

**AN ANALYSIS OF VISUAL IMAGES AND ASSOCIATED  
MOTIFS IN THE ANNUAL REPORTS OF HSBC, 1958-2008**

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## ABSTRACT

**Purpose** – This research seeks to further understand the visual communication of annual reports by presenting a historical review of the annual reports of HSBC over the period 1958 to 2008.

**Design/methodology/approach** – Visual images and associated motifs contained in HSBC’s annual reports over a period of half a century are surveyed and analysed within the context of the bank’s prevailing political and economic setting.

**Findings** – The visual images and associated motifs are found to align with changes in HSBC’s political and economic environment. In particular, while HSBC initially gave prominence to its colonial legacy this was subjugated in favour of a “one bank, two identities” self-representation as HSBC positioned itself for the return of Hong Kong to Chinese sovereignty in 1997. “Security” also emerged as an important visual motif during this period of uncertainty. Following Hong Kong’s return to China, HSBC cultivated an image of neutrality which included reverting to a relatively bland format for its annual reports. Overall, the use of visual images is found to be a means by which the company sought to shape and manage public perceptions of itself.

**Research limitations** – Subjectivity inheres in all interpretations of artefacts of communication and this also applies to visual images.

**Originality/value** – This research sheds light on the use of visual images in an accounting context over an extended timeframe and within the significant and unique setting of the banking industry in Asia.

**Keywords** Annual reports, Visual images, HSBC, Hong Kong

**Paper type** Research paper

## INTRODUCTION

Annual reports are no longer viewed as having just a technical decision usefulness function to only communicate financial information to shareholders, potential investors and other users (American Accounting Association, 1966). Instead, visual images are increasingly seen as integral elements of corporate reporting and a means by which companies seek to convey distinctive messages to diverse constituencies (Preston *et al.*, 1996). However, limited research has been done on the use of visual images within accounting contexts, particularly relative to the enormous research effort expended in exploring the use and impacts of accounting *numbers*. This is particularly so in an accounting history context, where “[v]isual historical methodologies have barely rated mention” (Parker, 2009, p. 1124). Responding to these deficits, this research explores the significance of selected images and associated motifs appearing in the annual reports of HSBC (previously known as the Hongkong and Shanghai Bank) over the period 1958 to 2008.

HSBC was selected as the subject of this study for several reasons. Firstly, as a bank with a long history and an archival record stretching back to the middle of the nineteenth century, the design of its annual reports is traceable over an extended period of time. Secondly, with its origins in the 1860s and its continued presence today, the bank’s history encompasses an era of significant change and spans Hong Kong’s transition from British colonial rule to Chinese rule today. The annual reports of the bank are both reflective and constitutive of this change of emphasis and the transition from western to eastern rule. Thirdly, twice during the 1980s HSBC won international reporting awards sponsored by *The Financial Times*. This resulted in widespread press coverage and brought added scrutiny to both HSBC and its annual reports (King, 1991). The pre-eminence and influence accorded to the annual reports of this organisation marks them as significant documents that warrant detailed examination.

The objective of the research is to undertake a historical review of the use of pictures and other visual images and motifs in the annual reports of HSBC over the period 1958 to 2008, within the broader context of the bank’s economic and political history. This five decade-long survey of a single company is distinctive within the context of prior research on the use of visual images in accounting settings, as is the attempt to identify alignment between such images and changes in an organisation’s

political and economic circumstances. As well as assisting in identifying important trends, the five decade time span includes significant periods before and after a crucial event in the history of HSBC, being the reversion of Hong Kong to Chinese sovereignty in 1997. Negotiations for the handover commenced in 1980, and this affected the status of HSBC as well as its annual reporting in Hong Kong. HSBC strategically established itself between the east and west systems in response to this disturbance by cultivating an image centred around “one bank, two identities”.

This paper thereby responds to the call for “critical dialogue that focuses upon the representational, ideological and constitutive role of images in annual reports” (Preston *et al.*, 1996, p. 113) and research in “imag[in]ing accounting and accountability” (Davison and Warren, 2009, p. 845). It also resonates with Parker’s observation (2009, p. 1112) that while “[i]magery has arguably become the dominant mode of representation and communication in many of today’s societies”, accounting, business and management research remains “almost exclusively focussed on text”. The unfortunate consequence of this preoccupation is that it “ignores a potentially valuable source of information and insights available not only from contemporary images, but from historical images as well” (Parker, 2009, p. 1112).

Relevant prior research and the theoretical guidelines emanating from that literature are discussed in the next section. This is followed by an analysis of the visual images and associated motifs of the HSBC annual reports, segmented into three distinct timeframes: 1958 to 1979, 1980 to 1996, and post 1996. Relevant illustrations drawn from the annual reports of this company are presented. Discussion and conclusions resulting from the analysis are then provided in the final section.

## **PRIOR RESEARCH**

Accounting is communicated in three “languages”: numbers, words and visual images (Davison and Warren, 2009). Visual images in annual reports include photographs, diagrams, graphs and maps and these are now integral elements of annual reports and commonly used as important tools in moulding or projecting particular corporate and organizational identities (Schroeder, 2005; Davison, 2009; McGoun, 2004; McKinstry, 1996). Accordingly, annual reports are social constructs and increasingly seen as rhetorical devices (Justesen and Mouritsen, 2009; Neu *et al.*, 1998; Skaerbaek, 2005).

Visual images play a crucial role in enabling this rhetoric: “The truth lies ... in the colour pictures that now form an integral part of the financial statements. They encapsulate the intrinsic nature of the real accounts.” (Cooper *et al.*, 1992, p. 60). Far from being just “empty window dressing” (Justesen and Mouritsen, 2009, p. 988), images in annual reports can be seen as symbols and metaphors to connote a correspondence between an organisation and the image it wishes to project. Preston *et al.* (1996, p. 115) argue that pictures and illustrations play key roles in “decoding deeply embedded social significances brought to the image by the photographer/designer as well as the viewing subject” (see also Warren, 2005). Similarly, Parker (2009, p. 1121) contends that “[f]or the purposes of historical research, photographs arguably constitute text just as written or printed documents: open to be read in various ways and at various levels. They form a corpus of evidence to be deciphered”.

The longitudinal exploration of the messages contained in the annual reports of HSBC presented here is informed by and builds upon previous research. Seminal in this research is the exploration by Preston *et al.* (1996) of different “ways of seeing” images in corporate reports in terms of their representational, ideological and constitutive roles. They argue that annual reports are “a visual medium through which corporations, one of the principal political, social, and economic institutions of the twentieth century, attempt to represent and ... constitute themselves” (Preston *et al.*, 1996, p. 115). Indeed, Quattrone (2009) identifies a reliance on images and visual impact as being an integral element of accounting and fundamental to its success as a calculative practice. In a similar vein, Graves *et al.* (1996) demonstrate that images in annual reports reinforce the truth claims of corporate financial reporting. Neimark (1992) and Tinker and Neimark (1987) examine how General Motors’ annual reports manufactured the relationship between the company and the State and constructed the role of gender. McKinstry’s (1996) study of the annual reports of Burton PLC highlights the emergence of annual reports as corporate public relations and communications documents, while Davison (2002) explores and illustrates the broad range of communicative functions and power evident in annual reporting.

A recent special issue of *Accounting, Auditing and Accountability Journal* (Vol. 22, No. 6, 2009) devoted to visual perspectives on accounting and accountability marked a significant step forward in furthering understanding in this

area. Articles published in this special issue dealt with a range of image-related topics, including the image of accountants and accounting (Baldvinsdottir *et al.*, 2009); visual branding in banking (Davison, 2009); the portrayal of human faces in annual reports (Campbell *et al.*, 2009); visual disclosures in corporate social and environmental reporting (Cho *et al.*, 2009); photographic representations of the Bhopal Gas Tragedy (Matilal and Höpfl, 2009); and the use of different kinds of visualization in annual reports (Justesen and Mouritsen, 2009). However, in spite of the significance of these contributions, Davison and Warren (2009) lamented the myopia generally pervading the use and understanding of visual images in accounting-related contexts and that such images “are often dismissed as trivial, constituting decoration, insubstantial rhetoric, illusion, or at best, partially reliable information” (Davison and Warren, 2009, p. 847). As a consequence, “the visual has largely remained the Cinderella medium of communication analysed in accounting research” (Davison and Warren, 2009, p. 847).

In seeking to redress this circumstance, Parker’s (2009) exploration of various methodological dimensions of photo-elicitation makes observations that provides profound inspiration. He notes that “[p]articularly if the photographs have a clear chronology, trends and patterns of change over time may emerge” (Parker, 2009, p. 1122). The annual reports of a single company surveyed over an extended period of time provide exactly such a stable chronology and the opportunity to identify themes and trends within the context of the organisation’s changing political and economic setting. In this way it may be possible to produce an “overall narrative that transcends the internal narratives that may be contained within any one photograph” (Parker, 2009, p. 1123).

In addition, the subject of this research – HSBC – operates within an industry that has not been the focus of significant previous inquiry. The geographical setting of Hong Kong adds to the study’s novelty. Hong Kong underwent profound political and economic changes during the period under study and, as with many non-western locations, is under-represented in mainstream accounting research. HSBC was confronted with the challenge of managing its corporate identity and projecting that identity within the context of the return of Hong Kong to Chinese rule. The visual images and associated motifs contained in the company’s annual reports played key roles in these processes, as outlined in the following section.

## **INFORMING THEORETICAL GUIDELINES**

In this study of the annual reports of HSBC over an extended period of time, two theoretical concepts are drawn upon, intertextuality and legitimation.

### *Intertextuality*

Images in annual reports communicate messages about intangibles of the organisation that cannot be communicated either numerically or by text. The interplay of such images with these other higher status representations, gives visibility to the users of such annual reports to what is not said and what cannot be said or measured. In doing so, what is inferred by the organisation are legitimating subtexts of unspoken social norms. The use of images facilitates the organisation in constructing their position and legitimation in a “culture-scape”. Organisations use the discretionary nature of images to enact in their annual reports an “alchemy of image management” (Davison 2010). The images included are nebulous and can juxtapose the “objective” reality inherent in the image, with a rhetorical use subjectively communicating with observers at both an emotional and intellectual level. In this way the images used are socially constructing (Hines 1988).

Dimnik and Felton (2006) argue that the image chosen becomes both a mirror and a lens for shaping social beliefs and can establish or reinforce stereotypes. That is, images are intrinsic to cultural representations. The power of the image is in its ambiguity and the reliance that “all texts are potentially plural, reversible, open to the reader’s own presuppositions, lacking in clear and defined boundaries, and always involved in the expression or repression of the dialogic ‘voices’ which exist within society” (Allen, 2000, p.209).

The use of images in annual reports allow in what are regarded as serious texts (Young 2003) an intertextual *différance* (Derrida 1982) in that it operates in a different “space” between the words and numbers, allowing a cognitive slippage of alternate possibilities to be ascribed by readers. Such images are variable and movable as they are given various interpretations, with meaning deferred to the interpretation of the reader rather than fixed and rigid. This is important in the operation of images for HSBC, because it facilitates new readings beyond the dominant western ones (O’Donnell, K. 2003).

In interpreting the images, the viewer relies on previously learned “languages” or “systems” to scaffold any derived meaning. Such intertextuality gives the ambiguity of an image its power, as it can hit cultural triggers to alternative audiences simultaneously and instantaneously. While the financial accounts give a temporal view of the organisation, e.g. performance over a time period, the images naïvely convey an immediacy commanding belief. They are of the present, and as such imply a mirror of reality (Steiner, 1985, p.57).

### *Legitimation*

Organisations are cognisant of the need to behave within the bounds and norms of the cultures and societies in which they domicile, in order for survival (Deegan, 2006). Organisations will embark on manipulating strategies of legitimation that is activities which ensure they are accepted as legitimate in society in order to fulfil a social contract that is societal expectations (Lindblom, 1994). These expectations change over time as society changes, and organisations must explicitly communicate their maintenance of the social contract over time. Deegan (2006) argues that disclosure in annual reports is used to implement legitimation strategies, which may be either substantive or symbolic. Substantive strategies require real change in the organization be that in terms of changing goals, structures or personnel. Symbolic strategies are management techniques that merely portray corporate behaviour that is in appearance consistent with societal expectations (Deegan and Blomquist, 2006).

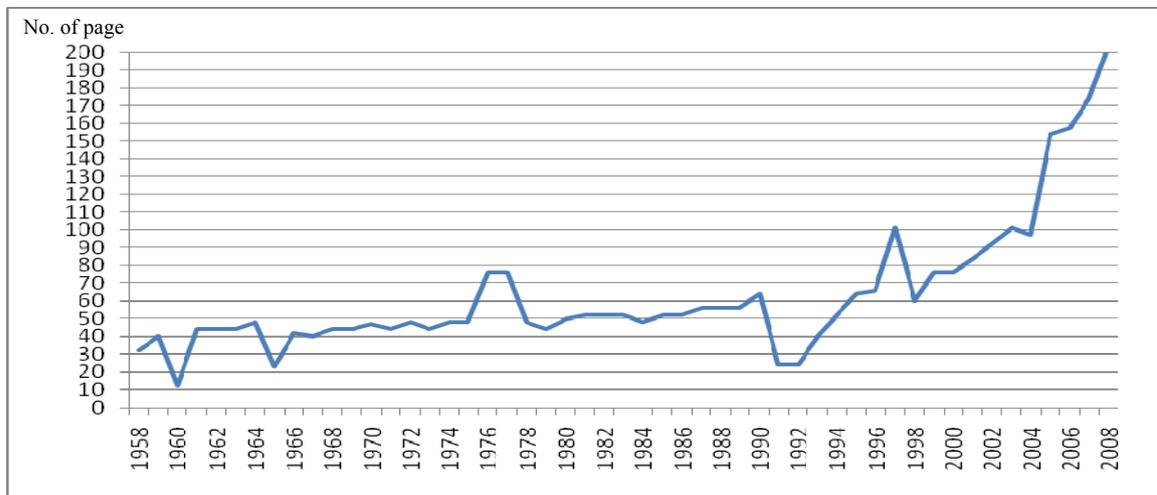
In the following sections the use of intertextuality and legitimation strategies will be traced through HSBC’s annual reports from 1958 to 2008.

### **HSBC ANNUAL REPORT IMAGES AND MOTIFS, 1958 TO 2008**

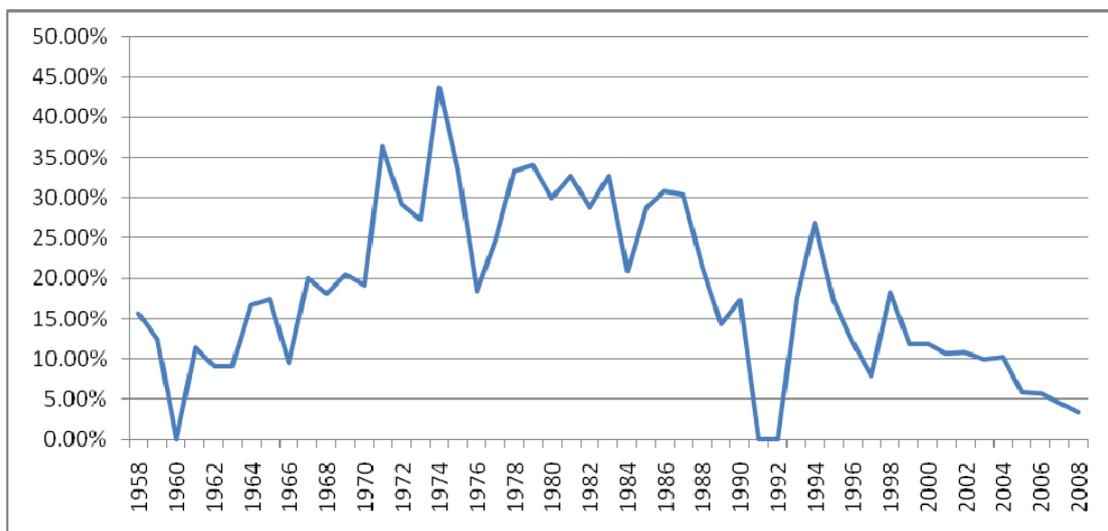
The year 1958 is of particular significance in the history of the annual reports of HSBC, as it marked the beginning of the widespread use of photographs, drawings, etchings and embossing in the company’s annual reports. Previously, the company’s annual reports contained only textual and numerical information in a black and white format. As a consequence, 1958 has been adopted as the starting date for this study.

As revealed in Figure 1, the size of HSBC’s annual report grew significantly in the post 1958 era. While the 1958 annual report contained just 32 pages, this trebled to reach 100 pages by 1997, and the annual report then doubled in size over

the course of the next decade to reach 204 pages in 2008. However, in spite of this increasing page extent, the proportion of pages containing a visual image (excluding graphs) continued to rise up to 1974, when nearly 45 per cent of annual report pages contained such an image (see Figure 2). Thereafter, this proportion progressively declined and from 1999 to 2008 the only visual images to appear in the annual reports comprised financial graphs (for example, graphical representation of key financial data). The use of photographs, drawings and embossed images was abandoned. It is demonstrated these patterns of use of image in the annual report align with three distinct phases in the operating environment of HSBC, and the inclusion of images was a symbolic legitimating strategy of the corporation.



**Figure 1: Number of pages in HSBC annual reports, 1958 to 2008**



**Figure 2: Proportion of annual report pages containing a visual image.**

Three distinctive phases are evident in the use of visual images in the HSBC annual reports:

- 1958 to 1979: era of relative stability under British colonial rule;
- 1980 to 1996: era of uncertainty associated with the return of Hong Kong to Chinese sovereignty; and
- Post 1996: era of post handover consolidation.

Each of these phases will now be considered in turn.

*1958 to 1979: era of relative stability under British colonial rule*

HSBC was established in 1865 by Thomas Sutherland, who was of Scottish origin and employed previously by the Peninsular and Oriental Steam Navigation (P & O) shipping company. The bank was established for the Hong Kong colonial administration, and not the British Government. Local people in Hong Kong still refer to the bank as “the lion bank” because of the pair of lion statues outside the HSBC headquarters, as well the recurring use of this image on the bank’s currency.

Hongkong and Shanghai Bank identified itself as a “local bank”. The term “local” in the decades following its establishment referred not just to Hong Kong but also Shanghai and other trading ports in the region. Thomas Sutherland launched the bank with capital of HK\$2.5 million and was able to attract the support of numerous sponsors. This reflected a high level of confidence in the bank and the belief that it would not function merely as an exchange mechanism, but also as a domestic bank serving the needs of the local community. It would also assist government in planning the reform of currency and financing public services (King and Hongkong and Shanghai Banking Corporation, 1983; 1987).

The bank’s first logo (Figure 3) was very colonial in orientation and appeared in all HSBC annual reports up to 1979, as well as on its banknotes and official correspondence. It reflected the bank’s legitimacy as a sound financial institution and product of British colonialism. At the top of the logo was the British Royal coat of arms, featuring a lion and a unicorn at either side of a royal shield with a crown on top. In the colonial context of Hong Kong, the organization’s activities as the chief financier for trade between Britain and China was emphasised through the inclusion of an image of two ships and people engaged in trade (Huppatz, 2005).



**Figure 3: The first logo of HSBC**

Other visual images contained in HSBC's annual reports during this era also emphasised its British origins and connections. For example, the board of directors during this time comprised exclusively men, and predominately of British origin, and their photos were often featured. Images of the currency issued by the bank were reproduced in the 1964 annual report and made evident that English was the bank's dominant language, with Chinese characters having only a subordinate presence on the bank notes. This imagery reflected the culture-scape of the organisation, visually privileging in the annual reports the subtext of the British, despite being known as the "local bank" of Hong Kong.

While local imagery was occasionally evident in the annual reports during these years, a reader of the reports would have no difficulty in discerning that HSBC was a British institution. For example, while the 1970 annual report featured a stylised woodblock print of Hong Kong's Victoria Harbour, it is the British flag and European-style clock tower which are in the foreground and most prominent (refer to Figure 4). More localised images are relegated to the background of this print.



**Figure 4: 1970 Annual Report, woodblock print of Hong Kong's Victoria Harbour**

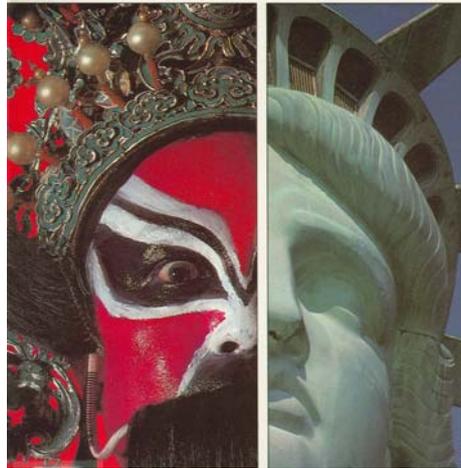
*1980 to 1996: era of uncertainty associated with return to Chinese sovereignty*

The commencing year of this period is significant in that it marked the beginning of informal negotiations to plan for the return of Hong Kong to Chinese sovereignty following the expiration of the 99 year lease in 1997. This marked a period of pending uncertainty for HSBC and other Hong Kong based companies. Managing this uncertainty presented a particular challenge for HSBC as it strove to maintain allegiance to the existing British-based government while also preparing for the colony's transition to control by the communist government of China and its radically different ideology. A significant issue concerned the ongoing status of HSBC as the de facto central bank of Hong Kong.

The key annual reporting strategy adopted by HSBC in response to the dilemma presented during this period was symbolic legitimation, to meld western and eastern images. This marked a significant change from the British colonial imagery which had characterised the 1958 to 1979 era. The key message HSBC now sought to deliver to the general public encompassed a portrayal of HSBC as an international bank that had a strong Chinese identity. This was done in response to a new emerging expectation and social contract in its operating environment. This strategy would serve to enable a closer relationship and potential backing from the Chinese Government, as the bank would not be perceived as "foreign".

Rather than move directly from colonial British-based imagery to an exclusively Chinese identity, HSBC sought to position itself as an international

financial institution with a special empathy for the emerging Asian economies. The 1980 annual report of HSBC typified this re-positioning of the bank's identity. During this year HSBC commenced the process of acquiring the US-based Marine Midland Banks Inc. (MMBI), leading to a distinctive "international" image on the cover of the "Review of Operations and Essay" component of the annual report (Figure 5). This comprised a picture of a face, half of which is derived from a Chinese opera character and half from America's emblematic Statue of Liberty.

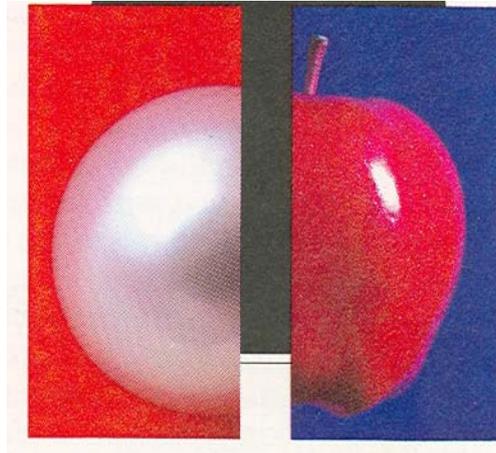


**Figure 5: 1980 Annual Report, cover of the "Review of Operations and Essay" section**

This image is inferring what could not be said overtly, that HSBC must balance two masters, the east and the west. The image is nebulous and allows cognitive slippage for the viewer; an attempt to gain legitimacy from both east and west. There is an intertextual *différance* between the picture and the more serious financial reports and statements.

The cover of the "Chairman's Statement, Directors Report and Accounts" featured a similar dual imagery, being a composite image of a lion derived from photographs taken of the pair of bronze lions located at HSBC's head office in Hong Kong and the pair of lions located outside the New York Public Library. The bank had opened its first New York agency in 1880 at the request of its then merchant agent, Russell and Co. and had therefore now had a presence in New York for exactly 100 years. The annual report of 1980 also featured an essay, "The Pearl of the Orient with the Big Apple". The author compared Hong Kong (Pearl of the Orient) and New York (Big Apple). A composite picture, comprising half of a pearl and half of an apple, featured in the central pages of the essay (refer to Figure 6). These images reveal that HSBC had relegated its traditional British-based imagery in favour of an

international branding that was balanced by depictions of prominent Chinese and Asian symbols. Within the context of the tense negotiations over the return of Hong Kong to Chinese sovereignty, the relatively neutral American images were favoured to provide the “international flavour”. British images, which would inevitably be laden with emotional and historical baggage, were largely avoided.



**Figure 6: HSBC Annual Report 1980, “The Pearl of the Orient with the Big Apple”**

Following the completion of its acquisition of MMBI, in 1982 HSBC also sought to change its corporate image by adopting a red and white hexagon logo (see Figure 10). This was far removed from the traditional British imagery contained in the bank’s first logo and the bank believed that this new “signature” would be valuable in international marketing efforts (King, 1991). HSBC changed its corporate identity as it was thought that its traditional logo of a lion and unicorn might ruffle Chinese sensibilities after the return of Hong Kong to Chinese rule in 1997.

The bank’s 1984 annual report persisted with prominent Chinese imagery and began to focus on the crucial handover date of 1997. Leading this imagery was a portrait on the annual report cover of a seven-year-old Asian girl, Fong Sze Man, who would celebrate her twenty-first birthday in 1997 (Figure 7). The bank presented this girl as being representative of a prosperous future generation in Hong Kong, growing up with high technology in the electronic age. This cover also used a pixilated image of a traditional Chinese lion dance mask to frame the cover portrait. While this constituted a Chinese image, the pixilation rendered it subtle. An Asian reader would still be quite likely to discern the lion image, but it is likely to be much less evident for other readers. In sum, while a totemic Chinese symbol is present – and one that has special resonance with HSBC – it is coded towards a selected readership and

would cultivate a sense of Chinese identity with that readership. HSBC explained the pictures at the back of the annual report.



**Figure 7: 1984 Annual Report, front and back covers**

Another prominent visual motif which emerged in the annual reports of HSBC during this era was associated with the bank's desire to project itself as a secure bank in Hong Kong. This followed the collapse of some local Chinese banks in the 1980s and was a particularly important issue for HSBC because of its status as a note-issuing bank.<sup>1</sup> As noted by Davison and Warren (2009, p. 846), “[a]nnual reports are almost universally used as a means of moulding corporate identity and reputation”. However, this “visual branding” – which “sits simultaneously and intriguingly astride the discourses of marketing and accounting” (Davison, 2009, p. 884) – has largely escaped attention in the accounting literature. This omission is all the more peculiar given the failure of conventional accounting to account systematically and comprehensively for items such as brand names and corporate reputation. While annual reports are a key means of developing these intangible resources, they are at best only partially accounted for in the financial statements they contain. Thus, the

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<sup>1</sup> In 1982, the share market crashed due to uncertainty over the fate of Hong Kong in 1997. There was also a temporary but severe lack of confidence in the US dollar which further affected the value of the Hong Kong dollar. This then triggered fraud, deception and liquidity problems among several of the local small to medium-sized banks (Jao, 1987; Mulcahy, 1984; *South China Morning Post*, 1984; Tang, 1984). The stock market fell by 57 per cent and property prices fell by 60 per cent within just a few months in 1982-83 (Jao, 1987). Any loss of confidence in the currency issued by HSBC would have had devastating consequences for both the bank and the local economy.

reader of an annual report interested in understanding the branding and reputational strategies and images of a company may be likely to glean more from the report's visual images rather than its financial data.

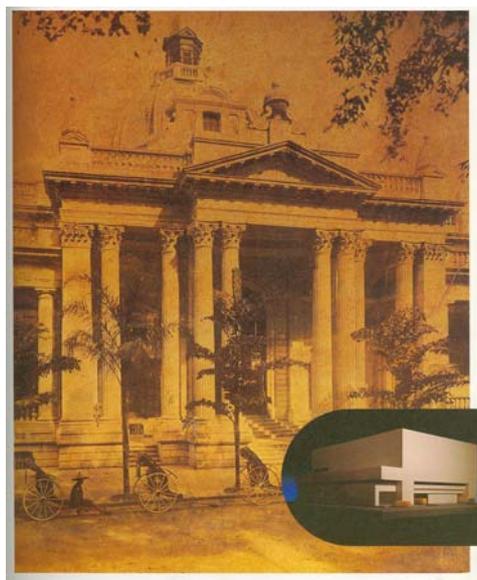
HSBC used pictures in its 1982 annual report to portray its preferred reality (Preston *et al.*, 1996), and focussed on motifs of stability and security. The theme of the report was "Security, A Modern Paradox". The cover featured a bronze lion "arresting lock" produced in France around 1780 (Figure 8) with an "S" keyhole in the lion's mouth. This was a traditional "identimat" locking system, and the lion's jaw would clamp over the wrist of a would-be intruder if the proper key was not used. A small picture of the original lock was printed on the second last page of the annual report without the "S" keyhole. The cover picture of the annual report was a combination of the actual lion lock and the symbol of security, the S-shaped keyhole which also resembled a dollar sign. The graphic designer, Henry Steiner, commented that "security is virtually synonymous with banking" (1982 Annual Report, p. i). The inset on the cover page showed a modern identimat system which employed a combination of a hand scanner and identity card to control access to restricted areas of the bank.



**Figure 8: Cover of 1982 Annual Report (left), featuring an adaption of an original image (shown at right)**

This photo can be seen as a symbol and a metaphor to try and connote a conjunction between HSBC and security. HSBC attempted to transmit an emphatic "message", and to link the image to a particular corporate attribute, being safety and

security. This is an example of a symbolic strategy for legitimation. The image worked to visually reinforce a desired intangible attribute of the bank, that cannot be overtly represented in the financial statements. The annual report of 1982 also contained messages intended to address social concerns about the bank runs. There were 16 full pages of illustrations inside the annual report of past security devices used by HSBC and insets of contemporary versions of the devices. The pictures ranged from traditional locks compared with the electronic circuitry which replaced the locking devices; the bank's first building compared with the contemporary design of their new Treasury (Figure 9); money boxes compared with an electronic teller card (ETC) machine accepting deposits; ironwork of a decorative key-plate compared with a laser beam photographed in a laboratory; conventional security patterns on banknotes compared with those visible only under ultraviolet light; a gateway's iron grille compared with a surveillance camera monitoring the entrance of the bank's treasury; the bank's hexagon logo inserted among an array of traditional firemark symbols of security (Figure 10); and various traditional keys compared with the ETC card. HSBC used these security-related images and artefacts to emphasise their claims to security and trustworthiness. In doing so, they were attempting to satisfy through the interplay of these images with the financial statements, a social contract as a secure financial institution.



**Figure 9: HSBC's first head office contrasted with the company's new treasury building (1982 Annual Report)**



**Figure 10: HSBC’s hexagon logo inserted among an array of traditional firemark symbols of security (1982 Annual Report).**

HSBC attempted to portray corporate messages of technological development and security in the realistic and metaphoric components of its images. The lion lock symbolized the bank itself. The bank has always been referred to by the public as the lion bank and it wanted to project an image of safety and soundness. The keyhole S symbolized security and protection. The technology shown in the inset also projected an image of high technology and the bank’s progress into the future. Apart from the visual images, HSBC also included an essay in the 1982 annual report describing the illustrations and pictures it contained. The word “confidence” recurred throughout the essay. This essay ended with the comment “the holder of the key is himself the key”. The author used the “key” to represent the bank as being able to provide safety and security to its shareholders as well as the public.

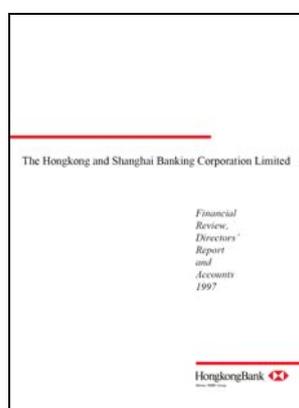
In summary, during the period of uncertainty prior to return of Hong Kong to Chinese sovereignty two key themes emerged in the visual images and associated motifs presented in HSBC’s annual reports. Firstly, HSBC eschewed its traditional British imagery in favour of themes of internationalisation and Chinese identity. Secondly, in response to the economic turbulence an image of security was cultivated so that HSBC could stabilize public confidence in the bank. HSBC inserted 15 pages of images and pictures symbolizing security in their 1982 annual report – more than a quarter of the report’s page extent. As such, HSBC used their annual reports and visual images in particular, to shape their preferred corporate identity.

However, one year before the handover – and with the transition protocols largely resolved – accepting and building confidence in Hong Kong’s new future became a dominant theme. The 1996 annual report boldly stated that “Hong Kong’s future lies in its status as a special administrative region of the People’s Republic of China”. The bank once again sought to build confidence by emphasising that:

detailed constitutional arrangements guarantee the territory a high degree of autonomy and will preserve its thriving market economy. At the same time, HK owes much of its success to its growing interdependence with the Mainland. The process of integration is reflected in mutual trade and investment, in the development of transport and tourist infrastructure, in the distribution of supplies and utilities, in the broadening of technology links, in the growth of the consumer market, and in an increasing number of cultural, academic, social welfare and artistic exchanges (The Hongkong and Shanghai Banking Corporation Limited, 1997a, p. 4).

#### *Post 1996: era of post handover consolidation*

With the handover resolved, the 1997 annual report was noticeable for its lack of visual imagery and colour and this marked the beginning of a trend that would persist during the next decade. The cover of the annual report in 1997 comprised a simple and clear design in black and red and lacked any visual images other than a small reproduction of the bank’s logo (refer to Figure 11). The few visual images contained within the annual report itself were of a benign character and reproduced only in black and white. The bank, it seems, was deliberately endeavouring to adopt a “neutral” identity at this time. Neither predominantly British nor predominantly Chinese themes are evident, and this was also the case with the 1998 annual report. Although colour photographs were reintroduced this year, the overriding theme was one of “multiculturalism” with the photographs featuring people of diverse ethnic backgrounds.



**Figure 11: Cover of 1997 Annual Report**

From having been a leader in innovative reporting and the use of visual images – as evidenced by its receipt of awards in 1980 and 1982 – HSBC had by 1999 completely abandoned the use of artistic images in its annual reports. A further step away from the flamboyant reporting of the past became evident from 2002. Commencing from that year the company even stopped using colour in the preparation of its annual reports, with pie-charts and other graphs relying on grey scales for their interpretation. This adoption of a much less visually dynamic reporting regime marked a clear change from prior years.

The lack of imagery in this period can also be interpreted as a deliberate symbolic strategy of legitimation. The différance afforded by such clean space implies a willingness to slip quietly into a new culture-space, willing not to dominate but be part of the forthcoming changed environment, not seeking domination or attention and in such away convey in subtext themselves as non-threatening.

The *Account Review*, a supplement often published to accompany the annual reports was no longer published from 1999. From 1999, HSBC's annual reports intended for Hong Kong were now always published in a standardised, bland format. The bank officially changed its corporate logo and local name in 1998 to develop a global brand – HSBC. This was a substantive strategy for legitimation, creating an international image. A local Hong Kong newspaper commented on the new brand “HSBC: the letters symbolise state-of-the-art financial market efficiency, electronic screens and whizzkid brokers- the world of initials and acronyms with no time for traditional nomenclature” (*South China Morning Post*, 1998, 1). Banks seek to inspire confidence and loyalty among their customers and legitimate themselves as a local bank. HSBC launched a worldwide campaign called “Global Images” to promote the new brand name to new and existing customers. However, it received criticism as a bad move from a public relations perspective (Bridge, 1999, Schloss and Cheung, 1998). Still, the bank's Chinese name, Wayfoong, remained the same. The pictures shown in the annual report in 1997 and 1998 also contained many Asian employees working hard to serve customers. HSBC's changed the emphasis of the Group Annual Report with the issue of Annual Review of the Group from 2000 onwards.

This transformation to a relatively bland reporting format seems likely to have accorded with the bank no longer wanting to project and protect a distinctive socio-political image at this time. During the first era studied (1958 to 1979), HSBC sought to present itself as a “British bank” operating within Asia. During the second era studied (1980 to 1996), the desired image was of a stable and secure international bank with Asian sensibilities. However, in the third era (post 1996) HSBC sought to cultivate a benign and neutral image. Traditional British imagery would be a burden to a bank seeking to expand its operations in mainland China. However, an emphasis on overtly Chinese images would conflict with the bank’s internationalisation strategy. The resolution of this conflict appears to have been found by producing annual reports that were largely devoid of visual imagery and which sought to avoid making any particular social or political comment. In terms of visual imagery, the annual reports of HSBC had returned to their pre-1958 origins.

1997 marked a shift in corporate governance in terms of board composition. This was a substantive legitimating strategy, designed to mitigate the move to the Chinese jurisdiction. As a British based multinational financial institution, HSBC has no Asian appointed to the board until 1971. Between 1980 and 1996, there were an average 24% of Asians directors (Refer to Table 1). The bank appointed its first Chinese general manager of the Group, Vincent Cheng, in 1995 (Bashford and Hewett, 1995; Cruz, 1995). Prior to this it was said ‘not a single ethnic Chinese has executive responsibility on the Hongkong Bank board’ (Taylor, 1992, p.40). This is despite the operation of images in the annual reports over this period claiming a truly international image. The images conveyed a subtext of inclusion, juxtaposing the facts of the executive appointments. This is interpreted as a symbolic legitimizing strategy.

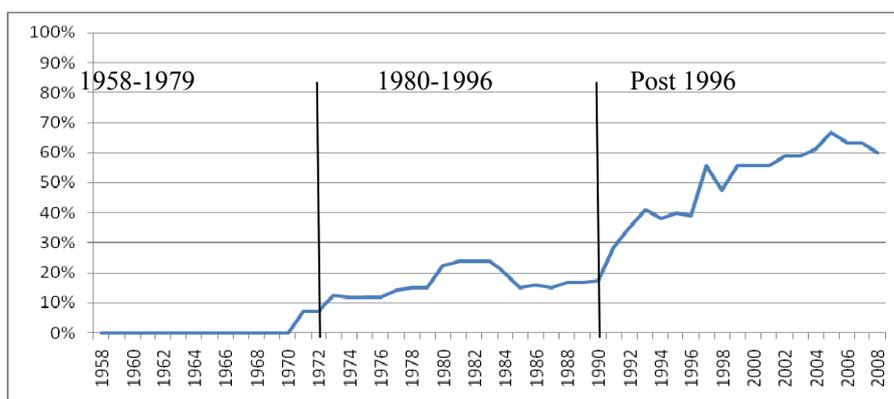


Table 1 Percentage of Asians in the composition of the Board of Directors in HSBC

## DISCUSSION AND CONCLUSIONS

Building from prior research on the use of visual images in annual reports, an analysis has been presented of the use of such images in the annual reports of HSBC over the period 1958 to 2008. Three distinctive eras were identified during this time frame and it was shown that the selection of images for inclusion in the annual reports was not arbitrary. Rather, HSBC was clearly selective in using visual images as an integral component of its reporting processes so as to assist in constructing its preferred corporate identity.

Accordingly, this research provides an example that is supportive of the notion that visual images are fundamental to corporate reporting (Davison and Warren, 2009). Such images are not merely “empty signifiers” (Justesen and Mouritsen, 2009, p. 973) which function merely as decorative space fillers or adornments in annual reports. Rather, they operate intertextually and as a legitimating strategy. Just as with a balance sheet or income statement, they are intended to convey particular messages and are both reflective and constitutive of the entity being reported upon: “Visual images are part of accounting representations” (Justesen and Mouritsen, 2009, p. 976).

Moreover, there are grounds for suspecting that visual images are particularly potent rhetorical devices. This is so for at least two reasons. Firstly, unlike the financial data contained in an annual report, visual images are not subject to regulatory oversight and nor are they subject to audit or other review. The use of visual images and associated motifs remains an almost completely unregulated aspect of company reporting. As such, this remains as one of the final domains in which companies have almost complete freedom in how they make representations of themselves, creating a risk that “the use of photos and/or other forms of visual communication could potentially be used to distract or mislead users” (Cho *et al* 2009, p. 934). As shown with the annual reports of HSBC, companies are likely to be at least opportunistic and self-interested in exploiting this freedom.

Secondly, visual images are a particularly accessible element of an annual report. Unlike complex financial data, media such as photographs, drawings and logos do not require specialised knowledge in order to be comprehended. Rather, the reader will almost effortlessly draw some connotation from such images. Additionally, such comprehensions maybe personalised and even subconscious (Knight, 2007; Cramphorn, 2006; Wilson 2002).

Relative to the significant research effort that has been expended in furthering understanding of how accounting *numbers* impact on the decision-making processes of annual report users, investigation of the impacts of visual *images* and associated images remains at an infant stage. Further such research is encouraged so as to foster better understanding of the uses and impacts of such imagery, building from a recognition that “neither the visual nor accounting should be seen as isolated phenomena” (Justesen and Mouritsen, 2009, p. 987).

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