  
Total Tweets

**Banche Generali**  
FIN- banking  
**291**

Most tweeted themes Sustainability

PICTURE 141  
URL 111

TOP 50 HASHTAG	#
#BancaGenerali	74
#BG	73
#bancasostenibile	29
#UCPA2019	18
#Roma	16
#Milano	14
#giornatefai	12
#Ricettedinnovazione	11
#MilanoArtWeek2019	10
#BGart	9
#ConsulenTia19	9
#GianMariaMossa	8
#BGUCPA2019	7
#6febbraio	7
#Polimi	6
#MIPexperience	6
#Bernardi	6
#BGarte	6
#Torino	6
#fintech	5
#Trieste	4
#10maggio	4
#sostenibilità	4
#BGUCPA	4
#IncontridiArea	4
#SdRx	4
#Napoli	4
#Parma	4
#InvestorDay	4
#MeraviglieNascoste	4
#Graziani	4
#TraiettorieLiquide	3
#finanza	3
#ESG	3
#MilanoArtWeek	3
#Messina	3
#Bocconi	3
#Bologna	3
#8Aprile	3
#BancaGeneraliPrivate	2
#TorreGenerali	2
#Bolzano	2
#Nagler	2
#MifidII	2
#Londra	2
#Firenze	2
#HanaToYama	2
#finanzasostenibile	2
#BGSaxo	1
#sostenibile	1

Account  
Cluster  
Total Tweets

**Generali**  
FIN-insurance  
**800**

Most tweeted themes IR,CSR

PICTURE 828  
URL 122

TOP 50 HASHTAG	#
#GeneraliResults	39
#GeneraliGroup	30
#PressRelease	27
#Generali2021	21
#AJourneyIntoOurFuture	17
#TheHumanSafetyNet	16
#AI	15
#BeBoldForInclusion	14
#ThinkForward	14
#easygoinginsurancepic	12
#climatechange	12
#insurance	11
#THSN4Families	10
#GuessTheFinance	10
#GeneraliInvestorDay	10
#Venice	9
#BollettinoGenerali	9
#IoT	9
#LifeTimePartner	9
#GeneraliCup	8
#Blockchain	7
#StrategyVoice	7
#FutureInYourDailyLifepic	7
#MilanoMarathon	7
#Generali4Sport	7
#sustainability	6
#welfare	6
#innovation	6
#Generali4Sustainability	6
#WhatsNext	6
#Trieste	5
#generalisummer	5
#data	5
#1	5
#News	5
#BigData	5
#OraDiFuturo	5
#TheGallery	5
#IAMGenerali	5
#GeneraliWinter	5
#InsuranceForDummies	5
#Transportation	4
#LittlePrecautionspic	4
#InternationalWomensDay	4
#DiscoverGenerali	4
#TheHumanFactor	4
#future	4
#Barcolana50	4
#GeneraliTower	4
#cybersecurity	3

Account  
Cluster  
Total Tweets

**Mediobanca**  
FIN - Banking

2910

Most tweeted themes  
IR Hashtag

CSR

PICTURE  
URL

545  
2386

Account  
Cluster  
Total Tweets

**Moncler**  
NON FIN Fashion

735

Most tweeted themes  
IR Hashtag

Product Marketing

PICTURE  
URL

740  
136

TOP 50 HASHTAG	#
#disabilità	674
#Oltre	527
#Paralimpiadi	446
#joinus4rio2016	171
#paralimpico	69
#Mediobanca	65
#Paralympics	62
#Rio2016	59
#sport	58
#Roma	57
#MediobancaOltre	57
#disabilitàpic	51
#turismoaccessibile	49
#paralimpici	44
#MediobancaInsieme	43
#Milano	41
#paralimpica	38
#PyeongChang2018	35
#oltrepic	32
#facciamogruppo	30
#nuoto	29
#integrazione	29
#Rio	28
#Oltrelinguaggio	25
#tecnologia	23
#Torino	21
#inclusione	18
#disabilinlimits	17
#GNPD2016	17
#OpeningCeremony	17
#inclusionesociale	17
#Napoli	17
#calcio	16
#Bologna	16
#accessibilità	16
#Firenze	15
#TrisomeGames	14
#Rugby	14
#INSIEME	14
#Pancalli	13
#ValoreResponsabile	12
#Genova	12
#Down	12
#MediobancaOLTREpic	12
#Palermo	12
#disabili	11
#Atletica	11
#stramilano	11
#arte	11
#paracanoa	11

TOP 50 HASHTAG	#
#Moncler	186
#MONCLERGENIUS	83
#MonclerGammeRouge	47
#FW16	44
#MONCLERGRENABLE	36
#MonclerGammeBleu	36
#Monclerpic	29
#SS17	24
#MONCLERNOIR	19
#MONCLERFRAGMENT	18
#CraigGreen	16
#MONCLER1952	14
#MONCLERCRAIGGREEN	12
#MONCLERSIMONEROCHA	12
#MrMONCLER	12
#MonclerEnfant	11
#MONCLERGENIUSpic	11
#monclerfriends	11
#ss16	10
#MonclerMadison	10
#MonclerC	10
#MonclerBeyond	10
#HIROSHIFUJIWARA	9
#WEALLWEARMONCLER	7
#MONCLERPALMANGELS	7
#FW17	7
#GENIUSISBORNCRAZY	6
#CrystalZhang	6
#MonclerSeoul	5
#FreezeForFrieze	5
#longuesaison	5
#MonclerO	4
#GiambattistaValli	4
#MONCLERPIERPAOLOPICCIOLI	4
#PassionForSport	4
#KeiNinomiya	4
#WillSmith	4
#MonclerFriends	4
#MonclerLunettes	4
#BEYOND	3
#MonclerTributeNYCpic	3
#friendswithyou	3
#monclerenfantpic	3
#NYFW	3
#MonclerFirenze	3
#longuesaisonpic	3
#orlandobloom	2
#MountAspiring	2
#MONCLERGRAIGGREEN	2
#MonclerGrenobleHighPerformancepic	2



Account	<b>ErgNow</b>
Cluster	NON FIN Public utilities
Total Tweets	2257
Most tweeted themes	Sustainability,CSR
IR Hashtag	YES
PICTURE	261
URL	1894

Account	<b>Unicredit</b>
Cluster	FIN - Banking
Total Tweets	2629
Most tweeted themes	Financial
IR Hashtag	
PICTURE	556
URL	1881

TOP 50 HASHTAG	#
1 #ERG	602
2 #rinnovabili	306
3 #Energia	232
4 #greenenERGymakers	207
5 #renewables	121
6 #rinnovabilipic	119
7 #Terni	115
8 #meetERG	107
9 #eolico	102
10 #ClimateChange	101
11 #Bettonte	100
12 #renewablespic	89
13 #Genova	80
14 #startup	75
15 #ERGchallenge	67
16 #sostenibilità	66
17 #Siracusa	66
18 #ERG80	63
19 #ERGchallenge2018	62
20 #energy	60
21 #Windpower	54
22 #economicocircolare	46
23 #wind	46
24 #parcoeolico	45
25 #windenergy	42
26 #evolvingenERGies	40
27 #ERGINvestorDAY	38
28 #educazioneambientale	37
29 #VaicolVento2019	36
30 #Sicilia	35
31 #IR	35
32 #CSR	32
33 #weareERG	31
34 #UmbriaJazzSpring	29
35 #WindPowerpic	28
36 #RenewableEnergy	27
37 #greenenERGymakerspic	27
38 #VaiColVento	27
39 #renewable	26
40 #AtuttaAcqua2019	25
41 #ERGpeople	25
42 #green	25
43 #VCV17	24
44 #France	22
45 #parchieolici	21
46 #2Q16	20
47 #ERGIr	20
48 #solare	20
49 #GlobalWindDay	20

TOP 50 HASHTAG	#
#Unicredit	1231
#UniCreditStartLab	197
#PressRelease	177
#ComunicatoStampa	173
#startup	153
#UniCreditPavilion	144
#live	126
#Financial	97
#UniCreditResearch	95
#Transform2019	77
#Milano	76
#UniCredit4Business	73
#UniCredit4Innovation	72
#UniCreditEdu	65
#CEE	52
#FashionLab	50
#PMI	50
#Bologna	49
#UniCreditTower	48
#madeinItaly	47
#InnovationDay	46
#UniCredit4Good	45
#Imprese	45
#Palermo	44
#innovazione	42
#ProgettoOpen	41
#Turismo	40
#SettorItalia	37
#UniCreditCard	36
#CEEOutlook	36
#Italy	34
#Awards	34
#Torino	34
#InvestorDay	34
#Finanziario	33
#ColtivareilFuturo	33
#UniCredit4Culture	33
#SicilyDD17	33
#Croatia	30
#LifeScience	30
#Appathon2016	30
#UniCredit4Tourism	29
#News	28
#export	28
#WelcomeHomeStars	28
#StartupAcademy	27
#Roma	27
#UniCredit4People	27
#Etica	27



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## Tables of Figures & Tables

Figure 1 Market Efficiency Theory by Fama (1970), Source: Own elaboration from Laskin, 2018.....	19
Figure 2 The Adoption of Disclosure Regulations for Pension Funds. Source:Louche &Lydenberg,2010 .....	31
Figure 3 Responsible Investment Assets and Funds in the United States, 1995–2007 Source: U.S. Social Investment Forum, 2008 report .....	31
Figure 4 Responsible Investing Assets and Funds in Europe. Source: SIRI Group,2007. ....	32
Figure 5 Investor Relations Workflow. Source: London Stock Exchange- A practical Guide (2010), p.9.....	33
Figure 6 Split by Industry Sector. Source: EY, 2018,p.2 .....	44
Figure 7 Topics discussed with the Board according to Market capitalisation. Source: EY (2018), p.7.....	45
Figure 8 Topics shared wit BoD in Meetings or through Reports. Source: EY,2018,p.7 .....	46
Figure 9 Methods of Evaluation in IR. Source: Own elaboration based on Regas & Laskin, 2014.....	49
Figure 10 Levels of Evaluation: Investor Relations and Financial Communication. Source: Laskin&Laskin,p.277.....	51
Figure 11 Example of Peer Analysis for IR. Source: Bragg,2010,p. 244.....	52
Figure 12 Framework of Firm Financial Communication and Investor Response.Source: Blankespoor,2018, p.81 .....	53
Figure 13 Benefits from IR Website. Source: Own elaborations from Addison Design Company, iRelations,1999.....	56
Figure 14 Basf IR Website.....	59
Figure 15 Basf 's IR Team .....	59
Figure 16 Timeline for SEC-Netflix, Source: Zepralka et al.,2013, p.30.....	64
Figure 17 Blankespoor's framework for SM. p.81.....	65
Figure 18 Webranking italian Companies vs Webranking Europe. Source: Webranking, Comprend,2018.....	70
Figure 19 Webranking european distribution per Industry. Source: Webranking,Comprend,2018.....	70
Figure 20 Distribution of Companies according to Segment of quotation. Source: Own elaboration on Dataset.....	71
Figure 21 Companies' distribution according to Industry Source: Own elaboration on Dataset .....	72
Figure 22 Average ranking per Industry. Source: Own elaborations on Dataset .....	72
Figure 23 Twitter Dataset .....	74
Figure 24 Figure 18 Language used on TW for Non Financial Companies. Source: Own elaboration on Dataset.....	75
Figure 25 Language used on TW for Financial Companies. Source: Own elaboration on Dataset.....	76
Figure 26 Eni's tweet about Investor Relations activities .....	76
Figure 27 Generali's tweet about financial results .....	77
Figure 28 Unicredit's tweet about financial results.....	77
Figure 29 Moncler Twitter Account .....	79



Table 1 Historical Eras of IR and financial communication. Source: Laskin, 2018 .....	11
Table 2 The influence of a Company's Reputation on stakeholders' decision. Source: own elaboration based on Gackowski,2017 .....	22
Table 3 Type of distinctions between IR and PR. Source: Gackowski, 2017 .....	24
Table 4 Examples of Environmental, Social, and Governance Issues. Source: Louche & Lydenberg, p.403 .....	26
Table 5 Changes in Capital Market Outcomes after establishing Professional IR. Source: Kirk&Vincent,2014,p.1436 .....	36
Table 6 Liquidity and Market Valuation Outcomes. Source: KIrk&Vincent,2014,p.1437....	36
Table 7 Demographic characteristics of IRO (survey respondents). Source: Brown et al.,2019, p. 63.....	40
Table 8 IROs' characteristics. Source: Crifo et al. 2018, p. 7.....	41
Table 9 Evaluation Preference according to Reporting Structure and Market Capitalization. Source: Regas&Laskin, p.174.....	49
Table 10 Main Sectors and Average Ranking. Source: Own elaboration on Dataset .....	73
Table 11 Clusters of sample companies. Source: Own elaboration on Dataset.....	74
Table 12 Engagement on Twitter. Source: Own elaboration on Data set.....	78

