12-1-2003

Book review: Investor Relations (Book 1 of From Main Street to Cyber Street: Changes in the Practice of Communication series)

K. Fitch  
*Murdoch University*

---

Recommended Citation  
Available at: [http://ro.uow.edu.au/apme/vol1/iss14/14](http://ro.uow.edu.au/apme/vol1/iss14/14)
NAIR, Basskaran (2003)
**Investor Relations** (Book 1 of *From Main Street to Cyber Street: Changes in the Practice of Communication* series)

**Reviewed by Kate Fitch**
School of Media, Communication and Culture
Murdoch University, Western Australia

In the wake of spectacular corporate collapses such as Ansett, HIH and One.Tel in Australia, and Enron in the United States, and concern over excessive pay-outs to departing executives of companies such as AMP, openness, transparency and accountability have become key words for investors in the twenty-first century. The HIH Royal Commission in Australia in early 2003 made 61 recommendations relating to improved corporate governance, better communication of potential risks and clearer disclosure of all directors’ remuneration and other benefits. Investor activist Stephen Mayne’s - of crikey.com fame - attempt to get voted onto the AMP Board by minority shareholders aimed to expose the lack of democracy in the nomination of, and voting for, company directors, and was in reality a call for better transparency and accountability in corporate governance.

In theory, the Internet could help improve communication between corporations and investors and offer better opportunities for transparent and open governance. In practice, however, the case for the Internet enabling comprehensive disclosure and an ongoing dialogue with stakeholders is not so clear. The unprecedented levels of information now available on the Internet make it difficult for an organisation to ‘manage’ information about itself, and its online texts compete with those of independent analysts, financial journalists, disgruntled shareholders and activists.

Basskaran Nair’s series *From Main Street to Cyber Street: Changes in the Practice of Communication* is therefore very timely. According to the cover of the first book, *Investor Relations*, the series of seven books “explore how mainstream communication practices are changing significantly to factor in the new technologies”. The books are clearly aimed at industry
practitioners and are best described as a series of manuals on topics ranging from issues management, government relations, community relations, media relations, employee communication and marketing communication.

Nair believes the Internet is potentially “the best tool in enhancing disclosure” and for investors to access performance information which fund managers and companies might not necessarily want to highlight (2003: 28-29). He states that successful investor relations is measured by quality, transparency, reliability and timeliness of the information, in contrast to 1997 research suggesting disclosure by Asian companies consistently rates poorly, lacks detail, accuracy, consistency and transparency (2003: 18-19). Certainly, the Internet appears to offer better opportunities for continuous disclosure and dialogue, and for an organisation to be flexible in response to its operating environment.

However, Nair’s understanding of public relations in the field of investor relations contrasts with that demonstrated in his book on issues management (in the same series), where his prime aim is to use the Internet to better facilitate dialogue and communication. In Investor Relations, by contrast, he discusses how best to “manage the information flow” and to “widely disseminate information of any type” which suggests his faith in the possibility of a long outmoded unidirectional communication model (2003:20,80). He acknowledges this shift by suggesting that investor relations is really a form of marketing, implying that there is a lesser need to engage in a dialogue with key publics in investor relations than in other kinds of public relations (2003:5).

So, does the “unprecedented access to information” offered by the Internet actually translate to improved disclosure, or better opportunities for dialogue between investors and companies? Rather than embracing the opportunities for improved communication, apparently company lawyers regularly screen bulletin boards to gauge shareholder sentiment and gather evidence for possible lawsuits (2003:39). So much for the “democratising” influence of the Internet…surely, it is the public relations managers who should be scanning bulletin boards for shareholder views and allowing organisations to modify or justify their practices in response?

It seems odd a book on the impact of the Internet on investor relations does not explore, or even acknowledge, the impact of ethical investment, given that its growth is surely fuelled by the ability of potential investors to more readily research companies’ performance in the areas of corporate social responsibility and ethical practices. Perhaps it has had a lesser impact in Singapore (where Nair is based), but ethical investment is well established in the United Kingdom and the United States, where the size of
ethical investment funds is estimated to be £3 billion and US$2 trillion respectively. \(^2\)

The growing expectations of shareholders of corporate social responsibility are in response to perceptions about corporate greed and anti-globalisation protests (such as Seattle). The recognition that corporations should focus beyond short-term profits has led to a shift from reporting solely financial profits to triple bottom line reporting. In Australia, some listed companies are beginning to produce *Sustainability Reports* (e.g. Alcoa) and *Environmental, Health and Safety Reports* (e.g. Wesfarmers) in lieu of, or as a supplement to, annual reports. Curiously, apart from some general tips on writing for the web (e.g. “keep content short and factual” and “be clear – avoid jargon or overcommercialising” (Nair, 2003: 88)), Nair does not fully explore the potential to improve disclosure through online annual reports, such as offering easy comparisons of a corporation’s financial and operational performance through hyperlinks to previous annual reports.

Despite these shortcomings, *Investor Relations* is a useful introduction for practitioners on aspects of working with the Internet. Few contemporary public relations textbooks offer more than a token chapter on the impact of technology on public relations, whereas Nair’s series attempts to explore, and offer a new understanding of, public relations since the advent of the Internet. It is a welcome and important contribution to an industry which is attempting to better understand the relations between publics and organisations.

**NOTES**


2. Because of differing definitions of what constitutes ‘ethical’ investment, it is difficult to offer a more precise value. According to Australian Ethical Investment Ltd, the value of ethical investment in Australia is relatively small at around A$1 billion. For more information, see www.austethical.com.au.