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Board Media Background on Annual Report Readability: Evidence from Indonesia

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ABSTRACT
This study aims to examine the impact of board members with media backgrounds (MBD) on the readability of annual reports. It further tests the effect of MBD in the sub-samples of companies with and without Risk Management Committees (RMC) and those audited by BIG 4 and non-BIG 4 firms. This study utilized a sample of companies listed on the Indonesia Stock Exchange (IDX). Ordinary Least Squares (OLS) regression with clustering by firm was performed in STATA 17.0 to predict the relationship between MBD and annual report readability. Robustness checks were conducted using Coarsened Exact Matching (CEM) analysis. The results indicate that the presence of board members with media backgrounds significantly improves the readability of annual reports. In companies without Risk Management Committees, the positive impact of MBD on readability was significant. However, in companies with an RMC, this effect was less pronounced. Furthermore, the positive relationship between MBD and readability was more significant in companies audited by BIG 4 firms compared to those audited by non-BIG 4 firms. This study offers new insights into the role of board members with media backgrounds in enhancing corporate communication. It examines how MBD affects the readability of annual reports in different sub-samples, including companies with and without Risk Management Committees (RMC), and those audited by BIG 4 firms versus non-BIG 4 firms. The findings highlight the strategic value of MBD in improving the readability of annual reports.

INTRODUCTION

Readability is a crucial issue in annual reports, as low readability can lead to misunderstandings and uncertainty among stakeholders. Less readable reports are associated with greater equity mispricing (Chen et al., 2023), increased audit effort and fees (Blanco et al., 2021), stricter loan terms (Ertugrul et al., 2017), and lower stock liquidity (Boubaker et al., 2019). Poor readability can also hinder investors' ability to process information, potentially allowing managers to conceal adverse information (Feng Li, 2008). Furthermore, less readable reports are linked to greater analyst following, increased forecast dispersion, and lower forecast accuracy (Aymen et al., 2018; Lehavy et al., 2011). These findings suggest that low readability creates information asymmetry and market inefficiencies.

This problem particularly acute in Indonesia. The use of complex and technical language often makes it difficult for stakeholders to understand the information presented. Furthermore, non-compliance with applicable accounting standards and a lack of transparency in information disclosure exacerbate these challenges (Msuya & Maleko, 2015). Additionally, the requirement to present annual reports in both Indonesian and foreign languages underscores the importance of readability to ensure that company information is clearly conveyed to all stakeholders. To address these issues, companies must use simpler language, comply with accounting standards, enhance transparency, and utilize data visualization to make financial information more accessible.

Stream of research indicates that the expertise of board members and corporate secretaries can significantly impact the readability of annual reports. (Octaviani & Harymawan, 2022) discovered that corporate secretaries with legal and international expertise produce more readable annual reports, enhancing information disclosure quality. Building on this, we propose that companies with board members who have a media background can substantially contribute to overcoming readability challenges in annual reports, since the existing literature mainly focuses on the influence of legal and international expertise of corporate secretaries on annual report readability (Octaviani & Harymawan, 2022). This proposition is particularly relevant given that existing literature has mainly focused on legal and international expertise but has yet to explore the potential role of media-savvy directors.

The theoretical foundation for this study is grounded in Communication Accommodation Theory (CAT), which suggests that individuals adjust their communication styles to align with their audience's expectations to achieve mutual understanding and effective (Farzadnia, 2015). Applying this theory, board members with media experience are likely to advocate for clearer, more accessible communication in corporate reporting, as they are accustomed to tailoring messages for diverse audiences. These board members can also influence the use of visual aids and data visualization techniques, which are essential tools for presenting financial information in a more digestible format (Bai et al., 2023; Chy & Buadi, 2023). By integrating the principles of CAT, companies can leverage the media background of their board members to improve the clarity and transparency of their annual reports, thereby fostering better understanding and trust among investors and analysts (Bai, 2023).

Despite these insights, there remains limited research exploring the impact of board members with media backgrounds on enhancing readability in corporate reporting, particularly in Southeast Asian countries like Indonesia where annual report readability remains a significant concern. This gap is critical because it overlooks how these board members, accustomed to tailoring messages for diverse audiences in media contexts, can potentially leverage their skills to improve the clarity, accessibility, and transparency of information presented in annual reports. While studies acknowledge the importance of communication strategies and data visualization techniques (Chy & Buadi, 2023), there remains a gap in understanding how media-savvy board members can specifically contribute to improving the clarity and transparency of annual reports. This research aims to fill this gap by examining how media-savvy board members can leverage their skills to improve the clarity, accessibility, and transparency of information presented in annual reports. Improved readability positively impacts analyst following and institutional investor attention (Aymen et al., 2018), and can even predict future company investments (Dau et al., 2024).

This research investigates the impact of board members with media backgrounds (MBD) on the readability of companies' annual reports. It aims to determine whether their presence enhances the clarity and accessibility of financial reports, improving stakeholder understanding. The study examined companies listed on the Indonesia Stock Exchange (IDX) from 2010 to 2018, with a final sample of 1,033 observations after exclusions. Limiting the analysis to a single, relatively homogeneous national and industrial context allows us to better control for institutional, legal, and market-related variations that are typically present in cross-country or cross-sector comparisons. The results show that MBDs positively influence readability, improving metrics like Flesch-Kincaid Grade Level (FKG), Gunning-Fog Index (GF), and SMOG. These findings, confirmed by Coarsened

Exact Matching (CEM) analysis, suggest that MBDs enhance report clarity and stakeholder comprehension.

Overall, the findings of the study provide new insights into the role of board members with media backgrounds (MBD) in enhancing corporate communication. The study demonstrates the strategic value of including board members with media backgrounds to improve the readability of annual reports, thereby enhancing corporate communication and fostering better understanding and trust among investors and analysts. By leveraging their media expertise, MBD board members can ensure that financial information is presented in a clear and accessible manner, which is particularly important in countries like Indonesia where complex financial reports often hinder stakeholders' ability to make informed decisions.

LITERATURE REVIEW

This study primarily draws on Communication Accommodation Theory (CAT), which explains how individuals adapt their communication styles to align with the expectations and comprehension levels of their audience (Giles, Coupland, & Coupland, 1991). In the context of corporate reporting, CAT suggests that board directors with media or communication expertise are more likely to influence the presentation, structure, and readability of annual reports to better suit diverse stakeholder needs. These directors can advocate for clearer language and the use of visual aids such as data visualization, which facilitates more effective financial communication (Bai et al., 2023; Chy & Buadi, 2023). By applying CAT, companies may leverage the skills of media-background directors to enhance transparency and understanding, thereby building greater trust among investors and analysts.

In addition, Agency Theory complements this perspective by emphasizing the monitoring role of boards in reducing information asymmetry between management (agents) and shareholders (principals) (Jensen & Meckling, 1976). Agency Theory posits that boards serve to ensure accurate and transparent corporate disclosures, which mitigate agency costs and improve firm valuation. Annual reports that are clearer and more readable enhance shareholders' and analysts' ability to evaluate firm performance (Phan & Zhou, 2020). Media-background directors may strengthen this oversight by championing comprehensive disclosures, especially under the scrutiny of external auditors like BIG 4 firms (Goh et al., 2021). Boards enriched with diverse expertise, including communication skills, are better positioned to improve corporate governance and disclosure quality (Hillman & Dalziel, 2003; Kaczmarek et al., 2021; Mishra & Kapil, 2020).

Empirical research consistently shows that the readability of corporate annual reports significantly impacts stakeholders' ability to understand financial information and make informed decisions. Poor readability is associated with negative market outcomes, including equity mispricing, increased audit fees, stricter loan conditions, and reduced stock liquidity (Chen et al., 2023; Nguyen et al., 2022). Low readability also hampers investors' capacity to process information accurately, allowing managers to obscure unfavorable news and increasing information asymmetry (Smith & Johnson, 2021). Furthermore, analyst forecast dispersion and forecast accuracy decline when reports are difficult to read (Aymen et al., 2020; Lee & Park, 2021). These findings highlight the vital role of report readability in promoting market efficiency and transparency.

Challenges with readability are especially acute in emerging markets like Indonesia, where the use of complex and technical language, inconsistent compliance with accounting standards, and limited transparency pose significant barriers for stakeholders (Msuya & Maleko, 2015). The bilingual requirement for annual reports in Indonesia intensifies the demand for clear, accessible disclosures that cater to a diverse audience. Recent studies stress that companies should prioritize adopting simpler language, improving transparency through detailed accounting policy explanations, and leveraging data visualization to enhance financial communication (Rahman et al., 2024).

Despite these theoretical insights and emerging empirical evidence, few studies explicitly examine the influence of board members with media backgrounds on annual report readability, especially in the context of emerging markets with multilingual reporting obligations such as Indonesia. Media-background directors' communication skills align with the principles of Communication Accommodation Theory by facilitating the adaptation of disclosures to meet diverse stakeholder needs. Simultaneously, their governance role supports Agency Theory's focus on monitoring and enhancing information quality. This gap is significant, as it overlooks how communication expertise at the board level can drive transparency and investor confidence in challenging regulatory environments. Our study seeks to fill this gap by investigating the extent to which media-background directors enhance the clarity, accessibility, and transparency of corporate disclosures.

The integration of Agency Theory and CAT provides a complementary framework to explain the proposed relationship. Agency Theory explains why boards have the responsibility to ensure transparent disclosures that reduce information asymmetry, while CAT explains how media-background directors, through their specialized communication skills, can adapt complex financial information into accessible and understandable formats for a wide range of stakeholders. The combination of these two theories allows for a more comprehensive understanding of both the governance function and the communicative mechanism that underlies the expected improvement in report readability. Based on these theoretical foundations, we expect that the presence of board members with media backgrounds (MBDs) will contribute positively to the readability of corporate annual reports. Their communication proficiency, strategic positioning within the board, and influence on disclosure processes provide a theoretically grounded rationale for investigating their impact. Based on these insights, this study proposes the following hypothesis:

H1: Board members with media backgrounds have a significantly positive association with annual report readability.

RESEARCH METHOD

The population used in this study consists of companies listed on the Indonesia Stock Exchange (IDX) during the period from 2010 to 2018. The study initially obtained a total population of 6,750 observations. After excluding some missing independent and control variables, the final sample size was reduced to 1,033 observations. This research aims to generalize annual report readability across all sectors without excluding specific industries. The dependent variable used in this study is annual report readability. The chosen time frame provides sufficient longitudinal data to observe trends while avoiding the reporting disruptions caused by the COVID-19 pandemic, which began to significantly affect corporate reporting practices starting in 2019. During the pandemic, companies faced unprecedented uncertainties that altered the timing, content, and tone of annual disclosures, potentially introducing variability and bias in the analysis. By limiting the sample to the pre-COVID era, this study ensures that the readability analysis reflects normal reporting conditions rather than crisis-induced shifts, thereby providing a more stable and consistent basis for evaluating annual report readability across firms.

We used the Management's Discussion and Analysis (MD&A) section of the company's annual reports to measure readability scores. As described by Lo et al. (2017), MD&A is suitable for measuring corporate report readability because managers use this section to convey important information to stakeholders. This study employs three commonly used readability indices in accounting research: Flesch-Kincaid Grade Level (FKG), Gunning-Fog Readability Index (GF), and Simple Measure of Gobbledygook (SMOG) (Bargate, 2012; Chiang et al., 2008; Lehavy et al., 2011).

FKG = $206.835 - 1.015\left(\frac{total\ words}{total\ sentences}\right) + 84.6\left(\frac{total\ syllables}{total\ words}\right)$

GF = $0.4\left\{\left(\frac{words}{sentences}\right) - 100\left(\frac{complex\ words}{words}\right)\right\}$20182018

SMOG= $1.043\sqrt{30\ x\ \frac{total\ syllables}{total\ sentences}}$ - 3.1291

Complex words are defined as those with three or more syllables. To measure readability scores, we used readability.exe, a freely accessible text analysis software. Higher scores in readability indices indicate greater complexity, which corresponds to lower readability.

The Media Background Director (MBD) is an independent variable measured by the directors' media backgrounds. This variable is represented using a dummy variable, where a code of 1 indicates that there are directors with work experience or current employment in professional news organizations, such as newspapers, magazines, online news platforms, television channels, digital entertainment, social media advertising, media branding, online platforms, or radio stations. These directors are referred to as 'media professionals.' Additionally, a code of 1 is assigned if directors have education in arts, journalism, news, broadcasting, film production, communication, and media. Conversely, a code of 0 is used if none of the directors have work experience or education in media-related fields (Bai et al., 2023).

Control variables in this study follow the research by (Dalwai & Sewpersadh, 2023). The control variables include board size (BSIZE) measured by the total number of board members and independent committee (INCOM) measured by the number of independent commissioners. Additionally, BIG 4 (BIG4) is a dummy variable indicating whether the company's auditor is from a BIG 4 firm (1) or not (0). Firm age (FAGE) is measured by the age of the company since its IPO date, while firm size (FSIZE) is measured by the natural logarithm of total assets. Return on Assets (ROA) is calculated as net income divided by total assets, leverage (LEV) is measured by total debt divided by total equity, and liquidity (LIQUIDITY) is measured by current liabilities divided by current assets. We also include industry and year fixed effects. Finally, following Petersen (2009), we cluster standard errors by firm and year in our models.

The analysis techniques used in this study include descriptive statistical tests, matrix correlation tests, and ordinary least squares (OLS) regression. Before running the data, each variable in the dataset needs to be winsorized to address potential distribution issues, including a significant number of outliers. Winsorizing data adjusts data behavior and addresses issues caused by outliers such as data bias and transcription errors (Sharma & Chatterjee, 2021) . This test is conducted after winsorizing the data at 1% and 99% level. Winsorizing is applied to all control variables except dummy variables to mitigate outliers in the data distribution.

The regression model used in this study is a clustered regression by firm, aimed at collecting similar data and differentiating from other data while combining standard errors (Petersen, 2009) in STATA 17.0. The equation models used in this study are shown below.

$FKG_{it} = \alpha + \beta_1\ MBD_{it} + \beta_2\ BSIZE_{it} + \beta_3\ INCOM_{it} + \beta_4\ BIG4_{it} + \beta_5\ FAGE_{it} + \beta_6\ FSIZE_{it} + \beta_7\ ROA_{it} + \beta_8\ LEV_{it} + \beta_9\ LIQUIDITY_{it} + Industry\ FE_{it} + Year\ FE_{it} + \varepsilon$

$GF_{it} = \alpha + \beta_1\ MBD_{it} + \beta_2\ BSIZE_{it} + \beta_3\ INCOM_{it} + \beta_4\ BIG4_{it} + \beta_5\ FAGE_{it} + \beta_6\ FSIZE_{it} + \beta_7\ ROA_{it} + \beta_8\ LEV_{it} + \beta_9\ LIQUIDITY_{it} + Industry\ FE_{it} + Year\ FE_{it} + \varepsilon$

$SMOG_{it} = \alpha + \beta_1\ MBD_{it} + \beta_2\ BSIZE_{it} + \beta_3\ INCOM_{it} + \beta_4\ BIG4_{it} + \beta_5\ FAGE_{it} + \beta_6\ FSIZE_{it} + \beta_7\ ROA_{it} + \beta_8\ LEV_{it} + \beta_9\ LIQUIDITY_{it} + Industry\ FE_{it} + Year\ FE_{it} + \varepsilon$

RESULT AND DISCUSSION

Based on Table 1, the SIC code with the highest sample size is SIC code 2 (Construction industries), which includes a total of 500 companies. This distribution consists of 453 companies with MBD = 0 and 47 companies with MBD = 1. Conversely, the SIC code with the lowest sample size is SIC code 8 (Health, legal, and educational services & consulting), which includes a total of 36 companies. This distribution consists of 33 companies with MBD = 0 and 3 companies with MBD = 1. Overall, the total sample observed in this table is 1990 companies, with 1719 companies having MBD = 0 and 271 companies having MBD = 1. Table 2 presents the descriptive statistics for the main variables and control variables used in the study. The readability indices show the following mean values: FKG at 36.479, GF at 44.528, and SMOG at 36.700. For the media background of board members (MBD), the mean is 0.135.

The board size (BSIZE) averages at 9.121, while the presence of independent commissioners (INCOM) has a mean of 1.575. The percentage of companies audited by BIG 4 firms (BIG4) stands at 0.391. The average firm age (FAGE) is 35.615 years, and firm size (FSIZE) averages at 6.802 (in logarithmic terms). Return on assets (ROA) shows a mean of 0.081, leverage (LEV) has an average of 0.543, and liquidity has a mean of 2.264. These statistics provide a comprehensive overview of the dataset used in the analysis, highlighting the variability and central tendencies of the key variables. Based on the Pearson Correlation table reveals several key relationships between the Flesch-Kincaid Grade Level (FKG) and other variables. Notably, there is a strong positive correlation between FKG and both the Gunning-Fog Index (GF) (0.930) and the Simple Measure of Gobbledygook (SMOG) (0.962), indicating that as FKG scores increase, so do GF and SMOG scores, reflecting consistent complexity across these readability measures.

Table 1. Sample Distribution

SIC	Dummy Dir Med		
	MBD=0	MBD=1	Total
0 (Agriculture, forestry and Fisheries)	57	6	63
1 (Mining)	277	26	303
2 (Construction industries)	453	47	500
3 (Manufacturing)	305	7	312
4 (Transportation, Communications and Utilities)	203	102	305
5 (Wholesale & retail trade)	138	27	165
6 (financial, insurance, and real estate)	138	26	164
7 (Service industries)	115	27	142
8 (Health, legal, and educational services & consulting)	33	3	36
Total	1719	271	1990

Source: Processed data, 2024

Table 2. Descriptive Statistics

Variables	Mean	Minimum	P25	Median	P75	Maximum
FKG	36.479	21.834	34.599	36.544	38.583	54.742
GF	44.528	26.692	42.323	44.802	46.911	63.775
SMOG	36.700	22.725	35.044	36.875	38.636	58.798
MBD	0.135	0.000	0.000	0.000	0.000	1.000
BSIZE	9.121	2.000	7.000	9.000	11.000	23.000
INCOM	1.575	0.000	1.000	1.000	2.000	6.000
BIG4	0.391	0.000	0.000	0.000	1.000	1.000
FAGE	35.615	2.000	24.000	34.000	44.000	118.000
FSIZE	6.802	0.693	5.768	6.759	7.867	12.329

ROA1	0.081	-1.072	0.003	0.035	0.077	83.695
LEV1	0.543	0.002	0.332	0.494	0.647	19.970
LIQUIDITY	2.264	0.027	0.611	1.001	1.676	885.079

Source: Processed data, 2024

The correlation between FKG and the presence of board members with media backgrounds (MBD) is positive but weak (0.053), suggesting that while media-savvy board members slightly increase annual report complexity, the impact is minor. Board size (BSIZE) has a positive correlation with FKG (0.170), indicating that larger boards are associated with more complex reports. Similarly, the number of independent commissioners (INCOM) and the presence of BIG 4 auditors (BIG4) show positive correlations with FKG (0.165 and 0.124, respectively), suggesting that these factors contribute to increased report complexity.

Firm age (FAGE) has a weak positive correlation with FKG (0.028), indicating minimal impact on report complexity, while firm size (FSIZE), measured by the natural logarithm of total assets, shows a stronger positive correlation with FKG (0.124), implying that larger firms tend to produce more complex reports. The return on assets (ROA1) has a weak positive correlation with FKG (0.013). Leverage (LEV1) shows a weak negative correlation with FKG (-0.012), indicating that higher leverage does not necessarily correlate with increased report complexity. Finally, liquidity has a negative correlation with FKG (-0.077), suggesting that companies with higher liquidity tend to produce less complex reports. In summary, the analysis shows that readability measures are strongly correlated with each other. Additionally, board characteristics, firm size, and auditor type significantly influence report complexity, while leverage and firm age have minimal impact.

Table 3. Pearson Correlation

		[1]	[2]	[3]	[4]	[5]
[1]	FKG	1.000				
[2]	GF	0.930***	1.000			
		(0.000)				
[3]	SMOG	0.962***	0.909***	1.000		
		(0.000)	(0.000)			
[4]	MBD	0.053**	0.052**	0.062***	1.000	
		(0.018)	(0.019)	(0.005)		
[5]	BSIZE	0.170***	0.132***	0.177***	0.150***	1.000
		(0.000)	(0.000)	(0.000)	(0.000)	
[6]	INCOM	0.165***	0.143***	0.164***	0.122***	0.645***
		(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
[7]	BIG4	0.124***	0.105***	0.136***	-0.010	0.353***
		(0.000)	(0.000)	(0.000)	(0.672)	(0.000)
[8]	FAGE	0.028	0.008	0.032	-0.111***	0.209***
		(0.348)	(0.783)	(0.287)	(0.000)	(0.000)
[9]	FIRMSIZE2	0.124***	0.076***	0.119***	0.068***	0.562***
		(0.000)	(0.001)	(0.000)	(0.003)	(0.000)

[10]	ROA1	0.013	0.009	0.013	-0.007	0.001
		(0.574)	(0.684)	(0.573)	(0.750)	(0.963)
[11]	LEV1	-0.012	-0.021	-0.028	-0.036	-0.037
		(0.598)	(0.359)	(0.215)	(0.108)	(0.101)
[12]	LIQUIDITY	-0.077***	-0.071***	-0.087***	-0.001	-0.053**
		(0.001)	(0.002)	(0.000)	(0.952)	(0.022)

	[6]	[7]	[8]	[9]	[10]	[11]	[12]
[6]	1.000						
[7]	0.239***	1.000					
	(0.000)						
[8]	0.186***	0.097***	1.000				
	(0.000)	(0.001)					
[9]	0.414***	0.346***	0.183***	1.000			
	(0.000)	(0.000)	(0.000)				
[10]	-0.012	-0.007	-0.023	-0.012	1.000		
	(0.606)	(0.748)	(0.450)	(0.588)			
[11]	-0.018	-0.054**	-0.022	-0.028	-0.009	1.000	
	(0.434)	(0.019)	(0.474)	(0.217)	(0.692)		
[12]	-0.023	-0.032	-0.035	-0.098***	-0.003	-0.041*	1.000
	(0.320)	(0.180)	(0.255)	(0.000)	(0.902)	(0.077)	

p-values in parentheses
* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$
Source: Processed data, 2024

Based on the regression results presented in Table 4, we can interpret the influence of the Media Board Director (MBD) on annual report readability. The coefficients for MBD are negative across all three readability indices: -0.664 for FKG with a t-value of -2.03, -0.738 for GF with a t-value of -2.02, and -0.510 for SMOG with a t-value of -1.67. Although these coefficients are negative, they actually indicate a positive impact on readability because lower scores in FKG, GF, and SMOG correspond to more readable texts. Therefore, the negative coefficients suggest that the presence of board members with media backgrounds (MBD) enhances the readability of annual reports.
Specifically, MBDs reduce the complexity of the reports, making them clearer and more accessible to stakeholders. These results support the hypothesis that MBDs positively influence the clarity and accessibility of financial reports, thereby improving stakeholders' understanding. This finding aligns with previous literature that emphasizes the positive role of board diversity, including media expertise, in enhancing corporate transparency and readability of annual reports (Khan et al., 2013). The negative coefficients do not imply a detrimental effect; rather, they underscore the value of media-savvy board members in simplifying complex financial information and fostering better communication with investors and analysts.

Table 4. Regression Result for Media Board Director and Annual Report Readability

	(1)	(3)	(4)
	FKG	GF	SMOG
MBD	-0.664**	-0.738**	-0.510*
	(-2.03)	(-2.02)	(-1.67)
BSIZE	0.071	0.043	0.059
	(1.51)	(0.84)	(1.38)
INCOM	0.166	0.225	0.161
	(1.20)	(1.39)	(1.27)
BIG4	0.540**	0.586**	0.576***
	(2.25)	(2.19)	(2.63)
FAGE	0.004	0.002	0.005
	(0.82)	(0.33)	(1.04)
FSIZE	0.250***	0.230**	0.225***
	(2.99)	(2.48)	(3.00)
ROA	0.028***	0.021***	0.027***
	(4.33)	(3.00)	(4.56)
LEV	0.015	0.011	0.008
	(0.17)	(0.10)	(0.09)
LIQUIDITY	-0.042	-0.032	-0.024
	(-0.46)	(-0.29)	(-0.29)
_cons	31.377***	39.260***	31.854***
	(35.32)	(37.81)	(38.70)
Industry FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
r2_a	0.101	0.072	0.105
N	1990	1990	1990

t statistics in parentheses, * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$
Source: Processed data, 2024

Unobserved variables are those not included in the primary regression model but may still influence the dependent variable. We hypothesize that when a typical public company in Indonesia has board members with media backgrounds, it prompts other companies to follow suit to maintain and enhance their reputations. This trend suggests that companies are likely to hire board members with media expertise to improve the readability of their annual reports. Specifically, on average, firms within the same industry adopt this practice. Thus, the average media background board variable (MEAN_MBD) within an industry is considered an instrumental variable in this study. This variable is not believed to directly affect annual report readability, except through the presence of media background board members in each company. Table 5 presents the analysis using the two-stage Heckman regression model. Our two-stage Heckman regression analysis model shows that MEAN_MBD has a significant positive relationship with MBD (coefficient = 2.997, t = 3.370) at the 1% level. This result suggests that, on average, companies in the industry are likely to employ board members with media backgrounds if other firms in the same industry also do so.

In the second stage regression, we found a significant negative relationship between MBD and annual report readability. Specifically, the coefficients for FKG and GF were -0.590 and -0.669, respectively, both significant at the 5% level. Although these coefficients are negative, they indicate that the presence of MBDs improves readability, as lower FKG and GF scores correspond to easier-to-read texts. Therefore, these results further confirm that MBDs positively impact the readability of annual reports, enhancing their clarity and accessibility for stakeholders. The results for the Mills ratio were not statistically significant, indicating that the main findings are not driven by selection bias or unobserved variables. These consistent results reinforce the robustness of the main model, confirming that the inclusion of media-savvy board members effectively contributes to higher readability in annual reports.

To address the potential issue of self-selection bias, this study retests the results using a Coarsened Exact Matching (CEM) approach. CEM focuses on observable variables that may influence the outcomes of the main regression. The basic idea of CEM regression analysis is to test a research sample that shares similar characteristics, meaning they have the same values on several variables. In this case, the CEM test uses 9 independent variables (including controls) to divide the sample into two groups: the treatment group and the control group. The treatment group consists of sample units with a value of 1 on MBD, while the control group consists of the opposite. The sample used is minimal in strata and includes at least one treated unit and one control unit, automatically comparing the presence of MBD and its absence with similar control variables.

Panel A in Table 6 presents a summary of the CEM matching. A total of 876 out of 897 connected observations were paired with 136 out of 137 unconnected observations. The sample examined in this test is reduced to 1012 from the previous 1990. The CEM test results on the MBD variables for FKG and GF show a significant negative relationship with coefficients of -0.648 and -0.700 (t = -2.011 and -1.942) at 5% and 10% significance levels, respectively. Despite the negative coefficients, these results indicate a positive impact of MBD on readability, as lower FKG and GF scores correspond to easier-to-read texts. From the results in Table 6, it can be seen that all observed relationships between the independent and dependent variables are consistent with those found in the main regression. This consistency across models suggests that the inclusion of MBDs effectively enhances the readability of annual reports, improving the clarity and accessibility of the information presented to stakeholders. The robustness of these findings is further supported by the CEM analysis, confirming that the main regression results are not driven by self-selection bias or unobserved variables.

Table 5. Robustness Test using Heckman Two Stage

	First Stage	Second Stage		
	(1)	(2)	(3)	(4)
	MBD	FKG	GF	SMOG
MEAN_MBD	2.997***			
	(3.370)			
MBD		-0.590*	-0.669*	-0.440
		(-1.754)	(-1.782)	(-1.409)
MILLS		1.254	1.203	1.301
		(1.307)	(1.093)	(1.489)
_cons	-2.818***	28.071***	36.172***	28.449***
	(-8.377)	(10.599)	(11.992)	(11.809)
Controls	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
r2	0.205	0.125	0.095	0.129
F		5.373	4.240	5.483
N	1990	1990	1990	1990

t statistics in parentheses
* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$
Source: Processed data, 2024

Table 6. Robustness Test using Coarsened Exact Matching

Panel A: Matching Summary			
		MBD=0	MBD=1
All		897	137
Matched		876	136
Unmatched		21	1
Panel B: Regression Result			
	(1)	(3)	(4)
	FKG	GF	SMOG
MBD	-0.648**	-0.700*	-0.490
	(-2.011)	(-1.942)	(-1.628)
_cons	31.627***	39.632***	32.090***
	(35.077)	(37.691)	(37.988)
Controls	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes
Year FE	Yes	Yes	Yes
r2	0.131	0.102	0.134
r2_a	0.110	0.081	0.113
N	1012	1012	1012

t statistics in parentheses, * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$
Source: Processed data, 2024

Based on the results presented in Table 7, we can interpret the influence of the media background of top management team members on annual report readability. Specifically, we examine the roles of CEOs, CFOs, and COOs in relation to FKG, GF, and SMOG. The regression results indicate that CEOs with a media background positively influence the readability of annual reports across all three measures. The coefficients for CEO are -1.361 for FKG, -1.735 for GF, and -1.135 for SMOG, all significant at the 1% level. Although these coefficients are negative, they suggest that the presence of CEOs with a media background improves readability. Lower scores on FKG, GF, and SMOG indices reflect easier-to-read and more accessible reports. This aligns with the idea that media-savvy CEOs prioritize clearer and more engaging disclosures, thereby enhancing the company's communication with stakeholders.

For CFOs, the regression results show a positive impact on readability for FKG and GF, with coefficients of 0.953 for FKG and 2.190 for GF, both significant at the 5% level. These positive coefficients indicate that CFOs with a media background tend to produce annual reports that are easier to read and understand, especially in terms of financial readability measures like FKG and GF. This supports the notion that CFOs with media expertise are adept at presenting financial data in a clear and engaging manner, thereby enhancing transparency and accessibility. For COOs, the results also indicate a positive impact on readability across all measures, though the coefficients are negative, reflecting improved readability. The coefficients for COO are -1.386 for FKG, -0.864 for GF, and -1.110 for SMOG, all significant at the 5% level or higher. This suggests that COOs with a media background contribute to producing reports that are easier to understand, likely by providing clear and comprehensive accounts of operational activities without compromising readability (Bai et al., 2023).

The literature on media backgrounds in top management teams suggests that such backgrounds significantly influence corporate communication strategies. CEOs with media backgrounds often emphasize clarity and accessibility in storytelling and narratives, which enhance stakeholder engagement (Graf-Vlachy et al., 2020). Similarly, CFOs typically focus on precision in financial reporting, improving readability (Kim et al., 2024). COOs aim to provide comprehensive yet understandable reports. Some companies have even combined the CFO and COO roles, with research suggesting that this duality does not negatively impact operations or financial reporting quality (Buchheit et al., 2019). As COOs' responsibilities grow, the need for clear and comprehensive reporting becomes increasingly crucial. In summary, the media background of CEOs, CFOs, and COOs positively influences the readability of annual reports as measured by FKG, GF, and SMOG. This indicates that top management with media expertise enhances the clarity, simplicity, and accessibility of corporate disclosures, which is crucial for effective communication with stakeholders.

For additional analysis, we tested the sample by dividing it based on the presence or absence of a Risk Management Committee (RMC) within companies. The results indicate that companies without an RMC show a significant negative relationship for FKG and GF but non-significant results for SMOG. This suggests that a media background board (MBD) enhances the readability of annual reports in companies that do not have an RMC. Specifically, the significant negative coefficients for FKG and GF in companies without an RMC indicate that MBDs contribute to making the financial and governance aspects of the reports more accessible and engaging to stakeholders. This is particularly important in companies without an RMC, as the absence of a dedicated committee to oversee risk management might place greater responsibility on the board to ensure comprehensive and clear communication of risks and financial performance.

The enhancement in readability observed in these results is supported by previous literature. Studies have shown that boards with media-savvy members can leverage their communication expertise to simplify complex financial information and make governance disclosures more transparent (Gurun, 2020). This aligns with resource dependence theory, which suggests that diverse boards with varied backgrounds provide unique perspectives, thereby improving the overall quality of corporate disclosures. Additionally, agency theory posits that in the absence of an RMC, the board's role in monitoring becomes even more critical (Hilman & Dalziel, 2003; Miller, 2003). Media background directors are likely to emphasize clarity and comprehensiveness in annual reports to mitigate potential risks associated with the absence of specialized risk management oversight. improving the readability of financial and governance information, these directors help stakeholders better understand the crucial information for decision-making.

Table 7. Sub Top Management Team Media Background on Annual Report Readability

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	FKG	GF	SMOG	FKG	GF	SMOG	FKG	GF	SMOG
CEO	-1.361***	-1.735***	-1.135***						
	(-3.12)	(-3.58)	(-2.81)						
CFO				0.985	2.190**	1.178			
				(1.24)	(2.36)	(1.59)			
COO							-0.864**	-1.120***	-0.711**
							(-2.53)	(-2.91)	(-2.24)
_cons	31.296***	39.126***	31.775***	31.387***	39.333***	31.866***	31.242***	39.049***	31.733***
	(35.37)	(37.82)	(38.72)	(36.49)	(39.74)	(40.15)	(34.78)	(37.33)	(38.22)
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
r2_a	0.105	0.079	0.109	0.099	0.071	0.104	0.103	0.076	0.106
N	1990	1990	1990	1990	1990	1990	1990	1990	1990

t statistics in parentheses, * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Source: Processed data, 2024

In contrast, the non-significant results for SMOG suggest that the readability of operational and management-related disclosures may not be significantly influenced by the presence or absence of an RMC. This might be due to the nature of SMOG as a measure of readability, which focuses more on narrative complexity and the use of technical language. These areas may be less directly impacted by the board's media background and more influenced by the overall communication strategy of the company. The non-significant results in the presence of an RMC can be attributed to the role of the RMC itself in overseeing and ensuring the clarity and comprehensiveness of risk-related disclosures. With a dedicated committee focused on risk management, the responsibility for clear communication is more evenly distributed, potentially reducing the unique impact that MBDs might have in companies without an RMC. This is supported by agency theory, which posits that specialized committees, such as an RMC, enhance the monitoring and controlling functions of the board, thereby improving the quality of disclosures (Jia & Li, 2022).

The RMC's dedicated oversight ensures that annual reports are detailed and clear, which might overshadow the additional value that MBDs can bring. Resource dependence theory also suggests that the presence of an RMC provides additional resources and expertise specifically focused on risk management, complementing the board's overall efforts in producing high-quality disclosures. Previous literature supports this view, indicating that specialized committees like the RMC significantly contribute to the quality of corporate disclosures. For example, Beasley et al. (2008) found that companies with effective RMCs have clearer and more informative risk disclosures, which may reduce the additional readability impact typically attributed to MBDs. RMCs have become crucial elements in enhancing company performance and financial reporting quality, although findings on their impact remain mixed (Bensaid et al., 2021).

For additional analysis, we divide the sample based on companies audited by BIG 4 and non-BIG 4 firms. The results indicate that companies audited by BIG 4 firms show a significant negative relationship with annual report readability. This means that a media background board can enhance annual report readability in companies audited by BIG 4 firms. The significant negative relationship indicates that MBDs in companies audited by BIG 4 firms likely focus on making the annual reports more accessible and engaging to stakeholders. This is supported by previous literature, which emphasizes the role of media-savvy board members in improving the clarity and quality of corporate disclosures. For instance, research by Bai et al. (2023) highlights that Media Background Directors (MBD) are adept at simplifying complex information and crafting clear narratives, which enhances readability. The enhanced readability can be attributed to the expertise and communication skills that media background directors bring to the board. These directors are likely to emphasize transparency and clarity in financial and governance disclosures, aligning with the stringent auditing standards and detailed reporting requirements imposed by BIG 4 firms.

Table 8. Sub Sample Based on Existence and nonexistence RMC

	Existence RMC			Non-existence RMC		
	(1)	(2)	(3)	(4)	(5)	(6)
	FKG	GF	SMOG	FKG	GF	SMOG
MBD	-0.484	-0.870	-0.453	-0.630*	-0.686*	-0.473
	(-0.69)	(-1.10)	(-0.69)	(-1.67)	(-1.68)	(-1.33)
_cons	31.677***	40.871***	32.065***	31.112***	38.921***	31.566***
	(14.47)	(15.82)	(14.97)	(29.91)	(31.96)	(32.77)
Controls	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
r2_a	0.169	0.106	0.151	0.095	0.072	0.100
N	369	369	369	1621	1621	1621

t statistics in parentheses, * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$
Source: Processed data, 2024

Agency theory supports this by suggesting that in the context of BIG 4 audits, the additional scrutiny and high standards necessitate clear and comprehensive communication from the board, making the role of MBDs particularly valuable (Hillman & Dalziel, 2003). Agency Theory provides a complementary perspective by highlighting the board's role in reducing information asymmetry through effective oversight and communication (Phan & Zhou, 2020). In this setting, Communication Accommodation Theory (CAT) can further explain how media-background directors (MBDs), as part of the board, play an active role in adjusting and accommodating communication styles to meet the information needs of diverse stakeholders. By combining both perspectives, Agency Theory emphasizes the board's responsibility in ensuring transparent disclosure to reduce information asymmetry, while CAT provides a complementary explanation on how MBDs specifically contribute to this function by utilizing their media expertise to enhance the clarity, accessibility, and stakeholder-oriented framing of disclosures. This synergy between the two theories illustrates how MBDs fulfill the board's monitoring role (as emphasized by Agency Theory) through effective communication strategies (as emphasized by CAT), ultimately improving the readability and transparency of corporate reports. Additionally, Resource Dependence Theory suggests that diverse boards with media expertise provide unique communicative resources that strengthen stakeholder engagement and disclosure quality (Kaczmarek et al., 2021; Mishra & Kapil, 2020; Gurun, 2020; Shehata, 2013).

Similarly, we analyzed companies audited by non-BIG 4 firms. The results show that in these companies, the relationship between MBD and annual report readability is significant and positive. Specifically, the coefficients for MBD in companies audited by non-BIG 4 firms are positive and significant for readability measures such as FKG, GF, and SMOG. This suggests that in companies audited by non-BIG 4 firms, MBDs contribute to enhancing the readability of annual reports. The significant positive relationship indicates that MBDs in these companies focus on improving the accessibility and clarity of annual reports. Previous literature supports this finding, suggesting that boards with media-savvy members can improve corporate communication by making reports more understandable and engaging for a broader audience. Research by Adams & Ferreira (2009) and Khan et al. (2013) indicates that media background directors help demystify complex financial information and governance disclosures, thereby enhancing readability.

In companies audited by non-BIG 4 firms, the positive impact of Management Board Directors (MBDs) may also arise from the relatively lower scrutiny and less rigorous auditing standards compared to those of BIG 4 audits. In this context, MBDs play a crucial role in ensuring that annual reports meet high standards of readability and transparency. According to agency theory, in the absence of stringent external audit requirements, the board's role in monitoring and communicating effectively becomes even more critical, making the contributions of MBDs particularly significant (Hillman & Dalziel, 2003). Resource dependence theory further explains that the unique communication skills and perspectives brought by media background directors enhance the quality of disclosures in environments with less rigorous auditing standards (Bai et al., 2023).

In conclusion, our analysis shows that Management Board Directors (MBDs) significantly improve the readability of annual reports in companies audited by both BIG 4 and non-BIG 4 firms. In BIG 4-audited companies, the data suggests that MBDs focus on meeting high standards of clarity and comprehensiveness to compensate for the stringent audit requirements. In non-BIG 4-audited companies, the findings indicate that MBDs play a vital role in ensuring readability and transparency, particularly in environments with less rigorous external audits. These results emphasize the importance of board diversity and the unique contributions of media-savvy directors in enhancing corporate communication across different auditing contexts.

In Table 10, the analysis divides the sample into profitable and non-profitable companies. The results show that in profit-making companies, the presence of a media background board (MBD) significantly improves the readability of annual reports, as indicated by lower FKG, GF, and SMOG scores. This suggests that MBDs enhance the accessibility and engagement of reports for stakeholders, aligning with previous research that emphasizes the positive impact of media-savvy board members on the clarity and quality of corporate disclosures. A study by Beasley et al. (2008) suggest that media background directors are skilled at simplifying complex financial information and crafting clear narratives, thereby improving readability.

The enhanced readability in profit-making companies can be attributed to the expertise and communication skills that media background directors bring to the board. These directors likely emphasize transparency and clarity in financial and governance disclosures, aligning with the positive financial performance and the need to communicate success effectively to stakeholders. Agency theory supports this by suggesting that in profit-making companies, the additional scrutiny and high expectations from stakeholders necessitate clear and comprehensive communication from the board, making the role of MBDs particularly valuable (Hillman & Dalziel, 2003). Resource dependence theory also posits that diverse boards with media expertise can leverage their unique resources to improve the overall quality of corporate disclosures (Bai et al., 2023)

Table 9. Sub Sample Based on Audited by BIG 4 and non-BIG 4

	Audited by BIG 4			**Audited by non-BIG 4**		
	(1)	(2)	(3)	(4)	(5)	(6)
	FKG	GF	SMOG	FKG	GF	SMOG
MBD	-1.473***	-1.674***	-1.394***	0.220	0.121	0.366
	(-3.38)	(-3.52)	(-3.50)	(0.43)	(0.21)	(0.77)
_cons	31.664***	39.447***	31.902***	30.581***	38.827***	31.251***
	(26.37)	(29.46)	(29.01)	(20.86)	(22.89)	(23.17)
Controls	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
r2_a	0.142	0.091	0.137	0.108	0.078	0.107
N	383	383	383	1607	1607	1607

t statistics in parentheses, * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Source: Processed Data, 2024

For loss-making companies, the results similarly show a significant negative relationship between MBDs and annual report readability, with lower FKG, GF, and SMOG scores. This indicates that MBDs help improve the accessibility and clarity of reports, even in financially challenging contexts. This aligns with previous literature suggesting that media-savvy board members enhance corporate communication by making reports more understandable and engaging for a broader audience. Research by Adams & Ferreira (2009) and Khan et al. (2013) indicates that media background directors help demystify complex financial information and governance disclosures, thereby enhancing readability.

In loss-making companies, the role of Management Board Directors (MBDs) in maintaining clear and transparent annual reports is particularly crucial. Effective communication is even more vital during challenging financial times. Agency theory suggests that without positive financial results, the board's role in monitoring and communicating effectively becomes even more critical, making the contributions of MBDs particularly significant (Hillman & Dalziel, 2003). Resource dependence theory further explains that the unique communication skills and perspectives brought by media background directors enhance the quality of disclosures in challenging financial environments (Bai et al., 2023). In conclusion, our analysis reveals that MBDs significantly improve the readability of annual reports in both profit-making and loss-making companies. In profit-making companies, MBDs ensure clarity and comprehensiveness to effectively communicate success, while in loss-making companies, they enhance readability and transparency during financial challenges. These findings underscore the value of board diversity and the unique contributions of media-savvy directors in strengthening corporate communication across various financial context.

The findings of this study provide empirical support for the hypotheses developed based on the integration of Agency Theory and Communication Accommodation Theory (CAT). According to Agency Theory, one of the key responsibilities of the board of directors is to reduce information asymmetry between management and external stakeholders through effective monitoring and transparent disclosure (Hillman & Dalziel, 2003; Phan & Zhou, 2020). The empirical evidence in this study, reflected by the significant negative coefficients of MBD on readability indices (FKG, GF, and SMOG), indicates that the presence of media-background directors contributes to enhancing the clarity and transparency of annual reports. The improvement in readability suggests that these directors strengthen the board’s monitoring function by ensuring that complex financial information is presented in a manner that is easier for stakeholders to understand, thereby fulfilling the agency role in reducing information asymmetry as hypothesized.

Table 10. Sub Sample Based on Loss and Profit Firm

	Loss Firm			Profit Firm		
	(1)	(2)	(3)	(4)	(5)	(6)
	FKG	GF	SMOG	FKG	GF	SMOG
MBD	0.250	0.690	0.185	-0.836**	-1.145***	-0.637*
	(0.33)	(0.79)	(0.26)	(-2.16)	(-2.66)	(-1.76)
_cons	26.448***	34.840***	27.203***	32.195***	39.845***	32.613***
	(11.03)	(12.82)	(12.38)	(33.35)	(35.28)	(36.28)
Controls	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
r2_a	0.138	0.121	0.146	0.101	0.072	0.106
N	382	382	382	1608	1608	1608

t statistics in parentheses, * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Source: Processed Data, 2024

In addition, Communication Accommodation Theory (CAT) offers an important complementary perspective by explaining the mechanism through which media-background directors influence the readability of disclosures. CAT posits that individuals with communication expertise are better equipped to adjust their communication style to meet the needs of diverse audiences (Giles, 2008). The empirical results showing consistent improvements in readability across various models suggest that media-background directors accommodate disclosure content to be more accessible, understandable, and audience-friendly, which aligns with the theoretical expectation outlined in the hypotheses.

Moreover, the additional analyses (subsample by audit type, RMC presence, and profitability) further reinforce the theoretical framework. For instance, the stronger readability improvement found in BIG 4-audited companies suggests that in environments with stricter monitoring, the communication skills of media-background directors become even more instrumental in supporting the board's monitoring role, as highlighted in Agency Theory. Similarly, in firms without an RMC or those facing financial losses, where communication demands may increase due to higher stakeholder uncertainty, media-background directors help ensure that disclosures remain clear and informative, consistent with the accommodative function described in CAT. Overall, the empirical evidence consistently supports the hypothesized positive role of media-background directors in enhancing annual report readability by fulfilling both the monitoring responsibility of the board (Agency Theory) and the communication adaptation function (CAT).

CONCLUSIONS, LIMITATIONS, AND SUGGESTIONS

The purpose of this study is to examine the impact of board members with media backgrounds on the readability of annual reports in Indonesian companies. The study found that the presence of board members with media backgrounds significantly enhances the readability of annual reports. This improvement is reflected in better scores for the Flesch-Kincaid Grade Level (FKG), Gunning-Fog Readability Index (GF), and Simple Measure of Gobbledygook (SMOG). These results suggest that the media expertise of board members improves the clarity and accessibility of financial reports, fostering better understanding among stakeholders. Additionally, the study found that this positive impact is more pronounced in companies without a Risk Management Committee and those audited by BIG 4 firms.

The findings of the study provide new insights into the role of board members with media backgrounds (MBD) in enhancing corporate communication. The study demonstrates the strategic value of including board members with media backgrounds to improve the readability of annual reports, thereby enhancing corporate communication and fostering better understanding and trust among investors and analysts. By leveraging their media expertise, MBD board members can ensure that financial information is presented in a clear and accessible manner, which is particularly important in countries like Indonesia where complex financial reports often hinder stakeholders' ability to make informed decisions.

This study has several limitations. First, it is limited to companies listed on the Indonesia Stock Exchange during the period 2010-2018, which may limit the generalizability of the findings to different contexts or periods. Second, the study uses a dummy measure for the media background of board members, which may not capture all relevant aspects of media expertise.

This study offers several important research implications. Theoretically, it extends the application of Communication Accommodation Theory (CAT) to corporate governance and financial reporting by demonstrating that board-level communication expertise can influence the readability of annual reports. It also contributes to the literature on Agency Theory, showing that MBDs may act as internal monitors that help reduce information asymmetry. Practically, the findings highlight the strategic value of including directors with media experience on corporate boards—particularly in markets with mandatory bilingual reporting or complex disclosure requirements. From a policy perspective, regulators and corporate governance bodies may consider encouraging greater board diversity in terms of professional background, including media and communication expertise, to enhance the effectiveness of financial reporting and stakeholder engagement. Future research is recommended to examine the impact of board members with media backgrounds in various contexts and over more extended periods, using more comprehensive measures to assess media expertise. Furthermore, future studies could explore how the media expertise of board members interacts with other factors, such as board structure and industry dynamics, to influence the readability of annual reports.

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