

## Business Communication: Director's Reports

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### Abstract

*This paper is based on the scientific literature related to communication issues, especially those concerning companies, with an emphasis on written communication and on how Director's Reports are organized (in terms of form and content). A software tool has been used to underline the characteristics of such documents and the elements to be considered both by the students in economics and company managers. The bottom line is that the means of communication used at all levels of the company can boost or hinder its development, profitability, policy and plans for the future. In such circumstances, Director's Reports can be an effective means of communication sending a very strong message to other companies and to its own employees.*

**Key words:** communication, business, director's report, software tool

**J.E.L. classification:** K00

### 1. Introduction

Firstly, one needs to understand the general, social approach to what an organization is: "a collection of individuals who have been brought together to carry out tasks to achieve set aims" (Dimpleby, Burton, 2007: 130). It has certain specific characteristics, as follows: it is established by an individual or group of people; it develops formally structured relationships among people; it sets objectives that the people in the organization are supposed to achieve; it manages all kinds of resources. In such circumstances, effective communication is essential.

Secondly, especially in organizations, communication is focused on sending and receiving messages related to tasks for providing and seeking information and options, organizing ideas and activities, clarifying ideas and plans, making plans and proposals, making and executing decisions, summarizing and assessing people's performance and their activities. At the same time, it can encourage and harmonize relationships and relieve tension in a company.

Thirdly, we should bear in mind how international business can be understood as various types of business transactions that are performed both nationally and internationally. This general definition refers to small companies that deal with the export or import of small quantities of goods or services and also to large companies that perform integrated operations and have certain strategic alliances at the international level. Thus, distinctions should be made among various types of international companies because they could assist us in understanding a firm's policy, strategy, objectives, organization, decisions.

### 2. Theoretical background: Written communication

A great deal of actions undertaken in relationship with other persons are based on messages expressed orally. Oral communication (deliberately or not accompanied by nonverbal communication) is categorically different from the written one. Depending on the situation (conferences, workshops, business meetings, etc.), the message is conveyed through internal or external, upward, downward or horizontal communication, especially for exchanging information and providing feedback, for transmitting vital information, advice, recommendations, warnings, for giving instructions, encouraging 2-way discussions, seeking cooperation, boosting morale and increasing efficiency (see Nădrag, 2011).

The oral form of communication offers the opportunity of correcting mistakes; avoiding misunderstandings, conflicts; negotiating, discussing, emphasizing, clarifying business issues, and expressing attitudes.

Effective written communication involves one's ability to select the appropriate terms, to build phrases and sentences and to design paragraphs and even entire texts. A skilled writer should select the most appropriate words, collocations and sentences. The bottom line is that the receiver should understand the meaning in a precise, unambiguous manner. According to Edward T. Hall (1998:17) using familiar words enhances communication because they are easy to understand: "show" instead of "demonstrate", "use" instead of "utilize", "try"/"endeavor", "quit"/"terminate", "last year"/"previous year". Moreover, correct grammar structures provide clarity.

According to Rollo May (1991: 22), the main purpose of any writing is to attract the attention and time of the reader. One should use strong and vigorous words like "tycoon" instead of "eminently successful businessman", "boom" instead of "period of business prosperity". Using concrete words makes writing more accessible to the target group.

Any author should pay attention to the length of the sentence because long sentences are not easy to read and understand. Thus, a few suggestions could be: to eliminate superfluous words; to avoid roundabout ways of saying things; to avoid repetition of words and phrases. Constructing long, ambiguous, illogical sentences can spoil the unity of a sentence.

The length of the paragraphs can vary, as well. A paragraph should consist of up to 10 lines only. Large paragraphs make reading dull and difficult to follow and understand; shorter ones seem to be better organized and invite readers to read on with attention. One can make the paragraph smarter by omitting extraneous details; much depends upon the writer's judgment. (Hall 1998: 22)

When it comes to written communication, we should keep in mind the fact that it has at least three levels, i.e. choosing the appropriate term/word, constructing correct sentences and designing adequate paragraphs and even entire texts. In order to acquire writing skills, one should engage in a great deal of hard work. Moreover, we should bear in mind the fact that written communication is conceived as a delayed response that also requires creativity. Written communication also involves a certain lag time for feedback (i.e. the feedback takes longer and there are situations when it does not happen at all). For useful information concerning written translation, one can refer to Buzarna's articles on this topic (2013, 2016).

### **3. Communication in international business**

In general, the actions undertaken in the relationship with another person are based on a message expressed orally. Oral communication is categorically different from the written one in that it offers much more means for conveying the necessary information to the interlocutor. There are areas where oral and written communication go hand in hand for conveying specific information: conferences, workshops, business meetings, etc.

Oral communication offers the opportunity to correct, explain, exemplify, repeat, clarify, underline the ideas or issues expressed when negotiating with partners, discussing things, doing business, especially when the message was misunderstood or misinterpreted, or when certain feelings or attitudes are involved.

In a multicultural approach, an oral presentation can be accomplished in various ways. Americans, for example, prefer presentations that seem natural. For a better reception of the message by the audience, the speaker must speak clearly, using an appropriate vocabulary, correct grammar structures, focusing on those ideas that are significant, avoiding reference to activities with strict national or regional application that may seem insignificant or offensive to business partners.

"When individuals speak, they normally do not confine themselves to the mere emission of words. A great deal of meaning is conveyed by non-verbal means which always accompany oral discourse - intended or not. In other words, a spoken message is always sent on two levels simultaneously, verbal and non-verbal. Non-verbal behavior predates verbal communication because individuals, since birth, rely first on non-verbal means to express themselves." (Hargie, 2011, p.135)

It is generally considered a matter of courtesy the lecturer's/businessperson's attempt to use a few words in the language of the foreign country, which demonstrates his/her interest in the language and culture that they want to know. The behavior of the audience can sometimes seem inconsistent with the usual standards of the speaker. Therefore, s/he must be prepared to accept cultural (and behavioral) differences inherent in doing business in an international environment.

For example, the apparent lack of attention towards the audience, manifested by lack of direct eye contact, meaning that listeners avoid looking directly at the speaker can create discomfort to a European or American businessperson. The speaker must show patience and invite listeners to pay attention if the transmitted message is not fully understood.

All presentations taking place internationally must be adapted to local customs. In general, transnational companies seek to collaborate and communicate as much as they can with their subsidiaries from different countries. For an effective communication, there have been developed joint strategies for international production, management and marketing.

International communication must take into account cultural differences among countries, differences that concern standards of behavior that they consider as being known by their foreign partners and generally applicable in their business environment. In international affairs, participants should pay particular interest in the national behavioral peculiarities of material values, use of time, behavior and attitudes towards the language or languages that are spoken in those countries.

#### 4. Research methodology

In order to conduct our study on The Director's Report, that we are going to refer to as **DR** ([https://www.omv.com/pbd\\_download/281/244/2016-04\\_HV\\_n\\_Konzernlage\\_EN,0.pdf](https://www.omv.com/pbd_download/281/244/2016-04_HV_n_Konzernlage_EN,0.pdf)), we decided to choose the *Analyze My Writing* software, an online text content and readability analyzer ([http://www.analyzemywriting.com/about\\_us.html](http://www.analyzemywriting.com/about_us.html)), which interprets "readability" and "lexical density". "A readability index is an estimation of how difficult a text is to read. The estimation is made by measuring a text's **complexity**. Measurable attributes of texts such as word lengths, sentence lengths, syllable counts, and so on give us ways to measure the complexity of a text. Text complexity is then compared to how well readers comprehend the text. From these data, a formula is created which predicts a text's reading difficulty from its complexity. Every index does this a little bit differently and emphasizes particular aspects of text complexity. Some emphasize syllable counts while others look only at word and sentence lengths".

In order to interpret the numbers provided by the software, the readability index "gives an estimated grade level (United States) required to be able to read and comprehend a text without difficulty. For those outside of the United States, this grade level can be considered the number of years of formal education (conducted in English) needed in order to read and understand a text. Thus, **the lower the index, the easier the text is to read**, and conversely, the higher the index, the more difficult the text is to read." Journals generally score above 12.

"*Lexical density* is defined as the number of **lexical words** (or content words) divided by the total number of words". Therefore, it measures the informative quantity, characteristic of a text. "Lexical words are simply nouns, adjectives, verbs, and adverbs. Nouns tell us the subject, adjectives tell us more about the subject, verbs tell us what they do, and adverbs tell us how they do it. Other kinds of words such as articles (a, the), prepositions (on, at, in), conjunctions (and, or, but), and so forth are more grammatical in nature and, by themselves, give little or no information about what a text is about. These **non-lexical** words are also called **function words**. Auxiliary verbs, such as "to be" (*am, are, is, was, were, being*), "do" (*did, does, doing*), "have" (*had, has, having*) and so forth, are also considered non-lexical as they do not provide additional meaning".

#### 5. Findings

The Director's Report proceeds with a table indicating the company's "Sales revenue", "Earnings before Interest and Taxes (EBIT)", "Net income for the year", "Net income attributable to stockholders of the parent", "Cash flow from operating activities", "Capital expenditure".

The first page analyzes the economic and geographical conditions leading to the "Group financials": "the challenging market environment", "operating loss", "below last year's operating low", "significant impairments", "the drop in gas and oil prices", and lots of other words, especially verbs, nouns and adjectives, characterizing the ups and downs, the strengths and weaknesses of the company and the impact of external factors, the components of the process ("storage", "production", "transportation"), economy terms ("net", "financial", "taxes", "rate", "stockholders", "parent" (company), "income", "associated companies", "interests", "market environment", "performance ratios", "return", "capital", "assets", "joint venture partner", "customers", "retail network"), and legal terms ("charged", "obligation", "provisions", "commitments") and so on.

A lot of collocations are met in this text. Most of them are written in bold: "Downstream Gas", "Downstream Oil", "consolidated sales revenues", "geographical market", "Direct selling expenses", "Cost of sales", "Selling and administrative expenses", "Research and development (R&D) expenses", "operating expenses", "net financial result", "Income from equity-accounted investments", "dividend income", "net interest result", "taxes on income", "total assets", "non-current assets", "cash outflow due to investments in intangible and tangible assets", "Capital expenditure", etc.

More economy terms can be found in one of the Director's Report tables, from which we eliminated the digits:

Table no. 1 Summarized statement of financial position

Summarized statement of financial position				EUR	
mn					
Assets	2015	%	2014	%	
<b>Non-current assets</b>					
Intangible assets and property, plant and equipment					
Equity-accounted investments					
Other non-current assets					
Deferred tax assets					
<b>Current assets</b>					
Inventories					
Trade receivables					
Other current assets					
Assets held for sale					
<b>Equity and liabilities</b>					
Equity					
Non-current liabilities					
Pensions and similar obligations					
Bonds and other interest-bearing debts					
Decommissioning and restoration obligations					
Other provisions and liabilities					
Deferred tax liabilities					
<b>Current liabilities</b>					
Trade payables					
Bonds and other interest-bearing debts					
Provisions and other liabilities					
Liabilities associated with assets held for sale					
<b>Total assets/equity and liabilities</b>					

Source: [https://www.omv.com/pbd\\_download/281/244/2016-04\\_HV\\_n\\_Konzernlage\\_EN,0.pdf](https://www.omv.com/pbd_download/281/244/2016-04_HV_n_Konzernlage_EN,0.pdf)

The occurrence of specialized terms and phrases in Table 1 suggest that the reader should have specialized knowledge in the economic field for a better understanding of the information provided by the report. Moreover, a non-native English speaker should be able to use economic English, because there are terms that in general English are associated to certain meanings and in economic English have different specialized connotations. For instance, in general English, the term "liability" means, among others, "responsibility", while in economic English it refers to "the amount of money that a person or organization owes"; the word "interest" means "the feeling of wanting to

give your attention to something or of wanting to be involved with and to discover more about something", "something that brings advantages to or affects someone or something", but also "money that is charged by a bank or other financial organization for borrowing money", "money that you earn from keeping your money in an account in a bank or other financial organization". (see Cambridge Dictionary online)

We went further in our analysis with text statistics, readability and lexical density. The specialized software tool provided the following tables:

Table no. 2 "Word, Sentence, Syllable, and Character Count"

Word, Sentence, Syllable, and Character Count		
Word Count:	8462	
Sentence Count:	318	
Character Count Including Spaces:	51894	
Character Count Without Spaces:	43370	
Complex Word Count (3 or more syllables):	1573	
Syllable Count:	13995	
Period Count:	379	
Comma Count:	460	
Quotation Mark Count:	12	
Apostrophe Count:	34	
Colon Count:	73	
Semicolon <a href="#">[Quotes and Links]</a> Count:	3	
Question Mark Count	0	
Exclamation Mark Count	0	
Dash Count:	109	
Parenthesis Count:	403	
Word Lengths		
Average Word Length:	Median Word Length:	<a href="#">Standard Deviation</a> of Word Length:
4.9	4	3
Sentence Lengths		
Average Sentence Length:	Median Sentence Length:	<a href="#">Standard Deviation</a> of Sentence Length
25.22	20	21.59

Source: Author's own processing by "Analyze My Writing" software

Table 2 shows that, in terms of text statistics (sentence count, word count, character count, punctuation marks), we are dealing with a quite complex text: it has 8,462 words distributed in 318 sentences; the average word length is 4.9 and the average sentence length is 25.22. In terms of punctuation marks, the text includes commas (460), periods (379), quotation marks (12), apostrophes (34), colons (73), semicolons (3), dashes (109), parentheses (403), which also reveal its degree of complexity.

Table no. 3 "Readability"

Readability	
Readability Score (Index)	Grade Level of Entire Text
<a href="#">Gunning fog</a>	18.08
<a href="#">Flesch-Kincaid</a>	14.3
<a href="#">SMOG</a>	15.83
<a href="#">Coleman-Liau</a>	13.22
<a href="#">Automated</a>	16.02
Average Grade Level:	15.49
Median Grade Level:	15.83

Source: Author's own processing by "Analyze My Writing" software

The readability indices shown in Table 3 above reveal that the text has a high complexity level. The average and median readability scores are situated between the maximum score level for the texts dedicated to undergraduates (such as college textbooks) and the minimum level score level of the texts that can be understood only by graduates, post-graduates and professionals (such as specialized academic journals and articles). Therefore, in order to understand the analyzed text, one needs both solid economic knowledge and good economic English language skills.

Table no. 4 Lexical density

Parts of Speech	
Part of Speech	Percentage
Nouns	37.46%
Adjectives	7.78%
Verbs	9.32%
Adverbs	2.81%
Prepositions	12.75%
Pronouns	0.21%
Auxiliary Verbs	2.9%

  

Lexical Density	
Lexical Density for Entire Text	57.37%

Source: Author's own processing by "Analyze My Writing" software

As far as lexical density is concerned, Table 4 shows that nouns play a major part in the construction of the text, more than one third of the words used being nouns (37.46%). Since "lexical density is simply a measure of how informative a text is" (see <http://www.analyze-my-writing.com/lexical-density.html> ), the high share of nouns highlights the fact that the analyzed text conveys a great deal of specialized information to its readers, who should thus be endowed with good specialized English skills. It should also be noted that prepositions also play an important role in the analyzed text, as they hold a share of 12.75%. These non-lexical words perform grammatical functions and are essential to the understanding of the text. Therefore, the role played by these function words within a text should not be disregarded.

## 6. Conclusion

As expected and reinforced by the analysis based on a software tool (with several indices, i.e. "text statistics", "readability" and "lexical density"), the text under discussion can draw the attention of specialists in the field of economics. Economists can draw conclusions as far as the profitability of this company is concerned. As for lay people, the complexity of the text is high in relation with general English.

The students analyzing this text can become aware of the necessity of studying both general and specialized English. Acquiring, having and using a rich vocabulary must be taken into account. Developing reading, and writing skills as well as listening and speaking skills not only in a formal environment (high school and/or university), but also in informal contexts should be one of their objectives. Such texts deserve the teachers' attention, as well, and their use as teaching or supplementary material.

Besides the category of specialists in the field of economics, linguists (especially terminologists) and translators may be interested in the information provided by such texts as far as vocabulary, grammar, sentence and paragraph structure, translation are concerned.

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