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Episodes and Bonds in Investor Relationship Marketing – A Conceptual Framework and Empirical Support

ABSTRACT

The purpose of this study is to describe, analyse and understand investor relationship marketing both theoretically and empirically. By investor relationship marketing, we mean the continuous, planned, purposeful, and sustained management activity which identifies, establishes, maintains, and enhances mutually beneficial long term relationships between the companies and their current and potential investors, and the investment experts serving them. Short term investor episodes initially form the basis of long term interaction between the partners in the investor community. Various investor bonds of attraction, trust, and commitment may evolve. Finnish listed companies have laid down their main emphasis on improvements both in meetings with stock analysts and lately also in interim reports. Annual and interim reports are the principal sources of written information for the Finnish stock analysts. Information in several oral forms is also vital for the stock analysts. Significant improvements can be found in the contents of interim reports while some weakening can be found in the information episodes of personal appointments and news in media. It can be concluded that Finnish listed companies have realised the necessity of investor relationship marketing and consequently many of them have activated their reporting and disclosing practices. The most advanced companies belong

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to the metal and foresty industries and they are also listed on foreign stock exchanges. It is evident that new and coming issues to shareholders, potential listings abroad and international capital acquisition needs may function as critical events and driving forces for the companies in activating investor relationship marketing in order to create, maintain and enhance attraction, trust and commitment in the investment community.

Key words: *Relationship Marketing, Investor Relations, Stock Markets*

1. INTRODUCTION

1.1 Marketing and the relationship philosophy

The broadened view of marketing goes far beyond the traditional customer sphere. In addition to customers, Christopher, Payne & Ballantyne (1993), Kotler (1992), Hunt & Morgan (1994), and Gummesson (1995b), just to name a few authors, specify important relationships among a series of markets and stakeholders. According to Grönroos (1995, 12), "marketing is to manage the firm's market relationships". This definition includes the fundamental notion of marketing as a phenomenon basically related to the relationships between a company and its environment. The relationship philosophy relies on co-operation and a trusting relationship with customers and other stakeholders and network partners, instead of an adversarial approach to customers. It also relies on the notion of marketing as more of a market-oriented management approach with part-time marketers spread throughout the organisation, rather than as a separate function for specialists only. (Grönroos 1995, 18–19; Grönroos 1996a, 11–12; Gummesson 1991, 60–75)

Marketing can be seen as a phenomenon basically related to the relationship between a company and its environment. Christopher, Payne and Ballantyne (1993, 20–21) outline six types of markets with which relationships must be established. The six-markets model suggests that companies have different market areas to which they need to direct marketing activity and formulate marketing plans. (Payne – Clark 1995, 327; Payne 1995, 29–31) In addition to formulating marketing activities directed at potential and existing customers in customer markets, a listed company should also consider supplier markets, recruitment markets, referral markets, influencer markets, and internal markets. (Christopher – McDonald 1995, 42–46; Payne 1993, 31–37; Payne 1995, 32–38) In supplier markets, e.g., domestic and international investors supply listed companies with capital, and influencer markets include, e.g., stock brokers, analysts and financial editors who may have a vital role in transmitting corporate financial information for investment decisions. (Payne – Clark 1995, 327–329)

In order to demonstrate the relative importance of different relationships, Kotler (1992, 4) describes ten critical players in a company's environment. According to Kotler, a company's success increasingly depends upon carrying out effective marketing thinking in relations with all ten players. Kotler divides these players into the immediate and macro environment of the company. The immediate environment includes suppliers, distributors, end users and employees; and the macro environment – respectively – financial companies, governments, media, allies, competitors, and the general public. Similarly, Hunt and Morgan (1994, 19–28) suggest ten partnerships within four partnership groups. These include, firstly, supplier partnerships with goods suppliers and service providers; secondly, lateral partnerships with competitors, non-profit organisations, and government; thirdly, buyer partnerships with ultimate and intermediate customers; and finally, internal partnerships with functional departments, employees, and business units.

Gummesson (1994a, 34–35; 1994c, 11–15; 1995b; 1996a, 33 and 1996b, 12) defines thirty relationships and divides these relationships into four groups. The first two groups are market relationships between actors in the market place, such as suppliers, customers, competitors, and intermediaries. Market relationships constitute the core of relationship marketing. They are externally oriented and apply to the market proper. Market relationships are comprised of classic and special relationships. The last two groups are non-market relationships which exercise an influence on market relationships, but are not part of the market proper. Non-market relationships indirectly influence the efficiency of market relationships. Non-market relationships are comprised of mega- and nano-relationships. Mega-relationships exist above the market proper. They provide a platform for market relationships and concern the economy and society in general. Nano-relationships are internally directed and they provide support to the market relationships. Nano-relationships exist below the market relationships, i.e., they concern the internal operations of an organisation. The four different approaches to relationships with a comparison between the sources, categories and subcategories are illustrated in table 1. (Gummesson 1996a, 33 and 1996b, 12)

The four approaches to relationships reveal that the first three classifications focus on the parties with which relationships are established. The fourth classification goes further, and it involves not only the parties but also certain properties of relationships. The four approaches to relationships clearly indicate that marketing goes beyond the basic customer-supplier dyad. (Gummesson 1996b, 12)

1.2 Problem setting and the purpose of the study

In the case of listed companies, the present and potential private and institutional investors constitute a substantial partner group. The Finnish listed companies are large in size and in

TABLE 1. The four approaches to relationships

SOURCES	CATEGORIES	SUBCATEGORIES
CHRISTOPHER, PAYNE & BALLANTYNE	6 MARKETS	NONE
KOTLER	10 PLAYERS	IMMEDIATE ENVIRONMENT (4) MACRO ENVIRONMENT (6)
HUNT & MORGAN	10 PARTNERSHIPS	BUYER PARTNERSHIPS (2) LATERAL PARTNERSHIPS (3) SUPPLIER PARTNERSHIPS (2) INTERNAL PARTNERSHIPS (3)
GUMMESSON	30 RELATIONSHIPS	MARKET RELATIONSHIPS: • CLASSIC (3) • SPECIAL (14) NON-MARKET RELATIONSHIPS: • MEGA-RELATIONSHIPS (6) • NANO-RELATIONSHIPS (7)

investments, active in exports and in internationalisation, and they have a large number of shareholders and employees. Their ownership is highly institutionalised with both domestic and foreign shareholders. As a prospective source of capital for the company, current and potential investors are vital to the acquisition of financial resources. Consequently, this study focuses on the highly cross-disciplinary and neglected research area of managing relationships between investors and the listed companies from the viewpoint of the Nordic School approach to services marketing.

The Nordic School approach has its origins in the late 1970s and early years of the 1980s. This approach has been recognised as a significant contributor in the theoretical evolution of services marketing and has also been reported as such in notable articles in the USA. (For details, see, e.g., Berry – Parasuraman 1993, 13–60; Brown – Fisk – Bitner 1994, 21–48; Fisk – Brown – Bitner 1993, 61–103) The Nordic School approach emphasises that managing marketing must ordinarily be built upon relationships rather than transactions. It has become evident that the customer is often an integral part of the production, delivery, and consumption process which necessitates a close relationship between the service provider and the customer. In particular, long term relationships with customers and other stakeholders are important. Marketing is not simply the planning and implementation of a set of variables in a marketing mix. It is, rather, the establishment, maintenance, and development of long term customer relationships so that individual and organisational objectives are met. Marketing is more a management issue than a function, and the importance of the marketers outside the marketing de-

partment, the part-time marketers, was recognised early. This resulted in the notion of the moment of truth and the interactive marketing function, i.e., the marketing impact of the interactions between the part-time marketers, other resources, and the customers as a means of building enduring and long term customer relationships, and the need for internal marketing in order to ensure the commitment of the employees. (For the findings of the Nordic School approach, see, e.g., Berry – Parasuraman 1993, 13–60; Brown – Fisk – Bitner 1994, 21–48; Fisk – Brown – Bitner 1993, 61–103; Grönroos 1989b, 4–6; Grönroos 1990a, 5–8; Grönroos 1991, 17–20; Grönroos 1992; 115–119; Grönroos 1994b, 352–353; Grönroos 1996a, 11; Gummesson 1994c, 7; Gummesson 1996a, 31–32; Gummesson 1996b, 6–9; Gummesson – Lehtinen – Grönroos 1997, 10–13)

The deregulation and internationalisation of the Finnish stock market has laid down new and growing demands on managing corporate investor relations. The major changes in the regulatory environment of Finnish listed companies can be divided into changes in legislation, in regulations set by the public authorities and in self-regulation of the Helsinki Stock Exchange. (Tuominen 1995c, 288–291) It is surprising, however, that the previous literature on investor communication, investor relations, managing investor relations and investor relationship marketing is so scare in Finland. (Tuominen 1995c, 293–294)

Ikäheimo has studied the shareholders' use of information (Ikäheimo 1991) and communication in the share markets utilising a behavioural approach to finance, financial management and financial accounting which calls for stock market communication research that considers the limitations of economic rationality and market efficiency. (Ikäheimo 1996, 7) Recently, three annual studies on investor communication have been published. In these studies, the authors found that the Finnish listed companies were paying more attention to corporate communication than previously. Annual and interim reports are the main sources of written information for the Finnish stock analysts, but it should be noted that information in several oral forms is also vital for the stock analysts. (Kasanen – Puttonen 1994; Puttonen – Kasanen 1995; Puttonen – Sarkki 1996) Tuominen has published his dissertation on corporate disclosure policy and its development from the viewpoint of financial public relations. He found that large and highly internationalised and institutionalised companies are predominantly active in their disclosing policies. (Tuominen 1991, 289–291) Recently, Tuominen (1995a; 1995b; 1995c; 1996a; 1996b; 1997a; 1997b; 1997c) has concentrated on a highly multidisciplinary research topic around corporate investor relations. The main issues have been related to managing corporate investor relations and to investor relationship marketing. These studies contribute to a compact and original research agenda which is partly based on the ideas and philosophy of relationship marketing, partly on the Nordic School approach to services marketing, and partly on the interaction approach to industrial marketing.

The purpose of this study is to describe, analyse and understand investor relationship marketing both theoretically and empirically. In order to achieve this purpose, we firstly explore the paradigm shift into relationship marketing; secondly, we define the fresh concept of investor relationship marketing; thirdly, we identify the short term investor episodes and the long term investor bonds in investor relationship marketing; fourthly, we create a conceptual framework for investor relationship marketing; and finally, we provide some preliminary empirical support from the Finnish stock market.

2. PARADIGM SHIFT INTO RELATIONSHIP MARKETING

Relationship marketing has received increasing attention in marketing literature. (See, e.g., Ballantyne 1996, 3–5; Berry 1983, 25–28; Berry – Parasuraman 1991, 136–143; Brown – Fisk – Bitner 1994, 35; Clark et al. 1995, 263–265; Grönroos 1989b, 3–9; Grönroos 1990b, 3–4; Gummesson 1987b, 10–20; Gummesson 1991, 64–65; Gummesson 1994a, 31–43; Gummesson 1994d, 81–82; Hunt – Morgan 1994, 19–28; Jackson 1985a, 120–128; Juttner – Wehrli 1994, 54–62; McKenna 1991; Morgan – Hunt 1994, 20–22; Sheth 1993, 1994 and 1996; Sheth – Parvatiyar 1995, 255–271) Relationship marketing is a relatively new term, but it represents an old phenomenon. According to Ballantyne (1996, 3), to claim that relationship marketing is entirely new would be to ignore the early experience of many worthy academics and practitioners. However, there is no common agreement on a definition of relationship marketing, and the perception of relationship marketing varies between authors. Although most definitions have common denominators, there are differences in scope. (For a comprehensive discussion of the implicit and explicit definitions of relationship marketing, see, e.g., Grönroos 1994a, 18–19; Grönroos 1995, 10–12; Grönroos 1996b, 314; Gummesson 1994b, 297; Gummesson 1994c, 7; Gummesson 1996a, 32–33; Gummesson 1996b, 6; Gummesson – Lehtinen – Grönroos 1997, 10–12)

Relationship marketing has been presented in a number of ways, with contributions from many countries. Some authors limit relationship marketing to a philosophy and a school of thought, others to information technology based improvements of direct mail and data base marketing, including customer clubs. Others broaden relationship marketing to embrace not only customer relationships but relationships with a series of stakeholders. For some, relationship marketing is a paradigm shift as a basis for a new general marketing theory; for others, an incremental add-on to the traditional marketing mix paradigm. Although the various perspectives on relationship marketing differ, several definitions of relationship marketing include explicit or implicit references to stakeholders other than customers. (Grönroos 1995, 19; Grön-

roos 1996b, 314; Gummesson 1996b, 6; Gummesson – Lehtinen – Grönroos 1997, 10–12; Morgan – Hunt 1994, 20–38; Olkkonen 1996, 144–154)

Early uses of the term 'relationship marketing' are found in Berry (1983) for services marketing, and in Jackson (1985) for business marketing. According to Berry (1983, 25–28), relationship marketing is a strategy to attract, maintain and enhance customer relationships. A customer relationship is best established around a "core service" which ideally attracts new customers through its "need-meeting character". Berry also mentions "frequent flyer" programmes and other incentive programmes intended to encourage customer loyalty by rewarding it. Jackson (1985b) sees relationship marketing as the opposite of transaction marketing, where the industrial buyer shops around and one deal says little about the chance of a repeat purchase. Jackson argues that relationship marketing is not effective in all situations, but is extremely effective in the right situations where industrial customers are heavily committed to a specific system and expect consistent and timely service. Relationship marketing investments pay off handsomely with industrial customers who have long time horizons and high switching costs. (Jackson 1985a, 121)

Berry and Parasuraman (1991, 133) emphasise that relationship marketing concerns attracting, developing, and retaining customer relationships. Its central tenet is the creation of "true customers" – customers who are glad they have selected a company, who perceive they are receiving value and feel valued, who are likely to buy additional services from the company, and who are unlikely to defect to a competitor. Relationship marketing can be practised on one of three levels, depending on the type and number of bonds that a company uses to foster customer loyalty. The three levels model of relationship marketing is comprised of financial, social, and structural bonds. At the lowest level, price incentives are primarily used to increase the value of customer experience. However, relationship marketing at this level seldom offers long term competitive advantages, because price is the most easily copied and difficult tool to differentiate. At the second level, social bonds are sought to be built on top of any financial bonds. These may be established with services beyond the ordinary, based on learning about clients' wants and needs, and customising the service and the relationship. At the third level, structural bonds may be created by providing clients with value-adding systems, which are not possible for the clients to build or use solely by themselves, and which are not readily available from other sources. Level two relationship marketing provides a greater opportunity to deliver these benefits than level one, and level three a greater opportunity than level two. The higher the level at which relationship marketing is practiced, the higher the potential payoff. (Berry – Parasuraman 1991, 136–143)

McKenna (1991) points to the crucial role of relationships in the information technology market. Sheth (1993 and 1994) speaks about relationship marketing as "an emerging school of

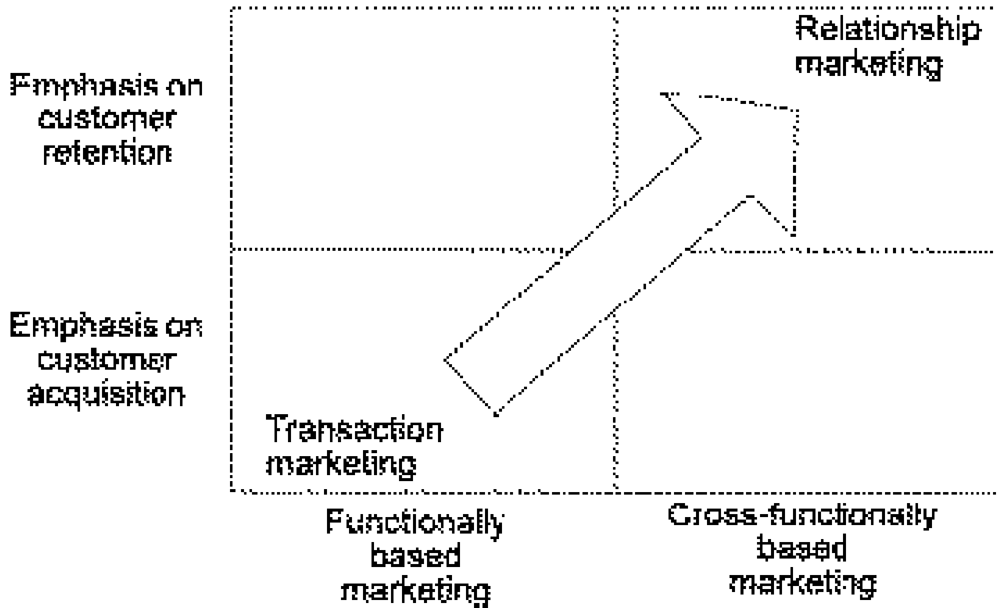

FIGURE 1. The transition from transaction marketing to relationship marketing.

marketing thought". According to Sheth (1996, 2), relationship marketing means "the retention of profitable customers through ongoing one-to-one collaborative and partnering activities between a supplier and a customer for the purpose of creating better customer value at reduced cost". The previous definition by Sheth excludes non-customer relationships with other stakeholders. Morgan and Hunt (1994, 22) propose that "relationship marketing refers to all marketing activities directed toward establishing, developing, and maintaining successful relational exchanges".

Christopher – Payne – Ballantyne (1993) approach relationship marketing as the synthesis of marketing, customer service, and quality management. Further, they specify relationships for a series of stakeholders or markets, going far beyond the customer-supplier dyad. According to Kotler (1992, 20), "companies will shift from transaction marketing to relationship marketing, as they increasingly realise that people do not just buy a product, but they also buy expectations and services". Figure 1 illustrates three key elements in the transition from transaction marketing to relationship marketing. We can conclude as follows: firstly, a move from marketing to cross-functionally based marketing; secondly, a shift from marketing activities which have an emphasis on customer acquisition to marketing activities which emphasise customer retention; and thirdly, an approach which addresses a number of key markets, not just the traditional customer markets. (Payne 1995, 30)

The move to cross-functional marketing reflects the difficulties encountered by traditional hierarchically structured and functionally oriented organisations which adopt a departmental or functional approach to marketing. Relationship marketing emphasises the organisation of marketing activities around cross-functional processes with part-time marketers as opposed to organisational functions. The relationship marketing philosophy also stresses the need to shift from marketing strategies which are based mainly on customer acquisition to those which focus on customer retention. To achieve success in the complex and fast moving market place of today, it is being increasingly recognised that there are a number of key stakeholders and market areas which need to be considered if the customer is to be served satisfactorily. (Payne 1995, 30–31)

Theoretical findings in services marketing and in the interaction approach to industrial marketing have contributed to the development of relationship marketing. (See, e.g., Grönroos 1991, 17–20; Grönroos 1992, 118; Grönroos 1994b, 352–353; Gummesson 1994c, 7–9; Gummesson 1995a, 250; Gummesson 1996a, 31–32; International marketing ... 1982, 15–18) Theory building in services marketing has grown in importance since the late 1970s. During approximately the same period, the interaction approach to industrial marketing has been developed systematically through the IMP (Industrial Marketing and Purchasing) group. According to the interaction approach, for a majority of companies in industrial markets, a small number of suppliers and/or customers are individually responsible for large volumes of their purchases or sales, and in these circumstances the relationships between companies and these important customers and suppliers tend to be close, complex, and long term. The interaction approach contrasts with studies which tend to see markets as atomistic and consisting of large numbers of more or less anonymous customers with whom marketers deal at a distance. (See, e.g., International marketing ... 1982; Möller – Wilson 1995, 1–18; Turnbull – Ford – Cunningham 1996, 44–62)

Relationship marketing can be considered to revolve around customer and other stakeholder relationships, where the objectives of the stakeholders involved are met through various kinds of exchanges. According to Kotler et al. (1996, 450), "relationship marketing involves creating, maintaining, and enhancing strong relationships with customers and other stakeholders". Grönroos has defined relationship marketing as the identification and establishment, maintenance and enhancement, and, when necessary, termination of relationships with customers and other stakeholders at a profit so that the objectives of all parties involved are met. This is achieved by mutual exchange and fulfilment of promises. Such relationships are usually, but not necessarily always, long term. Profitable relationships rely on the capability of a company to establish itself as an attractive business partner and on its capability to develop trust and commitment in itself and in its performance among its customers and other stakeholders. (Grön-

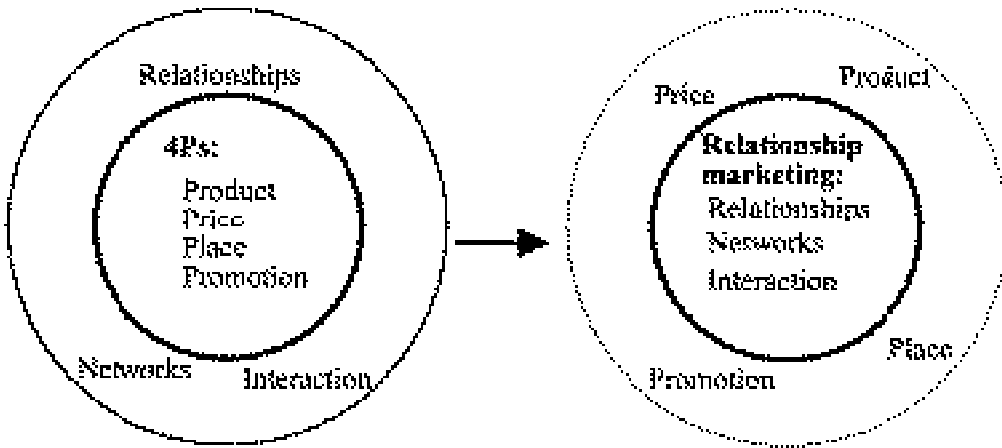

FIGURE 2. Shift in marketing paradigm.

roos 1990c, 136; Grönroos 1996a, 11; Grönroos 1996b, 314) The core of relationship marketing is relationships; a maintenance of relationships between the company and the actors in its micro environment, i.e., suppliers, marketing intermediaries, the stakeholders of various sorts and, of course, customers as the most important actor. (Ravald – Grönroos 1996, 19)

According to Gummesson (1994a, 32; 1996a, 32–33 and 1996b, 5), "relationship marketing is marketing seen as relationships, interaction and networks". Relationships require at least two parties who are in contact with each other. Relationships are contacts between two or more people, but they also exist between people and objects, symbols, and organisations. Networks are sets of relationships, and interaction refers to activities performed within relationships and networks. Networks appear when the relationships become many and complex, and, consequently, difficult to overview. In the relationships, the parties enter into active contact – interaction – with each other.

Relationship marketing can be considered as a shift in paradigm from the marketing mix approach which has been widely criticised for being incomplete and manipulative, for not properly bearing in mind the needs of the customer and for disregarding services and industrial marketing. (See, e.g., Christopher – Payne – Ballantyne 1993, 8–19; Grönroos 1990c, 134–136; Grönroos 1992, 109–113; Grönroos 1994a, 4–7; Grönroos 1996a, 9–10; Gummesson 1994b, 295–297; Gummesson 1995a, 249–252; Olkkonen 1996, 141–143; Payne – Clark 1995, 335–361) Traditional marketing mix tools and their extensions will certainly be needed, but the paradigm shift develops their role from that of being founding parameters of marketing to one of being contributing parameters in relationships, networks, and interaction. The shift in marketing paradigm is illustrated in figure 2. (Gummesson 1994c, 9)

Relationship marketing includes the recognition of marketing impact on a wide range of stakeholders. The same idea of various stakeholders contributing to the company and in turn being rewarded by the company is also an important element in stakeholder thinking. The idea of stakeholders is actually quite old, growing up in the 1960's through the work of, e.g., Scandinavian management theorists Eric Rhenman and Bengt Stymne. (Freeman – Liedtka 1997, 286–288; Näsi 1995a, 98–101; Näsi 1995b, 20–27) In addition to its commitment towards its customers, the firm also becomes concerned with the development and enhancement of more enduring relationships with other stakeholders and network partners. (Christopher – Payne – Ballantyne 1993, 8–9; Clark et al. 1995, 269) These stakeholders may include, e.g., employees, suppliers, competitors, and investors acting in the capital markets. Investors are a key stakeholder group, whose support must be sustained in the same way that customer, supplier and employee support must be garnered. The central issue is one of balancing the interests of these groups, not picking one at the expense of the other. (Freeman – Liedtka 1997, 286–287)

3. INVESTOR RELATIONSHIP MARKETING WITH EPISODES AND BONDS

3.1 The concept of investor relationship marketing

In capital markets, domestic and international investors, commercial and investment bankers, portfolio and fund managers for large foundations, stockbrokers, and financial analysts are all diverse segments of the investor community that a listed company wants to cultivate. Investors can be, e.g., active or passive, buyers or sellers, speculative or co-operative, big or small, known or unknown. Furthermore, investors can place a variety of demands on short and long term corporate development. As prospective source of capital for the company, these individuals and organisations are vital to the acquisition of financial resources. A company's financial resource base depends partly upon its ability to create confidence in the financial markets and upon its ability to meet its interest and dividend obligations. In addition to seeing a consistent pattern of growing earnings and a strong balance sheet, the investor community wants to know of events that will affect the company's short and long term viability.

In capital markets, the long term interactive relationships between the companies and their private and institutional investors are called corporate investor relations. (See, analogically, e.g., Grönroos 1989a, 57–58; Grönroos 1989b, 4–5; Grönroos 1990b, 3–4; Grönroos 1990c, 144–146; Grönroos 1994a, 8–10; Gummesson 1987a, 8; Gummesson 1987b, 11; Gummesson 1995b, 228–229; International marketing ... 1982, 15–18) The theoretical base

for the definition of corporate investor relations is grounded on the ideas of the Nordic School approach to services marketing and the interaction approach to industrial marketing. To a considerable extent, both these schools of thought emphasise the importance of identifying, establishing, maintaining, and enhancing long term relationships between sellers and buyers and other stakeholders in the marketplace. In fact, building and managing relationships have become one of the philosophical cornerstones of these two schools since the late 1970s. (Glynn – Lehtinen 1995, 91–94; Grönroos 1992, 118; Grönroos 1994b, 353; Grönroos 1995, 10–11; Grönroos 1996a, 11; Gummesson 1995a, 250; Gummesson – Lehtinen – Grönroos 1997, 10–14; Halinen 1996b, 48)

Investor relationship marketing can be seen as part of relationship marketing in accordance with its main stakeholder group. (See, analogically, customer relationship marketing, Kotler 1994, 48) By investor relationship marketing, we mean the continuous, planned, purposeful, and sustained management activity which identifies, establishes, maintains, and enhances mutually beneficial long term relationships between the companies and their current and potential investors, and the investment experts serving them. (See, analogically, e.g., Grönroos 1989a, 57–58; Grönroos 1989b, 4–5; Grönroos 1990b, 3–5; Grönroos 1990c, 138–140; Grönroos 1991, 17–22; Grönroos 1994a, 9; Gummesson 1987a, 8; Gummesson 1987b, 11)

Through investor relationship marketing, companies aim to create common long term interaction between the companies and their current and potential investors, and the investment experts serving them. It is vital to notice that investor relationship marketing is not about catching investors and investment experts serving them. It is important not only to identify and establish new investor relationships, but also to maintain and enhance current investor relationships. The process of identifying a potential investor is natural, and initial contact is needed so that the relationship can be established. To maintain the relationship, a company needs an investor who is willing to continue the relationship. Enhancing the relationship means that a investor wants to expand the content of the relationship. The trust between the two parties is essential. Through investor relationship marketing, companies may facilitate the turning of new investors into regular investors, then encourage them to be stronger supporters of the company, and finally to be active and vocal advocates for the company, thus playing an important role as a referral source. (See, analogically, Christopher – McDonald 1995, 271–273; Cross – Smith 1996, 54–60; Leppard – Molyneux 1994, 9–10; Payne 1993, 33)

Two important audience groups can be identified in the field of investor relationship marketing. The audience groups are divided into direct and indirect partner groups in the investor community. The term 'partner' is utilised here because it indicates the importance of collaboration between the company and its investors. (See, analogically, Gummesson 1996b, 13) Direct partner groups are typified by the fact that the members will usually invest capital in the

companies. Those belonging to the indirect partner groups will again, typically, provide the investors with information relating to the investment decisions. (Link 1993, 107–108; Paul 1991, 933–934; Tuominen 1995c, 301–302; Tuominen 1996a, 206–207)

3.2 Episodes and bonds

Corporate investor relations (Diehl 1993, 173–174) can be examined in greater detail by utilising the interaction approach, and by looking at the interaction process between the companies and the investors who invest capital in them. Short term investor episodes initially form the basis of long term interaction between the interacting partners in the investor community. Investor relations may be established as a result of long term adjustment and stabilisation. Various bonds may evolve between the partners. Adaptation and understanding may create closeness, mutual trust and gains, as well as commitment. On the other hand, it is evident that, in the course of time, these relationships can quickly be terminated or come to a natural end, too. (See, analogically, e.g., Halinen – Törnroos 1995, 503–504; International marketing ... 1982, 16–18)

3.2.1 Investor episodes

The short term investor episodes are comprised of four elements of exchange. (Tuominen 1997a, 49; Tuominen 1997b, 308–309; Tuominen 1997c, 1208–1210) Investor episodes include the exchange of intangibles, the exchange of information, financial exchange, and social exchange. The short term investor episodes have their origins in the interaction process developed by the IMP group. (For the interaction process with its episodes, see International marketing ... 1982, 15–18)

The exchange of tangible or intangible commodities is often the core of the exchange. The majority of stock exchange transactions are conducted in electronic form in book entry securities systems. The exchange of publicly listed shares, subscription rights or bonds represents the exchange of intangibles in the field of investor relations. Here, the concepts of risk and uncertainty are essential.

(1) The exchange of information is a key instrument in investor relationship marketing. The highly standardised information is vital in facilitating and in creating interaction between the listed companies and their investors. Information can be exchanged mainly in written form, but also by audio-visual or oral means. (Link 1991, 319–342; Link 1993, 126–130; Paul 1991, 937–939; Paul 1993, 146–147; Poikolainen 1996, 91–110; Tuominen 1995c, 302)

(2) The exchange of information for the investor community is regulated by the companies' duty of disclosure. This can be divided into a general, specific, continuous, and regular duty of disclosure. General duty of disclosure applies to both primary and secondary markets.

Specific duty of disclosure applies to primary markets upon issuance of securities. Continuous and regular duty of disclosure apply mainly to secondary markets. (Tuominen 1995a, 30–36; Tuominen 1995c, 304; Tuominen 1996a, 199; Tuominen 1996b, 249–250)

General duty of disclosure means that securities shall not be marketed or acquired in business by giving false or misleading information, or by using procedures that are contrary to good practice or otherwise unfair. By specific duty of disclosure, we mean a duty of disclosure that is actual in the case of security issuance. Sufficient information must be provided about the decisions and circumstances that may materially affect the value of the issuer's listed securities. The specific duty of disclosure is comprised of listing brochures and offer prospectuses. (Astola 1990, 73–85; Poikolainen 1996, 13–24; Tuominen 1995b, 172) By continuous duty of disclosure, we mean a permanent duty of disclosure, independent of the point in time, about circumstances which could cause substantial change in the value of the company's shares. Such circumstances include, e.g., the proposal of dividend distribution, an increase in share capital, a business acquisition, or bankruptcy. Correspondingly, by regular duty of disclosure, we mean a duty of disclosure on an annual or otherwise regular basis. The regular duty of disclosure is comprised of interim reports, voluntary preliminary estimates of financial statements, financial statement bulletins, and financial statements including annual reports. (Astola 1990, 88–99; Poikolainen 1996, 25–39; Tuominen 1995c, 305–308)

The annual reports, prepared by the companies themselves, represent the single most important (Link 1991, 320; Link 1993, 127; Paul 1993, 147) written instrument in investor relationship marketing. Annual reports are intended to establish, maintain, develop, and enhance corporate investor relations. A further goal is to increase stakeholders' trust in the issuers of the annual reports. A concrete aim may be to clarify the corporate image, or to provide an auxiliary instrument for marketing and financing purposes. (Tuominen 1995b, 174–175)

(3) Financial exchange constitutes compensation for the exchange of tangible or intangible commodities. The quantity of financial exchange is one indicator of the economic importance of the relationship.

(4) Social exchange has an important function in reducing uncertainties between the interacting parties. This is particularly significant when spatial or cultural distance exits between the two parties or when the relationship experience of the two parties is limited. Social exchange during short term investor episodes occurs, for instance, during briefings arranged for the investors and investment experts, company visits, and annual meetings, as well as at meetings arranged for brokers and stock analysts. On these occasions, the company executives and the investors, investor advisers, brokers, and stock analysts have the opportunity to exchange ideas. (Tuominen 1996a, 200) Many companies view the annual meeting of shareholders merely as a legal requirement that must be endured. If planned properly, however, the

annual meeting can be an important forum for the management to brief shareholders, other investors, and the media on recent developments and on the future outlook for the company. A number of companies interested in cultivating their current shareholders as a key investor audience have also begun to hold special regional shareholder meetings apart from the official annual meeting. At these meetings, the management may give a presentation on new developments and answer shareholders' questions. (Tuominen 1995a, 26)

The development of investor relations may partly be dependent upon experience in the short term investor episodes. They are a necessary prerequisite for the establishment of investor relations, and they have an impact on future investor relations, but investor relations can also affect the investor episodes.

3.2.2 Investor bonds

In the interaction approach, the processual view of exchange is emphasised, which implies that time is explicitly integrated into the ontology of this approach. In the interaction approach, time is viewed differently in both phase and bonding models. In phase models, time is viewed as a dimension along which successive steps or stages can be identified. In phase models, the time notion is physical and linear. In bonding models, the development of relationships is viewed in relation to processes and bonds, and not in relation to the mere passage of time. In bonding models, the relational time notion is used instead, even though it is only implicitly embedded in the models and only in a narrow sense. In these models, time is not regarded from a single point of view only, but horizontally, in relation to other temporal modes such as the past and the future, and vertically, in relation to the specific cultural and contextual setting. (Halinen – Törnroos 1995, 497–507; Miettilä – Törnroos 1993, 9–21)

3.2.2.1 Phase models

Halinen (1994, 17–26) provides a comprehensive and critical analysis of the different phase models and frameworks of relationship development in service and industrial sectors. A weak agreement exixts on the conceptual language to be used to describe the development of exchange relationships in the phase models.

Ford (1982, 288–303) has proposed a phase model of the development of buyer-seller relations. This model analyses the development of relationships by considering the variables of experience, uncertainty, distance, commitment, and adaptations in the pre-relationship, early, development, long term, and final stages. Dwyer, Schurr and Oh (1987, 11–27) have proposed a phase model of the relationship development process. According to the model, buyer-seller relations proceed through the stages of awareness, exploration, expansion, commitment, and dissolution. This phase model considers relationship development as a process of deepening

dependence evolved in five subprocesses: attraction, communication and bargaining, power and justice, norm development, and expectations development. Similarly, Frazier, Spekman and O'Neal (1988, 52–67) have proposed a phase model of the development of exchange relations in companies operating in the industrial markets. This model contains four different stages, i.e., the interest, initiation-rejection, implementation, and review stages. This phase model concentrates more on the antecedents of exchange relationships than on the process of relationship development. (For details, see, e.g., Halinen 1994, 22–26; Halinen 1997, 5–14)

3.2.2.2 Bonding models

The bonding models try to capture the content of the relationships, especially by expressing the models in dynamic terms such as interactions, investments, or commitment, exchange, co-ordination and adaptation processes, or attraction and trust. In other words, the concepts are themselves dynamic in nature and are defined in terms of past, present, and future, which releases the model building from the absolute time dimension. Feedback flows indicate that the same type of interaction processes may happen recurrently, having different outcomes and contributing to the strength and type of bonds depending on the current situation and contextual setting. (Halinen – Törnroos 1995, 507; Miettilä – Törnroos 1993, 21)

Wilson and Mummalaneni (1986, 44–58) have proposed a bonding model where they consider bonding and commitment in buyer-seller relationships. They identify four types of social bonds: investment, trust, attachment, and commitment, but choose to draw only investment and commitment into their model. The bonding model considers relationship development as a process where satisfaction, investments, and commitment develop between the buyer and the seller in repeated successful interactions. Halinen (1994, 72–73) has proposed a bonding model in professional business services. In this model, the content of relationship is described by operational and relational bonds.

Operational bonds refer to the concrete ties that are created in day-to-day operations between parties. Operational bonds include knowledge, social, economic, planning, and legal bonds. Relational bonds possess a more abstract character; they incorporate the parties' bilateral expectations of future interaction. Relational bonds are reciprocally developed, which implies that the efforts and activities undertaken to strengthen bonds are dependent on perceptions and interpretations of the other party's actions and intentions. Relational bonds can be examined from the point of view of their nature and strength. If bonds are strong, the relationship will not be easily terminated. In practice, bonds are often neither weak or strong but something in between. It is also common for some bonds to be weak and others strong within the same relationship. This implies that bonds may develop differently and the strength of bonds may vary over time within the same relationship. (Halinen 1994, 72–87; Halinen 1996, 325–

326) According to Halinen (1997, 57–64), relational bonds are comprised of attraction, trust, and commitment.

In the case of investors and investor relationship marketing, the relational bonds are called investor bonds. Investor bonds are comprised of attraction, trust, and commitment. (See, analogically, Halinen 1994, 75–82 and 269–304; Halinen 1995, 158–159; Halinen 1996, 326–329; Halinen 1997, 57–64)

(1) Attraction is basically an interpersonal phenomenon, but attraction may also be viewed as an interfirm phenomenon. Attraction is also the first of the three key elements in the definition of relationship marketing by Berry and Parasuraman. (Berry – Parasuraman 1991, 133) Attraction plays an important role when parties are initiating an exchange relationship. A certain level of attraction is a precondition for the commencement of interaction. Attractiveness also has to be maintained in order to encourage progressive relationship development. The degree of partner attraction increases motivation to maintain the relationship. (Dwyer – Schurr – Oh 1987, 18) The attractiveness of an investment partner can be viewed in terms of rewards available from the relationship and in relation to past experiences. Adding the temporal perspective to the definition and acknowledging the future orientation of the concept, attraction in investor relationships is defined here as an investor's interest in exchange with a company, based on the economic reward-cost outcomes expected from a relationship over time. The perceived economic attractiveness of the partner company functions for the investor as an impetus for investment initiatives and further investments in the company. Maintaining attraction requires continuous efforts by both partners and a risk of creating unrealistic expectations and dissatisfaction exists. (See, analogically, Halinen 1994, 75–77; Halinen 1996, 326–327)

(2) Trust is one party's belief that its needs will be fulfilled in the future by actions undertaken by the other party. Trust in investor relationships may be defined as investor A's belief that company B will act in such a way that results in positive outcomes for investor A, and that company B will not take unexpected actions that would result in negative outcomes for investor A. Vulnerability and uncertainty are inherent characteristics of trust. Past performance is generally regarded as the most important source of trust. (Dwyer – Schurr – Oh 1987, 18) A future orientation is critical to the concept too. Trust is built through past common experiences but is simultaneously directed towards the future of the relationship. It is evident that some level of trust seems to be necessary for investment to occur. Rise in corporate share prices may function as a trust-building event whereas corporate poor performance may function as a trust-decreasing event in the eyes of current and potential investors. Hence, trust has to be earned, then maintained and rebuilt continually in changing situations. (See, analogically, Halinen 1994, 77–79; Halinen 1996, 327–328)

(3) Commitment represents the most developed state in a relationship. Commitment in

investor relationships is defined as an implicit or explicit pledge of relational continuity between the investment parties. Committed partners maintain their awareness of alternative investment partners, but they do not test them actively and constantly. (Dwyer – Schurr – Oh 1987, 19) Additional investment increases partners' commitment to the relationship. Commitment is not only a comparison of current outputs and inputs, but a long term concept. Committed investors are willing to sacrifice some short term rewards because of expectations of long term benefits from the relationship. Morgan and Hunt (1994, 24) emphasise the importance of trust and they argue for trust as a major determinant of relationship commitment. (See, analogically, Dwyer – Schurr – Oh 1987, 19; Halinen 1994, 79–80)

A distinction can be made between two different types of commitment. These are affective and calculative commitment. The content is different with respect to the mental content, affective commitment having primarily emotions as basis, and calculative commitment having mainly an instrumental, cognitive basis. The investor with affective commitment feels loyal due to his positive feelings of the investment object, a bond mainly caused by factors other than the investment's purely instrumental worth. The main issue is that this kind of commitment is non-instrumental and not so much concerned with the cognitive evaluations of cost-benefit considerations. The affectively committed investors are loyal because they want to and because they enjoy the relationship with the investment object. They are not motivated to switch to another investment object just by being exposed to an equally satisfying investment offering. To them, the relationship has its own value; a value that cannot easily be copied or substituted by a competing investment offering. On the other hand, calculative commitment is purely instrumental. The motives behind calculative commitment make the investor seemingly loyal because he has to be, even though he may not desire to be, loyal. The investor can experience the switching costs associated with breaking the investment relationship and establishing a new one as too high. The calculatively committed investor is loyal as long as his cost-benefit ratio do not give incentives to quit and terminate the investment relationship. The cost-benefit mechanism implies purely that the investor is loyal as long as it is instrumentally rewarding. (See, analogically, Samuelsen – Sandvik 1997, 1128–1131)

Calculative commitment can be further divided into calculative commitment due to lack of investment alternatives, and calculative commitment due to high personal monetary sacrifice if the investment relation terminates. The fact that some investors are committed because they have to be, not because they want to be, makes calculative committed investors more likely to switch to other investment objects when possible. It has been found that calculative commitment may lead to a negative desire to continue the relationship, insignificant intentions to stay, increased tendency to search for other alternatives, and insignificant willingness to invest in the relationship. In contrast, affective commitment may lead to significant inten-

tions and desires to stay, significant negative tendency to seek alternatives, and significant willingness to invest in the relationship. (See, analogically, Samuelsen – Sandvik 1997, 1131–1132)

Commitment is strongly oriented towards the past; however, it also connotes a future orientation. Commitment can be considered from behavioural and attitudinal perspectives. When commitment is viewed as a function of behaviour, it is postulated that partners become committed to each other by their actions and choices over time. For instance, the greater the degree of investments made in the relationship, the stronger the commitment. Attitudinal commitment, on the other hand, refers to the willingness of the parties to develop and maintain a relationship into the future. It reflects a long term orientation to obtain common results. (Halinen 1994, 289–293; Halinen 1996, 328–329; Samuelsen – Sandvik 1997, 1129)

The bonding models provide a sound basis for conceptualising investor relationship marketing. The investor bonds of attraction, trust, and commitment incorporate the continuity dimension, and they may emerge and develop in interactions partly on a subsequent and partly on a concurrent basis. (See, analogically, Halinen 1994, 75–77; Halinen 1996, 325–326)

The attraction bond in investor relations is typified by the parties involved in the exchange becoming aware of the opportunity of exchange. Investors can invest capital in companies which they consider attractive. Investors hope to receive, as rewards for their capital contribution, investment security, dividends, profitable share issues in the future, and potential short or long term rises in stock market prices among other things. The attraction bond may be characterised by the fact that the level of insecurity may run high while the level of experience and involvement remains low. The trust and commitment bonds in investor relations, on the other hand, are characterised by the fact that mutual insecurity between the parties diminishes while the level of experience and involvement increases. If the investor bonds are strong, the relationship will not be so easily terminated. Investors who are satisfied with the rewards of their capital inputs are more likely to continue the relationship than to terminate it. It is obvious that the time horizon and the strength of investor bonds varies between, e.g., domestic and international, active and passive, speculative and co-operative, amateur and professional, or private and institutional investors. (See, analogically, Halinen 1994, 75–77; Halinen 1996, 325–326)

Attraction is mainly a future-oriented bond. It incorporates the expectations of each party concerning the potential rewards of the exchange relationship over time. Trust clearly has its roots in the common history of the relationship, but is also essentially coloured by current expectations about the future. Commitment is the most advanced bond and takes the most time to develop. It primarily reflects the prior history of the relationship. (Halinen 1994, 301–304; Halinen 1997, 269–272) Regardless of their temporal emphases, investor bonds may, to some extent, develop simultaneously and not only sequentially. (See, analogically, Halinen 1994, 75–77; Halinen 1996a, 325–326)

3.2.2.3 Critical events

The process of relationship development in the context of investor relations can be described in terms of critical and minor events. These events may be characterised on the basis of their influence over the content and process of relationship development. Some critical events increase perceived uncertainty regarding relationship continuity, while others decrease it. Critical events can be defined as events that are decisive for the relationship, and function either as driving or checking forces for its development. (Halinen 1994, 83; Halinen 1997, 65; Liljegren 1988, 374)

An event that increases business exchange and the level of satisfaction and strengthens the investor bonds can be regarded as a driving event. The reverse trends can be interpreted as signs of a checking event. Critical events can advance or hinder the development of investor relationships. Critical events can also function as turning or breaking points in relationship development. It is evident, however, that the boundary between critical and minor events involving smaller changes is hard to define. (Halinen 1994, 304) Critical events may have influence on the investor episodes and the intensity of financial exchange, the level of investors' satisfaction with the exchange, and the strength of the investor bonds in investor relations. Investor episodes may have influence on the deepening of a relationship or to its termination. If current investors are not satisfied with the company's performance or future prospects, they may want to withdraw from financing the company. (See, analogically, Halinen 1994, 82–84 and 304–309; Halinen 1995, 159–160; Halinen 1997, 65–66; Liljegren 1988, 374)

3.3 Conceptual framework

The investor episodes and the investor bonds of attraction, trust, and commitment provide a sound basis for conceptualising investor relationship marketing. We are now ready to create a conceptual framework for investor relationship marketing. This is shown in figure 3.

We can conclude that the objective of investor relationship marketing is to create and increase common long term interaction between the companies, and their direct and indirect partner groups in the investor community. These groups include the current and potential investors, and the investment experts serving them.

Different investor episodes and investor bonds in investor relations are vital in building and developing interaction. Short term investor episodes initially form the basis of long term interaction between the interacting partners in the investor community. The investor bonds of attraction, trust, and commitment incorporate the continuity dimension and they may emerge and develop in interactions on a partly subsequent and partly concurrent basis. Attraction is mainly a future-oriented bond. It incorporates the expectations of each party concerning the potential rewards of the exchange relationship over time. Trust clearly has its roots in the com-

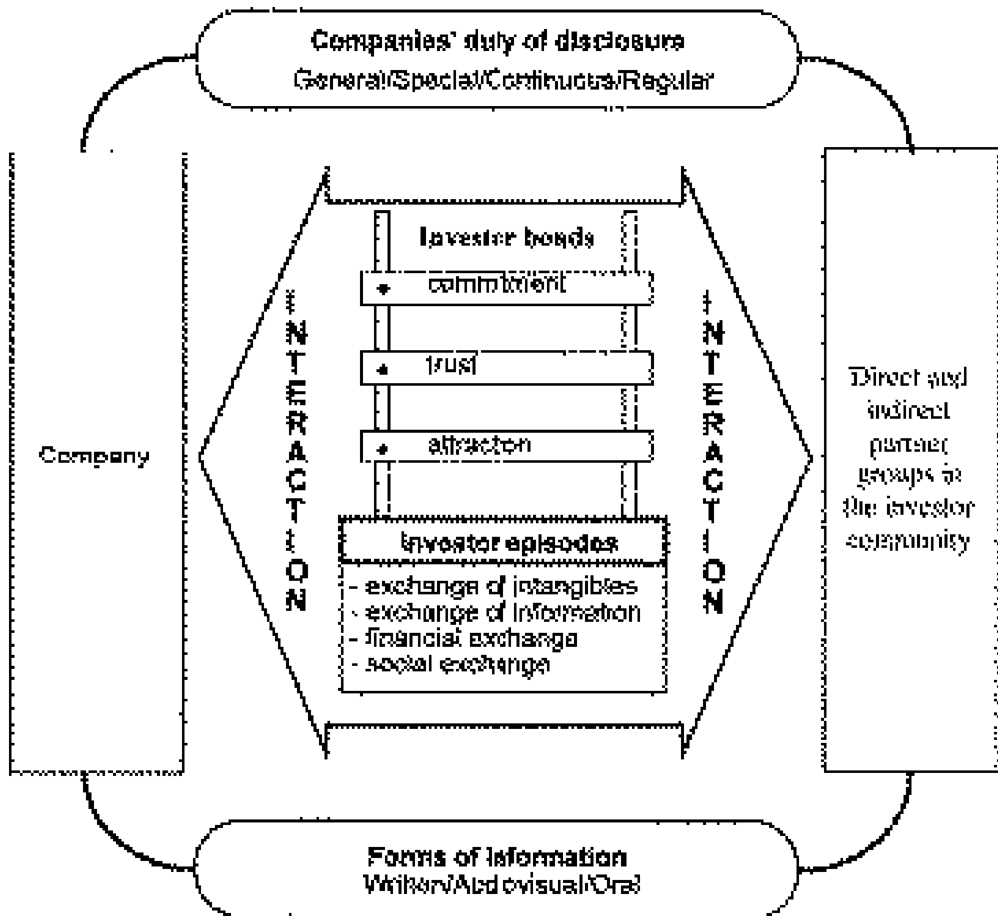

FIGURE 3. The conceptual framework for investor relationship marketing.

mon history of the relationship, but is, also, essentially coloured by current expectations about the future. Commitment is the most advanced bond and takes the most time to develop. It primarily reflects the prior history of the relationship.

The concrete aim for investor relationship marketing is to make a name for the company by creating, maintaining, developing, and enhancing the company's investor relations. A further aim is to promote both the corporate image and the development of the prices of shares and other securities issued by the company, and, likewise, to secure the success of potential new share issues. A willingness to buy shares or invest in new issues will partly depend on what is known about the company's background, performance, and future prospects.

Information provided for the investors is a key instrument in investor relationship marketing. Access to sufficient information will improve the conditions for public saving in the form of purchasing shares, and also promote business financing with risk capital. Information provides the opportunity for shareholders and creditors to estimate the yield of their capital investments and also to anticipate the potential yields. The highly standardised information is vital in facilitating investor episodes and in creating attraction, trust, and commitment between the listed companies and their investors. The provision of information for the direct and indirect partner groups in the investor community is regulated by the companies' duty of disclosure. This can be divided into a general, specific, continuous, and regular duty of disclosure.

In providing written, audio-visual or oral information, it is of vital importance that companies monitor their environment carefully. Success in investor relationship marketing requires that listed companies anticipate and take into account both weak and strong signals that emphasise the openness of the company. At the same time, the companies should also try to pay attention to the feedback from the current and potential investors of the firm and investment experts serving them. This is called the proactive approach to investor relationship marketing, as opposed to the reactive approach to investor relationship marketing, where only strong and mandatory signals are taken into account. (Proactive vs. reactive approach, see, analogically, e.g., Boedeker 1996, 107; Kotler 1994, 48–49)

4. EMPIRICAL SUPPORT FROM THE FINNISH STOCK MARKET

Finally, some preliminary empirical support for reasoning is provided from the Finnish stock market. The Helsinki Stock Exchange (HSE) offers an official trading market for international and domestic investors. The Helsinki Stock Exchange maintains three parallel lists: the official list with 71 companies in 1996, the OTC list with 31 companies in 1996, and the brokers's list with 14 companies in 1996. Trading takes place in shares, subscription rights, warrants, and various types of bonds. The companies on the official list are large in size and in investments, active in exports and in internationalisation, and they have a large number of shareholders and employees. In 1996, trading in shares was more active than ever before. The turnover volume has been rising since 1992. Trading in shares and subscription rights on the official list amounted to FIM 103 billion, which was over 22 per cent more than in 1995. (HSE Fact Book 1997, 3) The favourable developments on the Finnish stock market have been enhanced by, e.g., the recovery of the Finnish economy from the economic recession in the early 1990's, the lowering of both short term and long term interest rates, the privatisation of the state owned companies, new instruments for investors such as mutual funds, the abolition of restrictions on foreign ownership and the revision of capital gain taxation. (HSE Fact Book 1997, 7)

Stock analysts are probably some of the most important investor relations influencers to reach in the stock market. Many listed companies invite groups of stock analysts on tours of their facilities. Analyst tours may be particularly effective in cases where the opportunity to view operations adds to the analysts' depth of understanding of the company or the industry. A listed company can also make the analysts' job easier by providing a specially prepared booklet presenting all the basic information of greatest importance. The duty of stock analysts is to conduct research into, write about, and recommend the sale or purchase of corporate securities. The results of their efforts are often used by fund managers and brokers when providing investment advice and making the investment decision. Their views and recommendations may also be sought by financial editors for use in industry and company stories. Through the news media, then, the analysts influence both private and institutional investors. (Kasanen – Puttonen 1994, 8–9)

The following empirical results from the Finnish stock market are based on three mail questionnaire surveys which were conducted amongst the members of the Finnish Association of Stock Analysts in 1994, 1995 and 1996. The response rate was 60 per cent, with 37 respondents, in 1994; 53 per cent, with 34 respondents, in 1995; and 44 per cent, with 34 respondents, in 1996. (Kasanen – Puttonen 1994, 3; Puttonen – Kasanen 1995, 28; Puttonen – Sarkki 1996, 25) In these studies an average based investor relationship index (IR-index) was constructed with ratings differing from 4 to 10, i.e., from poor to excellent, respectively. (Kasanen – Puttonen 1994, 22) The IR-index consists of the following eight different information episodes. (Puttonen – Kasanen 1995, 27)

e_1 = annual reports
e_2 = interim reports
e_3 = meetings with analysts
e_4 = personal appointments with analysts
e_5 = news in media
e_6 = stock releases
e_7 = stakeholders' experiences
e_8 = image and product advertising.

The IR-index is based on the following formula which takes into account both written and oral information. The IR-index also takes note of the time spent on different information episodes by the stock analysts. (Kasanen – Puttonen 1994, 22–23)

$$\text{IR-index} = \sum_{e=1}^{8} w_e g_e$$

TABLE 2. Information episodes and the IR-index in 1994, 1995 and 1996.

	1994	1995	1996	95–96	T-VALUE
ANNUAL REPORTS	7.23	7.25	7.43	0.18	1.02
INTERIM REPORTS	6.87	6.90	7.20	0.30	1.68(*)
MEETINGS WITH ANALYSTS	6.42	6.74	7.02	0.28	0.90
PERSONAL APPOINTMENTS	6.99	7.43	7.36	–0.08	–0.58
NEWS IN MEDIA	6.61	6.86	6.85	–0.01	–0.22
STOCK RELEASES	6.64	6.94	6.98	0.04	0.11
STAKEHOLDERS' EXPERIENCES	6.63	6.81	7.00	0.19	0.79
IMAGE ADVERTISING	6.69	6.88	7.07	0.19	0.86
IR-INDEX	6.79	6.98	7.13	0.15	0.72

e = information episode (annual report, ..., image and product advertising)
w_e = time spent on studying each information episode (the analysts' average)
g_e = ratings on average for each information episode given by the analysts

The relative importance of the different information episodes and the IR-index in 1994, 1995 and 1996 are shown in table 2. (Puttonen – Sarkki 1996, 9)

Empirical results and statistical significance tests[1] indicate that the Finnish listed companies have laid down their main emphasis on improvements both in meetings with stock analysts and in interim reports. Annual and interim reports are the principal sources of written information for the Finnish stock analysts. Information in several oral forms is also vital for the stock analysts. Significant improvements can be found in the contents of interim reports while some weakening can be found in the information episodes of personal appointments and news in media. (Puttonen – Kasanen 1995, 10; Puttonen – Sarkki 1996, 9)

It can be concluded that Finnish listed companies have realised the necessity of investor relationship marketing and consequently many of them have activated their reporting and disclosing practices. Previous studies on corporate investor communication and disclosing policies have shown that large and highly internationalised and institutionalised companies with substantial foreign ownership are the front-runners in the field of investor relationship marketing in the Finnish stock market. The most advanced companies belong to the metal and forest-

1 In table 2, * indicates statistical significance at the 0.05 level.

ry industries and they are also listed on foreign stock exchanges. (Kasanen – Puttonen 1994, 39; Puttonen – Kasanen 1995, 3–4; Puttonen – Sarkki 1996, 3–8; Tuominen 1991, 289–291)

Finally, we can also conclude that success in investor relationship marketing requires the listed companies to extend their scope of investor relationship marketing from the mere publication of obligatory annual and interim reports to more frequent, extensive, proactive and diversified two-way interaction and communication with current and potential investors and experts serving them. It is evident that, e.g., new and coming issues to shareholders, potential listings abroad and international capital acquisition needs may function as critical events and driving forces for the companies in activating investor relationship marketing in order to create, maintain and enhance attraction, trust and commitment in the investment community. ■

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