This paper reviews linguistic structures in a series of management messages in the annual reports of Cross & Trecker, a machine tool manufacturer. The documents cover the years 1984-1988, which began with prosperity and ended with severe losses. An analysis of how the company communicated this information to its shareholders offers some insights into the motivation and priorities of the Cross & Trecker management. This analysis suggests that a company's public communications are more complex than has been thought.

Specific methodology used is based on systemic theory, developed by Halliday (1976, 1978, 1985a, 1985b) and others and employs the systems of transitivity (verb structures), thematic structure (subjects), context and cohesion, and condensations.

Verb structures show a predictable increase in passive constructions as the years pass and profits decrease. Regarding other verb structures, however, the results were more complex, including an increase in the use of verbs of "being." Combined with the analysis of thematic structures, which show an increase in nonhuman agents, and contextual features shown by cohesion and condensations, the conclusion is that, as the news becomes more negative, linguistic structures suggest a factual, "objective" situation caused by circumstances not attributable to any persons who might otherwise be thought responsible.

Discourse in the Marketplace: The Making of Meaning in Annual Reports

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For all their perceived dullness and lack of readability, annual reports are controversial documents, generating disagreement regarding audience, objectives, and credibility. Research indicates that annual reports have multiple audiences, including stockholders and the financial community, and varying objectives, ranging from questions of stewardship to outright promotion of the company (Hawkins & Hawkins, 1986). Credibility is another important issue. Research suggests that most individual investors consider the annual report a fair to poor source of information, glossing over the bad news to make management look good (Hill & Knowlton, 1984).

My objective in this study was to look at the differences between "good news" and "bad news" annual reports as communicated through the manager's message to the stockholders. These messages, placed at the beginning of the report and called "Annual letter to stockholders," "Manager's message," or something similar, are management's summary of the financial performance for the year, and as such, attempt to put in perspective the success or failure of the various initiatives of the company. My purpose at this stage was not to determine what percentage of companies employ which language strategies, although that would be a good topic for future study, but rather to determine how the linguistic choices actually used in a group of messages might be interpreted.

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Who writes the managers' messages in annual reports? The short answer is: the person who signs the letter. However, this isn't strictly true in most cases. In a typical company, the president or CEO might write a draft of the annual report letter, send it to the chief financial officer, who makes revisions and sends it to the chief legal officer, who makes further revisions and sends it back to the president or CEO, who then makes final revisions. The chief legal officer then may do the final editing or someone else may do it. In some companies, the letter is drafted by the chief financial officer or the chief legal officer and then sent to the president or CEO for revision. In any event, the document is rarely the work of one person, but the product embodies the "corporate-speak" representative of the top management of the company.

In the letters I have examined, the primary authors were the president and CEO who signed the letters, but the letters did pass through other hands. I believe, though, that the letters represent the primary authors in tone and in linguistic choices. Even though documents such as letters to stockholders represent the company "voice," a study by Dorothy Winsor (1993) suggests that writers of company documents see the messages as representing them personally. Analysis of the language in the letters I have chosen to review confirm this view and demonstrate how vested in the messages were the individuals who wrote them.

Literature Review

Annual reports have generated interest from researchers since the early 1980's. Advice on how to improve the readability and design of annual reports has come from Fielden and Dulek (1984), Haggie (1984), Anderson and Imperia (1992), and Arfin (1993). Dorrell and Darsey (1991) studied the readability of the annual letters to stockholders and found that they were understandable but often lacked a "you" attitude in writing style. Subramanian, Insley, and Blackwell (1993) reviewed the relationship between the performance of companies and the readability of their annual reports, finding that the annual reports of companies that performed well were easier to read than those of companies that did not perform well. Kohut and Segars (1992) examined the content of the letters to stockholders in the highest and lowest performing companies of the Fortune 500 and found that communication strategies differed in terms of subjects emphasized. They concluded that such technical characteristics as word count and number of sentences as well as content analysis may be predictors of future performance of a company. Negative versus positive words were studied by Hildebrandt and Snyder (1981) and resulted in the "Pollyanna Hypothesis," which suggests that regardless of the financial state of the company, the language in the annual letter to the stockholders will be predominantly positive.

Linguistic approaches to the study of business and managerial writing have so far not developed into a coherent body of research. Some researchers have explored linguistic issues in business writing, using pragmatics paradigms such as Speech Act Theory. Campbell (1990) looked at explanations in negative messages and found that Speech Act Theory provides a useful method of classification of such explanations. Limaye and Pompian (1991) reviewed nominal compounds in a group of business documents and discovered that, although concise, the use of three or more nouns in a clause can interfere with comprehensibility. Lyne (1985) used systemic linguistics to study French business correspondence, looking at the ideational (the representation of experience), interpersonal (the roles of speaker or writer to listener or reader), and textual (relevance to the context) metafunctions of the language. Scientific language has attracted a number of studies using linguistics as the primary methodology. Riley (1991) studied the use of passive voice in scientific writing. Swales (1990) reviewed the use of discourse analysis in legal writing, in the health sciences, and in academic writing. Lemke (1983, 1984a, 1984b, 1985, 1987, 1988, 1989b) used systemic linguistics to demonstrate political and power factors in science texts and classroom teaching. Vande Kopple (1991) explored the use of thematic relations in text, using Halliday's system of systemic analysis. Halliday's system has been used to analyze a great variety of texts, including literary, legal, medical, and scientific (Benson & Greaves, 1988; Grabe & Kaplan, 1990).

Methodology

The systemic approach to language study as developed by Halliday (1976, 1978, 1985a), Lemke (1983, 1984a, 1989a), Fawcett and Halliday (1978), Butler (1985), and many others provides a way to evaluate language structures in a document. This theory is based on the *functional* framework of grammar, which means that it is "designed to account for how language is used" (Halliday, 1985a, 1985b). It provides a shift away from *formal* descriptions of language, such as Chomsky's and others' transformational-generative grammar, in which language is viewed as a static grammar reflecting certain universal characteristics (DeBeaugrande, 1993). Systemic theory has certain characteristics in common with Searle's Speech Act Theory (1969). Both theories are interested in language performance as opposed to language competence. Searle's four types of speech acts consist of an intention by a speaker along with varying involvement of listeners, a concept which can be related to Halliday's theory of content and participants. Systemic theory also includes questions of context, attempting to account for the relations between ideas, their participants, and their circumstances. In this regard, systemic theory moves just within the boundaries of pragmatics, the study of the relation of signs to their interpreters.

According to Halliday's systemic theory, language has evolved to create meaning by which human needs are met. Meaning has three overall components, called *metafunctions*. These metafunctions consist of (a) the substance or content of an idea, referred to as the *ideational* component by Halliday; (b) the activity of communicating the idea from a sender to a receiver – a form of action, called the *interpersonal* component; and (c) the relevance to the context of the situation, called the *textual* component (Halliday, 1985a, 1985b; De Beaugrande, 1993).

The systemic approach is well-suited to the study of business language for several reasons. First, business language involves participants who seek to communicate an idea and understand what is communicated. Second, business language is highly contextual with many layers of context (for example, the immediate situation, the organizational setting, the cultural framework). Third, whether or not a business text is effective depends on all three of the metafunctional components of meaning – content, participants, and context.

Language used within the business context contains domain specific linguistic features (for example, generally direct organizational approaches or concise writing style), realizes restricted kinds of meanings (for example, lexical terms such as "bottom line" or "buy-in"), and can be easily classified in terms of Halliday's systems of Field, Tenor, and Mode (Halliday, 1976; Fawcett & Halliday, 1978). The field is business itself. The tenor of business language refers to the relations among the participants in the particular business activity (and this can be complex in terms of the level of formality). The mode is the choice of medium on any specific business occasion.

In this study of annual letters to stockholders, I have chosen to analyze transitivity structures, which have to do with verb choices, and thematic structures, which have to do with structural subjects at the clause level. Data from the transitivity and thematic analyses provide insights into the cohesion of the texts as well as into what kind of meaning is left unexpressed, demanding reader interpretation – a concept labeled *condensations* by Lemke (1989a). The evaluation of the choices made by the writer(s) of the letters, the relationship of the writer(s) to the text, and the overall context of the situation regarding good versus bad news suggest conclusions that indicate more complex communication issues than we might have expected. A close look at the language structures in the letters to stockholders analyzed in this study offers a view of not only what the company wanted its audience to know but also what the company may not have wished to reveal.

My objective was to review a series of annual letters to stockholders in order to confirm or question the Pollyanna Hypothesis, which seems intuitive but has had no further research regarding the issue of positive language. In order to eliminate the question of varying company styles, I chose a group of management letters from one company over a five-year period. The period, 1984 through 1988, was chosen because it reflected a steady change from profitable to unprofitable years. My assumption was that the company would present itself in a positive light each year regardless of the decreasing profits. The results of my analysis have, in an overall sense, confirmed the Pollyanna Hypothesis, but not in the way that we would expect. These data suggest that a company's public communications are more complex than has been thought. It isn't simply a matter of describing the company with a pretty pen, but of positioning that company according to the priorities of those who are in control.

Analysis and Discussion

Background: The Cross & Trecker Company

Cross & Trecker is a Bloomfield Hills-based company that manufactures machine tools, which are machines that are used in the manufacture of other machines (for example, auto transfer lines, the giant machines that shape metal parts for automobiles). In 1988, it was one of the largest machine tool companies in the U.S. with sales of about 430 million. Like the rest of the industry, Cross & Trecker fell into hard times in the mid 1980's and spent the next several years trying to become profitable and to recapture its strong position in the market. In 1991, Cross & Trecker was acquired by Giddings & Lewis, Inc., a smaller machine tool maker. The combined companies became the industry leader in the United States. An interesting personal note is that the president of Giddings at the time of the acquisition had been president of Cross & Trecker's tool-making subsidiary from 1985 to 1987, which covered the beginning of Cross & Trecker's problems.

Cross & Trecker Corporation was formed in 1979 as a result of the merger of the Cross Company and the Kearney and Trecker Corporation. In late 1981, when the company was still on its roller coaster ride of profitability as a result of the big automakers' downsizing spending spree, Richard Lindgren was brought in as President and CEO. Lindgren had been recruited by headhunters and had no direct experience in the machine tool industry, though he did have twenty-one years experience in the automotive business and another six running a construction equipment manufacturing company. According to Lindgren, he saw trouble coming from the beginning, but in true Cassandra fashion, was unable to get anyone to believe him. "Look, the bloom is off the rose in the oil patch," he said in an interview in

Forbes in 1983, and subsequent events, unfortunately for Cross & Trecker, proved him right.

The first problem was the general recession, which depressed the earnings of most of the country's large manufacturers (and put out of business many of the small ones). But the recession itself brought with it the seeds of recovery for the machine tool industry in that partly as a result of it, the big automobile manufacturers made the decision to downsize cars, thus creating the need for retooling machines. Another problem was created by the decision of the Japanese and the South Koreans to flood the American market with machine tools that cost much less than the American-made varieties. A third problem was the periodic strength of the dollar, which had a negative impact on exports. These problems produced industry-wide chaos, and the various machine tool companies took a number of steps to offset their losses and to reposition themselves in the market.

Lindgren and his management team at Cross & Trecker took aggressive steps during this period. At the same time it was streamlining operations, Cross & Trecker spent millions of dollars on acquisitions. While other machine tool companies were moving South to save on labor costs, Cross & Trecker made a risky move into expensive high-tech computerized production systems which decreased the need for skilled labor and eliminated excess inventory. The results of these bold moves were disastrous. Two of the acquisitions began to lose money within a few months of being acquired. The computerized production systems proved to be too costly, and Cross & Trecker had to swallow great losses. And finally, Cross & Trecker lost its share of the automotive transfer line business to another U.S. company due to poor customer relations, according to a Goldman Sachs representative.

These company troubles made Cross & Trecker an interesting company to study in terms of its public communications. In 1984 and 1985, though problems were developing, Cross & Trecker made a profit. In 1986, it broke even. In 1987 and 1988, it lost money. How did management communicate this information in the management reports section of its *Annual Reports*? The following analyses offer some surprising (and some not-so-surprising) insights into the motivation and the priorities of the Cross & Trecker management.

Transitivity

One writing strategy often suggested to students of business communication is to use "active" verbs, or verbs of "doing," more often than verbs of "being," and to use the active voice rather than the passive. The presumed concept underlying this advice is that active voice and active verbs promote the idea of a company that is moving (forward, of course) and that is aggressive and successful in the marketplace.

Use of the passive voice is reserved for those occasions when the writer finds it advantageous to distance himself or herself from the message.

Transitivity describes a clause according to the kind of verb used, the participants, and the circumstances. Included in the meaning of a clause is the fact that something is going on – what Halliday calls a *process* – and the process is typically represented by a verbal group. The participants in the clause's meaning (for example, the actor or agent, things acted upon) are typically represented by a nominal group. The circumstances of the clause are represented by adverbial groups or prepositional phrases. The participants in a clause depend on the process (verb) chosen (for example, a verb of "doing" has an "actor" and a "goal" as participants). The circumstances of the clause can vary. Table 1 sets out the six process (verb) types discussed by Halliday and the kind of meaning they convey.

Table 1
The Six Process (Verb) Types and the Meanings They Convey

Process (Verb) Type	Kind of Meaning Conveyed
Material: verbs of doing or verbs of happening	movement, doing, occurring, action
Mental: verbs of perception, affection, or cognition	sensing, feeling, seeing, thinking
Relational: verbs of attribution or identification	being, identifying, attributing
Behavioral: verbs of behaving	smiling, daydreaming, hesitating
Verbal: verbs of saying	said, asked, told
Existential	there is, there are

In order to look comprehensively at the verb complexes, I separated each sentence of the management reports paragraphs into its constituent clauses, both independent and subordinate. First, I tabulated the number of passive constructions. There turned out to be a fairly predictable progression in the use of passive constructions from 1984 to 1988, with an increase in passives correlating with a decrease in profit. The number of passive constructions used in the management reports section are summarized in Table 2.

You can see that the passive voice was used 50% to 100% more often in the two years in which the company lost money than in the two years in which the company made money. This is not surprising if we accept the assumption that the passive voice distances the messenger from the message.

The analysis of the processes and participants shows more refined results than that of the passive. Material process verbs, those verbs of doing and action that we who teach business communication consider with so much favor, might be expected to decrease as company actions coincide with decreased profitability. In general, they do decrease, with the exception of 1987. Table 3 summarizes the use of verbs of doing.

Table 2
Number of Passive Constructions used in Management Reports

Year	Times Used	Percentage
1984	8	10%
1985	6	15%
1986	6	15%
1987	12	21%
1988	13	20%

Table 3
The Use of Doing Verbs

Year	Times Used	Percentage
1984	58	75%
1985	30	75%
1986	23	59%
1987	44	79%
1988	38	58%

Mental, behavioral, verbal, and existential process verbs appear to be insignificant in the messages reviewed. Mental process verbs appeared in 5% to 15% of the clauses and had no overall pattern that would suggest a conclusion. Few behavioral, verbal, or existential verb groups appear in the messages, which is understandable from the nature of the documents. Performance rather than behavior is the focus of annual reports; verbal groups appear mainly in narratives, and many writers have been taught to avoid the existential "there."

Relational process verbs, however, are interesting in the managers' messages, primarily because they are used so often. Table 4 summarizes their use.

In addition to the large number of times relational process verbs were used in the managers' messages, their numbers form an interesting pattern when we look at the first and last paragraphs of the messages. Effective beginnings and endings are crucial to the overall success of documents. Beginnings generate a lasting first impression and provide a forecast of what is to follow; endings emphasize key points and help to shape readers' attitudes toward the writer and the subject matter (Murphy & Hildebrandt, 1991; Anderson, 1995).

In the first and last paragraphs of the managers' messages, the use of verbs of "being" doubled from 1984 to 1988. The results are summarized in Table 5.

Table 4
The Use of Relational Process Verbs

Year	Times Used	Percentage
1984	31	40%
1985	16	40%
1986	12	31%
1987	17	30%
1988	32	48%

Table 5
The Use of Being Verbs

Year	Times Used	Percentage
1984	3	33%
1985	2	22%
1986	4	40%
1987	5	50%
1988	8	66%

Combined with the prevalence of relational process verbs is the increase in nonhuman participants operating as agents. In this case, the first and last paragraphs are more suggestive because of the nature of setting up the message to follow and of bringing closure to the subject discussed. The internal paragraphs in all the messages show heavy use of nonhuman agents, but that use can be readily explained by the subject matter under discussion (for example, market trends, earnings). On the other hand, changes in the use of nonhuman agents occur in the first and last paragraphs of the messages, and these changes suggest a shift of emphasis away from the writer(s) of the message. Table 6 summarizes the use of nonhuman agents in the first and last paragraphs.

Table 6
Use of Nonhuman Agents in First and Last Paragraphs

Year	Times Used	Percentage
1984	2	25%
1985	6	66%
1986	4	57%
1987	7	87%
1988	8	73%

Reading through the management reports from 1984 through 1988 generates an impression of an increase in the "objectivity" of the message, an appearance of a "just the facts" approach to relating the news, which is increasingly negative. The explanation for this impression can be found in the heavy use of relational process verbs, which often suggests objectivity – that a thing is true and factual. Verbs of "being" are often used in such genres as scientific language, where their use also suggests a world that cannot be questioned (Lemke, 1987). When the particular forms of nonhuman agents are considered (such terms conventional to business as "operating results," "goal," fiscal 1988," and "machine tool market"), the total message becomes more than simply the sum of its constituents. The appearance of "objectivity" suggested by the use of relational process verbs together with nonhuman participants gives a strong but subtle impression of a factual situation (part of the "real" world and not to be questioned) caused by circumstances (for example, opportunities, machine tool markets) not attributable to any person or persons who might otherwise be thought responsible.

Theme

Thematic structure in systemic theory is the part of the clause that serves as a point of departure for the message – what the message is about. Halliday asserts that English is one of the languages that indicates what the message is about by its position in the clause; it is always first (1985a, 1985b). Terminology is borrowed from the Prague school of linguistics, with *theme* referring to what the clause is concerned with and *rheme* referring to the development of the theme, or in other words, the rest of the clause. Themes are often nominal groups (for example, "Fiscal 1988"), but they may also be adverbial groups (for example, "Sobbing and shaking [theme], he opened the letter [rheme]) or prepositional phrases (for example, "For want of a nail [theme], the shoe was lost [rheme]).

Theme and rheme should not to be confused with the concepts of *given-new* information, although the unmarked condition of the latter is the *given* in first position (theme) and the *new* following (rheme). Information in *given-new* categories is dependent on the *textual* metafunction and considers what is already present in the context of the discourse. In certain clauses, where the *given* is understood by the context, only the *new* appears (De Beaugrande, 1993).

The thematic structure in the management reports showed change and development from 1984 to 1988. Two types of themes are used: the first consists entirely of the personal pronoun *we*; the second is a variety of inanimate nominal groups, such as *fiscal 1988* and other typical business terms. There are distinctions to be noted in each of these types of themes. In the first case, the pronoun *we* most often refers to the management of Cross & Trecker, but on occasion it refers to the company itself. A consideration of this distinction does not change the results of the analysis; therefore, I have analyzed the *we* pronouns as one group instead of two. In the themes consisting of inanimate nominal groups, there is an occasional use of *the company*, which I have included along with the other inanimate groups for the same reason stated above.

Although there is not a completely predictable progression in the use of the pronoun *we* from 1984 to 1988, there is a significant decrease in its use along with a corresponding increase in inanimate nominal groups used as themes. The themes used in the first and last paragraphs of the texts are summarized in Table 7.

Table 7
Use of the Pronoun *We* and of Inanimate Nominal Groups as Themes in the First and Last Paragraphs

Year	We		Inanimate Nominal Groups	
	Times Used	Percentage	Times Used	Percentage
1984	6	75%	2	25%
1985	**3**	33%	**6**	**66%**
1986	**3**	42%	**4**	**57%**
1987	**1**	12%	**7**	**87%**
1988	3	27%	8	73%

In the two later years, the pronoun is often preceded by an adversative or concessive conjunctive adjunct. The adversative *but* precedes the only use of *we* in the first and last paragraphs of the 1987 text. In 1988, the concessive *nevertheless* precedes one of the *we*'s in the text. In the 1984 text, however, there is an adjunct preceding only one of the thematic *we*'s, and it is a corrective (the word *rather*) used to expand the confident nature of the message.

There were differences in the distribution of the two kinds of thematic structures between the first and last paragraphs and the message as a whole. The themes in the entire message are summarized in Table 8.

These differences do not affect the general development and change in thematic structure from 1984 to 1988. The 1984 text loads up on *we*'s in the first paragraph as part of the aggressive and confident nature of the message. This does not occur in the 1988 text.

The implications of the changes in the thematic structure of these texts are similar to the conclusions postulated as a result of the analysis of transitivity. The use of the pronoun *we* in the years when the company was still profitable suggests a correlation between the success of the company and the personal involvement of its management. Or to put it another way, the credit for success can be attributed to the initiatives of the Chairman, the President, and their management team. On the other hand, in the years when the company did not make a profit, there is an emphasis on outside factors as the source of the problems. The management team increasingly distances itself from the cause of the problems by presenting as themes such circumstantial factors as "machine tool markets" and "fiscal 1988." This seems to be fairly predictable except for one thing: my earlier assumption that the company would present itself in as positive a light as possible now seems questionable. There seems to be no attempt by the company to make a bad picture look good; in fact, there is an appearance of mounting objectivity in the transitivity structure of relational verbs. However, there is an appearance of the two top officers of the company presenting themselves *personally* in as favorable a way as possible. They take credit for the successes but distance themselves from the failures. When things are going well, it is because of their far-sighted decisions; when things are going badly, it is because of the machine tool market, fiscal 1988, and other circumstances beyond anyone's control.[1]

Table 8
Use of the Pronoun *We* and of Inanimate Nominal Groups as Themes in the Entire Message

	We		Inanimate Nominal Groups	
Year	Times Used	Percentage	Times Used	Percentage
1984	22	41%	34	59%
1985	12	31%	25	67%
1986	7	18%	33	82%
1987	16	31%	36	69%
1988	11	20%	44	80%

Context and Cohesion

To consider the effects of context on any given text, the notion of intertextuality can be useful. Intertextuality refers to how a text relates to others within the genre and to others within the discourse community. A part of this notion of intertextuality is realized by Lemke's question: "Who is doing what to whom with this text? And how?" (1983). Although these are difficult questions to answer, they can be addressed by expanding the concept of thematic structure to include the discourse practices of the genre as well as those of the community as a whole. Lemke provides a model for this kind of approach in "Ideology, Intertextuality, and Register" (1985). A thematic *field* would include lexical taxonomic relations, such as synonymy, antonymy, and hyponymy (showing relationship between specific and general, for example, dog is a hyponym of animal), ideational-grammatical relations (processes and participants), actional relations (similar to speech acts), rhetorical relations, discourse structure relations, and relations in systems of heteroglossia, which relates to the diversity of social languages that coexist, intersect, and often conflict in a specific text. These thematic relations occur in texts on a gradience from "possible" to "foregrounded," but whether they are weak or strong, they weave a pattern in a text that makes connections with the genre and the community of which it is a part.

In considering the context and cohesion of the managers' messages, the first and last paragraphs can indicate how the message is framed and the conclusions the writer(s) want to suggest. If we look at the lexical taxonomic relations, including cohesive items, in the first and last paragraphs, there are some subtle but meaningful differences between the first two and the last two years studied. For example, the relevant paragraphs of 1984 show an emphasis on management expressed by lexical and structural relations.

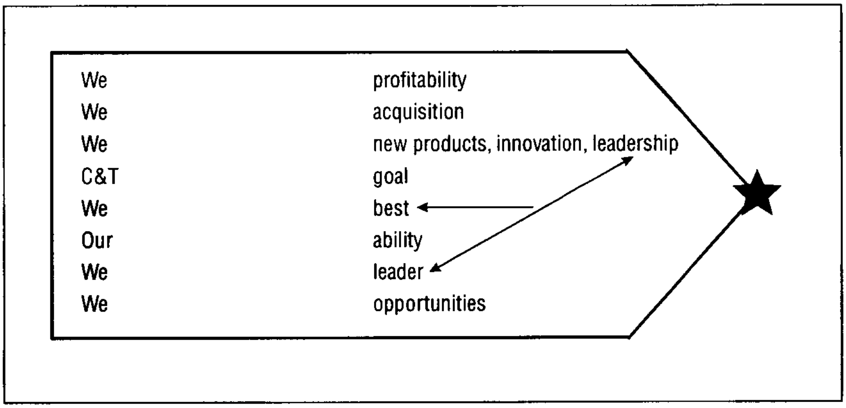

Figure 1. Fiscal 1984

As shown in Figure 1, the framing for the message is "fiscal 1984," which occurs in the first sentence. The message is completely positive – every sentence is good news – and this good news is introduced by the pronoun *we* in every independent clause except for one, where it is introduced by a synonym for *we* (Cross & Trecker). In the first paragraph, the three key statements not only begin with the pronoun *we*, but are also preceded by bullet points for emphasis. The ideas that follow the *we* pronouns are *profitable*, *acquisition*, *new products*, and *innovations*. The thematic relations between the management and the positive nature of the message are strongly foregrounded. These connections continue in the final paragraph by the lexically cohesive items *we* and *Cross & Trecker*, which are cohesive not only in the final paragraph but provide cohesion with the first paragraph as well, and take the message one step further to assert that "we aim to be the best." All these thematic relations add up to a final point for 1984, expressed in the lexical cohesion in the last sentence of the first paragraph and the last sentence of the final paragraph of the words *leadership* and *leader*. The most important point to make is that because of the way the thematic relations are constructed, we see a picture of a company that is successful *due to* the actions and leadership of its management. There is nothing unexpected in this kind of connection, and to a great degree, it may even be true that the company's success in this period was a direct result of good management decisions. However, the success of 1984 was the result of decisions made earlier; decisions made in 1984 and 1985 contributed to the problems of 1987 and 1988.

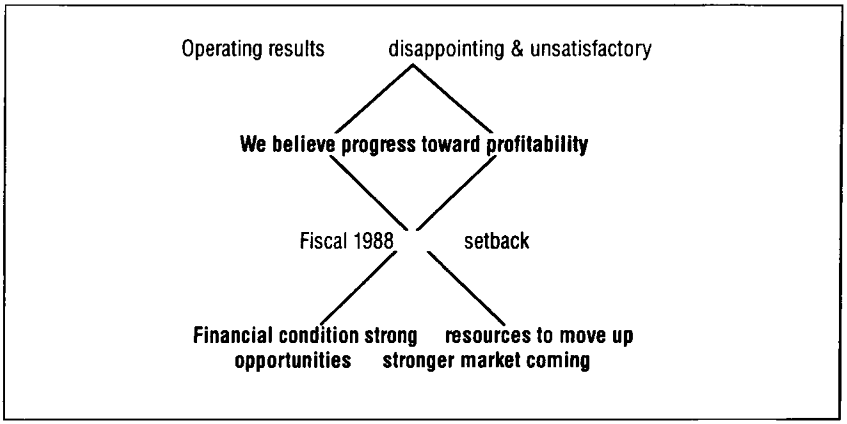

Figure 2. Fiscal 1988

As shown in Figure 2, the frame for the 1988 message, like the 1984 frame, is *fiscal 1988*, but this term is only used to begin the last paragraph, where it provides a cohesive tie to the words *operating results in 1988* which begin the first paragraph. The first paragraph also provides cohesion in the equation of *priorities* with return to *profitability*, *fair return*, and *resume paying a dividend*. In the last paragraph, *fiscal 1988* is equated with *setback*. What follows is a number of lexically cohesive items such as *strong financial condition*, *organization with resources*, and *opportunities*. The structure in the 1988 paragraphs is more complex than that of the 1984 paragraphs. The 1984 message had a single level of good news leading to an inference of leadership. The 1988 message has at least two levels: the first level is the bad news, and the second is the suggestion that things will get better. Each of the two paragraphs begins with negative information, expressed by nonhuman participants (*operating results and fiscal 1988*) and relational verbs (*were and represented*). What follows each of these sentences is a concessive (*nevertheless*) and an adversative (*however*) which introduce more positive information. The pronoun *we* is only used once in each paragraph and in unemphasized positions, unlike 1984, where it is used to begin almost every clause. There do not seem to be any cohesive items in the 1988 text that lead to a conclusion such as the *leader/leadership* tie in 1984. There is a suggestion that business will improve, but the confidence of 1984 is noticeably lacking.

Condensations

Business English as a whole and the annual report as a specific instance of that whole make meaning through lexical and structural conventions that reflect a certain position within the discourse practices of the community. One such convention, which Lemke calls "degree of condensation" (1983), is the "number of unexpressed thematic items and relations that are needed to make sense of those that are expressed." This notion is context taken further and can be described as a sort of code understood by readers and speakers within a discourse community. All genres have their own customs of discourse which, in varying degrees, exclude the uninitiated. Business English, since it is one of the dominant discourses in American culture, employs conventions that are moderately familiar – or seem to be. Many words originally used primarily in terms of business practice are now common in everyday English, for example, *bottom line* and *priority* (also conventional in the language of the law), and *negotiate*. A possible problem in the moderate familiarity of business language is that it may seem more inclusionary than it is, and thus encourage interpretations that reflect desired expectations rather than less attractive realities. Condensations are one way of expressing certain ideas that encourage, and in fact, demand, reader interpretation.

One brief example of a typical condensation in business English is the use of the word *transition* as in "a transition year." These words are used in the first sentence of the 1985 Cross & Trecker message. Though the first part of the sentence is positive, the condensation *transition year* is used at the end – after a dash. The information referred to in the first sentence of the first paragraph is the fact that profits had declined. So if you read *transition year* in context with declining profits, a filled out thematic formation of *transition year* might be: Things are changing – and not for the better. The word *transition* used in financial statements of any kind suggests change and may be ringing warning bells to more people as the word is used increasingly in the context of negative information. One knowledgeable man who owns stock in several corporations recently told me, "When the words 'transition year' pop up in the first paragraph of the annual report, I know there's trouble."

Other condensations, however, are not so obvious, and their familiarity may mask the negative nature of their thematic structures. These condensations consist of common phrases and clauses, familiar to readers of business messages, that could be read somewhat positively but often reflect negative facts. For example, two condensations of particular interest appear in the 1984 message: *gradually improving market and profitability*. What do these words mean? Both are positive and suggest financial health. However, if you have a market that is "gradually improving," it suggests that at some point the market went down. A filled out thematic structure might yield the following meaning:

- "gradually improving market" = orders and sales have declined but are now increasing.
- "profitability" = ability to make money and pay a dividend.

Considering the confident and positive tone of the 1984 message, the suggestion of trouble in the market place in the words *gradually improving market* is disturbing. However, even if the full thematic relation is understood, the way the sentence is constructed would tend to allay any fears. The words themselves are not foregrounded, and they follow a clause that suggests the company can turn a profit regardless of adverse circumstances. The second condensation of interest, *profitability*, suggests that all is well with the company, when in fact, the company had been facing problems since the beginning of the decade.

In 1986, the company had to take drastic measures to stay in business. A few of these measures are reflected in condensations: *cost controls* and *improved operating margins*. This sounds quite positive; the company has, perhaps, increased efficiency and lowered costs, actions that tend to make the stock go up. However, what is the meaning behind the words? It might be the following:

- "cost controls and improved operating margins" = the company stopped making some products, laid off workers, and closed plants.

This condensation eliminates any reference to people losing jobs, but of course, people losing jobs is the ultimate result of all the cost cutting "programs" Cross & Trecker "implemented." On the other hand, you might read this phrase as referring to a better accounting system or some form of business process reengineering, but the fact remains that Cross & Trecker did lay off workers and close plants. The use of condensations and the need for reader interpretation, which might be positive in this case, helps Cross & Trecker soften their troubled reality.

The first sentence of the 1987 manager's message shows some of the most interesting condensations as well as one of the clearest examples of abdication of responsibility in the face of disaster. Here is the sentence: "Cross & Trecker had a difficult year in fiscal 1987 as markets proved weaker than expected and pricing pressures and other factors combined to severely erode margins." A few of the condensations are:

- "markets proved weaker" = customers did not buy Cross & Trecker products.
- "pricing pressures" = other companies were selling the products for less money.
- "other factors" = reader fills in the blanks.
- "erode margins" = the company did not make (but actually lost) money.

All these condensations occur in the first sentence of the first paragraph of the 1987 document. What this sentence means is that Cross & Trecker lost money. What the sentence suggests is that the company lost money *because* of "weak markets," "pricing pressures," and "other factors." It actually goes even further: it says that "pricing pressures and other factors *combined* (emphasis mine) to severely erode margins." In other words, nonhuman agents took action to make the company lose money.

Directions for Future Research

The language choices made by the writer(s) of the management reports sections of Cross & Trecker's Annual Reports in the five years studied reflect skill and intelligence. They are carefully written and provide all the essential information for a reader who owns or is thinking of buying stock in the company. The managers' letters suggest and imply, but they do not lie. They are effective from the perspective of management in that they represent the company as successful. By 1988, even though the company was having severe problems, its position in the business world was maintained – a position of a company simply having a run of bad luck that would no doubt change in the following year. According to an article in *Financial World* in 1989, some analysts even then thought Cross & Trecker was a good buy.

Cross & Trecker's annual report letters illustrate the range of language choices a company might make to maintain its public image and to protect its management from criticism. The variations in linguistic constructions from the good years to the bad suggest that the writers of these reports had an instinctive awareness of a level of metadiscourse in which several layers of meaning were present, even though some levels were not meant to be communicated. Systemic analysis offers a way to retrieve meaning on these various levels.

Two areas for further research seem promising. First, a study of a larger body of annual report managers' messages would indicate how common the various language choices are in years of profit and years of loss. In addition, it would be interesting to study a company's other corporate documents, such as ethical codes and other policy statements, and compare them with the annual report messages. Second, a study that could connect the annual report messages with the personal communication styles of the writers, meaning the CEOs, could reveal information regarding the company's long-term corporate health. Although most business people realize how important their public communications are, they do not yet know how much those communications can reveal to people who can interpret the discourse.

The underlying assumptions in such messages as Cross & Trecker's annual reports are usually left unquestioned. Joseph Vining (1986) in his discussion of the philosophy of the law suggests that substituting the idea of objectivity with that of "unforced agreement," meaning overt and covert agendas being accepted and agreed upon by the majority of the members of a community, is indeed at work in the marketplace. Most teachers of business communication and most business people in general would not argue that business language is completely objective; but they would argue, I think, that the overt and covert agendas have been agreed upon in an "unforced" sense and that the values represented by business discourse contribute to the social well-being of the majority of society's members. Many of us operate as though we were small businesses ourselves – our major goal is the bottom line – profit, power, and prestige. When these priorities are communal, work gets accomplished that benefits the whole of the community; when the priorities are personal, the benefits to the community often decrease. In the case of Cross & Trecker, language was used to blur those distinctions.

NOTES

[1] Examples of transitivity analysis and thematic analysis and of the first and last paragraphs of the messages analyzed can be obtained by writing the author. Questions and comments regarding this article may directed to the author at the University of Michigan, School of Business Administration, Ann Arbor, MI 48109-1234.

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