

Chief Executive Officer Attributes and Disclosures in Africa

Emeka Obiora Peters¹, Amani Amazi Alain^{2*}

Kigali Independent University, Rwanda

Corresponding Author: Amani Amazi Alain Amani.alain@ulk.ac.rw

ARTICLE INFO

Keywords: Chief Executive, Officer Attributes, Disclosures in Africa

Received : 22, August

Revised : 21, September

Accepted: 30, October

©2024 Peters, Alain: This is an open-access article distributed under the terms of the [Creative Commons Attribution 4.0 International](https://creativecommons.org/licenses/by/4.0/).



ABSTRACT

This study looked into how the dynamics of chief executive officers affected the voluntarily disclosed information of a subset of South African and Nigerian industrial goods companies. The study employed a dependent variable, which was corporate social responsibility disclosure, and independent factors, which included the ownership, gender, country, and educational qualification and experience of chief executive officers. For 10 years, from 2012 to 2021, 26 listed industrial goods businesses from South Africa and Nigeria, two African countries, were used as a sample. The study employed both longitudinal and ex post facto research designs. The secondary source of information was the annual reports of the selected industrial products businesses that were listed on their respective exchange marketplaces. Four (4) specific goals and hypotheses were subjected to preliminary data tests, which included descriptive statistics, binary logit least regression analysis, variance inflation factor, Pearson correlation analysis, and histogram normality testing. CEO nationality had a positive and statistically insignificant influence on voluntary disclosure at the 5% level of significance, while CEO education and experience had a positive but negligible effect. Based on the findings, the report recommends, among other things, that listed industrial goods companies in Nigeria and South Africa ensure that long CEO tenures are supported among Nigerian enterprises and that the maximum three-year CEO tenure is discouraged among South African corporations. These recommendations should be supported by legislation and strictly adhered to. Again, we advise that managers of South African and Nigerian industrial goods companies should not appoint their chief executive officers based on the number of their shareholdings because they may not be willing to disclose voluntarily due to their access to privilege information.

INTRODUCTION

The chief executive officer is saddled with the highest decision-making responsibility in the organization. The CEO's dynamic attributes may not be divorced from the personality of persons represented in the board. The attributes go a long way to make or mar the disclosure level. Though the corporate governance code spells out the disclosure level required in the mandatory but the dynamics of the CEOs will drive the non-mandatory disclosure of information to stakeholders.

The topic of corporate disclosures has received a lot of attention lately, mostly because of the necessity for an efficient corporate governance structure and the financial crises. It is common knowledge that disclosure is an accounting activity that involves techniques and resources that are both non-human and human, as well as how they interact (Nalikka, 2009). It is challenging to predict and manage the elements that influence voluntary disclosure of intangible assets due to the dynamic nature of the business environment for industrial products enterprises as well as the risk and uncertainty in the sector (Rivard, Bland & Morris, 2003). It is noteworthy that the impact of board dynamics on voluntary disclosure of firms has been the subject of research due to corporate scandals, the collapse of major organizations such as Enron, WorldCom, Rank Xerox, Parmalat, Bank of Credit and Commerce International (BCCI), and the large-scale crisis that shook the non-financial institutions in Asia and Africa (Clarke, 2004).

Trends in the changes and evaluations of corporate governance legislation underscored the need to continuously examine board attributes that would improve voluntary disclosure by companies and reduce corporate failures and scandals. Instead of the aforementioned, corporate finance scholars and practitioners are becoming more interested in the chief executive officers' dynamic as a component of corporate governance. At the start of the new century, boards expressed concern over a second wave of firms, including WorldCom (USA), Enron (USA), Parmalat (Italy), and Air New Zealand (Australia). At the start of the twenty-first century, both in Europe and the US, there were a number of corporate accounting scandals. It becomes clear that the main cause of these scandals was typically inadequate corporate governance (Goncharov, 2005). This made people even more desperate to find a more corporate CEO dynamic that could reduce the threat of scandals by making people want to voluntarily disclose their intangibles. According to Orjinta and Okoye (2018), a company that has an unbalanced board of directors or CEOs is susceptible to profits misconduct by individuals in charge of running the business or cooperation. Information disclosure that is voluntary often depends on a number of variables. Information disclosure may be required by law, a manager's attitude, an organizational statute, a projected cost, or a favorable impact on the performance of the company (Capriglione & Casalino, 2014). The optimal availability of information for all individuals or organizations is made possible by mandatory data release (Khelif, Ahmed, & Souissi, 2017).

This study is driven by CEOs of companies who directly decide what information is disclosed in annual reports and because, as far as the researcher

is aware, no previous research has looked at the impact of CEO attributes generally on voluntary disclosures made by companies in two large African nations.

LITERATURE REVIEW

The research questions above led to the formulation of the following null hypotheses.

- Ho1: Chief Executive Officers' ownership has no significant effect on the voluntary disclosure of South African and Nigerian listed industrial goods companies.
- Ho2: Chief Executive Officers' gender has no significant effect on South African and Nigerian listed industrial goods companies' voluntary disclosure.
- Ho3: Chief Executive Officers' educational qualification and expertise has no significant effect on South African and Nigerian listed industrial goods companies' voluntary disclosure.
- Ho4: Chief Executive Officers' nationality has no significant effect on voluntary disclosure on South African and Nigerian listed industrial goods companies' voluntary disclosure.

The concepts, empirical studies and pertinent theories used by the researcher is exposed here.

CEO Attributes (X)

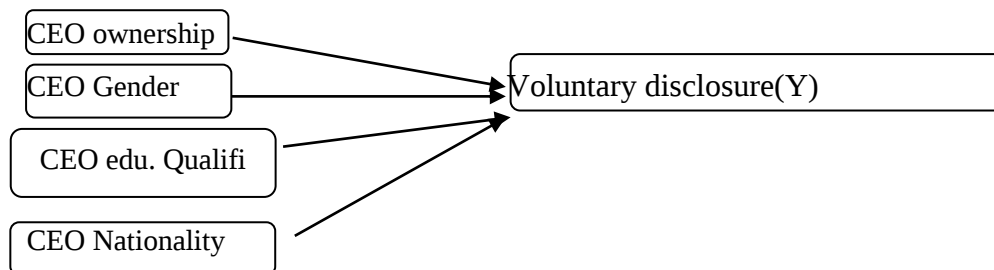


Figure 1. CEO Attributes

The independent variables are the chief executive officers' dynamics such as CEO ownership, CEO gender, CEO nationality, CEO educational qualification and expertise while our dependent variable is voluntary disclosure.

1. Corporate Voluntary Disclosures

Corporate voluntary disclosure refers to historical, current and predictive items of information made available mandatorily and or non-mandatorily at the discretion of the corporation (Hassan & Marston, 2010; Uyar, 2011). Disclosures include information that must be given in compliance with the regulations set forth by national regulatory bodies (such as the Companies and Allied Matters Act or the Security and Exchange Commission). According to the firm's own free choice and judgment, voluntary disclosures, which can be

either financial or non-financial, are information that is disclosed above and beyond the legally required criteria. (Barako, Hancock & Izan; 2006).

2. Chief Executive Officer (CEO) Dynamics

Chief Executive Officers (CEO) is the highest-ranking executives of a firm. They can also be referred to as top management team or board of directors. It is worthy to note that that we conceptualized CEOs as the entire management team or the Board of Directors and not as single person. A component of corporate governance factors called "chief executive dynamics" examined the characteristics of senior management representatives, or "chief executive officers." Top management, often known as the Top Management Team (TMT), is defined by Orjinta and Orjinta (2018) as the individuals in charge of an organization's operations. Therefore, this study, demonstrate that Chief Executive Officers require more managerial resources and dynamism from the owners of the company and we assert that a different caliber of CEOs can provide a broader range of experience, knowledge and information source.

3. Chief Executive Officers (CEO) Ownership

The percentage of the company's shares held by the CEO at the end of the year is known as the CEO's ownership. CEO ownership, which is frequently employed in empirical research as a gauge of the extent of agency issues in a company, matched the interests of executive officers with those of the shareholders (Kalcheva & Lins, 2007). In a business environment where positions must be sustained, directors are also susceptible to appointing a trusted person as either the CEO or the chairman due to their voting power, so as to have an advantage in voting decisions (Comer, 2017). CEO ownership structure is a measure of the existence of large shareholders in a firm.

4. Chief Executive Officers (CEO) Gender

CEO gender merely refers to the percentage of female CEOs on corporate boards. There is a growing number of women on boards. It has been suggested that some feminine traits improve the quality of earnings and strengthen a company's oversight role, which has a negative correlation with voluntary disclosure (Lakhal et al. 2015). According to the gender literature, men and women have distinct traits that influence how they behave in their job and personal lives (Vahamaa, 2014). Post and Byron (2015) provide a useful summary of this by stating that decision-making is influenced by the distinct cognitive frameworks of men and women. Women are less inclined to act unethically in order to obtain financial benefits and are more moral in the workplace in business settings. In many decision-making situations, women are less inclined than males to be assertive and cautious, and they are also less prone to take chances, especially when it comes to financial decisions (Arun et al., 2015).

5. Chief Executive Officers (CEO) Educational Qualification and Expertise

CEO Financial expertise is one of the most important qualities a CEO needs to possess in order to perform well (Bedard et al. 2004). According to McDaniel, Martin, and Maines (2002), the presence of specialists who can both focus and sharpen CEO discussions and overall assessments of a company's financial reporting quality highlights the importance of CEO financial knowledge. According to Gelderen (2013), CEO competency is defined as having previous work experience in finance or accounting, having the required professional qualification in accounting, or having any comparable expertise or background. CEO financial expertise is the quantity of CEOs who has knowledge and proficiency in internal controls, auditing, accounting, and financial reporting. Chief executives need a high level of accounting acumen, such as knowing auditing risks and difficulties, because they have many tasks and obligations (Habbash, 2010). The ratio of CEOs with accounting and finance credentials to all CEOs is a metric of CEO financial expertise (Jhol, Subramanian & Matzain; 2012, Yatim, et al., 2006).

6. Chief Executive Officers (CEO) Nationality

The term "executive nationality" describes the origins or nationality of the company's top executives. A company's chief executive officer may be a foreign national or a native of that nation. The term "CEO Nationality" describes the nation of birth of the board of directors' members. Individuals who are not nationals of the nation where the parent company is based make up the foreign board members (Oxelheim & Randoy, 2003). According to Chiu, Teoh, and Tian (2013), the presence of at least one foreign director on a company's board of directors is linked to a growing trend among directors to prioritize openness and honesty over decorum and politeness when carrying out their monitoring responsibilities. Since that foreign director has diverse backgrounds and experiences, they might offer unique perspectives to the boardroom. That is to say, these directors are more likely to demonstrate independent thought and feel less hesitant to bring up contentious matters because they are not part of the (local or national) inner circle of directors.

7. Theoretical Framework

This study can be explained by agency theory, resource-based theory, signaling theory and stake holder's theory. It's specifically anchored on stakeholder's theory.

8. Stakeholder Theory

Edward Freeman first proposed the stakeholder idea in 1984; however, Stanford Research Institute (SRI) was the first to adopt it. According to the stakeholder hypothesis, businesses are accountable to a wide range of stakeholders, including the next generation. According to Friedman and Miles (2006), the organization should be viewed as a collection of stakeholders, with the goal of managing those stakeholders' requirements, interests, and points of

view. The fundamental tenet of the stakeholder's theory is that a company's ability to succeed rests on its ability to successfully manage each and every relationship it has with its stakeholders. Environmental accounting is therefore necessary in order to provide a complete measure of business performance and the creation of shareholder value, integrating social, environmental, and economic factors into corporate behavior with the goal of sustaining resources for future generations. Stakeholder theory examines how an organization interacts with those both inside and outside of its walls. It also examines how these connections impact the organizations and how they carry out their operations (Freeman 2004).

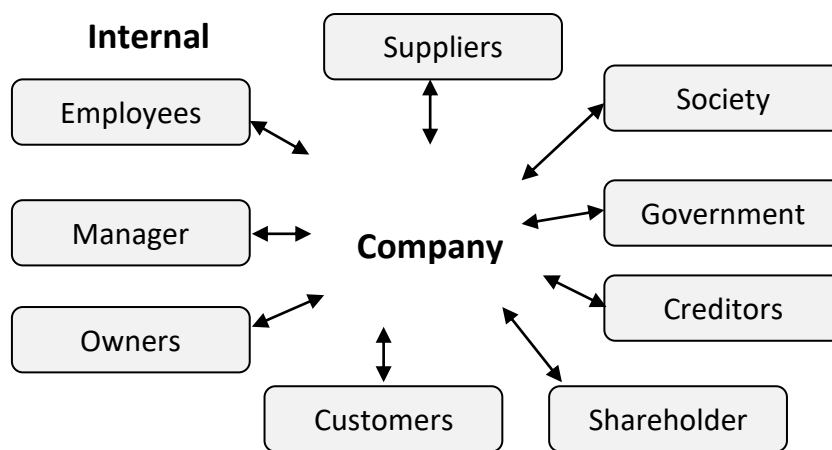


Figure 2. Stakeholders Diagram
Source: Adapted from Freeman (2004)

Regarding morals and values in managing an organization, the stakeholder theory is a theory of organizational management and business ethics (Freeman & Alexander 2013).

Investors are naturally concerned about the company's environmental stance. They focus on how a company's environmental actions affect its return on investment and the corresponding economic consequences. An organization's environmental policy is something that other users of accounting data also consider. Investors consistently insist that businesses adopt environmental accounting techniques that will lessen their impact on the environment and boost shareholder value. The purpose of competent environmental management is to enhance environmental report by lowering the environmental impact while enhancing the enterprise value (Mansell, 2013). Companies are expected to engage in stakeholder accounting, according to Mansell (2013). All chief executive officers have the power to influence an organization's voluntary disclosure, which will undoubtedly have an impact on the organization's stakeholders. According to Dare, Efuntade, Alli-Momoh, and Efuntade (2021), who cited Donaldson and Preston (1995), the stakeholder's theory is managerial, normative, instrumental, descriptive, and descriptive in its whole. Concerning this research.

It hasn't been attacked, though, for ignoring the reality that not all stakeholders are the same or comparable within groups. For instance, even

though two businesses are in direct competition with one another within the same industry, their clientele would differ. One client will not share the same goals, morals, or utility function with other consumers within their associations. In light of this, the stakeholder theory serves as the foundation for this study. Its central claim is that a company's ability to succeed depends on its ability to manage all of its stakeholder relationships. As a result, the traditional belief that the company's success depends only on increasing the wealth of its shareholders is insufficient. This is because the company is thought to be a hub for both explicit and implicit contracts between its many stakeholders, including chief executive officers (Trireksani & Djajadikerta, 2016).

9. Empirical Study

Using panel data from Egyptian listed companies for the years 2013 to 2018, Baroma (2020) offers an empirical analysis of the transparency and voluntary disclosure on board remuneration and their impact on the level of directors' compensation in Egypt. The goal is to ascertain whether directors' compensation is higher (effects of transparency on increasing competition in pay) or lower (transparency control effect and transparency deterrent effect) among firms with more transparency of directors' compensation. As a result, the study created two indices: the individual compensation received by directors (ICVD) and the transparency index on pay strategy to directors (PSVD). The results support the premise that greater openness increases pay competitiveness, resulting in a positive correlation between the level of payment and voluntary disclosure of directors' salaries.

The impact of corporate governance attributes, such as board size, independence, gender, and chief executive officer duality, as well as board meetings, audit committee size, independence, and meetings, on corporate social responsibility disclosure among non-financial listed companies in the Nigerian Stock Exchange market was examined by Abdulkadir and Alifiah (2020). The study found that the disclosure of corporate social responsibility is impacted by corporate governance features in both good and negative ways. Antwi-Adjei, Kong Yusheng and Samuel Asubonteng (2019) examined and tested the impact of the number of family members serving on boards, the presence of an independent audit committee, the presence of more prominent individuals, and the percentage of CG's non-dependent directors, as mandated by the Bank of Ghana. In the study, an adjusted relative disclosure was employed. They observed that the presence of an audit committee has a positive and substantial correlation with the level of intentional disclosure, but having more family members on the board reduces the effectiveness of voluntary disclosure. The results provide empirical evidence in support of Ghana's banking regulators.

Luigi, Sabrina, Gabriella and Carmela (2019) investigated the chief executive officer's variables (independence, ownership structure, and voluntary disclosure) as they are seen to be helpful tools for reducing information asymmetries between rival organizations. The study looks into how the degree of ownership concentration of Italian non-financial listed businesses moderates

the relationship between the quality of voluntary financial disclosure and board independence. The findings indicate that ownership concentration has a relevant moderating influence in the previous relationship and that there is a positive and substantial relationship between board independence and the calibre of voluntary financial disclosure supplied by corporations. The findings emphasize how important it is to take into account how various governance mechanisms interact when examining the efficacy of corporate governance.

Brochman, Campbell, Lee and Salas (2018) said that CEOs who are supported within are more likely than external CEOs to create disclosure of a higher calibre. Employing a subset of US companies from the S&P1500 index between 2001 and 2011, they manually gather information on whether CEOs are appointed from within the company and, if so, how long they worked there prior to being named CEO. They looked at whether managers who have more in-house expertise disclose information of a higher calibre and present three key conclusions. Firstly, CEOs with greater internal experience are more likely than managers with less internal experience or managers hired from outside the company to voluntarily anticipate earnings. When it comes to predicting earnings, CEOs with greater internal experience project earnings more accurately than managers with less internal experience or managers hired from outside the company. When insider CEOs make predictions, investors respond to them more strongly than when outsider CEOs make forecasts. Overall, the results point to higher-quality voluntary disclosure from the company when managers had worked there before taking on the role of CEO.

The degree of corporate accounting information disclosure in an emerging economy was determined by Massoud (2018). A total of three self-made checklists were utilized to gauge the amount of required and optional disclosure between 2010 and 2015. The entire set of results was examined (as overall disclosure). The generalized method of moments (GMM) was used with a dynamic panel. The results showed that all listed companies in Iran disclose a significant amount of information that is required by law, however a low amount of information that is voluntary and covered by IAS/IFRS is disclosed by all listed companies. The results also show that listed financial companies provided more financial data than non-financial companies; lower disclosure levels are linked to greater CEO duality, family ownership, managerial ownership, and government ownership.

Jaime, Leticia, González, and Pilar (2018) investigated the connections between corporate social responsibility disclosure (CSRD) and board characteristics (woman on boards, CEO duality, board independence, and board size) as a way to enhance a company's reputation. In order to compile the disparate evidence, they conducted a meta-analysis of 88 papers. What they discovered was that, in contrast to board independence, board size, and women's representation, all three factors greatly increased CSRD, but CEO duality significantly decreased it. These correlations were stronger in nations with lower levels of dedication to sustainable development. The study found that there are variations in the association between CSRD and board qualities,

and that these variations are influenced by the institutional environments in which businesses function.

Shabana, Mohdand Nazia, (2017), examined the level of voluntary disclosure among firms Listed in Malaysia stock market for the period of 2012 to 2015. The companies' annual reports provided the information on the optional disclosure variables. In order to analyse the panel data, the author used correlation and ordinary least square regression. The study concludes that the degree and calibre of voluntary disclosure practices are significantly positively impacted by firm size. However, among Malaysian-listed companies, there is no discernible correlation between the level of voluntary disclosures and firm age or firm market listing.

METHODOLOGY

1. Research Design

The research design adopted ex post facto research design. Thus, ex post facto or causal-comparative research design was used to describe the effects of chief executive officer dynamics on voluntary disclosure of the thirty-five (35) industrial goods sectors quoted industrial goods firms in Nigeria and South Africa as population and 26 firms as the sample size. The study covers 2012-2021. In addition to ex-post facto research design, the study used correlational research design, descriptive and inferential statistics using panel regression analysis.

2. Model Specification

The work of Chandren, Qaderi and Ghaleb (2021) provided the model for this study which is stated functionally as $PERF = f(NDUAL, TITLE, AGE, OWN, TEN)$. This model was adjusted to fit the study's variables. As a result, this model expands upon and changes the model that was examined in earlier research. Panel regression analysis was used to evaluate hypotheses and was informed by the linear model that follows.

$$VOLDS = f(CEOTEN, CEOAGE, CEOEXP)$$

This can be mathematically expressed as follows.

$$VOLDS_{it} = \beta_0 + \beta_1 CEOWN_{it} + \beta_2 CEOGEN_{it} + \beta_3 CEOEDE_{it} + \beta_4 CEONAT_{it} + \epsilon_{it} \dots \dots 1$$

Country Specifics Model

Model 1: Nigeria

$$VOLDS_{it} = \beta_0 + \beta_1 CEOWN_{it} + \beta_2 CEOGEN_{it} + \beta_3 CEOEDE_{it} + \beta_4 CEONAT_{it} + \epsilon_{it} \dots \dots 1$$

Model 2: South Africa

$$VOLDS_{it} = \beta_0 + \beta_1 CEOWN_{it} + \beta_2 CEOGEN_{it} + \beta_3 CEOEDE_{it} + \beta_4 CEONAT_{it} + \epsilon_{it} \dots \dots 2$$

Where:

VOLDS=Voluntary Disclosure

CEOOWN = Chief Executive Officers ownership

CEOGEN = Chief Executive Officers gender

CEOEDQ = Chief Executive Officers Edu. qualification

ϵ_{it} = Radom error term or stochastic variables

B_0 = Constant

Subscripts i denote number of firms, t denotes years or time-series dimensions ranging from 2012-2021, ϵ is the error term of the model capturing other unexplained variable and $\beta_0, \beta_1, \beta_2, \beta_3, \beta_4$, Stands for Regression model coefficients.

3. Method of Data Analysis

The secondary data that was collected was analyzed using descriptive statistics, correlation, variance inflation factor and regression analysis. The descriptive statistics was used to evaluate the characteristics and nature of the data: Mean, maximum, minimum, and standard deviation and also checks for normality of the data. Additionally, a few preliminary data tests and diagnostic tests were conducted as part of the study, including the auto-correlation test, co-linearity test, normality test, and effect testing with the Hausman effect test.

RESULTS AND DISCUSSION

Data Presentation and Analysis

1. Overall Descriptive Statistics Analysis (Nigeria and South Africa)

The detailed result of the descriptive statistics was presented in table 2 under the appendix.

Table 1. Descriptive Statistics (Nigeria and South Africa)

	VOLDS	CEOWN	CEOGEN	CEOEDE	CEONAT
Mean	0.749035	14.70988	1.293822	0.687259	0.868726
Median	1.000000	10.71000	1.000000	1.000000	1.000000
Maximum	1.000000	94.24000	3.000000	1.000000	1.000000
Minimum	0.000000	0.000000	0.000000	0.000000	0.000000
Std. Dev.	0.434408	16.02918	1.048864	0.464508	0.338354
Skewness	-1.148768	2.248753	0.797122	-0.807829	-2.183749
Kurtosis	2.319667	9.442820	3.795471	1.652587	5.768758
Jarque-Bera	61.96058	666.2504	34.25697	47.76251	288.5805
Probability	0.000000	0.000000	0.000000	0.000000	0.000000
Sum	194.0000	3809.860	361.0000	178.0000	225.0000
Sum Sq. Dev.	48.68726	66289.16	283.8301	55.66795	29.53668
Observations	260	260	260	260	260

Source: Researcher's summary of descriptive statistics result (2022) using E-view 10

Descriptive statistics here shows that the minimum score for the voluntary disclosure (corporate social responsibility) among Nigeria and South Africa listed companies is 0.00% while the maximum score is 1.00%. The average score for voluntary disclosure is 74.90% which indicates that the extent of voluntary disclosure among Nigeria and South Africa listed companies is above 50%. The majority of the sampled firms have disclosed about 74.90% of their corporate social responsibility in the annual report while the remaining percentage remains silent over voluntary. Our findings collectively imply that a firm's voluntary disclosure is of greater quality when managers had worked there before taking on the role of CEO.

2. Overall Pearson Correlation Matrix (Nigeria and South Africa)

In order to ascertain the nature or degree of association – that is, whether there is a positive or negative correlation—as well as the magnitude of the correlation between the dependent variable (voluntary disclosure) and independent variables with other explanatory variables, Pearson's correlation matrix was utilized to examine the relationship between Chief Executive Officer dynamics and voluntary disclosure of quoted industrial goods firms in South Africa and Nigeria.

Table 2. Correlation Analysis Result (Nigeria and South Africa)

	VOLDS	CEOWN	CEOGEN	CEOEDE	CEONAT
VOLDS	1.000000				
CEOWN	-0.362029	1.000000			
CEOGEN	-0.020429	0.013731	1.000000		
CEOEDE	-0.083137	0.014207	0.023068	1.000000	
CEONAT	0.012320	-0.001382	-0.061271	-0.015616	1.000000

Source: researcher's summary of correlation result (2022) using E-view 10

The multicollinearity maximum standard is 0.80. The absence of any correlation matrix value greater than 0.8 indicates that there are no significant multicollinearity issues in the data.

3. Test of Multicollinearity or Variance Inflation Factor (VIF)

Test of Multicollinearity or Variance Inflation Factor (VIF)

By calculating the Variance Inflation Factor (VIF) and its reciprocal, or tolerance, multicollinearity was assessed. We used the Variance Inflation Factor (VIF) to further check for multi-collinearity problems or to determine whether the independent variables employed are perfectly linked.

Table 3. Variance Inflation Factor Result (Nigeria and South Africa)

Variance Inflation Factors			
	Coefficient	Uncentered	Centered
Variable	Variance	VIF	VIF
	1.719711	64.85962	NA

C MEAN			
CEOWN	0.000137	2.500952	1.074865
CEOGEN	0.027086	2.987230	1.060051
CEOEDU	0.152167	4.223101	1.115510
CEONAT	0.220170	7.073659	1.047897

Source: Researcher's summary of VIF result (2022)

We employed the variance inflation factor (VIF) test to measure the degree of multicollinearity in our model. The instructions of this test state that only in situations when the variance inflation factor value is greater than 10 can the existence of multicollinearity be verified.

4. Test of Hypotheses

The study used panel regression analysis because the data had both time series (2012–2021) and longitudinal properties (26 quoted industrial goods firms IN Nigeria and South Africa) and to investigate the relationship between the dependent variable (VOLDS) and the independent variables (CEOWN, CEOGEN, CEOEDU, CEONAT), as well as to test the formulated hypotheses. The study does, however, acknowledge the non-homogeneity of the firms, which is why it is necessary to examine its impact on the data. To determine which effect to explain, the Hausman effect test must be used.

5. Hausman Effect Test

Hausman Effect Test: Decision rule

H0 – random effect is more preferable than fixed effect

H1 – fixed effect is more preferable to random effect

When chi-square probability value is less than 5% – rejects H0 and accepts H1 ($P \leq 0.05$)

When chi-square probability value is greater than 5% – accepts H0 and rejects H1. ($P \geq 0.05$)

Table 4. Hausman Effect Tests

Correlated Random Effects - Hausman Test			
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	15.979043	7	0.0253

Source: Researcher's summary of Hausman effect analysis result (2022)

According to the Hausman test result, there was homogeneity in the data collection process for the firms, as indicated by the chi-square statistics value of 15.9790 and the probability value of 0.0253, both of which were less than 5%. We accept the random effect regression and reject the fixed effect because the Chi-square (Prob) value is less than 5%. Because the dependent variable is measured using a dummy variable, the results of the Random-effects estimation (REM) approach are presented but not interpreted. Therefore, we choose a binary regression and its specifications. The Hausman test shows that the

Random-effects estimation (REM) approach is better suited for all industrial goods sector enterprises in South Africa and Nigeria than the Fixed effects (REM) method. However, a binary specification regression result was opted for since our dependent variable assumed the value of 1 and 0.

6. Combined Regression Analysis/ Test of Hypotheses

The essence of having a holistic view of the whole analysis of both countries at the same time is to see if our result would be different when combined together. Since our regression is a binary regression, there is need to test its fitness on the model, hence this Goodness-of-Fit Evaluation for Binary Specification.

Table 5. Hosmer-Lemeshow Test of Goodness of Fit (Nigeria and South Africa)

	Quantile of Risk		Dep=0		Dep=1		Total	H-L
	Low	High	Actual	Expect	Actual	Expect	Obs	Value
1	0.0379	0.4657	18	18.2653	8	6.73472	26	0.01430
2	0.4665	0.6074	14	11.4708	12	14.5292	26	0.99792
3	0.6138	0.6863	8	9.28614	18	16.7139	26	0.27710
4	0.6893	0.7336	7	7.51243	19	18.4876	26	0.04916
5	0.7341	0.8083	5	5.87367	21	20.1263	26	0.16788
6	0.8093	0.8450	7	4.37292	19	21.6271	26	1.89736
7	0.8477	0.8883	5	3.38523	21	22.6148	26	0.88555
8	0.8891	0.9316	1	2.40201	25	23.5980	26	0.90162
9	0.9325	0.9535	0	1.43811	26	24.5619	26	1.52231
10	0.9540	0.9720	0	0.99339	26	25.0066	26	1.03285
		Total	65	65.0000	195	194.000	260	7.74605
H-L Statistic			7.7460		Prob. Chi-Sq(8)		0.4587	
Andrews Statistic			61.3329		Prob. Chi-Sq(10)		0.0000	

Source: Researchers computation of Hosmer-Lemeshow test and Andrews' statistics (2022)

The Hosmer-Lemeshow test outcome and Andrew's goodness of fit statistics. Given that there is little variation between the two statistics, our model is deemed to be adequately fitted (Hosmer-Lemeshow, 1989; Andrews, 1988a, 1988b). This is supported by the Chi-square estimation of the goodness of fit for the two tests, which indicate that the regression model is appropriately described because there is no indication of poor fit (H-L (8) = 7.7460, $p = 0.4587$ & A (10) = 61.3329, $p = 0.0000$) (Green, 2008). Thus, we use binary logit regression, and table 4.4.1 presents the results of our investigation.

7. Combined Regression Analysis/ Test of Hypotheses

The essence of having a holistic view of the whole analysis of both countries at the same time is to see if our result would be different when combined together. Since our regression is a binary regression, there is need to

test its fitness on the model, hence this Goodness-of-Fit Evaluation for Binary Specification.

Table 6. Hosmer-Lemeshow Test of Goodness of Fit (Nigeria and South Africa)

	Quantile of Risk			Dep=0		Dep=1	Total	H-L
	Low	High	Actual	Expect	Actual	Expect	Obs	Value
1	0.0379	0.4657	18	18.2653	8	6.73472	26	0.01430
2	0.4665	0.6074	14	11.4708	12	14.5292	26	0.99792
3	0.6138	0.6863	8	9.28614	18	16.7139	26	0.27710
4	0.6893	0.7336	7	7.51243	19	18.4876	26	0.04916
5	0.7341	0.8083	5	5.87367	21	20.1263	26	0.16788
6	0.8093	0.8450	7	4.37292	19	21.6271	26	1.89736
7	0.8477	0.8883	5	3.38523	21	22.6148	26	0.88555
8	0.8891	0.9316	1	2.40201	25	23.5980	26	0.90162
9	0.9325	0.9535	0	1.43811	26	24.5619	26	1.52231
10	0.9540	0.9720	0	0.99339	26	25.0066	26	1.03285
		Total	65	65.0000	195	194.000	260	7.74605
H-L Statistic			7.7460		Prob. Chi-Sq(8)		0.4587	
Andrews Statistic			61.3329		Prob. Chi-Sq(10)		0.0000	

Source: Researchers computation of Hosmer-Lemeshow test and Andrews' statistics (2022)

The results of the Hosmer-Lemeshow test and Andrews' goodness of fit statistics are displayed in Table 5. Our model is properly fitted because the difference between the two statistics is not very great (Hosmer-Lemeshow, 1989; Andrews, 1988a, 1988b). The Chi-square assessment of the goodness of fit for both tests, H-L (8) = 7.7460, $p = 0.4587$ & A (10) = 61.3329, $p = 0.0000$, supports this fact by demonstrating that there is no indication of poor fit, indicating that the regression model is appropriately described (Green, 2008). Binary logit regression is thus used, and the results of our analysis are shown in table 6 below:

Table 7. Binary Logit Least Squares Regression

Dependent Variable: VOLDS				
Variable	Coefficient	Std. Error	z-Statistic	Prob.
C	2.739296	1.311378	2.088869	0.0367
CEOWN	-0.055436	0.011719	-4.730609	0.0000
CEOGEN	-0.080477	0.164577	-0.488990	0.6248
CEOEDE	0.455149	0.390086	-1.166792	0.2433
CEONAT	0.030027	0.469222	0.063994	0.9490
McFadden R-squared	0.598777	Mean dependent var		0.749035
S.D. dependent var	0.434408	S.E. of regression		0.388837
Akaike info criterion	0.964584	Sum squared resid		37.94975
Schwarz criterion	1.074447	Log likelihood		-116.9136
Hannan-Quinn criter.	1.008755	Deviance		233.8272

Restr. Deviance	291.8376	Restr. log likelihood	-145.9188
LR statistic	58.01047	Avg. log likelihood	-0.451404
Prob(LR statistic)	0.000000		
Obs with Dep=0	66	Total obs	260
Obs with Dep=1	194		

Source: Researchers' summary of Binary Regression result (2022)

The entire analysis of our variables in the regression model was typically significant at the 1% level of significance, as indicated by the LR-statistics value of 58.01 and their P-value of 0.0000. This suggests that the model was well-specified in explaining voluntary disclosures. According to the study, the McFadden R. squared value was roughly 0.5987 (60%) based on the aforementioned findings. The binary regression coefficient of determination, or McFadden R-squared, was 60%. This means that 60% of the systematic variations in the individual dependent variables were explained by the model, with the remaining 40% being explained by the stochastic error term. This indicates that around 60% of CEOs' voluntary disclosure behaviours can be linked to the CEO characteristics chosen for the study, with the remaining 40% remaining unexplained. Moreover, the voluntary disclosure model utilized for the analysis was statistically significant at the 1% level, as indicated by the LR-statistics value of 58.01 and its probability value of 0.0000. This validates that our model, which was employed for the analysis, was appropriate.

8. Comparative Analysis of Countries Specific Result

The result provides an insight into the nexus between chief executive officers components and the dependent variable (voluntary disclosure) of industrial goods firms quoted across these two countries. The essence of having a holistic view of the whole analysis of both countries before specifying it is to ascertain if our result would be different when combined together. We have done a general analysis in section 4.4 above to enable us from our opinion and to make our recommendations. Currently, we want to compare the two countries specific results respectively. We examined it variable by variable.

Table 8. Summary of inter-country specific analysis

Independent Variables	NIGERIA		SOUTH AFRICA	
	Coefficient value	P- value	Coefficient value	P- value
CEOWN	-0.064	0.1010	-0.054	0.0001
CEOGEN	0.454	0.3212	-0.499	0.0228
CEOEDE	-.1.067	0.1563	0.849	0.2395
CEONAT	0.468	0.6792	0.186	0.7744
McFadden R-squared	29.09%		11.4%	

Source: Researchers' Summary of country specific analysis (2022)

The investigation of the impact of CEO dynamics on voluntary disclosure in each of the countries included for the study was done through a country-specific analysis. This will allow us to investigate the impact that corporate governance regulations and systems in each nation have on the voluntary disclosure of industrial goods companies listed on their various stock exchanges.

CONCLUSIONS AND RECOMMENDATIONS

It is concluded that CEO ownership has statistically significant effect while others have insignificant effect on voluntary disclosure of quoted industrial goods firms in Nigeria and South Africa at 1% and 5% levels of significance respectively.

It is recommended that CEO should not be selected based on share ownership; women should be hired as CEOs because they know more about the market situation in their country than men do; CEOs should acquire higher and post graduate education; and board should comprise of both foreign and local nationals.

FURTHER STUDY

Based on a sample of 26 quoted industrial goods firms selected from Nigeria Exchange limited and Johannesburg Stock Exchange for a period of ten fiscal years from 2012-2021 and using seven measures of Chief Executive Officers dynamics (CEOTEN, CEOAGE, CEOEXP) as reported on overall binary logit regression result in Table 4.4.2 above. Specifically, the study found that:

- a. CEO ownership has a weak and negative coefficient value of -0.055, and statistically significant with a P-value of 0.0000
- b. CEO gender has negative but insignificant effect on voluntary disclosure practices of quoted industrial goods firms in Nigeria and South Africa.
- c. CEO education qualification and expertise has positive but insignificant effect on voluntary disclosures of quoted industrial goods firms in Nigeria and South Africa
- d. CEO nationality had a positive and statistically insignificant effect on voluntary disclosure having recorded a positive coefficient value of 0.0300 and a p value of 0.9490

This study only examined limited demographic dynamics (observable dynamics) which are CEO, ownership, educational background and expertise, experience and gender. However, it suggests investigation of individual traits like CEO capacity, title or independence by different firms across different countries covered.

REFERENCES

- Abdulkadir, U. & Alifiah, M.N. (2020). Review of related literature on the influence of corporate governance attributes on corporate social responsibility disclosure. *Journal of critical reviews*, 7(7), 1-5
- Antwi-Adjei, A., Yusheng, K., & Asubonteng, S. (2019). Disclosure,

- accountability and performance: The case of Ghanaian Banking Industry. *International journal of management, accounting and economics*, 6(12), 844-861.
- Arun, T. G., Almahrog, Y. E. & Ali-Aribi, Z. (2015). Female directors and earnings management: Evidence from UK companies. *International review of financial analysis*, 39, 137-146.
- Barako, D. G. (2007). Determinants of voluntary disclosures in Kenyan companies' annual reports. *African Journal of Business Management*, 1 (5), 113-128
- Baroma, B.S. (2020). The effect of voluntary disclosure and transparency on directors' remuneration control. *Alexandria journal of accounting research*, 4(3), 1-36
- Brochman, P., John L. Campbell, J. L. Hye Seung (Grace) Lee, Jesus M. & Salas (2018). CEO internal experience and voluntary disclosure quality: Evidence from management forecasts, 1332
- Capriglione, F., & Casalino, N. (2014). Improving corporate governance and managerial skills in banking organizations. *Business strategy and the environment*, 22(1), 1-35.
- Chiu, C., Teo, G., & Tian, R. (2013). CSR disclosure: The more things change...1 *Accounting, Auditing & Accountability Journal*, 28(1), 14-35.
- Elfeky, A. (2017). Voluntary disclosure and its determinants among listed companies in Egypt. *Journal of business management*, 4 (3), 11-24
- Gudaci, E. & Famac, D. (2017). Institutions and voluntary compliance: The disclosure of individual executive pay in Germany. *Corporate Governance: An International Review*, 16(4), 359-374
- Hassan, O., & Marston, C. (2010). Disclosure measurement in the empirical accounting literature: a review article. Working paper, Economics and Finance. Brunel University
- Jaime, G. V., Leticia P. C., González, J. M. H. & Pilar G. P. (2018). Board attributes and corporate social responsibility disclosure: A Meta-Analysis. *Sustainability* 10 (4808), 1-22
- Khelif, H., Ahmed, K., & Souissi, M. (2017). Ownership structure and voluntary disclosure: A synthesis of empirical studies. *Australian journal of management*, 42(3), 376-403.

- Luigi, L., Sabrina P., Gabriella D. & Carmela D. (2019). The moderating role of ownership structure on the relation between board independence and voluntary financial disclosure: An analysis of Italian listed company. *Journal of modern accounting and auditing*, 15(7), 323-342
- Massoud, A. D. M. (2018). Corporate governance and financial information disclosure in a developing country. A doctoral degree thesis submitted to the faculty of management University Teknologi Malaysia
- Mullins, W., & Schoar, A. (2016). How do CEOs see their roles? Management philosophies and styles in family and non-family firms. *Journal of financial economics*, 119(1), 24-43.
- Nalikka, A. (2009). Impact of gender diversity on voluntary disclosure in annual reports. *Accounting & taxation*, 1(1), 101-113
- Orjinta, Hope. I. & Orjinta, Hilary I. (2018). Top management attributes and cash holdings of pharmaceutical firms in the post-recession era in Nigeria. *ANSU journal of Arts and social sciences*, 6 (2), 82- 101
- Salma, D. & Kilbi, E. (2018). Impact of executive profile on the extent of voluntary financial disclosure: The case of Tunisian companies
- Shabana, Mohd & Nazia, (2017). Effect of firm attributes on voluntary disclosure in Malaysia markets. *Accounting and Business Research*, 35(1), 37-59