



# Enron discourse: the rhetoric of a resilient capitalism

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Received 30 August 2002; received in revised form 28 November 2002; accepted 31 December 2002

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## Abstract

This paper analyzes two examples of *micro*-discourse that have emerged in the Enron saga: first, the Letter to Shareholders in Enron's Year 2000 Annual Report; and second, the testimony provided by the CEO of Andersen, Joseph Berardino, to the U.S. Congress in December 2001. The intent is to inform the *grand* (or *mega*) discourse relating to Enron and to corporate collapse, US-style.

The *micro*-perspective reveals a rhetoric that is integral to sustaining the ideology of capitalism and to ensuring its resilience and long-term survival. We highlight the authors' reverence of "the market" and a win-at-all-costs form of capitalism; their reification of the business corporation; and their confounding view of the significance of accounting. The *micro*-discourse also suggests that several of the corporate leaders implicated in the collapse of Enron were deceitful, deceptive, egocentric, arrogant, hubristic and harbored delusional complexes.

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*Keywords:* Enron; Discourse; Rhetoric; Ideology; Framing; Capitalism; Andersen; Report; Accounting

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## 1. Aims and scope

Jönsson (1998, p. 411) has urged accounting researchers to appreciate that "managers work with words". This is a view with which we agree strongly. Analysis of words is especially important in understanding the public discourse of corporate leaders (including

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their accounting-related discourse), since their written and verbal text contributes to the “battery of belief-forming institutions” in society (Amernic and Craig, 2001; Den Hartog and Verburg, 1997; Tinker, 1985, p. 82). Importantly, as Carrier (1997) has observed, the words of corporate leaders help to legitimate the current, dominant discourse of *the market*. Analysis of managers’ words is important also since the contemporary universe of discourse does not permit or encourage discussion of public issues from a diverse variety of perspectives (Anderson and Prelli, 2001, p. 73). It privileges some perspectives while marginalizing and excluding others.

The contemporary universe of *business*-related discourse is not “open” in any meaningful sense. Rather, it is perverse. It privileges language and thought rooted in managerial capitalism to help form an ideology-sustaining rhetoric that is “part and parcel of the reproduction and transformation of . . . symbolic order” (Harvey, 1990, p. 355). Intuitively, such perverse privileging of business-related discourse seems to be most apparent during conditions of crisis or disruption of capitalism, such as that occasioned by *Enron*.<sup>1</sup> Accordingly, we analyze two key examples of accounting-laden *Enron*-discourse to reveal its potential to serve as a privileging ideology-sustaining rhetoric. The two examples are first, the Letter to Stockholders in Enron’s 2000 Annual Report that was issued in the early months of 2001; and second, the testimony provided by Andersen’s CEO, Joseph Berardino, in his appearance before the U.S. House of Representatives Committee on Financial Services on December 12, 2001.<sup>2</sup>

Our central purpose is to show how the frequently overlooked *micro*-level analysis of discourse can complement and inform understandings usually based on *grand* or *mega* approaches to discourse analysis (Alvesson and Karreman, 2000). This seems a particularly important task in the unfolding *Enron* saga. We show the potential of *micro*-level discourse analysis to help better understand *Enron*—especially by revealing the privileging rhetorical and ideological agendas of corporate leaders.

The remainder of this section establishes the general contextual setting within which our two examples of discourse were made. Section 2 then establishes the importance of scrutinizing CEO discourse at the *micro*-level as a means of contributing understanding to an unfolding ‘grander’ *Enron*-discourse. In Section 3, we analyze the Letter to Shareholders that appeared in Enron’s last annual report prior to its collapse (for the year 2000). Section 4 analyzes how Andersen CEO Berardino’s testimony to the U.S. House of Representatives Financial Services Committee, employed *framing* as a rhetorical device. We then explore the “rhetoric of accounting” in his testimony. Section 5 discusses some of the important features and commonalities that can be drawn from our *micro*-level analysis of CEO discourse, and how these can inform broader understandings of *Enron* and *Enron-discourse* as social phenomena.

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<sup>1</sup> We use the italicized term, *Enron*, as a symbol of the entire social, cultural, and economic phenomena flowing from the creation, collapse, and aftermath of Enron Corporation.

<sup>2</sup> In the 9-month period of 2001 between the issuance of the 2000 Annual Report and the date of Berardino’s testimony, Enron faced a huge cash shortfall. Its CEO, Skilling, resigned on 14 August. Its stock price plummeted. On October 16, Enron announced a huge quarterly loss and on November 8 it reduced its reported annual earnings for 1997–2000 by a total of US\$ 591 million. On 29 November, the mooted purchase of Enron by Dynegy was called off. Enron’s debt was classified as of ‘junk’ status.

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