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Investor relations meetings: Evidence from the top 500 UK companies

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Abstract—Meetings with analysts and investors are an important part of the investor relations process. I develop a two-dimensional dynamic model of investor relations and derive five research questions about investor relations with particular emphasis on investor relations meetings. To answer the questions I obtain data in 2002 from company managers using a questionnaire survey of top UK companies. Comparative data from 1991 is used to establish whether company- or market-side change drivers have led to changes over time. A key research question seeks an explanation for the differences in level of IR activity between companies. I develop a cross-sectional model and test the model using survey data.

Key findings are that one-to-one meetings were ranked as the most important communication channel with analysts and investors both in 2002 and 1991. Companies were positive about their relationship with analysts and investors with similar perceptions to those held in 1991. An explanation of recent results, the creation of shareholder value and discussion of company strategy were rated as the most important issues discussed at IR meetings. The level of investor relations activity, as measured by the number of one-to-one meetings and audience size, had increased over the period.

A greater number of one-to-one meetings were held by companies with a higher number of institutional investors, greater analyst following, foreign listings, extreme market-to-book values and recently issued share capital. The size of the audience for investor relations meetings of all types was largely driven by company size and analyst following in respect of sell-side analysts. The existence of foreign listings was the most important explanatory variable for the size of the audience of buy-side analysts and fund managers.

Key words: investor relations; meetings; sell-side analysts; buy-side analysts; institutional investors

1. Introduction

Investor relations is a management discipline that first came to prominence in the US but which has gained increasing importance in the UK over the past two decades. Both of these countries possess significant equity markets and accounting has been oriented towards the decision making needs of investors. In both countries investor relations professionals have formed their own associations. The UK Investor Relations Society was founded in 1980. In the US the National Investor Relations Institute (NIRI), which was formed in 1969, has defined investor relations as:

'... a strategic management responsibility using the disciplines of finance, communication and marketing to manage the content and flow of company information to financial and other constituencies to maximise relative valuation.' (NIRI, 2002)

Understanding investor relations helps in our understanding of the operation of capital markets. Rao and Sivakumar (1999) reported that the number of US Fortune 500 companies with IR departments rose from 16% to 56% in the period 1984 to 1994 and more recently Bushee and Miller (2005) commented on the lack of academic research into the investor relations process. Accordingly, they used interviews, a web-based opinion survey of interviewees and empirical testing (using data external to the firm) in their study of investor relations, firm visibility and investor following in the US.

This paper contributes to the literature by presenting, discussing and analysing results of survey research in 2002 into the practice of investor relations, especially investor relations meetings, in the UK. The survey research results contained both numerical data (allowing a cross-sectional modelling approach) and ranking scale data on perceptions of and opinions about investor relations. Both types of data enable us to explain more about investor relations in the context of the investor relations and disclosure literature and the two-dimensional model derived from the literature. A unique contribution of this paper is the availability of comparative survey data from 1991 which en-

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ables an examination of changes over time.

The paper is organised as follows: Section 2 reviews the literature relating to investor relations in general and to investor relations meetings in particular and develops a dynamic two-dimensional model placing investor relations in context in the capital markets. In Section 3 this model is used to derive the research questions. Section 4 discusses the research approach taken in this project in order to collect data about investor relations meetings. In Section 5 the results relating to the individual research questions are presented, discussed and analysed. Section 6 contains a discussion and conclusions.

2. Literature review and two-dimensional model

This review considers research into investor relations paying particular reference to the establishment of a theoretical framework within the disciplines of accountancy and finance (broadly defined). The theoretical framework is delineated by a two-dimensional model (see Figure 1) drawing on insights from the literature.

2.1. The company's disclosure position and drivers of change

Investor relations is a multi-disciplinary management function but one main theoretical approach for studying the subject has been disclosure theory. In this approach, investor relations is viewed as a method or type of disclosure. Disclosure theory research has differentiated between mandated and voluntary disclosures. Healy and Palepu (2001) identified six hypotheses relating to managers' voluntary disclosure decisions: the capital markets transaction/cost of capital hypothesis, the corporate control contest hypothesis, the stock compensation hypothesis, the litigation cost hypothesis, the management talent signalling hypothesis and the proprietary cost hypothesis. All of the above hypotheses have implications for the investor relations function. Investor relations as an activity is voluntary although much of the content of the disclosure is based on mandatory disclosures. Voluntary disclosure of additional non-mandatory information via the investor relations function has been increasingly constrained by regulations on the disclosure of price sensitive information. However, once non-mandatory information has been disclosed to the market it may be discussed and explained via the investor relations function.

A corporate disclosure strategy (Figure 1, Box 1) (see Lev, 1992 and Eccles and Mavrinac, 1995) may involve the establishment and upgrading of the investor relations function (Box 2).

Healy and Palepu (2001) discuss the importance of the credibility of voluntary disclosure. If disclo-

sures are credible they will have market outcomes (Box 4) and an effect on variables such as stock price and may lead to analysts' forecast revisions and increased accuracy of forecasts. A competent professional investor relations function may be used to enhance the credibility of company disclosure.

A framework for the management of corporate disclosure was developed by Gibbins et al. (1990). Their findings indicated that a firm's readiness to disclose is a function of its developed 'disclosure position' (Box 1). This can be considered in terms of 'ritualism', 'opportunism' and 'antecedents'. Ritualism is defined as a relatively stable preference for the way disclosure is managed so firms tend to adhere to prescribed norms of disclosure. Opportunism is the propensity to seek firm specific advantages in the disclosure of information. Internal antecedents include the firm's history of disclosure, corporate strategy and corporate politics. External antecedents include rules, industry norms and market position of the firm. Variables related to opportunism and antecedents change over time and act as change drivers.

Self-seeking behaviour by managers is also an issue affecting the disclosure position. Hong and Huang (2005) employed mathematical modelling to show that insiders invest resources in investor relations not necessarily to improve the share price, but to enhance the liquidity of their own block of shares.

Building on the disclosure literature and taking a qualitative grounded theory approach, Holland (2004) investigated the demand and supply side determinants of the disclosure agenda and established the central role of the value-creation 'story' in disclosure. The investor relations function can assist in crafting this story.

Rao and Sivakumar (1999) considered investor relations from the standpoint of institutional theory. They noted the 'boundary spanning' nature of investor relations and traced the rise of investor relations in the 1980s. They suggested that 'coercive pressures' from the investor rights movement would lead to the establishment of investor relations departments in US firms. Additionally pressures from financial analysts acting as professionals and watchdogs were expected to influence investor relations department formation (Figure 1, link between Box 1 and 2). 'Mimetic influences' were also expected to lead to the establishment of investor relations departments. 'Board interlocks' with prior adopters of investor relations departments and the number of adopters within the firm's industry were considered likely to lead to adoption of an investor relations department. Empirical testing of their model gave support to their hypotheses (Table 1).

Figure 1
The Investor Relations Function in context

1. Company-side
   a) Disclosure position and
   b) Change drivers
   • Disclosure/ IR strategy
   • Ritualism
   • Opportunism
   • Antecedents
   What are the perceptions of managers and have they changed over time?

coercive and mimetic forces

2. IR Function
   • **How?** (methods used)
   • **How much?** (level of activity: no. of one-to-ones)
   • **Any changes over time?**

3. Disclosure action and behaviour in markets
   • **What disclosures?**
   • Credibility
   • Value creation
   • Complex information disclosures

4. Market outcomes
   • Analyst following
   • Company/ manager reputation
   What are managers' perceptions of market outcomes?

5. Market-side
   a) disclosure demands
   and
   b) change drivers
   • Globalisation
   • Institutional/ foreign ownership
   • Regulation

6. Market feedback and company learning about IR Function, actions, behaviour. Feedback in meetings, records of meetings
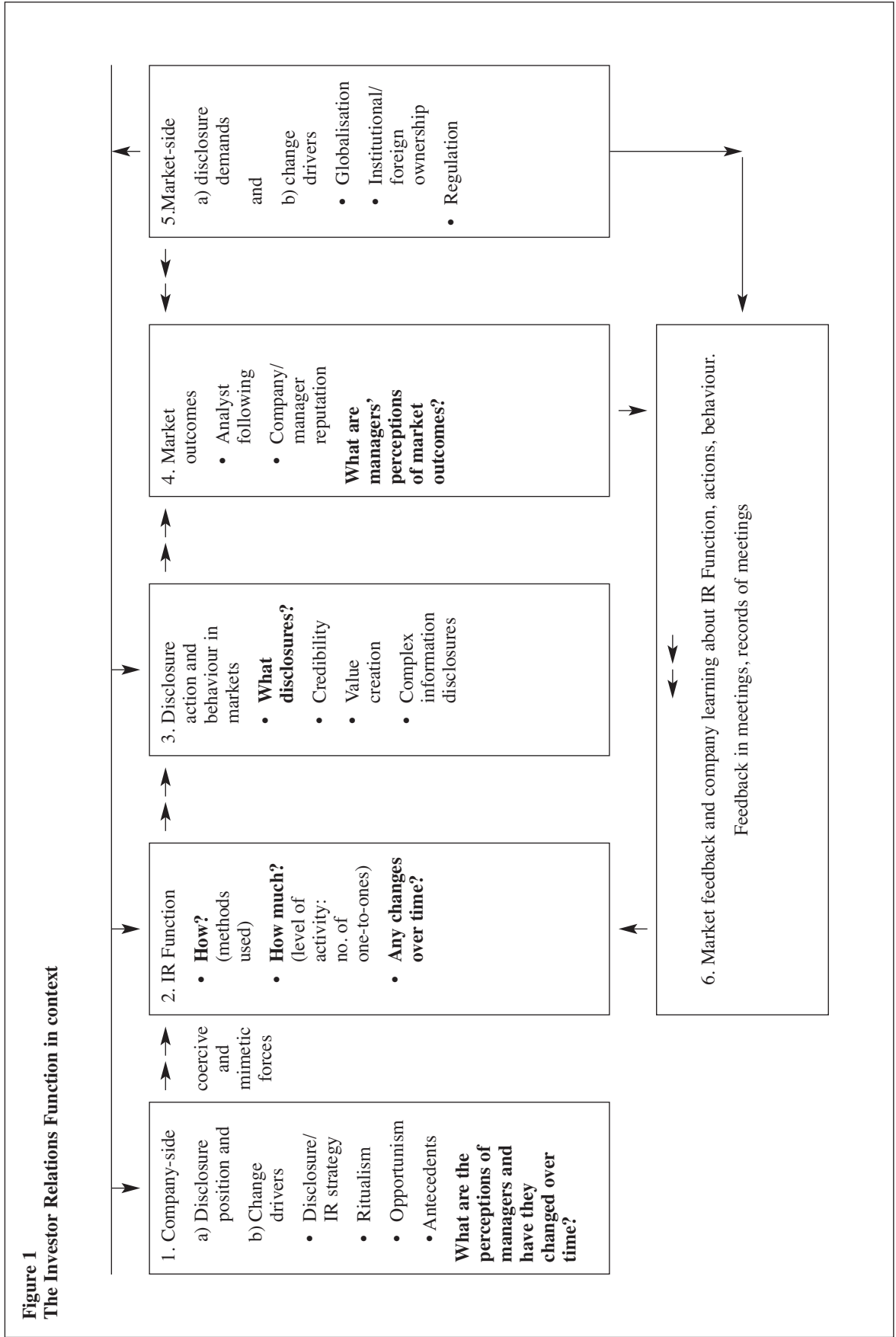
Table 1
Explanatory variables used in explaining IR actions and disclosure levels

Authors	Marston (1993)	Lang & Lundholm (1993)	Tasker (1998)	Frankel et al. (1999)	Rao & Sivakumar (1999)	Gelb (2000)	Bushee et al. (2003)
Dependent variables	Various	IR disclosure	Conference calls	Conference calls	Adoption of IR dept.	IR disclosure	Real time open access to conference calls as opposed to closed calls
Independent variables[13]							
Firm size (+)(? For B,M&M[14])	Y	Y	Y	Y	Y	Y	N
Performance – share price (+)		Y				Y	
Return variability (+)	N	Mixed			Y	N	
Beta (+)	N						
Specific risk (+)	N						
Trading activity/frequency(+)	N						Y
Performance – accounting numbers (+)	N	Mixed	Y	Y & N	N		
Volatility of operating performance (–)					N		Y (opp)
Riskiness – accounting numbers/ gearing (+)	N			Y N N			
Correlation between annual returns and earnings (–)		YY					
Raising of capital (+)		Y	Y (N for debt) Y (4 industry level measures)	N (Y for debt)	N	Y	
Informativeness of financial statements (–)							
Market to book (+)(– for B,M&M)			Y	Y			N
Institutional ownership (+) (– for B,M&M)	Y				N		Y
Insider ownership (+)	Y					Y marginal	
Ownership dispersion (+)							Y
Analyst following (+)(– for B,M &M)			Y	Y	Y		Y
Proprietary costs (+)			N/A (omit oligopoly from sample)			N	
Industry classification/High tech (+) (– for B,M &M)	N						Y

Table 1
Explanatory variables used in explaining IR actions and disclosure levels (*continued*)

Authors	Marston (1993)	Lang & Lundholm (1993)	Tasker (1998)	Frankel et al. (1999)	Rao & Sivakumar (1999)	Gelb (2000)	Bushee et al. (2003)
CEO career concerns – age (–)			Y				
Shareholder litigation (?)			Y				
Extraordinary/unusual items in earning (+)				N N			
Anti-management resolutions (+)					Y		
Board interlocks with prior adopters of IR Depts. (+)					Y		
No. of adopters of IR Depts. in industry (+)					N		
Time trend measure (+)					Y		
Centrality (+)					Y Marginal		
Industry level ERC R square (+)							Y Marginal
Intangibles (–)							Y
Firm Age (?)							N
Takeover activity (+)	N						
Employees (stakeholders) (+)							N
Foreign listing (+)	Y						

Y= indicates a significant result or results, N = not significant, opp. = in opposite direction to that hypothesised, use of more than one proxy indicated by Y Y etc.[15]

[13] Expected direction of effect in brackets.
[14] B,M&M is Bushee Matsumoto & Miller (2003). The different expected direction of relationship in some cases is related to the nature of the dependent variable.
[15] A more detailed version of this summary can be obtained from the corresponding author.

2.2. Explanations for disclosure actions of the investor relations function

Several studies (Marston, 1993; Lang and Lundholm, 1993; Tasker, 1998; Frankel et al., 1999; Gelb, 2000; Bushee et al., 2003) have attempted to explain investor relations activity and disclosure (Box 3). The studies make use of various theories and hypotheses discussed by Myers (1977), Diamond (1985), Verrecchia (1990), Lev and Penman (1990), Healy and Palepu (2001), Skinner (1995) and Lev (1996). Each study takes a different approach and most of them also refer to prior empirical studies (e.g. Clarkson et al., 1994; Ruland et al., 1990; Frankel, et al., 1995; in creating their model. Table 1 illustrates the wide diversity of dependent and explanatory variables used (with up to 13 in one model) and results obtained.

Bushee et al. (2003) consider that the existence of 'complex information disclosures' means that companies will hold closed conference calls with experts rather than open calls. The idea that 'complex information disclosures' drive the need for investor relations disclosure or a particular type of investor relations disclosure is reflected in many of the other models. For example, Tasker (1998) looks at whether less informative financial statements lead to a need for conference calls and uses industry level market-to-book as one proxy for this. Size itself, although often relegated to the role of a control variable, can also be viewed as a proxy for complexity. The existence of complex information disclosures is likely to exacerbate information asymmetry and this is reflected in the models that include intangibles or market to book values.

Table 1 provides evidence that differing levels of investor relations activity/disclosures can be explained by disclosure and institutional theories although the evidence is mixed and theoretical approaches differ between authors. The measures of investor relations activity in these studies (apart from Marston, 1993) are obtained by external observation to the firm and this provides a motivation for further investigation of internally provided measures in the light of new theoretical perspectives.

2.3. Studies testing whether investor relations has any effect/market outcome

Investor relations disclosures, if they are credible, should have an effect or market outcome (Figure 1, Box 4) of some kind. Brennan and Tamarowski (2000) argue that a firm's information disclosure policy should enable it to influence the extent of analyst following. They also note that 'a firm's disclosure policy is perhaps the most significant aspect of its investor relations management'. They review the literature relating to investor relations, liquidity and stock prices. Their review shows that investor relations activities reduce the

cost of information to analysts and lead to a greater analyst following. Their empirical evidence shows that analyst following increases a stock's liquidity in the US. Thus by an indirect route they demonstrate an effect for investor relations.

Empirical studies by Walmsley et al. (1992), Farragher et al. (1994), Lang and Lundholm (1996), Brooks et al. (1997), Francis et al. (1997), Frankel et al. (1999), Bushee et al. (2003) and Bushee and Miller (2005) investigate the effect of various investor relations actions on several variables. Table 2 summarises the positive and negative results obtained.

On balance it appears from the above evidence that investor relations disclosures do have an effect and this implies that they are credible to participants in the capital markets. Peasnell et al. (2005) noted however that 'the market-related consequences of corporate investor relations activity remain an unresolved empirical issue.' In their study they found that low confidence in accounting credibility post Enron also damaged confidence in investor relations contrary to anecdotal evidence that good investor relations protects companies in periods of market crisis.

2.4. Market feedback and company learning

Roberts et al. (2006: 278) noted that institutional ownership in the UK has become much more concentrated than it was 20 or 30 years ago and they therefore suggested that investors have been given 'both the opportunity and the need to actively manage their relationship with companies'. They applied the theories of Foucault to suggest that meetings between companies and fund managers remind managers of their primary objective, the pursuit of shareholder value (Figure 1, Box 6). Their analysis pursued the 'theme of meetings as an exercise of discretionary power' and developed Rao and Sivakumar's (1999) ideas.

Holland (2006: 82) also stresses the importance of market feedback in his model of corporate and market interaction. Non-observable stock market outcomes can be inferred from an active dialogue with market participants (Holland 2006: 118).

2.5 Company- and market-side change drivers

The two-dimensional model outlined in Figure 1 is a necessarily simplified attempt to encapsulate previous research contributions about the context of investor relations. The linking arrows between the boxes can represent different functional forms of relationships. There might be a monotonic relationship between more disclosure (Box 3) and analyst following (Box 4) whereas other relationships could be more complex and less amenable to being expressed mathematically. The relationships are influenced over time by change drivers (Boxes 1 and 5). The investor relations function in Box 2

Table 2
Effect of IR actions and disclosure levels on the market

Authors	Walmsley et al. (1992)	Farragher et al. (1994)	Lang and Lundholm (1996)	Brooks et al. (1997)	Francis et al. (1997)	Frankel et al. (1999)	Bushee et al. (2003)	Bushee & Miller (2005)
Independent variable	Company/ analyst meetings[16]	IR quality	Informativeness of firm's disclosures (including IR)	CEO presentations	Analyst presentations	Conference calls	Real time access to conference calls as opposed to closed calls	Hiring an IR firm
Dependent variables								
Abnormal returns (+)	Y							
Variance of abnormal returns (+)					Y			
Volatility of returns (+)						Y	YY	
Increase in small trades (+)							Y	
Trading volume/activity (+)				N		Y	N	YY
Analyst following (+)			Y		Y			Y
Forecasting activity (+)			Y		Y			
Dispersion of analysts' forecasts (−)		Y	Y		N			
Accuracy of analysts' forecasts (+)		N	Y		N			
Bias in analysts forecasts (−)					N			
Volatility in forecast revisions (−)			Y					
Investor base (+)				N				
Trading costs (−)				N				
Institutional ownership (+)								YY
Disclosure and press coverage (+)								YY
Market value/Book to price (−)								Y

Y= indicates a significant result or results, N = not significant

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[16] organised by UK Society of Investment Analysts.

mediates the relationship between company-side change drivers (Box 1) and disclosure actions. In respect of market-side change drivers the arrow along the top of Figure 1 shows how feedback may occur directly. For example new regulation will cause the company to change disclosure and a new disclosure position will become established. By a less direct route globalisation will lead to market outcomes (Box 4) and the company will learn and adapt (Box 6). The arrows in Figure 1 illustrate only the main expected linkages to avoid complication.

The literature has provided evidence that investor relations activity has changed over time with the establishment of investor relations departments (Rao and Sivakumar, 1999) and greater use of conference calls (Tasker, 1998 and Bushee et al., 2003). I expect that environmental factors (market-side change drivers, Box 5b) have contributed to changes in the investor relations industry.

Globalisation has increased competition in the world's capital markets and companies wishing to market their capital internationally perceive the need to professionalise and enhance their investor relations efforts. (See, for example, Gray (2000) who discussed the need for US companies to market their stocks to European investors and Holland's (2004: 68) discussion of the internationalisation of the market for information.) Stulz (1999: 24) noted that globalisation of capital markets increases the monitoring of management and hence increases firm value. This extra monitoring increases the work of the investor relations department. Yoshikawa and Gedajlovic (2002) examined whether greater exposure to global capital markets had any impact on Japanese firms' investor relations practices and found that foreign ownership and foreign listings were positively associated with investor relations.

For UK listed companies institutional ownership of shares declined from 60.1% to 49.4% over the period 1991 to 2002 but there was an increase in foreign ('rest of the world') ownership of ordinary shares from 12.8% to 32.1%. Individual ownership dropped from 19.9% to 14.3% (National Statistics, 2003: 9 Table A). This increase in foreign ownership over the period studied in this paper places increased demands on UK investor relations departments. Difficult UK stock market conditions, with a bear market in 2001 to 2003, will have stimulated some companies into trying harder with their investor relations efforts whereas other companies will have made a strategic decision not to invest more effort in investor relations until conditions improved.

Increased amounts of rules and regulations will have enabled investor relations departments to argue for greater resources to deal effectively with the additional requirements. Changes in the regulatory environment will have caused companies' investor relations departments to adopt new practices, such as more extensive recording of private disclosures (see results section later) or live web casting of results presentations.

At the individual company level there are many potential change drivers. The general environmental factors mentioned above will have affected some companies more than others (Bushee and Miller, 2005: 18). For example, during the dot.com boom 'old economy' companies may have decided to invest more in investor relations if they felt the market was undervaluing their stocks during the bubble period (see Holland 2006: 112–114). Additionally, variables identified in Table 1 will have influenced some companies' investor relations efforts more than others'. Company managers are also change drivers because they are responsible for disclosure strategy, and for any changes in investor relations, as discussed by Lev (1992) and Gibbins et al. (1990).

The availability of company data at two points in time enables the effect of change drivers on investor relations activity levels and perceptions about investor relations to be assessed in this paper. However it is outside the scope of this project to measure change drivers or to establish statistical relationships between measures of change drivers and company investor relations data.

2.6. Motivation for exploring the two-dimensional model

Bushee and Miller (2005) noted the widespread use of investor relations and the large costs incurred. They also commented that little academic research has focused on the investor relations process and stated that there was a paucity of discussion of the complete investor relations process in the literature. Notwithstanding their comment, in the UK qualitative research on investor relations meetings had been carried out by Holland (1997, 1998), Marston (1999) and Roberts et al. (2006). This paper provides a new contribution by describing and analysing investor relations meetings in the context of the whole investor relations process. It updates prior work in the UK and draws on theoretical understandings that have been developed by a number of authors in recent years.

The quantitative models discussed in the literature review are not sophisticated in terms of delineating the details of the relationships between variables. Most of the literature explaining investor relations (Figure 1, Box 3) suggests that something (e.g. adoption of an investor relations department) will happen if certain factors are in place or that there will be a positive or negative association between certain variables and investor relations variables. It is also possible that extreme values (high and/or low) of a variable may be as-

sociated with an effect on an investor relations variable (giving a U-shaped or step function relationship rather than a montonic one (Gelb 2000: 181). There are also some findings showing that company variables are associated with changes in investor relations disclosure scores (Lang and Lundholm, 1993: 266). The papers reviewed in Tables 1 and 2 contain some results inconsistent with theory and differing results according to model specification. The qualitative approaches taken by Holland (2004) and Roberts et al. (2006) attempt to deal with complexities involved in human interaction. A perfect theory that can explain and predict exactly how individual companies implement investor relations, what they communicate, the level of investor relations activity and how changes will occur over time in response to change drivers is not likely to be achieved because of the complexities outlined in Figure 1. This study aims to offer an improved insight informed both by the positive theory approach, empirical results arising from hypothesis testing and the qualitative research agenda. Accordingly, the study presents data about the investor relations process, activity levels and perceptions of investor relations, explains this data in the context of the two-dimensional model and models the investor relations activity levels using a regression model.

3. The research questions and hypotheses

Having constructed the two-dimensional model in Figure 1, the main research questions are: how is the investor relations function carried out, how much investor relations is carried out, how can differences between companies be explained, what are the perceptions of management about what is going on and how has the situation changed over time in response to change drivers? In more detail I state the questions as follows:

- RQ1 How does the company investor relations function operate in communicating with analysts and investors (Boxes 2 and 6) and what is the perceived relative importance of the various methods both now (Box 1a) and in the past (Box 1b)?

- RQ2 What is the company management's perception of its relationship with analysts and investors (Box 1a) and in the past (Box 1b and Box 5) and what is the company management's perception of the benefits of investor relations meetings and the effect of investor relations overall (Boxes 1 and 4)?

'Market outcomes' (Box 4) have been researched empirically as documented in the literature review. For the purposes of this study company respondents' perceptions of market outcomes were ob-

tained in order to answer the research question.

- RQ3 What topics are discussed at investor relations meetings (Boxes 3 and 5) and what is the perceived relative importance of the various topics discussed both now (Box 1a) and in the past (Box 1b)?

In respect of the research questions relating to perceptions I expect from the literature review that respondents from larger companies will tend to view investor relations and its elements as being more important than respondents from smaller companies. Six out of seven of the empirical papers summarised in Table 1 found that size was a significant explanatory variable for the dependent investor relations variable in a multivariate regression model. This leads to the following question:

- RQ4 Is there an association between company size and respondents' perceptions about the importance and value of investor relations?[1]

The final question is a key question in this paper because it deals not with respondents' rating scale perceptions or yes/no variables but with numerical measures of investor relations that can only be obtained from company insiders. Prior explanatory research as detailed in Table 1 (apart from Marston, 1993) uses externally observed dichotomous measures or continuous measures of perceptions from the US Financial Analysts' Federation (FAF).

- RQ5 What is the level of investor relations activity of the company, has it changed over time and what determines the current level of activity?

Investor relations activity is defined as a latent variable representing the amount of organisational effort or resources devoted to investor relations. There are many proxies that can be used to measure investor relations activity. I use the number of one-to-one investor relations meetings held by the company and the size of the potential and actual audience attending any type of investor relations meeting (Box 2).

The empirical literature attempting to explain investor relations activity (Table 1) provided an incentive for testing a regression model of the level of investor relations activity (RQ5) as measured by the number of investor relations meetings and the size of the audience. The results demonstrated a wide variation between companies in respect of the number of investor relations meetings held and the size of the audience. (Descriptive statistics are

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[1] I acknowledge that other company specific variables are also likely to affect perceptions of company respondents. However given that perceptions are evaluated on a ranking scale which is ordinal in nature it is not proposed to attempt further analysis of the reasons for different responses.

shown later in Tables 9 and 10). Bearing in mind the theories and findings presented in the literature review, there were several potential variables that might explain the observed variations in the data and help to answer the research question. These will now be discussed.

3.1. Ownership structure and dispersion

Ownership structure and dispersion of shareholdings can be measured in a number of ways. In this study I take three measures as proxies. Dealing first with geographical dispersion, I expect that companies with foreign listings are likely to hold more one-to-one meetings, possibly as part of a roadshow, in order to meet the needs of foreign investors. Previous research has shown that firms with international listings tend to disclose more information, both in their annual reports and by other means, than firms with a domestic listing only (Ahmed and Courtis, 1999). It seems likely that international listing will cause firms to put more effort into their investor relations function. As the US is generally held to be the world's leading capital market with the most strict regulations it is possible that a US listing will have more effect on disclosure than a listing elsewhere. Foreign listings are likely to stimulate demand for meetings from analysts and fund managers based in those markets. Marston (1993: 234) found that a foreign listing status was significantly positively associated with the number of one-to-one meetings. The hypothesis is:

H1 A company's listing status (foreign rather than domestic only) is positively associated with the level of investor relations activity.

In respect of dispersion among shareholders I expect that the total number of shareholders will not affect the number of one-to-one meetings as these are reserved for analysts and investing institutions. However the level of free-float, the percentage of shares available to be traded on the market, may have an effect on a company's incentive to hold one-to-one meetings. Also, if a large proportion of the equity is in permanent ownership (possibly by the founding family) and not available for trading on the stock exchange there may be little point in devoting extensive efforts to investor relations. Thus there may be fewer one-to-one meetings and fewer participants in such meetings when a company has a low free-float, and a high proportion of shares held by the board, family and associates. Marston (1993: 234–235) found the percentage of insider shareholdings was significantly negatively related to the number of one-to-one meetings for univariate tests but not for multivariate analysis. Gelb (2000: 170) argued that managerial ownership mitigates agency costs and therefore reduces the need for costly accounting disclosures. He found

that lower levels of managerial ownership were associated with more highly rated disclosure in annual and quarterly reports. However he did find that investor relations disclosures were not influenced by the level of managerial ownership.

H2 The level of free-float is positively associated with the level of investor relations activity.

H3 The level of insider holdings is negatively associated with the level of investor relations activity.

3.2. Institutional ownership

Bushee et al. (2003) have argued and shown that the percentage of institutional ownership is negatively associated with real time open access to conference calls as opposed to closed conference calls. Accordingly I expect that a high level of institutional ownership will be associated with a greater number of one-to-one meetings. Buy-side analysts and fund managers request one-to-one meetings as valuable discussions can take place in these relatively private events. Companies offer one-to-one meetings in order to attract and retain institutional investors. Both the percentage held by the institutions and the number of institutions involved are likely to drive the number of one-to-one meetings. A company with a high percentage held by a small number of institutions is likely to experience a different demand for meetings than a company with a high percentage held by a large number of institutions. Therefore I use two proxies in the model (Bushee and Miller, 2005: 19).

H4 The level of institutional ownership is positively associated with the level of investor relations activity.

H5 The number of institutional owners is positively associated with the level of investor relations activity.

3.3. Analyst following

The number of sell-side analysts following a firm is likely to be associated with an increased number of one-to-one meetings. Tasker (1998) has shown that higher analyst following is associated with holding conference calls and Rao and Sivakumar (1999) have shown that firms with higher analyst following were more likely to establish an investor relations department. Bushee et al. (2003) argued and found that analyst following would be negatively related to holding open access rather than closed conference calls. Sell-side analysts are likely to request one-to-one meetings in order to enable them to (hopefully) produce superior research reports and make better recommendations.

H6 The level of analyst following is positively associated with the level of investor relations activity.

3.4. Complex information disclosure environment

Bushee et al. (2003) hypothesised that firms with complex information disclosures would be more likely to hold closed conference calls as opposed to open access calls. Tasker (1998) hypothesised that firms with less informative financial statements (proxied by industry market to book values) would tend to hold conference calls. Frankel et al. (1999) hypothesised that firms which were difficult to analyse (for example those with intangible assets or in a high tech industry) would be likely to hold conference calls. Following this line of reasoning I hypothesise that firms with complex disclosures will hold more one-to-one meetings to make those disclosures or explain them in more detail. A complex information disclosure environment is a latent variable that can be proxied in various ways.

Market to book value (MTBV) is a variable that could possibly indicate the need for complex disclosures via a company's investor relations. If a company has a high market value compared to the assets shown in the accounts this could indicate the presence of intangible assets which do not appear on the balance sheet, such as intellectual capital. MTBV has frequently been used to proxy for a company's growth options in the literature. As countries move from a manufacturing based economy to a services based economy it is often argued that traditional balance sheets need to be supplemented by information about intangible income generating assets (Beattie and Thomson, 2004). In order to achieve this, companies with a high MTBV may put more effort into investor relations. They may offer more one-to-one meetings and attract a larger audience for these meetings. On the other hand, a low MTBV could be due to a 'low' share price following bad news or negative market sentiment or a negative book value and this might cause companies to offer more meetings to explain the situation. Analysts who are looking for recovery stocks might be interested in attending meetings with low MTBV companies and fund managers with an investment in such companies could also be keen to find out what it going on (Marston 2004: 62). Thus the relationship may not be monotonic.

In view of the debates surrounding accounting for intangible assets I also expect that companies with recorded intangible assets on their balance sheets may need to hold more one-to-one meetings to tell their value-creation story. Additionally some industries are inherently more complex than others and in particular high tech industries (such as biotech firms) may feel the need to hold more one-to-one meetings.

Accordingly I select three measures to proxy a complex information disclosure environment.[2]

H7 The market to book value ratio is associated with the level of investor relations activity OR

H7a A high market to book value is positively associated with the level of investor relations activity

H7b A low market to book value is positively associated with the level of investor relations activity

H8 The existence of intangible assets in the balance sheet is positively associated with the level of investor relations activity

H9 Membership of a high tech industry is positively associated with the level of investor relations activity

3.5. Raising of capital

Lang and Lundholm (1993), Tasker (1998) and Gelb (2000) found the raising of capital to be significant in their models. Frankel et al. (1999) found a positive association with issuance of debt and not equity. I hypothesise that companies issuing new capital will be likely to hold more one-to-one meetings as they will need to maintain the interest and confidence of analysts and institutions to ensure that their issues are successful. Analysts and fund managers may be more likely to request meetings to discuss such activities.

H10 The raising of new capital is positively associated with the level of investor relations activity

3.6. Control variable: company size

Company size has been shown by many studies to be associated with increased disclosure (Ahmed and Courtis, 1999). The papers summarised in Table 1 indicate that it is also an important determinant of investor relations actions and disclosure levels (although Bushee et al. (2003) was an exception). Large companies have more capital to market, they have more resources available and they are under great pressure to increase transparency. It seems likely that they will devote more effort to investor relations than smaller companies. Thus they might hold more one-to-one meetings. From the point of view of the analysts and fund managers, larger companies will naturally attract their attention unless they are required to specialise in smaller companies by their employers. Size may also indicate the presence of a complex disclosure environment as larger companies tend to be more complex in structure, segmentation and the type of activities they undertake.

H11 A company's size is positively associated with the level of investor relations activity.

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[2] Bushee et al. (2003) used five proxies for complex information disclosures and Tasker (1998) used four industry measures of financial statement informativeness.

3.7. The regression model for RQ5

The model developed in the hypotheses section above can be expressed as follows: (Investor relations activity level) = a_0 + a_1(Ownership dispersion/structure: listing status FLIST) + a_2(Ownership dispersion/structure: free float F-F%) + a_3(Ownership dispersion/structure: insider holdings BFA%) + a_4(Institutional ownership: percentage INST%) + a_5(Institutional ownership: number of institutional owners INSTNO) + a_6(Analyst following ANALYST) + a_7(Complex disclosure environment: market to book value MTBV) + a_8(Complex disclosure environment: intangible assets on balance sheet IA/TOTA) + a_8(Complex disclosure environment: high tech industry HIGHTECH) + a_9(Recent raising of new capital NEWCAP)+ a_{10}(Company size MKTCAP) + ε

The latent dependent variable 'investor relations activity' is proxied by the number of one-to-one meetings (1-1s) and by six measures of the size of the audience for all types of investor relations meetings from the sell-side (SSA-ATT, SSA-LIST, SB-FIRMS) and the buy-side (BSA-ATT, BSA-LIST, II-FIRMS). Thus seven regressions using different proxies are carried out. Definitions of the dependent and independent variables are shown in Table 10.

4. Research method

To answer the research questions, information was needed from company managers. A postal questionnaire was sent to the top 500 UK companies in two stages. The first stage was a survey of the top 500 European companies (Marston, 2004) and this population included 143 UK companies of which 61 responded. The second stage was a survey of the top 500 UK companies but as the top 143 companies had already been surveyed in stage one the earlier results were retained.

The first stage mailing was sent to the top 500 European companies measured by market capitalisation on 4 January 2001 and, as noted above, 143 of these were British companies. The list was obtained from the Financial Times FT500 (*Financial Times*, 2001). Questionnaires were posted out in batches over a three-week period commencing on 17 January 2002. The questionnaire was addressed to the Finance Director by name where this information was available. In other cases it was addressed to the Finance Director. Follow-up letters

and questionnaires were sent out to non-respondents in March 2002. The follow-up letters were addressed to the investor relations officer. The second stage mailing was sent to the rest of the top 500 British companies (*Financial Times*, 2001) and these questionnaires were sent out in November 2002, with follow-up letters and questionnaires in January/February 2003. Price movements in the UK stock market in the year prior to the survey and during the survey period exhibited a general downward trend[3] that may have had some effect on company respondents.

4.1. The questionnaire

The questionnaire contained eight sections covering various aspects of the investor relations process. The questionnaire design was based on Marston (1993) but was improved in order to remove ambiguities that had been noted during coding responses to the earlier project. A review of recent academic and professional publications was carried out to update the questionnaire. Further improvements were made at the pilot stage with the assistance of investor relations practitioners. The new questionnaire contained many similar questions enabling some comparisons and assessment of changes to be made over time. Additional questions related to changes in the environment (such as the Internet) in order that an updated description could be obtained and that the impact of change drivers on the investor relations activity could be measured.

4.2. Response rate

Out of the 500 UK companies in the FT Top 500 for 2001, 39 had de-listed, merged, or been taken over by the time the questionnaires were posted, giving an effective total of 461 companies eligible to respond, of which 143 replied, giving a response rate of 31%. 55% of respondents were specialist investor relations personnel although 42% of responses were from finance directors. As shown in Table 3, the responses from finance directors tended to be from the smaller companies.

Respondents were larger than non-respondents.[4] There was no statistically significant difference between the response rates from different industrial sectors.

5. Results

I now set out and discuss the results of the research questions obtained from the questionnaire responses. The discussion contains interpretations drawn from the literature review especially those relating to theory.

As discussed above, I expect some changes in investor relations to have occurred over time as a result of company-side change drivers and market-side change drivers (Figure 1). In order to investi-

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[3] The FTSE100 index fell from 6,222 to 4,129 and the FTSE All Share index from 2,983 to 2,006 between January 2001 and July 2003.

[4] A t-test showed no significant difference (t, df 459 = 1.32, significance 0.5) but in view of the distributional properties of the size variable a non-parametric test was also carried out. A Mann-Whitney test (two-tailed) comparing respondents with non-respondents was significant (Z –4.244, significance .000).

Table 3
Details of respondents and response rates

| | Market Capitalisation | | | |
	Mean £m	Median £m	SD	N
Job title of respondents				
Finance Director	1,040[1]	345	1,566	59
Investor Relations Director	9,355	3,898	18,627	59
Investor Relations Officer	4,050	815	7,512	19
Other	1,425	1,620	1,066	6
Completed questionnaire	4,887	1,046	12,843	143
Refused or no answer	3,160	484	13,044	318
Population	3,696	556	12,933	461

[1] A Kruskal-Wallis test confirmed that responses from finance directors were from significantly smaller companies (significance level .000).

gate this, the results of the survey in 2002 are compared with results of an earlier survey carried out in 1991 (Marston, 1993). The population in 1991 consisted of the top 547 UK companies by market capitalisation at the time.[5]

The 1991 survey was the first academic postal questionnaire survey of investor relations carried out in the UK and this possibly explains the high response rate of 62%. The lower response rate for the recent survey in 2002 is likely due to survey fatigue being experienced by company finance directors and investor relations officers.[6]

5.1 Research question 1

Respondents were asked to rank the importance of a variety of communication channels that are typically used by investor relations departments. The results in Table 4 show that one-to-one meetings were ranked most highly with answering telephone queries second and general or group meetings third. This agrees with the rankings obtained by Marston in 1991 (Marston, 1996: 23). Additionally the median scores[7] were the same in 2002 and 1991 for the five items for which comparative data was available. The importance of private communication has also been emphasised by Holland (1997 and 1998) and Beattie (1999). Thus

it is not surprising that the rankings remain the same given that one-to-one meetings and answering telephone queries are more private than general meetings. Market-side change drivers such as increased regulation and scrutiny of company disclosures have not affected the perceptions reported in Table 4. Seven new activities were added to the survey in 2002 and these reflected the increasing use of information technology (e-mail and Internet) and included other methods that had been noted as being of importance when performing the literature review (e.g. site visits, roadshows). However the use of e-mail and the website had not supplanted the traditional communication channels. Although the use of conference calls has been studied in a US context by Tasker (1998) and Bushee et al. (2003) their perceived importance is relatively low in the UK.

Companies were asked whether they kept records of their investor relations meetings. Records were kept by the majority of the respondents for both general (79%) and one-to-one meetings (77%). In the survey in 1991 the level of record keeping for general (57%) and one-to-one meetings (49%) was lower.

The theoretical framework provides an explanation for this increase in recording. Firstly it is caused by increased regulation since 1991 (a market-side change driver) leading to a high level of awareness of the need to control and monitor private disclosures (see Marston, 1996: 5–19). Also globalisation pressures have contributed to greater investor relations professionalism. Recording meetings helps company staff to be well prepared for return visits from investors (Marston 2004: 58). This fits in with Healy and Palepu's (2001) management talent signalling hypothesis. Beattie (1999) has suggested that minutes of one-to-one

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[5] There were 337 respondents in total giving a response rate of 62%. Of these, 325 respondents identified themselves and a Z test comparing the respondents (by size) with the population was not significant. However size was not distributed normally and repeating the test using the log of the size showed a significant result (significance p=0.032) indicating that respondents were larger on average than the population.

[6] In comparing the results of the two surveys it is worth noting that 307 of the companies from the 1991 population were in the 2002 population and that 46 companies responded to both surveys.

[7] Not shown in Table 4.

Table 4
Importance of communication channels with analysts and investors

	Percentage of respondents						
	Not at all – not done	*Minor*	*Moderate*	*High*	*Mean[1,2] (median)*	*Rank 2002*	*Rank 1991[3]*
One-to-one meetings	0	0	6	94	3.94 (4)^	1	1
Answering telephone queries	0	6	25	69	3.62 (4) **	2	2
General meetings, i.e. meetings for delegates from different organisations	4	6	37	53	3.41 (4) *	3	3
Providing feedback on analysts' reports	1	12	39	48	3.34 (3)	4	4
Roadshows	7	14	33	46	3.18 (3) **	5	N/A
Answering e-mail queries	4	20	32	44	3.17 (3) **	6	N/A
Via Investor Relations section on website	4	17	40	39	3.15 (3) **	7	N/A
E-mailing information to those on a circulation list	9	14	47	30	2.97 (3) *	8	N/A
Site visits	9	21	37	33	2.95 (3) *	9	N/A
Conference calls	12	21	34	33	2.87 (3) **	10	N/A
Mailing information	7	35	40	18	2.70 (3)^	11	5
Web casts	33	21	26	20	2.32 (2) **	12	N/A

[1] Where: 4 = High importance; 3 = Moderate importance; 2 = Minor importance; 1 = Not at all – not done; N/A not applicable to 1991 survey.
[2] The relationship between ranking scale answers and company size is positive in all cases and significant at the following levels in a Kruskal-Wallis test: ** significant at the .01 level, * significant at the .05 level, ^ significant at the .1 level
[3] 1991 figures are based on a maximum of 325 respondents to individual questions (subject to missing values).

meetings should be placed in an electronic library. This might 'level the playing field' for all investors although Bodoff and Zhang (2003: 456) point out that there is a vast literature in accounting, finance and economics that shows the benefits of more, or more widespread, disclosure are far from straightforward.

5.2. Research question 2

The questionnaire asked for opinions about relationships with analysts and fund managers (Table 5). Given the amount of organisational effort and management time devoted to investor relations it was considered important to establish company respondents' personal attitudes towards investor relations.

Company respondents generally considered investor relations meetings and telephone calls to be a valuable means of communication. This finding of a positive attitude towards investor relations meetings agrees with Roberts et al. (2006: 282) who found that meetings were 'grasped as an opportunity' to influence investor decision making.

The company respondents did not appear to consider themselves pressurised to reveal inside information. There has been an increasing pressure on UK companies to be very careful about selectively revealing price-sensitive inside information (Marston 1999: 4). However the responses indicated that they can manage these pressures comfortably.

There has been an ongoing debate in the UK regarding the alleged short-termist attitude of the City of London (Marsh, 1990). For this reason perceptions about short-termism were sought from company respondents. On average the respondents did feel that sell-side analysts were somewhat more short-termist than the buy-side.

The mean score for the responses to these questions were ranked in the same order as the responses to similar questions in the 1991 survey. Additionally the median scores were the same for seven out of eight of the items[8] for which comparative data was available. This is interesting in that the results show consistent respondent perceptions over a time-period in which several change drivers have been operating. For example, as noted previously, company disclosure has been subjected to closer scrutiny and regulation but this has not affected the popularity of one-to-one meetings.

Respondents were asked for opinions about investor relations meetings. Most respondents strongly agreed that meetings are important for demonstrating the quality of the management team (Table 5). It was also generally agreed that presentation skills are important and that management can receive valuable feedback at meetings. These

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[8] Not shown in Table 5.

findings agree with the results of an interview based study in the UK by Marston (1999). Additionally Beattie (1999: xi) found that quality of management was the most highly ranked driver of company performance in a survey of information users. This finding can be related to Healy and Palepu's (2001) management talent signalling hypothesis and shows that management wished to demonstrate their quality to the market. One note of caution comes from Roberts et al. (2006: 286), who note that 'face-to-face meetings ensure that the qualities of the message and the messengers become inextricably and consequentially entwined' and 'there is no metric that reliably relates the body language of an executive to future financial performance'. Given the vast amount of published information available from companies it appears that assessment of management quality is a key reason for attending meetings. It would be difficult to report formally on management quality because intangibles like body language, personality and the interaction between members of the management team cannot easily be put into words.

To establish the perceived effect of investor relations on the market for the company's securities, respondents were asked whether they agreed with five general statements about the benefits/effects of the investor relations programme. In general there was agreement that it helps to ensure securities are fairly priced and improves market liquidity. This is in agreement with the findings of Bushee and Miller (2005). While Bushee et al. (2003) found that higher price volatility occurred during the period of conference calls, the respondents generally agreed that investor relations helped to reduce share price volatility. Respondents were generally uncertain as to whether investor relations reduced the cost of capital.

5.3 Research question 3

In order to establish what was actually discussed at meetings, respondents were presented with a long list of possible topics. This was based on a previous study (Marston, 1993) with an additional section (designated 'management issues') designed to take account of recent trends in company reporting and the business environment.

The following three tables summarise respondents' views on the importance of the provision of information on past performance (Table 6), future prospects (Table 7), and management issues (Table 8) at investor relations meetings. Topics are listed in rank order of perceived importance. Tables 6 and 7 provide comparative data in order to assess any effect of change drivers.

An explanation of recent results was considered most important of the listed items on past performance. The relative importance of the listed items was found to be exactly the same as in the

Table 5
Perceptions about IR

	Mean score[1] (median)[2]	N	2002 rank	1991 rank
Relationship with sell-side analysts				
Company meetings with sell-side analysts are a valuable means of communication	4.35 (4)	139	1	1
Company telephone conversations with sell-side analysts are a valuable means of communication	4.19 (4)^	138	2	2
Sell-side analysts are important in influencing market views about my company	4.07 (4)	138	3	N/A
Sell-side analysts are too concerned with the short-term rather than the long-term prospects for the company	3.19 (3)	136	4	3/4[4]
Sell-side analysts pressurise my company for inside information	2.49 (2)	138	5	5
Relationship with buy-side analysts and fund managers/institutional investors				
Company meetings with buy-side analysts and fund managers/institutional investors are a valuable means of communication	4.70 (5)*	141	1	1
Company telephone conversations with buy-side analysts and fund managers/institutional investors are a valuable means of communication	4.27 (4)**	142	2	2
Buy-side analysts and fund managers/institutional investors are important in influencing market views about my company	3.82 (4)	141	3	N/A
Buy-side analysts and fund managers/institutional investors are too concerned with the short-term rather than the long-term prospects for the company	2.67 (2)**	138	4	3/42[2]
Buy-side analysts and fund managers/institutional investors pressurise my company for inside information	2.09 (2)	141	5	5
Opinions about investor relations meetings				
Meetings are important for demonstrating the quality of the management team	4.60 (4)*	137		
Management may sometimes obtain valuable information and feedback at meetings	4.23 (4)	138		
Presentation skills are important to the success of the meeting	4.19 (4)	136		
Benefits and effects of IR programme				
The benefits of investor relations exceed the costs	4.30 (4)**	142		
Investor relations helps to ensure that the market price of securities is fair	3.76 (4)**	139		
Investor relations helps to improve liquidity in the market for the company's securities	3.61 (4)**	142		
Investor relations helps to reduce share price volatility	3.45 (4)**	140		
Investor relations reduces the cost of capital	3.33 (3)	141		

[1] Where: Strongly agree = 5; Agree = 4; Neutral = 3; Disagree = 2; Strongly disagree = 1.
[2] The relationship between ranking scale answers and company size is significant at the following levels in a two-tailed Kruskal-Wallis test: ** significant at the .01 level, * significant at the .05 level, ^ significant at the .1 level.
[3] 1991 figures are based on a maximum of 325 respondents to individual questions (subject to missing values).
[4] The questions about the short-term were subdivided into 2 questions in the 1991 survey.

Table 6
Relative importance of provision of different types of information on past performance at meetings

Past performance	Mean score[1,2]	N	2002 rank	1991 rank
Explanation of recent results in the context of the general economic environment	3.66	138	1	1
Explanation of structure of balance sheet and gearing	3.21	134	2	2
Performance of recent acquisitions	3.19	110	3	3
Additional breakdown of published figures by line of business	3.02^	127	4	4
Explanation of accounting policies	2.72	138	5	4
Additional breakdown of published figures by geographical area	2.55*	122	6	6
Outcome of completed research and development projects	2.41	94	7	7

[1] Where: Not at all = 1, Minor importance = 2, Moderate importance = 3, High importance = 4 (Respondents who considered the listed items 'not applicable' have been omitted.)
[2] The relationship between ranking scale answers and company size is positive and significant at the following levels in a Kruskal-Wallis test: * significant at the .05 level, ^ significant at the .1 level.

1991 survey. The theoretical framework provides no prediction for ranking the topics nor any specific prediction that the mean rankings might change over time. Although the existence of change drivers had the potential to influence the results, this did not occur. The empirical studies identified in the literature review (see Table 1) indicated that good performance (measured in various ways) is linked with investor relations disclosure and the findings here confirmed the perceived importance of discussing past performance.

Respondents also had space to make additional entries about past performance, with their perceived importance. These varied widely and corresponded with items in the theoretical models predicting investor relations disclosures. They included: cash generated per segment, an exceptional event and cash conversion actions (complex information disclosures, Bushee et al., 2003), competitive positioning (Tasker, 1998 and Gelb, 2000), capital efficiency, capital expenditure and 10-year performance against an index (Tasker, 1998).

Short-term strategy, major new products and developments and long-term strategy were the most important topics relating to future prospects. These types of disclosures could be considered to be complex information disclosures following the model of Bushee et al. (2003) and therefore perhaps more suitable for discussion in a private meeting. The rankings were quite similar to those obtained in 1991 although an explanation of major new projects and developments has risen in the rankings. This indicates increased market-side pressures for more specific forward-looking infor-

mation. The items listed in Table 7 are not mutually exclusive and some are more specific than others. New information about many of the items listed in Table 7 could be price-sensitive and therefore should not be issued initially at a private briefing. However companies are able to discuss and explain the items using public domain information as the basis. An 'explanation of profits forecast' is ranked as minor to moderate importance. There are regulatory problems with issuing profits forecasts in the UK. However companies can discuss the consensus forecasts produced by analysts or discuss 'ball park figures' without committing to an exact figure.

Respondents' own entries about future prospects, with their perceived importance varied widely. They included current-year earnings guidance, volume/price outlook, government spending, growth agenda and organisational culture change. The last two items listed could be considered to be complex information disclosures in line with the Bushee et al. (2003) model.

The items listed as 'management issues' (Table 8) were intended to encapsulate some of the key concerns that have been emerging in recent years. Discussions about 'creation of shareholder value' were viewed as most important here. This mirrors the findings of Roberts et al. (2006) who have remarked on the importance of shareholder value in their study of meetings with fund managers.

Although corporate governance has been a topical issue since the 1990s in the UK it appeared to be of only moderate importance for discussion in investor relations meetings. Individual compo-

Table 7
Relative importance of provision of different types of information on future prospects at meetings

Future prospects (subject, if necessary, to prior public announcement)	Mean score[1,2]	N	2002 rank	1991 rank
Company strategy in the short term (1–2 years)	3.72*	138	1	2
Explanation of major new projects and developments	3.60^	134	2	6/9
Company strategy in the long term (>2 years)	3.55**	139	3	1
Company strategy for particular segments of the business	3.47**	126	4	2
Cash flow situation	3.41**	140	5	4
Dividend policy	3.09	129	6	5
Company strategy on future acquisitions	3.07*	128	7	6
Explanation of new products	3.05	117	8	14/15
Long-term investment plans	3.05**	129	9	8
Explanation of new contracts	2.82	120	10	15/15
Current state of order book	2.77	101	11	13
Explanation of profits forecast	2.72	102	12	10/12
Company strategy on future disposals	2.70	114	13	10
Explanation of new research and development projects	2.47	91	14	19/20
Prospects of current research and development projects	2.43	90	15	18

[1] Where: Not at all = 1, Minor importance = 2, Moderate importance = 3, High importance = 4.
In the 1991 survey there were 20 listed items and five of the items in the 2002 survey were subdivided into two items in 1991. For example 'Explanation of new products' was divided into 'First announcement of new products' and 'Further explanation of new products that have already been announced'.
[2] The relationship between ranking scale answers and company size is positive and significant at the following levels in a Kruskal-Wallis test: ** significant at the .01 level, * significant at the .05 level, ^ significant at the .1 level.

nents of corporate governance that were listed (directors' remuneration, external audit and internal audit) were rated as less important than 'corporate governance generally'. This is because some investing institutions carry out their checks on corporate governance using different personnel (i.e. not the buy-side analysts and fund managers but compliance checking officers of some sort). It is also because UK companies are required to 'comply or explain' adherence to corporate governance codes. As a result of this regime, once the baseline of corporate governance has been established, there may be little need to discuss governance further at meetings.

Risk management was ranked third after 'corporate governance generally'. The issue of risk management and risk reporting had been the subject of some scrutiny by the Institute of Chartered Accountants in England and Wales (ICAEW, 1999) prior to the survey. From the point of view of the respondents it did not appear to be a very important item for discussion at investor relations meetings.

Even less importance was attached to the provi-

sion of information on social and environmental issues. Companies may provide social and environmental information and even prepare a separate report but find that there is very little discussion of these matters in meetings with analysts and investors. The subordination of these topics to that of shareholder value creation is not entirely surprising despite the vast amount of effort, discussion and research devoted to social and environmental reporting over the years.

Perhaps, surprisingly, provision of information on intellectual capital was rated as even less important. Bushee et al. (2003) indicated that a complex disclosure environment, including the existence of intangibles, provides an incentive for private disclosures. However it is possible that respondents would have responded differently if the question had referred to intangible assets in more general terms.

5.4. Research question 4
In respect of the ranking scale answers, statistical tests were carried out comparing respondents'

Table 8
Relative importance of provision of different types of information on management issues at meetings

Management issues	Mean score[1,2]	N	2002 rank
Creation of shareholder value	3.39**	137	1
Corporate governance generally	2.64	135	2
Risk management	2.47	131	3
Social and environmental issues	2.40**	136	4
Intellectual capital	2.27	117	5
Directors' remuneration	2.21	134	6
Succession plans for key management positions	2.17	132	7
External audit	2.02	131	8
Internal audit	1.91	126	9

[1] Where: Not at all = 1, Minor importance = 2, Moderate importance = 3, High importance = 4.
[2] The relationship between ranking scale answers and company size is positive and significant at the following levels in a Kruskal-Wallis test: ** significant at the .01 level.

answers with company size measured as market value. The results of the tests are displayed in Tables 4, 5, 6, 7 and 8. Table 4 shows that respondents from larger companies were significantly more likely to rank the importance of 11 out of 12 of the investor relations communications channels more highly than the smaller respondents. The results are less clear-cut in the case of perceptions of the company relationship with analysts and opinions about investor relations meetings (Table 5) with only five out of 13 significant results. However it is noticeable that larger companies are significantly more in favour of telephone calls and meetings with the buy-side than are the smaller companies. Larger companies were significantly more likely to agree with the four out of five statements about the benefits/effects of investor relations. In respect of Table 6, larger companies were significantly more likely to consider provision of additional segmental information as more important than were smaller companies but there were no significant differences for the other five items listed. In respect of provision of information on future prospects (Table 7), there were seven significant results and eight items for which there was no difference between the responses of smaller and larger companies. It is notable that the seven significant results were found within the nine items ranked most important overall. Only two of the nine items relating to management issues in Table 8 were significantly more important for larger companies. Provision of information on the creation of shareholder value was ranked as more important by larger companies indicating that they are subjected to greater 'disciplinary pressures' by investors (Roberts et al., 2006). As larger companies are subjected to higher political risk, this ex-

plains why they ranked social and environmental information as more important than smaller companies.

Larger companies were significantly more likely to keep records of all types of meetings. They have more resources to facilitate this and a greater incentive to avoid selective disclosure because of their greater visibility and hence political risk.

Overall there is evidence to indicate that larger companies saw investor relations as being more important than smaller companies, as was expected.

5.5 Research question 5

In order to establish the levels of investor relations activity in the respondent companies the questionnaire asked for details of the number of investor relations meetings of all types held in the past 12 months. Table 9 shows the mean number of one-to-one meetings was 77, indicating a substantial investment of time and effort. These meetings typically involve the chief executive and/or the chief finance officer along with members of the investor relations team. There had been a large increase in the number of meetings since the 1991 survey when respondents from the UK top 500 companies reported an average of 25 one-to-one meetings. This increase has been caused by market-side change drivers (Figure 1) as discussed in the literature review. The global competition for capital has led companies to offer more one-to-one meetings than previously. This is supported by the fact that 28% of respondents had a foreign listing compared to 18% in the 1991 survey (Marston 1993: 180). The demand for one-to-one meetings increased as a result of increased competition between analysts. Competitive pressures in the financial services sector increased in the period

Table 9
Investor relations activity levels: frequency of meetings and attendance levels

	Domestic market 2002 (based in your own country)	International 2002 (based abroad)	Total 2002	Total 1991
	Mean	Mean	Mean	Mean
No. of meetings in past 12 months (12m)				
One-to-one meetings				
1-1s			76.8	24.7
General meetings			5.0	6.2
Site visits			3.8	N/A
Roadshows			4.8	N/A
Sell-side audience				
SSA-ATT	28.5	8.3	32.7	24.0
SSA-LIST	37.6	15.8	47.1	26.5
SB-FIRMS	19.3	3.8	23.9	17.8
Buy-side audience				
BSA-ATT	52.7	32.6	81.0	42.2
BSA-LIST	93.1	59.2	146.6	53.5
II-FIRMS	42.3	21.4	60.8	30.3

Note: The number of respondents to each requested item varied from 73 to 129.

SSA-ATT = no. of sell-side analysts attending meetings of all types in past 12m.

SSA-LIST = no. of sell-side analysts on invitation list

SB-FIRMS = no. of stock-broking firms sending representatives to meetings of all types in past 12m.

BSA-ATT = no. of buy-side analysts and fund managers/institutional investors attending meetings of all types in past 12m.

BSA-LIST = no. of buy-side analysts and fund managers/institutional investors on invitation list.

II-FIRMS = no. of institutional investor firms sending representatives to meetings of all types in past 12m.

from the early 1990s (Johansson, 2007: 8) and the performance of sell-side analysts came under increased scrutiny (Koreto, 2001).

Other market-side change drivers were the closer surveillance of companies for breaches of insider dealing law and regulations and the post-Cadbury era of corporate governance. In 1991 it was possible to grant one-to-one meetings to favoured institutional investors and analysts only (Marston, 1996: 24–26) whereas this was no longer the case in 2002. Fund managers nowadays request meetings more often as a result of the increased importance of corporate governance issues (Marston, 2004: 53). They are also required, in some cases, to meet with companies under the terms of the investment principles of the fund they work for.[9,10]

The mean number of general meetings was five and this was slightly lower than the 1991 survey. General 'set piece' meetings follow the financial calendar and relate mainly to results announcements. They may also be organised in special situations such as takeovers and mergers. There were no obvious market-side change drivers that would

have caused an increase in general meetings in the period. The mean number of site visits was 3.8 and the mean for roadshows was 4.8. Site visits involve visits to company premises by invited analysts and/or fund managers. Road-shows involve a team from a company visiting a financial centre and holding group meetings and one-to-one meetings with the aim of meeting analysts and investors who might not visit the company at its own premises. This can be useful for meeting overseas analysts and investors.

Analyst following and institutional ownership are both important to UK quoted companies. Analysts write research reports and make forecasts and offer buy, sell or hold recommendations.

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[9] As suggested by a pension fund trustee in conversation with the author. See also Marston (2004: 53).

[10] The data provided do not differentiate between meetings for the sell-side and the buy-side so it is not clear how the increased number of one-to-one meetings is divided. It was felt that asking respondents to provide two numbers rather than one would reduce the response rate to this particular question. However the later data in Table 9 does provide a breakdown between the buy-side and the sell-side audience.

Companies want analysts to follow their shares as this research helps to maintain interest among investors. In the UK the majority of shares are held by institutions so companies need to attract and retain institutional owners. Investor relations meetings are used to maintain relationships with analysts and existing and potential investors. The size of the audience measures both the success of the company's investor relations programme and the demand from the audience.

Respondents' estimates of the number of analysts and investors who were invited to and who attended meetings can be seen in Table 9. It also provides details of the number of stock-broking firms and the number of institutional investor organisations which were represented at meetings. In view of the increasing globalisation of capital markets, respondents were asked to provide a split between the domestic market (analysts based in the UK) and international market (analysts based abroad). The ratio of domestic to international varied from 1.6 to 5 for the various measures.

Table 9 shows that there were substantially more institutional representatives on the invitation list than there were sell-side analysts. However the number of sell-side analysts had doubled since 1991 and the number of buy-side analysts had almost tripled. The numbers on the domestic invitation lists exceeded the number on the international list. The numbers actually attending meetings can be seen to be smaller than the numbers on the invitation lists. Another way of measuring attendance at meetings is to look at the number of firms sending representatives to a company's investor relations meetings. Table 9 also provides this information and it reflects the same pattern as the other data.[11]

Overall the results in Table 9 show that companies were devoting substantial effort to holding meetings for quite large numbers of analysts and investors and that there has been an increased effort in the period 1991 to 2002. Market-side change drivers, as discussed above and in the literature review, provide reasons for the increases observed in the table.

In order to explain differences between companies, I use the regression model developed above. I proxy the level of investor relations activity firstly by the number of one-to-one meetings (1-1s) and subsequently by the size of the actual and potential audience for investor relations meetings (Table 9).

5.6. The variables

Descriptive statistics for the seven dependent variables are provided in Table 10. The definitions for and the statistics for the independent variables are also shown. Spearman rank correlations between the dependent variables range from a low of .336 to a high of .864 with all being significant at

the 1% level. Correlations between the independent variables are shown in Table 11. There were several fairly large and significant correlations between some of the independent variables indicating a need to test for multicollinearity in the multivariate model.

Table 11 shows the correlations between the independent and the dependent continuous variables. In respect of the dummy variables a Mann-Whitney test is used (Table 13). Bi-variate testing provides an initial indication of whether there is support for the hypotheses.

The first row of Table 12 shows significant correlations between six out of nine of the hypothesised independent variables and the dependent variable **1-1s**. This provides initial support for hypotheses H3, H5, H6, H8, H10 and H11. The correlations between the other dependent variables and the independent variables provide support for hypotheses H5, H6, H10 and H11.

Table 13 provides support for hypothesis H1 as companies with foreign stock exchange listings hold a significantly higher number of one-to-ones and have a larger audience for meetings. There is less support for hypotheses H7a (HIGHMTBV) and H7b (LOWMTBV) and H9 (HIGHTECH) apart from the fact that companies with a low MTBV seem to be associated with higher values of the dependent variables with three significant results.

As there was no support for the MTBV hypothesis H7 using the continuous variable MTBV but some support for H7b it was decided to use the dummy variables in the multiple regression instead.

Table 14 shows the model for the dependent variable one-to-one meetings (1-1s). In view of the distributional properties of some of the variables a normal scores approach as suggested by Cooke (1998) was used for the continuous dependent and independent variables. Regression diagnostics showed that multicollinearity and heteroscedasticity were not a problem. The results indicate that the number of institutional investors (INSTNO), analyst following (ANALYST) and raising of capital (NEWCAP) are significant explanatory variables in the model. Comparing these results with those studies of investor relations activity reported in Table 1 it appears that institutional ownership was also significant for Tasker (1998) and Bushee et al. (2003) but not for Rao and Sivakumar (1999). Analyst following was significant for Tasker (1998), Frankel et al. (1999) and Bushee

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[11] To put this figure in context, Briton's Index (*PR Newswire*, 2003) provides a listing of stockbrokers' addresses. There are 117 addresses of UK headquarters offices and 200 branch offices. The directory lists 7,600 named analysts and executive personnel. Marston (1993: 68–72) noted that there were around 2,000–3,000 equity analysts working in the UK in 1990.

Table 10
The variables

Dependent variables	Minimum	Maximum	Mean	Median	Standard deviation	N
1-1s	2	600	76.77	50.00	78.824	128
SSA-ATT	0	170	32.69	20.00	28.821	124
SSA-LIST	3	552	47.09	25.00	73.665	117
SB-FIRMS	2	232	23.88	15.50	29.656	96
BSA-ATT	2	1000	81.04	50.00	120.987	117
BSA-LIST	5	2000	146.55	60.00	241.336	113
II-FIRMS	2	500	60.79	40.00	73.102	92
Independent variables						
F-F% (H2)	.240	1.000	.89018	1.00000	.172780	114
BFA% (H3)	0	79	3.24	0.00	9.860	141
INST% (H4)	33.7	100	79.297	81.463	11.9113	143
INSTNO (H5)	35	173	97.44	94.00	33.832	143
ANALYST (H6)	1.00	31.67	6.5745	6.0000	4.59729	141
MTBV (H7)	−405.72	46.7	−3.99	1.88	47.653	142
IA/TOTA (H8)	.00	.86	.1875	.0737	.22538	141
NEWCAP (£k) (H10)	−9000	833000	34772.71	1866.00	116197.441	139
Size						
MKTCAP (£m) (H11)	162.9	123714.4	4886.87	1045.58	12843.8478	143

Dummy variables	Dummy=1	Dummy=0				
FLIST (H1)	40	103				143
HIGHMTBV (H7)	28	114				142
LOWMTBV (H7)	114	28				142
HIGHTECH (H9)	25	118				143

1-1s = no. of one-to-one meetings in past 12m.
SSA-ATT = no. of sell-side analysts attending meetings of all types in past 12m.
SSA-LIST = no. of sell-side analysts on invitation list.
SB-FIRMS = no. of stock-broking firms sending representatives to meetings of all types in past 12m.
BSA-ATT = no. of buy-side analysts and fund managers/institutional investors attending meetings of all types in past 12m.
BSA-LIST = no. of buy-side analysts and fund managers/institutional investors on invitation list.
II-FIRMS = no. of institutional investor firms sending representatives to meetings of all types in past 12m.
F-F% = Free-float, Datastream datatype STXFF as at 31 December 2001.
BFA% = percentage of shares owned by the board, family and their associates from *Crawford's Directory of City Connections* (Crawford's, 2002).
INST% = % held by institutions with a lower cut off point of a 0.1% holding from the Citywatch database.[17]
INSTNO = The number of institutions making up INST%.
ANALYST= Analyst holding, I/B/E/S Datastream datatype F1NE, the number of estimates associated with a fiscal year 1 forecast (average for the 3 years prior to the survey).
MTBV = Market-to-book, Datastream datatype MTBV at the 31st December 2001.[18]
IA/TOTA = Intangible assets ratio, Datastream company accounts items 344 total intangibles over 392 total assets.
NEWCAP = Worldscope cash flow datatype (W04251) 'Net proceeds from sale/issue common and preferred stock' at 31/12/01.
MKTCAP = the market capitalisation in the Financial Times UK 500 (*Financial Times*, 2001).
FLIST = US listing or any foreign listing, FLIST[19] obtained from the questionnaire.
HIGHMTBV = top quintile of values of MTBV.
LOWMTBV = bottom quintile of values of MTBV.
HITECH = High tech industry, FTSE World Actuaries Sector codes aerospace and defence (21), electronic equipment (253), pharmaceuticals (48), IT hardware and software (93) and computer services (97).

[17] Data in Citywatch is compiled at quarterly (or sometimes less frequent) intervals but on different days. Therefore data was taken at the date nearest to the first mailing of the questionnaire, usually this was within one month of the mailing date.
[18] This is the market capitalisation divided by the net tangible assets. The net tangible assets can be small or even negative leading to extreme values in some cases. Rees (1995: 94) provides a discussion of the problem of negative numbers and small divisors in the context of accounting ratios and notes that removal of outliers, transformation and use of non-parametric statistics can be used to cope with the problem. Rather than remove outliers I consider that these data items contain information and arise for genuine reasons so transformation and/or non parametric statistics are used.
[19] There were only four companies with no US listing but with other foreign listings. Thus is was not possible to test whether there was a difference between the two groups.

Table 11
Correlation Matrix (Spearman's rho)

Between independent variables	F-F% H2	BFA% H3	INST% H4	INSTNO H5	ANALYST H6	MTBV H7	IA/TOTA H8	NEWCAP H10	MKTCAP H11
F-F%	1.000	-0.73	-.004	.427**	.318**	-.071	.038	.018	.194*
BFA%		1.000	-.049	-.146	-.064	-.149	-.144	-.028	-.193*
INST%			1.00	.240**	.232**	-.135	.160	.138	.228**
INSTNO				1.00	.728**	-.037	.148	.474**	.820**
ANALYST					1.00	-.019	-.060	.309**	.693**
MTBV						1.00	.031	.150	.020
IA/TOTA							1.00	.180*	.171*
NEWCAP (£k)								1.00	.600**
MKTCAP (£m)									1.00

See Table 10 for definition of variables.

Table 12
Correlation Matrix (Spearman's rho)

	1-1s	F-F% H2	BFA% H3	INST% H4	INSTNO H5	ANALYST H6	MTBV H7	IA/TOTA H8	NEWCAP H10	MKTCAP H11
Dependent variables										
Expected direction		+	–	+	+	+	?	+	+	+
1-1s	1.000	.162	-.234**	.154	.616**	.524**	.060	.218*	.464**	.627**
SSA-ATT		.201*	-.167	.088	.636**	.665**	.018	.254**	.375**	.728**
SSA-LIST		.135	-.068	.085	.525**	.600**	-.054	.143	.388**	.642**
SB-FIRMS		.139	-.201	.028	.639**	.696**	-.116	.131	.379**	.717**
BSA-ATT		.035	-.190*	.184*	.571**	.454**	-.075	.131	.365**	.594**
BSA-LIST		.069	-.143	.106	.494**	.427**	.001	.103	.506**	.583**
II-FIRMS		.012	-.097	.109	.531**	.376**	-.136	.206*	.388**	.572**

See Table 10 for definitions of the variables.

Table 13
Summary of results of bi-variate tests of dependent variable and independent dummy variables

Dummy variable	FLIST H1	HIGHMTBV H7a	LOWMTBV H7b	HIGHTECH H9
Expected direction	+	+	+	+
Dependent variables				
1-1s	√ **	√	√	√
SSA-ATT	√ **		√	
SSA-LIST	√ **		√	
SB-FIRMS	√ **		√ ^	√
BSA-ATT	√ **	√	√	
BSA-LIST	√ **	√	√ ^	
II-FIRMS	√ **	√	√ **	√

√ relationship between the two variables is in the expected direction
** significant at the .01 level, ^ significant at the .1 level, two-tail tests

See Table 10 for definitions of the variables.

Table 14
The number of one-to-one meetings: the model using OLS regression

		Expected direction	1-1s[1]
Dependent variable			1-1s[1]
Adjusted R Square			.470
Constant			−.253 (−.2351)*
FLIST	(H1)	+	.311 (1.766)^
F-F%[2]	(H2)	+	
BFA%	(H3)	−	−.149 (−1.659)^
INST%	(H4)	+	−.083 (−1.179)
INSTNO	(H5)	+	.267 (2.186)*
ANALYST	(H6)	+	.337 (3.055)**
HIGHMTBV	(H7)	+	.407 (2.142)*
LOWMTBV	(H7)	+	.347 (1.823)^
IA/TOTA	(H8)	+	.074 (0.861)
HIGHTECH	(H9)	+	.140 (0.715)
NEWCAP	(H10)	+	.251 (2.959)**
MKTCAP	(H11)	+	−.126 (−0.836)
Cases			123

[1] t-values in parentheses, ** significant at the .01 level,* significant at the .05 level, ^ significant at the .1 level.
Dependent variables and continuous independent variables have been converted to normal scores.
[2] There were several missing values for F-F% and it was not significant in the bi-variate test nor when the full model was tested so it has been omitted.

See Table 10 for definitions of the variables.

et al. (2003). Raising of new capital was significant for Tasker (1998) and Gelb (2000) but not for Frankel et al. (1999) or Rao and Sivakumar (1999). The existence of a foreign listing is significant at the 0.1 level (in agreement with Marston, 1993, Table 1). Both the high and low MTBV dummies are significant. Tasker (1998) and Frankel et al. (1999) found MTBV to be significant whereas Bushee et al. (2003) did not. It is surprising that size is not significant although Bushee et al. (2003) had a similar result but the other six studies summarised in Table 1 found that size was significant.

The adjusted r-square is .470 and this is reasonable. It should be borne in mind that the dependent variables figure is an estimate, probably quite a rough round sum estimate, provided by the survey respondents.

Table 15 shows a summary of the results of the regression using the three dependent variables representing the audience of sell-side analysts. The adjusted r-square is higher in these models than in Table 14. Regression diagnostics indicated that multicollinearity was not a problem. The results indicate that company size (MKTCAP) and analyst following (ANALYST) are the main factors driving the size of the actual and potential audience of sell-side analysts. The ratio of intangible assets to total assets (IA/TOTA) also appears to be an important factor. There is an unexpected negative relationship between the level of institutional ownership (INST%) and the dependent variables which is only significant in one of the regressions.

Table 15 also shows a summary of the results of the regression using the three dependent variables representing the audience of buy-side analysts and institutional investors. The models are less successful in terms of goodness of fit and consistency between the results. There does appear to be support for a positive association between listing status (FLIST) and two out of three of the dependent variables and in common with the results in Table 14 size (MKTCAP) does not seem to be a significant variable.

Overall the results of the multivariate analysis indicate that different aspects of the investor relations activity level are determined by different independent variables. In particular there may be additional explanatory variables, not included in the model, which could better explain the variation in size of the buy-side audience. A further subdivision of the buy-side audience by fund type might be worth investigating. This provides an avenue for further research and it would be desirable to collect larger data sets from companies to improve the analysis. Other measures of investor relations activity level could also be developed.

6. Conclusions and discussion

This paper adds to our understanding of the investor relations process. Investor relations activities and actions are a special kind of disclosure and the literature review indicates that while there is no all-embracing theory of investor relations, a useful explanatory framework is available. I develop a two-dimensional dynamic model for investor relations that leads to several research questions (RQ1–RQ5). In order to answer these questions I use survey questionnaire data direct from company insiders collected at two points in time.

The descriptive results show that investor relations meetings (of all types) are an important part of the financial reporting and business communication package offered by companies to their institutional investors and to analysts (RQ1). One-to-one meetings are ranked as the most important investor relations communication channel in 2002 as they were in 1991 (Table 2) (RQ1).

The results show that most companies keep records for internal purposes of various types of investor relations meeting and that this record keeping has increased since 1991 (RQ1). This enables them to prepare better for future meetings and protect themselves against allegations of selective release of price sensitive information.

The results also show that company respondents are favourably inclined towards the holding of investor relations meetings and corresponding by telephone (Table 5). The comparative data shows that these opinions have remained stable over the period 1991 to 2002 (RQ2).

The respondents largely agree that investor relations meetings demonstrate the quality of the management team (Table 5) (RQ2). This is in agreement with Healy and Palepu's (2001) management-talent signalling hypothesis. However the question then arises: if investor relations meetings create an impression of high management quality does it follow that managers are actually performing well or could the impression be false? Enron was highly rated for its management before the debacle. This is an area for further research. Respondents agreed that investor relations did have a market outcome (RQ2) in terms of fairer pricing and improved market liquidity. These perceptions are broadly in agreement with empirical research into market outcomes of investor relations in the US. However there is a case for a more in-depth survey of respondents' views on specific market outcomes along with UK based empirical studies of actual market outcomes. It would be desirable to investigate the effect of the investor relations effort on variables such as analyst following and forecast accuracy as has been done in the US. To do this empirically it would be desirable to have objective, standardised measures of investor relations activity, including meetings,

Table 15
The audience for investor relations meetings of all types: summary results of the model using OLS regression

Dependent variable	Expected direction	Sell-side audience			Buy-side audience		
		SSA-ATT	SSA-LIST	SB-FIRMS	BSA-ATT	BSA-LIST	II-FIRMS
Adjusted R Square		.640	.506	.593	.342	.411	.465
		Direction of relationship and significance level[1]					
Constant		–	–	+	–	– **	– **
FLIST (H1)	+	+	+ ^	+	+	+ **	+ **
BFA% (H3)	–	–	+	–	–	–	+
INST% (H4)	+	– **	–	– **	+	–	– ^
INSTNO (H5)	+	–	– *	–	+ ^	+	+
ANALYST (H6)	+	+ **	+ **	+ **	+	+	–
HIGH-MTBV (H7)	+	–	– ^	–	+	+	+
LOWMTBV (H7)	+	–	–	+ ^	+	+	+ **
IA/TOTA (H8)	+	+ **	+ *	+	+	–	–
HIGH-TECH (H9)	+	–	–	–	+	+	+
NEWCAP (H10)	+	–	+	+	+	+ **	+
MKTCAP (H11)	+	+ **	+ **	+ **	+	+	+
Cases		119	114	92	112	109	87

See Table 10 for definitions of the variables.

[1] ** significant at the .01 level, * significant at the .05 level, ^ significant at the .1 level. Dependent variables and continuous independent variables have been converted to normal scores.

available for a large population of listed companies over a period of time.

Respondents discuss various aspect of past performance at investor relations meetings and the importance ratings of these items had remained stable over time (Table 6) (RQ 3). Discussion of future prospects includes discussion of various aspects of company strategy with similar importance ratings obtained in 2002 and 1991 (Table 7) for the different items. Thus it appears that the agenda at investor relations meetings has not changed radically over the period 1991 to 2002. Table 8 presents data new to this study and shows that creation of shareholder value was the most highly rated item of discussion from a list of topical management issues.

I find that larger companies tend to rank investor relations as being more important than smaller companies (RQ 4) in accordance with expectations based on prior empirical research.

The demand for one-to-one meetings is high and has increased since 1991 (Table 9). It appears that analysts and investors still require the personal touch and these meetings may be a response to market failure concerning the disclosure of diffi-cult-to-articulate information.

The size of the audience invited to and attending meetings is substantial and shows an upward trend between 1991 and 2002 (Table 9). Although the financial report plays a central role in corporate communications (Holland, 1998: 264), meetings provide an opportunity for private discussions despite the regulatory issues. The ICAEW (2007) comment that 'UK shareholders are more collegial in their engagement than their US counterparts' and in particular 'the UK regulatory environment permits dialogue between boards and investors by not presuming that such dialogue represents privileged disclosure which is restricted by regulation Fair Disclosure in the US' (ICAEW, 2007: 12).

I explain the differing investor relations activity levels between companies by using a regression model derived from the literature (RQ5). I obtain seven proxies for investor relations activity level from the survey data. These measures are not available from external sources and this is a unique feature of this study. I hypothesise that ownership structure, dispersion of ownership, and institutional ownership will be positively related to the investor relations activity level. I also expect that

firms with higher analyst following, firms with a complex disclosure environment and firms that raise capital will have a higher investor relations activity level. I also control for size. The multivariate analysis tested the 11 hypotheses proposed in the regression model. It showed that the number of one-to-one meetings increased with analyst following (H6), the number of institutional investors (H5) and also with issuance of share capital (H10). Additionally foreign listings (H1) and extreme values of MTBV (H7) appeared to have some impact although this was less well-supported. Free-float (H2), insider holdings (H3), the level of institutional ownership (H4), intangible assets (H8), membership of a high-tech industry (H9) and size (H11) were not significant in the model. Thus while only five out of 11 hypotheses received support this is not inconsistent with prior studies. For example Frankel et al. (1999) found support for five out of 13 of the variables in their model.

The regression model results showed that company size (H11) and analyst following (H6) are the main explanatory factors driving the size of the audience of sell-side analysts with some support for the influence of intangible assets (H8). In respect of the audience of buy-side analysts and fund managers there was support for foreign listing (H1) being an important explanatory factor but the results indicate the need for a different model for this aspect of investor relations activity.

The availability of comparative data enables the impact of change drivers to be assessed. The results show that levels of investor relations activity as proxied by seven variables have increased over the period (RQ5) whereas opinions and perceptions have remained fairly stable over time at the aggregate level for the two populations (RQ1,2,3). Increases in the activity level variables (Table 9) range from 30% to 210% indicating steady growth rather than an order of magnitude change. The lack of drastic change might seem somewhat surprising in view of the growth of the investor relations industry as evidenced by some of the empirical studies noted in the literature review. On the other hand Gibbins et al. (1990: 130) have established that managers may adhere to norms in respect of disclosure, subject to other factors.

In this paper the statistical analysis using single equation regression takes a cross sectional approach and both intuitively and from the two-dimensional dynamic model derived from the literature review (Figure 1) I expect that changes in some of the variables could affect investor relations activity level.[12] This is another possible area for further research.

The traditional agency theory perspective on disclosure may be less applicable to 'soft' investor relations disclosures than it is to disclosure via hard copy annual reports. Although this is a mainly quantitative study I note that theorising in this area is moving forward as a result of the contributions of qualitative researchers using interviews (Holland, 1997, 1998; Roberts et al., 2006). The literature shows that sophisticated investor relations is expected to lead to benefits in capital markets. This study of investor relations meetings should provide additional insights for those working in the area of market-based accounting research and for those following the qualitative route.

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[12] Initial investigation of the percentage change in market value and the change in MTBV did not find any significant relationships with the dependent variables.

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