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A RHETORICAL INVESTIGATION OF SELECTED 1982 CORPORATE ANNUAL REPORTS

The Ohio State University

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A RHETORICAL INVESTIGATION

OF

SELECTED 1982 CORPORATE ANNUAL REPORTS

DISSERTATION

Presented in Partial Fulfillment of the Requirements for
the Degree Doctor of Philosophy in the Graduate
School of the Ohio State University

By

John Davis Stegman, B. A., M. A.

*****

The Ohio State University

1987

Dissertation Committee:
John J. Makay
William R. Brown
Joseph M. Foley

Approved by

Adviser

Department of Communication
This dissertation is dedicated to my brother, Samuel Joseph Stegman, M. D., an internationally distinguished dermatologist who knew what he wanted early in life, went after it, and earned his doctorate at a young age. Sam's scholarly and professional writing is clear and exciting. He is persuasive in his interpersonal communication as well as in his formal presentations before large international audiences. Both of these learned skills qualify him as a modern and effective communicator, truly a unique ability in his profession.
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March 18, 1935.........................................................Born - Peru, Indiana

1957 .........................................................B. A., Butler University
Indianapolis, Indiana

1957 - 1963.............................................................U. S. Naval Officer

1964 - 1967 .............................................................Cummins Engine Company
Columbus, Indiana

1968 - 1970.............................................................Arro Division of A-T-O
Marion, Ohio

1971 - 1976 .............................................................New Britain Tool Division,
Litton Industries
New Britain, Connecticut

1977 - 1979 .............................................................Canfield Plastics Division,
Panasote, Incorporated
London, Ohio

1980 .............................................................M. A., The Ohio State
University
Columbus, Ohio

1980 - 1983 .............................................................Graduate Teaching Associate,
Department of Communication,
The Ohio State University

1983 - 1985.............................................................Graduate Administrative
Associate, Graduate Business
Programs,
The Ohio State University

1985 - .............................................................Director of Management
Communication, College of
Business,
The Ohio State University
FIELDS OF STUDY

Studies in Rhetoric ......................... John J. Makay
                        William R. Brown
                        James L. Golden

Studies in Telecommunications ......... Joseph M. Foley

Studies in Organizational Communication... Keith Brooks
                        Victor D. Wall

Studies in Management and
    Human Resources ..................... H. Randall Bobbitt
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CHAPTER I

INTRODUCTION

Background. When Crosby Kelly was a Vice President at Litton Industries and I was General Marketing Manager at a Litton Division, I observed a yellowing dog-eared galley proof, with many proofreader's marks, framed on the wall of Kelly's Beverly Hills office. The story was told earlier in a Fortune Magazine article by Samuel Bryant entitled "How's the Annual Report Coming?" that the framed galley that I had seen was the President's Letter to Shareholders that Kelly had worked on for "forty-eight continuous sleepless hours" (104).

Lack of sleep shows the pressure that certainly is on corporations after the December holidays each year to produce the corporate annual report. The Fortune article describes it as a "corporate ritual that begins to become frenzied soon after New Year's Day" (Bryant 104). I have participated in this ritual in several positions with several companies. Ritual, language, and symbolism are important to management, according to Jeffrey Pfeffer (1). They help to establish what has been called "corporate culture." In his book
Managing Corporate Culture, Stanley M. Davis defined corporate culture as "shared beliefs and values" that provide rules for acceptable behavior, but every organization calls it something else: core, ethos, ideology, pattern, purpose, style, or vision (1). This dissertation however, does not primarily concern culture in the business world; its focus is an important rhetorical element that helps to create the culture: the corporate annual report.

The new year's frenzy about developing the annual report happens because most annual meetings are in the Spring and the New York Stock Exchange requires that shareholders must have the annual report fifteen days before the annual meeting. Accordingly, most reports are published in March or April each year.

**Importance.** Annual reports are essential to Corporate America. It is the major public message each year that a corporation presents to the primary audience, its shareholders, about what it did, is doing, and plans to do. But many others in what Golden and Makau (161) call a composite audience also read the report: security analysts, customers, competitors, suppliers, and employees. The report, in addition to making information available to its various audiences, reflects its corporate culture and character and its public image: "What it says may have a direct bearing on the price of its securities, how it says it reflects the character of management and may well attract or repel potential customers" (Bryant 105).
The aim of this study is to analyze 1982 annual reports as corporate rhetoric and to extend knowledge not found in non-rhetorical studies of annual reports. The target year of 1982 was selected because of overwhelming success of the book, *In Search of Excellence, Lessons from America's Best-Run Companies* released in 1982. The business community, business schools, and the man on the street were interested in this popular best seller. The book provided a list of companies that was known to many. The company annual reports of this list of companies became the objects of criticism for this study. Not only are annual reports important, but they are expensive too.

**Expense.** Corporate annual reports are considered expensive because noted designers may charge $40,000 for the design of the Report, while good photographers can charge $1,200 to $1,500 per day plus film, processing and travel. Arlene Hershman reported in *Dun's Review* that:

> For a quality report of between forty and sixty pages, the design, writing, photography, and type will add up to $100,000 not counting executive time and mailing costs (63).

As a former Publications and Graphics Manager at Cummins Engine Company, Inc., I too am familiar with the costs as well as the frustrations of coordinating this corporate annual event. As of late my activities have centered in a rhetorical interest which has returned to this former business management activity, one that clearly serves a rhetorical function.
Criticism. The discourse of corporate annual reports is criticized in the trade press and the nondiscursive elements, mainly photography, are analyzed for their artistic content. Interestingly, nondiscursive elements were not emphasized in annual reports until the mid-fifties when the importance of corporate image was realized:

Along with innovative typography and bright design, photographs became integral to the puffing-up process (Markus 62).

These "business" critics accuse some corporations of using double talk in their annual reports. The Wall Street Journal pointed out that these companies are "fetching up such vague words as reasonable, acceptable, and satisfactory to characterize 1981 or comment on 1982" ("Double Talk"). As of late, however, annual reports seem to have "more candor" ("Annual Reports: More Candor").

Business critics who recount the failures in annual reports usually point to lack of clarity in the discourse and financial reporting. Duff and Phelps, a Chicago-based investment research company, was commissioned by Arthur Andersen and Company, a large accounting firm, to recommend improvements. One suggestion made by Duff and Phelps was that too much reliance is placed on the single "net income" number. Corporations should show the breakdown of "operating earnings" ("Annual Reports that Fail"). Harmon Beyer, a certified public accountant and a financial critic of corporate annual reports in the former Columbus Citizen-Journal suggested that financial comparisons for this study show operating profits rather than net profits or what is now commonly called the "bottom line."
Operating profits show how well management operated the core business. It does not reflect income from sale of assets, divisions, or stock.

Advice. In addition to this type of criticism, the trade press also offers advice to the management of corporations that produce annual reports and to the audiences that read them. Ellen Gartner pointed out to *Financial Executive* readers that "Both the form and content of a company's annual report are critical to presenting the best possible image to the public" (27). Fred Foy pleaded with corporate management in the *Harvard Business Review* to use more imagination and make the report more attractive in order to increase readership:

> The annual report is one of the most important documents a publicly owned company produces—at a cost of tens of thousands of dollars. Yet the "return" on that investment is quite low (49).

Lopez and Althaus provide human resources personnel a how-to article because "understanding and monitoring the company's financial standing adds to your expertise as a personnel practitioner" (38). A *Forbes* article, "Reading between the Pictures," tells readers how to "see through this year's accounting tricks" (126). Not all trade publications, however, look for the negative aspects of corporate annual reports, some look for the good things.

Awards. Corporate culture is enhanced because annual reports receive annual awards. *Financial World* magazine annually awards "gold, silver, and bronze" corporate annual report winners selected by security analysts and other judges. In 1982 the "best annual report
of all industry," the gold trophy, went to Warner Communications, Incorporated:

The truth is, when annual reports are bad, they are very bad, and when they are good they are very good. And contrary to wide belief, splashy graphics are not necessarily the sign of a bad annual report—if the graphics are used skillfully to help convey important information. A masterful combination of words, numbers and appealing graphics explains, more than anything, why Warner Communications' latest annual report has won FW's gold medal for the second time in three years (5).

The American Society for Personnel Administration and The Personnel Administrator magazine co-sponsor an annual report competition each year that honors corporations that recognize the importance of people in their annual reports (Grazulis 53).

History. Little information was provided shareholders in the early years of publicly owned corporations. The stock exchanges later included an annual report requirement in listing agreements they made with publicly held companies. Form and content were not specified. Adolph Lurie described these early corporate annual reports:

Reports often consisted merely of one sheet of four pages with a summarized statement of earnings, a condensed balance sheet, a surplus statement, and a brief letter from the President saying in effect, "Here it is. We did well" (17).

Certainly there is more information today; the corporate annual report has become an important part of corporate rhetoric. The Securities and Exchange Commission (SEC) has established the form and content of financial statements (Lurie 18). The discursive and
nondiscursive aspects of the annual report, however, are left to the creativity of the corporations.

**Rhetorical Importance.** It is not surprising that *Fortune* recognizes the importance of the corporate annual report:

> In the aggregate, the U. S. output of annual reports is an impressive testimonial to the temper and spirit of American business (Bryant 105).

But the "temper and spirit" as seen in the rhetoric of annual reports seems to have eluded writers. Since the corporate annual report is a body of important business literature, it needs to be examined rhetorically because it represents performance by managers in a culture that is not always understood by others outside the culture. The themes, the words, and the stylistic elements used can show the rhetorical purpose of the authors of corporate annual reports. Nondiscursive elements are also extremely important to examine because they too are important rhetorical devices. The pictorial theme of the report can influence readers, and the way the Chief Executive Officer (CEO) is pictured can reveal the style of the top management of the company.

Business critics in the trade press write about the nonverbal glamour of the reports and the apparent lack of candor in the narrative. Awards are given and trade publications even tell their readers how to read and interpret annual reports. But analysis of the rhetorical aspects of the reports is lacking. Scholarly research on corporate annual reports was described by Joe Morehead in *The Serials Librarian:* "This jejune but significant area constitutes one of the
least appreciated endeavors of both business and government" (7). The corporate annual report has rhetorical significance because managers are rhetors; their communication is part of their performance in their jobs. This communication performance needs illumination because it can act as a guide to better understanding of corporate culture and because there has not been any significant study of corporate rhetoric.

**Review of Literature.** Scholarly literature is limited and has dealt primarily with "readability." Older research indicates that the readability levels of annual reports are restrictive. Thomas L. Means attempted to correlate "restrictive characteristics" and their influence with the principal audience of the annual report, the shareholder. He concluded that stockholder reactions to annual reports and readability levels of the reports are not related (25-33).

In the *Journal of Business Research*, Robert Ingram and Katherine Frazier evaluated the narrative data in annual reports in three industries. Their work was funded by the national accounting firm of Peat, Marwich, and Mitchell. They argue that since financial statements are more thoroughly monitored than the shareholder letter or management's analysis, these "discretionary" sections provide management an opportunity to modify the message as seen in the actual financial statements. They performed content analysis on seventy-nine annual reports from the metal manufacturing, oil and chemical industries and found that the discretionary sections were essentially in agreement with the financial section (59).
Bagby and Knitzele studied the management reports in corporate annual reports to determine if the Reports disclosed the information to the readers as recommended by the SEC. They found that most of the requested information was being reported (25).

Joanne Wiseman evaluated the quality and accuracy of environmental disclosures made in the twenty-six annual reports of firms in environmentally sensitive industries. Results indicated that corporate environmental disclosures were incomplete and not related to the corporation's actual environmental performance (53).

The former Dean of the College of Administrative Science, now College of Business, at The Ohio State University, Edward H. Bowman, in several studies, examined the annual reports of the food-processing industry and the computer industry. One major observation of his is that annual reports can be a rich source of information when combined with the use of content analysis:

Many may believe that annual reports, especially the discussions and descriptions, are of little value. Our position is that sufficiently careful work can turn what is apparently base metal into gold (70).

Rhetorical critics have not been unkind to corporate America, they have simply neglected the study of corporate rhetoric, especially the rhetoric of the corporate annual report. Rhetorical studies generally have highlighted political/governmental leaders, religious leaders, lawyers, judges, and academics. Matlon's Index to Journals in Communication Studies Through 1979 has only one entry for "business" under the "rhetorical criticism" category (439). This single journal article was an appeal for more research in business
rhetoric (Knapp "Business Rhetoric" 244-255). The Comprehensive Dissertation Index shows only one dissertation since 1891 about business under the "rhetoric" and "rhetorical" sections. A rhetorical study of the discourse and nondiscursive elements in Corporate annual reports can provide new insight into the rhetorical features of the most important literature of corporate America.

Communication Performance. This important, but overlooked, corporate document may be an annual ritual in the agony it causes in the beginning of each year, but it also is a contributor to the value orientation or the culture of the organization and to the audiences that read it or look at its pictures. Literature about organizational communication has revealed that management spends as much as ninety percent of work time on communication activities. Nick Trujillo treats communication as cultural performance (201). He describes three types of managerial performances and the culture within the organization that these performances create:

Explanatory performances are those actions which create a sense of "rationality" in organizational life. Interpersonal performances create a sense of "sociability" in organizational life. And political performances create a sense of "authority" in organizational life (204).

Annual reports reflect managerial performances by choice-making managers who play varying roles in differing contexts to many audiences. The annual report can therefore be treated as a total communication performance created to show the "rationality,"
"sociability," and "authority" of management to the various internal and external audiences of the report.

Examples of Trujillo's "explanatory," "interpersonal," and "political" communication performances of managers all appear in the corporate annual report (201-224). First, explanatory performance of annual reports is easy to understand. Management is accounting for events and performance of the past year and predictions of future events in the year ahead. This explanatory performance displays the corporate acts as understandable and rational events. Next, the interpersonal performance of the annual report is not so obvious as the explanatory performance. Knapp argues "it is difficult, if not impossible, to think of any message sent by one person to another that does not, in some way, also carry a commentary on the relationship of the parties" (4). The audiences of the annual report include many groupings in which an interpersonal relationship or identity is desired by management. This identity of friendliness or concern is one of sociability which is achieved in part by stylistic elements in the annual report. Finally, political performances in annual reports create the authority desired by management to successfully complete the goals of the organization. The annual report embodies the various acts performed by many members of management, especially the CEO who signs the important Letter to Shareholders.

A rhetorical analysis of the annual report will show the culture-creating elements of rationality, sociability, and authority in terms of the rhetor's communication performance. The rhetorical features
and purpose highlighted are the discourse, the nonverbal aspects, the style, and the organization of corporate annual reports.

**Purpose and Scope of the Study.** James R. Andrews claims that when rhetorical critics turn their attention to public arguments the criticism functions to illuminate "specific historical events and the social/cultural context in which these events occur" (9). The corporate annual report, a major rhetorical message in corporate affairs, is a public argument that needs rhetorical illumination. The issues and ideas presented in the reports need to be examined rhetorically because they represent performance in an important culture. Since rhetorical critics are concerned with method, an examination that illuminates the chief characteristics of corporate annual reports can generate performance insights into the methods used to create the report, the nature of corporations, and the culture of a particular business organization. Rhetorical illumination of corporate annual reports can be a stepping stone to further study and a beginning into the unexamined rhetorical elements of corporate annual reports. Therefore, a primary question of this dissertation is: "How do annual reports act rhetorically as communication performances?"

**Objects of Criticism.** There are thousands of companies in the United States, many with annual reports. A decision had to be made about which ones were good for a rhetorical analysis. The choice became the source book of excellent corporations in 1982 that was the biggest nonfiction best-seller since Roots. In 1983 the book was
number one nearly every week on the New York Times list ("Business Bible").

In Search of Excellence, Lessons from America's Best-Run Companies was written in late 1982 by Thomas Peters and Robert Waterman, management consultants with McKinsey & Company. Annual reports from those companies seem to be a good representation to examine. The corporations that Peters and Waterman studied in 1982 produced the annual reports that represented corporate thinking that year. They began studying sixty-two companies in July 1979. They chose these companies because of their solid financial performance for over twenty years and their ability to innovate. The authors spent considerable time with each company, talking to people in all levels of the organization ("How to be Great"). They are the rhetors whose communication performance is illuminated by this examination of the corporate annual reports of their companies. Enthusiasm for these companies as the principal source for this study was inspired by the authors of the book when they discussed the leadership of the companies in a story in the Columbus Dispatch. This description also told the readers something about the culture in which the leaders lived:

Above all, the intensity itself, stemming from strongly held beliefs, makes these companies. During our first round of interviews, we could "feel it." The language used in talking about people was different. The expectation of regular contributions was different, the love of product and customer was palpable (Peters and Waterman, newspaper).
Even though fourteen of the "excellent" companies highlighted by Peters and Waterman have declined in their performance according to a feature story in Business Week ("Who's Excellent Now"), the list still provides representative subjects for 1982.

The total list of sixty-two in the book was reduced to fifty for this study for several reasons. Several of the companies were privately held and therefore did not have annual reports. Peters and Waterman had divided these companies into various market/product categories. Those categories with fewer than six companies were also dropped from the list because too few in a category made discursive and non-verbal analysis meaningless. This brought the list to fifty companies in these marketing/product segments:

- High Technology,
- Consumer Goods,
- General Industrial, and
- Service.

All the companies are listed in Table 1 by market segment. The parent companies were analyzed when Peters and Waterman studied the divisions, since divisions themselves do not have annual reports. The divisions and their parents are also indicated in Table 1.

In addition, two rankings were made of each of the companies within each category: Total Revenues and Operating Profits. The criteria for the "excellent" list included the characteristics mentioned earlier; the emphasis of the Peters and Waterman research was on a long-term basis. The rankings in this study within each
market/product grouping was made to determine the financial differences in the year of 1982. A point of reference could then be made between the rhetoric of a corporation in the lower third versus, for example, one in the middle or top third. These two financial rankings, grouped in thirds, are detailed in Tables 2 and 3. They are:

Total Revenues (Table 2) is a category understood by all. In many companies "revenues" would be total sales. In service categories there are no sales so revenues become the total (before costs and expenses) dollars that are taken in, or the "top line." It shows the relative size of the company.

Operating Profits (Table 3) was selected as a comparison because it represents the profits made from the principal business of the company regardless of the total revenues. It therefore shows how well the principal part of the business was managed. It would not include profits from the sale of property, stocks, divisions, etc. Operating profits are always shown as a percentage of revenues.
Table 1

Companies by Market Category

<table>
<thead>
<tr>
<th>High Technology</th>
<th>General Industrial</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amdahl</td>
<td>Caterpillar</td>
</tr>
<tr>
<td>AT&amp;T (Western Electric)</td>
<td>Dana</td>
</tr>
<tr>
<td>Data General</td>
<td>General Motors</td>
</tr>
<tr>
<td>Digital Equipment</td>
<td>Ingersoll-Rand</td>
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<tr>
<td>Emerson Electric</td>
<td>McDermott</td>
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<tr>
<td>General Electric</td>
<td>Minnesota Mining</td>
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<tr>
<td>Gould</td>
<td></td>
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<tr>
<td>Hewlett-Packard</td>
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<td>IBM</td>
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<td>Intel</td>
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<tr>
<td>Lockheed</td>
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<tr>
<td>National Semiconductor</td>
<td></td>
</tr>
<tr>
<td>NCR</td>
<td></td>
</tr>
<tr>
<td>Raychem</td>
<td></td>
</tr>
<tr>
<td>Rockwell International</td>
<td>Service</td>
</tr>
<tr>
<td>Schlumberger</td>
<td>American Airlines</td>
</tr>
<tr>
<td>Texas Instruments</td>
<td>Delta Airlines</td>
</tr>
<tr>
<td>TRW</td>
<td>K Mart</td>
</tr>
<tr>
<td>United Technologies</td>
<td>Marriott</td>
</tr>
<tr>
<td>Wang Laboratories</td>
<td></td>
</tr>
<tr>
<td>Westinghouse</td>
<td>McDonald's</td>
</tr>
<tr>
<td>Xerox</td>
<td>Wal-Mart</td>
</tr>
</tbody>
</table>

| Consumer Goods                   |                               |
| Avon                             |                               |
| Blue Bell                        |                               |
| Bristol Myers                    |                               |
| Cheesbrough-Pond's               |                               |
| Dart & Kraft (Tupperware)        |                               |
| Eastman Kodak                    |                               |
| General Foods                    |                               |
| Johnson & Johnson                |                               |
| Levi Strauss                     |                               |
| Maytag                            |                               |
| Pepsico (Frito-Lay)              |                               |
| Merck                            |                               |
| Procter & Gamble                 |                               |
| Polaroid                         |                               |
| Revlon                           |                               |
| Warner Communications (Atari)     |                               |
Table 2

Total Revenues (In Billions)

<table>
<thead>
<tr>
<th>High Technology Companies</th>
<th>Consumer Goods Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>AT&amp;T $65.1</td>
<td>Procter &amp; Gamble $12.1</td>
</tr>
<tr>
<td>IBM 34.4</td>
<td>Kodak 10.8</td>
</tr>
<tr>
<td>General Electric 26.5</td>
<td>Dart &amp; Kraft 10.0</td>
</tr>
<tr>
<td>United Technologies 13.6</td>
<td>General Foods 8.4</td>
</tr>
<tr>
<td>Westinghouse 9.7</td>
<td>Pepsico 7.5</td>
</tr>
<tr>
<td>Xerox 8.5</td>
<td>Johnson &amp; Johnson 5.8</td>
</tr>
<tr>
<td>Rockwell Intl. 7.4</td>
<td>Warner Commun. 4.0</td>
</tr>
<tr>
<td>Schlumberger 6.3</td>
<td>Bristol Myers 3.6</td>
</tr>
<tr>
<td>Lockheed 5.6</td>
<td>Merck 3.1</td>
</tr>
<tr>
<td>TRW 5.1</td>
<td>Avon 3.0</td>
</tr>
<tr>
<td>Texas Instruments 4.3</td>
<td>Levi Strauss 2.6</td>
</tr>
<tr>
<td>Hewlett-Packard 4.3</td>
<td>Revlon 2.4</td>
</tr>
<tr>
<td>Digital Equipment 3.9</td>
<td>Cheesbrough-Pond's 1.6</td>
</tr>
<tr>
<td>NCR 3.5</td>
<td>Polaroid 1.3</td>
</tr>
<tr>
<td>Emerson Electric 3.5</td>
<td>Blue Bell 1.3</td>
</tr>
<tr>
<td>Gould 1.6</td>
<td>Maytag .4</td>
</tr>
<tr>
<td>Wang 1.2</td>
<td></td>
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<tr>
<td>National Semi, 1.1</td>
<td></td>
</tr>
<tr>
<td>Intel .9</td>
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<td>Data General .8</td>
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<td>Raychem .5</td>
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<td>Raychem .5</td>
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<tr>
<td>Amdahl .4</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>General Industrial Companies</td>
<td>Service Companies</td>
</tr>
<tr>
<td>General Motors $60.0</td>
<td>K-Mart $16.8</td>
</tr>
<tr>
<td>Minnesota Mining 6.6</td>
<td>American Airlines 4.2</td>
</tr>
<tr>
<td>Caterpillar 6.5</td>
<td>Delta Airlines 3.6</td>
</tr>
<tr>
<td>McDermott 4.8</td>
<td>McDonald's 2.8</td>
</tr>
<tr>
<td>Ingersoll Rand 2.8</td>
<td>Mariott 2.6</td>
</tr>
<tr>
<td>Dana 2.4</td>
<td>Wal-Mart 2.4</td>
</tr>
</tbody>
</table>


Table 3

Operating Profits

<table>
<thead>
<tr>
<th>High Technology Companies</th>
<th>Consumer Goods Companies</th>
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<tbody>
<tr>
<td>Schlumberger</td>
<td>Merck</td>
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<tr>
<td>AT&amp;T</td>
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<td>IBM</td>
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<td>Lockheed</td>
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<td>Westinghouse</td>
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<td>Texas Instruments</td>
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<td>Intel</td>
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<tr>
<td>Amdahl</td>
<td></td>
</tr>
<tr>
<td>National Semiconductor</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>General Industrial Companies</th>
<th>Service Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minnesota Mining</td>
<td>McDonald's</td>
</tr>
<tr>
<td>McDermott</td>
<td>Mariott</td>
</tr>
<tr>
<td>Ingersoll Rand</td>
<td>Wal-Mart</td>
</tr>
<tr>
<td>Dana</td>
<td>K-Mart</td>
</tr>
<tr>
<td>General Motors</td>
<td>American Airlines</td>
</tr>
<tr>
<td>Caterpillar</td>
<td>Delta Airlines</td>
</tr>
</tbody>
</table>

| Service Companies                          |                                |
|-------------------------------------------|                                |
| McDonald's                                |                                |
| Mariott                                   |                                |
| Wal-Mart                                  |                                |
| K-Mart                                    |                                |
| American Airlines                         |                                |
| Delta Airlines                            |                                |
Documents. A request for a 1982 annual report was made by postcard to each of the fifty companies. The card was not directed to any particular person or department. When subsidiary companies were listed, an annual report was requested from the parent company: AT&T for Western Electric, Dart & Kraft for Tupperware, Pepsico for Frito-Lay, and Warner Communications for Atari. The year 1982 provided the authors of corporate annual reports an environment in which to create interesting rhetoric.

Historical-Cultural Context. The act of assembling the corporate annual report is interdependent with the cultural context, which are the social, political, and economic events in which an act occurs, or in this case the events of 1982. After annual reports are developed, printed, and distributed, they become part of what Karlyn Campbell calls the "ongoing dialogue of the culture" (Critiques 20). So an awareness of the business climate plus the political and social events of 1982 aid in researching annual reports. It is helpful to understand the pressures that helped to form the attitudes of corporate management in that year. Granted, the social and political events of 1982 may not have specifically influenced corporate annual reports that year; but, these events were important in the context shared by the authors and readers of the annual reports. They should be recognized as background for the rhetors of annual reports.

The year was the 20th anniversary of the Cuban Missile Crisis, The 25th anniversary of Russia's Sputnik, the 100th anniversary of the birth of Franklin D. Roosevelt, and the 250th anniversary of the birth
of George Washington (1982 Britannica 22-25). Among the major news events capturing public attention and concern were the following acts.

In 1982, Argentina seized the Falkland Islands, it was the year that a jury found John W. Hinkley Jr. "not guilty" by reason of insanity of shooting President Reagan in March of 1981, and the year that retired dentist Barney B. Clark received the world's first permanent artificial heart. On June 21, 1982, William Arthur Philip Louis, the second in line to the British throne, was born to Prince Charles and Princess Diana. November 11, 1982, marked the death of Russia's President Lenoid Brezhnev and the election of Yuri Andropov, his successor. On September 14, 1982 President-elect Baslur Gemayl was assassinated in East Beirut, Lebanon. During the year a federal court in New York City sentenced The Reverend Sun Myung Moon to eighteen months in prison for tax fraud; John DeLorean was arrested and charged with possession of cocaine and conspiracy to distribute it; and Roy L. Williams, President of the teamster's union, was convicted on eleven federal counts of plotting to bribe a U. S. Senator and of defrauding the union's pension fund (1983 Britannica 26-51).

What is probably of interest to corporate management in 1982 were events that could influence the purpose of the annual report. Business and economic events of the year included (1) President Reagan's "new federalism" proposal in his state of the union address, (2) the United States covering Poland's debts with commercial banks, (3) DeLorean Motor Company of Belfast going into receivership, (4)
Braniff becoming the first major airline to file for reorganization under Chapter 11 of the Federal Bankruptcy Act, (5) Several Japanese being accused of conspiring to steal IBM computer secrets, and (6) Federal regulators declaring the Penn Square Bank of Oklahoma City insolvent (1983 Britannica 26-51).

Statistically, the gross national product increased 3.5% to $3,041.2 billion. Corporate profits declined 19% from $190.6 billion in 1981 to $154.9 billion in 1982. Unemployment, the highest since 1940, reached 10.8%. Inflation decreased during the year from 10.4% in 1981 to 6.1% by the end of 1982 (Statistical Abstract 485).

The year 1982 could be described as a year that produced the highest jobless rate since the Great Depression, the largest budget deficit to that time, thousands of home mortgage foreclosures each week, and an industrial sector operating at less than 70% of capacity. But there were certainly some successes. Inflation diminished month after month, and in the late summer and early fall interest rates began a steady decline for the rest of the year. All of these events affected business.

Thus, in this context the 1982 corporate annual reports were developed. The rhetors of the reports chose the themes, words, and pictures that they felt would best accomplish the rhetorical purpose of management.

The Rhetor. Care was taken in naming the rhetor in the annual reports. Edwin Black, in an effort to dissuade rhetorical critics from treating discourse as objects, points up the two roles of the
rhetor, that of (1) implied author, and (2) the second persona, or the implied auditor, one that sits in judgment of the discourse (133). The definition of the rhetor in corporate annual reports becomes difficult. The writing of the report is usually an "all hands evolution." Certainly drafts of ideas as well as the pictorial images are discussed by managers all the way to the boardroom. Narrative is written and rewritten, pictures are ordered re-taken by many in the corporate hierarchy before the final version is finally approved, usually by the CEO, the person who actually signs the Letter to Shareholders. We can call the rhetor of the corporate annual report the author, the originator, the writer, the initiator, the composer, the creator, the producer, or what I have chosen: The Narrator, or the one who presents the annual report to the audience. Usually there is not one author, or creator, or producer, or writer, or initiator; there are many. They mold and form the corporate annual report by putting together various parts developed by the authors. The corporate annual report is therefore constructed by multi-personae and delivered by a narrator.

**Research Questions.** In order to analyze the rhetorical efforts of corporate annual reports, and their potential for being communication performances aimed at achieving a rhetorical purpose, an examination of both the discourse and the nondiscursive elements of the report and the rhetorical features of style and organization is essential. These elements were chosen after careful intrinsic examination of the data in this study by the researcher which
indicates that the paramount rhetorical efforts of all corporate annual reports include the style, arrangement, the nonverbal display, and the role of the narrator. Therefore the chapter questions become:

1. In what ways do style and arrangement act as rhetorical features of annual reports?

2. How does the narrator's language function in the annual report to serve the rhetorical purpose of the discourse?

3. In what way does the nonverbal display contribute to the rhetorical purpose of the annual report?

In Chapter Two, elements of discursive and nondiscursive style and arrangement are examined. The overall organization and the front cover as well as the salutation and the length of each Letter are analyzed. In addition, the picture of the CEO, his dress, and the setting are reviewed and tabulated. Inasmuch as color is not allowed in dissertations, several black and white copies of front covers are included. The question for this introductory chapter is: In what ways do style and arrangement act as rhetorical features of annual reports? Style and arrangement are studied as chief rhetorical characteristics, along with discourse and pictures, because they are hard to separate from other rhetorical characteristics and they provide overall general subject areas to begin this investigation of the annual report as a communication performance.

In Chapter Three the most important element of discourse, the rhetoric in the Letter to Shareholders of the fifty annual reports, is examined. This Chapter concentrates on the language of the narrator.
The frequency of usage of certain words and the major theme of the Letter are tabulated, named, and summarized. The question to be answered in this Chapter is: How does the narrator's language function in the annual report to serve the rhetorical purpose of the discourse?

The pictures of each of the annual reports are analyzed in Chapter Four. They are treated as possible icons because annual report readers could consider the pictures as symbols of reality. Major nonverbal themes are identified and named. They are compared to the discursive themes reported in Chapter Two. The subordinate question for this chapter is: In what way does the nonverbal display contribute to the rhetorical purpose of the Annual Report?

The fifth and final Chapter summarizes the study and offers suggested key conclusions. This Chapter also points to implications of the research as it relates to rhetorical theory and to corporate annual reports.
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"Reading Between the Pictures." Forbes Jan. 20, 1984: 126.


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CHAPTER II

STYLE AND ARRANGEMENT IN CORPORATE ANNUAL REPORTS

Style and Arrangement. Corporate annual reports are not automatic or mechanical endeavors. They are the results of the choice and intent of management. In annual reports the narrator is committed to certain rhetorical goals, strategies, and purposes. This commitment can take many features, so the rhetorical possibilities are great. This chapter discusses the study of two basic and important aspects of the rhetoric in annual reports which appear as suasive efforts. The question is: "In what ways do style and arrangement act as rhetorical features of annual reports? Style and arrangement were selected as first steps in this study because they are probably the first impressions that readers form when picking up an annual report. What does it look like? What is in it? Style and arrangement, in this sense, are modern versions of the traditional ideas about the use of language and the organization of information. In annual reports they are applied primarily to appearance. The
question addressed in this Chapter therefore becomes: In what ways do style and arrangement act as rhetorical features of annual reports?

These two elements of rhetoric, style and arrangement, have their roots in antiquity. The Classical periods in Greece and Rome, for example, were characterized by rhetorical discourse. While twentieth century annual reports are different than classical discourse, they clearly rely on traditional rhetorical features. As the classical rhetor selected the order, sequence and apportioned the ideas for a speech, the narrator of the annual report selects, sequences, and apportions those ideas of management that best meet the rhetorical need of corporate audiences. Words and rhetorical devices were strategically selected and presented in classical speeches, while the style and arrangement in the annual report include both words and pictures. In fact, George Kennedy has written that style and arrangement, more than other rhetorical features, have been used successfully in other ways: "Rhetoric is a historical phenomenon that differs somewhat from culture to culture more in matters of arrangement and style rather than the basic devices of invention" (8).

In 1968, Donald C. Bryant wrote that "the past decade seems gently to have accelerated the reinfusion of style into rhetorical speculations" (53). Bryant indicated that John F. Kennedy and Adlai E. Stevenson helped to bring needed attention back to style. He made a strong appeal for the recognition that style is hard to separate from other aspects of criticism:
The critic who takes only style for his subject begins almost at once to invade the provinces of other categories such as thought and organization (54).

Twenty years before Bryant's campaign for "style," Russell H. Wagner campaigned for rhetoricians to acknowledge the importance of dispositio and how that canon is more powerful than just organization:

But always, in the best writers, the principle of adaptation to need is uppermost, and the distinction between conventional organization and functional use of material is instantly made. It is this meaning—the functional selection and use of materials for a particular purpose—which must supplant "arrangement" and which, as "disposition," may well be added to our rhetorical terminology in English (293).

Expansion of the traditional style and arrangement of Bryant and Wagner to other rhetorical elements has been taking place before this study. A recent book by William Wilson developed for businessmen has a whole section entitled "Thinking About Style." Wilson used style in relation to the various articles of clothing of the fashionably dressed businessman (13).

A contemporary view of style and arrangement in the annual report suggest explanatory, interpersonal, and political communication performances by management, which show the rationality, sociability and authority desired by management with the audience. In the reports these cultural responses are pursued by how the reports are arranged and by the style of the Letters as well as the picture of
each CEO. Communication performances become optimistic rhetorical efforts to persuade the composite audience.

Persuasion, however, comes in bits and pieces. Richard Weaver maintained that "style shows through an accumulation of small particulars" (Ethics, 278). In order to accumulate enough "small particulars" to provide further insight into the rhetoric of corporations and their narrators, both stylistic and organizational elements were studied.

Careful examination of the fifty annual reports points to seven features in which style and arrangement contribute to the rhetorical potential of the annual reports:

1. the overall organization,
2. the front cover,
3. the salutation used in the Letter,
4. the length of the Letter,
5. the setting of the CEO picture,
6. the clothes of the CEO, and
7. the stance of the CEO.

**Overall Organization.** Most all annual reports are organized in a similar manner or order. This traditional order is: (1) contents, (2) financial highlights, (3) letter to shareholders and the CEO picture, (4) management discussion, (5) financial statements, (6) multi-year analysis, and (7) listings. Such a rational order is a rhetorical feature because it helps the reader to grasp the primary
message upon opening the report. The financial highlights show how the company did in revenues and profits and the Letter gives the overview of what is detailed later in the management discussion and financial statements. The primary message to be reinforced in the order, determined by management, and delivered by the narrator, is arranged to win favor in the composite audience for the report. The variation in order, if any, occurs with the placement of the multi-year analysis, a rhetorical device used to persuade the audience to realize that the results of several years are just as important as the featured year of the report. The order of the elements of the annual report needs amplification.

Contents of Reports. This listing or index of the contents of the annual report and the appropriate page number is located on the front inside cover or the first page of the report.

Financial Highlights. This capsule of the year being reported, the previous year, and the change in percentage is also located on the inside front cover or the first page of the report. Only Procter & Gamble and Texas Instruments did not list financial highlights. Elements reported in the financial highlights usually include:

1. Net Sales,
2. Taxes on Income,
3. Net Income,
4. Earnings per Common Share,
5. Dividends per Common Share,
6. Return on Capital,
Letter and Picture. The Letter to Shareholders is the most important narrative in the annual report and is discussed in detail in Chapter III. It is an overview of the rest of the report. It sets the tone of the whole report and is usually accompanied by a picture of the CEO and occasionally the Chief Operating Officer (COO) as well. This important non-verbal aspect of the annual report is discussed in more detail later in this Chapter.

Management Discussion. This narrative varies among reports, but usually addresses the past year in an "operational" way and in more detail than the CEO Letter. Explanation of financial results comes in the financial section. The management discussion section contains the majority of the pictures of the annual report and therefore has more appeal than the financial section which has only financial statements and data. There is no common order or arrangement of this section between annual reports. For instance, the AMR Corporation's (American Airlines) narrator divided the management discussion section into:

1982: The Year in Review,
Maintaining Financial Flexibility,
Deregulation,
SABRE (AMRs Agent Reservation System),
The DFW Hub,
New Corporate Headquarters, and
Other AMR Subsidiaries.
Merck & Company's narrator chose a different order for its management discussion:

Fifty Years of Merck Research,
Heart, Hunting the Silent Killer,
Antibiotics, the War on Infection,
Arthritis, Probing the Secrets,
Preventing Disease, The Molecular Attack,
Animal Health, Giant Steps, and
Review of Operations.

Rockwell International was more traditional and divided its management discussion into a review of business segments:

Aerospace Business,
Electronic Business,
Automotive Business, and
The Science Center:
Automotive,
General industries,
Energy systems,
Space,
Aircraft, and
Defense Electronics.

Financial Statements. Originally only this section appeared in annual reports. It is the official financial report of the year to the shareholders of the corporation. It contains:

Income Statement,
Balance Sheet,
Changes in Financial Position,
Statement of Shareholders Equity,
Notes to Financial Statements, and
Outside Auditor's Report.

Listings in Reports. This section comes last in annual reports and includes listings of:

Officers of the Corporation,
Members of the Board of Directors,
Company locations,
Stock Transfer Agents,
Stock Registrars, and
Auditors.

Multi-year Analysis. A five year analysis is required, although some companies have ten years of data for their shareholder's review. In most annual reports this analysis comes after the financial statements and before the listings. Several companies increased their rhetorical effort by deviating from the traditional order. In three reports it came before the financial statements. The two retailers from the service segment, K Mart and Wal-Mart as well as the high technology company, United Technologies, made their multi-year analysis before the detailed financial statements rather than after the statements as most corporations order this information. Both retailers had increased their revenues and profits in each of the ten years presented in the analysis. The narrator probably wanted the
persuasive multi-year financial picture to be noticed before the other financial statements because of its continuing success story. United Technologies, on the other hand, showed only five years in the multi-year analysis and in 1982 total revenues were down from 1981. However, net profits were up over 1981 and the percentage of profits to sales was the highest in the five years shown in the analysis. The narrator at United Technologies arranged the annual report so that the persuasive significance of the optimistic multi-year analysis preceded the less dramatic annual data shown in the financial statements.

Since the multi-year analysis is a form of a financial statement, ordering it just before the major financial statements as K Mart, Wal-Mart, and United Technologies did in 1982 is a rational arrangement that shows rhetorical significance on several years data, not just one year.

It is significant, I believe, that there were only two companies that positioned the multi-year analysis substantially different from the others and apart from the financial statements. McDonald's and Wang ordered this section before the management discussion section of their annual report. McDonald's, from the Service segment, and Wang, a high-technology company, both have a persuasive ten year success story to tell the audience of the annual report. Both of the companies have had consistent and long-term growth in both revenues and profits. They increased persuasive potential by positioning this rhetorical feature differently from all other companies in this study.
Their narrators ordered the section immediately after the Letter to Shareholders and before the Management Discussion.

Thonssen, Baird, and Braden remind us that there is rhetorical order in disposition and that "rhetoricians have devised certain parts that contribute to the formation of a whole artistic piece, and [rhetoricians] have given instructions as to the order in which these parts appear" (477). Even though these traditional rhetoricians were considering the disposition in a speech, ordering data in annual reports also has rhetorical significance.

These narrators used the rhetorical feature of arrangement to increase the optimism of the annual report with an explanatory communication performance that shows the composite audience that management is rational.

Front Covers. In recent years the design of annual reports has become important to management. Designers are selected to choose the appropriate style for front cover and the lay-out of the inside. In addition to the style however, there are other rhetorical features which make the choices of a front cover rhetorical. Adolph Lurie in his stockholder's guide How to Read Annual Reports Intelligently suggests that the covers "are used to furnish you with certain pertinent information. The front cover usually carries a very attractive picture and is directed toward the theme of this year's annual report or to some major aspect of the company's operation" (54).
A rhetorical analysis of the covers of the fifty annual reports in this study revealed that the majority of narrators did select an "attractive picture" for the front cover of the report. The summary of the analysis includes:

- 32 art or photography
- 5 company and product logos
- 9 plain covers
- 2 slogans and statements
- 2 maps

Each cover had the company name, the title of the report, and the year; but, other elements placed them into one of the categories listed above. A description of each of the fifty covers is presented in Appendix A.

Rhetorical choices were made by management and the narrator of annual reports just as rhetoricians deal with what Thonssen, Baird, and Braden call "proportion," a principal of structure and disposition which deals with position and space of the content. They claim that the aim of proportion is to "set forth the most important ideas and parts so that a listener or reader can properly understand them, and react favorably to them" (482). A modern example of proportion is the cover of the corporate annual report.

The cover of an annual report can function rhetorically because a carefully selected cover can help the narrator to accomplish the persuasive purpose determined by management. Position and space become important considerations in the display of the front cover of
the annual report because the cover selected may determine if the report is even opened by members of the composite audience. In most cases the cover was selected as an attention step to the principal message of the report.

Art or Photography. This category of front covers was mostly photographs. Two companies used art. The Levi Strauss art featured a woman in 501 jeans and McDonald's showed the sign being raised on a new store location.

The photographs were of the company's products or services and in some cases the customers using and enjoying the company's products. Both American and Delta showed pictures of their airplanes. AT&T's silicon wafer and TRW's micro-electronic chips were explanatory and representative of the high technological companies with pictures on their front cover. Both Kodak and Polaroid had various explanatory pictures which utilized their film. K Mart and Cheesbrough Ponds had interpersonal pictures of happy customers while IBM and Digital Equipment covers featured personal computers. Raychem was different because its narrator showed a political picture of the sculpture "Aurora" which stands outside the authoritative corporate headquarters. PepsiCo's cover showed a happy couple. The man had a bag of Ruffles and the woman held a Pepsi Cola. (Fig. 1.) The covers must have been intended to emphasize sales or marketing. Art and photography on the covers of annual reports are easily recognizable explanatory, interpersonal, and political communication performances by management to show rationality, sociability, and authority.
Logos on Covers. Blue Bell and Ingersoll Rand featured product logos on their covers. General Electric (Fig. 2.), United Technologies and Wall-Mart show the logo of their corporation. The narrators of these annual reports have a different purpose for this rhetorical feature when they position bold and authoritative company identification on the front cover of their annual reports. No doubt this political communication performance of corporate identity was considered authoritative by these narrators.

Plain Covers. Perhaps the most distinctive covers because of their solid, dignified color were the plain covers. Amdahl and Wang chose black; Intel, Procter & Gamble, and Texas Instruments (Fig. 3.) are white; and tan was the solid color for Hewlett Packard, Johnson & Johnson, and Rockwell International. Westinghouse was unique with a plain navy blue cover. These companies chose to color their front cover space with a solid, authoritative hue which has the rhetorical messages of elegance and quality.
Fig. 1. Front Cover, PepsiCo 1982 Annual Report (FC).
Fig. 2. Front Cover, General Electric Company 1982 Annual Report (FC).
1982
ANNUAL
REPORT

TEXAS
INSTRUMENTS

Fig. 3. Front Cover, Texas Instruments, Incorporated
1982 Annual Report (FC).
Slogans and Statements on Covers. Discourse on the front covers can be a valuable rhetorical feature because slogans or statements are usually intended to persuade. Caterpillar's revenues were down three billion dollars to $6.5 billion in 1982 and it lost money for the first time since 1932. Its statement emphasized its astute management of the company in problem times:

Our response to the business downturn has been comprehensive, orderly—and determined. We shall continue to pursue those initiatives that assure our long-term growth and industry leadership (FC).

Xerox (Fig. 4.) also had lower revenues and profits in 1982 but had a different message in the statements that the narrator selected for the front cover of its annual report:

We exist to earn profits. We use technology to develop product leadership. We require satisfied customers for success. We value our employees. We behave responsibly as a corporate citizen (FC).

Slogans and statements are rhetorical features and these companies must have wanted the composite audience to remember the rhetoric on their covers rather than their results.

Maps on Covers. National Semiconductor and Warner Communications (Fig. 5.) wanted to emphasize their world-wide commitment so both had maps of the world on their covers. This global theme had no tie to their revenues or profits. These corporations made rhetorical choices of "proportion" in selecting maps as front covers for their annual reports that hopefully caused an optimistic explanation of their sales efforts to many cultures.
We exist to earn profits.

We use technology to develop product leadership.

We require satisfied customers for success.

We value our employees.

We behave responsibly as a corporate citizen.
Fig. 5. Front Cover, Warner Communications 1982

*Annual Report* (FC). Used by Permission.
Front covers can influence the composite audience. The cover can be the first and only element seen and read and it can have a lasting influence on the interpretation of the report by the reader. It represents a rhetorical effort by management that shows the composite audience that management is rational, social and authoritative by the explanatory, interpersonal and political performances on the covers of annual reports.

**Salutations in Letters.** The stylistic greeting of the Letters also is a rhetorical feature. In fact, when the discipline of dialectic "took a commanding place" over the discipline of rhetoric in the study and teaching of language, only the studies of preaching and letter writing remained (Kane, 224). There were rhetorical rules in letter writing or what was then called dictamen, and one was that letters began with salutatio or what we now call the salutation. The rules of dictamen are applied differently today and suasory efforts continue in letter writing as evident in corporate annual reports and in the beginning of the Letter. Today one generally begins correspondence with a salutation or a greeting to one's reader(s). The common and accepted salutation for personal letters is simply "Dear." Only AT&T and United Technologies began their Letters with "Dear." The total salutation shows the reader the choice that was made by the narrator, the style he chose to address this audience. This rhetorical feature may suggest the way or manner a corporation views its owners. The salutations of all fifty letters are recorded in TABLE 4.
Table 4

Salutations used in the Letters

<table>
<thead>
<tr>
<th>Company</th>
<th>Salutation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amdahl</td>
<td>To our Shareholders</td>
</tr>
<tr>
<td>AMH</td>
<td>To our Stockholders, Employees and Customers</td>
</tr>
<tr>
<td>AT&amp;T</td>
<td>Dear Share Owner</td>
</tr>
<tr>
<td>Avon</td>
<td>To our Shareholders</td>
</tr>
<tr>
<td>Blue Bell</td>
<td>Letter to Shareholders</td>
</tr>
<tr>
<td>Bristol Myers</td>
<td>Letter to Stockholders</td>
</tr>
<tr>
<td>Caterpillar</td>
<td>The Year in Review</td>
</tr>
<tr>
<td>Chesbrough-Ponds</td>
<td>To our Shareholders</td>
</tr>
<tr>
<td>Dana</td>
<td>To our Shareholders</td>
</tr>
<tr>
<td>Dart &amp; Kraft</td>
<td>To our Shareholders</td>
</tr>
<tr>
<td>Data General</td>
<td>To our Shareholders</td>
</tr>
<tr>
<td>Delta Airlines</td>
<td>Report to Stockholders</td>
</tr>
<tr>
<td>Digital</td>
<td>To our Shareholders, Employees, and Friends</td>
</tr>
<tr>
<td>Eastman Kodak</td>
<td>Management Comments</td>
</tr>
<tr>
<td>Emerson</td>
<td>To our Stockholders</td>
</tr>
<tr>
<td>General Electric</td>
<td>To our Share Owners</td>
</tr>
<tr>
<td>General Foods</td>
<td>To General Foods Stockholders</td>
</tr>
<tr>
<td>General Motors</td>
<td>Letter to Stockholders</td>
</tr>
<tr>
<td>Gould</td>
<td>Report to Stockholders</td>
</tr>
<tr>
<td>Hewlett Packard</td>
<td>To our Shareholders</td>
</tr>
<tr>
<td>IBM</td>
<td>To our Stockholders</td>
</tr>
<tr>
<td>Ingersoll Rand</td>
<td>To Ingersoll-Rand Shareholders</td>
</tr>
<tr>
<td>Intel</td>
<td>Management Report</td>
</tr>
<tr>
<td>Johnson &amp; Johnson</td>
<td>Letter to Stockholders</td>
</tr>
</tbody>
</table>
Fifty-four percent or twenty seven of the greetings were to "shareholders" or "share owners." Nineteen or 38% address their readers as "stockholders," and four did not have any salutation.

The traditional salutation of "shareholders" appears friendlier than "stockholder" because a person who is acknowledged as a shareholder may seem to be a part of the corporation; she or he owns shares of the Company. A stockholder owns a piece of paper that says he or she owns so many shares of stock in the company. They are the same thing; but, more corporations appear to want their owners to become more of a part of the Corporation. AT&T and United Technologies appear more personal than others, by including in their salutation "Dear." General Electric and AT&T also call their owners "share owners." "Owner" is a friendlier term than holder; but only AT&T and GE use it.


Here are fifty corporations that range from a "Dear Share Owner" to no greeting at all. Logic could argue that to be greeted in a corporate annual report with "Dear" shows the reader that management has a higher regard than not to be greeted at all. Most used the term "Shareholder or Share Owner" a friendlier, more inclusive term than the "Stockholder" that owns paper. Several corporations addressed
their owners using the Company name; for example: "General Foods Stockholder," "Xerox Shareholder," and "The Stockholders of Texas Instruments." Other companies addressed not only their owners, but "Employees," "Customers," and "Friends" as well. These corporations made rhetorical choices which reflect not only how they view their owners, but a recognition of other elements in the composite audience. It was an interpersonal communication performance that shows an element of the sociability of the corporation.

Length of Letters. Blankenship (97) points out that another mark of effective style is simply length or what she calls "economy." Economy of the Letter is a rhetorical feature that is measured by the total number of words in the Letter. The overall average or mean in this study was 1139 words. Warner Communications leads the fifty reports with little economy at 2505 words and Dana is the most economical at 307 words. Warner's letter was 700% larger than Dana's.

Aristotle's "Golden Mean" has rhetorical relevancy to length in discourse (Thonssen, Baird, Braden, 482). If the narrator uses more examples than necessary or more statements than can be understood, the readers may lose interest. The narrator has to make a stylistic choice on the length of the Letter. Thonssen, Baird, and Braden feel that "Restraint is a mark of good style, for it is boorish...to waste a reader's or listener's time" (513). This is especially true in business writing where short sentences, crisp wording, and little punctuation is the preferred style.
In addition, length usually does not guarantee clarity. Longer sentences are usually filled with what Blankenship calls "loafer words" (97). Longer sentences usually contribute to longer Letters. While shorter narrative is desired for clarity, there are no rigid rules for length (Blankenship 98). But, comparisons of length are useful because they are a reflection of the rhetorical choices made by the narrators to influence the composite audience.

As might be expected, Hi-Tech companies had the shortest letters. They averaged 1021 words per letter; Raychem had only 483. Consumer companies were the longest with the average total words of 1330. Warner's length was excessive: 2505 and 500 words more than the nearest other consumer company in length. Both the Industrial and the Service companies had an average of around 1100 words per Letter, very close to the overall average of 1139.

Revenues or successful operating profits apparently had little to do with the length of the Letters. Companies that did well wrote long and short Letters, as did those that performed poorly. But, the choices made by the narrators probably represent a political communication performance aimed at establishing authority. Tone can be determined to some extent by length. Short letters that were to the point, the choice of High Tech companies, would seem to be classified as being concise, while Consumer Companies chose Letters averaging 300 words more than Hi-Tech Companies. Longer Letters have to be considered wordy, perhaps containing too much explanation. Listing of each Letter and its length follows in Table 5.
Table 5

<table>
<thead>
<tr>
<th>Length of the Letters</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dana 307</td>
</tr>
<tr>
<td>Raychem 483</td>
</tr>
<tr>
<td>NCR 544</td>
</tr>
<tr>
<td>American Airlines 549</td>
</tr>
<tr>
<td>Rockwell 566</td>
</tr>
<tr>
<td>Digital 651</td>
</tr>
<tr>
<td>Amdahl 669</td>
</tr>
<tr>
<td>Westinghouse 710</td>
</tr>
<tr>
<td>Lockheed 725</td>
</tr>
<tr>
<td>Revlon 782</td>
</tr>
<tr>
<td>TRW 816</td>
</tr>
<tr>
<td>Pepsico 819</td>
</tr>
<tr>
<td>Intel 825</td>
</tr>
<tr>
<td>United Tech. 852</td>
</tr>
<tr>
<td>Maytag 860</td>
</tr>
<tr>
<td>Data General 877</td>
</tr>
<tr>
<td>Wal-Mart 893</td>
</tr>
<tr>
<td>McDonald's 914</td>
</tr>
<tr>
<td>Ingersoll-Rand 922</td>
</tr>
<tr>
<td>Dart &amp; Kraft 935</td>
</tr>
<tr>
<td>Polaroid 948</td>
</tr>
<tr>
<td>Marriott 962</td>
</tr>
<tr>
<td>Bristol Myers 987</td>
</tr>
<tr>
<td>AT&amp;T 1010</td>
</tr>
<tr>
<td>Texas Instruments 1022</td>
</tr>
<tr>
<td>Eastman Kodak 1125</td>
</tr>
<tr>
<td>AVERAGE 1139</td>
</tr>
</tbody>
</table>
CEO Pictures. Robert U. Akert in his book *Photoanalysis* pointed out that: "Photographs have a special language of their own, and all photographs tell some kind of story beyond the purely visual record" (9). Akert reminds us of the problem when we try to interpret the stories we see in pictures of people. He feels that it "may not be the whole truth and sometimes we will never know" (142). The picture of the top management person certainly is a rhetorical feature because of the choices made to present this executive to the composite audience. The CEOs were pictured adjacent to the Letter to Shareholders. He is pictured "looking properly presidential or chairmanlike, exuding competence, confidence, and, of course, conservatism" (Levy 42). Fig. 6. is a good example of a political communication performance. The picture or portrait of corporate power is designed to convey a message of authority to the reader of the annual report and to help the narrator accomplish a rhetorical purpose determined by management, which is probably one of optimism. A CEO that looks proper is the right choice to lead the corporation.

In order to try to understand management and the narrator's choice better, the writer reviewed all fifty annual reports. Six did not picture the CEO in the Report; they were: Dana, Digital Equipment, Texas Instruments, Schulemberger, Delta Airlines, and McDonald's. Five of the reports had only black and white pictures of their CEO and executives; they included: Data General, National Semiconductor, IBM, Lockheed, and Wang. Intel showed all the photography in its report in black and white silhouettes.
Fig. 6. William T. Ylvisker, Chairman and CEO, Gould Inc. 1982 Annual Report (3).
In forty-eight percent of the reports, the CEO was pictured alone; most of the remaining CEOs were pictured with the Chief Operating Officer (COO). Twenty seven percent of CEO pictures were formal portraits, usually a bust shot, while sixty-two percent were pictures in informal settings. Six CEOs were pictured outside:

AT&T Chairman Charles L. Brown was in the lobby of the new AT&T Headquarters in New York City.

Chairman Lee L. Morgan and President Robert E. Gilmore were photographed from the balcony of Caterpillar's Administration Building with downtown Peoria, Illinois, in the background.

CEO John Young and founders David Packard and William R. Hewlett were pictured outside in a "woods setting." (Hewlett-Packard)

CEO Daniel J. Krumm of Maytag was pictured in front of the new subsidiary Jenn Air plant.

CEO Robert Anderson and others in the Office of the Chief Executive at Rockwell International are backgrounded by an all glass building.

Westinghouse's CEO R. E. Kirby and Vice Chairman D. D. Danforth are on a balcony with the freeways, rivers, and other buildings of Pittsburgh forming the two-page-spread setting.

Thirty four percent of the CEOs were doing no apparent "work" in their picture. Others were handling papers or products or were pictured on or near a desk or table in a working office setting. In later years the trend has been to show the CEO at work more than corporate narrators did in 1982 (Levy 43).

CEO pictures represent explanatory, interpersonal, as well as political communication performances. A cultural response of authority must come from a formal bust shot; the CEO pictured with the "corporate city" in the background is a sign of sociability; and, it is certainly rational to have the CEO apparently working.
The Setting. Only eight CEOs were pictured in actual portraits, solid backgrounds, with no obvious settings. Less than two percent of the fifty reports examined preferred this classic executive portrait style, which at one time was the common practice in annual reports. Three were in the top third in operating profits in their category, three were in the mid range, and two were in the lowest third. So there appears to be no apparent profit related reason for the regal portrait of the CEO; perhaps it was his personal style. In any case this rhetorical feature, a political communication performance, helped convey the meaning, determined by management, to accomplish the rhetorical purpose of regal and authoritative management whose judgment cannot be questioned.

Another two percent were pictured with art or plants in the pictures as background. It is well known that physical setting influences behavior because of the symbolism expressed by various items in business offices (McCaskey 144). These CEOs wanted the recognition of their taste for or support of the arts. The Raychem CEO and his Executive Vice President were pictured outside with the sculpture "Aurora."

Plants in an office seem to convey an interpersonal performance of a relaxed and natural atmosphere or a symbol that the executive is happy to be there, or feels "at home" with his work. Knapp has reported that bankers changed the settings in banks to a "friendly, warm and homey image of a place where people would enjoy sitting down and openly discussing their finances" (94).
This rhetorical feature, representing all three communication performances, the setting in which these male CEOs are pictured tell us about the man, the choices that he makes in his office or suite, and the artifacts he chooses to symbolize his rationality, sociability and authority. We know that a few wanted their portraits in the annual report. Six wanted to be pictured outside where another message could be projected. Thirty CEOs were pictured inside an office, manufacturing plant, or with the products produced by the corporation.

Clothes of Executives. John T. Molloy wrote a popular book, *Dress For Success*, in which he pointed out that his observations covered fifteen years and reactions from 15,000 executives. He provided no literature search because there was "no literature in the field" (23). There still is little literature. Communication scholars Lawrence B. Rosenfeld and Timothy G. Plax used a battery of tests and a multivariate approach to investigate the relationship between dress and personality of University of New Mexico students. They concluded that their study would provide the basis for more accurate judgments of personality based on clothing (31). Even clothes are a rhetorical feature because they help the wearer to accomplish a rhetorical purpose. Knapp has reported that there is plentiful anecdotal evidence that "clothes communicate" (176). CEOs, like all persons, make choices in the clothes that they wear. They also made a choice on what they wore when they were pictured for the annual report.
Shirtmaker Mortimer Levitt wrote *The Executive Look - How to Get It - How to Keep It* in 1983. His findings were based on his opinions in dressing executives for many years (4). Molloy's research documents that in matters of executive clothing "conservative, class-conscious conformity is absolutely essential to the individual success of the American business and professional man" (12). This was confirmed by examining the clothing of the 44 CEOs pictured in annual reports. For this political communication performance, eighty percent wore dark suits. Eight CEOs, most notably Roger Smith of General Motors, wore lighter blue, brown, or grey suits. The executives at Amdahl were in shirt sleeves; the sleeves were not rolled! Dark suits are conservative and most wore them. Molloy claims that the "darker the suit, the more authority it transmits" (52). CEOs have, however, shrugged off the very conservative three-piece suit. Seventy three percent wore two-piece suits. Two CEOs from Levi Strauss and Data General did wear the conservative three-piece suit with vest. It was difficult to determine which style other CEOs wore because of the scope or angle of the picture.

In Donald Bryant's discussion of the order and movement in writing he mentioned that sentiments can be conveyed by words or colors (58). Since most CEOs wear dark suits, any sentiment or degree of sociability would have to be conveyed by the primary color carrier in the wardrobe: The CEOs tie. Molloy feels that the "tie is the single most important denominator of social status for men in the United states" (75). All the CEOs wore ties; even the Amdahl
executives. Molloy favors solid or patterned blue ties followed by brown, beige, and maroon. He never specifically mentions red, but advises against black and purple (99). The forty-four pictured CEOs were consistent in their ties:

- Blue: 15
- Mostly Red: 6
- Some Red: 13
- Other Colors: 3
- Black & White Picture: 7

Total: 44

Thirty four percent supported Molloy's advice; but 43% had red or some red in their ties. Research on the message conveyed in color varies, but the following list of adjectives was compiled from Knapp (96-97):

<table>
<thead>
<tr>
<th>Red</th>
<th>Blue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arousing</td>
<td>Pleasant</td>
</tr>
<tr>
<td>Exciting</td>
<td>Secure</td>
</tr>
<tr>
<td>Stimulating</td>
<td>Comfortable</td>
</tr>
<tr>
<td>Defending</td>
<td>Tender</td>
</tr>
<tr>
<td>Defiant</td>
<td>Soothing</td>
</tr>
<tr>
<td>Contrary</td>
<td>Calm</td>
</tr>
</tbody>
</table>

But, CEOs in the annual reports examined in what could be labeled an interpersonal performance showed their sociability by being partial to the bolder, arousing, exciting color of red in their ties; however, a second group preferred the more soothing, calm, secure color of blue.

Interestingly only three CEOs wore bow ties. They were William McCune of Polaroid, Paul Cook of Raychem, and An Wang of Wang
Laboratories. Levitt claims that the bow tie "gets its questionable reputation from the pitchman," although he wears one himself (117). Malloy feels that bow ties give negative effects: "You will not be taken seriously when wearing one. The only positive use comes if you are too powerful a personality, in which case they can soften your image" (91). Malloy was describing the interpersonal communication performance which shows the social response desired from the composite audience.

Polaroid was in the lowest third in operating profits in its category, Raychem in the middle third, and Wang in the highest third. Therefore bow ties cannot be attributed to the performance of the CEO who wears one. However, Messrs. McCune, Cook, and Wang may be powerful pitchmen!

The rhetorical features in the clothes of corporation leaders present varied messages of sociability to the composite audience: authority, excitement, conformity, and brashness. While scholarly literature is lacking, one can conclude that clothes do communicate. The dark conservative suit and red tie symbolize business in this country and few businessmen deviate from this successful uniform.

Stance of CEOs. CEOs determined what they would be doing in their pictures and who would be pictured with them. This certainly shows the management style and sociability of the CEOs

Pictured alone 48%,
Pictured with COO 34%, and
Pictured with others 18%.
Clearly there is no pattern because 52% wanted to be with other executives and 48% wanted to be alone.

Levy's description of CEO pictures in annual reports includes a "Mona Lisa smile" (42). But not all of the CEOs examined were smiling; only twenty-six or 59%. Some of the smilers had a good 1982 and others must have been in anticipation of better things to come.

Levy claims that there is a trend in CEO pictures in annual reports--more work and less pose. But, in 1982 that trend must not have gained in popularity. Thirty three percent of the CEO were in varying degrees of doing something. Five CEOs had their hands on top of the desk or table in the pictures. Five other CEOs actually had their hands on papers on the desk or a folder in hand. Five additional CEOs were shown with product made by the Corporation. Perhaps these fifteen were the innovators of things to come in annual reports, but they certainly wanted to be more active than the CEOs that preferred a portrait.

Summary. The rhetorical feature of the order of the annual report is selected by the narrator to guide the composite audience in its interpretation of what and when it reads the elements of the report. When a report features a multi-year analysis by placing it before the management discussion, the explanatory message of long-term growth and profitability becomes more important than the results of the year being reported.

Selection of the front cover presents a message which could be product oriented or a product/company identification emphasis which is
shown in photography and art. A quality message could be projected by a plain color. Certainly a political slogan or statement tells the composite audience immediately the message that the narrator wants emphasized on the front cover.

The style expressed by the CEOs in the fifty annual reports examined could be predicted by the writer. Even though many "small particles" were examined, there was little or no consistency with the performance of the CEO and his corporation. But, these small particles of style certainly contributed to the rhetorical potential of the reports because the composite audience was being socialized by these interpersonal communication performances. The narrator wanted the reader to like and to respect the CEO, not necessarily for his performance, but by the style that was emerging in the annual report.

Most companies were formal with their salutations in their letter writing or "dictamen" as they addressed their audience in memorandum format: "TO." But, the interpersonal communication performance of using the friendlier term of "shareholder" rather than "stockholder" showed the degree of sociability desired. Hi-Tech companies wrote shorter Letters than their Consumer counterparts. Length, however was related to the message and not the balance sheet because those that performed poorly wrote long as well as short letters, just as those whose performance was ranked high.

Many messages of sociability were conveyed by the pictures of the CEOs: they were not pictured, pictured alone, or pictured with others. Most wanted to be pictured indoors; a few had unique outside
settings. Several were starting a trend to "work" in the picture, although not too strenuously in 1982. Most were smiling and some preferred plants or art to be pictured as background. They were all conservative dressers. Only one company had executives with no coats. Most wore dark suits with either red or blue ties.

These rhetorical features of the modern, extended style and arrangement were chosen by the CEOs, the narrators, and the corporations studied and they all have persuasive potential. Donald Bryant felt that Marie Nichols' quote from Robert Oppenheimer on traditional style was appropriate:

It is style which complements affirmation with limitation and humility; it is style which makes it possible to act effectively, but not absolutely; it is style which ... enables us to find a harmony between the pursuit of ends essential to us, and a regard for the views, the sensibilities, the aspirations of those to whom the problem may appear in another light; it is above all style through which power defers to reason (61).

The power and the desires of the CEOs were made possible by the choices made in the selection of the rhetorical features of style and arrangement. Style and arrangement provide good examples of rhetorical features that send persuasive messages to the composite audience.

The usual order and overall organization of the report leads the reader to the components that management feels will reveal the story in the most understandable and optimistic way. When the usual order is changed and the multi-year analysis, for example, is positioned to
emphasize or de-emphasize performance, this rhetorical feature becomes an effort to persuade the composite audience of the rationality of the corporation's management.

The front cover is a rhetorical feature that is determined by management to forward an important message even if the reader goes no further. Plain covers present a sense of distinction and authority, pictures of products and people tell of rational marketing strategies, company logos also espouse rationality by the corporate identity positioned to draw attention to the total entity, maps show world-wide activities and slogans and statements present an optimistic message for the year from management.

Letter writing is the standard business communication because even most business telephone conversations are "confirmed" by letter. It is appropriate that the letter in the corporate annual report is considered the most important element in the report. Accordingly, the rhetorical feature of the simple salutation should take on an important interpersonal meaning to the composite audience. While most use the standard "shareholder" salutation, other corporations show management's sociability and view of the owners with no salutation, or in several cases, a "dear."

The tone of the letter can be determined by the length of the letter. Rhetorical choices are made when the letters are short and to the point like those in the high technology segment or long and perhaps wordy in the letters of the consumer companies. This rhetorical feature points out to the reader that the differences in
length, while not tied to performance, had an intended message from management.

The top person in a corporation is a personality that is important to all elements of the composite audience: shareholder, employee, customer, supplier, competitor, and friend. Since the setting, clothes, and stance of the CEO have rhetorical implications they become legitimate rhetorical features. Certainly the CEO himself determined, in most cases, how he would be presented in his corporation's annual report, the sociability he desired. He could be regal and unapproachable, surrounded by other team members, showing readers the company interest in art, supporting conservatism by his clothes, or a combination of all.

The specific message in all these rhetorical features is not always clear. We know that the messages do not necessarily support the performance of the corporation, or even other aspects of the annual report. But we can recognize them clearly as communication performances that contribute to the culture of the organization itself as well as the composite audience.

The way the annual report is organized and arranged is an explanatory communication performance that contributes to the rationality of the communication. Management desires that the audience view its performance in a rational way so it orders the elements in a way that is intended to be rational and positive. The selection of the front cover and the determination of the length of the letter can also be considered explanatory communication
performances which are intended to persuade the audience of the authority of management and the corporation itself. In addition, front cover pictures and letter length are interpersonal performances. Happy people tell the composite audience of the sociability of the organization. Plain covers or covers with logos or statements are powerful political communication performances which can create the authority desired by management. Short letters can be a positive effort in communication while an excessively lengthy letter, by its length alone, could tell the readers an unclear message with "loafer words" follows.

An interpersonal relationship certainly is also intended by the setting of the CEOs picture, his clothes, and stance. The intended sociability can be determined by the smile or lack of one by a CEO. His stance of working at his desk or being photographed outside with a city background tells the audience his actual interests or the interests he would like for them to believe he has adopted. His clothes reveal his interpersonal and political communication performances on a day to day basis. CEOs with bow ties are probably as sociable as those that work in their shirt sleeves. The dark suit worn by most CEOs is a political performance that shows his authority as well as his conformance to the business norms.

The question for this Chapter is: "In what ways do arrangement and style act as rhetorical features of annual reports? The answer becomes: Style and arrangement act as rhetorical features of corporate annual reports because of the order and presentation of discursive and
nondiscursive ideas. These rhetorical features provide examples of varied communication performances which are planned by management as persuasive, optimistic rhetoric which shows the cultural elements of rationality, sociability, and authority.
WORKS CITED


CHAPTER III

THE LANGUAGE OF CORPORATE ANNUAL REPORTS

Style is probed even further in this chapter by focusing on the role of the narrator in the development and usage of the language in the annual report. The Chapter addresses the question: How does the narrator's language function in the annual report to serve the rhetorical purpose of the discourse? The analysis examines the language with the communication performance of the narrators as each attempts to achieve the apparent major purpose of management, which is to communicate to the composite audience the best possible results of the past year and the most hopeful aspects of the next year; or simply to communicate optimism. The language in the letter to shareholders best exemplifies this primary communication performance of explanation which creates the rationality desired by management. But, communication performances of sociability and authority also become apparent. The writer and other business people consider "management" as all executives collectively. They are considered as a class and as distinguished from labor. The term "management" refers to those
executives who are responsible for the control and direction of the affairs of the business.

The corporate annual report is an excellent place to look at the discourse of management as told by the narrator; especially the rhetoric and communication performance of the chief executive officer or CEO, who signs the Letter. By studying language, we can learn how the narrator attempts to accomplish the rhetorical purpose for management. It is common knowledge that the aim of the annual report is to provide information and to influence the readers. Since members of this composite audience hold the key to the future of the corporation, management's major explanation becomes the reflection of optimism in its annual report. The language of the annual report is a way that management can reflect optimism. This chapter intends to show how the narrator presents optimism to achieve the rhetorical purpose intended by management.

**Letter to Shareholders.** The discursive rhetoric of management in the corporate annual report is best represented in the Letter to Shareholders because every report has one, the CEO signs it, and it is the best read section of the total report. Since the content of the report differs from company to company, the presence of the Letter is the common thread in all reports. The attention given the Letter is considerable because it is ultimately attributed to the Chief Executive Officer.

*Company Annual Reports* by Thomas H. Sanders, a professor of accounting at Harvard, is a "how-to" book designed to help
corporations with their annual reports. It is based on analysis of annual reports as well as questionnaires. Sanders advised his readers how to develop the "President's report" or what we now call the Letter to Shareholders:

A good [President's] report is a work of creative imagination. It should show what is really going on in the company, the aims and ambitions of management, the problems encountered in realizing them, the factors making for success or failure, the achievements of the past, and the hopes for the future. The more these things can be presented as matters of human interest the better. But "human interest" means more than mere sentimental items. The basic interests of all its members are bound up in the success of the business as a whole. The total picture must be presented in the interpretative terms of the true artist. For those who know how to read them, the financial statements tell a vital part of this story. But the President's report should be a real story, and high-lighted with dramatic emphasis, but above all true and sounding true (39).

In 1971, Richard A. Lewis wrote the first comprehensive work on the conception and design of annual reports. He claimed that the annual report had outgrown its mere financial function and had become a "corporate communication of the first magnitude" (8). The letter to stockholders, Lewis claimed, is the best read section of an annual report:

The Letter, signed by the company's top executive is the best read section of the annual report. To be effective, it should not bog down in complicated details. Rather it should hit the high points, telling what's important and why. The Letter should discuss bad news in a candid, straightforward manner. And, most important, the Letter---like a crystal ball---should give the reader a glimpse of the future, the direction of the company, the source of growth. The best read
letters are brief, one or two pages, and include a photo of the man who signs the Letter (102).

The Optimism of the Letters. Study of Letters can be insightful. By looking at the language in regard to frequency of certain words and the general themes created by the particular theme of each Letter, one can assess the role of language in serving the optimistic rhetorical purpose of the reports. By looking carefully at this explanatory communication performance, the interpersonal and political communication performances will become more apparent. These two ways are not exhaustive, but they represent the basic component of language, (words), as well as clusters of words, (themes), that provide meaning to language. Certainly a critic may read and re-read discourse to be evaluated, but the tabulated frequency of occurrence of words in the discourse provides data that quantify to some extent the discourse of the narrator, providing a base in which to start the analysis. Accordingly, each of the fifty Letters was individually typed into a Prime mainframe computer by the writer. This was done to provide a data base for analysis of word categories, but also to format each Letter in the same way so that its original style, type face, color, graphics, and visual cues would not influence the writer in classifying and categorizing the major themes in the discourse.

Both the groupings of words and the major themes in the Letters were subsequently named. Naming is a rhetorical technique that is a process of "ordering the world" and of focusing attention. We do not label single words or themes but the category of words and
themes that appear to be similar. These names permit us to ignore the differences and to lump them into the groupings to which we can then respond in a rhetorical manner (Campbell, *Rhetorical Act* 254).

**Words in Letters.** Knepprath has pointed out that even though computers do not analyze the evidence and reasoning in discourse they do call attention to certain characteristics (152). Makay and Brown have said that "words as words are...categories" (387). Accordingly, a computer analysis of words reveals categories that help to determine the usage of the language chosen by the narrator.

The narrators of the Letters could heighten the appeal to optimism by increasing the usage of certain types of words. Communication texts remind us that although repetition provides no real proof it has strong persuasive impact. This certainly is the case in business where millions of dollars annually are spent in advertising where messages, themes, and words are repeated in all the media. So, the 36,055 words were tabulated by the computer to determine the frequency of their usage in the Letters. This microscopic critical approach is helpful in estimating the various meanings of the language in the total discourse. Words under four letters were deleted by the computer because they are primarily utilitarian and have little meaning when standing alone and away from the discourse they modify. In addition the writer counted as one word the words with the same base. For example:

"benefit,"
"benefited," and
"beneficial"
were all counted as "benefit."

Themes of the Letters. After the words in aggregate were tabulated by the computer, the dominant individual themes were then determined for each Letter by the writer. This was done by three readings of each of the fifty letters in the stark computer format and then countless arranging, consolidating, and naming of the themes. Since the words were examined in aggregate, they did not influence the choices made in this categorizing and naming of the individual Letter themes.

For example, this determination of the theme included writing the key words of possible themes, determining their compatibility, eliminating those that were less dominant in the text, consolidating the key words with an overall theme for each letter and finally finding an actual sentence in the text that best embodies the theme. The themes were then grouped into categories by their similarities.

Word Choice and Usage. In any discourse, the act of choosing words that the author will use has meaning in itself. Since words are rhetorical devices that help to inform and persuade the readers to accept arguments in discourse they were chosen as the data to determine the degree of optimism created by the narrator. Richard M. Weaver urged acceptance of the "ancient belief that a divine element is present in language." He felt that humans deeply believe
that to have "power of language is to have control over things" (33). Certainly the narrators of annual reports are using this power of the choice of words in order to achieve a purpose. Weaver considered words "common currency" and that their significance is greater than the single usage in a single situation (44). Since single usages were not tabulated the significance of this tabulation becomes noteworthy.

There was a total of 36,055 words in the Letters to Shareholders. Approximately six thousand of these words were unique, or not repeated. Certainly proper names would constitute a large portion of these unique words. The rest, approximately 30,000 words, were repeated at least once. Four-or-more-letter words used at least twenty times were tabulated. They totaled 14,789 or 41% of the total words chosen by management in the Letters, a fair representation of the total. They are listed in total in Appendix B.

Utilitarian words ("with," "that," "were," "from," etc.) totaled 3,741 or 10.4%. These words have little meaning when they are used alone. They modify other words and together with those words form some sort of meaning. All discourse contains utilitarian words. For this study they are listed in Table 6.

Business words ("sales," "market," "technical," "corporate," "plan," "Board," etc.) represented 14.8% of the total. These words are used routinely in business and become descriptive of the work being done in corporate America. These words are the "tools of the trade", so to speak and are listed in Table 7.
Financial words totaled 3,184 or 8.8% and are shown in Table 8. These words help to describe the financial results and certainly are expected in a financially oriented document such as the corporate annual report.
Table 6

<table>
<thead>
<tr>
<th>Utilitarian Words in the Letters of Corporate Annual Reports</th>
</tr>
</thead>
<tbody>
<tr>
<td>with</td>
</tr>
<tr>
<td>that</td>
</tr>
<tr>
<td>this</td>
</tr>
<tr>
<td>have</td>
</tr>
<tr>
<td>will</td>
</tr>
<tr>
<td>were</td>
</tr>
<tr>
<td>from</td>
</tr>
<tr>
<td>which</td>
</tr>
<tr>
<td>these</td>
</tr>
<tr>
<td>result</td>
</tr>
<tr>
<td>during</td>
</tr>
<tr>
<td>made</td>
</tr>
<tr>
<td>than</td>
</tr>
<tr>
<td>been</td>
</tr>
<tr>
<td>long</td>
</tr>
<tr>
<td>also</td>
</tr>
<tr>
<td>through</td>
</tr>
<tr>
<td>complete</td>
</tr>
<tr>
<td>important</td>
</tr>
<tr>
<td>other</td>
</tr>
<tr>
<td>while</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>
Table 7

Business Words used in The Letters of Corporate Annual Reports

<table>
<thead>
<tr>
<th>Word</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>product</td>
<td>472</td>
</tr>
<tr>
<td>company</td>
<td>419</td>
</tr>
<tr>
<td>market</td>
<td>306</td>
</tr>
<tr>
<td>business</td>
<td>289</td>
</tr>
<tr>
<td>continue</td>
<td>282</td>
</tr>
<tr>
<td>sale</td>
<td>278</td>
</tr>
<tr>
<td>operation</td>
<td>215</td>
</tr>
<tr>
<td>develop</td>
<td>202</td>
</tr>
<tr>
<td>industry</td>
<td>158</td>
</tr>
<tr>
<td>world</td>
<td>154</td>
</tr>
<tr>
<td>technical</td>
<td>142</td>
</tr>
<tr>
<td>share</td>
<td>139</td>
</tr>
<tr>
<td>system</td>
<td>136</td>
</tr>
<tr>
<td>program</td>
<td>137</td>
</tr>
<tr>
<td>manage</td>
<td>131</td>
</tr>
<tr>
<td>position</td>
<td>115</td>
</tr>
<tr>
<td>service</td>
<td>108</td>
</tr>
<tr>
<td>level</td>
<td>108</td>
</tr>
<tr>
<td>president</td>
<td>101</td>
</tr>
<tr>
<td>employee</td>
<td>101</td>
</tr>
<tr>
<td>corporate</td>
<td>98</td>
</tr>
<tr>
<td>research</td>
<td>97</td>
</tr>
<tr>
<td>division</td>
<td>96</td>
</tr>
<tr>
<td>work</td>
<td>85</td>
</tr>
<tr>
<td>manufacture</td>
<td>79</td>
</tr>
<tr>
<td>line</td>
<td>79</td>
</tr>
<tr>
<td>strategy</td>
<td>78</td>
</tr>
<tr>
<td>Vice (president)</td>
<td>77</td>
</tr>
<tr>
<td>computer</td>
<td>76</td>
</tr>
<tr>
<td>nation</td>
<td>75</td>
</tr>
<tr>
<td>plan</td>
<td>74</td>
</tr>
<tr>
<td>introduce</td>
<td>74</td>
</tr>
<tr>
<td>customer</td>
<td>74</td>
</tr>
<tr>
<td>leader</td>
<td>73</td>
</tr>
<tr>
<td>electronic</td>
<td>73</td>
</tr>
<tr>
<td>effort</td>
<td>71</td>
</tr>
<tr>
<td>Board</td>
<td>71</td>
</tr>
<tr>
<td>Total</td>
<td>5,344</td>
</tr>
</tbody>
</table>
Table 8

Financial Words used in the Letters of Corporate Annual Reports

<table>
<thead>
<tr>
<th>Word</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>year</td>
<td>533</td>
</tr>
<tr>
<td>million</td>
<td>286</td>
</tr>
<tr>
<td>economic</td>
<td>204</td>
</tr>
<tr>
<td>earn</td>
<td>203</td>
</tr>
<tr>
<td>percentage</td>
<td>140</td>
</tr>
<tr>
<td>profit</td>
<td>120</td>
</tr>
<tr>
<td>cost</td>
<td>120</td>
</tr>
<tr>
<td>rate</td>
<td>115</td>
</tr>
<tr>
<td>finance</td>
<td>108</td>
</tr>
<tr>
<td>invest</td>
<td>103</td>
</tr>
<tr>
<td>capital</td>
<td>97</td>
</tr>
<tr>
<td>expense</td>
<td>94</td>
</tr>
<tr>
<td>added</td>
<td>91</td>
</tr>
<tr>
<td>quarter</td>
<td>87</td>
</tr>
<tr>
<td>billion</td>
<td>86</td>
</tr>
<tr>
<td>performed</td>
<td>85</td>
</tr>
<tr>
<td>fiscal</td>
<td>85</td>
</tr>
<tr>
<td>state</td>
<td>84</td>
</tr>
<tr>
<td>included</td>
<td>82</td>
</tr>
<tr>
<td>expect</td>
<td>82</td>
</tr>
<tr>
<td>change</td>
<td>80</td>
</tr>
<tr>
<td>past</td>
<td>77</td>
</tr>
<tr>
<td>total</td>
<td>75</td>
</tr>
<tr>
<td>condition</td>
<td>75</td>
</tr>
<tr>
<td>time</td>
<td>73</td>
</tr>
<tr>
<td>Total</td>
<td>3,184</td>
</tr>
</tbody>
</table>
Corporate annual reports would be expected to contain many business and financial words and terms. These words are descriptive of the function being explained. Utilitarian words are major parts of all discourse. Accordingly, management's rhetorical purpose becomes clear when the remainder of the words are analyzed. Interestingly, this study shows that in the 1982 reports, words considered "superlative" represent 6.1% of the total words while "diminishing" types of words were only .87%.

Superlative words were so named because they represent the most positive or optimistic choice of words: "more," "growth," "higher," "improve," "strong," "major," "significant," "large," etc. All the superlative words are listed in Table 9.

On the other hand less than one percent of all words were considered "diminishing" types of words. They total 314 and include:

reduce

decayed, and

last
Table 9

Superlative Words used in the Letters of Corporate Annual Reports

<table>
<thead>
<tr>
<th>Word</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>more</td>
<td>322</td>
</tr>
<tr>
<td>increase</td>
<td>294</td>
</tr>
<tr>
<td>growth</td>
<td>271</td>
</tr>
<tr>
<td>higher</td>
<td>181</td>
</tr>
<tr>
<td>improve</td>
<td>177</td>
</tr>
<tr>
<td>future</td>
<td>127</td>
</tr>
<tr>
<td>strong</td>
<td>121</td>
</tr>
<tr>
<td>over</td>
<td>113</td>
</tr>
<tr>
<td>major</td>
<td>107</td>
</tr>
<tr>
<td>succeed</td>
<td>103</td>
</tr>
<tr>
<td>significant</td>
<td>100</td>
</tr>
<tr>
<td>well</td>
<td>99</td>
</tr>
<tr>
<td>strength</td>
<td>99</td>
</tr>
<tr>
<td>large</td>
<td>97</td>
</tr>
</tbody>
</table>

Rhetorical Analysis of Words. Public and scholarly perceptions of corporate annual reports reveal that this explanatory discourse is intended to show the best aspects of the company for the given year. In order to be positive and present optimism in all subject areas, "superlative" words would need to be used. If it was a bad year, superlative words would be used to forecast the next year. If it was a good year, superlative words would explain the successful past. Being optimistic is expected in annual reports. In 1982, and in other years, I am sure, annual reports did not surprise us in this respect. But, is not this rhetoric effective? Would stock be sold? Would
employees be motivated? Would suppliers be reinforced? Certainly these rhetorical questions could not be answered "yes" if the discourse in the annual report was not purposely designed to be optimistic. Annual reports need to reinforce the message that in the future, management will correct past mistakes or that management will continue its good performance. The frequency of usage of the words in the 1982 Letters is evidence that this is true.

Theme Examination. Each of the fifty Letters to Shareholders was studied by the writer and the content of the rhetoric in the Letters was carefully reduced to a single dominating theme. Certainly, all the Letters discussed the financial results of the year, their operational highlights, board membership changes, and their personnel, usually in that order. In addition to the usual and required subjects on the financial results of the year, the reports had themes. Some themes were by design of the rhetor and were featured throughout the report, like Revlon's haircoloring theme. Other themes were not so easy to recognize. The writer determined the theme from the repetition in the discourse, like Polaroid's "building for the future." These themes were then grouped into categories and ordered by naming them. The names came after careful investigation of the discourse and comparisons of the Letters. They are not exhaustive or mutually exclusive, but emerged from the discourse as representative categories of the language of corporate annual reports. The categories, in alphabetical order are:

Blamers,
Equivocators,
Futurists,
Inventers,
Satisfiers, and
Vaunters

The narrators of the 1982 corporate annual reports delivered this variety of themes to their readers; some are considered positive and some negative in nature.

Blamers. Eleven narrators wanted to place the responsibility of the year on external factors, rather than on the management of the company. They showed their audience that the economy, the dollar, their industry or markets greatly contributed to the year's results rather than internal decisions were the cause...or the "blame."

The airlines were depressed in 1982; the narrators can be classified as "blamers." The narrator at Delta Airlines, with zero operating profits, claimed that:

The depressed national economy, combined with increasingly intense competition among airlines, and the lingering disruptive effects of the air traffic controllers strike have caused the nation's airlines to suffer record financial losses (2-3).

Even though American Airlines (AMR) showed a modest 4.2% operating profit, its narrator blamed the U. S. Markets:

A weak economy and the competitive excesses created by airline deregulation resulted in heavy downward pressures on fares in virtually every market in the United States (2-3).
Interestingly, General Motors, with the highest operating profits of all the industrial companies examined (15.2%), still blamed industry for the poor year: "Industry deliveries of passenger cars and trucks declined for the third straight year" (2-3). Caterpillar Tractor was mid-range in profits, but its narrator blamed its various industries: "The worldwide economic malaise permeated every industry we serve, resulting in the worst business downturn in 50 years" (3-5). McDermott's worldwide markets were blamed for its modest operating profit of 4.8%: "Changes in world marketplaces that make it difficult for American industry to compete have been amplified by the recession" (1-2).

The poor economy and the strong dollar were blamed for the poor and modest results of several companies. Intel's narrator claimed that "business continues to be affected by the depressed world economy" (2-3). The narrator at Levi Strauss said that "adverse trends in general economy and retail environment..." but they had an operating profit of 10.4% to total revenues (2-4). The Xerox narrator claimed that "a weak world economy and increased competition... continued to affect our results" (3-5). The Raychem narrator said that "results continued to be affected by persistent unfavorable economic conditions" (3). TRW's narrator also blamed the economy when writing that "the recession stubbornly persisted and economies worldwide were stagnant" (2-3). Merck earned the highest operating profits of any in the service group of 19.3% and the narrator still blamed the dollar: "The sustained weakening of foreign currencies in
relation to the U. S. Dollar...had a significant adverse impact..." (3-5).

"Blamers" are expected in business, especially when trying to explain away poor performance or performance that, while considered good, did not meet forecasts. This could also be looked upon as having elements of interpersonal and political communication performance. Blamers are appealing to the sociability of the audience to accept their claim. They are authoritative because they appear to be qualified to pass the blame to other phenomena. Their primary communication performance, however, is certainly explanatory as they try to appear as rational in the accounting of their performance for the year. Eleven companies or 22% of the total examined fall into this category. Certainly the poor economic year 1982 contributed to the high number of "blamers." Perhaps blamers feel that they are more optimistic if external factors are held accountable.

Equivocators. Nine companies were ambiguous in presenting themes in their Letters so they are called equivocators. Their rhetoric showed that they were eager to avoid the responsibility for the year. They seemed to say: "Do not make us tell." Perhaps they "equivocated," or prevaricated, or hedged in order to mislead the reader. Both Pepsico and Ingersoll Rand had low operating profits and felt the year was "disappointing." The Pepsico narrator said the year "was very disappointing" (4-5). Ingersoll-Rand's narrator pointed out that "The results...proved disappointing" (2-3). The reader in these cases was to define what was intended by the word "disappointing."
Revlon was more elusive when the narrator wrote that the year "was unusual" (2-3). The General Foods narrator stressed that the year "was significant..." (2-6). The audience must then apply its own meaning to "unusual" and "significant." A 9.8% operating profit over 1981 at Revlon was "unusual," while a smaller 5.0% operating profit at General Foods was "significant." This shows how confusing adjectives in corporate annual reports can be. Digital Equipment's theme was that 1982 "was one of the most challenging and in many ways the most satisfying" (2-3). Its operating profit was 15% of revenues and not necessarily significant in the high tech industry. Avon had mid-range profits in the service segment, but the narrator wanted the reader to focus on other isolated topics, for example: "Our direct-selling system is strong" (4-6). 3M, on the other hand, had only 6.6% operating profits and also reported that "we showed satisfactory results" (2-4). Hewlett Packard showed a 15.7% operating profit, but the narrator reported a "quite satisfactory performance" (2-4).

"Equivocators" are suspect because they appear to be trying to hide things from the audience. If meaning is not clear, it is difficult to understand the discourse. When an audience must attach its own meanings to ambiguous symbols its members draw a variety of conclusions about the year being reported. Perhaps this was the intention of the narrator. The communication performances of equivocators is like blamers. They seem to have the authority to appeal to the audience to accept the rationality of the theme in their Letter. When a company equivocates in the major theme of the letter,
the audience should look for other symbols to determine performance. Poor performance is hard to disguise in the financial portions of the annual reports if the audience knows how to read them and takes the time to do it. The Letter to Shareholders was intended to be a candid overview. Narrators who "equivocate" are certainly not candid; but, perhaps by being ambiguous and hiding bad news, the narrative appeared more optimistic.

Futurists. Two of the CEO's signed letters with themes of the future. These narrators seemed to say: "The best is yet to come." Their major themes pointed to the hereafter or what will happen in "future" times. Both Data General and Polaroid had poor operating profits for the year, but both were looking ahead to better times. Data General, with operating profits of 4.5%, had its narrator relate that: "We invested more in the future of our customers than ever before" (2-3). Polaroid had only 4.0% operating profits but its narrator claimed "We continued to...build the strengths...for the future" (2-7).

Being optimistic about the future is also social and authoritative in corporations. If we are apprehensive of things to come, we usually are non-social and unable to face the future with confidence. Corporation management needs to show its authority with confidence for the future. Most do; but, when Data General and Polaroid showed their rationality, sociability, and authority by emphasizing their confidence and optimism, the future became the major theme in their Letters.
Inventors. There were unique Letters which provided rational themes that were different from the usual. Seven narrators seemed to be telling the readers of the annual reports that "you should know about other important things that happened during the year." Since invention has been described as "an investigative undertaking embracing a survey and forecast of the subject and a search for the arguments suitable to the given rhetorical effort" (Thonssen and Baird 79) it applies to all developers of corporate annual reports, not just to the seven in this category. These seven, however, used more "invention" or discovery then the others, so appropriately I view them as "inventors." Inventors differ from equivocators because they have invented major themes rather than disguising a theme with ambiguity. In several reports the "event" was provided by courts or tragedy so the "invention" was drawn primarily from external circumstances.

Johnson & Johnson had the Tylenol tragedy, so it was understandable when the narrator in its annual report explained that "It was an eventful year!" (2-3) AT&T had been ordered to divest itself of the Bell operating companies. Both of these political themes had little or no reference to their financial or operating performance for the year. Johnson & Johnson did poorly with an 8.2% operating profit while AT&T had a 30.9% operating profit.

There were other "inventors" with unique annual report themes that could be considered interpersonal communication performances. Wal-Mart, a twenty-year-old discount chain with low operating profits (2.4%), was the only company to concentrate on its employees: "Never
before in history has associate involvement, participation, and enthusiasm been greater" (2-3). National Semiconductor might have been classified as a "blamer" but, is considered an "inventor" because of the uniqueness of blaming the press for its problems. "The press has focused on the difficulties of National Semiconductor" (2-3). They made no operating profits! In contrast, two authoritative companies that did well emphasized their dismal outlook, not their successful year. Schlumberger had the highest operating profits (71.4%) of any of the fifty companies examined, but its theme was unique: "The trend [of our business] is more disturbing than the actual results" (2-3). Warner Communications could see the problem on the near horizon for its Atari division. The narrator wrote: "Management believes earnings in 1983 will be below those of 1982" (4-7).

Even though Maytag's revenues were only $441,000, its operating profits were high in comparison with these revenues: 15.6%. Its narrator used the theme of the success of adding the Jenn-Aire acquisition to the company: "Maytag has moved from being a one-brand company to a family of three quality names" (2-3).

Inventors seem to be better rhetoricians than others because they discover unique ways to make their discourse optimistic. Federal standards dictate the financial data in annual reports. The theme of the Letter, an explanatory communication performance, is a choice that management makes. Accordingly, those themes that are unique become more attractive (and believable) than other themes and usually more
optimistic. AT&T and Johnson & Johnson emphasized operational events. Wall-Mart, which is an embodiment of its CEO, Sam Walton, emphasized its people. Maytag and National Semiconductor had themes important to their results, but they did not emphasize the financial results. Warner And Schulmberger forecast woe; they were "negative futurists" which made them unique, and in these two cases not very optimistic.

Satisfiers. Six major themes in the Letters seemed to fill the desires and expectations of the audience of the annual report. Then communication performance can be considered explanatory as well as interpersonal. These themes discharged a debt to shareholders because they showed the reader that the company was fulfilling a pledge or forecast from a previous report. The narrators reminded the readers that "we kept our word," or "our strategy is working." They were "satisfying" the desires and wishes of the shareholders.

IBM's narrator did not state specifically that it was following the stated "plan." The IBM theme and past strategy is well known and therefore accepted:

The company's continuing investment is advanced technology and efficient production and development facilities, along with investments in marketing and service support to our customers, were key factors (2-4).

IBM had one of the highest operating profits of those studied; 22.2% of its revenues. Procter & Gamble and K Mart also had high operating profits, and were also satisfiers. P&G with 11.6% operating profits stated that "long term growth...is more important than...any single year" (4-9). K Mart posted 16.8% operating profits and the narrator
told the reader that "We have seen positive signs from our new strategy" (2-3).

On the other hand, companies with lower ratios of operating profit to total revenues also fell into this category of "satisfiers." Lockheed with 6.0% operating profits, very low for its high-tech category, reported with authority that "results...reflect clear progress toward [last year's] objectives" (2-3). The clothes manufacturer, Blue Bell, a low performer in the consumer area (6.2%) also stated its adherence to previously stated goals when the narrator said: "We did not sacrifice long-term goals to produce better short term results" (1-2).

Finally, Gould, with 8.2% operating profits, has been on a long range program to get out of the automotive aftermarket and into new businesses: "Concentrating on high growth markets is the foundation to our future growth" (2-5).

Americans like pledges, and they also like it when the pledge is fulfilled. They are then "satisfied." One of the most successful models of argument, the Monroe Motivated Sequence, is a psychologically based model that shows a "need" or a problem and then satisfies that need with a solution to the problem (Ehninger 146-148). CEOs realize that to fulfill a pledge has a very high esteem rating in the minds of shareholders. They apparently feel that it is optimistic to believe that success or failure in a particular year on the balance sheet is not as important to many corporate audiences as the adherence to the long range plan for the corporation. As with other categories
satisfiers were social and authoritative when they showed rationality in this explanatory communication performance.

**Vaunters.** These boosters essentially told their shareholders that "we are good managers," or "we always do well," or both of these messages. In this year of economic problems perhaps it was optimistic for these fifteen companies to "vaunt" their accomplishments. The writer found no common thread of market, industry, total revenues, or even the operating profit ratios. They cannot be considered social because people generally do not care for those that boast. Vaunters could probably be considered as performing political communication; but, it was an explanatory communication performance. Companies boast in their annual reports. The themes of these fifteen companies or 32% of those examined, "vauntingly" told the audiences of their achievements.

Bristol Myers had high performance in the consumer category; its narrator said "...the company was able to continue its record of growth" (2-4). Cheesbrough-Pond's, successful in 1982 operating profits and also in the consumer area, pointed out that management has the "ability to maintain consistent profitable growth even under adverse economic conditions" (2-5). Dana's narrator, in the industrial area with poor operating profits of 2.4%, vaunted that its management "continues to excel" (3). General Electric was in the mid-range of its category, but the narrator reported that "GE is financially stronger today than a year ago" (2-3). Marriott, in the service category with 9.7% operating profits, had the narrator state
that "strategy and attention to management fundamentals served it well..." (2-3). For service markets, McDonald's reported a very high operating profit of 19.5%. The narrator reminded the annual report readers that "your corporation reported record net income revenue and systemwide sales for the 18th consecutive year..." (3-5).

United Technologies' narrator pointed out that it "had held its own in the face of the roughest economy in decades" (3-4) even though it reported an operating profit of only 5.5%, low in the high-tech category of companies. Wang was high in operating profits in high-tech and the narrator said that "the company again broke all of its previous records for revenues, earnings and new orders." (2-3). Westinghouse did not do well, (5.4%) but the narrator reminded its readers that "Westinghouse achieved higher sales to earnings in 1982 despite the worldwide recession" (2-6). Texas Instruments might have been classified in the "satisfier" category, but became too boastful in the theme: "We have made substantial progress on an agenda of key strategies and organization decisions" (2-3). It reported a low 5.0% operating profit. Dart & Kraft, on the other hand, had 10.0% operating profits, which was high for the consumer category. The narrator stated that "the company is a well-balanced mix of comparatively recession-resistant businesses" (2-4). Emerson Electric's narrator boasted that the year "was the 25th consecutive year of increased net earnings" (2-4). It enjoyed a high for its category of 15.6% operating profits. Rockwell International was midway in high technology industries with 8.5% operating profit, but the
narrator told shareholders that "our performance during a recessionary period emphasizes the importance of our diversification and sound financial management" (3). Amdahl made zero operating profits for the year, but its narrator claimed that "achievements are the most significant in the history of the company" (2-3). NCR was in the mid range in operating profits but claimed that "continued attention to asset management and cost containment overshadowed the slowed growth of revenues" (2).

This category of boasters is the explanation we would expect in corporate annual reports. We learned that the themes the vaunters used had no relationship with their profits. Some did well and boasted, some did poorly and also boasted; but, all were trying to be optimistic.

Summary. Certainly a recognition of rationality is sought by management in its annual reports. The discourse of the Letter is an explanatory communication performance that displays the year as understanding and therefore rational. While there is evidence of interpersonal and political performances, the Letter is primarily an explanation offered to the composite audience. With corporate annual reports, management is enacting a communication performance that helps to create the culture of that organization. But the composite audience contains more than internal readers; readers outside the company also must see that rationality is desired by management by the explanatory communication performance presented in the language of annual reports.
The language of the Letters is an explanatory performance because the words and themes chosen by the narrator influence the perceptions of the audience about the accounting of the events of the year that are being reported. Choice of words is an important rhetorical device and the frequency of usage can provide the data that indicates how the narrator delivered language to fulfill the rhetorical purpose of optimism. By studying the four letter words and only those that were used over twenty times, this research shows that business and financial words amount to 58% of the total. The narrators of corporate annual reports describe and persuade in the language of business and finance which is their primary audience. So this rhetorical choice of business and financial words is expected.

However, when additional words were examined and found to be 15% superlative and only 2% diminishing, rhetorical values then are questionable. The year 1982, the cultural and historical context that the Letters were reporting, was not a superlative year for American Business; it was a diminishing year for most. The rhetorical device of word choice is used to inflate the good deeds of the past and future and deflate the more somber messages. But, it satisfies the purpose of management by showing an optimistic picture.

Major themes provide insight into other rhetorical devices used by corporate America in its annual reports. Sixty-six percent of the annual reports had optimistic themes that are generally considered less than candid: vaunters, 32%; equivocators, 12%; and, blamers, 22%. Therefore, it is understandable that annual reports are considered a
form of corporate propaganda. The common opinion is that corporations exaggerate their success and blame others for their problems. Unfortunately, this study confirms that general belief. This language played a powerful role in the development of optimistic themes in the 1982 annual report.

But 66% is not 100% since many corporations are careful to select optimistic themes with a message that is not boastful or one that shirks responsibility. Four percent look to the future. They did not blame others for poor performance but rather pointed to better times. Twelve percent fulfilled pledges. Regardless of the one year's good or bad performance they pointed out that they were on a chosen, planned path and would not be deterred by a particular year. They satisfied their audience. Heightened "invention" or uniqueness served eighteen percent of the narrators of corporate annual reports. Financial performance by these companies was good and bad; but all in this category raised the interest of the audience to other events of the year. Financial statements are for all to read; but, the narrative in these reports provided unique optimistic themes of genuine interest that certainly were more attractive to readers.

The narrator serves the management of the organization by making rhetorical choices and determining frequency of usage of certain words to point readers attention. It is a rhetorical strategy to encourage readers to feel optimistic about corporations in response to superlative words. In addition, the major themes in the Letters revealed rationality and the positive expectancies created by the
language. Readers learned to expect better things in the future, that the excellent management would continue, that this was a different kind of year, or that everything happened as planned. The question in this chapter is: How does the narrator's language function in the annual report to serve the rhetorical purpose of the discourse? The answer is that the rhetorical purpose of presenting the past and future in an optimistic way is achieved by the language. The language in the discourse of the Letters as seen in the words and the themes functioned in most cases as a positive expectancy. Certainly this rhetoric becomes part of the important communication performance of management, a performance that influences the culture of the business community as a whole.
WORKS CITED


The Nonverbal Elements. This Chapter focuses on the question: "How does the nonverbal display contribute to the rhetorical purpose of the annual report?" Like the discourse, the nondiscursive elements also point to an optimistic purpose by management. The planning and preparation of pictures in the Corporate Annual Report get considerable attention because pictures are explanatory and interesting. Public relations people are careful about the pictures they choose for the report. Famous photographers are hired and the pictures they take can become an important persuasive strategy in support of a rhetorical purpose.

The discursive elements of the annual reports were rhetorically organized and named in the previous chapter by using major themes in the Letter. In Chapter III, the narrator of the Letters, by virtue of the major theme, was compared to a "blamer," or a "satisfier," or a "vaunter."

Nondiscursive pictures are not the same as discourse and need to be treated differently. Pictures look like something, or resemble
something rather than an interpretation or meaning conveyed by words and themes. Therefore, the writer will treat pictures as icons, which are usually categorized in the following way: pictures, images, illustrations, or other representations. They are related or similar to the thing they portray. These icons should be examined because the readers of the annual report could consider these symbols as reality itself. Martin Medhurst pointed out that:

Humans cannot give meaning or expression to their existence without saving the appearances of the moment be it in a cave painting, book, song, or film. But no sooner has the appearance been saved or recorded then humans forget that it is an appearance and start to act as though it is reality, as though the thing symbolized is the thing itself. (347)

Kenneth Burke reminds us that we are "symbol-using animals" and our "reality" has been built by the symbol systems of books, maps, magazines and newspapers (5). Suzanne Langer pointed out that visual forms can articulate and these forms are not as limiting as are words:

Visual forms--lines, colors, proportions, etc--are just as capable of articulation, i.e. of complex combination, as words. But the laws that govern this sort of articulation are altogether different from the laws of syntax that govern language. The most radical difference is that visual forms are not discursive. They do not present their constituents successively, but simultaneously, so the relations determining a visual structure are grasped in one act of vision.(91)

Certainly audiences of corporate annual reports grasp the pictures in the reports in "one act of vision." Meaning and understanding from the explanatory, interpersonal and political
messages that are relayed in the pictures help to form icons that represent rationality, sociability, and authority in the minds of the audience. As a picture of a sacred religious personage itself becomes regarded as sacred and iconic, pictures of happy people, meaningful locations, and product diversification form meanings that become iconic and part of the culture desired by management. For example, if we see a happy image in a picture, we believe that the person is happy. The pictures in annual reports are planned; they are communication performances by management and narrators used to create culture with meanings by way of messages of rationality, sociability, and authority that corporations desire. The rhetorical measures used in developing these powerful nondiscursive themes need further illumination because they contribute to the culture of business and the rhetorical purpose of the annual report.

Nonverbal messages are important because they best convey the culture creating communication performances of management. Rhetorical purposes are easy to recognize when they are forwarded to the composite audiences in pictures.

The rhetoric of iconography has been studied before. Medhurst was most persuasive when he made an iconographic study of the film "Hiroshima, Mon Amour." He argued that the meaning of the film was best understood through the language and logic of the cinematic form as manifest in iconic frames of the film or the pictures (343). The persuasion in visual arts has been explained by rhetorical critics in
several visual media. Medhurst and Michael A. Desouza used the neo­
classical canons of rhetoric as "superstructure" for the criticism of
political cartoons (197). Medhurst and Thomas W. Benson looked at how
the "rhythm" in the documentary "The City" functioned rhetorically to
create knowledge (54).

Popular culture researchers Elizabeth and Jay Mechling studied
theme parks and analyzed the "stories" that the visitors to theme
parks "enact" as they walk and ride through "Disneyland" and Mariott's
"Great America." From the various icons in the parks: maps, buildings,
and signage, the Mechlings tried to determine if the
stories of the icons forced an interpretation on the stories created
in the minds of the visitors. They found two clusters of values in
the narrative of the visitors that was intended by the developers of
the parks. The study shows that image representations, or icons, have
an influence on interpretation and meaning in the minds of audiences.

Corporate annual reports, like many forms of printed rhetoric,
are not always read completely by the audiences. Readers may skip
some of the narrative but are unlikely to miss the graphics of the
pictures. It is no wonder that care and planning of the iconography
in annual reports is especially important to corporations. The
audience receives a clear message from the icons or nonverbal pictures
because the photography can be attractive and more pleasurable than
the narrative and financial tables. In order to determine the overall
claims in this nonverbal rhetoric, the meaning in the iconography
needs to be consolidated, organized, and named.
Medhurst claims the rhetorical critic should show how pictures advance arguments and help to shape the reality of the audiences (352). As Medhurst described and explicated the cinematic means of the creator of "Hiroshima, Mon Amour" that advanced its thesis, this study analyzes attempts to describe and explain the icons placed by the authors of annual reports as demonstrated in their pictures.

The pictures in the fifty annual reports were carefully examined by the writer without concentrating on the narrative and the financial data. An overall theme was then determined for each report based on the overall story told by the pictures. The themes of the icons were then grouped and named. The naming of the groupings of corporations based on the overall or main claim in the pictorial representations, or iconography, tell us the stories that these corporations want their readers to tell themselves.

One picture in each report was designated as the picture in the report that best typified the iconographic theme. The pictures are presented here as black and white copies. These pictures were analyzed and categorized into the following groupings:

- World wide Service
- Employee Emphasis
- Technology Emphasis
- Quality Emphasis
- Diversified Customers
- Active Customers
- Exclusive Themes, and
- No Pictures

Since the groupings were determined by the writer from the visual argument or the story apparently desired by management, they
represent varied and indistinct communication performances. Narrators selected explanatory performances in the picture choices to show rationality, in "employee," "technology," or "quality" emphasis for the corporation's nonverbal presentation. The images of working people, happy customers, and mixtures of races and both sexes help with an interpersonal explanation for the sociability of the corporation. The politics of serving "world wide" markets, for example is authoritative because attention to more than one culture shows a diversified marketing thrust that is desired by many shareholders. Other political performances include having no pictures in the annual report or selecting an "exclusive" pictorial display. Both are strong acts that show that management dares to be different and is fully in control of the organization. Each pictorial grouping therefore does not always relate to all three business cultural categories; but, there appears to always be at least one type of communication performance represented by each grouping.

World Wide Service. Seven companies or 14% of the total seemed to be saying in their pictures "we serve the world." Being "global" in marketing products has appeal. It means that the company is probably large and authoritative. It also has the common perception that the ups and down of the economy of one country will not affect the total company financial performance.

Only one airline of the two in the study had this pictorial theme even though both have international routes. American Airlines (AMR) showed pictures of churches, mountains, and bridges in the
Caribbean and South America, but its largest picture is a colorful Horse Guard in London, England, (Fig. 7.) American's only European city of service is London. Even without the caption, the Horse Guard's uniform and familiar helmet told the audience the story that it was London.

Two industrial companies also carried the world wide theme in their pictures: McDermott and Caterpillar. McDermott has a minimum of pictures in its report, and the largest one is a map of the world showing its thirty-three "principal" locations. (Fig. 8.) Caterpillar was less obvious. It is well known that it provides construction equipment to contractors all over the world. Many pictures were indicative of this international business, especially an interpersonal one showing an Indian boy on his bicycle delivering bananas, who stopped to watch Caterpillar equipment at a mine site. Without the obvious nationality of the boy, one would not easily determine the country without a caption. (Fig. 9.) But, the world wide theme is easy to grasp.

Three world wide themes were used by companies in the high technology area: IBM, Digital, and Xerox. Pictures of IBM products being used or demonstrated by orientals, Italian luggage makers, and others dominate the report. If a country is not easily identified, a sign shows the reading audience the geographical location. For instance, a fully labeled IBM product was being taken into a building with a sign that identified the customer, the city, and even the temperature: The Bank of Montreal. (Fig. 10.)
Fig. 7. Horse Guard in London, England, AMR Corporation 1982 Annual Report (5).
Fig. 8. Principal Locations, McDermott Incorporated

Fig. 9. Mine Site in India, Caterpillar Tractor Company

Fig. 10. Bank of Montreal, Canada, IBM 1982 Annual Report (22).
Digital Equipment's Report featured full color, full page photographs from around the world: statues of Rome, of grain storage in Saskatchewan, marine science technology in Japan (the ship carried the Japanese flag), and a marine radar installation in Rotterdam Harbor. (Fig. 11.) In the likelihood the audience would not recognize the harbor, Digital ensured that the ship was well identified.

Xerox also wanted its readers to realize that its products were sold world wide. The captions are not under the pictures, but part of the narrative. The audience knows that the men pictured are oriental and using a Xerox copier and that the Cathedral was Notre Dame in Paris. (Fig. 12.) To ensure the tie-in a Rank-Xerox truck was shown in front of Notre Dame.

Finally Warner Communications, a consumer company, showed the world wide story in its pictures. It was difficult to select a picture that typified the theme at Warner, because the company used so many. The Report featured a photographic essay to depict a "global village." The pictures showed the exchange of people, products, and ideas all around the world. The narrative explains that Warner is an active participant in the exchange. Most of the full color pictures do not show much of Warner. A serene English village home is pictured with its owner, bicycle parked at the side, entering with a well labeled Atari home computer. (Fig 13.)
Fig. 11. Marine Radar Installation in Rotterdam Harbor, Digital Equipment 1982 Annual Report (15). Copyright (c) 1983, Digital Equipment Corporation. All Rights Reserved. Reprinted with permission.
Fig. 12. Notre Dame Cathedral, Paris, Xerox 1982 Annual Report (10).
Fig. 13. English Village Homeowner, Warner Communications 1982 Annual Report (42). Used by Permission.
Regardless of the narrative or financial success of these corporations, the predominantly explanatory, nonverbal messages in their reports are that their products have world-wide usage; and that can only be considered rational. No doubt this is the story that readers create upon examining the pictures. If their company markets products that have world-wide or global appeal then various peoples and cultures have realized the sociability of the company and are buying the products. As a member of a composite audience, the reader certainly is proud to own stock, be employed by, or supply goods to such a company. In addition, maps have a political implication. They show political jurisdictions as well as explanations, and therefore social examples. All three communication performances are represented in the world-wide service story told in the pictures.

**Employee Emphasis.** The pictures of twelve percent or six of the Reports examined seemed to say "Our people are the best!" or "Our employees make good things happen!" A happy, satisfied employee usually carries the meaning that the employee does good work, is motivated, and competent on the job. Business careers have been built on keeping employees satisfied on the job. Clearly, a rhetorical strategy would be to show the composite audience of the annual report that sociability is important to the corporation.

Not surprising, half of these employee emphasis reports were from the high tech category: Wang, Westinghouse, and Schlumberger.

Wang pictures show happy, busy people. The pictures are all black and white and not surprisingly show employees of both sexes and several races. (Fig. 14.)
Fig. 14. Wang Employees, Wang Laboratories 1982 Annual Report (13).
The pictorial theme of the Westinghouse report is "Westinghouse People." Full color pictures show management, technical, and production employees of all ages, races and sexes. (Fig. 15.)

The Schlumberger report pictorially features its employees as the company's "greatest asset." The full color portrait-quality photographs by Jay Maisel, like Westinghouse, represent both sexes and all levels of responsibility. The actual quality of the photographs certainly supports an additional argument, that of Schlumberger's authority and attention to detail and its apparent desire for the "best" in everything it does. Fig. 16. is representative of the twenty high quality employee portraits in the Schlumberger report.

There were four different groupings of "GM People at Work" in the General Motors Report. Even with the pictures of various GM automobiles in the report, its "people" was the dominant theme. Sociability is displayed by happy workers excited about working at GM. (Fig. 17.)

Dana's Annual Report is black and white and certainly not the quality of other reports. Its employees are not featured in a view similar to high technology companies. But, almost every picture in the report showed employees at work. Interestingly, the people in the twenty six pictures of Dana personnel in the report did not look at the person taking the picture. The apparent iconic theme at Dana becomes "we are busy hard-working people that do not have time to have our pictures taken." (Fig. 18.)
Fig. 15. Westinghouse Employees, Westinghouse Electric 1982 Annual Report (8).
Fig. 16. Schlumberger Employee, Schlumberger 1982 Annual Report (19).
Fig. 17. General Motors Employees at Work, General Motors 1982 Annual Report (5).
Fig. 18. Dana Employees, Dana Corporation 1982 Annual Report (10-11).
The stated pictorial theme of the McDonald's Report was "When McDonald's Comes to Town," (we bring more than hamburgers and french fries to the neighborhood; we bring good people and civic programs too). The pictures show how McDonald's franchisees and their people are vital parts of a community. These employees appear happy and friendly as is typified in Fig. 19., a franchisee in Harlem.

The iconographic image or interpersonal story conveyed by these companies is that people enjoy working for them, and that they are social organizations. "If our employees are hardworking and happy, we must be a good company that makes good products." It is not likely that unhappy workers improve quality, cut costs, or make timely delivery as is expected of industry leaders. Interestingly, a secondary story was authoritative. It was that "We are an equal opportunity employer." These stories become rhetorically significant because they are stories that corporations would want readers to "tell themselves," just as the icons in theme parks influence park visitors, they serve as a rhetorical strategy.

Technology Emphasis. The largest theme portrayed by 26% of the companies seems to say in the pictures that "Our technology is the best," "We have the latest developments and methods," or "Our R&D keeps us at state-of-the-art production." These explanatory pictures with a technology emphasis could reinforce the reader's satisfaction that the company had the industrial knowledge, applied science, and computerized engineering necessary to compete and excel with new.
Fig. 19. McDonalds' Harlem Franchisee, McDonalds Corporation 1982 Annual Report (19). Used by permission.
technology. The culture creating communication performance is therefore rational. Most of the companies using the technology story portrayed applications of new technology with people using machines and equipment to accomplish much more with technology than with former methods. Several used abstract or abtruse photography which was hard to understand; but, its mystique, seemed to have a technological meaning. Those using abstract photographs were AT&T, TRW, and Raychem, all high technology companies. Polaroid, a consumer company, also featured technology abstractions.

As might be expected, most of the emphasis on technology themes is by high technology companies. AT&T, getting ready for divestiture of its operating companies, wanted to explain that it had the technology to move effectively into the Information Age. One representative picture was hardly distinguishable; but, it was colorful and it showed action. (Fig. 20.) It was a robotic arm at Western Electric's research center.

TRW's picture resembled a child's finger painting, but was actually a laser-based holography used to examine curvature of high quality assemblies (Fig. 21.). Raychem's technology was in showing a full color, full-page abstract photograph. One photograph showed a high tech polymer shrinking to fit a tubular application, (Fig. 22.) and it is called "elastic memory." It looks like a moving stick covered with cake icing. The mystique of abstraction has the potential to make readers feel that if they do not understand it, it
Fig. 20. Robotic Arm at Western Electric, AT&T 1982

Annual Report (6). (c) AT&T 1983.
Fig. 21. Laser-based Holography, TRW 1982 Annual Report (9).
Fig. 22. Shrink-to-Fit Polymer Application, Raychem Corporation 1982 Annual Report (15).
must be advanced or far ahead of the time; therefore, it is technically superior and a rational pursuit for management.

More understandable themes were used by other high technology companies. Lockheed showed an industrial robot in automatic production runs. (Fig. 23.) An attractively lighted machine at Amdahl drew attention to the caption which explains that it reduces the risk of particle contamination. (Fig. 24.) Emerson's report features its Therm-O-Disc division which makes pressure and temperature sensing devices. The machine in Fig 25. automatically loads, calibrates, tests, and unloads sensing devices.

Rockwell International has a Science Center that has over 200 scientists, engineers, and technicians that conduct research. A representative picture shows a "scientist" surrounded by technological equipment and devices. (Fig. 26.)

Only one Industrial company, 3M, and one Service company, Delta Airlines, had pictorial stories that emphasized its technology. Consumers know 3M as makers of "scotch-tape" and business people use "post-it" note pads. But, the unquestionable message of 3M's report was that of technology. An example is a multi-colored metal box which turns out to be a tester for integrated circuits and computer memory boards. (Fig. 27.) Pictures in Delta's report show people using high tech communications and other technical equipment. Pictures included engines in a test facility and computers used in reservations offices. (Fig. 28.)
Fig. 23. Industrial Robot, Lockheed Corporation

Fig. 24. Little Particle Contamination, Amdahl Corporation 1982 Annual Report (17).
Fig. 25. Therm-O-Disc Sensing Device, Emerson Electric
Fig. 26. Rockwell Scientist, Rockwell International 1982 Annual Report (14).
Fig. 27. 3M Tester, 3M 1982 Annual Report (19).
Fig. 28. Delta Technology, Delta Air Lines 1982 Annual Report (8-9).
Several Consumer companies had explanatory pictures which emphasized their commitment to research and their state-of-the-art technology in making good products. They are different from most other consumer companies, who emphasized the customer who buys these good products. Polaroid emphasis had always been on technology which was started and perpetuated by founder Dr. Edward Land. Many abstract pictures were featured in the Polaroid Report. Fig. 29. shows the application of a laser which images were printed on film from computer storage.

Johnson & Johnson's "Tylenol Tragedy" in the narrative was overshadowed by the many full color pictures which pictured a company very much concerned with science and technology. Fig. 30. pictures scientists at the J&J Biotechnology Center.

"Fifty Years of Merck Research" was the pictorial story in the Merck Report. All pictures showed people and scientific equipment in the various phases of medical research. For example, a Merck scientist studies data that shows the activity of cardiotonic drugs on cardiac tissue in Fig. 31.

The company that produces Ivory Soap, Charmin, Tide, High Point coffee and Duncan Hines products featured iconography that showed Procter and Gamble's "Research and Development--A Commitment to the Future." A female scientist measures microscopic slide specimens on a new image analyzer in Fig. 32.
Fig. 29. Polaroid Laser, Polaroid Corporation 1982
Annual Report (27).
Fig. 30. Scientists at the J&J Biotechnology Center, Johnson & Johnson 1982 Annual Report (14).
Used by permission.
Fig. 31. Merck Scientist, Merck & Company 1982 Annual Report (10-11).
Fig. 32. P&G Scientist, Proctor & Gamble 1982 Annual Report (12).
The primary argument in the rational, nonverbal claim made by these companies in the pictures in their annual reports, or the explanatory story that they wanted repeated in the minds of their readers, was that in this age of technology, a technically-oriented company has the best chance of being successful, regardless of the market served.

Quality Emphasis. This theme category could very well be considered an extension of the Technology Emphasis since science and technology should produce the best quality. But, the two companies that have the quality icon in their pictures are distinct from technology. The product is packaged in quality materials and is displayed with other quality products that are not necessarily for sale, but as accompaniment to the "quality" product. Both Avon and General Foods are Consumer companies. The pictures in both Reports are saying "quality is of great concern to our company."

General Foods pictured many of its food products in the packaging and also as the consumer might use them. Maxwell House coffee is pictured as a quality icon. (Fig. 33.) The blue and white mugs match the blue tray and the blue and white linen napkins. An added touch is the paper lace doilies under the craft and mugs. These accompaniments show that Maxwell House is certainly good quality coffee until the "last drop."
Fig. 33. Maxwell House Coffee, General Foods
The iconography of Avon Products also showed a concern for high quality. The introduction of its new fragrance, "Fantasque" was shown as the finest available. The attractively packaged "parfum" and cologne were pictured with Irish lace and live orchids. These touches of elegance not only show the quality companions but also justify a higher price. (Fig. 34.)

The nonverbal icon of quality and elegance is a rhetorical strategy that makes the readers of the annual report tell themselves the story that they have "gone with a winner," an authoritative company that produces only the finest products. The communication performance in this category was probably explanatory, interpersonal, and political which showed not only a rational, but a social and authority message to the audience.

**Diversified Customer.** Fourteen percent of the companies' nonverbal themes were that their customers were in all kinds of businesses, and there was a wide range diversity of customer mix. The nonverbal theme, the rhetorical strategy, in these reports is that the products have many applications, some of which may be unexpected, for example the computer installation in a girl scout camp. Products that have many applications in many kinds of businesses clearly are more successful for the company. While most of the companies in this category are in the high technology segment, one, Ingersoll-Rand is in Industrial.
Fig. 34. Fantasque Parfum, Avon Products 1982

Annual Report (12).
Ingersoll-Rand is a diversified manufacturer; the pictures in its report carry that story. The products are used in hundreds of different applications. Fig. 35. shows a well drilling rig in the Middle East, a compactor in a jungle, a road paving machine, and a compressor being used on a construction site.

NCR (formerly National Cash Register) is eager to show that it sells products to customers other than retailers. Fig. 36. shows a picture of the Silverdome in Pontiac, Michigan, and a South Carolina Deputy Sheriff. The captions reveal that the Silverdome has an NCR computerized energy management system and the sheriff is accessing data on a case with an NCR interactive computer—interesting, explanatory stories to plant in the minds of the composite audience.

Intel used unique graphics in its report: black and white silhouettes. All showed the diversity of its customer mix. Mass memory storage for an office worker, computer controlled milling operations, and robotics in manufacturing are part of Intel's diversified applications. (Fig. 37.)

Data General serves SAS Institute's software packages as well as oriental manufacturers, as shown in Fig. 38. Gould's intention to get out of the battery business is well known. Its report pictures many diverse applications including a sonar design for the U. S. Navy. (Fig. 39.) Hewlett Packard's computers are used to monitor attendance at Happy Hollow Girl Scout Camp in Wisconsin. (Fig. 40.). It takes imagination to realize that General Electric somehow serves paper
Fig. 35. I-R Applications, Ingersoll-Rand 1982

Annual Report (8).
Fig. 36. NCRs Diversification, NCR Corporation

1982 Annual Report (9).
Fig. 37. Intel's Diversification, Intel Corporation 1982 Annual Report (10-11).
Fig. 38. Data General's Diversification, Data General Corporation 1982 Annual Report (10).
Copyright (c) 1983, Data General Corporation. All Rights Reserved. Reprinted with permission.
Fig. 39. U. S. Navy Sonarman, Gould, Inc. 1982 Annual Report (15).
Fig. 40. Happy Hollow Girl Scout Camp, Hewlett Packard Company 1982 Annual Report (16).
mills in Fig. 41. GE Credit Corporation finances the "cogeneration" system at this mill in Maine.

The explanatory story these corporations wanted their readers to tell themselves was one of diversity. The visual explanation, or story shows variety because diverse things are different or unlike. This variety shows strength and rationality in business because diversified customers are in different businesses and if the corporation sells to a variety of customers, a failure or an economic slump in one market should not be disastrous since the corporation sells to diversified customers in many markets.

Active Customers. Eight companies in the study seemed to say in their pictures that their products were used or consumed by active people. As might be expected, they were mostly consumer companies. One service company, Marriott Hotels, also had active customers. These interpersonal, pictorial stories that show sociability say that customers are "on the go," and are people who are athletic and have fun being active. In a previous category we saw the rhetorical strategy for showing happy, contented employees; the rhetorical strategy here is similar. Happy, contented customers will continue to buy the products that make them happy and content. The interpersonal messages of happiness and contentment certainly contribute to the sociability of the report and also to the optimistic purpose.
Fig. 41. GE Financing, General Electric Company

Certainly the originator of the "Pepsi Generation" was in this category. Pepsico showed active, smiling, people throughout its Report. Fig. 42. showed a couple frolicking at a national seashore carrying a bag of Frito chips.

Customers at K Mart are also active and happy while doing their shopping. The father and daughter in Fig. 43. appear elated about the things they bought as they return to Mom waiting in their automobile.

Blue Bell's "Wrangler" and "Jantzen" brands apparently are worn by many active and happy people of all ages. (Fig. 44.) People who eat Kraft foods are also shown to be busy, active and happy. In Fig. 45. a bicyclist with a "Duracell" back pack buying ice cream from a smiling "Sealtest" vendor in a park full of people. From the children playing on both covers and throughout the report to the inside back cover (Fig. 46.) Cheesbrough-Pond's Report shows active happy people. The adults and children observing and participating in the Kite-cycle could be users of any of Cheesbrough-Pond's Products: Ragu, Heal-tex, Prince, Bass, Weejuns, Pond's, Adolph's, Vaseline, Cutex, Intensive Care, Cachet, Wind Song, Aviance, Chimere, Prince Matchabelli, Q-tips, Aziza, or Rave.

Levi Strauss, as the principal supplier of clothes for U. S. athletes at the 1984 Olympics, combined its history with present customers in Fig. 47. The active forty-niners of the past looked for gold as do the active Olympians today. Revlon's report features
Fig. 42. "Frito" Customers, PepsiCo 1982 Annual Report (14).
Fig. 43. K Mart Customers, K Mart 1982 Annual Report (7).
Fig. 44. Blue Bell Customers, Blue Bell, Inc.

Fig. 45. Kraft Customers, Dart & Kraft, Inc.

1982 Annual Report (9).
Fig. 46. Cheesbrough-Pond's Customers, Cheesbrough-Pond's Inc. 1982 Annual Report (IBC).
Fig. 47. Looking for Gold in '49 and '84, Levi Strauss & Company 1982 Annual Report (13).
active and beautiful people. Several pages show full color film from its TV commercials. (Fig. 48.) Horse riders use Jontue, women are kissed using Bill Blass, and Charlie helps romance in revitalized cities, cities where milk is still delivered in bottles!

Only one service company in this category shows active guests in its report. A group gathers around a piano to sing, others work out in the spa, or as shown in Fig. 49., still others gather spiritedly in the restaurants of Marriott Hotels.

American society is on a honeymoon with health. We are spending billions of dollars to keep our bodies fit and healthy. An important part of keeping healthy is exercise or activity. The interpersonal story is that active people are healthy and therefore happy. We identify with this activity and so do corporations that want to sell their products to us. In addition, these socially oriented corporations must want readers to tell themselves that even if they are not active or healthy but buy the products that active consumers apparently use they too will be active, healthy, and therefore happy.

Exclusive Themes. This category is not necessarily complimentary, but is more noteworthy than a "miscellaneous" category. It actually is about reports that do not fit easily into any of the other categories. Two of the four reports are theme books which deal with a particular theme to feature a product. Two others seem fragmented or carry no dominant nonverbal theme or story. These exclusive pictorial themes are limited and totally different from each other as well as the other groupings.
Fig. 48. Revlon Customers in TV ads, Revlon, Inc. 1982 Annual Report (8).
Fig. 49. Customers at the Nikko Steak House in the Maui Marriott, Marriott Corporation 1982 Annual Report (8).
Maytag, for instance, has two pictures with products still in the cartons standing in new or newly remodeled houses. (Fig. 50.) Wal-Mart's Report is devoid of people except for the one picture of Sam Walton and his President. For such a "people-oriented" corporation it was a shock to see that the pictures were only departments in its stores with no customers and no associates, just merchandise. The nonverbal theme here might be that "we are rational because we are well stocked." (Fig 51.)

Eastman Kodak features five portrait quality photographs of woods, cities, flowers, and people. The captions simply noted the type of Kodak film that was used. The child ballerina (Fig. 52.) was taken with Kodacolor V200 film.

Finally, the Bristol-Myers Report featured a special report on Haircoloring. The nonverbal theme was an overpowering hard-sell. The pictures seemed to say: "Hair coloring is easy, inexpensive, glamorizing, for all ages, and everyone is doing it!" Fig. 53. shows the variety of women who are happy coloring their hair. Exclusive themes create in the minds of the audience a feeling of authority by the corporation, that the corporation has the right as well as the power to choose any nonverbal theme they desire.
Fig. 50. Corporate Maytag Products, The Maytag Company

Fig. 51. Wal-Mart Merchandise, Wal-Mart Stores, Inc. 1982 Annual Report (7).
Fig. 52. Ballerina, Eastman Kodak Company

Fig. 53. The Rewards of Haircoloring, Bristol-Myers Company 1982 Annual Report (22). Used by permission.
No pictures. Three companies have no pictures in their annual reports and are all in the high technology category. They are: United Technologies, National Semiconductor, and Texas Instruments. United Technologies did picture CEO Harry Gray and his executives in full color; but it was the only picture in the report. National Semiconductor showed only black and white photographs of its Chairman and President. Texas Instruments' plain black and white report had no pictures. The stories, if any, from these authoritarian companies had to be in the discourse and the accompanying figures.

Comparisons. After completion of the groupings and naming of the nonverbal theme in the pictures in the Annual Reports each group was compared to the rhetorical themes examined in Chapter III in order to reveal any similarities or continuity between the narrative and the pictures. Table 10 shows the detail of the results of this comparison in the four market/product categories.
Table 10

<table>
<thead>
<tr>
<th>Nonverbal and Verbal Themes</th>
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</thead>
<tbody>
<tr>
<td><strong>High Technology Companies</strong></td>
</tr>
<tr>
<td>Nonverbal Theme: Worldwide</td>
</tr>
<tr>
<td>Xerox (Blamer)</td>
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<tr>
<td>Digital (Equivocator)</td>
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<tr>
<td>IBM (Satisfier)</td>
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<tr>
<td>Nonverbal Theme: Employee</td>
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<tr>
<td>Wang (Vaunter)</td>
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<tr>
<td>Westinghouse (Vaunter)</td>
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<tr>
<td>Schlumberger (Inventer)</td>
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<tr>
<td>Nonverbal Theme: Technical</td>
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<tr>
<td>Amdahl (Vaunter)</td>
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<tr>
<td>Emerson (Vaunter)</td>
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<tr>
<td>Rockwell (Vaunter)</td>
</tr>
<tr>
<td>Raychem (Blamer)</td>
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<tr>
<td>TRW (Blamer)</td>
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<tr>
<td>AT&amp;T (Inventer)</td>
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<tr>
<td>Lockheed (Satisfier)</td>
</tr>
<tr>
<td>Nonverbal Theme: Diversified Customer</td>
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<tr>
<td>GE (Vaunter)</td>
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<tr>
<td>NCR (Vaunter)</td>
</tr>
<tr>
<td>Intel (Blamer)</td>
</tr>
<tr>
<td>HP (Equivocator)</td>
</tr>
<tr>
<td>Data General (Futurist)</td>
</tr>
<tr>
<td>Gould (Satisfier)</td>
</tr>
<tr>
<td>NonVerbal Theme: None (No pictures)</td>
</tr>
<tr>
<td>National Semiconductor (Vaunter)</td>
</tr>
<tr>
<td>Texas Instruments (Vaunter)</td>
</tr>
<tr>
<td>United Technologies (Inventer)</td>
</tr>
</tbody>
</table>
Table 10 (continued)

<table>
<thead>
<tr>
<th>Nonverbal and Verbal Themes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer Companies</td>
</tr>
</tbody>
</table>

**Nonverbal Theme: Technical**
- Merck (Blamer)
- Polaroid (Futurist)
- Johnson & Johnson (Inventer)
- P&G (Satisfier)

**Nonverbal Theme: World Wide Customers**
- Warner (Inventer)

**Nonverbal Theme: Quality**
- Avon (Equivocator)
- GF (Equivocator)

**Nonverbal Theme: Active People**
- Cheesboro Pond's (Vaunter)
- Dart & Kraft (Vaunter)
- Levi Strauss (Blamer)
- Pepsico (Equivocator)
- Revlon (Equivocator)
- Blue Bell (Satisfier)

**Nonverbal Theme: Exclusive**
- Bristol Myers (Vaunter)
- Kodak (Equivocator)
- Maytag (Inventer)
Table 10 (continued)

Nonverbal and Verbal Themes

<table>
<thead>
<tr>
<th>Nonverbal Theme: World Wide</th>
<th>Caterpillar (Blamer)</th>
<th>McDermott (Blamer)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonverbal Theme: Employee</td>
<td>Dana (Vaunter)</td>
<td>GM (Blamer)</td>
</tr>
<tr>
<td>Nonverbal Theme: Technology</td>
<td>3M (Equivocator)</td>
<td></td>
</tr>
<tr>
<td>Nonverbal Theme: Diversified</td>
<td>IR (Equivocator)</td>
<td></td>
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</tbody>
</table>

**Industrial Companies**

**Service Companies**

<table>
<thead>
<tr>
<th>Nonverbal Theme: World Wide Customers</th>
<th>American (Blamer)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonverbal Theme: Technical</td>
<td>Delta (Blamer)</td>
</tr>
<tr>
<td>Nonverbal Theme: Employees</td>
<td>McDonald's (Vaunter)</td>
</tr>
<tr>
<td>Nonverbal Theme: Active Customers</td>
<td>Mariott (Vaunter)</td>
</tr>
<tr>
<td></td>
<td>KMart (Satisfier)</td>
</tr>
<tr>
<td>Nonverbal Theme: Exclusive</td>
<td>Wal-Mart (Inventer)</td>
</tr>
</tbody>
</table>
There were few similarities between the nonverbal rhetoric and the verbal rhetoric in the narrative Letters to Shareholders shown in Table 10.

Two areas, however, deserve mention because they represent small "concentrations" of rhetoric in several categories. This concentration becomes significant because it could reveal an additional rhetorical strategy.

Three high technology companies had pictures in their annual reports which put them in the "technology emphasis" nonverbal category. The rhetoric in the Letters of these same three companies was considered to be in the "vaunters" category. They are Amdahl, Emerson, and Rockwell and the rhetoric in their Letters was similar. They all boasted or vaunted the successful year just completed, even though their operating profits were quite different: Amdahl had none; Rockwell was in the middle third in operating profit ratios to revenues in high technology companies, while Emerson was in the top third. These companies featured technology in the pictures of their Reports. This iconography was fairly common for high tech companies and supported the rhetoric in the narrative. If a high technology company says it did well and shows many technical photographs, readers will connect the technology with the alleged successes. Perhaps this strategy could be interpreted as supportive of an optimistic rhetorical purpose.
Another grouping that tended to offer concentrations were the only two companies that provided the "quality emphasis," Avon and General Foods. Interestingly the rhetorical theme in their Letters was that of "equivocators," or companies that were ambiguous in the major themes. Avon's direct selling theme and General Food's "significant year" themes were ambiguous and left the determination to the reader as to the meaning of the discursive themes. They equivocated in their narrative, but were quite clear in their nondiscursive theme of quality. Knapp claims that when contradictory messages on the verbal and nonverbal levels occur we most likely believe the nonverbal (21). This theory can be reasoned when the theme in the narrative does not agree with the story in the pictures, the reader most likely believes the pictures. If there was an overall rhetorical strategy, it was not consistent.

Summary. Nonverbal rhetoric as exemplified in the pictures of corporate annual reports is an important persuasive tool. The rhetorical strategy of the pictures can support the written rhetoric of the report or the strategy can stand alone with its own message or argument. From careful examination of the iconography by the writer in the fifty annual reports, the nonverbal rhetoric generally did not support the words in the reports. In most cases the pictures presented their own story and no doubt separate rhetorical strategies. Therefore, we can conclude that there was minimal relationship between discursive and nondiscursive themes within the market/product categories.
But there were relationships. In the discourse as well as in the pictures, the common threads that prevailed were the support of the optimistic rhetorical purpose and the element of corporate culture created or maintained by the communication performances of the narrator. Each of the groupings of companies of discursive or pictorial themes, contained one or more of the cultural categories of rationality, sociability, or authority as shown in Table 11.

The optimistic pictures in this Chapter, by themselves, are persuasive and it is no wonder that corporations are careful to choose pictures that support the story they want to be repeated in the minds of their readers: world wide service, employees, technology, quality, diversified customers, or active customers. The pictures in annual reports, like the discourse, represent another communication performance by management which did not provide much continuity with the financial elements of the annual report. The question was: In what way does the nonverbal display contribute to the rhetorical purpose of the annual report? Even though there is no consistency of themes between the verbal and nonverbal themes, all pictorial themes are optimistic and supportive of the rhetorical purpose. Accordingly the answer to the question is that the pictures do serve the rhetorical purpose of optimism. Had the verbal and nonverbal themes had more continuity, the rhetorical purpose of optimism would be better served. However, the continuity that is dominant is the three communication performances by management as shown in the pictures.
Table 11

<table>
<thead>
<tr>
<th>Cultural Category</th>
<th>Discursive Theme</th>
<th>Pictorial Theme</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rationality</strong></td>
<td>Blamers</td>
<td>Technology</td>
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<tr>
<td></td>
<td>Equivators</td>
<td>Quality</td>
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<tr>
<td></td>
<td>Futurists</td>
<td>Diversified</td>
</tr>
<tr>
<td></td>
<td>Inventers</td>
<td>Exclusive</td>
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<tr>
<td></td>
<td>Satisfiers</td>
<td>World Wide</td>
</tr>
<tr>
<td></td>
<td>Vaunters</td>
<td></td>
</tr>
<tr>
<td><strong>Sociability</strong></td>
<td>Blamers</td>
<td>Employee</td>
</tr>
<tr>
<td></td>
<td>Equivators</td>
<td>Quality</td>
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<tr>
<td></td>
<td>Futurists</td>
<td>Active</td>
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<tr>
<td></td>
<td>Inventers</td>
<td>World Wide</td>
</tr>
<tr>
<td></td>
<td>Satisfiers</td>
<td></td>
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<tr>
<td></td>
<td>Vaunters</td>
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</tr>
<tr>
<td><strong>Authority</strong></td>
<td>Blamers</td>
<td>World Wide</td>
</tr>
<tr>
<td></td>
<td>Equivators</td>
<td>Employee</td>
</tr>
<tr>
<td></td>
<td>Futurists</td>
<td>Quality</td>
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<tr>
<td></td>
<td>Inventers</td>
<td>Exclusive</td>
</tr>
<tr>
<td></td>
<td>Satisfiers</td>
<td>No Pictures</td>
</tr>
<tr>
<td></td>
<td>Vaunters</td>
<td></td>
</tr>
</tbody>
</table>

Langer, Susanne K. *Philosophy in a New Key*. Cambridge: Harvard University, 1942.


CHAPTER V

SUMMARY AND CONCLUSIONS

Summary. The corporate annual report is a major source of rhetoric in corporate America. It is essential to corporate communication. The composite audience of shareholders, customers, suppliers, competitors and employees learn from expensive annual reports about how the corporation did during the year being reported and its plans for the future.

Annual reports are a popular subject for trade and business magazines and newspapers. While reports are often granted awards for printing and photography, they are also criticized for being misleading and lacking candor.

Even though corporate annual reports are considered important literature in and out of business, little scholarly literature has been written about them. Readability has been studied and determined not to relate to stockholder reactions. Content analysis has revealed
that the discretionary sections of the report essentially agree with the financial section. SEC recommendations on content appear to have been followed by corporations when developing their annual reports. But, environmental disclosures were found to be incomplete in the annual reports of environmentally sensitive industries. Even though corporate annual reports are considered an important and rich source of information, there have been no rhetorical studies made about them.

The primary question of this dissertation is: How do annual reports act rhetorically as communication performances? Subordinate questions were developed for investigation of several rhetorical elements.

Chapter II discusses the question: In what ways do style and arrangement act as rhetorical features of corporate annual reports? Chapter III analyzes the Letter to Shareholders as the major discursive element in the annual report with the question: How does the narrator's language function in the annual report to serve the rhetorical purpose of the discourse? Finally in Chapter IV, the pictures or icons are examined with the question: In what way does the nonverbal display contribute to the rhetorical purpose of the annual report? Rhetorical features contribute to the rhetorical purpose of management to communicate optimism to the composite audience.

The annual reports used in the analysis were suggested by studying the most successful best selling nonfiction book since Roots. Fifty companies from the popular book In Search of Excellence by
Thomas Peters and Robert Waterman were chosen. Even though some of these companies have not been successful recently, their 1982 annual reports provide suitable subjects for the purpose of this dissertation.

The market/product categories provided by Peters and Waterman were used in this study. In addition, the total revenues and operating profit ratios were tabulated for each company in the following market/product category:

- High Technology
- Consumer Goods
- General Industrial, and
- Service

Regardless of market or product category, the year 1982 provided an exciting historical and economic context to produce an annual report. Even though inflation decreased each month, 1982 had the highest jobless rate since the depression and the largest budget deficit to that time. Braniff went bankrupt, the Penn Square Bank in Oklahoma became insolvent and the United States covered Poland's commercial bank debt. All of these situations influenced some business decisions and certainly the attitudes of business management. The several communication performances highlighted in this study of annual reports provide examples of how management influences the culture of the organization and corporate culture generally.

Chapter II discusses the question: In what ways do style and arrangement act as rhetorical features of annual reports? This
introductory chapter was included in this study because of the rhetorical importance of the implications of the disposition and stylistic choices. Management makes choices in the corporate annual report just as others do in their daily lives to express thought. Style can make the corporate annual report, particular or distinctive. There are many modern forms of arrangement and style, both discursive and nondiscursive, and several are illuminated in this chapter.

Most all annual reports were arranged in the usual order: contents, financial highlights, letter and picture, management discussion, financial statements, multi-year analysis, and listings. Several companies showed the multi-year analysis, the only variable in the arrangement, before the financial statements rather than after them. These three companies wanted the reader to note that the five year analysis told a better story than the 1982 financial statements that followed. But two companies, McDonald's and Wang, ordered their annual reports so that the multi-year analysis preceded even the management discussion section. This rhetorical feature of ordering discourse certainly contributes to the optimistic report that is obviously desired by management.

Rhetorical choices on the front cover selection also were important rhetorical features. They included determination of suitable proportion of position and space in the arrangement of the first thing that is seen and read by the composite audience. There were five types of front covers: art or photography, company and product logos, plain covers, slogans and statements, and maps.
Sixty four percent or 32 front covers were art or photography. Subjects were primarily company products, services, or customers enjoying the products or services.

Five companies had company or product logos; nine had plain covers, two had slogans or statements, and two featured world maps.

The majority, or 54%, of the companies in the report used the friendlier salutation "shareholder" rather than "stockholder" or no salutation at all. Several even used the customary "Dear" in their salutations.

The length of each Letter was also tabulated. The average length was 1139 words. High technical companies have the shortest letters; they averaged 1021 words per Letter. Consumer companies have the longest letters with an average length of 1330 words. Both Industrial and Service companies have average lengths of approximately 1100 words.

In reviewing the nondiscursive elements of style, CEO pictures were carefully examined. Forty-eight percent are pictured alone, most of the rest are pictured with their Chief Operating Officer (COO). Most of the CEOs are pictured in informal settings in their office, outside, or in production or warehouse areas while 27% were pictured in formal portraits. Many were pictured on or near a desk doing "work" of some sort. Most CEOs were smiling and wore conservative clothes. Only one company's executives wore no coats. Most wore dark suits with either red or blue ties. There was no consistency with the
performance of the corporation and the discursive and nondiscursive elements of style and arrangement that were examined in this chapter.

Illumination of the rhetoric in the 1982 corporate annual reports begins in Chapter III which focuses on the subordinate question: How does the narrator's language function in the annual report to serve the rhetorical purpose of the discourse?

The common thread linking all annual reports, the Letter to Shareholders, became the discourse to be examined in each report. Two elements of the discourse were examined: the words and the themes. Of the total 36,055 words in the fifty Letters to Shareholders, 6,000 were unique or not repeated. The remaining 30,000 words were repeated at least once. Since repetition is strong support for an argument, I was interested in the words of more than four letters that were used at least twenty times in the total grouping of Letters. Forty one percent or 14,789 words met this criterion.

The smaller group of words was analyzed for rhetorical significance. Ten percent were utilitarian or words that have little meaning when used alone. For example: "with," "that," "were," and "from." Fifteen percent were considered business words or those routinely used as descriptive of the work being done in corporate America. They included: "sales," "market," "technical," and "plan." Financial words were nine percent and they describe financial results. For instance: "rate," "invest," "quarter," and "fiscal" are considered financial. Utilitarian words are common in discourse itself and financial and business words are expected in a financial
report of a business organization. The remaining groupings, however, tell us something about the flavor of the discourse of the Letters even though they represented only seven percent of the total. Superlative words were 6.1% and diminishing words were .9%. Superlative words were so named because they represent optimistic choices made by the narrators of corporate annual reports; words like: "more," "growth," "improve," "strong," and "major." On the other hand words considered diminishing were "reduce," "decline, and "last." This analysis of words illuminates the language in the Letters to Shareholders of corporate annual reports. Since annual reports are expected to be optimistic and to include superlative rather than diminishing words, the results were expected. Narrators feel that annual reports need to reinforce the message that management will continue its good performance or that in the future, management will correct past mistakes. The frequency of usage of the words in the 1982 Letters to Shareholders is evidence that this is true.

The themes in the fifty Letters to Shareholders were also examined in this dissertation. They were determined by careful readings of the Letters. Some themes were obvious and no doubt intended by management; others came from noting the repetition in the discourse. These major themes were then placed in categories and named. The names were chosen because the theme is similar to the name assigned. Essentially, the themes reminded me of the groups that carried the names:

Blamers,
Equivocators,
Futurists,
Inventers,
Satisfiers, and
Vaunters.

All of these discursive categories contained the cultural aspects of rationality, sociability, and authority from the explanatory, interpersonal, and political communication performances by the narrator in behalf of management.

Eleven of the fifty annual reports became, what I call, "blamers." They placed the responsibility for the year on factors external to the business rather than the internal management of the company. Many factors were blamed: the economy, the dollar, the industry, or the market. The poor economic condition of the year contributed to the poor performance by many companies. Blamers are expected in business.

Nine companies were considered ambiguous or what I call "equivocators." They appeared to avoid commitment or responsibility; but, not by blaming other factors, but by using ambiguous words and phrases that the readers had to interpret meaning for themselves.

Two narrators of annual reports were looking ahead in their discourse and are considered "futurists." Even though both had poor operating profits for the year, they were optimistic about the future.

All fifty can be considered as using invention in their annual reports since they searched for and discovered the arguments they
considered appropriate. But seven narrators provided unique themes that were different from the usual. They are called "inventers" in this study. Sometimes their unique theme was invented for them by fate, like the Tylenol tragedy and the break-up of the Bell System. Inventers are good rhetoricians because a choice was made to be different in their annual reports. They used a strategy to improve their stance with their audience. Several were even pessimistic about what they could see for the company in the future. That was unique and probably an effective use of rhetoric.

Six narrators delivered themes that were likely to fill the desires and expectations of the readers of annual reports. They showed their audiences that they were fulfilling a pledge or forecast promised earlier. I call them "satisfiers" because they satisfied the needs, solved the problems, of their audience. Certainly this group realized that fulfilling a pledge has a high esteem rating.

The largest group, fifteen, were essentially boasters that "vauntingly" told their audiences that management was good and always did well. Annual reports have become known as discourse that vaunts, so the 32% that did in this study came as no surprise.

Chapter IV focuses on the nondiscursive elements of the fifty annual reports and discusses the question: In what way does the nonverbal display contribute to the rhetorical purposes of the annual report? Since the narrative and financial statements can be overlooked by readers of annual reports, the nonverbal pictures become very important. These icons have the capability to tell the readers
the story that the narrator and other management want readers to tell themselves. In order to determine the stories told by the pictures each of the fifty annual reports was examined for the trend of the principal pictorial theme as told in the pictures and the one picture in each report that typified the central nonverbal theme. These representative pictures were then grouped and named. The categories include:

- World Wide Service
- Employee Emphasis,
- Technical Emphasis
- Quality Emphasis
- Diversified Customers,
- Active Customers,
- Exclusive Themes and,
- No Pictures.

Supposedly airlines would have themes that emphasized world-wide service, but only one did. But, two industrial companies and three high technology companies had pictorial themes that told the readers of their annual reports that they had customers all over the world. The implication is that if these seven companies sell their products in many countries, they are strong and authoritative since different cultures demand product differentiation.

Six companies emphasized their employees in their annual reports; three were high technology companies. The iconographic image conveyed by these companies is one of sociability and that people enjoy working
for them. Since unhappy employees probably do not make good products or provide good service, a company with many smiling employees is a good investment, a good supplier, and a good place to work. Authoritative corporations are careful to include women and minorities in their iconic theme of employee emphasis.

The largest group of companies, 26% of the total, emphasized technology in their iconic display. As is expected most are in the high technology category. Only one industrial company, 3M, and one service company, Delta Airlines, had pictorial stories that emphasized their technology. Most of the companies using the iconic theme of technology showed new technology with people using machines and equipment to accomplish much more with technology than with former methods. Several, however, used abstract or abtruse photography which was difficult to understand, but it provided a mystique that also has a technological meaning. The nonverbal claim made by this group of companies in the pictures in their annual reports was that in this age of technology, a technically oriented company does better than those companies that do not embrace technology. This appeared to be the story of rationality that they wanted repeated in the minds of their readers.

Two companies, General Foods and Avon used pictures that had a quality emphasis. The attractive packaging of "parfum" and the lace and crystal used in serving coffee enhance the products by picturing quality companions. The nonverbal icon of quality and elegance can make the readers of the annual report tell themselves the story that
they have chosen a rational, sociable, and authoritative company that produces only the finest of products.

Fourteen percent of the companies in the study wanted their audiences to repeat the story in their minds that the company produces products that are used in many applications by many different people. These customers are diversified. The icons are varied, but all showed diverse usages for standard products. The story suggested to the readers becomes: corporations that sell to a variety of customers are rational and survive economic slumps better than those that serve only one market.

Active customers have been shown in space and television advertising for many years, so active customer icons are expected in corporate annual reports. Not surprising is it that all companies using this theme sold their products to the public. The pictorial story shown in these reports was that our end customers are busy, they are athletic, they like to be active, and they have fun. The association with the reader becomes one of association with these active people, a reinforcement that Americans want to be healthy. If one does the same things that the icons are doing, using products or services, one will also be healthy. In addition, this sociable company that we are a part of must be doing the right thing if all these active, healthy people are pictured as proponents of our products.

Several companies had iconic themes unlike others examined. They were unique because they were specialized themes applicable only to
that particular authoritative company. Finally, three high technology companies had no pictures in their annual reports.

Icons are representations of the real things and therefore can be used as effective rhetoric because their use is planned. Narrators and other members of management plan the pictures used in corporate annual reports. Themes are determined with messages in mind, themes that become the stories the corporation want their audiences to tell themselves. The nonverbal themes used in the fifty annual reports in this study were varied and in most cases were interesting, but not surprising. Consistency was tested by a comparison of these nonverbal themes with the verbal display or discursive themes discussed in Chapter III. This comparison does offer some enlightenment. Essentially there were few comparable themes used in the 1982 annual reports in this study. There were just two concentrations of verbal and nonverbal rhetoric in the market/product categories:

1. Three high technology companies that had pictures in the technology emphasis nonverbal category were in the verbal "vaunters" category, and

2. The two consumer companies with the quality emphasis in their iconography were classified as "equivocators" in their verbal display.

While comparisons of discursive and nondiscursive rhetoric provide little consistency, the common thread throughout all the
rhetoric in this study of annual reports is the explanatory, interpersonal and political communication performances of the narrators which enhance the rationality, sociability, and authority that management desires.

Throughout this investigation of corporate annual reports, the communication performances of the CEO and the narrator were noted. While Trujillo's explanatory, interpersonal, and political communication performances were originally intended as creating rationality, sociability, and authority in organizational life, this study has shown that his perspective can be extended to external audiences as well.

In Chapter II the way the annual report is organized and arranged became an explanatory communication performance that contributes to the rationality of the communication. Management desires that the audience view its performance as being rational so it orders the elements in a way that is intended to be rational and optimistic. The selection of the front cover and the determination of the length of the letter can also be considered explanatory communication performances which are intended to persuade the audience of the rationality of management. In addition, front cover pictures and letter length are interpersonal performances. Happy people tell the composite audience of the sociability of the organization. Plain covers or covers with logos or statements are powerful political communication performances which can create the authority desired by management.
An interpersonal relationship is also intended by the setting of the CEOs picture, his clothes, and stance. The intended sociability can be determined by the smile or lack of one by a CEO. His stance of working at his desk or being photographed outside with a city background tells the audience his actual interests or the interests he would like for them to believe he has adopted. His clothes reveal his interpersonal and political communication performances on a day to day basis. CEOs with bow ties are probably as sociable as those that work in their shirt sleeves. The dark suit worn by most CEOs is a political performance that shows his authority.

In Chapter III, an audience recognition primarily of rationality is sought by management in the discourse. The Letter is an explanatory communication performance that displays the year as understanding, optimistic and therefore rational. This language is an explanatory performance because the words and themes chosen by the narrator influence the perceptions of the audience about the accounting of the events of the year that are being reported. Secondary elements of sociability and authority are also apparent.

As with style and arrangement, the nonverbal elements in Chapter IV became various communication performances aimed at influencing the composite audience. The predominantly explanatory message of companies with a world wide service emphasis in their reports is that their products have world wide usage; and that can only be considered rational. The iconographic image and interpersonal performance conveyed by the companies in the employee emphasis group is that
people enjoy working for them, and that they are therefore social organizations. The largest group of companies which are in the technology emphasis category were explanatory in the pictures that they chose to tell their story. The argument was a rational nonverbal claim to the composite audience that in this age of technology, a technically-oriented company has the best chance of being successful, regardless of the market served.

The nonverbal icon of quality and elegance had a communication performance that was probably both explanatory and interpersonal. The pictures showed products accompanied by elegance and quality companions which rationally justified a wide acceptance or a high price. They also showed authority because these icons showed the composite audience that they had "gone with a winner." Another group had an explanatory story which was one of diversity. The visual explanation shows variety because diverse things are different or unlike. This variety shows strength and rationality in business because diversified customers are in different businesses and if the corporation sells to a variety of customers, a failure or an economic slump in one market should not be disastrous since the corporation sells to diversified customers in many markets.

Another interpersonal performance was the active customer group. The interpersonal story is that active people are healthy and therefore happy. We identify with this activity and so do corporations that want to sell their products to us. In addition, these socially oriented corporations must want readers to tell
themselves that even if they are not active or healthy but buy the products that active consumers apparently use, they too will be active, healthy, and therefore happy.

The rhetorical features of style and arrangement as well as the rhetoric of the discourse and pictures provide examples of varied communication performances by management as rhetoric which sustains optimism through the cultural elements of rationality, sociability, and authority.

**Conclusions.** The study of style has been controversial in the field of rhetoric since the field of philosophy tried to take "content" and leave just "style" for the study of rhetoric. The general public still confuses the name. But, style as well as arrangement cannot be separated from content. It is the way we present the content of our messages. They are characteristic of the rhetor, have classical roots in rhetoric, and are as an important to effect as thought.

Modern elements of arrangement and style were shown to act as rhetorical features of annual reports, but they had no correlation with other rhetorical elements examined as well as no relationship with the financial results of the corporations. Investigation of these rhetorical features have perhaps raised more questions than can be answered.

Since choices were made by corporate managers, or the CEO himself, on the elements of style and arrangement, we can consider the following generalizations:
1. The front cover design is utilized to draw the attention of the composite audience to the report.

2. The order of the annual report is planned to serve a rhetorical purpose by emphasizing the optimistic elements in the report.

3. The addressing of the stock owners, the principal audience of annual reports, can reveal elements of sociability of management.

4. The length of the Letter is probably a reflection of the tone of the message delivered by the narrator.

5. The clothes worn by corporate executives probably reflect the way they want to be perceived by the composite audience.

Posing these generalizations may have answered the question in Chapter II: In what ways do arrangement and style act as rhetorical features of annual reports? The answer becomes: Style and arrangement act as rhetorical features of corporate annual reports because of the rational order and presentation of discursive and nondiscursive ideas. We see rhetorical efforts in the placement of the multi-year analysis; but, do all narrators? A distinctive plain cover has a rhetorical message, but so does a map or a slogan. We may not know why a Letter was extremely long, but we know that the length can affect certain audiences. A CEO pictured with his COO presents a different nonverbal message from a single portrait of the CEO. The presentation of the CEO is affected by his stance: working, posing, smiling.

The discourse in the Letters to Shareholders in Chapter III is a good representation of the rhetoric of corporate America. The
question is: How does the narrator's language function in the annual report to serve the rhetorical purpose of the discourse? Word counts show that some of the words used by corporate management are utilitarian, as in all discourse, but the nature of financial reporting of a corporate business makes up the majority of words in discourse. Therefore financial and business words dominate the discourse of corporate annual reports. The remaining words, even though they represent a small percentage of the total, show that annual reports are designed to be optimistic. This conclusion while expected, has not been previously confirmed in the literature.

The major themes in the discourse of annual reports have not been analyzed before. This study reveals that sixty six percent of those studied have themes that are generally considered less than candid, because vaunters, equivocators, and blamers are labels associated with being not as disclosing. A common opinion exists that corporate annual reports exaggerate their successes and blame others for their problems. This study confirms that belief.

However, many corporations do not use these rhetorical devices. Four percent in this study look to the future. They point to better times. Twelve percent fulfill pledges. The long range plan for the corporation apparently will not be deterred by a particular year. They satisfy their audiences. Heightened "invention" or uniqueness served eighteen percent of the narrators in this study. They raised the interest of their audiences to other corporate events. The rhetoric used in the discourse of annual reports also enables the
narrator to report to the composite audience in ways considered to be favorable to management. Messages are optimistic because superlative words are chosen for the annual report. The rhetorical device of word choice is used to inflate the good deeds of the past and future and to deflate the more somber messages.

Major themes in the discourse reveal positive as well as negative approaches. While some blame, brag, and appear to confuse, others look to the future, satisfy readers with fulfilled pledges, and provide unique and interesting reading in their annual reports. Unfortunately, financial results do not correlate with any of these uses of rhetoric, so I cannot conclude that "successful" companies do or do not brag; that "poor performers" use unique themes to distract the reader from the bad news; or that average operating results are reported by those companies that satisfied their audiences with fulfilled pledges. But, it can be concluded that the verbal themes, regardless of what they are, were created by management, modified by other management, and probably approved by the CEO or even the Board. Surely with these layers of management involvement, the purpose of the report is one of optimism.

I point out to MBA Students at Ohio State the importance of reinforcing their verbal rhetoric in oral presentations with nonverbal visuals that are supportive to their argument. The discourse in the corporate annual report is also accompanied by visuals, expensive photography that is planned and carefully displayed at appropriate places in the report. It is important that the nonverbal aspect of
this important corporate message be examined in more detail than is currently done in the trade press. Chapter IV focuses on the nondiscursive elements and asks the question: In what way does the nonverbal display contribute to the rhetorical purpose of the annual report? The conclusion is: Since all the nonverbal themes were optimistic they did support the rhetorical purpose of the annual report. This purpose, however, would have been better served if there had been more continuity between the words and the pictures. The two "concentrations" detailed before do not constitute enough of a trend to forecast future trends.

Since the financial data tabulated reveals no trend in the use of icons by various categories of companies this study suggests that management may plan the nonverbal theme of the annual report or simply use quality photography or art to enhance the beauty of the publication. The nonverbal messages, while not comparable to the discourse or the financial results, have distinct messages for the audiences of the annual reports. Again, as in the discourse, the messages were optimistic. They should not be overlooked:

"We serve the world!"

"Our employees are happy!"

"We are on the cutting edge of technology!"

"We have high quality products!" and

"Our customers are active!"
These messages as well as the several exclusive messages and the message of not using any photography are important aspects of the use of nonverbal rhetoric in corporate annual reports.

A major question of the study is: "How do annual reports act rhetorically as communication performances?" The question can be answered with two general statements and a number of subsequent claims:

I. The language, pictures, style and arrangement of the annual report function rhetorically to promote management in highly optimistic ways.

II. Continuity is provided by the communication performances of the narrator who appears to pursue cultural effects in terms of rationality, sociability and authority from the composite audience.

Additionally, four subsequent claims also emerge from this study:

1. Annual reports are narrated in ways that rhetorically display an optimistic image.

   A. The order of the annual report emphasizes the more positive accomplishments by positioning of the multi-year analysis.

   B. CEOs are pictured in ways that show the audience the positive style of the company, or of management: with the "team," admiring art, conservatively dressed, working, or smiling.

   C. The frequency of usage of words in annual reports proves that optimistic and superlative words are used six times more than diminishing and negative words.
D. Analysis of the themes in the Letters shows that 66% of the narrators chose optimistic, discursive themes, with some reports being less than candid.

E. The message carried in the pictures of annual reports are primarily optimistic and show satisfied employees or customers, products high in quality and technology, and products or services available for world-wide applications and markets.

2. Annual reports rely on two primary rhetors to convey the positive message: the narrator and the CEO.

A. These two important rhetors are partners in annual reports.

B. The CEO greets the composite audience with his picture and the Letter that he signs.

C. The narrator, is the persona of the voice of the corporation, and delivers the words, graphics, and other rhetorical features to serve the rhetorical purpose of optimism in the annual report.

3. The rhetorical potentiality of the annual report may be lessened by the contradiction between graphics and text.

A. This study shows that the graphics or pictures in annual reports do not support the major argument or theme in the text, and the theme in the discourse is usually different from the theme or story told in the pictures.
B. This may seem incongruous; but, the narrators of annual reports deliver themes of words and graphics that support the optimistic purpose of the narrator, but lack support of each other.

4. This study extends Trujillo's concepts of communication performances by managers from internal audiences to the composite audiences of corporate annual reports.

A. Trujillo showed examples of how various internal communication performances created identities and culture within the organization. He claimed that the metaphor of performance helped him make "rhetorical" judgments about organizational communication phenomena.

B. His communication performance categories of "explanatory," "interpersonal," and "political" not only are applicable in creating culture within an organization but can be applied to external audiences as well. Management is eager for the composite audience of annual reports to feel that management is "rational," "sociable," but retains the "authority" to manage the business.

C. This study shows that the annual report is a major vehicle that consistently conveys verbal and nonverbal messages that are rational, social and political to the composite audience of business.
Certainly several related questions remain unanswered and can become the subjects of future research:

I. These or other groups of companies should be studied over a period of time to determine if the rhetorical devices used in 1982 were repeated in later reports.

II. An analysis of annual reports of a particular industry or market might show differences in the rhetorical approaches of companies in the same business.

III. Investigation of the effect of color over black and white pictures in the nondiscursive elements of corporate annual reports might show a degree of difference in the acceptance of the report.

These suggestions for future research are directions scholars may follow in studying corporate annual reports. I suggest this dissertation is a key step in understanding these messages as an important element in corporate rhetoric.


"How to be Great." Time September 15, 1982.


"Reading Between the Pictures." Forbes Jan. 20, 1984: 126.


"Who's Excellent Now?" Business Week, November 5, 1984, 76.


APPENDIX A

FRONT COVERS

Amdahl
American Airlines
AT&T
Avon
Blue Bell
Bristol Myers
Caterpillar
Cheesbrough-Ponds
Dana
Dart & Kraft
Data General
Delta Airlines
Digital
Eastman Kodak
General Electric
General Foods
General Motors
Gould
Hewlett Packard
IBM
Ingersoll Rand
Intel
Johnson & Johnson
K Mart
Levi Strauss
Lockheed
Mariott
Maytag
McDermott
McDonald's
Merck
Minnesota Mining
National Semiconductor
NCR
Pepsico
Polaroid
Proctor & Gamble
Raychem
Revlon

Plain black
Photograph of airplane
Photograph of silicon wafer
Photograph of cosmetics
Art of product logos
Photograph of model's hair
Slogan
Photographs of customers
Photographs of products
Photographs of customers with products
Photograph of electronic office
Photograph of airplane
Photograph of personal computer
Photograph of Epcot Center using VR100 film
Art of company logo
Photograph of product
Photograph of Corvette
Photograph of mini computers
Plain tan
Photograph of personal computer
Company product logos
Plain white
Plain tan
Photograph of customer
Art of women's 501 jeans
Photograph of airplane
Photograph of Crystal
Gateway Hotel
Photograph of product cartons
Photograph of oil derrick barge
Art of new store location
Photograph of customer
Photograph of technical product
Map of World
Photograph of silicon wafer
Photograph of consumers
Photographs of polaroid pictures
Plain white
Photograph of sculpture "Aurora"
Photograph of soft contact lens
Rockwell
Schlumberger
Texas Instruments
TRW
United Technologies
Wal-Mart
Wang
Warner
Westinghouse
Xerox
Plain tan
Photograph of employee
Plain white
Photograph of micro-electronic chips
Art of company logo
Photograph of company logo
Plain black
Map of World
Plain navy blue
Slogans
APPENDIX B

FREQUENCY OF USAGE—ALPHABETICALLY

30 ability
70 about
22 accomplish, ed, ing, ment
70 achieve, ed, ment, ing
44 acquisition
47 acted
41 activity, ies
91 added, ing, ion
33 advance, ed
30 advantage, eiously
21 adverse
27 affect, ed, ing
27 agreement
38 ahead
119 also
45 American
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43 annual, ly
25 another
20 anticipate, ed
20 apparel
21 application
41 approximate, ly
69 area
29 asset
20 attention
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39 based, ed
21 became
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23 before
25 being
53 belief, ed, es
29 benefit, ed, ial
37 better
86 billion
71 Board
63 both
218

58  low, er, est
140  made, make
52  maintain
107  major
131  manage, er, ment, ing
79  manufacturer
32  margin
306  market, ed, place
31  mart
40  meet, meetings
285  million
322  more, much, most
23  must
27  name
75  nation, al
23  near
29  necessary
46  need, ed, less
70  number
28  office
30  officer
37  only
215  operation, al, ing
67  opportunity
65  order, ly, ing
60  organization
91  other
22  outlook
33  outstanding
113  over
30  overall
24  page
33  part
43  particular, ly
77  past
60  people
140  percentage, age
85  perform, ed, ing
35  period
36  place, ed, ment
74  plan, ed, ing
38  plants
24  policy
115  position, ed, ing
28  potential
26  power
24  present, ed
101  President
50  previous
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