

# The Corporate Annual Report as Genre Mixing: Making Meaning through Interdiscursivity

*Gaetano Falco*

## *Abstract*

This paper presents the initial results of a research carried out on a corpus of Corporate Annual Reports (ARs). Using a methodology which combines tools and perspectives from different linguistic fields, namely Genre and Discourse Analysis, Systemic Functional Linguistics, Pragmatics and Corpus Linguistics, the research studies interdiscursivity in ARs as exemplifications of genre mixing. Specifically, we assume that the documents forming the AR, namely the CEO's Letter to the Shareholders, the Chairman's Letter and the Financial Statements, can be considered as representative of genres which provide conflicting representations of the same reality by adopting different communicative strategies. While each genre represents the same corporate facts differently, they shed light on each other, thus enabling the addressees, both shareholders and stakeholders, to make sense of the implicit and explicit messages of the documents. We also assume that the study of interdiscursivity can prove advantageous to linguists and translators, too.

*Keywords:* interdiscursivity, LSP, Annual Report, discourse analysis.

## **I. Introduction**

The use of new information technologies over the last decades has further consolidated the global spread of the English language, brought closer different cultures and “geographically dispersed people”, and stimulated the emergence of online work practices and, consequently, “virtual communities” (Dirksen, Huizing, Smit 2010: 1046). This new form of interaction based on “a technical platform... [which] helps to build trust and shared common feelings among” the members of the virtual community (Leimeister and Krcmar 2004: 2717) has resulted in the need for devising new research methods (e.g. connective ethnography) which are able to “capture more

accurately the dynamics of online practices” (Dirksen, Huizing, Smit 2010: 1046) and combine them with traditional offline practices. This phenomenon has also involved the professional domains of economics and finance, and led researchers to focus their attention on the network of social practices which characterise them. In this paper, these practices are referred to as *orders of discourse* which, in turn, involve different ways of representation or *genres* (Fairclough 2003). One of the genres which, in the economic and financial discourse, favours virtual encounters among people across the fixed and static boundaries of the geographical locales is the Annual Report (Dirksen, Huizing, Smit 2010: 1046).

Annual Reports (ARs) can be seen as documents relying on interacting verbal and non-verbal sign systems which, together, contribute to the commodification of their message (Heller 2010). Language, in this respect, represents a form of symbolic capital that producers and consumers negotiate in order to derive both symbolic and material profit (Bourdieu 1991: 669). This view properly fits Corporate Annual Reports’ (AR’s) management statements, e.g. the CEO’s Letter to the Shareholders or Chairman’s Letter, in which managers seem to select words in order to achieve the so-called Pollyanna effect by placing “a positive spin on financial performance, regardless of actual performance” (Stanko and Zeller 2003: 5).

As such, management statements can be considered as instances of what Fairclough refers to as genres of governance, i.e. new forms of promotional genres, resulting from the effects of new capitalism, whose purpose is “‘selling’ commodities, brands, organizations, or individuals” and “governing the way things are done” (Fairclough 2003: 33). Genres of governance are hybrid genres, in that texts tend to mix different genres which are ‘chained’ to each other through ‘retrospective’ and ‘prospective’ relations. The rationale underlying genre mixing is interdiscursivity; that is, the relation between different ways of representing aspects of the world.

Relying on a methodology which integrates Genre Studies, Systemic Functional Linguistics (SFL) and Pragmatics, and the tools provided by corpus linguistics, this paper aims to study interdiscursivity in ARs and presents its initial findings. Specifically, we assume that AR’s are representative of different genres (De Groot 2008) which provide conflicting representations of the same

reality by enacting different communicative strategies. The paper is organised as follows. Paragraphs 2 and 3 briefly review the tradition of genre studies and their application to ARs. Paragraph 4 describes the methodology and paragraph 5 the initial findings of the study.

## **2. Genre sets, genre systems, genre repertoire, genre colonies and genre mixing**

The notion of genre as a network of social practices has been differently reconceptualised by various schools, as a result of their growing interest in adopting genre analysis as a tool for studying English for Specific Purposes (ESP) texts. Notwithstanding their different approaches, these schools seem to share some significant aspects: the view of genre as a social construct and the idea of interdiscursivity which links genres with one another to meet the social needs resulting from the effects of globalisation (Hyon 1996: 693).

Scholars from the New Rhetoric School see genres as social ‘action’ (Miller 1994) and refer to the interrelations between various social constructs as systems of genre (Bazerman 1994), genre sets (Devitt, Bawarshi, Reiff 2003) or genre repertoires (Orlikowski and Yates 1994), whereby different sets of beliefs and knowledge levels – the beliefs and knowledge of members and non-members of a professional community – cooperate or clash, thus producing particular effects on the real world construction.

ESP genre analysis, too, sees genres as sets of social, rather than merely linguistic events, which are produced by a discourse community in order to achieve specific communicative purposes (Swales 1990: 58). Both Swales and Bhatia connect the notion of genre to that of discourse. This means going beyond the text and setting it in a wider professional context, where specific disciplinary goals need to be achieved. As the real world consists of different discourses, each discourse can be realized by one single genre or by different, interrelated genres that form genre colonies (Bhatia 2004). These can be seen either as “a grouping of closely related genres”, sharing the same communicative purpose or as “the invasion of the integrity of one genre by another genre or genre convention, often leading to the creation of a hybrid form” (Bhatia 2004: 57-8).

This second form of colonisation is what Fairclough refers to as commodification, whereby different orders of discourse produce, distribute and consume cultural goods, rather than physical or material commodities (Fairclough 1992: 207ff). To Fairclough, texts are *social events* mediated by *social practices* or *orders of discourse*. These consist of three elements: *genres*, *discourses* and *styles*. Because of globalisation, new social practices emerge which demand new ways of (Inter)Action and of Representation, that is to say new genres and discourses. New genres originate when existing genres combine – *genre mixing* – or hybridise, i.e. they are ‘chained’ to each other through ‘retrospective’ and ‘prospective’ relations. This process occurs through *interdiscursivity* (Fairclough 2003: 21-35).

### 3. Genre studies and ARs

A number of linguists have recently been concerned with the analysis of Annual Reports. Zanola (2010), for example, proposes an integral<sup>1</sup> as well as an integrated approach based on the two main concepts of interdisciplinarity, i.e. the need for mutual support among professionals from different domains in order to make sense of specialised texts, and of contamination, i.e. the “hybrid nature of the AR texts, which may be considered as a blending of varied and multiple competencies” (Zanola 2010: 4). So, ARs represent a kind of macro-genre made up of genre systems or genre colonies, some concentrating on figures and other quantitative items (financial statements), others adopting a more narrative style (management statements).

Rutherford (2005) and Bhana (2009) contend that language, especially in financial documents, contributes to achieving the Pollyanna effect, a form of Impression Management (IM), whereby managers tend to manipulate their message (especially in the opening statements of their ARs), to provide a highly positive image of their company’s financial conduct, which is often inconsistent, if not conflicting, with the company’s real financial status.

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<sup>1</sup> By ‘integral’, Zanola means all the numerous elements which an AR consists of, while by *integrated* she means the interaction between experts in linguistics and economics, finance and accounting specialists.

Bhatia (2007) investigates how the Pollyanna effect is achieved in ARs by analysing interdiscursivity, i.e. the appropriation of semiotic resources, which may be textual, semantic, socio-pragmatic, generic, and professional, across any two or more of these different levels (Bhatia 2007: 393). In the case of corporate disclosure genres, for example, managers seem to subordinate the informational and reporting functions to the promotional one in order to underplay corporate business (Bhatia 2008: 167).

#### 4. Methodology

Our research starts from the assumption that the AR may be conceived of as the place where the same pieces of information are represented differently while shedding light on each other; meaning-making is not so much the result of one genre as of the interaction of the various genres which the AR consists of, i.e. the management and financial statements. To demonstrate such a hypothesis we adopted a methodology which integrates Fairclough's Discourse Analysis, Halliday's Systemic Functional Grammar and Searle's Speech Act Theory, as well as the tools of corpus linguistics.

Fairclough's relational approach to text analysis is concerned with the study of the relationship between the external and internal levels of texts (Fairclough 2003: 65-86). The external level includes the relations between texts, which are seen as social events, language, i.e. the social structure, and orders of discourse, i.e. the networks of social practices. Orders of discourse consist of three elements, i.e. genres, discourses, and styles; the relations between these components are interdiscursive relations, in the sense that they can be "mixed", that is to say articulated and textured in such way as to meet new social needs. Genres, discourses, and styles mediate between the external and the internal levels of texts. They represent three major types of text-meaning, whose interdiscursive relations "are realized, or instantiated, as semantic [...] grammatical and vocabulary relations" (Fairclough 2003: 38). In this sense, Fairclough's genre, discourse and style correspond, to some extent, to Halliday's ideational, interpersonal and textual metafunctions.

Fairclough's genres are ways of acting, which correspond to Halliday's interpersonal metafunction, i.e. the way in which the relationships between different actors – the writer and the reader – are

enacted by language. Genres involve activity and knowledge exchanges; these can take place through different speech functions – Demand, Offer, Question, Statement – which, in turn, can be elaborated through different ‘speech acts’. As for Statements, Fairclough distinguishes between: *a*) Statements of fact or ‘realis’ statements, i.e. statements about the real world; *b*) ‘Irrealis’ statements, i.e. statements about projective worlds; *c*) Evaluations. Linguistically, genres are realised through the grammatical mood, i.e. the use of declarative, interrogative and imperative (Fairclough 2003: 38).

Discourses are ways of representing the real world. They correspond to Halliday’s ideational metafunction, i.e. the way in which the human experience is construed by types of participants, processes, circumstances, or even by grammatical metaphors. They represent the world through words and their semantic relations (e.g. collocations, lexical and grammatical metaphors). Different discourses entail “different perspectives on the world”, that is different representations of the actual world as well as of imaginary worlds (Fairclough 2003: 124).

Styles are ways of being; they are included in Halliday’s interpersonal metafunction, whereas the SFL textual metafunction is incorporated by Fairclough into genre. Textually, they are mainly realised through modality, i.e. the author’s degree of commitment to other people and/or things in terms of truth (epistemic modality) or necessity (deontic modality). The analysis of style may be useful to understand individuality and collectivity, i.e. the level of mutuality and symmetry that the addresser creates in texts between himself and his addressees (Fairclough 2003: 157ff).

As for Searle’s Speech Act Theory, we adopted, in particular, his view of the differences among illocutionary acts, in particular those based on the point or purpose of the type of act, i.e. the way in which a speaker tries to get a hearer to do something; and, on the direction of fit between words and the world, i.e. the purpose of some illocutionary acts to get the words to match the world as opposed to the purpose of other illocutionary acts to get the world to match the words (Searle 1976: 2-3).

## 5. Case study and results

Our study was carried out on a corpus of the ARs of the 10 top companies listed at the London Stock Exchange; it is subdivided

into three sub-corpora relevant to the Chairman's letters, the CEO's letters and the Notes to the financial statements.

First of all, we observed that, although the three types of documents are referred to as statements, they vary in terms of speech acts because of their purpose and their direction of fit. As a matter of fact, even though the *we/I* (modal operator) finite pattern occurs in the three sub-corpora, it tends to perform commissive speech acts in the Chairman's and CEO's statement sub-corpora and representative speech acts in the Notes sub-corpus. The former "commit the speaker (again in varying degrees) to some future course of action" in which "(t)he direction of fit is world-to-words" (Searle 1976: 11). The latter "commit the speaker (in varying degrees) to something's being the case, to the truth of the expressed proposition. All of the members of the representative class are assessable on the dimension of assessment which includes true and false" (Searle 1976: 10). In this case, "(t)he direction of fit is words to the world", i.e. language is used to represent the financial status of the companies as it is. In Fairclough's terms, the Chairman's Statement, the CEO's Statement and the Notes vary in terms of genre, discourse and style. As for genre, the first two represent 'irrealis' statements in that the authors tend to predict and hypothesise on the future of the group, whereas the Notes are instances of 'realis' statements, in that the authors report what the case is. Generic differences are corroborated by differences in style, especially as far as the modality is concerned. The first two sets of genre make great use of modals conveying volition and intention (*will*) and possibility (*can*); these seem to be completely absent in the Notes. Differences in style also emerge when we consider the Appraisal system, i.e. the ways "speakers/writers express evaluation and also try to affect the reaction of the listener/reader" (Lipson 2006:91). Style is strictly related with Mood and Modality as well as with attitudinal lexis. Therefore, it is very often conveyed through Epithets which pre-modify node-words, even though other parts of speech, e.g. verbs, adverbs and nouns, are also used to express either positive or negative appraisals. Looking at some major words in the management genres, we found significant differences with respect to Notes. For example, the word *performance* in the CEO's and the Chairman's statements tends to co-occur with positive words, e.g., *strong, excellent, good, solid, (very) positive,*



*sterling*, and *sound*. In the Notes, on the contrary, the words pre-modifying *performance* are mainly classifiers rather than epithets. In fact, evaluations are almost omitted here. This is also true for other words occurring in each sub-corpus – *value*, *risk*, *asset*, *growth* – which tend to collocate with epithets or other appraising parts-of-speech in the management genres and with classifiers in the Notes.

Both genre and style are strictly linked to discourse. Forms of modality or epithets are represented not only congruently through the interpersonal meaning but also incongruently through grammatical metaphor, both interpersonal, e.g. *success*, *opportunity*, *willingness*, *capacity*, and experiential, e.g. *increase*, *performance*, *growth*, *development*. So, CEO's and Chairman's Statements differ from Notes not only in terms of genre and style, but also in terms of discourse since each tends to represent the group's finance in a different way.

Another important aspect whereby CEO's and Chairman's Statements differ from the Notes is represented by the use of cognitive metaphors. Significant examples are the orientational metaphors (Lakoff and Johnson 1980: 14-21) *up* and *ahead*, which contribute to building the Pollyanna effect in the Management statements, e.g., *profits*, *sales*, *markets* are *up* and *results*, *opportunities* lie *ahead*. Moreover, in the management statements, *up* form metaphorical expressions with verbs, thus increasing the positive image of the company, e.g., "we will continue to ramp up production over the coming months", "the pre-development stage has enabled us to speed up the planned start of construction by six months", and so forth. In the Notes, on the contrary, *up* generally occurs with other lexical items which sometimes carry a negative value or, however, mirrors the effective financial status of the company, e.g., "In the event of the winding up of the company, preference shareholders would be entitled to a sum equal to the capital paid", "The gain or loss on derecognition of the asset given up is recognized in profit or loss".

The examples reported so far have shown how different genres, styles and discourses coexist in the same text, i.e. the AR. The next case shows how different genres, styles and discourses are linked through interdiscursivity. The examples (1), (2) and (3) are taken from the Chairman's letter, the CEO's letter and the Notes



to the financial statements of BP's 2010 Annual Report; they are all concerned with BP's financial strategies to cope with the drawbacks due to the accident that occurred in April 2010 on the Deepwater Horizon rig in the Gulf of Mexico.

(1) **CHAIRMAN**

We have set up a \$20-billion fund to show our willingness and capacity to pay all legitimate claims for compensation. (...) we moved to secure the long-term future of BP and our capacity to meet our financial responsibilities in the Gulf of Mexico. Decisive action was required here because events in the US led to a crisis of confidence in BP within the financial markets. **In response**, we made the difficult decision to cancel three dividend payments. **We do not underestimate the effect of this on small and large shareholders alike. However, there is no doubt in my mind that this action steadied and strengthened our position at a critical point. I am pleased that we have been able to resume dividend payments promptly. The dividend for the fourth quarter of 2010, to be paid in March 2011, is 7 cents per share (US\$0.42 per ADS).** (...) During the year we further reinforced our financial position. Having taken a total pre-tax charge of \$40.9 billion in relation to the accident and spill, we announced our intention to sell up to \$30 billion of assets. We have already secured almost \$22 billion.

(2) **CEO**

We made swift payments to support local economies, and gave a total of \$138 million in direct state grants during 2010, which included behavioural health programmes. We set up the \$20-billion Deepwater Horizon Oil Spill Trust to meet individual, business, government, local and state claims, and natural resource damages. (...). And we contributed to a \$100-million fund to support rig workers hit by the drilling moratorium. To meet our financial commitments, we announced the sale of up to \$30 billion in assets and, by the end of 2010, had agreed to \$22 billion of disposals. (...)

**As part of our response, we took the decision to cancel further dividends in 2010.** While we know that many shareholders rely on their regular payments, we also had to protect the company and secure its long-term future.

(3) **NOTES**

**Disposals**

**As part of the response to the consequences of the Gulf of Mexico oil spill,** the group announced plans to deliver up to \$30 billion of disposal proceeds by the end of 2011.

Following the Gulf of Mexico oil spill and the agreement to establish the \$20-billion trust fund, the BP board reviewed its dividend policy and decided to cancel the previously announced first-quarter 2010 ordinary share dividend scheduled for payment on 21 June 2010, and further decided that no ordinary share dividends would be paid in respect of the second and third quarters of 2010. On 1 February 2011, BP announced the resumption of quarterly dividend payments. The quarterly dividend to be paid on 28 March 2011 is 7 cents per ordinary share (\$0.42 per American Depositary Share (ADS)). The corresponding amount in sterling will be announced on 14 March 2011.

One of the strategies adopted by the Group is divesture, i.e. the sale or disposal of some of the Group's assets. The "corporate strategy"<sup>2</sup> in each genre is suggested by the linking phrases "In response", "As part of our responses", "As part of the response to ...", whereas the writer/reader interaction is enacted by the personal pronouns I/we in the CEO's and the Chairman's statements and the noun phrase the Group in the Notes. It is interesting to note, in terms of discourse, how the Notes contribute to shedding light on the content of the management statements. First, the Notes suggest that it is ordinary shareholders who will not have their dividends paid until the fourth quarter of 2010. This is not evident from the CEO's and the Chairman's words. Secondly, the Notes help make sense of the type of assets that will be used to secure or pay the dividends, i.e. the proceeds deriving from the disposal of both fixed assets and businesses, net of cash disposed. This information, indeed, is provided in the tables included in the Notes.

The examples, then, show that polysemous words, such as *assets* and *disposal*, which might cause misinterpretation and wrong translation, can be disambiguated through their recontextualisation. In other words, as social practices, they can be "appropriated by, relocated in the context of another", and, as a result, can be made sense of.

## 6. Conclusion

So far, our research has demonstrated that the study of interdiscursivity may be helpful to investigate texts which present

<sup>2</sup> The term *strategy* is here used as a synonym of *step* which, according to Bhatia's genre-based approach, consists of a *move*.

differences in terms of genre, style and discourse. In particular, our belief is that such study may provide and indicate new solutions to solve problems of interpretation and of translation in ARs, e.g. terms, complex noun groups, neologisms, metaphors. Focusing on different representations (discourse) and (inter-)actions (genres) may help non-expert readers and even translators make sense of obscure, specialised concepts and terms in the domain of finance and accounting.

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