

HOW DO WE READ ANNUAL REPORTS? A CRITICAL VISUAL ANALYSIS

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Abstract

Despite recognition that companies intentionally use the visual design of their annual reports to rhetorically influence their readers, an integrated framework for critically analyzing the visual design of annual reports is yet to be realized. Preston, Wright and Young (1996, 2000) and Davison (2002, 2007) mark progress, but are limited to analysis of single rhetorical elements. Drawing from Roland Barthes' seminal *Camera Lucida* and *Rhetoric of the Image*, this study develops and applies a framework which enables a multifaceted critical analysis of the visual presentation of annual reports by considering, not only photography, but non-photographic images and the relationship between image and text.

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INTRODUCTION: THE VISUAL IN ANNUAL REPORTS

This study addresses the question of how we read corporate annual reports (hereafter annual reports) through critical visual analysis. Despite the growing sophistication of the design of annual reports, a framework capable of critically analysing the visual presentation of annual reports is yet to be realized. Recent frameworks developed by Preston et al (1996, 2000), Davison (2002, 2007) mark progress toward this end, but are limited to the analysis of single rhetorical elements in particular photography. Drawing from Roland Barthes seminal text *Camera Lucida*, and his essay *Rhetoric of the Image*, this study develops and applies a framework intended to be capable of critically analyzing the visual design of annual reports on a more integrative and multifaceted level, including not only photography but non-photographic images and the relationship between image and text.

From the outset, let us be clear that we do not have the intention to develop an instrumental tool designed “to reduce the aesthetic to a discursively knowable and materially quantifiable entity” whereby “aesthetic concerns are determined by the principles of order, calculability and replicability” (Hancock, 2002: 96, 97). Such an approach, as noted by Hancock (2002), risks exclusion of the subjective dimension of aesthetic experience and collusion with corporate control of visual organizational and societal environments. Rather, we wish to develop a framework for critical analysis: a method to explore the influence of the creator, to enhance the knowledge and experience of the reader, and to allow participants greater voice (Warren, 2005). We proceed cognizant that there are methodological difficulties in translating aesthetic experience into language: that organizations suffer “aesthetic muteness” and that there is no language for aesthetics in the workplace (Taylor, 2002: 827).

Our study begins with a brief overview of both annual reporting and graphic design. This includes a review of extant research specifically aimed at the development of a framework for the critical visual analysis of annual reports. We then turn to our task: the development of a framework or schema through which the report user, whether they are an investor, analyst, researcher or other, can deconstruct their response when reading an annual report in its entirety. An annual report from motorcycle manufacturer Harley-Davidson (Harley-Davidson, 2006) is used as illustration of the application of this schema. Finally, further areas for extension and application of the framework are discussed.

DEVELOPMENTS IN VISUAL DESIGN AND ANNUAL REPORTS

Overall, research into the visual within the social sciences in general remains “a relatively underdeveloped area” (Preston, Wright, & Young, 1996: 114), with a particular absence within the analytic spectrum of research addressing the photographic portrayal of life (Cohen, Hancock, & Tyler, 2006). An interest in the rhetorical significance of the graphic design of annual reports has arisen recently, however the notion of rhetoric is yet to be closely defined within this context (Davison, 2007: 138). Referring to the design of annual reports, David (2001: 203) describes the idea of the ‘rhetorical situation’ as the constraints within which “document designers must choose texts, photographs, and graphic images that engage readers and highlight the themes that are to be conveyed”. Based on the common definition of rhetoric as “the art using of language so as to persuade or influence others” (Little, Fowler, Coulson, Onions, & Friedrichsen, 1973: 1824), rhetoric is understood in this study to suggest the manner by which companies use the visual design of their annual reports to intentionally influence the perceptions of their readers. This section will begin by reviewing the opinions of practitioners with regard to the changing role of annual reports before considering key historical developments in design and relevant critical studies from the annual report literature.

Changing Role of Annual Reports: Evidence from Practice

The increase in the significance of the design of annual reports raises important concerns regarding their role and function. Originally developed to communicate particular financial information to shareholders, the perspectives of annual report designers suggest that the annual report serves an additional marketing function. As such, the role of annual reports goes beyond financial stewardship and into the rhetorical domain of “establishing corporate identity in a consumer-oriented world” (Lee, 1994: 215).

The exposure of annual reports to millions of readers both online and in print has transformed the annual report into an incredibly attractive marketing opportunity for companies. Stuart Goldstein, Managing Director of Corporate Communications for the Depository Trust & Clearing Corporation (DTCC), explains how the annual report represents an excellent opportunity to capture the company’s “persona, vision and unfolding story, all in one regularly updated document” (Goldstein, 2005: 30). Karin Boshoff, of branding company HKLM, similarly explains how the annual report is used to develop and promote corporate branding and reputation (Boshoff, 2007). During periods of difficult performance, the design of annual reports has also been used to project selected positive qualities to readers. Former professional designer, Nancy Bernard, explains that the company Gratton carefully selected the copy, image, graphics, materials, printing and finish of its annual report in order to convey to shareholders a strong impression of the ‘value’ of their stock in a time of poor financial performance (Bernard, 2002: 33).

In re-conceptualizing the annual report as a marketing opportunity, companies have become mindful of the rhetorical power that graphic design can have over the minds and perceptions of their readers. Furthermore, companies make no secret of their intention to use annual reports as an additional means of persuading their audience. Goldstein (2005: 30), for instance, openly admits how he considers the annual report to be the most “direct and controlled method of shaping the perceptions of the company’s various constituencies. Similarly, Bernard (2002: 33) considers the annual report as one of the key means towards winning the “hearts and minds of millions of stakeholders, potential stakeholders, and those who influence stakeholders”.

Historical Developments in Visual Culture and Design

In order to understand how graphic design has come to the forefront of business communication, it is helpful to consider some of the key historical developments which have contributed to the emergence of a visually driven culture. An important ontological shift in the history of visual design is reflected in the transition from a functionalist to a rhetorical perspective. The roots of the functionalist perspective can be traced back to the influential Information Design Movement (IDM). The IDM was inspired by the Bauhaus, Futurist and Constructivist movements which strove to achieve “clean, non-traditional forms and typefaces compatible with Machine Age technology” (Kostelnick, 1988: 38). Combining theory, practice and research from a multi-disciplinary background, the IDM attempted to develop a set of universal and objective guidelines intended to operate within a “modern, rational, ideologically free system of designs accessible to a mass audience” (Kostelnick, 1988: 38). Despite the movement’s revolutionary impact on graphic design through its integration of text with form, it failed to account for the rhetorical effects of visual design. In what he terms the “myth of rhetorical neutrality”, Kostelnick (1988: 40) challenges two foundational assumptions of the IDM: firstly, the idea of a ‘universal reader’ performing generic and non-contextual tasks, and secondly, the idea of ‘pure information’ free from the influence of culture and technology. Rather, all visual choices are bound to perceptual and rhetorical contexts thus requiring adaptation to a particular audience and purpose. Furthermore, the neutrality of visual information cannot exist since visual elements often carry meaning beyond the simple transfer of information. Even such a simple decision as the choice of a text typeface opens the “door to subjectivity and rhetorical judgment” (Kostelnick, 1988: 42).

Concomitant to the emergence of the rhetorical perspective of visual design has been the development of the ‘media age’, characterized by a culture obsessed with images and

entertainment. This cultural evolution has been well documented by seminal critical writers including Lyotard, Debord and Baudrillard. While these authors have not directly published in the annual report literature, writers in this field have been influenced by their contribution. Graves et al. (1996), for instance, consider the influence of the epistemology of television on the visual design of American annual reports. Their study is founded on the assumption that the dominant media of a culture exert influence over the thought-structuring and reality-apprehending processes of its members. This power stems from the ability of a culture's dominant media to "classify the world for us, sequence it, frame it, reduce it, color it, argue a case for what the world is really like" (Graves et al., 1996: 64). Television has become "a platform for the cultural representations of organizations" (Rhodes, 2001: 374). Epistemologically speaking, it follows that the dominant media of a culture influences how its members perceive information as 'truthful'. Within a media- and consumption-driven culture, the notion of 'truth' becomes reduced to "that which sells to the consumer" (Lee, 1994: 216). In America, due to the influence of television, entertainment has become the standard against which the 'truthfulness' of information is assessed. Therefore, in order to be received by readers as legitimate and credible, the information contained in annual reports must also be presented as entertaining. Consequentially, annual reports have been cast "in terms of television and thus to emphasize visual design, gloss and novelty" (Graves et al., 1996: 59).

Two particular elements of the epistemology of television which have found expression within annual reports are the logic of the television newscast and that of the television commercial. The logic of the television newscast mandates that, like television news broadcasters, directors of companies must appear in annual reports as "well groomed and credible" (Graves et al., 1996: 74). We note that, corresponding to television news broadcasters' presentation becoming less serious and formal since the publication of Graves et al.'s (1996) study, recent photographs of boards of directors in annual reports have also begun to portray directors in a less serious and formal manner, often being depicted smiling and relaxed. The 2007 annual report of Australian listed company, Envestra, for example, portrays its directors in cartoon caricatures wearing party hats and holding cake and balloons (Envestra Annual Report, 2007, p.13). The logic of the television commercial, meanwhile, mandates that the proposition and arguments be displaced with emotive visual symbols and one-line slogans as the main features of public discourse. Certainly, it appears that annual reports have increasingly adopted emotive visual symbols. In 2003, for example, an Israeli IT company called Emblaze published its annual report using the popular movie *The Matrix* as a direct template for framing its annual report. Furthermore, like television commercials, annual reports are filled with colorful pictures of "people enjoying company products" (Graves et al., 1996: 72).

Visual Design in Annual Reports: Cultural Myth & Stereotypes

We live in a visual information culture (Schroeder, 2002: 3). Contributing to the prominence of the visual in everyday and business society has been the proliferation of print technology, which has allowed business communicators "unprecedented control over business design" (Kostelnick, 1988: 3). Consequently, the growth of the visual in business communication has found remarkable expression through the medium of annual reports, with some reports even featuring multimedia materials on the front cover (Davison, 2007). Within annual reports, the relationship between the verbal and visual is exceptionally strong, with each verbal element containing a "visual parallel" without which the verbal cannot be fully understood (Jameson, 2000: 8). The impact of visual design is derived from its sophisticated language, a flexible system of "symbols, marks and spatial variations, which operate on several levels both within and outside of the text" (Kostelnick, 1988: 3). This language, when employed effectively, can exert remarkable influence over the viewer. With respect to annual reports, visual design techniques have become "heavyweight ingredients, in the richness and potency of their messages" (Davison, 2007: 137) and "integral elements within corporate annual reports" (Preston et al., 1996: 113).

The annual report was initialized in the late nineteenth century as a legally mandated corporate document intended to function as "an informational vehicle for investors and others to determine the financial health or otherwise of the relevant corporation" (McQueen, 2001: 111). Traditionally,

the annual report is divided into five discrete areas consisting of “the cover, executive letter, narrative summary of yearly activities, financial review, and listing of the board of directors” (David, 2001: 197). Researchers have noted that the narrative sections of annual reports, in particular, are often replete with such visual elements as “striking photographs and creative graphic design” (David, 2001: 201). Visually striking narrative sections are also emphasized in the ‘annual review’, another form of corporate documentation which is similar to the annual report but which contains less financial information and a “greater portion of narrative, pictures and other creative design materials” (Davison, 2007: 137). The accessibility of these documents has also been liberated by technological developments. In Australia, for example, recent legislative changes have allowed shareholders the option of receiving their annual reports not in traditional print form, but online through the company website (White, 2007: 76).

The emphasis upon the visual presentation of annual reports has intensified over recent decades. No longer plain and dull corporate documents, the annual reports is now characterized by “brilliant colours, gloss and novelty formats” (Graves et al., 1996: 57). Companies are employing more professional designers and incorporating into their designs different paper types and colors, high-resolution images and pictorial presentations overlaid in narrative descriptions (Lee, 1994). Interestingly, the annual report has even been considered as a form of art. In 1988, for instance, The Smithsonian Institute’s National Museum of Design hosted an ‘Historical Review of Annual Report Design’ exhibition (Preston et al., 1996).

Several studies in this field have analyzed how images within annual reports serve to reinforce cultural myths and stereotypes. Hancock (2002: 94) notes that organizational aesthetics can “transcend the particular realm of the organization itself and function to reinforce the more general cultural regime”. Preston and Young (2000) identify ways in which annual reports construct and reinforce prevailing understandings of the global. The relationship between the visual design of annual reports and cultural myth was investigated by David (2001), drawing significantly from Barthes’ *Mythologies* (Barthes, 1972). The primary concern with a cultural myth is that it constitutes an over-simplified representation of the subject through the omission of relevant “history, complexity and opposing ideas” (David, 2001: 199). In other words, since myths are over-simplified to avoid contradiction, they lack the detail necessary to define the full subject and thus become “impoverished concepts that distort meaning” (David, 2001).

Like cultural myths, companies twist and turn the narrative sections of annual reports in order to provoke emotional responses from their readers. As such, readers often receive persuasive messages about company values and philosophies which go far beyond “data on the company’s yearly progress” (David, 2001). Companies pay strong attention to the design of narrative sections since these sections respond to the human need to construct meaning and connections out of “seemingly disparate bits of knowledge and experience” (David, 2001: 206). Narrative sections are an appealing persuasive technique of annual reports since they appear to tell stories by organizing the company’s yearly history under unified themes. Furthermore, narrative sections often contain visuals which invite scanning and the attention of readers who are unable to comprehend the financial statements alone. Design can thus serve a properly rhetorical function, since it can be used to omit the negative elements of a company’s activity. The documentary style is another visual technique used within narrative sections to convey impressions of accuracy and honesty. Photographs are also often used since they can elicit emotional responses from viewers and as such are suitable for “constructing memorable images for mythmaking” (David, 2001: 209). On a deeper level, narrative sections contain embedded cultural beliefs and values which influence how the reader perceives “the company, the industry and even the business practice of the culture” (David, 2001: 195). Preston and Young (Preston & Young, 2000: 436) posit that annual reports “deliberately seek through various textual, visual and numeric strategies, to invite or incite the viewing subject to accept, as real, corporate representations of themselves as global entities and of the global.” David (2001: 195) calls for further research on annual reports to “expose the missing details and judge the myths within a specific context”.

Some studies have also considered how the visual design of some annual reports reflects cultural beliefs about gender stereotypes. Photographs of women in annual reports, for example, promote gender stereotypes by exhibiting behaviors such as “smiling, canting, and generally acting in a less serious manner than men” (Anderson & Imperia, 1992: 632). Other gender issues reinforced in the visual design of annual reports include the male dominance in organizational arrangements and the gendered division of labor (Benschop & Meihuizen, 2002: 632). The rhetorical power of visual design is strongly suggested by Bernardi et al. (2002: 609) who found that companies with a significant presence of women and minority groups on their boards of directors were more likely to publish photographs of their boards in their annual reports. In their follow-up study in 2005, Bernardi et al. (2002) even go so far as to suggest that by introducing a legal requirement to publish photographs of boards of directors in annual reports, the overall presence of women and minority groups on boards of directors would increase.

Extant Visual Analysis of Annual Reports

Inspired by the discipline of anthropology, Preston et al. (1996: 113) “employ critical post-modernist art theory” to study the visual in annual reports by considering the varieties of ‘ways of seeing’ annual reports and how these perspectives generate knowledge about corporations. The annual report is not simply a medium of business communication, but also a visual medium through which “corporations, one of the principal political, social and economic institutions of the twentieth century, attempt to represent and, as we shall argue, constitute themselves” (Preston et al., 1996: 115). Preston et al. (1996) present a three-dimensional framework with the intention of encouraging critical dialogue about the “representational, ideological and constitutive role of images in annual reports” (Preston et al., 1996: 113). The representational perspective considers images in annual reports as “transparently conveying an intended corporate message” (Preston et al., 1996: 113). Analysis from this perspective is generally found in the design and business press literature and limited to revealing the ‘right message’ conveyed by the company, which is directly related to corporate performance. The ideological perspective is inspired by neo-Marxist aesthetic literature and considers images in annual reports to contain deeply embedded social significances, which, when probed, “may reveal society’s deep structures of social classification, institutional forms and relationships” (Preston et al., 1996). Such ideological messages are considered to be symptomatic of the company’s wider socio-cultural context and therefore tend to communicate more profound significance than “perhaps intended by the designers and their corporate clients” (Preston et al., 1996: 122) And finally, the constitutive perspective considers images in annual reports in terms of their “constitutive role in creating different types of human subjectivities and realities” (Preston et al., 1996). This perspective draws from the critical potential of postmodernist photography and challenges the neo-Marxist perspective by suggesting that social structures and institutional relations are “themselves constituted inter alia through the forms of visual representation which articulate them” (Preston et al., 1996: 130). This perspective has been adopted by other annual report researchers such as Tinker and Neimark (1987: 72), who emphasize that annual reports “are not passive describers of an objective reality, but play a part in forming the worldview of social ideology”. The post-modern constitutive approach is considered by the authors to liberate the critical study of the visual in annual reports by “opening spaces in which new meanings may form, new voices may be heard, and new forms of criticism may emerge” (Preston et al., 1996: 126). The authors recognize the antithetical and antagonistic relationship between these three perspectives, however emphasize that each perspective offers valuable insights that “may be ignored by the others” (Preston et al., 1996: 116). As such, the development of a multi-disciplinary analytical framework results in “a rich set of possible ways of seeing images in annual reports and of examining their roles in both reflecting and constituting corporate reality” (Preston et al., 1996: 134). It is this task, with a focus on the ideological and constitutive, to which we now attend.

In her attempt to add a new dimension to the understanding of non-accounting elements in annual reports, Davison (2002: 594) identifies how graphic designers use the figure of ‘antithesis’ as a rhetorical device with the intent of influencing and engendering “patterns of reading and thinking in the use of corporate annual reports”. She draws from Barthes to explain that antithesis is not just a

point of emphasis but a means of propelling sense from opposition. Through a critical analysis of Reuter's 2003 annual report, Davison (2002: 607) reveals how the company "framed the reception of its 2000 results in an antithetical design apparent in structure, visual and textual material". This study acknowledges its contribution to this field of research through its incorporation of "fresh analytical methods from artistic disciplines" (Davison, 2002: 594). However, this framework is limited to only analyzing the 'antithetical' rhetorical devices used in the design of annual reports. The author calls for further lines of enquiry into the variety of rhetorical devices which could "be analyzed across larger samples of annual reviews and reports" (Davison, 2002: 608). In her 2007 study, Davison attempts to formulate a sophisticated framework for the critical analysis of photography in annual reports for the purpose of assessing the communication of intangible aspects by NGO's. The study draws directly from Barthes' seminal work on photography, *La chambre claire* (in translation: *Camera Lucida*), which identifies three roles or elements of the photograph: the Operator (the photographer), the Spectrum (the object photographed) and the Spectator (the viewer). Davison's focus lies with the Spectrum and the Spectator, omitting the Operator, as will be discussed.

TOWARD A FRAMEWORK FOR THE CRITICAL ANALYSIS OF THE VISUAL IN ANNUAL REPORTS

As the above literature review attests, analyses of the visual qualities of annual reports frequently feature references to Barthes' work. This is particularly true where an author is concerned with the use of photography in such documents. The use of Barthes' work in such analyses is well founded: Barthes' *Mythologies* is a seminal text in the field of cultural studies, whilst his *Camera Lucida* remains a definitive influence upon the analysis of photography. We certainly agree that Barthes' work represents a rich theoretical resource that may inform the analysis of annual reports. It is our contention, however, that a rigorous and well-versed application of Barthes' theories to the question of the visual presentation of annual reports remains to be seen. As suggested above, Davidson (2007) represents one of the better attempts to outline a method for the analysis of the visual qualities of annual reports. Davidson's article, however, is based heavily upon Barthes' *Camera Lucida*, a text whose analytic framework, we will argue, is not ideally suited to the analysis of corporate reports. Moreover, we wish to propose a more inclusive framework for the analysis of the visual dimension of corporate reports, which is to say that we also wish to take into account the structural distinction between photographs and non-photographic images, and the relationship between image and text. Although we wish to cast our net more widely, we shall nevertheless begin with the question of the photograph. Structurally speaking, the photograph is, in a number of respects, a uniquely complex case; its analysis will therefore provide a strong foundation for the study of other visual material. Given its erstwhile influence, a reflection upon *Camera Lucida* will serve as a catalyst for this discussion.

Analyzing Photography

In *Camera Lucida*, Barthes proposes two 'elements' of photographs. Davison succinctly describes the first, the studium, as "the realm of rational and recognizable codes and conventions" (Davison, 2007: 134). In Barthes' own words, an appreciation of the studium "requires the rational intermediary of an ethical and political culture" (1981: 26). For example, drawing upon an illustration from elsewhere in Barthes' oeuvre (1977: 33), our ability to recognize the concept of Italianicity in an image of pasta, peppers and tomatoes relies upon the realm of the studium. Contrasted with the studium is the punctum. The punctum is that "disconcerting element which breaks the harmony of the studium (Davison, 2007: 134). It is, in other words, that "sting, speck, cut, little hole" (Barthes, 1981: 27) which disturbs the studium. Barthes' concept of the punctum names that unexpected quality, rarely consciously discerned, by which some photographs capture the imagination. It should be noted, however, that the punctum is subjectively understood. For example, Barthes describes in this way the punctum of a photograph of a blind gypsy violinist being led by a boy: "what I see ... is the dirt road; its texture gives me the certainty of being in Central Europe.... I recognize, with my whole body, the straggling villages I passed through on my

long-ago travels in Hungary and Russia” (1981: 45). The subjectivity and sentimentality of the concept of the punctum is evident in Barthes’ reminiscence. It is for this reason that the concept of the punctum is ill-suited to an analysis of corporate reports; rather than subjectivity and sentimentality, the study at hand demands a focus upon objectivity and criticality.

Another characteristic of the punctum is discernable in Barthes’ reference to the texture of the dirt road: the details which comprise the punctum of an image are the unintended products of the medium of photography. Describing his fascination with the punctum, Barthes states: “Certain details ‘prick’ me. If they do not it is doubtless because the photographer has put them there intentionally” (1981: 47). The obvious subject of a photograph can never, by definition, be its punctum. The notion of punctum therefore names the excess of the photograph, the unintended artifacts of the indexicality of photography, that is, the accuracy with which it reproduces the Spectrum. An annual report, however, is invariably a carefully crafted piece of communication with a specific purpose, and so its intentional qualities are those with which we must, first and foremost, be concerned.

Because of the inevitable subjectivity of any interpretation of the punctum, and because the concept of the punctum is less a tool for the visual analysis of images and more a reflection on the medium of photography itself, a focus on the punctum does not benefit our task. With respect to the visual analysis of annual reports, we need to be more concerned with the studium, for the details which matter here are, for the most part, intentional, rational and intended to be recognized. The function of the visual in corporate reports is akin to that of advertising—both are indisputably motivated and are invariably accompanied by text. For the advertising image, Barthes offers a most useful framework for analysis. Thus, whilst *Camera Lucida* is admittedly a most valuable text when it comes to the comprehension of the medium of photography, the material which is most relevant to the visual analysis of corporate reports is to be found elsewhere in Barthes’ work.

Significance of ‘the Operator’

Interestingly, only the elements of the Spectrum and Spectator are included in Davison’s (2007: 134) analytical framework. This omission is justified through the suggestion that studies in this field of research are unconcerned with “the technical world of the Operator”. We posit, however, that, by omitting the technical world of the Operator, Davison’s (2007) framework omits an essential element. Within the context of annual reports, design considerations such as photographic style, composition and the selection of subject matter do not happen ‘accidentally’, but are deliberate choices made by designers with the intention of persuading report readers. Much of the material discussed in the literature review supports the notion that the company, which falls within a broad understanding of the notion of the Operator, plays a pivotal role in the manner through which the design of annual reports influences readers. Bernardi et al. (2002: 611), for instance, observe that photographs in annual reports “possess a power and a point of view that is based on the agencies or individuals that construct them”.

Photography and Text

Photography in annual reports, similar to that in advertising, is rarely used independent of text (Preston & Young, 2000). An advertisement, in Barthes’ analysis, is comprised of three types of communication. These are namely the linguistic message, the literal image and the ‘symbolic’ image (Barthes, 1977). All instances of written language on the page make up the linguistic message of the advertisement. Writing and image are not to be considered independently here, for the linguistic message—whether in the form of a headline, a caption, or even an image credit— informs the audience’s interpretation(s) of the image. Within the image itself, however, two further levels of communication exist. At the first: the denoted image effectively names the thing pictured. At the second: the symbolic image names the cultural meaning of the thing pictured.

It is necessary to step back for a moment, to elucidate a body of knowledge which underpins Barthes’s work, namely the Saussurean conception of the linguistic sign. All languages, according

to the estimation of Ferdinand de Saussure, share a common structure, logic of equivalence which we take for granted as soon as we are inducted into the world of language. Although we take it as natural, Saussure posits that the linguistic sign in fact comprises two components, the signifier and the signified (Saussure, 1974: 65–67). The former refers, for example, to a word in language, the latter to the idea that a given word conjures up in our minds. To use the classic Saussurean example, the word ‘tree’ is a signifier; the image of a tree which springs to mind when we hear this word is a signified. Thus, each term in language is comprised of two parts (although these parts are admittedly inseparable in practice). There is also, however, a third term in this structure, which deserves mention, namely the referent: the referent is the actual thing in the world to which a linguistic sign refers. Thus, employing the same example, we have: (1) the signifier, an instance of language, e.g., the word ‘tree’; (2) the signified, that mental image of a tree which the word evokes for us; and (3) the referent, a real, physical tree to which the other two elements of the sign together refer. It is necessary to review these concepts because, in Barthes’ analysis of the advertising image, the literal image is denoted, while the symbolic image is connoted (1977: 37), and he has elsewhere identified connotation as a system of signification that is staggered in relation to denotation (Barthes, 1968: 89–94), which is to say that the signifiers within a connotative system are comprised of the signs (signifiers and signifieds combined) of a denotative system. This distinction should become clearer shortly.

“LEAD: NEVER FOLLOW” ILLUSTRATING CRITICAL VISUAL ANALYSIS WITH HARLEY-DAVIDSON

Let us return to Barthes’ analysis of the advertising image and the question of the photograph in corporate reports. Although Barthes addresses the linguistic message, the literal image and the symbolic image in this sequence, we shall, for ease of explanation, approach them in a different order, namely: the literal message of the image, the symbolic message of the image, and the linguistic message. We will discuss these structural classifications in relation to an example drawn from the 2006 Summary Annual Report of Harley-Davidson, Inc (Harley-Davidson, 2006). The example in question¹ is a two-page spread: a single black-and-white photograph of a motorcycle and rider runs across both pages, filling the right-hand page and roughly two thirds of the left, and bleeding off the top, right and bottom edges of the spread (Harley-Davidson, 2006: 12-13). On the right-hand page, in the vertical centre and ranged to the right, three large white words are reversed out of the image. Their form is that of a headline (this is the largest type on the page and the first that the eye is drawn to), but their content is that of a caption. They read: “Lead. Never follow.” The left vertical third of the left-hand page is white. It contains, from top to bottom: a small sub-heading (“Products”); a larger quotation, which is implicitly attributed to the pictured rider (we will return to this); four paragraphs of body copy, set in a single column; a small, contoured photograph of an engine; and a caption, in very small type, describing the features of the pictured engine. But, back to the main image: pictured is a rider abreast a Harley-Davidson motorcycle (half of the emblem on the fuel tank is visible, as if there could have been any doubt as to the make of the bike pictured); the rider and the bike are stationary, but the rear wheel is spinning, filling most of the frame with a cloud of rubber smoke. As indicated above, the literal or denoted message of a photograph is precisely the thing pictured. In our present example, therefore, the denoted image is the motorcyclist spinning his rear wheel. Yet, we are not looking simply at a motorcyclist spinning his wheel. Rather, we are looking at a carefully crafted image of a motorcyclist spinning his wheel—our focus on the spinning wheel reveals this. The photograph is closely cropped—we cannot see the front end of the bike (though, as mentioned, part of the maker’s emblem remains in the frame), and we can see little of the rider above the waist—so there can be no mistaking the fact that we are supposed to be looking at the spinning wheel. Already we have entered the realm of connotation: “Man’s interventions in the photograph (framing, distance, lighting, focus, speed) all effectively belong to the plane of connotation” (Barthes, 1977: 44). These interventions are, to use

¹ In the spirit of self reflexivity (Weick, 2002) we heed the warning to question our own aesthetic practice (Warren & Rehn, 2006) and thereby choose not to reproduce this photograph, rather than risk “celebrating style over substance” (Warren & Rehn, 2006: 82).

the terminology of Camera Lucida, those of the Operator; to understand them as connotation is to recognize their rhetorical consequence.

Through the task of having to distinguish denotation from connotation in a given photograph, one becomes acutely aware of that quality which makes photography unique and indeed uniquely powerful as a mode of signification: in the photograph, “the relation between signifier and signified is quasi-tautological” (Barthes, 1977: 36). That is to say, because of the mechanical accuracy (for lack of a less problematic term) with which a photograph reproduces its subject, the viewer does not always distinguish between the picture of the thing and the thing pictured. (Notable exceptions, in which the aura of the medium would be lost, would be cases of obvious alteration or where photographic technique otherwise speaks more loudly than the signified.) Where written or verbal language is a heavily coded system of abstract equivalence, we are, when faced with the photograph, “brought up against the paradox ... of a message without a code” (Barthes, 1977: 36). It must be noted, however, that this refers to the literal image only; the symbolic image is defined by the fact that it is entirely coded. Therefore, we may alternatively understand the literal image as a non-coded iconic message, and the symbolic image as a coded iconic message (Barthes, 1977: 36).² Of significance, however, is the fact that “the distinction between the two iconic messages is not made spontaneously in ordinary reading: the viewer of the image receives at one and the same time the perceptual [denoted/non-coded] message and the cultural [connoted/coded] message” (Barthes, 1977: 36). Let us examine the implications of this by way of a return to our discussion of the Harley-Davidson image (Harley-Davidson, 2006).

We know that we are looking at a motorcyclist. Not just any motorcyclist, however, but one who rides a Harley-Davidson and who spins his rear wheel, producing a cloud of rubber smoke. Differently framed, the rider may have appeared to be standing still with his machine in the morning fog, but the framing of the image allows no mistakes regarding this first message. Of course, this first, literal message carries meaning at the level of connotation—“the signifiers of the second system are made up of the signs of the first” (Barthes, 1968: 92). Thus, the motorcyclist may be read as the heroic rebel, the wayfarer who lives the American Dream and forges his own path. In short, the motorcyclist spinning his wheel may be understood as a signifier of a rebellious vanguard. Now, Barthes states that “rhetoric is the form of the connotators” (Barthes, 1968: 92) (‘connotators’ being the term he uses to refer to the signifiers of connotation). Therefore, inasmuch as they operate not only at the level of connotation themselves, but may also determine the reading of the literal image, the ‘interventions’ of the photographer (i.e., of the Operator)—framing, distance, lighting, etc., as well as the very selection of the subject or, in many cases within the sphere of corporate communications, its likely staging—comprise what may be properly understood as visual rhetoric. It should be noted, however, that, in the case of the photograph, this rhetoric is most potent, since it capitalizes upon the indexicality of photography, or the non-coded character of the literal image. Specifically, the received assumption of the reality of the photograph applies not only to the denoted image but flows through also to the connoted image. Barthes observes that “the absence of code disintellectualizes the message because it seems to found in nature the signs of culture” (1977: 45–46). In other words, a message which is purely cultural stands to be mistaken as natural, as truth—this is the power of photography, a power whose manipulation can frequently be seen in the field of corporate reporting.

BEYOND THE PHOTOGRAPH

Our discussion has thus far been concerned with the photograph and its unique character as a mode of signification. In order to better understand the significance of its use within corporate reports, however, we shall turn our attention to the differences between photographs and non-photographic images, and the relationship between images and text.

² Barthes recognises, however, that the knowledge necessary to understand the literal image “is not nil, for we need to know what an image is (children only learn this at about the age of four) and what [the objects pictured] are, but it is a matter of an almost anthropological knowledge” (1977: 36).

Photographs and non-photographic images

Barthes notes that “The photograph, message without a code, must ... be opposed to the drawing which, even when denoted, is a coded message” (1977: 43). For the purposes of our analysis, we understand that anything which might be said about the drawing will be applicable to other types of non-photographic image also. Barthes posits that the coded nature of the drawing, in contrast with the uncoded nature of the photograph, is discernable at three levels (1977: 43). Firstly, in the case of non-photographic images, the reproduction of an object or scene occurs by way of “a set of rule-governed transpositions” (Barthes, 1977: 43) which are mutable and therefore historically contingent. Secondly, in the moment of these transpositions, the act of image-making invariably involves a process of editing, a “certain division between the significant and the insignificant” (Barthes, 1977: 43). Thirdly, while anyone can take a photograph, drawing “demands an apprenticeship” (Barthes, 1977: 43).

These observations allow us to reiterate or advance our observations regarding the photograph, specifically as regards the popular (mis)conception of the truthfulness of photography. Firstly, in contrast to the historical contingency of the language of drawing, the photograph gives an impression of being ahistorical and therefore objective. That is to say, although photographic technology is continually advanced, and although this technology is, in some measure, inscribed in every image, thus allowing an historical classification of individual photographs, the medium itself speaks more loudly than all but the most expressive of photographic styles. Secondly, although the photographer makes decisions regarding the selection of the subject, timing, perspective, etc., the photograph reproduces without discretion all that falls within its frame. All but the most carefully composed (or retouched) photographs include some inessential detail, some excess which is an artifact of the apparent infallibility of the medium (this is the same excess which might comprise, for Barthes, the punctum of an image). This apparent accuracy is in contrast with the marked process of selection which occurs in the case of the drawing, and this, once more, lends the photograph an appearance of objectivity. Lastly, where drawing ‘demands an apprenticeship’, photography is a democratic medium. Anyone can pick up a camera and take a photograph, and nearly everyone does.

Thus, while non-photographic images are invariably the product of an artistic few, photography is a medium which is intimately understood by millions of people. This contributes to an understanding of the photograph not as a cultural object, which it most certainly is, but as an extension of nature. In sum, therefore, it is perhaps for all of these reasons—its apparent ahistoricity, objectivity and naturalness—and because of the persuasive power which corresponds with these traits, that photography is seemingly ubiquitous in annual reports, whilst non-photographic images are rarely seen.

Image in (con)text

As broached above, text plays a most significant role with regard to the reading of images in corporate reports, as it does in advertising. Preston and Young (2000) note, “The relationship between image and text is particularly important for annual reports. The images are often surrounded by or overlaid with text.” Therefore, the question of the relationship between text and image demands attention. The most frequent function of the linguistic message in advertising, and in corporate reports alike, is that of anchorage (Barthes, 1977: 40–41). This notion of anchorage names the capacity of written language to delimit the possible readings of an image: “the text directs the reader through the signifieds of the image, causing him to avoid some and receive others; by means of an often subtle dispatching, it remote-controls him towards a meaning chosen in advance” (Barthes, 1977: 40). This is necessary because “the number of readings of the same lexical unit or *lexia* (of the same image) varies according to individuals” (Barthes, 1977: 46). Such an anchorage is clearly apparent in the Harley-Davidson example (Harley-Davidson, 2006). It may be understood that the literal image of a motorcyclist spinning his rear wheel connotes, as has been suggested, a rebellious vanguard. The same image, however, may equally—or indeed more likely—be read as hooliganism, yet the linguistic message here directs the reader toward the more

agreeable connotation. In fact, if the prominent directive of 'lead, never follow' left any doubt in the mind, the quotation on the left side of the spread reassures us that this motorcyclist is not a menace to society. The quotation ("There are three reasons I ride a Harley-Davidson: the cool styling, the throaty V-Twin sound and the powerful feel") is attributed to someone named 'Kaiser Norton', implicitly the pictured rider, who is identified as a "professional motorcycle rider, Harley owner since 1994". In this way, the rider in the image is cast as a responsible and experienced professional; the linguistic message thus anchors our reading of the image, stabilizing those connotations which are seen as desirable whilst expelling those which may be undesirable. "With respect to the liberty of the signifieds of the image, the text has ... a repressive value" (Barthes, 1977: 40). This motivated function of anchorage describes the relationship of text to image in corporate reports, and here again we find grounds for the argument that the role of the Operator—broadly understood—in the construction of meaning in these documents should not be overlooked.

CONCLUSIONS AND FURTHER RESEARCH

This study has developed and illustrated a framework for the critical analysis of the visual design of corporate annual reports. This multi-faceted framework extends extant analysis by virtue of a more comprehensive analysis of Barthes, an examination of non-photographic images, an understanding of image in relation to text, and a consideration of the role of the Operator.

Key to the framework is the distinction between the rational and intended studium and the irrational and subjective punctum, the latter which includes unintended and excess aspects of photography. The rational and intended studium is further informed by differentiation of the signifier from the signified and the referent. A common error on the part of the Spectator is to mistake the literal image for the referent, the picture for the thing pictured, and the Operator is able to exploit this tendency.

By considering photography in context, therefore in relation to text, the rational and intended studium can be further analyzed in terms of its linguistic message, its literal or denoted image and its symbolic or connoted image. Conflation between the signified and the referent is particularly powerful with regard to the connoted image. For example, in the illustration provided, the depiction of freedom may be mistaken by the Spectator for the possibility of actual freedom. One can surmise that this is the intention of the Operator.

Non-photographic images are necessarily coded, even at the level of denotation. Non-photographic images, which are deliberately and overtly constructed by a skilled hand, serve to reinforce an understanding of the more ubiquitous and attainable photographic image as natural, realistic and objective, and therefore less rhetorical.

Whilst photography, non-photographic images and the relationship between image and text have all been incorporated into this analytic framework, it is not possible to claim complete inclusivity. In particular, typography is an element worthy of inclusion in a comprehensive framework for the critical analysis of the visual presentation of annual reports. By 'typography', we refer to the styling and design of type, i.e., the selection of typeface, and the scale, coloring and positioning of type within the overall page layout. In addition to being of rhetorical consequence in itself, typography can also reveal the production value of a report. This is well illustrated by the Harley-Davidson example used earlier: an examination of the report reveals a high standard of typography, which indicates a strong emphasis, on the company's part, upon its visual presentation. Future extension of this framework will account for typography. Significantly, this analytic framework need not be limited to use with annual reports, but is relevant for all types of corporate communication, whether in print or on the web.

The credibility and generalizability of this framework is yet to be established. The next phase for research will be to examine the framework in vivo. It is important to determine the meaningfulness of the schema to participants in the visual including creators, researchers, analysts and other users

of corporate annual reports. As Taylor notes, “because aesthetic experience is inherently subjective, it makes sense as a next step to look at aesthetic experience of members of an organization from their own perspective”(Taylor, 2002: 822) We stated at the outset that our intent is to enhance the critical examination of the visual within the organizational context. Hence, consideration should also be given to the manner in which visually oriented methods might be used as part of the research process to maximize participation (Warren, 2005).

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