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The Impact of Disclosure Tone on Forecasting the Going Concern of Firms: The Mediating Role of Narcissism

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Abstract

This research aimed to examine the relationship between the disclosure tone and the forecasting of firms' going concern, with a focus on the mediating role of narcissism. The study analyzed a sample of 66 companies, comprising 453 firm- year observations from entities listed on the Egyptian Stock Exchange during the period from 2017 to 2023. The researcher employed a manual analysis of financial statements alongside regression and path analysis techniques. The findings revealed a statistically significant positive and direct impact of the disclosure tone on the forecasting of firms' going concern. Moreover, narcissism, as measured by the NAR_Score (based on signature size), was found to mediate the relationship between the disclosure tone and the forecasting of firms' going concern. However, this mediating effect was not observed when narcissism was measured using the NAR_Index.

Keywords: Disclosure Tone, the Forecasting of Firms' Going Concern, Narcissism

Introduction

Forecasting a firm's going concern has become increasingly important as companies strive for continuity and sustainable growth in a rapidly changing business environment. The concept of going concern assumes that a firm will continue operating for the foreseeable future unless there is clear evidence to the contrary. In today's global context—marked by high inflation, economic uncertainty, and rising trade tensions (World Bank, 2024; IMF, 2024)—it is essential for stakeholders to evaluate a company's ability to remain in operation.

One of the key tools that can support this evaluation is narrative disclosure. Unlike financial statements that present numerical data, narrative disclosures provide qualitative insights into a company's performance and future prospects. They are used to communicate important information to external users such as investors, financial analysts, and auditors, offering a more complete picture of the company's condition (Mayew et al., 2012; Elsayeda et al., 2020).

Narrative disclosure consists of two main elements: content, which refers to the core message, and tone, which refers to how the message is delivered (Asay et al., 2018). Managers often use narrative disclosures not only to inform but also to influence, sometimes presenting an overly optimistic or pessimistic view depending on their motivations. For example, they may avoid issuing negative forecasts to reduce litigation risk. In distressed firms, managers may present biased or favorable narratives to minimize the likelihood of losing their going concern status (Feng, 2009).

This study focuses on the tone of narrative disclosure—the language style used by managers to communicate with stakeholders. Research shows that disclosure tone is not strictly regulated, allowing managers considerable freedom in choosing how to express their expectations (Kashanipour et al., 2019). This flexibility can lead to the use of exaggerated language, shaped by personal motives such as self-promotion or strategic positioning.

Among the personal characteristics that influence disclosure tone, managerial narcissism is particularly relevant. Narcissistic managers have a strong need to enhance their self-image and are more likely to manipulate the tone of disclosures to portray themselves and their firms in a favorable light (Chatterjee et al., 2007). Such behavior can mislead users of financial reports and distort their assessments.

Narrative disclosures, therefore, serve not only as reporting tools but also as strategic communication mechanisms. Managers use them to shape perceptions, influence investor confidence, and even guide analyst forecasts (Allee et al., 2015). The tone they choose can significantly impact how stakeholders interpret the firm's financial and non-financial situation.

When used appropriately, a well-balanced tone can improve the ability of users to predict a firm's future viability. However, when biased or overly positive, it can reduce the reliability of these forecasts. Managerial motives often drive such strategic adjustments in tone, either to gain personal benefit or to protect the firm's reputation. This highlights the need to consider behavioral factors—such as personal traits and psychological drivers—in the study of narrative disclosures. Yet, such dimensions remain underexplored in accounting research due to difficulties in measurement and data limitations (Wilken, 2023).

The scientific significance of this study lies in its integration of behavioral insights into accounting literature. Human capital and individual behavior are critical to a firm's ability to continue operating. Understanding how managerial motives and communication strategies influence stakeholders' perceptions is key to improving forecasting models for going concern. The practical significance also stands out. Investors, analysts, and auditors rely on both financial and narrative information when making decisions. This research shows how the tone of disclosure can serve as a signal—whether managers are delivering good or bad news—and may impact assessments of firm performance and future prospects. It can help users look beyond numbers and detect hidden risks or overstatements in management communications.

This study is driven by the urgent need to improve forecasting of firm sustainability in the face of growing global challenges. It aims to fill a gap in the literature by focusing on how narrative tone—shaped by managerial narcissism—influences going concern assessments. Given that narrative disclosures are more vulnerable to manipulation than numerical data, it is essential to understand the role of managers' personal motives in shaping disclosure tone. Accordingly, this research investigates the relationship between disclosure tone and forecasting the going concern of firms, with a particular focus on the mediating role of managerial narcissism. The structure of the study begins with a review of the relevant literature, followed by the development of a theoretical framework. It then outlines the methodology and data analysis techniques used, before presenting the main findings and concluding with key recommendations.

Theoretical Framework

Disclosure Tone

Previous studies have provided various definitions of disclosure tone. For instance, Henry (2006) used a list of positive and negative words to measure the tone of accounting disclosures of companies. The study found that verbal elements significantly influence investors' decision-making. Similarly, Henry (2008) confirmed that the tone of earnings announcement disclosures affects investors' perceptions and their understanding of qualitative information, which, in turn, influences their decisions.

Henry (2008) defined disclosure tone as "the general feeling perceived by the reader resulting from the textual communication of positive or negative emotions," indicating that the tone's impact comes from the chosen words' content. In (Arena et al., 2013), accounting disclosure tone was defined as using an optimistic versusa pessimistic tone, expressed through the use of nouns, adjectives, or verbs that reflect the managers' emotions. (Aly et al., 2018) emphasized that the tone used in disclosing news depends on the financial performance of the company and the management's performance.

Tailab et al. (2018) defined disclosure tone as "the language that supports an individual, group, concept, or event or highlights positive impacts." Other study (Kang et al., 2018) further clarified that accounting disclosure tone refers to how companies describe their performance and future trends, highlightingthat corporate reports are closely linked to past, present, and future performance.

According to Fisher et al. (2020), disclosure tone is a means through which managers convey accounting information in financial reports through words that carry positive or negative connotations.

Based on the definitions, disclosure tone can be described as the manner in which companies present their performance and future trends using positive or negative sentences to create an impression about the company's situation for external stakeholders. In short, it refers to the language used in narrative disclosures to reflect the overall condition of the company.

The method used to measure disclosure tone was based on calculating the frequency of positive and negative words in financial reports (Henry, 2008), which has been adopted in numerous studies such as (Lu et al., 2019; Davis et al., 2012). However, after reviewing financial reports in the Egyptian context, the researcher found it challenging to apply this method due to differences in the structure of the reports. Therefore, this study relied on categorizing news as positive or negative based on specific paragraphs in the reports, such as increases in stock prices, sales, profits, cash flows, cost reductions, and the company's ability to settle its debts.

The signaling theory (Allee et al., 2015) explains the use of narrative disclosure tone by managers as a means to send signals that reflect the company's success anddifferentiation from other companies, aimed at influencing external stakeholders. I see considers disclosure tone as a primary channel for conveying information to external stakeholders, either through a positive tonereflecting good news or a negative tone reflecting bad news.

Forecasting the Going Concern of Firms

The prediction of corporate continuity in previous studies has been defined as "the ability to predict whether a company can continue operating for a sufficient period to achieve its goals and meet its financial obligations" according to Generally Accepted Accounting Principles (GAAP). According to International Standard on Auditing (ISA) 570, financial statements are prepared on the assumption that the company will continue as a going concern unless there is an intention to liquidateor cease operations. Factors influencing continuity prediction include current financial performance, market trends, economic conditions, and management practices.

Regarding methods for measuring continuity prediction, studies have used dummy variables or financial ratios such as those by (Chen et al., 2018; Febriana et al., 2020). In this research, the Altman Z-Score model will be used, which matches the data from companies listed on the Egyptian Stock Exchange.

The legitimacy theory explains corporate continuity through the concept of the "social contract" between a company and society, where a company's legitimacy can be challenged by societal expectations, potentially leading to its decline (Elsayeda et al., 2020). This theory plays a crucial role in promoting a company's legitimacy and enhancing its market competitiveness. By fostering constructive interactions with society and aligning with the expectations of external stakeholders, the legitimacy theory supports sustainable organizational success and long-term stability.

Narcissism

The roots of narcissism trace back to the Greek myth of "Narcissus," where the character fell in love with his reflection in the water. The term "narcissism" was first used in the nineteenth century to describe a pathological condition of excessive self-love. Freud (1914) described narcissism as a personality disorder characterized by grandiosity, a need for admiration, and a lack of empathy for others (Resick et al., 2009; O'Reilly et al., 2014). According to the American Psychiatric Association (APA, 2013), narcissism is defined as "a personality trait marked by a preoccupation with grandiosity, a desire for attention, and an inflated self-image, alongside the disregard for others."

Although narcissism has been a prominent area of research in psychology since Freud's era, its emergence in economics and finance only began in the early 21st century (Cragun et al., 2020). In this context, managerial narcissism can be characterized by an excessive preoccupation with oneself, the detrimental use of authority to achieve personal objectives, and a lack of empathy and positive interpersonal relationships.

In this context, the extended agency theory was developed to explain the impact of narcissism on managerial behavior. This theory is an extension of the original agency theory, which addresses the divergence of interests between managers and shareholders, but it expands to include psychological, social, and behavioral factorsthat influence the actions of agents (managers). According to this model, narcissism can lead to ineffective or destructive behaviors by managers due to theirexcessive desire to outperform others and their constant need for admiration (Cragun et al., 2020).

To measure narcissism, (Olsen et al., 2014) used the image of the manager in annual reports, rating it on a scale from 1 to 5. Other studies, such as (Wilken, 2023; Ham et al., 2018), also relied on the prominence of the manager's imagein the annual report or the size of the manager's signature. In contrast, (Brouwer, 2018) presented a comprehensive narcissism scale consisting of nine objective indicators. (Salehi et al., 2020) used the analysis of the manager's signature size along with the residuals of the relationship model between sales and asset size.

Given that financial reports in the Egyptian environment align more closely with the measurement model from (Salehi et al., 2020), the current study adopted the manager's signature size measurement along with the residual indicator, which willbe explained in detail in the applied study.

Literature Review & Hypotheses Development

The studies addressing topics related to the subject of this research, based on (the relationship between disclosure tone and forecasting the going concern of firms, and the mediating role of managers' motivations in this relationship), will bepresented. These studies will be analyzed, and the research gap will be identified.

The Relationship between Disclosure Tone and Forecasting the Going Concern of Firms

Future financial performance can be used as a proxy for going concern because many studies have mainly focused on its relationship with firm value and future profitability as a means to assess a company's ability to ensure its long-term operations. These studies frequently examine the connection between financial performance and organizational sustainability, as discussed in Aly et al. (2018). In contrast, this study aims to offer a more comprehensive understanding of the relationship between disclosure tone and forecasting the going concern of firms.

Consequently, I can show the relationship between disclosure tone and going concern through a literature of relation with future financial performance. In this regard the first study on this topic in the Egyptian context is by (Aly et al., 2018), which showed that Egyptian companies disclose more good news than bad news. The disclosure tone is determined by financial performance through a causal relationship. The following studies indicate a positive correlation between disclosure tone, future performance, and firm value (Davis et al., 2006; Li, 2010; Suryani et al., 2024). A study by (Elsayeda et al., 2020) confirmed the explanatory power of tone in predicting company failure and distress. Similarly, (Iqbal et al., 2021) showed that textual data is a valuable source of additional information for forecasting future performance. Additionally, (Kashanipour et al., 2019) found that specialized tone provides a better explanation of future performance, while the importance of tone is highlighted in cases of uncertainty about future performance, as shown in (Boudt et al., 2018).

The first hypothesis can be formulated as follows:
H_1: There is no significant effect of disclosure tone on forecasting the going concern of firms.

The Relationship between Disclosure Tone and Narcissism
There is a lack of studies addressing personal dimensions, with the main reason being the difficulty in measuring personal dimensions due to their inability to be directly observed, along with limited available data for analysis. However, this study focuses on personal dimensions, with a particular emphasis on narcissism. Therefore, I aim to explore the relationship between Disclosure Tone and Narcissism.

Accordingly a study by Buchholz et al. (2018) found that executive narcissism is positively associated with an unusual optimistic tone, and higher levels of executive narcissism are linked to a greater likelihood of issuing additional shares in the future and increased research and development investments. Marquez-Illescas et al. (2019) showed that more narcissistic executives issue more positive earnings announcements, although this tendency decreases with age, and the market response to these announcements becomes less pronounced, indicating that the market accounts for bias in disclosures made by these managers. Mashayekh et al. (2020) highlighted how personal biases and exaggerated positive perceptions among narcissistic managers affect their presentation of financial information to the stock exchange, including the tone used in disclosing this information, where managers with larger signatures are more likely to reduce voluntary disclosure of information. Akbarlou et al. (2022) found a positive and significant relationship between executive narcissism and an optimistic tone in financial reports. Overall, narcissistic managers view optimistic financial reports as an opportunity to enhance their self-image. Additionally, earnings management strengthens the relationship between executive narcissism and the optimistic tone in financial reports.

The second hypothesis can be formulated as follows:
H_2: There is no significant effect of Disclosure Tone and Narcissism.

The Relationship between Narcissism and Forecasting the Going Concern of Firms

Based on the above discussion of using future financial performance as a proxy for going concern, I can explain this relationship depending on future financial performance. In this context, the study by Kraft (2022) indicates that executive narcissism can be beneficial for company performance by fostering innovation. Tailab et al. (2023) found a positive relationship between executive narcissism and an optimistic tone, where part of this relationship is attributed to performance, with performance acting as a mediator between narcissism and the positive tone of highly narcissistic managers, while no similar effect is found among low-narcissism managers. Both groups use positive language even in cases of weak performance. Shirokova et al. (2024) demonstrated a positive relationship between strategic entrepreneurial behavior and the performance of small and medium-sized enterprises, with narcissistic and machiavellian traits among CEOs enhancing this relationship, thereby increasing the effectiveness of these behaviors in improving company performance. Additionally, a positive relationship between narcissism and company performance is evident in studies (Olsen, 2014; Brouwer, 2018; Salehi et al., 2020), while other studies show a negative relationship (Ham et al., 2018; Mashayekh et al., 2020), and some studies found no relationship (Wilken, 2023).

The third hypotheses can be formulated as follows:
H_3: There is no significant effect of Narcissism and Forecasting the Going Concern of Firms**.**

This study selects narcissism as a mediating variable because of its impact on managerial behavior, particularly in shaping disclosure tone. Narcissistic managers often view themselves as highly important and seek constant admiration, leading them to present information that highlights successes and downplays negative aspects (Mashayekh et al., 2020). This behavior can result in biased reporting and less voluntary disclosure to protect their image. Shirokova et al. (2024) also found that narcissistic traits enhance strategic decisions, improving company performance and outcomes. Therefore, exploring narcissism as a mediator helps explain how personality traits influence the relationship between disclosure tone and forecasting a firm's going concern.

Accordingly, the following hypothesis is proposed:
H_4: There is no significant indirect effect of disclosure tone on forecasting the going concern of firms through the mediating role of narcissism.

According to the foregoing, the researcher illustrates the relationship between the research variables through the following figure:

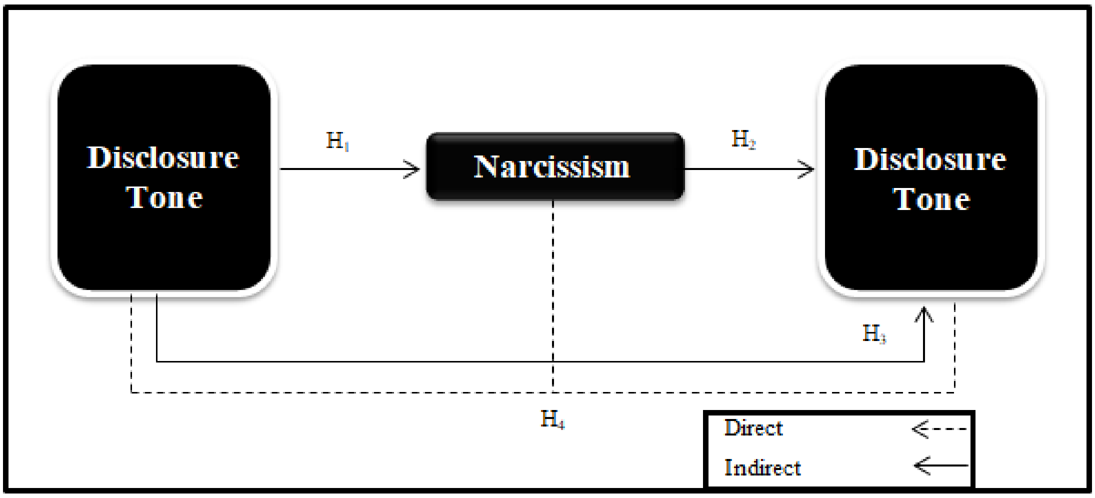

Figure (1): Conceptual Framework

Research Methodology

Population and Sample Size

The population of the applied study related to the Egyptian firms listed on EGX100. Consequently, the researcher depends on intended sample from these listed firms, By scanning the Egyptian stock market on Egypt, it is evident that the sample includes 66 listed companies operating across various sectors, including Communications, Media, and Information Technology; Food, Beverages, and Tobacco; Transportation and Shipping Services; Industrial Products and Automotive; Healthcare and Pharmaceuticals; Tourism and Entertainment; Energy and Supporting Services; Real Estate; Building Materials; and Basic Resources. These companies collectively contributed 462 observations (66 companies × 7 years). After excluding 9 observations with outliers and extreme values, the final study sample consists of 453 observations.

Variables Measurement

The independent variable: Disclosure Tone

The research relies on measuring the variable through the study of positive and negative news within specific sections of the reports as outlined in (Aly et al.,2018), which include:

- Increase in stock price
- Increase in sales
- Increase in profits and cash flows
- Decrease in costs
- The company's ability to repay its debts

The most significant positive news for external parties includes an increase in stock price, sales growth, increased profits and cash flows, reduced costs, and the company's ability to meet its financial obligations. On the other hand, negative news includes a decrease in capital investment within the company, higher levelsof financial distress, the company’s involvement in low-quality debt investments, and a decline in the company’s credit rating, among others. The net disclosure toneis then calculated based on this:

Net Tone Disclosure (NTD)= Good News (GN) – Bad News (BN)

(NTD): Net Disclosure Tone
(GN): Total Positive News
(BN): Total Negative News
The dependent variable: Forecasting the Going Concern of Firms
The measurement of a firm's going concern is based on the financial distress indicator (Altman Model), specifically the (Z-score) financial distress index, whichis widely agreed upon by academics and professional bodies. This indicator is measured as follows (Altman, 1968):

$$\mathbf{Z = 1.2\, x_1 + 1.4\, x_2 + 3.3\, x_3 + .6\, x_4 + 1.0\, x_5}$$

Where:
x_1= Working Capital ÷ Total Tangible Assets
x_2= Retained Earnings ÷ Total Tangible Assets
x_3= Earnings Before Interest and Taxes (EBIT)÷Total Tangible Assets
x_4= Market Value of Shareholders' Equity (Number of Shares * Stock Price)÷Total Liabilities
x_5= Net Sales ÷ Total Tangible Assets
The Z-score value is classified into three categories as follows:

1. If the Z-score is greater than 2.7, the company is classified as financially healthy and unlikely to experience financial distress.
2. If the Z-score is less than 2.7 and greater than 1.8, the company's financial situation is uncertain and requires further analysis, indicating that its financial stability is questionable.
3. If the Z-score is less than 1.8, the company's situation is extremely difficult, with a very high likelihood of bankruptcy, indicating a critical risk of financial distress.

The mediating variable: Narcissism
The CEO's narcissism reflects their internal desire to increase investment levels in order to improve performance in the eyes of external stakeholders. In this regard, the researcher believes that the level of narcissism can be measured using the following two scales, which align with the study by Salehi et al. (2020):

1) The CEO's signature area on the company's financial reports, as it alignswith the data available in the Egyptian environment.
2) The residual model of the relationship between sales and asset size is asfollows:

$$\text{Asset Gr} = \beta 0 + \beta 1 \text{ Sales Gr} + \varepsilon$$

Where:

- Asset Gr: Asset growth rate for a single company, representing thedifference between assets in year t and year t-1, divided by assets in year t-1.
- Sales Gr: Sales growth rate for a single company, representing thedifference between sales in year t and year t-1, divided by sales in year t-1.

The residuals of this model indicate the level of narcissism. Negative residuals suggest the CEO's tendency to exaggerate investments in assets, while positive residuals suggest the CEO's tendency to over-invest in capital expenditures to fulfill their narcissistic needs.

Therefore, the narcissism indicator can be based on the residuals of the previous model through a dummy variable, which takes the value of (1) when residuals are positive and (0) otherwise.

Control Variables

The control variables refer to those variables that influence the dependent variable and have been added to control for the relationship between the dependent and independent variables in regression models. The researcher utilized several control variables that were considered significant determinants for predicting thecontinuity of companies, based on the study by Elsayeda et al. (2020); thesevariables include accounting variables such as the current ratio (liquidity), which suggests that firms with higher liquidity are less likely to fail, and market-based variables such as the market value index. One of the most significant variables explaining differences between companies is company size (Gala et al., 2016). The following table provides details on how these control variables are measured:

Table 1
Control variables

Variable	Measurement Method
Current Ratio (Liquidity)	Current Assets by Current Liabilities
Market Value Index	Market Value of Equity by Book Value of Equity
Company Size	logarithm of the Book Value of Total Assets

Design Testing Model

The content of corporate reports will be analyzed to measure the variables, and regression analysis will be used to assess the relationships between these variables.Additionally, path analysis using the AMOS will be employed to measurethe significance of the indirect effects of the independent variable on the dependentvariable in the presence of the mediating variable. Within the framework of the study's objectives, which aim to test statistical hypotheses, the researcher can formulate a model for hypothesis testing based solely on the direct relationships between the independent and dependent variables:

- The model of the direct relationship between Disclosure Tone and Forecasting the Going Concern of Firms:
  Z-Score = β0 + β1 (NTD) + β2 (Liq) + β3 (Tobin's Q) + β4 (Size) + ε
- The model of the direct relationship between Disclosure Tone and Narcissism:
  NAR_Score = β0 + β1 (NTD) + β2 (Liq) + β3 (Tobin's Q) + β4 (Size) + ε (2-1)
  NAR_Index = β0 + β1 (NTD) + β2 (Liq) + β3 (Tobin's Q) + β4 (Size) + ε (2-2)
- The model of the direct relationship between Narcissism and Forecasting the Going Concern of Firms:

Z-Score = β0 + β1 (NAR_Score) + β2 (Liq) + β3 (Tobin's Q) + β4 (Size) + ε (3-1)
Z-Score = β0 + β1 (NAR_Index) + β2 (Liq) + β3 (Tobin's Q) + β4 (Size) + ε (3-2)

Data Analysis and Results of the Applied Study

Descriptive Statistics

Table (2) presents the descriptive statistics for all research variables. The disclosure tone (NDT) score has a mean value of (0.201). On the other hand, the Z-score is (4.274), which, based on the specified score ranges, indicates that the overall average of the study sample exceeds the threshold value of (2.7). This suggests that the majority of the companies in the study sample are financially healthy and unlikely to face distress. Additionally, the narcissism score (NAR_Score), measured by signature size, shows a mean value of (3.302), indicating no significant exaggeration in signature size and reflecting a moderate level of narcissism among the study sample. Regarding the narcissism index (NAR_Index), the analysis identifies a narcissism rate of (13.5 %), implying that the level of narcissism in the study sample, as inferred from capital investments in assets, is relatively low.

Table (2)
Descriptive Statistics

V	N	Minimum	Maximum	Mean	Std. Deviation
	453	-8.821	10.955	4.274	2.345
NDT	453	-5.000	5.000	0.201	2.191
NAR_Score	453	0.800	8.800	3.302	1.268
NAR_Index	453	0.000	1.000	0.135	0.342
Tobin's Q	453	0.886	1.325	1.103	0.126
Log Size	453	7.354	11.151	9.339	0.648
Liq	453	0.001	3.391	0.484	0.273
Valid N (listwise)	453				

Correlation Matrix
The researcher aims to conduct a correlation analysis to verify the nature of the relationship between the independent and dependent variables, as well as the mediating variables. Additionally, the researcher intends to examine the nature of multicollinearity between the independent and control variables included in the statistical hypothesis testing models of the study. This can be achieved by examining the matrix presented in the following table:

Table (3)
Correlation Matrix

		(1)	(2)	(3)	(4)	(5)	(6)	(7)
(1)	Z-Score	1						
(2)	NDT	.377**	1					
(3)	NAR_Score	-.111*	-.111*	1				
(4)	NAR_Index	.103*	0.005	0.054	1			
(5)	Tobin's Q	0.046	0.044	0.033	.134**	1		
(6)	Log Size	.316**	.147**	-.168**	0.037	.395**	1	
(7)	Liq	-0.020	-0.036	0.020	-0.050	0.026	0.001	1

*,** Correlation is significant at the 0.05 & 0.01 level respectively.

The researcher found, upon examining the previous matrix that all correlation coefficients between the control and independent variables in the statistical hypothesis testing models were below (0.8). This indicates that the issue of multicollinearity does not exist in the relationships between the variables.

Regression Results

Disclosure Tone on Forecasting the Going Concern of Firms:

The researcher can analyze the direct relationship between the disclosure tone and the forecasting of company continuity by running regression model (1), relying on the significance level of the relationships and their directions between the variables. In this regard, the results of the statistical analysis for running regressionmodel (1) yielded the following table:

Table (4)

Regression Results (1)

Dependent Variable: Z-Score			
Variables	Model (1)		
	β Coef.	T-Stat.	P-Value
Cons.	-5.282	-3.156	0.002
NTD	0.360	7.927	0.000
Tobin's Q	0.452	0.579	0.563
Log Size	0.963	6.271	0.000
Liq	-0.011	-0.030	0.976
Fixed Effects	*Included*		
N	453		
VIF (Max)	1.025		
F-value	30.120**		
Adj. R2	20.50%		

The researcher observes from the results presented in the previous table that the explanatory power of the model is high, with a value of 20.5%. This indicates that the control variables and the independent variable in the statistical hypothesis testing model (1) can explain 20.5% of the total variation in forecasting the continuity of companies, as indicated by the financial distress index. Therefore, regression model (1), along with its branches, efficiently explains the relationship between the variables included. Additionally, the researcher notes the high and significant values of F for the model, which is 30.120 at a 5% significance level.

Based on the results shown in the first column (Panel A), the researcher finds that the independent variable (NTD), representing the tone of accounting disclosure, is statistically significant, with ($\beta = 0.360$; T-Stat. = 7.927 > 2; P-Value = 0.000 < 5%). Furthermore, the coefficient has a positive sign, indicating that an increase in the tone of disclosure leads to a rise in financial distress. This suggests that ahigher level of accounting disclosure helps control the information presented to external users of the financial statements, which may misrepresent the true financial situation, thereby reducing the level of continuity.

Based on the above discussion, I firmly accept the second main hypothesis in the alternative form as follows: **"There is a statistically significant positive and direct impact of the**

disclosure tone on forecasting the going concern of firms". This finding aligns closely with prior studies, such as (Li, 2010; Suryani etal., 2024), which emphasized the positive impact of disclosure tone on future earnings, firm value, and future performance. The presentstudy contributes evidence supporting the role of disclosure tone in enhancing the forecasting of firms' going concern.

Disclosure Tone and Narcissism
The researcher can analyze the direct relationship between disclosure tone and narcissism by running regression model number (2), relying on the significance level and the direction of the relationships between the variables. The statistical analysis results for running regression model number (2) are presented in the following table:

Table (5)
Regression Results (2)

Variables	Panel A: (NAR_Score) Model (2-1)			Panel B: (NAR_Index) Model (2-2)		
	β Coef.	T-Stat.	P-Value	β Coef.	T-Stat.	P-Value
Cons.	5.67	5.67	0.00	-0.40	-1.46	0.15
NDT	-0.05	-2.91	0.04	0.00	-0.15	0.88
Tobin's Q	0.42	0.89	0.37	0.36	2.84	0.00
Log Size	-0.30	-3.32	0.00	0.02	0.70	0.48
Liq	0.06	0.28	0.78	-0.06	-1.03	0.30
Fixed Effects	Included			Included		
N	453			453		
VIF (Max)	1.025			1.025		
F-value	4.399**			2.446*		
Adj. R2	3.80%			2.10%		

By examining the results in the first column (Panel A), the researcher observes the significance of the independent variable NDT related to accounting disclosure tone, where (β = -0.05; T-Stat. = -2.91 > 2; P-Value = 0.04 < 5%). The coefficient is negative, indicating that an increase in disclosure tone leads to a decrease in narcissism, as measured by signature space. On the other hand, the significance of size as a control variable shows a negative relationship, suggesting that an increase in asset size results in a decrease in narcissism, as measured by signature space. Therefore, "*there is a statistically significant negative effect of accounting disclosure tone on narcissism, as measured by signature space*"

Regarding the results in the second column (Panel B), the researcher finds that the independent variable NDT related to accounting disclosure tone is not significant, with (β = -0.00; T-Stat. = -0.15 < 2; P-Value = 0.88 < 5%). This suggests that an increase in disclosure tone does not have a significant effect on the narcissism index. Additionally, none of the control variables are significant, meaning they do not have any impact on the dependent variable, the narcissism index. Consequently, "*there is no statistically significant effect of accounting disclosure tone on narcissism index*"

Based on the above discussion, I firmly accept the second main hypothesis in the alternative form as follows: "**There is a statistically significant positive effect of accounting disclosure tone on narcissism as measured by signature space, but there is no statistically significant effect on the narcissism index or profitability ratio**". The current study demonstrated an effect of disclosure tone on narcissism as measured by signature space, a result that aligns closely with the findings of (Buchholz et al., 2018; Mashayekh et al., 2020; Akbarlou et al., 2022) .

Narcissism and Forecasting the Going Concern of Firms

The researcher can analyze the direct relationship between narcissism and forecasting the going concern of firms by running Regression Model (3), relying on the significance levels and directions of the relationships between the variables. The statistical analysis results for running Regression Model (3) in its various forms are presented in the following table:

Table (6)
Regression Results (3)

Dependent Variable: Z-Score						
Variables	Panel A: Model (2-1)			Panel B: Model (2-2)		
	β Coef.	T-Stat.	P-Value	β Coef.	T-Stat.	P-Value
NAR_Score	-0.11	-2.34	0.02	---	---	---
NAR_Index	---	---	---	0.60	2.94	0.01
Tobin's Q	0.75	0.90	0.37	0.49	0.58	0.56
Log Size	1.10	6.71	0.00	1.13	6.99	0.00
Liq	-0.09	-0.24	0.81	-0.07	-0.17	0.86
Fixed Effects	*Included*			*Included*		
N	453			453		
VIF (Max)	1.031			1.022		
F-value	13.140**			13.684**		
Adj. R2	10.50%			10.90%		

Examining the results of the first column (Panel A), the researcher observes the significance of the independent variable NAR_Score, which represents the level of executive narcissism based on signature size. The results indicate that (β = -0.11; T-Stat. = -2.34 > 2; P-Value = 0.02 < 5%), with a negative coefficient. This suggests that higher levels of executive narcissism, as measured by signature size, signal to external users increased capital investments, thereby reassuring investors about their funds and providing positive indications regarding forecasting the going concern of firms. Accordingly, *"There is a statistically significant direct negative effect of executive narcissism, as measured by signature size, on forecasting the going concern of firms."*

Regarding the results in the second column (Panel B), the researcher notes the significance of the independent variable NAR_Index, which represents executive narcissism based on the narcissism index. The results show that (β = 0.60; T-Stat. = 2.94 > 2; P-Value = 0.01 < 5%) with a positive coefficient. This indicates that higher levels of executive narcissism, as measured by the residuals of the relationship between assets and sales, reflect an increase in narcissism, which leads to concerns about the firm's investments and a subsequent decline in levels of forecasting the going concern of firms. Accordingly, *"There is a statistically significant direct positive effect of executive narcissism, as measured by the narcissism index, on forecasting the going concern of firms."*

Based on the above discussion, I firmly accept the second main hypothesis in the alternative form as follows: **"There is a statistically significant effect of narcissism (represented by the narcissism degree and narcissism index) on forecasting the going concern of firms"**. This finding aligns with the results of several studies, such as (Brouwer, 2018; Salehi et al., 2020), which highlight the impact of managerial narcissism on corporate performance. On one hand, narcissism contributes to increased self-confidence, ambition, and bold decision-making, potentially enhancing short-term performance. On the other hand, elevated levels of narcissism can undermine collaboration, foster individualism, and hinder the acceptance of criticism, ultimately limiting the achievement of long-term strategic objectives.

Path Analysis Results
In this part of the research, the researcher aims to analyze the indirect effect of the tone of accounting disclosure on forecasting the going concern of firms, considering the mediating role of narcissism. To accomplish this, path analysis wasconducted using AMOS software to evaluate the significance of the indirect effectsof the independent variable on the dependent variable in the presence of themediating variable. The results are illustrated in the following figure and table:

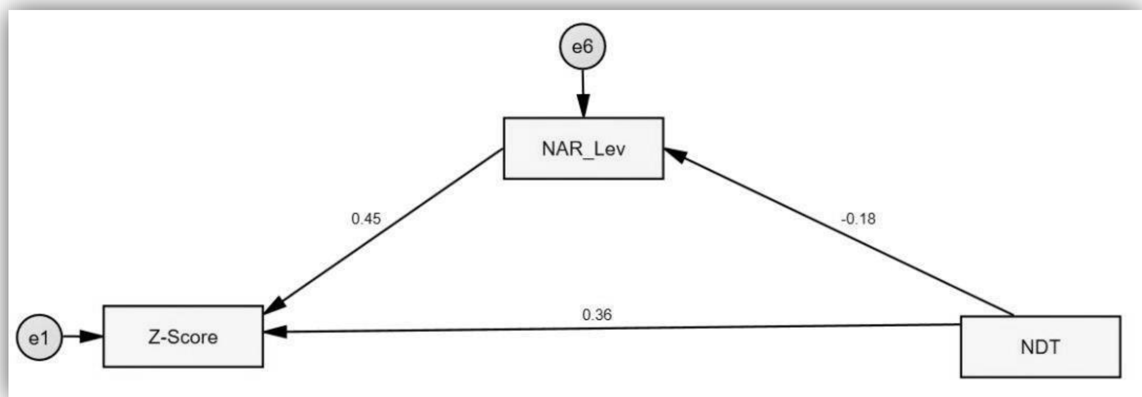

Figure (2): Path Analysis Results

Table (5)
Path Analysis Results

Paths with Narcissism Mediation			Direct Path Coefficient	Indirect Path Coefficient	Total Path Coefficient	CR	P-Value
Net Tone Disclosure	NAR_Score	Forecasting the Going Concern of Firms	0.360	-0.115	0.245	-4.042	0.024
	NAR_Index		0.360	-0.011	0.349	-0.516	0.221

Based on the following table, the researcher can analyze the indirect statistical hypothesis tests as follows:

The researcher can observe from the table that there is a statistically significant indirect effect of the tone of accounting disclosure on forecasting the going concern of firms through the mediation of narcissism, as measured by signature size. Therefore, narcissism, as indicated by signature size, reduces the positive impact of accounting disclosure tone on financial distress, contributing to an increase in the forecasting of going concern by 11.5%. Based on this, the researcher can accept the alternative hypothesis, which states: **"There is a statistically significant indirect effect of (NAR_Score), as measured by signature size, on the positive relationship between the tone of accounting disclosure and forecasting the going concern of the firm"**

The researcher can conclude from the table that there is no statistically significant indirect effect of the tone of accounting disclosure on forecasting the going concern of firms through the mediation of the narcissism index. Therefore, the narcissism index does not have an impact on the relationship between the tone of accounting disclosure and forecasting the going concern of firms. Based on this, the researcher can accept the null hypothesis, which states: **"There is no statistically significant effect of NAR_Index on the positive relationship between the tone of accounting disclosure and forecasting the going concern ofthe firm."**

Based on the above discussion, I firmly accept the second main hypothesis in the alternative form as follows: **"There is a mediating effect of (NAR_Score), as indicated by signature size, on the relationship between the tone of accountingdisclosure and forecasting the going concern of firms, while there is no mediating effect of (NAR_Index) on this relationship".**

This is a positive result that aligns with findings from several studies (Olsen, 2014;Brouwer, 2018; Salehi et al., 2020). The results of the study indicate that the toneof accounting disclosure plays a critical role in forecasting firms' going concern, particularly when considering managerial motivations such as narcissism. A positive tone in accounting disclosure is seen as an attempt to shape external stakeholders' expectations and bolster confidence in the company's performance, potentially improving short-term perceptions. However, excessive optimism may signal unrealistic expectations, particularly if it is driven by opportunistic managerial motives, as seen in contexts dominated by narcissism.

Conclusion

This research investigated the relationship between disclosure tone and going concern in the presence of narcissism, in the Egyptian environment using 453 firm-year observations. In this regard, I found that disclosure tone has a significant positive and direct impact on forecasting the going concern of companies, and CEO narcissism, measured by the NAR_Score, mediates the relationship between disclosure tone and forecasting the going concern of companies, while the NAR_Index showed no mediating effect on this relationship.

Consequently, these results align with signaling theory, as narcissistic managers tend to use disclosure tone as a signal of their personal goals. These managers often present disclosures with an optimistic tone, reflecting their desire to enhance their image in front of stakeholders, even if these optimistic signals are short-term and do not contribute to the long-term sustainability of the company.

Based on the above discussion, I recommend that legislative and regulatory bodies overseeing the financial market give more attention to the level of narrative disclosure in financial reports. This will improve the evaluation of the tone in accounting disclosures. It is also advisable to consider the psychological traits of managers when selecting them, particularly important personality traits such as narcissism.

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