

## **READABILITY IN MANAGEMENT REPORTS: EXTENSION AND GOOD GOVERNANCE PRACTICES**

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### **ÁREA TEMÁTICA**

A) Información Financiera y Normalización Contable

### **PALABRAS CLAVE**

Readability; Fernández Huerta index; good governance practices; management report; non-financial information; narrative information

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### **RESUMEN**

This study expands our knowledge about the readability of accounting reports, their extension and companies' compliance with good governance practices. It also covers a gap in the analysis of the readability of narrative information written in Spanish. We examined the readability in Management Reports of Spanish companies listed on the Continuous Market of the Madrid Stock Exchange during the period 2010–2016. The results reveal that the most extensive management reports—that is, those with the greatest quantities of text—are the least readable and that the use of visual elements in reports helps to improve their readability. Moreover, companies that follow good governance practices issue complex information with clarity, speed, and simplicity, which improves the readability of accounting reports.