

Does Corporate Governance Drive the Narrative Tone of Sustainability Reporting?

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Abstract: Extensive research on corporate governance has led to a greater focus on disclosure (financial and narrative) in sustainability reporting, with the company's primary goal of winning over and maintaining the support of stakeholders to gain competitive advantage. Managers could choose to present information using a qualitative approach rather than a quantitative one, manipulate the rhetoric, and influence investors' perceptions. This study investigates whether corporate governance influences the tendency of companies to use particular textual narratives, as part of impression management techniques, to expose a favourable projection of overall activity. Three specific characteristics measure the propensity to employ impression management in sustainability reporting, while corporate governance is quantified considering board gender diversity. Additionally, company-level control variables are included. Research hypotheses are asserted in line with previous literature and tested based on a sample of non-financial companies from Eastern European countries, for the time frame between 2022 and 2023. Data on narrative tone is collected using textual analysis of sustainability reports, while corporate governance characteristics and control variables are extracted from the Tomson Reuters Eikon database. Descriptive statistics, correlation analysis, and multilevel regression estimation are employed to analyse the panel data. Mixed findings are highlighted, depending on the proxy used to measure impression management. They show that textual characteristics of sustainability reports are impacted by corporate governance. Empirical evidence emphasises that in boards with greater representation of women, the tendency of impression management strategies in the narrative tone of sustainability disclosure decreases. Women directors are associated with more balanced, precise, and clear, but not extensive reports. Results may represent an original and valuable resource for academic and business environments. First, this study adds to the existing literature and contributes to the debate on corporate governance mechanisms from the perspective of impression management, as a basis for present and future research horizons. Second, due to a thorough understanding of the tone of narrative disclosure, business representatives, regulators, and policymakers will be fully aware of potential opportunistic behaviours, as well as corporate governance mechanisms that exert significant influence and could lead to high-quality reporting. Third, impression management measurements as well as sample specifics and methodological insights support the originality of the investigation.

Keywords: Corporate governance, Impression management, Sustainability reports, Narrative disclosure, Textual analysis

1. Introduction

Although narrative disclosure may be associated with a challenge for policymakers and regulatory bodies from the perspective of setting the requirements, the quality of reporting is closely monitored by investors, regulators, and society as a crucial aspect of accountability and transparency (Leung, Parker & Courtis 2015). In this context, the accounting and finance literature has paid more attention to textual analysis in the past decade (Loughran & McDonald, 2016). Textual assessments, understood as narrative disclosures, are found in information exposed by companies addressed to their internal and external stakeholders and could be represented by financial statements, annual reports, corporate social responsibility (CSR) reports, environmental, social and governance (ESG) reports, or Management Discussion and Analysis (Bassyouny, Abdelfattah & Tao, 2022).

A threat to narrative disclosure could consist of using impression management techniques as a result of opportunistic management behaviour. This fact may alter the balanced and accurate exposure of corporate reporting. Scientific literature (Hamza & Jarboui, 2024; Albitar, Abdoush & Hussainey, 2022; Ben-Amar et al, 2022; Garcia-Sanchez, Suarez-Fernandez & Martinez-Ferrero, 2019; Osma & Guillamon-Saorin, 2011) addresses this concern, drawing attention to corporate governance mechanisms as underlying practices used to mitigate impression tendency.

Aiming to fill the gaps in the accounting literature, this empirical investigation is approached as a cross-sectional analysis on the relationship between corporate governance and impression management, for a sample of non-financial companies, in the period between 2022 and 2023. Originality is ensured by the specific geographical area analysed, consisting of developing countries. Moreover, novelty is represented by the quantitative approach, including different proxy for impression management and focussing on board gender diversity as a key mechanism of corporate governance.

This research provides exploratory information that enables cross-country and cross-industry comparability by analysing data for a particular sample. This sample reduces the variability of the results and allows for a thorough investigation of a specific geographical area. Research methodology, which combines primary and secondary data, is similar to Bojan (2025) and Garcia-Sanchez, Suarez-Fernandez & Martinez-Ferrero (2019), and provides an alternative perspective to earlier qualitative-orientated studies (Melloni et al, 2016; Solomon et al, 2013). Furthermore, the investigation expands the body of knowledge on corporate governance and sustainability, shedding new light on several textual characteristics as proxies for impression management.

Hence, this study contributes to the existing scientific literature and is conducted in light of a multi-theoretical framework. The impression management theory is complemented by the agency, voluntary disclosure, and social identity theories, to provide a comprehensive understanding of the impact exerted by gender diversity on the narrative tone used in sustainability reporting.

The remainder of the paper is structured as follows. Section 2 summarises relevant studies underlying the design of research hypotheses. Section 3 covers the methodology, data collection, sample, and regression estimation. Section 4 debates the empirical results, while the findings, main conclusions, limitations, and future research directions are discussed and addressed in Section 5.

2. Literature Review and Hypotheses Assertion

Corporate disclosure could be associated with the core of financial communication, filling the gap between companies and their stakeholders. Investors, regulatory bodies, and policymakers are increasingly concerned about the accuracy and reliability of financial reporting as global markets call for increased responsibility and transparency. Financial reporting has always been dominated by quantitative disclosures, but these often do not provide the nuanced understanding required for challenging decision-making. In this sense, narrative disclosures, especially the tone used in the textual content of corporate reports, have become essential instruments for improving the interpretive depth of business communications, especially given the global focus on sustainability (Kayed & Alta'any, 2025; Yang, Bao & Zhang, 2024).

Corporate governance is important for accurate, consistent, and transparent data exposure in order to balance information asymmetries and agency costs, to align interests to mitigate the extent of the conflict raised between stakeholders and management, as well as to improve financial reporting procedures and disclosure practices. Moreover, corporate governance mechanisms, such as those related to audit committee independence, financial expertise, and women representation (Makhlouf, 2022), board independence, CEO duality, number of board meetings and board size (Osma & Guillamon-Saorin, 2011), or several board chairman characteristics (Al-Sayani et al, 2024) are key elements in meeting shareholders expectations and may reduce opportunistic disclosure practices in corporate reports (Al-Shaer, Malik & Zaman, 2022).

Sustainability reports may be understood as documents that seek to inform all stakeholders on the effects that company actions have on the economy, society, and environment over a specific time frame. Given that these reports are available to all internal and external stakeholders, they serve as a means for managers to share evidence on company performance in terms of sustainability. From this perspective, transparency could lead to a decrease in information asymmetry between managers and investors, which influences the decision-making processes (Monteiro & Goncalves, 2025; Albitar, Abdoush & Hussainey, 2022; Garcia-Sanchez, Suarez-Fernandez & Martinez-Ferrero, 2019). Monteiro & Goncalves (2025) emphasise that information asymmetries seek to avoid detrimental implications and promote favourable ones based on impression management strategies. Management may adopt these strategies to portray economic events in a way that provides material and social advantages and keeps them protected, particularly with respect to sustainability reporting. For example, companies could use sustainability disclosure to legitimise themselves in front of stakeholders, hiding concerns regarding their sustainable development plans and typically giving a better-than-real picture of their overall status. Likewise, narrative strategy may be considered a challenge for accounting research in an increasingly complex and rich information environment.

Perkiss et al (2021) associate impression management with a strategy to control the pressure of stakeholders, as well as to match business goals with society trends. The use of impression management techniques offers managers a significant and expanding potential to benefit from published information. Sustainability reports increase the likelihood of opportunistic discretionary disclosure because they include narrative content that may be extensive and more complex. In these circumstances, managers aim to minimise and hide inadequate socially responsible performance to reduce and avoid potentially risk associated with lower performance, such

as a decline in reputation, loss of market value, and customer satisfaction (Garcia-Sanchez, Suarez-Fernandez & Martinez-Ferrero, 2019; Osma & Guillamon-Saorin, 2011).

Impression management theory (Goffman, 1959) represents a basis for manipulating user views through narrative disclosure. Similar assumptions are emphasised by Yang, Bao & Zhang (2024). Agency theory draws attention to the conflict of interest that may exist between managers and stakeholders. Information asymmetry will result from the ability of managers to take advantage of several data that stakeholders cannot access. Then, information asymmetry could have several repercussions, including a decline in trusting accounting data and the dissemination of inappropriate decisions among stakeholders (Monteiro & Goncalves, 2025; Makhlouf, 2022). The theory of voluntary disclosure asserts that managers tend to provide more favourable information and less negative evidence (Monteiro & Goncalves, 2025). Social identity theory asserts that individuals act similarly within a group with which they identify. Multiple social identities will be present in the person's self-concept as they perform various social roles and identify with various social categories. All these theoretical approaches combined support the statement that women directors could change the group dynamics and extend the horizons, being receptive to multiple perspectives (Albitar, Abdoush & Hussainey, 2022; Garcia-Sanchez, Suarez-Fernandez & Martinez-Ferrero, 2019).

Researchers' approach on the relationship between corporate governance and impression management varies by addressing topics that consider both financial and non-financial dimensions. For example, Osma & Guillamon-Saorin (2011) investigate annual results press releases for a sample of Spanish companies between 2005 and 2006 and notice that impression management is limited by strong corporate governance policies. According to Makhlouf (2022), audit committee characteristics such as independence, financial knowledge, and women directors, have a negative influence on impression management. The author suggests that these mechanisms reduce financial reporting manipulation. Yang, Bao & Zhang (2024) draw attention to the relationship between ESG performance and abnormal positive tone in annual reports, concluding that strong ESG performance motivates managers to expose information using an overly positive tone. Furthermore, Kayed & Alta'any (2025) study a sample of Jordanian banks for the period between 2010 and 2019, demonstrating that financial performance is negatively associated with the tone of disclosure in annual reports, while Solomon et al (2013), through a qualitative approach using interview as the main research method, address the theoretical basis of Goffman, analysing social and environmental reporting. Their main results highlight that companies tend to present a positive overview, mainly because they are afraid of looking unprofessional to their investors.

With significant research identified in the preceding scientific literature, there are still gaps to be filled in, due to various impression management techniques and corporate governance mechanisms previously analysed. Thus, this research concentrates on different specific proxies and a particular geographic setting for which the research hypotheses asserted below are verified.

RH1. A higher percentage of women directors is associated with decreased impression management techniques.

RH2. A higher percentage of women directors has a significant impact on the optimism level in sustainability reporting.

3. Research Methodology

This study aims to examine the impact of board women directors, used as a proxy for corporate governance, on the narrative tone of sustainability reporting, by examining several specific impression management strategies. According to previous literature (Ben-Amar et al, 2022; Makhlouf, 2022; Garcia-Sanchez, Suarez-Fernandez & Martinez-Ferrero, 2019), women directors are associated with a higher degree of transparency in sustainability reporting, ethical behaviour, and lower risk of disclosure manipulation. In addition, several control variables are considered in the analysis to reflect a clear picture of company-level characteristics.

3.1 Sample and Data Collection

This research includes primary and secondary data. The secondary data source is represented by Thomson Reuters Eikon database, which compiles financial and non-financial information at the company-level, while primary data is represented by sustainability reports disclosed by companies and manually collected from their official websites. The initial sample consists of records for the time frame between 2022 and 2024. However, by filtering the results, a scarcity of the data reported for 2024 is noticed. Second, the geographical area is limited to the Eastern European region due to its specific political and economic characteristics, and

companies from the financial industry are dropped. Third, companies with missing data are eliminated and the two databases are merged, resulting in a final sample of 50 valid observations for the years 2022 and 2023. Primary and secondary data collection and processing are performed in *Microsoft Excel*. Then, *NVIVO15* is used for the content analysis of the reports, while *STATA19* facilitates statistical analysis and panel regression estimation to verify the two research hypotheses.

3.2 Research Variables

The research variables are presented in Table 1. This study includes three dependent variables, as proxies for impression management, computed based on the number of pages (LENGTH_PAGES), total number of words (LENGTH_WORDS), as well as positive and negative words. To identify positive and negative words, the dictionary developed by Loughran & McDonald (2011) was used. Their classification of optimistic versus pessimistic words is created especially for business text analysis. Then, in line with prior studies (Al-Sayani et al, 2024; Yang, Bao & Zhang, 2024; Garcia-Sanchez, Suarez-Fernandez & Martinez-Ferrero, 2019), the level of optimism (OPTIMISM_LEVEL) is computed based on the specific formula displayed in Table 1.

Table 1: Research variables

Variables	Name	Description
Dependent variables		
LENGTH_PAGES	Length pages	Total number of pages (natural logarithm)
LENGTH_WORDS	Length words	Total number of words (natural logarithm)
OPTIMISM_LEVEL	The level of optimism in company's report	(positive words – negative words) divided by (positive words + negative words)
Independent variable		
BOARD_DIVERSITY	Board gender diversity	Percentage of women directors in the board
Control variables		
ROA	Return on Assets Ratio	Net income divided by total assets
LEV	Financial Leverage	Total liabilities divided by total assets
SIZE	Company size	Total assets (natural logarithm)
BOARD_SIZE	Board size	Total number of board members

The independent variable is measured based on a corporate governance mechanism, the percentage of women in board (BOARD_DIVERSITY), while control variables are both related to financial (ROA, LEV, SIZE) and non-financial (BOARD_SIZE) characteristics. Furthermore, industry and country dummies are considered, similar with previous research (Yang, Bao & Zhang, 2024; Hamza, Mezgani & Jarboui, 2023; Ben-Amar et al, 2022; Makhoulouf, 2022 and Osma & Guillamon-Saorin, 2011).

3.3 Regression Estimation

Three random-effects GLS regression models are estimated to identify the influence exerted by corporate governance on the narrative tone in sustainability reporting. In Model 1 the proxy for impression management is LENGTH_PAGES, the equation being presented as follows:

$$LENGTH_PAGES_{it} = \beta_0 + \beta_1 BOARD_DIVERSITY_{it} + \beta_2 ROA_{it} + \beta_3 LEV_{it} + \beta_4 SIZE_{it} + \beta_5 BOARD_SIZE_{it} + \mu_{it} + \epsilon_{it}.$$

where the dependent variable (LENGTH_PAGES) may be associated with the transparency level, β_0 is the constant, t represents the period, while i is the company. Industry and country fixed-effects are reflected by μ_{it} , and ϵ_{it} is the error term. They are considered to control for the unobservable heterogeneity that affects managers' decisions, also operationalised in previous studies (Yang, Bao & Zhang, 2024; Ben-Amar et al, 2022; Garcia-Sanchez, Suarez-Fernandez & Martinez-Ferrero, 2019).

In Model 2 the dependent variable is replaced by LENGTH_WORDS which may suggest concise and clear information disclosed by companies. The regression equation is exposed as follows:

$$LENGTH_WORDS_{it} = \beta_0 + \beta_1 BOARD_DIVERSITY_{it} + \beta_2 ROA_{it} + \beta_3 LEV_{it} + \beta_4 SIZE_{it} + \beta_5 BOARD_SIZE_{it} + \mu_{it} + \epsilon_{it}.$$

Model 3 includes the level of optimism (OPTIMISM_LEVEL) as the dependent variable. This indicator promotes an accurate assessment of overall disclosure and balanced exposure of information. The equation is estimated as follows:

$$\text{OPTIMISM_LEVEL}_{it} = \beta_0 + \beta_1 \text{BOARD_DIVERSITY}_{it} + \beta_2 \text{ROA}_{it} + \beta_3 \text{LEV}_{it} + \beta_4 \text{SIZE}_{it} + \beta_5 \text{BOARD_SIZE}_{it} + \mu_{it} + \varepsilon_{it}$$

All variables are described in Table 1.

4. Results

4.1 Descriptive Statistics and Correlation Analysis

Descriptive summary of the main statistical indicators (mean, standard deviation, minimum and maximum) is presented in Table 2 for all variables included in the analysis, except for industry and country dummies.

Table 2: Descriptive statistics

Variables	Mean	Standard Deviation	Min	Max
LENGTH_PAGES	4.465	0.742	2.833	5.733
LENGTH_WORDS	10.478	0.710	8.572	11.572
OPTIMISM_LEVEL	-0.036	0.185	-0.485	0.382
BOARD_DIVERSITY	19.427	13.629	0.000	57.143
ROA	0.059	0.105	-0.309	0.405
LEV	0.562	0.244	0.107	1.047
SIZE	21.591	1.538	17.952	24.549
BOARD_SIZE	8.740	3.669	2.000	24.000

Two proxies for impression management are represented by the number of pages for each report (LENGTH_PAGES) and the number of words, respectively (LENGTH_WORDS), measured as natural logarithms. Their average values and standard deviation are comparable with those exposed by Garcia-Sanchez, Suarez-Fernandez & Martinez-Ferrero (2019). Moreover, impression management is measured based on the optimism level (OPTIMISM_LEVEL) that has a negative average value of -0.036, which could be explained by the lower number of positive words compared to negative words in company reports, similar to Kayed & Alta'any (2025), and contrary to Al-Sayani et al (2024), Yang, Bao & Zhang (2024), Albitar, Abdoush & Hussainey (2022), and Garcia-Sanchez, Suarez-Fernandez & Martinez-Ferrero (2019). The average value for the percentage of women within board of directors (BOARD_DIVERSITY) is 19.427 and the board has on average less than 9 members (BOARD_SIZE).

In Table 3 Pearson coefficients and their statistical significance at 5% are reported. The correlation matrix indicates a low or moderate level of correlation between the variables for all dependent and independent variables. Corporate governance mechanisms (BOARD_DIVERSITY and BOARD_SIZE) are not correlated, excluding multicollinearity and supporting their use in regression models. These results are contrary to those of Osmá & Guillamon-Saorin (2011), who find a strong correlation between several corporate governance variables they used. The positive and statistically significant correlation (0.891**) between LENGTH_PAGES and LENGTH_WORDS is similar to Garcia-Sanchez, Suarez-Fernandez & Martinez-Ferrero (2019), but it does not represent a significant issue, given the fact that for each variable a different regression model is estimated. Additionally, the positive correlation of financial leverage (LEV) and company size (SIZE) with the level of optimism (OPTIMISM_LEVEL) is similar with Garcia-Sanchez, Suarez-Fernandez & Martinez-Ferrero (2019) and contrary to Yang, Bao & Zhang (2024).

Table 3: Correlation analysis

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(1) LENGTH_PAGES	1.000							
(2) LENGTH_WORDS	0.891**	1.000						
(3) OPTIMISM_LEVEL	-0.146	-0.057	1.000					
(4) BOARD_DIVERSITY	-0.186	-0.066	0.149	1.000				
(5) ROA	0.045	0.081	-0.129	-0.094	1.000			
(6) LEV	0.116	0.072	-0.022	-0.032	-0.354**	1.000		
(7) SIZE	0.437**	0.570**	-0.123	0.002	0.244	0.299**	1.000	

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(8) BOARD_SIZE	-0.079	0.028	0.065	0.126	0.037	-0.076	0.406**	1.000

** p<0.05.

The findings suggest that, for Eastern European companies, gender diversity of the board and the narrative tone used in sustainability reports are not directly correlated. The econometric approach is further implemented to bring clarity to these results.

4.2 Regression Results

Random-effects GLS panel regressions are estimated to test research hypotheses. This approach is similar to Hamza & Jarboui (2024), considering industry and country dummies, in line with Garcia-Sanchez, Suarez-Fernandez & Martinez-Ferrero (2019). Table 4 shows mixed results for the influence exerted by corporate governance, measured based on board gender diversity (BOARD_DIVERSITY) on the narrative tone used in sustainability reporting, measured through three specific impression management variables. The main findings draw attention to the reduced risk aversion, conservative style, and ethical dedication of women directors.

Table 4: Regression analysis

Independent and control variables	Dependent variable: LENGTH_PAGES (Model 1)	Dependent variable: LENGTH_WORDS (Model 2)	Dependent variable: OPTIMISM (Model 3)
	β (t-stat)	β (t-stat)	β (t-stat)
BOARD_DIVERSITY	-0.007 (-0.767)	-0.008 (-0.856)	0.005*** (3.162)
ROA	-1.808* (-1.700)	-1.529 (-1.509)	0.607*** (2.917)
LEV	-1.434** (-2.186)	-1.368** (-2.202)	-0.522*** (-3.109)
SIZE	0.278*** (2.795)	0.360*** (3.876)	-0.009 (-0.249)
BOARD_SIZE	-0.026 (-0.685)	-0.051 (-1.399)	-0.018** (-2.553)
Constant	-1.737 (-0.935)	3.104* (1.791)	0.304 (0.424)
Observations	50	50	50
Number of companies	42	42	42
R-squared	0.7194	0.7086	0.3950
Country fixed-effects	Yes	Yes	Yes
Industry fixed-effects	Yes	Yes	Yes

*** p<0.01, ** p<0.05

Model 1 and Model 2 emphasise the negative influence exerted by the gender diversity mechanism of corporate governance on the number of pages (LENGTH_PAGES) and number of words (LENGTH_WORDS) in Eastern European companies reports. These results suggest that boards with a higher proportion of women directors provide sustainability reports with shorter and less extensive information. These results may be explained in the light of the social identity theory discussed by Garcia-Sanchez, Suarez-Fernandez & Martinez-Ferrero (2019). This theory asserts that gender stereotypes impact the way men and women lead a company and the authors' findings support the idea that there are significant differences in language and communication styles. Thus, the first research hypothesis (RH1. A higher percentage of women directors is associated with decreased impression management techniques) is validated in terms of direction, the negative

coefficient showing an inverse proportionate relationship. However, it could not be validated in terms of significance for neither the number of words nor the number of pages.

Even if in Model 1 and Model 2 the influence of gender diversity is negative, Model 3 shows a positive and significant impact exerted on the level of optimism in sustainability reporting, the coefficient being 0.005 ($p < 0.01$). These results are contrary to Garcia-Sanchez, Suarez-Fernandez & Martinez-Ferrero (2019) and outline that board gender diversity is directly linked with a higher optimistic tone. This tone may suggest better sustainability performance, avoid information asymmetry between managers and stakeholders, and increase credibility. Consequently, the narrative information presented in the reports underscores the higher quality of sustainability data found in companies with more diverse boards, henceforth, increasing confidence among stakeholders. Therefore, the results in Model 3 empirically support the second research hypothesis (RH2. A higher percentage of women directors has a significant impact on the optimism level in sustainability reporting), being comparable with Albitar, Abdoush & Hussainey (2022), who emphasise that positivity of CSR tone is significantly impacted by women on the board.

Related to the control variables, it is found that the number of board members (BOARD_SIZE) does not influence the narrative tone of sustainability reporting, regardless of which impression management variable is used. These findings are in line with Albitar, Abdoush & Hussainey (2022). Financial leverage (LEV) exerts a negative and statistically significant influence in all three regression models, contrary to Garcia-Sanchez, Suarez-Fernandez & Martinez-Ferrero (2019).

Multicollinearity is checked for each estimated regression model based on the variance inflation factor (VIF). Regarding tolerable VIF levels, prior research exposes mixed evidence. Although 10 is the most commonly used level, the economic literature also suggests a maximum of 5 or even 4 to be considered. Therefore, a VIF of 1 is typically interpreted as indicating that there is no association between a predictor and the other predictor variables, while a VIF of 4 or 5 indicates significant multicollinearity issues (Kayed & Alta'any, 2025; Al-Sayani et al, 2024; Garcia-Sanchez, Suarez-Fernandez & Martinez-Ferrero, 2019). In this research, the VIF values are lower than 2, complying with the general accepted limits and indicating that multicollinearity does not represent a significant concern in the analysis.

Overall, empirical evidence emphasises that a higher percentage of women on the board may be associated with a lower use of impression management. Particularly, in line with assumptions from social identity theory, it is highlighted that boards with more women directors are more orientated towards diminishing the length of sustainability reports and disclosing information with an optimistic tone.

The social identity theory states that having women on corporate boards improves group dynamics by encouraging more receptivity to diverse perspectives, adding heterogeneity in decision-making processes. From this perspective, gender could be associated with a social identity, since women behave according to the gender group with which they identify. Therefore, because they believe that their features are indicative of a specific social category, women directors are less likely to act unethically in the workplace (Albitar, Abdoush & Hussainey, 2022; Garcia-Sanchez, Suarez-Fernandez & Martinez-Ferrero, 2019).

Therefore, Model 1 and Model 2 draw attention to the idea that women playing managerial roles exhibit more collaborative language and communication styles than men, which is consistent with the transformational leadership style and the role of women in gender. Women directors restrict the tendency of managers to present a more positive representation of their sustainability reporting by limiting their use of the freedom associated with narrative disclosures. From this perspective, Model 3 complements the overview and outlines that board diversity increases the use of an optimistic tone that may support a clearer understanding of sustainability reports.

5. Conclusion

Using the lens of impression management, this research examines the leading and controlling role attributed to women directors, connected to the quality of information disclosed in sustainability reports. Specifically, this study analyses the influence of women directors on the narrative tone of sustainability information in terms of conciseness, clarity, and balance.

According to research hypotheses, it may be summarised that diversity-related mechanisms of corporate governance reduce the risk of impression management techniques in sustainability reporting. Women directors are associated with a more balanced information. Furthermore, this study links the impact of women directors with agency, voluntary disclosure, and social identity theories, emphasising that the presence of

women within board could reduce conflict of interest and information asymmetry driven by management opportunistic behaviours and impression management, respectively (Monteiro & Goncalves, 2025; Makhoulouf, 2022). Additionally, considering the social identity theory, Model 1 and Model 2 suggest that boards with more women directors tend to disclose clearer and shorter (hence, more concise) but less complex sustainability reports, characterised through a higher level of optimism, according to Model 3 (Albitar, Abdoush & Hussainey, 2022; Garcia-Sanchez, Suarez-Fernandez & Martinez-Ferrero, 2019).

This research contributes to the literature in several ways. First, it shows that a strong corporate governance mechanism, namely gender diversity, leads to less manipulation of narrative disclosure. To our knowledge, there is a scarcity of studies investigating board diversity characteristics correlated with impression management techniques. Second, the contribution is ensured by complementing existing studies with different measures for impression management. In this regard, it may be considered that this study is complementary to previous research conducted by Yang, Bao & Zhang (2024) and Garcia-Sanchez, Suarez-Fernandez & Martinez-Ferrero (2019). Third, the results may be useful for managers, investors, and government representatives in their attempt to assess how board diversity impacts sustainability disclosure.

In conclusion, several limitations and future research directions could be briefly highlighted. First, the sample is restricted to a limited number of countries given the geographical region of Eastern Europe analysed. Second, this study examined a short period, represented by the reporting years 2022 and 2023. These limitations need to be addressed in future research that may extend the sampled countries and companies, as well as the time frame. Second, this research draws attention to a single corporate governance mechanism that may influence the narrative tone of sustainability reporting. Future studies could include complementary gender proxies, which may strengthen the topics analysed. Third, research perspectives could be extended by including other measures for impression management, complementing the approach with an in-depth content analysis of the sampled reports.

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