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The Four Stages of Critical Discussion and the Most Frequent Speech Acts in the Letter to Shareholders

Marta Mignini

In this paper the concepts of written persuasive interaction, stages of critical discussion and of speech acts will be highlighted with reference to the letter to shareholders included in banks’ annual reports. On the basis of Keller’s and of the pragma-dialecticians’ theories, I will focus on the introductory and representative functions of the letter, and on the role played by the stages of confrontation, opening, argumentation and conclusion as well as on the role of speech acts in the persuasive process. The examples quoted in this paper are extracted from the letter to shareholders drawn up by the most important European and northern American banks. The examples, all in the English version, are provided to clarify theoretical principles and to show that the theories considered can be applied successfully even to specialized texts.

Introduction

Following Keller (2004), my contribution will point out the two main roles played by the letter to shareholders, i.e. the opening and the representative functions. These are of crucial importance in the persuasive process: as a matter of fact, thanks to its two main functions (Keller 2004), the letter is a strongly persuasive text: on the one hand, the opening function gives birth to the first contact between addressers and addressees; on the other hand, the representative one stimulates positive images and feelings in the readers.

Furthermore, on the basis of the pragma-dialectical model of critical discussion (van Eemeren et al. 1993), my paper is focused on the four stages into which the content of argumentative texts can be divided, i.e. confrontation, opening, argumentation and conclusion, as well as on the distribution and role of speech acts in argumentative communication. In particular, the letter to shareholders is taken as an example of argumentative text in order to show that the Dutch theory can be successfully applied even to specialized fields of knowledge.

In accordance with the School of Amsterdam, this paper will show that the four stages are not always present together, not even in the same order, and that some speech acts can be more easily found in the letter to shareholders, which should be considered as a short but complete part of a longer discussion going on between banks and stakeholders in annual re-
ports. Moreover, the argumentative role of speech acts, as well as their relationship with the introductory and persuasive functions, will be highlighted.

The paper is divided into three main parts: in the first one the position, roles and contents of the letter, as well as the relationship between roles and content will be taken into consideration. In the second part I will sum up the Dutch theory of the stages of critical discussion and will apply it to the letter to shareholders; the third section will be focused on the speech acts and on their influence on the outcome of the interaction.

1. The letter to shareholders: position, content and roles

First of all, I would like to say a few words about the content of the letter and about its structure. After that, I will consider the roles of the letter and finally I will deal with the relationship between roles and content.

1.1 The letter: position and content

The letter to shareholders is a rather short text (1 to 4 pages) placed at the beginning of annual reports, along with other sections such as the financial highlights and the company's managerial structure.

The content of letter can be divided into three main parts:

1. the initial greetings, which occupy the first line, and are addressed explicitly to shareholders, e.g. "Dear Shareholders" (Commerzbank 2003) or to a more general public, e.g. "Ladies and Gentlemen" (Deutsche Bank 2002), "Dear Fellow Shareholders and Clients" (Merrill Lynch 2003), "Ladies and Gentlemen, dear shareholders and business partners" (Dresdner Bank Group, 2000). Although the letter is known as a "letter to shareholders", in reality it is addressed not only to shareholders but also to workers, other banks, the media, analysts, savers, and to people who don’t even know the bank in question. In a few words, the letter is addressed to all those people who are not necessarily shareholders, but who can become shareholders if they are positively impressed by the institutional results and the communicative strategy. That is why the letter to shareholders should be called "letter to stakeholders": as shareholders own the bank and are the decision-makers, they are surely the most important addressees. Nevertheless, stakeholders in general also influence the bank’s results and policies, because they can decide to invest more or less in the bank, and they can judge an institution to be more trustworthy than another one thus affecting the public opinion accordingly;

2. the body, which includes the business review, the description of the social and the economic conditions, the company’s policies and the future outlook;
3. the final greetings (including thanks, forecasts, promises and the chairman’s signature) constitute the last paragraph of the letter and highlight the chairman’s presence to make clear that the letter is not anonymous and that the bank has a human face, someone who people can refer to.

1.2 The roles of the letter and their relationship with the content

According to Keller (2004), the letter to shareholders plays two main roles:
1. the opening function, which is evident thanks to the position of the letter, placed at the beginning of annual reports, and to the strategic presentation of the textual content, which should facilitate the reading process;
2. the representative function, highlighted by the information supplied and the way it is supplied. In fact, the content must mirror the institutional reality, and the author of the letter must faithfully represent the bank, so that readers can feel that what is communicated is true and that the bank is trustworthy.

Now, I would like to investigate the following points:

a. the two functions make the letter one of the most important texts included in annual reports, and they make it an example of dialogic interaction;

b. the opening and representative roles are performed by all the three parts the letter is divided into.

As regards the first point, the letter is a crucial part of the interaction going on between companies and stakeholders, because it puts the two parts in touch with each other, and it must be able to keep this contact alive. As Keller (2004: 122) points out, “[d]er erste Text des Geschäftsberichts hat einen entscheidenden Einfluss darauf, ob der Leser neugierig wird auf das Unternehmen und damit auf die Lektüre, oder ob er die Broschüre gelangweilt wieder zur Seite legt”. Moreover, Keller states that the letter must supply readers with a positive image of the chairman representing the institution. If the letter is able to attract the addressees’ attention and keep it alive, and if it is able to supply a positive image of the company, the public will go on reading the report and will be more inclined to trust the addressee. On the one hand, the initial greetings play the opening function, as they establish the very first contact between the bank and the readers; on the other hand, the body and the final greetings play the representative function, as they give the majority of information and this must be given in a strategic way, so that addressees can mentally reconstruct a clear and positive image of the bank.

The letter is an example of dialogic interaction between banks and readers: the two parts strive to reach their goals and to satisfy their needs, i.e. persuading stakeholders to trust banks and getting the right information to make decisions, respectively. As banks’ and stakeholders’ needs differ from each other, a balance must be reached so that communication can lead to positive results. Consequently, a communicative interaction takes place, where addressers state their points of view and support them with ad hoc arguments to persuasively answer questions made by addressees, as the next section of my paper will show.
As for the second point, all the three parts of the letter perform the opening or the persuasive function. Thanks to the initial greetings banks get in touch with their readers through an explicit address to a general though identifiable public. The body of the letter performs the representative function: it can be taken as the first, broad answer to the stakeholders’ questions about the past and present situation, and about future perspectives and aims. While reading this part, the addressees form a mental image of the writer and, consequently, of the bank. The final greetings include thanks to shareholders, forecasts, promises, references to future contacts between banks and readers and the chairman’s signature. This final section of the letter tries to improve the institutional image by stressing the bank’s willingness to face difficulties and its confidence in the future. Furthermore, it completes the opening function by promising a standing contact between the parts and by providing the author’s signature. As already affirmed in paragraph 1.1, the author’s signature makes the text more human and approachable, because it gives an identity to the person who greets the addressees at the beginning of the letter thus completing the text and making the bank identifiable as an entity with a human face.

2. The letter as a critical discussion and its four stages

As stated in the paragraph above, an argumentative, critical kind of communication takes place in the letter to shareholders: in fact, banks try to conquer new clients and to improve the relationship with old-time clients by affecting their minds with strategic points of view and arguments. The communicative process often goes through the four stages identified by the pragma-dialecticians, i.e. confrontation, opening, argumentation and conclusion.

To sum up the Dutch theory concerning the stages, I will quote the representatives of the School of Amsterdam (van Eemeren et al. 1993: 26-27), who point out that in the first stage, i.e. confrontation, “the disagreement is identified through some form of expression: it becomes clear that there is a standpoint which meets with doubt or contradiction”. In the second stage, i.e. opening, “the parties try to find out whether there is sufficient common ground to make resolution-oriented discussion profitable”, while as regards argumentation “[t]he protagonist adduces arguments for the purpose of overcoming doubts about the standpoint”. Finally, the concluding stage “fixes the outcome of the discussion: either a resolution or a decision that no resolution can be reached”.

The theory of the stages can be successfully applied even to specialized texts like letters to shareholders in banks’ annual reports, as I will show taking a letter from Commerzbank Annual Report 2002 as an example. The most meaningful words and expression will be highlighted in bold.

During confrontation, the involvement of two parts (bank and stakeholders) becomes clear:

Dear Shareholders, We know that you cannot be content with the picture presented of Commerzbank.
The personal pronouns differentiate the addresser from the addressees, thus giving birth to two groups whose different needs and desires become clearly distinguishable both in the letter and in the whole report.

At the opening stage the bank takes on the role of protagonist, and states its willingness to discuss crucial matters:

This reality is something we are actively tackling; we are doing all that we can to alter this picture, to brighten it up and to show it in a better light with the aid of convincing facts [...].

At the argumentation stage the bank puts forward standpoints and arguments to back points of view in a successful way, as it will be demonstrated in the following quotation, whose first part is the bank's standpoint, and whose second part is an argument supporting the standpoint:

More than ever, we are convinced that any promising business model for a bank rests upon long-term relationships with their customers. [...] In the interest of providing information as soon as possible, we presented our provisional figures for the 2002 financial year to you and to the public at large at the start of February, and thus very early – not least in order to take the wind out of sails of speculation.

The argument highlights the efforts made by the bank to communicate with its stakeholders. As good communication is the basis of long-term relationships, the argument quoted here proves the bank's belief of the importance of excellent relations with customers.

In the conclusive part of the letter, the definite conquest of the readers cannot be clearly perceived because the letter is a written kind of interaction, and the addressees' involvement differs from the one in oral communication, where protagonist and antagonist are present at the same time and can actively express their standpoints, arguments, and decide who wins. Anyway, while concluding the letter the addresser tries to strengthen the idea that it is worth the readers' trust; what is more, the relationship between the parts and the bank's future success are so strongly highlighted that the bank's standpoints seem to prevail:

Given our sound liquidity position and good capital base, we remain committed to the goal of achieving better figures soon and, as a result, of being able to present a more attractive picture of Commerzbank, despite the persistently difficult conditions. I hope that I will be able to report further progress to you at our Annual General Meeting in the Frankfurt Festhalle on May 30, 2003.

Despite the completeness of the letter quoted above, it must be pointed out that, as stated by the pragma-dialecticians (van Eemeren, Grootendorst & Snoeck Henkemans 2002: 27) “[t]he parties often do not go through all four of the discussion stages or not in the same order”. As a matter of fact, in the letters to shareholders the four stages are not always clearly distinguishable or presented in the order of the ideal model proposed by the School of Am-
Anyway, the examples quoted on the previous pages show that pragma-dialectics offers theoretical principles that can be used to understand how argumentation works not only in everyday contexts, but also in specific fields.

In the next section of my paper I will go through the most frequent speech acts and the way they lead to a change of mind.

3. The most frequent speech acts in the letter to shareholders

In the paragraphs of this section I will deal with the way how speech acts are considered by the School of Amsterdam.

With the help of van Eemeren and Grootendorst (1992) quotations, first I will sum up the distinction between "elementary" and "complex" speech acts. Then I will briefly consider their division of speech acts into five kinds (assertives, directives, commissives, expressives and declaratives), and finally I will apply this division to the letter to shareholders and consider the role of speech acts in the argumentative interaction between bank and readers.

3.1 Speech acts: elementary and complex

Before investigating the role of speech acts in argumentative texts like letters to shareholders, I will consider an important distinction made by van Eemeren and Grootendorst (1992: 29) between "elementary speech acts" and "complex speech acts". The authors affirm that argumentative discourse taken as a whole is a complex speech act because its communicative function takes place at a high, textual level instead of at sentence level. In particular, they clarify their theory through three points (1992: 28-29):

1) First, unlike assertions, requests, promises, and so on which can consist of only a single sentence, argumentation, in principle, consists of more than one sentence. [...] Sometimes an argument, at first sight, appears to consist of just one sentence and is still a complete defense of a standpoint, but on closer inspection, it will then always be found that part of the argumentation has been left unexpressed.

In addition, the authors state that

2) [s]econd, without being indirect speech acts, the utterances that go to make up the argumentation all have two communicative functions at the same time:

these two functions are a) the argumentative function that characterizes the whole interaction as argumentative, i.e. defending a standpoint, and b) the function that is peculiar to each utterance, i.e. assertion, promise, statement, etc.

Finally, pragma-dialecticians highlight that
3) Third, the speech act constellation that constitutes the argumentation cannot stand by itself. It must be connected in a particular way to another speech act: the speech act in which the standpoint is expressed that is supported by the argumentation. Speech acts such as promises, statements, and requests need not be linked to another speech act in such a special way.

And this is one of the reasons why van Eemeren and Grootendorst affirm that “[t]he differences between argumentation and these other speech acts can be better understood when it is seen that argumentation has not a communicative function at the sentence level but at some higher textual level”.

3.2 Five kinds of speech acts in argumentation

On the basis of Searle’s theory, van Eemeren and Grootendorst (1992) distinguish five kinds of speech acts, which play a crucial role in the outcome of the ideal argumentative discussion, and which can occur more frequently at some stages instead at some others:

1) assertives, such as assertions, claims, assurances and suppositions, which are used at confrontation, argumentation and at concluding stage. As the authors affirm (1992: 38) “[a]t the confrontation stage, they can express the standpoint at issue; at the argumentation stage, the argumentation in defense of that standpoint; at the concluding stage, the outcome of the discussion”;

2) directives, such as requests, orders and recommendations. Directive speech acts are less frequent than assertives: in fact van Eemeren and Grootendorst (1992: 38) state that “[o]nly those directive speech acts play a part in a critical discussion that challenge the protagonist to defend his standpoint (confrontation stage) or to give argumentation in favor of his standpoint (argumentation stage)”;

3) commissives, i.e. promises and agreements, are very frequent in argumentative discourse and perform different functions depending on the stage. As pragma-dialecticians point out (1992: 39)

Commissive speech acts can fulfill several roles in a critical discussion. At the confrontation and in the concluding stage, they can be used for accepting or not accepting a standpoint; at the opening stage, for accepting the challenge to defend a standpoint, for deciding to start the discussion, for agreeing on the distribution of roles and the discussion rules, and for agreeing on how to close the discussion; at the argumentation stage, for accepting or not accepting argumentation; in the concluding stage, finally, they can be used for deciding to start a new discussion.
expressives, such as congratulations and expressions of feelings in general, are not considered crucial in critical discussion because they "do not lead to any specific commitment that is relevant to resolving the dispute" (van Eemeren & Grootendorst 1992: 39). Anyway, they can influence the persuasive process and lead the parts to change their minds. As van Eemeren and Grootendorst state, "expressives can also encourage or stimulate a meaningful exchange of ideas"; declaratives are those speech acts that change a situation, i.e. declarations of war or peace, christening, etc. Pragma-dialecticians (1992: 40) distinguish "nonusage" declaratives which "are performed in more or less institutionalized contexts such as court proceedings, meetings, and religious ceremonies, in all of which it is clear who is authorized to perform a particular declarative" from "usage declaratives, such as explanations, elucidations, amplifications and definitions' whose purpose is "to facilitate or increase the listener's comprehension of other speech acts by indicating how they should be interpreted". Like expressives, nonusage declaratives make no direct contribution to the resolution of the dispute. At best, they can lead to the settlement of a dispute, not to its resolution. They, therefore, do not play a part in a critical discussion.

On the other hand, usage declaratives are crucial at different stages:

At the confrontation stage, they can unmask spurious verbal disputes; at the opening stage, they can clarify confusion about the starting points or the discussion rules; at the argumentation stage, they can prevent premature acceptance or nonacceptance; and at the concluding stage, they can prevent ambiguous resolutions.

After summing up the pragma-dialecticians' differentiation among speech acts and the relations between speech acts and stages of critical discussion, I will investigate which speech acts more frequently appear in the letter to shareholders and what role they perform in the persuasive process.

3.3 Speech acts in the letter to shareholders

Following the Dutch theory, in the letter to shareholders two main groups of speech acts can be recognized:

1) the complex speech act of argumentation, by means of which banks express their standpoints and back them with strategic arguments;

2) elementary speech acts, i.e. assertions, promises, expressions of joy or worry, which constitute the argumentation taken as a whole.

As regards this last group, the main speech acts in letters to shareholders are:

a) assertives. The chairman puts forward standpoints and arguments:
In all our measures it was important for us not to overtax or place undue strain upon our relationships with customers – in other words, the very basis of our business – but, on the contrary, to build upon these. More than ever, we are convinced that any promising business model for a bank rests upon long-term relationships with its customers (Commerzbank 2002).

Our considerable progress, however, is still not reflected in our share price. The main reason is that the Deutsche Bank share has remained linked to the depressed tendency of the German equities market (Deutsche Bank, 2002: 6).

b) commissives. Banks commit themselves to do something or to discuss certain matters:

Given our sound liquidity position and good capital base, we remain committed to the goal of achieving better figures soon and, as a result, of being able to present a more attractive picture of Commerzbank, despite difficult conditions (Commerzbank 2002).

At the same time, the Group intends to exploit all growth opportunities that may arise in new markets and new business, continuing to create development options for the future (Gruppo SanpaoloImi, 2001: 11).

c) expressives. Expressions of joy, sorrow, worry or gratitude are particularly frequent in letters to shareholders, where chairmen show their human face and the human side of banks:

We are not content either, because we find the darker tones of this picture exaggerated and feel that our share price is out of touch with reality (Commerzbank 2002).

We are also extremely proud of recently being named overall winner and financial industry leader in the Financial Times “Best of European Business” awards (UBS 2005: 3).

d) usage declaratives. These are not so frequent as the other speech acts, but they are sometimes used to define words or to precise expressions that have already been used or that will be used in the text. I will highlight usage declaratives in bold:

More than ever, we are convinced that any promising business model for a bank rests upon long-term relationships with its customers. Put in contemporary terms, this means that we continue to see the consistent relationship-banking approach as superior to deal-based transaction banking (Commerzbank 2002).

Another key trend is the increasing demand from clients for investment banks to combine capital and advice. In other words, investment banks are expected to commit more of their own capital when executing transactions (Goldman Sachs 2005: 4).

The four kinds of speech acts can be found all through the letter, and they play a very important role in the persuasive process:
by means of assertives banks state their standpoints, and support them with appropriate arguments;

through commissives banks take on the role of protagonists, thus stressing what will be done to convince readers that banks are worth their trust;

through expressives banks can be perceived as human institutions that are interested not only in economic and financial results but also in their stakeholders’ needs. As van Eemeren et al. (1993: 29) point out, “[e]xpressives [...] are not argumentatively relevant acts. They do not create any commitments for the speaker or writer which are directly relevant to the resolution of a dispute”. In spite of this, in the letters there is plenty of expressions of positive and negative feelings, which help banks sound closer to people thus facilitating the contact between the parts. As stated by Keller (2004: 124) with reference to the representative role of the letter,

Although the letter can be considered as an example of an implicit dialogic interaction, thanks to them, the letter can be considered as an example of an implicit dialogic interaction,

Conclusions

The present paper focused on the two main functions of the letter to shareholders, i.e. the opening and representative roles, as well as on the stages of critical discussion the letter is divided into and on the most frequent and strategic speech acts exploited in the letter.

Apart from pointing out why the letter is so strategic a text in conquering new customers, the aim of my contribution was to show that the Dutch model can be applied even to specialized texts, and that the same model is helpful to understand how devices such as the choice of certain content and of specific speech acts play a crucial role in attracting the addressees’ attention and in influencing their mind. The choice of the letter to shareholders was due to its importance as a short but necessary part of a longer text, i.e. the annual report, aimed at providing readers with strategic information supposed to make readers change their opinion and behaviour.

The first section of my paper was devoted to the opening and representative roles of the letter: thanks to them, the letter can be considered as an example of an implicit dialogic interac-
tion between two parts, one of which (banks) directly addresses to its counterpart. As a matter of fact, the writer explicitly greets the readers (initial greetings), it tries to satisfy the readers’ want of knowledge by providing information that answer the addressees’ question (body of the letter), and it finally refers to future contacts (final greetings). The text, where only the writer’s voice can be perceived, is placed at the beginning of the whole report to present the bank to a vast public (opening function) and to portray its reality (representative function).

After summing up the main principles of pragma-dialectics regarding the division of the critical discussion into four stages, the second section highlighted that in letters to shareholders the four stages, i.e. confrontation, opening, argumentation and conclusion, can be recognized, even if they do not always appear together or in the order proposed by the School of Amsterdam.

The third and last part of my paper was focused on the speech acts considered by pragma-dialecticians, i.e. assertives, directives, commissives, expressives and declaratives divided into nonusage and usage declaratives, and on the most frequent and strategic speech acts in the letter to shareholders. I highlighted that in the letter assertives, commissives and expressives are the most frequently occurring acts. Assertives are used to state standpoints and to support them with appropriate arguments; by means of commissives the addresser takes on the role of protagonist in the discussion and states what it wants to discuss about, what it wants to do in the future. Expressives are massively exploited so that banks can share feelings with readers and they can be considered as human entities. Usage declaratives are used, though not so often as the other speech acts, when banks want to clarify or precise the meaning of words and expression thus avoiding misunderstanding. Directives and usage declaratives are not normally used in the letter to shareholders, where acts like commands, threats, prohibitions do not appear, and which are not so formal as to include specific set phrases such as naming or declarations.

References