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A Theoretical Framework of External Accounting Communication: Research Perspectives, Traditions, and Theories

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A Theoretical Framework of External Accounting Communication: Research Perspectives, Traditions, and Theories

Abstract

Purpose – This paper provides a theoretical framework of external accounting communication in the form of a typology based on perspectives, traditions and theories from the discipline of communication studies is provided. The focus is accounting communication with external audiences via public written documents outside the audited financial statements, i.e., annual reports, press releases, CSR reports, websites, conference calls, etc.

Design/methodology/approach – The theoretical framework is based on two broad research perspectives on accounting communication: (A) a functionalist-behavioural transmission perspective and (B) a symbolic-interpretive narrative perspective. Eight traditions of communication research are introduced which provide alternative ways of conceptualising accounting communication, namely (1) Mathematical tradition, (2) Socio-psychological tradition, (3) Cybernetic/systems-oriented tradition, (4) Semiotic tradition, (5) Rhetorical tradition, (6) Phenomenological tradition, (7) Socio-cultural tradition, and (8) Critical tradition. Exemplars of each tradition from prior accounting research, to the extent they have been adopted, are discussed. Finally, a typology is developed, which serves as a heuristic device for viewing similarities and differences between research traditions.

Findings – Prior accounting studies predominantly focus on the role of discretionary disclosures in accounting communication in the functioning of the relationship between organisations and their audiences. Research is predominantly located in the mathematical, the socio-psychological, and the cybernetic/systems-oriented tradition. Accounting communication is primarily viewed as the transmission of messages about financial, environmental and social information to external audiences. Prior research is mainly concerned with the communicator (e.g., CEO personality) and the message (e.g., intentions and effects of accounting communication). Research from alternative traditions is encouraged, which explores how organisations and their audiences engage in a dialogue and interactively create, sustain, and manage meaning concerning accounting and accountability issues.

Originality/value – The paper identifies, organises and synthesises research perspectives, traditions, and associated theories from the communication studies literature in the form of a typology. The paper concludes with an extensive agenda for future research on accounting communication.

Keywords: Accounting communication, Communication theory, Corporate narrative reporting, Research perspectives

Paper type Conceptual paper

"In the beginning was the word" (John 1:1)

1. Introduction

Communication is concerned with "messages, information, meaning, and symbolic activity" (Putnam and Cheney, 1985, p. 131) and affects every aspect of our daily lives (Littlejohn and Foss, 2011, p. 3). Kenneth Burke (1941, p. 110), the famous literary theorist, who stressed the rhetorical and symbolic function of language, coined the metaphor of life as an "unending conversation"[1]. Communication not only involves the exchange of information, knowledge and ideas, but also enables us to establish and maintain relationships and to create our social worlds. For business organisations, communication plays a crucial role in informing external parties about outcomes and events and in managing their relationship with organisational audiences, including shareholders, other stakeholders, the media, and the general public (e.g., Brennan *et al*. 2013; Buhr, 2001; Matsumoto *et al*., 2011). Organisation and management researchers with a constructivist orientation argue that communication, not organisations, should be the primary object of study, as organisations are created in the process of communication (e.g., Weick, 1979).

We focus on accounting communication with external parties, including investors, financial analysts, customers, and other constituents, such as government agencies and non-governmental organisations (Parker, 2013). Jones *et al*. (2004) argue that there is more interest in communication beyond organisational boundaries. Internal accounting communication is just as important, but is beyond the scope of this paper[2]. The communication role of accounting has long been recognised as equally crucial as technical accounting measurement (Bedford and Baladouni, 1962). As Lee (1982, p. 152) observes: "Arguably, accounting is as much about communication as it is to do with measurement. No matter how effective the process of accounting quantification, its resultant data will be less than useful unless they are communicated adequately." Thus, it is not sufficient to focus on measuring firm performance and position. They also need to be communicated to a wide range of audiences. This is a complex process, as audiences not only have different information needs, but also diverse skills and expertise. Despite its growing importance, evidenced by the increasing length and variety of corporate narrative documents (e.g., annual reports, press releases) and media used for accounting communication (e.g., websites and video conferencing, such as analysts' meetings), we know little about the nature of accounting communication with external audiences,

particularly the ways in which technical accounting is mediated through language. Accounting communication covers a broad range of activities, including processes, choice of media, and use of language (particularly rhetoric) and accounting numbers in corporate narrative documents. Exploring accounting communication enables us to understand how organisations use corporate narrative documents (i) to communicate with external parties in a clear and transparent manner, (ii) to shape messages to suit their own agenda, or, worse still, (iii) to mislead audiences.

When Stanton and Stanton (2002) mapped research focusing on corporate annual reports , they identified 70 papers which they placed into six research perspectives based on either disciplinary origin or underlying theory, namely, (1) image management, (2) marketing, (3) legitimacy, (4) political economy, (5) accountability and (6) other. The six perspectives are differentiated by their conceptualisation of intended audience (narrow vs. wide) and by their time-orientation and purpose (reactive vs. pro-active). Since then, research on accounting communication has grown considerably, in terms of both volume and variety of research traditions and theories used, which originate in a range of disciplines, including, amongst others, linguistics, psychology and sociology. In his review chapter in the *Routledge Companion to Accounting Communication*, Parker (2013) lists agency theory, signalling theory, legitimacy theory, stakeholder theory, institutional theory, media richness theory, mass communication theory, visual culture and critical theory. He calls for the use of a wider range of theories from other disciplines, which can serve as "lenses … [for] opening up our vision and our horizons" (2013, p. 20).

The emerging field of accounting communication is "vague, fragmented, and loosely defined" (Bochner, 1985, p. 27). We advance research in accounting communication by developing a theoretical framework in the form of a typology, which identifies, synthesises, and organises existing research perspectives, traditions, associated theories and related empirical research (Rocco and Plakhotnik, 2009, p. 127)[3]. For this purpose, we draw on insights from communication studies, particularly work by Craig (1999) and Littlejohn and Foss (2011). Section 2 organises research on accounting communication by placing it into two broad research perspectives comprising eight research traditions (see Table I). In Section 3 we develop a typology in the form of a 2x2 matrix, which serves as a heuristic device for viewing similarities and differences between research traditions (see Figure 2).

1.1 Accounting communication

We use the term 'external accounting communication' rather than 'corporate reporting' to refer to organisational accounting-related communication with external audiences. We regard the term 'communication' to be more comprehensive and neutral than 'reporting' which is derived from Latin '*re*' (back) and '*portrare*' (to carry, to bring), i.e., to 'carry/bring back'. This implies that the purpose of corporate reporting is to relay or convey information about events and effects from which the 'accounting actor' is removed (Lee, 1982, p. 158). The former view of accounting communication resonates with regarding communication as a "neutral conduit for transmitting independently existing information" (Craig, 2007, p. 127), which is discussed in more detail in Section 2.1.

The term 'external accounting communication' refers to (1) a field of study, (2) a context of study, (3) a social practice, and (4) a medium of analysis (i.e., accounting communications). The field of external accounting communication relates to an area of accounting research involving the study of communication between organisations and shareholders and stakeholders for either decision-making or accountability purposes, as an instrument of governance (Parker, 2007), as a means of managing conflict in society (Carruthers, 1995) and is integral to democracy (Butterworth *et al*., 1989). Accounting researchers have traditionally regarded the field of accounting communication as a sub-field of financial reporting, with corporate narrative documents being viewed as either a 'surround' (Davison and Skerratt, 2007, p. 4) or as a supplement and complement (Beattie, 2014, p. 121) to financial statements. Conversely, it can also be viewed as encompassing the field of financial reporting itself in the sense that accounting communication takes a wide range of communicative forms, including "numbers, tables, graphs, written narrative, pictures, photos and cartoons" (Cooper, 2013, p. 242).

Alternatively, within the discipline of communication studies, external accounting communication constitutes a specific context in which the phenomenon of communication can be studied. From this perspective, accounting communication constitutes a specific type of organisational communication with external audiences, primarily via corporate narrative documents. Accounting communication is also a social practice, i.e., "a coherent set of activities that are commonly engaged in, and meaningful in particular ways, among people familiar with a certain culture" (Craig, 2006, p. 38). In this respect, it constitutes the communication of information to external audiences either affected by (e.g., investors,

suppliers, trade unions) or interested in (e.g., governmental and non-governmental organisations) the organisation, its activities, and performance. Finally, accounting communication(s) refers to the texts or documents / disclosure vehicles used to communicate accounting and accountability information, such as annual reports, prospectuses, press releases, CSR reports, etc. We focus on written accounting communication via public written narratives outside the audited financial statements, including absence of communication (i.e., silence). Their increasing length (e.g., annual reports, CSR reports), diversity (e.g., press releases, conference calls) and use of media (e.g., websites, video conferencing) is indicative of the growing importance of accounting communication[4].

1.2 Purpose of paper

The purpose of the paper is three-fold. First, we develop a theoretical framework in the form of a typology which identifies and organises research perspectives, traditions and theories. We illustrate the theoretical framework by selecting exemplars from the accounting literature to show the application of each tradition in the field of external accounting communication. Second, the paper highlights gaps and 'blind spots' in the literature and indicates which traditions and theories could be used to contribute to future research. Third, we encourage researchers to integrate the insights from diverse traditions and theories to address a range of research questions. For this purpose, we set out an extensive agenda for future research in Section 4 based on gap-spotting and problematisation (Sandberg and Alvesson, 2011). We conclude the paper in Section 5. Our review is guided by three questions: RQ1: How have accounting researchers from various traditions conceptualised accounting communication? RQ2: Which research traditions and theories of communication are under-used in accounting research? Which novel research questions can be addressed by them? RQ3: How can the insights from different research perspectives, traditions and theories be combined to understand various aspects and contexts of accounting communication?

2. Research perspectives, models of communication and research traditions

Communication constitutes an interdisciplinary field of study characterised by the co-existence of a wide range of disciplines (e.g., social psychology, linguistics, sociology) contributing a variety of theories (e.g., attribution theory, speech act theory, media agenda-setting theory) to the field, each of which provides specific insights into the phenomenon of communication (Craig, 2008). Our theoretical framework acknowledges that there is no single theory of communication, which encompasses all aspects of communication. In fact, there are multiple

theories that explain different aspects of the complex process comprising communication (Fortner, 1994, p. 209). The theoretical framework developed in this paper is based on two broad perspectives of accounting communication, which give rise to two distinct models of accounting communication. We identify eight research traditions and associated theories located within the two perspectives, which provide alternative ways of conceptualising accounting communication[5]. We further develop a typology, which organises the eight research traditions and associated theories in the form of a 2x2 matrix in order to highlight similarities and differences.

2.1 Two perspectives on accounting communication

There is no agreed definition or dominant theory of communication in the communication studies literature. Communication has been conceptualised in two alternative ways, which provide competing and complementary insights into the nature and purpose of communication, namely (i) as "the transmission of signals or messages over distance for the purpose of control" (Carey, 2009, p. 12) and (ii) as "a symbolic process whereby reality is produced, maintained, repaired, and transformed" (Carey, 2009, p. 19). The transmission perspective originates in Shannon and Weaver's (1949) model of communication and corresponds to our common-sense view of communication as a means of 'imparting' or 'transmitting' information between individuals or organisations. Based on metaphors of geography or transportation, the purpose of communication is the extension of messages in space (Carey, 2009). Communication is viewed as a technology or technique, which "produces a range of cognitive, emotional, and behavioural effects" (Craig, 1999, p. 143). This is in line with the functionalist-behavioural transmission perspective of communication as a tool for achieving specific economic, social, or political goals. By contrast, the symbolic-interpretive narrative perspective conceptualises communication as a social process that produces and reproduces shared meaning and social reality and is thus aligned with the interpretive and critical social science research traditions (Fiske, 1990). It emphasises the cultural and political aspects of communication in the form of reality construction and the negotiation of meaning (Craig, 2007, p. 128).

The functionalist-behavioural transmission perspective of communication was dominant in communication studies until the 1960s, when the symbolic-interpretive narrative perspective gained prominence in the wake of the linguistic and narrative turns in the social sciences. However, the symbolic-interpretive view of communication has ancient roots, which are apparent in the common origin of the words 'communication', 'community', and 'communion'

and which highlight the inherently social nature of communication (Carey, 2009, p. 15). Perspectives on communication also vary in different parts of the world. In the United States, communication studies is rooted in a quantitative social science research tradition and is concerned with individual behaviour or communication systems. By contrast, European scholars favour a qualitative approach rooted in cultural studies and critical theory, which emphasise social, cultural and structural contexts (Fortner, 1994, p. 229; Littlejohn and Foss, 2011, pp. 6-7).

Bedford and Baladouni (1962) first conceptualised accounting as a communication process between accountants and users of information focusing on a firm's economic events. Similarly, the seminal accounting theorist, Ray Chambers, argued in 1966 that accounting involves both measurement and communication between organisations and interested parties (Lee, 1982, p. 152). Chambers defined accounting communication as "the transmission of messages about economic events and effects … with the intention of modifying the behaviour of their recipients" (Lee, 1982, p. 153). Accounting theorists and researchers shape and understand organisational reality by means of images (Davis *et al*., 1982). Chambers is no exception. His definition is based on the image of accounting as an information system, which involves a sender transmitting messages to a receiver removed in both space and time. This image draws attention to the importance of the usefulness of accounting data to its users (Davis *et al*., 1982). It gained prominence in the 1970s and became enshrined in the Financial Accounting Standards Board (1978, paragraph 34) definition of the purpose of financial reporting as "provid[ing] information that is useful to present and potential investors and creditors and other users in making rational investment, credit, and similar decisions". Drawing on an alternative image of accounting as sorcery, Hines (1988) argues that accounting not only captures and communicates information about an organisation, but also constructs the organisation by defining its boundaries through specifying interrelationships with various audiences. Both Chambers (1966) and Hines (1988) focus solely on accounting communication through financial statements. By contrast, we view accounting communication as encompassing a wide range of forms, including numbers, text, graphs and visuals.

Accounting researchers who adopt a transmission view of communication regard corporate narrative documents as instruments for disseminating and receiving information. This involves managers receiving, interpreting and selecting information to be communicated (observation dimension) and then encoding and transmitting the information (production dimension) to

interested parties who interpret and use the messages for decision-making purposes (Bedford and Baladouni, 1962). The focus of analysis is on the content and effects of messages. Research questions focus on whether information is understandable, useful or misleading, whether it changes perceptions of the firm, its activities, and performance, and whether it is regarded as credible (Carey, 2009, p. 16). This view is reflected in the use of the term (discretionary) 'disclosures' to refer to accounting communication associated with the North American-style positivist research tradition (Beattie, 2014, p. 112). The verb 'disclose' means to break open, to unlock and to reveal. This suggests a view of organisations as containers enclosing a hidden reality, which is (partly or selectively) revealed through disclosures in corporate narrative documents. By contrast, accounting researchers adopting a symbolic-interpretive narrative perspective of accounting communication focus on the role of accounting communication in the construction of organisational boundaries and relationships between organisations and their audiences, and the artistic, cultural and ideological aspects of corporate narrative reporting (e.g., Craig and Amernic, 2008; Demers *et al*., 2003; Jameson, 2000). This resonates with alternative images of accounting as language, rhetoric, politics, mythology, magic, disciplined control, ideology, and as domination and exploitation (Morgan, 1988, p. 481). This view is reflected in the use of the term (accounting) 'narratives', which is associated with the European-style interpretive research tradition (Beattie, 2014, p. 112).

We propose two contrasting definitions of accounting communication, which link the two distinct perspectives on communication in the communication studies literature with the two corresponding perspectives on corporate narrative reporting in accounting research in the form of (A) a functionalist-behavioural transmission perspective ('disclosures') and (B) a symbolic-interpretive narrative perspective ('narratives') on accounting communication as follows:

> **A. Functionalist-behavioural transmission definition of accounting communication** ('disclosures')
> Accounting communication is concerned with the transmission of messages about economic events and their effects by organisational managers (preparers) in the form of signs, significances and messages to be established in the mind of recipients (users) who have to perceive, interpret and evaluate them and whose behaviour may change as a result. (Definition adapted from Chambers' (1966) definition of accounting communication, as summarised in Lee, 1982, p. 152-153)

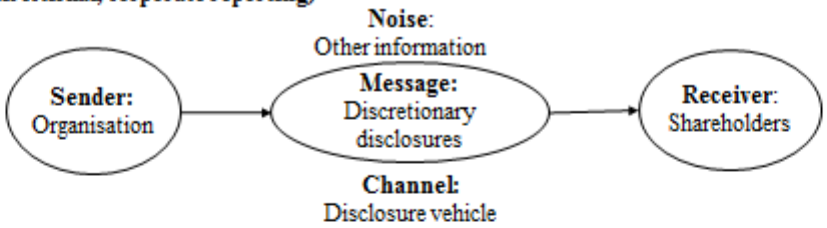
B. Symbolic-interpretive narrative definition of accounting communication (‘narratives’)
Accounting communication is concerned with the processes whereby organisations and their audiences interactively create, sustain, and manage meaning concerning accounting and accountability issues. (Definition adapted from Conrad and Poole, 1998, p. 2)

2.2 Two models of communication

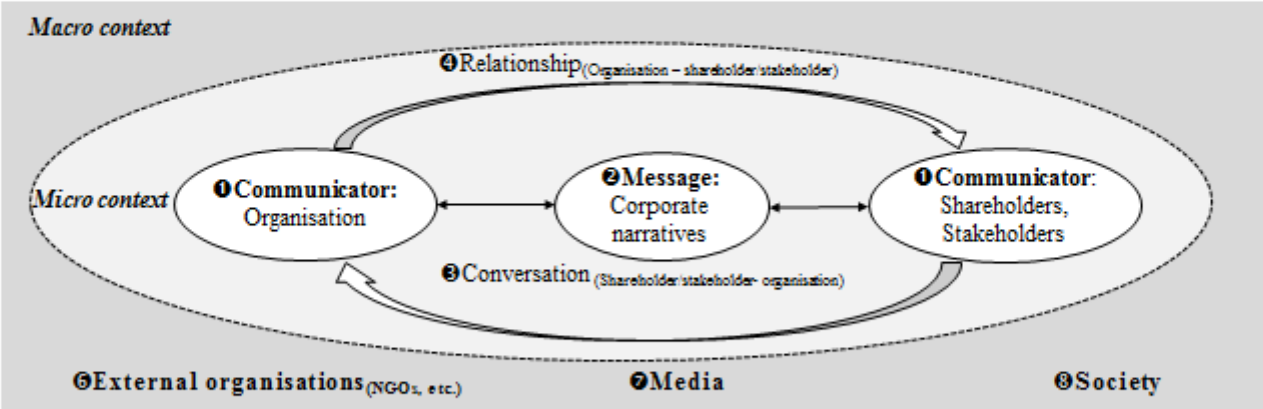
The two perspectives of accounting communication outlined in Section 2.1 are associated with two distinct models of communication, namely (1) the transmission model and (2) the transactional model (see Figure 1). The transmission model originates in Shannon and Weaver’s (1949) work and views communication as a linear one-way process focusing on the transmission of messages from a sender to a receiver and ignores contextual factors. The transactional model was developed by Barnlund (1970) and adds psychological, relational, social, and cultural dimensions to the model. Communication is viewed as a dynamic and interactive process by a reciprocally linked sender and receiver situated in a specific communicative context.

Following Littlejohn and Foss (2011), communication comprises a range of ‘sub-phenomena’ (Fortner, 1994, p. 210) which address different aspects of communication, including (1) the communicator, (2) the message, (3) the conversation, (4) the relationship, (5) the group[6], (6) external organisations, (7) the media, and (8) society. In both communication models the organisation is depicted as an individual ‘sender’/‘communicator’ (see Figure 1). This conflation of the communicator and the organisation in accounting communication often results in ‘vertical borrowing’ (Highhouse *et al*., 2009, p. 1483) which involves using theories of the individual communicator (e.g., attribution theory) to explain accounting communication (e.g., the attribution of positive/negative organisational outcomes to internal/external factors). The transmission model only incorporates the sender, the receiver, and the message. In contrast, all eight aspects of communication come into play in the transactional model (see Figure 1). The aspect ‘relationship’ is depicted as part of the immediate (micro) context, whereas the aspects ‘external organisations’ (e.g., NGOs), ‘media’ and ‘society’ are shown as part of the wider (macro) context.

(A) Transmission model (one-directional; corporate reporting)



(B) Transactional model (interactive, dialogical; accounting communication)



Key: ❶ - ❽: Littlejohn and Foss' (2011) eight aspects of communication (❷ 'group' is omitted because it is not relevant in an accounting communication context)
→ One-way communication;
↔ Two-way, dynamic, interactive communication – organisations and shareholders/stakeholders are both communicators and audiences.

Figure 1.
Two models of accounting communication

2.3 Eight research traditions in the communication studies literature

Craig (1999) and Littlejohn and Foss (2011) identify eight distinct, yet interlinked, research traditions in communication which provide alternative ways of conceptualising communication and thus produce distinctive insights[7]. Table I summarises these eight research traditions, associated theories, the aspect(s) of communication they explain (i.e., the communicator, the message, the conversation, the relationship, external organisations, the media, or society), together with exemplar papers from the accounting literature. Table I places the eight research traditions within the two research perspectives introduced in Section 2.1, namely (A) the functionalist-behavioural transmission perspective and (B) the symbolic-interpretive narrative perspective. In Appendix 1, we discuss the exemplar accounting papers cited in Table I in more detail. We classify accounting studies based on their focus of analysis and underlying theories (see Table I).

Research traditions (Carey, 2009; Craig, 1999)	**Focus of analysis**	**Theories (*aspect of communication explained*)** (Littlejohn and Foss, 2011)	**Exemplar from accounting communication** (see also Appendix 1)
A Functionalist-behavioural transmission perspective of communication (one-directional; corporate reporting)			
1 Mathematical tradition	Message transmission	• Mathematical theory of communication (Shannon and Weaver, 1949) (*message*)	• Stocken (2000), Barton and Mercer (2005)
2 Socio-psychological tradition	Information processing	• Attribution theory (*communicator*) • Accountability theory (*communicator*) • Belief-adjustment model (Hogarth and Einhorn, 1992) (*communicator*)	• Aerts (2001), Hooghiemstra (2010) • Merkl-Davies *et al*. (2011) [Note 2] • Baird and Zelin (2000)
3 Cybernetic/systems-oriented tradition	Connection, system; inter-dependence	• Organisational information theory – organisations as sensemaking systems (Weick, 1979) (*communicator*) • Control theory (*communicator*) [Note 1]	• Aerts (2005), Merkl-Davies *et al*. (2011) [Note 2]
B Symbolic-interpretive narrative perspective of communication (interactive, dialogical accounting communication)			
4 Semiotic tradition	Sign, signals	• Theory of the linguistic sign (de Saussure 1916/1967) *(message*)	• Tinker (1991), Davison (2004), Crowther *et al*. (2006)
5 Rhetorical tradition	Argument, persuasion	• Rhetorical theory – Aristotle (*organisation*, *relationship*) • Ideology-sustaining rhetoric (*organisation*) • Framing theory (Entman, 1993) (*communicator*) • Bakhtin's (1981) theory of dialogics (*relationship*) • Bitzer's (1968) objective rhetorical situation [Note 1] (*relationship*) • Vatz (1973) subjective rhetorical situation [Note 1] (*communicator*)	• Green (2001), Higgins and Walker (2012), Brennan and Merkl-Davies (2014) • Craig and Amernic (2004b) [Note 2] • Amernic *at al*. (2007) • Brennan *et al*. (2013) [Note 2]
6 Phenomenological tradition	Interpretation, meaning	• Theory of the symbolic meaning of communication – Cultural hermeneutics (*society*) • Ricoeur's (1976) theory of distanciation (*message*) • Ricoeur's (1983) speech act theory (*message*) • Fish's (1980) reader-response theory (*message*) [Note 1]	• Prasad and Mir (2002) • Milne *et al*. (2009) • Ng and de Cock (2002)
7 Socio-cultural tradition	Values, beliefs, norms	• Media agenda-setting theory (*media*) • Speech act theory (*message*) • Goffman's theory of impression management (*communicator*) • Conversation analysis (*conversation*)	• Brown and Deegan (1998), Kent and Zunker (2013) • Palmer *et al*. (2004) • Cho and Roberts (2010) • Brennan *et al*. (2013) [Note 2]
8 Critical tradition	Power, dominance, conflict	• Marxism (*society*) • Habermas/Frankfurt School (*society*) • Critical rhetoric (*society*) • Postcolonialism (*society*) • Foucault (*society*) • Critical discourse analysis (*society*)	• Preston *et al*. (1996), Williams and Adams (2013) • Yuthas *et al*. (2002), Craig and Amernic (2004b) [Note 2] • Moerman and van der Laan (2007) • Kamla (2007) • Hartt *et al*. (2012) • Merkl-Davies and Koller (2012), Beelitz and Merkl-Davies (2012), Tregidga *et al*. (2014)

Note 1: We found no empirical research in accounting communication using this theory.
Note 2: These papers span research traditions and thus appear twice in Table I.

Table I. Research perspectives, traditions, and theories on accounting communication

We acknowledge that research traditions are socio-historical and intellectual constructs. They are not static and thus should not be reified (Craig and Muller, 2007, p. xiii). There is considerable interaction between traditions, which means that they cannot be clearly delineated from one another (Craig, 1999; Craig, 2006). This is due to theories "carr[ying] forward certain ideas and assumptions from a particular [tradition,] while also departing from that tradition to contribute something new and different" (Craig and Muller, 2007, p. xiv). For example, the cybernetic/systems-oriented tradition is linked to the socio-cultural tradition by means of open-systems theory.

In Table I, the research traditions are sequenced in such a way that presentational proximity reflects conceptual similarity, e.g., the mathematical tradition stands in opposition to the critical tradition, whereas, the mathematical tradition and the socio-psychological tradition, and the socio-cultural and the critical tradition, have a great deal of overlap. The linkages are elaborated on in the discussion of individual traditions, which follows, and are illustrated in the form of arrows in Figure 2. Each research tradition is internally complex and has variations within it. For example, the cybernetic/systems-oriented tradition has a more functionalist branch originating in general systems theory focusing on how organisational communication is influenced by the different environmental conditions (demands and expectations by various stakeholders) and a more symbolic-interpretive branch focusing on how organisational communication is used to create and communicate meaning or legitimacy. For this reason, theories span several traditions and, in turn, empirical research often draws on more than one tradition. Our discussion, which follows, also includes key empirical papers and key research questions addressed by them.

(1) Mathematical tradition

Accounting communication is conceptualised as message transmission by firms on their economic status and progress to interested parties, particularly investors and financial analysts (Bedford and Baladouni, 1962). Despite widespread lack of explicit acknowledgement, the majority of research on accounting communication in the North American disclosure tradition is based on Shannon and Weaver's (1949) mathematical theory of communication. Following the mathematical tradition, communication is viewed as the transmission of messages from a sender (firm) to a receiver (interested parties). The focus of analysis is on the message, which is viewed in terms of measurable information content. Some communication theorists stress

the link between the mathematical and the cybernetic/systems-oriented tradition in the form of systems theory (Fortner, 1994, p. 232). Systems theory (von Bertalanffy, 1968) focuses on the interaction of components, which are part of a system. Thus, financial markets can be conceptualised as a system consisting of firms, investors, and financial intermediaries (e.g., financial analysts, financial press). Shannon and Weaver's (1949) mathematical model contains all the system components, but views communication as static and unidirectional, whereas the cybernetic/systems-oriented tradition introduces a dynamic element in the form of a feedback loop. This is captured in the interaction model of communication, which incorporates feedback from the receiver to the sender into the model (Schramm, 1954).

Key questions addressed in the accounting literature located in the mathematical tradition are: What is the information content of accounting communication (e.g., Baginski *et al*., 2000, 2004)? Is accounting communication biased (e.g., García Osma and Guillamón-Saorín, 2011)? Do investors view accounting communication as useful or credible (e.g., Stocken, 2000)? Does accounting communication change analyst or investor perceptions of financial performance and prospects (e.g., share price reactions (e.g., Staw *et al*., 1983) or analyst recommendations (e.g., Barton and Mercer, 2005)?

(2) Socio-psychological tradition

Accounting communication is conceptualised as information processing by organisational actors and audiences. In the socio-psychological tradition, the focus is on the psychological processes underlying the production (e.g., motivation, presentation and selection of information) and consumption (e.g., mental shortcuts, memory) of accounting communication. The socio-psychological tradition is based on psychological explanations of the action and behaviour of individuals. Thus, the majority of theories in this tradition focus on the communicators (i.e., senders and receivers). Communication is viewed as "mediated by psychological predispositions" (Craig, 1999, p. 143), particularly attitudes, emotional states, personality traits, social cognition, and personality types. Research focuses on universal mechanisms governing accounting communication across companies and countries, for example, the attributional patterns of performance explanations or the verbal manifestations of leadership style and top managers' personality traits in corporate narratives. The most popular theory in accounting communication research in the socio-psychological tradition is attribution theory, which is used to explain managers' attributional biases in performance explanations (see, for example, Aerts, 2001; 2005). Other theories used in accounting communication

research are the theory of narcissism (e.g., Brennan and Conroy, 2013) and Schlenker's (and others') (1994, 1997) accountability theory (Merkl-Davies *et al*., 2011).

Some research rooted in the socio-psychological tradition subscribes to a static and one-directional view of accounting communication. Other research views accounting communication as both anticipating investor reactions and reacting to investor behaviour, thus introducing a feedback loop to the one-directional model of communication. For example, employing the concept of 'information inductance' (Prakash and Rappaport, 1977), Merkl-Davies *et al*. (2011) examine the use of impression management in anticipation of shareholder reactions in the context of positive/negative organisational outcomes.

Key questions addressed by the socio-psychological tradition are: What motivates organisational actors to communicate in a specific manner (Aerts, 2001)? How are messages formed (e.g., Delaney, 1994)? How are messages processed by recipients (e.g., Baird and Zelin 2000)? What effect do messages have in terms of analyst or investor behaviour (e.g., Lang and Lundholm, 1996; Lehavy *et al*., 2011; Ahern and Sosyura, 2014)?

<u>(3) Cybernetic/systems-oriented tradition</u>

In the cybernetic/systems-oriented tradition, accounting communication is conceptualised as a complex system of interactions between organisations and their various constituents (i.e., shareholders, stakeholders, financial analysts, the media, politicians, NGOs and the general public) via corporate narrative documents. The cybernetic/systems-oriented tradition challenges the view of communication as a linear one-directional process inherent in the transmission model of communication (see Figure 1). Introducing a feedback loop, it emphasises the circular nature of communication, with organisations both anticipating and responding to demands and expectations of their constituents. There are two main branches of the cybernetic/systems-oriented tradition in communication research, namely a technological branch originating in information science with links to the mathematical tradition (Craig, 1999, p. 142), which draws on information theory (focus on the transmission of messages from one part of the system to another through a network), and an organisation studies branch with links to the socio-cultural tradition, which draws on open systems theory (Scott, 1981)[8].

In the accounting literature, legitimacy theory, stakeholder theory, and institutional theory are variously referred to as 'systems-oriented theories' and as 'social and political theories' (Gray

et al., 1996). In systems theory, organisations are conceptualised as either closed or as open systems (Scott, 1981). Closed systems are isolated from their environments. By contrast, open systems are characterised by constant dynamic interaction with their environment in the form of feedback loops. Legitimacy theory, stakeholder theory and institutional theory share with open-systems theories the idea of organisations being dependent on "continuing exchanges with … the environments in which they operate" (Scott, 1981, p. 25) for resources and support. Accounting communication plays a crucial role in this process. Legitimacy theory, stakeholder theory and institutional theory reflect cybernetic/systems-oriented thinking in the form of metaphors relating to organisational ecology, which emphasises the relationship between organisations and their environment (Morgan, 1982). However, in terms of their intellectual roots, legitimacy theory, stakeholder theory and institutional theory are more closely associated with social and political theories, particularly political economy theory (Gray *et al*., 1995). Political economy theory stresses linkages between economic, political, and social aspects of organisational life. Thus, accounting communication is viewed as an accountability mechanism aimed at a variety of audiences, including non-financial stakeholders, the media, non-governmental organisations, and the general public. The focus on the social and political effects of accounting communication links legitimacy theory, stakeholder theory and institutional theory to the socio-cultural and critical research traditions.

Weick's (1979) theory of organising views communication as a basis for organising. Focusing on interaction, Weick (1979) regards communication as consisting of a 'double interact', i.e., an act (statement) followed by a response (interact), followed by response from the first communicator involving an adjustment to the first statement (double-interact). By introducing a feedback loop, Weick (1979) closes the communicative circle and conceptualises communication as a conversation between two parties. The concept of the double-interact involves communicators engaging in retrospective sense-making, i.e., retrospectively assigning meaning to actions and events. Retrospective sense-making has been used in research on accounting communication to explain attributional bias in performance explanations in annual report documents (e.g., Aerts, 2005; Merkl-Davies *et al*., 2011). Bozeman and Kacmar (1997) develop a cybernetic model of impression management in internal organisational communication based on control theory. Control theory focuses on "the motivational and behavioral processes through which goal-oriented organisms attempt to control their environments or adapt to them" (Bozeman and Kacmar, 1997, p. 10). Similar to the concept of information inductance (see discussion earlier), it incorporates feedback as an essential part of

the communication process, with negative feedback guiding subsequent communication. Impression management thus always entails a comparison between the image a social actor aims to portray (e.g., hard-working, trustworthy, reliable) and the feedback they receive on the way they are being perceived. In case of discrepancy, communication is adjusted by employing alternative impression management tactics. This cybernetic model of impression management could be applied to external accounting communication, particularly in situations characterised by uncertainty, which may require image adjustment, such as unexpected organisational crises.

Key questions addressed by the cybernetic/systems-oriented tradition are: Who is a key organisational stakeholder (e.g., Roberts, 1992; Neu *et al*., 1998; Islam and Deegan, 2008)[9]? How are relationships between organisations and their stakeholders dynamic (Wheeler and Elkington, 2001)? What are the consequences of interaction between organisations and their audiences (Aerts, 2005)?

(4) Semiotic tradition

Accounting communication is conceptualised as intersubjective mediation by means of signs and symbols in corporate narrative documents. The semiotic tradition focuses on the symbolic use of communication by means of language in messages. It originates in the work of the French linguist Ferdinand de Saussure. The underlying concept is the triangle of meaning which arises from the relationship between three elements, the object (referent), the person (interpreter), and the sign. The sign represents the object in the mind of the interpreter. The semiotic tradition is linguistic in nature and can be further subdivided in the study of semantics (meanings), syntactics (structure), and pragmatics (sentences in their surrounding text). Semiotics provides useful insights for studying the message. In accounting communication, semiotics has been used by Crowther *et al*. (2006) to study corporate reporting by UK water companies. It is linked to the critical tradition via critical discourse analysis; to the socio-cultural tradition via speech act theory (which originates in socio-linguistics); and to the rhetorical tradition due to the linguistic nature of persuasion. Semiotics provides "the [linguistic] resources available for conveying meanings in rhetorical messages" (Craig, 1999, p. 137). Alternatively, rhetoric can be considered a branch of semiotics, which focuses on "the structures of language and argument that mediate between communicators and audiences" (Craig, 1999, p. 137).

Key questions addressed by the semiotic tradition are: How does meaning in accounting communication arise and how is it signified (e.g., Crowther *et al*., 2006)? How does accounting communication influence organisational audiences (e.g., Rogers, 2000)?

(5) Rhetorical tradition

Accounting communication is conceptualised as the use of corporate narrative documents to persuade organisational audiences. The rhetorical tradition primarily focuses on the persuasive aspects of messages. The focus of analysis is on the three Aristotelian strategies of *logos* (appealing to logic), *pathos* (appealing to emotion), and *ethos* (appealing to ethics/authority) developed in ancient Greece. The rhetorical tradition has been further developed in the 20th century by researchers in the New Rhetoric movement (e.g., Burke, 1950; Bitzer, 1968; Perelman and Olbrechts-Tytiga, 1969; Vatz, 1973) who emphasise the constructivist nature of language and the importance of context. It consists of three interrelated elements: (1) the speaker/writer, (2) the audience(s), and (3) the purpose of communication. Research in accounting communication has drawn on the rhetorical tradition to analyse persuasive communication by both business organisations and NGOs (Amernic *et al.*, 2007; Brennan and Merkl-Davies, 2014; Higgins and Walker, 2012). The concept of power links the rhetorical tradition to the critical tradition. Persuasive accounting communication can be used to persuade audiences to accept organisational actions, policies or performance, which are against their own or society's interests (Craig and Amernic, 2004b). The use of rhetoric in accounting communication is particularly pronounced in times of crisis or change when organisations require the support of key stakeholders, the media, and the general public. Green (2001) combines rhetoric and institutional theory to examine the rhetorical strategies of *logos*, *pathos*, and *ethos* during institutional change in the context of takeovers.

Key questions addressed by the rhetorical tradition are: Which rhetorical strategies do organisations use most frequently (e.g., Higgins and Walker 2012; Milne *et al*., 2009)? Which rhetorical strategies are most effective (e.g., Unerman and O'Dwyer (2006) discuss rhetorical effectiveness in NGO advocacy statements)? How do organisations persuade their shareholders and stakeholders to support them in times of crisis and change (e.g., Brennan *et al*., 2010)?

(6) Phenomenological tradition

Accounting communication is conceptualised as the process of sense-giving and sense-making in the production and interpretation of messages conveyed in corporate narrative documents. Research in this tradition often draws on hermeneutics, an area of philosophy that deals with the theory and practice of interpretation (Phillips and Brown, 1993). Communication researchers in this tradition view texts as transformative, rather than informative, and as contributing to the creation and maintenance of social relations. Insights from the phenomenological tradition have only been applied to a limited extent to research in accounting communication (e.g., Prasad and Mir, 2002; Ng and de Cock, 2002). For this reason, we discuss this tradition in more detail in Section 4, which focuses on suggestions regarding the application of communication theories to future research on accounting communication.

Key questions addressed by the phenomenological tradition are: How does meaning arise in accounting communication (e.g., Prasad and Mir 2002)? How does management tailor accounting communication to different audiences? (Ng and de Cock, 2002)?

(7) Socio-cultural tradition

Accounting communication is conceptualised as the use of corporate narrative documents as a means of producing and reproducing social norms and rules. The socio-cultural tradition focuses on the influence of context in the form of social norms, rules, tradition, values, and culture on the communicator (Goffman, 1959, 1974), on the message (speech act theory), and on the media (agenda-setting theory). The socio-cultural tradition is steeped in Goffman's work, which manifests itself in the use of his dramaturgical metaphors 'actor', 'performance', and 'audience'. Goffman (1959, 1974) views the communicator in relation to an audience and in relation to a specific situation. His work is most widely used in the impression management literature, which focuses on how organisations present themselves and organisational outcomes to a range of audiences in order to influence their perceptions and decisions. His work on framing is less widely used in accounting communication. Frame analysis is concerned with sense-making activities in order to identify and understand situations and events.

Austin (1962) and Searle (1969) developed speech act theory, which focuses on the performative aspects of language, i.e.,' doing things with words' (Austin, 1962). Emphasising the action-orientation of language (i.e., promising, persuading, apologising), speech act theory identifies what constitutes a successful statement in terms of achieving the intended outcome.

This emphasis on linguistic analysis links the socio-cultural with the semiotic tradition. Building on the action-orientation of language, Brennan and Merkl-Davies (2014) (a paper primarily located in the rhetorical tradition) analyse CSR communication during a public controversy between sportswear and fashion brands and Greenpeace.

Due to its emphasis on social norms and rules, legitimacy theory has been widely used to analyse the use of accounting communication to legitimise change (proactive) or to restore organisational legitimacy after a crisis or public controversy (reactive). Accounting communication is viewed as a legitimation device. The majority of studies either explicitly or implicitly draw on the seminal paper by Suchman (1995) who identifies strategies for gaining, maintaining and repairing organisational legitimacy. Depending on how legitimation is conceptualised, studies are either more closely aligned with the cybernetic/systems-oriented tradition or with the socio-cultural tradition. Whereas the former apply deductively derived verbal legitimation strategies, such as denials, excuses, and justifications (e.g., Ogden and Clarke, 2005), the latter focus on discursive strategies whose specific linguistic realisations emerge from a close reading of the text. For example, Erkama and Vaara (2010) analyse the discursive strategies of authorisation (reference to the authority of tradition, law, custom, and persons of authority), rationalisation (reference to the utility of actions), moral evaluation (reference to specific value systems), and mythopoesis (story-telling) used to legitimate downsizing, plant closures, and structural reorganisation.

Key questions addressed by the socio-cultural tradition are: How are relationships between organisations and their audiences dynamic (e.g., Brennan *et al*., 2013)? How do organisational audiences and the media influence each other and, in turn, influence accounting communication (e.g., Kent and Zunker, 2013)?

<u>(8) Critical tradition</u>

Accounting communication is viewed as a system of domination, which reinforces the *status quo*. The critical tradition focuses on the dominant role of organisations in society. Research in this tradition uses a range of critical social theories to explore the power dynamics between firms and their audiences, including Marxism, critical theory associated with the Frankfurt school, Foucault, Bourdieu, and various forms of critical discourse analysis, including Fairclough (1995, 2003) (e.g., Merkl-Davies and Koller, 2012; Beelitz and Merkl-Davies, 2012) and Laclau and Mouffe (1985) (e.g., Tregidga *et al*., 2014). Due to its emphasis on the

role of rhetoric and discourse in the (re)production and transformation of knowledge, subjects and power relations (Leitch and Palmer, 2010, p. 1195) in accounting communication, the critical tradition has strong links with the rhetorical and the semiotic traditions. Joel Amernic and Russell Craig can be considered pioneers of accounting communication in this research tradition. In a series of papers (Craig and Amernic, 2004a,b; 2008), they analyse corporate annual reports from a critical perspective, i.e., focusing on the use of language (e.g., culturally dominant metaphors and the use of arguments based on accounting concepts or numbers) to portray a positive impression of the firm or to persuade audiences of the legitimacy and necessity of controversial actions and decisions. This tradition is also particularly well-represented in research on CSR reporting.

Key questions addressed by the critical tradition are: How do CEOs use language for ideological purposes, for example to reinforce the dominance of capitalism (e.g., Craig and Amernic, 2004b), to justify the exploitation of the natural environment (e.g., Beelitz and Merkl-Davies, 2012)? What are the consequences of accounting communication on the treatment of stakeholders and the natural environment (e.g., Moerman and van der Laan, 2007)? How can dominant versions of reality in accounting narratives be resisted (e.g., Harrison and van der Laan Smith, 2015)?

Each of the eight research traditions has its own strengths and limitations. These are due to the different focal points of the theories located within research traditions. The mathematical, the socio-psychological, the semiotic, and the phenomenological tradition predominantly focus on micro-level phenomena (communicators, message); the cybernetic/systems-oriented and the rhetorical tradition predominantly focus on meso-level phenomena (relationship, conversation); and the socio-cultural and the critical tradition predominantly focus on macro-level phenomena (external organisations, media, society). Research perspectives, traditions and theories need to be evaluated with respect to “the practical implications and actual consequences [that] result from envisioning communication in various forms” (Craig, 2007, p. 133, quoting Russill 2004). For example, theories located in the socio-psychological tradition focus on the communicator and thus provide valuable insights on potential biases and motivations of authors of corporate narrative documents[10].

3. Typology of research traditions in accounting communication

Differences in the two broad research perspectives on accounting communication identified in Section 2.1, i.e., (A) the functionalist-behavioural transmission perspective and (B) the symbolic-interpretive narrative perspective, are due to different underlying assumptions on communication (Bowers and Bradac, 1984). Table II contrasts six dichotomous sets of assumptions, which inform the two research perspectives[11]. The six assumptions reflect alternative views on the nature and determinants of accounting communication.

	A Functionalist-behavioural transmission perspective of accounting communication ('disclosures')		**B Symbolic-interpretive narrative perspective of accounting communication ('narratives')**
	Nature of accounting communication		
1A	Accounting communication is the transmission and reception of information	1B	Accounting communication is the generation of meaning between organisations and their audiences
2A	Accounting communication is one among many forces in organisations, and a relatively weak one (representational function of accounting communication)	2B	Accounting communication is a ubiquitous and powerful force in organisations (constitutive function of accounting communication)
	Determinants of accounting communication		
3A	Accounting communication is the individual behaviour of organisations and shareholders and stakeholders	3B	Accounting communication is the relationship among behaviours of organisations and their audiences interacting with one another
4A	Accounting communication is static	4B	Accounting communication is processual
5A	Accounting communication is non-contextualised	5B	Accounting communication is contextualised
6A	Organisational actors can *not* communicate	6B	Organisational actors cannot *not* communicate

Source: Adapted from Bowers and Bradac's (1984) 'axioms' of communication theory and research.

Table II. Alternative assumptions on accounting communication

First, accounting communication is either viewed as the transmission and reception of information between firms and interested parties or as the creation and negotiation of meaning between organisations and their audiences. The second set of dichotomous assumptions addresses the representational versus the constructivist nature of accounting communication. The former views organisational reality and relations between organisations and their audiences as determined by economic, social, and political factors. Accounting communication is secondary. Alternatively, accounting communication is regarded as primary in the sense that it constitutes a process in which organisational reality, including organisational actors and audiences, organisational boundaries, and relationships between organisations and their

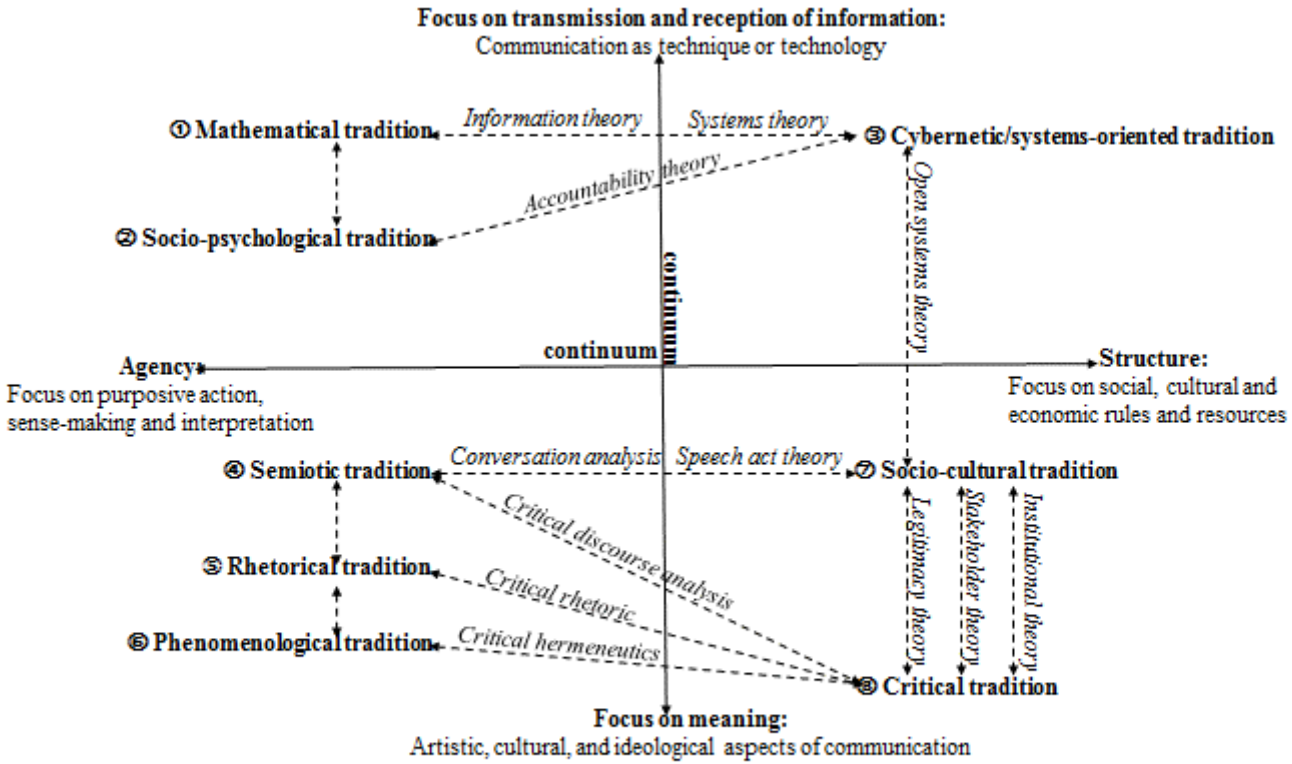
audiences, are reciprocally constituted. Third, accounting communication is regarded either as the individual behaviour of organisations and shareholders and stakeholders or as relational. The former views accounting communication as a chain of individual stimuli and resulting responses, e.g., firms issue a press release resulting in the buying/selling of shares or positive/negative news coverage. The latter is based on the view that individual behaviour can only be understood in the context of the specific relationship between an organisation and a particular audience (i.e., shareholders as opposed to employees or NGOs). Fourth, accounting communication is regarded as either static or as a process. Whereas the former focuses on the analysis of corporate narrative documents in isolation, the latter shifts the analysis to sequences of communication between organisations and their audiences over time (e.g., Brennan *et al*., 2013). Fifth, accounting communication is viewed either as non-contextualised or as contextualised. The former focuses on 'universal' corporate narrative characteristics, such as 'tone' (optimism/pessimism), which can be 'extracted' by means of quantitative content analysis. By contrast, the latter views the meaning of accounting communication to be dependent on contextual factors, such as the social and institutional setting, and to emerge in a process of close reading and interpretation in the form of qualitative text analysis (e.g., narrative analysis, discourse analysis, hermeneutics, etc.). Finally, accounting communication is viewed as present/absent or as ubiquitous. The former only regards actual words, pictures, the CEO's facial expressions (Sun *et al*. 2014), etc., as constituting communication. The latter views accounting communication as inherently social. This means that all behaviour, including silence, generates meanings and thus constitutes communication. Organisational audiences thus assign meanings to silence, if they expect organisations to communicate on a particular issue or event.

The eight research traditions in accounting communication outlined in Section 2.3 vary in their positions on the six assumptions. For example, the cybernetic/systems-oriented tradition views accounting communication as sending information between organisations and their constituents (transmission), yet stresses their interdependence (relationship). Figure 2 develops a typology, which serves as a heuristic device for recognising, viewing, and understanding differences and similarities between the eight research traditions. For this purpose, the six dichotomous assumptions outlined in Table II are conflated into two dimensions representing a continuum on alternative views on (1) Technique versus meaning: the nature of communication (emphasis on either communication as a technology or technique used to produce a range of effects on audiences or on the artistic, cultural or ideological aspects of

communication) and on (2) Agency (actors and their actions) versus structure (norms, customs, traditions): the determinants of accounting communication (emphasis on either individualistic or on social, economic, or political factors of communication)[12]. Figure 2 combines the two dimensions in the form of a 2x2 matrix representing four distinct views on accounting communication:

1. Accounting communication as individual, purposive action driven by economic or psychological motives (top left quadrant; mathematical and socio-psychological tradition);
2. Accounting communication as social or systems behaviour enabled or constrained by social or cultural norms and rules, economic conditions, or political factors (top right quadrant; cybernetic/systems-oriented tradition);
3. Accounting communication as individual meaning creation oriented towards interpretation and sense-making (bottom left quadrant; semiotic, rhetorical, and phenomenological tradition);
4. Accounting communication as social behaviour enabled or constrained by discourses and socially constructed meaning systems (bottom right quadrant; socio-cultural and critical tradition);

Figure 2 maps the eight research traditions onto the four quadrants. Research traditions located in the same quadrant adopt similar views on the nature and determinants of communication. Despite being conceptually distinct, research traditions are interlinked by means of theories. These linkages are illustrated in the form of arrows in Figure 2. There are no linkages between the traditions located in the two quadrants on the left-hand side of Figure 2, as their assumptions on human action (purposive vs. sense-making) are difficult to reconcile. Empirical research on accounting communication varies along the two continuous dimensions and thus falls into one (or several) of the eight research traditions.



Key: ①-⑧ Craig's (1999) and Littlejohn and Foss' (2011) eight research traditions
←- - → : Represent linkages between research traditions

Figure 2.
Typology of traditions in accounting communication

4. What next? Directions for future research

In the Introduction, we outlined three research questions. Sections 2 and 3 addressed the first question (How have accounting researchers from various traditions conceptualised accounting communication?) by developing a theoretical framework of accounting communication in the form of a typology, which renders the emerging field of accounting communication more coherent by identifying, synthesising and organising existing research perspectives, traditions, associated theories and related empirical research (Rocco and Plakhotnik, 2009, p. 127). Section 4 tackles the two remaining research questions (Which research traditions and theories of communication are under-used in accounting research? Which novel research questions can be addressed by them? How can the insights from different research perspectives, traditions and theories be combined to understand various aspects and contexts of accounting communication?). This involves using the typology developed in Section 3 for gap-spotting and problematisation (Sandberg and Alvesson, 2011). Gap-spotting entails filling gaps in the literature by highlighting overlooked or under-researched aspects of accounting communication (neglect spotting) or identifying under-used perspectives, traditions, and theories to explain a variety of aspects and contexts of accounting communication (application spotting). Problematisation involves identifying and challenging the assumptions underlying existing research perspectives, traditions, and theories. We advocate problematisation by means of establishing linkages between research perspectives, traditions and theories, which need to be viewed as complementary, rather than as competing (Craig, 2001, p. 235; Hoque *et al*., 2013, p. 1171).

4.1 Gap spotting

Prior accounting research has predominantly focused on the communicators, i.e., organisations and shareholders (motivations for communication, effectiveness of communication, susceptibility to persuasive messages), the message (analysis of corporate narrative documents), and the macro-context, namely NGOs, the media, and society in general (organisational legitimation). There is little research on the conversational and relational aspects of accounting communication (Brennan *et al*., 2013 being an exception).

We highlight seven opportunities for future research on accounting communication, namely (1) theories which suit the characteristics of accounting communication (mass communication theories and rhetoric), (2) theories focusing on authorship and meaning, (3) under-researched audience perspective, (4) neglected aspects of communication (conversational and relational

aspects), (5) new media for accounting communication, (6) silence, and (7) communication with internal audiences.

(1) Insights from mass communication and rhetoric

Parker (1982) views annual reporting from a mass communication perspective. Research in accounting communication has incorporated theories of mass communication when analysing communication between organisations and the media. For example, prior research has applied agenda-setting theory to explain the importance of the media in CSR reporting (e.g., Brown and Deegan, 1998). The media both reflects and influences public opinion on issues affecting business organisations, such as climate change, minimum wage, or labour strikes. It thus plays an important role during conflicts over social and environmental issues between business organisations and stakeholders. This is particularly the case for firms with a high-street presence or high brand recognition (e.g., Brennan *et al*., 2013, Brennan and Merkl-Davies, 2014). Research on accounting communication could benefit from applying theories of mass communication, as the two processes share many characteristics, including (seemingly) unidirectional communication via mechanical devices to large, unrelated and separated audiences (Fortner, 1994, p. 210; Parker, 1982). For example, Entman (1993, 2007) differentiates between priming and framing. Priming is concerned with drawing audiences' attention to an issue by rendering information more accessible to audiences, for example, by emphasis (e.g., bold font), repetition, and the positioning of information in a text. By contrast, framing is concerned with influencing how an issue is perceived by audiences by making aspects of an issue more salient through different modes of presentation (e.g., use of positive/negative language, metaphors, rhetorical strategies, story-telling, etc.), thus influencing audiences' perceptions and attitudes[13].

The rhetorical tradition also shares similarities with accounting communication in the sense that rhetoric is concerned with persuasive communication to a large (and often undifferentiated) audience. Research on accounting communication would particularly benefit from insights from the New Rhetoric movement which views rhetoric as epistemic (i.e., all communication is rhetorical) and emphasises the contextual and situated aspects of rhetoric. For example, Bitzer's (1968) concept of 'exigence' is particularly useful for analysing accounting communication during times of crisis or public controversy. Bitzer (1968, p. 4) views rhetoric as "a mode of altering reality … by the creation of discourse which changes reality through the mediation of thought and action." In contrast to ancient rhetoric, it is not the

communicators and their persuasive intent who are "the source and ground of rhetorical activity" (Bitzer, 1968, p. 6), but the 'rhetorical situation' (context). The rhetorical situation consists of three interrelated aspects, namely (1) exigence, (2) audience, and (3) constraints. Exigence refers to a problem needing attention, which creates a sense of urgency for the social actor to communicate with the audience. The audience is viewed as those capable of being influenced by discourse and who are able to bring about change. Rhetorical situations are characterised by a set of constraints, which "have the power to constrain decision and action needed to modify the exigence" (Bitzer, 1968, p. 8). These consist of social norms and rules, and genre (style) constraints. Conversely, Vatz (1973, p. 157) argues that "meaning is not discovered in situations, but created [emphasis in the original] by rhetors". This means that the rhetorical situation is socially constructed by communicators who influence which issues are important.

(2) Authorship and meaning

In research from a functionalist-behavioural transmission perspective there is debate on the authorship of accounting communication. The implicit assumption is that individuals in the company, such as the chairman or the CEO, are responsible for writing corporate narrative documents. However, some researchers raise the question of who 'actually' writes corporate narratives (i.e., a nameless person in the public relations or investor relations department) and whether we can make any inferences from their content and message to individual managerial motivations. Theories located within the symbolic-interpretive narrative perspective provide three solutions to the problem of authorship, namely (1) locating the meaning of the text in the text or reader, not in the author (Ricoeur, 1976; Fish, 1980), (2) differentiating between the author, the animator, and the principal (Goffman, 1981), or (3) shifting the focus of analysis away from the author to the cultural and social schemas and resources in the form of discourses which empower and constrain accounting communication (e.g., Spence, 2007).

Ricoeur (1976), who draws on insights from phenomenology and hermeneutics, argues that text has meaning irrespective of the author's original intention. His theory of distanciation is particularly relevant to accounting communication, as it focuses on written texts. Written texts are characterised by their distanciation from the writer and the situation in which they were written. Therefore, meaning resides in texts, not authors. Readers can access meaning by engaging in a process of interpretation based on the hermeneutic circle, which involves moving between explanation and understanding. By contrast, Fish (1980) argues that the meaning of a

particular text does not reside in the author or the text itself, but in the reader. Based on a social constructivist approach, he views readers as part of 'interpretive communities', i.e., "groups that interact with one another and construct common realities and meaning" (Littlejohn and Foss, 2011, p. 134). Thus, different organisational audiences, such as financial analysts, institutional investors, NGOs, and the media, constitute interpretive communities, who employ their common realities and meaning when reading accounting communication. Goffman (1981) similarly loosens the connection between the author and the text by arguing that the speaker adopts three roles during social interactions, namely (1) the author, (2), the animator, and (3) the principal. The author is the person constructing the words and sentences, which make up the text. The animator is the person 'performing' the speech. The principal is "a person active in some particular social identity or role" (Goffman, 1981, p. 145) and thus responsible for the position adopted in the text. The configuration of these roles constitutes the 'production format'. The production format in accounting communication is characterised by a separation of the roles of author, animator, and principal. For example, a company spokesperson issuing a statement to the press during a crisis is the animator, but not the author or the principal. Similarly, the CEO in the Operating and Financial Review/Strategic Report (Financial Reporting Council, 2014) or Management Discussion & Analysis is the animator and the principal, but not the author. These two examples demonstrate that the crucial role in accounting communication is that of the principal, i.e., the CEO, and/or the top management, and/or the board of directors whose position is reflected in the text. Finally, insights from critical discourse analysis can be used to focus on discourses in accounting communication. They function as linguistic resources, both empowering and constraining social action. For example, in their analysis of accounting communication in the form of annual reports, press releases and CEO speeches, Milne *et al*. (2006) identify the journey metaphor as part of the dominant discourse on sustainability.

(3) Audience perspective

The majority of prior research focuses on the communicator (organisation) and message of accounting communication and does not consider audience effects. Rogers (2000) is an exception. She investigates audience responses to CEO presentations to financial analysts using both competing values profiling (to elicit audience feedback on communicative purpose) and user information needs analysis. Recent research has started to use eye-tracking technology to investigate the perceptive and cognitive processes used to assess financial information (Hüsser

and Wirth, 2014). More research is required on the perceptions, effects, and responses of different organisational audiences to accounting communication.

(4) Conversational and relational aspects of accounting communication

Research on the conversational and relational aspects of accounting communication can benefit from insights in conversation analysis and symbolic interactionism. Conversation analysis originates in socio-linguistics and ethnomethodology and is concerned with analysing the dialogic aspects of spoken interpersonal communication. The emphasis is on the way relationships are created interactively during conversations. Written texts can also be conceptualised as a conversation, as they are diachronically (i.e., over time) connected to preceding and following texts. Brennan *et al*. (2013, p. 668) view the exchange of press releases between business organisations and an NGO during a public controversy as "a sequence of 'turns' in a conversation". Similarly, symbolic interactionism focuses on the construction and maintenance of meaning in social interactions (Littlejohn and Foss, 2011). The focus of analysis is on 'social acts', which consist of three interrelated parts, namely (1) an initial gesture by a communicator, (2) a response by second communicator and (3) a result. The result is what the act means for the communicators. For example, an invitation to coffee and an acceptance of the invitation only results in a date, if it is interpreted as such by both communicators. Similarly, accounting communication is interactional because it is based on gestures and responses that occurred many times in the past and that are viewed as continuing into the future (Littlejohn and Foss, 2011). The increasing availability of transcripts (for example, of conference calls with analysts, annual general meetings, public investigations, etc.) makes accounting communication increasingly amenable to conversation analysis.

(5) New media

We argue that external accounting communication is interactive. This is particularly pronounced in external communication via social media, which enables organisations to engage in a dialogue with their audiences. Social media tools and platforms include blogs and virtual communities and networks, such as LinkedIn, Facebook, Twitter, Google+, YouTube, Flickr, Slideshare and Pinterest. Research by Investis (2015) reports that 72% of FTSE 100 and 89% of S&P 100 companies use social media to communicate with their audiences. Companies engaging with social media gain more views and social interaction (Investis, 2015). Firms with a social media presence have higher equity values (Luo *et al*., 2013). Future research may focus on the way social media is used to build relationships between organisations and their

audiences and its impact on image, reputation, legitimacy, and trust. For example, Colleoni (2013) uses data-mining algorithms to analyse corporate communication with audiences on CSR issues on social media. She finds that companies use social media predominantly for self-promotion, i.e., for sharing generic positive CSR content, rather than responding to audiences' interests in environmental issues, such as green energy. Conversely, it may be problematic for organisations to avoid social media. Similar to non-disclosure, audiences may interpret a lack of social media presence negatively. In this context, the transactional model of communication is particularly useful, as it emphasises the relational and conversational component of communication (see discussion of Figure 1 earlier). Research in this area is just beginning to emerge (e.g. Gomez-Carrasco et al., 2017; Yang and Liu, 2017).

(6) Silence

Communication is crucial in gaining and maintaining the support of organisational audiences, both in routine situations and during times of crisis and change (e.g., profit warnings, corporate scandals, shortfall in social and environmental performance). However, we know very little about silence, i.e., when and why organisations choose not to communicate and the way silence is interpreted by organisational audiences. From a functionalist-behavioural transmission perspective, non-disclosure is difficult (but not impossible) to study, as it is often not clear whether an item is deliberately not disclosed or whether disclosure is non-applicable to the company in question. Leung *et al*. (2015) focus on "minimal narrative disclosure", which they define as a disclosure score of 10% or less of the maximum score of firms in their sample. They find that firms with poor financial performance and a higher risk of financial distress disclose less information, which suggests that it is motivated by the desire to conceal negative financial performance, i.e., impression management. Silence may be a particular tactic in relation to soft-law disclosures, where there is little or no oversight by regulators. For example, not providing an explanation of non-compliance under the comply-or-explain provisions of corporate governance codes (i.e., silence) may create the impression of compliance.

The social-interpretive narrative perspective argues communication is inherently social, which means that it is impossible for organisational actors *not* to communicate. All behaviour, including silence, generates meanings and thus constitutes communication. Organisational audiences assign meanings to silence, if they expect organisations to communicate on a particular issue or event. Research suggests that 'silence speaks', as Hollander *et al*. (2010) term it in their study of conference calls. They find that managerial refusal to disclose

information requested by investors and financial analysts during conference calls is interpreted negatively. This is in line with findings on non-disclosure or untimely disclosure in written communication (see, for example, Milgrom, 1981; Verrecchia, 1983). Similarly, lack of communication with employees during mergers and acquisitions is interpreted as lack of concern for employee welfare and affects employee retention (Papadakis, 2007). Companies tend to remain silent on their activities which negatively impact on the natural environment, animal welfare, or human rights. Buhr (2001) examines the environmental disclosures made by Canadian and US companies in their annual reports related to the North American Free Trade Agreement (NAFTA) immediately prior to and during the passing of the trade agreement. She finds only nine references to the effect of NAFTA on the natural environment. She interprets this silence as lack of an accountability relationship between managers and the public with respect to the firms' environmental performance in connection with NAFTA. Chwastiak and Young (2003) demonstrate how injustices are sustained through silence, particularly focussing on issues such as war and environmental destruction. In so doing, they demonstrate how annual reports rely upon the silencing of injustices in order to make profit appear to be an unproblematic measure of success. Novel and under-researched questions are: What do organisations not say? How do organisational audience interpret silence?

(7) Accounting communication with internal audiences

The theoretical framework developed in this paper focuses solely on accounting communication with external audiences. However, accounting communication with internal audiences for the purpose of decision-making, accountability, or control (e.g., between boards of directors and senior managers, between boards of directors, senior managers and auditors, between accounting staff and senior managers; between managers and employees) can also be conceptualised in alternative ways. Parker (2013, pp. 10-11) reviews research on the provision of simplified annual reports and financial statements to employees, a practice that has been growing since the 1920s. There has been some research on accounting communication to employees during organisational restructuring, including privatisation, merger, or acquisition where accounting communication plays a crucial role in maintaining trust and ensuring employee support (Papadakis, 2007). Craig and Amernic (2004a) use a critical rhetorical perspective to analyse the use of accounting concepts in the internal employee newsletter of Canadian National Railway (CNR) to justify privatisation. Demers *et al*. (2003) adopt a semiotic perspective to analyse mergers and acquisition announcements to employees of four Canadian companies. Williams and Adams (2013) conduct a longitudinal study of corporate

social disclosures to employees by a large UK bank and find it neither feels accountable to its employees nor accepts any moral responsibility for the interests of its employees. Neglected audiences include accounting and accountability communication between boards of directors and managers and between managers and auditors. How do non-executive directors communicate with managers? How do boards persuade managers to respond to board requests? Ng and de Cock (2002) analyse the use of story-telling in accounting communication between the chairman and the board of directors in a takeover context. Pugliese *et al*. (2015) have taped board meetings to analyse board interactions. Transcripts of board meetings could be examined to understand the use of accounting information in interactions between boards and managers.

4.2 Problematisation

Each research tradition represents a particular way of 'seeing' accounting communication and thus produces distinctive insights. They complement each other to form a fuller picture of the complex and multi-faceted phenomenon of accounting communication[14]. We advocate engaging in a dialogue between research traditions by integrating their insights to suit the characteristics and demands of a particular research context (Craig, 2001). Dialogue between different traditions and theories constitutes 'theoretical triangulation' and is based on the assumption that "no single theory can have a monopoly on explanations of accounting and organizational practices since each theory has its own virtue and collectively, thus adding (not replacing) to our understanding of practice" (Hoque et al., 2013, p. 1171). Theoretical triangulation involves drawing on different theories concurrently to examine the same aspect of a research problem (Hoque *et al*., 2013, p. 1173)[15]. Figure 2, which maps research traditions and associated theories in accounting communication in terms of similarity along two continuous dimensions, provides a useful starting point for possible inter-theoretic dialogues. Dialogue between traditions is possible, if the two dimensions are not viewed as diametrically opposed, but as dialectically related, i.e., they represent mutually constitutive aspects of each other, which are necessary to achieve a more comprehensive picture of accounting communication.

We suggest engaging in dialogue between traditions, which share similar views on the nature of communication (i.e., which are either located in the two top quadrants or the two bottom quadrants in Figure 2). Figure 2 highlights existing dialogues along this axis in both the top and the bottom half the diagram (e.g., accountability theory, critical discourse analysis, critical rhetoric, etc.). For example, Merkl-Davies *et al*. (2011) draw on accountability theory to

combine insights from the socio-psychological and the cybernetic/systems-oriented research traditions in their analysis of impression management in UK chairmen's statements which they view as determined by the accountability relationship between management and financial and non-financial stakeholders.

Dialogues between traditions located in the bottom half of Figure 2 are more common in the accounting communication literature (particularly in studies focusing on communication on social and environmental issues) due to the discursive nature of theoretical approaches, including conversation analysis, speech act theory and critical discourse analysis. They focus on analysing how discourses, rhetoric, or narratives in corporate narrative documents both produce and reproduce social structures, thus shaping and reflecting relations of power and ordering. For example, Williams and Adams (2013, p. 460) view social reporting as "a product of the economic, political and social environment and an attempt to balance the interests of various stakeholder groups". In their analysis of employee reporting by a large UK bank, they draw on multiple perspectives consisting of three research traditions (socio-cultural, critical and rhetorical traditions) and four theories (stakeholder theory, political economy theory, critical theory and rhetoric) in order to capture the complexity of the relationship between the organization and society[16]. Similarly, Brennan and Merkl-Davies (2014) draw on three research traditions (socio-cultural, critical, rhetorical traditions) and two theories (stakeholder theory and rhetoric) to explore the interactive element in social and environmental reporting during a controversy between six international fashion and sportswear brands and Greenpeace over environmental performance. Prasad and Mir (2002) combine insights from the phenomenological and the critical traditions in their analysis of CEOs' letters to shareholders of US oil companies. Employing critical hermeneutics enables them to focus on meaning construction by organisational actors, yet recognise the role of dominant discourses in constructing and reconstructing power relations.

5. Concluding comments

The aim of this paper was to deepen and broaden our understanding of the complex and multi-layered phenomenon of accounting communication. For this purpose, we have developed a theoretical framework in the form of a typology, which identifies, synthesises, and organises existing research perspectives, traditions, associated theories and related empirical research. These provide distinct, yet interacting, ways of conceptualising accounting communication. Due to their different focal points, they are relevant to understanding a range of aspects of

accounting communication (e.g., the organisation, the message, organisational audiences, etc.). They enable researchers to approach a research question from various points of view, thus increasing flexibility in thinking and richness in insights. Further, we have developed a typology, which highlights similarities and differences between research traditions. The typology helps researchers identify possible connections and linkages between traditions and thus move research forward. We have suggested that future research uses theories from communication studies with similar characteristics to accounting communication (mass communication, rhetoric), focuses on under-used aspects of accounting communication (conversation, relationship), including silence, explores neglected media (social media), employs theories providing insights on authorship and meaning, and uses the theoretical framework as a basis to explore accounting communication with internal audiences. We commenced the paper by highlighting the communicative dimension of accounting. Accounting communication encompasses a variety of communicative forms, including numbers, tables, graphs, text, pictures and photos. In this respect, corporate reporting is primarily concerned with communication between organisations and external audiences for accountability or decision-making purposes. Thus, corporate reporting research (including financial reporting research) could benefit from insights provided by our theoretical framework. Finally, future research could use the typology developed in this paper to investigate linkages between research traditions. Research traditions, and the theories located within them, are social constructs. They are not static, but constantly evolve when they are applied in new research contexts (Craig and Muller, 2007, p. xiii). Applying research traditions and theories in an accounting or accountability context thus, not only provides new insights into the phenomenon of accounting communication, but also contributes to their development by changing and adapting them. In this respect, research on accounting communication could contribute to the discipline of communication studies.

Notes

1. "Imagine that you enter a parlor. You come late. When you arrive, others have long preceded you, and they are engaged in a heated discussion, a discussion too heated for them to pause and tell you exactly what it is about. In fact, the discussion had already begun long before any of them got there, so that no one present is qualified to retrace for you all the steps that had gone before. You listen for a while, until you decide that you have caught the tenor of the argument; then you put in your oar. Someone answers; you answer him; another comes to your defense; another aligns himself against you, to either the embarrassment or gratification of your opponent, depending upon the quality of your ally's assistance. However, the discussion is interminable. The hour grows late, you must depart. And you do depart, with the discussion still vigorously in progress" (Burke, 1941, p. 110-111).
2. Jack (2013) reviews accounting communication inside organisations.
3. As our theoretical framework compares and contrasts research perspectives, traditions, and theories on accounting communication, it actually constitutes a meta-theoretical framework.
4. The growth of accounting communication is linked to the broader global phenomenon of the 'informational society' (Giddens, 1991) which refers to society's growing reliance on information in all aspects of life.
5. We use the term research "perspectives" to refer to broad philosophical perspectives based on the nature of communication associated with either science or humanism (Olson, 1994). We use the term research "traditions" based on Gadamer's (1975) notion of belonging to a community of researchers who have a shared language and understanding of an area of research or phenomenon. Thus, each research tradition is characterised by its own vocabulary for theorising communication (Craig, 1999, p. 121).
6. The aspect "group" has been omitted, as it is not relevant in accounting communication.
7. Research traditions are social constructions by a community of researchers and are thus not cast in stone (Craig and Muller, 2007, p. xv). Littlejohn and Foss' (2011) textbook *Theories of Human Communication*, which is currently in its tenth edition and which draws on Craig's (1999) framework, provides a detailed discussion of seven traditions of communication and theories located within them. They include Shannon and Weaver's (1949) mathematical theory as part of the cybernetic/systems-oriented tradition. Due to its predominance in accounting communication research within the functionalist-behavioural transmission perspective, we regard it as a separate tradition and indicate its links to the cybernetic/systems-oriented tradition via information theory in Figure 2.
8. Some communication scholars, including Littlejohn and Foss (2011), view Actor Network Theory (ANT) as part of the cybernetic/systems-oriented tradition. However, we regard similarities between ANT and the cybernetic/systems-oriented tradition as superficial and arising from their shared use of the network metaphor. It could be argued that ANT, particularly the work by Latour (2005), transcends research perspectives and traditions, as he rejects distinctions between dichotomous ontological and epistemological assumptions underlying research in the social sciences (Justesen and Mouritsen, 2011).
9. All three studies use stakeholder theory to explain CSR disclosures. Despite stakeholder theory reflecting cybernetic/systems-oriented thinking in the form of metaphors focusing on the interdependence of organisations and their stakeholders (e.g., organisations depend on their stakeholders for survival), it is intellectually rooted in political economy theory. We thus view it as spanning the socio-cultural and the critical tradition (see Figure 2).
10. We use the term 'author' to mean the principal of the corporate narrative document, i.e., the person responsible for the position adopted in the text (Goffman, 1981).

11. Bowers and Bradac (1984) outline seven ‘axioms’ of communication theory and research. Only six of them are relevant for accounting communication. Their axiom, human communication, a form of animal communication, is not relevant to accounting communication.
12. Typologies are commonly used heuristic devices in the social sciences. They serve to classify research perspectives or social phenomena by means of conceptually separating a given set of items multi-dimensionally, thus providing a systematic basis for comparison (Smith, 2002, p. 381). The majority of typologies are in the form of a 2x2 matrix. The most famous and most widely referenced typology is Burrell and Morgan’s (1979) framework of sociological research paradigms (objective-subjective; regulation-change). Scott (1981) develops a typology of the nature of organisations (rational-natural; open-closed). Another example is Stanton and Stanton’s (2002) typology of research perspectives on annual reports (narrow-wide; reactive-proactive) discussed in Section 1 of our paper.
13. Cornelissen and Werner (2014) review the concept of framing in the management and organisational literature. They differentiate between two types of frames, namely (1) discursive frames (or frames of communication) and (2) cognitive frames (or frames of thought). The former can be used to examine the message and the latter to examine the communicators (sender and receiver) in accounting communication. Entman (1993) locates frames in a third aspect of communication, namely in the ‘field of experience’ (or culture) which is the stock of commonly invoked frames which inform the knowledge schemas of the communicator and the cognitive frames of audiences.
14. The theoretical framework provided in this paper makes a similar point as the well-known parable ‘The Elephant and the Blind (Wo)men’, namely that our perception of reality is always partial and that a fuller picture can only be gained by combining different points of view. See http://www.jainworld.com/education/stories25.asp [accessed 18 February 2016] for the full text of the parable. The approach advocated in our paper aims to prevent ‘blindness’ to alternative research perspectives as highlighted by Deegan (2016).
15. There have been debates in the accounting literature on how theoretical triangulation is best achieved (Hoque *et al*., 2013; Modell, 2015; Hoque *et al*., 2015) Theoretical triangulation has been criticised based on the incompatibility of ontological and epistemological assumptions of different theories (Modell, 2015). This ‘purist stance’ (Greene, 2007) is *one* of six possible stances on mixing paradigms and mental models. We adopt the ‘dialectic’ stance, which views research paradigms and theoretical frameworks as historical and social constructions.
16. Williams and Adams (2013) use an external accounting communication medium (annual report) to analyse accounting communication with internal audiences (employees).

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Paper	Theory	Focus of paper
A Functionalist-behavioural transmission perspective of communication (one-directional; corporate reporting)		
(1) Mathematical tradition		
Stocken (2000)	Mathematical theory of communication (Shannon and Weaver, 1949) – implicit	The credibility of a manager's disclosure of privately observed non-verifiable information to an investor is examined in a repeated cheap-talk game setting A cheap-talk game is a signalling game in which the players' payoffs do not depend on the sender's costless message, but merely on the receiver's action it induces and the sender's private information.
Barton and Mercer (2005)	Mathematical theory of communication (Shannon and Weaver, 1949) – implicit	Theoretical models show that "cheap talk" disclosures can convey information effectively if the incentives of the message sender and the message receiver are strongly aligned. Management's incentives are unlikely to be aligned with those of analysts and investors when it comes to performance explanations. Managers often provide self-serving disclosures that blame poor financial performance on temporary external factors. Consequently, firm managers have incentives to provide disclosures that point to permanent factors when performance is good and to temporary factors when performance is poor. Managers also have incentives to attribute good performance to internal factors and poor performance to external factors. Such explanations allow managers to take credit for good results and shift blame for poor results, and thus should increase analysts' and investors' beliefs about management's ability to generate positive abnormal returns.
(2) Socio-psychological tradition		
Aerts (2001)	Attribution theory	Are self-serving attributional tendencies in annual report narratives purposive impression management behaviour or are they a result of cognitive informational processes? Analysis of attributional statements on accounting effects (costs, benefits, margins, income, etc.) reveals self-serving impression management which is significantly affected by contextual factors motivating the self-serving behaviour.
Hooghiemstra (2010)	Attribution theory	Using attribution theory, examines whether US and Japanese CEOs explain the causes of good and bad news in different ways. The findings point to a number of interesting differences between the US and Japanese letters to the shareholders, including: (1) that US CEOs in particular emphasise good news; (2) that Japanese and US letters are statistically indistinguishable with respect to the extent to which CEOs claim responsibility for good news; and (3) that while CEOs in general ascribe bad news to causes beyond their control, this tendency is particularly strong in Japanese letters.
Baird and Zelin (2000)	Belief-adjustment model	The belief-adjustment model makes predications concerning the effects of ordering information on investor perceptions. Experimental results confirms that ordering of good news and bad news influences investor perceptions.
(3) Cybernetic/systems-oriented tradition		
Aerts (2005)	Attribution theory; Retrospective sensemaking (Weick, 1979)	Are managerial performance explanations (entitlements and excuses) for retrospective-sense making i.e., a process of ex post explanations or restatements of organizational outcomes and events? Norms of accountability and related public scrutiny in listed companies engender an opportunistic disclosure position and activate retrospective-sense making
Merkl-Davies *et al.* (2011)	Accountability theory (Schlenker *et al.*, 1994); Information inductance (Prakash and Rappaport, 1977)	Information communicated in corporate narrative documents impacts on the behaviour of information recipients and also on information providers in that they anticipate the potential undesirable consequences of information releases. If corporate narrative documents reflect managerial performance, then managers may be prompted to engage in impression management with the expectation that shareholders and stakeholders may respond in less undesirable ways. Alternatively, the process of anticipating the reactions of information recipients to managerial disclosures may prompt managers to engage in 'retrospective sense-making', which involves retrospectively framing organisational outcomes.

Appendix 1: Illustrative examples of accounting communication studies

Paper	Theory	Focus of paper
B Symbolic-interpretive narrative perspective of communication (interactive; dialogical communication)		
(4) Semiotic tradition		
Tinker (1991)	de Saussure	Large corporations have considerable discretionary power, including discretion over accounting numbers to "make the world mean" to their own political advantage. There is an authoritative semiotic case for recognising the quasi-independent (discretionary) status of accounting "signs" from de Saussure's (1916/1967) principle of "the arbitrariness of signs".
Davison (2004)	Mircea Eliade's theory of myth, magic and religious symbolism	Annual reports and other shareholder communications might bear traces of archaic religious attitudes. The presence of logos and representations of directors is redolent of pagan worship of signs and images. Images within financial reporting represent fertile visual material which surrounds the relatively dry pages of accounting information, and with which it inter-relates.
Crowther *et al*. (2006)	Structural poetics theory of reading	Through a semiotic analysis, it is possible to locate and describe the significance of a text to make sense of corporate reports as a cultural sign system. Accounting creates an image of the organisation, its decision making and its future. This is achieved through the perceived certainty attached to the language of accounting. External reporting continually recreates the myth of organisational existence as certainty in the uncertain world. A function of accounting is to act as a myth creation mechanism – as a statement of organisational existence as immutable.
(5) Rhetorical tradition		
Green (2001)	Rhetorical theory – based on Aristotle's three types of rhetoric: appeals to pathos, logos and ethos	The role of symbols in legitimising and institutionalising managerial practices is examined *inter alia* in takeover defence documents, including the rhetorical factors that shaped the spread of takeover defences in the S&P 1500 from 1975 to 1998. Ethos appeals (i.e., appeals to ethics or morals), logos appeals (i.e., appeals to logic or rationality) and pathos appeals (i.e., appeals to passion) are correlated with high/medium/low levels of institutionalisation respectively. Institutionalisation of takeover defences increases with more positive than negative rhetoric.
Higgins and Walker (2012)	Kenneth Burke's notions of rhetoric; Aristotle's rhetorical 'proofs'- ethos (credibility), logos (reason), and pathos (emotion)	Ethos, logos and pathos are mobilised to study three social/environmental reports concerning the 'proper' role of business in society. Persuasive strategies make business-centred understandings of social responsibility and sustainability appear reasonable and business organisations appear trustworthy in their pursuit of sustainable development.
Brennan and Merkl-Davies (2014)	Aristotle's triangular framework of the rhetorical situation	Examines how the writer, the audience and the purpose of communication interact in the choice of rhetorical strategies used to persuade others of the validity and legitimacy of a claim during a public controversy. The analysis focuses on the strategies (i.e., moves and their rhetorical realisations) in the form of logos (appealing to logic), ethos (appealing to authority), and pathos (appealing to emotion), with a particular emphasis on metaphor, used to achieve social and political goals.
Craig and Amernic (2004b)	Ideology-sustaining rhetoric	Enron's 2000 Letter to Shareholders contains rhetoric to sustain the ideology of a win-at-all-costs form of capitalism, to ensure Enron's resilience and long-term survival and contributes to Enron's reification of the business corporation.
Amernic *et al*. (2007)	Entman's (1993) framing theory	The words, metaphors and cultural keywords chosen by CEOs to win support for a corporation's policy on matters of governance, accountability, management control, and measures of performance also offer insight to their mindsets, aspirations, ideologies and strategic thinking.

Paper	Theory	Focus of paper
B Symbolic-interpretive narrative perspective of communication (interactive; dialogical communication)		
(6) Phenomenological tradition		
Prasad and Mir (2002)	Critical hermeneutics	The symbolic meaning of communication is unearthed by going beneath the surface meaning of text to its symbol – another secondary meaning. CEO letters in annual reports are shown to be derived from their ability to establish close connections with important cultural beliefs and values of their intended recipients. By simultaneously viewing the text, the organisation, and the specific social, cultural, and historical contexts in which they are interpreted, we get a glimpse into the "cultural common sense" these letters attempt to foster.
Milne *et al*. (2009)	Depth hermeneutics (Thompson, 1984, 1990) based on Ricoeur's hermeneutics	Corporate sustainable development reporting is shown to present a pragmatic and middle-way discourse on business and the environment. The use of rhetorical claims to pragmatism and action suggests that businesses are "doing" sustainability but critical analysis and interpretation reveal a narrow, largely economic and instrumental approach to the natural environment.
Ng and de Cock (2002)	Ricoeur's (1983) speech act theory	Using a range of both internal and external accounting narratives, the authors apply Ricoeur's speech act theory to investigate story-telling before, during, and after a hostile takeover bid in a Singaporean context. They find that the chairman uses powerful poetic tropes resonating with Chinese culture to gain the support of the board.
(7) Socio-cultural tradition		
Brown and Deegan (1998)	Media agenda-setting theory	The research investigates the relationship between the print media's attention to an industry's environmental performance and annual report environmental disclosures by firms within that industry. The study considers whether corporate management reacts to changes in media attention by making corresponding changes in corporate environmental disclosures in annual reports.
Kent and Zunker (2013)	Media agenda-setting theory	The research measures attempts to gain legitimacy ex post following adverse publicity from the media. Increased annual report disclosure of employee-related categories is one way of re-establishing damaged legitimacy following adverse media attention about negative activities and events related to employee issues.
Palmer *et al*. (2004)	Speech act theory	General Electric's letters to shareholders are analysed drawing on the concept of "change conversation". Five consistent change conversations were found through which management sought to reassure shareholders and reduce their uncertainty around the expected outcomes of General Electric's transformational changes: warnings; actions; explanations; achievements, and predictions. These were underpinned by three types of speech acts: assertives, expressives, and commissives.
Cho and Roberts (2010)	Goffman's self-presentation theory	Examines whether corporate website environmental disclosures project a more socially acceptable environmental management approach to public stakeholders. Disclosure activity is often found to be de-coupled from actual environmental performance.
Brennan *et al*. (2013)	Bakhtin's (1981) theory of dialogism	CSR communication is viewed as a process of reciprocal influence between organisations and their audiences. A framework of analysis based on three aspects of dialogism, namely (i) turn-taking (co-operating in a conversation by responding to the other party), (ii) inter-party moves (the nature and type of interaction characterising a turn, i.e., denial, apology or excuse) and (iii) intertextuality (the intensity and quality of verbal interaction between the parties).

Paper	Theory	Focus of paper
B Symbolic-interpretive narrative perspective of communication (interactive; dialogical communication)		
(8) Critical tradition		
Preston *et al*. (1996)	Neo-Marxist aesthetics and semiotics	This paper uses different ways of seeing pictures in annual reports premised on the ideological content of the form of the image. The pictures are *inter alia* decoded using deeply embedded social significances brought to the image by the photographer/designer as well as the viewing subject.
Williams and Adams (2013)	Stakeholder theory	A theoretical framework consisting of stakeholder theory, political economy theory, critical theory and rhetoric is developed to examine employee reporting by a large UK bank over a fifteen-year period. The focus of analysis is on what and how the bank reported on key employee issues, which are identified via an extensive review of relevant material relating to employment in the retail banking industry in the UK. Findings suggest that the bank does not feel accountable to its employees and does not accept any moral responsibility for the interests of its employees.
Yuthas *et al*. (2002)	Habermas' norms for communicative action	The ethical characteristics of discourse in annual reports is investigated to assess whether communicators are comprehensible, truthful, sincere, and legitimate. Firms anticipating worse-than-expected financial performance are expected to be less likely to exhibit the Habermasian principles necessary for undistorted communication because they would attempt to strategically influence the message being communicated about the firm's financial position.
Moerman and van der Laan (2007)	Rhetorical criticism	Using organisational discourse analysis, a press release of James Hardie Industries is "dismantled" to expose the rhetorical strategies used to create particular understandings and to privilege certain interests. The analysis demonstrates the power of a single textual artefact to harness and influence strategic possibilities and serve an organisational strategy.
Kamla (2007)	Postcolonial theory	Social accounting and reporting in Arab Middle East countries is explored from a critical and postcolonial perspective that is sensitive to context. Social accounting manifestations are found to be largely orientated towards "repressive/counter radical" positions of accounting influenced by the particular history and culture of the Arab Middle East.
Hartt *et al*. (2012)	Foucault's notion of "the archive"; Critical hermeneutics	A series of texts, including company narratives and annual reports, are examined to generate insights into the role of rhetoric in developing global trading relationships and its roots in embedded notions of postcolonial thinking.
Merkl-Davies and Koller (2012)	Critical Discourse Analysis; Fairclough's (2003, 2006) Dialectic-Relational approach	The research examines how the content and the linguistic features of texts influence, and are in turn influenced, by the contexts of text production, distribution, reception and adaptation, and by the wider socio-economic context in which texts are embedded. A chairman's statement of a UK defence firm is analysed. Impersonalisation and evaluation are found to strategically guide organisational audiences' interpretations of financial performance and to legitimise and normalise violence and destruction by depicting it in an abstract and sanitised manner.
Beelitz and Merkl-Davies (2012)	Critical Discourse Analysis	Managerial discourse ("CEO-speak") following a legitimacy-threatening incident in a German nuclear power plant is analysed. An analytical framework based on legitimacy as a process of reciprocal sense-making and consisting of three levels of analysis which capture the relationship between text and context, is applied. Corporate narrative reporting is viewed as a means of consolidating the private interests of corporations, rather than increasing transparency and accountability.
Tregidga *et al*. (2014)	Laclau and Mouffe (1985)'s discourse theory	Laclau and Mouffe's discourse theory is employed to investigate how organisations represent themselves in relation to sustainable development. Laclau and Mouffe's conceptualisations of discourse, identity and group formation, and their theorisation of hegemony, are drawn upon. Through an analysis of evolving identities and their effects, the paper shows how organisations have maintained a "right to speak" within the sustainable development debate, despite the fundamental challenges and hegemonic threat that a broader reading of sustainable development might imply.