Investor relations via Web 2.0 social media channels

A qualitative study of Middle Eastern corporations and investors

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Abstract

Purpose – The purpose of this paper is to investigate the use of Web 2.0-based social media for investor relations (IR), in the Middle Eastern (ME) context. IR is one of the under-researched topics of the corporate reporting subject area. This study seeks to contribute by investigating social media for IR in a ME context. It researches the perceptions of corporations, and individual and institutional investors regarding the phenomenon of social media for IR, given the particular cultural context. A conceptual model guiding future research is developed out of the analyzed data.

Design/methodology/approach – The research approach is qualitative and exploratory in nature, as the aim is to analyze perceptions and opinions of participants, in order to develop a theoretical argument based on these. To this end, the study employs a qualitative methodology and interview data collection. Data are analyzed using qualitative research coding styles.

Findings – Primary findings are encompassed in the theoretical framework, which theorises the adoption of social media for investor relation in particular but addresses voluntary corporate reporting in general. The study determines that there are various factors that support and hinder adoption, such as willingness to adopt social media for IR and potential risks and benefit, and that there are anticipated outcomes, such as improved communications between investors and corporations and a related power adjustment. The new element regarding IR that transpired out of the current study is the notion of investor empowerment and the directly related fear of lack, or essentially loss, of control.

Originality/value – The ME societies are very interested in social media applications, and utilize these in a broad range of their daily work and private activities. IR, as part of voluntary reporting, have been subject of recent debate, as little guidance is available and corporations' practices vary. The current study highlights these factors in a largely under-researched market, the ME, and focuses a broader knowledge contribution based on the current findings. Finally, the concept of power is investigated in both its conventional and postmodern sense.

Keywords Middle East, Social media, Power, Qualitative study, Conceptual model, Investor relations

Paper type Research paper

1. Introduction

Investor relations (IR) have been at the forefront of recent discussions, as it is one of the under-researched topics of the corporate reporting community (Macnamara and Zerfass, 2012; Ragas *et al.*, 2014). Social media is a new tool that allows fast and convenient distribution of information, thus a potential tool for IR (Macnamara and Zerfass, 2012). Interestingly, different societies have a different standpoint regarding such media, as the recent Brunswick survey has found (Golz and Zivin, 2014). In general, social media has spread rapidly across different markets and countries, amongst which are the Middle Eastern (ME) countries (Askool, 2013). For instance, social media significantly supported the rise of the Arab Spring movement, and YouTube, Facebook and Twitter enjoy great popularity in the various ME societies (Askool, 2013; Shirazi, 2013). The current study investigates investors' and corporations' perceptions of adopting social media for IR, extracting the perceived outcomes, and highlighting societal and organizational developments that support or hinder the adoption and utilization of such applications.

Corporations' IR commonly take place via a dedicated section of the corporations' webpage. The format, while informative, is typically static, and, while frequently updated, does not allow active, real-time communication between investors and corporations. The current study investigates the potential adoption of interactive technologies, allowing a dialogue between a corporation and its shareholders. In particular, we focus on employing Web 2.0-based technology, concentrating on various forms of social media to maintain IR. In general, the utilization of Web 2.0 technology has led to a competitive advantage and allowed companies to reach out to consumers through new social media (Vuori, 2012). Web 2.0 denotes the underlying technology that gives rise to social media applications. IR are only maintained on a limited level through social media, with most companies focusing on sharing information regarding share price, financial statement publication, and in some instances updates of annual general meetings (Yanjie and Wan, 2013).

In the USA, the Securities and Exchange Commission (SEC) realized the importance of such Web 2.0 communication channels and issued a ruling in 2013 that allows corporations to utilize social media for IR, as long as corporations comply with the Regulation Fair Disclosure, which says that corporations have to use a medium that allows for information to reach as many users as possible without favouring one group over another, and as long as investors are alerted which channel a corporation will use for information dissemination (SEC, 2013). However, depending upon the relevant legislation, IR are closely monitored and the use of social media for IR is not automatically a tool that can be used for unlimited disclosures, for instance in the EU (Virtanen, 2010). With regard to ME countries no particular ruling addresses IR via social media, and the Dubai Financial Market guidelines explicitly recommend the use of social media for financial information dissemination, as these allow for maximum market penetration (Dubai Financial Market Guidelines (DFM), 2014). Other ME financial markets have not issued such guidelines, according to most recent online searches.

Furthermore, there is a lack of academic studies investigating IR in the ME, which the current study seeks to alleviate. It adopts a qualitative approach.

The broad research questions asked in this study are:

RQ1. What is ME investors' and corporations' interest in and perception of maintaining IR through social media channels?

This question aims to extricate what participants, investors and corporate representatives think of social media in the context of IR communications. Is social media already being used for IR? To which extent is social media applied, and if not is there any real interest in doing so? How do investors think of such medium of communication, as they are part of the driving force for adopting and maintaining such medium of communication? What are the anticipated benefits and drawbacks of adopting such practice?

RQ2. What are the factors that support or hinder the adoption of social media for IR?

This question seeks to determine whether in the participants' perceptions there are any factors that are particularly supportive, or particularly confounding, regarding the adoption of such medium of IR communication. Importantly, none of the ME countries have a mandatory requirement to adopt social media for IR communication, thus such factors address solely voluntary motives:

RQ3. Are there any particular ME-related IR issues, for instance culture or religion related, that have to be taken into consideration?

While the ME region includes various countries, cultural, language-related and religious similarities define this region. First, all countries included in the study have Arabic as their official language and main language of communication. Second, all countries included in the study share the same religion, which is a dominant feature of the ME societal picture. Third, social media uptake in both private and work-life contexts has been rapid and increasing, and transcends all layers of society in all ME countries. WhatsApp is one of the predominant mobile phone apps, while YouTube enjoys a great following for instance in Saudi Arabia. The Arab Spring was steered predominantly via social media applications. Can this momentum support IR communications? Is there a particular cultural predisposition that lends itself to adopting IR communications via social media?

To this end, a semi-open interview schedule has been prepared to instigate the interview, although allowing interviewees to steer the conversation according to their concerns, interests and perceptions. In total, 20 individuals were interviewed. The collected data were analyzed using grounded theory-based coding analysis (Glaser and Strauss, 1967; von Alberti-Alhtaybat and Al-Htaybat, 2010).

The remainder of the paper is structured as follows: the next section discusses relevant literature regarding social media in general and in organizations. Then the theoretical context is illustrated. Next the research design is outlined and then the study's findings are presented. Finally, the study's findings are embedded in the extant literature and reflections of findings on the theoretical context are discussed. In the last section, the study is concluded and suggestions for future research are made.

2. Literature review

IR play an important role for corporations (Marston and Straker, 2001), as well-maintained relations can support capital raising, create a good reputation for the organization and can significantly affect a corporation's ratings by financial experts, as illustrated by de Jong *et al.* (2007). IR are important to gain the support of important financial advisors and analysts, and may influence equity market valuation and potential investor decision making (Dolphin, 2004). They are an important part of a corporation's communication strategy (Dolphin, 2004; Hoffmann and Fieseler, 2012). These relations are defined as "the link between a company and the financial community, providing information to help the financial community and the investing public evaluate the company" (Marston, 1996, p. 477). This includes continuous, strategic activities to maintain the relationship between a company and its existing and potential investors, financial analysts and stakeholders (Dolphin, 2004). Maintaining these relations effectively can contribute to an organization's competitive advantage (Dolphin, 2004). Traditionally, IR include the distribution of corporate reports (Clarke and Murray, 2000), the arrangement of the annual general meeting and conferences, and the provision of answers to inquiries (Bollen *et al.*, 2006). Recently, non-financial factors in general and corporate social responsibility activities in particular have increased in importance (Gates, 2013; Hoffmann and Fieseler, 2012; Hockerts and Moir, 2004). The internet can support the traditional tasks for IR but can also provide a new form of communication given its particular technological features (Deller *et al.*, 1999; Hassink *et al.*, 2008; Kim and Kim, 2014). Furthermore, it changes existing investor relation techniques and activities, regarding one-way information sharing and two-way interactive communication (Kelly *et al.*, 2010; Kuperman, 2000). The proportion of shares available to individual shareholders, corporate size, level of internationalization and disclosure environment positively influence internet-based IR (Bollen *et al.*, 2006).

Bonson and Flores (2011) clarify that Web 2.0 technology and social media are "the next milestone in the evolution of corporate information" (p. 34) but found that they are not fully available in the corporate reporting arena, although there are differences among America, Asia-Pacific and Europe. Using a sophistication index, they determined that Web 2.0 technology applications in general are more popular, in particular podcasts by management, RSS feeds and webcasts of corporate events, while social media applications in particular, such as blogs, are not utilized very widely. Banks should engage in a dialogue with their investors but the banking sector lacks a clear strategy of corporate communication via social media, which should be focused on in future (Bonson and Flores, 2011). One general question they seek answers to is whether corporate dialogue is more likely to be utilized for voluntary or mandatory disclosures. The current study seeks to contribute, as it focuses on the utilization of corporate dialogue in the context of voluntary disclosure, in particular IR. On the other hand, Koehler and Zerfass (2011), based on a content analysis study of company websites and external social media platforms, provide a global benchmark study investigating the utilization of IR 2.0, i.e. IR 2.0, referring to IR via social media. They determine that 95 per cent of their researched corporations engage in IR via social media, either having applications implemented on their website or using external platforms. The latter are particularly favoured for publishing financial figures and updates on annual general meetings, whereas the former is mostly used for sharing corporate actions, strategic company decisions and changes in management. For external platforms, Facebook, Slideshare and YouTube are preferred for sustainability reporting, while Twitter and StockTwits are mainly used to share financials. Overall, social networks are the most widely adopted organizational communication tools (Macnamara and Zerfass, 2012; Verhoeven *et al.*, 2012).

Following a qualitative case study using interview data, Vuori (2012) stresses that social media serves as a useful tool for external corporate communications, including IR. However, implementation can be a lengthy process, which can be broken down into four phases, namely planning, support, development and implementation, each being associated with a multitude of respective tasks and steps that organizations should employ and pay consideration to when adopting Web 2.0 tools (Baxter and Connolly, 2014). Following implementation, the success of newly adopted IR applications should be measured through various forms of qualitative and quantitative measurements, as transpired in the surveys undertaken (Ragas and Laskin, 2014; Ragas *et al.*, 2014). Furthermore, it is very important to implement an organizational regulatory framework for social media communications, as it positively influences strategies and levels of activity (Linke and Zerfass, 2013). At the same time, governing social media communication and anchoring its use in organizational activities, strategies and control is in direct conflict with the social media philosophy, so there is a trade-off when adopting such technologies, which transpired as part of a survey and subsequent in-depth interviews (Macnamara and Zerfass, 2012).

More practice-based publications focus on discussing various social media tools and their utilization for IR by corporations. Surveys, published by organizations such as the

US National IR Institute (NIRI), BNY Mellon and Brunswick Group, investigated the use of social media in the context of IR, with feedback from various organizations in different industries. Findings included that if social media is not applied for IR primary reasons are lack of investor demand, no value recognition by management, the inability of controlling the message, and the inability of utilizing social media to the organization's best advantage (Bushkin, 2013). One suggestion to counteract some of these concerns is to predetermine data that will be shared with investors, pre-write messages to be shared when having live interactions, and answer any posed questions at a later stage, through blog posts for instance (Bushkin, 2013).

Popular Web 2.0-based social media applications are customized apps, blogs, Slideshare, YouTube channels, Twitter messages/updates during annual general meetings for push information, while organizations also engage in monitoring pull information to be aware of relevant discussions, for instance through Google searches (Verhoeven *et al.*, 2012). Some of these surveys are undertaken at an international level, such as the Brunswick Investor Use of Digital and Social Media Survey, and compare IR via social media among different countries. Based on their findings, Asia leads communications with investors via social media, relying on information provided via social media and acting accordingly upon it (Golz and Zivin, 2014), although face time with management is still by far the most important factor for European, USA and Asian investors (Golz and Zivin, 2014). However, online media have become more important, with blogs and social networks being in the lead. With regard to actual stock market guidance, differences vary from one country to another, for instance the SEC has recently announced its acceptance of IR via social media, whereas corporations in Europe have to be very careful and specific how they utilize social media for IR (Virtanen, 2010).

There are differences among developed and developing countries with regard to maintaining IR via the internet (Abdul Hamid, 2005; Biswas and Bala, 2014), which is confirmed by Yanjie and Wan (2013) through website content analysis using an evaluation analysis. The latter found that developed economies displayed more advanced techniques, real-time updates, user-friendly applications, convenience, accuracy, fairness and completeness. In the ME, studies addressed investor behaviour and decision making in the context of different investor groups (Almotairy *et al.*, 1995; Heshmat, 2012) and with regard to social responsible investments (Alexander *et al.*, 2012). However, none have discussed the use of social media tools for IR. The Dubai Financial Market, the most advanced ME financial market, issued in its guidelines a recommendation for using social media to communicate with investors (DFM, 2014), not least of all because they seek to reach out to international investors. Importantly, the first concept to push forward in the ME is that IR is relevant and necessary and that corporations can reap benefits and gain competitive advantage (Jones, 2011). However, academic research on IR in the ME is limited, a gap the current study contributes to. BNY Mellon has extracted ME findings from its annual global survey, which highlights the differences of IR in the ME in comparison to global developments. In general, IR departments are concerned with Eurozone stability and financial market liquidity, and seek to increase international shareholder ownership and research coverage. With regard to social media, 30 per cent of researched companies use social media applications for IR, 47 per cent do not yet but plan to do so in the future and 23 per cent do not and do not want to in the future. The reasons for not using social media are fairly equally lack of investor demand, insufficient resources, inability to control the message and management not recognizing the value of doing so. Although only recently having become a concern for ME corporations, IR have increasingly gained in significance in the market, amongst others fuelled by the 2008 financial crisis and the recognized need to increase transparency in order to attract foreign investors.

3. Theoretical background

The theoretical background of the current study engages various concepts. As the current study has adopted a qualitative, explorative approach, the discussed theories support and guide the analysis but do not limit findings and theory development solely to these theoretical concepts.

The established theoretical context in which the concept of IR is embedded is rooted in economics-based disclosure theories. These are separated into mandatory and voluntary disclosure theories, and IR is part of the latter. This signifies corporations providing more financial information than required on a voluntary basis, as opposed to mandatory disclosure, which refers to financial information that has to be provided according to standards and laws. Various theoretical underpinnings have been developed and used to explain what kind of disclosures, why and how, and in particular, to explain any variations of such disclosures that may occur among corporations (e.g. von Alberti-Alhtaybat *et al.*, 2012). Voluntary disclosures are typically explained through a number of theories that have managerial incentives as their foundation, including agency and signalling theories, and cost-benefit analysis (Marston and Polei, 2004). These theories provide explanations as to why corporations choose to publish additional, voluntary information. They do so in order to remedy information asymmetry (agency theory), to influence the market in their corporation's favour (signalling theory), and due to benefits outweighing costs of such information provision (cost-benefit analysis) (von Alberti-Alhtaybat *et al.*, 2012).

While such managerial incentive theories provide useful explanatory insights on why agents may choose to provide information voluntarily, they do not take all factors into consideration (Del Vecchio and Girard, 2013). Institutional theory addresses such pressures, which impact upon corporations in order to achieve legitimacy (DiMaggio and Powell, 1983). Organizations are considered legitimate if they respond and adjust according to different pressures, which essentially create homogeneous organizations, referred to as isomorphism. These pressures are categorized into coercive, i.e. force/regulation, normative, i.e. best practice recommendations, and mimetic, i.e. copying others' practices (DiMaggio and Powell, 1983). Coercive pressures lead to mandatory disclosures, while normative and mimetic pressures can lead to both mandatory and voluntary disclosures. Thus, social media-based IR may take place because of best practice recommendations, akin to those published by the Dubai Financial Market, or because direct competitors have adopted such approach, given that IR is a voluntary practice.

However, neither managerial incentive theories nor institutional theory provide a complete picture of social media for IR. As prior literature determined, if the disadvantages associated with adopting a particular practice are identified or perceived to be greater than the benefits, corporations will choose not to do so (von Alberti-Alhtaybat *et al.*, 2012). The question that arises is how organizations determine such disadvantages, if they do not lead to an immediate financial loss. Several surveys cited lack of control as a reason for not adopting social media for IR, which does not reflect a quantifiable loss but rather a perceived threat. Loss of control refers to not being able to control information flows and communications about the organization via social media channels. Corporations preferably have power over the information that circulates on the internet, thus some prepare a set of predetermined questions and answers when undertaking live online communications with their investors, and prefer to delay answering any additionally posed questions (Macnamara and Zerfass, 2012). Similarly, conventional accounting theories do not consider any wider ranging effects of adopting social media applications. The essential characteristics of social media include freedom of communication, participation, openness and democratisation (Macnamara and Zerfass, 2012), which result in a distribution of power across society and the related empowerment of users. Thus, power theories need to be taken into consideration as an interdisciplinary and philosophical aspect of the theoretical background.

Power plays an important role in the context of the economic market where information is unevenly distributed and the loss or possession thereof can affect future cash flows. Power theories are essentially separated into two big thought approaches – the classic, sovereign, approach, which suggests that an individual, or a group of individuals, controls sufficient resources to control everyone else and influence their actions (Lynch, 2010), and the postmodern approach, which suggests that power is not in the hand of one or a select few but rather is distributed amongst all, thus power is in the hands of everyone and developments can be steered in various directions (Lynch, 2010). Power, in this context, is not always perceived as negative and oppressive but also as positive, change instigating and development-supportive (Foucault, 1998; Lynch, 2010). Social media has indeed in recent years proven a valuable tool for such power distribution and change support, for instance in other areas of business, such as advertising, marketing and knowledge management (Ahlqvist *et al.*, 2010) but also in the wider societal context, such as its significant contribution to the Arab Spring development and democratisation attempts in many Middle East and North Africa (MENA) states (Kilani, 2012). Grand investor Icahn's recent tweet announcing an interesting letter he would send to Apple's CEO is an example of such power distribution, as the market placed significant value in this announcement and consequently the Apple's share price rose (NBC News, 9 October 2014). Thus, social media can be understood as a useful tool for reducing information asymmetry as information can be distributed fast and through a multitude of channels, distributing power more evenly in the system, as information reaches a great number of users. This enables them to make informed investment decisions faster than ever before, as long as they are aware of information being distributed via social media technology. Ahlqvist *et al.* (2010) emphasize empowerment of users via social media, as it can act as a catalyst for participation. Such empowerment takes place with a particular issue or subject in mind, and coalitions that form are usually temporary. Investors would form such coalition with their investments and investment decision making in mind, but, mindful of the economic benefit, would only coalesce as long as a financial advantage arises.

The discussed theoretical background motivates various research questions, which are discussed in the next section leading into the discussion of the results. In particular research question two seeks to extricate the factors that impact on the adoption of social media-based IR based on the theoretical context, as the study seeks to determine which of the above mentioned factors are particularly relevant.

4. Methods

The current study seeks to investigate the uses of Web 2.0-based social media technology for IR in the ME, the perceptions and attitudes of potential and existing investors and corporations, and their reasons for supporting or rejecting IR via social media. To this end, it employs a qualitative approach. The qualitative research methodology chosen is used to answer why and how research questions, such as the current study seeks to determine how investors and corporations perceive IR via Web 2.0-based social media applications, and why they prefer or reject such form of IR. An additional point to be explored is whether IR via social media affects corporations' and/or investors' perceptions of power relations.

Three groups of participants were defined: private investors, i.e. individuals who invest their personal money and make their investment decisions for their private belongings, institutional investors who invest for others but also for the organization they work for, typically part of the banking sector, and finally corporations who would be engaging in IR to reach out to their existing and potential investors. Each of these groups is needed in order gain a holistic picture of IR. The interviewees were selected on the basis of access and their agreement of participation, and were selected on the basis of investment experience in the case of investors, and on the basis of their IR position in their respective corporations. With regard to corporations, IR departments as publicized on the internet were contacted and asked whether they would be willing to participate. If no IR department was available, the public relations department was contacted. A total of nine corporations agreed to cooperate. Reaching institutional investors took place via the same method, contacting the investment banking section of various banks and asking them to participate, to which five agreed. Finally, private investors were the hardest group to reach. However, one of the investment bankers agreed to ask their clients whether they would participate, to which participant 1 positively replied. He led us to various other private investors, based on theoretical sampling rules (Glaser and Strauss, 1967), which suggest that once the first participant of a group is identified, they may lead the researcher to the next participant.

Table I outlines information of interviewees and lists the industry their corporation is based in (however, it was not possible to name interviewees and corporations, as only total anonymity would guarantee participation). Investors encompasses both

Interviewee	Position	Industry type	Country of origin
Investor (I) 1	Private	–	Saudi Arabia
Investor 2	Private	–	Jordan
Investor 3	Private	–	Egypt
Investor 4	Private	–	Egypt
Investor 5	Private	–	Saudi Arabia
Investor 6	Private	–	Egypt
Investor 7	Institutional	Banking	Jordan
Investor 8	Institutional	Banking	Jordan
Investor 9	Institutional	Banking	Jordan
Investor 10	Institutional	Banking	Egypt
Investor 11	Institutional	Banking	UAE
Corporation Rep (CR) 1	IR	Banking	Jordan
Corporation Rep 2	IR	Manufacturing	Egypt
Corporation Rep 3	Public relations	Service	Saudi Arabia
Corporation Rep 4	Public relations	Service	Lebanon
Corporation Rep 5	Marketing	Manufacturing	Jordan
Corporation Rep 6	IR	Service	Lebanon
Corporation Rep 7	Public relations	Service	UAE
Corporation Rep 8	IR	Food	Jordan
Corporation Rep 9	Marketing	Food	Jordan

Table I.
Interviewee schedule

institutional, i.e. organizations, and private, i.e. individuals, ones. In total, 11 investors participated in the current study, of which five are representatives for investment institutions, i.e. banks, and six are private investors who engage in personal wealth management on the stock market. In order to get a comprehensive illustration of IR in the ME, the researchers included participants of five countries, namely Jordan, Saudi Arabia, United Emirates, Egypt and Lebanon. These five countries are all part of the ME, and are considered representative here. It was attempted to include participants from other countries as well but these could not be recruited. Considering the ME region, as opposed to a single country perspective, is based on the following arguments: several aspects create homogeneous characteristics among these countries, which are language, religion and cultural background. Similarly, prior studies show that ME investors have an overall propensity for using social media (Askool, 2013; Golz and Zivin, 2014). Furthermore, the authors believe that including participants from a range of ME countries enhances the interesting aspects of the study, and allows for develop additional depth to the various categories. Heterogeneous characteristics in particular relate to socio-economic aspects of each of the five societies, although it has to be mentioned that all of these countries have a great distance between social classes with both very rich and very poor on both ends of the spectrum, while the typical middle class is commonly financially under-represented. However, the overall earning status is higher in the GCC countries, in this study represented by Saudi Arabia and the United Emirates, and labour migration from other ME countries to GCC countries is one of the most common phenomena of the ME. Given the similarities and differences between ME countries, the selected sample is expected to generate interesting and insightful results.

For private investors, their nationality and primary investment climate were important criteria, while institutional investors, i.e. participating bank employees, were selected on the basis of their organization's country of origin. Other participant characteristics, such as age, gender and position, were not taken into consideration, with the exception of investment experience. All participants had to be engaged in investment decision making for a minimum of five years at the point of the interview, to ensure perceptions provided on experience and an existing knowledge base. Furthermore, interviewees were asked to focus in particular on ME corporations in their discussion.

Interviews lasted from 30 minute to one hour per interview. Hand-written notes were taken during all interviews and in addition, they were all tape-recorded and subsequently transcribed. Data analysis was undertaken in an iterative process, akin to the approach outlined in von Alberti-Alhtaybat and Al-Htaybat (2010). Data were triangulated with documents published by interviewees' organizations, i.e. secondary data (Hockerts and Moir, 2004), thus through methodological triangulation, and by collecting data from different groups (investors and corporations), referred to as data triangulation (Guion *et al.*, 2011). Both contributed to gaining a holistic picture of the phenomenon under study, and allowed the researchers to analyze and focus on different elements. Furthermore, participants reviewed their interview transcripts and were presented with the final theoretical framework in order to give their feedback, which enhances validity of the findings (Charmaz, 2000; Hockerts and Moir, 2004; von Alberti-Alhtaybat and Al-Htaybat, 2010).

The study was undertaken on the basis of several clearly defined research questions, motivated by prior literature and the theoretical background:

(1) What is ME investors' and corporations' interest in and perception of maintaining IR through social media channels? This question lays the

foundation, determining whether investors and corporations are currently engaging in such practice or whether they are at least considering it positively. It also serves the purpose of setting the scene for further questions. Is social media already being used for IR relations, and if so, to which extent? If not, does it mean there is no interest, or no available know-how, or is it in the developmental stages? Also, importantly, how do investors think of such medium of communication, as they are part of the driving force for adopting and maintain such medium of communication? What benefits and drawbacks do they anticipate or already experience?

(2) What are the driving factors behind adopting social for IR, and what are the obstacles that corporations and investors face? This question relates back to the various theoretical theories that motivate the study, as the authors seek to extricate whether managerial incentive theories support or hinder adoption, whether institutional factors play a role, and whether power and empowerment are important aspects of the study. Importantly, none of the ME countries have a mandatory requirement for IR relations via social media, so only voluntary motives are addressed.

(3) Finally, are there any particular ME-related IR issues, for instance culture or religion related, that have to be taken into consideration? This question allows for exploring the similarities and differences, if any significant ones arise, that define the sample, and impact on the adoption of IR via social media. First, all countries included in the study have Arabic as their official language and main language of communication. Second, all countries included in the study share the same religion, which is a dominant feature of the ME societal picture. Third, social media uptake in both private and work-life contexts has been rapid and increasing, and transcends all layers of society in all ME countries. WhatsApp is one of the predominant mobile phone apps, while YouTube enjoys a great following for instance in Saudi Arabia. The Arab Spring was steered predominantly via social media applications. Can this momentum support IR communications? Is there a particular cultural predisposition that lends itself to adopting IR communications via social media, and is this cultural predisposition experienced among all participants?

5. Results

The analysis' results raised several concepts related to the phenomenon of social media-based IR. Importantly, all interviewees were aware of the phenomenon under study, and addressed relevant and important concerns. The findings are related to each other, as is presented in Figure 1, which will be discussed in the remaining part of the section. First, the three main research questions will be addressed, according to which the four high-level categories have been developed. Finally, the model will be discussed comprehensively.

The figure outlines various higher order categories that emerged out of the data from the relevant research questions. The first question investigates whether there is any interest in and what is the perception of maintaining IR through social media channels, which motivated the development of the final model.

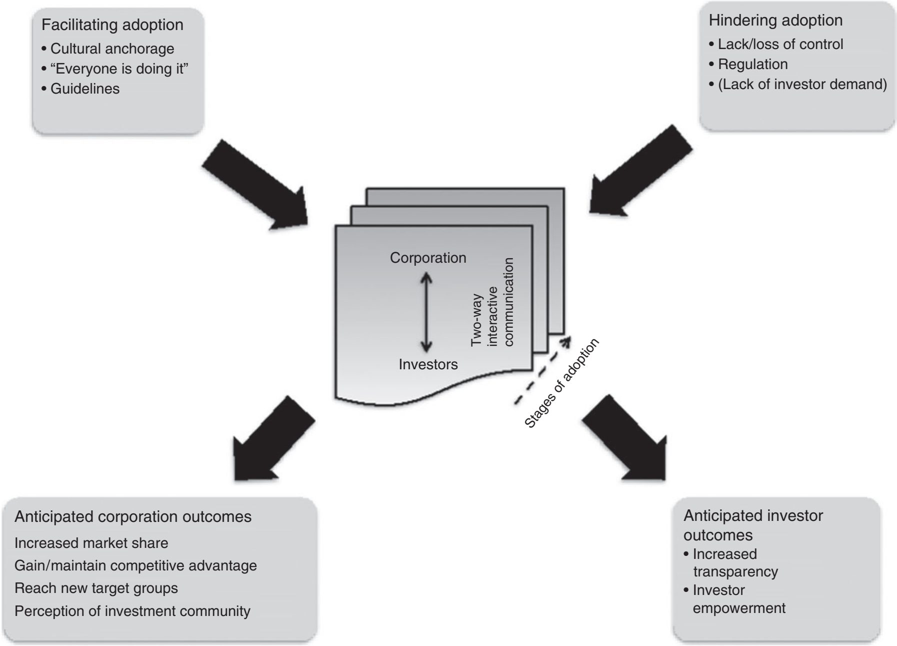

Figure 1.
Adoption of social media-based IR

5.1 Adoption of IR via social media

All interviewees perceived IR via social media applications as a highly likely future development, in the same vein as technological advancements have altered organizational communication in different departments. While they mentioned that some corporations already utilize social media for IR, they believed that this would expand as ME societies are very keen on social media and use such applications in many aspects of their daily life. Thus, social media is expected to play an important role in enabling dialogue and interaction between investors and corporations, but also amongst investors themselves.

Investors highly welcome such development, in particular private investors that feel disadvantaged with regard to information availability and speed of information updates:

> Social media provides us with the opportunity of being more involved and involving more – sure there are big individual investors that have always had the power of pressuring organizations publicly, and of course institutional investors have this kind of influence anyway, but smaller-scale investors were usually the last to find out (I 2).

Furthermore, in case of investment decision making, investors had previously relied on market trends, personal intuition and, in the case of private investors, occasional professional advice. Although social media can support these activities, they have to rely on corporations to willingly use such applications and to utilize these in a fair manner and transparent way, such as using various channels to reach as many investors as possible and clarifying that they are the information provider. Investors primarily trust direct push information provided by corporations, such as via Twitter, own App, on corporations' blogs, YouTube channels or Facebook pages.

While interviewees agreed that social media's potential for IR has not been fully reached yet, institutional investors did not agree unanimously that they considered it a necessity, despite the anticipated benefits. Thus, an interesting distinction can be made between the needs of individual and institutional investors, where the latter are perceived to have a more powerful position in the market, thus do not expect as much out of new IR methodologies:

> I think it is inevitable that more or less all organizations will eventually follow suit – given the various reasons and pressures to adopt such practices […], the question is to which extent they will engage – is it just tweeting here or there, or are they willing to engage in a fully blown public conversation with their investors, even if it is inconvenient? I realize that individual investors are pushing for this development but I am not sure that us as institutions are really in need for this (I 7).

Regarding the corporations' perspective, corporation representatives identified that adoption of social media-based IR takes place in stages, as some participating corporations already had begun engaging in this practice. Three actively engaged in social media-based IR, another three were researching into the possibility of doing so, and the remaining three felt it was not a necessity at the present time. They identified applications such as Twitter and Facebook to be focused on, in particular because ME users particularly like these:

> You know, our corporation has launched an initiative, if you like a 'selective information sharing project', […] so we tweet pre-selected information to inform our investors on a daily, continuous basis. We accept that we can have a two-way communication but we are not quite there yet. It is the beginning really, everyone is careful not to give up too much information – at the end senior management approves every tweet before we send it off. But we like the idea of being at the forefront – the social media use is spreading rapidly in the Middle East, and honestly, people here love their apps – What's App, Facebook, Twitter, Instagram, YouTube, you name it, they use it (CR 7).

Of the researched organizations, this is the only one that has adopted an official project, or has put a relevant strategy in place in how to use social media for IR, although all interviewees voiced their expectations that others would follow suit in the near to medium-term future.

Also, the utilization of social media for IR was addressed. Pushing information into the market is only one element of IR. All corporations engage in pulling information from the internet, in order to gather respective data that were provided by sources other than themselves. For instance, they would seek for online evaluations, or discussions undertaken by non-company-related users. None has adopted a formal analysis tool, such as statistical or content analysis, but they keep files of pulled information to present at weekly meetings or to use in conversations. However, in the context of the "selective information-sharing project" the participating corporation is considering the creation of a social media director position, whose responsibilities would entail to collect and analyze social media-based pull information both from the local and the international environment.

The data reveal that adopting social media for IR is a positively perceived and experienced practice. Both corporations and investors are supportive of such development, and reflect their cultural anchorage regarding the support of social media usage. Furthermore, investors in particular expect several benefits, with one of the most important being investor empowerment.

The next part of the model discusses what motivates or hinders such adoption. The factors that lead to corporations and investors adopting or rejecting IR vial social media were addressed in the second research question, asking what the driving factors behind adopting social for IR are, and what obstacles corporations and investors face. Additionally, cultural factors, as investigated in the third research question, play a role.

5.2 Factors facilitating adoption

Three concepts emerged that reflected supportive structures and developments, which would lead organizations to adopt social media-based IR, namely cultural anchorage, "everyone is doing it" and published guidelines/voluntary disclosure.

5.2.1 Cultural anchorage. Cultural anchorage refers to the ME's current passion for social media applications and their possibilities. This category reflects the particular cultural context but can be sufficiently adjusted and abstracted to fit other cultural contexts as well. While ME societies are traditionally conservative and relatively closed societies, social media, which in its very nature exposes people and reduces privacy, has experienced a significant upsurge. Age, gender, societal class and level of education are all irrelevant factors with regard to utilization of social media, as at the very least the majority of people use WhatsApp as their daily means of instant two-way communication. On a societal level, this could happen because of the external cultural circumstances but with regard to IR, it primarily facilitates its adoption, as users do not have to be convinced of such communication means.

None of the participants particularly referred to cultural anchorage but their inherent willingness to try social-media-based IR reflects their open-mindedness regarding social media-based practices. Furthermore, no one identified lack of knowledge or non-willingness to deal with such technologies as hindering reasons, and the overall support is embedded in the cultural context. Thus, cultural anchorage facilitates the general willingness to adopt social media for IR.

5.2.2 "Everyone's doing it". "Everyone's doing it" implies mimetic pressures, as investors and organizations believe that eventually more organizations will copy emerging leaders in the field, in order to maintain their competitive advantage. This was a frequently referred to notion, as investors and corporate representatives mentioned the use of IR via social media in other countries and markets, and suggested that it was necessary to do the same in the ME markets:

> Honestly, everyone is using social media for many purposes, organizations, individuals, so it is inevitable that IR will eventually engage in this as well. It is a bit of a chicken and egg situation right now – IR in itself is still gaining momentum, so the question is whether it will be more important because of social media applications or whether the subject itself will be more popular and then social media application will follow. Also, if the financial markets emphasize the use of these tools stronger, it is bound to happen that organizations and investors will engage more (CR 3).

Corporations that are still developing their social media-based IR strategy are likely to copy those that have already done so successfully. Furthermore, the more corporations adopt this practice, the more it will be perceived as legitimate to do so and will be well regarded by existing and potential investors.

5.2.3 Published guidelines/voluntary disclosure. Participants also highlighted published guidelines that lead to voluntary disclosure a supportive factor. For instance, according to Ipsos, the third largest market research firm in the world, penetration of social networks is up to 88 per cent in Jordan, compared to 79 per cent in Egypt, 73 per cent in the UAE and 68 per cent in Saudi Arabia (Ipsos MENA report, 2013).

Thus, continuing adoption is an inevitable development, if users create greater demand and expectations. Furthermore, guidelines that are published by the financial markets are expected to be a further fundamental driving force, as corporations will feel compelled to adhere to normative recommendations:

> If the financial market authority urges us to use such communication tools, we will not be able to not do so for long – currently my corporation is not engaging in much social media-based IR – perhaps more monitoring than providing, but eventually this would change (CR 8).

Such recommendations also aid the legitimacy of corporations, which will enhance their willingness to engage in such a new practice. Thus, published guidelines, not necessarily rules but suggestions, will lead to greater adoption of social media-based IR.

5.3 Factors hindering adoption

On the other hand, there are factors that discourage the adoption of social media for IR. The main criticism that was raised by investors was the lack of interaction between corporations and investors, as those corporations engaged in IR via social media chose to maintain a push approach according to pre-defined structures and pre-determined questions and answers. Thus, investors perceived information provision as faster and more frequently updated but did not always find their information needs satisfied, as they were not able to have particular questions answered.

5.3.1 Lack of control. Corporations explained their reluctance to adopt such practices due to two primary reasons, and one potential explanatory factor. First, lack of control on part of the organization was perceived as significantly negative to hinder or severely limit the use of social media for IR. The real risk participants identified is the lack of control over the use of information and associated loss of power:

> While I realise this is an inherent market problem, the reality is that we, the corporation, have the advantage of knowledge over the market, thus the investors. Giving up this advantage through providing information instantly and engaging in a dialogue with our investors may harm us more than benefit. This could only affect us, the management and employees, but could also reflect on the investors and the value of their investment, as one of the participants (CR 4) remarked during the interview.

They would follow best practice recommendations in the ME but at the same time risk the distribution of power of information possession to existing and potential investors. This cost-benefit analysis, and the danger of not knowing the outcome of engaging in a new practice, is what corporations identified as significant reasons to limit social media use for IR. Thus, a transparency policy would only be employed when it would not lead to significant disadvantages and financial losses. There is a direct link between the expected loss of control and the resulting empowerment of investors, which suggests that corporations will only engage in such practice if the benefits outweigh the costs.

5.3.2 Lack of regulation. Furthermore, regulation was mentioned as a potential obstacle. Currently, none of the ME states have regulation in place that governs IR via social media, however, "it is very possible that eventually regulation will be put in place, either pre-emptive or reactive, depending on the situation. But as you can see, other countries have already thought of this" (I 8). By regulation, they referred to rules requesting social media-based IR and regulation ensuring that social media applications for IR were used appropriately. Thus, investors in particular would welcome regulation that governs the use of social media for IR, and the lack thereof means they are more cautious regarding such practice.

5.3.3 Lack of investor demand. Finally, a factor that arose from the literature but was not raised by all interviewees is lack of investor demand. It may have transpired as a reason for some corporations but all individual investors and some institutional investors expressed their interest and their perceived usefulness of such practices. Corporation representatives, on the other hand, suggested that not everyone was interested based on their perceptions. Thus, it would appear that the two groups have differing perceptions in this matter.

The resulting categories address anticipated outcomes, which reflect benefits and drawbacks of *RQ1* and any particular ME-related IR issues, for instance culture or religion related, of *RQ3*.

5.4 Anticipated outcomes

Several themes addressing the expected benefits and results of such adoption arose from the data analysis. These are increased transparency, empowerment of the investment community, reaching new target groups, increase in market share, competitive advantage and the perception of the investment community.

Increased transparency and empowerment of the investment community reflect investors' expectations; the remaining four were identified by corporations. In particular, empowerment of the investment community is one of the primary developments of the current study, as investors stressed this point significantly.

5.4.1 Corporations' expectations. 5.4.1.1 Reaching new target groups. One significant reason for corporations engaging in social media-based IR, or considering this approach, is that there are target groups that can only be reached through social media today. Thus, the use of social media is driven by their business interest, which is the most compelling reason for all participants. ME societies are young, and in particular young investors are best reached via social media. Real time communication takes place, which reduces time-to-market in information dissemination considerably. Furthermore, ME societies are very interested and active in using social media, which transcends age groups as people of all ages utilize such applications. Corporations can share important information very fast and cost efficient, but are aware that they need to provide information in an honest and integer manner. As there are no legal regulations yet, they have to consider ethical practice, in order to benefit all investors simultaneously and to not increase information asymmetry further:

> You see, our societies are young – and young people already have investment abilities or at least future potential. To reach them, and to maintain our competitive advantage of reaching this part of the community, we need to engage with them at their level. For me, this is the most compelling reason to adopt social media for IR – to at least maintain or increase our market share, to keep attracting new investors, and also to create a particular perception of our corporation in the investment community. This includes many factors, for example ethical/halal business practices that investors would like to see these days. For many it is important to maintain their religious integrity when investing – so if corporations can make them feel at ease voluntarily, and share their business practice guidelines via social media for maximum penetration, why not? (CR 2).

5.4.1.2 Gaining competitive advantages. Several participating corporations focused on social media-based IR, as they realized the potential danger of losing a competitive advantage and not reaching as many investors as possible, in comparison to their direct competitors. Furthermore, some participants considered transparency an important element of their organizational strategy, as it would improve their competitive advantage.

> Competitive advantage is a tricky situation – we may increase our competitive advantage (using social media for IR) but at the same time we have to be careful about what kind of information, how much and when we provide it. However, if investors are interested in such communication, it is almost mandatory to engage in it these days because the negative connotations of not doing so may certainly affect our competitive advantage negatively (CR 2).

5.4.2 Investor expectations. Some institutional investors addressed the willingness of particular corporations to operate transparently and provide information to investors voluntarily. "Essentially voluntary information provision can also benefit an organization, giving extra information that investors value positively, as long as they do not share sensitive information that could disadvantage them regarding their future investment decision-making" (I 5).

5.4.2.1 Increase in transparency. Investors identified as their major expectations, and perceived benefit, an increase in transparency and empowerment of the investment community. Social media provides investors with the opportunity to communicate on a broader scale, which all interviewees perceived as a great benefit. It enables investors to discuss and share investment information to support decision making. Most interviewees raised the point that it reduces the corporations' ability to postpone publication or hide information that could affect their firm's financial position negatively, amplifying the effect the internet in general has had on information sharing. Such increased transparency is believed to benefit the investment community significantly:

> I think the more information is available, the more likely we are to invest our money. Of course corporations know that and there is nothing new about this per se. But being able to immediately share my opinion with everyone and anyone is a new feature, which will force organizations to be more mindful of their actions and to be more willing to provide information themselves, rather than rely on second hand rumours and discussions (I 4).

5.4.2.2 Investor empowerment. Furthermore, the recurring theme throughout all interviews at investor level was the perceived power levelling or empowerment that would take place if information were distributed faster, through multiple channels and via different sources. It would enable participation, as the nature of social media allows investors to be no longer dependent upon corporations or the media to share information but investors could become information providers themselves. One investor described the situation as "giving the power to the people, i.e. I have information that could be of potential interest to other investors, thus I now have a very real opportunity to share this information" (I2). This point reflects also the current societal developments in the ME, where power to the people is an important message and viewpoint.

Investors considered this empowerment an important aspect of IR developments, as it would alleviate the negative effects of previously experienced financial crises and mistakes on part of corporations. In particular the power distribution that may take place among all potential and existing investors was a very compelling reason for investor participants to stress the importance of social media-based IR. Institutional investors reflected upon this possibility with greater scepticism, as investor empowerment was subject to information holders' willingness to share information with others, which might diminish a potential competitive advantage.

5.5 The holistic picture of IR

This section provides a complete overview and allows to further drill down into relationships of sub-categories and how these relate to the overall concept of social media adoption for IR. The concept of adoption of social-media based IR is at the heart of the current discussion, which is supported and wanted by both investors and corporations. Certainly, taking advantage of the new technologies in this context is an important development in corporate communications, and extending this to investor-relevant information will enhance such communications. The fact that investors and corporations are supportive of such development is facilitated by several factors. First, cultural anchorage is a necessary feature, as individuals can instigate change but for a phenomenon to spread the relevant culture has to be interested and ready. ME societies in general support and favour new technology and social media communications, even though they do not always factor in the various risks involved. Furthermore, following others that are already engaging in such practice is a common reason participants mentioned. Hindering such adoption is the fear that social media use may lead to loss of control, so that costs eventually outweigh benefits. Particularly corporations are afraid of losing potential competitive advantages or suffering due to public exposure through social media applications. However, if benefits outweigh disadvantages, adoption is expected to take place, in particular because the expected outcomes are perceived positively. Investors and corporations have varying expectations, and motivations to adopt. Corporations are interested in reaching diverse investor groups, and especially the millennium generation as potential and current investors are best reached via social media, and as a result seek to increase their market share. Furthermore, they seek to maintain their competitive advantage by following what others are doing or by leading this adoption, so seeking to get ahead of competitors. Investors found particularly important the increase in transparency, and the aspect that emerged as a major contribution out of the current study, which is investor empowerment. They consider power being distributed as opposed to being clustered in corporations one of the primary benefits of social media-based IR, as it enhance information availability. However, the essential trade-off that corporations perceive is loss of control in this context, which they fear that social media-based communications will lead to. Depending on whether investors will favour such form of communication, which should affect their investment decision-making positively, corporations will continue adopting such practices.

6. Discussion

The overarching themes of social media-based IR reflect factors that support and hinder adoption and the anticipated outcomes that motivate adopting social media for IR. As the extant literature illustrates, ME corporations have not fully adopted social media for IR (Golz and Zivin, 2014), which reflects the findings of the current study. Preferred applications are Twitter and YouTube, which supports Macnamara and Zerfass (2012), all of which contribute to the creation of big data that can be used for efficient IR and other financial and integrated reporting practices. However, corporations are also considering the implementation of their own, "in-website" social media applications, as suggested by Bonson and Flores (2011). Thus, the current state of social media-based IR in the ME supports the existing literature and projected developments. Furthermore, in line with traditional disclosure theories, IR via social media are anticipated to maintain their voluntary character, with information being provided willingly to send positive signals to the market. A further element of the theoretical framework is the facilitating condition of cultural anchorage, which reflects the supportive structures of the ME culture regarding utilization of social media. Culture can be either supportive of such technology adoption or be hindering (Lee *et al.*, 2013), but in the current context, the willingness of engaging in social-media based IR is high, since social media has contributed significantly to the recent developments of the ME (Askool, 2013; Shirazi, 2013). Importantly, no significant differences among the participants of the five countries were noted, regarding the perceptions of social media-based IR, which suggests that the homogeneous characteristics in the sample prevail in the context of the curre\nt study.

The new element regarding IR that came out of the current study is the notion of investor empowerment and the directly related fear of lack, or essentially loss, of control. Investor empowerment is identified as an investor-anticipated outcome, which in turn is feared by corporations to a certain extent. This fear is reflected in the hindering factor of lack of control. As corporations perceive their lack of control over new media, the speed of information distribution and the relative anonymity of such applications, they fear loss of power over information sharing and information creating. Thus, empowerment of individuals and power re-distribution poses a challenge for investors and corporations as both have to deal with information respectfully and carefully. Empowerment reflects the effect of social media on societal and organizational developments, including on IR. The authors perceive such empowerment reflective of current ME developments, where social media plays an important role in all contexts.

The findings of the current study illustrate the struggle between sovereign power, i.e. corporations and related information asymmetry, and massified power, i.e. empowerment of investors, resulting in more evenly and broadly distributed power networks (Lynch, 2010). Corporations find it hard to let go, reflected in their fear of lack of control over information distribution and sharing, while investors seek to manage their community as a group through distributing control amongst themselves. Thus, the transition is not complete, and while mass empowerment would take place, it is argued that elements of sovereign power remain, as individuals seek to maintain leadership of different networks. In the current study, institutional investors were identified as generally more powerful than individual investors, although exceptions exist. While the investment community as such may experience a power re-distribution, an inequilibrium remains amongst investors, as institutional investors already possess more power and liaise with corporations on a different level. Such unequal power distributions among investor groups have been identified in previous studies (e.g. Lee, 2013; Nisar, 2007; Parthiban *et al.*, 2001). The findings also confirm Ahlqvist *et al.*'s (2010) prediction of reflexive empowerment due to social media adoption. Empowerment of users and transparency tolerance on part of corporations, supported by related organizational structures, are anticipated developments (Ahlqvist *et al.*, 2010).

Furthermore, investors would benefit through the additionally shared knowledge, although it has to be ascertained that corporations maintain the underlying accounting principles, conventions and ethics requirements. Transparency requires tolerance and willingness on part of corporations, which may need new governance structures, in order to accommodate new publication policies. Institutional pressures, in particular normative and mimetic ones (DiMaggio and Powell, 1983), increase the legitimacy of corporations, as the investment community would perceive them as following issued guidelines, such as those by the Dubai Financial Market, and adopting the same practices as leaders in the field. Thus, investors' perceptions of corporations would be positively influenced.

As Ahlqvist *et al.* (2010) mention, perceived risk concerns all users groups, i.e. both investors and corporations alike. The major risk investors may suffer from is incorrect information being distributed, which leads to wrong investment decisions. Corporations are exposed to the same risk but additionally are concerned with too sensitive information being shared, which may lead to the loss of competitive advantages. Furthermore, risk arises due to the empowerment of the investment community, potentially affecting corporations negatively if they do not adjust their organizational structures accordingly. Technical knowledge, such as how to use such applications, has not been mentioned as a concern at all during interviews, which suggests that users already possess such abilities. Importantly, corporations have to be aware that the information they provide reaches external users. A seemingly harmless tweet can significantly affect investor decision making, thus only selected employees with related backgrounds should represent their corporations online. Furthermore, senior management should approve selected information prior to publicising to protect the organizational competitive advantage. Information-sharing can also lead to a competitive advantage on part of corporations, if they adopt an organizational structure which supports the concept of the private-collective model of innovation (Von Hippel and von Krogh, 2003). In the context of IR, instead of sharing innovations, organizations create information at their own expense and then share these with the public, keeping very sensitive information secretive. As a result both corporation and the investment community gain an advantage, as both receive and create information that mutually benefits them.

7. Conclusion

The current study has investigated ME investors' and corporations' perceptions of social media-based IR. The findings of the current study highlight the changing effect of social media on society in general and organizations in particular. Willingness to engage in social media-based IR is high, as long as related risks (loss of control and influence) are calculable and associate benefits outweigh risks, as far as corporations are concerned. Investors are expecting IR to become more interactive, and seek to enhance their relative power position in the investment community. Empowerment readjusts power distribution, as information is disseminated among the mass of the investment community. In the ME, cultural support of utilizing modern technology in all aspects of life is strongly developed, which facilitates the adoption of social media for IR as well. The findings of the current study have also shown that power is not one-dimensional or reflective of one theoretical approach but can be multi-faceted. The findings have shown that while power would be distributed among the investment community in a postmodern manner, sovereign power clusters remain, reflecting the powerful positions of particular investors or corporations.

While the current study reflects an ME context, it is limited to the perceptions of this study's participants. The model that was developed is abstracted enough to be applied to different contexts or a different environment, and would serve the purpose of a broader scale study, which would add a wide-range insight to the in-depth findings of the current study.

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