

FAQ: Demand for Investor Relations Officers in Asia



Q: How big is the demand for Investor Relations Officers (IROs) in Asia today?

A: Investor Relations (IR) is becoming very “hot” in Asia; there are thousands of publicly listed companies in Greater China alone. Many of these companies would like to be better known and covered by global institutional investors, reputable financial media, etc. and thus Investor Relations Officers (IROs) with a good network and strong relationships with financial analysts, institutional and retail shareholders are highly sought after.

Traditionally, most companies in the Asia Pacific region have not placed a high emphasis on investor relations; they generally have not considered continuous communication to the financial and investment communities a necessity. Today, many Asian and PRC (People’s Republic of China)-listed companies are still in the learning curve in terms of IR and corporate compliance and it may take a while for them to fully understand the importance of the IR role.

As a result, they often do not have a dedicated IRO and such matters are handled by public relations / investor relations consultants, or shared by the CEO, CFO, Company Secretary and the Head of IR and Compliance Officer. In mainland China, most State Owned Enterprises (SOEs) place the IR function under the Board of Secretariat while Non-SOEs set up an independent department for this function.

Q: Is there a typical IRO career path in Asian companies? In some U.S. companies, IROs are often groomed for C-suite jobs, but not so much in the U.K. What is the situation in Asia?

A: There does not appear to be a typical career path for IROs in Asia. We have met IROs with financial analyst training; some who started their career as corporate communications consultants; others as auditors. IROs who were trained accountants may ultimately move back to mainstream financial control and progress along the route of Financial Controller / CFO.

As accountancy qualifications are still preferred for CFOs and legal background for Corporate Secretaries, the career path of IROs to become CFO and Corporate Secretary is still fairly limited. However, some who do the job well become independent IR Consultants. Finally, while it is not often that you see IROs become agency consultants, many consultants become IROs.

Q: What are companies in the region looking for in IROs? What kind of background should they possess?

A: The most critical attribute companies seek is the IRO’s functional expertise, in particular, an understanding of the capital markets and ability to deal with financial analysts and fund managers. A knowledge of statutory reporting; compliance under Company Law, Stock Exchange regulations and rules would be preferable. The ideal candidate should also be able to deal with diverse stakeholders and influence executives at all levels. Excellent communication and presentation skills and the ability to deal confidently and positively with all issues that arise are key requirements too. Of course, the person’s

professional track record is also a determining factor. Clients tend to assess the performance of a potential IRO's current employer, as it reflects how well they did in marketing the company to the investor community. In a few recent instances, we have found people from the other side of the table, i.e. fund managers, bankers or equities analysts, who switch over to play the corporate IR role.

Q: What does the role of an IRO look like in the region now?

A: Despite the "ideal" candidate profile given above, the reality is that one will more likely find IR executives in this region with relatively "tactical" rather than strategic skills, who tend to oversimplify the IR role by focusing heavily on 'drinking and dining' with the fund managers, equities analysts, organizing IR events and visits, AGM, media relations, etc. Such "tacticians" do not possess the strategic IR capability to operate effectively at the board level. For now, in the Hong Kong and Chinese markets, which are not as sophisticated as those in Europe and North America, candidates with tactical skills will be sufficient for the current demands of IR roles there.

Q: Does the size of the company where an IRO works have an impact on prospects for career progression?

A: Size is a factor but more importantly, the industry, market exposure and overall company performance impact the IRO's career progression. The more international and high-profile the company, the better their prospects will be. IROs with good market instincts and insights, a nose for good stories, a strong work ethic and compliance mindset who could work closely with fund managers, brokers, the financial media, events organizers, etc. will be quite popular and successful.

Q: Are there hints in the financial pages that a prospective employer might be a good or bad bet? What should IROs be looking for?

A: IROs tend to be experts in reviewing financial reporting and naturally will have an initial impression of whether the prospective employer is "good." They should be exploring the opportunity with senior management and the Board to determine whether these key internal stakeholders support investor relations. If they are not prepared to work closely with the IRO, the IRO may find his/her job rather limited in scope and advancement.

Q: How can IROs make themselves more desirable?

A: Functional expertise, professional experience and a strategic mindset are the basic criteria to distinguish the good IROs from the average. Industry focus and market exposure would also make them more marketable.

Q: Has the private equity boom of recent years had an impact on the IRO job market?

A: From our experience, companies listed in the PRC tend to reward IROs more as they require them to assist in financial marketing, analysis and investor community network. Indirectly, A, B and H shares listing of PRC companies have an impact on the IRO job market.

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