Chief Executive Officers Dynamics And Corporate Voluntary Disclosures in Nigeria and South Africa

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Abstract:

This study investigated the effect of Chief Executive Officers Dynamics on voluntary disclosure of selected industrial goods firms in Nigeria and South Africa. Corporate social responsibility was used as dependent variable while chief executive officers' tenure, chief executive officers' age, chief executive officers' experience, were used as independent variables. A sample of 26 quoted industrial goods firms from two African countries (Nigeria and South Africa) was used for the period of ten years spanning 2012 to 2021. The study employed ex-post facto and longitudinal research design. The secondary sources of data were collected from annual reports and seven (3) specific objectives and hypotheses were subjected to some preliminary data tests like descriptive statistics, Pearson correlation analysis, Variance inflation factor, histogram normality tests and were tested using binary logit least regression analysis. Using a sample of 260 from two African countries firm-year observations, the result revealed that chief executive officers tenure and chief executive officers experience has positive and significant effect on voluntary disclosure practices which was statistically significant at 1% and 5% levels of significance respectively while, CEO Age was found to have negative and insignificant effect on voluntary disclosure practices. Based on the findings made, the study recommends among others that quoted industrial goods firms in Nigeria and South Africa should ensure that the long tenure of CEOs should be encouraged among Nigeria firms while the maximum three years of CEO tenure should be discouraged among South Africa firms and it should be backed up by law and strictly enforced. Again, the study recommend that management of industrial goods firms in Nigeria and South Africa should Long tenure of CEOs should be encouraged among Nigeria firms while the maximum three years of CEO tenure should be discouraged among South Africa firms and it should be backed up by law and strictly enforced.

Key words: *chief executive officer dynamics, voluntary disclosures, CEO Tenure, CEO Age and CEO experience*

Background to the study:

Corporate governance is an area that has grown rapidly in the last few years. In the past decade, corporate governance has received great interest among investors, governments, and the general public. The names of Enron, WorldCom, Parmalat and Global Crossing have become synonymous with corporate malfeasance and with some board members to try to deceive their own stakeholders and the public (Mallin, 2004). The corporate collapses have impacted many people: shareholders who see their financial investment reduced to nothing, employees who have lost their jobs and in many cases the security of the company pension which has also evaporated overnight, suppliers of goods and services to failed companies, and the economic impact on local and international communities in which the failed companies operate (Mallin, 2004). The corporate scandals over the past decade focused the attention of the general public on questions of corporate governance in general and of Boards of Directors or Chief Executive Officers in particular

Disclosure is an accounting activity involving both human and non-human resources and techniques as well as the interaction of the two (Nalikka, 2009). It is worthy to note that corporate scandals and collapse of large organizations like Enron, WorldCom, Rank Xerox, Parmalat, Bank of Credit and Commerce International (BCCI), and the large scale crisis that rocked the Asian and African non-financial institutions brought researchers attention to the effect of board dynamics on voluntary disclosure of firms (Clarke, 2004). For example, the Security and Exchange Commission (SEC) in 2003 put forward that, the non-financial sectors attracted poor corporate governance due to the fact that, only about 40% of quoted companies, had recognized codes of corporate governance in place. Consequently, in 2003, a Code of Best Practices on Corporate Governance for public quoted companies was released by the Nigerian Securities and Exchange Commission (SEC).

There is an observed significant reforms in corporate governance practices in Nigeria, south Africa and the USA such as the SarbanesOxley Act (2002), in Europe (OECD Principles on Corporate Governance, 2004), and more specifically in Greece (Principles of Corporate Governance in Greece, 1999; Corporate Governance Law). These are attempts to enhance investors' confidence and to increase transparency and accountability (Mallin, 2004). In the light of regulatory reforms, scholars have examined the role of Boards of Directors in corporate governance practices (Dalton & Dalton, 2005).As a result of this growing number of companies now disclose and explain their corporate governance generally and their CEOs attribute specifically.

Trend from the changes and reviews of corporate governance codes revealed that there is a need to continuously investigate board attributes that will improve voluntary disclosure of firms and at the same time reduce corporate failures and scandals. In lieu of the above, chief executive officers' dynamic as an aspect of corporate governance has gained attraction among researchers and practitioners of corporate finance. This calls for a more corporate CEO dynamics search that is capable of curbing the menace of scandals by increasing desire for a voluntary disclosure of its intangibles. Thus CEOs of a firm is not well constituted, the firm becomes vulnerable to earnings malpractice on the part of those charged with the management of the entity (Orjinta & Okoye, 2018). Therefore, board of directors as an organ of the firm is instituted to ensure good corporate governance. Voluntary disclosure can be due to a managers' attitude, based on an organizational statue, mandatory or even as a result of an estimated cost or positive effect on the firms' performance (Capriglione &Casalino; 2014). Compulsory release of data enables optimum access to information by all persons or institutions (Khlif, Ahmed, &Souissi, 2017). This study is motivated by the facts that corporate CEO's are directly involved in making decisions concerning which information is disclosed in the annual reports or not, there has been no prior research examining the effect imposed by CEO dynamics in general on corporate voluntary disclosures in two giants West African countries. Therefore, to investigate this study objective, the study used a sample of all industrial goods firms listed on the Nigeria Exchange limited and Johannesburg Stock Exchange within a period of ten years (10) spanning 2012 to 2021 periods of time. It is hoped that the study will be of great benefit to management of various firms, organizations, investors, policy makers, shareholders and student researcher.

Research Hypotheses

The following null hypotheses were formulated in line with objectives and questions.

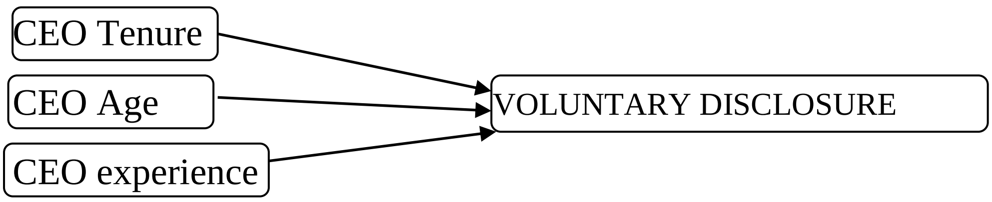
> Ho_1: Chief Executive Officers' tenure has no significant effect on voluntary disclosure of quoted industrial goods firms in Nigeria and South Africa.
>
> Ho_2: Chief Executive Officers' age has no significant effect on voluntary disclosure of quoted industrial goods firms in Nigeria and South Africa.
>
> Ho_3: Chief Executive Officers' experience has no significant effect on voluntary disclosure of quoted industrial goods firms in Nigeria and South Africa.

REVIEW OF RELATED LITERATURE

This section focuses the concepts, empirical research and important theories used in promoting and systemizing the knowledge gathered by the researcher in the course of the study.

Conceptual Framework

INDEPENDENT VARIABLES



2.1.1: Corporate Voluntary Disclosures

Corporate voluntary disclosure refers to information made available at the discretion of the corporation. The extent of voluntary disclosure is influenced by changes in the attitudes in society, economic factors and behavioral factors such as particular corporate culture. Corporate disclosures can be in two forms: mandatory and non- mandatory or voluntary disclosures (Hassan & Marston, 2010; Uyar, 2011). Voluntary disclosures are information disclosed based on the firm's free will and decision, which can be financial or non-financial, disclosed over and above the mandatory requirements (Barako, Hancock &Izan; 2006).
Voluntary Disclosure is defined as the discretionary release of financial and non-financial information through the annual reports over and above the mandatory requirements either with regards to IAS or any other relevant regulatory requirements (Barako, 2017).

2.1.2: Chief Executive Officers *(*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 we conceptualized Chief Executive Officers as the entire management team or the Board of Directors and not as single person. Chief executive Dynamics is an aspect of corporate governance variables that looked at the attributes of top management officials otherwise known as the Chief Executive Officers.

2.1.3 Chief Executive Officers (CEO) Tenure

CEOs tenure refers to the length of time between the times CEO has served in a firm from the period of his initial engagement or the period the CEO has stayed in a firm to his expiration of his tenure.

2.1.4 Chief Executive Officers (CEO) Age

Chief Executive Officers age is a key component of CEO Attributes, since the current workforce offers a unique generational mix. Organizational leaders face numerous challenges in today's dynamic workplace that require experiential, technical and analytical skills that are only achieved with an age-diverse workforce. CEO age refers to difference in age distribution among CEOs and is used to describe composition of CEO work groups within an organization.

.1.5 Chief Executive Officers (CEO) Experience

This refers to the previous job experience of Chief Executive Officers (CEO) in different companies. The study follows prior literature on CEO succession and measure CEOs experience using a dummy variable equal to one if an executive was not employed by the firm prior to becoming CEO, and zero otherwise.

2.2: Theoretical Framework

This study supported by two theories of agency and resource based. It is however anchored on agency theory.

2.2.1: Agency Theory

Agency theory was developed by Alchain and Demsetz in (1972) and was extended and popularized by Jensen and Meckling in (1976). They highlighted the existing rift between ownership and control, the situation that gave rise to the issue of agency theory. One of the most important assumptions of this theory is the focus on the conflict between the owners (represented by board of directors) and the agent (managers). This theory most commonly focuses on the contractual relationship between principals (shareholders) and agents (management) who have conflicting interests (Jensen &Meckling 1976), due to the separation of corporate ownership from control in modern corporations. The agency theory implies that companies increase disclosure in order to reduce conflicts between principals (shareholders) and agents (managers). When managers do not own the company, their behavior is affected by self-interest that put off their goals of maximizing company value and consequently, the interests of the shareholders or owners (Ali, Salleh, & Hassan, 2010; Chen & Liu, 2010; Eldenburg, Gunny, Hee, &Soderstrom, 2011).Consequently, agency theory suggests that a separation between ownership and control, leads to a divergence between manager and owner interests (Jensen &Meckling, 1979).

Management may manage earnings to hide the true financial position and relevant information of a business organization that investors ought to have known. Based on agency theory, the explicit and implicit contracts between the firm and stakeholders offer a range of incentives for managers to engage in earnings manipulations. Therefore, their action as an agent of shareholders may provide better monitoring of management that in turn leads to transparent and quality reporting. Agency theory identifies the moral and functional dilemma in public corporations resulting from the separation of ownership from control (i.e. shareholders from management). Agency theory draw attention to the different problems: the opportunistic behaviour of the agents, agency costs, moral hazard, a focus on the transactions or on the individual agent, etc. with the same objective of ensuring that the managers achieve the maximization of profits for the principals, as opposed to their own interests. The agency model relies on the argument that managers sometimes pursue their own objectives at the expense of shareholders by not making adequate disclosures thereby leading to conflicts. Thus, monitoring managerial decisions becomes essential to ensure that shareholders' interests are protected.

Consequently, corporate governance (CG) was instigated to govern the corporation as a monitoring mechanism in order to restrict the opportunistic behaviour by managers. Corporate board mechanisms are an indirect and probably perfect tool by which shareholders, as principals, attempt to control agency problems by changing the behaviour of managers, who are the agents of the shareholders (Deshmukh; 2005, Chen et al. 2007, Connett, McNutt &Tehranian; 2009).

This study was anchored on agency theory because it is one of the foremost theories dealing with disclosure and governance and it mentions about conflict of interest between shareholders (principals) and managers (agents) due to separation of ownership and management..Principal take every measure to avoid agency problem and one of the measures taken is to establish the board of directors or the Chief Executive Officers with different attributes that can help to achieve the goal of good governance and ultimately affect voluntary disclosure.

2.4: Empirical Study

Lee (2021) investigated the relationship between overconfident CEOs, voluntary disclosure of greenhouse gas emissions and firm value, and whether corporate (internal and external) governance affects this association. Using logistic regression and a firm-fixed effect model, He analyzed a sample of voluntary disclosing firms with the fiscal year in December that are listed in the Korean stock market from 2011 to 2019, measuring corporate governance based on female representation within boards and industry-level competition. As a result, the study found that, on average, CEO overconfidence is positively related to voluntary disclosure of greenhouse gas emissions; Women directors effectively monitor overconfident CEOs; external governance role of competition can alleviate CEO overconfidence.

Chandren, Qaderi and Ghaleb (2021) investigated the relationship between the Chairman's characteristics (age, title, tenure, and ownership), the firm's operating performance (measured by profitability and liquidity), and whether the Chief Executive Officer's (CEO) effectiveness (a combination of non-duality, age, and tenure) strengthens or impairs this relationship. Based on a total sample of 267 observations, they used Ordinary Least Squares (OLS) regression on top 89 non-financial firms listed on the Malaysian Main Market during 2017 to 2019. The Chairman age is positively and significantly associated with the firm's profitability but not with liquidity. Chairman Ownership is positively and significantly associated with liquidity but not with profitability. It suggests that the age and ownership of the Chairman may significantly boost operating performance. However, chairman tenure is negatively and significantly associated with operating performance (profitability and liquidity), suggesting that long-tenured Chairmen are associated with poor operating performance. Chairman title is insignificantly related to operating performance. Also, CEO effectiveness strengthens the relationship between chairman tenure and liquidity. However, CEO effectiveness impairs the relationship between chairman title and profitability and Chairman ownership and liquidity.

Chithambo, Tingbani, Agyapong, Gyapong, and Damoah (2020) shed light on the extent to which various stakeholder pressures influence voluntary disclosure of intangible assets and how the impact is explained and moderated by chief executive officer (CEO) characteristics of 215 FTSE 350 listed U.K. companies for the year 2011. The study developed a classification of disclosure based on the guidelines of Protocol, Department for Environment, Food and Rural Affairs, and Global Framework for Climate Risk Disclosure using content analysis. The study suggests that regulatory, mimetic, regulatory, creditor, supplier, customer, and board control positively impacts on voluntary assets disclosure information by firms. Creditor pressure also had a significant negative relationship with intangible assets disclosure. Although CEO age had a direct negative effect on voluntary disclosure, its moderation effect on stakeholder pressure influence on GHG disclosure was only significant on regulatory pressure.

Khrystyna, Roman and Dhananjay, (2019) examined changes in CEOs' disclosure styles in quarterly earnings conference calls over their tenure. Their longitudinal analysis of newly hired CEOs shows that CEOs' forward-looking disclosures and their disclosures' relative optimism decline in their tenure. Further, externally hired and inexperienced CEOs are more future-oriented and younger CEOs exhibit greater optimism in their disclosures. They also found that non-CEO executives' disclosure styles remain time-invariant over their CEOs' tenure. The evidence is consistent with uncertainty reduction about managers' ability over their tenure in reducing the demand for and the supply of forward-looking disclosures, and attenuating managerial career concerns leading to the decline in disclosure optimism.

Graham, Kim and Leary (2019) examined CEO-board dynamics using a new panel dataset that spans 1918 to 2011. The long sample allows them to perform within-firm and within-CEO tests over a long horizon, many for the first time in the governance literature. Consistent with theories of bargaining or dynamic contracting, they find board independence increases at CEO turnover and falls with CEO tenure, with the decline strongest following superior performance. CEOs are also more likely to be appointed board chair as tenure increases, and they also found evidence consistent with a substitution between board independence and chair duality. The result fail to capture the magnitude of the CEO tenure as effect is economically small, much smaller for example than the strong persistence in board structure documented. When external CEOs are hired, board independence falls and subsequently increases. Event studied document a positive market reaction when powerful CEOs die in office, consistent with powerful CEOs becoming entrenched
Khrystyna, Roman and Dhananjay (2019) examined changes in CEOs' disclosure styles in quarterly earnings conference calls over their tenure. Their longitudinal analysis of newly hired CEOs shows that CEOs' forward-looking disclosures and their disclosures' relative optimism decline in their tenure. Furthermore, they discovered that externally hired and inexperienced CEOs are more future-oriented and younger CEOs exhibit greater optimism in their disclosures. They also find that non-CEO executives' disclosure styles remain time-invariant over their CEOs' tenure. Their evidence is consistent with uncertainty reduction

about managers' ability over their tenure in reducing the demand for and the supply of forward-looking disclosures, and attenuating managerial career concerns leading to the decline in disclosure optimism.

Laininen (2018) examined which board composition improves voluntary disclosure when ownership is concentrated using 794 financial forecasts disclosed by Finnish NASDAQ OMX listed companies during years 2006-2013 and relevant board data. Existing literature suggests that certain company internal governance structures related to board diversity, expertise and information sharing can mitigate the widening of information asymmetry gap between small shareholders and the board. There is higher percentage of independent board members, audit committees, and regular meetings are associated with increased forecasting frequency, and CEO dual role has a positive association with the disclosure of numeric forecasts. But older and longer tenured board members are negatively associated with forecast frequency

Ali and Seyi (2017), examine the relationship between firm characteristics and level of voluntary disclosure in financial statements among firms Listed in Nigeria stock exchange in 2016. Content analysis and Count data regression models (Poisson and Negative binomial) revealed that companies listed in the Nigeria stock exchange on the average, makes about 5.37%voluntary intangible assets disclosure in their annual reports. Furthermore, the variables of firm size, auditor size, profitability and ownership diffusion have significant positive association with voluntary intangible assets disclosure level.

Modugu, and Eboigbe, (2017) examined the determinants of corporate disclosure level of listed companies in Nigeria. Specifically, the study investigates the relationship between two structure characteristics and corporate disclosure in 60 Nigerian listed firms from 2012-2014. The structure characteristics (independent variables) are firm size and leverage. Corporate disclosure (dependent variable) was disaggregated into mandatory, voluntary and total disclosure. The data were analyzed using both descriptive statistics and the Ordinary Least Squares (OLS) regression. There is a steady improvement in mandatory but not voluntary disclosure by Nigerian companies since the country’s adoption of IFRSs. The results show a significant positive association between firm size and mandatory disclosure. There is a significant negative relationship between leverage and mandatory disclosure. Both leverage and firm size showed a significant positive relationship with voluntary disclosure. The combined effect of leverage and firm size show a significant positive relationship with total disclosure. Its recommended that the Financial Reporting Council of Nigeria and other regulatory agencies should intensify efforts towards enforcement of companies’ compliance with the requirements of IFRSs and other relevant statutory provisions.

METHODOLOGY

3.1 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.

Model Specification:

The model for this study was adopted from the work of Chandren, Qaderi and Ghaleb (2021) which is stated functionally as PERF= (NDUAL, TITLE, AGE, OWN, TEN) this model was modified to suit the variables used in this study. This model therefore modifies and extends the model tested by prior studies and panel regression analysis was adopted for the purpose of hypothesis testing and was guided by the following linear model:

VOLDS = *f(*CEOTEN, CEOAGE, CEOEXP)
This can be mathematically expressed as follows.
$VOLDS_{it} = \beta_0+\beta_1 CEOTEN_{it} + \beta_2 CEOAGE_{it} + \beta_3 CEOEXP_{it}+\mathcal{E}_{it}$……...1

Country Specifics Model
Model 1: Nigeria
$VOLDS_{it} =\beta_0+\beta_1 CEOTEN_{it}+\beta_2 CEOAGE_{it} + \beta_3 CEOEXP_{it} + +\mathcal{E}_{it}$……………………………………...1

Model 2: South Africa

$VOLDS_{it}= \beta_0+\beta_1 CEOTEN_{it} +\beta_2 CEOAGE_{it} + \beta_3 CEOEXP_{it} + +\mathcal{E}_{it}$……..2

Where:
VOLDS=Voluntary Disclosure
CEOTEN = Chief Executive Officers Tenure
CEOAGE = Chief Executive Officers Age
CEOEXP represents Chief Executive Officers Experience
$\mathcal{E}_{it}$= 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 unexplanatory variable and β_0, β_1, β_2, β_3, β_4, Stands for Regression model coefficients

3.9 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. The study also carried out some preliminary data tests and diagnostic test like test of co-linearity, normality test, auto-correlation, and effect testing using Hausman effect test.

DATA PRESENTATION AND ANALYSIS

4.1: Descriptive statistics

4.2.1 Overall Descriptive Statistics Analysis (Nigeria and South Africa)

The detailed result of the descriptive statistics was presented in table 2 under the appendix. However, summary of the aspect needed for the interpretation is presented in a tabular form below.

Table 4.2.1: Descriptive Statistics (Nigeria and South Africa).

	VOLDS	CEOTEN	CEOAGE	CEOEXP

Mean	0.749035	0.656371	50.46332	0.525097
Median	1.000000	1.000000	50.00000	1.000000
Maximum	1.000000	1.000000	72.00000	1.000000
Minimum	0.000000	0.000000	32.00000	0.000000
Std. Dev.	**0.434408**	**0.475839**	**7.409506**	**0.500337**
Skewness	-1.148768	-0.658515	0.449842	-0.100513
Kurtosis	2.319667	1.433642	3.251311	1.010103
Jarque-Bera	61.96058	45.19599	9.416699	43.16777
Probability	0.000000	0.000000	0.009020	0.000000
Sum	194.0000	170.0000	13070.00	136.0000
Sum Sq. Dev.	48.68726	58.41699	14164.40	64.58687
Observations	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 disclosure. The descriptive findings showed that the average disclosure index for the 10-year period is 74.90% with minimum value of 0.000 and maximum value of 1 being a dichotomous value of 1 and 0 which is consistent with disclosure index by Omar et al. (2011) in conformity with the voluntary disclosure. The standard deviation for voluntary disclosure was 0.4344 while the skewness for voluntary disclosure was -1.148 implying that the data on voluntary disclosure were skewed to the left hence most values were bunched to the right of the distribution. The kurtosis for voluntary disclosure was 2.319 that are less than 3 hence the distribution is said to be playkurtic hence it may not have outliers.

The descriptive result reveals that on the average, Chief Executive Officers of industrial goods firms in Nigeria and South Africa has about 52 years' experience, the maximum value of 1 shows that among the Chief Executive Officers of industrial goods firms, there are some that have experience of such position before joining their current firm while others have no experience at all that gave rise to zero value as the minimum year of experience. On average about 52% of the firms CEOs have the job experience before becoming the current CEO of their firms. Overall, our findings suggest that when managers have work experience with the firm prior to becoming the CEO, the firm's voluntary disclosure is of higher quality.

4.2.3: Overall Pearson Correlation Matrix (Nigeria and South Africa)

Pearson's correlation matrix was applied to check the degree of association between Chief Executive Officers dynamics and voluntary disclosure of quoted industrial goods firms in Nigeria and South Africa so as to determine the nature or degree of association i.e. positive or negative correlation and the magnitude of the correlation between dependent variable (voluntary disclosure) and independent variables with other explanatory variables.

Table 4.2.3: Correlation Analysis Result(Nigeria and South Africa)

	VOLDS	CEOTEN	CEOAGE	CEOEXP

VOLDS	1.000000			
CEOTEN	0.256214	1.000000		
CEOAGE	0.003752	0.004656	1.000000	
CEOEXP	-0.158154	0.060783	-0.057515	1.000000

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

Maximum standard for multicolinearity is 0.80. Since there is no value of correlation matrix higher than 0.8, it means that the data is free from serious multicolinearity problems among variables.

Test of Multicollinearity or Variance Inflation Factor (VIF)

Multicollinearity was tested by computing the Variance Inflation Factor (VIF) and its reciprocal or the tolerance. To further check for multi-collinearity problem or to know whether the independent variables used are perfectly correlated, we conducted Variance Inflation Factor (VIF) to check for the multi-collinearity problem.

Table 4.2.4: Variance Inflation Factor Result (Nigeria and South Africa)

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	1.719711	64.85962	NA
MEAN CEOTEN	0.118032	2.235373	1.112884
CEOAGE	0.000492	48.31249	1.119079
CEOEXP	0.132122	3.157893	1.156647

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

To detect multicollinearity, we used the variance inflation factor (VIF) test to quantify its severity in our model. According to the guidelines of this test, the existence of multicollinearity can be confirmed only in circumstances where the value of the variance inflation factor is more than 10.

4.3: Test of Hypotheses

In order to examine the relationship between the dependent variable (VOLDS) and the independent variables (CEOTEN, CEOAGE, CEOEXP) and to test the formulated hypotheses, we employed panel regression analysis since the data had both time series (2012-2021) and longitudinal properties (26 quoted industrial goods firms IN Nigeria and South Africa). However, the study takes into cognizance the non homogeneity nature of the firms, hence the need for testing its effect on the data. This necessitates the use of hausman effect test to ascertain which effect to explain.

4.3. 1: Hausman Effect Test

Hausman Effect Test: Decision rule

H_0 – random effect is more preferable than fixed effect

H_1 – fixed effect is more preferable to random effect

When chi-square probability value is less than 5% – rejects H_0 and accepts H_1 ($P \leq 0.05$)

When chi-square probability value is greater than 5% – accepts H_0 and rejects H_1. ($P \geq 0.05$)

Table 4.3.1. Hauseman Effect Tests

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

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)

The Hausman test result above shows a chi-square statistics value of 15.9790 and probability value of 0.0253 which was less than 5%, this means that there is homogeneity in the collection of the firms' data. Since the Chi-square (Prob) value is less than 5%, hence we accept the random effect regression while the fixed effect is rejected. Hausman test shows that the Random-effects estimation (REM) method is more appropriate than the Fixed effects (REM) for all the industrial goods sector firms in both Nigeria and South Africa; hence the results from REM is presented but not interpreted because of the nature of the dependent variable measured using a dummy variable, thus we go for a binary regression and its specifications. However, a binary specification regression result was opted for since our dependent variable assumed the value of 1 and 0.

4.4 Combined Regression Analysis/ Test of Hypotheses

The essence of having a holistic view of the whole analysis o 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.

4.4.1: 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 result of the Hosmer-Lemeshow test and Andrews' statistics of the goodness of fit. The difference between both statistics is not large, which means that our model is sufficiently fitted (Hosmer-Lemeshow, 1989; Andrews, 1988a, 1988b). Buttressing this fact, the Chi-square estimation of the goodness of fit for both test reported, H-L(8) = 7.7460, p = 0.4587 & A(10) = 61.3329, p = 0.0000 show that there is no evidence of poor fit which means the regression model is correctly specified (Green, 2008). Hence binary logit regression is applied and our analysis is presented in table 4.4.2 below:

4.4.2: Binary Logit Least Squares Regression

Variable	Coefficient	Std. Error	z-Statistic	Prob.
C	2.739296	1.311378	2.088869	0.0367
CEOTEN	1.542697	0.343558	4.490358	0.0000
CEOAGE	-0.014725	0.022184	-0.663750	0.5069
CEOEXP	0.799151	0.363486	-2.198573	0.0279

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 LR-statistics value of 58.01 and their P-value of 0.0000 showed that the overall analysis of our variables in the regression model was generally significant at 1% level of significance and it shows that the model was well specified in explaining voluntary disclosures. From the result above, the study observed that the McFadden R. squared value was 0.5987 (60%) approximately. The value of McFadden R- squared which is the coefficient of determination for binary regression stood at 60% which implies that 60% of the systematic variations in individual dependent variables were explained in the model while about 40% were unexplained thereby captured by the stochastic error term. This reveals that about 60% of voluntary disclosure practices of CEOs can be attributable to the Chief Executive Officer's variables selected for the study while about 40% were unexplained. Moreover, the LR-statistics value of 58.01 and its probability value of 0.0000 shows that the voluntary disclosure model used for the analysis were statistically significant at 1% level. This confirms the appropriateness of our model used for the analysis.

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

5.1: Summary of findings:

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:

i. Chief Executive Officers' tenure has positive and statistically significant effect on voluntary disclosures in Nigeria industrial firms which were statistically significant at 1% level of significance while South African industrial firms recorded a negative but insignificant effect on voluntary disclosures.
ii. Chief Executive Officers' age was found to have negative and insignificant effect on voluntary disclosure practices of industrial goods firms in both Nigeria and South Africa.

iii. Chief executive officers' experience positively affects the level of voluntary disclosure of industrial goods firms in both Nigeria and South Africa which was statistically significant at 5% level of significance.

5.2: CONCLUSION and RECOMMENDATIONS

Having conducted the study through layers, it is concluded that CEO tenure and CEO experience showed statistical significant effect on voluntary disclosure of quoted industrial goods firms in Nigeria and South Africa at 1% and 5% levels of significance respectively.

On the basis of the findings and conclusions of the study, the study recommends that, Long tenure of CEOs should be encouraged among Nigeria firms while the maximum three years of CEO tenure should be discouraged among South Africa firms and it should be backed up by law and strictly enforced. Younger and vibrant CEOs should be appointed in both the management of Nigeria and South African firms even though they were found to have insignificant effect on their voluntary disclosures. Appointment of CEOs based on past experience should be discouraged for all industrial goods firms in both Nigeria and South Africa since it was shown to have a negative and significant effect on voluntary disclosures.
Generally, it was recommended that listed industrial goods firms in both Nigeria and South Africa should give value to dynamism in selection of their CEOs, as tenure and experience in the board encouraged voluntary disclosures.

Suggestion for further studies

This study only examined limited observable dynamics which are CEO tenure, age and experience. Again individual CEO traits like capacity, title or independence can be introduced to disclose how it can help in maintaining voluntary disclosure by different companies across different countries. Finally, there are other mediums used by companies in disseminating their voluntary disclosure information such as stand-alone disclosure, companies' website and pamphlets. It is the limitation of this study for it only examined companies' annual reports that may only provide a small portion of sustainability voluntary disclosure information

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