Obfuscation and evaluation in times of financial distress: A Critical Discourse Analysis of the Chairman’s Statement

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Abstract
Soft or unquantified accounting information that form various discretionary narratives in annual reports serve to inform stakeholders and even financial analysts about the performance of organisations. While accurate disclosure is desired, these narratives are known to also serve a somewhat skewed promotional role as organisations attempt to portray a positive self-image even during the worst of times. This paper extends previous research examining discretionary narrative disclosures in annual reports by paying specific attention to how organisations use linguistic devices to foreground a positive self-image and background references to their financial shortcomings in times of financial distress. Drawing on Critical Discourse Analysis, I examine the Chairman’s Statement of a Malaysian company in financial distress and reveal how language is used to obfuscate agency and evaluate social actors. An understanding of how language is used to frame a positive image, despite the reality of difficult times, may allow for a more critical reading of discretionary narrative disclosures by auditors, analysts, and stakeholders who rely on annual reports to make informed decisions.