Mining the Discourse: Strategizing During BHP Billiton's Attempted Acquisition of Rio Tinto

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ABSTRACT   Using a discourse-analytic approach, we examine the strategizing that occurred during an attempted acquisition in 2007/08 of Rio Tinto by BHP Billiton. In doing so, we contribute to discursive studies of mergers and acquisitions in two significant respects. First, we show the importance of studying how actors external to, as well as those internal to BHP, exerted influence over the acquisition process and outcome. Their influence can be attributed, in part, to their use of rhetorical strategies during the negotiation of the meanings of three constructs that were central to the acquisition discourse. Second, our study shows how these rhetorical strategies were put into effect using not only linguistic, but also non-linguistic modes of discourse such as imagery, indicators, and location. We conclude that obtaining a comprehensive understanding of the role of discourse in relation to a strategic activity – in this case an attempted acquisition – requires consideration of the multi-modal rhetorical strategies brought to bear by both external and internal actors.

Keywords: discourse, external actors, merger and acquisition, multi-modality, rhetoric, strategy

INTRODUCTION

This article examines the failed acquisition attempt by BHP Billiton (BHP) of Rio Tinto (Rio) during 2007/08. Had the acquisition gone ahead it would have created the largest mining company in the world. Instead, BHP abandoned its attempt. The fact that BHP abandoned its acquisition of Rio makes its attempt to do so no less significant or interesting as a focus of study. Rather, the attempted acquisition can be seen as a 'snapshot' in a continuum of strategic activity which, in recent years, has seen these two mining giants compete and, in some ventures, collaborate. The strategizing under scrutiny in this study spanned 12 months, beginning with the announcement by BHP of its intent to acquire Rio in November 2007, and ending with the announcement in

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November 2008 that it had abandoned the attempt. We use the term 'acquisition discourse' to refer to all actions and interactions between actors that relate to BHP's intended acquisition transaction.

Previous studies of mergers and acquisitions (M&As) that have used a discursive lens have identified how internal actors of the combined organization aimed to influence the discourse in order to shape the strategy of the organization post M&A (e.g. Halsall, 2008; Hellgren et al., 2002; Kuronen et al., 2005; Risberg et al., 2003; Vaara, 2002; Vaara and Tienari, 2011). Some studies have also sought to examine the important role of rhetoric in this process (Halsall, 2008; Kuronen et al., 2005; Suddaby and Greenwood, 2005). Our study of BHP's attempted acquisition of Rio contributes to discursive studies of mergers and acquisitions by showing how key actors external to BHP, as well as actors internal to the company, influenced the pre-acquisition discourse. We show that external actors are not simply a passive audience, but instead play an active role in influencing the structure, meaning, and outcome of discourse during the pre-acquisition stage.

We make a further contribution to discursive M&A studies by showing how both internal and external actors employed a range of rhetorical strategies in order to influence the meanings attached to constructs that were central to the pre-acquisition discourse. Our study contributes to studies of rhetoric more broadly by showing how rhetorical strategies are embedded in multi-modal discursive appeals. We show how appeals to logos, ethos, and pathos were embedded in non-linguistic modes such as imagery, location, and indicators. We argue that paying attention to both internal and external actors and their use of multi-modal discursive practices that are embedded in rhetorical strategies is critical if we are to fully appreciate what occurs during the pre-acquisition phase of an M&A.

The remainder of this article comprises four main sections. It begins with a review of the literature that has examined the role of discourse in M&A. In doing so, it makes the case for exploring how actors both internal and external to firms involved in an M&A influence the pre-acquisition discourse and why it is important to examine the rhetorical strategies that they engage in using a multi-modal, discourse analytic approach. The next section provides background to the case study and outlines the methodology we employed in order to identify and analyse the multi-modal discursive practices and connect them with the rhetorical strategies as the acquisition discourse unfolded. Following this, the third section outlines the study results, showing the structure and evolution of the acquisition discourse and its context over the 12 month period in which the study took place. The final section draws together the main points of our argument, and shows how our study contributes to extant theory in ways that allow us to understand and interrogate M&A discourse more comprehensively; in particular the ways by which actors shape an acquisition discourse and how they draw on a combination of modes and rhetorical strategies in order to persuade their audiences and influence the acquisition outcome.

DISCOURSE IN MERGERS AND ACQUISITIONS

A growing body of research has analysed the role of discourse in M&A. A number of these studies have looked at how these transactions are opposed, justified, or legitimized

by actors (Brennan et al., 2010; Green et al., 2008; Halsall, 2008; Leonardi and Jackson, 2004; Suddaby and Greenwood, 2005; Tienari et al., 2003; Vaara and Monin, 2010; Vaara and Tienari, 2002), or how success is discursively constructed (Hellgren et al., 2002; Vaara, 2002). Several studies have also drawn on classical (Aristotle, 1991) or New Rhetoric theory (Perelman and Olbrechts-Tyteca, 2010) to explore the use of rhetorical strategies by actors seeking to persuade an audience during mergers, acquisitions, or major organizational restructures. For example, Suddaby and Greenwood (2005) talk about the need for a rhetor to make strategic use of underlying world-views. Similarly, Erkama and Vaara (2010, p. 817) state that 'successful framing requires that the audience can link the message to other discourses'. Green et al. (2008), in their analysis of the rhetoric of corporate board members during corporate takeovers and takeover defences, use Aristotle's (1991) classification of rhetorical strategies: logos, pathos, and ethos. Green (2004) defines logos appeals as emphasizing logic and as being associated with rational and methodical calculations of means and ends. Such appeals also address audience desires for effective and efficient action. Further, they may confer pragmatic and cognitive legitimacy by playing to the audience's self-interests and by providing them with plausible explanations and arguments based on evidence and fact. Appeals based on pathos work to construct pragmatic legitimacy by prompting emotional responses. They excite the imagination and grab the audience's attention. Ethos appeals connect actions and institutions to cultural norms and expectations and encourage judgments regarding 'character'; that is, on the basis of whether someone or something is 'right', 'proper', or 'appropriate'. Such appeals build moral legitimacy by bringing attention to supportive sources that carry authority and that are respected by the audience. Most of these rhetoric-focused studies suggest that the discourse surrounding M&A draws predominantly on rational argument (Hellgren et al., 2002; Tienari et al., 2003; Vaara and Tienari, 2002). Where the focus extends to broader appeals beyond the rational it has been related to cases of cross-border transactions and concerned arguments about national culture and identity (Halsall, 2008; Hellgren et al., 2002; Mittra, 2006; Riad and Vaara, 2011; Sarala and Vaara, 2010; Tienari et al., 2003, 2005).

To date, the literature on discourse and M&A has tended to look at what happens *following* an M&A transaction. In contrast, our study focuses on the discourse that *preceded* an M&A by exploring the discursive practices that occurred in the lead up to the failed acquisition of Rio by BHP. We argue that this difference is important as the role and importance of actors in an M&A discourse differ before and after the actual transaction occurs, and may explain why discourse studies of M&A have tended to examine senior, internal actors. Where studies have examined the roles of actors external to the acquirer or acquisition target, these have generally focussed on the media (Hellgren et al., 2002; Kuronen et al., 2005; Vaara and Tienari, 2002). These observations correspond with those of Jarzabkowski and her colleagues who, in discussing studies of strategizing more generally, noted that relatively little research has been published about the role of external actors in shaping a firm's strategy (Jarzabkowski and Spee, 2008; Jarzabkowski et al., 2007). Our article seeks to overcome this gap in our understanding by bringing external actors into the research frame and exploring the ways in which they seek to influence the pre-acquisition discourse. Accordingly, our first research question is: What role do external actors play in influencing pre-acquisition discourse?

To date studies of rhetoric in M&A discourse have analysed rhetorical strategies as embedded in either speech or writing and none have sought to make the link between rhetorical strategies and non-linguistic discursive modes. In contrast, in exploring an acquisition discourse we build on several studies outside the M&A domain that have shown how discourse is not limited to the linguistic, but is multi-modal (Grant et al., 2004; Iedema, 2007; Jacobs and Heracleous, 2007; Kress and Van Leeuwen, 2001; Royce and Bowcher, 2006; Stigliani and Ravasi, 2012). These studies demonstrate how discursive practices are constituted by a wide variety of visual representations, cultural artefacts, and other modes of meaning making that are used in the realization of social goals and purposes. Displacing language as the sole or primary focus of study 'amounts to a profound reorientation' (Kress, 2010, p. 79) of our understanding of what discourse is, and how it is used to express, negotiate, and influence meaning. For example, Roberts et al. (2006) suggest that even the rhetor's tone, gestures, or mood are in themselves modes of discursive practice that can convey meaning. Stigliani and Ravasi (2012) show how visual artefacts such as sketches and frameworks can be used as discursive resources to support persuasion and influence. In line with these observations, our study examines not only speech or writing, but also other modes; in particular, imagery, indicators, and location. In taking this approach we answer calls by Kress (2010), Iedema (2003, 2007), and Fairhurst and Grant (2010) to consider the full range of modalities that form discursive practices. In doing so, our research achieves something that, to date, no other discursive studies of M&A have achieved; it explicitly analyses the role of non-linguistic discursive practices employed by a range of actors involved in an M&A. Accordingly, our second research question is: How do actors internal and external to the acquiring organization draw on linguistic and non-linguistic modes of discourse in order to bring to bear rhetorical strategies?

In answering our two research questions we show how external actors use multi-modal discursive practices and rhetorical strategies to influence not only the acquisition discourse but also the acquisition outcomes (Ashcraft et al., 2009; Iedema, 2007). This relationship between discourse and outcomes has not received a great deal of attention in the strategy and discourse related literature (Chia and MacKay, 2007; Suddaby and Greenwood, 2005). In this way our study responds to Chia and MacKay's (2007) call to produce more studies that describe and analyse this important link.

CASE STUDY AND METHODS

Our study is exploratory and aims to build theory (e.g. Eisenhardt, 1989; Yin, 2003) in relation to discourse and M&A strategy. To meet these objectives we have adopted a qualitative approach involving a detailed investigation of a case study acquisition strategy; namely BHP's attempt to acquire and merge with Rio. This approach is well suited to examining and improving our understanding of the complex dynamics surrounding such an event (Gibbert et al., 2008), including the discursive conduct of a range of actors involved in the acquisition discourse.

BHP's attempted acquisition of Rio was initiated on 12 November 2007, when BHP announced that it had approached Rio with a proposal to acquire it. Both companies had a dual listing on the London and Sydney stock exchanges with a combined market

capitalization in excess of US$350 billion. From this initial announcement and throughout 2008, Rio's Board continued to reject any valuations of Rio shares provided by BHP and refused to engage in discussions regarding a merger. Undeterred, BHP made its submissions to regulators and appealed directly to Rio's shareholders, who frequently were also BHP shareholders. Rio's continued refusal to consider the proposed merger forced BHP to conduct the acquisition attempt in the public domain and brought in a range of other actors.

BHP had successfully obtained clearance from US and Australian competition regulators to acquire Rio, and was in the process of securing permission for this from the European regulator when, on 25 November 2008, it suddenly abandoned its attempt to do so. BHP purported that the undertakings sought by the European regulator were unacceptable in the context of a rapid deterioration of near term global economic conditions, and the associated fall in commodity prices and availability of capital. BHP's abandonment of the acquisition marks the end of the period under consideration.

Data Collection

We started by familiarizing ourselves with the background to the case study. This involved assembling and reviewing a range of information about both BHP and Rio. Some of this information dated back as far as the formation of both companies, but was mostly focused on about one year prior to the acquisition announcement. Having reviewed this information, we then started to collect data spanning the 12 month period (November 2007 to November 2008) during which the acquisition attempt took place.

We adopted a multi-modal discourse analytic framework (Iedema, 2007; Kress, 2010; Kress and Van Leeuwen, 2001). This meant we identified the broad range of discursive practices that were apparent during the acquisition attempt. In doing so, we sought to examine the patterns of use and relationships among these practices, identify the different modes, and categorize the rhetorical strategies they brought to bear on the discourse. Such an approach allowed us to show how, between the announcement of the intended acquisition and its collapse 12 months later, the leadership of each organization, shareholders, competition regulators, customers, analysts, and the media used a variety of modes and rhetorical strategies that influenced the acquisition discourse and outcomes.

Our sources of data from the organizations included annual reports, company newsletters, corporate videos, press releases, and communications to shareholders. The data also included slides and full transcripts of key presentations to analysts and the media (including transcripts of 'question and answer' sessions following the formal presentations) throughout the 12 months that were the subject of our study. Other non-organizational sources include a wide range of journalists' accounts, stock analysts' comments, and statements by regulators. In total 4280 pages of material was collected and analysed. Our approach to analysing these sources of data was consistent with interpretive methods that have been established by other studies of M&A (see, for example, Maguire and Phillips, 2008; Vaara et al., 2005).

Data Analysis

Data analysis comprised five main stages. Instances of disagreement during the coding that took place over these five stages were resolved through discussion amongst the coders (Ezzamel and Willmot, 2008; Fendt and Sachs, 2008). At the first stage of analysis, and in line with the approach taken by Maguire and Hardy (2009) and Maguire and Phillips (2008), we constructed an 'event history database' (Ven and Poole, 1990). This involved reviewing all our data in order to establish a chronological order of the key practices of actors throughout the attempted acquisition. Our review did not just include language used by actors, but also other modes, activities, and the physical context that contributed to how actors sought to give meaning to the attempted acquisition (e.g. site visits, analyst briefings, customer meetings, press releases, and share purchases). From this process we were able to develop an account of how the attempted acquisition played out (Eisenhardt and Bourgeois, 1988; Langley, 1999).

   Second, we identified and coded themes that recurred throughout the data. The main themes that emerged from this process were explored further and either discarded or refined (Glaser and Strauss, 1967; Miles and Huberman, 1994). Those that remained were then aggregated into three categories (Glaser and Strauss, 1967; Miles and Huberman, 1994; Yin, 2003). These categories constituted key constructs that were consistently used by all actors to frame the pre-acquisition discourse in ways that represented their particular interests and, as the attempts at acquisition proceeded, the meaning of these constructs was the subject of continued negotiation. We use the term 'construct' as it better reflects the negotiation and construction of specific meanings for particular concepts. The constructs through which meaning was negotiated in this case concerned the *additional value pool*, the *fair share exchange ratio*, and the proposed acquisition's *impact on competition*. The *additional value pool* refers to the shareholder value that would result from the creation of a mining giant that could capitalize on the demand growth of China and India and reduce costs through operational synergies. The *fair share exchange ratio* refers to the number of BHP shares that would be paid in exchange for each Rio share. This needed to be seen as 'fair' to gain acceptance from both BHP and Rio shareholders. The *impact on competition* is about whether the combined entity would gain excessive market power, and depended on two key factors: the market share of the combined organization, and how the proposed acquisition served customer interests by bringing more product to market faster, as opposed to pushing prices up. For the third stage of analysis we identified and coded instances where discursive practices were brought to bear by BHP and its senior leadership on the three key constructs as part of this negotiation. From this, we identified two primary external actors for the acquisition discourse who were central to deciding the outcome of the attempted acquisition, in addition to BHP leadership itself. These were shareholders and competition regulators, and BHP therefore sought to obtain support for its acquisition strategy from both these groups. Shareholders included both Rio and BHP shareholders: 60 per cent owned shares in both organizations. The key constructs of the acquisition discourse pertaining to shareholders were *additional value pool*, and *fair share exchange ratio*. For competition regulators the key construct of the acquisition discourse was *impact on competition*. In addition, there were a number of other actors who could potentially influence the

decision-makers, including Rio's leadership, mining analysts, BHP and Rio customers and suppliers, and journalists. For each of the different actors we identified and coded a variety of multi-modal discursive practices that were used to contest or support the interpretation of the key constructs associated with the acquisition discourse. The purpose of this stage was to develop an appreciation of the breadth of discursive practices and associated modes that different actors brought to bear on particular constructs.

Our fourth stage of analysis involved our identifying and coding the rhetorical strategies that were connected to actors' particular practices and associated modes. We coded these rhetorical strategies as appeals to logos, ethos, and pathos (Aristotle, 1991). Our decision to do so followed an analysis of some 20 recent articles, which specifically look at rhetoric or legitimation during M&A or major organizational restructures (e.g. Brennan et al., 2010; Brown et al., 2012; Cheney et al., 2004; Erkama and Vaara, 2010; Green et al., 2008; Hellgren et al., 2002; Suddaby and Greenwood, 2005; Vaara and Monin, 2010; Vaara and Tienari, 2008; Vaara et al., 2006). Nearly every article used a different categorization to group rhetorical strategies. However, several acknowledged or drew on the logos, pathos, ethos categorization (Erkama and Vaara, 2010; Suddaby and Greenwood, 2005) or used this categorization exclusively (Brown et al., 2012; Green, 2004; Green et al., 2008), making it the most common categorization across relevant studies. We experimented with alternative and more recently developed ways to categorize rhetorical strategies. Specifically, this included 'theorizations of change' from Suddaby and Greenwood (2005), 'discursive strategies' (Tienari et al., 2003), and the 'legitimation strategies' developed by Erkama and Vaara (2010), Vaara and Monin (2010), Vaara and Tienari (2008), and Vaara et al. (2006). While we found examples of rhetorical strategies that could be said to fit each of these categories in our data, they were only found in linguistic modes (speech and writing) and not in non-linguistic modes. The classical categories of logos, ethos, and pathos were the only strategies we could consistently connect to non-linguistic modes and we coded accordingly. Indeed, confining our coding of rhetorical strategies to these categories was both necessary and appropriate since the aim of our study was to identify the significance of non-linguistic modes of discourse to rhetoric rather than to specifically test an existing categorization of rhetoric or to create any new categorizations.

In some cases our coding into logos, ethos, and pathos initially required a disaggregation of a practice into 'sub'-practices or into separate modes that made up the initially identified and coded practice. For example, BHP released short videos to seek support for the acquisition. By disaggregating the modes used in this practice into speech, moving image, and music we could then identify and code the prevalent rhetorical strategies embedded in each of the modes (e.g. pathos in music, speech, and moving images; ethos in moving images, indicators, and speech; logos in speech and moving images).

The final stage of analysis had us moving to a process of axial coding (Maguire and Phillips, 2008) for each of the three key constructs of the acquisition discourse. Specifically, it involved a systematic and iterative process in which we moved among our already chronologically ordered and coded data seeking to identify relationships and emerging patterns between the actors, key constructs, the multi-modal discursive practices, and the rhetorical strategies used to support or challenge these. These relationships and patterns were then refined in ways that created adequate conceptual categories,

which allowed us to provide an analysis that was grounded both empirically in our data and theoretically in the literature (Eisenhardt, 1989). For example, it allowed us to identify and show the variety of modes used under each construct, the combinations of rhetorical strategies used under each mode, and the significance and impact of modes and rhetorical strategies.

THE NEGOTIATION OF MEANING IN THE ACQUISITION DISCOURSE

The following sections outline our findings, identifying the discursive practices and rhetorical strategies used by both internal and external actors and how they played an active role in the evolution of the acquisition discourse and its outcome. Specifically, we explore how meaning across the three constructs of the pre-acquisition discourse was negotiated by showing how actors drew on linguistic and non-linguistic modes in order to bring to bear rhetorical strategies and exert influence. In doing so we illustrate how meanings in relation to the three constructs that shaped the pre-acquisition discourse either converged or diverged over the 12 month period. This involves our showing how, in the case of the *additional value pool*, external actors accepted from the beginning of the attempted acquisition the assertions made in regards to the creation of value, and converged with internal actors. We then show how, in the case of the *fair share exchange ratio*, it took some time before the internal actors converged with the external actors, by increasing the offer for Rio shares. Finally, we outline how internal and external actors continued to diverge on the acquisition's likely *impact on competition*.

External Actors Accept Meaning Proposed by Internal Actors

On 12 November 2007, BHP leadership issued an 18 page statement, which explained their intent to acquire Rio (Table I). This practice combined the mode of writing and non-linguistic mode of financial and numeric indicators. Specifically, the statement included a financial indicator for the *additional value pool* that would result from bringing the organizations together, estimated to be US$3.7 billion per annum. Rhetorically, the document went into great detail to explain the logic of the transaction (logos) and invoked the authority (ethos) of independent financial advisers, i.e. KPMG and Goldman Sachs, who wrote that the statement by BHP was made with due care and consideration.

   BHP leadership held an initial analyst briefing straight after issuing its written statement. The briefing encapsulated a large number of practices including conducting a presentation, distributing slides, using teleconference technology, and inviting and responding to questions. These practices drew on a range of modes, in particular writing, speech, imagery, location, and financial and numerical indicators. BHP leadership had titled the presentation 'BHP Billiton and Rio Tinto: Unlocking Value'. This title captured the key point of the briefing accurately, i.e. a combination of the two organizations would create substantial synergies and hence 'unlock' an *additional value pool* for shareholders. BHP leadership continuously reinforced this construct and the underlying logic of the acquisition throughout the presentation (logos): 15 of the 31 content slides used in the briefing referred back to the construct of *additional value pool*. Figure 1 shows an example where the proximity of BHP and Rio mining or infrastructure assets was

Table I. Influencing the meaning of 'additional value pool'

| Timing	Actor	Examples of discursive practices (in approximate temporal order)	Modes	Convergence/divergence of meaning
Nov 07	BHP leaders	Announce intent to acquire Rio to stock exchange	Writing, indicators	
Nov 07	BHP leaders	Draw on report of independent advisors who estimated additional value pool	Speech, writing, indicators	Significant additional value pool expected (US$3.7 billion per annum in quantified synergies)
Nov 07	BHP leaders	Hold initial analyst briefing entitled 'BHP Billiton and Rio Tinto: Unlocking Value'	Speech, writing, indicators, imagery, location	
Nov 07	Analysts	Ask questions at BHP's briefing	Speech, indicators	Value pool larger than BHP indicated
Nov 07	BHP leaders	Release short videos with BHP leaders	Speech, moving imagery, music	Significant additional value pool from 'exciting' combination of companies
Nov 07–Nov 08	Media	Select information to publish or ignore	Writing, imagery, speech, indicators, video	Significant additional value pool confirmed by reliable sources
Nov 07	Rio leaders	Hold an investor seminar (i.e. analyst briefing)	Speech, writing, indicators, imagery, location	Most of claimed value not additional, but already present in Rio
Nov–Dec 07	BHP leaders	Visit major shareholders	Location, speech; (other modes unknown)	Acceptance of additional value pool
Nov 07–Feb 08	Shareholders	Buy/sell shares at higher absolute value	Indicator	Significant additional value pool likely
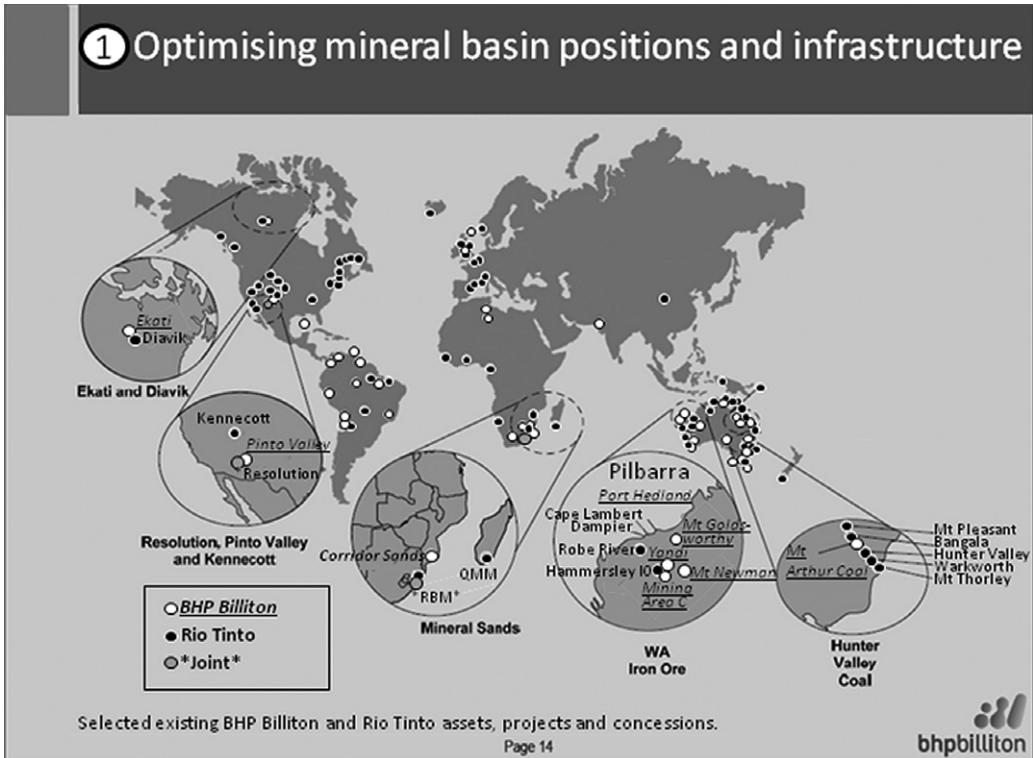
Figure 1. Additional value from combining assets
Note: This image has been adapted to enable black and white print.

visually represented using a map to suggest potential synergies across assets. This visual representation also drew on ethos: what the map with small circles implied was that the audience did not have to rely on the authority of BHP (or even KPMG or Goldman Sachs), but could 'see' the potential for synergies with their own eyes.

The presentation by the then CEO of BHP, Marius Kloppers,[1] during the analyst briefing included a range of other authorities in footnotes as sources for data that underpinned assumptions like market growth, including the IMF, World Bank, and OECD. This suggested that BHP's underlying analysis was trustworthy (ethos) and supported claims of future demand levels. On occasion, Kloppers did refer verbally to BHP's own authority. For example, he mentioned BHP's success with the integration of a previous acquisition and claimed authority (ethos) for BHP's ability to manage large, complex acquisitions. Further, in his opening remarks for the analyst briefing, BHP's Chairman made a point of expressing the highest regard for Rio and its people, describing it as a 'fine organization with excellent assets'. BHP CEO Kloppers equally praised Rio in his presentation. These compliments were more effusive in speech than in writing. The compliments used the rhetorical strategy of pathos, in that they acknowledged people associated with Rio, and as a consequence might make them more accepting of a potentially hostile acquisition. Overall however, the most prevalent rhetorical strategy

for this initial presentation was logos, stemming from the modes of speech, writing, imagery, and indicators.

Other discursive practices that were brought to bear on the construct of *additional value pool* included questions from analysts at the end of the initial analyst briefing. For example, one unidentified analyst commenced his question by stating: 'I certainly agree with you about the uplift to shareholder value for both sets of shareholders. I would probably describe it as obscene'. The comment illustrated an immediate acceptance by the analyst of the proclaimed *additional value pool*, and used pathos. The analyst's position of authority (ethos) derived from his connection with a reputable investment bank or share broking firm (a condition of entry to the briefing).

As mentioned earlier, the meaning of constructs resulted from the discursive practices brought to bear by all key actors, not just BHP leadership. For example, Rio's leadership held an investor seminar, using the same modes as BHP had used in its analyst briefing. The then CEO of Rio, Tom Albanese,[2] argued that the supposed *additional value pool* was value that was already present within Rio, and would be delivered regardless of an acquisition. This value, according to Albanese, had not been reflected fairly in Rio's share price before. As evidence, he presented slides (using speech, writing, imagery, and indicators) that employed logos and ethos to argue his point.

Like BHP's briefing, Rio's seminar also included the practice of analysts asking questions. At the seminar a UBS mining analyst prefaced his question on synergies, stating: 'Just wondering, clearly, if you put BHP and Rio side by side, which you've done and they have, it looks like they understate the cost savings and the benefits of bringing [BHP and Rio] together'. Albanese responded that, 'prior experiences of putting together these types of businesses [showed] that as you get into it more, you can find more opportunities. And I wouldn't doubt that that's the case'. In contrast to the writing and speech of Albanese's carefully scripted (formal) presentation, the response showed that he, like the analyst, agreed that further opportunities for synergies existed.

Location also featured as a mode in the acquisition discourse. For example, after the initial announcement, BHP CEO Kloppers visited a number of major shareholders. These people were in a range of different geographic locations, and making the effort to afford them a face-to-face meeting communicated that they were important to BHP (pathos), and that their opinion was highly regarded and worth significant effort on behalf of Kloppers. According to Kloppers, confirmed by statements in the media, these shareholders agreed that a combined organization could unlock significant additional value. In an illustrative statement, BT Financial Group's resources portfolio manager said, 'there are clearly synergies involved, not the least of which are two companies trying to expand as quickly as possible in a market without enough engineers and everything else' (*Australian Financial Review*, 10 November 2007).

Evidenced by the London and Sydney stock exchanges, shareholders expressed their acceptance of the construct of *additional value pool* through the trading that occurred. Additional value was obvious and immediate for Rio shareholders, as they would receive a premium for their shares if the transaction were to proceed, and pricing shot up after BHP's announcement. Just how much BHP shareholders would receive of this additional value depended on the price paid for Rio shares. Consequently, the second key construct that shaped the acquisition discourse related to the issue of price.

Internal Actors Converge with External Actors on Meaning

Whereas other external actors agreed with BHP leaders on the meaning of the *additional value pool*, they did not do so regarding *fair share exchange ratio*. BHP leaders accepted that if the M&A was to move forward it would have to meet the expectations of these other actors – particularly shareholders – regarding what they saw as a fair price. Three months into the period covered by our study, they therefore raised the offer price.

To appreciate those parts of the acquisition discourse that relate to the acquisition price, it is important to note that BHP proposed an all-scrip transaction. This meant that no cash was to change hands and only shares were to be exchanged. If BHP leaders could lift the perceived value of BHP compared to the perceived value of Rio, then BHP would have to offer less BHP shares for each Rio share. Both BHP and Rio operated in many of the same commodity markets. If these markets were expected to go up or down, this would impact on the perceived value of both organizations. The extent to which the relative value would be impacted depended on the relative exposure of the companies to the different markets, and their perceived ability to exploit these markets. Therefore, to create a perception of superiority during the attempted acquisition, BHP leadership would benefit from giving most presence to the discussion of opportunities where BHP had an advantage.

A broad range of discursive practices shaped the acquisition discourse where it pertained to the exchange ratio of BHP and Rio shares (see Table II). One key discursive practice that influenced the share exchange ratio offered by BHP was the buying and selling of shares by shareholders. In the months prior to the acquisition announcement in November 2007, share prices fluctuated around a relative value of about 2.4 BHP shares for each Rio share. Using the mode of indicator, BHP's leadership referred to this baseline when they announced BHP's intent to acquire Rio: 'based on the 30-day figures prior to when the approach was made, [our proposed ratio of 3.0] values Rio Tinto at $153 billion; that is a 28 per cent uplift to the volume weighted average closing price' (Kloppers, Analyst Briefing,12 November 2007). From a rhetorical perspective this means that Kloppers drew on the authority (ethos) of the share market, which set the ratio at 2.4, to provide evidence that an offer of 3.0 provided a significant premium to Rio shareholders.

A further discursive practice pertains to an analyst briefing organized by BHP in December 2007. Here BHP's leadership argued its case by pointing out the relative opportunities of BHP and Rio, and their respective track records in delivering shareholder value. For example, when discussing the relative value of BHP versus Rio, Kloppers used speech to communicate sarcastically that 'the way that Rio Tinto presented the results counts all of the joint venture tonnage, ignoring ownership. We prefer, conventionally, to count only the things we own' (Analyst Briefing, 12 December 2007). The implication was that Rio had exaggerated its own value and the market should recognize that in the relative valuation of both companies. In this instance then, Kloppers was drawing on the apparent logic of only counting what you own (logos), while using sarcastic speech that undermined the authority (ethos) of Rio's leadership.

The practices that were brought to bear on the discourse by Rio's leadership included a refusal to engage with BHP, and an investor seminar in which they rejected a share

Table II. Influencing the meaning of 'fair share exchange ratio'

Timing	Actor	Examples of discursive practices (in approximate temporal order)	Modes	Convergence/divergence of meaning
Nov 07	BHP leaders	Announce intent to acquire Rio at 3.0 BHP shares per Rio share (based on 2.4 pre-approach ratio)	Writing, indicators	Suggest ratio of 3.0 BHP shares per Rio share present a premium
Nov–Dec 07	BHP leaders	Hold initial analyst briefings	Speech, writing, indicators, imagery, location	
Nov 07–Nov 08	Rio leaders	Refuse to engage directly with BHP leaders	No modes used in direct engagement	Ratio of 3.0 is not in the 'ballpark'
Nov 07	Rio leaders	Hold an investor seminar (i.e. analyst briefing)	Speech, writing, indicators, imagery, location	
Nov–Dec 07	Analysts	Ask questions at briefings	Speech, indicators	
Nov 07	Analysts	Suggest fair share exchange ratio through media	Indicators, speech	Ratio should be around 3.4–3.5
Nov 07–Nov 08	Media	Select information to publish or ignore	Writing, imagery, speech, indicators	
Nov 07–Feb 08	Shareholders	Buy/sell shares of BHP and Rio at particular ratio	Indicator	Shares traded at about 3.4
Nov–Dec 07	BHP leaders	Visit major shareholders	Speech, location (other modes unknown)	Still suggesting ratio of 3.0
Dec 07–July 08	BHP and Rio leaders	Letters to shareholders	Writing, indicators	BHP suggests 3.4 is generous; Rio suggests 3.4 is inadequate
Jan 08–Nov 08	BHP and Rio leaders	Organise site visits	Speech, writing, indicators, imagery, location	BHP pushes ratio down Rio pushes ratio up
Jan 08	Rio leaders	Fly journalists over BHP port with former BHP shipping manager who points out BHP bottleneck	Location, imagery, speech, indicators	Ratio should be above 3.4, at which the shares are currently traded
Feb 08	BHP leaders	Make formal offer of 3.4	Speech, writing, indicators, imagery	Align with ratio of 3.4
May 08	BHP leaders	Hold oil education seminar	Speech, writing, indicators, imagery, location	BHP suggests 3.4 is generous as its oil business is undervalued by market

exchange ratio of 3.0. This refusal to engage with BHP drew its authority (ethos) and thus influence from Rio leadership as the major protector of the value of Rio's shares. In the seminar, Rio's leadership argued that its market opportunities and capabilities justified a more advantageous ratio for Rio shareholders. For example, using the mode of speech while avoiding a precise indicator, Rio CEO Albanese stated that the offer from BHP was 'two ballparks down the road', suggesting that he felt that the offer was highly inadequate. This may well have been a deliberate attempt to appear 'genuinely' offended by the offer, but even if this were the case, it reflected the use of pathos (manufactured or not) by Albanese.

Analysts and journalists had no obvious shared interest in persuading actors one way or another in the outcome of the acquisition discourse. Questions from analysts at the briefings of both BHP and Rio indicated that they agreed that a share exchange ratio of 3.0 might not be adequate and would need to be revised upwards. This is confirmed afterwards by comments from analysts and selected by the media that indicated that a fair exchange could be around the 3.4 or 3.5 of BHP shares for each Rio share. For example, according to Stock Resource mining analyst Steve Bartrop:

> There is an expectation that [BHP] will have to lift it . . . and 3.5 looks a reasonable limit, but above that and [they] give away too much to Rio. (Dow Jones Chinese Financial Wire, 15 January 2008)

For both analysts and journalists the potential influence of comments like these resulted foremost from the level of authority (ethos) that their audiences assigned to them.

Other discursive practices included letters to shareholders from the respective Chairmen of BHP and Rio. From a content perspective these letters contained no new information beyond what was publicly already available. Also, the letters were fairly short and did not repeat the argument for (in the case of BHP's letters) or against (Rio's letters) in great detail. The purpose of the letters therefore seemed to be, at least in part, to pay attention to the individual relationship with all shareholders by providing a personalized communication, rather than only speaking through mass media. Writing the letters can be seen as attempts by both BHP and Rio leadership to draw on the rhetorical strategy of pathos and nurture their relationship with shareholders, as only the largest shareholders could be visited in person.

Also in evidence were discursive practices that used location as a mode, notably site visits that allowed either journalists or analysts to learn more about company operations, while offering the company an opportunity to espouse its own views and perspectives to a captive audience, demonstrate some of its capabilities in situ, and develop relationships.

Overall, what shareholders had been communicating since BHP's announcement in November 2007 through share transactions was that the initial offer of 3 BHP shares for each Rio share was too low. BHP leadership clearly took note of this response. For example, BHP's CEO Kloppers interpreted the resulting share price ratio explicitly as a judgment of the success or failure of discursive practices to persuade investors. He repeatedly used a graph that plotted the share price ratio over time, a combination of the modes of imagery and indicators, to explain shifts in the ratio (see Figure 2). As the share price was, in effect, a proxy for shareholder views, and these actors would, in the end,
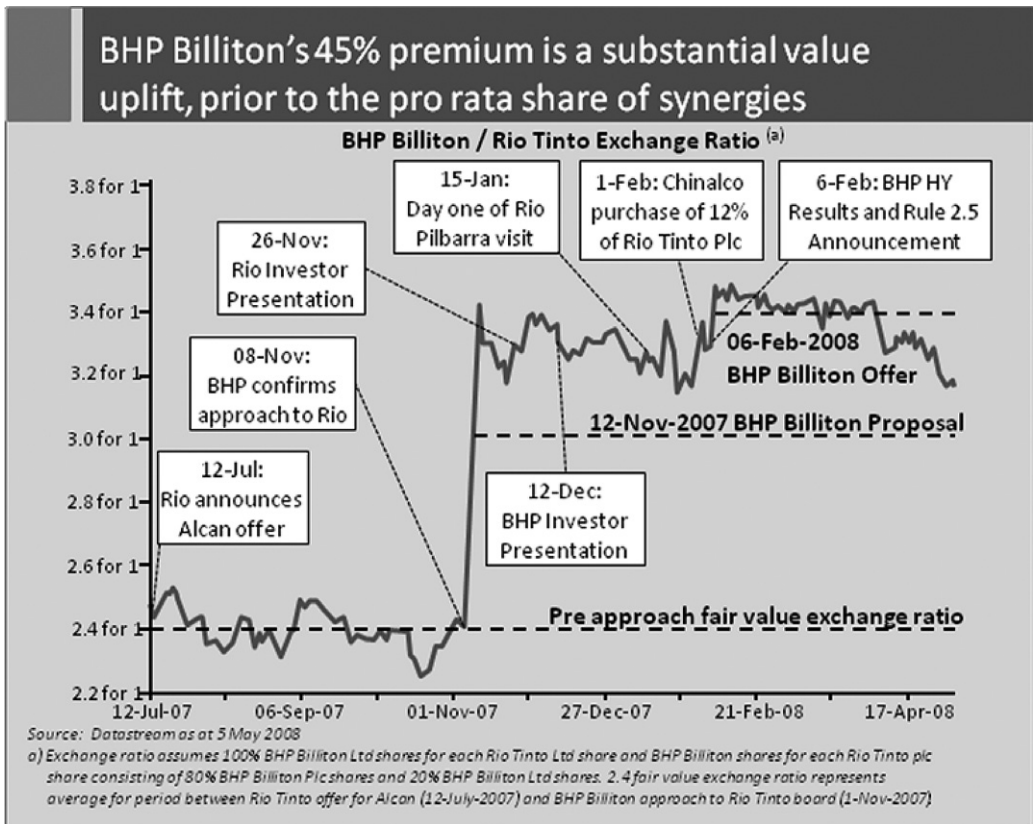
BHP Billiton's 45% premium is a substantial value uplift, prior to the pro rata share of synergies

BHP Billiton / Rio Tinto Exchange Ratio (a)

Figure 2. Discursive practices and share price development

Note: This image has been adapted to enable black and white print.

decide on the proposed transaction, it can be seen as embodying an ultimate authority (ethos) whose signals could not be ignored. Once it became clear that the market was unlikely to accept the proposed 3.0 BHP shares per Rio share, BHP leadership could either choose to increase its offer or abandon the acquisition attempt, and in February 2008 Kloppers announced BHP's formal offer of 3.4 shares for every Rio share.

Following this formal offer, BHP kept up the pressure on the share exchange ratio by reinforcing its alleged superior exposure to opportunities and capabilities through various discursive practices. This included a briefing on its oil business in May 2008. During the briefing BHP tried to reframe how its oil business should be valued. Specifically, BHP's CEO Kloppers argued that current reporting practices undervalued the reserves of his Petroleum business:

> In contrast to the Minerals business, where we often use the term 'resources' to describe the *potential* of a project and where we can formally report resources, under SEC rules, oil companies can only report *proven* reserves in its annual results statements. (BHP Petroleum Briefing, May 2008, emphasis added)

Analysts who covered BHP typically had expertise in mining, but not necessarily in oil. If Kloppers could make a plausible case as to why a generally accepted logic for the mining reserves (logos) should also be used for calculating oil reserves, analysts might have tweaked some of the variables in their spreadsheets, reconstructed the indicator for BHP's oil reserves, and increased BHP's relative value: even a minor shift of 1 per cent in the perceived value of BHP Petroleum would have added hundreds of millions of dollars to the market capitalization of BHP.

The formal offer in February 2008 appears to have brought BHP close to, or within the range of, the share exchange ratio needed to reach support from shareholders. In contrast to the initial construct, where actors had accepted BHP's reasoning on what the acquisition would mean for an *additional value pool*, now BHP leadership had aligned itself with the share exchange ratio that shareholders had communicated as fair. The meaning of what constitutes a *fair share exchange ratio* appeared quite fixed, and discursive practices after February 2008 did not appear to shift this significantly. Although there was a slow drift downwards of the ratio after April, rather than signify change in the perceived *fair share exchange ratio*, this drift was interpreted by actors quoted in the media to signify increasing concern that the regulators may stop the acquisition based on concerns of its impact on competition.

Internal and External Actors' Meanings Diverge

The acquisition discourse was also shaped by a range of discursive practices that influenced the construct of the *impact on competition* (Table III). BHP and the regulators failed to reach agreement on what the acquisition would mean for competition, leading the European competition regulator to seek undertakings that were, in the end, unacceptable to BHP. Our analysis showed significant concerns about competition related to the iron ore market that were framed by two factors. These factors were, first, the iron ore market share that the combined organization would have, and second, the assertion that the combined organization would bring more iron ore to market faster. In this section we will describe how BHP's leadership, analysts, media, regulators, and customers brought a range of discursive practices to bear to define the market share of the merged entity. We also show how these actors supported or contested the claim that the acquisition would lead to an increase and acceleration of the iron ore supply, rather than price gauging.

In the written announcement and the initial analyst briefing, BHP was very precise in its wording and relied on indicators to convey the possible *impact on competition* that the acquisition would have. Iron ore was immediately identified as the likely focus of regulatory concerns. BHP asserted that the combined organization would have a market share of contestable iron ore sales of approximately 27 per cent, which would decline as new players entered the market. A footnote stated that this included domestic production in China, which was also contestable. The implication of this number was that the market share would be too small for the combined company to have a negative *impact on competition*. BHP implicitly asked its audience to accept the asserted market share on BHP's own authority as it did not offer external confirming authoritative sources. An unidentified analyst questioned BHP CEO Kloppers on this, stating during the analyst presentation that, 'It seems that if you control almost all the Western Australia iron ore

Table III. Influencing the meaning of 'impact on competition'

Timing	Actor	Examples of discursive practices (in approximate temporal order)	Modes	Convergence/divergence of meaning
Nov 07	BHP leaders	Announce intent to acquire Rio through statement that defines iron ore market widely	Writing, indicators	Market share in iron ore 27%, i.e. too small to impact competition
Nov 07	BHP leaders	Hold initial analyst briefings	Speech, writing, indicators, imagery, location	More product to market faster
Nov–Dec 07	Analysts	Ask questions at briefings	Speech, indicators	Acquisition will reduce competition
Nov 07	Analysts	Suggest different ways to define the iron ore market through the media	Speech, indicators	BHP market share in iron ore 39.5% of seaborne trade
Nov 07–Nov 08	Media	Select information to publish or ignore	Writing, imagery, speech, indicators	Acquisition likely to reduce competition
Nov 07–Nov 08	Customers Suppliers	Make public statements through the media	Speech	Acquisition would definitely reduce competition
Jan 08	Customers (China)	Buy Rio shares to influence acquisition outcome	Writing, indicators	competition
Mar–Jun 08	Customers	Make confidential submissions to the regulators	Writing, indicators, images, speech	Acquisition would definitely reduce competition
Aug 08	BHP leaders	Provide independent analysis as evidence that price gouging would not advantage BHP	Writing, indicators, images	More product to market faster
Nov 07–Nov 08	Customers	Support emerging miners with contracts	Writing, indicators	Confirms that acquisition would reduce competition
March 08 onwards	Customers (China)	Avoid buying iron ore from BHP on spot market	Writing, indicators	
After March 08	Customers (China)	Delay issuing customs papers to hinder BHP export to China	Location, writing	competition
Jun–Jul 08	Regulator	Issue statement of facts	Writing	Acquisition would reduce competition
Sep 08	BHP leaders	Secure long-term iron ore supply for key customer in Australia	Writing, indicators	Competition in Australian iron ore market secure
Oct 08	Regulator (Australia)	Accept request for acquisition	Writing, indicators	Competition sufficiently secure
Jul–Nov 08	Regulator (EU)	Seek undertakings to safeguard competition	Writing, indicators	Competition sufficiently secure only if undertakings are accepted

production, you would have the [Chinese] steel industry over a barrel'. This was in effect a challenge by the analyst about the veracity of BHP's claims regarding the impact of the proposed M&A on competition. Coming as it did from an alternative source of authority (ethos), it immediately threatened Kloppers' persuasive power.

A range of statements from analysts in the media continued to weaken the 27 per cent market share asserted by BHP. For example, a Dow Jones Newswires report quoted an unidentified analyst from an investment bank: 'They've included Chinese production to dilute their control of the market. It's very clever of them but I don't think it will fool anybody' (12 November 2007). The report also quoted another analyst who argued that the relevant market should include only iron ore that was shipped:

> Using the seaborne trade as a benchmark, BHP and Rio together held a 39.5% share in 2006 . . . Together with the other giant, Brazil's CVRD . . . the three control about 85% of the seaborne iron ore trade. (Dow Jones Newswires, 12 November 2007)

In this instance, the implied logic (logos) was that the acquisition would reduce this to only two mining companies who would control nearly all iron ore in the relevant market, which would have a significant negative *impact on competition.*

Our analysis identified how actors with different interests brought to bear discursive practices such that the meaning attached to market share was the subject of ongoing negotiation. BHP's leadership preferred a definition that was as broad as possible, as this would reduce its perceived market share and therefore its perceived ability to exploit that market. Iron ore buyers, who feared market concentration, needed to have a narrow definition accepted by regulators as that would increase the chance that these regulators would either block the acquisition or impose strict conditions on BHP. Mining analysts had no inherent interest in the outcome of the acquisition and were likely to have the knowledge and skills necessary to argue what market was 'relevant' for competition. This gave them a significant position of authority (ethos) to influence the definition. By drawing on this authority of analysts (ethos), the media exerted influence to reject BHP's attempt to calculate the relevant iron ore market as inclusive of Chinese domestic production.

BHP's second argument to persuade other actors with an interest in the proposed merger that it should go ahead, was that in combination BHP and Rio could bring 'more tonnage to customers more quickly than otherwise would have been possible' (Kloppers, 12 November 2007). BHP elaborated on this underlying logic (logos) using the modes of writing, speech, images, and indicators, and Kloppers suggested it was the most important advantage of the acquisition.

Customers did not accept this logic, with European and Chinese customers actively expressing their rejection using a broad range of discursive practices. Statements to the media were frequent, and one newspaper column concluded that 'BHP's argument that a mega-miner would be beneficial to customers because of increased volume growth is rather laughable. This deal is about pricing power' (Lex Column, *Financial Times*, 12 December 2007). Rhetorically this column combined ethos derived from its reputation, with pathos by calling BHP's argument laughable.

At the time, China did not yet have an active competition regulator that its steel makers could apply to, but this did not render them without influence. Other practices, deployed on behalf of Chinese steel makers, included the support of alternative, emerging iron ore miners, avoiding buying from BHP on iron ore spot markets, and delaying paperwork required to bring iron ore into China. By far the strongest symbolic action was the 'dawn raid' of 12 per cent of Rio's London-listed shares lead by Chinese government-owned company Chinalco. Although this would not necessarily prevent the acquisition of Rio by BHP altogether, it was generally interpreted as a signal that steel customers did not accept BHP's assertion that the acquisition of Rio would benefit customers.

The most important regulators for approval were the Australian and European competition regulators. Both had been accepting written submissions from actors to determine the potential *impact on competition* of the acquisition. Although individual submissions were confidential, regulators aggregated and published written statements of issues that summarized the submissions. These statements provided a detailed account of the reasoning that was likely to underpin its final decision and presented a preliminary view.

The Australian regulator (ACCC) released its written Statement of Issues in August 2008. It did not accept the broader market definition put forward by BHP but emphasized the importance of the seaborne iron ore market for pricing in the domestic market, which reflected the reasoning (logos) of analysts in the media. However, the ACCC had accepted the reasoning (logos) of BHP that it would not be in its interest to restrict supply. Nevertheless, BHP's market power in Australia would enable the company to raise iron ore prices by more than global iron ore prices. Although Australia only had two major steel makers, one of whom had its own iron ore mine, the second steel maker, BlueScope, could suffer from excessive price increases. Consequently the ACCC wanted to investigate some key issues before announcing its decision in October 2008. A few weeks after the Statement of Issues had been released, BHP closed a new 10-year supply contract with BlueScope. The contract included new pricing terms that linked price increases to global iron ore prices and would prevent price gauging by BHP in the domestic market. In effect, drawing on the mode of writing and the substantial authority of a legally binding contract (ethos), BHP communicated that it would not be able to unfairly raise prices for BlueScope. This appeared to resolve the key concern of the regulator and two weeks later the ACCC cleared the way for BHP to acquire Rio.

The EC Competition Commissioner had issued its written Statement of Issues in July 2008, earlier than the Australian regulator, but its final decision was not due until January 2009. In contrast to the Australian regulator, the statement mirrored the logic of European steel-makers that the acquisition could reduce the supply of iron ore and raise prices. To ease these concerns, the EC Competition Commissioner had been in discussions with BHP in order to secure certain undertakings, including a commitment to divesting itself of selected iron ore mines, should the acquisition be allowed to proceed. BHP was required to sign a written contract that would enable the regulator to enforce the undertakings through the courts (ethos) if required. Ultimately, these undertakings were, in the context of an emerging global financial crisis, the key reason offered by BHP for abandoning the acquisition in November 2008, 12 months after the initial announcement.

Multi-Modal Rhetoric

The earlier findings identified a range of discursive practices used by both internal and external actors as they negotiated meanings attached to the *additional value pool*, *fair share exchange ratio*, and *impact on competition*. As indicated above, we found evidence time and time again of how actors – both internal and external – appealed to logos, ethos, and pathos. Here we provide two examples drawn from our detailed analysis of how these discursive practices brought to bear these rhetorical strategies through different modes.

The first example is the use of short videos by BHP leadership, early on in the period under investigation, to promote the merits of the acquisition (see Table IV). In the videos BHP leaders argued the logic of bringing the organizations together, stating that synergies would create shareholder value ('cost efficiencies could be enormous'); Rio shareholders would benefit (from a lift in economic asset value); BHP shareholders would benefit (from cost synergies and faster revenue growth); and further that it would be beneficial to customers (who would receive products faster). The logic was also supported by showing maps that showed the proximity of sites. Throughout the videos it was suggested that this logic was supported by different sources of authority. As argued when discussing Figure 1, maps implied that the audience did not have to rely on the authority of BHP but could 'see' the potential for synergies with their own eyes, as the geographic proximity of assets was a proxy for this potential. Chairman Argus drew on the authority of the share market when he suggested that past share prices showed that the share market supported BHP's ability to successfully integrate large companies. Further, Argus also used an indicator to draw on the authority of the share market and position the BHP offer as '*a 45% premium*' for Rio shareholders, compared to pre-offer share price of Rio. Other imagery of professional looking staff and modern mining technology further drew on ethos through their suggestion of strong organizational capability. Lastly, some of the imagery, as well as the use of music, appeared to aim for evoking an emotional response. The use of collaborating and handshaking staff, appealing sunsets, underpinned by upbeat futuristic music, suggested that BHP was dynamic, forward looking, and cared about its people, and that bringing the organizations together was an exciting strategy to be part of, for shareholders, employees, and customers.

The second example was the use of a helicopter by Rio to fly journalists over BHP's main iron ore port in order to demonstrate that it had a bottleneck and needed Rio's port infrastructure to lift exports (see Table V). Rio drew on logic when describing the bottleneck as caused by, amongst others, '*a tight S-bend*', which BHP could only overcome '*if they had access to our ports*'. They also drew on logic by using the imagery and location above the port to reinforce the idea of a bottleneck, which made '*apparent* [that] *Rio has the better strategic position*'. This drew on authority by enabling journalists to see the bottleneck '*firsthand*', rather than rely on others. Further, with a neat sense of the theatrical, the journalists were accompanied by Rio's Head of Shipping who used to be a BHP employee and could claim authority due to his inside knowledge of BHP's 'problems'. In addition, authority was also derived from the use of indicators, which provided seemingly objective measures for the capacity constraints. Lastly, a number of media articles published following the excursion contained some evidence of excitement

Table IV. Multi-modal rhetoric – create promotional video (BHP leadership)

Modes and examples	Rhetoric	Convergence/divergence of meaning
Speech: – '. . . [BHP and Rio] '. . . *have two operations about 2,000 km from the North Pole [that] . . . so you have . . . these huge diesel inventories and you have huge processing plants. Everything by duplicate and . . . 30 minute apart. If you run together what you could safe in terms of cost efficiencies could be enormous . . .*' (Chief Commercial Officer Calderon)	Logos	– Combining the companies creates value from synergies
– '. . . *The Rio shareholders lift from around about 36% of the economic asset value to around about 44 and our own shareholders get the benefit from not only the synergies but also the upside that occurs with being able to deliver things quickly . . .*' (Chairman Argus)		– It is good for both sets of shareholders
– '. . . *North East Asia needs those products and what we got to be able do now is to get the supply chain right so that we can get to their markets quickly . . .*' (Chairman Argus)		– It is good for customers
Imagery: – Globe and maps, illustrating close proximity of some Rio and BHP assets		– Sites are neighbouring
Speech: – '. . . *If you looked at what happened to our share price since we merged with Billiton in 2001, it has just gone through the roof, and that to me is indicative of what can happen in this sort of a merger . . .*' (Chairman Argus)	Ethos	– The share market agrees we deliver value after a major merger
Indicators: – '. . . *We've offered a 45% premium . . .*' (Chairman Argus) Imagery: – includes footage of modern mining operations (heavy machinery, laboratories), and professional looking staff (executives and mining site staff)		– The pre-offer share price proves our premium – We are a world class, professional company
– globe and maps, illustrating close proximity of some Rio and BHP assets		– See for yourself
Speech: – '. . . *Both companies are very good companies, and they've got very good people and they've got very good Boards . . .*' (Chairman Argus) – '. . . *These are two very good companies, and probably the best two mining companies . . .*' (Chief Commercial Officer Calderon)	Pathos	– Prevent hostility and perception of BHP arrogance
Imagery: – Includes imagery of people of mixed ethnicity and gender shaking hands and collaborating, beautiful weather and sun sets. Music: – Upbeat, futuristic music sets a tone of excitement and underpins imagery		– This will create a high energy, great place to be, full of opportunity

Table V. Multi-modal rhetoric – fly journalists over Port Hedland (Rio leadership)

Modes and examples	Rhetoric	Convergence/divergence of meaning
Speech: – BHP's port expansion plan *'is going to be very expensive'* and *'when is it going to happen?'* (Rio iron ore boss Sam Walsh, in The Australian, in 17/1/2008) – Rio Tinto's head of shipping '. . . [pointed out] the "*tight S-bend*" that the giant iron ore carriers have to negotiate . . . the narrow channel . . . and the lack of space . . . which means a ship has to sail before a new one can enter the port.' (A. Trounson, The Australian, in 17/1/2008) – '. . ."*If they had access to our ports, they could de-bottleneck the problems they have,*" says [Rio CEO] Albanese . . .' (H.Power, 20/1/2008, The Sunday Telegraph) Location/imagery: – '. . . *in the helicopter . . . it becomes apparent Rio has the better strategic position . . .*' (H.Power, 20/1/2008, The Sunday Telegraph)	Logos	– BHP needs Rio and undervalues Rio's contribution to additional value pool. It should increase the offer
Speech: – The authority of speech of Rio Tinto's head of shipping, Ralph Larby, stems in part from his being a former BHP employee Location/imagery: the location above the port allowed key international journalists to – '. . . *get a first-hand look at the limitations of BHP's port facilities* . . .' (The Financial Times 17/1/2008), rather than rely on someone else's authority. Indicators: – Production capacity and maximum expandable shipping capacity of the BHP's port (in millions of tonnes) describe the capacity needs and port constraints	Ethos	– We have insider knowledge of BHP – Trust your own authority (i.e. own eyes) – The bottleneck is a major problem for BHP
Location: The media appeared excited and impressed by the act: – '. . . *Rio Tinto is pulling out all the stops . . . BHP chief executive Marius Kloppers may need to start booking helicopters if he wants to win this one . . .*' (The Financial Times 17/1/2008) – *'a cheeky media coup'* by Rio (A. Trounson, The Australian, in 17/1/2008)	Pathos	– You (journalists) are important to us

of journalists about the flight, suggesting that BHP 'may need to start booking helicopters' to match Rio's 'cheeky media coup'.

Our analysis of the relationship between linguistic and non-linguistic modes and rhetorical strategies showed how a single mode could bring to bear a broad persuasive appeal by encompassing all three rhetorical strategies. This was evidenced by the use of speech and imagery in the first example, and the use of imagery and location in the second example. Conversely we found that the use of one rhetorical strategy (pathos or logos or

ethos) could be reinforced when brought to bear by multiple modes. In the examples above we see how ethos was reinforced in the first example by speech, indicators, and imagery; and in the second example ethos was reinforced through the use of speech, imagery, location, and indicators. Both broadening and reinforcing particular rhetorical strategies through different modes were visible throughout the acquisition discourse. The analysis shows a rich and multi-layered acquisition discourse in which the meaning of the three constructs is negotiated by both internal and external actors through multiple, overlapping discursive practices that incorporated mixed modes and rhetorical strategies.

DISCUSSION

The findings outlined above contribute to discourse based theories of M&A by providing a deeper understanding of the role of external actors in a merger or acquisition discourse. Although there is some previous research that analysed the role of the media (Hellgren et al., 2002; Kuronen et al., 2005; Vaara and Tienari, 2002), external actors are largely under-explored in studies of strategizing (Cartwright et al., 2012; Jarzabkowski and Spee, 2008; Jarzabkowski et al., 2007). Our research identifies that external actors are not simply a passive audience, but play a significant role in the production and dissemination of discourses that precede a merger or acquisition transaction. This role is enacted through a range of multi-modal discursive practices and rhetorical strategies. We argue that in order to understand how organizations develop and implement an M&A strategy, we must scan the landscape in which an organization operates for relevant external actors, and take note of the modes and rhetorical strategies that they bring to bear on the discourse.

The Role of External Actors in M&A Discourse

Our exploration of the role of external actors led us to identify and distinguish three overarching roles for external actors in a pre-acquisition discourse. External actors' roles are: first, determining the structure of the acquisition discourse; second, persuading others; and third, deciding whether the transaction will proceed.

Turning to the first of these roles, a micro analysis of *how* actors negotiate the meaning of constructs could easily overlook the critical role of decision-makers in determining *what* constructs will be negotiated in the first place. Our research suggests that external actors who are also decision-makers determine the structure of an M&A discourse in two ways. First, in line with other studies, we argue that for actors to be able to influence or persuade others, they have to adapt their message (Erkama and Vaara, 2010; Vaara and Tienari, 2008) and ensure that it aligns with their audiences' 'beliefs' (Jarzabkowski and Sillince, 2007) or 'world-views', e.g. what broad economic trends may shape global demand. Second, the key constructs that structure the discourse must reflect the specific interests of decision-makers. In the case of an individual shareholder this means that the transaction will increase the value of the shares held. To satisfy shareholders as a group requires additional value to be created and shared through a price that is neither too high (which would alienate shareholders of the acquirer), nor too low (which would fail to persuade shareholders of the target organization). This price can be expressed in different ways, e.g. dollars, a share exchange ratio, or a combination of both. In the case of
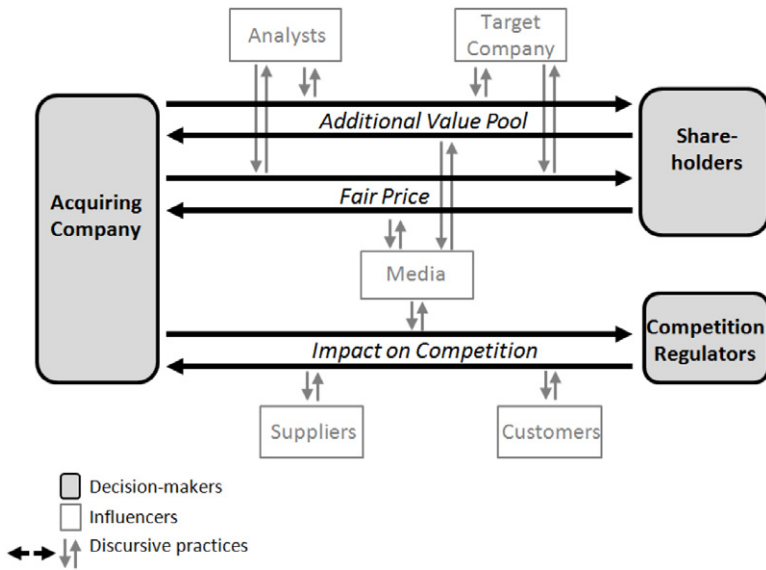
Figure 3. Key actors and their roles in a pre-acquisition discourse

competition regulators this means that it will not lead to an unacceptably large market share that the combined organization could exploit.

Our analysis of the negotiation of meaning related to the attempted acquisition sheds light on the second role of external actors and extends our understanding of the complexity of this process. Here we show that external actors are not simply an audience to be persuaded by the arguments put forward by the leadership of an acquirer. Rather, we have shown the negotiation of meanings in the pre-acquisition discourse is a much more dynamic process. It involves a multi-directional network of internal and external actors who swap roles as rhetor and audience on an ongoing basis, as they try to protect their own interests and persuade each other through discursive exchanges.

The third role we have identified for external actors as part of the production and dissemination of the pre-acquisition discourse is that of 'decision maker'. We were able to identify the crucial role that they can play in influencing outcomes because, unlike earlier research into M&A discourse, our study focuses on the pre-acquisition stage when the decision to proceed with the transaction (or not) is still being negotiated. During this stage external actors have considerably more opportunity to influence convergence or divergence of meanings and ultimately the outcome of the strategizing.

The different roles of actors are reflected in the model in Figure 3. The model differentiates between influencers and decision makers, and locates the key constructs that structure the discourse at its centre. The arrows in the model represent the influence exerted by key actors as they negotiate the meaning of the key constructs and seek to influence the acquisition process and outcome.

The model generalizes the external actors and key constructs that shape a pre-acquisition discourse. For each particular merger or acquisition the strategic landscape

must be scanned to confirm the external actors and key constructs that will shape the discourse. Depending on the particular context of the transaction, particular groups of external actors may choose to play an active role. For example, cross-border transactions where a foreign entity intends to acquire a domestic company may raise concerns about foreign ownership, and see other regulators or political lobby groups take an active role in the acquisition discourse. More generally, when a proposed transaction has the potential to impact their interests, external actors are likely to seek a greater role in the discourse. If the institutional context grants these actors the power of decision maker, or if these actors have significant influence over decision makers, the discourse with external actors becomes an essential part of organizational strategizing. In the next section we explore the multi-modal practices and rhetorical strategies used by actors internal and external to the acquiring organization.

Multi-Modal Rhetoric

Previous studies of M&A and discourse have predominantly focused on analysing speech and writing (Brennan et al., 2010; Green et al., 2008; Hellgren et al., 2002; Risberg et al., 2003; Suddaby and Greenwood, 2005; Tienari et al., 2003; Vaara, 2002; Vaara and Monin, 2010). Undoubtedly speech and writing remain critical modes to a comprehensive analysis of M&A discourse. However, other modes, like indicators, imagery, and location, are also key modes of M&A discourse (Fairhurst and Grant, 2010; Iedema, 2003, 2007; Kress, 2010). Our study makes a further contribution to studies of M&A by highlighting the multi-modality of discursive practices that make up an acquisition discourse. The diversity of discursive practices that emerged from our case reminds us that, when considering a merger or acquisition process, we must pay greater attention to modes other than speech and writing.

   We found imagery was central to the acquisition discourse and included maps, graphs, photos, and video. Our research suggests that imagery, including graphs and maps, are important mediating instruments that help to anchor the key constructs of an M&A discourse, i.e. they summarize large volumes of data in a single image, which can help individuals to visually integrate different elements of a strategy and facilitate convergence around cognitions (Jørgensen et al., 2012; Stigliani and Ravasi, 2012). For example, maps can be used to visually suggest either the synergies (through geographical proximity) or market reach (through geographical dispersion) that a combination of organizations may deliver, and thus help mediate the negotiation of additional value, which is a critical construct for any merger or acquisition transaction.

   Further, although indicators have not previously been explicitly identified as such, we argue that in the context of M&A strategizing they are a distinct non-linguistic mode. Indicators, defined as the output variables of calculative devices, suggest a higher measure of precision and objectivity than speech or writing (Denis et al., 2006; Skærbæk and Tryggestad, 2010). As our research showed, actors use indicators to translate their interests into 'facts' (Baxter and Chua, 2003; Miller, 1991), which are more difficult to contest. This is because actors must have highly specialized technical skills and knowledge to contest an indicator successfully. Also, indicators may come from habits or
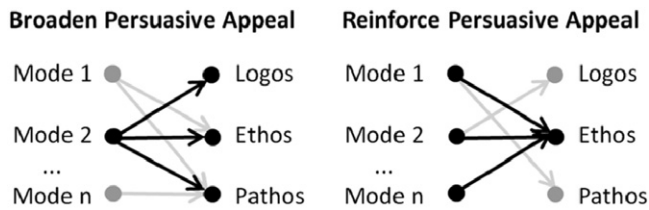
Figure 4. Examples of the relationship between modes and rhetorical strategies

mechanisms (e.g. accounting standards) that have lead to an acceptance of the indicator at face value, without full appreciation of the underlying logic and limitations of how that particular indicator was calculated.

Our analysis further showed that the choice of location mattered for meaning making. In line with arguments by Kress (2010) for differentiating between modes, actors take account of and adjust the location of their discursive practices to a location preferred by the community that they try to influence. Also, location does communicate a priority of social relationships, as actors who are important decision makers and influencers will receive physical access to a discrete location more readily to other actors. Further, the choice of location does represent a particular idea about the organization to an actor. In these ways location functions as a distinct mode in M&A discourse and can influence meaning making.

Stigliani and Ravasi (2012) show how non-linguistic modes can be used to create convergence around meanings in collaborative design settings and we extend their work by showing how these modes can be used in a situation where there is a perceived conflict of interest and actors aim to persuade or influence each other. We show how visual artefacts, such as imagery, location, and indicators interact with linguistic modes to influence and persuade by enacting rhetorical strategies. It is here that our article makes a contribution to our understanding about the role of discourse and rhetoric in M&A (Green et al., 2008; Hellgren et al., 2002; Suddaby and Greenwood, 2005; Tienari et al., 2003; Vaara and Monin, 2010; Vaara and Tienari, 2002). We show how rhetorical strategies are embedded not just in linguistic modes but in all modes. Further, we show how a single mode may contain more than one rhetorical appeal, so that a single mode may appeal to a combination of logos, pathos, or ethos (see Figure 4). As discursive practices often use a number of modes (both linguistic and non-linguistic) simultaneously, they work to persuade through a multi-layered, simultaneous, and powerful appeal to reason, emotion, and authority.

Figure 5 summarizes the second contribution that our article makes to studies of M&A discourse. It shows how both internal and external actors, through a discursive practice, can draw on multiple linguistic and non-linguistic modes simultaneously in order to broaden and reinforce their persuasive appeal and influence the meaning of the key constructs. As these key constructs represent the interests of the decision makers, the outcome of the acquisition discourse depends on this negotiated meaning.

A multi-modal perspective is important as a narrow focus on the use of linguistic modes by actors involved in the production and dissemination of an acquisition discourse runs the risk of overemphasizing the appeals to logic at the expense of other appeals. As
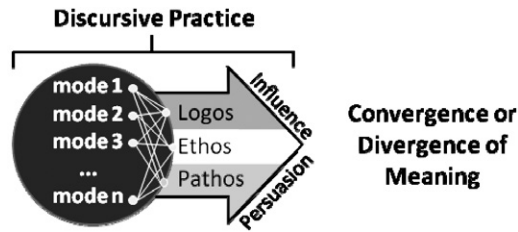
Figure 5. Model of a discursive practice

it appears that the logic is often explicitly spelled out in speech and writing, this may explain why most previous research identified an emphasis of rational discourse (Hellgren et al., 2002; Tienari et al., 2003; Vaara and Tienari, 2002). We argue that meetings with important customers, shareholders, or journalists contain an appeal to emotion, through a demonstration of willingness to go through the extra effort of a one-on-one meeting, even if the linguistic communication during the meeting would only emphasize rational arguments. Similarly, appeals to authority permeate the discursive practices of an acquisition discourse. These may be embedded in subtle footnotes to identify authoritative data sources, in the use of independent consultant or auditors, or in references to the authority of the share markets when they support the point made by an actor. Much of this richness, and hence persuasiveness of the appeals, would be missed if the analysis only considered linguistic modes with their emphasis on logic.

Future Research

While our study offers a number of contributions, we also recognize that it has certain limitations. First, it uses a single exploratory case study approach. Although this enables us to provide a rich and detailed account of the attempted acquisition and provides a good basis for theorizing, any generalizations that we make about strategizing and discourse and M&A must be made with care. Second, we only used publicly accessible data such as press reports, speeches, transcripts of analyst briefings, statements by regulators and so on, and we did not use interview data in our study. While using only public data was always our intention and enabled us to identify various multi-modal discursive practices and the context in which strategizing was taking place, it meant that we did not evaluate key actors' own perceptions and recollections of what had happened and use this to complement our existing findings. Further, the analysis here focused on a particular period and needs to be seen as a snapshot of a longer history of strategizing. Events following BHP's attempted acquisition of Rio remained undiscussed, even though they were direct outcomes of the abandoned acquisition and constituted a next stage in the negotiation of strategy. Only a longer time horizon would be able to position the acquisition attempt in the context of long-term strategizing with external actors. Lastly, while we found that only Aristotle's classic categories of logos, ethos, and pathos were evident in both linguistic *and* non-linguistic modes, it may be that future studies of different M&As in different contexts, may find evidence of other categories of rhetorical

strategies embedded in non-linguistic modes. This future research could extend our analysis of the persuasive appeal of multi-modal discursive practices.

We believe that a number of important opportunities exist that may extend the contributions of our study, either by overcoming its limitations or by building on its strengths. First, future research could be designed to incorporate the use of interview data. This would provide a more detailed level of insight into the motivations and reasoning that come into play where key actors discursively engage in strategizing. Second, our case is of an abandoned acquisition. Moreover, the attempted acquisition was a hostile and public one. This raises the question of how different kinds of M&A are discursively played out and, specifically, the effect on this of being in the public domain. It might therefore be useful to examine some successful or non-public company mergers and acquisitions using our approach. Third, although the case touches on this, further research using our approach could explore in more detail how power is exercised by external actors and used in ways that either support or derail the strategy or strategist not only during an attempted M&A, but also during other instances where strategizing occurs, such as board restructures, regulatory reform, or industry transformation.

CONCLUSION

Our study of BHP's attempted acquisition of Rio contributes to discursive studies of M&A (Hellgren et al., 2002; Sillince, 2007; Suddaby and Greenwood, 2005; Tienari et al., 2003; Vaara and Monin, 2010) by showing how, as an ongoing, iterative, and recursive process (Grant and Hardy, 2004; Maguire and Hardy, 2009; Robichaud et al., 2004; Sillince, 2007; Vaara and Monin, 2010), actors both internal and external to BHP used a range of multi-modal discursive practices in order to deploy rhetorical strategies that shaped, challenged, and gave meaning to key constructs within the pre-acquisition discourse. In our view, where studies of rhetoric and M&A omit to examine the multi-modality of actors' discursive practices, this is likely to lead to incomplete explanations and understandings of how actors are able to influence these important strategic events. The linguistic and non-linguistic discursive practices of key actors with an interest in a particular strategy have to be taken seriously because they influence the way in which an organization's strategy evolves and its eventual outcomes. In the case of BHP, they ultimately influenced its decision to abandon its attempt to acquire Rio.

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NOTES

[1] Marius Kloppers retired as CEO of BHP Billiton in May 2013, and was replaced by Andrew Mackenzie.
[2] Tom Albanese was replaced as CEO of Rio Tinto by its iron ore Chief Executive Sam Walsh in January 2013.

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