

Chapter 61

Corporate Persona and Optimistic Language in Annual Reports

Samuel A. Nelson

University of Nebraska – Lincoln, USA

Liang “Lucas” Wang

Western University, Canada

Ronda M. Smith

Fort Hays State University, USA

Ben Blackford

Northwest Missouri State University, USA

ABSTRACT

This chapter draws on theories of the organization as a social actor to examine the influence of an organization's financial performance on the level of optimism presented in annual reports over time as a means to measure the consistency of the organization's identity. This study contributes to the understanding of firm behavior by adding firm level analysis and longitudinal design and the use of DICTION software for qualitative analysis. Annual reports from the petroleum and food and beverage industry were analyzed over a 10-year period for both between and within firm effects. Results suggest higher levels of organizational financial performance resulted in more optimistic language in their annual reports, but the effect was only significant when performance significantly exceeded baseline expectations. Implications for the study of organizational identity are discussed.

INTRODUCTION

During the past century, the corporation has been recognized as a key contributor to the development of the U.S economy as well as a critical component in the tremendous advancements in economic globalization and deregulation (Lee & Olson, 2010). Despite the societal progress and its corresponding benefits, corporations have unfortunately been coupled with an almost equal share of negative press

DOI: 10.4018/978-1-5225-3909-4.ch061

and criticism. The popular press has often demonized corporations, most notably for their inappropriate and negative corporate activities and their resulting financial performance. For example, the unethical activity performed in organizations such as Enron, Tyco and MCI WorldCom have become the subject of much public criticism. These organizations are referenced often as iconic offenders of corporate greed and hypocrisy (Wagner, Lutz & Weitz, 2009). Part of the motivation for such behavior, one could argue, is our society's continued obsession with organizational performance, including the constant reporting and discussing of corporate earnings and stock price (cf. Rappaport, 2005).

Despite the negativity promoted through the media, there is a movement in several management disciplines (e.g. strategy, leadership, organizational behavior) to better understand the influence of positive traits (i.e. optimism) and behaviors in organizations and the corresponding effects on organizational performance (Awamleh & Gardner, 1999; Bacha, 2010; de Hoogh et al., 2004; Green Jr, Medlin, & Whitten, 2004; James & Lahti, 2011; Luthans, Norman, Avolio, & Avey, 2008).

These corporate behaviors, observed in aggregate, have supported the phenomenon of corporations having a social identity or personality. A recent documentary entitled *The Corporation* (2003), asked participants to describe various corporations as persons. They described General Electric as "a kind old man with lots of stories"; Nike as "Young and energetic"; Microsoft as "Aggressive"; McDonalds as "Young, outgoing, enthusiastic"; Monsanto as "Immaculately dressed"; The Body Shop as "Deceptive" and Disney as "Goofy." Descriptions such as these are reflective of how we might refer to the personalities of people in our lives. When studying organizations, the academic literature has referred to this concept as a 'corporate persona'. Corporate persona is a rhetorical notion in which a corporation communicates 'who' it is (Courtright & Smudde, 2009). As a concept, it has its roots in the development of the corporation as a legal entity and dates back to the early 1900's. It originated primarily from legal scholars attempting to understand the potential unintended consequences of granting the corporation the same legal status as a person (e.g. Dewey, 1926; Maitland, 1904; Radin, 1932). Over time, the notion of corporate personality or corporate persona has been utilized to capture the similarities in the eyes of the law between the corporation and the person as well as how the organization interacts with society as a whole, or as a "*social actor*" (Albert & Whetten, 1985).

This interest in the organization as a social actor and the concept of its corporate persona is often credited to the discussion of organizational identity by Albert and Whetten (1985). Recently there has been a renewed interest in the subject (Gioia, Price, Hamilton, & Thomas, 2010; King, Felin, & Whetten, 2010; Livengood & Reger, 2010; Miller & Wesley II, 2010) as theory and methodological capabilities have evolved; specifically, important was the evolution of Albert and Whetten's (1985) ideas into a meta-theory of the organization as a social actor (King, Felin & Whetten, 2010).

King and colleagues (2010) propose that organizations act similar by human beings in regards to how they interact and impact their society and, as such, it is appropriate to apply concepts that have traditionally explained human traits and behaviors to the study of the traits and behaviors of the organization. Since their initial article, many scholars have theorized and argued about exactly what constitutes an organization's identity or corporate persona (e.g. Barnett, Jermier, & Lafferty, 2006; Brickson, 2005; Corley et al., 2006; Cornelissen, Haslam, & Balmer, 2007; Hsu & Hannan, 2005; Melewar & Jenkins, 2002; Scott & Lane, 2000; van Rekom, Corley, & Ravasi, 2008; Whetten & Mackey, 2002).

Despite the increase of scholarly articles addressing organizational identity and corporate persona, the thrust of the research has been on theoretical perspectives. These discussions have called for better treatment of the organization as a social actor; a better understanding of the organization's identity with

18 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage:

www.igi-global.com/chapter/corporate-persona-and-optimistic-language-in-annual-reports/192534

Related Content

Antecedents and Consequences of Employee Engagement for a Diverse Workforce

Shampy Kamboj and Bijoylaxmi Sarmah (2018). *Management Techniques for a Diverse and Cross-Cultural Workforce* (pp. 132-148).

www.irma-international.org/chapter/antecedents-and-consequences-of-employee-engagement-for-a-diverse-workforce/198228

Decision of Suppliers and Consumers of Credence Good in Quality Food Markets

Manoj Kumar (2016). *International Journal of Food and Beverage Manufacturing and Business Models* (pp. 49-62).

www.irma-international.org/article/decision-of-suppliers-and-consumers-of-credence-good-in-quality-food-markets/163275

A Service-Oriented Algebra for Optimizing the Management of Service Requests

Roman Vaculín, Yi-Min Chee, Daniel V. Oppenheim and Lav R. Varshney (2015). *Maximizing Management Performance and Quality with Service Analytics* (pp. 337-365).

www.irma-international.org/chapter/a-service-oriented-algebra-for-optimizing-the-management-of-service-requests/135374

New Unconventional Technique to Decipher MOTP in Neutrosophic Environment

Krishna Prabha Sikkannan and Vimala Shanmugavel (2020). *Neutrosophic Sets in Decision Analysis and Operations Research* (pp. 244-257).

www.irma-international.org/chapter/new-unconventional-technique-to-decipher-motp-in-neutrosophic-environment/253213

Importing Complexity Leadership Theory Into Bureaucratic Organizations in Non-Western Environments: A Perspective and Agenda for Future Research

Francis Donkor and Isaac Sekyere (2020). *International Journal of Applied Management Theory and Research* (pp. 1-18).

www.irma-international.org/article/importing-complexity-leadership-theory-into-bureaucratic-organizations-in-non-western-environments/260735