#InvestorRelations

An Exploratory Study of Investor Relations in a Social Media Context

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This thesis explores how social media influences the practice of investor relations. Following the perspective of investor relations as a sensegiving function, a qualitative study, based on 16 in-depth interviews with 21 investor relations representatives of Swedish listed corporations, has been conducted. Our findings show that social media reduces the exclusivity traditionally characterizing the practice of investor relations. This follows from the organizations being able to directly communicate with individual investors, the creation of a digital personal meeting, as well as the ability for the wider audience to contribute to the organizational narrative. However, we further find social media to problematize investor communication, due to the organizations having difficulties in assessing how the information they communicate will be interpreted as well as due to the feeling of being under constant scrutiny. Nevertheless, not being in direct control over the medium results in the simultaneous perception of a presence on social media being necessary.

Keywords: Investor Relations, Social Media, Investors, Sensegiving, IR

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1. Introduction

Investor relations concerns *"[...] the interface between the firm and its management, on the one hand, and the firm's shareholders on the other."* (Brennan & Tamarowski, 2000, p. 26) As such, investor relations regards the activities undertaken by a corporation in order to inform current and potential investors about the organization (Deller, Stubenrath & Weber, 1999). As shareholders and potential investors do not possess continuous insight into the business and the development of the company, the investor relations function discloses information to reduce the information asymmetry between business insiders and the financial community (Hoffmann & Fieseler, 2012). In reducing the information asymmetry, investor relations communication ultimately contributes to the company's securities being fairly valued in the market (NIRI, 2003). Thus, one of the main purposes of investor relations is to provide investors with the necessary information enabling them to make decisions regarding capital allocation (Deller et al., 1999).

Much of the interaction between companies and their investors takes place through accounting data (Roberts, Sanderson, Barker & Hendry, 2006). As such, one of the main tasks of the investor relations department is to provide mandatory disclosure through regulated financial reports and press releases concerning price sensitive information (Healy & Palepu, 2001). In relation to the financial reports, most companies engage in voluntary communication such as analyst presentations and conference calls (ibid.). Additionally, executive directors together with investor relations managers usually meet in private with identified key audiences, primarily major institutional investors and influential equity analysts (Roberts et al., 2006).

Though investor relations departments often follow this traditional pattern of communication, being periodic and static, mainly targeting exclusive groups in the capital market (Holland, 2009; Roberts et al., 2006), the past decade has brought major changes to the communicative landscape introducing social media as an important platform for corporate communication (Berthon, Pitt, Plangger & Shapiro, 2012). In comparison to the traditional channels, social media allows firms to directly, and in an instant fashion, reach various stakeholders with their intended messages (Lee, Hutton & Shu, 2015). Further, social media facilitates interaction between stakeholders, allowing for an extended word-of-mouth communication (Mangold & Faulds, 2009). The communicative setting has consequently moved from allowing communication from one-to-many to many-to-many (Berthon et al., 2012), enabling multi-directional interactions changing the dynamics of corporate communication (Lee et al., 2015).

Despite increasing usage of social media by companies as well as investors (Alexander & Gentry, 2014), limited research has been conducted regarding investor communication through social media (Saxton, 2012). One exception is a quantitative study by Blankespoor, Miller and White (2014), who found that firms using Twitter as a dissemination channel for press releases experience narrower bid-ask spreads and as such lower information asymmetry. Research has thus found that dissemination of investor related information through social media influences the capital markets. Nevertheless, we argue that there is a gap in today's research regarding how using social media as a channel for investor communication simultaneously influences the organizations and the practice of investor relations. This is further supported by Saxton (2012), suggesting that current research to a large extent has assumed an "information perspective", consequently lacking examination of other issues, approaches and changes sparked by the ongoing development.

The nascent state of current research in combination with the specific features of social media, contrasting traditional investor relations, suggests an opportunity for qualitative exploration. Hence, this thesis aims to shed light on a relatively new and uncharted area by addressing the following research question:

How is social media influencing the practice of investor relations?

In order to answer the research question, we follow the perspective of investor relations as a sensegiving function. The perspective of sensegiving implies that investor relations professionals provide investors with valuable input into their sensemaking processes, enabling them to construct meaning and generate a more realistic understanding of the company as a potential investment (Kuperman, 2003). Consequently, the theoretical framework applied is based on Maitlis and Lawrence's (2007) triggers and enablers of organizational sensegiving.

The empirical data was gathered through 16 in-depth interviews with 21 representatives of the investor relations functions of 15 Swedish companies listed on the Stockholm Stock Exchange and Nasdaq First North. The companies represent a wide range of industries and are further different in terms of size, ownership dispersion and analyst following, enabling us to get broad insight into social media's influence on the practice of investor relations.

Our findings show that social media reduces the exclusivity traditionally characterizing the practice of investor relations, mainly in three ways. First, social media provides the organizations a structure to directly reach individual investors[1], an audience largely neglected in their traditional communication. While the individual investors previously have been difficult to reach directly, we find social media to enable the organizations to increase the transparency by moving beyond their traditional focus on elite market participants (Roberts et al., 2006). Second, the communicative requirements of social media result in the construction of a digital personal meeting. Personal meetings are found to be important in investors' decision-making processes, though granted elite market participants (Barker, Hendry, Roberts & Sanderson, 2012). Contrastingly, the construction of a digital personal meeting gives all investors a chance to see and assess the people behind the organization. Third, social media provides a structure, where anyone can openly voice his or her opinion. Consequently, not only the organizations and elite groups in the capital market, but also the individual investors, have a chance to contribute to the organizational narrative (c.f. Holland, 2009).

However, our findings further suggest social media to problematize the practice of investor relations. In reaching the individual investors directly, the organizations go from communicating with a homogeneous investor group to a large and diverse group of individual investors with unknown frames of reference. Consequently, we find the organizations to have difficulties in assessing how the information they communicate will be interpreted, which is problematic as the creation of the investment object lies with the investors (Hägglund, 2001). Further, the continuity and openness of social media inflicts a feeling of being under constant scrutiny. We find the nervousness traditionally associated with the periodical private meetings (Roberts et al., 2006) to be imposed continuously, restricting the organizations in their social media communication. Nevertheless, we find the lack of direct control over the structure to simultaneously result in the perception of a presence on social media being necessary.

[1] Individual investors, also known as retail investors, are for the purpose of this thesis defined as individuals buying and selling securities for their personal accounts, not for another company or organization.

2. Literature Review

This study explores investor relations in a social media context, following the perspective of investor relations as a sensegiving function. In Section 2.1, we provide a review over investor relations related research. Thereafter, Section 2.2 provides a background to our empirical context by reviewing research concerning investor relations in a social media context. Lastly, Section 2.3 introduces the concept of sensegiving and presents the theoretical framework that will be used to analyze our empirics.

2.1 Investor Relations

2.1.1 Introducing Investor Relations

Investor relations has become an established functional area for many corporations since the 1980s, and has grown from being a minor part of the CFO's responsibilities into a professionalized function (Kirk & Vincent, 2014). It can be defined as *"[...] a strategic management responsibility that integrates finance, communication, marketing and securities law compliance to enable the most effective two-way communication between a company, the financial community, and other constituencies, which ultimately contributes to a company's securities achieving fair valuation."* (adopted by the NIRI Board of Directors, 2003) More generally, it can be defined as a company's strategy regarding communication with current and potential investors (Deller et al., 1999). The role of investor relations management is to communicate with investors *"[...] explaining the company's future challenges and opportunities, discussing present strategy and past performance, and developing a constituency of informed and interested investors."* (Ellis, 1985, p. 34)

The main purpose of investor relations activities is to provide investors with the information needed to make decisions on capital allocation (Deller et al., 1999). Hence, the aim of investor relations management is to make sure that investors know that they are able to sell or buy at prices that fairly reflect the true value (Ellis, 1985). The information required by investors to make proper capital allocation decisions often overlaps the information needed by the managers to successfully run the company, resulting in the organization itself being the prime source of information (Merton, 1987). As investors do not possess continuous insight into the business and the development of a company, the investor relations function discloses information to reduce the information asymmetries between business insiders and the financial community (Hoffmann & Fieseler, 2012).

In order to provide the investors with the information needed to make capital allocation decisions, information sharing and interaction between companies and their investors have mainly been conducted remotely, through the publication of financial reports containing accounting data (Roberts et al., 2006). The main task of the investor relations function has consequently been seen as the fair disclosure of business data (Hoffmann & Fieseler, 2012).

Though investors like to view themselves as rational human beings, making investment decisions based on pure financial information, studies show that financial statements are becoming increasingly incapable of capturing the market value of corporations (Hoffmann & Fieseler, 2012). Periodic, historical, cost-based financial statements are as such no longer enough to make capital allocation decisions (Elliot, 1992). Consequently, investor relations managers need to understand what the investors and analysts want, but might not be getting, from financial disclosures (Allen, 2002).

2.1.2 Investor Relations as a Reporting Function

Following the traditional view of investor relations as a financial disclosure and reporting function, investor relations research has mainly focused on the valuation of firms and quantitatively evaluating the capital market effects of disclosure activities. Quantitative research has investigated the links between disclosure quality and information asymmetry, using various spread metrics as proxy for the information asymmetry (Chang, D'Anna, Watson & Wee, 2008). Research shows that the increased quality of disclosure has a significant, inverse, relation to the firm's bid-ask spread, suggesting a decrease of the information asymmetry with improved disclosure quality (Welker, 1995). Further, research finds that increased frequency of disclosures, such as moving from annual to quarterly reporting, have a positive impact on the number of analysts following a company, as it enhances both the timeliness and content of financial information (Botosan & Harris, 2000).

Research regarding voluntary financial disclosure activities finds a link to capital market benefits such as increased analyst following, an improved accuracy of the analysts' forecasts as well as increased alignment of different analysts' forecasts. (Lang & Lundholm, 1996; Healy, Hutton & Palepu, 1999). Expanded voluntary disclosure is further found to improve both stock liquidity and stock performance, suggesting voluntary disclosure to be credible, correcting potential misvaluations (Healy et al., 1999). Additionally, it is shown to reduce information asymmetry, limit market surprises, and improve the accuracy of market expectations (Lang & Lundholm, 1996).

The link between investor relations activities and stock prices is further examined by Brennan and Tamarowski (2000), suggesting it to be an indirect one. The authors conclude that increased investor relations activities reduce the analysts' cost of information gathering, resulting in an increase in the number of analysts following the firm. The increased analyst following is in turn found to result in a positive effect on the firms' share liquidity, following the reduced information asymmetry (ibid.). However, the authors further state that when solely reading financial reports, several important aspects of a firm cannot be properly assessed. Corporate aspects such as strategies and plans, competitor threats, management succession and personnel policies, i.e. factors not limited to the release of a financial report, are important in determining a firm's true value (Brennan & Tamarowski, 2000).

2.1.3 Investor Relations Beyond Financial Reporting

Moving beyond financial disclosure, factors considered by investors prior to an investment decision are the company's corporate governance, reputation and brand, corporate social responsibility, strategic consistency, stakeholder relations as well as the quality and credibility of management (Hoffmann & Fieseler, 2012). Further, Hoffmann and Fieseler (2012) find that one of the most important factors considered by equity analysts is the quality of the company's communication. The communication should work as a means to provide a coherent and consistent picture of the organization (Brennan & Tamarowski, 2000). As such, investor relations is part of an overall corporate communication message, suggesting it to play a role in determining the entire corporate image (Dolphin, 2004).

In forming the corporate image, Holland (2009) finds the use of narrative disclosure to create a context where investors continuously interpret the meaning of new events and new information in informed ways. Communication of the organizational narrative can help to close the information gap between the organizations and the investors by addressing qualitative information relating to the corporate value creation story (Holland, 2009). The corporate value creation story relates to the oral and/or written narrative about the organization, displaying how value is created through both intangibles and value creation processes which are often hard to quantitatively measure (Holland, 2004). The three value creation processes are the management value creation process relating to management quality as well as the credibility and coherence of strategy, the operational value creation process concerning how the organization's operational aspects differ from its competitors, and the network value creation process regarding the use of knowledge and competence throughout the operational processes (Holland, 2009). Narratives about these value creation processes thus help the organizations to provide the investors the full picture of the organization. As such, the corporate narrative is perceived to contribute to the common understanding of the organization in the market, whilst disclosure, and the quality thereof, rather contributes to external reputation and the stock price (ibid.).

In addition to creating an organizational narrative, building long-term relationships with investors and analysts is argued to provide a relational lens through which information about a company can be interpreted (Laskin, 2011). Consequently, broader than merely disclosing financial information, the objective of investor relations is to establish a foundation for long-term interaction and relationships between a firm and its investors (Tuominen, 1997). It is important for the investor relations activities to both focus on establishing new relationships with potential investors as well as to invest in activities aimed at maintaining and enhancing current investor relationships (ibid.).

Through building relationships with the investors, the organizations can generate increased confidence in and trust for the company among the investors (Laskin, 2011). The process of building trust and confidence has to emerge from a reliable and open communication, resulting in mutually beneficial relationships between a corporation and its investors (ibid). Further, the establishment of a reputation as a reliable investor relations department is argued to be essential to manage the dialogue between investors and the management team (Hoffmann & Fieseler, 2012). Being responsive to feedback and engaging in a more frequent and proactive two-way dialogue enables the firm to create trust, commitment and mutual understanding among the investors (Tuominen, 1997).

As a part of the trustworthiness, one of the factors considered by investors prior to an investment decision is the credibility of management (Hoffmann & Fieseler, 2012). This stems from investors' strong belief in the management team's power over the success of the organization, resulting in the investors wanting to form a personal image of the people in charge of the organization to find out whether or not the management team has *"[…] an idea of what they're doing"* (Barker et al., 2012, p. 216). Hence, direct, personal contact with company managers strongly influences investment decisions, as it allows the investors to assess the company managers' abilities. This is further supported by Bushee and Miller (2012), suggesting that direct access to management, rather than increased disclosure, is a key driver of success in investor relations.

Direct access to management is often exclusively granted elite participants in capital markets, including institutional investors and analysts (Holland, 2009). Institutional investors, on the one hand, provide the majority of the capital (Dolphin, 2004), operate full-time, and are both well staffed and well informed about a wide range of investment opportunities, consequently making them capable of conducting large scale investment-decisions promptly, subsequently setting the share price (Ellis, 1985). Analysts, on the other hand, are regarded key intermediaries towards a broader group of investors (Roberts et al., 2006). Consequently, these are often given direct contact with management following the release of financial reports, where they meet in a concise, formal and systematic setting for further presentation and discussion of the results (Barker et al., 2012; Roberts et al., 2006). In contrast, the communication from investor relations departments to individual investors often go through and is filtered by different intermediaries (Hockerts & Moir, 2004), where sell-side analysts are regarded the key intermediaries (Roberts et al., 2006).

Barker (1998) and Barker et al. (2012) find that, in addition to published information, personal and private meetings are considered by institutional investors as the primary input to their investment decisions. Yet, regulations place obligations on listed companies to disseminate unpublished price-sensitive information without delay to the largest number of market participants, and hence prohibit the disclosure of such information in personal company meetings (Barker et al., 2012). Nevertheless, the meetings are considered useful, as they constitute an opportunity to assimilate information and get *"[…] a feel for things"* (Barker et al., 2012, p. 213). Meetings with managers enable institutional investors to make sense of the extensive amount of hard data provided both by the organization as well as other analysts. The meetings help them to interpret and fit together information from different sources, which on their own do not make clear sense (ibid.). Consequently, the meetings allow for framing and better understanding of information already provided by the company, rather than introducing any new information (Barker et al., 2012).

Roberts et al. (2006) argue that the purpose of the meetings is to remind the managers that they are being judged by the investors as well as held accountable for the organization. The impression given by the firm's manager in the meetings thus becomes important, and managers spend time rehearsing and scripting potential replies prior to the meetings. The authors argue that as management carefully follows a rehearsed script during the meetings out of fear of unfair disclosure, the informational content of these meetings could be questioned as they provide no further information than "*[...] the exchange and comparison of representations of the company and projections of possible futures.*" (Robert et al., 2006, p. 291)

Nevertheless, Robert et al. (2006) continue by concluding that these meetings are still regarded as important by the institutional investors as they enable them to assess the future potential of the company by seeing the management in the whites of the eyes. As such, the authors suggest that these meetings are important following the disciplinary power they inflict, as the managers know they are being scrutinized (ibid.). Additionally, these meetings become important as the interaction between the organizations and the institutional investors results in the groups jointly partaking in the construction of the corporate narrative (Holland, 2009).

2.1.4 Investors' Decision-Making Processes

In studying the institutional investors' decisions-making processes, Hägglund (2001) finds that in order for the investors to engage with an organization they first need to create an investment object, i.e. a detailed perception about the organization behind the share. The investment object is seen as the investors' version of the organization, developed through their individual sensemaking processes. The sensemaking processes incorporate a variety of aspects such as data, calculations, corporate actors and assumptions, together transforming the organization into the investors' investment object (ibid.). The creation of the investment objects lies with the investors, and for information provided by the organization to be considered as information by the investors, it must both be new and fit with the investors' perception of the investment object (Hägglund, 2001). As such, information regarded as new or important by an organization's management team may not necessarily be seen as such by the investors (ibid.).

While prior research to a large extent has focused on the relationship between financial disclosure and capital market reactions, Hellman (1996) finds that investor action does not always coincide with the release of financial reports or announcement of other news. Instead, when turning to the investor level, rather than looking at an aggregated market level, investment decisions can be viewed as continuous processes where new information leads to gradual changes of the investor's expectations (Hellman, 1996). This implies that while financial disclosure and accounting reports are important in forming expectations, the release of new information does not result in immediate adjustments of estimates and subsequent action. Instead, consideration of action is often initiated by macroeconomic factors or private information, and accounting information is mainly used to quantitatively analyze and evaluate an already established idea of action (ibid.).

2.2 Investor Relations in a Social Media Context

Social media can be defined as *"[...] a group of Internet-based applications that [...] allow the creation and exchange of User Generated Content"* (Kaplan & Haenlein, 2010, p. 61). Considering the specific features, social media has become a key organizational information channel allowing for diffusion of firm-relevant information in an instant and rapid fashion to a broad and diverse base of stakeholders (Saxton, 2012). Besides information dissemination from the organization to its investors, social media further allows for information dissemination by the investors, giving anyone with an Internet connection the ability to affect and influence the reputation, goodwill and brand strength of an organization (Alexander & Gentry, 2014).

Despite an increased usage of social media by organizations as well as investors, limited research has been conducted regarding investor relations communication through social media (Alexander & Gentry, 2014; Saxton, 2012). Though limited in its scope, researchers have studied the adoption level of the social media platforms Facebook and Twitter as channels for disclosing corporate information (e.g. Zhou, Lei, Wang J., Fan & Wang A., 2015). Further, by analyzing 250,000 stock-related tweets Sprenger, Tumasjan, Sandner and Welpe (2014) find a link between the tweet sentiment and stock returns as well as the message volume and trading volume. Additionally, the authors suggest that users giving above average investment advice have more followers and are retweeted more often, consequently amplifying their share of voice, providing for an investor sentiment followed by financial market movements (Sprenger et al., 2014). Further, through following a financial community on Twitter[2], Yang, Mo and Liu (2015) suggest that the sentiment within these communities provide more robust predictions of financial market movements than the general social sentiment.

In regards to the dissemination of financial information in social media, i.e. diffusion of already publicly released information, Blankespoor et al. (2014) investigate the impact of information dissemination through Twitter. The authors find that expanding the traditional information distribution by also disseminating the firm-initiated news via Twitter, results in a reduction of the bid-ask spread, and hence a reduction of the information asymmetry. This finding holds especially true for firms currently limited in their visibility, as they are in a greater need of additional dissemination channels. Further, the authors conclude that dissemination via Twitter is positively associated with firm liquidity (ibid.).

2.3 Theoretical Framework

2.3.1 Sensegiving and Sensemaking

As shown in Section 2.1, investor relations managers do not only provide investors with financial information, but also with valuable input that enable them to construct meaning and generate a more realistic understanding of the company, implying that the managers are engaged in sensegiving processes (Kuperman, 2003). As such, the evaluation of a company can be viewed as an interpretative exercise, where new information and communication from the company is incorporated into existing cognitive structures, allowing for investor sensemaking (Hoffmann & Fieseler, 2012).

The conceptual idea of sensemaking relates to the continuous, cognitive, construction of reality that people engage in when trying to make sense of a situation (Weick, 1995). As such, ”*The concept of sensemaking is well named because, literally, it means the making of sense.*” (Weick, 1995, p. 4) The process of sensemaking thus relates to assigning meaning to past,

[2] A group of Twitter users with interests in financial-market related topics (Yang et al., 2015)

present and future situations and events using previous knowledge and experiences as well as current beliefs and values (Giuliani, 2016).

While sensemaking concerns the construction of meaning, sensegiving involves attempting to influence the sensemaking processes of others towards a preferred redefinition of organizational reality (Gioia & Chittipeddi, 1991). Examples of sensegiving activities are calling a meeting, expressing an opinion, explaining a situation or writing a report (Maitlis, 2005). Through communication of values, visions and sought-for actions, top management can engage in sensegiving (Gioia & Chittipeddi, 1991) as a means to legitimize certain organizational realities, whilst narrowing other possible interpretations (Giuliani, 2016). As such, sensegiving is both a prevalent and critically important activity for organizations (Maitlis & Lawrence, 2007). However, in order to be influential in the sensegiving processes, organizations need to know something about the investors existing cognitive structures and what type of information that enters their sensemaking processes (Kuperman, 2003).

2.3.2 A Sensegiving Framework

Building on data from a two-year longitudinal study of three British symphony orchestras, Maitlis and Lawrence (2007) define three different conditions triggering and enabling organizational sensegiving. The three conditions influencing organizational sensegiving are the *Anticipation of a Sensemaking Gap*, the *Discursive Ability* of the sensegiver, and the *Process Facilitators*. While the anticipation of a sensemaking gap is found to initially trigger the engagement in sensegiving, the discursive ability and process facilitators are needed to enable the engagement in sensegiving. These conditions were developed taking an internal perspective of the organizations, separating between leaders' and stakeholders' sensegiving activities (Maitlis & Lawrence, 2007). However, in an investor relations setting, the perspective is external. This implies that we find the leadership perspective to correspond to the organizations, whereas the stakeholder perspective corresponds to investors and analysts.

Anticipation of a Sensemaking Gap

The anticipation of a sensemaking gap refers to the idea that there is the need for a knowledge gap to be filled in order for others to make sense of a situation or an idea. From a stakeholder perspective, a sensemaking gap is perceived when an issue is seen as important for them or the stakeholder group they belong to, however feel that the leaders lack knowledge and competence in respect to the issue. As stakeholders normally rely on leaders to take primary part of organizational sensegiving, the perception of a sensemaking gap results in stakeholders feeling responsibility and motivation to engage in sensegiving in order to close the knowledge gap. From a leadership point of view, a sensemaking gap is perceived when an issue is considered unpredictable and ambiguous, and as such demand a certain degree of sensemaking. A broad base of stakeholders of various interests, unable to construct a shared account, i.e. a common interpretation of an issue, further triggers sensegiving (Maitlis & Lawrence, 2007).

Discursive Ability

Discursive ability arises with the possession of relevant information and/or expertise in regards to the specific situation, giving the sensegiver better grounds to shape the interpretations of others. Thus, it relates to the sensegiver's ability to *"[...] construct and articulate persuasive accounts of the world.*" (Maitlis & Lawrence, 2007, p. 80) Further, discursive ability relates to when and how sensegivers engage in influencing others' sensemaking processes, and additionally, through which rhetorical strategies this is done. As such, discursive ability can be seen as the sensegiver's ability to, in the right way and at the right time, tell the right story to influence the sensemaking processes of others (ibid.). However, having the discursive ability to tell the right story and being sensible in the storytelling by drawing on relevant expertise is not enough to engage in sensegiving. Instead, the sensegiver must also *"[...] occupy a social position that leads other to listen"*, referred to as legitimacy (Maitlis & Lawrence, 2007, p. 79). The factors leading to legitimacy are formal authority, representative role and organizational principles of involvement and participation.

Process Facilitators

Process facilitators regard the opportunities and platforms given for sensegiving engagement and contribution to a specific situation and/or idea. The sensegiving capacity is determined by whether the organizations allow for meaning contribution. Thus, the possibility for, and subsequently the extent of, sensegiving is determined by whether the necessary process facilitators are in place. Process facilitators regard organizational routines and structures, providing platforms where sensegiving can occur. Consequently, the process facilitators in place can act both as a means to hinder and enable sensegiving. Whilst leaders have inherent control over the processes facilitators, stakeholders often lack direct control and may not have the same opportunities to engage in organizational sensegiving (Maitlis & Lawrence, 2007).

3. Methodology

In this section, we present and motivate the methodological choices for the study. Section 3.1 describes the design of the study. Section 3.2 explains the data collection process and Section 3.3 explains the process of analyzing the gathered data. Lastly, Sections 3.4 and 3.5 discuss the delimitations and trustworthiness of the study respectively.

3.1 Research Design

3.1.1 Empirical Method

Following the scarcity of research within investor relations in social media, a broad and open-ended research question was asked, suggesting an opportunity to conduct an explorative study (Edmondson & McManus, 2007). After evaluating the methodological fit of the study, a qualitative study based on semi-structured, in-depth interviews was applied to gather the empirical data. A qualitative study was chosen mainly due to two reasons.

First, a qualitative approach is recommended when a phenomenon is not explicitly researched or well understood (Edmondson & McManus, 2007). This is further supported by Yin (2003), stating that qualitative methods are suitable if a study is of exploratory nature and aims to examine emerging themes in an underexplored area. As such, qualitative research methods allow gathered empirical data to shape the researchers' understanding of the phenomenon (Edmondson & McManus, 2007). Additionally, qualitative studies are preferable when the aim is to refine theory rather than to test existing theory (Bryman & Bell, 2011).

Second, qualitative approaches are well suited for studies of social processes, as qualitative methods examine issues from the perspective of the participant, rather than from that of the researcher (Bryman & Bell, 2011). Consequently, a qualitative approach was considered appropriate to study social media's influence on the practice of investor relations.

3.1.2 Research Approach

There are two types of research approaches, deductive and inductive, which are mirrors of one another (Eisenhardt & Graebner, 2007). A deductive approach uses existing theory as a starting point, and empirical data to test generated hypotheses and thus implies theory testing. An inductive approach, on the other hand, takes its starting point from the empirics and from there attempts to formulate new theory and thus implies theory building (ibid.). As research on investor relations in a social media context is an emerging field of research (Saxton, 2012), a solely deductive approach was considered inappropriate as the aim is to generate an understanding of a new phenomena rather than testing established ideas. Instead, the study has followed the guidelines of Alvesson and Kärreman (2007), implying a process in line with an abductive research approach. An abductive approach combines the deductive and inductive approaches through first formulating a theoretical foundation following the research question, and thereafter, through the empirics, test its predictions before iteratively developing the theory (ibid.). As such, it emphasizes theory development rather than theory generation (Dubois & Gadde, 2002).

Consequently, the study began with an in-depth literature review aimed a generating a familiarity and understanding of the research field. A broad and flexible theoretical framework was generated, to provide direction for the empirical data gathering (Alvesson and Kärreman, 2007). The initial framework was used for support in the beginning of the data collection process. However, based on the initial empirical findings, the theoretical framework was revised. As such, a continuous analysis of the empirical findings, and a simultaneous development of the theoretical framework, enabled us to adapt the interview guidelines to ensure inclusion of interesting data. Therefore, the research approach has facilitated iterative interplay between the theory, the researchers and the empirical observations enabling problematization of existing theory (ibid.).

3.2 Data Collection

Considering the nascent state of prior research, rich and detailed data was needed to explore the phenomenon (Edmondson & McManus, 2007). For this purpose, interviews are well suited (ibid.). Therefore, the main data collection method chosen for this study was in-depth, semi-structured interviews.

3.2.1 Sample Logic and Collection

In order to investigate how the increasing use of social media influences the practice of investor relations, 16 in-depth interviews have been conducted with 21 individuals representing 15 Swedish listed companies currently engaging in investor communication through social media (see Appendix A for an overview of conducted interviews as well as denominations of companies and interviewees used throughout the thesis). The organizations were selected using a purposeful sampling method, implying that the companies were actively selected to generate a sample useful in answering the research question (Marshall, 1996). For this thesis, this implied a sample of organizations actively communicating with investors through social media. As the use of social media for investor communication is still a rather new phenomenon, organizations being in the forefront of this development were included in the study to generate an understanding of the ongoing development.

To find potential organizations to include in the study, two methods were used. Primarily, day traders and finance bloggers active in social media (henceforth referred to as private analysts) were approached via Twitter with the question of which companies they thought were doing well in communicating with investors through social media. Besides mentioning that many Swedish companies could do a lot more, the private analysts in total mentioned five companies doing well in their communication. Several of the companies were mentioned multiple times. Out of the five companies mentioned, four accepted to participate in the study. However, considering that this method generated a small sample, in a second attempt, different social media platforms, including Twitter, LinkedIn and Facebook, were surveyed for companies pursuing active investor communication. The remaining 11 organizations were found using such a method. The sample included companies listed on Nasdaq First North and Nasdaq Stockholm, ranging from Nordic Small Cap to Nordic Large Cap, implying that they differed in size as well as analyst following. Further the companies differed in terms of industry and ownership dispersion.

For each organization, the aim has been to study the function of investor relations. However, the investor relations functions were organized differently within the different companies, implying that the interviewees had different professional roles and titles. In general, the interviewees could be divided into three categories: (1) Investor Relations Officers, (2) Corporate Communication Officers and (3) CEOs. In six of the companies, mainly the larger ones, interviews were conducted with two representatives. As the data gathering process took place during a period of preparation for, and release of, quarterly reports for a majority of the companies, the interviewees were often time constrained. Consequently, a time-efficient solution turned to be meeting with the two representatives simultaneously. Nevertheless, the interviews conducted in groups resulted in interesting discussions and opportunities to understand the different views of the interviewees as well as their collaboration in working with social media.

As the investor relations departments of the organizations in general were small, and the number of employees working with investor related communication in social media few, one or two interviews per organization was considered enough to generate an understanding of how social media influences the practice of investor relations. Furthermore, as the gathered empirics were continuously analyzed, after 16 interviews the data was found to be sufficient to identify recurring themes and to reach saturation, i.e. the marginal improvements from additional data would have been small (Eisenhart, 1989).

3.2.2 Semi-Structured Interviews

For the interviews, a semi-structured approach was chosen. This choice was made as such an approach provided structure through the use of a pre-determined set of broad questions covering themes relevant for the research topic, whilst still allowing for deeper elaboration on certain matters as well as new insights through follow-up questions (Bryman & Bell, 2011). The open-ended questions enabled the generation of reliable, high quality information as well as the opportunity to explore concepts that were not known in the beginning of the interview (ibid.). The interviews were structured in the same manner, using a common interview guide (see Appendix B). However, the interview guide was used as a basis for discussion rather than a manuscript, and insights developed during the interviews were used to generate continued understanding during subsequent interviews.

To establish a connection and ensure that the interviewees were aware of the research topic at hand, each interview began with a presentation of the authors and a description of the study. However, to avoid influencing the interviewees and to maintain the exploratory nature of the study, the research question was not specified. Thereafter, the questions were structured in three parts. First, broad questions regarding the investor relations activities of the organization were asked. Thereafter, more specific questions regarding social media as a channel for investor communication were discussed. Lastly, the interviewees were asked to elaborate on their expectations for the future of investor relations communication through social media. Three interviewees asked to see the interview guide in advance. For the remaining interviews the interview guide was not provided beforehand, to enable a more flexible discussion and keep the exploratory nature of the study (Flick, 2009).

3.2.3 Formalities of Data Collection

The interviews took place during October and November 2016, and lasted between 35 and 68 minutes, with an average duration of 56 minutes. On four occasions, the interviews were carried out over telephone, due to logistical reasons. The remaining 12 interviews were conducted face-to-face, at the organizations' respective offices in Stockholm. One company did not have an office in Stockholm, resulting in the interview being carried out at the premises of the Stockholm School of Economics.

Two interviewers have been present during all interviews, one leading the interview and the other, besides asking follow-up questions, taking notes and recording observations. After approval by the interviewees, all interviews have been tape recorded, allowing the interviewers to focus on the discussion and potential follow-up questions rather than focusing solely on taking detailed notes. Furthermore, the tape recordings enabled the interviewers to listen through the interviews afterwards and also go back to the original data during the analysis.

Despite the fact that the thesis is written in English, all but two interviews were conducted in Swedish, representing both the interviewers' and the interviewees' native language. This was considered important for the interviewees' comfort and ability to speak freely. The two remaining interviews were conducted in English, due to the interviewees not speaking Swedish. For the interviews conducted in Swedish, it has been necessary to translate the transcribed material when writing the empirics section of the thesis. To avoid misinterpretations in the translation process, the interviewees have been asked for clarifications when multiple interpretations and/or translations have been possible. Additionally, to ensure interpretations in line with the intended meaning, the interviewees have approved translations of direct quotes.

3.3 Data Analysis

Through the abductive approach applied, the findings and emerging empirical themes were continuously interpreted and reinterpreted, implying that data collection and data analysis have been parallel and iterative processes. As there is a lack of prior research within the field of investor relations and social media, content analysis can aid in revealing recurring themes that need exploration (Edmondson & McManus, 2007). Therefore, the data analysis has been performed using a thematic method, enabling identification and analysis of patterns in the empirical data using coding and categorization (Braun & Clarke, 2006).

Immediately after each interview, the data was discussed in order to facilitate the analytical process. Furthermore, the recordings were transcribed, in order to decrease potential bias (Flick, 2009). Parallel to listening and going through the transcribed material, the data was coded in accordance with recurring topics, using different spreadsheets. This was done separately before the researchers' different codes were compared. Thereafter, the empirical codes were aggregated into broader empirical themes representing social media's main influences on the practice of investor relations. Following the perspective of sensegiving, the empirical themes were thereafter analyzed with the help of the theoretical framework, generating a deeper understanding for how the themes were interlinked and consequently influenced each other. The data analysis involved a continuous move between the data, the empirical themes and the relevant literature, considering the empirics and current theory in tandem (Alvesson & Kärreman, 2007).

3.4 Delimitations

This study was delimited to Swedish companies listed on the Stockholm Stock Exchange and Nasdaq First North, implying that all participating organizations follow Swedish law. The regulations enforce financial reports and any other price sensitive information to be actively distributed to the general public broadly and simultaneously in an easily accessible way (Securities Market Act, 2007). Though no official guidance has been issued, praxis does not allow for price sensitive information to be initially released through social media as social media does not guarantee the fulfillment of the criteria regarding the technical features required of platforms used for the release of price sensitive information (The European Commission, 2016).

In the United States, The Securities and Exchange Commission has issued guidelines allowing companies to release price sensitive information through social media as long as the investors have been informed about which social media platforms that will be used to disseminate such information (U.S. Securities & Exchange Commission, 2013). Therefore, it could be argued that were this study conducted in an American context, where a majority of prior research on investor relations as well as investor relations in social media has been conducted, rather than in its current Swedish setting, the findings may have been different.

3.5 Research Quality

The notions of validity and reliability are commonly used to evaluate the quality of quantitative research (Bryman & Bell, 2011). However, as qualitative research builds on a constructivist view rather than the positivistic view adopted by quantitative research, qualitative studies should instead be evaluated by the criterion of trustworthiness (Lincoln & Guba, 1985). While positivistic studies seek objectivity and an absolute truth, constructivist studies consider multiple realities as alternative explanations for a social reality (Power & Gendron, 2015). Hence, the researchers are engaged in a constant dialogue between the views of the interviewees and his or her own frames and interpretations. Therefore, the quality assessment of the study lies in evaluating the trustworthiness of this process (ibid.). Lincoln and Guba (1985) suggest that the trustworthiness of a research process can be evaluated according to four criteria: credibility, transferability, dependability and confirmability.

Credibility concerns the confidence that can be placed in the truth of the findings, and establishes whether the findings represent correct interpretations of the participants' original views (Lincoln & Guba, 1985). The credibility of this study has been enhanced as two researchers, both of whom have participated in all interviews, have conducted the study. Additionally, the initial coding and analysis of data has been conducted separately before comparison and discussion of the results. This has brought different perspectives to the study and strengthens the integrity of the findings. Moreover, all interviews have been tape recorded and transcribed, enabling return to the raw data throughout the analytical process. The interviewees were asked for clarifications of their statements when multiple interpretations were possible and were further asked to approve all included quotes to ensure interpretations and translations in line with intended meaning.

Transferability refers to the degree to which the results of the study can be transferred to another context with other participants (Lincoln & Guba, 1985). While the transferability of qualitative studies is inherently low, the aim has been to provide thick descriptions of the methodology and context of the study. Additionally, purposeful sampling has been conducted to find organizations actively communicating with investors through social media. The sample included a diverse set of companies (see section 3.2.1). While a dispersed sample likely increases the transferability within the Swedish context, transferability to other contexts is still limited. As discussed in the previous section, the transferability to an American context may be especially limited, due to the differences in legislation.

Dependability involves ensuring that the findings of the study are all supported by the data received from the participants and *confirmability* refers to the degree to which the study could be replicated by other researchers (Lincoln & Guba, 1985). To improve the dependability and confirmability of the study, all information has been documented and saved, including the interview recordings, transcripts and notes as well as the interview guide and a list of all conducted interviews. The list of conducted interviews includes the names of the companies and interviewees participating in the study (despite being anonymized in the thesis) as well as the time, place and duration of the interviews. Additionally, all secondary literature available in digital format has been saved.

4. Empirical Findings

In this section, we present the findings of our study. First, Section 4.1 provides an overview of the empirical setting, describing how the organizations included in the study use social media to communicate with investors. Thereafter, in Section 4.2 to 4.5, we present social media's main influences on the practice of investor relations.

4.1 Background

In today's digital landscape, there are numerous social media platforms providing a variety of features and opportunities. However, the interviewees emphasize that only a handful of these are suitable for investor communication. The aim is to be present and accessible where the target audiences are found, which currently is perceived to be primarily on Twitter and LinkedIn.

> *"Generally, people do not want to talk about investments on Facebook, as it is considered superficial. On Twitter on the other hand, there is a different openness to talk about investments." [Int_13]*

Several interviewees describe that Facebook is viewed as a broader channel, well suited for marketing communication but generally not responsive to financial communication. However, there are certain closed groups on Facebook where investments are discussed. One of the companies included in the study, *Company J*, describes being able to reach out in such groups and has hosted virtual Q&A sessions following the release of quarterly reports. Additionally, some companies are using other platforms and applications, mainly YouTube and Periscope, to upload and live stream videos. However, these videos are then further distributed via Twitter and LinkedIn.

All companies included in the study are present on LinkedIn and Twitter. While the focus mainly lies with public relations communication, also financial information targeting investors is communicated. Additionally, some companies have taken their investor relations communication one step further by having investor relations specific accounts, where all information communicated is directed towards the financial markets. In combination with these two types of accounts, many organizations have spokespersons, including CEOs, CFOs and investor relations professionals, who are active in social channels through individual accounts. While such individual accounts are often driven by personal interest rather than company policy, it is still perceived to be beneficial from a company perspective. Common for the spokespersons' accounts is that the connection to the company is made clear, either by using an account name based on the professional role, or by clearly stating it in the biography section. However, the content provided on these accounts is often widespread, ranging from financial updates in relation to the companies' quarterly reports to personal interests and information. The mix of professional and personal content is perceived to be valuable as the investors are described to be interested in following the people behind the company. Thus, the interviewees perceive social media to provide an opportunity to display who the leaders are and what they stand for. It is viewed as a way for the shareholders to get closer to the companies and their management and establish relationships with them.

> *"You would think that [investors] are just interested in numbers, but that is not the case, they invest in people whom they believe in." [Int_5]*

Besides providing a way for the investors to follow the people behind the organizational logo, social media allows for distribution of relevant information to the investors. While regulations, as described in section 3.4, require the companies to disclose price sensitive information through financial reports and press releases via certain, legally approved channels, social media is perceived as a channel providing for additional dissemination of such information. By using social media channels to further distribute the information and provide links to press releases and financial reports, the companies describe making the information more easily accessible and being able to reach a wider audience in comparison to merely distributing the information via their corporate websites.

Additionally, the features of social media enable the companies to go beyond static reposting of links. It allows for live updates from press conferences or conference calls and is further viewed as a good forum to post video interviews where management comments on the results/news. While the press releases, press conferences as well as conference calls are available for anyone also in their traditional sense, the interviewees describe the dissemination via social media as a means of lowering the threshold to participate in the conferences, consequently increasing transparency.

Lastly, social media is described as an opportunity to provide investors with a broader range of information, enabling shareholders and potential investors to follow the companies' development in between quarterly reports and press releases. Investors are described as wanting to know what the share stands for and which features they are investing in before making an investment. Hence, social media is described as an opportunity to show investors what, and who, they are investing in.

> *"I view [social media] as a part in building a financial brand, that is, how should investors think when they think about [the company]." [Int_5]*

Consequently, social media is used to provide investors with information regarding strategic messages as well as an opportunity to be educative regarding the industry and macroeconomic factors influencing the company. The interviewees describe that there is valuable information for investors besides the pure financials, enabling the investors to get an idea about who they are as a company. By communicating a broader set of information, presenting the company in a more personal way and on an everyday basis, the organizations find the investors to be given valuable information regarding the overall organizational story, important in their evaluation processes of the companies.

4.2 From Nothing to Something

The interviewees perceive that investor relations has been lagging behind other fields of communication in the digitalization process and social media development. While investors, in comparison to other company stakeholders, are described as late adapters, the interviewees experience that they are slowly starting to use social media. The interviewees provide two potential explanations to why the social media adaptation has been relatively slow within investor communication.

First, investor relations is a regulated communicative field. Capitalizing on the opportunities presented by social media while still adhering to the legislative requirements is described as challenging. As financial regulations do not allow for any price sensitive information to be released via a social media without first going through an official press release, as well as the industry-wide praxis of "silent periods" ranging up to 30 days prior to the release of a financial report, the interviewees feel uncertain in regards to how and what they can communicate in social media. They perceive that legislation is lagging behind practice and find there to be a lack of guidance on how to use social media to communicate with investors. Hence, they feel limited and thus prefer being restrictive in their communication out of anxiety of doing something wrong.

> *"Investor communication is quite special, as it is strictly regulated. It makes it difficult to capitalize on the opportunities presented by social media when it comes to investor relations communication, because there is so much you need to take into consideration." [Int_15]*

Second, the interviewees highlight that there tend to be a focus on large, institutional investors, as they provide the majority of the capital. Hence, these majority owners have a key position influencing the organizations and their capital structures, consequently leading the organizations to prioritize their needs in their investor related communication. As these institutional investors are considered quite conservative and analogue, primarily consuming information through the traditional channels, social media has not been perceived a valuable tool in reaching these investors. Some interviewees even experience that institutional investors and analysts find the informal and personal tone that characterize social media communication inappropriate for investor relations, and therefore consider social media to be an unprofessional communication channel. Consequently, social media has not been prioritized in companies with a predominant institutional ownership structure.

> *"The capital markets are largely driven by those who have large volumes in the market, and that are institutions. And they consume information in traditional ways." [Int_10]*

However, the interviewees still describe a development where an increasing number of investors now utilize social media to gather information about potential investments.

> *"Many people turn directly to our corporate website, but they pick up information from Twitter and LinkedIn. [Investors] are late adapters, but have actually started to use social media and make sure to follow us in their feeds." [Int_3]*

Thus, the interviewees express that investor relations professionals are starting to realize the potential of social media. Even if investors often turn to the corporate websites and financial reports for information, social media is to an increasing extent becoming a part of the investors' information gathering processes. While social media do not replace other sources of information, investors are perceived to increasingly consume information on social platforms by following companies and corporate managers in order to stay constantly up to date. Moreover, investors are perceived to increasingly expect organizations to be transparent and easily accessible, where social media, being accessible to anyone at any time, is described as a valuable tool for the organizations to meet this demand. The interviewees describe investors' increasing usage of social media, and the increasing expectations on transparency and accessibility, to result in them feeling a need to be present in social media.

> *"The question is no longer whether or not we should be present on social media, but rather how and to what extent." [Int_15]*

4.3 From Static to Dynamic Communication

The interviewees describe that social media, in comparison to the traditional, rather static communication channels, enables and facilitates a more dynamic investor communication. This is mainly seen in four different ways. First, social media enables conversations. Second, it generates a demand for these conversations to be continuous and rapid. Third, it spurs snackable content and fourth, it facilitates quick dissemination of information.

4.3.1 Enabling Open Conversations

Most interviewees emphasize the importance of using social media as a dialogic tool, rather than as an additional informational channel. Taking a monologic approach, including just posting links to press releases and financial reports, is not found to generate interest in social channels. Rather, the interviewees perceive that they have to be open for interaction to attract attention. Additionally, the dialogic approach is described to add value to the information, as it enables investors to ask follow-up questions.

> *"The largest mistake people make on social media is using it as an informational channel, like a megaphone. It does not work like that, everything on social media builds on some kind of dialogue – you talk with each other." [Int_14]*

Most interviewees mention that generating interaction and dialogue is facilitated through personal communication. They describe that moving beyond a formless logo and rather have an explicit sender makes communication and interaction easier, as people generally listen to and relate more to personal communication.

> *"Having an explicit sender, a pair of eyes to look into, facilitates dialogue. Otherwise it is like talking to a wall." [Int_13]*

Besides creating opportunities for corporations to interact with their audience, social media has further provided different platforms for investors to discuss investments with one another, lowering the barriers for everyone to openly voice their opinions. With this, the interviewees describe that there are groups of investors, especially on Twitter, who are active and interested in discussing investments. Flows of questions and answers are often generated and the investors can, in a sense, educate each other. While it is mostly the same people participating actively in the discussions, the interviewees describe that there is a wider audience following the conversations passively who are interested in seeing the questions that other investors ask and the answers the companies provide. Some interviewees also describe being invited into the discussions by the investors when they reach a conclusion or find a problem or question that they cannot answer themselves.

> *"There can be a long conversation amongst [the investors], and then they ask me for my opinion. Suddenly, I am invited into the conversation. That is very positive, they know where they can ask questions." [Int_7]*

Although discussions between investors about companies and investment opportunities are nothing new, these now take place in an open forum where anyone can follow and join the ongoing conversations. On the one hand, the interviewees describe this as a risk as anyone can write anything, without factual evidence, available for everyone to read and subsequently believe. As such, there is a risk of potentially false or misinterpreted information being communicated openly, reaching numerous investors instantly. On the other hand, most interviewees describe the social media development as something positive since, in comparison to when the conversations took place in an offline setting, digitalization has enabled the companies to closely follow discussions about them and consequently enter discussions to correct potential misinterpretations. By being involved, the interviewees perceive that they have the ability to influence or guide the conversations, reducing the risk of discussions escalating.

> *"If we are not present [on social media], people will still talk about us. Being present, however, gives us the ability to counter, show differently or just agree." [Int_6]*

Hence, the interviewees highlight that regardless of their participation, conversations about them will occur. Social media has not only enabled them to follow the conversations created by others about them, allowing them to enter discussions when needed. It has also generated the feeling of having to be present on social media in order to, at all, have their voice present in the conversation.

> *"We have to show our view of the company. If we do not, we leave that up to others, who certainly will provide a different view." [Int_8]*

Yet, there are still concerns about joining the conversations. First, with the strict financial regulations, the interviewees describe an uncertainty in knowing what, and when they can comment and clarify online without facing the risk of breaking any regulations. Additionally, they are concerned that correcting misinterpretations will result in investors expecting them to always do so. Any incorrect or false information not being corrected by the organization may then implicitly be regarded as true by the investors. Hence, if investors get used to the companies correcting misinterpretations, accidentally not correcting a misinterpretation may result in the organization unintentionally sending a signal that the information is true. Therefore, some organizations rather await direct questions than actively joining the conversations themselves.

4.3.2 Demanding Continuous Interaction

Besides enabling conversations, social media further spurs a demand for the conversations to be quick and continuous. While this is described as something positive, as it enables the organizations to in an easy way provide investors with information quickly, it also imposes challenges. Social media communication, in general, has generated a behavior where individuals are used to receiving updates and news every day or even several times a day. The interviewees describe that the nature of investor communication makes this difficult, as financial information cannot be released continuously and silent periods require them to be completely quiet at times. As such, it is described to be challenging to keep the flow of information active and the audience interested in between releases of new information.

> *"The difficulty lies in maintaining a frequency in the communication and provide relevant content – not just when you present your financial reports." [Int_16]*

Additionally, social media generates an expectation to provide answers and comments quickly, which is perceived to increase the risk of mistakes and misinterpretations. The interviewees describe that they prefer to be cautious and go over their published statements in detail to avoid potential misinterpretations. However, the expectations on fast and direct responses make this difficult when communicating through social media.

> *"The rapidness in combination with the extreme limitations in terms of length poses a challenge." [Int_8]*

The interviewees further describe that more than the 140 characters allowed by Twitter often are needed to explain certain concepts or answer questions properly to convey the intended message. The need to provide short messages quickly generates a risk of taking away too much information and, in extension, an increased risk for misinterpretations.

> *"Twitter is very limited in terms of length, which makes your messages quite extreme. There is not much room for nuances, and I feel like it is quite easy to be misread." [Int_10]*

4.3.3 Spurring Snackable Content

Social media is described to spur content that is easily read and understood. In order to attract attention in social media, where a tremendous amount of information is available, the interviewees explain that merely posting financial reports and press releases is not enough. Rather, the information has to be repackaged in creative ways to make it interesting and easily digestible.

> *"I think the key is to make the content snackable, or digestible and easy to understand, not just for financial people. Obviously the financial information has to be there, but it has to be presented in a way that is easy for someone interested in the company to understand." [Int_9]*

To make the content snackable, the interviewees describe trying to bring static pieces of information to life by using infographics, images, quotes and videos. Additionally, adding someone's personality to the message is perceived to work well in social media, as it makes the information relatable. The interviewees describe that adding someone's personality to the information, or communicating from a personal account, enables them to communicate in a less formal way, being more creative in their communication. Being personal is described to be essential to capitalize on the full potential of social media, as it facilitates interaction with the investors. However, the interviewees further emphasize that in order to be believable, the personal communication needs to be authentic. The authenticity is described to increase using a less formal language, making the information as well as the person behind the account more relatable for the investors.

> *"You have to be a real person, talking to a robot is no fun."[Int_14]*

In comparison to merely posting a link to financial reports or press releases, making the content snackable and relatable is found to vastly increase the reach and engagement. For instance, *Int_9* explains that uploading a video where the CEO of *Company F* commented on the quarterly results rather than posting a link to the financial report more than doubled the reach and engagement with the post. This is believed to follow from the information being easier to grasp and more relatable. It is described as a way of presenting the financial information in a way that people can, and are willing to, consume in social media.

However, the interviewees mention that repackaging the financial information in a snackable way can be challenging, considering the legal requirements. The accuracy is essential when it comes to investor relations, and many interviewees hence describe being hesitant towards expressing themselves differently than in press releases and financial reports.

> *"In relation to the financial reports, we seldom write in a relaxed way – there is not much room for wittiness as it can be around other subjects. Rather, it is the correctness that is of essence for our financial audience." [Int_4]*

> *"The demand for rapidness and easily comprehensible one-liners that characterizes social media communication is not always compatible with current regulations." [Int_21]*

4.3.4 Facilitating Quick Dissemination

The interviewees describe that the dissemination of information through social media is very different from their traditional communication channels, where they to a large extent are in control of the dissemination of investor related information. They explain that social media enables information to spread to numerous investors extremely quickly through likes, shares and retweets, resulting in a snowballing effect where something minor can turn into something major in a short amount of time.

> *"The way in which information proliferates through these channels can cause news to have a huge impact very quickly, which increases the likelihood of a share price impact, compared to if the information was disseminated in other ways. This is what causes concern." [Int_14]*

Being aware of the potential snowballing effect of things they post, the interviewees explain feeling restricted regarding the type of information they share, as they do not know what people will read into it. For instance, *Int_7* explains that there are many things that could be written about, that are not price sensitive, but that the interviewee chooses not to as it could be interpreted as price sensitive. This perceived risk of something small being interpreted as something important restricts the interviewees in the type of information they share through social media, as they do not know how the information they post will be understood and spread.

> *"You have to be cautious. I think that is a pity, one should not have to think 'I am a bit tired today, but I cannot write that on Twitter because the share might drop'." [Int_14]*

Several interviewees describe a perception of being under constant scrutiny, where not only the information, but also their phrasing and tone, is constantly evaluated and interpreted. Consequently, they describe being careful in their social media communication, as they do not want to share information that, even in tone, could be interpreted in the wrong way. Especially as there is a risk of their messages getting momentum and rapidly spread to numerous investors.

> *"You must assess every word. If you express yourself carelessly, […] something minor can have unproportionately large consequences." [Int_20]*

Additionally, some interviewees highlight that the rise of social media has caused them to be more careful also in an offline setting, as things they say can be picked up by someone else and thereafter shared with a large audience through social media.

> *"There is no room for chit-chatting. Unfortunately, you cannot say anything just for fun, because you never know what people will read into it. And then someone posts it on Twitter and suddenly thousands of people have seen it." [Int_20]*

4.4 From Institutional to Individual Investors

As previously described, the interviewees emphasize that the majority of the institutional investors, described as the most important investor audience, are not present in social media. This is explained to follow from them already having well-established relationships with the investor relations professionals as well as management, enabling them to contact the organizations directly with questions and clarifications. Consequently, the additional benefit from social media communication is found to be low. Rather, social media primarily constitutes an opportunity to reach individual investors and as such plays a more prominent role for investor relations in companies with a more dispersed ownership structure and a larger quantity of individual investors. For instance, *Int_13* from *Company I*, a smaller company with primarily individual investors, describes social media as the company's main channel for investor communication.

> *"We probably do not reach the institutional investors through the social channels. By posting on e.g. Twitter, we can rather reach the individual investors with the latest news about our business and keep them updated on what is going on." [Int_12]*

On the one hand, the fact that mainly individual investors can be reached is described as a reason for the slow social media adaptation within investor relations (see section 4.2). On the other hand, it is described as an opportunity, as the individual investors were difficult to reach effectively before digitalization and the growth of social media. Thus, social media is viewed as an extension of the traditional local shareholder's organizations, providing a new and effective means to reach the individual investors globally in a direct way.

> *"Younger people do not attend these kind of events any more, people spend their time online. They hang out in online investment forums and other social media, where they gather information and discuss companies with each other." [Int_14]*

Social media is described as a way of democratizing the information, as the information is provided openly in an easily accessible way. As such, social media can be a first step for new investors not familiar with other established informational channels to receive information. Consequently, it is a way of increasing the transparency as the same type of information currently shared with institutional investors during conference calls and in private meetings can be communicated openly to a larger audience. The interviewees describe that there traditionally has been some secrecy surrounding what is discussed in the one-on-one meetings with the institutional investors and analysts. While price sensitive information may not be disclosed in private meetings, the fact that the meetings are restricted to certain investors and analysts has been perceived to generate a credibility gap among investors lacking such direct access to management. As meeting all investors personally would be impossible, social media is described as a way of increasing the openness and allow the individual investors to take part of the information and engage in conversations similar to the companies' discussions with institutional investors and analysts.

> *"I want a wider audience to be able to take part in what we discuss with [institutional] investors for them to be able to generate an understanding of the factors influencing the share price." [Int_5]*

Nevertheless, the interviewees describe that the audience reached through social media is quite different from the audience addressed through the traditional communication. Rather than addressing a homogeneous group, described as primarily consisting of *"middle aged male investors and analysts, around 35-40 years old, wearing black suits and shirts in light colors" [Int_11]*, they now communicate with a broader and much more diverse group of investors with different backgrounds and frames of reference. The interviewees find the institutional investors and analysts to be well informed about the industry and company they are investing in and further to have a high level of financial knowledge. Consequently, they are able to consume and understand the information in financial reports and press releases effortlessly. However, in reaching the broader group of individual investors, the interviewees do not know how the information provided will be evaluated.

> *"The [analysts and institutional investors] are highly skilled, they do not misinterpret the information. That risk is larger among the general public in social media." [Int_14]*

> *"Our institutional investors understand the information regardless of how we express ourselves. But that is not enough, we need to go broader than that." [Int_8]*

To avoid misinterpretations, the interviewees feel the need to express themselves differently to ensure that the information is comprehensible. While investor communication is strict regarding terminology, the interviewees feel that they sometimes need to provide an explanatory background for the information to be understood by investors lacking a developed financial understanding. While most investors engaging in discussions and asking questions are described as well informed, the interviewees emphasize that the openness of social media, enabling anyone to see their comments and answers, results in them having to provide answers that can be understood also by investors lacking such insight.

> *"[Our financial information] is directed towards people who are expected to have a certain degree of knowledge, and sometimes you need to help people who do not know about [the company] or do not know about finance at all by explaining how it works." [Int_13]*

4.5 From Professional Analysts to Private Influencers

The interviewees highlight that the professional analysts, who act as important influencers in the investors' evaluation processes, to a large extent are not present in social media. They perceive the few analysts who are present in social media to be quite passive, rather tending to listen than talk in such open forums. Instead, both the analysts and the institutional investors are described to prefer the established, traditional processes where they are given direct access to management through private meetings over open forums like Twitter where the information is available for everyone.

> *"[Institutional investors and analysts] do not ask questions in social media, they want a VIP lane where they can ask questions without anyone else listening." [Int_19]*

While the professional analysts, who are strong influencers in the capital market, are inactive in social media, other private influencers have emerged. Social media has enabled individual investors to quickly and broadly disseminate their opinions through Twitter accounts, blogs and podcasts. Some individual investors have managed to build up large and strong follower bases and can, through publishing analyses and thoughts regarding certain investments, strongly influence the opinion of other investors. Despite not having a professional title or any particular insight into the businesses, the interviewees describe that these influencers' opinions are strongly valued and influential amongst other investors, resulting in them acting as private analysts. Through being consistent and active in their analyses and updates, they have managed to build confidence in the investment community and are hence able to influence the investors' perceptions of certain investment opportunities. Some interviewees have even experienced that analyses and recommendations from these private analysts have had greater impact on the share price than advice from professional analysts.

> *"I remember a couple of years ago, when one of the larger podcasts issued a Buy-recommendation for [Company D] resulting in an initial share price increase of 5 percent. Wow! And when a large investment bank issues an analysis that they have been working on for several weeks the effect can sometimes be 1 percent, which may seem unfair towards the banks." [Int_7]*

With the private analysts, a new form of intermediary between the companies and their investors has developed. In contrast to the professional analysts, the companies do not have relationships with the private analysts and hence not a dialogue with them before the analyses are written. This causes some of the interviewees to be skeptical towards the private analysts, as they are perceived to potentially have an agenda with what they write and recommend.

> *"We will never enter that jungle. I do not think it is quite neutral. While the same goes for professional analysts, we at least have a dialogue with them, and can point to potential inaccuracies. We do not have that in the same way with the private analysts." [Int_1]*

Others find that the private analysts are often very knowledgeable and well informed. For instance, *Int_7* describes having had a discussion on Twitter with a private analyst interested in *Company D* and subsequently inviting the analyst to a face-to-face meeting where the company and its industry was presented. The interviewee describes getting skeptical reactions internally for doing this, but found it to be valuable as the private analyst afterwards wrote an insightful analysis on his blog that reached an important audience.

> *"To me, there is no difference in meeting with [a private analyst] or [a professional analyst]. Of course, he or she buys fewer shares, but still reaches a different target audience." [Int_7]*

Taking this further, *Int_13* describes the private analysts as key intermediaries influencing the perception of others. As it is impossible to meet all investors personally, identifying and establishing relationships with these intermediaries is viewed as an effective way of reaching and influencing a broader investor group. By meeting with the intermediaries and generate a deeper understanding of the company amongst them, the interviewee describes that they sometimes enter discussions and answer questions that others have asked about the company. The interviewee describes this as a way of establishing *“a virtual investor relations organization” [Int_13]*, where the influencers are often well informed in the answers they provide but where the company simultaneously never is accountable for what they say.

> *“Then you have really taken the investor relations-function to the next level. Having that kind of community surrounding your company is a dream, really, regardless of communication channel. It would be very efficient for us and a very good way of handling [investor relations].” [Int_13]*

5. Analysis

In this section, we analyze the empirical data using the theoretical framework presented in Section 2.3. First, Section 5.1 presents an alteration of the theoretical. Thereafter, we analyze our empirics in accordance with the altered theoretical framework in Sections 5.2 to 5.4 in order to answer the research question.

5.1 Alteration of the Sensegiving Framework

As described in section 2.3, this thesis follows the perspective of investor relations as a sensegiving function. Consequently, we analyze the empirics in accordance with the sensegiving framework developed by Maitlis and Lawrence (2007). In their framework, the authors propose the anticipation of a sensemaking gap to trigger sensegiving. As such, this is suggested as the initial dimension of sensegiving, followed by discursive ability and process facilitators as enablers of sensegiving (ibid.).

However, our research question concerns the implications of introducing social media as a communication channel for investor relations, i.e. the implications of introducing a new process facilitator for sensegiving. Consequently, we will start our analysis by exploring social media as a process facilitator for investor relations sensegiving. Thereafter, we continue with an analysis of how the new process facilitator influences the anticipated sensemaking gap. Lastly, we analyze how the process facilitator and the sensemaking gap in combination influence the discursive ability, i.e. how the organizations tell their story to the investors.

5.2 A Process Facilitator

Process facilitators are defined as the structures, platforms and opportunities needed to enable sensegiving (Maitlis & Lawrence, 2007). Our empirics suggest that the introduction of social media as a corporate communication tool has provided organizations with a new platform to reach and interact with their investors. The interviewees describe social media as an additional structure for communicating their corporate story, showing investors how they should think when they think about the company. Consequently, we find social media to be a process facilitator enabling organizational sensegiving (Maitlis & Lawrence, 2007). This new sensegiving platform differs from the traditional platforms and processes used by the organizations in communicating with their investors.

First, our empirics suggest the organizations' traditional key audiences of institutional investors and professional analysts to be absent or passive in social media. Instead, we find that social media enables the organizations to directly reach individual investors. The interviewees explain that they traditionally have been targeting institutional investors in their direct communication as these provide the majority of the capital (Dolphin, 2004; Ellis, 1985). They describe having lacked a structure to the reach the individual investors in an effective way, consequently often leaving them unattended in their direct communication. Where individual investors previously have been handled through intermediaries (Hockerts & Moir, 2004), our findings show that social media enables the organizations to directly reach and communicate with the individual investors in an efficient way.

In reaching the individual investors directly, the interviewees experience an opportunity to increase the transparency and provide the individual investors with the same type of information that they usually communicate in the private meetings held with institutional investors and professional analysts. The interviewees feel that social media enables them to provide a larger investor base with information allowing them to generate a comprehensive understanding of the organization as an investment opportunity. While the information communicated in the personal meetings is regarded as the primary source of information for the institutional investors in their evaluation of a company (Barker et al., 2012), these meetings have been exclusive to an elite group of investors (Holland, 2009). However, we find that by being able to communicate such information to a broader investor base through social media, the organizations can extend their reach, moving beyond the traditional focus on elite market participants.

Second, social media facilitates continuous communication. This is described to be challenging when communicating investor related information. As financial information cannot be released continuously and the praxis of silent periods require the organizations to be silent prior the release of financial reports, the interviewees perceive meeting investors' demands for frequent updates to be difficult. Where the traditional structures are characterized by periodicity, with financial reports being released quarterly and private meetings with institutional investors and analysts following the releases (Roberts et al., 2006), social media contrast this, demanding continuity also for investor related information.

Third, our empirics show that social media has enabled investors to openly communicate with each other. Though discussions about investments between investors are nothing new, through social media these discussions are now brought out in the open. The interviewees experience that social media, by allowing everyone to take part of and engage in the discussions, acts as a platform enabling also the individual investors to openly present their view of the organizations. Consequently, where Holland (2009) suggests organizations and elite groups, e.g. institutional investors and analysts, to be in control of the organizational narrative, we find that, in a social media setting, also individual investors have the chance to contribute.

Thus, social media acts as a platform enabling not only the organizations but also the individual investors to initiate and engage in sensegiving. This platform is constantly in place, enabling anyone, without the participation of the organization in question, to initiate discussions and consequently engage in sensegiving. We find this to contrast the organizations' traditional sensegiving processes where they are in control of either releasing a financial report or inviting investors to direct meetings with them. Where the organizations usually are in control of the processes enabling sensegiving (Maitlis & Lawrence, 2007), social media provides a structure beyond the organizations' control. As discussions about the organizations will take place regardless of them being present or not, the interviewees perceive that they have to be present to not lose their ability to co-create the organizational narrative with the individual investors. Consequently, we find that not being in direct control over the structure results in the interviewees perceiving social media presence to be necessary.

Last, we find that the open conversations have led to a new elite group, i.e. the private analysts, taking part in and having a strong influence over the joint creation of the organizational narrative (c.f. Holland, 2009). These private analysts are found to be a new key intermediary between the organizations and the individual investors. Thus, we support Roberts et al. (2006) suggesting intermediaries to play an important role in the communication between the organizations and their investors. However, we further show that in a social media setting, the key intermediaries differ from the traditional intermediaries, as the majority of the organizations currently do not have established relationships with them. Traditionally, the organizations have had a chance to present their value creation processes in their direct communication with the professional analysts, subsequently used in the joint creation of the organizational narrative (Holland, 2009). However, our findings show that the organizations lack such direct contact and thus the possibility to directly communicate their value creation processes with the private analysts. Consequently, we find the co-creation of the organizational narrative to be problematized in a social media setting.

5.3 Anticipation of a Sensemaking Gap

The anticipation of a sensemaking gap occurs when there is a knowledge gap to be filled in order for the sensemaker to be able to make sense of a situation (Maitlis & Lawrence, 2007). A broad and diverse stakeholder base, unable to construct a common interpretation of an issue adds to the anticipation of a sensemaking gap. The anticipation of a sensemaking gap triggers sensegiving to enable the construction of a shared account (ibid.).

As aforementioned, we find social media to act as a new process facilitator enabling the organizations to reach individual investors. Compared to the investors the organizations traditionally have been communicating directly with, described as a homogenous group of institutional investors, social media allows the organizations to directly reach numerous and diverse individual investors. In comparison to the homogeneous group of institutional investors, the individual investors are perceived to have different backgrounds and frames of reference, complicating the construction of a shared account. Consequently, we find the anticipation of a sensemaking gap to be intensified, triggering the organizations to engage in sensegiving (Maitlis & Lawrence, 2007).

While the organizations are triggered to engage in sensegiving due to the intensified sensemaking gap, we simultaneously find them feeling restricted in their investor sensegiving in social media. Our findings suggest that the organizations find it hard to know how to act and what to communicate through social media in order to enable the creation of a shared account among the individual investors. In the creation of a shared account, it is the investors who determine whether information communicated should be regarded as new and consequently incorporated into the investment object (Hägglund, 2001). While the organizations describe having well-established relationships with the institutional investors, consequently giving the organizations a better understanding for how information they communicate will be interpreted, they lack such relationships with the individual investors. Without such relationships we find the organizations to lack knowledge about the individual investors' cognitive structures and schemas (Kuperman, 2003). This, in combination with the individual investors being numerous and diverse, results in the organizations having difficulties in assessing how the information they communicate through social media will interpreted and hence whether it will be incorporated into the investment object.

5.4 Discursive Ability

Discursive ability regards the sensegiver's ability to create persuasive accounts. It can be described as the ability to influence the sensemaking processes of others through telling the right story at the right time and in the right way. To be able to engage in sensegiving, the sensegiver must also have legitimacy, i.e. occupy a social position that leads others to listen (Maitlis & Lawrence, 2007).

We find the communicative features of the platform, combined with the organizations reaching individual investors directly, to require a new way of "telling the right story" to make the investors listen in a social media context.

First, we find the platform to facilitate easily digestible content. The limited communicative space in social media, combined with the constant battle for attention, generates a need for snackable content, i.e. for messages to be easily and quickly understood by the investors. In order to create snackable content, and as such get the investors' attention in social media, the organizations feel the need to bring the information they communicate to life using infographics, videos, images and quotes. While they still communicate the same information in social media as through their traditional channels, they feel the need to repackage the information to ensure that the investors listen to their messages. The need to repackage the information is further spurred by the individual investors not possessing the same financial knowledge as the traditional target audience, i.e. the well-informed institutional investors (Ellis, 1985). Hence, the organizations experience having to explain the financial information communicated to make it more easily understandable also for the non-financially educated investor. However, repackaging the information is perceived problematic as the financial regulations limit how the organizations can phrase and express the information. Additionally, making the financial information easily digestible without losing the intended meaning of the message further problematizes the repackaging of information.

Second, the platform creates a need for relatable content. To ensure that investors listen to them, the interviewees perceive that using social media as a megaphone does not work. Rather, our findings show that the organizations need to open up for dialogue and interaction. Dialogue and interaction is described to be enabled through being personal in the communication and by showing the people behind the organizational surface. The interviewees experience that investors invest in people whom they believe in, suggesting personal communication to enable the investors to assess the credibility of the management. Where Barker et al. (2012) suggest the private, personal meetings with management to be considered the most important input into the investors' evaluation processes, we find that the social media setting requires the organizations to construct a digital "personal meeting". However, in the social media setting, the "personal meeting" is created through relatable content and personal communication, giving all investors an opportunity to see the people behind the organizations.

While Roberts et al. (2006) suggest the personal meetings between the organizations and the institutional investors to be rather formal, scripted and rehearsed, our findings indicate that such formal and rehearsed communication is not well suited for a social media setting. Rather, the interviewees experience the need to be informal, somewhat witty, natural and authentic in their communication in order to generate interaction and inflict a sense of trust and credibility amongst the investors. Thus, we further find social media to require the personal meeting to be informal, contrasting the traditional offline personal meetings.

Third, social media has generated an expectation for continuous conversations and frequent updates by the companies. As previously mentioned, this stands in contrast to the periodical investor communication traditionally conducted by the organizations. When communicating through social media the interviewees experience that sole periodical updates will result in them losing the investors' attention and interest. In order to get their messages across, the organizations feel the need to communicate more frequently with the investors.

Nevertheless, by communicating more frequently in the open social media setting the organizations point to a feeling of being under constant scrutiny, where not only the information they communicate but also their phrasing and tone is constantly evaluated. Where Roberts et al. (2006) suggest the periodical personal meetings between the organizations and the institutional investors to inflict nervousness amongst management as they are under scrutiny, we find the personal meetings on social media to inflict such nervousness continuously. In the traditional meetings, the management copes with the nervousness through thorough preparations and by scripting answers to possible questions, resulting in the meetings being rather strict and formal (Roberts et al., 2006). However, the interviewees emphasize that social media requires continuous dissemination of information, rapid responses to the investors' questions as well as a personal and informal tone. Thus, we find social media and its continuity to not allow for such preparations and formal communication. Hence, the organizations cannot cope with the nervousness in their traditional ways. Rather, we find the perception of being under constant scrutiny to result in the organizations feeling restricted in their social media communication.

6. Conclusions

This study explores how social media influences the practice of investor relations, following the perspective of investor relations as a sensegiving function (see e.g. Kuperman, 2003). Consequently, we use a theoretical framework based on Maitlis and Lawrence's (2007) conditions triggering and enabling sensegiving to analyze our empirical data and answer our research question. While our findings suggest investor communication through social media to be in an early stage of development, we still find the practice of investor relations to be influenced by social media.

We find that social media provides the organizations with a structure enabling them to directly reach the individual investors, an audience largely unattended to in their traditional communication. In reaching the individual investors directly, we find the organizations to be able to increase the transparency by providing them the same set of broad information currently communicated directly to institutional investors and analysts. While individual investors previously have been difficult to reach in an effective way, social media enables the organizations to extend their reach, moving beyond the traditional focus on elite market participants (c.f. Roberts et al., 2006).

Social media further requires the organizations to create a digital "personal meeting" enabled through relatable content as well as informal and personal communication. Where Barker et al. (2012) find the private, personal meetings with management to be the primary input in the institutional investors' decision making processes, the personal meetings constructed openly in social media give all investors a chance to see and assess the people behind the organizations.

Moreover, social media provides a structure, beyond the organizations' control, where anyone can openly voice their opinion and discuss investments. This implies that not only the organizations and elite groups in the capital markets, but also the individual investors, have the chance to contribute to the organizational narrative (c.f. Holland, 2009). With this, especially the private analysts have the ability to strongly influence the co-creation of the organizational narrative, implying that the professional analysts are no longer the sole key intermediaries.

By reaching the individual investors directly, constructing a digital personal meeting enabling anyone to assess management, and by allowing everyone to contribute to the organizational narrative, we consequently find social media to reduce the exclusivity traditionally characterizing the practice of investor relations.

However, we further find social media to problematize the practice of investor relations. First, by reaching the individual investors directly, the organizations go from communicating with a homogenous investor group whom they have long-established relationships with to a large and diverse investor group. Therefore, they lack knowledge about, and understanding for, the individual investors' schemas and frames of reference. Consequently, we find the organizations to have difficulties in assessing how information they communicate will be interpreted by the individual investors, problematizing investor communication through social media as the creation of the investment object lies with the investors (see Hägglund, 2001).

Second, we find social media to facilitate continuous communication, which stands in contrast to the traditional periodical investor communication. By communicating more frequently in the open social media setting we find a feeling of being under constant scrutiny. Following Roberts et al. (2006), who find the traditional, and periodical, meetings to inflict nervousness amongst management as they know they are being judged and held accountable, we find the continuity and the openness of social media communication to inflict such nervousness continuously. As our findings suggest the traditional coping tactics of scripting and rehearsing the meetings to not be possible, we find the constant scrutiny inflicted by social media to restrict investor communication.

Nevertheless, as discussions take place whether the organizations are present or not, social media presence is required for them to be able to take part in and co-create the organizational narrative in social media. Thus, despite feeling restricted in their communication, we find that the lack of direct control over the structure to simultaneously result in the perception of social media presence being necessary.

7. Limitations and Suggestions for Future Research

While the use of a qualitative approach enables us to generate a deeper knowledge for social medias' influence on the practice of investor relations, the approach also brings limitations to the generalizability of our findings.

To conduct the study, we used a purposeful sampling method to find companies currently engaging in investor communication through social media. While this was necessary to answer our research question, it also implies that the companies included in the study are relatively transparent in their investor communication and ahead in their social media communication. Therefore, the results might have been different with another sample including companies less engaged in investor communication through social media. However, the sample includes companies diverging in terms of size, industry, ownership dispersion and analyst following, potentially increasing the generalizability of our findings.

The study is further limited to Swedish companies listed on the Stockholm Stock Exchange and Nasdaq First North, implying that they follow Swedish regulations. As the regulations may differ between different countries, the generalizability of our findings to other markets may be limited.

The nascent state of current research within the field of investor relations in a social media context, as well as the exploratory nature of this study, opens up for several areas of potential future research. This study takes the organizations' perspective, focusing on social media's influence on the practice of investor relations. An interesting extension would be to take the investors' perspective, further investigating how investor communication through social media influences their decision-making processes. Focusing on the investors could provide additional insight into their sensemaking processes and subsequently a deeper understanding of the market effects of investor communication through social media. Further, our findings indicate that the private analysts play an important intermediary role in social media. Investigating how they build legitimacy in the social media community, as well as how their advice influence investors' decision-making processes, would increase the understanding of investor communication through social media and its influences in the capital markets.

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Appendices

Appendix A – Table of Interviews

Interview	Company Denotation	Stock Listing	Interviewee Denotation	Professional Role	Interview Form	Language	Date of Interview	Duration (min)
1	Company A	LargeCap	Int_1 Int_2	Investor Relations Officer Corporate Communications - Digital Channel Manager	Face-to-face	Swedish	2016-10-07	56
2	Company B	LargeCap	Int_3 Int_4	Head of Investor Relations Corporate Communications Manager	Telephone	Swedish	2016-10-10	35
3	Company C	LargeCap	Int_5 Int_6	Head of Investor Relations Corporate Communications - Social Media Specialist	Face-to-face	Swedish	2016-10-11	56
4	Company D	MidCap	Int_7	SVP Investor Relations & Communications	Face-to-face	Swedish	2016-10-11	60
5	Company E	MidCap	Int_8	Head of Communication & Public Affairs	Face-to-face	Swedish	2016-10-13	61
6	Company F	LargeCap	Int_9	Corporate Communications - Social Media Specialist	Face-to-face	English	2016-10-14	54
7	Company G	MidCap	Int_10	CEO	Face-to-face	Swedish	2016-10-19	64
8	Company H	MidCap	Int_11 Int_12	CEO Investor Relations Officer	Face-to-face	Swedish	2016-10-20	50
9	Company I	First North	Int_13	Founder & CEO	Face-to-face	Swedish	2016-10-21	59
10	Company J	First North	Int_14	Founder & CEO	Face-to-face	Swedish	2016-10-25	56
11	Company K	LargeCap	Int_15	Project Manager Investor Relations Communication	Face-to-face	Swedish	2016-10-31	69
12	Company L	MidCap	Int_16	SVP Investor Relations & Communications	Telephone	Swedish	2016-11-08	65
13	Company M	LargeCap	Int_17 Int_18	Investor Relations Officer Investor Relations Officer	Face-to-face	English	2016-11-10	61
14	Company N	SmallCap	Int_19	CEO	Telephone	Swedish	2016-11-14	44
15	Company O	LargeCap	Int_20	Investor Relations Officer	Face-to-face	Swedish	2016-11-17	57
16	Company O	LargeCap	Int_21	Press Coordinator	Telephone	Swedish	2016-11-22	47

Appendix B – Interview Guide

Investor Relations

What is the aim of investor relations?

Who are the target audiences in your investor relations communication?

What is required by the investor relations function? Internally? Externally?

What do you aim to communicate?

Which communication channels do you use for investor relations communication today?

Have the channels changed over time? If yes, in which ways?

Social Media & Investor Relations

How do you currently work with social media as a communication channel for investor relations?

Why do you work with social media as a communication channel?

Who in the organization is responsible for/works with social media communication?

Who do you aim to target through social media?

What are the benefits with social media compared to the “traditional” channels?

What are the challenges of using social media as a communication channel for investor related information?

How do you follow and assess what is being communicated about your organization on social media platforms?

How would you like to develop/extend your social media communication?

Concluding Question

How do you think the development of investor relations communication through social media will continue?