

# **Carillion's strategic choices and boardroom's strategies of persuasive appeals: ethos, logos, pathos**

## **Abstract**

Companies documents such as annual reports incorporate narratives of repetitive rhetorical strategies as effective mechanisms adopted by companies' boardrooms to promote strategic change and strategic choices. These mechanisms can be viewed as persuasive appeals to facilitate boardroom discourses. Yet, such persuasive appeals are instrumental in releasing significant signs regarding the outcomes of unsuccessful strategic choices that led companies to collapse such as Enron (USA) and Carillion (UK). Despite the contribution of previous research through narrative analysis domains, conceptualization of narrative practices remains a relatively a neglected area in the extant accounting literature. This study attempts to offer insights to boardrooms discourses through critical discourse analysis of persuasive strategies embedded in company's annual reports. Findings of this study show how persuasive strategies and repetitive slogans trigger the discourses of Carillion's annual reports by drawing on perspectives from upper echelon theory, impression management and communication patterns. Our analytical framework is rooted in Aristotle's three pillars of rhetorical proofs; ethos (credibility/trustworthiness), pathos (emotion/identification through cultural domains) and logos (reason/rationale) in investigating narrative extracts regarding persuasive appeals strategies adopted by Carillion's board through annual reports that facilitate discourse regarding Carillion strategic choices. Further, we emphasis on repetitive rhetorical slogans strategies embedded in the annual reports regarding Carillion's acquisitions strategy. We viewed acquisitions narratives as rhetorical communication artefacts and analyze the repetitive rhetoric slogans in these corporate documents. Findings reveal that Carillion' board strategically use repetitive rhetoric slogans to shape optimistic corporate future performance which might be different from the feasible reality. Finally, we argue that corporate executives are striving to construct an alternative reality stem from their initial unrealistic aspiration to lead their sector of less controlled market share. Findings of this study have theoretical and managerial implications.

## **1- Introduction**

Corporate reports have been largely debated by scholars as the main communication tool to corporate stakeholders with useful information utilizing rhetoric language to persuade corporate report users (see Edgar et al, 2022, Davis et al. 2012, Francis et al. 2002, Stanton and Stanton, 2002).

They argue that management enthusiastically uses corporate reports as an institutionalised communicative channel for managing different strategic and tactical choices through rhetorical construction. Narrative and repetitive rhetoric corporate reporting has been technique used by executives to promote strategic corporate decisions and choices and for persuading stakeholders of the corporate new direction of travel and this could be followed for releasing significant news such as disclosing profit warnings (Joyce, 2020), earning press release (Davis et al. 2012) or to report on corporate failure (Sandell and Svensson, 2016). Davis et al examined how managers use of language across alternative disclosure outlets, they argued that managers use rhetoric language to signal their expectations about future performance. Previous studies highlight the importance of rhetoric communications with financial reporting research discipline including annual reports depending on the corporate social and institutional context. These investigations have found than mangers and published annual reported use some sort of rhetoric language for different purposes, whether to report ESC compliance, performance and sustainability development, profit forecasts, takeovers defences strategies, to legitimise institutional change; or to influence investment judgements (Edgar et al., 2021). Yet, the narrative theory and analysis remains a relatively neglected area of accounting research (Beattie and Davison, 2015). Promoting excessive and consecutive acquisitions have been given less attention by scholars into the way executives have been disclosing those strategic choices, in a short of period of the corporate life cycle as the case for Carillion's prior to collapse. This provides the rationale underpinning this study. We emphasis on analyzing the mechanisms by which Carillion' board facilitate discourse regarding strategic choices, mainly acquisitions strategy, through the nature of the use of rhetoric adopted by Carillion's board and embedded in the annual reports.

Our study focuses on examining how acquisitions strategy constitutes strategic choice context whose disclosure is motivated by significant expected good coming performance and possible enhanced return on investments. This study attempts to answer the following research questions:

- What are the main rhetorical strategies adopted by Carillion's board?
- Why is repetition used by Carillion's board through strategic choices?

To answer the above research question, we adopt critical discourse analysis (CDA) as research approach. CDA is appropriate research method for examining written and spoken language in relation to its context. Particular attention is given to the purposes and the effects of different types of rhetoric. We viewed acquisitions narratives as rhetorical communication artefacts and analyze the repetitive rhetoric slogans in these corporate documents. Drawing on rhetorical appeals, we examine the role of repetitive slogans as a corporate communication vehicle delivering strategic choices. Rhetoric in this

paper refers to the use of language to persuade or influence others. Our rhetorical analysis draws on repetitive slogans' art of persuasion, where rhetorical tools used to speak and write effectively in appealing to an audience. Findings of this study that Carillion' board strategically engage through early annual reports with repetitive rhetoric slogans to shape optimistic corporate future performance which might be different from the feasible reality. Carillion' board was striving to construct an alternative reality stem from their initial unrealistic aspiration to lead their sector of less controlled market share.

## **2. Literature**

Companies are led by effective boards, whose roles are to promote the company's long-term sustainable success, generate value for shareholders, and contribute to society (Alkaraan, 2020). Strategic investment decisions reflect the art of the science of leading, steering, and controlling organizational resources (Alkaraan, 2016). These decisions require substantial investments with a significant long-term impact on organizational performance (Alkaraan and Northcott, 2007; Alkaraan and Northcott, 2013). Typical examples of strategic investment decisions are business technologies, substantial shifts in production and processes capability, mergers and acquisitions, the introduction of significant new product lines, and installing new advanced manufacturing systems (Alkaraan and Northcott, 2006 Northcott and Alkaraan, 2007; Hussainey et al, 2022; Alkaraan et al, 2022). Past studies reveal the complexity of strategic investment decisions within private and public paradigms. However, no appraisal techniques or KPIs are adequate or precise yet. Conventional appraisal techniques and conceptual frameworks offer partial explanations of how CEOs deal with such strategic investment decision. The literature suggests how relevant theories might be aggregated to make sense of these types of decisions within organizational contexts (see. Alkaraan, 2016; Alkaraan, 2017; Alkaraan and Floyd, 2020). Further, strategic investment decisions demand reliable, accessible, accurate, consistent, timely, and contextual information (Adel and Alkaraan, 2019). Boardrooms should engage with the sustainable business model, long-term value creation, sustainable performance, and long-term stakeholders. Boardrooms are responsible for their business return on investment, including financial effectiveness, cost-effectiveness, assets, operations, marketing strategies, and long-term business viability and success. Strategic choices are influenced by the organisation's top managers. Companies' practices reflect the backgrounds of their boards, who define the problems and determine strategies to resolve them. This perspective, known as the upper echelon theory, views organisational strategies and outcomes as the result of the values and cognitive biases of decision-makers: "executives'

experiences, values, and personalities affect their field of vision, selective perception, and interpretation” (Hambrick, 2007, p. 337).

Research mainstream highlights the importance of rhetoric communications with financial reporting research discipline including annual reports depending on the corporate social and institutional context (see White and Hanson, 2000, Brennan and Gray, 2000, Suddaby and Greenwood, 2005, Davison, 2008, Brennan et al., 2010, Higgins and Walker, 2012, Brennan and Merkl-Davies, 2014). These investigations have found that managers and published annual reports use some sort of rhetoric language for different purposes, whether to report ESG compliance, performance and sustainability development, profit forecasts, takeovers defence strategies, to legitimise institutional change; or to influence investment judgements. Brennan and Gray (2000) argued that despite the importance of profit forecasts to investors, little attention has been given so far to their publication, presentation and content. They examined disclosures in profit forecasts and in takeover documents from the perspective of rhetoric and argument to show how managements use accounting information to defend their own position and rebut the arguments of the other side. Persuasion in forecasts, and the verbal jousting and argument between bidder and target managements during contested bids, is considered. Their analysis reproduces and discusses examples concerning disclosures in profit forecasts and in takeover documents. This is intended as useful precedent material for practitioners involved in preparing profit forecasts. In selecting material to reproduce, there was particular emphasis on disclosures used by management for rhetorical purposes – to persuade shareholders or to attack the other side in the bid. The research showed that there was some evidence of strategic information disclosures by management both in the accounting practices employed in preparing forecasts, in the variability of levels of disclosure and the choice of wording used in some disclosures. In particular, the choice of disclosure practices by management may be used to provide protection if the forecast is not subsequently achieved, thus serving management’s own self-interest.

Corporate reports have been largely debated by scholars as the main communication tool to corporate stakeholders with useful information utilizing rhetoric language to persuade corporate report users (see for example: Edgar et al, 2022, West et al., 2022; Davis et al. 2012, Francis et al. 2002, Stanton and Stanton, 2002). They argue that management enthusiastically uses corporate reports as an institutionalised communicative channel for managing different strategic and tactical choices through rhetorical construction. They examined corporate bad news of profit warnings as rhetorical communication artefacts and examine the rhetoric in these corporate documents. The earning press as a disclosure mechanism was discussed by Francis et al. (2002). It is suggested that managers use

language in press releases not just to signal expectations but to persuade organisational audiences (Edgar et al, 2022). They justify their stand with reasoning that a language may also unconsciously reveal managers' thinking on evolving events.

The announcement of mergers and acquisitions tell investors the story of expected future good news. For our case company, this story is first revealed in board minutes, then communicated in writing in the acquisitions announcement and is finally communicated formally in the annual reports. The board minutes, announcement and board minutes should tell a consistent story (the reality) since the speaker (Carillion/Carillion's executive directors) in each case is the same. However, leaders can use words to "sculpt reality" (Vignone, 2012, p. 35) and an "audience's interpretation of and reaction to a person, event, or discourse can be shaped by the frame in which that information is viewed" (Benoit, 2001, p. 72, emphasis added).

There has been some research into the type of rhetoric language used in narrative reporting by corporate leaders. It was concluded that the CEOs rhetoric words and phrases may impact the current and perspective corporate stakeholders, and the society and those words may become a trend ideology (Edgar et al, 2022, Merkl-Davies and Brennan, 2017 Amernic and Craig, 2013, Beelitz and Merkl-Davies, 2012, Davis et al. 2012, Chen and Loftus, 2019) For example, Edgar et al, (2022) has discussed that corporate narrative documents can be routine (for example, annual reports, CSR reports and earnings press releases) or non-routine (for example, profit warning press releases and takeover defense documents). For our study, it would be kind of analyzing non routine merger and acquisitions documents. Merkl-Davies and Brennan,( 2017) highlight that corporate management shape messages to fit their own plans or to deceive stakeholders since they are familiar with technical accounting that would be mediated via rhetoric language. Other studies such as Alshbili and Elamer (2020) examined the influence of institutional context on corporate social responsibility disclosure. Dunne at al. (2021) adopt impression management regarding their study Big Four auditors through their reactions to public inquiry. COVID-19 profit warnings and delivering bad news in a time of crisis (Brennan et al., 2022). However, corporate narratives become more critical in time of corporate crisis when they have to apply rhetorical leadership and use discourse strategically. This is also important when leader presented their persecution about corporate future performance to persuade stakeholder with acquisition feasibility. It is argued that CEOs may release inaccurate forecast of earnings or other performance metrics utilizing the language characteristics (such as repetitive slogan) to influence investors' ability to evaluate the credibility of future performance that is being released (Davis et al. 2012) or providing a refined signals about corporates future-takeove expectations which may also

question the credibility of the released language (Chen and Chang, (2017). Other scholars have provided similar language evidence that managers often make strategic choices in the language they use in communication (Bochkay et al. 2020, Guo et al. 2020) or the way in which the repeat rhetoric (Davis et al., 2012) or executives more optimistic and less pessimistic language in earnings press releases (Davis and Tama-Sweet, 2012)

The use of language may fluctuate depending on whether the news is optimistic or pessimistic. Corporate narrative documents about mergers and acquisitions normally contain optimistic news and may also include pessimistic news. For example, Chen and Loftus (2019) find out that the top management executives use singular pronouns vs collective plural pronouns when they try to report negative performance news. This is an indication of how managers rhetoric language influences the perceptions of managers' credibility. They found that higher credibility perceptions for self-inclusive singular pronouns. Thus, understanding language use when delivering optimistic news in mergers and acquisitions is an important area of study. At different scenarios, manager use plausible language depending of the explanations provided. Hutton et al., 2003) reported soft-talk disclosures for verifiable forward-looking statements, Elliott et al., 2011 reported that manager may disaggregate the forecast into its components when they try to influence investors.

Drawing on rhetorical appeals, we examine the role of repetitive slogans as a corporate communication vehicle delivering strategic choices. Rhetoric in this paper refers to the use of language to persuade or influence others. Our rhetorical analysis draws on repetitive slogans' art of persuasion, where rhetorical tools used to speak and write effectively in appealing to an audience.

We base our analysis on Carillion plc, mergers, and acquisitions announcements before its collapse in January 2018. Following the UK parliamentary enquiry all documents required for analysis are available which increased the prospective understandings from this case (House of Commons, 2018). As Carillion experienced excessive take overs between 2009 and 2017, we consider it very appropriate case for our research, and in particular UK parliamentary enquiry found Carillion management's behavior to be self-serving, therefore, it would a fertile resource to understand the rhetoric language used by Carillion Executives to persuade stakeholders of all acquisition happened during very short time of Carillion lifetime.

### **3. Research methodology**

Research on the problematics of accountability is largely conceptual and seeks to theorise the problems that can arise from greater demands for accountability (Yasmin and Ghafran, 2019).

Dominant among these approaches are explorations of the qualities of the firm, aspects, and individual characteristics of senior executives. Research, specifically addressing senior executives, takes either an individual trait approach or a social identity approach (see Yu et al., 2019).

### ***3.1. Carillion case***

Carillion plc is the second largest construction company in the UK (listed on the London Stock Exchange). Carillion (headquartered in Wolverhampton) was created in July 1999 following a demerger from Tarmac, the UK's leading sustainable building materials and construction solution. A compulsory liquidation order was made on 15<sup>th</sup> January 2018 against Carillion on the request of its directors. Compulsory liquidation is a court-based procedure through which companies' assets are realised for the benefits of their creditors. Carillion comprises 6 companies; Carillion plc; Carillion Construction Limited; Carillion Service Limited; Planned Maintenance Engineering Limited; Carillion Integrated Services Limited; Carillion Services 2006 Limited). Carillion went into compulsory liquidation on 15 January 2018 with liabilities of almost £7 billion, largest ever trading liquidation in the UK. It had 43,000 employees in 2016 (18,257 of them in the UK).

### ***3.2. Data***

We collect data mainly from (i) Carillion's annual reports (1999-2016), (ii) parliamentary investigations documents, House of Commons (iii) and other governmental reports; Department for Work and Pensions, and the Insolvency Service, 2018 report, Public Administration and Constitutional Affairs Select Committee, in July 2018, and Companies House, Department for Business, Energy and Industrial Strategy, Government of the United Kingdom, as well as selection of online news reports by The Guardian, BBC and Financial Times.

### ***3.2 Methodology-rhetorical analysis***

Rhetoric is sometimes viewed as synonymous with discourse and often used interchangeably with ideology. Yet, rhetoric is distinguished by an emphasis on persuasion (Higgins and Walker, 2012). Rhetoric is the art of persuading, which along grammar and logic is one of the three ancient arts of discourse. Thousands of years ago, Aristotle articulated three ways to appeal an audience; "logos, pathos, and ethos". Rhetoric typically provides heuristics for understanding and discovering and developing arguments for particular situations. Rhetoric studies are concerned with how language and other symbolic forms influence the way the way an audience think. Rhetoric sits in harmony with

discourse, but it is not necessary a subset of discourse analysis. Traditional rhetoric is characterised by three distinct, but not separable, Aristotelian pillars of Ethos (credibility), logos (reason) and pathos (emotion) elements. The relationships between these three approaches of appeals are often called the rhetorical tringle as shown in Figure 1.

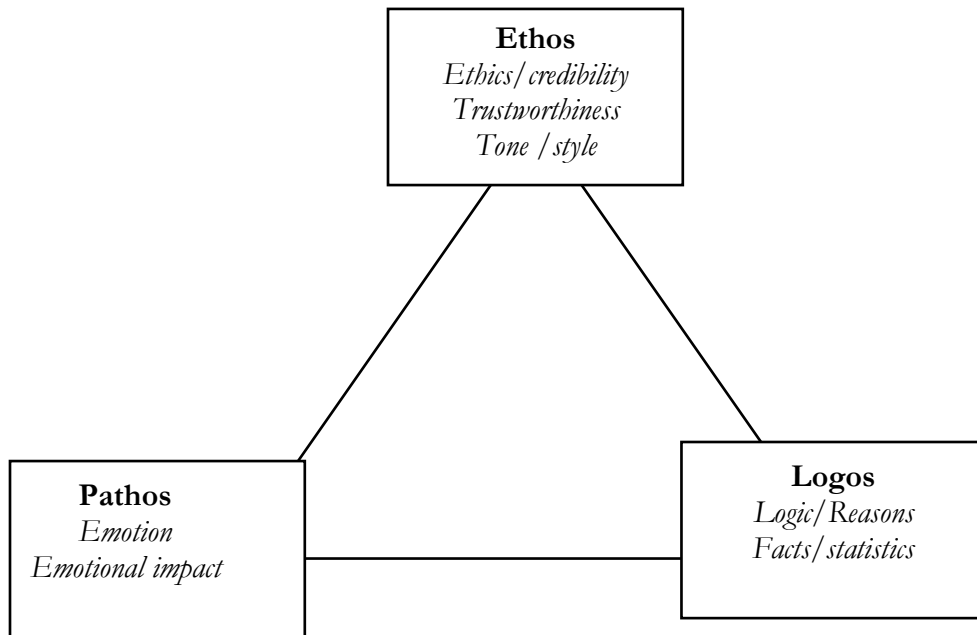


Figure 1 The rhetorical triangle: Aristotle’s three rhetorical pillars of ethos, logos, and pathos

Aristotle rhetoric suggests that there are three strategic devices for persuasion (350BC/2010):

- Logos (persuasion through reasoning), it uses “facts and figures to back up a claim” (Brennan and Merkl-Davies, 2014, p. 608) and justifies a course of action “for reasons of efficiency or reasonableness” (Green, 2001, p. 44).
- Ethos (persuasion through personality or authority). It uses “writers or speakers who are trusted and respected” (Beason, 1991, p. 326) whose arguments audiences are more likely to accept. Ethos is persuasive because of the character of the communicator as a credible source of ideas and views. it is arguably the most potent form of persuasion “often being more effective than either logical or emotional appeals” (Beason, 1991, p. 326).
- Pathos (persuasion through the arousal of emotion) (Beattie, 2014). Pathos influences audiences “by evoking an emotional response”. Pathos involves “the use of figurative



language, particularly metaphor” (Charteris-Black, 2004 quoted in Brennan and Merkl-Davies, 2014, p. 608). Pathos persuades “the emotional part of the mind” (Green, 2001, p. 44).

Our research methodology is rooted on rhetorical analysis. A rhetorical perspective allows scholars to answer various questions, including which rhetorical strategies organisations use most frequently, which are most effective and how organisations persuade their shareholders and stakeholders to support them in times of change (Merkl-Davies and Brennan, 2017, p. 445). Rhetoric focusses primarily on “the persuasive aspects of messages” (Merkl-Davies and Brennan 2017). Rhetorical language focuses on persuasion and has the “capacity to influence thought and action”, can be “used for good or base ends” and “has moral implications” (Herrick, 1992, p. 133). Classical rhetoric focusses on how we use words. It emphasises the intentional and deliberate use of persuasive language to influence meaning and shape action. Persuasion of ourselves and others plays a critical role in how we familiarise and evaluate our world (Edgar et al, 2021). Organisations use rhetoric, retrospectively, to respond to existing rhetorical situations or proactively to shape or frame future rhetorical situations” (Cheney et al., 2004, p. 87, quoted in Brennan and Merkl-Davies, 2014, p. 607). Several authors have adopted Aristotelian classical rhetoric to study accounting communication. They operationalise persuasion as logos, ethos and pathos. Higgins and Walker (2012) draw on Aristotle to analyse the discursive struggles concerning the appropriate role of business in society. In their study of social and environmental reports of three New Zealand companies. Brennan and Merkl-Davies (2014) conduct a rhetorical analysis through an Aristotelian lens of an exchange of press releases in an argument between Greenpeace and six organisations in the fashion trade. Aerts and Yan (2017) study meta-discourse markers in CEO letters to shareholders, enabling writers to connect with their audience by expressing their stance and engagement with readers. Hossain et al. (2019) explore 24 Fortune 500 companies’ rhetoric in sustainability reporting to persuade stakeholders and to legitimise their strategies.

By adopting a rhetorical perspective, we can examine whether rhetoric during a company’s announcing mergers and acquisitions differs from the rhetoric used in alternative contexts. In addition, the comparison in rhetoric across documentary sources allows an understanding of how rhetorical strategies differ when telling the same story. However, it does not tell us whether investors view the mergers and acquisitions announcements as useful or credible or the ethical implications, including whether readers can trust mergers and acquisitions announcements.

Our analytical approach incorporates aspects of persuasion from impression management and strategic communication studies, adopted from Higgins and Walker (2012) to explain Aristotle’s three rhetorical pillars of ethos, logos, and pathos. Details of our analytical framework are depicted in Table 1.

| Table 1 - Rhetorical pillars of appeals:                         | Examples of persuasive mechanisms  |
|--|--|
| <b>Ethos</b><br>Credibility (Perceived character of the speaker) | Similitude/ similarity<br>Ingratiation<br>Deference<br>Expertise<br>Self-criticism<br>Inclination to succeed<br>Consistency                                |
| <b>Pathos</b><br>Emotion   | Metaphors<br>Identification through cultural references (such as under-privilege; health; wellbeing; hope; aspiration; loyalty; sympathy; friendship)      |
| <b>Logos</b><br>Reason (the appearance of rationality)           | Argumentation<br>Logic/judgement/lucidity/rationality<br>Justifications/ warrants claims<br>Data/statistics/facts/figures<br>Evidence- example -historical |

Ethos, the first of our rhetorical proofs, refer to persona or projected character of speakers /communicators, including their credibility and trustworthiness/honesty (Hartelius and Browning, 2008). Ethos invites audiences to confer authority on a speaker and focuses on the persuasiveness of the speaker’s character (Green, 2004; Conrad and Malphurs, 2008). Particular analytical categories that identify appeals to ethos include similitude, deference, expertise, self-criticism and the appeal to the inclination to succeed. Green used rhetorical theory to reconceptualizing the diffusion of management practices, and articulated that the diffusion of practices depend on discursive justifications used to rationalize it. When such justifications are accepted and taken in granted, the practices reach a stage of institutionalization. In the context of companies reports, these persuasive mechanisms attempt to gain credibility for their role (Beason, 1991). We focus on evidence of these appeals in concert with evidence of appeals to expertise, where readers’ attention are drawn to the organisations qualifications, judgement, experience and first -hand knowledge aspects of the texts that we read as contributing to the persuasive power of the companies reports because they contribute to ethos (credibility) and logos

(reason). We also sought evidence of self-criticisms which suggest trustworthiness /honesty of the organisations authors who can admit to past or present mistakes and we sought references to appeals to the inclination to succeed as these strengthen ethos by drawing attention to past achievements or forecasts of future company's success.

Logos refers to the clarity and integrity of the argument (Holt and MacPherson, 2010), and emphasises logic and the appeals to reason. It was argued that logos in rhetoric is not just rationality, but the appearance of rationality, like commonsense not requiring verbal proof as logic for its persuasiveness. Companies reports hold implicit appeal to logos in their association with the highly institutionalized and neutrality of company financial reports (Higgins and Walker, 2012).

While rhetoric is the “art of persuasion”, its secondary role as “instrument of discovery and sound judgment” (Simons, 1990, p.15) is increasingly employed to interpret the workings of business organisations (Higgins and Walker, 2012). Rhetoric has been accorded significant for bringing about organisational change and the diffusion of new practices (Green, 2004). Pathos refers to audiences' feelings and relies on persuasive effects through generating audience emotions such satisfaction through association with society/culture

### ***3.3. Research design***

Our starting point is that companies' reports is produced by companies with the intention to influence users of these reports. We sought that by revealing the persuasive techniques used in Carillion's annual reports, we can provide insight of how language -use influences audiences to accept the discourses constructed. Particularly, we reveal how textual appeals to ethos (credibility), logos (reason) and pathos (emotion) increase the influence of the metaphor and analogy of acquisitions decisions embedded in Carillion's board strategic choices. We have examined Carillion's annual reports following scanning and screening media regarding carillion's collapse and public enquires of Carillion's board of directors. Carillion' annual reports were selected in order to discover narrative extracts regarding the role of persuasion in facilitating the effects of emerging discourses. Analysis of Carillion's annual reports were occurred through multi-stages. Initial investigation focuses on the statements of the Chairman, the CEO and the CFO due to their influence on organisational strategic changes through leading organisational resources. Initial reading is instrumental to identify relevant sections of Carillion's reports, word, sentences and phrases that indicated how strategic choices, mainly acquisitions was understood by Carillion board of directors. We then scrutinized the content of each of the annual reports using search box for word, sentence phrase and other text. We sought

the persuasive techniques included in our analytical framework depicted in Table 1. That we coded as appeals to the rhetorical evidence of ethos, logos, and pathos. Our approach is rooted mainly on the paradigm adopted by Higgins and Walker (2012) and Edgar et al., (2021). We then review each of Carillion’s annual report to offer insights how the persuasive techniques worked to influence the readers/users of companies’ annual reports toward particular discourses of acquisitions and Carillion board strategic choices.

#### 4. Discussion of the results

In the next section we highlight and articulate the persuasive appeals used in each of Carillion’s reports. We explain how the persuasive appeals in Carillion’s annual reports facilitate the acceptability of the discourses constructed in these reports from the early stage of Carillion’s annual reporting, the 1<sup>st</sup> annual report 1998. Unsurprisingly Carillion’ annual reports show interrelating and multiple appeals to ethos (credibility), logos (reason and pathos (emotion)). We provide a brief insight into the discourse enacted in each report towards persuasive appeals regarding Carillion’s board strategic choices. Carillion’s board rhetorical strategies: ethos, logos, pathos are heightened in illustrative examples based on sentence, key word guiding analysis underlined as shown in Table 2.

| Table 2: Carillion’s board rhetorical strategies; ethos, logos, pathos   |  |
|--|--|
| <b>Ethos</b>   |  |
| Credibility/ Trustworthiness (Perceived character of the speaker): <i>Difference; Expertise; Similarity; Self-criticism; Inclination to succeed; Consistency</i> |  |
| Strategies   | Illustrative examples: sentence, key word guiding analysis underlined  |
| Persuasive appeals to the expertise to inclination to succeed: Citing past achievement or predicting of suture company’s success (Higgins and Walker, 2012)      | <p>“the <u>results</u> of what we do”. (AR, 1998, p1)</p> <p>“<u>What we do</u>” (AR, 2008)</p> <p>“Carillion continued to perform strongly in 2008 and has once again delivered substantial earning growth. ....<u>This reflects the success</u> of the Group’s strategy in creating a strong and resilient business” (Chairman’s statement 5th March 2009, AR, 2008, p.14)</p> <p>I should like to thank all our employees for the outstanding contribution they have made to Carillion’s success in 2008 ” (Chairman’s statement 5th March 2009, AR, 2008, p.14)</p> <p>“We have nearly 40 years’ experience in the Middle East, during which time our businesses in the region have built an outstanding reputation for quality and reliability, having delivered some of the region’s most prestigious buildings and infrastructure projects”, (John McDonough, CEO, Annual Report, 2009, p.6-8).</p> <p>“Our success is based on our ability to combine our expertise in private finance with our support services and construction capabilities to win and deliver fully integrated solutions for PPP projects. [...]. We expect the new 10-year AFP investment programme to be a key driver of growth over the</p> |

|   |  |
|---|--|
|   | <p>medium term, supporting our objective of doubling our revenue in Canada to around £1 billion per annum”, (Richard Howson, CEO, Annual Report, 2012, p 8-22).</p> <p>“At 31 December 2013, the Group had orders and probable orders worth £18.0 billion (31 December 2012: £18.1 billion), of which £16.4 billion related to signed contracts and £1.6 billion to probable orders, which are contracts that we have a greater than 90 per cent probability of signing, where, for example, we have been selected as the preferred bidder”, (Richard Howson, CEO, Annual Report, 2013, p 6-22).</p>   |
| <p>Persuasive appeals to the expertise: citing judgement, first-hand knowledge, experience (Higgins and Walker, 2012)</p>   | <p>(AR, 1999, p.4) articulates six key value drivers for creating shareholder value including; <u>Leading change</u> in the UK construction industry.</p> <p>“<u>We are using the leading positions</u> we have in all our markets to promote our full range of services and our ability to offer integrated solutions -from project finance, through design, construction and maintenance and facilities management and support services- a capability that underpins our success in delivering Public Private Partnership project on time and to budget” (AR, CEO, 2001, p.9)</p> <p>“<u>Our vision is to be the leader in delivering integrated solutions for infrastructure, buildings and services</u>” (p1, 2003, AR) Carillion provides public and private sector customers with a wide range of facilities management and other support services for buildings and infrastructure from fully integrated property management solutions for a large complex estates to single services in selection markets such as mechanical and electrical engineering maintenance. (AR, 2008, p.5)</p> |
| <p>Persuasive appeals to the similarities: use of pronoun (YOU, I, WE) (Higgins and Walker, 2012)</p>   | <p>For example we provide integrated management services for HSBCs UK network of retail banks BT Virgin Media” (AR, 2008, p.5)</p> <p>We <u>have joint venture business in the Middle East for over 35 years</u>. These businesses have built strong reputations for quality and reliability and have established long-term relationships with the region’s premier customers. (AR, 2008, p.8)</p> <p>“ We continue to take the lead in our sector on sustainability, because we believe it creates clear benefits for Carillion, our customers, our partners, our suppliers, and our stakeholder communities ( CEO, AR, 2002, p.6)</p> <p>“<u>We are one of the UK’s largest support services companies providing all the services needed to manage, maintain and operate buildings and infrastructure, notably for large property estates and for transport and utility services networks</u>”, (Richard Howson, CEO, Annual Report, 2012, p 8-22).</p>  |
| <p>Persuasive appeals to honesty (Higgins and Walker, 2012)</p>   | <p>“A restructured business embracing a new culture for growth and success” Chief Executive Review (AR, 2001, p.8)</p>   |
| <p>Persuasive appeals to values, morals, standards, ethics of the speaker: citing specific values, moral, standards or ethics (Brennan and Merkl-Davies 2014)</p> | <p>“Developing a more sustainable business-delivering good financial performance while conducting our <u>business in an environmentally and socially responsible manner</u>. It is a real opportunity for us to build on the success of our environmental programme” (AR, 1999, p.15)</p> <p>Our value: <u>Openness .....Mutual dependency....Collaboration ...Professional delivery ....Focus on sustainable profitable growth, Innovation</u> (AR, 2003, p.2)</p> <p><u>Our values</u><br/><u>Openness; Collaboration; Mutual dependency; Professional delivery; Sustainable profit growth; Innovation</u><br/>Group Chief Executive, AR, 2008, p.16)</p> <p><u>We are committed to high standards of corporate responsibility</u><br/>Group Chief Executive, AR, 2008, p.16)</p>  |

| <b>Logos</b>   |   |
|--|---|
| Reason (appearance of rationality): Argumentation; Logic; Justification; Claims; Data; Evidence/ examples (e.g., historical)   |   |
| Strategies   | Illustrative examples: sentence, key word guiding analysis underlined   |
| Persuasive appeals to to reason: use of argumentation, justification<br><br>(Higgins and Walker, 2012)   | <p>The <u>acquisition of Citex Management Services ...significantly strengthen our offering</u> (AR, 2003, p.11)</p> <p>The increase in net borrowing since December 2007 reflects a number of investment made during the year the largest which was <u>the acquisition of Alfred McAlpine.....This acquisition represented a major step in Carillion’s strategic development by creating the UK’s largest support service business and significantly increasing the Group overall strength and resilience</u>, The benefits of acquisition continue to exceed our expectations<br/> .....Delivering such a great performance in <u>while successfully integrating the Alfred McAlpine business is testimony to the quality and commitment of our people.</u>” (Chairman’s statement 5th March 2009, AR, 2008, p.14)</p>  |
| Persuasive appeals to to logic: use of data/ facts and figures<br>(Higgins and Walker, 2012)<br>Rhetoric of science and technology<br>(Brennan and Merkl-Davies, 2014) | <p>To date we have financially closed <u>47 projects</u> in the UK and Cnada, with a <u>total capital value of over £3,6 billion</u>” (AR, 2008, p.6)</p> <p>UK health projects<br/>UK trnsport<br/>UK education<br/>UK defence<br/>Cnada health (AR, 2008, p.7)</p> <p>“We also launched a major Business Improvement Programme during that is on course to deliver significant benefits: these include driving forward the <u>cultural changes necessary to “live” our core values and deliver solutions that consistently exceed our customers’ expectations</u>, as well as reducing costs and increasing efficiency. (AR, 2001, p.9)</p> <p>“ The good progress we have made with our business Improvement Programme delivered <u>£2 million of saving in 2002</u>” ( CEO, AR, 2002, p.6)</p> <p>In December 2012, we acquired a 49 per cent interest in the Bouchier Group for a cash consideration of <u>£23.8 million</u>”, (Richard Howson, CEO, Annual Report Executive, 2012, p 8-22).</p>   |
| Persuasive appeals to to reason; use of data use of examples use of evidence, enhancing reputation<br>(Higgins and Walker, 2012)                                       | <p>“ Strategic progress through organic growth <u>and acquisition, we</u> have accelerated the development of our Private Finance and Business Services activities, which generated over 60 percent of the Group’s profit before tax, exceeding our initial target of 50 percent. (AR, 2001, p.8)</p> <p>“ In line with our strategy for growing our Support Services activities, we announced in March 2005 the acquisition of Planned Maintenance Group for a cash consideration of <u>£40 Million</u>. This acquisition will immediately enhance the Group earnings” (CEO, AR 2004)</p> <p>“<u>Our reputation is helping us to win contracts. [...]. In 2005 we delivered substantial profitable growth and with the acquisition of Mowlem laid the foundations for a step change in the development of our business</u>”, (John McDonough, CEO, Annual Report, 2005, p.7-8).</p> <p><u>The acquisition of Eaga Plc is expected to be immediately earnings enhancing</u> and would build on Carillion’s previously announced objectives for growth”, (John McDonough, CEO, Annual Report, 2010, p.2).</p> <p>We have joint veture business in the <u>Middle Esat</u> for over 35 years. These businesses have built <u>strong reputitions for quality and reliability and have established long-term relationships with the region’s premier csutomers.</u> (AR, 2008, p.8)</p> <p>In 2006 Operating profit increased <u>by over 200 per cent to £26.5 million</u>, due to the acquisition of Mowlem's substantial portfolio of investments in Public Private Partnerships (PPP).The acquisition of Mowlem in 2006 marked a step change in Carillion’s development as a leading support services</p> |

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|--|---|
|  | <p>and construction company greater than expected <u>benefits from this acquisition</u>, backed by strong cash flow from operations”, John McDonough, (CEO, Annual Report, 2006, p6-9).</p> <p>“<u>It is a privilege to take over the leadership of a company with such a strong track record that is also well-positioned to build on its success and its targets for growth.</u>... have been closely involved in the development and implementation of the Group’s strategy, which I believe will continue to deliver sustainable profitable growth”, (Richard Howson, CEO, Annual Report Executive, 2011, p 16-22).</p>   |
| <b>Pathos</b>  |   |
| Emotion: Metaphors; Identification through cultural references; Health well-being; Loyalty; Aspiration |   |
| Strategies   | Illustrative examples: sentence, key word guiding analysis underlined   |
| Persuasive appeals to emotion: identification through cultural references (Higgins and Walker, 2012)   | <p>Promoting the Carillion Group’s leading environmental programmes. (AR, 1999, p.4)</p> <p>Carillion was <u>selected for membership of FTSE 4 Good, an index of leading companies doing the most to take account of social responsibility and sustainable development.</u> (AR, 2001, p.9)</p> <p><u>Sustainability...Recognition.....Community</u></p> <p>“Making tomorrow a better place” (AR, 2002)</p> <p>,on behalf of the board I should like to thank all our employees for the outstanding contribution they have made to Carillion’s success in 2008 ” (Chairman’s statement 5<sup>th</sup> March 2009, AR, 2008, p.14)</p> <p>We are committed to high standards of corporate responsibility through behaving in accordance with our core values and our award-winning sustainable strategy” (Group Chief Executive, AR, 2008, p.16)</p> <p>“We have long-term contracts, some of which will last for 20 to 30 years. Therefore, building successful long-term relationships with our customers, suppliers and delivery partners is a key element of our business model that is closely interlinked with all the other elements of our model ” (Richard Howson, CEO, Annual Report, 2014, p 6-22).</p> |
| Persuasive appeals to emotion: loyalty (Higgins and Walker, 2012)                                      | <p>The cover page of Carillion’s annual report (1998) highlighted by the statement “<u>the results of what we do</u>”. “<u>Today for tomorrow, AR, 2001</u>”. <u>Making tomorrow a better place</u>” (AR, 2002)</p> <p>Aligning our people and strengths with growth markets” (AR, 2003)</p> <p>This is a technique of repetitive rhetoric “<u>What we do</u>” (AR, 2008)</p> <p>We continue to be the leader in our sector in targeting, monitoring, measuring and reporting the environmental and social aspects of performance and how they affect our financial performance (AR, 2001, p.9)</p> <p>“ We continue to take the lead in our sector on sustainability, because we believe it creates clear benefits for Carillion, our customers, our partners, our suppliers, and our stakeholder communities ( CEO, AR, 2002, p.6)</p>  |
| Persuasive appeals to emotion: Health well-being (Higgins and Walker, 2012)                            | <p>“ Achieving the highest standards of health and safety is key priority of the Board and the whole of the Group’s management team (AR, 2001, p.9</p>  |

*Ethos (Trustworthiness/Credibility):* Carillion’s board articulation of trustworthiness, credibility and commitment to high standards of corporate responsibility and sustainable performance. Our value:

Openness .....Mutual dependency....Collaboration ...Professional delivery ....Focus on sustainable profitable growth, Innovation (p2, AR, 2003). Other illustrative examples are depicted in Table 2.

*Logos with ethos and pathos: persuasive appeals:* The first annual report reflects Carillion's board discourse through the three pillars of the rhetorical triangle, logos is amalgamated with ethos and pathos (Figure 1). The cover page of Carillion's annual report (1998) highlighted by the statement "the results of what we do". "Today for tomorrow, AR, 2001". Making tomorrow a better place" (AR, 2002) This is a technique of repetitive rhetoric "What we do" (AR, 2008). Carillion's board rely heavily on measurement and evidence-oriented appeals that are tightly amalgamated with interrelating appeals to ethos and pathos. The earlier parts of Carillion's annual reports, including Chairman's statement, CEO's statement, appeal to ethos and establish and emphasis an established base of credibility that support the rest parts of the company reports. These parts of the annual reports appeal to inclination to succeed through the emphasis on relationship between Carillion and its surrounding environment including society and the environment: "what we do", "making tomorrow a better place", "our values", "our commitment", "corporate responsibility", "sustainable performance" "commitment of our people" .

Carillion's reports are preceded with a direct appeals to persuasive that establish a sense of dialogue toward commonsense such as "what we do" and through the use of the first and second person plural pronouns including "our commitment" "our values" that function as form of deference that position users of annual reports as the judge of the board performance. As it was articulated above, the Chairman' statement was presented with reinforcement by a sense of closeness with Carillion's relationship to its employees (stakeholders) as emotional appeal (pathos)"I should like to thank all our employees for the outstanding contribution they have made to Carillion's success" " We continue to take the lead in our sector on sustainability, because we believe it creates clear benefits for Carillion, our customers, our partners, our suppliers, and our stakeholder communities ( CEO, AR, 2002, p.6)

" The good progress we have made with our business Improvement Programme delivered £2 million of saving in 2002" ( CEO, AR, 2002, p.6)

Recognition

Carillion was selected for membership of FTSE 4 Good, an index of leading companies doing the most to take account of social responsibility and sustainable development. (AR, 2001, p.9)



“ Achieving the highest standards of health and safety is key priority of the Board and the whole of the Group’s management team (AR, 2001, p.9

The key elements of our strategy remains unchanged, namely to grow our Businesses Services and PPP investment activities, organically and by acquisition (CEO review , AR, 2002, p6)

Carillion relied primarily on acquisitions to deliver substantial growth in its business services and PFIs investment activities as illustrated in Table 3.

| 2002<br>(£11.5 m)         | 2005<br>(£40 m)           | 2006<br>(£350 m) | 2008<br>(£565 m) | 2008<br>(£14.3 m)    | 2011<br>(£298 m) | 2012<br>(£24m)                     | 2014<br>(£33 m)           | 2015                  |
|---------------------------|---------------------------|------------------|------------------|----------------------|------------------|------------------------------------|---------------------------|-----------------------|
| Citex Management Services | Planned Maintenance Group | Mowlem           | Alfred McAlpine  | Vanbots Construction | Eaga             | 49% interest in the Bouchier Group | Rokstad Power Corporation | 100% of Outland Group |

The following quotations shows evidence on persistence in decision-makers initiated strategies.

“The key element of our strategy remains unchanged, namely to grow our business services and PPP investment activities, organically and by acquisition”, John McDonough, CEO, Annual Report, 2002, p.6).

“In December 2012, we acquired a 49 per cent interest in the Bouchier Group for a cash consideration of £23.8 million”, (Richard Howson, CEO, Annual Report Executive, 2012, p 8-22).

“Our reputation is helping us to win contracts. [...]. In 2005 we delivered substantial profitable growth and with the acquisition of Mowlem laid the foundations for a step change in the development of our business”, (John McDonough, CEO, Annual Report, 2005, p.7-8).

“In 2006 Operating profit increased by over 200 per cent to £26.5 million, due to the acquisition of Mowlem's substantial portfolio of investments in Public Private Partnerships (PPP).The acquisition of Mowlem in 2006 marked a step change in Carillion’s development as a leading support services and construction company greater than expected benefits from this acquisition, backed by strong cash flow from operations”, John McDonough, (CEO, Annual Report, 2006, p6-9).

“The acquisition of Alfred McAlpine in February 2008 has further strengthened Carillion’s position as leading support services and integrated solutions business”, (John McDonough, CEO, Annual Report, 2007, p.15).

“The acquisition and successful integration of the Alfred McAlpine business has created a well-balanced and more resilient business with a £20.4 billion order book, a pipeline of probable new orders of some £31 billion and strong positions in our chosen market sectors” (John McDonough, CEO, Annual Report, 2008, p.21).

“The acquisition of Eaga Plc is expected to be immediately earnings enhancing and would build on Carillion’s previously announced objectives for growth”, (John McDonough, CEO, Annual Report, 2010, p.2).

“A strong focus on cash management and financial discipline has resulted in the consistent delivery of cash-backed profit. This has supported our growth and enabled us to transform Carillion into a leading support services company, notably through a combination of strong organic growth and three major acquisitions, namely Mowlem plc in 2006, Alfred McAlpine plc in 2008 and CES in 2011”, (Richard Howson, CEO, Annual Report, 2011, p 16-22).

“The acquisition of CES (formerly Eaga plc) in April 2011 was an... was an important strategic development, driven primarily by the need to extend our support services capabilities to include energy efficiency services”[...].

“We are one of the UK’s largest support services companies providing all the services needed to manage, maintain and operate buildings and infrastructure, notably for large property estates and for transport and utility services networks“, (Richard Howson, CEO, Annual Report, 2012, p 8-22).

“The overall direction of the Group remains unchanged, as we continue to grow our support services activities – both infrastructure services and property facilities management services”, (Richard Howson, CEO, Annual Report Executive, 2016, p 10-31).

The above extracts support the view that Carillion’s collapse can be attributed to the aggressive acquisition strategy to remove its competitors from the markets. Rising evidence suggests that acquisitions do not reliably yield the desired financial returns strategic (Adel and Alkaraan, 2019). Prior to the acquisition, Eaga had made accumulated profits of £31 million. Five consecutive years of losses followed, totalling £260 million at the end of 2016. Prior literature finds that ‘overconfidence’ is a strong and robust psychological trait, especially among top executives (Graham et al., 2013). Malmendier and Tate (2005) use the term ‘overconfidence’ to refer to managers who overestimate future returns from their firms’ projects. Overconfident managers overestimate the returns to their investment projects. Their study showed that the effect of CEOs overconfidence on crash risk is less pronounced for firms with more conservative accounting policies. Motives for undertaking acquisitions activities, including a search for monopolistic power, a desire to respond to a low level of profitability business portfolio, improvement of market position and gain of control (Kim, 2015). Roll (1986) pioneered the optimism and overconfidence approach to corporate finance with his “hubris” theory of acquisitions. He suggested that successful acquirers may be optimistic and overconfident in their own valuation of deal synergies and fail to properly account for the winner’s curse.

## 5. Conclusions

Companies documents such as annual reports incorporate narratives of repetitive rhetorical strategies as effective mechanisms adopted by companies' boardrooms to promote strategic change and strategic choices. This study examines acquisitions narratives as rhetorical communication artefacts and analyze the repetitive rhetoric slogans in these corporate documents. As reveal by this study, these reporting mechanisms can be viewed as persuasive appeals to facilitate bedrooms discourses through persuading stakeholders including investors. Findings reveal that persuasive appeals are instrumental in releasing significant signs regarding the outcomes of unsuccessful strategic choices that led companies to collapse as this case, Carillion, revealed. This study attempts to offer insights to boardrooms discourses through critical discourse analysis of persuasive strategies embedded in company's annual reports. Findings of this study show how persuasive strategies and repetitive slogans trigger the discourses of Carillion's annual reports by drawing on perspectives from upper echelon theory, impression management and communication patterns. Our study explores the repetitive rhetorical slogans strategies embedded in the annual reports regarding Carillion's acquisitions strategy. Further, the study reveals how Carillion's board engaged through the early report with discourse and repetitive slogans to maintain their legitimacy. Findings reveal that Carillion' board strategically use repetitive rhetoric slogans to shape optimistic corporate future performance which might be different from the feasible reality. Finally, we argue that corporate executives are striving to construct an alternative reality stem from their initial unrealistic aspiration to lead their sector of less controlled market share. Our findings are consistent with the view of Higgins and Walker (2012), Beattie and Davison (2015), and Edgar et al (2021)

Findings of this study have theoretical and managerial implications. The level of optimism has its impact on the mood of financial decision makers, and where there is a high level of optimism, managers may consider making more investment decisions and therefore making many acquisitions. Managerial overconfidence has been widely documented in the literature. Overconfident managers systematically overestimate the probability of good outcomes (and correspondingly underestimate the probability of bad outcomes) resulting from their actions. Managerial overconfidence refers to overestimation of managers' own abilities and outcomes relating to actions which are under their control. Executives believed that they have ultimate control over outcomes, which leads them to underestimate the probability of failure generally. According to self-attribution bias many people tend to excessively credit their own skills for good results and overly credit external factors for bad outcomes.

Future studies may examine the dark side of boardrooms practices through hubristic strategic choices indifferent context and settings. The key limitation of this study lies with the cases study as research methodology. Subjectivity in remains inherent in interpreting the findings of this study. Future studies may adopt or adapt our analytical framework to examine other domains underpinning corporate reporting practices.

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