

**When**  
Friday,  
March 4, 2022 12h00-13h00 EST

**Where**  
Zoom

(to get zoom information  
[parg@sprott.carleton.ca](mailto:parg@sprott.carleton.ca))

## **CEO network centrality and annual report readability**

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### **ABSTRACT**

This paper examines how CEO network centrality affects annual report readability. Relying on the social capital theory, we show that firms whose CEOs occupy a more central position in their social network tend to issue less readable annual reports. This association is more pronounced in firms that are likely to use earnings management to meet/beat earnings benchmarks, whereas it is significantly weaker in firms with better internal and external corporate governance mechanisms and in firms with higher litigation risks. Collectively, our results support the view that social connections provide CEOs with the incentive to opportunistically provide complex disclosures to mask firms' fundamental accounting information, particularly when they are under greater pressure to meet market expectations, have the power to influence the reporting decisions at the board level, and manage firms with lower reputational concerns. Overall, we contribute to the literature by providing evidence that CEOs' network centrality shapes their linguistic disclosure quality and hence forms an important determinant of annual report readability.

### **ABOUT THE PRESENTER**

**Silvia Gaia** is a Senior Lecturer in Accounting at Essex Business School and Deputy Head of the Accounting Group. She previously worked as Lecturer in Accounting at the University of Cagliari (Italy) and held visiting scholar positions at the University of Birmingham (UK), HEC Montréal (Canada) and Columbia Business School (USA). Silvia's research work mainly relates to social and environmental accounting and reporting and Corporate Governance. She has published her research in highly reputed academic journals such as *Accounting, Auditing and Accountability Journal*, *British Accounting Review*, *Accounting Forum*, *Journal of Business Ethics*, *International Business Review*, *Corporate Governance*. The international journal of business in society, *International Business Communication*, *Journal of Management and Governance* and *Journal of Applied Accounting Research*. Silvia is currently the Chair of the Special Interested Group of the British Accounting and Finance Association (BAFA) on Financial Accounting and Reporting (FARSIG). She is an editorial board member of *Accounting Forum* and she has acted as reviewer for a number of internationally recognised journals. She is currently guest editing an issue of *Accounting Forum* on Non-Financial Reporting Regulation.

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