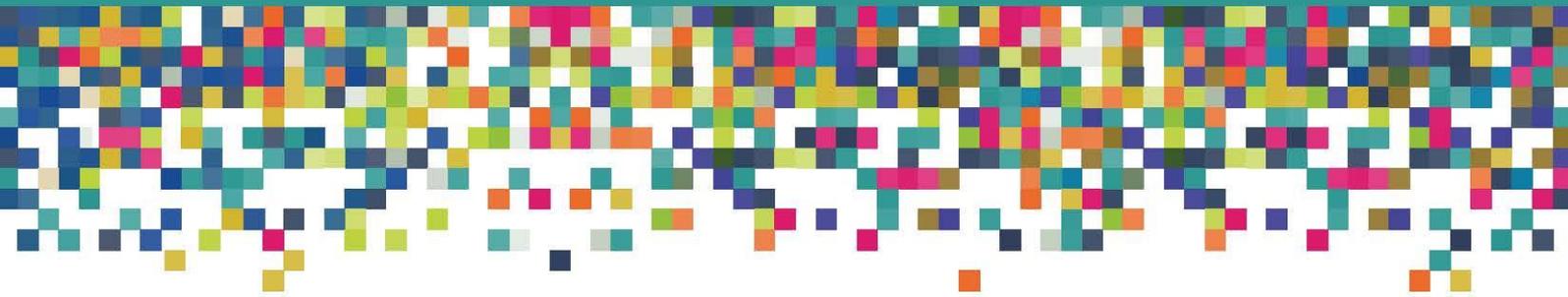


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NARRATING ECONOMICS AND THE SOCIAL VISION OF A \$100 BILLION FUND

A Critical Discourse Analysis of Financial Media
Representation of Softbank's Venture Capital Investments in
Digital Technology

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Abstract

This paper employs Critical Discourse Analysis (CDA) to systematically describe the sociolinguistic characteristics of the discourse related to investment in digital technology as represented in global financial media. It draws on economic sociology theory that employs 'economic narrative' as cultivated through media institutions to explain the dynamics of group investor psychology. Using a contemporary example, this paper employs CDA to critically evaluate the social value of economic narratives by assessing them in relation to discursive contexts. The methodological chapter asserts that economic narrative effectively captures the time-oriented and sequential dynamics of investment and financial activity in terms of their social functions. It then demonstrates this theoretical assertion with a discourse analysis of the mediation of Softbank's Vision Fund, which is one of the largest digital technology investment institutions in the world. The results found that the media representation of the personal narrative of Softbank's founder and investment strategy asserts rationalist economic principles and technological utopianism, perpetuates the illusion that the wealth of an individual equates to national wealth, and financializes political and ethical issues. While not comprehensive, these results imply that the circulation of mediated economic narratives in financial newspapers distorts economic reality, which is relevant to research on the journalistic ethics of covering private equity financing and interdisciplinary work in government regulatory standards setting related to public statements about private asset and startup valuations.

INTRODUCTION

Now, Ashton [Kutcher] is not an investor, he's a strategic partner for WeWork, but he said he wasn't afraid of getting in at the current valuation – the highest one that jumped up to \$47 billion. He said he didn't understand the business for a long time but now he sees it as a tech company. (Bosa, 2019)

On January 2019, American celebrity Ashton Kutcher spoke to CNBC's Dierdra Bosa in an exclusive interview, sitting next to WeWork's founder Adam Neuman. The trio discussed trends in technology startup financing, WeWork's growth and new \$47 billion valuation that had propelled it to be the largest US tech startup by valuation, and what it's like working with the visionary investor and CEO of Softbank, Son Masayoshi, who they affectionally referred to as 'Masa'. By the end of 2019, the narrative that WeWork would reform office space into a 'physical social network' (Nicolaou, 2016) collapsed. A public disclosure of financial information required for the firm's attempted listing on the NASDAQ, revealed gross mismanagement, extreme conflicts of interest between the founder and the firm, and a shattered the illusion that WeWork could ever be conceptualized as a tech company.

The WeWork story is an extreme example of a new social infrastructural development of financial activity in digital technology that revolves around startups and Venture Capital (Wessner, 2002; Gompers & Lerner, 2001). Aside from general strategic guidance and oversight, Venture Capital (VC) institutions assert the most influence on the selection and turnover of the startup's management via their presence on the board. Codified in the broader idealization of Silicon Valley as a form of socio-political utopia in the new economy, digital technology companies are often driven by and deeply connected to venture capital financial networks. These networks, in conjunction with corporate regulatory and cultural environment embodied in 'Silicon Valley', shape the trajectory of technology in providing the means for technological innovation (Ferrary & Granovetter, 2009). For instance, Google secured a \$25 million investment by Sequoia Capital in 1999. Behind Facebook was a \$500,000 investment by Peter Theil in 2004. For WeWork, its lead investor is the Softbank's Vision Fund, a VC which has provided capital and strategic guidance to over 88 portfolio investments in now well-known digital infrastructure companies including Alibaba, Uber, and Bytedance.

The Vision Fund is simply one piece of Softbank's vast information communications technology (ICT) empire which has been growing since the 1980s. It started as a software redistributor, conceptualized as a "software bank". While Softbank was founded in Tokyo in 1981, it holds a close relationship with Silicon Valley, as Son Masayoshi graduated from UC Berkeley and a started a technology firm during his studies. These relationships continued as Softbank owned the Japanese licenses to western internet giants such as Yahoo!, which itself became the dominant search engine in Japan ahead of

Google in the pre-2010 era. This was a part of a strategy to leverage financial, regulatory, and technological information asymmetries and build a vast yet loose network of conglomerates across industries dubbed an 'internet keiretsu' (Lynskey & Yonekura, 2000); keiretsu is a commonly used term in Japanese commercial activity that refers "to the system of corporate groupings, typically with a large city bank and a trading company at its centre, in which member companies engage in cross shareholding" (Lynskey & Yonekura, 2000: 4). In addition to the cross shareholding financial relationships, Softbank's keiretsu network is built on economies of scale and network effects resulting from sharing of internet infrastructure and data.

With the key function VC finance plays in guiding the development path of digital technology firms, questions arise as to how the mediation of these relational networks shape social perspectives on the future of the digital economy. In other words, what is the social vision behind the Vision Fund, how is it constructed and how does it interact with other social forces? What meanings do a tech valuation carry and how is private financial information mediated in the press? Exploring these questions would be helpful in understanding how the economic trajectory of companies like Facebook and Google were socially mediated in their early stages, which would be helpful in informing standards setting in relation to statements that affect private asset and startup valuation.

THEORETICAL FRAMEWORK

Economic Narratives of Calculation and Conviction

The mediated sociological conception of investment into digital technology is connected to the subdisciplines of behavioral economics and economic sociology (Carruthers, 2012). Behavioral economics has an ontological goal of using economic-psychological interdisciplinary study to draw causal explanations of market movements, and is partly derived from the Keynesian concept of 'Animal Spirits', which describes the hidden thoughts and feelings that underly and impact economic activity (Akerlof & Shiller, 2010). Initial research in the field relied on psychology to identify heuristics and biases that affect people's capacity to predict economic outcomes (Tversky & Kahneman, 1982). For instance, in 'anchoring' the value of the first figure presented in a series alters the rapidly estimated calculation of the full yield of the equation². Other research used surveys to collect data to make conclusions such as that experienced traders are just as 'overconfident' as inexperienced ones (Oberlechner & Osler, 2012), which rejects rational markets theory, a key principle of neoclassical

² For instance, one group of subjects were asked to rapidly estimate $8 \times 7 \times 6 \times 5 \times 4 \times 3 \times 2 \times 1$, while another group estimated $1 \times 2 \times 3 \times 4 \times 5 \times 6 \times 7 \times 8$. "The median estimate for the ascending sequence was 512, while the median estimate for the descending sequence was 2,250. The correct answer is 40,320" (Tversky & Kahneman, 1982: 15)

economics. This kind of empirical finding has been generative of theories in the field, notably Robert Shiller's *Irrational Exuberance*, that focuses on how group psychology and reflexive decision-making result in price movements that are uncorrelated with real economic activity (Shiller, 2015). Such 'irrational' or unexplained movements have serious consequences for the stability of financial and social infrastructure, and the first edition of the book, published in 2000, was seen as a prescient predictor of the dotcom bubble, where the valuations of publicly traded internet firms became wildly inflated and eventually crashed. Given that "the history of speculative bubbles begins roughly with the advent of newspapers" (Shiller, 2015: 101), socio-cultural media systems are conceptualized throughout this theory as enabling and cultivating the collective irrational exuberance affecting financial market participants that shapes the flow of investment reflected in otherwise unexplained asset price movements.

Media and communication's effect is not limited to the stock market or asset pricing. Indeed, it permeates all economic activity through the mediation of economic models. As explained in *An Engine, Not a Camera*, economic models are a fundamental construction of the economic process, rather than objective science-based depictions of the world (MacKenzie, 2006). MacKenzie criticizes neoclassical economic theory that had developed and became institutionalized in the post-WWII period, pointing out that its powerful 'mathematicised' structure of rational expectations and efficient markets theory in fact over-simplifies complex motivations and social dynamics of asset pricing and valuation. Recently, research into reincorporating social dynamics into economic trends has led to a reconceptualization of economic models framed as 'economic narratives', which can be measured through quantitative textual analysis of how models appear in all forms of text (Shiller, 2019). In this line of thinking, economic narratives reflect a kind of mediation of economic theory over time, situated in sequences of economic discourse which seeks to explain current circumstances using mathematical models, draw conclusions from historical data, predict future outcomes and proscribe future policy. One noted example is the Laffer Curve, which is a structural economic explanation of the relationship between income tax rates and government revenues often employed in justifying lowering taxes (The Economist, 2019). This explanation of present circumstances is related to historical data and future projections. As social structures are generative of strategy (Benson, 2015), the employment of an economic model to provide a structural explanation of the world implies a strategy for economic policy. This multi-ordered discursive construction and textual representation of that strategy can therefore be conceptualized as economic narrative. Another example is that GDP growth reflects the increase in individual wealth, so policy makers draw on past effective policy strategy and chart a future course for growth as a governance aim. However, there are other points of view using different economic models that suggest growth is not desirable in all cases due to environmental, social or governmental hazards; this of course implies a future policy and narrative of degrowth or minimal growth (Kallis, 2017). Thus, through the interpretation of economic models and their implied narrative, what results is discourse embedded into media systems where economic narratives compete and are strategically employed to explain past results, project future ones, and

ultimately proscribe a set of behaviors for firms, governments, and individuals under uncertain future conditions. In other words, economic modeling is not neutral: it has an inherent multi-ordered discursive social function over time that shapes group economic behavior, which can be expressed in the concept of economic narrative.

In relation to investment, the future projected by the economic model, formed by the discursive environment that shapes the assumptions input into calculations, is the most contested element of the implied economic narrative. Individuals and institutions invest capital in order to attain a future, greater return. The calculation is contested because it demonstrates how the future return will be greater than the upfront investment. Since the global financial system and political economy are so interdependent that it is impossible to calculate and model perfectly using existing tools and institutions; “instead the focus is on a suggestive discourse that offers a vision of the intentions of the large firm’s CEO, the startup manager, or the business angel of Silicon Valley.” (Beckert & Bronk, 2018: 46). ‘Conviction narratives’ emerge from these visions which equip investors with confidence to move forward with a preferred action amid radical uncertain unpredictability. A running internal dialogue related to these visions circulates relationally between startups and investors through “communications to others of these state-of-the world narrations and plans” (Beckert & Bronk, 2018: 70). These visions form the central expression of economic narratives associated with the startup. The narrative is also shaped over time as the vision expressed at the point of investment is judged at a future point based on whether it provides the sufficient promised return on investment. Furthermore, the discursive expression of a vision also reflects the power to attract resources, and the incentives for startup founders to demonstrate a future return shapes the financial model in a way that aims to influence the decision to invest.

Shaping Investment in the Platform Society

Economic models specific to the calculus of digital technology entrepreneurs and VC investment are built on the central concept of needing to grow in order to take advantage of economies of scale. ICTs produce the non-rivalrous good of information, cause long term shifts in society, support the human needs of expression, exchange and education, and have ‘network effects’ that act as growth multipliers (Steinmueller, 2009). Digital technology business structure is characterized by high fixed costs with low variable costs (Benkler, 2006). Other elements in the theory such as the dynamics of pricing, switching costs, transaction costs, system coordination and contracting (Shapiro & Varian, 1998), result in tech businesses being regarded as natural monopolies that operate in a winner-take-all environment (Varian, 2004). The implied narrative is one in which only the dominant can survive, and the stories told by startups and their founders are ones in which they act in a role of benevolent conquerors of their digital space; the role of the investor is to extract a return from startups as an asset class by providing upfront capital and leveraging their foresight, derivative of the models employed, to empower the startups that are capable enough to achieve market dominance. Finding such a startup and receiving the financial reward for doing so is somewhat rare; this is codified in the

magical nature of the buzzword for a firm that reaches a \$1bn valuation: a “unicorn”. In social terms, a VC’s role is thus to seek out, vet and empower startups with resources to turn them into unicorns, or simply buy unicorns. A VC then profits by selling its equity in the startup at a higher valuation³, which functions as a kind of price tag for the startup. Through this mechanism, startup valuations thus act as an asset price subject to the irrational exuberance of the market in part perpetuated by financial media.

This economic logic of tech dominance has resulted in the fundamental altering of all social life, now mainly conducted digitally on a multi-dimensional environment of digital platforms (Dijck, Poell, & Waal, 2018) (Schwarz, 2017). Platforms are emerging as a fundamental layer of the overall digital infrastructure (Plantin, Lagoze, Edwards, & Sandvig, 2016). Dominance is thus technological, relative or market adoption-driven, and endorsed politically through regulatory standards setting, public subsidy and investment. Platforms such as Uber, empowered by VCs, popularized the gig economy (Organisation for Economic Co-operation and Development, 2016), combated legal regulations globally and upended the transportation market structure. Since the act of investing into Uber is what gave it the unicorn-sized valuation, aside from the affordances resulting from financial resources, VCs, compelled by and enacting economic narratives, welcomed the startup into their established network and attributed it a form of social and cultural power, which translates into other forms of power.

Cultural values and activities form around the economic narratives of tech dominance and their empowerment via the relational network power of the VC. Built on achieving tech market dominance, VCs and startups embody a macroeconomic narrative trend of reshaping or ‘disrupting’ the global political economic environment. The “techno-utopian” communitarian, anti-hierarchical ‘tech culture’, originating in the early 1960s and popularized by figures such as Stewart Brand, who sought to liberate human potential by organizing society in digital technology communities, gradually moved towards the center of the ‘new economy’ by the 80s and 90s (Turner, 2006). The hybridized tech business culture characteristic of this period was championed by enigmatic ‘business celebrities’ like Steve Jobs, which led to romanticized mythologies of startup founders who use technical expertise to get rich and make the world better (Streeter, 2015).

As these technologies and surrounding cultures were incorporated into the political economic system, tech networks drew closer relationships with financial networks as well as shifting the policy focus onto growth led by innovation. One indication of this is the common external a perspective that admires Silicon Valley as a model region that envisions a ‘startup culture’ centered on productivity led by innovation. Planet Startup (Ester & Maas, 2016) praises Silicon Valley’s cultural

³ The startup is often pushed to list on a public stock market which makes it easier in legal and regulatory terms to find a willing set of buyers thereby liquidating its own equity. The alternative is for the VC to sell the equity stake privately which is substantially more difficult.

values of radical openness, an emphasis on risk-taking and failure, a 'masculine' work-to-live ethic and diverse inclusion of immigrant-run businesses. In terms of both the nature of the production processes as well as the norms and trends, a study of Silicon Valley suggested that labor in the digital economy is defined by flexibility, increased volatility, and incorporation of outside intermediaries such as temp agencies, job websites and independent contractors in firm process (Benner, 2004). Resulting from the interconnectedness of material systems, tech startup dominance and empowerment through financial networks, tech reshapes social infrastructure; developing with it are new forms of inequality perpetuated by their asymmetric development and affordances of the social (Graham, 2002).

In structural financial terms, tech businesses are attractive as their accepted accounting frameworks and resulting business models assume a reachable market unconstrained by time or space, thanks to digital connectivity. The shortening of time and space reflects the global development of media systems, which moved from ancient forms before written history where the dominant media was oral communication, to print, broadcast, and on to computer mediated digital forms that are dominant today (Rantanen, 2005: 26). Applied to tech accounting frameworks, closing time and space results in a logic where tech startups should expect to achieve growth of their user base and expansion of their network effects before profitability, which necessarily involves the kind of upfront equity and debt financing structures typical of VCs and angel investors (Bhimani, 2017). The key symbolic indicator of what constitutes the assumption of the unrelenting growth potential of a firm is its valuation, which is a function of the capital offered into the firm adjusted by the percentage of equity taken. The startup founder and the VC negotiate to determine this amount offered. While this process is dependent on a shared conceptual evaluation of the future earnings potential of the business model and its product-market fit, both parties in the negotiation look for the highest valuation possible, so long as it is sufficiently credible to attract further outside investors.

From this literature, venture capital investment into startups is partly a rational calculation of a financial model as it is mediated through its market, partly a power struggle between startups and investors for ownership of the future profits, and partly a mutually beneficial relationship to push the startup's valuation higher. Models are projections of future values based on assumptions about the performance of the company, such as how many users will sign up in the next few months, plugged into basic calculations on a spreadsheet. Most firms seeking VC investment have a few years of historical data to assert realistic estimates. Yet their empirical knowledge of the business operations is still very limited in comparison to established firms such as bluechip companies listed on public markets. What results is a more holistic evaluation of the firm which can be represented in a metaphor that casts the decision to invest as a bet on a horse race; the founder or management team is a jockey; the business is the horse (Kaplan, Sensoy, & Strömberg, 2009). Empirical studies attempt to determine whether the majority of venture investors prioritize the management team over the business model,

yet generally find that both are the two crucial factors to be considered (Gompers, Gornall, Kaplan, & Strebulaev, 2020).

The centrality of the business model as a semiotic figure within these social networks built around financial and technological structures is itself a product of the development and incorporation of digitally mediated corporate capitalism. For instance, a 2002 piece in the Harvard Business Review, titled “Why Business Models Matter”, claimed that the term “business model” entered mainstream management discourse “with the advent of the personal computer and the spreadsheet” (Magretta, 2002: 89). The spreadsheet added a considerable amount of detail to the calculations and analysis of the value of a business plan. More emphasis was placed on projecting the value of a business in advance of its implementation, using the model as symbol and credible discursive tool to understand the performance of the business process. Through the digitization of capitalism, projected future value became as visible as present or historical value.

Studies in the management literature and new media studies have also closely assessed the business model as well as accounting designations for their sociological implications. In Shoshanna Zuboff’s argument regarding the emergence of a new form of capitalism based on data resources, digital mediation first entering into business life resulted in more transparency of previously opaque work activities (2015). This leads to the conclusion that surveillance technologies mean new forms of exploitation and inequality via a surveillance business model, extending a Polyani-inspired argument on the exploitative nature of enclosures (2019). Digitally mediated corporate structures of ICT companies created a discourse surrounding the ‘new economy’, which was enabled by a ‘cultural circuit’ between trendy business publications, prominent business schools and the management consulting sector (Thrift, 2001). This cultural circuit fell in love with the new economy and digital technology for its wide applications in projecting future value via assets accumulated through surveillance. Thrift, who also cites Shiller extensively, argues that a sentiment of financial market irrational exuberance formed around the emergence of the narrative of the new economy:

...for another way of understanding the new economy is as a ramp for the financial markets, providing the narrative raw material to fuel a speculative asset price bubble which was also founded on an extension of the financial audience. (Thrift, 2001: 422)

The Cultural Circuit of Investment Networks

Within the cultural circuit that codifies the relational network between VC and startup networks, it is appropriate to understand these networks in relation to the cultural approach to studying communication. This approach rejects models that reduce communication to its information distribution functions that are prevalent in the administrative paradigm, and puts forward a ritual mode of communication in which communication is an act of participating in and shaping mutable culture (Carey, 2008). For instance, reading a newspaper is compared to “attending a mass, a situation

in which nothing new is learned but in which a particular view of the world is portrayed and confirmed" (Carey, 2008: 16). In this cultural view, communication is therefore more than the basic transmission of information, and instead acts as a center point for shared experience and a channel to connect social groups. The economic narratives that circulate in this network thus become the lens through which the world is perceived. Economic discourse functions to affirm and contest economic worldviews.

Relational networks have been conceptualized as the foundational element of power with communication functioning to construct meaning and value within these networks (Castells, 2013), and that the economy itself is culture and financial cultures reflect a hegemonic, cosmopolitan and elite status (Banet-Weiser & Castells, 2017: 8-13). A cultural and sociological depiction of financial networks, as indicated by ethnographic study, reflects that relational clusters form around mutual sharing of information potentially relevant to asset price movements (Zaloom, 2004) as well as a cultural studies approach to understanding financial decision making in the face of uncertainty (Zaloom, 2009). Liquidity, which is seen in the neoliberal establishment view as enabling efficient movement of resources, has developed into a kind of central cultural value of these relational networks, where anyone can be replaced at any moment of time, and human value amounts to productivity (Ho, 2009). A similar ethnography suggested the private equity industry views liquidity with a longer time horizon, but with the same emphasis on the primacy of deal generation (Souleles, 2017). These cultures were greatly impacted by the introduction of computer mediation; this has been theorized as an acceleration of sociological time attributed to the emergence of a digital capitalism (Wajcman, 2015).

As it involves the ease of conversion of ownership of an asset into cash, liquidity as a representation of financial cultures can be translated into discourses that revolve around money, specifically investment and the management of capital flows. Conceptions of money primarily fall under competing economic paradigms that can be broadly categorized into divergent Marxist and neoclassical views. However, in an effort to examine the inherent cultural and social functions of money, Viviana Zeitler critiques both the Marxist and the neoclassical interpretations for attempting to materialize and 'homogenize' the accumulations and allocations of money. Her counterargument is that "money is neither culturally neutral nor morally invulnerable" (Zeitler, 2010: 97). Furthermore, the study of the social and cultural implications of each transaction has roots in anthropological work of pre-modern forms of money. Shells and other objects used as currency in ancient cultures are often studied for their cultural and social functions. In the modern age, similar examinations of the meaning of transactions appear to be lost and forgotten in the endless complexities of boundless international finance and the post-Bretton Woods, monetarist economic policy and floating currency systems. Zeitler thus calls for scholarly efforts to assess the contemporary cultural elements of money in more detail. In doing so, she provides compelling examples of the power dynamics of budgeting and spending in male-dominated 20th century American households to theorize that such cultural and

symbolic elements can be found in allocations, timing, purpose and quantity of 'her money' (Zelizer, 2010: 115).

In the current environment characterized by corporations functioning as the dominant form of social organization (Zingales, 2017), cash flows and the budgeting and spending of money is conceptualized as a kind of investment, which necessarily implies a future return. In this political theory of the firm, investment's aim is to bring about market power to the firm, which is attained due to the 'incompleteness of the contract', enabled by the fact that upfront investment is contingent on future decision making. The market power reflects not only the expansiveness of the numerous relationships and stakeholders the firm has, but also the "company's ability to wrap its self-interest in a bigger, noble idea" (Zingales, 2017: 126). A startup attracting investment through its 'vision' is emblematic of a crucial stage in which market power must be created to provide a return to its investors. Media plays a foundational role in affecting the market power of firms through its cultural significance and the social pressures it generates in shaping the representation of a firm's image, described in from an economic perspective as corporate governance or corporate social responsibility (Dyck & Zingales, 2002).

Investment's gatekeeping role is situated in the firm's central objective, which is to maximize return on capital invested to produce cashflow that grows shareholder value sustainably (Koller, Goedhart, & Wessels, 2010). This theory of the maximization of shareholder value traversed intertextually into a political economic paradigm; it is codified in the Regan-Thatcher era, which forms an economic theoretical backbone of neoliberalism (Harvey, 2005). Thus, in a Gramscian sense where international financial capitalism forms a kind of political, social, economic and cultural hegemony (Simon, 1999), the policy emphasis on liquidity has resulted in "the capitalization of almost everything", where all forms of economic activity are securitized via complex financial modeling which project future cash flows that are traded amongst institutional investors (Leyshon & Thrift, 2007). A caveat to this perspective is that the primacy of shareholder value as the main objective of the firm is being challenged (Hart & Zingales, 2017), and this is appearing in efforts to make corporations more ethical by rethinking the institutional definitions of who is considered stakeholders in a firm (Business Roundtable, 2019).

Given the global scope of various technological, financial and ideological dimensions of cultural flows (Appadurai, 1990), the power created by institutional cashflow has dynamics that are external from the firm. Even as the investment aim is fundamentally to grow the fledgling startup company into a corporate giant, it necessarily comes with cultural strings attached that assert power, norms, values and accepted practices. For instance, in his efforts to assess the spirit of modern financial capitalism, rooted in classical theories by Mauss, Weber and Derrida, Appadurai compares modern financial instruments to the 'potlatch' and gift giving economies of Native Northwest American and Polynesian cultures, where gifts can imply an expected return, both of which contain social status and political or relational meanings (Appadurai, 2011). The potlatch was a public social gathering

where gifts were exchanged, and at times, egregious and excessively costly gifts were given in “efforts to make the reciprocal gift a difficult one and to create temporary status inferiority” (Appadurai, 2011: 534). The action of making an investment, particularly the excessively large ones that Softbank is known for, thus potentially carries a communicative value of asserting social dominance, similarly to egregious gifts in the potlach. Applying this theory, Softbank is presumably comfortable giving billions to relatively unproven startups for a number of social and economic reasons: for instance, to assert dominance of the startup in comparison to its competitors; establish Softbank’s own superiority over other VC investment vehicles and draw in more resources from larger bodies of accumulated capital, known as the institutional financial networks of sovereign wealth funds, university endowments and public pension funds; or simply to draw consumer attention to the startup’s product or service offering. Each billion-dollar investment made by Softbank is as much a mediated socio-cultural expression (Martin-Barbero, 1993) as it is a calculated financial move.

The Cultural Circuit of Investment Networks

As I have shown thus far, the economic models of tech imply narratives of dominance, which shape and are shaped by cultures of financial information and investment. I now turn to explaining the role of the media as reflexively performing these narratives. This is a negotiated and ritualized view of communications in which the sociological aspects of communications receive more attention than its reductive information dissemination aspects; this has become the dominant paradigm of the literature in media and communications scholarship (Scannell, 2012). Information dissemination plays a more emphasized role in the cultural representations and social infrastructures of finance, given its direct incorporation into economic models. Thus, as media systems hold an inherent power to make an economic impact and shape their audiences’ views and beliefs regarding current events (Freedman, 2014), financial new media’s discussion revolves around economic models and their implied narrative, focusing on the ramifications of new information and how they affect the narrative trajectory.

Within the management and financial literature, there are numerous studies which aim to chart the flow of new information disseminated in the media, which is assessed in terms of its causal effects on public equity markets (Engelberg & Parsons, 2011) (Liu, Smith, & Syed, 1990) (Yost-Bremm & Huang, 2018) (Vega, 2006) as well as real estate markets (Walker, 2016) (Ruscheinsky, Lang, & Schäfers, 2018). A more qualitative study concluded that financial media tends to sensationalize large ‘newsworthy’ firms by lowering veracity standards of merger rumors as compared to less newsworthy firms (Ahern & Sosyura, 2015). In private debt markets, “not only the availability of public information about a borrower, but also its sentiment, significantly influences the central characteristics of syndicated lending” (Bushman, Williams, & Wittenberg-Moerman, 2017: 147), largely framing any social or cultural factors in terms of their general relationship to the firm’s reputation.

The media studies perspective too has explored this connection in terms of the financial economic and technological impact on the social. There is a notable increase in such studies following the 2008 financial crisis. One view argues that the business and financial media have not only become dominant under digital capitalism, but has also functioned as a “constitutive element of the crisis” (Chakravartty & Schiller, 2010: 671). Media business models acted to sensationalize the events of 2008, benefiting from higher viewership profits as Wall Street descended into a frenzied panic (Stiglitz, 2015). Drawing from emerging research into the cultural studies of finance (Hardin & Rottinghaus, 2015), critical discourse studies on the financial crisis suggest that credit default swaps were painted by financial niche outlets with a conviction narrative that such financial instruments were riskless (Forelle, 2018), despite their now evident causal influence in the subprime mortgage crisis.

Sources in the financial media reflect the relational networks between portfolio managers, traders, economists and analysts, who jointly digest and price in the newest information as each second of the trading day ticks by (Thompson, 2015). At the same time, similar to political sources, these financial sources have “strong incentives to provide distorted information” (Stiglitz, 2015: 142). Both the sources mentioned and the audience is reflexive and participate in the market; they therefore each adjust for these distortions and think in terms of making divergent decisions in order to separate themselves or ‘beat the market’ (Davis, 2006). Thus, this kind of news serves an ironic role, described as “performing financial entertainment” (Clark, Thrift, & Tickell, 2004), which forms a sort of ongoing window into the sociopolitical and technological forces outside the financial industry, yet perceived through its distinct lens. And the employment of economic models and various economic narratives within this reflexive and performative media environment becomes the key focus of social contestation.

CONCEPTUAL FRAMEWORK AND RESEARCH QUESTION

Theoretical Conclusion

This literature review can be summed into four consecutive conclusions: 1) that economic models imply an economic narrative; 2) economic models on digital infrastructures imply narratives such as an emphasis on unconstrained growth and dominance of digital space; 3) these narratives circulate and function within the cultures of finance that allocate investment to attain market power; and 4) financial news mediates these economic narratives performatively.

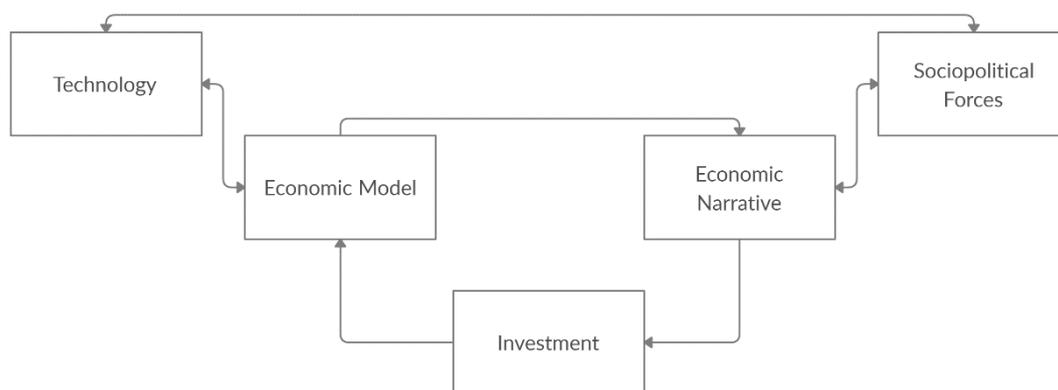
Conceptual Framework

I have simplified these theoretical conclusions into a diagram (*Figure 1.*) which shows the circular relationship between economic model, economic narrative, flows of investment, and their relationship to technology and sociopolitical forces. Media's key influence in this diagram is in the shaping, construction and socio-cultural circulation of the economic narrative. Media does not directly control investment, create models or develop technology, but through the economic narrative, it has an indirect influence in amplifying the discourse.

around investment making the narrative more socially relevant. The 'product-market fit' or 'market power', and calculation of value flow and return, is situated within the economic model, which necessarily forms a reflexive relationship with technology, as technological functionality is a limiting factor on the economic model. Technology is therefore connected to economic narrative through investment and the economic model and has a separate relationship with sociopolitical forces through elements such as regulation. Sociopolitical forces also shape and are shaped by economic narratives as they constitute the distribution and creation of wealth. Subsidy and direct government investment flows through economic narrative, investment, and the economic model.

The point of this framework is to show the influence of narrative on investment and their relationship to technology. It is intended to be reductive for the purposes of demonstrating the sociological context and conceptual framework of this research. Each of the elements and their relationships in this diagram are discussed in terms of the social functions embedded in the economic discourse of the text analyzed.

Figure 1. Role of economic narrative in mediating technology investment



With this theoretical literature and conceptual framework in mind, this research attempts to address gaps in understanding the social function, textualization, construction and mediation of economic narratives. This is due to perceived gaps in the conceptual understanding of economic narratives. In

Shiller's Narrative Economics, for example, the question is quantitative and focused on the significance of certain narratives in relation to economic events (2019). The construction of these narratives is reduced to the use of one-word signifiers of economic models which are tracked in their broad employment across all available textual mediums in a macro quantitative lexical-use analysis using statistical models modified from virology. The main contribution of Shiller's work is to show that economic narratives have some influence on economic events.

By contrast, the research aim of this paper aims to go into more detail about the mediation of economic narratives by reincorporating contextual factors and social functions present in text. This research is agnostic to the influence of the narrative in relation to specific economic events or showing their relationship to financial data on investment flows. Taking a qualitative approach, it disassociates the sociological elements from the deterministic calculative functions. In doing so, its sole aim is to foreground and demonstrate the textual construction of the social 'reality' created by economic narratives as they appear in global financial media, without evaluating the narrative's relationship to, or the predictive accuracy of, the economic model.

Within the discourses that construct economic narratives, it is necessary to define two key social groups. The first is the set of complex relationships that consist of startup founders and startup corporate hierarchies, VC partners, economic analysts and other influential figures in what I have termed the 'VC-startup nexus'. The second key network is 'institutional financial networks', which reflect large custodians of capital such as pension funds, government investment funds and university endowments. Due to their scale, institutional investors typically outsource specific investment actions to be managed by a portfolio of private equity, asset managers, hedge funds in addition to venture capital funds. In competition with competitors and other potential investment vehicles, the VC therefore acts competitively to promise return to institutional investment networks, while simultaneously demanding return from startups founders.

In order to study this, I have chosen to explore narratives related to investments into tech startups and to focus on Softbank as a subject. Its frequent coverage in the press, size, and unique structure make it a good example of a dominant VC-startup nexus. Other aspects make Softbank an interesting research subject, such as its investments into well-known startup platforms which reach globally, its cosmopolitan non-western founder, and its presence as a dominant ICT conglomerate. Softbank's "Vision Fund" reflects a clear example of the employment of the visions of technology firms, economic narratives and their uncertain futures. A focus on Softbank is in contrast to asking a question on the venture capital industry more generally, assessing the role of numerous venture capital companies and the mediated economic narratives about their investments. The point of this is to focus on depth by signaling how media shapes the narratives related to Softbank's investments and to show their social functions. In doing so, this research does attempt to draw some examples of values and cultural meanings from venture capital investment without making broad generalizations about the venture capital industry.

Research Question

Thus, I have designed two research questions arising from these questions in the literature:

How does global financial media shape economic narratives in relation to Softbank's digital technology investments by its Vision Fund?

How do these economic narratives relate to other discourses? What social functions does this mediation carry?

METHODOLOGY AND RESEARCH DESIGN

Methodological Approach

To answer these research questions, this study employs critical discourse analysis (CDA) in order to evaluate and deconstruct the mediation of economic narratives in global financial news media. CDA analyses the relationship between discourses, formed through social relations, and other elements of the social process (Fairclough, 2010). I apply this methodology to assess the mediation of economic narratives in relation to other social discourse. CDA employed here dissects the construction of meaning of the social aspects of investing in or managing a startup in relation to discourses on technology, the notion of work in the new economy or social norms on what constitute a 'rational investor'. Relationships among financial professionals, such as the ones based on information described by Zaloom (2004), are not purely based on social meanings constructed between one another, but on these social meanings in relation to various economic models. The economic models themselves are a semiotic construction reality, yet that construction is tied inseparably and dialectally to a narrative form, in which the model 'tells' us something. That semiotic relationship between the structure of the economic model and the narrative formation of the economic story is contestable and therefore reflects the dynamics of power relations, particularly in forms of mediated market power.

Conceptualized in terms of language as a social action, discourse is seen in how it affects the linguistic outcomes and their social implications. There is no definite way to analyze discourse, as "how you analyze discourse... depends on the questions you are asking" (Gill, 1996: 144). In this way, discourse analysis is similar to the pragmatism of grounded theory (Corbin & Strauss, 2012), and the key focus is on immersion in the social functions of the text through close systematic reading in an effort to critically assess the interaction between the worldviews espoused in text and their linguistic construction. The formations of discourse analysis are highly varied, but the key focus of CDA is to uncover the ways language use both shapes and is shaped by society (Wodak, 2001). It is associated with Foucault's interest in historically tracking the genealogy of knowledge (Andersen, 2003), where statements are evidence of knowledge (Foucault, 1987). It also takes more semiotic and meaning-

focused forms such as the analytical work on representation (Hall, 1985). These representation-analytic approaches are more cultural and associated with research on identity and cultural expression. By contrast, this research is more sociologically rather than culturally focused. That being said, there is inevitably some overlap in discussing the cultural elements of the cultural circuit surrounding tech startup and VC networks.

The method this research employs is the use of discourse as a textualization of power and a rejection of the rationality of modernity (Chouliaraki, 2011) and the normative rationalist constructions of discourse as a social practice (Habermas, 1991), which parallels efforts to deconstruct the financial economic paradigm that markets are stable, rational and quantifiable by using qualitative methods that reincorporate complexities of social and cultural contexts involving financial behavior (Bettner, McGoun, & Robinson, 1994). This method assesses narratives in terms of their external sociological outcomes and focuses on how these narratives are shaped and mediated in global financial news outlets, rather than detailing the individual strategic factors involved in the actual telling or construction of the narrative. In other words, the focus of this research is on identifying the social functions of narratives and how the discursive environment shapes narratives, not, as it were, the strategic selection and employment of the narratives themselves. This emphasis on external shaping of narratives necessitates the sociolinguistic, evaluative CDA approach employed.

The method employed in this research does not incorporate a broader semiotic analysis of financial market activity. For instance, in related studies, trading volume has been described as a signifier for the signified asset price, operating under the conditions of the 'grammar' of aggregated investor behavior (Schinckus, 2010). Furthermore, this methodology does not draw from interviews with individuals working in the VC-startup nexus. Such experiential data would be the most effective at describing in narrowed detail what the economic narratives driving investment behavior really are. Both of these factors reflect the limitations and experimental nature of this methodology employed. A study with a more comprehensive scope would benefit by pairing CDA with analysis of the narrative construction and the social-semiotics of financial activity.

This method draws from the methodology related to media discourse analysis in practice. Media deploys resources, draws on an amalgamation of perspectives and limited information to write compelling copy laden with social sympathies (Matheson, 2005). The focus of media discourse analysis is on the selection of 'media resources' which includes information sources, selection of words and other production elements. Through these words, social norms are endorsed through the labels journalists attribute to figures presented in text. Such labeling and selection of resources forms the functional linguistic mode by which media shapes the economic narrative. The output of this methodology aims to draw patterns from the construction of these resources and labels, and the resulting patterns constitute the discursive construction of economic narrative. CDA allows the research to foreground the sociolinguistic interpretive context and assess discursive elements that are not specifically tethered to a single narrative yet impact narrative formations. Narrative is thus treated

as a crucial point of focus and the specific area of economic discourses related to the mathematical modeling emblematic of the dominant neoclassical economic approach.

Employing narrative in this way is tricky. For instance, a common theme of narrative includes evoking emotion, image, and a kinaesthetic reaction that changes the physical characteristics of those who adopt roles established by the narrative reflecting “the bodily expressions arising from a reader placing himself or herself in a particular role” (Sarbin, 2011). While such emotive and psycho-physiological aspects of narrative do reverberate in descriptions and imagery associated with startup founders and iconic investors, these more concrete aspects reflect the limits of employing CDA rather than its strengths. Tracking these emotive factors in relation to mathematized economic theory would be better suited to other methodologies that incorporate personal experiences, such as interviews and surveys. However, other methodological definitions refer to narrative in a social and group oriented, as well as action-focused context (Squire, Andrews, & M., 2008: 1-21). Thus, the data sampled focuses more on this use case, instead of the experience-based, individual-oriented ones.

The key strength of employing CDA to assess narrative is due to the role time plays as a foundational element; as “time, psychically processed, is thought to make us into subjects through its articulation in narrative” (Squire, Andrews, & M., 2008: 10). In line with other discourse work on the functions of employment of time, such as the notion of asserting ‘institutionalized time’ (Leeuwen, 2005), the method employed in this research assesses the social functions of how time is used discursively in relation to the mathematized projections of future growth. For example, expressing the ‘valuation’ of a startup is a mathematical function that consolidates assumed future cash flows from growth into a present value. Time plays a key role in assessing the circulation and construction of economic narratives in the VC-startup nexus particularly as investment inherently implies progress ranging from the past circumstances, informing present decision-making that aims to shape the progressive trajectory of corporate social organization for a future return. This method therefore aims to foreground instances observed in the text, expressed in a present moment and discourses that appear in the article, to shape a multi-ordered chronological element where social forces interact at each point in time to construct the narratives employed.

The semblance between discussion on time from a discursive standpoint as compared to relating it to narrative however reflects the fact that the topic this research could be approached without using ‘narrative’ as signifier. My argument justifies this use due to its connection to the theoretical literature referenced. The research thus takes the position that economic narratives form a special kind of economic discourse tethered to economic models.

Analytical Framework

Fairclough's three-dimensional framework (1993) is used as an analytical framework to assess the discursive relationships posed in the research question. Fairclough's framework is frequently used in media discourse analysis and is useful as an exhaustive structure in separating textual elements from social forces while also showing how their themes interact. The analysis employs Fairclough's framework in the following ways:

Textual dimension: this includes the grammar and lexis that forms the face value of the discourse, which includes the selection of specific words, collocations, rhetorical forms, organization, any numerical values and the media resources involved in producing the text. These elements are assessed in terms of how lexis was selected in a way that constructs the narrative resulting from an economic worldview. This answers what media resources are employed in the construction of the narrative.

Discursive dimension: this refers to how the discourse created by the text interacts with other discourses. This relates the economic narrative to other sociological factors, such as the cultures of finance, technological dynamics, or political aspects.

Social dimension: this places the discursive trajectory in a wider social context, discussing its function in impacting various sociological forces. This form addresses the functional context the text is situated in. It answers what are the social functions indicated by the assertion of an economic narrative as constructed by the other dimensions.

This analytical framework is used systematically to analyze the text. Each article is reviewed in full and comments are recorded that answer the key questions and assess the text from each of these three dimensions. Economic narratives are discussed in this framework as key elements of the overall economic discourse, which is constructed in terms of their textual, discursive, and social elements.

As is made clear in the discussion section and given the focus of this research on economic narrative, this analytical framework is primarily applied within the discursive dimension, assessing how intertextual relationships between discourses contest the meanings of the economic narrative. That being said, the textual dimension is also a relevant aspect in describing precisely how the narratives are rhetorically presented the text, while the social dimension references relevant socio-political forces. An exhaustive employment of Fairclough's framework would however require pairing with other research methods, such as interview to chart the social dimensions or semiotic analysis to evaluate economic models in relation to their social meanings. An effort has been made throughout the discussion and the analysis to make references to these dimensions in relation to the concepts explored in the theoretical section and to formulate the analytical conclusions with a focus on the interdiscursive dimension.

Drawing from this framework, this research lists the lexical items which indicate an active presence in the way social forces have shaped and informed word selection. Preference is given to key statements that draw attention. The result is a set of thematic narrative patterns drawn from a systematic reading of the text. I critically assess the discourse by using a four-part process: 1) data collection; 2) immersion; 3) analyze narrative themes using each dimension; 4) assess the social dynamics of the economic narrative themes. These themes and illustrative examples are discussed in the results and interpretation section.

Article Sampling

I have sampled six articles to assess the discursive themes in relation to the research questions. The data collected for this analysis consist entirely of publicly available news and magazine articles from widely circulated generalist broadsheets and technological and financial news sources. I accessed these articles through the institutional database Factiva, with the exception of the article collected from Wired UK (Medeiros, 2019), which was collected from an online search and was available without a paywall, and the article from The Economist (The Economist, 2018), which was collected from ProQuest. These articles were narrowed down to ones that include both “Softbank” and “startup”. This narrowed set was scanned to collect articles that would be considered as features or long reads which were more than 1,000 words, in order to have sufficient text to observe the discursive themes. The articles each feature Softbank and its startup environment and were selected from a time period starting in early 2018 until late 2019. This was in order to provide a sufficient distance from when Softbank’s Vision Fund was established to when some results of its investments were beginning to appear and was possible due to a high volume of articles to choose from. Therefore, the feature articles that discuss and evaluate the firm’s economic function and performance were selected to show the key point of contestation between actual ‘results’ of the investments, the economic narrative, and the resulting socio-political forces. Articles that were specific to one startup, such as WeWork, or specific to Softbank’s telecommunications business were excluded.

Of this narrowed set, one feature was selected from major news sources the New York Times (Popper, Goel, & Harindranath, 2019), Wall Street Journal: Pro Venture Capital (Dvorak & Negishi, 2018), The Financial Times (Guthrie & Indap, 2018), Wired UK (Medeiros, 2019), The Economist (2018) and The Japan Times (Martin, 2019). This data sampling technique was not intended to be comprehensive. Rather it aimed to focus on going into depth of these articles in relation to the research questions by drawing from a diversity of global news sources, as each source is presumed to shape the narrative in different ways and reach a slightly different, albeit predominantly cosmopolitan audience. The New York Times is included as a generalist broadsheet. Wired UK is the technology specific source. Wall Street Journal: Pro Venture Capital, is a specialist trade on venture capital, while The Economist, is more generally economic news. The Financial Times reaches a European audience, and The Japan Times has a regional focus on Japan. Neither the visual components of these articles nor any of the

numerous and surely relevant broadcast sources were considered in order to focus on the themes addressed in the question.

Ethics and Reflexivity

CDA necessarily takes a moralistic stance and actively addresses a social problem (Fairclough, 2010). The stance of this research aims to approach the problem of 'economic distortions' posed by Shiller and Stiglitz. The sense that the expression of economic conditions can be 'distorted' implies a rooted sense of truth. The position of this research is that sense of the truth is rooted in the economic narrative adopted by the subject interpreting or creating the model. In terms of social problems, the contestability of this layer of interpretation necessarily consists of a capacity to mislead investors, regulators, the media and the public at large, and potentially causing mass inequalities. Economic narratives potentially provide an effective way at relating the mathematized aspects of financial capitalism and neoliberalism into their sociolinguistic functions. This employment of narrative therefore aims to provide a more narrowed and detailed picture of specifically economic themes in relation to discourse.

RESULTS AND INTREPRETATION

Explanation on the interpretation of the results

Using CDA to assess economic narratives creates the problem of presenting the results. I have chosen to separate these sections into two parts, first to explain the economic narratives uncovered in the research, then show examples of where the narratives interact interdiscursively with social forces that evaluate these narratives. These evaluative social discourses are presented in the second section in three observed themes: economic principles; technological utopianism; nationalism; and the financialization of political and ethical issues. The construction of the narrative largely is taken from the textual analytical dimension, while the discursive themes were generated from the discursive and social dimensions. In both sections, key quotations that illustrate the related points have been selected to demonstrate the findings. I have also included in the appendix copies of my markings of three of the six articles analyzed, which shows how I employed the three-dimensional CDA framework.

The results below are a summary and succinct presentation of the key discursive aspects taken from the text and reflect a synthesis of the resulting conclusions from each of the three dimensions. Since both sections are taken from the same set of text, there is some overlap, as certain samples used to explain the narrative also contain evaluative discursive elements. At times the discursive themes must refer to the construction of the narrative. The presentation of these results manages this problem by

generally focusing discussion on the narrative in the first section and the interdiscursivity in the second.

The Narrative of Softbank's Visionary Founder and Economic Model

A systemic analysis of the observed text revealed that two key narrative subjects related to Softbank's investments in digital technology: the visionary founder, and Softbank as a corporate entity. These two figures represent narratives as they consist of a subject historicized over time.

The story of Softbank's founder begins with his association with Silicon Valley from his time as a student at UC Berkeley. The story paints Son as inherently and culturally a visionary entrepreneur, as "he invented an electronic pocket translator he sold to Sharp Corp. for ¥100 million – capital he used to launch his first company before returning to Japan after graduation" (Martin, 2019). In 1981 after university he returned to Japan and used the funds from that transaction to start Softbank, which then grew into a technology conglomerate. Following the commercial success achieved through highly leveraged investments into emerging technology of the early years of Softbank, Son is described as having "survived a close call in the dot-com burst after 1999, when many startups he bought into went bust and Softbank lost 99% of its value" (Dvorak & Negishi, 2018). In these cases, Son's narrative is constructed in terms of possessing the uncanny ability to see the future of technology. Visionary is often applied to Son within the first mention of Son, as demonstrated in cases such as "Masayoshi Son, the Intrepid Visionary", "maverick billionaire founder" (Martin, 2019), and "iconoclast" (Guthrie & Indap, 2018). In a story that employs language of mythology such as "lore has it" (Martin, 2019) of the early years of Softbank, Son's predictions about technology development and the size of his own successes seem outlandish in the moment yet always seem to come true.

A mystical quality is associated with Son in the Wired piece, as "Son is known for his fanciful analogies" (Medeiros, 2019). He is described as "kingmaker" (Popper, Goel, & Harindranath, 2019), in reference to his relationship with other technology founders; additionally, "Son met a young Chinese teacher and founder of an e-commerce firm called Alibaba", and that he would "transform Ma's company into the next Yahoo!" (Medeiros, 2019). The use of transformation and describing Jack Ma as a Chinese teacher emphasizes the magical quality of Son's vision, and Son as a visionary among visionaries, which is demonstrated in the Wired article in the scene of Son welcoming founder after founder to the stage (Medeiros, 2019). Son is the leader of these CEOs who usher in the next stage of humankind, which is demonstrated in the description of Son's grand historical vision of how Softbank can "sustain growth for '300 years'" (Medeiros, 2019). This position is also reflected in the description of Son as a business celebrity whose 'fans' see him as a tech visionary (Guthrie & Indap, 2018).

In contemporary terms, Son's story is now of a veteran technology investor who is compared to Mark Zuckerberg and Jeff Bezos as "the most influential person in technology" (The Economist, 2018). An influential founder is regarded as commonplace in corporate structures, as indicated by phrases like

“the man behind the firm” (The Economist, 2018), which suggest that a single individual is responsible for shaping the behavior and developmental trajectory of a firm. Son is further used as a key indicator of the general performance of the fund with its two subheaders: “Masastroke...”; “...or Masachism”. WSJ’s emphasis on the struggles between the Softbank board and Son, dealing with his irrational or unpredictable behavior. His actions are described as “a buying spree, picking up stakes in dozens more companies, many of them ‘unicorns’”. Son “personally makes most of the investment decisions” (Guthrie & Indap, 2018), which consist of Son giving “2x what founders ask for” (Dvorak & Negishi, 2018).

The text contains a narrative regarding Softbank as an economic model, which in this data is centered around the Vision Fund taking major financial risks and “placing bets” to develop emerging technology (Martin, 2019). This sacrifice of quality for quantity and scale is also revealed in the description of Vision Fund’s investments capturing market power regardless of the success of individual startups, as the firm’s “bets do not have to pay off to affect the race”, extending the horse race metaphor. The scale of the Vision Fund is credited as the central factor in enabling its commercial dominance, as well as granting extreme market power to the startups. The creation of the Vision Fund began in 2016, which was enabled by “Saudi Arabia’s thrusting crown prince handed Mr Son \$45bn as part of his attempt to diversify the kingdom’s economy” (The Economist, 2018). The fund is framed as the “world’s largest”, which is used to draw contrast to competitors as “smaller Silicon Valley investors” (Martin, 2019). Softbank’s investments are referred to as domineering, destructive and monstrous in “gobbling up” young companies (The Economist, 2018) and “How Softbank ate the world” (Medeiros, 2019). The largess of the fund constitutes commercial activity in militaristic terms as Softbank’s “war chest” (The Economist, 2018) of \$100 billion lays in wait to conquer the technology ownership through coercive force. Investment is constituted as part of a neoclassical supply and demand structure, where the investment company is simply the “supplier of capital”. References to capital structure as a way to assess the performance and future potential for return of the firm from an institutional perspective.

The corporate narrative is constructed in the past present and future. From the Wired article: “Softbank was the first to realise that it could deploy much more capital and get big returns” – a statement on past actions; “It over invests to anoint the winners” – a statement on present economic model; “It may turn out it’s a colossal risk and doesn’t work out, but I think it will. It’s a fascinating experiment” -- future prediction and assessment of probability (Medeiros, 2019).

Discursive Themes

I have summarized in four areas in which the economic narrative is shaped by a discursive context: economic principles; technological utopianism; nationalism and the financialization of political and ethical issues. Respectively, these themes appear to carry a social functions: they assert the rationalist perspective of economics; extend a utopian view of technological progress; link the wealth of an elite to national wealth; and they reduce political and ethical activity into a calculative financial dynamic.

Economic Principles

Financial and economic information related to the VC-startup nexus is a key discursive theme which is used to evaluate Softbank's investments in digital technology in relation to economic principles. Such textual figures include forward looking projections, historical data, as well as quantitative, numerical and econometric indicators. For instance, in each piece the \$100 bn figure of the fund draws on economic principle of economies of scale which shapes Softbank's and its startup's narrative as having achieved monopolistic dominance. The size of the fund is referred in comparison to the rest of the industry as the \$100 bn "far exceeds the \$64 bn of all other VC funds combined" and is "4 times the biggest private equity fund ever raised" (The Economist, 2018). This uses competitive benchmarks and numerical figures drawn from calculations suggest that Softbank is responsible for shaping industry norms of investment into digital technology.

The economic scale of the investments is described in order to demonstrate its significance of the size of the resources employed, is described as affecting macroeconomic trends. Softbank's investments "keep firms private for longer" (The Economist, 2018), and in the WSJ piece "Many in tech finance believe [Son's] investments help keep startup valuations high" (Dvorak & Negishi, 2018). These statements judge Softbank's economic narrative as affecting the quality of information and enforcement of accounting standards as the startups are hidden from the "clarifying glare of the public markets" (The Economist, 2018), a description which asserts a normative institutional role for stock exchanges. In other cases, the flow of investment into the tech is described in the passive voice: "a flood of money that has washed over the world" (Popper, Goel, & Harindranath, 2019), without attributing this trend to Softbank or any single economic actor.

Using its own analysis and sourcing equities research, the FT article contests Softbank's accounting statements by showing hypothetically what would happen if new assumptions were made: "strip out forecast earnings and net debt to EBITDA [Earnings Before Interest, Taxes, Debt and Amortization] sores to over 10 times" (Guthrie & Indap, 2018). Numerical representations in the form of projected metrics are used to evaluate Softbank as a publicly traded equity asset⁴: "a three-fifths raise in new economy stocks could lift Softbank's shares over four-fifths" (Guthrie & Indap, 2018). Both of these indicators draw on a rationalized economic perspective, as it presumes that the future has a degree

⁴ This is a reference to Softbank Group's listing on the Tokyo Stock Exchange

of predictability. Even though it challenges Softbank's investment model, the article stops short of extending this contestation to investments in digital technologies in general, normalizing the sense that this process is inherently driven by monopolistic dominance.

Son's personal economic narrative as a reckless visionary is quantified interdiscursively into "30 minutes to decide he wanted to invest \$200 million" (Dvorak & Negishi, 2018). This is further reflected in the description of Son as a "key person risk" (Guthrie & Indap, 2018) and as his "gargantuan, grandiosity, and guaranteed payouts may end up in financial disaster" (The Economist, 2018), referencing risk in relation to potential returns to institutional financial networks who make up Softbank's board. Struggles over the commercial strategy are also demonstrated in the characterization of the conflict between Son and the Softbank board. Son is criticized for certifying investment before board approval (Dvorak & Negishi, 2018), which is emphasized in the WSJ piece by using frequent quotations from former Softbank employees who tell an economic narrative of Softbank's model and Son's personal characteristics. For instance, "They describe a man who sometimes makes gut-instinct decisions in businesses he knows little about....Other times, he compiles an elaborate analysis, inundating his directors with hundreds of pages of documents to help explain an investment target" (Dvorak & Negishi, 2018). "Throwing around cash" (Dvorak & Negishi, 2018) has a meaning of wealth abundance and conspicuous spending as a display of prowess, which conflicts with the establishment cultural norms of rational decision making. This is bolstered by Son's reported disinterest in financial projections (Medeiros, 2019) that adds to his economic narrative as irrational and outside the norm.

Economic Principles

The text reflects a discursive theme of technological utopianism, in which technological process is assumed to be a better, exciting world which Softbank's network of supercharged startups is attempting to turn into reality. One key element is in selecting statements that demonstrate Son's enthusiasm, such as when he describes how technology's potential makes now the most exciting time to be alive and how he doesn't want to sleep because of it. This exuberance over the potential of technology draws on discourses of the evolutionary history of humankind;

In 2016, [Son] equated the Internet of Things (IoT) to the Cambrian era's explosion of life, comparing the evolutionary advantage conferred to the first species with eyes to the combination of sensors and AI enabled by the IoT. (Medeiros, 2019)

The Wired article in particular shapes the economic narrative of Softbank's network as unified around a techno-utopian vision of the future and potential of technology: "Artificial intelligence – and its accessory components of ubiquitous data, high-speed connections and autonomous robots – was the common denominator between the speakers that day" (Medeiros, 2019). Investment as an essential component to any development of technology, and 'the singularity' as an expression of the network

effects of Softbank's 'global family' which is referenced in four of the six samples assessed (Guthrie & Indap, 2018; The Economist, 2018; Medeiros, 2019; Popper, Goel, & Harindranath, 2019). This application contextualizes the singularity as a desirable technological outcome.

This technological future is reflected grammatically with expressions that describe future actions. For instance, the word "wanted to", expresses an attempt at or motivation to build technology. In the Wired article, there is a skeptical tone in choosing 'wanted to' over other options such as 'is building a', which would reflect a more realistic and progressive representation of entrepreneurial activity. This is reflected in the selection: "Bill Huang, the entrepreneur behind startup Cloud Minds, wanted to build the world's first cloud-based robot". This also reflects a certainty that it is possible that there will be the world first cloud-based robot. The modal use of 'could' to express a presumption of future possibility, and the exclamation point emphasizes the exuberance of the technological vision of the future: "'All of a sudden we could help guide a blind person with sensors,' he proclaimed. 'We can replace guide dogs!'" (Medeiros, 2019). As startup founders within Softbank's network, these expressions shape its economic narrative as facilitating technological progress as well as linking technological progress with an implied return on investment in bringing this innovation to market. These technological visions are thus visions of economic value as much as they are a utopian construction of future technology.

By contrast, data is also described as central to this vision:

That's Masayoshi Son's vision: a future where every time that we use our smartphone, or call a taxi, or order a meal, or stay in a hotel, or make a payment, or receive medical treatment, we will be doing so in a data transaction with a company that belongs to the SoftBank family. And, as Son likes to say: "Whoever controls data controls the world". (Medeiros, 2019)

Here, the technological vision of Son's singularity is embodied in the use of data as a means to generate market power. The data transaction in this vision is expressed as nothing new and a feature of the contemporary environment, which suggests a normalization of data capitalism.

Nationalism

The text reflects an ideological assertion that the accumulation of wealth by a single individual or corporate entity necessarily extends to the wealth of the nation as a shared group identity. Especially in the Japan Times article, Son is a point of national pride, highlighting that he's "one of the nation's richest men". The Japan Times Article which is a part of a series that explicitly aims to historicize Son within a "10-part series on influential figures in the Heisei Era, which began in 1989 and will end when Emperor Akihito abdicates in April [2019]." Son is also credited with bringing "affordable internet access to Japan" (Martin, 2019).

The national character of Softbank's investments are also evidenced in the descriptions of the transnational reach of Son's VC-startup nexus as a demonstrating national financial prowess, as Son self-identifies Softbank's as the "global Softbank" (Popper, Goel, & Harindranath, 2019). Tech is associated as a fundamental character of a nation, as indicated by "foreign takeover" and "sad day for British tech" used to describe Softbank's purchase of the British microchip company Arm (Medeiros, 2019). In the Japan Times piece, Son's acquisitions of Arm holdings and Sprint Corp are referenced as taking place "outside his homeland", reflecting a form of national conquest (Martin, 2019). This global representation bolsters the economic narrative as having achieved its true potential geographical reach and its cosmopolitan elite financial culture.

National accounting rules discussed at length in the FT piece reflect interdiscursivity between the economic and the national themes (Guthrie & Indap, 2018). This can include specific numerical figures referencing historical data. In the description of Softbank's aggregated capital structure, including both the Vision Fund and its telecommunications operations, the commercial strategic narrative suggests that Softbank uses certain accounting tricks to discount debt liabilities of its subsidiary defaults, while including the earnings of its subsidiaries into the financial statements of its profits. This is described as "...permissible under Japanese accounting rules. But the inclusions undercut the assumption of some investors that ebitda is a useful measure of Softbank's cash earnings". These accounting tricks suggested as key to its commercial strategy, which are coupled with a skeptical discussion of Softbank's conviction narrative that "it is an article of faith at the company -- and among many debt and equity analysts -- that borrowings are comfortably offset by valuable investments" (Guthrie & Indap, 2018). The asymmetries between the Japanese and Western accounting systems also reflect an interdiscursivity with national economic narratives, implying that western accounting standards are more rigorous and produce better quality financial information. From this, a national Japanese character is extrapolated, as demonstrated in the national descriptor of "consensual Japan" (Guthrie & Indap, 2018) in the FT piece.

Financialization of Political and Economic Issues

The text reflects a theme where unethical effects embedded into the economic narrative of Softbank's investment are associated with a financial value. This is demonstrated in the sample: "Son has also said the killing of Saudi journalist Jamal Khashoggi, allegedly ordered by the kingdom's crown prince, Mohammed bin Salman, could have an impact on the \$100 billion fund, to which Saudi Arabia's PIF [Public Investment Fund] contributed \$45 billion." (Martin, 2019). It is also demonstrated in extensively in the New York Times article, which collected stories from three Softbank funded startups, reviewing contracts, company documents and interviewing workers, showing how Softbank's investment strategy impacts the lives of individuals. For example, "Like many Softbank-funded start-ups, Rappi not only depends on contractors to deliver its services but also offloads its fixed costs -- and the risks of the work -- onto them", and "...the company initially offered drivers 3,500 pesos, or around \$1, for every delivery -- enough to earn more than Colombia's

minimum wage of around \$8 a day” (Popper, Goel, & Harindranath, 2019). In some cases this is related to Softbank contributing to the exploitation of labor, indicative of the NYT’s title as “The Softbank Effect: How \$100 Billion Left Workers in a Hole” (Popper, Goel, & Harindranath, 2019). Personal loss is also discussed in financial terms, as the cellphone and bag stolen from the delivery workers, which labor contracts made their liability rather than the startups. This was also reflected in metrics again to demonstrate scale, but in this case scale of political and group resistance as “100 workers protested outside Rappi’s headquarters in Bogota. They made a bonfire out of the orange delivery bags” (Popper, Goel, & Harindranath, 2019).

CONCLUSION

The primary contribution of this paper is that the vision of investment is driven by an economic narrative, which I have exemplified in an analysis of the construction of the between the mediated narrative of Softbank’s investment strategy and the values circulating in the social networks that embody it. This use of narrative is somewhat unconventional methodologically yet reflects its conceptualization as a discursive unit with a sequential time order and a central subject. The results appear to show that the mediation of the economic narrative of Softbank’s VC investments into digital technology contains the social functions of asserting economic rationalism and techno-utopianism, equate the wealth of an elite individual to national wealth, and they financialise political and ethical issues.

The implications of this paper could be explored in a wide range of future potential related research areas, as the topic itself is relatively new and underexplored. The nearest potential research would be in conducting interviews of VCs and founders to get a sense of the strategic construction of economic narratives, which would address the key gap in this research. Another potential line related to this would be to connect the mediation of economic narratives to an evaluation of the social-semiotics of financial activity resulting from various economic models. With that in mind, hopefully this line of research can be helpful to the diverse sets of social actors, including regulators, journalists and other institutional actors addressing the social problem of economic distortion resulting from the circulation of mediated economic narratives.

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APPENDIX:

Below I have included 3 samples of how Fairclough's three-dimensional framework was used to analyse text (Red ink: social dimension; blue ink: discursive dimension; green ink: textual dimension)

Leaders The Economist May 12th 2018 11

The \$100 billion bet

Succeed or fail, Masayoshi Son is changing the world of technology investing



TWO years ago, if you had asked experts to identify the most influential person in technology, you would have heard some familiar names: Jeff Bezos of Amazon, Alibaba's Jack Ma or Facebook's Mark Zuckerberg. Today there is a new contender: Masayoshi Son. The founder of SoftBank, a Japanese telecoms and internet firm, has put together an enormous investment fund that is busy gobbling up stakes in the world's most exciting young companies. The Vision Fund is disrupting both the industries in which it invests and other suppliers of capital.

The fund is the result of a peculiar alliance forged in 2016 between Mr Son and Muhammad bin Salman. Saudi Arabia's thrusting crown prince handed Mr Son \$45bn as part of his attempt to diversify the kingdom's economy. That great dollop of capital attracted more investors—from Abu Dhabi, Apple and others. Add in SoftBank's own \$28bn of equity, and Mr Son has a war chest of \$100bn. That far exceeds the \$64bn that all venture capital (VC) funds raised globally in 2016; it is four times the size of the biggest private-equity fund ever raised (see Briefing). One VC grandee calls the Vision Fund "the most powerful investor in our world".

Masastrophe... Power does not necessarily mean success. Scceptics about the Vision Fund have lots of ammunition. After a long bull market, the valuations of tech firms are stretched. Mr Son personally makes most of the investing decisions. He has notched up some triumphs in his career, including an early bet on Alibaba. But his dotcom-era investments mean he is also the person to have lost more money than anyone else in history. His pursuit of the "singularity", the point at which computer intelligence exceeds the human kind, might make him a visionary—or just an eccentric. The money is being shovelled out almost as fast as it was taken in. The fund has already spent \$30bn, nearly as much as the \$33bn raised by the entire American VC industry in 2017. And because about half of its capital is in the form of debt, it is under pressure to make interest payments. This combination of gargantuanism, grandiosity and guaranteed payouts may end up in financial disaster. Indeed, the Vision Fund could mark the giddy top of the tech boom.

But even if the fund ends up flopping, it will have several lasting effects on technology investing. The first is that the deployment of so much cash now will help shape the industries of the future. Mr Son is pumping money into "frontier technologies" from robotics to the internet of things. He already owns stakes in ride-hailing firms such as Uber; in WeWork, a co-working company; and in Flipkart, an Indian e-commerce firm that was this week sold to Walmart (see Business section). In five years' time the fund plans to have invested in 70-100 technology unicorns, privately held startups valued at \$1bn or more. Its money, often handed to entrepreneurs in multiples of the amounts they initially demand and accompanied by the threat that the cash will go to the competition if they balk, gives startups the wherewithal to outgun worse-funded rivals. Mr Son's bets do not have to pay off for him to affect the race.

Mr Son's second impact will be on the venture-capital industry. To compete with the Vision Fund's pot of moolah, and with the forays of other unconventional investors, incumbents are having to bulk up. Sequoia Capital, one of Silicon Valley's most famous names, is raising its biggest-ever fund in response. Mr Son is also bringing capital to places where it is still in fairly short supply—to India, to South-East Asia and to several European countries. When the Vision Fund invested close to \$500m in Improbable, a British virtual-reality firm, it broke a funding record, and its €460m (\$565m) in Auto1, a German online car dealer, was one of the country's biggest such investments in several years. Rather than wait for founders to make the trip to California, investors are under greater pressure to seek out entrepreneurs.

The Vision Fund's unprecedented span, across countries and industries, leads to its third impact. Mr Son says he wants to create a "virtual Silicon Valley in SoftBank", meaning a platform on which unicorns can offer each other contacts and advice, buy goods and services from each other, and even join forces. The concept of portfolio companies collaborating is familiar from private equity, but the fund's sheer breadth marks it out. Mr Son is, for example, trying to orchestrate his various ride-hailing investments so that they do not burn through so much cash by competing with each other. He encouraged Uber to sell its South-East Asian business to Grab earlier this year and is urging it to make a deal in India with Ola.

The Vision Fund model is disruptive, then. But is it good for innovation and consumers? Mr Son's project certainly has its attractions. It is shaking up the cosy world of Silicon Valley venture capital. And it may nurture competition against the tech giants. The fund offers founders of startups an alternative to cashing out to the likes of Google, Facebook and Amazon; its massive chequebook also gives those entrepreneurs a better shot at competing with the titans. The fund may perform a similar function in China, where nearly half of all unicorns are by now backed by one of the country's four tech giants, Baidu, Alibaba, Tencent or JD.com.

...or Masachism? Yet its disadvantages extend beyond the risk of losses. Its sheer size risks raising the cost of running a startup for everyone. Young firms that receive its cash often spend it on sales and marketing, which puts pressure on every other company in the industry to spend as lavishly in order to acquire customers. Companies that receive hundreds of millions of dollars of capital in one go are elevated far above their competitors. That hands a single individual kingmaking powers, while keeping young firms out of the clarifying glare of the public markets for even longer. Attempts to carve up markets among portfolio firms may in time raise a different set of competition concerns.

A proper verdict on the Vision Fund will not be possible for years. But the fate of many startups and the choices consumers enjoy in the future will be guided by the bets Mr Son is making today. Fortune's biggest wheel is spinning.

Handwritten Annotations:

- Red ink (Social Dimension):** "To historicize to evaluate the model", "To demonstrate the model's personalised horse race", "Evaluate Model", "National economic systems", "law of diminishing returns", "reflecting a normative assertion on social role of financial markets", "Social function: 1. IoT, AI, Robotics, 'Angry' 'future', 2. Make VC bigger, 3. Encourage Ecosystem".
- Blue ink (Discursive Dimension):** "Key personalisation of the Economic Narrative", "Model", "Global Singularity", "Tech Narrative", "Platform ecosystem", "Market Power", "Mr. Son's chest, rather than US", "Anonymous Secs. to show network", "or Masachism?", "Social function", "Narrative of picking winners".
- Green ink (Textual Dimension):** "Succeed or fail, Masayoshi Son is changing the world of technology investing", "The Vision Fund is disrupting both the industries in which it invests and other suppliers of capital.", "The fund is the result of a peculiar alliance forged in 2016 between Mr Son and Muhammad bin Salman.", "Mr Son personally makes most of the investing decisions.", "The Vision Fund model is disruptive, then.", "The Vision Fund could mark the giddy top of the tech boom.", "The first is that the deployment of so much cash now will help shape the industries of the future.", "The fund has already spent \$30bn, nearly as much as the \$33bn raised by the entire American VC industry in 2017.", "A proper verdict on the Vision Fund will not be possible for years.", "Fortune's biggest wheel is spinning."
- Other:** "Son in relation to other tech bigwigs", "Comm", "Mentor of the market industry", "Uber to sell its South-East Asian business to Grab earlier this year and is urging it to make a deal in India with Ola.", "The Vision Fund offers founders of startups an alternative to cashing out to the likes of Google, Facebook and Amazon; its massive chequebook also gives those entrepreneurs a better shot at competing with the titans.", "The fund may perform a similar function in China, where nearly half of all unicorns are by now backed by one of the country's four tech giants, Baidu, Alibaba, Tencent or JD.com."

Lex in-depth: SoftBank's credibility problem

Jonathan Guthrie and Sujeet Indap
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The group's shares trade at a discount but an IPO of its mobile unit could change attitudes

The "singularity" is the theoretical point at which machines can out-think humans and technological change becomes unstoppable. It justifies breakneck investment in businesses with disruptive potential, according to Masayoshi Son, founder and chief executive of Japanese tech group **SoftBank**.

W/ quotes vs not

"This is the biggest revolution in human history," he told analysts in August. "Artificial intelligence will change or will redefine all the industries...the winners in AI will be winners in the future."

Nationalism, as a weak desire Japan

For the moment, the real singularity is Mr Son. As an iconoclast from consensual Japan, he embodies big contradictions. Fans see him as a tech investment genius. Some traditionally-minded Tokyo business people dismiss him as a reckless chancer.

SoftBank hopes to undercut hostility with one of the largest-ever initial public offerings. This month the group is floating a Japanese mobile phone operation with a mooted equity value of more than \$60bn. Executives believe this will reassure investors about the debts carried by the business and trigger a re-rating.

SoftBank is the world's largest focused tech investor. Yet for all Mr Son's futuristic talk, it sometimes buys relatively mature businesses. Mr Son and his fans believe it takes no unhedged risks. Critics decry it in the terms Warren Buffett once reserved for derivatives: as a financial weapon of mass destruction. **SoftBank's** credibility problem is reflected in a big gap between the value of its investments and the price of its shares.

Threat to financial system

"They are the buyer of first resort," says one Asia fund manager, reflecting on the group's fondness for snapping up shares in well-hyped tech plays, such as Uber and WeWork. "They always want to supersize their investments. They have an issue finding companies willing to take the amounts of money they want to hand out."

play on words vs last resort

Model!

The flotation will bring greater clarity to a tangled structure that reflects Mr Son's restless quest for innovation rather than any conventional corporate strategy. But an FT analysis suggests the move could heighten risks for **SoftBank's** shareholders and lenders rather than dampen them. Dangers are already understated by the group's optimistic account of its own finances.

To warn of systemic risk

The technological evangelism of Mr Son divides opinion. "He is a visionary," says Dan Baker, an analyst at Morningstar who rates the company a buy. "He is extremely bullish and rarely mentions negatives. Investors are wary of what is not being talked about."

Stronger than Uber

Construct a lack of clear model

These include "complexity, opacity and leverage", according to Chris Hoare of New Street Research. Even compiling a sum-of-the-parts valuation — a simple exercise for most conglomerates — is tricky for **SoftBank**. But the discount between the impressive value of the group's investments and its lowly Tokyo-listed shares is over 60 per cent, according to FT analysis of S&P Global data.

The chasm is hardly flattering for Mr Son. It implies his investment skills — or a perceived lack of them — have a negative impact equivalent to \$148bn. The boss of a quoted private equity group in the US or UK could be fired for a discount as big as this.

upholding values of Western system

One part of the calculation involves nothing harder than totting up the value of stakes in listed companies such as Yahoo Japan and Sprint, a US telecoms business. Another part requires bold assumptions. Lex followed the lead of many analysts in knocking 30 per cent off the \$100bn market value of a stake in Chinese ecommerce group Alibaba — **SoftBank's** key asset — to allow for tax on any sale. Lex assumed Arm, a chip designer, is worth the full \$32bn **SoftBank** shelled out for it. By some measures, **SoftBank** overpaid for the

The takeover would also lighten **SoftBank's** bloated net debts to the tune of \$32bn. Accounting rules would permit the group to "deconsolidate" these, which means they would no longer appear on **SoftBank's** balance sheet.

SoftBank already tends to discount Sprint's debts when challenged on the scale of its liabilities, as do some bullish analysts. This is just one of the ways it downplays borrowings that surpass those of many developing economies.

The justification is that Sprint's debts are "non-recourse", which means **SoftBank** is not liable for them if its subsidiary defaults. **SoftBank** is likely to apply the same logic to the mobile phone unit's \$30bn of net borrowings after the IPO. This treatment does wonders for that important net debt-to-ebitda metric. The ratio falls from the official level of about five times, which looks steep, to just over three times, which is a lot more comfortable.

Incongruously, the group is happy to include the earnings of subsidiaries and affiliates in its own profits. All the earnings of Sprint and Yahoo Japan go into the pot. **SoftBank** owns less than half of the quoted internet group's shares, but this is deemed to give it control.

Even a quarter of Alibaba's profits are included, on the arguable basis that **SoftBank** has a significant influence on the policies of the Chinese group.

This is permissible under Japanese accounting rules. But the inclusions undercut the assumption of some investors that ebitda is a useful measure of **SoftBank's** cash earnings. Few of the companies in **SoftBank's** portfolio pay meaningful dividends. Very little of the group's reported net income of \$9.8bn in 2017-18 passed through its hands in the form of hard cash.

Strip out the forecast earnings, as well as the borrowings, of **SoftBank's** big investments and net debt to ebitda soars to over 10 times. Even a US leveraged buyout specialist would regard this as steep. Strip out the earnings of the mobile phone unit too, to reflect the impending IPO, and **SoftBank** would be making a loss in some scenarios.

In fairness, the group weaves no cloak of mystery around its accounting policies or its attitudes to risk. **SoftBank** would like to be better understood. It is an article of faith at the company — and among many debt and equity analysts — that borrowings are comfortably offset by valuable investments, particularly the stake in Alibaba. Mr Son is wont to joke that "**SoftBank** has no net debt".

That share price discount also covers a lot of downside in advance, leaving plenty of potential for capital gains. Mr Hoare says: "You are buying the shares at 60 cents on the dollar, and that dollar could double in value."

SoftBank shares are highly sensitive to moves in tech stocks. Even privately held businesses such as Uber are sometimes valued in relation to these. If long-term past performance is any guide, a three-fifths rise in new economy stocks could lift **SoftBank's** shares over four-fifths. That troubling discount would shrink significantly.

The corollary is that if tech and telecom stocks fell by just under a half, it would theoretically cut the value of **SoftBank's** investments to below that of its consolidated debt. The group's illiquid tech stakes would become hard to sell in a much smaller rout.

Bulls believe in Mr Son's singularity as a tech visionary, as exemplified by his inspired purchase of a stake in Alibaba when it was an obscure start-up. Bears shy away from **SoftBank's** key person risk, its impulsive rolls of the dice and big debts. They worry that another definition of a singularity would apply to **SoftBank** in a market rout: a black hole in space, sucking in and crushing everything in its path. They are right to do so.

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Search Summary

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Political Risk

UK business. This is a mature supplier to smartphone makers that has much to prove in a nascent métier: the internet of things.

Deeper controversy bedevils SoftBank's \$97bn Vision Fund. Saudi Arabia, its largest backer, lost much of its cachet as an investment partner after its agents murdered journalist Jamal Khashoggi in Turkey in October. Some analysts fear Silicon Valley start-ups will now spurn Vision Fund financing on ethical grounds. Keeping track of SoftBank's contribution to the fund is a more prosaic difficulty. Lex went with the company's most recent official valuation of \$35.8bn, implying a jump of almost \$8bn in a few months, though the real value of the shares is in the eye of the beholder.

Paradoxically, the higher the number SoftBank puts on these stakes the greater the dismaying share price discount. No wonder Mr Son is trying to address this. We value SoftBank's investments at a total of \$235bn, while its market worth is just \$85bn. The difference is partly explained by SoftBank's substantial net debts but the protection these receive is more fragile than fans acknowledge.

The flotation of the Japanese mobile business is the first step in a plan to lift market capitalisation. It works brilliantly on paper, inspiring Bernstein analyst Chris Lane to describe it as "alchemy". Transmuting base metal into gold may be harder in practice.

In the eyes of most Japanese consumers, SoftBank is a mobile phone company with a newsworthy entrepreneur attached. The household name, combined with fat dividends, should lure retail investors. That has emboldened SoftBank Group and its legions of bankers to attach an aggressive float price to the unit. At ¥1,500 (\$13.20) per share, the telecom company would have an equity value of \$64bn.

The sale of a 37 per cent stake for \$23.3bn should hopefully increase SoftBank's market worth by the same amount. An optimist would expect the shareholding in the mobile operator retained by SoftBank to be priced into its market worth in a similar way.

The gap between the parent's implicit and market values should narrow as a result. This contraction would be helped by a change in stock analysts covering SoftBank from earnings-obsessed Japanese telecoms specialists to asset management analysts, some of them based in the tech-friendly US.

There are three caveats. First, the re-rating of the retained stake is conjectural, until shares in the phone unit start to trade. Second, Mr Son is likely to sink at least half the IPO proceeds into new tech investments, where their value will once again become opaque.

The third caveat is the most significant. The mobile operator is coming to the stock market when a telecoms price war in Japan is threatening to erupt.

SoftBank Group's racy pricing of shares in its subsidiary is only justifiable if fat dividends from the latter are sustainable. The mobile operator should be able to keep a pledge to pay out 85 per cent of net income. But that will count for little if net income itself is tumbling.

The problem would be more acute for SoftBank Group than the consequent reduction in the value of its shareholding in the phone unit. SoftBank is heavily dependent on cash flows from Japanese mobile phone charges to service its \$130bn net debt mountain.

About a quarter of that debt is the result of a sally into US telecoms. In 2012, SoftBank spent \$20bn to buy 70 per cent of the shares of Sprint. Mr Son's plan was to create a telecoms juggernaut to challenge AT&T and Verizon. He hoped to merge Sprint with T-Mobile. But an exercise in empire building became a lesson in humility.

Trust busters blocked the merger. Subsequent events have ominous parallels with the Japanese telecoms industry today. T-Mobile simplified and lowered mobile phone pricing. Tens of millions of subscribers defected from AT&T, Verizon, and Sprint. T-Mobile shares leapt by 120 per cent in the three years to the end of 2017. In that time, Sprint's more volatile stock rose just 42 per cent. Sprint's debt of over \$37bn prompted fears of bankruptcy.

The advent of a more business-friendly era in the US under President Donald Trump encouraged Sprint and T-Mobile to resurrect their merger plan. The new deal terms betray the divergence in the fortunes of the two partners. T-Mobile is now taking over Sprint. SoftBank would go from owning 83 per cent of Sprint to just 27 per cent of the new T-Mobile.

The chances of US competition regulators approving the all-stock deal this time are put at no better than 50:50 by analysts. If the deal goes through, it would reduce pressure on Sprint's balance sheet. The estimated annual free cash flow of the combined business would be almost \$12bn. A key measure of indebtedness — the ratio of net debt to earnings before interest, depreciation and amortisation — would be less than three times at the new T-Mobile.

FT's own modeling to tell a narrative that SB is not making credible investments

market environment as backdrop

teaching the Japanese a lesson

a model

Political Risk

The Japan Times

News

Masayoshi Son, the intrepid visionary

STAFF WRITER

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JTIM

English

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Heisei Icons

Alex Martin

Second in a series

- Cavalier
- Dynamic
- Intrepid

1. There's a well known anecdote about Masayoshi Son, the maverick billionaire founder and chief executive of **SoftBank** Group Corp. and the man behind the world's largest technology investment fund.

orig
Back in 1981, a 24-year-old Son had launched a software distribution startup with two part-time employees in a cramped office in Fukuoka. Lore has it that one morning he stood on a makeshift podium to deliver an impassioned speech to his staff about how the company would eventually grow to be among the world's giants, counting revenue in the trillions of yen.

5 The two part-timers, thinking their boss was out of his mind, were out the door shortly thereafter.

Some 38 years on, **SoftBank** has evolved into a global telecommunications and internet conglomerate worth ¥10.8 trillion (\$98.2 billion), and Son's penchant for pursuing out-of-the-box ideas appears as strong as ever as he looks to craft a connected future run by computers far more "intelligent" than humans.

tech
National pride
Now 61, Son is already a legend in Japan, where comic books depict the rags-to-riches story of a third-generation Korean-Japanese from a poor neighborhood who climbed his way up to become one of the nation's richest men. Outside his homeland, he is known for buying the then-No. 3 U.S. telecommunications firm Sprint Corp. for \$22 billion in 2013, and British chip designer ARM Holdings PLC for \$32 billion in 2016, making the largest tech acquisition in European history.

Now, as the Heisei Era draws to an end, Son is in the driver's seat of his most ambitious project yet: a \$100 billion technology investment fund known as the **SoftBank Vision Fund** that counts Saudi Arabia among its partners and serves as a vehicle for Son to propel his company to the forefront of emerging technologies like artificial intelligence, robotics and the internet of things.

Direct quote
"I make investments based on a vision," Son said during an earnings conference Wednesday. "I believe the **SoftBank Vision Fund** is the first of its kind to be making nonstop, coordinated, vision-based investments of this scale. It's a completely new animal."

asset dominance
As if \$100 billion wasn't enough, Son told Bloomberg Businessweek last year that he plans to raise a fresh \$100 billion fund every few years as smaller Silicon Valley investors struggle to keep up with the unprecedented scale and pace of the **Vision Fund's** investments.

The acquisitive company already has a sprawling investment portfolio covering hundreds of companies, including significant stakes in Chinese e-commerce giant Alibaba Group Holding Ltd. and Japanese internet portal Yahoo Japan Corp. Since the **Vision Fund** began investing, it has also acquired large stakes in shared-office provider WeWork Cos. Inc., ride-hailing behemoth Uber Inc. and workplace messaging app Slack, to name a few.

Not everything is going as planned, however.

appear balance
SoftBank's newly reformed domestic telecoms unit, following a four-way merger in 2015, listed its shares on the Tokyo Stock Exchange in December in what became Japan's largest initial public offering. But they plunged on the first day of trading and have remained below the IPO price ever since. Son has also said the killing of Saudi journalist Jamal Khashoggi, allegedly ordered by the kingdom's crown prince, Mohammed bin Salman, could have an impact on the \$100 billion fund, to which Saudi Arabia's PIF contributed \$45 billion.

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In the meantime, U.S. regulators are reviewing a proposed takeover of Sprint, now No. 4, by No. 3 carrier T-Mobile US after Son struggled for years to turn around its operations — a deal that would significantly decrease **SoftBank's** stake in the combined T-Mobile unit. What's more, decades of risk-taking has also made **SoftBank** one of Japan's most heavily indebted firms.

But taking bold risks and challenging established norms are Son's signature traits, said technology writer Hitoshi Sato.

"He's also known for furious clashes with regulators and authorities," he said, recalling the time he threatened to set himself on fire over internet access rights. "He's one of a kind."

Born in 1957 to a Korean immigrant family in sparsely populated Saga Prefecture, Son flew to California when he was 16, and, after finishing up his high school requirements, spent two years at a local college before transferring to the University of California, Berkeley, where he majored in economics. There, he invented an electronic pocket translator he sold to Sharp Corp. for ¥100 million — capital he used to launch his first company before returning to Japan after graduation.

Son forged his career by betting big and early when sensing significant shifts in technological trends.

In 1995, **SoftBank** bought Ziff-Davis Publishing Co., publisher of PC Week magazine. In what has become a Silicon Valley legend, the publisher's chief executive introduced Son to Jerry Yang, founder of a then-fledgling search-engine company called Yahoo Inc. **SoftBank** invested \$100 million in Yahoo, taking a one-third stake.

One of Son's most pivotal moments came during the 2000 dot-com crash, when the collapse in tech stocks wiped out **SoftBank's** market cap, leaving it on the verge of bankruptcy. Son bounced back in 2001 with an audacious move: offering cut-rate broadband Internet access.

The gambit caused **SoftBank** losses for several years but ultimately turned a profit, bringing affordable internet access to Japan along the way.

In 2006, Son then loaded the company up with debt to buy the Japanese arm of U.K.-based Vodafone for ¥1.75 trillion, and with aggressive price cuts and an exclusive deal to introduce the iPhone to Japan in 2008, transforming it into one of Japan's top three mobile phone carriers — a cash cow he would use to fund further **SoftBank** investments.

Satoru Kikuchi, an analyst at SMBC Nikko Securities, said Son stands out for his strong vision of the future and his flexibility in pursuing what he believes will be game-changing technologies.

"Take AI or the internet — he predicted that these technologies will be changing the world, so he shared that vision with his employees and steered the company in that direction," he said. "This kind of vision-based management has been quite rare among Japanese firms."

Son likes to think big. In 2010 he laid out **SoftBank's** strategy for the next three decades — and his vision for the next 300 years, a span during which he predicted humans would eventually evolve to live till 200 and communicate via telepathy.

Within 30 years, he said **SoftBank** would grow to be worth ¥200 trillion and have some 5,000 partnerships.

Former aides have said Son always aims for an industry's biggest players when considering acquisitions. At the same time, he often describes his investment methodology as intuitive and based on gut instincts, like when he famously decided to invest in Alibaba's Jack Ma five minutes after meeting him.

"Son really places emphasis on how passionate entrepreneurs are and whether they share a similar vision with him," said Takayuki Kamaya, Son's former secretary and executive general manager of corporate strategy and planning at Rizap Group Inc.

With an investment portfolio spanning the globe, Son is constantly on the move, flying across continents in his private jet.

While known for his tireless energy and late-night conference calls, shareholders have questioned how long he can maintain such a busy lifestyle. **SoftBank** lists "unforeseen situations concerning key members of management," especially Son, as a business risk on its website.

Son is also keenly aware of a potential succession problem. When he was 19, he laid out a life plan that saw him complete his business in his 50s and hand it over to someone from the next generation in his 60s. He's already 61.

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