

CEO Characteristic and Forward-Looking Disclosure in Pakistani Firms

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Abstract

Forward-looking disclosure (FLD) is the practice where publicly traded companies share information about their future plans, strategies, and potential risks. This fosters transparency and helps investors make informed decisions. Such disclosures include financial projections and growth strategies. However, predicting the future can be uncertain, and companies must be cautious to avoid legal issues if their projections fall short. This research aims to investigate how the characteristics of CEOs impact FLD, focusing on their busyness, origin, and entrenchment. From 2013 to 2022, data was gathered from 72 non-financial companies that were listed on the Pakistan Stock Exchange. According to the findings, FLD is positively and significantly correlated with CEO busyness, CEO origin, and CEO entrenchment. The research plays an important role by exploring FLD in developing country like Pakistan and offers insights into FLD adoption and how it might impact the unique context of Pakistani firms. Moreover, by exploring CEO characteristics and their impact on FLD in developing countries, it explores unexplored areas and adds to the body of existing research. The study's emphasis on promoting transparency, stakeholder empowerment that holds intrinsic value for Pakistan and similar emerging markets.

Keywords: CEO's characteristic; Forward-looking disclosure; corporate practices; Forward-looking information; Corporate disclosure; Agency Theory

Introduction

Information asymmetry puts investors at a disadvantage due to their limited knowledge about the company, leading shareholders and other stakeholders to demand reliable information from management (Beyer, Cohen, Lys & Walther, 2009). FLD as a voluntary disclosure is an essential source of information for stakeholders for getting the full picture of a company's past and future performance (Bozzolan, Trombetta, & Beretta, 2009; Menicucci, 2018). These disclosures help

investors make better investment decisions by providing information about a company's expected performance, which helps them assess future prospects (Healy & Palepu, 2001; Wang & Hussainey, 2013). FLD is vital for many businesses, because it helps to lessen the information asymmetry between the company and its shareholders (Alkhatib, 2014; Kılıç & Kuzey, 2018). It helps to increase transparency and trust by empowering shareholders to make better-informed decisions. FLD also helps strengthen the reporting structure and support stakeholders to determine the company's overall health and prospects by providing a thorough understanding of a company's risk profile.(Alkhatib, 2014; Kılıç & Kuzey, 2018). According to Alqatamin et al., (2017) and Bamber et al., (2010), in corporate governance practices CEO plays an important role to implement FLD to ensure that the company can meet its disclosure objectives.

In corporate reporting practices CEO's specific characteristics may vary based on how these characteristics influence various management decisions, disclosure strategies (Bamber et al., 2010), accruals quality (Francis, Nanda & Olsson, 2008), accounting practices and policies (Arun, Almahrog & Aribi, 2015). FLD considered important in improving investors' ability to forecast future earnings in history (Athanasakou & Hussainey, 2014; Hussainey & Walker, 2009), but there is a significant gap in the literature regarding the impact of other CEO characteristics e.g. busyness, origin, and entrenchment on FLD (Di Meo et al., 2017; Elosge et al., 2018; Harymawan et al., 2019).

We implement the study in Pakistan due to its relevance to Pakistani context. The study addresses the unique relation in order to offer new insights into corporate governance and transparency practices. The study's findings will fill the critical gap and provide valuable evidence to stakeholders. The study also contributes in comprehensive understanding of the factors driving FLD especially in Pakistani context. We analyzed the data of 72 non-financial companies listed on the PSX 100 index from years 2013 to 2022. The study has adopted content analysis. The results show that CEO busyness, CEO origin and CEO entrenchment positively related to FLD. These findings offer valuable insights to policymakers, regulators and academics in Pakistan and other developing economies.

In Pakistan, Securities and Exchange Commission of Pakistan (SECP) is the main power behind the major reforms in corporate governance. The main goal of these measures is to improve disclosure policies and ensure openness in operations in public traded companies. However, FLD practices in Pakistan are still developing and insufficient according to international standards (Khan et al., 2022). Studies in emerging markets, suggest that factors such as board characteristics, company size, and industry type may influence FLD. While studies from other countries show that larger companies and specific industries are more likely to provide FLD (Elgammal et al., 2018; Khan et al., 2022; Wang & Hussainey, 2013).

In order to promote transparency and minimize information asymmetry between managers and investors, the SECP should release guidelines encouraging companies to implement refined FLD practices (Khan et al., 2022). However, corporate scandals involving worker exploitation, child labor, and other abuses continue to undermine trust and transparency in Pakistan (Khalid & Khalid,

2021). Multinational companies operating in Pakistan are increasingly leading the way in FLD, dedicating resources to designing and publishing FLD as part of their annual or sustainability reports (Yunis et al., 2017).

This study has two main contributions. First, it examines the impact of CEO's characteristics on FLD and provides new evidence on how these exclusive characteristics may impact FLD practices. Secondly, there is a lack of research in history addressing the unique relationship in developing countries especially in Pakistan. The structure of the research is as follows:

Section 2 shows theoretical foundations and literature review. Section 3 covers the methodology. Section 4 presents the analysis and findings. Section 5 concludes the implications and future directions for research.

Literature Review

Theoretical framework

In the corporate sector, CEOs hold pivotal roles and are responsible for shaping the success of their companies. They serve as representatives of shareholder interests, upholding transparency and accountability within their organizations, which is vital for the principal-agent dynamic (Liu et al., 2018). In a company a CEO can improve corporate governance, build confidence or trust among shareholders by offering timely and accurate information (Alqatamin et al., 2017; Liu et al., 2018). CEOs can use FLD to empower shareholders in order to address information gaps. They can encourage transparency, reduce ambiguity and increase investor confidence in the company's long-term prospects by offering insights into future plans, strategies, and dangers. For shareholders, these important aspects of FLD encourage openness, trust and informed decisions. In fact, by implementing FLD, CEOs show their dedication to open communication and active risk management (Alqatamin et al., 2017).

Secondly, CEO characteristics such as risk tolerance, communication style, and strategic vision, are closely linked to FLD's effectiveness (Alqatamin et al., 2017b; Bochkay et al., 2019). The above attributes shape the nature and depth of disclosure practices. Lastly, CEO who possess transparency and foresight is more likely to give the shareholders detailed and insightful information about the future (Alqatamin et al., 2017). Based on recent studies, CEOs that have a long-term vision not only provide greater FLD but also closely align it with the strategic goals of their organizations. CEOs can promote transparency and satisfy stakeholder's expectations in order to communicate effective growth strategies, investment plans and potential challenges (Abdallah & Eltambohy, 2022). According to Albertini et al. (2021), as a creative leader a CEO encourages innovation, creativity and establish organizational resilience or flexibility by sharing information related to innovative products, technology and potential markets. In our opinion CEO also values the communication between shareholder and an investor and maintains investor's confidence and trust by disclosing accurate and thorough forward-looking information. They regularly interact with investors to address their concerns and discuss future prospects by using a variety of communication channels e.g. investor presentations and earnings calls. This continuous

interaction between a company and its investors may improve organizational stability and confidence (Cade et al., 2020).

CEO's Busyness and FLD

The CEO plays an important part in developing an atmosphere where the board of directors may hold productive discussions and make informed decisions. Additionally, they ensure that each board member is qualified to support the objectives of the organization (Harymawan et al., 2022). According to Fich and Shivdasani (2006), CEO may find it challenging to devote enough time and attention to disclosure policies due to their busy schedule. The companies with busy boards, where most CEOs hold three or more directorships, perform worse and results in minimum disciplinary staff due to turnover failure. (Ferraris et al., 2020). We see managers with busy timetables frequently take on too many tasks and carrying out their supervision obligations which negatively affects their performance (Ferraris et al., 2020). According to researchers, a busy CEO may prioritize short-term operational goals and performance on long-term strategy planning and forward-looking disclosure (Bochkay et al., 2019). A study indicates that short-term goals may restrict the communication and priorities of company's future. According to Boateng et al. (2022), CEOs who are risk averse and conservative tend to reveal less information because of their cautious nature and need for stability. They might refrain from making bold forward-looking comments because of fear of legal penalties or market volatility, which would leave little to no information about expectations for the future. Busy CEOs prioritize maintaining the status quo and preventing any disturbances in organizational plans and procedures over communication efforts due to their hectic schedules (Ratri et al., 2021). Consequently, comprehensive disclosure suffers, limiting investors' understanding of the company's growth potential and strategic direction. Therefore, we anticipate that increased CEO busyness will be associated with reduced transparency and limited FLD, reinforcing the negative connection between these two variables. This underscores the importance of effective leadership and time management in enhancing corporate transparency and planning for the future. Thus, the proposed hypothesis is:

Hypothesis 1 (H1). Companies with Busy CEOs will show less forward-looking disclosure.

CEO's Origin (insider or outsider) FLD

Corporate leadership often emerges through two distinct paths: internal promotion from the company's workforce or external recruitment. These paths signify differing approaches to interpreting and exercising authority within the organizational structure. CEOs promoted from within hold a distinct advantage in selecting and shaping pertinent activities related to information disclosure compared to their externally recruited peers. Internally promoted CEOs may have stronger ties to the organization's culture and values, potentially aligning their interests more closely with shareholders (Brockman et al., 2019). Insider CEOs, owing to their intimate familiarity with the company's inner workings, strategic blueprints, and industry nuances, are uniquely positioned to offer profound insights into forward-looking disclosures (Brockman et al.,

2019). Their insider information about organizational complexities enable them to give stakeholders more accurate future-oriented information. Similarly, a CEO who promotes inside the company's workers portrays the strength (Pathan, 2009; Zhang & Rajagopalan, 2010). In other words, when a manager is promoted within the organization instead of outside, it suggests that they are being promoted due to their special qualities and advantages over other managers. One of the most important traits of insider CEOs is alignment of interests.

Insider CEOs usually have a long-term personal interest in the company's success because their pay and advancement are closely correlated with success (Al-Shammari, 2021). This conflict of interest might encourage insider CEOs to produce thorough and transparent FLD that fairly reflects the company's future. According to Moeini Gharagozloo et al. (2023), Insider CEOs are more likely to communicate honestly and openly about the company's future prospects because of their personal stake in it, and the strategic transparency enhances the overall trust and confidence of stakeholders in the accuracy and reliability of FLD (Shi & de Jong, 2020). Insider CEOs can mitigate information asymmetry between internal and external stakeholders by giving relevant and timely updates on business performance, strategic plans, or potential challenges. Some previous studies claim that insider CEOs are essential in encouraging FLD, which eventually boosts the company's performance and that of its stakeholders.

Accordingly, the following hypothesis is developed:

Hypothesis 2 (H2): Companies with insider CEOs will show high forward-looking disclosure.

Entrenchment and FLD

When managers have significant power and influence and can act in their own best interests rather than that of shareholders, they are considered entrenched. The power and authority of CEOs within the company are likely to expand as management entrenchment increases. If they become more prominent, management goals could change to maximize the CEO's selfish personal gains (Muriithi et al., 2022). The relationship between FLD and CEO entrenchment has received very little attention in the literature. According to García-Sánchez & Martínez-Ferrero (2017), there is a positive relationship between CEO entrenchment and information transparency, indicating that CEOs with more experience are more likely to share information regarding the company's prospects. Similarly, Chahine et al. (2019), provide additional support that disclosure policies are strategically used to serve personal interests by finding a positive relationship between FLD practices by centered CEOs and potential improvements in CEO remuneration and social position. According to Elnahas et al. (2023), When CEOs are very entrenched, investors believe there might be information asymmetry about the company's prospects for the future. This impression can make investors more doubtful of FLD's accuracy and dependability. Moreover, renowned CEOs could take advantage of this information asymmetry by purposefully revealing information that reduces perceived risks and boosts investor confidence while possibly hiding more ambiguous or unfavorable forecasts. Information asymmetry encourages shareholder activism and governance reforms (Ananzeh et al., 2022). In order to reduce information asymmetry and meet management's

interests with shareholders', activist investors may push for improved transparency and accountability in corporate disclosures, including stronger forward-looking directions. In order to minimize the negative impact of CEO entrenchment on forward disclosure practices we need to enhance board independence, protect shareholder rights and ensure manager's accountability through leadership and governance (Boateng et al., 2022).

According to Goergen et al. (2020), entrenched CEOs are able to identify and resolve problems proactively because they have more experience and a deeper understanding of the company's operations, culture and history. Their presence for longer period of time within an organization allow them to notice small issues before they turn into major challenges.

we propose the following hypothesis:

Hypothesis 3 (H3): Companies with entrenched CEOs will show a high forward-looking disclosure.

Research Methodology

This study employs quantitative research methods to examine the hypotheses that are put forth. Quantitative research is a type of research that deals with numbers and measurements, focusing on data that can be counted, compared or expressed in numerical form. Within this approach, hypothesis testing plays a key role as it uses data and statistics to evaluate whether a claim or assumption is true or false (Du et al., 2023). Thus, the following sections discuss population, sample size, data sources and research models.

Sample selection and data collection

In this research, 72 non-financial companies are selected from the PSX (Pakistan Stock Exchange) 100 index for analysis. Financial institutions, such as banks and insurance companies, are excluded to ensure cross-sector comparability, as they operate under distinct capital structures, profitability patterns, and disclosure requirements (Naser et al., 2002). Our choice of non-financial companies allowed us to investigate the dynamics of disclosure practices within the nation's corporate governance framework by representing a variety of economic sectors (Arslan & Abidin, 2019). And we collect the data of year 2013 to 2022 from the annual reports of these companies. Each annual report undergoes a manual review process, and it is noteworthy that the majority of these reports are publicly available on the firms' websites. We specifically look for important CEO characteristics and measure the level of FLD in each report. To cover the incomplete non-financial information found in the annual reports, additional sources such as LinkedIn, PSX, and Google databases are utilized.

Measuring the level of forward-looking disclosure

Content analysis is considered as powerful tool in previous studies (Hussainey et al., 2003; Salama et al., 2006; Sun et al., 2010), particularly for examining corporate disclosures. The extensive body of literature supporting the effectiveness of content analysis confirms our confidence in its

suitability for exploring content analysis to carefully collect and analyze FLD elements within our sample. In content analysis, the choice of units to be recorded, such as sentences, words, lines, groups of words, pages, paragraphs, or entire documents, becomes crucial. The present study designates sentences as the primary unit of analysis, as they provide more precise coding units compared to individual words (Milne & Adler, 1999). Previous studies on FLD also employ sentences to measure the level of disclosure (Aljifri & Hussainey, 2007; Bozzolan et al., 2009; Wang & Hussainey, 2013a). Furthermore, Milne & Adler (1999) argue that words cannot be reliably interpreted and coded without the contextual information provided by the sentence. Therefore, to confront these concerns, the current research utilizes the sentence approach. The research utilizes the computer-based content analysis methodology and the list of 33 forward-looking keywords developed by Hussainey et al. (2003), for example anticipate, next, next period, coming period etc. (see Appendix A)

In this study, MAXQDA 2020 was employed as a computerized tool for conducting content analysis. The objective was to quantify the FLD scores within narrative sections of annual reports, namely the CEO's message, chairman's message, director's report, and FLS. We collected the annual reports from company websites and uploaded them into the application. The following steps describe how we generated the annual report data in the application: (1) Annual reports are downloaded from company websites; (2) Files are uploaded to MAXQDA 2020 and (3) Nodes are created using words suggested by (Hussainey et al., 2003). The research also employs two steps to check the accuracy of the content analysis procedure: First, 10 annual reports are provided to different coders. They follow the same steps to ensure uniformity and resolve any discrepancies (Aribi & Gao, 2010; Sun et al., 2010). Second, to ensure the accuracy of the coding process, two expert accountants recheck the categories and checklist items. They compare their results to ensure agreement and reliability (Bozzolan et al., 2009; Sun et al., 2010).

In addition to employing the content analysis method, the score of FLD is measured by calculating the ratio of forward-looking sentences a company reveals to the total number of sentences present in its narrative sections (Hassanein & Hussainey, 2015; Muslu et al., 2015).

And the disclosure ratio is given as follows:

$$\text{FLD score} = \text{FWD} / \text{TDS}$$

The above disclosure ratio represents FWD as the number of forward-looking sentences disclosed, and TDS stands for total number of sentences in narrative sections of each company respectively.

Measurement of independent variables

The variables of interest in this study are CEO's busyness, origin and entrenchment of CEO.

CEO Busyness

Busyness denotes as an amount of work which demands CEO's time and energy. CEOs who are extremely busy tend to lack the time or energy to focus on the fundamental responsibilities of

overseeing the company's operations. Busyness can cause disruptions that affect company operations and potentially result in lower transparency. In this study we use a dummy variable to measure CEO busyness (Cbusy) and the CEOs are classified busy when this variable takes on a value of 1 or 0 otherwise (Harymawan et al., 2019). This classification is applicable when CEOs are engaged in two or more external directorships or concurrently hold the positions of CFO, chairperson, and president. Conversely, a value of 0 is assigned to the dummy variable in instances where these conditions are not met, in accordance with established prior research (Core et al., 1999; Fich & Shivdasani, 2006).

CEO Origin (insider or outsider)

The CEO's origin is related to whether the CEO was hired from within or outside the organization. An insider CEO is one who previously worked for the firm before being appointed CEO. On the other hand, an outsider CEO is hired from outside the organization (Zhang & Rajagopalan, 2010). The study employs two dummy variables for CEO Origin (Corigin), consistent with prior research (Zhang & Rajagopalan, 2010; Zhong et al., 2022) and considers the CEO origin before appointment. CEO insider is appointed from within the company, and the key dummy variable is used to indicate the CEO insider. The study will use an indicator variable equal to 1 if the CEO is hired from inside of the firm (insider) and zero otherwise (Elosge et al., 2018).

CEO Entrenchment

CEO entrenchment refers to a situation where a CEO holds significant authority and control over a company. This often creates conflicts of interest between the CEO and stockholders, mainly due to differences in liquidity preferences (Elyasiani & Zhang, 2015). According to Di Meo et al. (2017), CEO entrenchment is measured using dummy variables. The primary focus is on CEO tenure, while CEO ownership serves as a supporting proxy. Specifically, CEO tenure is treated as a binary variable, assigned a value of 1 if the CEO's tenure exceeds three years, and 0 otherwise. This measurement aligns with the idea that entrenchment intensifies over time (Fredrickson et al. 1988). As Darouichi et al. (2021) emphasize, CEO tenure is a strong indicator of entrenchment, as long-serving CEOs tend to accumulate more power and influence. CEO ownership is measured as a dummy variable, with a value of 1 if the CEO's shareholding lies between 19% and 50% of total company shares, and 0 otherwise (Di Meo et al., 2017).

Measurement of control variables

Control variables, integral to research and statistical analysis, remain consistent or at a stable level to accurately assess the relationship between two other variables. They enable researchers to ascertain the genuine impact of the independent variable on the outcome under investigation (Nielsen & Raswant, 2018). In this study, three types of control variables are utilized: CEO level (education, duality and gender), firm level (firm size, profitability, dividend and financial leverage) and corporate governance level (board size, meeting and independence) variables.

CEOs' education: Education plays a pivotal role in enhancing managerial effectiveness and decision-making capabilities (Certo, 2003). CEOs with solid educational backgrounds are more likely to prioritize voluntary information disclosures (Hambrick & Mason, 1984). In this study, CEO education is measured using two proxies; Master's education: A binary variable indicating whether the CEO holds an MBA degree (Darmadi, 2013). Foreign education: A binary variable representing whether the CEO obtained their degree from a foreign institution (Hu et al., 2018; Urquhart & Zhang, 2022). CEO's duality: the separation of CEO and chairperson roles enhances board independence and oversight (Khan & Kamal, 2022). The gender diversity of the CEO has an impact on disclosure policies and stakeholder interests (Harjoto et al., 2015). In the study gender diversity is measured using a binary variable (Andriosopoulos et al., 2013). Firm's size indicate that the larger firms are inclined to engage in higher volumes of voluntary disclosures within a company (Al-Najjar & Abed, 2014), and firm size is measured using the natural logarithm of total assets (Sartawi et al., 2014). Firm's profitability represents that a profitable company in a country is the one which tends to disclose more information compared to less profitable one (Uyar & Kilic, 2012), and we measure profitability using Return on Assets (ROA).

Firm's Dividend: dividend payments and voluntary disclosure are interconnected mechanisms for communicating company performance (Hussainey & Aal-Eisa, 2009). Dividend ratio is quantified as cash dividends divided by net income. Firm's financial leverage: companies with higher leverage ratios tend to provide more detailed disclosures to meet creditor demands (Watson et al., 2002). Financial leverage is measured using total long-term debt divided by total assets. Board size: board size influences the extent of voluntary disclosures (Adams et al., 2010). Board size is determined by the total count of board members. Board meeting: the frequency of board meetings reflects board dedication and oversight effectiveness (Qu et al., 2015). Board meeting frequency is measured annually. Board independence: boards with a substantial proportion of external directors exhibit higher effectiveness in supervising company managers (Jizi et al., 2014). Board independence is evaluated by the total number of outside directors.

Empirical research model

For the empirical analysis, the following regression model is formulated.

$$FLD_{it} = \alpha + \beta_1(Cbusy_{it}) + \beta_2(Corigin_{it}) + \beta_3(Centre_{it}) + \beta_4(Cedu_{it}) + \beta_5(Cdual_{it}) \\ + \beta_6(Cgen_{it}) + \beta_7(Fsize_{it}) + \beta_8(Fprofit_{it}) + \beta_9(Fdivid_{it}) + \beta_{10}(Flever_{it}) \\ + \beta_{11}(Bsize_{it}) + \beta_{12}(Bmeet_{it}) + \beta_{13}(Bindep_{it}) + \varepsilon_{it}$$

FLD = Forward-looking disclosure is our dependent variable measured using disclosure ratio.

Cbusy = CEO's busyness measured using a dummy variable 1 if CEO holds multiple positions.

Corigin = CEO's origin measured by dummy variable 1 if CEO hired from inside.

Centre = Entrenchment measured using proxies e.g., CEO's tenure & ownership.

Cedu = Education is measured using two proxies e.g., master's & foreign education.

Cdual = A dummy variable that takes the value 1 if the CEO and chairperson are the same person and 0 otherwise..

Cgen = A dummy variable taking value 1 if CEO male, and 0 if CEO female.

Fsize = The natural log of a firm's total assets.

Fprof = Measured by ROA (net income before tax divided by total assets).

Fdivid = Cash dividends divided by net income for the same period.

Flever = Measured by total long-term debt divided by total assets.

Bsize = Measured by the total number of members on the board.

Bmeet = The number of meetings per year held by the board of directors.

Bindep = Board independence is measured by the total number of outside directors.

$\alpha + \beta$ = Coefficients

ε = Error terms

Table 1: Variables' Definitions and Measurements

Label	Variable	Detail
Dependent Variable (DV)		
FLD	Forward-Looking Disclosure	The total level of FLD is measured through disclosure ratio using number of sentences with forward-looking disclosure.
Independent Variables (IV)		
Cbusy	CEOs' Busyness	Measured using a dummy variable: the value of 1 if the company has a busy CEO (holding two or more positions in other companies) and 0 otherwise.
Corigin	CEOs' Origin	Measured by a dummy variable is used to indicate the CEO insider. The study used an indicator variable equal to 1 if the CEO is hired from inside of the firm (insider) and zero otherwise.
Centre	CEOs' Entrenchment	The study measured this using two proxies: <ol style="list-style-type: none"> 1. CEO Tenure: a dummy variable taking value 1 if CEO tenure is greater than 3 years and 0 otherwise. 2. CEO Ownership: a dummy variable with the value 1 if the proportion of CEO shares over total company shares falls between 1% and 50%, and 0 otherwise.
Control Variables		

edu	CEOs' Education	The study measured this using two proxies: <ol style="list-style-type: none"> 1. Master's Education: a dummy variable in which if a CEO holds an MBA degree, the value is coded as 1; otherwise, if the CEO does not possess an MBA degree, the value is coded as 0. 2. Foreign Education: also a dummy variable in which if a CEO holds a foreign degree the value is 1 otherwise 0.
Cdual	CEO Duality	A dummy variable that takes the value 1 if the CEO and chairperson are the same person and 0 otherwise.
Cgen	CEO Gender	A dummy variable taking value 1 if CEO male, and 0 if CEO female.
Fsize	Firm Size	The natural log of a firm's total assets.
Fprof	Firm Profitability	Measured by ROA (net income before tax divided by total assets).
Fdivid	Firm Dividend Ratio	Cash dividends divided by net income for the same period.
Flever	Firm Leverage Ratio	Measured by total long-term debt divided by total assets.
Bsize	Board Size	Measured by the total number of members on the board.
Bmeet	Board Meetings	The number of meetings per year held by the board of directors.
Bindep	Board Independence	Measured by the total number of outside directors.

Results and Discussion

Table 2 displays key descriptive statistics for CEO characteristics and FLD. The FLD ratio, representing forward-looking disclosure, exhibits a range from 1.1% to 46.2%. The mean FLD ratio is 10.2%, indicating a generally low level of FLD across the sample of 665 companies. We have used the median value of 7.3% as a standard to distinguish between the high and low level of FLD. CEO busyness is notable, with a mean of 0.589, indicating that a significant proportion of CEOs have high busyness levels. CEO origin shows a mean of 0.794, suggesting that most CEOs in the sample have origins within the company. Similarly, CEO entrenchment exhibits a mean of 0.583, indicating a substantial presence of entrenchment among CEOs.

Table 2: Descriptive Statistics Of CEOs characteristics and FLD

Variables	N	Mean	Median	Stan-Dev	Minimum	Maximum
Fld ratio	665	.102	0.073	.086	.011	.462
Cbusy	689	.589	1.000	.492	0	1
Corigin	665	.794	1.000	.405	0	1
Centre	665	.583	1.000	.493	0	1

Fsize	655	17.4	17.293	1.332	14.014	20.544
Flever	655	.293	0.194	.479	0	3.398
Fdivid	689	.608	1.000	.489	0	1
Fprof	655	.092	0.083	.112	-.324	.515
Bsize	636	2.279	2.197	.186	1.946	2.944
Bindep	627	.199	0.167	.154	0	.8
Bmeet	611	.801	0.821	.131	.36	1
Msed	642	.651	1.000	.477	0	1
Fred	689	.595	1.000	.491	0	1
Cdual	639	.03	0.000	.17	0	1
Cgen	639	.013	0.000	.111	0	1

Note. FLD = Forward-Looking Disclosure; Cbusy = CEO Busyness; Corigin = CEO Origin; Centre = CEO Entrenchment; Fsize = Firm Size; Flever = Firm Leverage; Fdivid = Firm Dividend; Fprof = Firm Profitability; Bsize = Board Size; Bindep = Board Independence; Bmeet = Board Meetings; Msed = Master's Education; Fred = Foreign Education; Cdual = CEO Duality; Cgen = CEO Gender

Analysis of firm characteristics highlights firm size variability, with a mean of 17.4. This variability suggests diverse sizes within the sample. Firm Leverage demonstrates a mean of 0.293 and a median of 0.194, indicating a wide range of leverage levels among the firms. Firm dividend has a mean of 0.608 and a median of 1.000, indicating a significant portion of firms paying dividends. Additionally, firm leverage demonstrates a mean of 0.293, indicating a wide range of leverage levels among the firms. Board-related variables also display variability. Based on our study, the mean board size is 2.279, which is lower than the average board size reported in previous studies such as Peasnell et al. (2005) and Sartawi et al. (2014), where the average board size was 8.011. This discrepancy suggests that the board sizes in our sample exhibit greater diversity compared to the findings of previous research. Our study found a much lower prevalence of CEO duality, around 3%, compared to the average of 54% reported by Chau & Gray (2010) among Hong Kong listed firms. Board meetings and independence demonstrate a mean of 0.801 and 0.199, respectively. CEO education and gender present interesting findings. The majority of CEOs have master's education, with a mean of 0.651 for master's education. Furthermore, foreign education has a mean of 0.595, indicating a considerable portion of CEOs with foreign education. CEO gender displays a mean of 0.013, suggesting a predominantly male CEO population.

Table 3 presents Pearson correlation coefficients among study variables. Forward-looking disclosure (FLD) shows positive correlations with CEO busyness ($r = 0.08^*$) and CEO appointment origin ($r = 0.11^*$), providing preliminary support for our hypotheses. FLD exhibits a negative correlation with board size ($r = -0.22^*$), suggesting larger boards constrain disclosure. CEO appointment origin correlates positively with CEO busyness ($r = 0.10^*$) and CEO entrenchment ($r = 0.21^*$), but negatively with board size ($r = -0.26^*$), indicating insider CEOs are associated with smaller boards—relevant for our mediation analysis. Firm size correlates negatively with FLD ($r = -0.13^*$) but positively with board size ($r = 0.40^*$). Most correlations

remain below 0.30, indicating no multicollinearity concerns. The correlation patterns provide preliminary evidence supporting our theoretical framework.

In this study, panel regression is utilized to examine the influence of CEO characteristics on FLD. Multiple regression analysis is employed as a robust statistical tool to investigate the complex relationships among the independent variables and their combined impact on the dependent variable. Panel regression methodology is particularly appropriate as it allows us to control for both time-invariant firm-specific heterogeneity and time-varying effects across our ten-year sample (2013-2022), exploiting both cross-sectional and time-series variation to identify CEO appointment origin effects on forward-looking disclosure. Our empirical strategy employs fixed-effects panel regression models with year fixed effects to control for unobserved firm characteristics and macroeconomic conditions that might simultaneously influence CEO selection and disclosure decisions. The multiple regression framework enables simultaneous control for various firm-level, governance, and CEO characteristics identified in prior literature as disclosure determinants, with robust standard errors clustered at the firm level to account for serial correlation and heteroscedasticity. We address potential endogeneity concerns through robustness tests including lagged variables, alternative measurements, and instrumental variable estimation to establish causal relationships and enhance conclusion reliability.

Table 3: Pairwise Pearson Correlation Matrix: CEOs Characteristics, FLD And All Control Variables

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
(1) FLD	1.00														
(2) Cbusy	0.08*	1.00													
(3) Corigin	0.11*	0.10*	1.00												
(4) Centren	0.07	0.19*	0.21*	1.00											
(5) Fsize	-	0.18*	-	-	1.00										
	0.13*		0.18*	0.17*											
(6) Flever	0.08	0.01	0.02	0.13*	-	1.00									
					0.14*										
(7) Fdivid	-0.02	0.06	0.02	-0.04	0.13*	-	1.00								
						0.21*									
(8) Fprof	0.06	-0.07	0.05	-0.06	-	-0.06	0.31*	1.00							
					0.10*										
(9) Bsize	-	0.02	-	-	0.40*	-	0.06	0.03	1.00						
	0.22*		0.26*	0.27*		0.10*									
(10) Bindep	-	-0.02	-0.07	-	0.18*	0.06	0.11*	-0.08	0.02	1.00					
	0.14*			0.14*											
(11) Bmeet	-0.02	0.01	0.05	0.09*	-	0.10*	-0.05	-	-	0.11*	1.00				
					0.12*			0.10*	0.18*						
(12) Msed	0.04	-0.04	0.04	0.07	-0.01	0.07	0.07	0.13*	-	0.01	0.04	1.00			
									0.13*						
(13) Fred	-0.04	0.10*	0.10*	-	0.03	0.09*	0.07	0.00	-	0.03	0.05	0.19*	1.00		
				0.10*					0.11*						
(14) Cdual	0.01	-0.01	0.04	0.02	-0.07	-0.07	0.01	0.07	-0.03	-0.03	-	-0.05	-	1.00	
											0.12*		0.01		
(15) Cgen	0.04	-	-0.01	-0.05	-0.01	0.00	0.03	0.10*	-0.06	-0.02	0.00	-0.06	0.03	-	1.00
		0.10*												0.02	

*Note. Robust t-statistics in parentheses *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$; **FLD** = Forward-Looking Disclosure; **Cbusy** = CEO Busyness; **Corigin** = CEO Origin; **Centre** = CEO Entrenchment; **Fsize** = Firm Size; **Flever** = Firm Leverage; **Fdivid** = Firm Dividend; **Fprof** = Firm Profitability; **Bsize** = Board Size; **Bindep** = Board Independence; **Bmeet** = Board Meetings; **Msed** = Master's Education; **Fred** = Foreign Education; **Cdual** = CEO Duality; **Cgen** = CEO Gender.*

Table 4 presents the results of Panel A, focusing on the impact of CEO busyness on FLD, in line with Hypothesis H1. The table displays regression coefficients (β) and associated t-statistics in parentheses for each variable considered. Notably, CEO busyness (Cbusy) shows statistically significant positive effects on FLD across all models, with coefficients ranging from 0.014 to 0.019, and t-statistics ranging from 1.973 to 2.921, signifying robustness. Conversely, firm size (Fsize) exhibits statistically significant negative effects on FLD in the first model, while firm leverage (Flever) demonstrates significant positive effects on FLD in all models. Other control variables, such as firm profitability (Fprof), firm dividend policy (Fdivid), and board characteristics (Bsize, Bindep, Bmeet), show mixed effects on FLD across different models. Notably, year effects are included in all models, and constants are statistically significant, indicating model validity. The table reports observations, R-squared values, and significance levels to provide a comprehensive overview of the regression results. The findings presented in **Panel A of Table 4** do support hypothesis H1, which posits a negative association between CEO's busyness and FLD.

Table 4: Panel A : Impact of CEO's Busyness on FLD (H1)

	(1)	(2)	(3)	(4)
Variables	FLD	FLD	FLD	FLD
Cbusy	0.015** (2.440)	0.019*** (2.921)	0.014** (1.973)	0.017** (2.304)
Fsize		-0.005** (-2.173)	-0.001 (-0.282)	-0.001 (-0.207)
Flever		0.022*** (2.756)	0.023** (2.507)	0.024*** (2.658)
Fprof		0.044 (1.368)	0.036 (1.100)	0.036 (1.086)
Fdivid		-0.001 (-0.148)	-0.000 (-0.008)	0.001 (0.196)
Bsize			-0.106*** (-5.713)	-0.113*** (-6.039)
Bindep			-0.030 (-1.459)	-0.029 (-1.374)
Bmeet			-0.025 (-0.878)	-0.026 (-0.937)
Fred				-0.018** (-2.309)
Cdual				-0.017 (-0.975)
Cgen				0.019 (0.590)
Year effect	YES	YES	YES	YES
Constant	0.126*** (9.640)	0.208*** (4.710)	0.400*** (6.324)	0.420*** (6.439)
Observations	665	631	569	569
R-squared	0.077	0.103	0.142	0.153

Note. Robust t-statistics in parentheses *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

The results indicate a positive relationship between CEO busyness and voluntary disclosure (Ratri et al., 2021). The positive relationship between CEO busyness and FLD based on several factors such as CEO's strategic communication initiatives, greater exposure, accessibility to resources and busy CEOs are also frequently deliver FLI in order to satisfy investor relations, match market expectations, and obtain a competitive edge through open communication (Ratri et al., 2021; Yudhanti & Tjahjadi, 2021). In **Table 5, Panel B**, the impact of CEO's origin on FLD is illustrated that supports hypothesis H2.

Table 5: Panel B: Impact of CEO's Origin on FLD (H2)

	(1)	(2)	(3)	(4)
Variables	FLD	FLD	FLD	FLD
Corigin	0.025*** (3.588)	0.025*** (3.580)	0.011** (1.427)	0.012** (1.486)
Fsize		-0.003 (-1.071)	0.001 (0.170)	0.001 (0.269)
Flever		0.023*** (2.719)	0.025*** (2.603)	0.026*** (2.679)
Fprof		0.036 (1.096)	0.030 (0.881)	0.026 (0.713)
Fdivid		-0.001 (-0.100)	0.001 (0.077)	0.001 (0.079)
Bsize			-0.103*** (-5.248)	-0.110*** (-5.385)
Bindep			-0.030 (-1.438)	-0.025 (-1.176)
Bmeet			-0.024 (-0.854)	-0.024 (-0.832)
Msed				0.002 (0.259)
Fred				-0.015** (-2.076)
Cdual				-0.014 (-0.813)
Cgen				0.018 (0.549)
Year	Yes	Yes	Yes	Yes
Constant	0.116*** (7.836)	0.153*** (3.462)	0.368*** (5.658)	0.386*** (5.563)
Observations	665	631	569	549
R-squared	0.083	0.105	0.139	0.151

Note. Robust t-statistics in parentheses *** p < 0.01, ** p < 0.05, * p < 0.1.

The regression results across four models show a positive association between CEO's origin (Corigin) and FLD, with coefficients consistently positive, particularly significant in Columns 1 and 2 at the 1%. However, the significance weakens in Columns 3 and 4. Year effects are evident in all models, indicating time-specific influences on FLD, while constants are statistically significant in each model, ranging

from 0.116 to 0.386 at the 1% level. Despite varying sample sizes and R-squared values indicating moderate explanatory power, these findings suggest a nuanced relationship between CEO Origin and FLD, urging further investigation to unravel the underlying dynamics comprehensively.

The findings presented in Panels B of Table 5 do support hypothesis H2, which suggests a positive relationship between CEO's origin (insider CEO) and FLD.

In Table 6, Panel C, the examination of CEO's entrenchment's impact on FLD is presented, as proposed in H3.

Table 6: Panel C: Impact of CEO's Entrenchment on FLD (H3)

	(1)	(2)	(3)	(4)
Variables	FLD	FLD	FLD	FLD
Centren	0.024*** (3.636)	0.026*** (3.717)	0.017** (2.223)	0.016* (1.939)
Fsize		-0.002 (-0.714)	0.001 (0.330)	0.001 (0.348)
Flever		0.021*** (2.630)	0.023** (2.502)	0.024** (2.547)
Fprof		0.047 (1.418)	0.038 (1.123)	0.034 (0.926)
Fdivid		-0.001 (-0.068)	0.000 (0.022)	-0.000 (-0.002)
Bsize			-0.099*** (-5.155)	-0.107*** (-5.311)
Bindep			-0.018 (-0.820)	-0.015 (-0.657)
Bmeet			-0.023 (-0.831)	-0.024 (-0.815)
Msed				0.001 (0.193)
Fred				-0.012* (-1.776)
Cdual				-0.016 (-0.910)
Cgen				0.022 (0.712)
Year	Yes	Yes	Yes	Yes
Constant	0.126*** (9.582)	0.148*** (3.292)	0.352*** (5.489)	0.377*** (5.418)
Observations	665	631	569	549
R-squared	0.087	0.111	0.144	0.155

Note. Robust t-statistics in parentheses *** p < 0.01, ** p < 0.05, * p < 0.1.

The regression outcomes displayed across four models demonstrate a notable connection between CEO's entrenchment (Centren) and FLD. The coefficients consistently show positive effects, particularly noteworthy in Columns 1 and 2 with a significance level of 1%. However, the significance diminishes in Columns 3 and 4.

Notably, year effects are observable in all models, indicating time-specific influences on FLD, while the constants are statistically significant in each model, ranging from 0.126 to 0.377 at the 1% level. Despite the variations in sample sizes and R-squared values, suggesting moderate explanatory power, these findings hint at a nuanced association between CEO Entrenchment and FLD, urging further investigation to comprehensively understand the underlying dynamics.

The outcomes presented in Panel C of Table 6 provide support for hypothesis H3, which posits a positive relationship between CEO's entrenchment and FLD. The regression results in Panel C indicate that CEO entrenchment exerts a positive and statistically significant influence on FLD. However, the impact of control variables varies, with some being statistically significant while others are not. This research finding aligns with prior studies, which similarly suggest that entrenched CEOs are more inclined to partake in disclosure activities, and this relationship is statistically significant. According to researchers an entrenched CEOs may use voluntary disclosure both to demonstrate their commitment to stakeholders and to preserve their influence within the company (García-Sánchez et al., 2020).

Conclusion

This research explores how CEO characteristics specifically busyness, origin, and entrenchment affect forward-looking disclosure. According to Davidson et al. (2015), CEO's traits can shape a company's disclosure practices in different ways. To examine this relationship, the study uses data from non-financial firms listed on the PSX 100 index between 2013 and 2022. In order to conduct the research about 72 companies were selected as sample and MAXQDA2020 and STATA 2020 are employed as a tool to analyze the data. The results show that CEO busyness has a positive and significant relationship with the level of FLD. This suggests that CEOs holding multiple roles in other companies are more likely to encourage greater voluntary and financial disclosure in their firms. The hypothesis, H1, which suggests a negative correlation between FLD and CEO workload, is disproved based on the actual results (Ratri et al., 2021). The regression analysis also indicates a significant relationship between CEO origin and FLD level only when additional relevant factors are taken into account (Brockman et al., 2022). The findings also suggest a positive and significant relationship between the degree of FL disclosure and CEO entrenchment. Thus, hypothesis H3 is supported by the idea that entrenched CEOs are more likely to participate in FLD activities (García-Sánchez et al., 2020).

According to agency theory, CEOs try to persuade shareholders of their successful actions since they are aware of the owners' constant inspection through commitment and oversight measures. In this regard, disclosures are a means of accomplishing this objective, which explains why CEOs choose to voluntarily reveal more information (Watson et al., 2002). These results show the influence of CEO traits on FLD in Pakistan. The study sheds light on how CEOs affect transparency and decision-making by examining these variables. This knowledge aids stakeholders in making well-informed assessments of a company's performance going forward. Also, the information is helpful for boards analyzing the strengths and shortcomings of

executives, investors evaluating a company's potential, and regulatory bodies looking to enhance corporate governance. This awareness of CEO traits also applies to emerging markets and financial organizations.

The results also show that firm size and board size have negative and significant associations with FLD, indicating that larger firms and boards tend to disclose less. The firm dividend ratio and foreign education exhibit positive and significant relationships with FLD, suggesting that higher dividend ratios and foreign-educated managers lead to more disclosure. Firm profitability also has a positive and significant association with FLD, while firm leverage does not. Board independence has a negative and significant impact, while board meetings, Master's education, and CEO duality show no significant relationship with FLD. CEO gender has a positive but non-significant relationship with FLD.

Despite the considerable effort invested in this research, several limitations must be acknowledged. One key limitation is the restricted sample size, focusing exclusively on non-financial companies listed on the PSX in Pakistan. The exclusion of financial companies, while necessary to align with existing literature, may affect the broader applicability of the findings (Athanasakou & Hussainey, 2014). Additionally, the extent of voluntary disclosure and transparency can vary widely across different countries. Therefore, the findings might not be directly transferable to companies in other regions. Nonetheless, the insights could still be relevant to other developing countries operating under similar standards and regulations. The data in this research may face validity issues because it is drawn from annual reports and various databases or somehow mismatch with different disclosure practices. Also, the study is limited to the period of 2013 to 2022 and may impact the generalizability of findings or other time frames.

Future studies should examine the complex connections between FLD and CEO traits because examining these dynamics in financial firms may provide insightful information, especially when it comes to how characteristics like tenure, financial knowledge, and risk appetite affect FLD in this industry, which has unique opportunities and difficulties.

Additionally, separating family-run businesses from non-family-run businesses may help identify how various CEO qualities, like succession planning and visionary leadership, impact FLD in various organizational setups. Research on the impact of CEOs on corporate transparency can be more thorough if it is expanded to include not only FLD but also backward-looking disclosures and the expenses related to voluntary disclosures. It is recommended that future research include cross-cultural and cross-country analysis to improve the findings' relevance. It may be useful to investigate the ways in which CEO traits interact with contextual and cultural elements in both developed and emerging markets. Last but not the least, longitudinal studies that monitor FLD and CEO traits over long periods of time can provide a dynamic view of how these relationships change in response to shifting company policies, regulatory frameworks, and economic conditions.

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Appendix A

Number	Forward-looking keywords
1	Accelerate
2	Anticipate
3	Coming financial year(s)
4	Coming months
5	Confidence (or confident) Convince
6	Convince
7	Current financial year
8	Envisage
9	Estimate
10	Eventual
11	Expect
12	Forecast
13	Forthcoming
14	Hope
15	Intend (or intention)
16	Likely (or unlikely)
17	Look forward (or look ahead)
18	Next
19	Novel
20	Optimistic
21	Outlook
22	Planned (or planning)
23	Predict
24	Prospect
25	Remain
26	Renew
27	Scope for (or scope to)
28	Shall
29	Shortly
30	Should
31	Soon
32	Will
34	Year(s) ahead