



A corpus-assisted comparative genre analysis of corporate earnings calls between Korean and native-English speakers



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ABSTRACT

This study explores the value of earnings call transcripts as authentic resources for the investigation of English for Specific Purposes (ESP) in an international corporate context. Earnings calls are a company's periodic reporting of financial results through teleconferencing with prospective investors or potential business partners. As English has emerged as the lingua franca of international business, corporate earnings calls would seem to be a natural arena for the study of the fluency of business English among non-native speakers. In this study, the authors argue for the pedagogical benefits of comparing the macro-textual and micro-textual distinctiveness of Korean participants' use of English during earnings calls relative to their native English-speaking counterparts. The findings suggest that Koreans have low-level genre awareness of earnings calls, which causes confusion or misunderstanding for native English-speaking participants during the calls. This study highlights the importance of promoting awareness of professional genre specificity in teaching business English, which may lead to improved communication between personnel of international corporations.

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1. Introduction

With the globalization of information and communication technologies, earnings calls have become an important vehicle for financial disclosure in international business. In fact Crawford Camiciottoli (2010a) situates earnings calls within a financial disclosure genre chain that consists of earnings call announcements, earnings releases, the actual earnings calls, quarterly reports, and the annual reports. Specifically, an earnings call is "a conference call organized by companies through an external teleconferencing service to report periodic economic results" (Crawford Camiciottoli, 2010a, p. 345). It provides a quarterly overview of earnings as related to business operations, a forecast for the upcoming business cycle, and the chances for financial analysts to interact with corporate representatives during a question-and-answer session. Of particular interest to scholars of English for Special Purposes (ESP), this latter feature brings prospective business partners together for an opportune dialogue that can be captured as a source of authentic business conversation at the international level (e.g. Crawford Camiciottoli, 2009). Crawford Camiciottoli (2006) presciently suggested the pedagogical potential of examining and exploiting earnings calls transcripts for ESP practitioners, e.g. "from a teaching perspective, it would be worthwhile to compare the language used by native vs. non-native speakers of English who participate in corporate earnings calls" (p. 130).

Building on Crawford Camiciottoli's suggestion, this study utilizes the earnings calls of non-native speakers in order to compile distinct Korean and native corpora for a comparative analysis. The analysis will occur on two planes: first, at the

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macro-textual level to investigate the structural characteristics of the Korean corpus in comparison to the native counterpart; second, at the micro-textual level to identify the distinctive linguistic features in the Korean corpus. This approach is designed to understand the level of non-native speakers' awareness of structural and linguistic specificity of earnings calls with the overall intent to help them communicate more clearly and effectively as professionals in their own fields.

2. Literature review

2.1. *The use of language in financial releases as impression management strategy*

In recent decades, the outbreak of high-profile business scandals involving companies, such as Enron and WorldCom, has drawn scholarly scrutiny of the use of language in financial releases. Such studies continue to be relevant in the wake of the 2008 worldwide collapse of financial markets, which launched the "Great Recession," the worst economic crisis since the 1930s. These studies have seized upon corporate communications as objects of research in order to explore their intent for promoting transparency and fair trade in the market place. These communications run the gamut of sub-genres ranging from annual reports, CEO statements and corporate press releases to earnings calls. Studies of the communications of financial releases during economic downturns have discovered that companies have circumvented transparency by using language to manage the impressions of their weak performances. Rutherford's (2005) examination of annual report narratives suggested the existence of the *Pollyanna effect* phenomenon, or "language biased toward the positive" (p. 349) even for poorly performing companies. According to Rutherford's analysis, poorly performing companies mentioned profits more frequently than their financial underperformances. Furthermore, the proportion of positive to negative words in annual reports were similar regardless of the profitability or financial adversity of the company, which lent additional evidence that companies manipulated language to put their best feet forward on muddy terrain. In fact, Schleicher and Walker (2010) found that companies use annual reports proactively to manage impressions that averted expectations of bad news. In their study, firms expecting a decline in performance used language to generate a positive tone in the outlook. Firms adeptly recast negative statements into positive assertions, which contributed to the upbeat – although suspect – quality of their reports.

CEO statements, written to inform "a company's philosophy, especially about its principles and values, and [to] create a particular image of a company" (Raab, 2009, p. 4), are another form of financial communication that can be cogent objects of linguistic analysis. As unaudited disclosures, CEO statements are not considered to carry the empirical weight of other standard financial reports. However, Smith and Taffler (2000) were able to distinguish between bankrupt and financially viable firms by carefully analyzing themes and keywords that expressed the intended narratives of chairmen's statements. Following that line of enquiry, Clatworthy and Jones (2006) argued that CEO statements of "unprofitable companies focus less on key financial indicators, use fewer quantitative results, fewer personal references and more passive sentences, and focus more on the future" (p. 506). The gist of these studies indicates that the language used by a company can be more instructive of its financial condition than profit-and-loss figures given on the balance sheet.

Corporate press releases have also provided rich data that circumscribe the use of language for modifying financial disclosure. It was Catenaccio (2008, p. 9) who defined press releases as "short pieces of writing issued by companies or institutions to communicate *newsworthy* information [emphasis added]" to the general public as well as to the journalists. Drawing on the work of Fairclough (1992), Bhatia (1993, 2004), as well as McLaren and Gurău (2005), and Catenaccio (2008) identified, the press release as a hybrid genre serving both informative and promotional purposes, which adds nuance to the definition that it should be "*newsworthy*." In order to narrate the company's positive self-image, the corporate press release focuses on four central themes, i.e. sales, product, financial, and organizational stories (Pallas, 2004). Analyzing corporate press releases from companies listed on the Swedish stock exchange, Pallas (2004) revealed that sales and product stories were mainly concerned with promoting corporate strength and growth, while financial and organizational stories aimed at presenting a corporate image as a forward-looking, well-managed and prosperous enterprise. McLaren and Gurău's (2005) corpus-based analysis of biotechnology firms' press releases discovered a standard pattern or move, which was announcement, elaboration, CEO's comments, contact details and editor's note. Catenaccio (2008) proposed a refined move structure of the genre which holds strong potential for pedagogical applications in ESP.

2.2. *Exploring genre specificity of earnings calls in ESP*

This study of earnings call transcripts occurs within the context of accounting and financial studies (e.g. Brown, Hillegeist, & Lo, 2004; Frankel, Johnson, & Skinner, 1999; Tasker, 1998), which demonstrated that the interactive and real-time nature of earnings calls has a direct impact on the market. The nature of these studies begs for subsequent investigation on the linguistic and structural distinctiveness of earnings calls as a genre of financial disclosure. It was Crawford Camiciottoli (2006, 2009, 2010a, 2010b) who pioneered a corpus-based approach to explore genre specificity of native speakers' earnings calls in US businesses. Her study in 2006 examined the rhetorical strategies of different types of call participants, which laid the groundwork for more sophisticated studies of the macrostructural features of earnings calls. Later, Crawford Camiciottoli (2010a) constructed a corpus of 20 earnings call transcripts in order to refine the macrostructural findings into a more viable and inclusive framework. The macrostructure of native speakers' earnings calls was constituted of these seven moves: opening, introduction, financial overview, financial details, wrap-up, question and answer (Q&A) sessions, and the closing.

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