A Comparative Study of Risk Discourse in Apple and Microsoft from the Perspective of Proximization Theory

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Abstract: Corporate annual reports no longer only disclose financial information; they also help companies present risks and define themselves. This study uses Proximization Theory to compare how Apple and Microsoft construct risk in the Risk Factors sections of their 2025 annual reports, focusing on spatial, temporal, and axiological dimensions. The comparison does not point to one single logic. Two different patterns appear. Apple tells a closed-system defense story. In this story, the Company and its key assets are shown as things that need protection. Outside threats are the worry. Microsoft tells an open-system stewardship story. This story links changing risks to the need to keep trust. Trust must be maintained across a wide digital world. The findings also show that risk talk does more than describe danger. It helps build a corporate identity. It helps strategic choices look acceptable. It helps push blame away from the company. The study brings Proximization Theory into corporate risk communication. It shows the theory is useful here, not only in political or crisis talk.

Key words: Proximization Theory, Corporate Risk Discourse, Apple, Microsoft

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1 Introduction

Corporate annual reports do more than disclose financial data. They also serve as narratives. Through these narratives, firms manage impressions and shape their corporate identity. The "Risk Factors" section is a good example. It does not simply list possible losses. It arranges threats in a certain way. It draws a line between "Self" and "Other." It turns abstract risk into something that feels more immediate. These choices influence how corporate legitimacy and market perception take shape (Riley & Yen, 2019).

Proximization Theory (Cap, 2013) explains how discourse brings outside threats closer to an in-group. It does this through spatial, temporal, and axiological aspects. A lot of work has used this theory to study political talk and public crisis talk. Much less work has applied it to corporate risk communication.

This study looks at the "Risk Factors" sections in Apple's and Microsoft's 2025 annual reports. It uses Proximization Theory to do so. Apple's integrated ecosystem and Microsoft's open platform model offer a useful contrast. The study asks how business logic shapes the way risk is talked about. It also asks how risk descriptions help build corporate identity.

2 Literature Review

2.1 Corporate Risk Discourse

Early research on corporate risk disclosure treated language as a way to deliver "bad news" (Beretta & Bozzolan, 2004). This was common in information economics. Later critical discourse studies offered a different view. They found that risk disclosure also works as rhetoric. It makes management look careful. It links possible failures to outside conditions. It helps the company keep its legitimacy (Li, 2017).

These studies are useful, but many of them focus on relatively fixed linguistic features, such as vocabulary and metaphor. They say less about how a threat is made to seem closer, more urgent, or more damaging. Proximization Theory can fill this gap. It ties the way threats are built to questions of corporate identity and legitimation.

2.2 Proximization Theory

Proximization Theory (Cap, 2017) builds on an idea from Chilton (2004). That idea is discourse space. The theory studies how language pushes outside threats toward a safe inner space. This push creates a sense of crisis. It also helps justify defensive moves. The theory breaks down into three parts. These are spatial, temporal, and axiological proximization. Together they form the STA model (Cap, 2013).

Spatial proximization draws a line between the IDC and the ODC. It then uses motion or influence verbs. These verbs show ODCs moving across that line and affecting the IDC. Temporal proximization pulls future or possible threats into the present. It does this with modals, temporal adverbs, and certain tense-aspect patterns. Axiological proximization gives positive values to the IDC. It gives negative values to the ODC. This turns intrusion into a clash over values.

The theory started out in political and security discourse. Later, researchers used it to look at environmental disputes (Yue & Mo, 2025; Tong & Chen, 2025), public health communication (Wang et al., 2024), and digital technology risks (Bai & Chen, 2025). Corporate risk communication has drawn less attention so far.

3 Methodology

This study uses a corpus-based empirical approach. It looks at how Apple and Microsoft describe risk in the "Risk Factors" sections. It also examines how they use these descriptions to shape organizational identity. The analysis mixes qualitative and quantitative work. The qualitative side applies Proximization Theory within critical discourse analysis. The quantitative side uses corpus tools to count frequencies

and spot wider discursive patterns.

3.1 Data Collection

The corpus includes the "Item 1A. Risk Factors" sections from the Form 10-K reports of Apple Inc. and Microsoft Corporation for fiscal year 2025. The two sub-corpora are close in scale. Apple's contains 9,986 words. Microsoft's contains 10,131 words. Together they total 20,117 words. The two companies were chosen because their business models differ sharply. Apple relies on an integrated, closed ecosystem, while Microsoft works through a more open, platform-based model. This contrast makes them a good pair for studying how business logic shapes risk discourse.

3.2 Analytical Framework

This study turns Cap's STA model into the linguistic indicators listed in Table 1.

Table 1

Cognitive Dimensions	Core Discursive Function	Lexico--grammatical Resources
Spatial Proximization	Works by constructing a boundary between the IDC ("us") and ODC ("them") and by framing ODC entities as moving towards and exerting pressure on the IDC.	NPs designating IDC constituents
		NPs designating ODC constituents
		VPs encoding motion or directionality
		VPs encoding action or influence
		NPs encoding anticipated effects
		NPs encoding resultant effects
Temporal Proximization	Operates by recasting threats that may occur or are still emerging as crises already approaching or actually underway.	Co-occurring tense-aspect patterns
		Non-finite temporal NPs
		Modal verb phrases
Axiological Proximization	Functions by anchoring the IDC to positive values and associating the ODC with negative ones, thereby reframing a physical intrusion as a value- based clash.	NPs encoding positive values attached to the IDC
		NPs encoding negative values attached to the ODC

3.3 Analytical Procedures

The analysis had three steps. First, the reports were converted into plain text and coded manually according to the STA framework. Each proximization instance was recorded. Second, normalized frequency data were calculated to show the main patterns. Third, representative examples were read together with the quantitative results, so that the linguistic strategies could be connected with each company's business context.

4 Findings and Discussion

This chapter compares Apple's and Microsoft's risk discourse through the spatial, temporal, and axiological dimensions of the STA model. It uses both frequency data and close reading. The aim is to show how the two companies present external threats as approaching risks, and how these presentations reflect different corporate identities and risk perceptions.

4.1 Spatial Proximization

Table 2 lists the main lexical items used in Apple's spatial proximization strategies. These items show how Apple organizes its risk landscape through repeated lexico-grammatical choices.

Table 2 Spatial Proximization Strategies in Apple

Category	Key Items(examples)	Freq.	Pct.
Identify noun phrase as IDCs	the Company, The Company's business	248	2.48%
	The Company's stock price, gross margins, net sales	52	0.52%
	Company's reputation, Security, Privacy, The Company's intellectual property	66	0.66%
	The Company's products and services, the Company's supply chain	25	0.25%
	employees, The Company's key personnel, The Company's culture	16	0.16%
total		407	4.07%
Identify noun phrases as ODCs	Government investigations, legal proceedings, claims/litigation/investigations	53	0.53%
	Competitors, Competition	22	0.22%
	Natural disasters, public health issues, industrial accidents; security incidents/attacks	16	0.16%

	Global and regional economic conditions, Geopolitical tensions	17	0.17%
total		108	1.08%
Verb phrases interpreted as movement or directionality of ODCs towards IDCs	Affect；Impact；subject to；result in；Require；Limit	207	2.07%
Verb phrases interpreted as action of ODCs exerting influence on IDCs	adversely affect,Increase , Reduce, Disrupt, Prevent , interfere with, Harm, Compromise, Exploit, Impair	93	0.93%
Noun phrases interpreted as anticipated influence of ODCs on IDCs	Risks , Uncertainty, Competition, claims/litigation/investigations, Disruptions, slowdowns/outages, Shortages, Volatility, Fluctuations	113	1.13%
Noun phrases interpreted as resultant influence of ODCs on IDCs	Failure , security incidents/attacks Losses , Harm/damage, Fines/penalties/judgments , lower profit margins	59	0.59%
total		987	9.89%

Table 2 shows that IDC references (4.07%) appear much more often than ODC references (1.08%). In Apple's discursive space, "the Company" is the main center. Verbs of ODC influence and nouns naming consequences also take up a large share of the corpus. The following example shows this pattern:

(1)The Company's operations and performance depend significantly on global and regional economic conditions and adverse economic conditions can materially adversely affect the Company's business, results of operations, financial condition and stock price.(AAPL)

Example (1) shows that Apple's IDC is built mainly around "the Company" and its central interests, including stock price, products, and culture. By tying these interests together, the text links corporate fate with stakeholder interests and encourages vigilance toward outside threats (Cap, 2013).

Apple's ODCs are varied. They include government investigations, legal proceedings, competitors, natural disasters, and geopolitical tensions. These elements appear as sources of disruption and uncertainty. For example:

(2)The Company is subject to various claims, legal proceedings and government investigations that have arisen in the ordinary course of business.(AAPL)

Apple also uses many causal and directional verb phrases, such as affect, impact, subject to, and result in. These verbs describe ODCs as moving toward or acting on the IDC. Stronger action verbs, including adversely affect, disrupt, harm, and compromise, make the threat appear more damaging. For example:

(3) Adverse economic conditions can adversely impact consumer confidence and spending and materially adversely affect demand for the Company's products and services. (AAPL)

Through these verbs, "risk" is no longer only an abstract category. It becomes an active force that moves toward the Company and may damage it.

Noun phrases of anticipated influence (1.13%), such as risks, uncertainty, disruptions, and shortages, place possible threats near the boundary of the IDC. Noun phrases of resultant influence (0.59%), such as failure, losses, harm, and fines, name the possible negative outcomes. For example:

(4)The Company is exposed to significant risks of supply shortages and price increases...(AAPL)

Noun phrases of resultant influence account for 0.59% of Apple's corpus. Words such as failure, losses, harm/damage, and fines point directly to losses that have occurred or may become unavoidable. For example:

(5)Quality problems can… result in harm to the Company's reputation, loss of competitive advantage, poor market acceptance, reduced demand for products and services… and lost sales. (AAPL)

By naming these outcomes, Apple makes external threats easier for readers to recognize. The strategy may increase risk aversion and concern among readers. It also supports the company's cautious financial policies, R&D and legal spending, and strict supply-chain and quality-control systems.

Table 3 Spatial Proximization Strategies in Microsoft

Category	Key Items(examples)	Freq.	Pct.
Identify noun phrase as IDCs	We/Us	164	1.62%
	Our business, products and services, cloud-based/AI services, platform, brands, source code	136	1.34%
	Our customers, partners, employees	46	0.45%
	Our infrastructure, datacenters, investment portfolio	24	0.24%
	Our reputation, sustainability goals	32	0.32%
total		402	3.97%
Identify noun phrases as ODCs	Competitors, Competing platforms, Vertically-integrated model, Open source software, Global/small firms	25	0.25%

	Laws and regulations, Regulators, Government agencies, EU, IRS	22	0.22%
total		47	0.46%
Verb phrases interpreted as movement or directionality of ODCs towards IDCs	Face, Decrease, Cause, lead to, subject to	42	0.41%
Verb phrases interpreted as action of ODCs exerting influence on IDCs	adversely affect, Impair, Harm, Disrupt, Compromise, result in, negatively impact	124	1.22%
Noun phrases interpreted as anticipated influence of ODCs on IDCs	risks, Threats, Vulnerabilities, Uncertainties, Challenges, Exposure, Pressure	90	0.89%
Noun phrases interpreted as resultant influence of ODCs on IDCs	Harm, Damage, Loss, Impacts, Liabilities, Costs, Penalties, Fines, Disruptions, Delays, Failures, Claims, Actions	171	1.69%
total		876	8.65%

Microsoft's IDC is different. It is less centralized than Apple's and more closely tied to an ecosystem. Alongside "we/us," it includes customers, partners, employees, infrastructure, and services. For example:

(6)We face intense competition across all markets for our products and services... (MSFT)

The threatened object is therefore not only a single corporate entity. It is the wider Microsoft ecosystem. This widens the scope of collective vigilance.

Microsoft's ODCs are more concentrated. They mainly fall into two groups: competitors and competing platforms on one side, and laws, regulators, and government agencies on the other. Compared with Apple's more diffuse ODCs, Microsoft's threats are more targeted and systematic. They include vertically integrated models, open-source software, the EU, and the IRS. For example:

(7) We face significant competition from firms that provide competing platforms.(MSFT)

Verbs of movement and directionality (0.41%), including face, cause, lead to, and subject to, present threats as directed toward the IDC:

(8)We face intense competition across all markets for our products and services.(MSFT)

Influence verbs at 1.22% — adversely affect, impair, compromise, result in — underscore severe consequences:

（9）Cyber incidents... could adversely affect our financial condition, impair our ability to provide services, and compromise confidential information. (MSFT)

Anticipated-influence nouns (0.89%), such as risks, threats, vulnerabilities, uncertainties, exposure, spotlight exposed dangers:

(10)We face risks related to the protection and utilization of our intellectual property.(MSFT)

Nouns of resultant influence (1.69%) catalog a range of negative outcomes:

(11)Any of the foregoing events could result in reputational harm, loss of revenue, increased costs, or otherwise adversely affect our business.(MSFT)

By converting abstract threats into quantifiable losses, these strategies justify Microsoft's heavy cybersecurity and global-compliance investments.

In sum, the spatial proximization indices diverge (Apple 9.89%, Microsoft 8.65%): Apple fortifies a single-entity IDC and highlights manifold external threats; Microsoft extends its IDC into a digital ecosystem covering customers and partners, with ODCs centered on competition and regulation. Microsoft's extended inventory of resultant impacts discursively legitimates its strategic spending.

4.2 Temporal Proximization

The corpora also show how both companies use temporal proximization. Tables 4 and 5 list the main lexico-grammatical resources and their frequencies.

Table 4 Temporal Proximization Strategies in Apple

Category	Key Items(examples)	Freq.	Pct.
Modal Verb Phrases	may, could, will, can	226	2.26%
Non-finite Temporal Noun Phrases	From time to time, in the future	31	0.31%
Combined Tense-Aspect Constructions	Present perfect tense + modal verbs ; Simple present tense + simple future tense/modal verbs	69	0.69%
total		326	3.26%

Table 4 shows that Apple uses modal verb phrases (2.26%), non-finite temporal noun phrases (0.31%), and combined tense-aspect constructions (0.69%). Modal verbs are the most frequent resource. They present future events as uncertain but still relevant to present judgment.

(12) The Company has faced and continues to face a significant number of patent claims... and new claims may arise in the future...(AAPL)

Example (12) combines the present perfect, the present tense, and modal verbs. This creates a line of risk that runs from the past into the future. The phrases "has faced" and "continues to face" show that litigation risk is already present and ongoing, while "may arise" leaves space for new claims.

If the Company is unable to compete successfully, its business... can be materially adversely affected. (AAPL)

The modal "can be" in (13) gives the risk a medium-to-high degree of possibility. It brings future uncertainty into present business decision-making.

Table 5 Temporal Proximization Strategies in Microsoft

Category	Key Items(examples)	Freq.	Pct.
Modal Verb Phrases	may, could, will, can	287	2.83%
Non-finite Temporal Noun Phrases			<0.1%
Combined Tense-Aspect Constructions	Present Perfect Tense / Simple Past Tense + Simple Present Tense / Present Continuous Tense / Modal Verbs	56	0.55%
total		343	3.39%

Table 5 shows that Microsoft relies heavily on modal verbs (2.83%) and combined tense-aspect constructions (0.55%). Its use of modals is slightly higher than Apple's. This gives Microsoft's risks a stronger sense of uncertainty and ongoing development.

（14）We have faced and may continue to face claims that we infringe third-party intellectual property rights.(MSFT)

In example (14), "have faced" is placed beside "may continue to face." The phrasing presents intellectual property litigation as a long-running issue that extends from past experience into future exposure.

（15）Issues in the development, deployment, and use of AI may result in reputational or competitive harm or liability. (MSFT)

In example (15), "may" links AI development and deployment with foreseeable harm. The effect is to frame these impacts as costs that can already be anticipated.

Both companies therefore use modals and tense-aspect patterns to move future risk into the present. Apple presents risk as a continuing condition that may recur. Microsoft presents risk as an evolving field in which threats are still developing.

4.3 Axiological Proximization

Table 6 Axiological Proximization Strategies in Apple

Category	Key Items(examples)	Freq.	Pct.
Noun phrases identified as IDC positive values	Reputation,Security, Privacy, Compliance , Integrity ,Innovation ,Culture	56	0.56%
Noun phrases identified as ODC negative values	Risks ,Conflict , Violation , Noncompliance ,Disruptions,Uncertainty ； Instability	57	0.57%
Total		113	1.13%

Table 6 shows that Apple's axiological proximization reaches 1.13%. IDC positive values account for 0.56%, while ODC negative values account for 0.57%. The close balance between the two groups creates a direct value conflict: Apple's positive values are shown as being challenged by negative external forces.

（16）The Company's business and reputation are impacted by information technology system failures and network disruptions.(AAPL)

（17）Our future performance depends in part on the integrity and reliability of our information technology systems and the effectiveness of our security measures.(AAPL)

Examples (16) and (17) place reputation, integrity, security, privacy, culture, and innovation on the IDC side. These values are treated as assets that need protection, which fits Apple's image as a trustworthy technology company.

（18）The competitive landscape may lead to legal conflicts over intellectual property rights.(AAPL)

ODC negative values, such as risks, uncertainty, violation, and conflicts, are presented as forces that disturb the IDC's stable operating environment. This makes the external threat appear less legitimate.

Table 7 Axiological Proximization Strategies in Microsoft

Category	Key Items(examples)	Freq.	Pct.
NPs encoding IDC positive values	security, compliance, reliability, privacy, innovation, safety, integrity, transparency, efficiency, sustainability	111	1.10%
NPs encoding ODC negative values	threat, attack, misuse, breaches, vulnerabilities, harm	78	0.77%
Total		189	1.87%

Table 7 shows that Microsoft's axiological proximization reaches 1.87%, which is higher than Apple's. IDC positive values (1.10%) are more frequent than ODC negative values (0.77%). Microsoft builds a broad positive-value framework around security, compliance, reliability, privacy, innovation, and transparency. This positions the company as a guardian of the digital ecosystem.

(19)We are committed to detecting and controlling misuse of our services, and to ensuring our cloud-based services meet the reliability expectations and specific requirements of our customers and maintain the security of their data.(MSFT)

Example (19) connects Microsoft with core values through commitment verbs such as committed and ensuring. The IDC is framed as active and responsible, not merely compliant. At the same time, ODCs are treated as sources of misuse or harm, which supports Microsoft's

claim to value-based superiority and justifies its investments.

Microsoft takes a proactive approach. It acts as a guardian of a secure, compliant ecosystem. Apple takes a more defensive path. It frames ODCs as risks and disruptions. Its values—reputation, culture, innovation—are treated as assets in need of protection. This difference also brings out Apple's uniqueness and its vulnerability.

4.4 Integrated Discussion

Apple tells a closed-system defense story. In this story, the Company is something that needs protection. Losses come from outside threats. Microsoft tells a different story, one of open-system stewardship. Here, threats are seen as challenges across the whole system. Reliability and security become the company's responsibility. These differences follow their business models. Apple's integrated model worries most about threats that could weaken its control or hurt its brand value. Microsoft's platform model pays more attention to factors that could damage trust across the ecosystem.

The findings indicate that Proximization Theory can be applied to corporate discourse. Yet some adjustments are needed. The IDC/ODC line is shaped by a company's boundaries and its ties to the ecosystem. Value conflicts are no longer mainly political or ideological. They now center on industry ethics, security, trust, and responsibility. In corporate reports, proximization strategies help manage investor expectations. They support brand image. They also claim strategic legitimacy.

5 Conclusion

This study finds two quite different proximization narratives in Apple and Microsoft. On the spatial side, Apple's narrative centers on entity defense. Microsoft's centers on ecological adaptation. On the temporal side, Apple leans toward conditional warning. Microsoft leans toward ongoing management. On the axiological side, Apple focuses on guarding assets. Microsoft focuses on maintaining trust. These differences shape how each company talks about risk. They also shape how each company expresses its corporate identity.

The study applies Proximization Theory to corporate risk communication. Earlier work had used it mainly in political and security discourse. It shows that the theory can explain business discourse when the IDC, ODC, and value conflict are read through corporate boundaries and market relations. The framework also helps explain how corporate language constructs business reality, presents organizational identity, and seeks institutional legitimacy beyond simple word-frequency analysis.

The study has limitations. It uses a single-year corpus and only two companies, so it cannot show long-term changes in risk discourse. It also studies production strategies rather than reader reception. Future research could compare more industries and more years, or test how investors respond to proximization strategies.

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