
CEO tenure, corporate characteristics and the level of disclosure: the case of Iran

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CEO, turnover, disclosure, investor protection

Abstract

This paper examines the relationship between the level of disclosure and firm-specific characteristic of listed firms in the Tehran stock exchange as a study of enterprise performance in developing countries to adopt indicators that are less common in the context of developed economic. By investigating the influence of Chief Executive Officer (CEO) rotation on the level of firm disclosure, we find that CEO tenure has a positive and significant influence on the level of disclosure. Using 1032 firm-year observations from 2003 to 2011, the results show that incidences a high level of disclosure is more likely to occur in the last years of CEO tenure (up to 3 years), and less likely in the early years of CEO tenure. Moreover, in explaining a high level of disclosure firm's size, age, profitability, assets-in-place and cumulative return are positively related to corporate disclosure score. Other findings reveal that the level of corporate disclosure is negatively impacted by a firm's leverage and a high equity issuance.
