Dismantling Ideology and Power of Corporate Annual Report

Binti Shofiatul Jannah^{1*}, Imam Buchori²

^{1, 2)} Universitas Islam Negeri Sunan Ampel, Jl. Ahmad Yani No.117, Jemur Wonosari, Wonocolo, Surabaya, Jawa Timur 60237, Indonesia

¹⁾binti.shofiatul@uinsby.ac.id

*corresponding author

ARTICLE INFO

Article history

Received 16 September 2020

Revised 1 October 2020

Accepted 16 October 2020

Keywords

Critical Discourse Analysis;

Ideology;

Islam;

Power;

Dismantling

ABSTRACT

This article aims to explain that critical discourse analysis (CDA) can be used to uncover the ideology and power behind the discourse and visual images of corporate annual reports. The method used are the literature study and mapping of various research related to critical discourse analysis. The results show that critical discourse analysis is able to uncover ideology and power in corporate annual reports. Through "Beyond CDA", reality is constructed according to Islamic teachings. This article adds insight into accounting research methodology through critical discourse analysis and is useful for deepening the analysis of a text.

This is an open access article under the CC-BY-SA license

1. Introduction

Accounting is always related to numbers and as a result quantitative method becomes a dominant way of measuring company performance. When we investigate the company annual reports, we are more interested in financial reports only. This quantitative character of corporate financial reports provides a strong appeal to do quantitative researchers. Financial ratios, such as return on investment (ROI), return on assets (ROA), debt to equity ratio (DER) measure the condition of the company. This way of thinking tends to ignore the visual images and language in the annual report, even though the report is compiled in an attractive, colorful and eye catching manner for specific purposes.

For us, the use of language has a specific purpose. Language is expressed consciously and it is a tool to control consciousness. We are able to interpret the world through language [1]. Language actively assists in the construction of reality and is subjective in nature. Thus, it seems clear that language is not neutral, but it has a special relationship with the dominant group or power [2].

Critical Discourse Analysis (CDA) arises as an alternative research method that emphasizes the use of language. CDA is a new method in social science and cultural research which was inaugurated in January 1991 in Amsterdam. Several figures, namely Norman Fairclough, Teun A. Van Dijk, R. Wodak, G. Kress, and T. van Leeuwen are

considered to have “formalized” CDA as a research method in social and cultural sciences [3].

CDA is “a problem-oriented, interdisciplinary research movement, incorporating a variety of approaches, each with a different theoretical model, research method and agenda” [4]. According to Fairclough and Wodak [4], CDA sees discourse including the use of language in speech and writing, as a form of social practice [5]. Discourse is described as a form of social practice that causes a dialectical relationship between certain discursive events, situations, institutions, and social structures that shape them. Thus, the practice of discourse may display the influence of certain ideologies. It can produce and reproduce unequal power relations between social classes, men and women, majority and minority groups through which the differences are represented in the social positions shown. Likewise, with the emphasis on the use of language in discourse. Language is involved in issues such as power and ideology which determine how language is used, what effects it has, and how it reflects, serves, and furthermore represents the interests, positions, perspectives, and values of those in power. Under CDA, all kinds of discourses perpetuate social patterns such as domination, discrimination, exploitation, dehumanization, naturalization, “common sense” (driven by ideology). These normally hidden effects, if exposed, will rise awareness to pursuit resistance, emancipation, and social action, which can bring about social change and justice [6].

Basically, CDA believes that language is an important factor when viewing power imbalances in society. However, language should be analyzed by relating it to its context. Discourse is produced, understood, and analyzed in a particular context. Context includes all situations and things that are outside the text and affect the use of language, such as participants in the language, the situation in which the text is produced, the intended function and so on [5]. Thus, another important factor in CDA is describing text and context together in a communication process.

Related to accounting research, several researchers have criticized corporate annual reports from many perspectives. One study shows that by examining annual reports, it is found that exploitation of women often received too little attention in a broad social context. The annual report of General Motors was used to monitor the evolution of managerial ideology *vis-à-vis* women over the past sixty years [7]. It has been witnessed that the exploitation of women changes along with the changing crisis in facing capitalism. Furthermore, visual images are also an important element in the annual report. However, this visual image has been largely overlooked in accounting research. The visual images that appear in US annual reports were explored during the late 1980s and early 1990s. The aim is to offer different image “ways of seeing” to foster a critical dialogue that focuses on the representational, ideological, and constitutive roles of images portrayed in each year [8]. Through the annual report, the ways companies are silencing the negative impacts of their activities on earth can also be examined. The annual report tends to silence injustice conducted by companies by making profit “appears as an unproblematic measure of success” [1].

Moving on from some of the stated studies, CDA has the same goal, namely to dismantle forms of domination and injustice that are carried out and reproduced through text. This article aims to explain that critical discourse analysis can also be used to uncover the ideology and power behind the discourse and visual images of corporate annual reports.

2. Method

This study uses a literature review method to explain the use of critical discourse analysis in accounting research. In addition, to uncover the discourse in the corporate's annual report, we present several studies that emphasizes the importance language. Some

of articles that break the silence of financial statements and challenge corporate values are also described, in order to enhance critical stance of this article.

From a critical point of view, we believe that corporate annual report has been dominated by capitalism. The annual report is made to look "beautiful" to attract investors to invest in the company to get more capital. This capitalist behavior has led to materialistic decisions. It is within management's unconsciousness, that is trapped in the ideology of capitalism, to spur greediness in managing the company. An antithesis of this goal is to break free and destroy the domination of capitalistic accounting so that the distribution of materials becomes more equitable. Furthermore, this article does not only tackle consciousness, hence the dismantling of ideology and power will be carried out through "beyond CDA" stage.

3. Results and Discussions

In 1987, Tinker and Neimark argued that research on the exploitation of women received too little attention [7]. In that study, a longitudinal study on General Motors was used to monitor the evolution of managerial ideology *vis-à-vis* women over a period of about sixty years. The implication of the study clarify the need to see how a socially "non-reflective" view of "management" and "management control systems" can lead to oppressive and exploitative practices. The starting point of critical analysis must start from capitalist alienation, so that the link between male domination and class oppression can be answered. In fact, through this study it can be seen how annual reports can contribute to a general "world view" that helps social appropriation and domination.

Next, Anderson and Imperia analyzed the photos in the annual reports of 25 airlines over a six-year period [9]. The annual report shows that language plays the same role in communicating the impression of a company, especially through the important questions surrounding the message conveyed in the photo of the annual report on the social picture of women. Women in the media are always depicted as housewives, fashionists or sex objects, and as undervalued human beings. Asan's annual report represents the company's personality and philosophy, to avoid the latent message of sex role stereotypes.

Visual images are an integral element in the company's annual report. Preston, Wright, and Young began exploring the importance of the selected visual images that appeared in US annual reports during the late 1980s and early 1990s [8]. The aim is to offer a different "way of seeing" images and through this "way of seeing" encourages critical dialogue that focuses on the representational, ideological and constitutive roles of images in each year. First, they saw that the image in the US annual report transparently conveyed the company's message. Second, they refer to the Neo-Marxism literature which considers the ways in which the images in the annual reports are able to sustain their ideology and also reveal the structures in society of social classifications, institutional forms, and relationships.

The results of their study are not much different from Graves, Flasher, and Jordan in that the striking visual designs that have characterized US annual reports since the 1960s with brilliant color images, gloss, and new formats, are manifestations of the television epistemology that informs various public discourses. contemporary in America [10]. The visual design in the US annual report is a form of rhetoric that states the "truth claim" of the report. Such truth claims relate not only to the values described in the text or projected in the image, but to those within the record itself.

Chwastiak and Young show how annual reports silence injustices to place profit above all and as a definite measure of success [1]. They examine the ways in which companies suppress the negative impacts of corporate activities on earth. They analyze how company activities may encourage war, commercialize beauty, peace, and spirituality, as well as the

existence of human and social impoverishment arising from overconsumption and dehumanization of workers. Further, the annual report has only disclosed information for the benefit of investors. Workers' accidents have never been disclosed, let alone an exploited earth. By breaking the silence and contrasting corporate values with alternatives, they hope to liberate humanity from the limits of profit maximization and promote a world where peace, happiness, respect for diversity can be regarded more important compared to capital accumulation.

Other findings show a different way of looking at annual reports as self-presentation of companies to shareholders and the general public [11]. In this representation, companies try to convey signal that they are socially responsible and have other characteristics that the public wants - apart from providing effective management. There may also be an implicit image in the visuals provided with the annual report and one can analyze a subset of messages this way. While some may praise companies with a higher percentage of women on their boards, others may view the presence of the board image as engaging in some degree of "spin" regarding credit for achieving the above gender diversity. In their follow-up research, they suggested that requesting pictures of board members in annual reports and regulatory filings would result in a greater presence of gender and racial diversity on boards of directors. This requirement is not a significant burden and only represents compliance with the spirit and intent of the "full disclosure" principle [12]. It seems clear that the actual use of images in the company's annual report has a specific purpose.

Furthermore, Hui and Rudkin have attempted to better understand the visual communication of annual reports by presenting a historical overview of HSBC's annual reports for the period 1958 to 2008 [13]. The visual images and related motives featured in HSBC's annual report for half a century were surveyed and analyzed in the context of the bank's prevailing political and economic arrangements. They have been found to be consistent with changes in HSBC's political and economic environment. In particular, although HSBC initially highlighted its colonial heritage, it was replaced by a self-representation of "one bank, two identities" as HSBC positioned itself for Hong Kong's return to Chinese sovereignty in 1997. "Security" also emerged as an important visual motive during a period of uncertainty. After Hong Kong returned to China, HSBC fostered an image of neutrality including a return to a relatively bland format for its annual report. Overall, the use of visual images was found to be a means by which companies shape and manage public perceptions of themselves.

Based on these studies, the images in the corporate's annual report have specific goals and objectives. Through pictures, it is revealed that injustice, exploitation and oppression occur in society. However, through pictures, management also reveals a false reality aimed at capital accumulation. This is in contrast to CDA in which it explores the relationship between language use, its producers and consumers, and the social and political contexts, structures, and practices in which it occurs [6]. Through discourse, CDA emphasizes the use of language implicated in issues such as power and ideology that determine how language is used, what is its influence, and how it is able to reflect, serve, and further represents the interests and values of those in power. In CDA's point of view, discourse perpetuates social patterns such as domination, discrimination, exploitation, dehumanization, naturalization, "common sense" (ideologically driven), unless the usually hidden effects are exposed so that awareness, resistance, emancipation, and social action can bring about social change and social justice.

Gallhofer, Haslam and Roper outline interpretations of Norman Fairclough's critical discourse analysis that focuses on the struggle over the takeover laws in New Zealand [14]. They also demonstrate the more general application of such analyzes in the areas of financial regulation and accounting. Further research by Rajandran and Taib use

Fairclough's three-dimensional critical discourse analysis model, which proposes an analysis of texts, discourse practices, and social practices on Malaysian CEOs' statements representing corporate social responsibility (CSR) [15]. This analysis emphasizes the features of images and language in the text while exploring intertextuality in discourse practice and ideology in social practice. The results of the analysis show that the selected image and language features contribute to the six themes of CSR, namely achievement, identification, aspiration, disclosure, recognition, and appreciation. The analysis also reveals that policies, standards, and studies are frequently cited to reduce the credibility gap. This analysis shows that the CEO's statement represents CSR as a corporate philanthropic initiative for stakeholders. This representation reflects the ideology of the CEO's statement that establishes the company as an agent of positive change in society, which helps increase the company's social legitimacy.

CDA is also applied as an alternative method in examining social responsibility reports which aims to understand, describe, and critically analyze the social and environmental responsibility practices listed in company reports [16]. The analysis departs from the "suspicion" that the company's reported social and environmental responsibility practices are only "lip service" which aims to legitimize the operational processes that have been carried out by the company. Moreover, it is only for "aborting the obligations" of companies in the community.

Furthermore, Fairclough's Critical Discourse Analysis was also used as a research framework by Gong, Lodh and Rudkin [17]. Their research focuses on the ways in which social and political domination is produced and reproduced by discourse. The study explores the contextual messages and socio-political significance of visual images depicted through annual reports in the Chinese context. More specifically, at the level of public discourse, the semiotic model developed by Roland Barthes (1977) is also used to explore literal and symbolic messages in visual texts. Meanwhile, the China's capitalist market economy continues to develop along with the communist political regime that still maintains its dominant power in the country. This study also examines the dual ideological influence that socialist political regimes and capitalist market economies have on the visual discourse generated in annual accounting reports. It also explains how visual discourse, in turn, shapes and sustains competing ideological messages.

When examined in detail, the results of the stated research show that "truth" is the result of the domination of the colonial ideology. The truth still rests on subjectivity, not divine/religious truth. Therefore, we believe that the truth produced in this way is secular. We need to make changes to reality to construct reality according to Islamic teachings. Religious awareness as the main value in carrying out construction needs to be built and strengthened.

The CDA method has not fully brought our awareness to God. Therefore, it must be realized that human actually belongs to Allah and it is to Allah that we also return (*Inna lillahi wa inna ilaihi raji'un*). This becomes the urgency of CDA construction beyond the materialistic views, to become "Beyond CDA". The Qur'an *Surah Al Baqarah* verses 116-117 state:

"They say, " Allah has taken a son." Exalted is He! Rather, to Him belongs whatever is in the heavens and the earth. All are devoutly obedient to Him, Originator of the heavens and the earth. When He decrees a matter, He only says to it, "Be," and it is".

These verses illustrate that there is a cycle of time; there is alternation of good and bad times; dark gloomy times and bright times, confirming that it is Allah SWT who is in charge. The kingdom of heaven and earth belongs to God, not to the company. If Allah

wanted to create something, then it is suffice for Allah only to say, “Be”, and it will be (*kun fayakun*).

4. Conclusion

CDA is an alternative method in accounting research that emphasizes the use of language and its context. So far, accounting research has been dominated by quantitative research, thus ignoring the intent and purpose of using images in annual reports. Through a critical perspective, the annual report is able to be dismantled from its ideology and power. Annual reports do not necessarily show the good side of the company, we need to explore what is "behind" the company's annual report.

Thus, CDA will bring realization that truth is the result of the domination of colonial ideology and still relies on subjectivity. Therefore, by using a religious perspective, the "Beyond CDA" method will be able to direct us to the guidance of Islamic teachings.

References

- [1] M. Chwastiak and J. J. Young, “SILENCES IN ANNUAL REPORTS,” *Critical Perspectives on Accounting*, vol. 14, no. 5, pp. 533–552, Jul. 2003, doi: 10.1016/S1045-2354(02)00162-4.
- [2] A. Badara, *Analisis Wacana. Teori, Metode, dan Penerapannya pada Wacana Media*. Rawangmangun-Jakarta: Kencana. Prenada Media Group, 2012.
- [3] H. Haryatmoko, *Critical Discourse Analysis (Analisis Wacana Kritis). Landasan Teori, Metodologi dan Penerapan*. Depok: PT RajaGrafindo Persada, 2017.
- [4] N. Fairclough, *Semiotic aspects of social transformation and learning. In An introduction to critical discourse analysis in education. 2nd ed., ed. R. Rogers*. Mahwah: Lawrence Erlbaum, 2011.
- [5] E. Eriyanto, *Analisis Wacana. Pengantar Analisis Teks Media*. Yogyakarta: PT LKiS Printing Cemerlang, 2001.
- [6] L. R. Waugh, T. Catalano, K. Al Masaeed, T. H. Do, and P. G. Renigar, “Critical Discourse Analysis: Definition, Approaches, Relation to Pragmatics, Critique, and Trends,” in *Interdisciplinary Studies in Pragmatics, Culture and Society, Perspectives in Pragmatics, Philosophy & Psychology*, .
- [7] T. Tinker and M. Neimark, “The role of annual reports in gender and class contradictions at general motors: 1917–1976,” *Accounting, Organizations and Society*, vol. 12, no. 1, pp. 71–88, Jan. 1987, doi: 10.1016/0361-3682(87)90017-1.
- [8] A. M. Preston, C. Wright, and J. J. Young, “IMag[in]ing annual reports,” *Accounting, Organizations and Society*, vol. 21, no. 1, pp. 113–137, Jan. 1996, doi: 10.1016/0361-3682(95)00032-5.
- [9] C. J. Anderson and G. Imperia, “The Corporate Annual Report: A Photo Analysis of Male and Female Portrayals,” *The Journal of Business Communication*, vol. 29:2, pp. 113–128, Spring 1992.
- [10] F. Graves, D. L. Flesher, and R. E. Jordan, “Pictures And The Bottom Line: The Television Epistimology Of U>S Annual Reports,” *Accounting, Organizations and Society*, vol. 21, no. 1, pp. 57–88, 1996.
- [11] R. A. Bernadi, D. F. Bean, and K. M. Weippert, “Signaling gender diversity through

- annual report pictures: A research note on image management,” *Accounting, Auditing & Accountability Journal*, vol. 15, no. 4, pp. 609–616, 2002.
- [12] R. A. Bernadi, D. F. Bean, and K. M. Weippert, “Minority membership on boards of directors: the case for requiring pictures of boards in annual reports,” *Critical Perspectives on Accounting*, vol. 16, pp. 1019–1033, 2005.
- [13] F. Hui and K. Rudkin, “An Analysis of Visual Images and Associated Motifs In The Annual Reports Of HSBC, 1958-2008,” presented at the SIXTH ASIA PACIFIC Interdisciplinary Research in Accounting Conference, The University of Sydney, 2010.
- [14] S. Gallhofer, J. Haslam, and J. Roper, “Applying critical discourse analysis: Struggles over takeovers legislation in New Zealand,” *Advances in Public Interest Accounting*, vol. 8, pp. 121–155, 2001, doi: 10.1016/S1041-7060(01)08007-5.
- [15] K. Rajandran and F. Taib, “The representation of CSR in Malaysian CEO statements: a critical discourse analysis,” *Corporate Communications: An International Journal*, vol. 19, no. 3, pp. 303–317, 2014.
- [16] D. A. Hafni, E. G. Sukoharsono, and A. Djamhuri, “Analisis Wacana Kritis: Mengungkap Moralitas dan Profesionalisme Bisnis dalam Praktik Akuntansi Pertanggungjawaban Sosial,” *Jurnal Reviu Akuntansi dan Keuangan*, vol. 3, no. 2, pp. 465–478, 2013.
- [17] X. Gong, S. C. Lodh, and K. Rudkin, “Visual Images within Accounting Annual Report: A Critical Discourse Analysis,” presented at the IPA Conference, Cardiff, UK, 2012.

-This page is intended empty-