Global Spectrum of
Research and
Humanities

From Speech Acts to Market Acts: Linguistics Meets Economics

[1] Fərid İbrahimov

Abstract; This article examines how language functions as economic action by tracing the movement from speech acts—promises, warnings, commitments, and declarations—to market acts such as contracting, pricing, investing, and policy response. Building on Speech Act Theory (Austin, 1962; Searle, 1969) and insights from behavioral economics on framing and bounded rationality (Kahneman & Tversky, 1979), the study argues that economic discourse does not merely describe markets but helps constitute them. Using an interdisciplinary approach that combines pragmatic analysis, discourse and metaphor analysis, and selected empirical findings from finance and communication studies, the article identifies key linguistic mechanisms that shape economic behavior: modality and hedging, evaluative tone, implicature and indirectness in negotiation, and metaphorical and narrative framing in media and policy communication. Evidence from textual studies of corporate reporting and market sentiment suggests that systematic patterns of language predict or amplify market movements, especially under uncertainty. The article concludes with practical implications for transparent financial communication, credible policy signaling, and education in critical economic literacy, and outlines future research directions for multilingual and digital market settings.

Keywords*; speech act theory; economic discourse; performativity; framing; financial communication; behavioral economics*

1. Introduction

Economic behavior is often modeled as the outcome of preferences, constraints, and incentives. Yet economic life is also fundamentally communicative: actors announce intentions, negotiate, persuade, promise, warn, and authorize. These linguistic moves do not simply report reality; they frequently create the institutional conditions under which transactions become possible. A contract comes into being through a set of declarative formulations; an earnings call can recalibrate investor expectations; a central bank's forward guidance can reshape future interest-rate paths by changing beliefs in the present.

This article advances the claim that many economic outcomes are partly produced through performative language. It addresses four guiding questions: (a) Which speech acts are most consequential in market environments? (b) Through what semantic and pragmatic mechanisms does economic language influence decisions? (c) How do institutional settings—firms, regulators,

[1] IBRAHIMOV, F., 4th-year Bachelor's student (Translation: English–Azerbaijani), Faculty of Foreign Languages, Nakhchivan State University, Azerbaijan. Email: ibrahimovfrid599@gmail.com. ORCID: https://orcid.org/0009-0008-4134-1473

media—amplify or constrain linguistic effects? and (d) What does a linguistic lens add to standard models of market dynamics?

Methodologically, the article synthesizes theory from pragmatics and discourse studies with findings from behavioral economics and empirical finance. Rather than treating language as "noise" surrounding fundamentals, it treats language as part of the mechanism that organizes expectations, coordinates behavior, and distributes risk. The remainder of the paper develops the theoretical bridge between speech acts and market acts, describes the principal linguistic mechanisms that operate in economic contexts, reviews key empirical evidence, and proposes implications for practice and future research.

2. Theoretical Framework

A coherent account of language–economy interaction requires (i) a theory of linguistic action, (ii) a theory of decision-making under uncertainty, and (iii) an account of how institutions stabilize meanings and commitments. This section outlines Speech Act Theory, key principles from behavioral economics, and approaches from discourse pragmatics and economic theory that connect the two.

2.1. Speech Act Theory and the performative function of language

Austin (1962) distinguished between locutionary acts (saying something), illocutionary acts (doing something in saying it), and perlocutionary effects (what is achieved by saying it). In market life, illocutionary acts are especially central. Promises and guarantees commit a speaker; warnings and predictions manage expectations; and declarations—when issued under recognized authority—create new institutional facts (e.g., a contract clause, a policy decision, a change in guidance). Searle (1969) systematized speech acts into classes (assertives, directives, commissives, expressives, declarations), clarifying how social rules and institutional roles make certain utterances binding. This is the conceptual route from speech acts to market acts: when recognized procedures and authority conditions are satisfied, language becomes enforceable action.

2.2. Behavioral economics, bounded rationality, and framing

Standard rational-choice models assume stable preferences and consistent utility maximization. Behavioral economics has shown, however, that decision-making is shaped by heuristics, emotions, and reference points. Prospect Theory demonstrates that people evaluate outcomes relative to a reference point and exhibit loss aversion; critically, equivalent choices can elicit different responses when framed in gain or loss terms (Kahneman & Tversky, 1979). Language is a principal carrier of framing: labels, descriptions, and metaphors influence what is salient, how risk is perceived, and which option appears normatively appropriate. Thus, linguistic form and content are not cosmetic; they are part of the cognitive environment in which economic choices occur.

2.3. Discourse, pragmatics, and institutional language

Economic action is embedded in institutions—firms, legal systems, financial media, and regulatory bodies—that standardize genres of communication (annual reports, policy statements, prospectuses, advertising, and negotiation scripts). Discourse analysis emphasizes how these genres shape what can be said, what counts as evidence, and which voices are authorized (Fairclough, 1992). Pragmatics adds that meaning is context-dependent: implicature, presupposition, politeness strategies, and indirect speech acts may carry decisive information without explicit wording. Together, these perspectives explain why small shifts in modality (may vs. will), certainty markers, or evaluative tone can produce outsized market reactions.

2.4. Signaling, information asymmetry, and strategic talk

Economists have long noted that communication in markets is strategic. When information is asymmetric, language can function as a signal or as "cheap talk," depending on whether utterances are tied to costs, verification, and reputational consequences. Signaling theory highlights that messages become credible when they are difficult to imitate or when they expose the sender to penalties if false (Spence, 1973). Conversely, in cheap talk models, messages can be informative only under certain alignment conditions between sender and receiver (Crawford & Sobel, 1982). These ideas connect naturally with speech act theory: economic institutions (law, regulation, auditing, media scrutiny) supply the "felicity conditions" that make particular economic utterances binding or risky. When a CEO issues guidance, when an auditor signs off, or when a regulator publishes a directive, institutional constraints turn language into commitment—making words costly enough to matter.

3. Linguistic Mechanisms in Economic Contexts

Economic discourse relies on recurring linguistic resources that help speakers manage uncertainty, credibility, and persuasion. Four families of mechanisms are especially salient: (i) semantic choices that mark commitment and evaluation, (ii) pragmatic strategies that manage interpersonal and institutional relations, (iii) metaphorical and narrative framing that guides collective interpretation, and (iv) genre and register conventions that shape what counts as "proper" economic speech.

3.1. Semantics: modality, hedging, and evaluative language

Modality expresses degrees of certainty and obligation (must, should, may, likely). In financial documents, hedges such as may, could, and subject to signal uncertainty and reduce legal exposure, while strong commitment markers (will, guaranteed) can increase perceived credibility but also raise liability. Evaluative lexis—robust, resilient, challenging, deteriorating—shapes readers' affective responses and expectations. Corpus-based studies of corporate reporting show that higher frequencies of negative and uncertain terms are associated with poorer subsequent performance

and more volatile reactions, indicating that markets attend systematically to linguistic tone (Loughran & McDonald, 2011).

3.2. Pragmatics: implicature, indirectness, and politeness in negotiation

Negotiations are high-stakes interactions in which directness can threaten relationships, yet ambiguity can preserve flexibility. Pragmatic mechanisms—implicature, presupposition, and indirect speech acts—allow parties to convey positions while maintaining room to maneuver. For instance, "We may need to revisit the timeline" can implicate dissatisfaction without explicit refusal. Politeness strategies, including mitigation (perhaps, a bit), honorific address, and strategic apologies, can lower conflict and facilitate agreement. Cross-cultural business settings intensify these effects: the same level of directness may be interpreted as clarity in one context and aggression in another, making pragmatic competence a practical economic skill.

3.3. Metaphor and narrative framing in markets

Metaphors compress complexity into shareable mental models. Expressions such as market crash, liquidity freeze, bullish sentiment, and economic headwinds project markets as natural disasters, animals, or physical forces. Conceptual metaphor theory argues that such mappings structure reasoning rather than merely decorate speech (Lakoff & Johnson, 1980). Narratives perform a similar function at a larger scale by organizing events into causal stories—innovation booms, bubbles, recoveries—that guide collective action. Narrative-rich coverage can amplify herding behavior and feedback loops, particularly under uncertainty (Shiller, 2019).

3.4. Genre, register, and "the voice of the market"

Economic communication is shaped by genre conventions that regulate formality, permissible claims, and evidentiality. The register of an annual report differs from that of a marketing campaign or a policy statement: the former is constrained by disclosure rules and legal risk, while the latter may prioritize persuasion and attention. These conventions create recognizable "voices" that audiences learn to interpret—analyst neutrality, managerial optimism, regulatory authority, or journalistic urgency. Genre also influences trust: standardized formats (risk factors, disclaimers, audited statements) reduce transaction costs by making messages comparable across firms and time, echoing the institutional economics view that reliable communication supports efficient exchange (Williamson, 1985).

4. From Speech Acts to Market Acts

If speech acts are actions performed in language, market acts are the economic actions that follow from, depend upon, or are constituted by those speech acts. This section illustrates how institutional declarations, corporate communications, policy signaling, and marketing discourse convert linguistic moves into measurable economic effects.

4.1. Contracts and institutional declarations

Contracts are the clearest instance of language creating economic reality. Clauses that define obligations, penalties, warranties, and termination conditions operate as institutional declarations: under recognized legal procedures, the text itself creates rights and duties. Small linguistic differences—shall vs. may; reasonable efforts vs. best efforts—can shift risk allocation and future litigation outcomes. Because enforcement depends on interpretation, legal drafting routinely uses definitional sections, explicit scope constraints, and standardized terminology to reduce ambiguity.

4.2. Investor communications and corporate disclosure

Earnings calls, shareholder letters, and press releases are strategic genres that balance optimism with caution. Speakers use forward-looking statements to shape expectations, hedging to manage uncertainty, and selective emphasis to control narrative. Investors, in turn, interpret these signals through a mix of content (what is said) and pragmatics (how it is said). Empirical work suggests that sentiment embedded in corporate disclosures is correlated with subsequent returns and trading behavior, indicating that investors treat language as a signal of private information and managerial confidence (Tetlock, 2007; Loughran & McDonald, 2011).

4.3. Policy communication and central bank signaling

Macroeconomic policy is profoundly communicative. Central banks use "forward guidance" to influence expectations about future policy rates, thereby affecting borrowing costs and investment decisions in the present. Because markets interpret policy credibility through language, statements are often crafted with calibrated modality and conditionality (e.g., data-dependent, appropriate, gradual). Even minor lexical changes may alter expectations and produce immediate market movements, demonstrating that policy speech acts can function as market interventions.

4.4. Marketing discourse and consumer behavior

Marketing frequently operationalizes framing effects: "save 20%" emphasizes gains, while "avoid paying more" emphasizes loss avoidance; both can change purchase intention despite equivalent economic content. Scarcity expressions (limited offer, last chance), guarantees, and social-proof formulas (best-selling, recommended) create perlocutionary effects such as urgency and trust. These mechanisms align with behavioral "nudge" principles in which choice architecture influences decisions without changing formal incentives (Thaler & Sunstein, 2008).

4.5. Language, trust, and reputational capital

Trust is a prerequisite for exchange, especially where quality and intent are difficult to verify. Classic accounts of information asymmetry show how markets can fail when buyers cannot distinguish high quality from low quality, increasing the value of credible signals and enforceable commitments (Akerlof, 1970). Language contributes to trust both directly—through explicit

commitments, warranties, and disclosures—and indirectly—through consistency, professional register, and alignment between words and subsequent actions. Repeated credibility builds reputational capital, which makes future speech acts more persuasive and lowers transaction costs. Conversely, misleading rhetoric can impose long-term costs by triggering regulatory scrutiny, litigation, and audience skepticism.

5. Empirical Evidence and Illustrative Case Studies

Empirical research confirms that linguistic patterns in economic discourse are associated with market behavior. This section reviews influential studies and briefly illustrates how language contributed to observed outcomes in crisis and high-volatility contexts.

5.1. Textual tone in corporate reporting

Using large corpora of U.S. annual reports, Loughran and McDonald (2011) demonstrated that the frequency of negative and uncertain terms predicts market reactions more reliably than generic sentiment dictionaries. Their findings suggest that investors interpret specialized financial vocabulary as informative signals of risk. Subsequent work in textual finance has expanded these methods to earnings calls and press releases, showing that readability, specificity, and hedging can influence abnormal returns and volatility.

5.2. Media and social sentiment as market signals

Media language can aggregate and broadcast sentiment. Tetlock (2007) analyzed news tone and found that pessimistic language is associated with downward pressure on stock prices and higher trading volume, supporting the view that discourse partly coordinates market beliefs. Extending sentiment measurement to social media, Bollen, Mao, and Zeng (2011) reported that collective mood indicators derived from Twitter correlated with short-term movements in major indices. While causality is difficult to establish, these studies show that language-based sentiment measures can carry predictive content.

5.3. Experimental evidence on framing and risk

Experimental research consistently demonstrates that how options are described changes choices. Prospect Theory explains why loss-framed language typically increases risk aversion relative to gain framing (Kahneman & Tversky, 1979). Applied studies of consumer finance and retirement enrollment show that default labels, warnings, and benefit descriptions can raise participation and saving rates. These findings support a pragmatic conclusion: economic language is part of the decision environment, and careful wording is a form of policy and organizational design.

5.4. Text-as-data methods and automated market reactions

A newer line of work treats economic text as data at scale. Natural language processing makes it possible to measure tone, topics, and framing across millions of documents, while markets increasingly react to such textual signals in real time. In some contexts, algorithmic traders and risk systems process news and statements rapidly, so linguistic features can have immediate effects even before human interpretation stabilizes. This development raises a distinctly linguistic question: which features (negation, modality, metaphors, intensifiers) are most reliably captured by automated systems, and how do their detection errors feed back into market dynamics?

5.5. Brief case snapshots: bubbles and crises

Periods of uncertainty intensify linguistic effects because actors depend more heavily on signals and narratives. During speculative booms, exuberant metaphors and optimistic storytelling can reinforce feedback loops and herd behavior. In crisis periods, reassurance statements and credibility displays aim to stabilize expectations, but ambiguous wording can produce the opposite effect. The COVID-19 period, for instance, demonstrated how government and central bank messaging about support measures, timelines, and risks influenced consumer confidence and market volatility across many economies. Similarly, abrupt changes in policy language around inflation, liquidity support, or fiscal stimulus can trigger rapid repricing when audiences infer shifts in commitment or constraints.

6. Implications for Practice and Education

Recognizing language as a market mechanism has concrete implications for corporate communication, policy-making, and education. The goal is not to replace quantitative analysis but to complement it with communicative awareness and ethical standards.

6.1. Corporate and investor relations communication

Firms can improve trust by minimizing unnecessary ambiguity, aligning tone with evidence, and using plain language where possible. Overconfident claims may trigger short-term optimism but increase reputational and legal risks if outcomes disappoint. Clear definitions, consistent terminology, and transparent explanations of uncertainty help market participants make informed decisions and reduce misinterpretation.

6.2. Policy communication and public trust

Policymakers benefit from communication that is credible, consistent, and sensitive to framing. When a policy is described as a "restriction," public resistance may rise; when framed as "protection" or "stability," acceptance may increase. Because credibility is built over time, frequent shifts in wording or vague commitments can erode trust and increase volatility. Training in pragmatic clarity and audience-aware framing can therefore be treated as a component of policy capacity.

6.3. Education: economic literacy and critical discourse awareness

Economic education often emphasizes models and numerical reasoning while underemphasizing interpretive skills. Integrating discourse awareness—how tone, metaphor, and hedging shape understanding—can help students evaluate financial news, advertising, and policy claims more critically. Such literacy is increasingly important in digital environments where persuasive messages spread rapidly and algorithmically.

6.4. Ethics: persuasion, manipulation, and transparency

Because linguistic framing can steer behavior, ethical boundaries matter. Persuasive communication becomes problematic when it hides key information, uses misleading certainty markers, or exploits cognitive biases through "dark patterns" in digital interfaces. Transparent disclosure, plain-language summaries of risks, and verifiable claims help reduce manipulation and support informed consent in economic decisions. A linguistic perspective therefore contributes not only to effectiveness but also to integrity in market communication.

7. Limitations and Future Research

This interdisciplinary field faces methodological and conceptual challenges. Many studies identify correlations between language features and economic outcomes, but causal pathways are complex: markets respond to information, emotions, institutional rules, and strategic signaling simultaneously. Additionally, linguistic effects vary across languages and cultures, and the same lexical choices may carry different pragmatic meanings in different communities.

Future research can advance in three directions. First, cross-linguistic and cross-cultural studies can clarify which mechanisms generalize and which are context-specific. Second, mixed-method designs that combine corpus analysis, experiments, and ethnographic observation can strengthen causal inference. Third, digital-market settings—including social platforms and AI-generated communication—require new tools to study how automated language affects trust, misinformation risk, and market stability.

8. Conclusion

The movement from speech acts to market acts is not metaphorical but institutional and practical. In contracts, language creates enforceable obligations; in corporate disclosure and media, language shapes sentiment and expectations; in policy, language functions as a tool of economic intervention; and in marketing, language frames choices and nudges behavior. Integrating linguistics with economics therefore enriches our understanding of market dynamics by revealing mechanisms that are often invisible to purely quantitative models.

A linguistic lens does not deny the role of fundamentals; instead, it shows how fundamentals are interpreted, communicated, and acted upon through discourse. As economies become increasingly

information-driven and globally interconnected, the quality, ethics, and clarity of economic language will become even more consequential. Interdisciplinary collaboration across pragmatics, discourse studies, behavioral economics, and finance is thus essential for both research and practice.

References

Akerlof, G. A. (1970). The market for "lemons": Quality uncertainty and the market mechanism. *The Quarterly Journal of Economics, 84*(3), 488–500. https://doi.org/10.2307/1879431

Ahmadova, S., & Mammadov, M. (2025). The role of Industry 4.0 and digitalization in constructing a sustainable economic structure. *Deutsche Internationale Zeitschrift für Zeitgenössische Wissenschaft*, 116, 24–26. https://doi.org/10.5281/zenodo.17661612

Ahmadova, S., Mammadov, M., Ibrahimov, A., & Mammadov, N. (2025). Blockchain technology in customs logistics: Applications and impact on transparency. *Danish Scientific Journal*, 102. https://doi.org/10.5281/zenodo.17740978

Austin, J. L. (1962). *How to do things with words*. Oxford University Press.

Bollen, J., Mao, H., & Zeng, X. (2011). Twitter mood predicts the stock market. *Journal of Computational Science, 2*(1), 1–8. https://doi.org/10.1016/j.jocs.2010.12.007

Crawford, V. P., & Sobel, J. (1982). Strategic information transmission. *Econometrica, 50*(6), 1431–1451. https://doi.org/10.2307/1913390

Fairclough, N. (1992). *Discourse and social change*. Polity Press.

Gentzkow, M., Kelly, B., & Taddy, M. (2019). Text as data. *Journal of Economic Literature, 57*(3), 535–574. https://doi.org/10.1257/jel.20181020

Kahneman, D., & Tversky, A. (1979). Prospect theory: An analysis of decision under risk. *Econometrica, 47*(2), 263–291. https://doi.org/10.2307/1914185

Lakoff, G., & Johnson, M. (1980). *Metaphors we live by*. University of Chicago Press.

Loughran, T., & McDonald, B. (2011). When is a liability not a liability? Textual analysis, dictionaries, and 10-Ks. *The Journal of Finance, 66*(1), 35–65. https://doi.org/10.1111/j.1540-6261.2010.01625.x

MacKenzie, D. (2006). *An engine, not a camera: How financial models shape markets*. MIT Press.

Searle, J. R. (1969). *Speech acts: An essay in the philosophy of language*. Cambridge University Press.

Shiller, R. J. (2019). *Narrative economics: How stories go viral and drive major economic events*. Princeton University Press.

Spence, M. (1973). Job market signaling. *The Quarterly Journal of Economics, 87*(3), 355–374. https://doi.org/10.2307/1882010

Tetlock, P. C. (2007). Giving content to investor sentiment: The role of media in the stock market. *The Journal of Finance, 62*(3), 1139–1168. https://doi.org/10.1111/j.1540-6261.2007.01232.x

Thaler, R. H., & Sunstein, C. R. (2008). *Nudge: Improving decisions about health, wealth, and happiness*. Yale University Press.

Williamson, O. E. (1985). *The economic institutions of capitalism: Firms, markets, relational contracting*. Free Press.