

Strategy Score Calculation and Strategic Library Overview

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The **Strategy Score** is derived from the use of strategic keywords, with each keyword being weighted based on the likelihood that it appears in the strategic commentary sections. The strategic library contains 231 related keywords (Athanasakou et al., 2022). You can access the original research paper (https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3212854).

To generate the Strategy Score, we use all 231 combined keywords from the library, which contains various N-grams. The following metrics are then calculated:

Metrics

- **Term Frequency-Inverse Document Frequency (TF-IDF):** A measure that adjusts the term frequency based on how commonly the keyword appears across multiple documents, using the Loughran and McDonald formula.
- **Word Count:** The total count of keyword occurrences within the entire annual report (10-K) or within specific sections.

Mixed N-gram Library: All Keywords Combined

- **Term Frequency-Inverse Document Frequency:** `tf_idf_strategy`
- **Word Count:** `word_freq_strategy`