**The pragmatics of financial communication
Part 1: From sources to the public sphere**

*Guest editors’ introduction*

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Research in financial communication has been for long dominated by scholars in accounting and finance, who largely focused on the extra-textual aspects of financial disclosures, such as the choice (not) to reveal information or the impact of new regulatory standards. In contrast, the last decade and a half, however, has witnessed a significant shift of attention toward the linguistic and textual elements of financial communication. Finance scholars have started to develop approaches of text analysis (Loughran & McDonald 2014) to investigate, in particular, market sentiment and its impact on stock prices (Tetlock et al. 2008). At the same time accounting scholars have engaged in the so-called narrative turn (e.g., Beattie 2014) by investigating the rhetorical aspects of voluntary disclosure (Merkl-Davies & Brennan 2007; Jack, Davison, & Craig (eds.), 2013).

Recent developments in the field, however, dig deeper and are beginning to shed light on the crucial functions of financial communication for business organisations as a conditio sine qua non (a). By drawing on and applying theories, models and methodologies from various fields, it becomes obvious that financial communication is a field where much is yet to be discovered (b). Moreover, there is a growing interest throughout the disciplines to analyse financial communication, which is clearly reflected in several academic initiatives and subject areas in the recent years (c). Bringing together these initiatives on a higher level, an AILA research network in financial communication is meant to enable scholars from all over the world to strengthen and elaborate their research and its dissemination (d).

The two parts of this special issue on *The pragmatics of financial communication*, beginning with the present Part 1, aim at reflecting these recent developments and at fostering current and future initiatives in the field.

a) Financial communication as conditio sine qua non

Financial communication constitutes one of the most complex and crucial functions for business organisations: whatever their size, scope or industrial sector, companies constantly need funds to realise their operational and strategic activities. This creates a rhetorical exigence (Bitzer 1968) for corporate leaders, such as CEOs, CFOs, Chairmen, who must communicate persuasively with investors to share a compelling case for why committing financial resources in their business is worthwhile (Palmieri & Palmieri 2012). Therefore, excellence in financial communication requires an integrated approach where building and maintaining trust with financial market actors, such as investors and financial analysts (Whitehouse 2017), is as important as sustaining positive relationships with employees and customers.

b) A field where much is yet to be discovered

The growing attention by economics-based scholars on how financial information is strategically communicated has also met the interest in financial discourse by scholars in the humanities. Drawing on and applying theories, models, and methodologies developed in linguistics, argumentation theory, rhetoric, text production research, and related approaches, these scholars have examined the semantic, pragmatic, and rhetorical aspects of financial communication texts and text production by exploring various discourse genres and discursive processes characterizing this domain, like corporate announcements, annual and quarterly reports, earnings conference calls, financial analysts’ recommendations, takeover documents, IPO prospectuses, central banks’ statements, or rating decisions (Gautier 2012; Rocci, Palmieri, & Gautier 2015, Whitehouse & Perrin 2015). Moreover, text production research has provided researchers in linguistic pragmatics and field research with advanced instruments to investigate individual and organizational text production in context (Jakobs & Perrin 2014; Perrin 2013).

c) Spreading the word

As a sign of the growing interest towards an interdisciplinary approach to the study of financial communication, several academic initiatives have emerged in the last few years.

2014, the first *DAFC – Discourse Approaches to Financial Communication* international conference was held with the explicit goal of bringing together scholars from different disciplines who are interested in studying financial communication with a discourse and text analytic perspective (Rocci, Palmieri, & Gautier 2015). Two DAFC conferences have taken place so far, one in 2014 (Ascona, Switzerland) and the other in 2017 (Lugano, Switzerland).

2015, the editors of this special issue have organised a *panel on the pragmatics of financial communication* at the International Pragmatics Association Conference in Antwerp (Belgium). The panel focused on the linguistic-rhetorical text production strategies implemented by financial communication actors (Palmieri, Perrin, & Whitehouse 2015). The lively interest and engaged participation in the panel inspired the creation of this double special issue, in which financial communication is examined from a pragmatic perspective, i.e. a perspective that basically conceived of communication as a social action that occurs – and can only be understood – in context (Rigotti & Rocci 2006). On the one hand, a pragmatic perspective examines how financial actors use communication to change the social reality where they intervene, for example by modifying mutual commitments, build or repair trust, and, more in general, influence evaluations and decisions in the financial markets. On the other hand, as context always both influences and is influenced – constrained and enabled – by communication, a pragmatic perspective is also deeply interested in examining how environmental factors such as regulations, organisational structures, technology and culture interact with communication strategies – both their design and production as well as their outcome and effectiveness – and the creation and exchange of meaning among market actors.

2017, two well-received international panels were organised: *The language of numbers* at the 18th World Congress of Applied Linguistics AILA in Rio (Brazil) (Palmieri, Perrin, & Whitehouse 2017), and *Financial literacy – a key to the real world* at the 15th International Pragmatic Conference in Belfast (Ireland) (Kovarova, Wanzenried, & Whitehouse 2017) reflect the growing momentum in financial communication research and the emergence of new subject areas. In order to bundle and strengthen the research power and to facilitate the exchange and cooperation of scholars in financial communication, a corresponding network is being set up.

d) The emergence of a research network in financial communication

2017, a group of researchers handed in a proposal for a research network (ReN) with the International Association of Applied Linguistics AILA (Whitehouse, Palmieri, & Laskin 2017). The research network is meant to enable scholars from all over the world to promote their research and its dissemination in all academic areas of AILA.

The proposed research network links applied linguists who address crucial aspects of text production (written, oral and online) in the domain of finance in general and financial communication and literacy in particular. The aim of the emerging field of research is to investigate the complex and dynamic interplay of language use in organizations, domains such as economy as well as politics, and society-at-large. Appropriate inter- and transdisciplinary theories, methodologies, and solutions to practical problems will be developed. It is suggested that the analysis of financial communication (in particular knowledge about financial literacy) can significantly improve our understanding of language dynamics in an increasingly professionalized and globalized world.

The analyses and findings of a steadily growing and engaged international community of scholars analysing financial communication across various disciplines help gain deeper insights. These insights provide both scholars and practitioners with more elaborated concepts and theories related to, for example, the communication flow from the sources of information to the public sphere and finally to the investors. Part 1 of the Special Issue contains five contributions that analyse the preconditions and modes of corporate financial communication, from sources to the public sphere.

Part 1: From sources to the public sphere

Financial communication occurs in a communication context – the financial market – which is populated by several institutions and actors beyond enterprises and investors, such as financial analysts, regulators, rating agencies, and media (Healy & Palepu 2001; Palmieri 2017). Hence, in examining financial communication from a pragmatic perspective, it becomes important to consider not only corporate financial communication but also the processes by which information and opinions circulate across financial markets and the intertextuality produced by the constant interaction among all financial communication actors (Perrin & Whitehouse 2015).

The structure of the present special issue takes this into account: *Part 1: From sources to the public sphere* consists of papers examining the preconditions and modes of corporate financial communication. *Part 2: From public sphere to investors* will focus on how information is processed, discussed, and re-examined by various actors before reaching the ultimate decision-making investors – an area that has witnessed a significant shift of attention toward the linguistic and textual elements of financial communication.

*The role of prior knowledge, language skill, and text presentation in finding information in financial documents*. By Louise Nell, Leo Lentz, & Henk Pander Maat
The first contribution discusses the role of prior knowledge, language skill, and text presentation in finding information in financial documents. The empirical study examines to what extent these contextual factors affect the ability to process information by financial communication users. The results indicate that the set of skills needed to successfully read a financial document varies with the text presentation format.

*Disclosing principles of IR communication – Rhetorical moves for constructing transparency*. By Merja Koskela

The second contribution examines how financial disclosure transparency is rhetorically constructed by listed corporations in the Finnish context. In her contribution, Koskela takes a clear pragmatic angle and looks primarily at what transparency does (rather than what transparency is) to show how companies can simultaneously meet regulatory requirements and achieve strategic goals.

*The simple truth: Ambiguity works. Discursive strategies by Swedish public authorities during the 2008 financial crisis*. By Catrin Johansson

The third contribution explores how public authorities in Sweden communicated strategically during the crisis. She analyses a sample of press releases by combining complexity theory with the notion of strategic ambiguity to shed light on different message strategies adopted by different public authorities. Her analysis reveals how challenging it can be to find the right balance between clarity and credibility in financial communication.

*JPMorgan Chase, Bank of America, Wells Fargo, and the Financial Crisis of 2008.* By Lauren Berkshire Hearit

The fourth contribution analyses the effort made by some of the major US banks to restore legitimacy after the financial crisis had questioned their credibility. In her paper, Berkshire Hearit focuses on JPMorgan Chase, Bank of America, and Wells Fargo and examines how these three institutions responded to questions about their actional and institutional legitimacy. The results underscore the importance for banks to incorporate direct responses to media critique in their communications in order to better navigate the financial crisis.

*Climate change but no change: discursive grooming and manoeuvres in the corporate representations of climate change*. By Sylvia Jaworska

The fifth contribution investigates the discourses of climate change in corporate social responsibility (CSR) and environmental reports produced by major oil companies from 2000 to 2013. Jaworska combines quantitative corpus-linguistic and qualitative discourse-analytical techniques to analyse the communication strategies used by oil companies about climate change issues. She finds how their discourse manages to influence the public perception on their engagement with climate change issue, obscuring the sector’s large contribution to environmental degradation.

Part 2 of the Special Issue *From public sphere to investors* will focus on how information is processed, discussed, and re-examined by various actors before reaching the ultimate decision-making investors – an area that has witnessed a significant shift of attention toward the linguistic and textual elements of financial communication.

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