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Readability of CEO letters: An analysis of Corporate Social Responsibility reporting in the oil and gas sector

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Corporate Social Responsibility (CSR) reporting

The oil and gas sector is an environmentally sensitive (Hackston & Milne, 1996; Reverte, 2009) and controversial industry (Du & Vieira, 2012) and with important impacts on sustainable development (Doni et al., 2022).

- Recent years have seen an increase in the number of companies disclosing CSR information.
- This increase has not been accompanied by an increase in quality and transparency.

(Albitar et al., 2023; Cho et al., 2015; Du & Yu, 2021; Fisher et al., 2020; Hamza & Jarboui, 2022; Lock & Seele, 2016; Michelon et al., 2015; Milne & Gray, 2013).

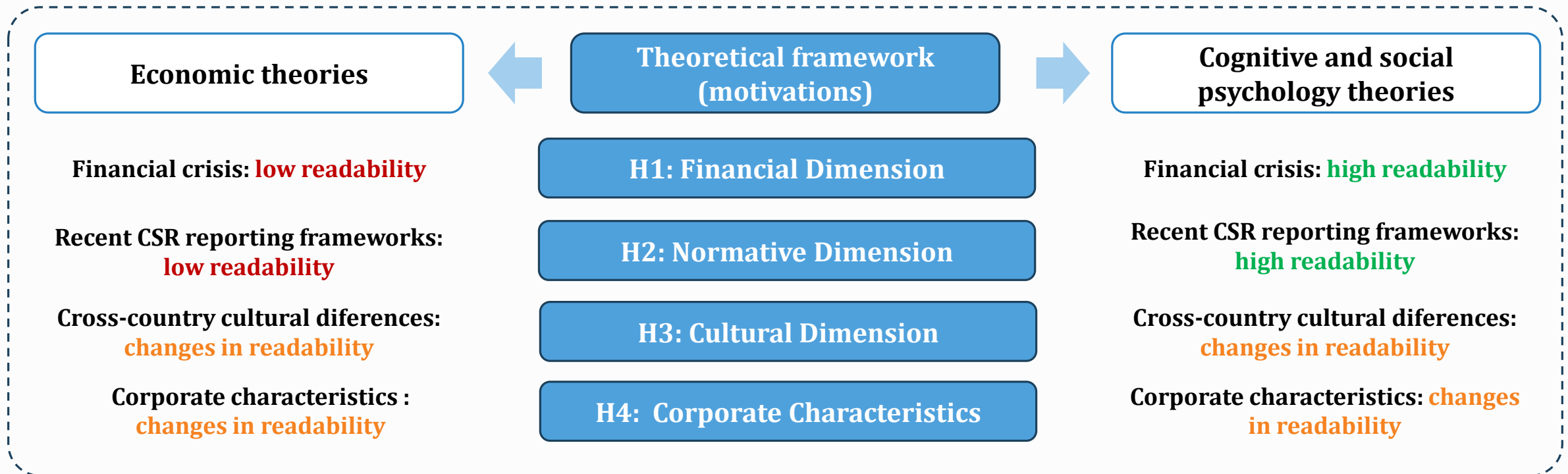
**Biased behaviors
Irregularities and fraud in the
practice of CSR**



**Increase the problems related to
transparency and the quality of the
information disclosed**

Reading ease manipulation

CSR communications present a low level of readability (Adhariani & du Toit, 2020; Smeuninx et al., 2020). Reading ease manipulation of CSR communication is an IM technique for companies to create a desired image, obfuscate inferior information, and conceal environmental and social damage caused (Adhariani & du Toit, 2020; Mnif & Kchaou, 2021; Nazari et al., 2017; Nilipour et al., 2020; Smeuninx et al., 2020; Wang et al., 2018).



Oil and gas sector: sample selection

The oil and gas sector has grown significantly over the last decade and is one of the largest in the world (Elhuni & Ahmad, 2017). Although the oil industry has enormous resources and capacities, this does not necessarily make it successful in terms of sustainability-related performance (Schneider et al., 2011).

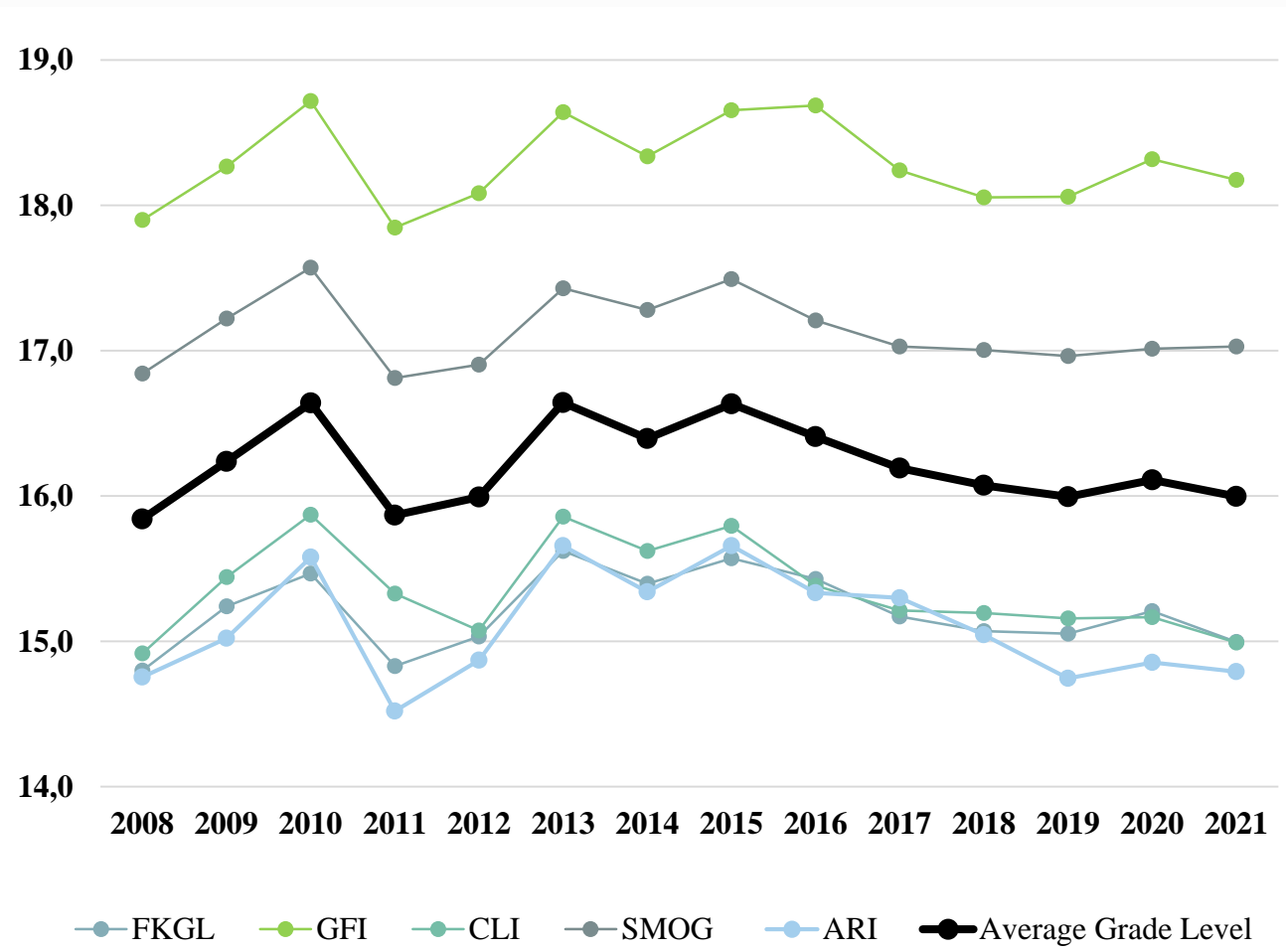


Final sample composition (336 company-year observations)

Research Design

Objective	Hypothesis	Methodological procedures
Understand how internal and external determinants influence the motivations of CEOs of oil and gas companies to obfuscate CSR disclosure.	Hypothesis H1: There are significant differences in the level of readability between CEO letters written in different financial contexts.	<ol style="list-style-type: none"> 1. Extraction of CEO letters and pre-processing process; 2. Calculation of the readability indexes using the ReadablePro software; 3. Definition of the Average Grade Level (AGL); 4. Definition of the independent and control variables; 5. Inferential analysis using ANOVA, the Kruskal-Wallis's test, and hypothesis tests for differences between means; 6. Regression analysis using panel data estimations (basic linear models of unobserved effects).
	Hypothesis H2: There are significant differences in the level of readability between CEO letters written by companies that follow different CSR reporting frameworks.	
	Hypothesis H3: There are significant differences in the level of readability between CEO letters of companies from different cultural contexts.	
	Hypothesis H4: There are corporate characteristics that influence the level of readability of CEO letters.	

Descriptive analysis



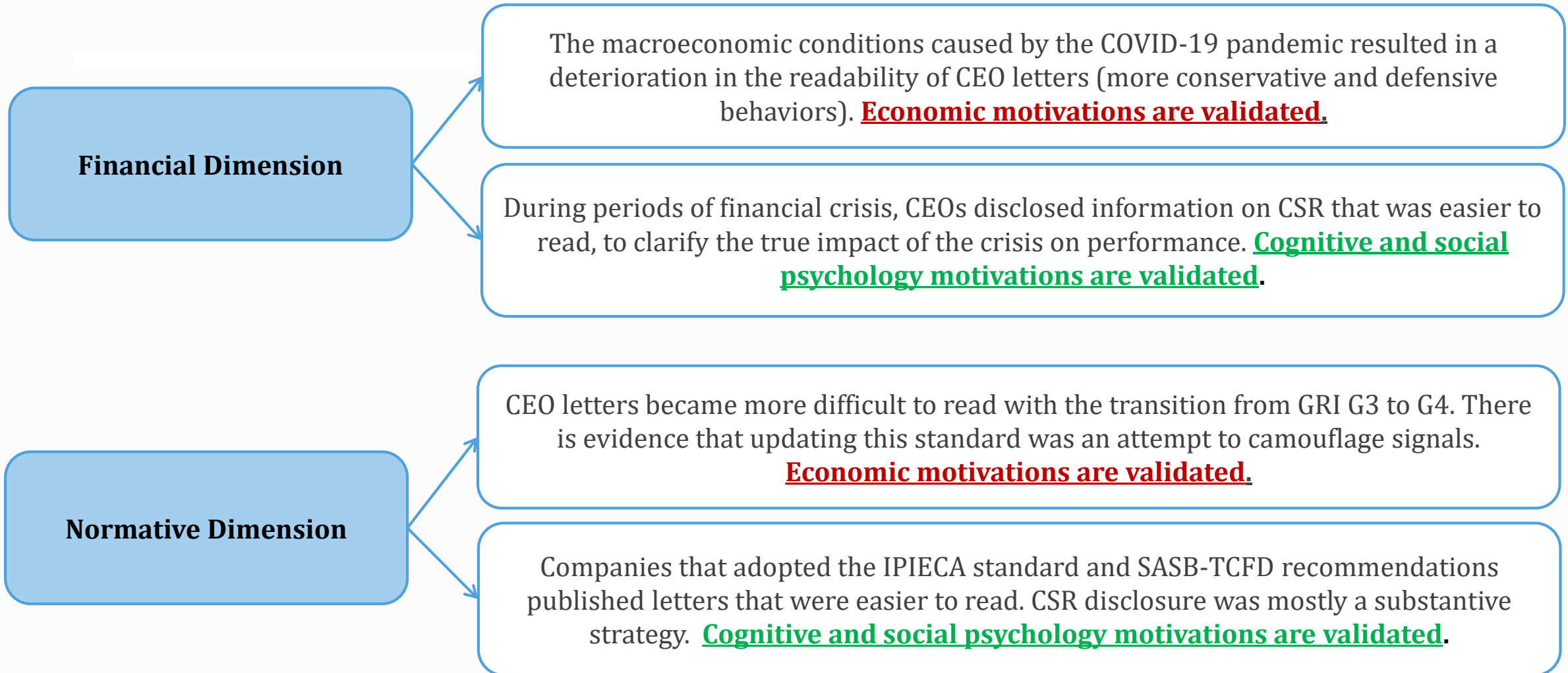
The easiest CEO letters to read were released by UK companies, BP Plc. and Shell Plc.

Companies based in China (China National Petroleum Corporation, China Petroleum & Chemical Corporation Ltd. and China National Offshore Oil Corporation) released the most difficult CEO letters to read.

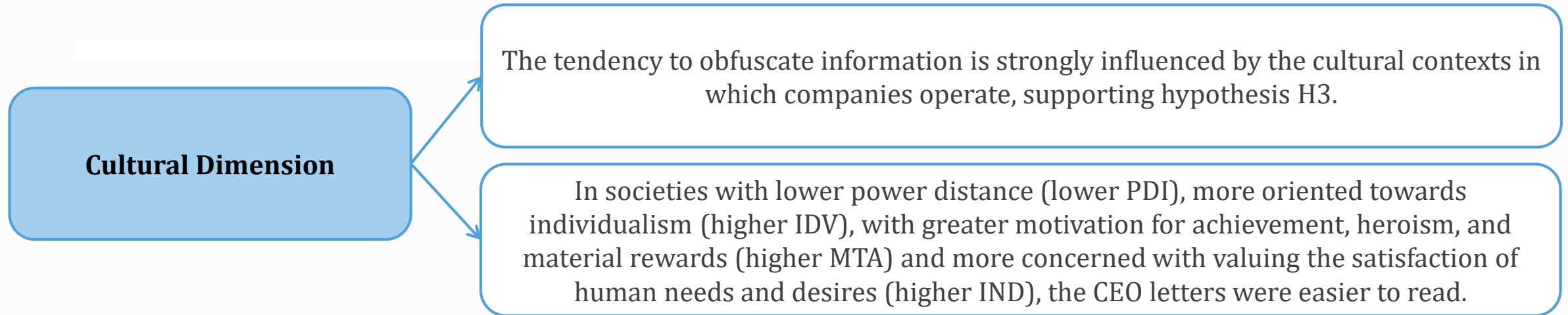


CEO letters for CSR reporting are a difficult genre to read

Inferential and regression analysis



Inferential and regression analysis



Regarding the control variables, the results obtained prove the statistically significant impact of the variables LETTER_LENGTH, LOG_ASSETS, LOG_REVENUE, CEO_AGE and GENDER_DIV on the reading ease manipulation of CEO letters. Hypothesis H4 was also verified.

Conclusions and contributions



Textual characteristics of CSR communications, such as reading ease, play a vital role in conveying information effectively and ensuring transparency, particularly in the oil and gas sector.



There is a great need to simplify language to promote greater trust and responsibility among oil and gas companies. Overall, this study highlights the importance of considering external contexts and internal determinants when analyzing the readability of CEO letters in the oil and gas sector.



Contributions: To the best of the authors' knowledge, this is the first study to analyze the integrated impact of external conditions on CSR narratives. This research has fundamental theoretical and practical implications for researchers, investors, organizations, regulators and other stakeholders.



Limitations: Focus on other tools to communicate their CSR activities to stakeholders; perform an exhaustive content analysis to analyze the CEOs' underlying messages in depth;

THANK YOU!

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