The Relationship between Management Tone and Corporate Financial Performance Based on Text Analysis

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Abstract: With the development of capital market, the tone of management in enterprise information disclosure has attracted much attention. This article aims to explore the relationship between management tone and enterprise financial performance, and provide reference for enterprise management and supervision. Based on text analysis method, combined with text analysis theory, management tone related theory and enterprise financial performance theory, this article deeply analyzes the internal relationship between them. It is found that the tone of management not only directly affects the financial performance of enterprises by influencing the decision-making of market participants, but also indirectly affects the financial performance of enterprises by means of the relationship between internal management and external stakeholders, and the degree of industry competition, enterprise scale and other factors play a regulatory role. Accordingly, it is suggested that the management of the enterprise should keep the tone true and consistent, adopt different tone for different audiences and adjust the strategy in time; The regulatory authorities formulate clear disclosure norms, strengthen supervision and punishment, enhance investors' analytical ability, standardize tone disclosure, and promote the improvement of corporate financial performance and the healthy development of the market.

1. Introduction

In today's complex and changeable economic environment, the quality and method of enterprise information disclosure have an important impact on the development and market cognition of enterprises [1]. As a key part of enterprise information disclosure, management tone has gradually become the focus of academic and practical circles [2]. The tone of management refers to the emotional tendency and attitude conveyed by the management in the text information released to the outside world. It is not a simple written expression, but contains rich information such as business conditions and strategic intentions [3]. Futhermore, the financial performance of an enterprise, as the core index to measure the operating results and value creation ability of an enterprise, is directly related to the survival and development of the enterprise and the decision-making of investors, creditors and other stakeholders [4].

In the past, most of the research focused on the impact of hard indicators such as corporate financial data on financial performance, and there was relatively little research on non-financial information such as management tone [5]. However, with the continuous development and improvement of the capital market, investors and other stakeholders' demand for enterprise information is increasingly diversified, and the value of information conveyed by the tone of management is increasingly prominent [6]. Therefore, an in-depth study of the relationship between management tone and corporate financial performance will not only enrich the theoretical system of corporate information disclosure and financial management, but also provide useful practical guidance for corporate management to optimize information disclosure strategies and improve financial performance, and provide theoretical basis for regulatory authorities to improve the information disclosure system [7]. Based on the text analysis method, this article will deeply analyze the internal relationship between management tone and enterprise financial performance from the theoretical level, aiming at revealing the essential characteristics of the relationship between them.

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2. Theoretical discussion

2.1. Text analysis theory

Text analysis aims to extract valuable information through the mining and analysis of text content. In the field of management, this theory is based on the cognition that language is the carrier of information transmission. Words, sentence structures and emotional tendencies in the text can all reflect information such as organizational behavior and managers' intentions [8]. For example, by analyzing the text of enterprise annual report, we can gain insight into enterprise strategic expression and management's attitude towards risk. Its principle is to use natural language processing technology to transform unstructured text into structured data, and to interpret the meaning behind the text by means of word frequency statistics and emotional analysis, which lays a technical foundation for the study of management tone.

2.2. Management tone related theory

Management tone is based on impression management theory. In order to create a good corporate image and guide stakeholders' cognition, management will use intonation strategy in information disclosure [9]. Optimistic tone can enhance market confidence and attract investment; A moderate cautious tone can show the steady attitude of management. The theory of signal transmission is also related to it. The management transmits the signal of the real situation of the enterprise to the market through tone. The management of high-quality enterprises tend to convey positive tone to distinguish them from low-quality enterprises and reduce information asymmetry.

2.3. Corporate financial performance theory

The theory of enterprise financial performance focuses on the measurement and evaluation of enterprise operating results. Traditional financial indicators, such as profitability indicators (net profit rate, return on net assets, etc.), solvency indicators (asset-liability ratio, current ratio, etc.) and operational capacity indicators (inventory turnover rate, accounts receivable turnover rate, etc.), reflect the financial situation of enterprises from different dimensions. These indicators are interrelated and jointly outline the operating effectiveness of enterprises in a certain period of time. Modern financial performance theory also integrates the concepts of economic added value, emphasizes the consideration of capital cost in the process of creating value, and provides a more perfect framework for comprehensively and accurately evaluating the financial performance of enterprises, so as to deeply analyze the path and mechanism of the influence of management tone on it.

3. Theoretical correlation between management tone and enterprise financial performance

3.1. The direct impact of management tone on corporate financial performance path

The tone of management can directly affect the decision-making of market participants, and then affect the financial performance of enterprises. A positive management tone often conveys a signal that the enterprise is in good operating condition and has an optimistic prospect. This will enhance investors' confidence in the enterprise, attract more investors to buy the stocks or bonds of the enterprise, promote the stock price of the enterprise to rise, reduce the financing cost, bring more capital inflows to the enterprise and directly improve the financial performance of the enterprise [10]. For example, when the management explains the development strategy and achievements of the enterprise in an optimistic and confident tone in the annual report or performance briefing, investors will think that the enterprise has high investment value and are willing to invest more money, thus increasing the capital scale of the enterprise and improving its financial situation.

On the contrary, the negative management tone may cause investors to worry about the future development of the enterprise, trigger investors to sell stocks, make the stock price of the enterprise fall, make financing more difficult, raise the cost of capital, and have a negative impact on the financial performance of the enterprise.

3.2. Indirect influence mechanism of management tone

The tone of management also indirectly affects the financial performance of enterprises by affecting the relationship between internal management decisions and external stakeholders [11]. Within the enterprise, a positive tone can motivate employees' morale, enhance their sense of identity and belonging to the enterprise, urge employees to work harder, improve their work efficiency and innovation ability, and then promote the business development and financial performance of the enterprise. For example, the management's description of corporate vision and development planning in a positive tone in internal meetings can stimulate employees' work enthusiasm and make them more willing to contribute to the realization of corporate goals.

Externally, a positive management tone helps to enhance the reputation and image of the enterprise and enhance the cooperative relationship with suppliers, customers and other stakeholders. Suppliers may be more willing to provide preferential supply conditions, and customers may be more inclined to buy products or services of enterprises, thus promoting the sales growth of enterprises and improving financial performance. On the contrary, negative tone may destroy the relationship between enterprises and stakeholders and hinder the operation of enterprises.

3.3. The moderating factors that affect the relationship

The degree of industry competition, enterprise scale and other factors have a moderating effect on the relationship between management tone and financial performance. Taking the degree of industry competition as an example, in the highly competitive industry, the influence of management tone on financial performance is more significant. Because in this environment, there is little difference in products or services between enterprises, investors and other stakeholders rely more on non-financial information such as management tone to judge the competitiveness and development prospects of enterprises. In contrast, in industries with relatively relaxed competition, hard indicators such as financial data may have a greater impact on investors' decision-making, and the influence of management tone is relatively weakened.

The scale of enterprises will also play a regulatory role. Generally speaking, because of its high brand awareness and stable market share, the tone of management has relatively little influence on financial performance. However, due to the relatively weak popularity and stability of small and medium-sized enterprises, the tone of management may play a more critical role in shaping corporate image and attracting investment. Refer to Table 1 for specific adjustment functions:

Table 1: Comparison of the Impact of Management Tone on Corporate Financial Performance under Different Moderating Factors

Moderating Factor	Impact of Management Tone on Financial Performance (Positive Tone)	Impact of Management Tone on Financial Performance (Negative Tone)
Highly Competitive Industry	Strong	Strong
Less Competitive Industry	Moderate	Moderate
Large Enterprises	Moderate	Moderate
Small and Medium-sized Enterprises	Strong	Strong

From the above analysis, we can see that there is a complex theoretical relationship between management tone and enterprise financial performance, which is influenced by many factors.

4. Practical enlightenment and policy suggestions

4.1. Enlightenment to enterprise management

Enterprise management should fully realize the importance of management tone in enterprise operation and rationally use tone strategy to improve enterprise financial performance.

First of all, it is very important to maintain the authenticity and consistency of intonation. Once the false or inconsistent tone is detected by the market, it will seriously damage the reputation of the enterprise and then affect the financial performance. For example, if the management is overly optimistic about the future of the enterprise in the annual report, but the actual operation fails to meet expectations, this inconsistency will make investors lose trust in the enterprise. Therefore, the management needs to convey information objectively and accurately based on the actual operating conditions of the enterprise.

Secondly, adopt differentiated intonation for different audiences. Facing investors, the tone should focus on the investment value and development potential of enterprises; When communicating with suppliers, we emphasize the stability and sincerity of cooperation. Table 2 shows the specific differences:

Table 2: Focus of Management Tone for Different Audience Groups

Audience Group	Tone Focus	Specific Expressions
Investors	Investment Value and Potential	Emphasizing innovation achievements, expected growth in market share, etc.
Suppliers	Stability and Cooperation Sincerity	Mentioning long-term cooperation plans, financial soundness, etc.
Customers	Product Advantages and Service Quality	Elaborating on product features, after-sales service guarantees, etc.

In addition, continuously monitor the market's feedback on the tone of management and adjust the strategy in time. If the market does not respond well to the tone of a performance briefing, the management should analyze the reasons and improve the way and content of subsequent information disclosure.

4.2. Policy recommendations to the regulatory authorities

Regulatory authorities play a key role in regulating the tone disclosure of management and ensuring market fairness.

On the one hand, we should formulate clear disclosure standards for management tone. Clearly specify what information must be disclosed and the reasonable expression range of intonation. For example, it is forbidden to use misleading and exaggerated words to ensure that the information is true and reliable. Table 3 gives examples of specific specifications:

Table 3: Detailed Regulations for Management Tone Disclosure

Disclosure Regulation Item	Specific Requirements
Vocabulary Usage	Avoid using exaggerated terms such as "absolutely leading" and "unprecedented success"
Information Accuracy	The information conveyed must be based on facts and traceable
Risk Disclosure	Potential risks should be clearly and thoroughly explained, without ambiguity

On the other hand, strengthen the supervision and punishment of management tone disclosure. Establish a special supervision mechanism to regularly review the tone content in enterprise information disclosure. For violations, penalties shall be imposed in strict accordance with regulations, so as to increase the cost of enterprise violations and maintain market order. Futhermore, strengthen the education of investors, improve their ability to analyze and judge the tone of management, so that investors can treat the information disclosed by enterprises rationally and make reasonable decisions. Through these policy suggestions, the management of the enterprise can standardize the tone disclosure, ensure the healthy and orderly development of the market, and finally promote the benign improvement of the financial performance of the enterprise and the fairness and stability of the market.

5. Conclusions

Based on text analysis, this article makes a theoretical discussion on the relationship between management tone and enterprise financial performance. The research shows that the tone of management has a multi-dimensional influence on the financial performance of enterprises. From the direct path, positive or negative tone will directly influence investors' confidence and decision-making, and then affect financial indicators such as stock price and financing cost of enterprises; Indirectly, by influencing the internal and external relations of the enterprise, it has an effect on the operation of the enterprise and is finally reflected in the financial performance. Futhermore, factors such as the degree of industry competition and the scale of enterprises play a regulatory role in the relationship between them, and the influence of management tone is different in different situations.

This study provides important enlightenment for enterprise management, and rational use of intonation strategy can be an effective means to improve financial performance. Futhermore, it also points out the direction for the regulatory authorities to improve the information disclosure system, and standardizing the tone disclosure of management is helpful to maintain market order. However, this study only analyzes from the theoretical level. In the future, we can consider introducing empirical analysis, collecting more actual data to verify the theoretical relationship, further expanding the research breadth and depth, and providing more targeted and operational suggestions for enterprise practice and regulatory policy formulation.

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