

NATURAL LANGUAGE PROCESSING IN ACCOUNTING, AUDITING AND FINANCE: A SYNTHESIS OF THE LITERATURE WITH A ROADMAP FOR FUTURE RESEARCH

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SUMMARY

Natural language processing (NLP) is a part of the artificial intelligence domain focused on communication between humans and computers. NLP attempts to address the inherent problem that while human communications are often ambiguous and imprecise, computers require unambiguous and precise messages to enable understanding. The accounting, auditing and finance domains frequently put forth textual documents intended to communicate a wide variety of messages, including, but not limited to, corporate financial performance, management's assessment of current and future firm performance, analysts' assessments of firm performance, domain standards and regulations as well as evidence of compliance with relevant standards and regulations. NLP applications have been used to mine these documents to obtain insights, make inferences and to create additional methodologies and artefacts to advance knowledge in accounting, auditing and finance. This paper synthesizes the extant literature in NLP in accounting, auditing and finance to establish the state of current knowledge and to identify paths for future research. Copyright © 2016 John Wiley & Sons, Ltd.

Keywords: computational linguistics; natural language processing; text mining

1. INTRODUCTION

1.1. Background and Motivation

Natural language processing (NLP) focuses on the study and facilitation of communication between people and computers. One of the central problems in artificial intelligence (AI) is that of communication. AI is typically defined as intelligence that is demonstrated by software or machinery that imitates the workings of the human mind (Tung, Quek, & Cheng 2004). It is an inherently interdisciplinary field of study that draws from domains as diverse as psychology, computer science, linguistics and neuroscience. NLP, more specifically, encompasses a range of computational techniques for analysing and representing texts at one or more levels of linguistic analysis to enable human-like language processing for a range of particular tasks or applications.

Although NLP has been described in many ways, the working definition underlying this discussion follows the notion that NLP 'is a theoretically motivated range of computational techniques for analyzing and representing naturally occurring texts at one or more levels of linguistic analysis for the purpose

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of achieving human-like language processing for a range of tasks or applications' (Liddy, 2001). This implies, as demonstrated throughout this paper, that 'there are multiple methods or techniques from which to choose to accomplish a particular type of language analysis' (Liddy, 2001). We reference a variety of analytical methods that incorporate NLP data, at various 'levels of linguistic analysis' (Liddy, 2001). However, since 'NLP is considered a discipline within Artificial Intelligence (AI)' we focus most heavily on the AI-related applications of NLP (Liddy, 2001). Despite the plethora of analytical methods that are associated with and use data produced by NLP, it comprises a unique set of 'computational techniques' that should not be confused or conflated with the many analytical tools referenced in the text that follows.

Fifty years ago Goldberg (1965) stated: 'it is scarcely an exaggeration to say that the problem of communication is the axial problem in accounting'. Accounting practice is replete with written documents intended to communicate such messages as, but not limited to: current accounting standards, past and expected future corporate performance (along multiple dimensions), policies and practices embodied by financial statements and the results of financial statement audits. The growth in digital and social media usage by businesses has further increased the volume of unstructured text documents. Since the dissemination of these documents and messages is now largely automated by and through computers, we believe that NLP research and applications have considerable potential to enhance communication in the areas of accounting, auditing and finance. Our paper is motivated by the desire to determine the state of the extant literature in NLP in accounting, auditing and finance so as to inform and guide future research efforts.

1.2. Objectives

This paper examines the NLP literature in accounting, auditing and finance. Our objectives are: (1) to synthesize the literature and present the lessons to be learned from prior work, (2) to identify unanswered questions that present ripe opportunity for future research and (3) to identify the constraints that are likely to present challenges to future research. We focus our literature review on combinations of NLP with AI. Machine learning (ML) is often considered to be a subfield of AI. However, the large number of studies employing ML, as opposed to other AI methodologies, drove us to acknowledge the ML literature separately, where appropriate.

While we identify the various methods that accounting, audit and finance-related researchers have used in association with NLP, we do not seek to create an artificial classification of NLP-related studies. Rather, we acknowledge the existence of groups of studies that have applied similar NLP analyses, or that sought to accomplish similar tasks by employing NLP, within the fields of accounting, audit and finance. We also note the diverse analytical methods that have been employed in addition to, or in combination with, NLP. Most importantly, we seek to highlight the variety of applications of NLP that have developed and the ever-increasing uses of NLP-generated data.

The remainder of this paper is organized as follows. Section 2 describes the methodology used to identify the relevant literature and provides an overview of the evolution of NLP literature. A synthesis of the NLP literature follows. We discuss NLP in accounting, audit and finance, focusing on two major uses of NLP: classification (Section 3) and prediction (Section 4). Frequently-observed applications and data sources are highlighted, followed by a review of readability studies in accounting, audit and finance. In Section 5 we identify future research opportunities as well as likely obstacles and provide concluding observations in Section 6.

2. METHODOLOGY

2.1. Literature Selection

We began our search for relevant literature by scanning the bibliographies of four literature reviews that surveyed NLP developments in the accounting, audit, and finance domains (Fisher *et al.*, 2010; Li, 2010c; Kearney & Liu, 2014; Nassirtoussi *et al.*, 2014). We expanded our exploration by performing keyword searches of databases, including the Association for Computing Machinery (ACM) Digital Library, ProQuest, and the linked databases accessible via EBSCO Host. The primary search terms used included: text analysis, text mining, natural language processing (NLP), ML, artificial neural networks (ANNs), support vector machines (SVMs), expert systems (ESs), artificial intelligence (AI), latent semantic analysis (LSA), content analysis and computerized content analysis. Finally, the bibliographies of retrieved papers were manually scanned, identifying additional sources.

2.2. Literature Assessment

An analysis of the diverse bibliographic sources included in this study demonstrates the ongoing interest in NLP. We assessed a total of 266 monographs, including 192 journal articles, 38 conference papers, 25 working papers, 1 book chapter and 10 doctoral dissertations, as shown in Table I. Since our primary focus is NLP combined with ML and/or AI, we excluded 86 studies that addressed manual text analysis, a precursor to the computer-facilitated NLP often employed today, and 81 involving basic text mining. Excluding the four literature reviews noted above, 95 studies featured NLP combined with and/or augmented by ML and/or AI. The studies featuring co-occurrences of NLP, ML and/or AI come from three primary domains: accounting, audit and finance, represented by 20, 15 and 60 items respectively, as shown in Table II. Since NLP literature is replete with protracted terms, in the interest of brevity we use complete designations, followed by acronyms, only for initial references. Thereafter, acronyms are used. To aid the reader, a glossary of all acronyms and corresponding terms is provided in Appendix A.

2.3. Brief Overview of the Evolution of Natural Language Processing Research

Assessing the literature from a chronological perspective, it is clear that NLP research has evolved, over time, as illustrated in Figure 1. Researchers' original focus was on manual text analysis, a non-computerized approach used to tap the informational value of linguistic patterns in text-based data. The earliest research we found employed manual content analysis in order to assess the readability of corporate reports. It found that the 'general level of reading was difficult, the human interest value dull,

Table I. Literature categorized by bibliographic source

Retrieved literature	Accounting	Audit	Finance	Total
Journal article	72	26	94	192
Conference papers	11	3	24	38
Working papers	2	2	21	25
Book chapters	1	—	—	1
Doctoral dissertations	3	1	6	10
Total articles retrieved	89	32	145	266

Table II. Literature categorized by method

Retrieved literature	Accounting	Audit	Finance	Total
Manual text analysis	48	10	28	86
Basic text mining	19	7	55	81
Literature reviews	2		2	4
NLP + ML/AI	20	15	60	95
Total articles retrieved	89	32	145	266

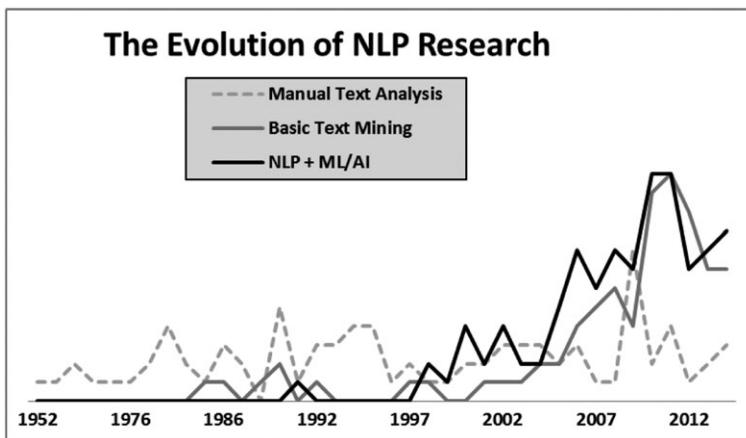


Figure 1. The evolution of NLP research.

and the language was beyond the comprehension of 75% of the U.S. adult population' (Pashalian & Crissy, 1952). In the mid-1980s, studies using basic text mining began to emerge, employing computer programs to extract (i.e. 'mine') relevant textual content. Frazier *et al.*'s (1984) analysis of 74 annual reports featured automated content analysis, using the WORDS text-mining application to identify thematic content associated with management misrepresentation of firm performance. Other than Gangolly *et al.*'s (1991) study, featuring ES, additional studies applying NLP, combined with ML and/or AI, did not emerge until the late 1990s. Thereafter, studies incorporating manual text analysis, text mining and NLP, combined with ML and/or AI, have appeared simultaneously. Figure 1 shows that since 2010 the availability of efficient new text-mining and NLP applications, augmented with ML and/or AI, fuelled an increase in studies using those tools, and a decline in studies involving manual text analysis.

Although this discussion is focused on NLP combined with ML and/or AI, we have identified 86 studies that feature manual text analysis and 81 that employ basic text mining. Since previous reviews summarized these studies, we do not address them here, except where they inform our discussion of NLP. To aid readers who may wish to survey this material, we list the relevant sources in tabular form. Appendix B lists studies featuring manual text analysis. Appendix C lists studies employing basic text mining. Where applicable, we cite literature reviews that have summarized the listed studies.

2.4. Analysis of Sample Sizes N

After eliminating non-empirical, conceptual manuscripts (e.g. Kamaruddin *et al.*, 2007) and studies where the sample size was unavailable (e.g. Lugmayr & Gossen, 2012), we assessed the comparative sample sizes of the remaining 209 studies. Tracking the largest sample sizes per year, Figure 2 shows the dramatically increased sample sizes associated with the peak period of NLP use (2010–2011).

It seems clear that the trend toward analysing larger data sets has been enabled by the efficiency and enhanced processing capabilities associated with NLP applications combined with ML and/or AI. O’Leary (2013) noted that the age of ‘big data’, generated by ‘the Internet of things’ and characterized by oversized data sets, is here, and NLP provides the ability to assess the content and context of text-based data for accounting, audit and finance applications. In the literature we assessed, the seven largest sample sizes were cited in studies between 2010 and 2014. They ranged from approximately 1.8 million to 98.8 million documents. All seven studies employed NLP combined with ML and/or AI, such as SVMs (Bollen *et al.*, 2011a), naive Bayes (NB) (Gilbert & Karahalios, 2010), fuzzy neural networks (FNNs) (Bollen *et al.*, 2011), decision trees (DTs) (Vu, Chang, Ha, & Collier 2012) and ML-based classifiers (Smales, 2014). Four of the seven largest sample sizes (57.14%) were associated with studies employing sentiment analysis (Sinha, 2010; Bollen *et al.*, 2011a; Engelberg *et al.*, 2012; Smales, 2014). All seven studies were finance related.

NLP has enabled researchers to analyse unique datasets associated with digital media, including emerging social media sources, such as Twitter. The analyses of blog content, blogger-created metadata (tags) and other blog-related information sources, such as ‘Delicious’, have provided rich measures of public sentiment, correlated to predict stock prices, macroeconomic conditions and other phenomena relevant to accounting, audit and finance researchers (O’Leary, 2011). All seven of the studies using large sample sizes, referred to above, were drawn from digital media sources. Bollen *et al.* (2011a, 2011b) and Vu *et al.* (2012) analysed Twitter tweets. Gilbert and Karahalios (2010) assessed ‘posts made on the site LiveJournal’. Smales (2014) and Engelberg (2008) used data from the Dow Jones News Service. Sinha (2010) analysed ‘firm-specific news items … transmitted to institutional investors over Thomson Reuters’ electronic terminals’.

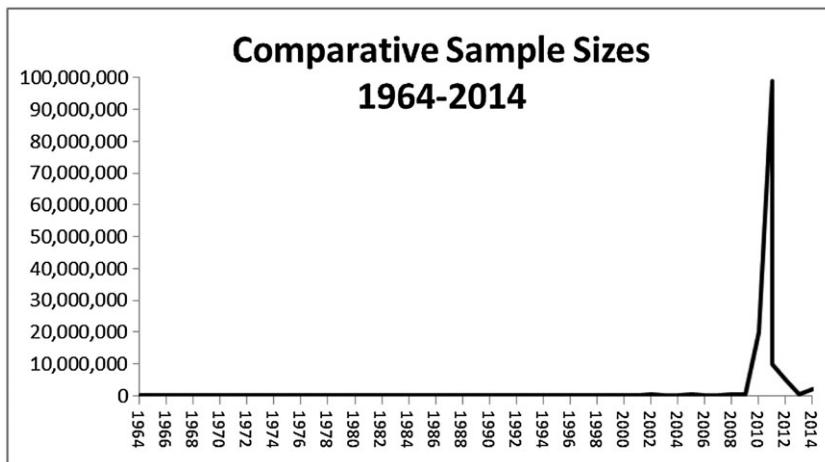


Figure 2. Comparative sample sizes (1964–2014).

2.5. Natural Language Processing in Accounting, Audit and Finance

In the accounting, audit and finance literature reviewed, NLP data, analysed using AI algorithms, were typically associated with methodologies such as ESs (Gangolly *et al.*, 1991), intelligent agents (IAs) (Müller *et al.*, 1999), fuzzy neural networks (FNNs) (Bollen *et al.*, 2011a), genetic algorithms (GAs) (Thomas & Sycara, 2002) and self-organizing maps (SOMs) (Magnusson *et al.*, 2005).

NLP combined with ML was represented in algorithmic approaches such as ANNs (Gu *et al.*, 2007), SVMs (Humpherys *et al.*, 2011), DTs (Mahajan *et al.*, 2008), hierarchical agglomerative clustering (HAC) (Garnsey, 2006a; Chakraborty & Vasarhelyi, 2010), keyword in context (KWIC) (Grant & Conlon, 2006); Chinese lexical analysis system (CLAS) (Wang & Guo, 2012), classification and regression trees (CARTs) (Henry, 2006), latent semantic indexing (LSI) (Fisher & Garnsey, 2006), conditional random field (CRF) models (Chen *et al.*, 2011), and various statistical classifiers, such as NB (Li, 2010a), logistic regression (LR) (Henry, 2006), support vector regression (SVR) (Li Q *et al.*, 2014), linguistic inquiry and word count (LIWC) (Larcker & Zakolyukina, 2012), *k*-nearest neighbour (*k*-NN) (Groth & Muntermann, 2011), character *n*-gram (CNG) (Butler & Keselj, 2009), term frequency-inverse document frequency (TF-IDF) (Peramunetilleke & Wong, 2002), categorical *k*-nearest neighbour (CKNN) (Huang & Li, 2011), the linearized phrase structure (LPS) model (Malo *et al.*, 2014) and kernel methods (Cecchini, 2005). Appendix D lists studies featuring NLP, augmented with AI and/or ML algorithms.

3. CLASSIFICATION

3.1. Knowledge Organization, Categorization and Retrieval

Multiple studies have applied NLP to knowledge organization (KO) and categorization, focusing on financial accounting pronouncements issued by the Financial Accounting Standards Board (FASB) or the Security and Exchange Commission's (SEC's) EDGAR (Electronic Data Gathering, Analysis, and Retrieval) database. Gangolly *et al.* (1991) suggested applying NLP, combined with ES, to the creation of semantic knowledge bases (or trees) for financial accounting standards (in Financial Accounting and Reporting Systems (FARS)). NLP, augmented with LSI, was shown to outperform TF-entropy-based analysis in the classification of accounting concepts from the Generally Accepted Accounting Principles (GAAP) corpus (Garnsey, 2006a), and it was used to track changes in the language of accounting pronouncements (Garnsey, 2006b). Gerdes' EDGAR-Analyzer combined NLP-driven information retrieval with IA, allowing users to retrieve subject-specific corporate data from EDGAR with a 96% reduction in manual processing (Gerde, 2003). Grant and Conlon's EDGAR Extraction System (EES) combined NLP with KWIC and Structured Query Language (SQL) to extract financial statement disclosures from 10-Ks (i.e. annual corporate financial reports) more efficiently and effectively than traditional manual processing (Grant & Conlon, 2006).

3.2. Taxonomy and Thesauri Generation

Müller *et al.* (1999) sought to automate taxonomy creation using an IA (International Business Machine's Intelligent Miner) and a topic categorization tool that employed NLP, augmented with HAC. Gangolly and Wu (2000) and Gangolly and Tam (2000) demonstrated that NLP, using TF-IDF for term weighting, along with principal-components analysis, and an agglomerative nesting algorithm,

enabled automatic classification of accounting concepts in the FARS database and pension-related topics in the pension notes of 10-Ks respectively. They suggested that this approach might inform future attempts at ‘automatic generation of dictionaries and thesauri’ (*ibid.*). Fisher and Garnsey (2006) used LSI and HAC to isolate ‘meaningfully related clusters’ from 567 Financial Accounting Standard amendments. These were compared with a ‘descriptive taxonomy of change’ proposed by Fisher (2004), validating Fisher’s taxonomy. Chakraborty and Vasarhelyi (2010) and Chakraborty (2011) processed basic word counts with LSI and HAC to generate pension-related taxonomies from corporate filings (10-Ks), achieving ‘an overall success rate of 95% ... for the test data set’.

Garnsey and Fisher (2008) built a comparative language model using the Cambridge Statistical Language Modeling (CMU) toolkit, in order to track new terms from the FASB database. They employed a combination of ‘object filtering’, bigram identification and probability-based frequency analyses available in the toolkit. This approach was also used by Gangolly (2008) and Garnsey (2008, 2009) to identify differences between US GAAP, International Financial Reporting Standards (IFRS), the Accounting Standards Codification (ASC) and ‘predecessor pronouncements’. Fisher and Garnsey (2010) generated a ‘prototype retrieval thesaurus’ by applying NLP analyses to GAAP Section 715: Employee Benefits. Huang and Li (2011) identified 25 types of risk factors from 10-Ks, using a ‘text classification algorithm called the multi-label categorical K -nearest neighbor (ML-CKNN)’, which calculated a ‘categorical similarity score for each label’, achieving 74.94% accuracy. Boritz *et al.* (2013) applied quadratic discriminant analysis, demonstrating the value of ‘advanced searching capabilities, dictionary building tools, and visualization tools, including dendograms in S+ (from HAC), divisive clustering, and concept maps’. This allowed the team to produce a validated term dictionary, categorizing 387 Sarbanes Oxley Act of 2002 (SOX) Section 404 reports into 14 categories of risk associated with IT weaknesses (Boritz *et al.*, 2013). Malo *et al.* (2014) used an LPS model (‘a hybrid of rule-based linguistic models and machine-learning techniques’) and a multi-class SVM algorithm to analyse the semantic tone of debt disclosures in 10,000 financial news articles, generating a lexicon of finance phrases and a general model to assess the ‘semantic orientations’ (positive, negative or neutral sentiment) of finance-related narratives.

3.3. Information Retrieval

Fisher and McEwen (2009) advocated for extensible markup language (XML)-based document type definitions, which would enable more effective automatic NLP-based information retrieval from authoritative accounting literature. Garnsey *et al.* (2009) demonstrated the value of thesauri and search term indices, generated by NLP, augmented with LSI and HAC, for searching the FARS database. Using a tool called Leximancer CAQDAS (computer-aided qualitative data analysis software), Crofts and Bisman (2010) employed the program’s concept identification and ‘cognitive mapping’ functions, examining the ‘conflicting and often competing notions’ of the use of the term ‘accountability’ as found in 114 accounting-journal articles. Chakraborty (2011); Chakraborty *et al.*, (2014) used NLP combined with DTs and rule-based algorithms, to process over 2000 journal-article abstracts, yielding 87.27% accurate automatic classification of accounting literature, focusing on the accounting domains, treatments and modes of reasoning addressed in the articles.

3.4. Classifying Financial Statement Content

NLP has been proven useful in classifying financial statement content, with applications in accounting, audit and finance. Back *et al.* (2001) employed SOM to determine whether chief executive officer

(CEO) reports were consistent with the audited financials. Preprocessed text was recoded into word, sentence and paragraph vectors, yielding histograms and SOMs, which were used to identify document similarities, addressing the period from 1985 to 1989. Analyses of the text-based data were compared with quantitative analyses of nine financial statement ratios, exposing deviations between CEO reports and audited financials (Back *et al.*, 2001). Kamaruddin *et al.* (2007) proposed employing tagging and syntactic relation analysis, using the link grammar parser, combined with conceptual graphs, to enable auditors to detect deviations and anomalies in financial statements. Assessing CEOs' earnings' reports, Chen, Liu, Chang and Tsai (2011, 2013) applied TD-IDF analysis, enhanced by CRF, to track inconsistencies between financial statement disclosures and actual earnings in 22,780 statements, spanning 1996–2007. Employing the MALLET toolkit, opinion-bearing text from the disclosures was extracted using various CRF models, trained on the multi-perspective question answering corpus, and semantic analysis of this text was subsequently compared with data reported in the financial statements (*ibid.*). Qiu, Jiang, and Deng (2013) used 'Chinese document modelling' (TF-IDF term weighting), application of the 'Chinese document readability index', SVM binary and multi-class classifiers, and regression analyses to measure the disclosure quality of Chinese financial statements.

4. PREDICTION

4.1. Fraud Prediction and Detection

Multiple researchers have demonstrated approaches wherein NLP was combined with other analysis methods in an effort to predict and detect fraud. NLP data, processed by SVM and kernel method algorithms, outperformed LDA and logit analysis, detecting fraud, bankruptcy and restatements by analysing SEC Accounting and Auditing Enforcement Releases (AAERs) and corporate 10-Ks (Cecchini, 2005; Cecchini *et al.*, 2010). Keila and Skillicorn (2005) used LIWC, followed by singular value decomposition (SVD)-plot analysis, to analyse 289,695 emails, demonstrating that linguistic models detect deceptive emails, typified by a 'reduced frequency of first-person pronouns and exclusive words, and elevated frequency of negative emotion words and action verbs'. Goel (2008) used an SVM classifier algorithm to analyse linguistic features of annual reports, including voice, active versus passive tone, and readability, detecting an association between these features and fraudulent financial statements. By analysing the linguistic characteristics of companies' 10-Ks with the NB-based Rainbow classifier algorithm, Goel *et al.* (2010) identified fraudulent financials with 89.51% accuracy. Humpherys *et al.* (2011) used NLP output, processed by Naïve Bayes and C4.5 classifier algorithms, to classify fraudulent versus non-fraudulent management discussion and analyses (MD&As), attaining 67.3% accuracy. Larcker and Zakolyukina (2012) detected deceptive quarterly-earnings conference calls by employing LIWC to transcripts of conference calls and analysing the results with an SVM-based classification model. Purda and Skillicorn (2014) achieved 89% accuracy at financial-statement fraud detection using NLP to classify 240 Canadian AAERs as truthful or fraudulent. After applying part-of-speech (POS) tagging, word frequency counts and the Q-Tagger tool, 'to identify separate instances of the same word being used differently', the authors applied a Random Forests algorithm to generate a 'rank-ordered list of words' (Purda & Skillicorn, 2014). Thereafter, analyses provided by an SVM algorithm were combined with Dechow *et al.*'s (2011) financial misrepresentation *F*-score to classify the reports as truthful or fraudulent (Purda & Skillicorn, 2014).

4.2. Predicting Stock Prices and Market Activity

NLP has been deployed when researchers sought to determine the predictive value of text-based content regarding stock prices, trading volume and exchange rates. We identified 51 studies that focus primarily on financial outcomes, stock valuation and market effects.

NLP has been used to facilitate ‘news-based trading’, wherein analysts seek to isolate financial news that affects stock prices and/or market activity (Das & Chen, 2007). Wuthrich *et al.* (1998) used NLP data, processed by a k -NN learning algorithm to assess real-time web-based financial news, predicting market activity with 43.6% accuracy. Using an NB classifier, Gidofalvi (2001) classified textual data associated with upward-trending and downward-trending stock, establishing significant a predictive relationship ($p=0.002$) between financial news and stock market activity. Lavrenko *et al.* (2000) applied a Bayesian classifier for the same purpose. Peramunetteke and Wong (2002) used several term-weighting approaches, including TF-IDF, TF-category discrimination (TF-CDF), Boolean keyword weighting and a rule-based classifier, to establish a correlation between financial headlines and foreign currency exchange rates. Seo *et al.* (2002) used NLP data, processed with various combinations of LSA, HAC, an NB classifier and a weighted-majority voting classifier, to analyse 1239 news articles, with the optimal combination yielding a 79% accurate classification of articles that signalled an increase or decrease in stock prices. Thomas and Sycara (2002) processed text from web-based stock-discussion bulletin boards, analysed the output using the NB-based Rainbow classifier algorithm and multiple runs through a genetic algorithm, and generated significant ($p < 0.0001$) excess returns.

As research involving NLP progressed, additional predictive applications were developed, addressing various financial market phenomena. Mittermayer (2004) established an association between the narrative content of 6602 corporate press releases and stock prices by employing their NewsCATS (News Categorization and Trading System) software, which featured TF-IDF term weighting, enhanced with an unsupervised SVM light classifier. Mittermayer and Knolmayer (2006) followed the same approach, employing (1) various feature sets, such as collection term frequency (CTF), chi-squared (CHI), information gain (IG), and odds ratio (OR), (2) various sized feature sets, (3) various document representations, such as within-document frequency (WDF), inverse document frequency (IDF), Boolean, and $WDF \times IDF$, and (4) various classifiers, such as linear SVM, Rocchio, k -NN, nonlinear SVM with a Gauss kernel, nonlinear SVM with a sigmoid kernel, and nonlinear SVM with a polynomial kernel. In developing a proposed automated trading system, Jiang (2005) employed a sentence-disambiguating algorithm, POS tagging and named-entity recognition (NER), enhanced by the RIPPER rule-based classifier algorithm. Jiang (2005) was able to isolate merger and acquisition events in Dow Jones NewsWire articles with 98.3% precision. Boukus and Rosenberg (2006) used NLP (including TF-IDF analysis), combined with LSA (including SVD), to demonstrate that Federal Open Market Committee (FOMC) minutes correlate with ‘market expectations of future intermediate- and long-term yields’. Schumaker and Chen (2009) employed the ‘Arizona Text Extractor (AzTeK) system’s bag of words, noun phrases and NER analyses, combined with ‘supervised learning of [an] SVM regression’ to classify news articles for use in predicting subsequent stock price changes. Schumaker *et al.* (2012) and Sinha (2010) took a similar approach, inputting sentiment analyses to the classifier. Smales (2014) used Ravenpack’s Multi-Classifier for Equities sentiment indicator to confirm the ‘significant negative relationship’ between 2000–2010 news releases and market volatility, measured by the implied volatility index. Chung (2014) used BizPro software, including NB and LR algorithms, to identify business intelligence factors in news articles that were shown to influence market reactions toward companies.

Researchers have applied NLP approaches to predict stock prices and market activity in various world markets. Cho *et al.* (1998) employed various keyword weighting approaches (e.g. simple

weighting, vector weighting with class relevance, vector weighting with class relevance and discrimination, and vector weighting with cluster relevance and discrimination), a clustering algorithm, and a rule-based classifier to establish the predictive value of financial news regarding stock prices on the Hang Seng Index. Fung *et al.* (2002, 2003, 2005) combined feature weighting, an incremental-*k*-mean-based clustering algorithm and an SVM classification algorithm to establish the predictive value of financial news regarding stock prices in Hong Kong.

Three studies used NLP-generated data to identify correlations between financial news content and Indian stock prices. Soni *et al.* (2007) applied concept map visualization and an SVM-based classifier. Mahajan *et al.* (2008) employed a latent Dirichlet allocation (LDA) statistical model for topic extraction, and a trainable stacked classifier, which combined the functions of a DT classifier and a nonlinear SVM sigmoid kernel classifier algorithm. Kumar *et al.* (2012) used TF-IDF term weighting and a trainable SVM-based classifier.

In time, multiple NLP-based approaches were used to explore the predictive value of various international accounting and finance-related text sources. Zhai *et al.* (2007) applied POS tagging and TF-IDF weighting, enhanced by Gaussian-radial-basis-function-kernel and polynomial-kernel supervised SVM classifiers, to confirm correlations between the textual content of financial news articles and stock-price trends in Australia. In Finland, Lugmayr and Gossen (2012) proposed analysing broker newsletters with a German-based sentiment analysis SVM (LUGO Sentiment Indicator) to predict Deutscher Aktienindex German Stock Index (DAX 30) trading activity levels. Groth and Muntermann (2009, 2011) used TF-IDF term weighting, combined with SVM supervised classification algorithms, to identify a significant ($p < 0.01$) correlation between the tone of 423 ad hoc German corporate disclosures and stock-price changes. Hagenau *et al.* (2013) employed bi-normal separation-based feature selection, enhanced by an SVM classifier, to predict stock-price changes signalled by German financial news with 71.8% precision. Argentine and Brazilian currency trends were successfully predicted by Jin *et al.* (2013), using their Forex-Foresteller system, which employed topic clustering, sentiment analysis (based on the Loughran–McDonald and AFINN sentiment-analysis dictionaries) and regression analysis. Li Q *et al.* (2014) predicted Chinese stock prices in numerous industries, with accuracy rates varying between 50 and 65%, by analysing news articles and online discussion-board content with their eMAQT (eMedia-Aware Quantitative Trader). Their eMAQT featured POS tagging, NER, sentiment analysis (based on ‘the Chinese Loughran and McDonald’s Financial Sentiment Dictionary’) and SVR, which applied ‘a regression technique to the SVM’ output (Li Q *et al.*, 2014). Using Chinese news articles and Hong Kong Exchange market prices, Li X *et al.* (2014) employed TF-IDF term weighting, enhanced with multi-kernel SVM regression, to successfully predict Hong Kong stock prices (mean absolute error ≤ 0.10).

4.3. Firm-Specific Predictions

At the firm level, researchers have used NLP to demonstrate associations between text-based content and various financial phenomena. Employing NLP, combined with mutual information (MI) collocation scores and an SOM visualization model, Magnusson *et al.* (2005) illustrated that changes in the linguistic patterns of Nokia, Ericsson and Motorola’s quarterly financial filings (10Qs) predicted changes in their financial status during the subsequent fiscal quarter. Core *et al.* (2008), using a self-constructed sentiment analysis algorithm, showed that the tone of press articles regarding CEO pay is a highly accurate predictor ($p < 0.05$) of firms’ CEO compensation and turnover. Hanley and Hoberg (2010) employed NLP (including word content analysis and document similarity analysis), augmented by a vector-based classification model, to conduct sentiment and document similarity analyses on 2043

initial-public-offering (IPO) prospectuses. They used ordinary least squares (OLS) regressions to show that the tone and content of IPO prospectuses were predictive of future firm performance (Hanley & Hoberg, 2010).

4.4. Predictive Value of Annual Reports and Disclosures

Corporate annual reports contain abundant textual data ripe for NLP analysis. Manual text analysis established that financial statement disclosures, including MD&As, can be predictive of future firm performance (Singhvi, 1968; Ingram & Frazier, 1980; Kelly-Newton, 1980; Clapham & Schwenk, 1991; Clarkson *et al.*, 1994; Kasznik & Lev, 1995; Smith & Taffler, 2000; Miller, 2002; Shon, 2003; Bhojraj *et al.*, 2004; Kothari *et al.*, 2009; Lawrence, 2011). Text-mining studies also reaffirmed the association between disclosures and future firm performance (Frazier *et al.*, 1984; Hussainey *et al.*, 2003; Beattie *et al.*, 2004; Levine & Smith, 2006; Linsley & Shrives, 2006; Mohan, 2006; Hanley & Hoberg, 2008; Muslu *et al.*, 2010; Durnev & Mangen, 2011; Kravet & Muslu, 2011; Merkley, 2011, 2014; Campbell *et al.*, 2014).

Using NLP, researchers continued to verify the predictive relationship between corporate disclosures and future firm performance. Hoberg and Phillips (2009) employed basic, local and broad cosine text-similarity measures and OLS regression to show that the correlation between '10-K product descriptions', representing firm similarity ('asset complementarity'), and the likelihood of profitable mergers is significant ('>15% of the standard deviation of the dependent variable'). Li (2010a, 2010b) used a 'Naive Bayesian machine learning [classification] algorithm' to show that changes in the tone of MD&As were 'positively correlated with future [firm] performance' ($p < 0.01$). Balakrishnan *et al.* (2010) used TF-IDF weighting, the FOG index, sentiment and tone analysis, and an SVM classifier algorithm to demonstrate a significant ($p < 0.05$) correlation between corporate disclosures and firm performance. Brown and Tucker (2011), using TF-IDF term weighting, enhanced with a vector space model classifier, identified significant ($p < 0.10$) price reactions to MD&A modifications. Bao and Datta (2014) employed an LDA unsupervised topic model, the variational expectation maximization algorithm and the CKNN classification algorithm with similar results. Qiu *et al.* (2014) used TF-IDF analysis, augmented with a linear SVM multi-class classification algorithm and the LibSVM regression algorithm (SVR) to identify a significant ($p < 0.001$) correlation between mandatory annual report disclosures and future firm performance.

Studies have used NLP to establish the association between corporate disclosures, in the form of earnings press releases (EPRs), and post-release market responses. Henry (2006) employed keyword counts (accomplished with Diction 5.0 software) and thesaurus-based keyword analysis, enhanced with the application of a CART algorithm, to identify text-based variables, improving firm-performance predictions by 5.4%. Engelberg (2008) used typed-dependency parsing (using the Stanford parser), enhanced with tone analysis and regression analysis, to demonstrate that the tone of EPRs is positively correlated ($p < 0.01$) with future firm performance.

4.5. Predictive Value of Web Content

Antweiler and Frank (2004) used document length (word counts) and sentiment analysis (bullish, bearish or neither) to fuel NB (Rainbow) and SVM classification algorithms, showing that the tone of Raging Bull and Yahoo! Finance message-board postings and *Wall Street Journal* articles correlate with stock returns, trading volume and stock volatility (pseudo- $R^2 = 0.203$). Das and Chen (2007) applied sentiment analysis (using General Inquirer) to small-investor message-board postings.

Employing a simple-majority voting classifier, the authors used the outputs of naive, vector distance, discriminant, adjective–adverb and Bayesian classifiers to generate a composite sentiment index, classifying the postings as bullish, bearish or neutral. Their analyses revealed a significant correlation ($p < 0.10$) between ‘management announcements, press releases, third-party news, and regulatory changes’, investor opinions, and stock returns (Das & Chen, 2007). Gu *et al.* (2007) used NLP to analyse over 500,000 internet postings to ‘virtual investor communities’ (VICs), confirming a significant correlation between the quality of postings and investors’ participation in VICs. To determine the quality of postings, NLP output was analysed by six classifier algorithms, including: (1) a lexicon-based classifier, (2) a readability-based classifier, employing a genetic algorithm to classify content based on ‘word count, mean word length, and number of unique words’, (3) a weighted lexicon classifier, (4) a vector distance classifier, (5) a differential weights lexicon classifier and (6) a simple-majority voting classifier that assessed the other five classifier outputs, identifying postings as signal (i.e. buy, hold or sell), noise or neutral (Gu *et al.*, 2007). Gilbert and Karahalios (2010) analysed 20 million posts from Live Journal, using two sentiment-classifier algorithms to identify ‘anxious’ posts. ‘The most informative 100 word stems’ were fed to a ‘boosted decision tree’ classifier and pre-identified ‘anxious’ terms, from an earlier Live Journal corpus, and analysed by a ‘bagged Complement Naïve Bayes algorithm’ (Gilbert & Karahalios, 2010). The results were compiled into an Anxiety Index covering 174 trading days, and then compared with stock prices, using Granger causality analysis (Gilbert & Karahalios, 2010). Yu *et al.* (2013) employed NLP, combined with automated sentiment analysis, based on an NB algorithm, to classify social media postings. They demonstrated that social-media postings were significantly ($p < 0.01$) associated with the equity values of the firms referenced in the postings (Yu *et al.*, 2013).

Researchers have assessed the predictive value of Twitter users’ business-related ‘tweets’. Bollen *et al.* (2011b) employed NLP, analysing the moods of over 9 million Twitter tweets with Opinion Finder, which measured positive and negative sentence tone, and Google Profile of Mood States, which measured six mood dimensions, including ‘Calm, Alert, Sure, Vital, Kind, and Happy’. The resulting data set was subjected to Granger Causality analysis and assessment using a self-organizing fuzzy neural network algorithm, predicting changes in the Dow Jones Industrial Average with 87.6% accuracy (Bollen *et al.*, 2011b). Vu *et al.* (2012) used NLP (including NER, POS tagging, a linear CRF model, and a semantic orientation (SO) algorithm) and ML (the Twitter Sentiment Tool), combined with a DT classifier, to assess the sentiment of over 5 million Twitter tweets. The team demonstrated that the sentiment expressed in such textual data predicted stock-price changes in Apple, Google, Microsoft and Amazon stock, with accuracy ranging from 75% to 82.93% (Vu *et al.*, 2012).

4.6. Natural Language Processing and Readability Studies

In the accounting, audit and finance domains, the readability of financial disclosures, corporate announcements and related text documents has been evaluated in tandem with, and in addition to, methods such as NLP to support a variety of research goals. The 47 readability studies cited in this review illustrate the evolution of NLP-based analyses, but an exhaustive assessment of all readability studies exceeds the scope of this discussion. More comprehensive reviews of readability literature have been authored by Jones and Shoemaker (1994) and Merkl-Davies and Brennan (2007).

Researchers had a plethora of readability measures at their disposal, including ‘the Automated Readability Index (ARI), the Flesch Reading Ease formula (FRE), the Linsear-Write readability formula (LWRF), the Gunning–Fog Index (FOG), the Simple Measure of Gobbledygook index (SMOG), the Dale–Chall readability formula (DALE), the Lix readability formula (LIX) and the Rix readability

formula (RIX)' (Moffitt & Burns, 2009). The FOG index, the FRE formula, and the plain English rule were used most often to assess narrative text in the accounting, audit and finance literature (Brennan *et al.*, 2009; Loughran & McDonald, 2010).

Accounting and audit literature highlighted significant associations between financial-disclosure readability and current financial performance (Courtis, 1998; Henry, 2008), future financial performance (Butler & Keselj, 2009), earnings quality and persistence (Li, 2008; Lee, 2010) and fraud potential (Moffitt & Burns, 2009; Goel *et al.*, 2010; Humpherys *et al.*, 2011; Othman *et al.*, 2012).

In finance, manual text analysis established that annual report readability is a direct predictor of firm performance, with poor readability associated with poor performance and vice versa (Soper & Dolphin, 1964; Still, 1972; Dolphin & Wagley, 1977; Healy, 1977; Holley & Early, 1980; Lebar, 1982; Courtis, 1986, 1995a, 1995b, 1998; Gibson & Schroeder, 1990; Schroeder & Gibson, 1990; Baker & Kare, 1992; Clatworthy & Jones, 2001, 2003, 2006; Lehavy *et al.*, 2011; Smith & Smith, 1971; Smith & Taffler, 1992a, 1992b). Studies employing basic text mining confirmed this phenomenon (Jones, 1988; Nelson & Pritchard, 2007; Lee, 2010; Loughran and McDonald, 2009, 2010, 2014; Miller, 2010; De Franco *et al.*, 2012; Othman *et al.*, 2012).

NLP has been used to corroborate and enhance the value of readability measures in predicting a firm's financial performance. Butler and Keselj (2009) used NLP, augmented with CNG, and combined with Flesch, Flesch-Kincaid, and Fog index scores to assess readability, enabling the team to forecast upcoming annual stock performance with over 60% accuracy. Finance literature has also identified associations between readability and stock valuations (Kravet & Muslu, 2011), price volatility (Loughran & McDonald, 2009, 2010) and market responses to analysts' reports (De Franco *et al.*, 2012; Twedt & Rees, 2012). Of the 267 monographs assessed for this discussion, 42 included readability analyses. Appendix E identifies these studies, listing the type of NLP associated with basic readability analysis, highlighting, where applicable, any specific 'method used with basic readability analysis'.

Figure 3 illustrates the chronological and methodological distribution of the readability-oriented studies we reviewed. We identified 25 manual text-based studies from 1952 through 2011, wherein readability was assessed. Fifteen studies combining text mining and readability analysis were isolated from 1998 on. We located eight studies, beginning from 2006, wherein readability analysis was combined, and/or co-occurred, with NLP, after which the resulting data were processed with ML/AI algorithms.

The nature and purpose of readability studies changed as NLP-related tools became more sophisticated. Pashalian and Crissy's (1952) study used manual content analysis to emphasize that corporate reports were 'beyond the comprehension of 75% of the U.S. adult population'. Recognizing the limitations of simple readability analysis (Beattie *et al.*, 2004), which is 'only a limited component of the overall picture' (Rutherford, 2005), researchers combined text mining with readability analysis to analyse the implications of fluctuations in the readability of corporate financials and market analysts' reports.

In time, researchers combined readability measures with various NLP approaches, processing the results with ML and/or AI algorithms. Readability analysis (as a proxy for textual complexity) was amalgamated with CART to determine if EPRs were predictive of market reactions (Henry, 2006). Gu *et al.* (2007) analysed the data from readability analysis with DT classifiers to categorize messages posted on virtual-investor sites in order to determine the predictive value of postings to such sites. Processing readability data with an SVM algorithm allowed researchers to achieve 62.81% accuracy in forecasting stock performance, as they sought to achieve automated portfolio optimization (Butler & Keselj, 2009). Goel *et al.* (2010) used readability and other semantic analyses, analysed with SVM and NB algorithms, to differentiate fraudulent from non-fraudulent annual reports and to identify the stages of fraud

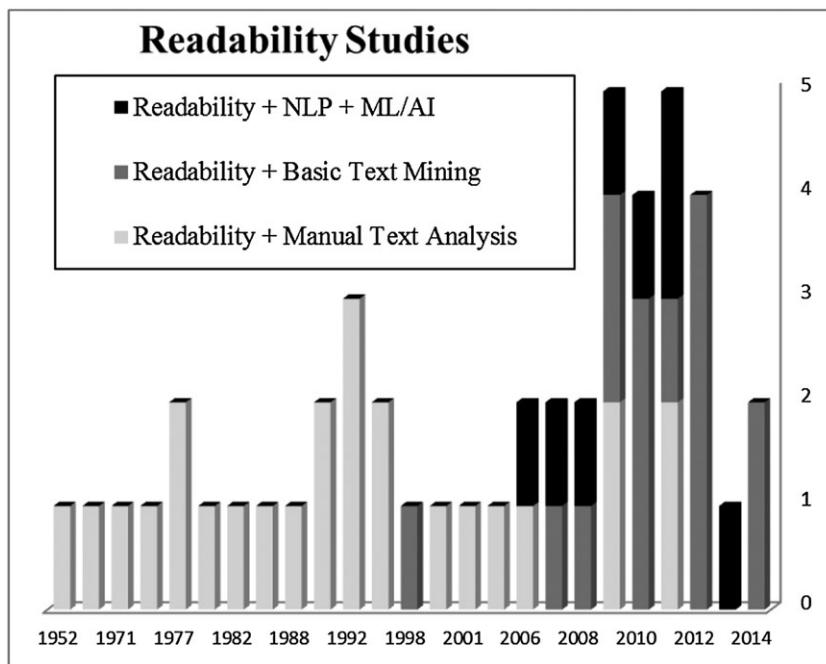


Figure 3. Chronological and methodological distribution of readability studies.

(pre-fraud versus advanced fraud), citing an accuracy rate of 89.51%. Humpherys *et al.* (2011) identified fraudulent financial statements using complexity (i.e. readability) and other linguistic analyses, as calculated by the ‘Agent99 Analyzer, a POS tagger, and [a] text analysis tool’, followed by analysis of the output with the C4.5 DT, simple NB and SVM algorithms. Qiu *et al.* (2013) combined ‘Chinese readability’ analysis along with TF-IDF term weighting, processed by SVM algorithms, to evaluate the quality of Chinese annual corporate reports. In a study combining readability and sentiment analyses, Merkley (2014) found ‘no evidence that earnings performance related to the readability of R&D disclosures’.

Studies tracked temporal changes in readability, identifying relevant factors that influenced the phenomena. Loughran and McDonald (2010) noted that during the years from 1994 to 2004, 10-K readability declined. Miller (2010) reaffirmed that ‘longer and less readable 10-Ks reduce[d] small investor trading volume’. After the SEC launched the 1998 plain English initiative, ‘legal jargon and obtuse language’ in financial filings decreased, and an improved readability measure, ‘Plain English’, was used to confirm that ‘annual reports with lower earnings’ were ‘more difficult to read’ (Loughran & McDonald, 2010).

Sydserff and Weetman (1999) evaluated 10 UK annual report narratives with ‘an alternative to readability formulas’, dubbed ‘the texture index’. This text-scoring approach measures meaningfulness and comprehensibility of textual content using seven text characteristics, including topicality, intertexuality, conjunction, connectivity, shift in information category, specificity and situationality (Sydserff & Weetman, 1999). Researchers continue to refine readability measures (Loughran & McDonald, 2014). Surprisingly, Loughran and McDonald (2014) demonstrated that ‘10-K document file size provides a simple readability proxy that outperforms the Fog index’, adding that ‘an increase in the number of complex words (more than two syllables)’ is associated with decreased readability.

Will future research provide new readability analyses, perhaps allowing for more nuanced assessments of financial statement usefulness? Will researchers develop new and innovative amalgamations of readability measures, text mining, or NLP, combined with ML and/or AI methods? As Figure 3 demonstrates, the number of readability-based studies peaked between 2009 and 2011, with a marked decline since then. Will the decline persist? Or will the advent of new accounting documents, such as sustainability reports, stimulate additional studies?

5. FUTURE APPLICATIONS OF NATURAL LANGUAGE PROCESSING

Purda and Skillicorn (2014) contend that 'research using textual analysis in accounting and finance is in its infancy'. If this statement is correct, then it behoves accounting, audit and finance researchers to contemplate how to shape future applications of NLP. Although NLP, combined with ML and/or AI, has provided new insights in the accounting, audit and finance domains, additional questions and challenges remain.

5.1. Natural Language Processing in Accounting

In the accounting literature, researchers have suggested various future applications of NLP. Future uses of newly developed parsing tools and text-based classifiers have been proposed, including automated assessments of current journal articles to facilitate taxonomy creation and/or categorization of 'accounting literature by predetermined taxonomy classes' (Chakraborty, 2011). Her research included developing a domain-specific list of keywords, since a formal list was not available. One of the open research questions is to what extent NLP can stand on its own, eliminating the need for manual intervention. In all probability, automated techniques cannot completely replace the role of the human analyst.

Automated exploration of emerging literature to determine 'whether new classes/taxons need to be added' to the existing 'taxons of accounting literature' has been encouraged (Müller *et al.*, 1999; Chakraborty *et al.*, 2014). One significant step that is necessary for this to occur is the comprehensive identification of the relevant documents and the automated collection of those documents.

Automated creation of retrieval thesauri for accounting information has yet to be accomplished (Fisher & Garnsey, 2010). Both thesauri and taxonomies are built from controlled vocabularies. The Master Glossary included with the ASC provides one such vocabulary. This vocabulary is updated periodically (most recently in Accounting Standards Update No. 2014-06) to include new terms, delete terms not used in the ASC and to 'reduce instances of the same term appearing multiple times in the Master Glossary with similar, but not entirely identical, definitions'. Research could explore whether NLP and visualization techniques (such as Leximancer; Crofts & Bisman, 2010) could use that vocabulary and the text in the codification to produce a viable financial accounting thesaurus and/or taxonomy.

5.2. Natural Language Processing in Audit

In the audit literature, investigators have identified several applications of NLP that should be considered in future research. After illustrating the value of NLP-based dendograms and concept maps in analysing the content of auditors' SOX 404 reports, Boritz *et al.* (2013) encouraged future investigators to 'study the efficacy of using automation, rather than manual methods', to code textual evidence and assess the content of MD&As. Cecchini (2005) encouraged future researchers to refine and extend

applications of his NLP, SVM and kernel-based model to risk assessments, bankruptcy prediction and fraud detection. Goel *et al.* (2010) envisioned use of NLP, SVM and NB-based classifiers to generate a ‘fraud ontology’.

The Public Companies Oversight Board issued Auditing Standard No. 12, Identifying and Assessing Risks of Material Misstatement (PCAOB, 2010). This standard requires auditors of public companies to assess both the external (industry and environmental) risks and internal (company-specific) risks to the possibility of a company materially misstating their financial statements. It would seem that future research could explore the possibility of using NLP to help identify and assess companies’ internal risks by examining the characteristics of their reports and disclosures. Given the acknowledgment that many, if not most, companies fail to conduct effective risk assessments combined with the ubiquitous statements regarding the importance of risk assessments (in financial statement audits as well as corporate strategy) (Sklar, 2011), NLP research might be able to make significant contributions to the toolkits of auditors and corporate managers.

An assessment of the readability studies listed in Appendix E reveals that accounting and finance-focused studies exceeded audit-based studies, totalling 16, 20 and 6 respectively. Given the valuable knowledge derived from past accounting and finance-based readability studies, perhaps audit-related readability studies merit further attention.

5.3. Natural Language Processing and Continuous Auditing

NLP, augmented by ML and/or AI, would likely enhance continuous auditing applications. O’Leary (2012) highlighted the benefits of analysing unique information sources, including social media content, such as blogs, wikis and message boards, in order to expand the data assessed in continuous auditing. As noted earlier in this discussion, NLP has proven particularly useful in making such data useful for accounting and audit analyses. Brown *et al.* (2007) advocated for the use of NLP in continuous auditing, highlighting, in particular, the value of combining NLP with neural networks and IA technologies. Neural networks operate well in ‘unstructured and data intensive’ processing systems, given their ability to cope with ‘uncertainty, hidden relationships, and noise’, issues commonly faced in continuous auditing systems (Brown *et al.*, 2007). Neural networks are well suited to audit applications, because they ‘are particularly effective when a large database of prior examples exists with known inputs and outputs’, as is often the case with audit engagements (Brown *et al.*, 2007).

Previous uses of neural networks suggest their potential for continuous auditing. Indeed, neural networks have ‘long been used to screen transactions and claims for fraud prevention by banks, credit card companies, and the insurance industry’ (Brown *et al.*, 2007).

Additionally, neural networks are able to ‘quickly tag unusual transactions for additional screening’, which could ‘minimize the impact of continuous auditing on the performance of accounting systems’ (Brown *et al.*, 2007).

NLP, combined with IAs, would likely be a good fit for continuous audit systems. A unique function associated with IAs is their ability to access ‘the internet to seek out information to achieve its specific goal’ (Brown *et al.*, 2007). This could be quite useful in a continuous audit system, where an IA could be employed to ‘query on-line databases or to query trading partners for information’ (Brown *et al.*, 2007).

5.4. Natural Language Processing in Finance

In finance, researchers working on cutting-edge forms of NLP advocated for future studies to build on their accomplishments. Narrative disclosures were identified as untapped repositories of qualitative

financial-market data, which could be harnessed to improve investment decisions. Several examples show the untapped potential of textual data, interpreted by means of NLP approaches. After describing their application of NLP, combined with ANN and SOMs, Back *et al.* (2001) suggested that future research might provide NLP-based tools to empower stakeholders to readily integrate analyses of traditional quantitative data and previously ignored qualitative data. Butler and Keselj (2009) suggested that future studies might use combined readability and CNG analysis to identify ‘companies that produce more easily read annual reports, making them … a safer investment’. Das and Chen (2007) posited that future studies could confirm whether their NLP-based classifier algorithm could be used by regulators to detect ‘market manipulation’ by analysing ‘the millions of messages posted to message boards every day’. It remains to be seen what qualitative data sources are yet to be identified and assessed through the application of NLP.

6. CONCLUSIONS

As can be seen from Appendix F, SVMs are by far the most common tools used in NLP-based research. NB is a distant second, followed by hierarchical clustering, statistical methods and TF-IDF weighting. TF-IDF term weighting is also commonly used in the vector space model, which was used in several studies. In information retrieval research, entropy has been found to be superior to other methods, including TF-IDF, in term weighting (Harmon, 1986; Dumais, 1991). It gives higher weights to those terms which are concentrated in a few documents. Research which incorporates term weighting should consider comparing entropy with TF-IDF term weighting to determine if using entropy will significantly impact results.

Loughran and McDonald (2011a) found a majority of terms considered negative in general contexts were not considered negative in accounting/finance contexts. They have developed several domain-specific lists for financial contexts. As mentioned by Kearney and Liu (2014), more research is needed to develop additional authoritative domain-specific lists. This would improve research in the sentiment analysis that was employed by several studies examined.

Natural language remains inherently difficult for computers to understand. Computers require that language be precise, unambiguous and highly structured to effect comprehension. However, natural language is awash with imprecision, ambiguity and relaxed structure. Social context, dialects, humour and slang are among many complicated variables that impact the precision and ambiguity of language. Machine translation stands as one clear example of a specific NLP task that is unlikely to ever be perfected by a computer (Kelly, 2014). Nearly 60 years ago a collaborative effort between Georgetown University and IBM, which produced the 701 Computer (also known as the ‘Brain’), promised that machines would be fully translating languages within the next several years (Kelly, 2014). Yet that claim remains unfulfilled. The unique characteristics of natural language continue to present interpretive challenges to automated methods and computers. It is unlikely that these challenges can ever be completely eliminated.

Despite the inherent challenges to NLP, research using NLP has led to certain insights:

- NLP can be used as an effective tool to generate (Chakraborty, 2011) and validate (Fisher & Garnsey, 2006) prototype taxonomies and thesauri (Fisher & Garnsey, 2010).
- NLP can also be used to draw certain inferences:
- Corporate reports were judged as unreadable in 1952 using manual analysis (Pashalian & Crissy, 1952). Today, using NLP, they remain, at least to some degree, difficult to read (Loughran & McDonald, 2010).

- The readability of corporate reports and disclosures may be a product of management motivation to obfuscate poor firm performance (Butler & Keselj, 2009) and even fraud (Goel *et al.*, 2010).
- Finance and financial accounting studies have established a consistent relationship between textual characteristics and stock price movement (both upward and downward) (Lavrenko *et al.*, 2000; Gidofalvi, 2001; Seo *et al.*, 2002; Thomas & Sycara, 2002; Schumaker & Chen, 2009; Schumaker *et al.*, 2012).
- NLP holds promise as a tool in fraud detection (Goel *et al.*, 2010).
- Some NLP studies during the peak period of 2010–2012 also examined dramatically larger data sets; however, these studies were all finance-related studies. Given the increased availability and sophistication of digital tools for processing large data sets, it is surprising that it appears that research in accounting and auditing has yet to leverage the power of these tools.

In the areas of taxonomy/thesauri/ontology creation, to date, NLP has only been used to develop prototypes that encompass small subsets of document collections. As but one example, Fisher and Garnsey (2010) present a prototype thesaurus that only addresses a single section of GAAP: Section 715: Employee Benefits. For work in this space to have significant impact, it is necessary for a more comprehensive proof of concept to be completed. The size of the necessary text corpora as well as the distributed location of relevant documents have impeded more comprehensive projects. In addition, the ever-changing nature of the accounting lexicon (Burke, 1997) combined with the inherent difficulties in machine comprehension of natural language raise serious questions as to whether the completion of such a proof of concept is realistic. Possibilities for research combining manual and automated methods are needed. For example, the XBRL taxonomy provides structure that could possibly be used as a starting point for constructing a financial accounting ontology. Wächter *et al.* (2011) have experimented using DOG4DAG to semi-automatically extend an ontology using PubMed extracts.

Despite the fact that some human involvement may be necessary for effective NLP applications, this should not deter future researchers from pursuing advancements in NLP applications in accounting, auditing and finance. A proliferation of accounting documents are available electronically, including accounting pronouncements, SEC regulations, tax laws, tax court cases, comment letters to the FASB, accounting research articles and working papers, accounting pedagogical material (syllabi, case studies, program descriptions) and documents published on corporate websites. The documentation available for analysis is only likely to increase in a business environment characterized by public scrutiny, increased regulation and a focus on compliance. The increased availability of digital documents in accounting, auditing and finance combined with the increased availability and sophistication of digital tools for examining these documents presents an opportunity for fruitful future research, as illustrated in Appendix G, which summarizes all 262 studies (86 manual, 81 basic text-mining, and 95 NLP studies augmented with ML and/or AI) by data source and analysis method. NLP applications offer the means through which to obtain additional insights and create new methods for mining the many textual communications in accounting, auditing and finance.

APPENDIX A. GLOSSARY OF NLP-RELATED TERMS

Glossary

Acronym	Complete Designation
10Q	Quarterly Financial Filings (SEC)
AAER	Accounting and Auditing Enforcement Releases (SEC)
AI	Artificial Intelligence
ANN	Artificial Neural Networks
ARI	Automated Readability Index
ASC	Accounting Standards Codification
ATRANS	Automatic Funds Transfer Telex Reader
AzTeK	Arizona Text Extractor
BNS	Bi-normal Separation
BPN	Backpropagation
CAQDAS	Computer-Aided Qualitative Data Analysis Software
CART	Classification and Regression Trees
CKIP	Chinese Knowledge and Information Processing
CKNN	Categorical K-Nearest Neighbor
CHI	Chi-Squared
CLAS	Chinese Lexical Analysis System
CLN	Categorical Learning Network
CMU	Cambridge Statistical Language Modeling Toolkit
CNG	Character N-Gram
CTF	Collection Term Frequency
CRF	Conditional Random Field
DALE	Dale-Chall Readability (formula)
DAX	Deutscher Aktienindex (German) Stock Index
DSA	Document Structure Analysis
DTD	Document Type Definitions
DT	Decision Tree
DWLC	Differential-Weights Lexicon Classifier
ECRS	Executive Compensation Retrieval System
EDGAR	Electronic Data Gathering, Analysis and Retrieval database (SEC)
EES	EDGAR Extraction System
EPR	Earnings Press Releases
ES	Expert Systems
FARS	Financial Accounting and Reporting System
FAS	Financial Accounting Standard
FASB	Financial Accounting Standards Board
FNN	Fuzzy Neural Network
FOG	Gunning Fog Readability Index
FOMC	Federal Open Market Committee
FRAANK	Financial Reporting and Auditing Agent with Net Knowledge

(Continues)

Appendix (Continued)

Glossary

Acronym	Complete Designation
FRE	Flesch Reading Ease (formula)
GA	Genetic Algorithm
GAAP	Generally Accepted Accounting Principles
GI	General Inquirer
GPOMS	Google Profile of Mood States
HAC	Hierarchical Agglomerative Clustering
IG	Information Gain
IA	Intelligent Agent
IFRS	International Financial Reporting Standards
IPO	Initial Public Offering
KEA	Knowledge Engineering Approach
k-NN	K-Nearest Neighbor
KO	Knowledge Organization
KWIC	Keyword in Context
LBC	Lexicon-Based Classifier
LDA	Latent Dirichlet Allocation/Linear Discriminant Analysis
LIWC	Linguistic Inquiry & Word Count
LIX	Lix (readability formula)
LMWL	Loughran and McDonald Word List
LPS	Linearized Phrase Structure
LR	Logistic Regression
LSA	Latent Semantic Analysis
LSI	Latent Semantic Indexing
LWRF	Linsear-Write Readability Formula
MCQ	Multi-Classifier for Equities
MDA	Multiple-Discriminant Analysis
MD&A	Management Discussion and Analysis
MKSVR	Multi-Kernel Support Vector Regression
ML	Machine Learning
MLR	Multinomial Logistic Regression
MPQA	Multi-Perspective Question Answering
NB	Naïve Bayes
NER	Named-Entity Recognition
NewsCATS	News Categorization and Trading System
NLP	Natural Language Processing
NLTK	Natural Language Processing Toolkit
NUDIST	QDA Software
OR	Odd's Ratio
OLS	Ordinary Least Squares
POS	Part of Speech Tagging

(Continues)

Appendix (Continued)

Glossary

Acronym	Complete Designation
QDA	Quadratic Discriminant Analysis
RBC	Readability-Based Classifier
RIX	Rix (readability formula)
SCISOR	System for Conceptual Information Summarization, Organization, and Retrieval
SEC	Security and Exchange Commission
SMOG	Simple Measure of Gobbledygook (Index)
SO	Semantic Orientation
SOFNN	Self-Organizing Fuzzy Neural Network
SOM	Self-Organizing Maps
SOX	Sarbanes Oxley Act of 2002
SQL	Structured Query Language
SSE	Shanghai Stock Exchange
SVD	Singular Value Decomposition Vector
SVM	Support Vector Machines
SVR	Support Vector Regression
TDP	Typed Dependency Parsing
TF-CDF	Term Frequency - Category Discrimination
TF-IDF	Term Frequency - Inverse Document Frequency
TST	Twitter Sentiment Tool
VDC	Vector Distance Classifier
VEM	Variational Expectation Maximization
VIC	Virtual Investor Community
VPRS	Variable-Precision Rough Sets
VSM	Vector Space Model
WLC	Weighted-Lexicon Classifier
WDF	Within-Document Frequency
WORDS	Text-mining Software
XML	Extensible Markup Language

APPENDIX B: STUDIES EMPLOYING MANUAL TEXT ANALYSIS

No.	Source	Summary	Lit Type	Method	Domain	N	Origin
1	Abrahamson & Amir, 1996	1	JA	Sentiment Analysis	Finance	1,355	US
2	Abrahamson & Park, 1994	1	JA	Sentiment Analysis	Finance	1,000	US
3	Aerts, 1994	1	JA	Content analysis	Acctg	NA	US
4	Badua, 2005	–	DD	Content analysis	Acctg	NA	US
5	Baginski <i>et al.</i> , 2004	1	JA	Content analysis	Acctg	951	US
6	Baker & Kare, 1992	1	JA	Readability analysis	Acctg	NA	US
7	Bhojraj <i>et al.</i> , 2004	1	JA	Content analysis	Acctg	NA	US
8	Boo & Simnett, 2002	1	JA	Content analysis	Acctg	140	Singapore
9	Bowman, 1984	1	JA	Content analysis	Finance	26	US
10	Brennan <i>et al.</i> , 2009	1	JA	Readability analysis	Acctg	NA	US
11	Bricker <i>et al.</i> , 1995	1	JA	Content analysis	Acctg	479	US
12	Bryan, 1997	1,3	JA	Content analysis	Acctg	250	US
13	Callahan & Smith, 2004	3	CP	Content analysis	Finance	70	US
14	Churyk <i>et al.</i> , 2009	–	JA	Content analysis	Acctg	NA	US
15	Clapham & Schwenk, 1991	1	JA	Content analysis	Acctg	100	US
16	Clarkson <i>et al.</i> , 1999	1	JA	Content analysis	Acctg	55	Canada
17	Clarkson <i>et al.</i> , 1994	1	JA	Content analysis	Acctg	905	Canada
18	Clatworthy & Jones, 2001	1	JA	Readability analysis	Acctg	60	UK
19	Clatworthy & Jones, 2003	1	JA	Readability analysis	Acctg	100	UK
20	Clatworthy & Jones, 2006	1	JA	Readability analysis	Acctg	100	UK
21	Cohen <i>et al.</i> , 2010	1	JA	Content analysis	Audit	39	US
22	Cole, 1990	1	JA	Content analysis	Acctg	100	US
23	Courtis, 1986	1	JA	Readability analysis	Acctg	142	Hong Kong

(Continues)

Appendix B: (Continued)

No.	Source	Summary	Lit Type	Method	Domain	N	Origin
24	Courtis, 1995a	1	JA	Readability analysis	Acctg	32	Hong Kong
25	Courtis, 1995b	1	JA	Readability analysis	Acctg	NA	Hong Kong
26	D'Aveni & MacMillan, 1990	1	JA	Content analysis	Acctg	114	US
27	Dechow <i>et al.</i> , 2009	–	JA	Content analysis	Audit	2,190	US
28	Deumes, 2008	1	JA	Content analysis	Finance	90	Netherlands
29	Dolphin & Wagley, 1977	1	JA	Readability analysis	Finance	NA	NA
30	Domelson <i>et al.</i> , 2012	–	JA	Content analysis	Acctg	189	US
31	Farell & Cobbina, 2000	1	JA	Content analysis	Acctg	57	Australia
32	Folsom <i>et al.</i> , 2013	–	WP	Content analysis	Acctg	35,214	US
33	Francis <i>et al.</i> , 2002	1	JA	Content analysis	Finance	2,190	US
34	Garcia, 2014	2	JA	Sentiment Analysis	Finance	55,307	US
35	Gibson & Schroeder, 1990	1	JA	Readability analysis	Acctg	40	US
36	Govindarajan, 1980	1	JA	Content analysis	Finance	NA	US
37	Healy, 1977	1	JA	Readability analysis	Acctg	NA	US
38	Hofstedt, 1976	–	JA	Content analysis	Acctg	NA	US
39	Holley & Early, 1980	1	JA	Readability analysis	Acctg	NA	US
40	Hooghiemstra, 2010	–	JA	Sentiment Analysis	Acctg	NA	Netherlands
41	Hooks & Moon, 1993	1	JA	Sentiment Analysis	Acctg	90	US
42	Hoskin <i>et al.</i> , 1986	1	JA	Sentiment Analysis	Acctg	676	US
43	Huang, 2011	–	DD	Sentiment Analysis	Finance	12,562	US
44	Huang <i>et al.</i> , 2014	2	JA	Sentiment Analysis	Finance	14,475	US
45	Ijiri <i>et al.</i> , 1968	–	JA	Sentiment Analysis	Acctg	NA	US
46	Ingram & Frazier, 1980	1	JA	Content analysis	Acctg	40	US

(Continues)

Appendix B: (Continued)

No.	Source	Summary	Lit Type	Method	Domain	N	Origin
47	Jarvenpaa & Ives, 1990	1	JA	Content analysis	Acctg	649	US
48	Jones, 1988	1	JA	Readability analysis	Acctg	32	UK
49	Kasznik & Levy, 1995	3	JA	Content analysis	Finance	565	US
50	Kelly-Newton, 1980	1	JA	Content analysis	Acctg	NA	US
51	Kimbrough & Wang, 2014	–	JA	Sentiment Analysis	Finance	94	US
52	Klamm & Watson, 2009	–	JA	Sentiment Analysis	Audit	9,272	US
53	Kothari et al., 2009	2,3	JA	Sentiment Analysis	Finance	326,357	US
54	Lawrence, 2011	3	JA	Readability analysis	Finance	91,228	US
55	Lebar, 1982	–	JA	Readability analysis	Acctg	10	US
56	Lehavy et al., 2011	2,3	JA	Readability analysis	Finance	33,704	US
57	Li, 2006	2	DD	Sentiment Analysis	Finance	34,180	US
58	Linsley & Shrives, 2006	–	JA	Content analysis	Audit	79	UK
59	Loughran & McDonald, 2009	–	JA	Readability analysis	Audit	67,044	US
60	Luo et al., 2013	–	JA	Sentiment Analysis	Finance	4,518	US
61	Masli et al., 2009	–	CP	Content analysis	Audit	205	US
62	McConnell et al., 1986	1	JA	Content analysis	Acctg	40	US
63	Meyer & Rigsby, 2001	–	JA	Content analysis	Acctg	NA	US
64	Miller, 2002	1	JA	Content analysis	Acctg	80	US
65	Pashalian & Crissy, 1952	1	JA	Readability analysis	Acctg	NA	NA
66	Pava & Epstein, 1993	1	JA	Content analysis	Finance	25	US
67	Previts & Brown, 1993	1	JA	Content analysis	Acctg	NA	US
68	Previts et al., 1994	1	JA	Content analysis	Finance	479	US

(Continues)

Appendix B: (Continued)

No.	Source	Summary	Lit Type	Method	Domain	N	Origin
69	Rezaee <i>et al.</i> , 2003	1	JA	Content analysis	Audit	94	US
70	Rogers & Grant, 1997	—	JA	Content analysis	Finance	187	US
71	Rutherford, 2005	—	JA	Content analysis	Acctg	44	UK
72	Schroeder & Gibson, 1990	1	JA	Readability analysis	Acctg	40	US
73	Shon, 2003	1	WP	Content analysis	Finance	100	US
74	Singhvi, 1968	1	JA	Sentiment analysis	Finance	200	US
75	Smith & Smith, 1971	1	JA	Readability analysis	Acctg	50	US
76	Smith & Taffler, 1992a	1	JA	Readability analysis	Acctg	66	Australia
77	Smith & Taffler, 1992b	1	JA	Content analysis	Acctg	NA	Australia
78	Smith & Taffler, 2000	1	JA	Content analysis	Acctg	33	Australia
79	Soper & Dolphin, 1964	1	JA	Readability analysis	Acctg	25	US
80	Steele, 1982	1	JA	Content analysis	Finance	100	UK
81	Still, 1972	1	JA	Readability analysis	Finance	NA	US
82	Summers & Sweeney, 1998	—	JA	Content analysis	Audit	51	US
83	Swales, 1988	1	JA	Sentiment analysis	Finance	98	US
84	Sydserff & Weetman, 1999	—	JA	Content analysis	Audit	10	US
85	Yen, Hurst, & Hopkins, 2007	1	JA	Content analysis	Acctg	278	US
86	You & Zhang, 2009	1	JA	Sentiment analysis	Finance	24,259	US

N: sample size; NA: not available or not applicable.

^aKey to summary references: (1) Fisher *et al.* (2010); (2) Kearney and Liu (2014); (3) Li (2010c); (4) Nassiroussi *et al.* (2014).

^bLiterature types: journal article (JA), conference paper (CP), working paper (WP), book chapter (BC) and doctoral dissertation (DD).

APPENDIX C: STUDIES EMPLOYING BASIC TEXT-MINING

No.	Source	Summary Lit Type	Method	Domain	N	Origin	
1	Andersen <i>et al.</i> , 1992	-	CP Matching	JASPER; Rule-Based Pattern Naïve Bayes classifier (RAINBOW)	Finance Finance Audit Acctg Finance Finance	1,047	US
2	Antweiler & Frank, 2006	1	JA	Diction 5.0 Sentiment analysis	250,000	US	
3	Armesto <i>et al.</i> , 2009	-	JA	NUDIST Content analysis	NA	US	
4	Beattie <i>et al.</i> , 2004	-	JA	VPRS	NA	Scotland	
5	Beynon <i>et al.</i> , 2005	1	JA	Diction 5.0 Sentiment analysis	NA	US	
6	Bligh & Hess, 2007	-	JA	Sentiment analysis	194	US	
7	Bollen, Mao & Pepe 2011	-	CP	Diction 5.0 Sentiment analysis	98,853,498	US	
8	Born <i>et al.</i> , 2013	-	JA	FRAANK	Finance Acctg Audit	768	Germany
9	Bovee <i>et al.</i> , 2005	-	JA	Lexical bundles	50	US	
10	Burns <i>et al.</i> , 2010	-	WP	Sentiment analysis	202	US	
11	Campbell <i>et al.</i> , 2014	-	JA	General Inquirer (GI)	9,272	US	
12	Carretta <i>et al.</i> , 2011	2	WP	Sentiment Analysis LMWL	16	Italy	
13	Chen <i>et al.</i> , 2014	2	JA	Content analysis	459,679	Hong Kong	
14	Chiu, 2013	-	DD	DSA; KEA	519	US	
15	Cong <i>et al.</i> , 2007	1	JA	Readability Analysis	74,132	US	
16	Courtis, 1998	1	JA	Diction 5.0 Sentiment analysis	120	Hong Kong	
117	Craig <i>et al.</i> , 2013	-	JA	Diction 5.0 Sentiment analysis	5	Australia	
18	Davis & Tama-Sweet, 2012	2, 3	JA	Diction 5.0 Sentiment analysis	Finance	23,017	US
19	Davis <i>et al.</i> , 2014	2	CP	Diction 5.0 Sentiment analysis	Finance	243	US
20	Davis <i>et al.</i> , 2006	-	WP	Diction 5.0 Sentiment analysis	Finance	24,000	US
21	Davis <i>et al.</i> , 2012	1, 2, 3	JA	Diction 5.0 Sentiment analysis	Finance	24,000	US
22	De Franco <i>et al.</i> , 2012	2	JA	Readability Analysis FOG and Flesch	Finance	356,463	Canada

(Continues)

Appendix C: (Continued)

No.	Source	Summary Lit Type	Method	Domain	N	Origin	
23	Demers & Vega, 2010	1, 2, 3	WP	GI; Diction 6.0	Finance	20,000	US
24	Ding & Chen, 2006	1	CP	ECRS	Acctg	323	US
25	Doran <i>et al.</i> , 2010	2	JA	GI	Finance	233	US
26	Durnev & Mangen, 2011	2	WP	GI; Diction 6.0	Finance	1,905	US
27	Engelberg <i>et al.</i> , 2012	-	JA	GI; Sentiment Analysis	Finance	1,888,868	US
28	Feldman <i>et al.</i> , 2008	1, 2, 3	WP	GI; Sentiment Analysis	Finance	170,056	US
29	Feldman <i>et al.</i> , 2010	-	JA	Sentiment Analysis LMWFL	Finance	153,988	US
30	Ferguson, 1997	-	CP	Prolog; Parsing	Acctg	NA	US
31	Ferguson <i>et al.</i> , 2014	2	CP	Sentiment analysis	Finance	NA	US
32	Ferris <i>et al.</i> , 2013	2	JA	Diction 5.0	Finance	1,175	US
33	Fisher, 2004	-	JA	XML DTIDs	Acctg	NA	US
34	Fisher, 2007	-	JA	XML DTIDs	Acctg	500	US
35	Frazier <i>et al.</i> , 1984	1	JA	WORDS	Acctg	74	US
36	Gangolli, 1989	-	BC	Prolog	Acctg	NA	US
37	Garnsey & Hotaling, 2011	-	JA	NA	Acctg	NA	US
38	Hanley & Hoberg, 2008	-	WP	GI; Content analysis	Finance	2,043	US
39	Henry, 2008	-	JA	Document Similarity	Finance	1,366	US
40	Henry & Leone, 2010	-	WP	TF-IDF	Finance	29,712	US
41	Huang <i>et al.</i> 2010	-	JA	CKIP	Finance	12,380	Taiwan
42	Hussainey <i>et al.</i> , 2003	1	JA	NUDIST	Finance	60	UK
43	Jacobs & Rau, 1990	-	JA	SCISOR	Finance	729	US
44	Jegadeesh & Wu, 2013	2	JA	Sentiment Analysis LMWFL	Finance	45,860	US
45	Kravet & Muslu, 2011	3	JA	Parsing; Readability analysis	Finance	4,315	US
46	Lee, 2010	3	JA	Readability analysis; FOGL	Finance	60,161	Taiwan
47	Leinemann <i>et al.</i> , 2001	1	JA	Edgar2xml	Acctg	NA	South Africa
48	Levine & Smith, 2006	3	JA	Keyword Search	Acctg	5,983	US
49	Li, 2008	1, 3	JA	Readability analysis; FOGL	Acctg	55,719	US

(Continues)

Appendix C: (Continued)

No.	Source	Summary Lit Type	Method	Domain	N	Origin
50	Loughran & McDonald, 2009	1 WP	Readability Analysis FOG and Flesch	Finance	42,357	US
51	Loughran & McDonald, 2010	3 WP	Readability Analysis FOG, Flesch, and Plain English	Finance	42,357	US
52	Loughran & McDonald, 2011a	3 JA	Sentiment analysis TF-IDF GI; Zipf's Law	Acctg	8,341	US
53	Loughran & McDonald, 2011b	2 JA	Sentiment analysis	Finance	50,115	US
54	Loughran & McDonald 2013b	2 JA	Readability Analysis FOG	Finance	1,887	US
55	Loughran & McDonald, 2014	2 JA	Readability Analysis FOG ATRANS	Finance	66,707	US
56	Lytimen & Gershman, 1986	- CP	Diction 5.0 Sentiment analysis	Finance	NA	US
57	Mendonca, 2009	- DD	Content analysis	Finance	NA	US
58	Merkley, 2011	3 DD	Sentiment analysis	Finance	22,445	US
59	Merkley, 2014	- JA	Readability Analysis; FOG	Finance	22,482	US
60	Miller, 2010	3 JA	Readability analysis; FOG	Finance	12,771	US
61	Mirakur, 2011	- JA	Content analysis	Finance	122	US
62	Moffitt & Burns, 2009	- CP	Readability Analysis; Content analysis; NLTK	Audit	720	US
63	Moffitt & Burns, 2011	- WP	Python-enabled NLP	Audit	202	US
64	Muslu <i>et al.</i> , 2010	3 WP	Keyword Search	Acctg	44,708	US
65	Nelson & Pritchard, 2007	1, 3 CP	Readability analysis; FOG	Acctg	53,315	US
66	Othman <i>et al.</i> , 2012	- CP	Readability analysis Flesch	Finance	16	Malaysia
67	Ozik & Sadka 2012	2 WP	Sentiment analysis; GI	Finance	3,600	US
68	Price <i>et al.</i> , 2012	2 JA	Sentiment analysis; GI	Finance	2,800	US
69	Rees & Twedt, 2012	2 JA	Readability Analysis; Sentiment analysis; GI	Finance	2,057	US
70	Rogers <i>et al.</i> , 2011	2, 3 JA	Diction 5.0 Sentiment analysis	Finance	165	US

(Continues)

Appendix C: (Continued)

No.	Source	Summary Lit Type	Method	Domain	N	Origin	
71	Sadique <i>et al.</i> , 2013	-	JA	Sentiment analysis; GI	Finance	NA	Malaysia
72	Sadique <i>et al.</i> , 2008	1	WP	Sentiment analysis; GI	Finance	1,231	Australia
73	Solomon <i>et al.</i> , 2014	-	JA	Sentiment analysis	Finance	1,731	US
74	Sydserff & Weetman, 2002	-	JA	Diction 5.0 Transitivity Index	Audit	26	UK
75	Tennyson <i>et al.</i> , 1990	1	JA	WORDS	Finance	46	US
76	Tetlock, 2007	1, 2	JA	GI	GI	NA	US
77	Tetlock, 2011	-	JA	Text similarity	Finance	10,187	US
78	Tetlock <i>et al.</i> , 2008	1	JA	GI	Finance	350,000	US
79	Twedd & Rees, 2012	-	JA	Sentiment analysis; GI Readability analysis; FOG	Finance	2,057	US
80	Wang & Guo, 2012	-	JA	CLAS	Finance	50	China
81	Wang, Li, & Cao 2012	-	JA	Wordsmith Tools 4.0	Acctg	120	China

N: sample size; NA: not available or not applicable.

^aKey to summary references: (1) Fisher *et al.* (2010); (2) Kearney and Liu (2014); (3) Li (2010c); (4) Nassirtoussi *et al.* (2014).

^bLiterature types: journal article (JA), conference paper (CP), working paper (WP), book chapter (BC) and doctoral dissertation (DD).

APPENDIX D: STUDIES EMPLOYING NLP COMBINED WITH ML/AI

No.	Source	Lit Type	AI or ML	Method	Domain	N	Data Source	Origin
1	Antweiler & Frank, 2004	JA	ML-SVM	SVM Naïve Bayes	Finance	250,000	Stock Message Boards	Canada
2	Back <i>et al.</i> , 2001	JA	AI-SOM	Neural Networks SOMs	Audit	234	Green Gold Financial Reports' DB	Finland
3	Balakrishnan <i>et al.</i> , 2010	JA	ML-SVM	SVM	Finance	4,280	1997-2002 Annual Reports	US
4	Bao & Datta, 2014	JA	ML-LDA	LDA	Finance	7,679	2006-2010 Annual Reports	Singapore
5	Bollen, Mao, and Zeng 2011	CP	ML-ANN	Fuzzy Neural Network	Finance	9,853,498	2008 Tweets	US
6	Boritz <i>et al.</i> , 2013	JA	ML	Dendograms in S+ (from HAC); Divisive Clustering; Concept Maps	Audit	387	2004-2009 SOX 404 Reports	Canada
7	Boukus & Rosenberg, 2006	WP	ML-LSA	LSA	Finance	152	FOMC Minutes	US
8	Brown & Tucker, 2011	JA	ML-TF-IDF	VSM; TF-IDF	Finance	28,142	1997-2006 MD&As	US
9	Buehlmair, 2013	WP	ML-LR	LR	Finance	NA	News Articles	Hong Kong
10	Butler & Keselj, 2009	JA	ML-SVM	N-grams; CNG	Finance	NA	Annual Reports	Canada
11	Cecchini, 2005	DD	ML-SVM	SVM; Kernel methods	Audit	NA	AAERs	US
12	Cecchini <i>et al.</i> , 2010	JA	ML-SVM	SVM	Audit	NA	Annual Reports MD&As	US
13	Chakraborty, 2011	DD	ML-HAC	HAC Cluster analysis	Acctg	120		US

(Continues)

Appendix D: (Continued)

No.	Source	Lit Type	AI or ML	Method	Domain	N	Data Source	Origin
								Annual Reports Pension Notes
14	Chakraborty & Vasarhelyi, 2010	CP	ML-HAC	HAC Cluster analysis	Acctg	120	Annual Reports	US
15	Chakraborty <i>et al.</i> , 2014	JA	ML-ANN	Decision Trees (DT) Naïve Bayes	Acctg	2,162	1984-2008 Journal Articles	US
16	Chen <i>et al.</i> , 2011	CP	ML-CRF	CRF	Audit	NA	Annual Reports	Taiwan
17	Chen <i>et al.</i> , 2013	JA	ML-CRF	CRF; MLR	Audit	22,780	Annual Reports	Taiwan
18	Cho <i>et al.</i> , 1998	JA	ML-SVM	Vector Weighting	Finance	392	Web News Articles	Hong Kong
19	Chung, 2014	JA	ML-ANN	BizPro ANN (Naïve Bayes)	Audit	231	News Articles	US
20	Core <i>et al.</i> , 2008	JA	ML	Tone-Measuring Algorithm	Finance	11,000	1994-2002 News Articles	US
21	Crofts & Bisman, 2010	JA	ML	Leximancer	Acctg	114	2000 - 2007 Acctg	US
22	Das & Chen, 2007	JA	ML	Classifier Algorithms Sentiment analysis	Finance	145,110	2001 Stock Message Boards	US
23	Engelberg, 2008	CP	ML	Typed Dependency Parsing (TDP) LSI; CMU Toolkit;	Finance	80,935	Dow Jones News Articles	US
24	Fisher & Garnsey, 2006	JA	ML-LSI	HAC	Acctg	567	FAS	US
25	Fisher & Garnsey, 2010	CP	ML	NA	Acctg	NA	FAS: Section 715	US
26	Fisher & McEwen, 2009	JA	ML	XML DTIDs	Acctg	NA	FAS	US

(Continues)

Appendix D: (Continued)

No.	Source	Lit Type	AI or ML	Method	Domain	N	Data Source	Origin
27	Fung <i>et al.</i> , 2002	CP	ML-SVM	IA: IBM Intelligent Miner	Finance	350,000	News articles	Hong Kong
28	Fung <i>et al.</i> , 2005	JA	ML-SVM	SVM	Finance	350,000	News articles	Hong Kong
29	Fung <i>et al.</i> , 2003	CP	ML-SVM	SVM	Finance	614	News articles	Hong Kong
30	Gangolly & Tam, 2000	CP	ML	ML	Acctg	NA	2000 Annual Reports	US
31	Gangolly, 2008	CP	ML	NLP	Acctg	NA	FARS Database	US
32	Gangolly & Wu, 2000	JA	ML- Stats	Zipf's Law; TF-IDF	Acctg	232	FARS Database	US
33	Gangolly <i>et al.</i> , 1991	JA	AI-ES	ES	Acctg	NA	FAS	US
34	Garnsey, 2006a	JA	ML-LSI	LSI; HAC	Acctg	10	FAS	US
35	Garnsey, 2006b	CP	ML-LSI	LSI	Acctg	NA	FAS	US
36	Garnsey, 2008	CP	ML	NLP	Acctg	NA	FARS Database	US
37	Garnsey, 2009	CP	ML	NLP	Acctg	NA	FARS Database	US
38	Garnsey & Fisher, 2008	JA	ML-Stats	CMU Toolkit	Acctg	NA	FAS	US
39	Garnsey <i>et al.</i> , 2009	JA	ML-HAC	LSI & HAC	Acctg	127	FARS Database	US
40	Gerde, 2003	JA	ML	EDGAR-Analyzer; Intelligent Analysis (IA)	Acctg	18,595	Annual Reports	US
41	Gidofalvi, 2001	WP	ML-Stats	Rainbow Naïve Bayes	Finance	5,600	News Articles	US
42	Gilbert & Karahalios, 2010	CP	ML-Stats	Naïve Bayes	Finance	20,110,	2008 LiveJournal	US
43	Goel, 2008	DD	ML	Readability	Audit	390	Web Postings	US
						NA	Annual Reports	US

(Continues)

Appendix D: (Continued)

No.	Source	Lit Type	AI or ML	Method	Domain	N	Data Source	Origin
44	Goel <i>et al.</i> , 2010	JA	ML-SVM	SVM; Naive Bayes	Audit	126	Annual Reports	US
45	Grant & Conlon, 2006	JA	ML-KWIC	KWIC; CMU Toolkit	Acctg	283	Annual Reports	US
46	Groth & Muntermann, 2009	CP	ML-SVM	SVM	Finance	423	News articles	Germany
47	Groth & Muntermann, 2011	JA	ML-SVM	SVM; K-nn ANN; Naïve Bayes	Finance	423	EPRs	Germany
48	Gu <i>et al.</i> , 2007	JA	ML-ANN	Decision Tree	Finance	14	1998-2002 Web Postings	US
49	Hagenau <i>et al.</i> , 2013	JA	ML-SVM	SVM	Finance	14,348	1997-2011 EPRs; News articles	Germany
50	Hanley & Hoberg, 2010	JA	ML-SVM	Sentiment analysis	Finance	2,043	IPO Prospectuses	US
51	Henry, 2006	JA	ML-LR	Word vectors LR; CART	Finance	441	2002 EPRs	US
52	Hoberg & Phillips, 2009	JA	ML-SVM	OLS Regression	Finance	50,104	1997-2006 Annual Reports	US
53	Huang & Li, 2011	JA	ML-ANN	Cosine Similarity	Audit	21,077	2006-2010 Annual Reports	Singapore
54	Huang, Zang, & Zheng, 2010	WP	ML-Stats	CKNN	Finance	389,096	1995-2008 Analyst Reports	Hong Kong
55	Humpherys <i>et al.</i> , 2011	JA	ML-SVM	Naïve Bayes	Audit	202	MD&As	US
56	Jiang, 2005	DD	ML	C4.5 Decision Tree;	Finance	5,815	News Articles	US
57	Jin <i>et al.</i> , 2013	CP	ML-LDA	Naïve Bayes; SVM	Finance	361,782	2010 - 2013 News Articles	US

(Continues)

No.	Source	Lit Type	AI or ML	Method	Domain	N	Data Source	Origin
58	Kamaruddin <i>et al.</i> , 2007	CP	ML	Conceptual Graphs	Audit		Annual Reports	Malaysia
59	Keila & Skillicorn, 2005	CP	ML-LIWC ML-SVM ML	LIWC; SVD Term Dictionary LIWC	Audit Finance Finance	517,431 149 29,663	Enron Emails News Articles Transcripts of Conference Calls	Canada India US
60	Kumar <i>et al.</i> , 2012	JA						
61	Larcker & Zakolyukina, 2012	JA						
62	Lavrentko <i>et al.</i> , 2000	CP	ML - Stats	Naïve Bayes Aenalist	Finance	NA	40 Days of News Articles	US
63	Li, 2010a	CP	ML-Stats	Naïve Bayes; LIWC	Finance	140,000	1994-2007 MD&As	US
64	Li, 2010b	JA	ML-Stats	Naïve Bayes	Finance	140,000	1994-2007 MD&As	US
65	Li, Wang, Li, Liu, Gong, & Chen 2014	JA	ML-SVM	SVR	Finance	124,470	Web Articles	Hong Kong
66	Li, Huang, Deng, & Zhu 2014	JA	ML-SVM	MKSVR	Finance	28,885	News Articles	Hong Kong
67	Li <i>et al.</i> , 2011	WP	ML-LIWC	Readability analysis	Finance	38,956	1994-2007 MD&As	US
68	Lu <i>et al.</i> , 2013	JA	ML-LR ML-SVM	FOG; LIWC LR SVM	Finance Finance	414 NA	News Articles Broker Blog Postings	Taiwan Finland
69	Lugmayr & Gossen, 2012	CP						
70	Magnusson <i>et al.</i> , 2005	JA	AI-SOM	SOM	Finance	24	Nokia, Ericsson, and Motorola 10Qs	Finland

(Continues)

Appendix D: (Continued)

No.	Source	Lit Type	AI or ML	Method	Domain	N	Data Source	Origin
71	Mahajan <i>et al.</i> , 2008	CP	ML-LDA	LDA; SVM Decision Tree	Finance	NA	Indian News Articles	India
72	Malo <i>et al.</i> , 2014	JA	ML-SVM	LPS; SVM	Finance	10,000	News Articles	Finland
73	Matsumoto <i>et al.</i> , 2011	JA	ML-LIWC	LIWC	Finance	10,062	Conference Calls	US
74	Mittermayer, 2004	CP	ML-SVM	SVM; TF-IDF	Finance	6,602	Press Releases	US
75	Mittermayer & Knolmayer, 2006	CP	ML-SVM	SVM; k-NN; TF-IDF	Finance	18,000	Press Releases	Switzerland
76	Mohan, 2006	WP	ML-LIWC	LIWC; GI	Finance	70,000	1996-2005 Annual Reports	US
77	Müller <i>et al.</i> , 1999	CP	ML-HAC	TaxGen	Acctg	70,000	One year of News articles	US
78	Peramunilleke & Wong, 2002	JA	ML-Stats	TF-IDF	Finance	>400	News Articles	Australia
79	Purda & Skillicorn, 2014	JA	ML-SVM	Q-Tagger Random Forests; SVM	Audit	240	AAERS	Canada
80	Qiu <i>et al.</i> , 2013	JA	ML-SVM	TF-IDF; SVM	Audit	4,753	Chinese Annual Reports	China
81	Qiu <i>et al.</i> , 2014	JA	ML-SVM	SVM	Finance	5,421	1997-2003 Chinese Annual Reports	China
82	Rachlin <i>et al.</i> , 2007	CP	AI-DT	TF-IDF; GA; C4.5 DT	Finance	NA	News Articles	US
83	Schumaker & Chen, 2009	JA	ML-SVM	Named Entities AZFinText	Finance	9,211	News Articles	US
84	Schumaker <i>et al.</i> , 2012	JA	ML-SVM	AZFinText	Finance	2,802	News Articles	US

(Continues)

No.	Source	Lit Type	AI or ML	Method	Domain	N	Data Source	Origin
85	Seo <i>et al.</i> , 2002	WP	ML-LSA	LSA; SVD	Finance	1,239	News Articles	US
86	Sinha, 2010	WP	ML	Reuters Sentiment Engine Sentiment analysis	Finance	1,790,000	2003-2010 News Articles	US
87	Smales, 2014	JA	ML	MCQ Classifier Sentiment analysis	Finance	2,138,342	2000-2010 News Articles	Australia
88	Soni <i>et al.</i> , 2007	CP	ML	Concept Map	Finance	NA	News articles	India
89	Thomas & Sycara, 2002	JA	ML-Stats	Rainbow Naïve Bayes	Finance	200	News articles	US
90	Vu <i>et al.</i> , 2012	CP	ML-ANN	Decision-Tree; CRF TST; Content Maps	Finance	5,001,460	April - May 2011 Tweets	Vietnam
91	Wang & Wang, 2012	JA	ML-HAC	HAC	Finance	5	Annual Reports	China
92	Wang, Huang, & Wang 2012	JA	ML-CLAS	CLAS; POS	Finance	293	1995-2005	China
93	Wuthrich <i>et al.</i> , 1998	CP	ML-SVM	k-NN	Finance	40	Annual Reports Hang Seng Index	
94	Yu <i>et al.</i> , 2013	JA	ML-Stats	Naïve Bayes	Finance	824	Social Media Postings	US
95	Zhai <i>et al.</i> , 2007	CP	ML-SVM	SVM; TF-IDF	Finance	148	2005-2006 News Articles	Australia

N: sample size; NA: not available or not applicable.

^aLiterature types: journal article (JA), conference paper (CP), working paper (WP), book chapter (BC) and doctoral dissertation (DD).

^bMethod: acronyms are defined in the glossary (Appendix A).

APPENDIX E: STUDIES EMPLOYING READABILITY ANALYSIS

Readability Studies & NLP							
No.	Source	Year	NLP Type	Method Used with Basic Readability Analysis	Domain	N	Origin
1	Baker and Kare 1992	1992	Manual		Acctg	NA	US
2	Brennan, Guillamon-Saorin, and Pierce 2009	2009	Manual		Acctg	NA	US
3	Butler and Keselj 2009	2009	ML-SVM	N-grams; CNG	Finance	NA	Canada
4	Clatworthy and Jones 2001	2001	Manual		Acctg	60	UK
5	Clatworthy and Jones 2003	2003	Manual		Acctg	100	UK
6	Clatworthy and Jones 2006	2006	Manual		Acctg	100	UK
7	Courtis 1986	1986	Manual		Acctg	142	Hong Kong
8	Courtis 1995a	1995	Manual		Acctg	32	Hong Kong
9	Courtis 1995b	1995	Manual		Acctg	NA	Hong Kong
10	Courtis 1998	1998	Text Mining		Audit	120	Hong Kong
11	De Franco, Hope, Vyas, and Zhou 2012	2012	Text Mining	FOG; Flesch	Finance	356,463	Canada
12	Dolphin and Wagley 1977	1977	Manual		Finance	NA	NA
13	Gibson and Schroeder 1990	1990	Manual		Acctg	40	US
14	Goel, et al. 2010	2010	ML-SVM	Naïve Bayes	Audit	126	US
15	Gu et al. 2007	2007	ML-ANN	Decision Tree	Finance	14	US
16	Healy 1977	1977	Manual		Acctg	NA	US
17	Henry 2006	2006	ML-LR	CART	Finance	441	US
18	Holley and Early 1980	1980	Manual		Acctg	NA	US
19	Humpherys et al. 2011	2011	ML-SVM	C4.5 Decision Tree; Naïve Bayes	Audit	202	US
20	Jones 1988	1988	Manual		Acctg	32	UK

(Continues)

Appendix E: (Continued)

21	Kravet and Muslu 2011	2011	Text Mining	Parsing	Finance	4,315	US
22	Lawrence 2011	2011	Manual		Finance	91,228	US
23	Lebar 1982	1982	Manual		Acctg	10	US
24	Lee 2010	2010	Text Mining	FOG	Finance	60,161	Taiwan
25	Lehavy, Li, and Merkley 2011	2011	Manual		Finance	33,704	US
26	Li 2008	2008	Text Mining	FOG	Acctg	55,719	US
27	Li, Lundholm, and Minnis 2011	2011	ML-LIWC	FOG	Finance	38,956	US
28	Loughran and McDonald 2009	2009	Text Mining	FOG; Flesch	Finance	42,357	US
29	Loughran and McDonald 2010	2010	Text Mining	FOG; Flesch; Plain English	Finance	42,357	US
30	Loughran and McDonald 2014	2014	Text Mining	FOG	Finance	66,707	US
31	Loughran, McDonald, and Yun 2009	2009	Manual		Audit	67,044	US
32	Merkley 2014	2014	Text Mining	Sentiment analysis; FOG	Finance	22,482	US
33	Miller 2010	2010	Text Mining	FOG	Finance	12,771	US
34	Moffitt and Burns 2009	2009	Text Mining	Content analysis; NLTK	Audit	720	US
35	Nelson and Pritchard 2007	2007	Text Mining	FOG	Acctg	53,315	US
36	Othman et al. 2012	2012	Text Mining	Flesch	Finance	16	Malaysia
37	Pashalian and Crissy 1952	1952	Manual		Acctg	NA	NA
38	Qiu, Jiang, and Deng 2013	2013	ML-SVM	TF-IDF	Audit	4,753	China
39	Rees and Twedt 2012	2012	Text Mining	Sentiment analysis; GI	Finance	2,057	US
40	Schroeder and Gibson 1990	1990	Manual		Acctg	40	US
41	Smith and Smith 1971	1971	Manual		Acctg	50	US
42	Smith and Taffler 1992a	1992	Manual		Acctg	66	US
43	Smith and Taffler 1992b	1992	Manual		Acctg	NA	Australia
44	Soper and Dolphion 1964	1964	Manual		Acctg	25	US
45	Still 1972	1972	Manual		Finance	NA	US
46	Sydservff and Weetman 1999	1999	Manual		Audit	10	UK
47	Twedt and Rees 2012	2012	Text Mining	Sentiment analysis; GI; FOG	Finance	2,057	US

N: sample size; NA: not available or not applicable.

^aMethod: acronyms are defined in the glossary (Appendix A).

APPENDIX F: NLP STUDIES CATEGORIZED BY ASSOCIATED OR CO-OCCURRING METHOD

	AI	ML	ANN	CART	CMU	Concept Maps & Graphs	CRF	DT	FOG	HAC	IA	k-NN
Classification Studies												
KO, Categorization, Information Retrieval	1	5			3				1	1	1	
Taxonomy/Thesauri Generation		13	1		3	1				6		
Information Retrieval Assessing F/S Content	1	5	1			1	1	2	1		2	
		4				1						
Prediction Studies												
Fraud Prediction and Detection		8							1			
Stock Prices and Market Activity	2	32	3			1			1		1	3
Predictive Value of Annual Reports/Disclosures		11		1								
Predictive Value of Web Content		7	3				1	2				
Total Excluding Readability	4	85	8	1	6	4	3	5	1	9	2	3
NLP-Based Readability Studies		6						1	4			
Total All Groups	4	91	8	1	6	4	3	6	5	9	2	3

(Continued)

Appendix F: (Continued)

	LDA	LIWC	LR	LSA	LSI	SVD	MLR	NB	NER	OLS	POS	RBC
Classification Studies						1						
KO, Categorization, Information Retrieval					1			1				
Taxonomy/Thesauri Generation						1						
Information Retrieval					1				1			
Assessing F/S Content								1				
Prediction Studies												
Fraud Prediction and Detection			2			1			2			1
Stock Prices and Market Activity	2	3	1		3			5	2	1	4	
Predictive Value of Annual	1	1	1					2		2	1	
Reports/Disclosures								3	1		1	
Predictive Value of Web Content												
Total Excluding Readability	3	6	2		7		2	13	3	3	6	1
NLP-Based Readability Studies				1				1		1		7
Total All Groups	3	6	3		7		2	14	3	4	6	8

(Continued)

Appendix F: (Continued)

	AI	SA	SOM	Stats	SVM	TF IDF	VSM	Other*
Classification Studies								
KO, Categorization, Information Retrieval	1							1
Taxonomy/Thesauri Generation				2	1	2		3
Information Retrieval								2
Assessing F/S Content	1		1		1	1		
Prediction Studies								
Fraud Prediction and Detection						6		
Stock Prices and Market Activity	2	5	1	4	19	5	3	5
Predictive Value of Annual Reports/Disclosures		1		3	3		2	1
Predictive Value of Web Content		3		2	1			2
Total Excluding Readability	4	9	2	11	31	8	5	14
NLP-Based Readability Studies		1			2	1		1
Total All Groups	4	10	2	11	33	9	5	15

*Method was only used in one study.

APPENDIX G: SUMMARY OF ALL 262 STUDIES CATEGORIZED BY DATA SOURCE AND ANALYSIS METHOD

Study	Data Source	Manual	Text Mining	ML	AI	ANN	CART	CMU	Concept Maps/ Graphs	CRF	DT	FOG	HAC	IA	k-NN	LDA	LIWC	LR	LSA	LSI	SVD	MLR	NB	NER	OLS	POS	RBC	SA	SOM	Stats	SVM	TF-IDF	VSM	Other	
Back et al. 2001	Annual Reports & CEO Reports		X			X	X																					X							
Baker & Karel 1992	Annual Reports	X																														X			
Balakrishnan Qiu & Srinivasan 2010	Annual Reports					X																													
Bao & Datta 2014	Annual Reports						X																												
Boo & Simnett 2002	Annual Reports	X																																	
Bovee et al. 2005	Annual Reports			X																															
Bowman 1984	Annual Reports	X																																	
Butler & Keselj 2009	Annual Reports					X																									X	X			
Campbell et al. 2014	Annual Reports			X																															
Cecchini 2005	Annual Reports				X																												X		
Chakraborty & Vasarhelyi 2010	Annual Reports					X																													
Chakraborty 2011	Annual Reports					X																													
Chen et al. 2011	Annual Reports					X																													
Chen et al. 2013	Annual Reports					X																											X		
Clapham & Schwenk 1991	Annual Reports	X																																	
Clarkson Kao & Richardson 1994	Annual Reports	X																																	
Clarkson Kao & Richardson 1999	Annual Reports	X																																	
Clatworthy & Jones 2001	Annual Reports	X																																	
Clatworthy & Jones 2003	Annual Reports	X																																	
Clatworthy & Jones 2006	Annual Reports	X																																	
Cong Kogan & Vasarhelyi 2007	Annual Reports		X																																
Courts 1986	Annual Reports	X																																	
Courts 1995a	Annual Reports	X																																	
Courts 1995b	Annual Reports	X																																	
Craig Mortensen & Iyer 2013	Annual Reports		X																																
Dolphin & Wagley 1977	Annual Reports	X																																	
Ferguson 1997	Annual Reports		X																																
Folsom et al. 2013	Annual Reports	X																																	
Frazier Ingram & Tennyson 1984	Annual Reports		X																															X	
Ganguly & Tam 2000	Annual Reports			X				X										X																	
Gerdes 2003	Annual Reports			X																															
Gibson & Schroeder 1990	Annual Reports	X																																	
Gooi 2008	Annual Reports			X																												X	X		
Groel et al. 2010	Annual Reports				X																												X		
Grant & Conlon 2006	Annual Reports					X			X																									X	
Healy 1977	Annual Reports	X																																	
Holberg & Phillips 2009	Annual Reports				X																										X	X	X		
Holley & Early 1980	Annual Reports	X																																X	
Huang & Li 2011	Annual Reports					X		X																											

(Continues)

Appendix G: (Continued)

Study	Data Source	Text Mining	ML	AI	ANN	CART	CMU	Concept Maps/ Graphs	CRF	DT	FOG	HAC	IA	k-NN	LDA	LIWC	LR	LSA	LSI	MLR	NB	NER	OLS	POS	RBC	SA	SOM	Stats	SVM	TF-IDF	VSM	Other
Hussainy Schleicher & Walker 2003	Annual Reports		X																													
Ingram & Frazier 1980	Annual Reports	X																														
Jegadeesh & Wu 2013	Annual Reports		X																													
Jones 1988	Annual Reports	X																														
Kamruddin Hamdan and Bakar 2007	Annual Reports			X								X																				
Klann & Watson 2009	Annual Reports	X																														
Kohuri Li & Short 2009	Annual Reports & 10-Qs	X																														
Kravet & Muslu 2011	Annual Reports		X																													
Lavrence 2011	Annual Reports	X																														
Lebar 1982	Annual Reports & EPRs	X																														
Lehay Li & Merkley 2011	Annual Reports	X																														
Leinenmann et al. 2001	Annual Reports		X																													
Levine & Smith 2006	Annual Reports		X																													
Li 2006	Annual Reports		X																													
Li 2008	Annual Reports		X																													
Linsley & Shrives 2006	Annual Reports	X																														
Loughran & McDonald 2009	Annual Reports	X																														
Loughran & McDonald 2010	Annual Reports	X																														
Loughran & McDonald 2011a	Annual Reports	X																														
Loughran & McDonald 2011b	Annual Reports	X																														
Loughran & McDonald 2014	Annual Reports	X																														
Loughran McDonald & Yin 2009	Annual Reports	X																														
Merkley 2011	Annual Reports	X																														
Miller 2010	Annual Reports	X																														
Mirakur 2011	Annual Reports	X																														
Moffit & Burns 2011	Annual Reports	X																														
Mohan 2006	Annual Reports		X																												X	
Muslu et al. 2010	Annual Reports		X																												X	
Nelson & Pritchard 2007	Annual Reports		X																													
Pashalian & Crispy 1952	Annual Reports	X																														
Qiu Jiang & Deng 2013	Annual Reports			X																									X	X		
Qiu Srinivasan and Hu 2014	Annual Reports			X																												
Rutherford 2005	Annual Reports	X																														
Singhvi 1968	Annual Reports	X																														
Smith & Smith 1971	Annual Reports	X																														
Soper & Dolphin 1964	Annual Reports	X																														
Steele 1982	Annual Reports	X																														
Summers & Sweeney 1998	Annual Reports	X																														
Tennyson Ingram & Dugan 1990	Annual Reports			X																												
Wang & Wang 2012	Annual Reports			X																												
Wang Li & Cao 2012	Annual Reports			X																												
Yon & Zhang 2009	Annual Reports	X																														

(Continues)

Appendix G: (Continued)

Study	Data Source	Manual	Text Mining	ML	AI	ANN	CART	CMU	Concept Maps/Graphs	CRF	DT	FOG	HAC	IA	k-NN	LDA	LIWC	LSA	LSI	NB	NER	OES	POS	RBC	SA	SOM	Stats	SVM	TF-IDF	VSM	Other
Antweiler & Frank 2006	News Articles		X															X													
Buelthauer 2013	News Articles			X																											
Carretta et al. 2011	News Articles		X																												
Chakraborty Chiu & Vasarhelyi 2014	News Articles			X		X						X																			
Chung 2014	News Articles				X		X														X										
Cohen et al. 2010	News Articles			X																											
Core Guay & Larcker 2008	News Articles				X																	X							X		
Engelberg 2008	News Articles			X																										X	
Engelberg Reed & Ringenber 2012	News Articles		X																												
Ferguson et al. 2014	News Articles		X																												
Fung Yu & Lam 2002	News Articles			X														X											X		
Fung Yu & Lu 2005	News Articles				X																								X		
Fung Yu & Wai 2003	News Articles				X																									X	
Garcia 2014	News Articles		X																												
Gideafalvi 2001	News Articles			X																	X								X		
Groth & Muntermann 2009	News Articles			X																										X	
Jiang et al. 2010	News Articles		X																												
Jacobs & Rau 1990	News Articles		X																												
Jiang 2005	News Articles			X																	X	X	X								
Jin et al. 2013	News Articles			X														X				X								X	
Kumar Kumar & Prasad 2012	News Articles			X																										X	
Lavrenko et al. 2000	News Articles		X																	X									X		
Li Huang Deng & Zhu 2014	News Articles		X																											X	
Lu Shen & Wei 2013	News Articles		X																	X											
Mahajan Dey & Haque 2008	News Articles		X															X											X		
Malo et al. 2014	News Articles		X																											X	
Malter et al. 1999	News Articles		X																X												
Peramannetilleke & Wong 2002	News Articles		X																									X	X		
Rachlin et al. 2007	News Articles			X														X											X	X	
Schumaker & Chen 2009	News Articles		X																		X									X	
Schumaker et al. 2012	News Articles		X																											X	
Seo Giannacca & Sycara 2002	News Articles		X																		X										
Sinha 2010	News Articles		X																											X	
Smales 2014	News Articles		X																											X	
Soni Van Eck & Kaymuck 2007	News Articles			X														X												X	
Tellock 2007	News Articles			X																											
Tellock 2011	News Articles			X																											
Tellock Saar-Tsechansky & Macskassy 2006	News Articles			X																											
Thomas & Sycara 2002	News Articles			X																	X										
Zhai Hsu & Halgamuge 2007	News Articles			X																		X						X	X		
Brown & Tucker 2011	MD&AS			X																									X	X	

(Continues)

Appendix G: (Continued)

Study	Data Source	Manual Mining	Text Mining	ML	AI	ANN	CART	CMU	Concept Maps/ Graphs	CRF	DT	FOG	HAC	IA	k-NN	LDA	LJWC	LR	LSA	LSI	SVD	MLR	NB	NER	OLS	POS	RBC	SA	SOM	Stats	SVM	TF- IDF	VSM	Other
Bryan 1997	MD&As	X																																
Burns et al. 2010	MD&As		X																															
Callahan & Smith 2004	MD&As	X																																
Cocchini et al. 2010	MD&As			X																											X			
Cole 1990	MD&As	X																																
Feldman et al. 2008	MD&As		X																															
Feldman et al. 2010	MD&As		X																															
Hooks & Moon 1993	MD&As	X																																
Humphreys et al. 2011	MD&As			X															X												X			
Li 2010a	MD&As		X																		X		X		X					X				
Li 2010b	MD&As		X																		X		X		X									
Li Lundholm & Minnis 2011	MD&As			X															X		X													
Meffitt & Burns 2009	MD&As		X																															
Pava & Epstein 1993	MD&As	X																																
Schroeder & Gibson 1990	MD&As		X																															
Sysdorff & Weetman 1999	MD&As	X																																
Wang Huang & Wang 2012	MD&As		X																													X		
Aldersons et al. 1992	EPRs		X																															
Davis & Tama-Sweet 2012	EPRs		X																															
Davis Piger & Sedor 2006	EPRs		X																															
Davis Piger & Sedor 2012	EPRs		X																															
Francis Schipper & Vincent 2002	EPRs		X																															
Groth & Muntermann 2011	EPRs		X		X														X			X								X				
Hagenau Liebmam & Neumann 2013	EPRs + News articles		X																												X			
Henry & Leone 2010	EPRs		X																															
Henry 2006	EPRs		X																		X			X										
Hoskin Hughes & Ricks 1986	EPRs		X																															
Huang 2011	EPRs		X																															
Huang Teoh & Zhang 2014	EPRs		X																															
Kimbrough & Wang 2014	EPRs		X																															
Rogers Van Buskirk & Zechman 2011	EPRs		X																													X		
Fisher & Garnsey 2006	FAS		X																X															
Fisher & Garnsey 2010	FAS		X																															
Fisher 2004	FAS		X																															
Fisher 2007	FAS		X																															
Fisher and McEwen 2009	FAS		X																														X	
Ganguly Hedley & Wong 1991	FAS		X																													X		
Garnsey & Fisher 2008	FAS		X																X															
Garnsey 2006a	FAS		X																X															
Garnsey 2006b	FAS		X																X															

(Continues)

Appendix G: (Continued)

Study	Data Source	Manual	Text Mining	ML	AI	ANN	CART	CMU	Concept Maps/Graphs	CRF	DT	FOG	HAC	IA	k-NN	LDA	LIWC	LR	LSA	SVD	MLR	NB	NER	OES	POS	RBC	SA	SOM	Stats	SVM	TF-IDF	VSM	Other
Ganguly & Wu 2000	FARS Database		X																														
Ganguly 1989	FARS Database		X																												X		
Ganguly 2008	FARS Database		X																														
Garncay & Hotaling 2011	FARS Database		X																														
Garncay 2008	FARS Database				X																												
Garncay 2009	FARS Database				X																												
Garncay O'Neil & Stokes 2009	FARS Database				X											X				X													
Beynon Claworthly & Jones 2005	Chairman's Statements		X																														
Courtn 1998	Chairman's Statements		X																														
Obrien et al. 2012	Chairman's Statements		X																														
Smith & Taffler 1992a	Chairman's Statements		X																														
Smith & Taffler 1992b	Chairman's Statements		X																														
Smith & Taffler 2000	Chairman's Statements		X																														
Still 1972	Chairman's Statements		X																														
Sydserrill & Wetteman 2002	Chairman's statements		X																														
Bricker et al. 1995	Analyst Reports		X																														
De Franco Hope Vyas and Zhou 2012	Analyst Reports		X																														
Govindarajan 1980	Analyst Reports		X																														
Huang Zeng & Zheng 2010	Analyst Reports			X																X													
previsi et al. 1994	Analyst Reports		X																														
Rees & Twedd 2012	Analyst Reports		X																														
Rogers & Graa 1997	Analyst Reports & Annual Reports		X																														
Twedd & Rees 2012	Analyst Reports		X																														
Brennan Guillamon-Saorin Pierce 2009	Press Releases		X																														
Henry 2009	Press Releases		X																														
Mittermayer & Koelmayer 2006	Press Releases		X																X									X	X				
Mittermayer 2004	Press Releases		X																									X	X				
Ozik & Sadiqa 2012	Press Releases		X																														
Sadique In & Veeraraghavan 2008	Press releases		X																														
Solomon Soltes & Sosyuram 2014	Press releases		X																														
Demers & Vega 2010	10-Qs		X																														
Lee 2010	10-Qs		X																														
Magnusson et al 2005	10Qs			X																											X		
Milner 2002	10-Qs		X																														
Shon 2003	10-Qs		X																														
Deunes 2008	IPO Prospectuses		X																														
Ferris Hao & Liao 2013	IPO Prospectuses		X																														
Hanley & Hoberg 2008	IPO Prospectuses		X																														
Hanley & Hoberg 2010	IPO Prospectuses			X																								X	X	X			
Jarvenpaa & Ives 1990	Letters to Shareholders		X																														

(Continues)

Appendix G: (Continued)

Study	Data Source	Manual Mining	Text Mining	ML	AI	ANN	CART	CMU	Concept Maps/ Graphs	CRF	DT	FOG	HAC	IA	k-NN	LDA	LIWC	LR	LSA	LSI	SVD	MLR	NB	NER	OIS	POS	RBC	SA	SOM	Stats	SVM	TF- IDF	VSM	Other	
Abrahamson & Amir 1996	President's Letters	X																																	
Abrahamson & Park 1994	President's Letters	X																																	
McConnell Haslem & Gibson 1986	President's Letters	X																																	
Swales 1998	President's Letters	X																																	
Charlyk Lee & Clinton 2009	AAERs	X																																	
Deschow et al. 2009	AAERs	X																																	
Purda & Skillicorn 2014	AAERs								X																							X			
Larcker & Zakolyukina 2012	Conference Calls								X																										
Matsuimoto Front & Roelofszen 2011	Conference Calls								X																										
Price et al. 2012	Conference Calls								X																										
Aerts 1994	Disclosures	X																																	
Beattie McInnes & Fearnley 2004	Disclosures			X																															
Bheraj Blaicomere & D'Souza 2004	Disclosures	X																																	
Bollen Mao & Pepe 2011	Tweets			X																													X		
Bollen Mao & Zeng 2011	Tweets							X	X																										
Vu Chang Ha and Collier 2012	Tweets			X				X	X																								X		
Crofts & Bisman 2010	Acctg Journal Articles			X																															
Previts & Brown 1993	Acctg Journal Articles	X																																	
Armesto et al. 2009	Beige Book			X																															
Sadique et al. 2013	Beige Book			X																															
Lugmair & Gossen 2012	Blog Postings			X																													X		
Luo Zhang & Dian 2013	Blog Postings	X																																	
D'Aveni & MacMillan 1990	CEO Letters to Shareholders	X																																	
Hooghiemstra 2010	CEO Letters to Shareholders	X																																	
Davis Ge Matsuimoto & Zhang 2014	Earnings Calls			X																															
Doran Peterson & Price 2010	Earnings Calls			X																															
Kasznik & Lev 1995	Mgmt. Disclosures	X																																	
Kelly-Newton 1980	Mgmt. Disclosures	X																																	
Boritz Hayes & Lim 2013	SOX 404 Reports			X												X		X																	
Masi et al. 2009	SOX 404 Reports	X																																	
Hofstede 1976	Various	X																																	
Jiun Kinard and Punney 1968	Various	X																																	
Che Wuthrich & Zhang 1998	Web News Articles			X																												X	X		
Li Wang Li Liu Gong & Chen 2014	Web News Articles			X																												X			
Gilbert & Karabalis 2010	Web postings			X																												X			
Gu et al. 2007	Web postings			X			X										X																		
Baidu 2005	Accounting Research Database	X																																	
Rezaee Olibe & Minnier 2003	Audit Committee Reports	X																																	
Meyer & Rigby 2001	BRIA articles	X																																	
Farell & Cobbin 2000	Codes of Ethics	X																																	
Mendonca 2009	CRSP			X																															
Keila & Skillicorn 2005	Emails			X																															

(Continues)

Appendix G: (Continued)

Study	Data Source	Manual	Text Mining	ML	AI	ANN	CART	CMU	Concept Maps/Graphs	CRF	DT	FOG	HAC	IA	k-NN	LDA	LIWC	LR	LSA	SVD	MLR	NB	NER	OES	POS	RBC	SA	SOM	Stats	SVM	TF-IDF	VSM	Other
Yen Hirst & Hopkins 2007	FASB Comment Letters	X																X															
Boukus & Rosenberg 2006	FOMC Minutes		X																														
Born Ehrmann & Fratzscher 2013	FSRs & Speeches	X																															
Bligh & Hess 2007	Greenspan Speeches	X																															
Wadrich et al. 1998	Hang Seng Index (HIS)			X												X											X						
Antweiler & Frank 2004	Message Boards		X																		X						X						
Baginski Hassell & Kimbrough 2004	Mgmt earning forecasts	X																															
Chen et al. 2014	Online Postings		X																														
Wang & Guo 2012	Online Recruiting Information	X																															
Ding & Chen 2006	Proxy Statements	X															X																
Merkley 2014	R&Ds	X																									X	X					
Durnev & Mansen 2011	Restatements	X																															
Loughran & McDonald 2013b	S-1 Filings	X																															
Donaldson McInnes & Mergenthaler 2012	Securities Lawsuits	X																															
Yu Dunn & Cao 2013	Social Media Postings		X																	X		X	X										
Das & Chen 2007	Stock message boards		X																				X										
Chiu 2013	TAR articles	X																															
Lytinen & Gershman 1986	Telex messages	X																															
Total Studies per Method		86	81	91	4	8	1	6	4	3	6	5	9	2	3	3	6	3	7	2	14	3	4	6	8	10	2	11	33	9	5	15	

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