# Preferences for formal and informal information sources in corporate finance

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**Abstract**

Although the work of corporate finance professionals is information intensive, their practices and choice of information sources have been very little researched. The aim of the present study is to examine the patterns of information source preferences of corporate finance professionals with a special focus on the respective roles of *formal* and *informal* sources of information and the implications of source preferences for the information work of professionals. The study is based on a web survey of 92 Finnish professionals working with corporate finance related duties in their organisations. The findings of the study reveal that corporate finance professionals use a wide array of information sources and have a strong preference for less formal and social sources of information even if they are not necessarily consulted on a daily basis. Major financial information and news providers are significant sources of primary data, but the success of corporate finance specialists lies more on their ability to combine formal information with informal cues and earlier experiences than on possessing or lacking a relevant piece of information.

## 1 Introduction

The work of corporate finance professionals is information intensive. Information and its inequal accessibility to different financial actors also forms the basis of the influential economic theory of information assymmetry (Akerlof, 1970). In this respect, it is remarkable that practices and preferences in the use of information sources have been studied so little (Huvila, 2010). Whereas the information assymmetry related research is premised by a bipolar assumption of informedness vs. not being informed (e.g. Shah, 1994; Davis, 2006; Tirole, 2006), most of the earlier library and information science research on the information behaviour of business and corporate finance professionals is based on the experiences of corporate librarians and information specialists (e.g. Mowat, 1986; Freeman, 1992; Rennie & Kershaw, 1994; Foster & Foster, 2002, 2006; Foster, 2009a). In contrast to earlier research, the present study of information source preferences is based on a web survey of 92 Finnish professionals working with corporate finance related duties in their organisations.

The aim of this exploratory study is to examine the patterns of information source preferences of corporate finance professionals with a special focus on the respective roles of *formal* and *informal* sources of information and the implications of source preferences for financial professionals' information work . The distinction between the two particular categories of information is based on recent research in which the particularity of informal social information (Wid_n & Holmberg, 2012) and its implicit difference from 'non-social' (i.e. formal) information has been highlighted. Social information and social sources include all types of personal information exchange while the notion formal source refers to information (e.g. data, documents, literature) inscribed by an actor with whom the informed has no direct social contact. The notion of information source is understood in an inclusive sense as any carrier of information (e.g. documents, situations and places, Byström, 2002) that makes it shareable. It has been noted that users seldom make a clear distinction between analytical notions such as information sources and, information channels,.Iin general, the choice of information sources tends to be highly context and situation dependent (e.g. Sonnenwald, Wildemuth, & Harmon, 2001; Savolainen & Kari, 2004; Peterson, Aslani, & Williams, 2003). Therefore, in the present study information sources are understood as anything users perceive as capable of informing. In relation to the notion of information source, the concept 'information behaviour' is also understood here in broad terms following Wilson as "the totality of human behaviour in relation to sources and channels of information, including both active and passive information seeking, and information use" (Wilson, 2000, p. 49).

# 2 Literature review

In spite of the observed significance of information in corporate finance, there is little empirical research on the specific patterns of the information behaviour of corporate finance and business professionals. A specific factor that makes studying this particular group particularly complicated, is the breadth of the notion 'corporate finance' (Law & Smullen, 2008). Corporate finance is the business of a large group of people, but is seldom the exclusive duty of a professional (e.g. Megginson, Smart, & Lucey, 2008). Therefore, in the present study both corporate finance and corporate finance related information are viewed inclusively . All professionals who work with corporate financing on either fulltime or part-time bases are seen as corporate finance professionals. Corporate finance information is similarly assumed to comprise any general, business, economic and more specifically corporate finance related information that is capable of informing and is relevant in corporate finance related duties.

A large part of the earlier information science research on the information behaviour of business and corporate finance professionals is based on the experiences of corporate information specialists. Rennie and Kershaw (1994) investigated the views of corporate information specialists on professionals' information use in mergers and acquisitions. Different authors have published broad reviews of major financial and business information sources (e.g. Mowat, 1986; Freeman, 1992; Foster & Foster, 2002, 2006; Foster, 2009a). The focus of the reviews has tended to be on formal sources of information including official publications, various reference sources (mostly directories), statistics, newsletters, (professional) journals, databases, and organisations. Other frequently mentioned sources in the reviews are research (in different forms) and corporate finance and business related organisations.

Broady-Preston and Hayward (2001) report of a study of information processing and information needs in the UK financial services sector. In contrast to the majority of studies, their approach was to interview strategic managers in UK retail banks. The managers underlined the significance and relevance of accurate, current, quality information as critical to strategy formulation. Leonidou et al. studied practices that relate to export information in small firms (Leonidou & Adams-Florou, 1999; Leonidou & Theodosiou, 2004). In the late 1980s, Anderson (1988) published a comparative analysis of the information search and evaluation behaviour of professional and non-professional financial analysts. His conclusion was that both groups of analysts tended to use the same information sources although they they valued the significance of individual sources differently.

Major changes in the information behaviour of business and corporate finance professionals and among other groups of users relate to the adoption of digital information instead of printed sources. Banking and brokerage customers were already shifting from printed information to web services in 2000 (Harris Interactive, 2000). Information sources are also increasingly accessible via the desktops of users. According to Foster (2009a), younger business information users, in particular prefer desktop access and the possibility to select, mix and process their own data. In contrast, investors (Asquith, Mikhail, & Au, 2005), managers and decision-makers increasingly require summary reports (Jewell, 2002). Managers prioritise specific sources of information and particularly commissioned reports over general publicly available information (Broady-Preston & Hayward, 2001).

The majority of formal finance and business information is obtained from the major international information service vendors (Ainsworth, 2009). Bloomberg and Thomson Reuters are the two major players in real time data (Foster, 2009b). The top four vendors of general business information in UK libraries in 2009 were Lexis-Nexis, Thomson Reuters, BvD and Factiva. Even though the major players are few, businesses tend to subscribe to a median of eight vendors (Foster, 2009a). In contrast to the low number of major information providers, professionals can rely on a large number of other information sources. Holland and Johanson (2003) found that analysts use a wide variety of information sources to assess corporate tangibles and intangibles. Professional journals serve as a source of specific and general opinions and provide an overview of the business environment (McKinsey & Company, 2004a). Financial announcements are useful for their assessments of companies (Guay & Harford, 2000). However, because of the large variety of available information sources, it is often difficult to identify the exact piece of information which led to a decision (Broady-Preston & Hayward, 2001).

The usability of information depends on many factors. Huvila (2010) found that information source preferences are related to how corporate finance professionals perceive the successfulness of their work. In general, corporate finance specialists tend to prefer quality, currency and speed of delivery in addition to comprehensiveness and the outlook of information. In contrast to earlier assumptions, Kwan (1996) found that

financial indicators are seldom used to communicate the quality and future prospects of companies. Similarly Saville (2004) has observed that formal indicators are not necessarily equally useful as might be assumed. The earlier observations of Anderson (1988) are in line with these findings. It is more often informal criteria, such as financial flexibility, credit ratings, earnings per share dilution, and recent stock price appreciation, that are the most important factors affecting policy decisions (Graham & Harvey, 2001). The continuing role of informal information sharing is also underlined by the findings confirming the greater significance of private information over public information in various financial decisions (Brown & Hartzell, 2001). Social informal information sources, in particular, require a high degree of reciprocity in information exchange in order to be judged as useful (Holland & Johanson, 2003). According to Garci_ (2005), analysts tend not to use the information on tangibles communicated by companies in presentations. In many cases the most useful information is highly informal as Saxenian (1996) found out in a study of informal information exchange between professionals in the Silicon Valley area. Informal sources such as discussions with top management, site visits and interviews with expert and market players appear in business consulting materials (e.g. McKinsey & Company, 2004a,b,c)

# 3 Material and method

The data were collected using a survey conducted online with Lime Survey 1.0 open source survey software. The material was analysed using descriptive statistics (summary), correlation (rcorr and cor.test) and regression analyses (a stepwise GLM using lm and add1) on R 2.12.2. The data from open-ended questions ("What is characteristic to a successful corporate finance specialist, what distinguishes them from the others" together with two additional questions 1) about the most important information source and 2) about other sources not otherwise mentioned in the survey) were analysed using constant comparative method (Glaser & Strauss, 1967). The validity of the results was controlled by conducting a second round of classification two months after the initial classification and a negative case analysis (Kidder, 1981) one month after the second round of classification.

The perceived importance of different information sources for the success of the work of the respondents was measured using a 46 item questionnaire on a five point Likert scale (Table 1, the options were clarified by examples) with an open question asking for other relevant information sources. The categories of information sources were based on earlier studies of information source behaviour with a specific focus on the literature on information behaviour in corporate finance and economics discussed earlier in this article (principally Broady-Preston & Hayward, 2001; Holland & Johanson, 2003; Foster, 2009a). The list was complemented with general information sources identified from the earlier information behaviour literature (Huvila, 2006). The resulting set of information sources was revised and individual sources and examples were reformulated after a discussion with a corporate finance professional with experience both as a practitioner and a researcher in the field of corporate finance.

The second set of questions made a purposeful distinction between information sources and information types in order to map the relation of significance and frequency of use of the resources. The respondents were asked 10 additional questions (on a 5 point Likert scale) about the *daily use* of ten different *types* of information (Table 4). The purpose of the two sets of questions was to investigate what information sources are considered to be the most useful, and how usefulness relates to the frequency of use of the different types of information.

A convenience sample (N=92) of employees working with corporate finance issues in Finnish companies was recruited to participate in the web survey. The respondents were recruited by sending e-mail invitations to professionals listed in Fonecta ProFinder B2B database (Fonecta, accessed March 14, 2008). The invitations were sent between October 2007 and February 2008. Professionals with financial management and corporate finance related titles were chosen from the database. The professionals were asked in the invitation to participate in the survey if their work duties involved (corporate) finance related duties. The approach was chosen in order to reach people working with corporate finance related duties in general instead of focussing only on full-time corporate finance professionals.

The mean age of the respondents was 43.78 years (sd 9.54, median 42, range 26-62). 65 of 92 (71%) of the respondents were men and 27 (29%) women. 60 of 89 (67%) respondents had graduated with a master's degree. Respondents were confident about their skillfulness (self-evaluated competence mean 4.06, sd .70, median 4.00 on a five point scale) and represented a variety of organisations with between 7 and over 28000 employees and with revenues between € 1.5 million and € 6.4 billion. 27 of 92 (29%) respondents worked in financial institutions (banks, insurance companies, financial service providers). 65 (71%) represented other industries.

Because of the data collection method, there is an unknown bias in the sample that has to be taken into account when interpreting the results. The sample is not representative of all Finnish corporate finance professionals.

# 4 Analysis

The data on the perceived significance of information sources for work success were analysed using descriptive statistics (summary). The data is summarised in Table 1 and the means are shown in Figure 1.

Table 1: The perceived significance of information sources.

|  | Min | Median | Mean | Max. | sd |
|---|---|---|---|---|---|
| Market information | 1.000 | 3.000 | 3.424 | 5.000 | 1.11 |
| Annual reports | 1.000 | 3.000 | 3.224 | 5.000 | 1.24 |
| Stock exchange releases | 1.000 | 3.000 | 3.090 | 5.000 | 1.12 |
| Company profiles | 1.000 | 4.000 | 3.606 | 5.000 | 1.12 |
| Financial statements | 1.000 | 4.000 | 4.015 | 5.000 | 1.13 |
| SEC financial filings | 1.000 | 2.000 | 2.232 | 4.000 | 1.03 |
| Prospectus | 1.000 | 3.000 | 2.516 | 5.000 | 1.08 |
| Public analysts' reports | 1.000 | 3.000 | 2.797 | 5.000 | 1.12 |
| Commissioned analysts' reports | 1.000 | 3.000 | 2.790 | 5.000 | 1.20 |
| Internal memos | 1.000 | 4.000 | 3.922 | 5.000 | 0.93 |
| General news on the web | 1.000 | 3.000 | 2.841 | 5.000 | 1.11 |
| Financial news on the web | 1.000 | 3.000 | 2.873 | 5.000 | 1.08 |
| Newspapers | 1.000 | 3.000 | 3.194 | 5.000 | 1.03 |
| Professional journals | 2.000 | 4.000 | 3.868 | 5.000 | 0.84 |
| Search engines | 1.000 | 4.000 | 3.821 | 5.000 | 1.00 |
| Financial statistics | 1.000 | 3.000 | 3.277 | 5.000 | 1.02 |
| General statistics | 1.000 | 3.000 | 2.939 | 4.000 | 0.91 |
| Financial country data | 1.000 | 2.000 | 2.323 | 4.000 | 0.99 |
| General country data | 1.000 | 2.000 | 2.111 | 4.000 | 0.88 |
| Legislative information | 1.000 | 3.000 | 3.152 | 5.000 | 1.11 |
| Scholarly journals | 1.000 | 2.000 | 2.258 | 4.000 | 0.99 |
| Theses | 1.000 | 2.000 | 1.984 | 4.000 | 0.90 |
| Conferences | 2.000 | 3.000 | 3.373 | 5.000 | 0.90 |
| Presentations | 1.000 | 3.000 | 3.185 | 5.000 | 0.95 |
| Informal occasions | 1.000 | 3.000 | 3.000 | 5.000 | 1.10 |
| Courses | 1.000 | 4.000 | 3.597 | 5.000 | 0.89 |
| Association memberships | 1.000 | 3.000 | 2.800 | 5.000 | 1.15 |
| Personal contacts | 1.000 | 5.000 | 4.269 | 5.000 | 0.95 |
| Experts | 1.000 | 4.000 | 3.956 | 5.000 | 1.04 |
| Ordinary people | 1.000 | 3.000 | 3.277 | 5.000 | 1.10 |
| Trainees | 1.000 | 2.000 | 2.177 | 4.000 | 0.91 |
| Assistants | 1.000 | 3.000 | 2.800 | 5.000 | 1.18 |
| Colleagues | 1.000 | 4.000 | 4.179 | 5.000 | 0.89 |
| Friends (non-colleague) | 1.000 | 3.000 | 2.758 | 5.000 | 1.14 |

| | | | | | |
|---|---|---|---|---|---|
| Information specialists | 1.000 | 2.000 | 2.344 | 5.000 | 1.07 |
| Self-reflection | 2.000 | 4.000 | 3.955 | 5.000 | 0.79 |
| Brochures | 1.000 | 3.000 | 2.567 | 5.000 | 1.16 |
| Advertisements | 1.000 | 2.000 | 1.910 | 4.000 | 0.87 |
| Guidebooks | 1.000 | 2.000 | 2.422 | 5.000 | 1.07 |
| Encyclopaedia | 1.000 | 2.000 | 2.365 | 5.000 | 1.14 |
| Bibliographies | 1.000 | 2.000 | 1.984 | 4.000 | 1.04 |
| Reviews (of e.g. books. reports) | 1.000 | 2.000 | 2.113 | 5.000 | 1.10 |
| Announcements of publications | 1.000 | 2.000 | 2.154 | 4.000 | 0.96 |
| RSS/email alerts | 1.000 | 2.000 | 2.381 | 4.000 | 0.99 |
| Browsing shelves | 1.000 | 2.000 | 2.047 | 5.000 | 0.93 |
| Browsing the web | 1.000 | 2.000 | 2.172 | 5.000 | 0.98 |
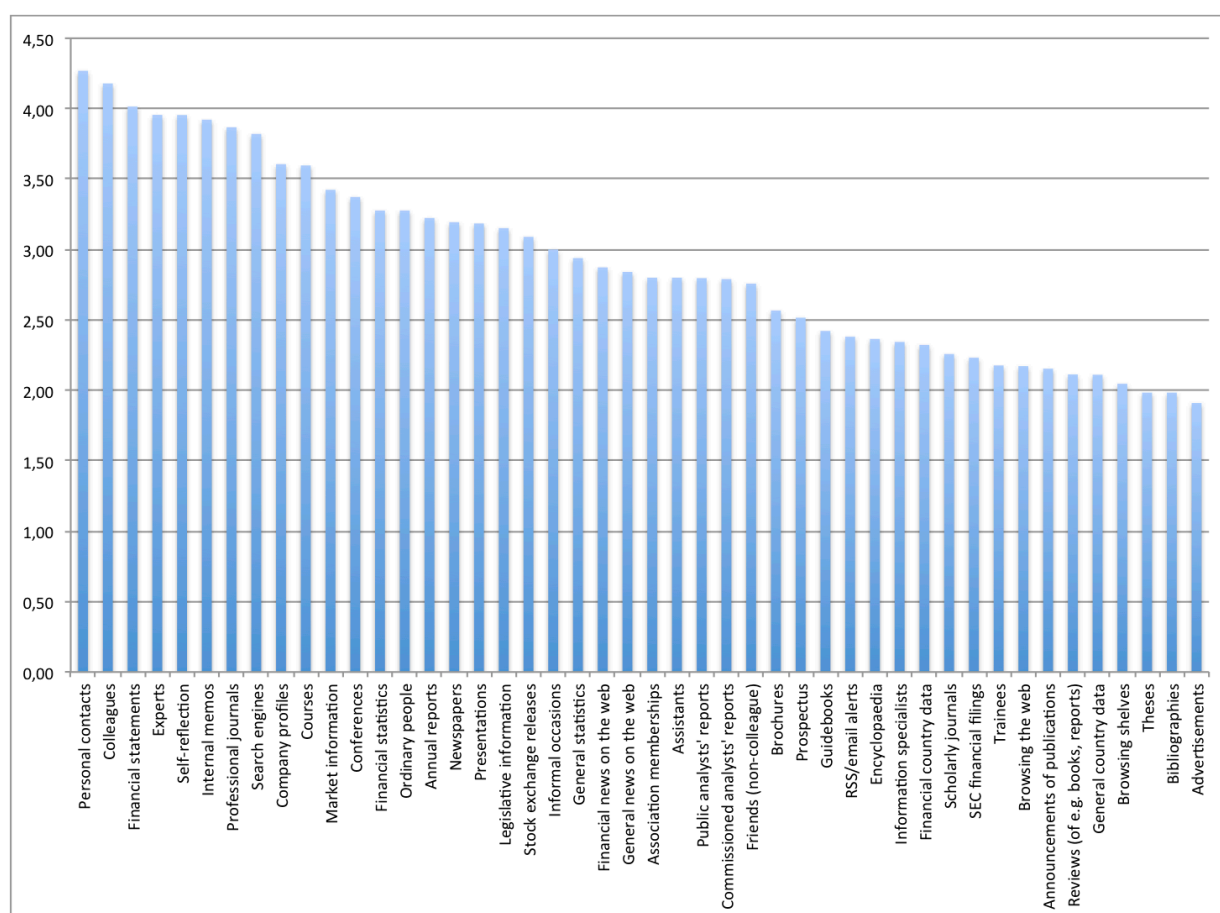


Figure 1: Perceived significance of information sources (mean, on scale 1-5).

The answers to the open-ended question on the most important source of information confirmed the importance of financial and industry data and financial news and information services, and provided insights into the information practices of the professionals, but did not reveal any new groups of information sources. Respondents mentioned individual sources and services such as Reuters, Bloomberg (e.g. R11, R21), Kauppalehti (a Finnish financial daily newspaper, e.g. R2 and R18), Asiakastieto (a business information provider, e.g. R29 and R45), experts and personal network and Google (e.g. R57 and R66) in their answers to the open-ended questions. Four respondents also specifically stressed the significance of *how* information is written or communicated and the importance of visiting a company and meeting its decision-makers and employees.

Table 2: The perceived significance of formal media types.

|  | Min | Median | Mean | Max | sd |
|---|---|---|---|---|---|
| Books | 1.000 | 3.000 | 3.246 | 5.000 | 1.25 |
| Maps | 1.000 | 2.000 | 2.031 | 4.000 | 1.01 |
| Photographs | 1.000 | 2.000 | 1.875 | 5.000 | 0.98 |
| Television | 1.000 | 3.000 | 3.106 | 5.000 | 1.34 |
| Radio | 1.000 | 2.000 | 2.394 | 5.000 | 1.24 |
| Moving image | 1.000 | 2.000 | 1.810 | 4.000 | 0.95 |
| Newspapers, journals and magazines | 1.000 | 4.000 | 4.015 | 5.000 | 1.02 |
| Internet | 1.000 | 4.000 | 4.239 | 5.000 | 0.95 |

Correlation analysis (rcorr) of the information sources and background variables was used to identify patterns of correlation between the two groups of variables. Stepwise general linear models (GLM) (lm, add1) were used to compare the information source and type variables respondents' self-perceived work proficiency (1-5), work experience (years), work duties, age, gender and turnover of the employing company. The use of information sources correlated little with demographic factors. For instance, no correlation between gender and information source preferences was found. Significant correlations existed between the age of the respondent and the perception of the usefulness of newspapers and brochures (Table 3).

Table 3: Correlations between demographic variables and information source preferences.

|  | Information source | Adj. $R^2$ | F | p |
|---|---|---|---|---|
| Age | Newspapers | 0.1392 | 12.81 on 1 and 72 DF | 0.0006228 |
| Age | Brochures | 0.1384 | 13.05 on 1 and 74 DF | 0.0005503 |
| Age |  | 0.2007 | 19.83 on 1 and 74 DF | 2.947e-05 |
| Self-perceived proficiency | Self-reflection | 0.09053 | 8.565 on 1 and 75 DF | 0.004533 |

The analysis of different information types (Table 4) highlights the daily significance of company, and industry and branch data, and financial news that goes beyond their perceived significance for work success (compare with Table 1). At the same time, the minimum and maximum values show that the perceived importance of the information types varies between individual respondents.

Table 4: The daily use of information types.

|  | Min | Median | Mean | Max | sd |
|---|---|---|---|---|---|
| Market information | 1.000 | 4.000 | 3.812 | 5.000 | 1.14 |
| **Company data** | **1.000** | **4.500** | **4.136** | **5.000** | **1.09** |
| **Industry/branch data** | **1.000** | **4.000** | **4.046** | **5.000** | **1.12** |
| Country data | 1.000 | 3.000 | 2.548 | 5.000 | 1.07 |
| Legislation | 1.000 | 4.000 | 3.515 | 5.000 | 1.00 |
| Regulations | 1.000 | 4.000 | 3.545 | 5.000 | 0.93 |
| General news | 1.000 | 4.000 | 3.53 | 5.000 | 1.11 |
| **Financial news** | **1.000** | **4.000** | **4.000** | **5.000** | **1.03** |
| Statistics | 1.000 | 3.000 | 3.076 | 5.000 | 0.98 |
| Information about people | 1.000 | 3.000 | 2.984 | 5.000 | 1.20 |

A correlation analysis (rcorr and lm) of information sources and information types revealed three noteworthy correlations. The perceived significance of search engines correlated with the daily use of company data (Adj. R2 0.1293 F 13.92 on 1 and 86 DF, p 0.0003418) and general news (Adj. R2 0.1798, F 19.85 on 1 and 85 DF, p 2.536e-05). Secondly, the users of legislative and regulatory information differed from the others by their reliance on internal information sources and trainees instead of on a broader social network (Adj. R2 0.3785, F 27.5 on 2 and 85 DF, p 6.177e-10).

A qualitative analysis of the open-ended questions provided additional insights into the information practices of corporate finance professionals. As a whole, the responses underline the significance of the ability to contextualise and understand the big picture rather than possessing or being able to obtain certain types of information.

> "There are many important sources of information: discussions with corporate executives and with colleagues, company information registers, financial statements and so on. I can't say that some of these would be the most important." (R59)

The answers were categorised to eight groups of characteristics (Table 5) using the constant comparative method (Glaser & Strauss, 1967). The validity of the results was controlled by conducting a second round of classification two months after the initial classification and a negative case analysis (Kidder, 1981) one month after the second round of classification.

Table 5: Characteristics of a successful corporate finance specialist.

| Category | Mentions | Example |
|---|---|---|
| Interest | 4 | Interested in [corporate finance] (R6) |
| Knowhow | 6 | Multifaceted know-how (R8) |
| Experience | 9 | Experience and acquaintance with things (R14) |
| Analytical capability | 5 | Analytical capability (R64) |
| Versatility | 5 | Versatility (R15) |
| Network | 6 | Knows the right people (R68) |
| Objectivity | 6 | Objectivity, Realism (R20) |
| Filtering | 5 | Ability to filter relevant information (R10) |
| Prediction | 2 | Ability to predict future changes (R39) |

Informants emphasised *interest* in the corporate finance sector as an important success factor. *Knowledge* (6) and *experience* (9) of different *alternative financing options* and the financial sector was considered essential as well as versatility, the existence of a useful social network and a degree of objectivity and realism in decision-making. Analytical skills, the ability to see beyond numbers and anticipate the future were also perceived as contributing to success (R18, R64). A corporate finance specialist also needs to be able to filter relevant information from irrelevant and to be able to predict changes that may influence the financial situation. Finally, the respondents stressed the need of in-depth knowledge of individual companies and how they operate and an ability to contextualise this understanding to the specific characteristics and demands of different industries:

> "The best source of information are financial documents and if there is a possibility to go and see how things are done at the company, you can get an idea of the practices, what is being done and a description of markets. Then you can judge the financial potential of the company in relation to how things are done there." (R12)

# 5 Discussion

The central finding of the study relates to the dichotomy of the use and the perceived usefulness of different types of information sources, and the relation of information sources preferences to how the respondents describe the information related abilities of a successful corporate information professional. The significance of informal information exchange (e.g. Saxenian, 1996; Brown & Hartzell, 2001; Holland & Johanson, 2003) and the popularity of financial data (e.g. Mowat, 1986; Freeman, 1992; Foster & Foster, 2002, 2006; Foster, 2009a) have been noted in the earlier literature. The present data provides, however, somewhat more nuanced evidence of how the use and usefulness of information sources might be related. The analysis shows that the respondents most frequently follow and consult company, industry and branch data and financial news, but consider that the

most important sources of information tend to be direct statements and advice given by identifiable individuals and organisations.

Similarly Holland and Johanson's (2003) study, the respondents in this study used a wide variety of different types of sources. Broady-Preston and Hayward (2001) remark that it is difficult to pinpoint the origins of a particular piece of knowledge. The perceived significance of analytical and information processing skills, filtering and the tendency to use and combine a variety of information sources indicated by the both quantitative and qualitative data suggests the likelihood of similar difficulties among the respondents. The present study also confirms the earlier observed significance of financial information and news services (e.g. Mowat, 1986; Freeman, 1992; Foster & Foster, 2002, 2006; Foster, 2009a) and the major finance and business information providers (Foster, 2009b). Bloomberg, Thomson Reuters and Asiakastieto were mentioned explicitly in the open-ended answers (e.g. R11, R21). Professional journals and financial announcements were also ranked relatively high (e.g. Guay & Harford, 2000; McKinsey & Company, 2004a), although not as high as several informal information sources. The correlation of the perceived significance of search engines and the daily use of company data and general news suggests that there can be systematic differences in how actively individuals search information. The correlation between the preference of legislative and regulatory information and the preferences of social information exchange, on the other hand, can probably be more plausibly explained by the complexity and the configuration of the work, and the nature of the legal information. Preferences which emerged in this study have similarities with the findings of Kuhlthau and Tama (2001) on the information seeking of lawyers. The complexity of legal information and the specific needs of the work requires on one hand, the examination of a wide range of information and on the other hand, "just for me" information that fits the specific needs of the task at hand.

The relatively low scores of indirect and serendipitous information seeking (browsing, advertisements, announcements and reviews) may suggest their insignificance as primary sources of directly relevant information. This, in combination with the popularity of the major information service providers, may be seen as an indication of the preference for high quality information as suggested by Broady-Preston and Hayward (2001). At the same time, the low reliance on exploratory information seeking and the use of major information providers may be seen simultaneously as an indication of the significance of social information processing and an information source use related 'tribalism'. A possible explanation is that particular types of information play very distinct roles in the information practices of the respondents. The fact that preferred information sources or information types did not correlate significantly with demographic factors or work duties, provide additional evidence of this behavioural pattern. Even if the variation of the popularity of individual information source types among the respondents is large (Table 1), the relative popularity of the particular types of sources (Figure 1) and information providers, and the open-ended data on the most significant information sources and characteristics of a successful corporate finance professional provide evidence of the presence of certain patterns of how corporate finance professionals use information.

The indications of a certain discrepancy between the use and the perceived usefulness of formal information sources can be related to earlier observations of the relative insignificance of formal indicators (e.g. Kwan, 1996; Saville, 2004). In the context of the present data, it seems, however, that instead of being insignificant, formal indicators may play a role in providing a certain common ground that is needed in the process of determining what is significant information. The observed discrepancy need not simply be an indication of the significance of knowing less or more (as e.g. in, Akerlof, 1970; Shah, 1994; Davis, 2006; Tirole, 2006), but, as two informants described, an indication of the perceived importance of "perspective" and "seeing behind the figures" (R18, R64). This tendency can also be related to the relatively high average score of self-reflection (avg 3.955, sd 0.79) as a source of information. The answers to the open-ended questions further strengthen this impression by highlighting the perceived importance of experience and analytical skills in the work of the respondents.

The general emphasis on analytical and information processing skills, comments like R12 (above) may also be related to the earlier observed tendency of the professionals becoming more interested in selecting, mixing and processing their own research data (Foster, 2009a). The correlation of self-reflection and the use of market information and general news may be interpreted as evidence of the significance of contextualisation and reflection in the process of making use of generally available information. Similarly, the fact that the respondents underlined know-how instead of knowledgeability as a significant characteristic of a successful corporate finance professional might suggest that the lack of information is a less significant problem than an inability to make use of the available resources. Personal experience, a holistic understanding of economics and finances, and a

personal network of social contacts provide a framework for interpreting plentiful but contextually negligible formal indicators, financial news and reports.

It is important to consider the limitations of the current study when interpreting the results. The sample is relative small and although it represents a broad group of professionals working with corporate finance issues, the findings are generalisable only in an analytical sense. Further on, the validity of the results and conclusions need to be verified in future studies. In spite of the limitations, the results of the analysis have two major implications. First, the results help to emphasise the significance of different types of information sources in corporate finance work and the importance of the provision of appropriate types of information. Secondly, the analysis suggests that the use of formal and informal information sources are tightly intertwined with each other in a systemic activity that may be conceptualised, paraphrasing the earlier notion of the economy of words (Holmes, 2009), as an economy of information practices. Holmes defines the economy of words as "as a linguistic and hence communicative means for modelling economic phenomena operating at the limits of calculation and measurement" (Holmes, 2009). Words perform the function of creating contexts that frame financial and economic data. They are not used merely for expressing interpretations, comments or opinions. They "create the economy itself as a communicative field and as an empirical fact" (Holmes, 2009).

The suggested conceptualisation of information use in terms of an economy of information activities has implications for the management of corporate finance information and information work. A timely provision of frequently used types of accurate data is important for the work of the professionals as well as the experience, knowledgeability and skilfulness of the professionals. At the same time, however, it is equally important to consider the co-constituted nature of expertise and useful information. In the economy of information practices, there is no inherently good data or expertise. Their effectiveness and usefulness depends on how well they are simultaneously capable of manipulating and conforming to the economy of the ritualistic practices of using and producing information. Referring to the observations of Swidler (2001) on the significance of anchoring practices, that certain practices are more fundamental, pervasive and capable of affixing constitutive rules on how people act, it might be useful to investigate what practices are the most enduring and influential in the corporate finance context in shaping and constraining the work and information work of the professionals. A potentially useful approach to identify and understand these anchoring practices could be to elaborate the present findings and the findings from Huvila (2010) in future studies and to investigate how the identified characteristics of successful corporate finance specialists influence and constitute micro-level practices of working with information in authentic situations.

# 6 Conclusions

The present study shows that corporate finance professionals use a wide array of information sources showing a strong preference for formal and informal sources of information even if they are not necessarily consulted on a daily basis. Major financial information and news providers are significant sources of primary data, but the success of corporate finance specialists lies more in their ability to combine formal information with social cues (social information) and earlier experiences than on possessing or lacking a relevant piece of information. The findings help to emphasise the significance of different types of information sources in corporate finance work and the importance of providing professionals with appropriate types of information. Secondly, the analysis shows that the use of formal and informal information sources in corporate finance work should not be seen as two separate processes, but rather as an intricate amalgam of the use of formal and informal sources, or more specifically as an intertwined economy of information practices in which, however, some practices are likely to be more influential than others.

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