



THE IMPACT OF PSYCHOLOGICAL CAPITAL OF MANAGERS ON LEVEL AND TONE OF FORWARD-LOOKING DISCLOSURE

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Article history:	Abstract:
Received: 4 th January 2025	Positive psychology issues are among the topics receiving increasing attention in accounting literature. This is due to their impact on managers' behavior when making decisions regarding the disclosure of forward-looking information. However, there is a scarcity of research in this field in developing countries, particularly in the Iraqi context. Therefore, this study investigate the potential influence of the psychological capital (PsyCap) of managers on both the level and tone of forward-looking disclosure (FLD). To achieve this objective, a descriptive analytical approach was adopted. Data were collected using a questionnaire, with a total of 220 questionnaires distributed to a sample of managers, investors, auditors of auditing firms, and financial analysts in 2024, of which 214 responses were retrieved. The research hypotheses were tested based on the data collected from the questionnaire. This paper reached several conclusions. Companies disclose forward-looking information at varying levels and tones (positive, neutral, negative), as companies often manage this disclosure. There is a significant relationship between three elements of PsyCap (self-efficacy, hope, resilience) and the level of FLD, as well as a relationship between two elements of PsyCap (hope, optimism) and the tone of FLD. This paper recommends that regulators should establish guidelines regarding the level and tone of FLD.
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INTRODUCTION:

The success of businesses depends on numerous factors and conditions, among which are the psychological and emotional states of managers. There is growing interest in studies that explore the feelings of managers in the workplace, examining their attitudes and the resulting positive and negative behavioral impacts that influence the extent to which companies achieve their goals. The sustained existence and goal achievement of companies are closely tied to having human resources characterized by a positive psychological state, as they are the cornerstone of business success. Consequently, it has become essential for companies to adopt management approaches linked to psychology, including positive psychological capital (PsyCap), which has garnered significant attention from academics and professionals interested in the attitudes and behaviors of managers.

Investors and other stakeholders, on the other hand, are particularly interested in forward-looking information. Companies are forced to include forward-looking information into their annual reports, especially the board of directors' report, in order to analyze and improve their existing business plans. This is done to inform users about expected performance and future trends, thereby assisting them in making appropriate decisions and enhancing confidence in financial markets. The International Accounting Standards Board (IASB) recommends that companies incorporate a forward-looking perspective into their analyses and narrative discussions. It states that "management should include forward-looking information. Such information should focus on the extent to which the entity's financial position, liquidity, and performance may change in the future. Management should provide forward-looking information through narrative explanations or through quantified data". Such information helps users understand the company and predict its future earnings (Hussainey et al., 2003; Muslu et al., 2015).

Since the Chairman of the Board's report is voluntary, board chairs have the discretion to discuss financial and non-financial matters related to FLD according to management's judgment. Consequently, companies may avoid disclosing certain sensitive information to competitors or out of fear of litigation risk. This can lead to an information asymmetry problem, which may negatively affect resource allocation. Additionally, the manipulation of the tone in FLD impacts



stakeholders' decisions. In this context, this study aims to explore the relationship between the PsyCap and the level and tone of FLD.

1. RESEARCH METHODOLOGY AND PREVIOUS STUDIES

1.1. Research problem

The research problem is connected to the correlation between the PsyCap and its four components (self-efficacy, hope, optimism, and resilience) and the degree of disclosure of the forward-looking information and the tone of the disclosure. This is addressed by answering the research question: Does the PsyCap of managers influence the level and tone of disclosure of forward-looking information?

1.2. Research objective

The study will endeavor to identify the effects of PsyCap of managers on the level and tone of forward-looking information in the financial reporting. It aims to explain the contributions made by all four dimensions of PsyCap (self-efficacy, hope, optimism, and resilience) in revealing such information. It further gives the relevant recommendations on the findings.

1.3. Research Hypothesis

The hypotheses that the research will have to test are:

First Hypothesis: PsyCap have an influence on the level of FLD. This hypothesis has four sub-hypotheses:

1. The PsyCap element (self-efficacy) affects the level of FLD.
2. The PsyCap element (hope) affects the level of FLD.
3. The PsyCap element (optimism) affects the level of FLD.
4. The PsyCap element (resilience) affects the level of FLD.

Second Hypothesis: The PsyCap affect the tone of FLD . This hypothesis branches into four sub-hypotheses:

1. The PsyCap element (self-efficacy) affects the tone of FLD.
2. The PsyCap element (hope) affects the tone of FLD.
3. The PsyCap element (optimism) affects the tone of FLD.
4. The PsyCap element (resilience) affects the tone of FLD.

1.4. Research importance

The issues of positive psychology are finding an ever-growing effort in the accounting literature. The importance of this study is that it shows the contributions of positive psychology, through PsyCap of managers to financial reporting. It influences their decision-making behavior regarding the forward-looking information that is disclosed. As challenges in managing annual reports continue to grow, along with the need for preparing transparent and reliable reports, this research provides evidence on the factors affecting the level and tone of FLD.

1.5. Methodology and Data Collection

This study employs the descriptive-analytical approach to explore the relationship between the independent and dependent variables of the research. The independent variable is PsyCap (self-efficacy, hope, optimism, and resilience). while the first dependent variable is the level of FLD, and the second dependent variable is the tone of FLD. In the data collection process, the PsyCap variable, with its four elements (self-efficacy, hope, optimism, and resilience), was measured based on the study by Kim et al. (2019). As for the FLD level variable and the tone of FLD variable, a questionnaire was designed to measure each of them (Appendix 1 , Appendix 2). The questionnaire was reviewed by a number of experienced and specialized professors in the field of research, and their feedback was incorporated to finalize the questionnaire. Statistical software was used to analyze the data.

1.6. Research Variables

These relation between research variables can be demonstrated as follows:

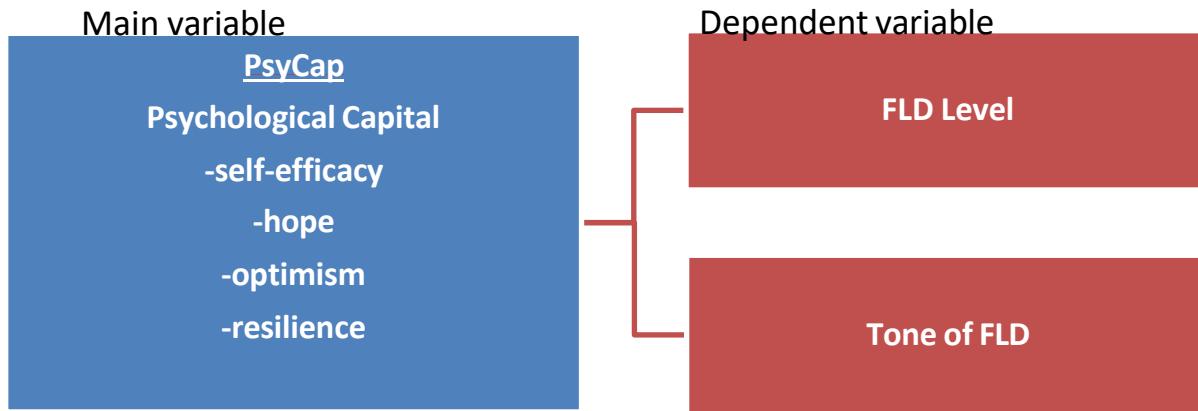


Fig. (1) Inter-variable relation

1.7. previous studies

Several empirical studies have addressed the research variables as follows:

- Xu, 2020: The aim of the research was to examine how the four elements of organizational psychological capital, namely self-efficacy, hope, optimism, and resilience, influence the quality of financial reporting by the business that were listed on the site of the U.S. Securities and Exchange Commission (SEC) between 2003 and 2017. The sample size was 35,060. As per the research, there is a positive relationship between the organizational psychological capital and ethical atmosphere, employee happiness and well-being according to previous research. These attributes have been established to affect the quality of corporate financial reporting positively. The research therefore assumed that the PsyCap of an organization and the quality of its financial reporting would have a positive correlation. Moreover, the study found out that firms that have weak governance practices are more influenced by organizational PsyCap regarding the quality of financial reporting. This implies that in some cases PsyCap will be even more important at the corporate level.
- Bassyouni et al. (2020): The study had an objective to determine the key influencing factors of the narrative tone in the UK context where managers are more liberated to influence the narrative to the stakeholders. This study applies the upper echelons hypothesis that focuses on the characteristics of top managers. The results of computerized textual analysis indicate that positive tone is driven in the UK by the traits of both visible and invisible CEOs, and that this link is controlled by corporate governance features. In particular, CEOs who are older, female, and have financial expertise tend to be less upbeat. According to the research, narcissistic CEOs are more likely than nonnarcissistic CEOs to have a positive tone when psychological traits are taken into account. However, this association weakens in companies with a more autonomous board. Additionally, this research discovered a negative correlation between positive tone and the independence of the board and audit committee. Furthermore, this research discovered a negative correlation between positive tone and female CEOs when there are more women on board.
- Al Lawati et al., 2023: The purpose of this research was to investigate how financial success affects the tone of FLD by businesses and to assess whether managers use impression management or provide truthful justifications whether business performance is good or bad. The tone of FLD in the chairpersons' remarks of Omani financial institutions from 2014 to 2018 was assessed using the content analysis approach. The hypotheses were also tested using regression analysis. According to the research, businesses that do well reveal more good news, while those that perform poorly reveal more bad news. This essay offers proof that Oman's management provide truthful justifications in their accounts.

2. THEORETICAL FRAMEWORK

2.1. Psychological Capital (PsyCap)

The concept of PsyCap originated from the positive psychology movement, which was highlighted by Martin Seligman in 1998 during his address to the American Psychological Association. In his speech, he called for psychology to refocus on the positive aspects and to understand and leverage individuals' more positive attributes.



Avey et al. (2014) define PsyCap as an individual's positive psychological state of development, characterized by high confidence in putting forth the necessary effort to succeed in challenging tasks, positive optimism about the possibility of success now and in the future, hope that includes personal determination to move forward, and the ability to withstand difficulties and adverse circumstances. Luthans et al. (2015) define PsyCap as "an individual's positive psychological state of development". Moreover, PsyCap goes deeper than "what you know?" (human capital), "who you know?" (social capital), and "what you own?" (economic capital), extending to "who you are?" and "who you will become?" They identified four positive psychological states that positively influence employees' mental states, attitudes, and opinions. Self-efficacy, optimism, hope, and resilience are these four traits. According to Baron et al. (2016), PsyCap is a positive personal resource that aids people in succeeding in a variety of spheres of life.

PsyCap refers to an optimistic and constructive mindset that leads to personal development and better performance in the workplace. According to the concept of positive psychology, "doing good when feeling good" is linked to performance in a happy mental state, ultimately leading to greater achievements in life (Khan et al., 2022). Thus, individuals with high PsyCap are characterized by their ability to control the future, are more willing to take responsibility for their actions, and have a higher chance of succeeding in life.

PsyCap represents personal skills, including economic, social, and human skills, that a company possesses to achieve entrepreneurial efficiency at both local and global levels. Therefore, it examines advanced and positive psychological traits in terms of performance and plays a role in addressing current challenges. It is characterized by self-efficacy, confidence in achieving goals, a willingness to take on challenges, choosing difficult tasks, and achieving current and future success. It also involves hope in redirecting paths and resilience in the face of difficulties and problems (Nwanzu and Babalola, 2019).

From the above definitions, it is clear that PsyCap is one of the most important capabilities and resources a company can possess, which can be developed and invested in due to its representation of positive behaviors and emotions that lead to conviction in abilities and skills that achieve current or future goals and address various challenges in the work environment.

There are several dimensions (elements) for measuring PsyCap, but the actual focus is on four dimensions, which are the most commonly used in studies, as follows: Novitasari et al. (2020: 7-8).

Self-Efficacy: Self-efficacy is defined as an individual's belief in their ability to achieve their goals. These expectations are reflected in the choice of activities, the effort expended, the ability to face difficulties, and the improvement of behavior. Self-efficacy is developed through life experiences and determines the path an individual follows, whether in a creative or conventional manner.

Hope: Hope is defined as a state of positive motivation regarding the future, based on an individual's sense of interactive success. This dimension consists of two components: one of them, alternative pathways, means the presence of a variety of options to ensure that the person can achieve his or her goal, and another one, willpower, is the latent power inside the individual that permits them to achieve his or her goal.

Optimism: Optimism refers to a tendency of positive interpretation and assigns positive events to internal, permanent and pervasive factors whereas assigning negative events to external, specific and temporary factors. Employees who are optimistic will be in a better position to motivate themselves to act. This is closely linked to creative behavior as employees who are motivated to attain an objective are likely to explore new things in order to attain the goals.

Resilience: Resilience is the condition of positive adaptation to challenges and obstacles an individual goes through, including his or her capacity to adjust to risks, crises and change related challenges. It is also the ability of a person to leave a challenging position, change to surmount challenges and perform at a high level. Resilience is a dynamic process through which an individual positively adapts to the demands that he/she faces in his/her day to day life. It is a way to restore equilibrium, to gather the power once encountering the challenges and issues and to overcome them successfully and keep on proceeding.

A flexible employee is an employee who shows a veritable acknowledgment of reality, and who has a strong sense of conviction, which is backed by core values, when faced with problems and challenging situations and who has a potential or renews the potential of success. Therefore, resilience can also help organizations to learn through past mistakes as lessons that can be used in the present to develop new opportunities. Companies can develop a robust workforce by investing in these learning, growth, and progress opportunities (Purwanto et al., 2021).

2.2. Forward-looking disclosures (FLD)

In the past several years, regulations and rules of governance obliged listed companies to disclose more information and increase the transparency of annual reports to achieve the requirements of all stakeholders (Dicko et al., 2020).



FLD is considered crucial, given the growing interest it has garnered. In order to improve communication with different parties and lessen information asymmetry, businesses are eager to incorporate FLD in their reports.

Quantitative statistics or narrative explanations are used to convey information that looks forward. FLD is "the information that captures the current plans and future forecasts," according to Athanasakou and Hussainey (2014). Information concerning plans and predictions, which may subsequently be given as historical data, enables investors and other stakeholders to evaluate the company's future financial performance.

A study by Bozanic et al. (2018) indicated that FLD increases companies' ability to access capital markets, as it enhances the likelihood of obtaining external financing compared to companies that do not disclose such information. This disclosure should provide reliable information. Additionally, management is responsible for the company's performance in front of investors and shareholders, so companies use FLD to avoid losing their positions and to justify the future dimensions of company performance.

3. THE IMPACT OF PSYCAP ON THE LEVEL AND TONE OF FLD

3.1. The impact of PsyCap on the Level of FLD

Accounting disclosure for the purpose of presenting a company's performance and financial position consists of two components: the first is Digital Disclosure, which includes absolute financial values, and the second is Descriptive Disclosure, which encompasses the tone and level of accounting disclosure, as well as the readability of financial reports by users.

Despite being optional, businesses are required to provide thorough FLD information in their yearly reports. This can be explained by the reality that corporations can attract new and retain existing investors with completely disclosed forward-looking information (Dzaraly et al., 2018). The important element in this respect is consequently the extent of disclosure of prospective information.

Another study conducted by Tan et al. (2015) indicated that companies with a high level of forward-looking information disclosure are more trustworthy to investors. The reason is that the future oriented information is more applicable in making decisions, as it assists in the appreciation of the present and subsequent monetary status, strategies, and plans, as well as the environment in which the company operates. Lack of forward looking information will result in the user basing his expectations on other sources of information, which may not be accurate. Moreover, this information is not normally made fairly to all the investors. It is possible to avoid these situations by releasing forward looking information to external parties.

On the other hand, Chipfupa and Wale (2018) highlight that individuals with self-confidence persevere when facing difficulties, and optimistic individuals turn these obstacles into opportunities to think differently, quickly regain balance, and innovate new approaches. When resources are limited, individuals face high-risk decisions. Individuals with a high level of positive psychological capital are more willing to make decisions and use flexible strategies. Therefore, positive PsyCap serves as an important means for managing and effectively utilizing all forms of other resources.

The behavioral characteristics of managers are among the financial behavior concepts that have gained prominence in both financial theory and psychology. Managers' behavioral traits can influence how they prepare and present information, as they aim to maximize long-term shareholder interests. Consequently, they may hesitate to disclose sensitive information or information that could provoke negative reactions regarding investments (RAFIEE et al., 2023). Thus, preparers play a role in determining the level of disclosure of forward-looking information.

3.2. The impact of PsyCap on the Tone of FLD

The tone of FLD in annual company reports has garnered increasing attention from many researchers and professional bodies. Fisher et al. (2020) defined the tone of disclosure as the means by which managers narrate accounting information in corporate reports using specific words that can have positive or negative connotations.

The disclosure's tone, which combines both positive and negative attitudes in textual material, may express management's unbiased assessment of the company's growth plans and prospects. In this respect, management's expectations and opinions about the company's future developments are reflected in forward-looking information, which is a crucial part of the Management Discussion and Analysis section of annual reports. It is expected that forward-looking statements are accompanied by some better projections regarding the further development of the company and its operational performance and are usually presented in an affirmative way (Li et al., 2024).

The forward-looking information is lower controlled as such, providing managers with more discretionary power. This is based on the fact that there are no particular standards regarding the tone of disclosure, which makes it harder to prove (Cazier et al., 2020).

Some of the theories that explain the tone of such disclosures include Agency Theory. Under this theory, overtures by the tone managers in disclosures of the narrative can be as a result of their individual interests or a desire to mislead the market. Conversely, Behavioral Theory implies that the cause of the tone can be psychological and personal traits of managers. The Signaling Theory states that the tone of the disclosure may provide more information, such as



managers' feelings and attitudes, which is useful for market participants to better assess company fundamentals (Chen et al., 2024; Nassirzadeh and Pouryousof, 2023).

In a study done by Davis and Tama-Sweet (2012), the authors observed that executives have a positive (optimistic) and less negative (pessimistic) tone in accounting disclosure regarding economic earnings. This is because the market is likely to respond significantly to the nature of the tone used in disclosures, thereby encouraging executives to strategically manage such disclosures. However, their discretionary authority in choosing the characteristics of narrative disclosure tone may influence stakeholders' perceptions and decisions. As Schleicher (2012) argues, positive statements in corporate reports do not always reflect good news. Managers may use language to mislead external users by biasing what is disclosed.

4. THE APPLIED ASPECT

4.1. Description of the Sample and Testing the Reliability of the Scale

4.1.1. Description of the Sample

In order to clarify the main characteristics of the research sample individuals, including managers, investors, auditors of auditing firms, and financial analysts, the following is a brief description of the research sample individuals.

Table (1): Characteristics of sample members

S	Variables	Categories	Frequency	Percentage
1	Gender	Males	144	67.3
		Females	70	32.7
		total	214	100
2	Age	Less than 25 years old	38	17.8
		From 25 to 35 years old	72	33.6
		From 35 to 45 years old	58	27.1
		More than 45 years old	46	21.5
		Total	214	100
3	Academic qualification	Bachelor's Degree	122	57
		Master's Degree	36	16.8
		Ph.D.	24	11.2
		Other	32	15
		Total	214	100

The following can be observed from the table:

Gender: Table (1) clearly shows that the proportion of men is around 67% of the research sample size, while the proportion of females is roughly 33%.

Age: Table (1) makes it clear that 17.8% of the research sample's participants are under 25, 33.6% are between 25 and 35, 27.1% are between 35 and 45, and 21.5% are above 45.

Academic qualification: It is evident from Table (1) that (57%) of the total study sample individuals have a Bachelor's degree, (16.8%) have a Master's degree, (11.2%) have a Ph.D., and (15%) have other qualifications.

4.1.2. Testing the Reliability of the Scale

The stability and contradiction-free consistency of the questionnaire are referred to as reliability. It refers to getting the same result when the same sample is given the questionnaire again. The Cronbach's alpha coefficient was used by the researcher to determine the questionnaire's reliability.

Cronbach's alpha: the equation of Cronbach's alpha was used to assess the instrument's reliability on the sample of 214 questionnaires in order to gauge the instruments' dependability. The research instrument's reliability coefficients are shown in Table (2).

Table (2): Alpha coefficient for the reliability of questionnaire scales

Variables	Number of Questions	Alpha Coefficient
Axis 1: Psychological Capital (PsyCap)	15	0.888
Dimension 1: Self-efficacy	4	0.733



Dimension 2: Hope	4	0.720
Dimension 3: Optimism	4	0.741
Dimension 4: Resilience	3	0.716
Axis 2: Level of FLD	10	0.857
Axis 3: Tone of FLD	10	0.728
Total	35	0.933

With a total of (0.933) for all 35 questionnaire questions, It is evident from Table (2) above that the study axes' overall reliability coefficient values are high. The first axis' reliability coefficient value was 0.888, the second axis' reliability coefficient was 0.857, and the third axis' reliability coefficient was 0.728. This indicates that the questionnaire has a high level of reliability and can be relied upon for the field application of the study, according to Nunnally's scale, which adopted (0.7) as the minimum threshold for reliability (Nunnally and Bernstein, 1994).

4.2. ANALYSIS OF RESULTS AND TESTING OF HYPOTHESES

The statistical results obtained are presented and analyzed by addressing the study hypotheses, which aim to determine the impact of PsyCap (self-efficacy, hope, optimism, and resilience) on the level of FLD. Additionally, the study seeks to examine the impact of PsyCap (self-efficacy, hope, optimism, and resilience) on the tone of FLD.

4.2.1 Testing the Variance Inflation Factor (VIF) and Tolerance Index

To verify the multicollinearity relationships between the independent variables PsyCap (self-efficacy, hope, optimism, and resilience), the Variance Inflation Factor (VIF) and Tolerance Index were used. It is assumed that the VIF values should be less than (10) and the Tolerance values should be greater than (0.1). The results are shown in the following table:

Table (3) Results of the Variance Inflation Factor (VIF) and Tolerance Index Tests

Variables	VIF	Tolerance
Dimension 1: Self-efficacy	2.717	0.368
Dimension 2: Hope	3.621	0.276
Dimension 3: Optimism	2.611	0.383
Dimension 4: Resilience	1.967	0.508

We observe from the table above that all Variance Inflation Factor (VIF) values are less than (10), and the Tolerance Index values are greater than (0.1). This indicates that there is no issue of multicollinearity among the independent variables.

4.2.2. Testing Hypothesis and Results interpretation

- **The main hypothesis:** (Impact of PsyCap (self-efficacy, hope, optimism, and resilience) on the level of FLD, as well as the tone of FLD.)

The following table displays the findings of a correlation analysis between the independent variables and the dependent variables:

Table (4) Results of the Correlation Test Between Independent and Dependent Variables

Variables	Level of FLD	Tone of FLD
Axis 1: Psychological Capital	0.896**	0.680**
Dimension 1: Self-efficacy	0.833**	0.596**
Dimension 2: Hope	0.822**	0.651**
Dimension 3: Optimism	0.712**	0.616**
Dimension 4: Resilience	0.721**	0.439**

**Statistically significant at the 0.01 significance level

*Statistically significant at the 0.05 significance level

It is evident from the table above that the correlation coefficients between the variables are statistically significant at the 0.01 significance level. This suggests that the independent and dependent variables have a substantial and positive association.

-The first main hypothesis: (Impact of PsyCap on the level of FLD.)

The effect of the independent variable (PsyCap) on the dependent variable (level of FLD) was ascertained using simple linear regression in order to test this hypothesis.



Table (5) Results of the Simple Linear Regression

Variables	B	T	Sig.
Constant	0.588	3.299	0.001
Psychological Capital (PsyCap)	0.867	20.709	0.000
F-Test Value	428.858	P-Value	0.000
Coefficient of Determination (R ²)	0.803	Adjusted Coefficient of Determination (R ²)	0.801
Durbin-Watson	2.152		

Based on statistical analysis, the results shown in the above table demonstrate the model's importance since the F-statistic's (Sig.) value was less than 0.05, or precisely 0.000, confirming the model's validity for testing and the reliability of its findings. The lack of autocorrelation and spurious regression is shown by the Durbin-Watson value of 2.152, which is higher than the R-squared value of 80%.

The independent variable has an 80% explanatory power over the dependent variable, according to the (R-squared) value of 0.803. The adjusted R-squared was (0.801), meaning that the independent variable affects the dependent variable by about 80%. The other 20 percent is attributed to extraneous variables, such as random error caused by accuracy in measurement, error in sample testing and so on.

Interpretation of the Results of Main Hypothesis 1

The statistical analysis indicates that the (Sig.) value of the independent variable, PsyCap, is below (0.05) since it is also (0.000), which means that the level of FLD is significantly influenced by the use of PsyCap.

As for the equation of the simple linear regression, it can be represented as follows:

$$Y = 0.588 + 0.867X1$$

Where:

Y: The level of FLD.

X1: PsyCap.

-The Sub-Hypotheses of Main Hypothesis 1: (Impact of PsyCap (self-efficacy, hope, optimism, and resilience) on the level of FLD)

The influence of the independent variables (self-efficacy, hope, optimism, and resilience) on the dependent variable (level of FLD) was assessed using multiple linear regression in order to examine the sub-hypotheses.

Table (6) Results of the Multiple Linear Regression

Variables	B	T	Sig.
Constant	0.245	1.393	0.167
Self-efficacy	0.417	6.746	0.000
Hope	0.224	3.253	0.002
Optimism	0.061	1.379	0.171
Resilience	0.235	5.401	0.000
F-test Value	135.929	P-Value	0.000
Coefficient of Determination (R ²)	0.842	Adjusted Coefficient of Determination (R ²)	0.836
Durbin-Watson	2.241		

Based on statistical analysis, the results shown in the above table demonstrate the model's importance since the F-statistic's (Sig.) value was less than 0.05, or precisely 0.000, confirming the model's validity for testing and the reliability of its findings. There was no autocorrelation or spurious regression, as shown by the Durbin-Watson value of 2.241, which was higher than the R-squared value of 84%.

The independent factors have an 84% explanatory power over the dependent variable, according to the (R-squared) value of 0.842. The independent variables have an approximate 84% influence on the dependent variable, according to the (Adjusted R-squared) value of 0.836. The rest 16% can be explained by the extraneous factor such as random errors that are caused by the measurement precision, sampling testing accuracy, and other reasons.

Interpretation of the First Sub-Hypothesis of Main Hypothesis 1

The statistical analysis revealed the value of the (Sig.) variable of the independent variable, PsyCap (self-efficacy) is smaller than (0.05) because it was (0.000), which means that PsyCap (self-efficacy) has a significant effect on the level of FLD.

Interpretation of the Second Sub-Hypothesis of Main Hypothesis 1



The statistical analysis's findings demonstrate that PsyCap (hope), the independent variable, has a significant impact on the level of FLD because its (Sig.) value is less than (0.05), as it was (0.002).

Interpretation of the Third Sub-Hypothesis of Main Hypothesis 1

The statistical analysis shows that PsyCap (optimism) has no significant impact on the level of FLD because the (Sig.) value for the independent variable, PsyCap (optimism), is greater than (0.05), as it was (0.171).

Interpretation of the Fourth Sub-Hypothesis of Main Hypothesis 1

The statistical analysis's findings demonstrate that PsyCap (resilience), an independent variable, has a significant impact on the level of FLD because its (Sig.) value is less than (0.05), as it was (0.000).

As for the multiple linear regression equation, it can be represented as follows:

$$Y = 0.245 + 0.417X1 + 0.224X2 + 0.061X3 + 0.235X4$$

Where:

Y : The level of FLD.

X1 : Self-efficacy.

X2 : Hope.

X3 : Optimism.

X4 : Resilience.

-The second main hypothesis : (Impact of PsyCap on the tone of FLD.)

The effect of the independent variable (PsyCap) on the dependent variable (the tone of FLD) was ascertained using basic linear regression in order to test this hypothesis.

Table (7) Results of the Simple Linear Regression

Variables	B	T	Sig.
Constant	1.562	5.624	0.000
Psychological Capital	0.620	9.492	0.000
F-Test Value	90.099	P-Value	0.000
Coefficient of Determination (R ²)	0.462	Adjusted Coefficient of Determination (R ²)	0.457
Durbin-Watson		1.689	

According to the analysis of the statistics, the findings presented in the table above indicate that the model is important as the F-statistic of the Sig. had the value less than 0.05 or to be more accurate 0.000, which provides the validity of the model used to test and the credibility of the findings. The autocorrelation and spurious regression were not present since the Durbin-Watson value of 1.689 was greater than the R-squared value of 46.

The (R-squared) value of 0.462 indicates the independent variable can explain the dependent variable by 46%. The value of the (Adjusted R-squared) 0.457 shows that the independent variable affects the dependent variable by approximately 46 per cent. The rest 54 percent is attributed to extraneous factors, such as random errors that are caused by measurement precision, sample testing accuracy, among others.

Interpretation of the Results of Main Hypothesis 2

The statistical analysis findings indicate that the (Sig.) value of the independent variable, PsyCap is less than (0.05) that was (0.000), this implies that there is a significant effect of PsyCap on the tone of FLD.

As for the simple linear regression equation, it can be represented as follows:

$$Y = 1.562 + 0.620X1$$

Where:



Y: The tone of FLD.

X1: PsyCap

- The Sub-Hypotheses of Main Hypothesis 2: (Impact of PsyCap (self-efficacy, hope, optimism, and resilience) on the tone of FLD.)

The influence of the independent variables (self-efficacy, hope, optimism, and resilience) on the dependent variable (the tone of FLD) was assessed using multiple linear regression in order to examine the sub-hypotheses.

Table (8) Results of the Multiple Linear Regression

Variables	B	T	Sig.
Constant	1.592	5.342	0.000
Self-efficacy	0.194	1.860	0.066
Hope	0.237	2.035	0.044
Optimism	0.225	2.998	0.003
Resilience	-0.046	-0.626	0.533
F-test Value	24.594	P-Value	0.000
Coefficient of Determination (R^2)	0.491	Adjusted Coefficient of Determination (R^2)	0.471
Durbin-Watson		1.660	

Based on statistical analysis, the results shown in the above table demonstrate the model's importance since the F-statistic's (Sig.) value was less than 0.05, or precisely 0.000, confirming the model's validity for testing and the reliability of its findings. The lack of autocorrelation and spurious regression is shown by the (Durbin-Watson) value of 1.660, which is higher than the (R^2) value of 49%.

The independent factors have a 49% explanatory power over the dependent variable, according to the (R^2) value of 0.491. The independent variables have an approximate 47% influence on the dependent variable, according to the (Adjusted R^2) value of 0.471. The 53 percent is explained by other extraneous factors such as random errors induced by accuracy of measurement, accuracy of sample testing among others.

Interpretation of the First Sub-Hypothesis of Main Hypothesis 2

The statistical analysis indicates that the (Sig.) value of the independent variable, PsyCap (self-efficacy) exceeds (0.05), which was (0.066), which means that PsyCap (self-efficacy) does not have a significant impact on the tone of FLD.

Interpretation of the Second Sub-Hypothesis of Main Hypothesis 2

The statistical analysis's findings demonstrate that PsyCap (hope), the independent variable, has a significant impact on the tone of FLD because its (Sig.) value is less than (0.05), as it was (0.044).

Interpretation of the Third Sub-Hypothesis of Main Hypothesis 2

The statistical analysis's findings demonstrate that PsyCap (optimism), the independent variable, has a significant impact on the tone of FLD because its (Sig.) value is less than (0.05), as it was (0.003).

Interpretation of the Fourth Sub-Hypothesis of Main Hypothesis 2

According to the statistical analysis, PsyCap (resilience), the independent variable, has a (Sig.) value greater than (0.05), as it was (0.533), suggesting that PsyCap (resilience) has no discernible impact on the tone of FLD.

As for the multiple linear regression equation, it can be represented as follows:

$$Y = 1.592 + 0.194X1 + 0.237X2 + 0.225X3 - 0.046X4$$

Where:

Y: The tone of FLD.

X1: Self-efficacy.

X2: Hope.

X3: Optimism.

X4: Resilience.

CONCLUSIONS



1. PsyCap is one of the most important capabilities and resources that a company possesses, which can be developed and invested in due to its representation of positive psychological behaviors and emotions that lead individuals to recognize their abilities and skills to achieve current or future goals and address various challenges in the work environment.
2. The FLD is of great importance in meeting the needs of investors and other stakeholders; however, the level of disclosure is a critical factor in this regard.
3. Companies disclose forward-looking information at varying levels and tones (positive, neutral, negative). In many cases, companies manage these tones and the level of what is disclosed.
4. There is an impact relationship between three elements of PsyCap (self-efficacy, hope, resilience) and the level of FLD. Additionally, there is an impact relationship between two elements of PsyCap (hope, optimism) and the tone of FLD.

RECOMMENDATIONS

1. Researchers in the field of accounting should pay attention to the concept of PsyCap and explore its diverse relationships with accounting variables, as well as attempt to measure and disclose it in a manner similar to other forms of capital.
2. It is essential to provide high-quality forward-looking information and identify the factors influencing the level of disclosure to ensure that relevant information is available to enable users to make appropriate decisions.
3. The tone of forward-looking information disclosure should reflect the actual conditions of the company.
4. Regulators should establish guidelines regarding the level and tone of companies' forward-looking information disclosures.

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Appendix 1

Questioner of Level of FLD

No	questions	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	FLD provides timely forward-looking information.					
2	forward-looking information is presented clearly and concisely.					
3	All important aspects of the future are covered in the information provided.					
4	The forward-looking information presented is reliable and verifiable.					
5	FLD reflect the company's transparency in presenting challenges and opportunities.					
6	forward-looking projections are periodically compared with actual outcomes.					
7	The assumptions underlying forward-looking projections are clearly stated.					
8	Sufficient information about potential					



	forward-looking risks is provided.					
9	The forward-looking information assists in rational decision-making.					
10	Providing more accurate and comprehensive forecasts enhances the quality of forward-looking information disclosure.					

Appendix 2
Questioner of Tone of FLD

No.	questions	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	The tone of FLD plays an important role in shaping stakeholders' perceptions of the company.					
2	Trust in FLD can change based on their tone.					
3	Improving the tone of companies' FLD to better reflect their vision and forecasts enhances investor and stakeholder confidence in the company.					
4	The tone can be positive, neutral, or negative, each reflecting the company's optimism or pessimism about the future.					
5	The tone of FLD conveys management's strategic vision.					
6	Presenting positive FLD reflects confidence in achieving future goals and new opportunities.					
7	Positive disclosures focus on future opportunities, expected growth, and the belief in overcoming challenges.					
8	That the tone of the FLD fairly reflects the Company's condition.					
9	FLD with a pessimistic (negative) tone reflect potential challenges and difficulties.					
10	Pessimistic disclosures diminish confidence in the company's ability to overcome challenges.					