

The Framing and Reframing of Corporate Financial Results: How Corporate Earnings Releases Become News

Pre-print version of:

Rosenkranz, J., Pollach, I. (forthcoming). The framing and reframing of corporate financial results: How corporate earnings releases become news, *Corporate Communications: An International Journal*.

Abstract

News agencies are important stakeholders for large organizations, since the news they distribute will be adopted by other news outlets, which influence public opinion and hence corporate reputation. This paper seeks to advance our understanding of how corporate earnings press releases are transformed into financial news by investigating whether the frames introduced by companies are adopted or reframed by news agencies. A content analysis of framing techniques in corporate earnings releases and their corresponding news-agency releases was performed, focusing on the financial figures and benchmarks presented, performance attributions, and the tonality of the texts. Our findings suggest that news agencies reframe earnings releases at the textual-pragmatic level by reducing their length, using fewer financial figures, and changing the position of these figures in the texts; they increase transparency by avoiding adjusted financial figures, qualifying figures, and adding analyst assessments; and they change the tonality by down-toning positive statements and highlighting negative aspects.

INTRODUCTION

The purpose of corporate financial communication is to reduce the information asymmetry between corporate managers and investors by providing the latter with accurate and reliable information about corporate performance. To protect the interests of non-expert investors, financial reporting is a highly regulated form of corporate communication, subject to both national legislation and international accounting standards. As a consequence, financial reports are typically accepted as a rule-bound reality with the illusion of no alternative interpretations of past events (Aerts, 1994). For large organizations, financial reporting encompasses voluntary quarterly earnings releases in narrative format as well as the annual report, which includes the highly regulated financial accounts and a more discretionary narrative performance review. The narrative parts of financial reports provide companies with ample opportunities for presenting their performance in the best possible light (Abrahamson & Park, 1994; Hrasky & Smith, 2008; Morgan, 1988).

In this study, financial reporting is understood as a communication process that is initiated by corporate disclosures and continues with media coverage of corporate performance, before it reaches investors and other financial stakeholders. Accordingly, the news media are seen as powerful, active agents in financial communication who select and interpret corporate information when transforming corporate press releases into news reports. While extensive research has been carried out on the content and language of corporate financial disclosures in quarterly earnings releases or narrative parts of annual reports (e.g. Aerts, 2001, 2005; Clatworthy & Jones, 2000; Entwistle et al., 2006; Keusch et al., 2012; Staw et al., 1982; Tsang, 2002), less attention has been paid to the consequences of corporate accounting narratives. Previous research has studied stock-market reactions to quarterly earnings releases (e.g. Kimbrough & Wang, 2014; Staw et al., 1982; Tetlock et al., 2008), but has not shed much light on how the news media deal with potentially self-serving narratives in corporate financial communication. For those investors who rely on the news media for information about corporate performance, it is crucial that the news media identify and filter out self-serving biases in corporate reporting. In this mediation process, international news agencies play a critical role, because they serve as manufacturers as well as wholesalers of news for many other media outlets (Clausen, 2003; Czarniawska, 2011). News agencies are important stakeholders for large organizations, since the news they distribute will be adopted by other news outlets, which influence public opinion and hence corporate reputation (Fombrun & Shanley, 1990). This paper makes a contribution to strategic financial communication, where very little research has been conducted so far (cf. Laskin, 2014). More precisely, it advances our understanding of how corporate earnings releases are transformed into business news by investigating to what extent the frames introduced by companies are adopted or filtered out by news agencies.

The paper is structured as follows: First, we review the literature on framing as the theoretical lens through which we investigate potentially self-serving biases in earnings releases. Then we review previous studies on framing in accounting narratives, before we present the methodology of our empirical study. We perform a fine-grained content analysis of framing techniques in corporate earnings releases and those news-agency releases that are based on these earnings releases. Next, the results of this contrastive content analysis are presented. Ultimately, we discuss our findings and present the implications of our findings.

LITERATURE REVIEW

Framing

Framing provides a theoretical foundation for the discretion that authors can exercise to influence the ways in which audiences interpret their texts, which goes hand in hand with the purposes of impression management. Previous studies on organizational accounts in general and accounting narratives specifically have drawn on both impression management and framing, with framing constituting one specific impression-management behavior (e.g. Aerts, 2001; Aerts, 2005; Fiss & Zajac, 2006; Merkl-Davies & Brennan, 2007; Merkl-Davies et al., 2011). Framing and impression management go back to two different works by Goffman (1959, 1974), both of which have found widespread acceptance in public-relations research (Johansson, 2007). Early research in framing was conducted to study how the presentation of a problem affects decision-making under risk (Kahneman & Tversky, 1979). Later, framing was primarily studied in the context of news media reporting, based on the notion that facts are always framed in one way or another, as they "take on their meaning by being embedded in some larger system of meaning or frame" (Gamson et al., 1992, p. 374). In his seminal article on framing, Entman (1993) argues that frames construct a social reality by defining problems in terms of their causes, causal agents, costs, benefits, effects, and potential remedies. Framing manifests itself through the principles of selection and salience. While favorable aspects of a

desired reality can be emphasized, negative ones can be downplayed or outright excluded in order to steer audiences toward a particular "problem definition, causal interpretation, moral evaluation and/or treatment recommendation for the item described" (Entman, 1993, p. 52).

Framing has become an important theoretical foundation in media studies, especially for studying the influence of the news media on policy debates and political events (e.g. Allan et al., 2010; Lecheler & de Vreese, 2013; D. A. Scheufele, 1999; Strömbäck et al., 2013). In strategic communication, framing has been applied to a variety of contexts, including marketing communication (e.g. Monroe & Chapman, 1987), organizational communication (e.g. Neale et al., 1987), and financial communication (e.g. Aerts, 2005). In order to establish and maintain relationships of trust with the stakeholders they depend on, organizations need to find common frames of reference for those issues that are of concern to their stakeholders (Hallahan, 1999), for example when communicating about corporate change (Fiss & Zajac, 2006), organizational crises (van der Meer & Verhoeven, 2013), or corporate performance (e.g. Clatworthy & Jones, 2000).

Press releases are an important strategic tool for organizations to influence stakeholder relationships by promoting their own version of reality via news media reporting. By providing quick and inexpensive information to journalists, press releases function as information subsidies that increase the likelihood that the information will become news (Gandy, 1982). The purpose of press releases conflicts with the purpose of news reporting, which is why journalists may ignore, rewrite, or reframe press-release copy (Pander Maat, 2008). Journalistic reframing has also been identified as "a defining function of journalism" (Castelló & Montagut, 2011, p. 508). The way in which journalists frame or reframe events in their reports is influenced by the news factors that lead to higher audience attention, including negative events, human interest, unexpectedness, relevance, or intensity (Eilders, 2006; Galtung & Ruge, 1965), as well as the subjective beliefs of journalists and the frames dominating the newsroom (Flegel & Chaffee, 1971; B. Scheufele, 2006).

Factors that increase the likelihood of a corporate press release being covered include the importance of the news item, text composition, and timely transfer to the news outlet (Seletzky & Lehman-Wilzig, 2010). While framing in organizational press releases has been studied in the form of case studies (e.g. Barnett, 2005; Wickman, 2014), little attention has been paid to whether the news media actually adopt the framing chosen in press releases or whether they reframe it according to their interpretation of a news item. Comparative studies on promotional language in corporate press releases and their journalistic transformations have revealed that journalists reframe press releases by means of omissions, additions, reductions, and changed valence (Pander Maat, 2007, 2008) as well as re-contextualizations and re-conceptualizations (Pander Maat & de Jong, 2012). Thus, there is some evidence to suggest that journalists eliminate self-promotional frames from corporate press releases in some contexts. However, the above studies ignore the influential role of news agencies by assuming that the journalists of the retail news outlets made these transformations themselves rather than adopting them from news-agency releases. This possibility is evidenced by a comparative study of news-agency releases and newspaper articles, which found that newspaper journalists adopt newswire stories without adaptations in some cases, while they reduce or amend the newswire stories in other cases (Lams, 2011).

Framing in Accounting Narratives

Accounting narratives are found in the review sections of annual reports as well as in financial press releases, where the company's financial figures are explained and interpreted. Typically, accounting narratives are a collective product of investor-relations professionals, communication professionals, and top management (Osma & Guillamón-Saorín, 2011; Pompper, 2014; Staw et al., 1982). Accounting narratives are ultimately based on financial figures, which means that self-serving

discourse features can only be employed in a very subtle manner (Henry, 2008). Press releases are far more discretionary and less regulated than annual reports, offering more opportunities for self-serving framing and impression management (Aerts & Cormier, 2009). Therefore, quarterly earnings press releases can contain strategically chosen frames that present corporate performance in such a way that shareholders are led to believe in the company's sound leadership and growth and therefore continue to invest, even if the performance is not all that satisfactory. This may lead investors to misallocate funds, resulting in sub-optimal results in the long term (Rezaee, 2007). Earnings releases are not only targeted at investors, but also at journalists with a view to influencing how they report about the company's performance (Henry, 2008; Tosun, 2004). The way in which the news media report on corporate financial performance has implications for corporate reputation, given that financial performance is one of the building blocks of corporate reputation (Fombrun & Shanley, 1990).

A number of studies have analyzed antecedents of self-serving narratives in earnings releases. A longitudinal study by Aerts (2001) has revealed that companies' impression-management practices in annual-report narratives show a high degree of consistency over time rather than responsiveness to performance changes. This suggests a ritualized approach to writing self-serving accounting narratives that is driven by organizational routines (Gibbins et al., 1990). Guillaumon-Saorín and Martínez-López (2012), meanwhile, reported that companies change their framing strategies depending on whether they report good or bad results. Ultimately, a study by Osma and Guillaumon-Saorín (2011) revealed that stricter governance mechanisms in organizations reduce the amount of impression management in earnings releases.

To a lesser extent, it has been studied how such narratives impact investors. Henry (2008) found that a positive or negative tone of earnings releases impacts market reactions, as measured by abnormal market returns around the earnings announcement date. Kimbrough and Wang (2014) studied market reactions to earnings releases and established that investors can see through reporting biases in corporate earnings releases. Allee et al. (2007), meanwhile, differentiated between institutional investors and smaller, relatively less sophisticated "retail" investors. They found that the latter are influenced by pro-forma¹ figures presented in earnings releases and by the placement of these figures in the texts, while institutional investors are not. Thus, in financial communication, strategic framing may have serious ramifications for non-sophisticated investors. Previous research has studied the news-media adoption of self-serving frames in corporate accounting narratives only to a very limited extent. The only study that has specifically investigated the relationship between corporate earnings releases and news coverage revealed weak correlations between the tone of earnings releases and the tone of the corresponding news coverage, but did not go into detail with the specific frames that were adopted (DiStaso, 2012).

METHODOLOGY

The purpose of this paper is to study the effects of self-serving framing techniques in quarterly earnings press releases on the corresponding news-agency releases. This section describes the sample and the coding procedure for the empirical study.

¹ Pro-forma figures are financial figures not consistent with the Generally Accepted Accounting Principles (GAAP) adopted by the US Securities and Exchange Commission and therefore potentially misleading (Entwistle et al., 2006).

Sample and data collection

The sample of this study consists of earnings press releases and their corresponding coverage by news agencies. Corporate earnings releases were collected from all the 30 companies included in the German stock index DAX. These companies are those publicly traded companies with the largest market capitalization in Germany. This makes for a homogenous sample, since they are all subject to the same financial regulations. Also, large companies listed on the stock exchange were chosen, because they are more likely to publish earnings releases (Guillamón-Saorín & Sousa, 2010) and because they have been found to use more positive and negative framing than non-listed companies (Aerts, 2005). Their English-language earnings press releases for the second and the third quarter of 2013 were collected, resulting in a sample of 60 corporate earnings releases. This sample size compares well with previous fine-grained analyses of news releases, which have used, for example, sample sizes of 25 (Guillamón-Saorín & Martínez-López 2013), 38 (Pander Maat & de Jong, 2012), 39 (Pander Maat, 2007), and 50 (Pander Maat, 2008). The time frame in the middle of the year was chosen to minimize potential influences by other financial reporting documents such as annual reports, which are usually published after the first quarter. All corporate releases were manually converted into .txt files in order to prepare them for computer-aided text analysis. Irrelevant content at the end of each document was removed, including generic company information, contact details, notes to editors, information about conference calls, hyperlinks to full reports, boilerplates about forward-looking statements, and tables as appendixes.

The corresponding releases by the news agencies were collected from *Dow Jones Newswires* and *Thomson Reuters* because of their international range and reporting focus. The sample of news agency texts was collected either via the *Factiva* database or the news-agency websites. The news agency releases had to meet several criteria to be included in the sample. First, their publication date had to coincide closely with the publication date of the respective earnings release. Second, the quarterly results of the reported company had to be the main topic of the release. News-agency articles with a focus on industry comparisons, for example, were excluded. Third, the corporate earnings release had to be the only information source from the company, but analyst comments on the corporate performance were allowed. These criteria resulted in 98 news-agency releases, including 50 articles from the second quarter and 48 articles from the third quarter. Fifty-four reports were from *Dow Jones Newswires* and 44 from *Thomson Reuters*. Highly significant differences were found between the text lengths of corporate and news-agency releases ($p < .001$). The earnings releases consisted of 1,723 words on average, while the news-agency releases contained an average of 273 words.

Coding

Framing in the earnings releases and the corresponding news-agency releases was coded mainly based on the framing techniques identified by Henry (2008), Osma and Guillamón-Saorín (2011), and Guillamón-Saorín and Martínez-López (2013), supplemented with codes from other relevant studies. These techniques include thematic manipulation, emphasis, positioning, selectivity, qualitative vs. quantitative information, performance comparisons, and attribution. The operationalization of these framing techniques is explained below. For five of these techniques, we chose financial figures mentioned in the texts as the recording unit in order to be able to conduct a more fine-grained, quantitative analysis of financial content. A financial figure is a measure of corporate performance, such as earnings, revenues, or costs. For each text, the first five financial figures mentioned were coded, as these figures can be seen as the most relevant. This choice was motivated by the news-writing principle of decreasing importance, also referred to as inverted-pyramid principle (Bell, 1991) or top-down structure (Ungerer, 2002). Accordingly, the most salient points of the story will be presented in the beginning of the text, followed by less central information. In the coding process,

only information that was provided together with a figure's first mentioning was included in the coding of the figure, while information that specified a figure later on in the text was not included. All corporate texts included at least five financial figures, resulting in a sample of 300 top-five financial figures. News-agency releases, meanwhile, did not always contain five figures, which resulted in a sample of 327 financial figures from news-agency texts.

1) *Thematic manipulation* describes the use of positive or negative themes and word choices to influence the tone of the earnings release. In this comparative study, headlines and direct quotes were examined for thematic manipulation, both of which have also been studied in previous research on self-promotion in press releases and their journalistic transformations (Pander Maat & de Jong, 2012). Headlines were selected, following Tankard's (2001) argument that many framing efforts are concentrated on specific focal points of a text. Furthermore, it has been argued that content included in the headline of an earnings release is given special prominence and potentially more misleading than the text proper (Entwistle et al., 2006). Direct quotes were included in the analysis, because they are a likely place for thematic manipulation. Press releases typically contain quotes, because journalists need them to add authenticity and reliability to their stories (Gibson & Zillmann, 1993). At the same time, journalists cannot change the wording of quotes, which gives organizations the opportunity to pre-formulate the news (Jacobs, 1999). Thematic manipulation was measured by three variables: First, the number of quotes in the corporate releases and news-agency releases were compared. Second, the tone of the quotes was measured on a five-point scale from 'very positive' to 'very negative'. Third, the tone of headlines was measured on a five-point scale from 'very positive' to 'very negative'. The tone was coded as 'very positive', when no negative aspects were mentioned, and either multiple positive aspects or one highly positive aspect of corporate performance were mentioned. The tone was coded as 'positive', when one moderately positive aspect was mentioned or when the positive aspects in the recording unit clearly outweighed negative aspects. The same criteria were applied to negative tonalities in reverse form. The tone was coded as neutral, when the recording unit contained no evaluation or when positive and negative aspects were balanced. An intercoder-reliability test based on 30 random texts (approx. 20%) resulted in an agreement of 92% between the two coders.

2) *Emphasis* is operationalized by words that highlight a topic's positive or negative characteristics. This was measured by counting positive and negative words. Lists of positive and negative words were adopted from other studies (Davis & Tama-Sweet, 2012; Henry, 2008) and supplemented with words derived from close readings of the texts in the sample. The purpose of these lists is to compare the polarity of the two text corpora rather than provide an independent measure of polarity in press releases. A computer-aided text analysis was performed with *WordStat* (Pollach, 2011) in order to count the word frequencies in the two text corpora. In addition, keyword-in-context analyses were performed in order to identify falsely accepted instances and add them to an exclusion list (Pollach, 2012). For example, all instances of "high-tech" were excluded from the counts for "high". Similarly, we had to manually exclude instances of polysemous words that did not have the intended meaning (e.g. "decline" or "succeed"). We did not adjust the word frequencies for negations of positive words (e.g. "not as high as"), since it is an author's choice to use the negation of a positive word rather than a negative word. The relative frequencies of the positive and negative words were calculated for each document to account for differences in length.

3) The *positioning* of a financial figure in the text is believed to influence the readers' perceptions of corporate performance. Accordingly, figures that present the corporate performance more favorably would be placed in the headline or lead section of a text (Bowen et al., 2005; Elliott, 2006; Henry, 2008). To measure positioning, the location of the first five figures was coded as "headline", "lead

paragraph" or "later paragraphs". Since earnings releases vary in terms of structure, the lead paragraph was operationalized to include subheadings, bullet lists, and all text before the first subheading. If a text did not contain a visible lead paragraph, the whole article was regarded as the lead paragraph.

4) *Selectivity* denotes the selective inclusion of favorable information into accounting narratives (Henry, 2008). To measure *selectivity*, the first five figures were categorized according to the performance measure they refer to as revenues, earnings, cash, costs, liabilities, or other. In addition, the figures were categorized as adjusted or unadjusted, as has been done in previous studies (Bowen et al., 2005; Elliott, 2006; Johnson & Schwartz, 2005). Adjusted figures are pro-forma figures that are not compatible with the GAAP, whereas unadjusted figures are bottom-line or above-line earnings recognized by the GAAP (Bowen et al., 2005). Thus, adjusted figures provide opportunities for eliminating negative effects (e.g. using "currency-adjusted earnings" or "earnings before one-off items" rather than just earnings). The financial figure EBITDA was coded as adjusted, as it does not comply with regulated accounting standards for mandatory disclosures (Gavin, 2011). Finally, the first five figures in the corporate texts were coded for whether they were included in the first five figures presented in the corresponding news-agency release.

5) *Qualitative vs. quantitative information* describes the technique to quantify good news with precise numbers and obfuscate bad news with qualitative descriptions (cf. Skinner, 1994). The information presented together with the first five financial figures was coded as qualitative (no quantification of the figure), quantitative (numbers are provided) or growth ratio (a percentage is given to present a figure's development, without fully quantifying it) (Guillamón-Saorín & Martínez-López 2013).

6) *Performance comparison* refers to the use of benchmarks to put the present financial performance into perspective (Henry, 2008). Companies employ performance comparisons strategically either by choosing weak past benchmarks to make the current results look stronger or by choosing a benchmark that creates the impression of stable earnings development (Lewellen et al., 1996; Schrand & Walther, 2000). For this study, it was first recorded whether the first five figures were compared to a benchmark or not. In addition, the benchmarks used were categorized as analyst forecasts, previous reporting periods, or 'other'. Ultimately, the direction of the comparisons made between the corporate figures and the benchmarks were coded as negative, stable, or positive, based on text rather than numbers in order to capture the framing of the benchmarks. For example, the comparison "revenue remained stable compared to 2012 (-1,2%)" was coded as stable, even though the percentage shows a negative development.

7) *Attribution* refers to the causal explanation provided for a result. Previous research has identified a tendency to assign positive financial outcomes to internal reasons and negative ones to external circumstances (Aerts, 1994, 2001, 2005; Clatworthy & Jones, 2000). Therefore, those of the first five figures that were compared against a benchmark were also examined for a causal explanation for the development. The figures were coded for an internal or external cause or no causal explanation. Together with the coding of the figure's development as negative, stable, or positive (see above), matches of cause and development were made, which resulted in a typology of self-serving biases similar to those of Aerts (2005) and Keusch et al. (2012), which have their origin in the works on impression management by Schlenker (1980). Acclaiming attributions consist of entitlements (positive results thanks to internal cause) and enhancements (positive or stable results despite negative external cause). Defensive attributions consist of admissions (negative results because of internal cause) and excuses (negative results because of external cause). Ambiguous explanations were coded as 'no causal explanation', because they did not clearly indicate an internal or external cause.

RESULTS

Thematic manipulation

The news-agency releases included significantly ($p < .001$) fewer quotes than the corporate releases (see Table 1). One could argue that this is due to the differing text lengths, but it is still the news agency's choice to decide how many quotes they include. All quotes in corporate earnings releases were statements by executives, while the news agencies added quotes by secondary sources, such as financial analysts or industry experts. The findings further reveal significantly ($p < .001$) more positive quotes and significantly ($p < .001$) more positive headlines in the corporate earnings releases than in the news-agency releases.

Emphasis

The relative frequencies of positive and negative words in the corporate and news-agency releases are displayed in Table 1. Companies use significantly more positive words, while news agencies use significantly more negative words.

	Code	Mean		t-test
		Companies (n=60)	News Agencies (n=98)	
Thematic manipulation	Number of quotes	2.10	.48	9.06***
	Tone of quotes	4.13	3.41	4.43***
	Tone of headlines	3.77	3.07	4.70***
Emphasis	Relative frequencies positive words	.0451	.0321	3.51**
	Relative frequencies negative words	.0106	.0161	-3.15**

Table 1: Analysis of Thematic Manipulation and Emphasis

Positioning

The location of the top 5 figures within the earnings releases was recorded to measure positioning. As can be seen in Table 2, the lead paragraph was the most popular position to introduce financial figures in both corporate and news-agency releases, but significantly ($p < .001$) more so in corporate releases. In news-agency releases, the headline appears to be of minor importance in presenting figures.

Selectivity

Table 2 displays the types of financial figures chosen as the first five figures in the corporate texts and the news-agency texts. The overwhelming majority of the figures describe revenues or earnings measures, as can be expected for this genre. The results of the chi-square test show no significant differences between companies and news agencies and the frequency with which they use the different types of figures among the first five figures. However, there is a highly significant difference ($p < .001$) between the use of adjusted and unadjusted figures, with news agencies using significantly fewer adjusted figures (11.62%) compared to companies (24.33%).

In addition to the results in Table 2, a comparison of the first five financial figures of the corporate releases with their respective news-agency releases revealed that only 43.33% of the figures from corporate reports were adopted by the news agencies among the first five figures they present. Only 18% of the first-mentioned figures in the press releases were also adopted by the news agencies

as the first figure they present. Thus, the news agencies made adjustments in terms of whether they adopt the figures from the corporate releases and in which order they present them.

	Code	Corporate Top Five Figures (n=300)	News-Agency Top Five Figures (n=327)	χ^2
Positioning	Headline	36.33%	18.96%	23.79***
	Lead section	62.33%	80.73%	
	Later paragraph	1.33%	0.31%	
Selectivity	Revenues	38.67%	32.42%	4.191 (n.s.)
	Earnings	47.33%	54.74%	
	Cash, costs, liabilities	6.33%	7.34%	
	Other	7.00%	5.50%	
	Adjusted	24.33%	11.62%	16.5***
	Unadjusted	75.67%	88.38%	
Qualitative vs. quantitative	Qualitative	16.00%	28.44%	14.08***
	Quantitative	74.66%	61.47%	
	Growth ratio	9.33%	10.09%	

Table 2: Analysis of Top Five Financial Figures

Qualitative vs. Quantitative Information

Lastly, it was studied whether companies and news agencies differ in their use of qualitative or quantitative information in connection with the first five figures. Typically, both of them present the figures together with quantitative information, using qualitative information less frequently (see Table 2). However, qualitative information is used more frequently in the news-agency texts (28.44%) than in the corporate texts (16%), while quantitative information is supplied more frequently in corporate texts (74.66%) than in news-agency texts (61.47%). Growth ratios are used equally infrequently in both text corpora.

Performance Comparisons

Overall, 84% of the first 5 figures in corporate texts and 89.60% of the first 5 figures in the news-agency texts were accompanied by a benchmark. Since one financial figure may have been compared against more than one benchmark, the results are based on the number of benchmarks found and not the number of figures with benchmarks. Table 3 provides an overview of the types of benchmarks used. Both companies and news agencies use primarily the previous reporting period as benchmarks. It also becomes visible that news agencies add analyst forecasts to the corporate texts in order to benchmark financial figures. A chi-square test of the frequencies with which the development of the corporate figures was presented as negative, stable, or positive reveals highly significant differences ($p < .001$) between companies and news agencies. The latter report negative developments substantially more frequently (42.11%) than companies (19.79%), whereas companies present positive developments more frequently (62.15%) than news agencies (52.63%).

	Code	Benchmark Companies (n=288)	Benchmarks News Agencies (n=361)	χ^2
Performance comparison	Analyst forecasts	-	28.75%	-
	Previous period	82.67%	79.51%	
	Other	17.33%	2.14%	
	Negative	19.79%	42.11%	55.87***
	Stable	5.90%	3.88%	
Attribution	Positive	62.15%	52.63%	
	Not reported	12.15%	1.39%	
	Entitlement	5.21%	8.31%	11.40*
	Enhancement	4.17%	5.82%	
	Admission	1.04%	1.66%	
	Excuse	4.17%	9.97%	
	No attribution	85.42%	74.24%	

Table 3: Analysis of Benchmarks

Attribution

Table 3 presents the four types of attributions together with the proportion of those first five figures that are compared against these benchmarks. The chi-square test shows weakly significant differences among the types of explanations provided by the companies and the news agencies. The majority of benchmarks are not accompanied by a causal explanation. More benchmarks without causal explanations were found in the corporate texts (85.42%) than in news-agency texts (74.24%). This could be explained by the above finding that news agencies included benchmarks provided by analysts, whereas this form of comparison was not used in corporate releases. News agencies also provide more excuses (9.97%) than companies (4.17%).

DISCUSSION AND CONCLUSION

This paper has investigated the reframing of corporate earnings releases in the corresponding news-agency releases. The contrastive analysis has revealed a number of significant differences in the presentation of corporate performance. First, corporate earnings releases contain significantly more quotes, more positive quotes, more positive headlines, more positive words, and fewer negative words than the news-agency releases. This is in line with Davis and Tama-Sweet's (2012) finding that companies use less negative language and more positive language in earnings press releases than in the management discussion and analysis of their annual financial statements. Next, corporate earnings releases place financial figures more frequently in the headline to give prominence to them (cf. Tankard, 2001), while news agencies frame their releases more broadly, which stands to reason when considering the influence of news factors on reporting (Eilders, 2006; Galtung & Ruge, 1965). Selectivity regarding the type of financial figures (e.g. revenues, earnings, cash) is the only variable, where no significant reframing was found. Adjusted figures, meanwhile, were found more frequently in the corporate earnings releases than in the news-agency releases. Companies' preference for adjusted figures has also been reported in previous research (e.g. Bowen et al., 2005; Johnson & Schwartz, 2005) and has been found to influence non-professional investors (Elliott, 2006). Our study has also shown that companies prefer to present their financial figures together with quantitative information, whereas news agencies have a slightly higher preference for qualitative information. The analysis of the benchmarks that were used together with the first five financial figures has revealed that companies report primarily benchmarks that show a positive performance development, while news agency choose negative benchmarks to a higher extent. In addition, the news agencies bring in

analysts as sources of benchmark comparisons to counterbalance the companies' framing of their own performance. Lastly, companies used fewer entitlements, enhancements and excuses than news agencies do. However, the results show that both companies and news agencies provide very little causal explanation together with the key financial figures, which runs counter to what one would expect of the genre of corporate earnings releases (Pander Maat, 2008) and how corporate earnings releases have been characterized in previous research (e.g. Aerts, 1994, 2001, 2005; Clatworthy & Jones, 2000; Kimbrough & Wang, 2014). Since attribution was not very prevalent in the corporate texts, there is no apparent need for news agencies to adjust their reports regarding causal attributions.

Overall, our results shed light on how news agencies transform corporate earnings releases into business news. They make attempts to filter out thematic manipulation, emphasis, positioning in headlines, selectivity through the use of adjusted figures, the use of only quantitative rather than qualitative information, and more negative benchmarks. Highly significant differences were found for most of these variables, which suggests that news agencies reframe corporate earnings releases to a substantial extent for their news reports, part of which may also be a consequence of cuts in length made by news agencies. Taking into account only those framing techniques for which we found significant differences between companies and news agencies, we identified three overall reframing strategies, which pertain to text pragmatics, the transparency of the information provided, and the tone, as summarized in Table 4.

Text pragmatics	Cutting text length Reducing number of financial figures Changing position of financial figures
Transparency	Reducing number of adjusted financial figures Adding qualitative information to financial figures Adding analysts as sources
Tonality	Changing tone of quotes and headlines to less positive Reducing positive words Increasing negative words Selecting negative benchmarks

Table 4: Reframing Strategies by News Agencies

News agencies reframe earnings releases at the textual-pragmatic level to reduce the length of the text, use fewer financial figures, or change the position of these figures, which may also be a consequence of the reduced text length. Those strategies subsumed under the heading of transparency include those where the news agencies take an active role as manufacturers of news in their attempt to report objectively. The quantification of a performance in the earnings releases could serve to depersonalize the performance, create an illusion of rationality, and make the attribution of responsibility more difficult (Aerts, 2005). News agencies increase transparency by avoiding adjusted financial figures, qualifying financial figures, and adding analyst assessments. Lastly, those strategies concerning the tonality of the news-agency releases suggest that news agencies down-tone positive statements and highlight negative aspects to increase the news value and hence the interest in their stories.

The above strategies illustrate the conflicting goals of the two genres: To secure backing from investors, corporate earnings releases are intended to present the financial results in the best light possible but in a manner that is appropriate for this genre, while news agencies write their releases

with news values, objectivity, and succinctness in mind. The significant differences found between corporate practices and news-agency practices also suggest that new agencies may routinely perform these transformations. Editorial deadlines may not allow journalists the time to analyze each earnings release in detail, so that these transformations may have become a routine that journalists have developed to deal with the pressures of short deadlines (cf. Manning, 2001, p. 54), without being exploited by their sources (Sigal, 1973). For corporate practice, this means that companies cannot expect to be able to pre-formulate the news with their earnings press releases. One area where earnings releases and the subsequent news coverage could be improved is to provide more qualitative explanations of financial figures and more attributions for the results, both of which seem to be preferred by news agencies. It is also doubtful whether the length of corporate earnings releases is conducive to untransformed news coverage, given that significant cuts in length are inevitable.

This study is not without limitations. One limitation is certainly the analysis of the first five financial figures rather than all of them. The corporate texts would have contained additional figures and disregarding these could have neglected additional framing practices in corporate texts. For example, different forms of attributions or selectivity could have been found for the figures appearing later in the texts. However, the decision to analyze the first five figures was made in order to keep the number of figures found in the corporate and the news-agency texts equal, based on the news-writing principle of decreasing importance (Bell, 1991; Ungerer, 2002). A second limitation is found in our approach to counting positive and negative words. While the manual examination of positive and negative words in the texts eliminated falsely accepted words from the frequency counts, we cannot rule out that there were additional positive or negative words in the texts that were not included in our word list. However, the comparative nature of our study can be seen as a partial remedy to this limitation.

Further research could be conducted in the form of longitudinal investigations of corporate earnings releases and news-agency releases, coupled with data about financial results in order to study the extent to which reporting patterns by companies and news agencies are ritualized or tailored to the specific financial results obtained (cf. Gibbins et al., 1990). Further, the entire communication process consisting of earnings releases, news-agency releases, and reporting in retail news outlets could be studied to examine journalistic reframing processes more holistically.

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