



The Impact of Changing Economic Trends on Investor Relations Departments

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Over the past six years, Türkiye's economy has experienced dramatic shifts, reshaping how companies interact with investors and adapt to changing market expectations. The importance of investor relations (IR) has grown significantly as economic policies and investor preferences have evolved. IR has transitioned into a more specialized, strategic function within corporations.

As investor preferences shifted from traditional options toward equities in a high-inflation environment, IR departments expanded and specialized further. Responses to “The 2024 Investor Relations Employee Profile Survey”, conducted by the Turkish IR Society (TÜYİD), reveal how changing economic trends over the past six years have influenced IR departments.

But before analyzing this survey, let's take a look at the environment in which IR professionals do their work.

Over-expansionary policies: Investing in an Inflationary Environment

Between 2018 and 2024, Türkiye has undergone profound economic shifts. According to Turkish Statistical Institute data, headline inflation, once at 20.30% in 2018, now reaches 47.09%. Similarly, the USD/TRY exchange rate has soared from 5.29 to 35.33, and the Central Bank's policy rate has climbed from 24.0% to a remarkable 47.50%.

This scenario is believed to have been shaped largely by the ultra-expansionary monetary and fiscal policies implemented, especially between 2021 and 2023. The policy rate was lowered to 8.5%, leading headline inflation to reach as high as 80% at times, while annualized credit growth exceeded 100% in certain periods.

During this time of shifting economic dynamics, investment preferences also underwent significant changes.

With the decline in policy rates, the Turkish Lira deposit rate remained far below inflation, and bond yields stayed low due to the Central Bank of the Republic of Türkiye's (CBRT) macroprudential measures and reserve management choices. Additionally, stable exchange rates from 2022 to mid-2023 encouraged investors to turn to Borsa İstanbul instead.

At this point, even individuals who typically avoided investing or relied solely on gold were drawn to the stock market's returns. This shift is understandable, as official headline inflation surpassed 80%, making equities nearly the only investment option promising returns above this rate.

Due to the increase in investors and the resulting liquidity abundance, IPO's accelerated. The exceptional performance of newly listed stocks due to high investor demand further expanded the investor base. According to data from Türkiye's Central Securities Depository (MKK), the number of stock investors in Borsa İstanbul reached an all-time high of 8.55 million in October 2023, marking a 626% increase compared to 2018. By 2024, due to the effects of tighter monetary and fiscal policies, Borsa İstanbul began moving at a more moderate pace. However, the BIST 100 index continued to rise, and the number of newly listed companies continues to increase. MKK data indicates that from 2018 to 2024, the number of companies listed on Borsa İstanbul grew by 68%, reaching 673.

This economic landscape—marked by 271 new listings at the 5 years period, over 7 million investors participating in the stock market, and rapidly expanding trading volume in Turkish Lira terms—has further highlighted the importance of IR departments.

TÜYİD's 2024 Investor Relations Employee Profile Survey revealed some facts regarding how these evolving economic trends have transformed IR in Türkiye over the years.

TÜYİD Survey: Increased Public Float and Focus on Specialization

The Turkish IR Society published the 2024 Investor Relations Employee Profile Survey results in comparison with 2018. In this period, the number of IR professionals responding to the TÜYİD survey more than doubled, reaching 197.

According to the 2024 survey results, the share of respondents reporting that their company had a public float rate of 30% or more rose by 10 percentage points to 48%, compared to the previous survey period. The percentage of employees reporting a public float rate between 15% and 30% was 41%, while those reporting 15% or less decreased by 4 percentage points to 9%.

In the 2024 survey, 81% of professionals reported having an independent IR department within their companies compared to 69% in 2018. Additionally, the proportion of IR personnel with 0-2 years of experience rose by 21 points compared to 2018, reaching 37% in 2024. These findings indicate that companies are not only bolstering their IR departments through their independence but also see future potential by investing in new hires.

Another regulatory requirement of significance in Türkiye is that IR professionals must hold a Capital Markets License (SPL). In this context, the proportion of professionals holding the SPL Level III and Corporate Governance Rating licenses has increased to 58% in 5 years.

In 2018, 72% of respondents answered "Yes" to the question, "Do you have additional responsibilities outside of Investor Relations?". In 2024, this rate improved by 24 points, decreasing to 48%. This shift indicates an increased focus and specialization in IR within companies. During the same period, the share of professionals who wished to continue their careers in the IR department rose by 9 points to 61%, while the proportion of undecided respondents fell by 10 points to 26%.

Conclusion: IR Departments are Transforming

The results of the 2024 TÜYİD Investor Relations Employee Profile Survey indicate a significant transformation in Türkiye's IR sector over the past five years.

The independent structuring of IR units, rising public float rates, and increasing rates of licensed professionals reflect the growing specialization of the sector. Additionally, the majority of survey respondents expressing a desire to continue their careers in IR indicates IRO's increasing pivotal role within Türkiye's corporate structure.

Additionally, the fact that the majority of survey participants expressed a desire to continue their careers in IR highlights the increasingly significant role this field plays within Türkiye's corporate structure. This trend is particularly notable given the evolving corporate landscape, as it underscores the need to recognize that skilled IR professionals represent not only their companies but also Türkiye in international arenas.