



CEO Characteristics and Materiality Disclosure: Evidence from Annual Reports

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Abstract. *This study examines whether CEO characteristics influence the extent and relevance of materiality disclosure in annual reports. Using secondary data from 1,454 firm-year observations of 346 large non-financial companies listed on the Indonesia Stock Exchange from 2020 to 2024, the study measures materiality disclosure using word count (WC) and a relevance score (RELEVANCE). The analysis applies descriptive statistics, Pearson correlation, and multivariate regression with industry and year fixed effects. The results show that CEO political connections have a negative and significant association with WC but no significant association with RELEVANCE. CEO military connections have no significant effect on WC but have a negative and significant effect on RELEVANCE. Celebrity CEOs show a positive effect on WC only in one model, providing no robust support for the hypothesized effect. CEO busyness has no significant effect on WC but has a negative and significant effect on RELEVANCE. Overall, CEO characteristics affect different dimensions of materiality disclosure, indicating that disclosure quantity and relevance should be assessed separately. The findings contribute to the literature on CEO characteristics and corporate reporting and provide implications for boards, companies, and regulators concerned with the quality of materiality disclosure.*

Abstrak. Penelitian ini mengkaji apakah karakteristik CEO memengaruhi cakupan dan relevansi pengungkapan materialitas dalam laporan tahunan. Dengan menggunakan data sekunder dari 1.454 observasi tahun-perusahaan pada 346 perusahaan nonkeuangan besar yang terdaftar di Bursa Efek Indonesia selama periode 2020-2024, penelitian ini mengukur pengungkapan materialitas melalui jumlah kata (WC) dan skor relevansi (RELEVANCE). Analisis dilakukan dengan statistik deskriptif, korelasi Pearson, dan regresi multivariat dengan efek tetap industri dan tahun. Hasil penelitian menunjukkan bahwa koneksi politik CEO berhubungan negatif dan signifikan dengan WC, tetapi tidak berhubungan signifikan dengan RELEVANCE. Koneksi militer

CEO tidak berpengaruh signifikan terhadap WC, tetapi berpengaruh negatif dan signifikan terhadap RELEVANCE. CEO selebriti menunjukkan pengaruh positif terhadap WC hanya pada satu model, sehingga tidak memberikan dukungan yang kuat terhadap pengaruh yang dihipotesiskan. Kesibukan CEO (*busyness*) tidak berpengaruh signifikan terhadap WC, tetapi berpengaruh negatif dan signifikan terhadap RELEVANCE. Secara keseluruhan, karakteristik CEO memengaruhi dimensi pengungkapan materialitas yang berbeda, yang menunjukkan bahwa kuantitas dan relevansi pengungkapan perlu dinilai secara terpisah. Temuan ini berkontribusi pada literatur mengenai karakteristik CEO dan pelaporan korporat, serta memberikan implikasi bagi dewan, perusahaan, dan regulator yang memperhatikan kualitas pengungkapan materialitas.

Keywords:

*Materiality disclosure;
CEO characteristics;
Annual reporting*

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Introduction

Transparency has become a major concern for investors because it is an important component in assessing the quality of corporate reporting. One indicator used to assess transparency is materiality disclosure in company reports. Materiality disclosure refers to information or issues considered material to users. Information is material when its omission or misstatement could influence users' economic decisions (Salah et al., 2024).

Maintaining reporting quality requires management to demonstrate effective transparency practices, particularly in materiality disclosure. Companies that provide transparent reports can strengthen investor confidence because such reports provide a clearer view of corporate performance and potential risks (Arigawati, 2025). Therefore, the quality of materiality disclosure is relevant to investors and other stakeholders.

In Indonesia, materiality disclosure has also attracted the attention of investors. However, disclosure practices remain inconsistent across companies. Recent evidence shows that firm characteristics and corporate governance can influence the extent of materiality assessment disclosure (Eriandani & Evangelia, 2024). This condition highlights the need to examine factors that may explain differences in materiality disclosure practices among Indonesian listed companies.

Materiality is often discussed in sustainability reporting, but annual reports also contain materiality-related information. Previous research demonstrates that materiality disclosure can be assessed through systematic content analysis of corporate reports (Ngu & Amran, 2024). Accordingly, this study uses annual reports to measure the level of materiality disclosure.

The materiality disclosure of a company may be influenced by the characteristics of its CEO. CEOs are responsible for important decisions and aspects of corporate performance (Ivone et al., 2024; Kelly & Mardianto, 2023). CEO characteristics may shape managerial decisions because individuals tend to make decisions in accordance with their backgrounds and experiences. Prior research in the Gorontalo Accounting Journal also shows that CEO characteristics and political connections are relevant to corporate decision-making and reporting outcomes (Ivone et al., 2024; Kelly & Mardianto, 2023; Tang & Shandy, 2021). Thus, CEO political or military connections, celebrity status, and busyness may influence the level of materiality disclosure.

Despite the growing attention to materiality disclosure, empirical studies addressing this topic remain limited (Beske et al., 2020). Farooq et al. (2021) examined the determinants of materiality disclosure in sustainability reporting, while Velte (2022) investigated factors associated with materiality disclosure quality. However, limited evidence exists on whether individual CEO characteristics explain materiality disclosure in annual reports.

Based on the literature, research on CEO characteristics in the context of materiality disclosure remains limited, particularly for annual reports of companies in developing countries such as Indonesia. Therefore, this study examines the influence of CEO political connections, military connections, celebrity status, and busyness on materiality disclosure in annual reports. This study addresses the identified empirical gap by focusing on both the quantity and relevance of materiality disclosure.

The research question underlying this quantitative study is stated as follows:

RQ1. Which CEO characteristics significantly influence materiality disclosure in annual reporting?

RQ2. How do CEO characteristics affect the quantity and relevance of materiality disclosure in annual reports?

To answer these research questions, this study uses secondary data from annual reports of non-financial companies listed on the main board of the Indonesia Stock Exchange during 2020–2024. The study is expected to provide a clearer understanding of how CEO characteristics shape different dimensions of materiality disclosure and to offer implications for corporate governance and reporting practices.

In annual reporting, disclosure of information relevant to decision-making is closely related to the concept of materiality. Fiandrino et al. (2022) identify institutional, legitimacy, and stakeholder perspectives as important theoretical foundations for materiality disclosure. However, these perspectives provide limited explanation of how individual CEO characteristics affect disclosure decisions. Therefore, Upper Echelons Theory is more directly relevant because it explains how top executives influence organizational decision-making and strategy (Hambrick & Mason, 1984), including decisions concerning the level and quality of materiality disclosure.

From the perspective of Upper Echelons Theory, CEOs with political connections may be more sensitive to public perception and regulatory expectations. Such CEOs may therefore adopt a selective disclosure strategy and emphasize formal compliance (Alharasis et al., 2025; Dicko et al., 2020). CEOs with military connections may display similar tendencies because their backgrounds can influence managerial risk preferences and disclosure decisions. These characteristics may reduce the extent or relevance of materiality disclosure.

A busy CEO faces constraints on time and managerial attention, which may reduce direct involvement in disclosure decisions (Ratri et al., 2021). In contrast, celebrity CEOs may pay greater attention to corporate image and reputation and may therefore encourage more visible transparency (Niu, 2025). These arguments provide the basis for examining the four CEO characteristics in relation to materiality disclosure.

Figure 1 depicts our research model used in this study. This model was designed to test whether the individual characteristics of a CEO have the potential to increase or decrease the level of materiality disclosure in a company's annual report.

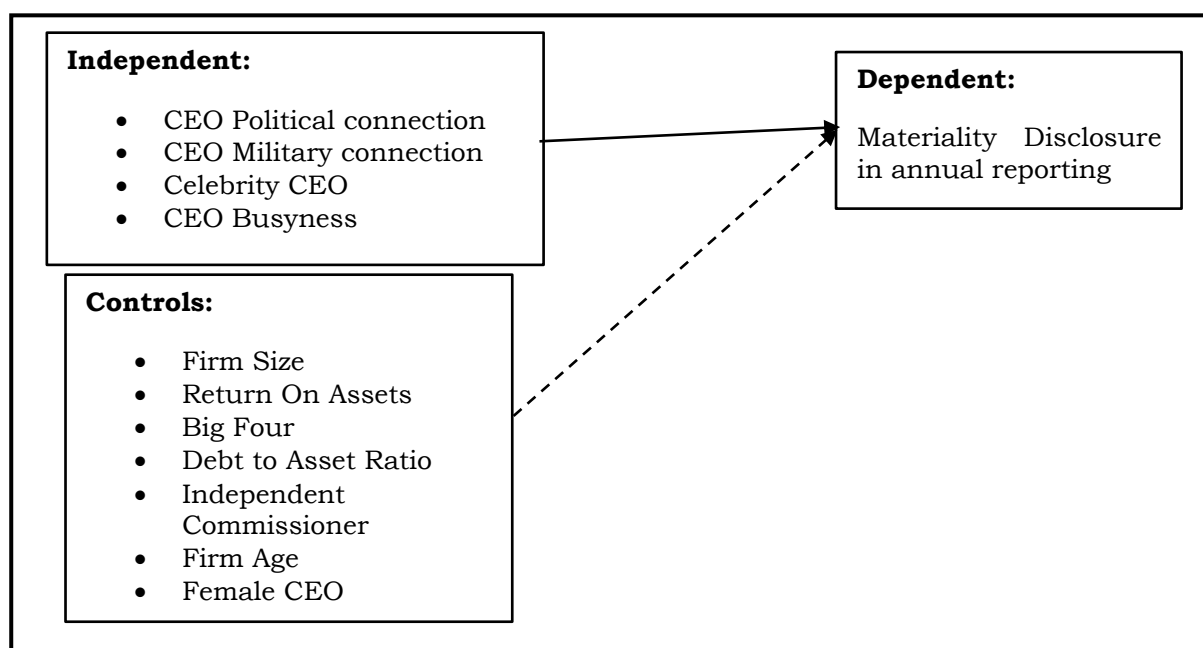


Figure 1. Research Model

a. CEO Political Connection

According to Upper Echelons Theory, CEOs with political connections may be sensitive to public perception and therefore prioritize formal compliance in disclosure decisions (Alharasis et al., 2025). Political connections may also encourage selective disclosure when firms balance regulatory expectations with strategic interests. Prior evidence indicates that politically connected CEOs can influence corporate disclosure and risk-related reporting (Alharasis et al., 2025; Arafat, 2025). Therefore, political connections may reduce the extent of materiality disclosure.

Based on this argument, we posit that CEO political connections decrease the extent of materiality disclosure.

H1. CEO political connections decrease the extent of materiality disclosure.

b. CEO Military Connection

CEOs with military backgrounds may also exhibit distinctive approaches to disclosure because their experience can shape managerial risk preferences and decision-making. Le et al. (2024) show that military CEOs can adopt more risk-averse policies, while Abdul Wahab et al. (2025) find that military connections are associated with lower readability of financial statement footnotes. These findings suggest that military connections may be associated with more selective disclosure.

Based on this argument, we posit that CEO military connections decrease the extent of materiality disclosure.

H2. CEO military connections decrease the extent of materiality disclosure.

c. Celebrity CEO

According to Upper Echelons Theory, celebrity CEOs may pay close attention to personal image and corporate reputation. Niu (2025) finds that celebrity CEOs are associated with stronger corporate social responsibility engagement, suggesting that celebrity status can motivate executives to manage public impressions through corporate practices. A similar motivation may encourage greater materiality disclosure.

Based on this argument, we posit that celebrity CEOs increase the extent of materiality disclosure.

H3. Celebrity CEOs increase the extent of materiality disclosure.

d. CEO Busyness

Busy CEOs face greater time and attention constraints in managing corporate activities (Ratri et al., 2021). Limited attention may reduce direct involvement in the preparation and review of disclosure. Previous evidence also indicates that CEO busyness can negatively affect corporate social responsibility disclosure (Ratri et al., 2021). Therefore, CEO busyness may reduce the extent and completeness of materiality disclosure.

Based on this argument, we posit that CEO busyness decreases the extent of materiality disclosure.

H4. CEO busyness decreases the extent of materiality disclosure.

Research Method

Data Collection and Sample

The sample consists of large non-financial companies listed on the Indonesia Stock Exchange (IDX) during 2020–2024. Large listed companies are selected because they generally provide more extensive corporate reporting and are subject to greater stakeholder scrutiny (Ngu & Amran, 2024). This study uses companies listed on the IDX main board as the operational criterion for large companies. According to the IDX listing requirements, main-board companies meet specified listing and capitalization requirements (Indonesia Stock Exchange, 2021). Non-financial companies are selected because their characteristics and reporting practices differ from those of financial institutions. Based on these criteria, 346 companies were eligible for the study, resulting in 1,454 firm-year observations during 2020–2024.

The final sample consists of companies from ten industrial sectors. The largest number of observations comes from Consumer Non-Cyclicals, with 278 observations, while Transportation & Logistics has the fewest, with 35 observations. The complete sample distribution is presented in Table 2.

Measurement of Variables

Dependent Variable

Based on previous research (Ngu & Amran, 2021), materiality disclosure is measured using two indicators. The first indicator is word count (WC), calculated as the number of occurrences of the terms “material” or “materiality” divided by the number of pages in the annual report. The second indicator is RELEVANCE, a score measuring the relevance and completeness of materiality disclosure. The two indicators capture different dimensions of materiality-related information. The detailed measurement criteria are presented in Table 3.

Table 1. Sample Selection

Criteria	Total
Indonesian publicly listed companies on the IDX from 2020 to 2024	4,150
Missing Data	(2,696)
Number of samples used as research objects	346
Total final sample	1,454

Source: Processed data, 2025

Table 2. Sample Distribution

SIC				Year					Total
				2020	2021	2022	2023	2024	
SIC	1	:	Energy	32	33	38	42	34	179
SIC	2	:	Basic Materials	38	43	47	49	44	221
SIC	3	:	Industrials	15	18	20	21	16	90
SIC	4	:	Consumer Non-Cyclicals	48	51	59	63	57	278
SIC	5	:	Consumer Cyclicals	42	41	42	43	35	203
SIC	6	:	Healthcare	12	14	16	16	14	72
SIC	8	:	Properties & Real Estate	35	35	37	38	33	178
SIC	9	:	Technology	5	10	12	13	10	50
SIC	10	:	Infrastructure	30	30	30	32	26	148
SIC	11	:	Transportation & Logistic	7	7	7	8	6	35
Total				264	282	308	325	275	1454

Source: Processed data, 2025

To ensure coding reliability, two researchers independently assessed the annual reports using Krippendorff's alpha. The resulting coefficient was 0.82, indicating a high level of inter-coder reliability. Annual reports were then used consistently as the source for measuring materiality disclosure.

Independent Variables

The independent variables comprise CEO political connection (CEO_POL), CEO military connection (CEO_MIL), celebrity CEO (CEO_CELEB), and CEO busyness (CEO_BUSY). CEO_POL is measured using a dummy variable equal to 1 if the CEO has a political background and 0 otherwise. CEO_MIL is measured using a dummy variable equal to 1 if the CEO has previous military experience and 0 otherwise (García-Gómez et al., 2023).

CEO_CELEB is measured as the natural logarithm of one plus the number of online media news articles mentioning the CEO after the IPO (Yang et al., 2023). CEO_BUSY is measured using a dummy variable equal to 1 if the CEO holds two or more positions and 0 otherwise (Ratri et al., 2021). The operational definitions are presented in Table 3.

Table 3. Variable Definitions

Variables		Measurement	Data Source
(Dependent)			
Materiality Disclosure			
WC	Word Count	The word count of the terms "material" or "materiality" is divided by the number of pages of the report. (Ngu & Amran, 2021)	Annual Reports

		Score : 0 No reference to materiality; 1 The report only states that materiality was a principle followed for the production of the report; 2 The report includes a brief discussion of what is considered to be material; 3 Beyond the discussion of what is material, the report communicates the material issues emerging from the analysis; 4 The description of the process and its results are described in a higher degree of detail; 5 The report devotes significant attention to the materiality issue. (Ngu & Amran, 2021)	Annual Reports
RELEVANCE	Relevance		
	(Independent)		
CEO_POL	CEO Political connection	Dummy variable that takes the value of 1 if the CEO has a political background, and 0 otherwise. (García-Gómez et al., 2023)	Annual Reports, websites
CEO_MIL	CEO Military connection	Dummy variable, that takes the value of 1 when the CEO has previous military experience, and 0 otherwise. (García-Gómez et al., 2023)	Annual Reports, websites
CEO_CELEB	Celebrity CEO	The natural logarithm of total number that one plus number of online media news related CEO's name after IPO. (Yang et al., 2023)	Online news media (Google News)

CEO_BUSY	CEO Busyness	Dummy variable, that takes value of 1 if the CEO holds two or more positions, and 0 otherwise. (Ratri et al., 2021)	Annual Reports, websites
(Controls)			
FSIZE	Firm Size	Logarithm of Total Asset. (Rahman & Chen, 2023)	Annual Reports
ROA	Return On Assets	The ratio of total net Income to total assets. (Eriandani & Evangelia, 2024)	Annual Reports
BIG4	Big Four	Dummy variable, value 1 if the company is audited by Big Four auditors, and value 0 if otherwise. (Ratri et al., 2021)	Annual Reports
DAR	Debt to Asset Ratio	The ratio of total Debt to Total Asset. (Kumalasari & Falahuddin, 2024)	Annual Reports
INDCOM	Independent Commissioner	Total people seated as firm's independent commissioner. (Eriandani & Evangelia, 2024)	Annual Reports
FAGE	Firm Age	Firm age based on the company's founding year. (Rahman & Chen, 2023)	Annual Reports
CEO_FEM	Female CEO	Dummy variable, score 1 if CEO is female gender, and 0 otherwise. (Yang et al., 2023)	Annual Reports

Source: Processed data, 2025

Control Variables

The control variables are Firm Size (FSIZE), Return on Assets (ROA), Big Four (BIG4), Debt to Asset Ratio (DAR), Independent Commissioner (INDCOM), Firm Age (FAGE), and Female CEO (CEO_FEM). FSIZE is measured as the logarithm of total assets (Rahman & Chen, 2023), while ROA is the ratio of net income to total assets (Eriandani & Evangelia, 2024). BIG4 is a dummy variable equal to 1 if the company is audited by a Big Four firm and 0 otherwise (Ratri et al., 2021).

DAR is measured as total debt divided by total assets (Kumalasari & Falahuddin, 2024). INDCOM is measured as the number of independent commissioners (Eriandani & Evangelia, 2024). FAGE is measured from the company's founding year (Rahman & Chen, 2023). CEO_FEM is a dummy variable

equal to 1 when the CEO is female and 0 otherwise (Yang et al., 2023). All control variables are obtained from the companies' annual reports and are included because they may affect the relationship between CEO characteristics and materiality disclosure. The operational definitions are presented in Table 3.

Results and Discussion

The data were analyzed using Stata. The analysis consists of descriptive statistics, Pearson correlation, and multivariate regression. The regression models estimate the direction and statistical significance of CEO characteristics while controlling for industry fixed effects (SIC FE) and year fixed effects (Year FE).

Descriptive Statistics

Table 4 presents descriptive statistics for the study variables. For the continuous variables, WC has a mean of 0.273 and a median of 0.240, with values ranging from 0.013 to 1.188. RELEVANCE has a mean of 1.475 and a median of 1.000, with values ranging from 0 to 5. These results indicate substantial variation in the extent and relevance of materiality disclosure. CEO_CELEB has a mean of 1.312 and a median of 1.386, with values ranging from 0 to 4.828. The minimum value of 0 indicates that some CEOs have no recorded online media coverage in the measurement period.

Table 4 also shows that CEO_POL represents 1.93% of the observations, while CEO_MIL represents 0.55%. CEO_BUSY accounts for 51.24% of the observations, indicating that CEO busyness is substantially more common than political or military connections in the sample. BIG4 and CEO_FEM account for 40.65% and 6.26% of observations coded as 1, respectively.

Table 4. Descriptive Statistics

	Mean	Median	Minimum	Maximum
WC	0.273	0.240	0.013	1.188
RELEVANCE	1.475	1.000	0.000	5.000
CEO_CELEB	1.312	1.386	0.000	4.828
FSIZE	12.973	12.858	12.303	15.967
ROA	0.040	0.038	-1.673	0.637
DAR	0.466	0.432	0.000	5.522
INDCOM	1.816	2.000	0.000	5.000
FAGE	34.976	33.000	0.000	140.000
Frequency	0		1	
CEO_POL	98.07%		1.93%	
CEO_MIL	99.45%		0.55%	
CEO_BUSY	48.76%		51.24%	
BIG4	59.35%		40.65%	
CEO_FEM	93.74%		6.26%	

Source: Processed data, 2025

Pearson Correlation Test

Pearson correlation analysis was used to assess the linear associations among the study variables. As shown in Table 5, RELEVANCE has a positive and significant correlation with WC ($r = 0.434$, $p < 0.01$), indicating that firms with higher relevance scores tend to have higher materiality-related word counts. However, the two indicators capture different dimensions and should therefore be interpreted separately.

CEO_POL is negatively correlated with WC ($r = -0.092$, $p < 0.01$), but its correlation with RELEVANCE is not significant ($r = -0.035$, $p > 0.10$). CEO_MIL is not significantly correlated with WC ($r = -0.032$, $p > 0.10$), but it has a weak negative

correlation with RELEVANCE ($r = -0.054$, $p < 0.05$). These results indicate that political and military connections may be associated with different dimensions of materiality disclosure.

CEO_CELB has a positive and significant correlation with WC ($r = 0.072$, $p < 0.01$) and a weak positive correlation with RELEVANCE ($r = 0.049$, $p < 0.10$). CEO_BUSY has significant negative correlations with both WC ($r = -0.068$, $p < 0.01$) and RELEVANCE ($r = -0.096$, $p < 0.01$). These correlations provide preliminary evidence that CEO characteristics are associated with differences in materiality disclosure.

Overall, the correlation results show that CEO characteristics are associated with materiality disclosure in different ways. Because the strength and significance of the relationships vary across WC and RELEVANCE, the regression analysis is needed to assess the relationships while controlling for other firm characteristics and fixed effects. The regression results are presented in Table 6.

Table 5. Pearson Correlation Test

	WC	RELEVANCE	CEO_POL	CEO_MIL	CEO_CELB	CEO_BUSY	FSIZE	ROA	BIG4	DAIR	INDCOM	FAGE	CEO_FEM
WC	1.000												
RELEVANCE	0.434*** (0.000)	1.000											
CEO_POL	0.092*** (0.000)	-0.035 (0.178)	1.000										
CEO_MIL	0.032 (0.223)	-0.054** (0.040)	0.260*** (0.000)	1.000									
CEO_CELB	0.072*** (0.006)	0.049* (0.063)	0.124*** (0.000)	-0.034 (0.199)	1.000								
CEO_BUSY	0.068*** (0.009)	-0.096*** (0.000)	0.067** (0.011)	0.058** (0.028)	-0.076*** (0.004)	1.000							
FSIZE	0.106*** (0.000)	-0.024 (0.369)	0.133*** (0.000)	-0.023 (0.390)	0.332*** (0.000)	0.008 (0.769)	1.000						
ROA	0.009 (0.719)	-0.008 (0.752)	0.024 (0.361)	-0.020 (0.447)	0.084*** (0.001)	0.025 (0.339)	0.049* (0.063)	1.000					
BIG4	0.081*** (0.000)	0.044* (0.063)	0.016 (0.024)	-0.024 (0.024)	0.202*** (0.000)	-0.027 (0.027)	0.236*** (0.000)	0.163*** (0.000)	1.000				

	(0.0 02)	(0.092)	(0.53 0)	(0.36 7)	(0.000)	(0.295)	(0.0 00)	(0.0 00)					
DAR	- 0.06 6**	-0.015	- 0.057 **	- 0.006	-0.037	- 0.054**	0.01 4	- 0.33 8***	- 0.07 9***	1.00 0			
	(0.0 12)	(0.579)	(0.03 1)	(0.80 6)	(0.162)	(0.040)	(0.5 85)	(0.0 00)	(0.0 03)				
INDCO M	0.04 3*	0.044*	0.035	0.048 *	0.309***	-0.043	0.43 5***	0.09 8***	0.31 0***	- 0.03 3	1.00 0		
	(0.0 99)	(0.094)	(0.18 2)	(0.06 7)	(0.000)	(0.104)	(0.0 00)	(0.0 00)	(0.0 00)	(0.2 10)			
FAGE	- 0.00 5	-0.044*	- 0.007	- 0.006	0.096***	- 0.063**	0.19 9***	- 0.00 3	0.10 4***	0.05 4**	0.27 7***	1.00 0	
	(0.8 39)	(0.096)	(0.79 9)	(0.81 1)	(0.000)	(0.016)	(0.0 00)	(0.9 24)	(0.0 00)	(0.0 39)	(0.00 0)		
CEO_F EM	0.03 1	0.031	- 0.036	- 0.019	0.015	-0.032	- 0.09 8***	0.02 4	0.01 7	0.01 9	- 0.03 0	- 0.02 3	1.000
	(0.2 38)	(0.241)	(0.16 8)	(0.46 4)	(0.575)	(0.223)	(0.0 00)	(0.3 51)	(0.5 07)	(0.4 62)	(0.25 2)	(0.3 87)	

p-values in parentheses

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Source: Stata Output, 2025

Regression Analysis

Table 6 reports regression results using two dependent indicators: WC, which captures the quantity of materiality-related disclosure, and RELEVANCE, which captures the relevance of the disclosure. Models (1)–(3) use WC as the dependent variable, while Models (4)–(6) use RELEVANCE. The models differ in their inclusion of industry fixed effects (SIC FE) and year fixed effects (Year FE).

CEO_POL has a negative and significant coefficient with WC across all models ($\beta = -0.077$ to -0.085), indicating that politically connected CEOs are associated with lower disclosure quantity. However, CEO_POL is not significant in any RELEVANCE model. Thus, political connections appear to affect the quantity rather than the relevance of materiality disclosure.

The result is consistent with evidence that political connections can shape corporate decision-making and disclosure practices. Arafat (2025) shows that political connections interact with CEO characteristics in Indonesian listed companies, while Shin and Ahn (2021) report that political connections can affect organizational outcomes through access to government resources. In the present study, the negative WC coefficients suggest that politically connected CEOs may adopt a more selective disclosure strategy.

Because CEO_POL is significant only for WC and not for RELEVANCE, H1 is partially supported. The result indicates that political connections are associated with the quantity of materiality disclosure but not with the relevance score.

CEO_MIL does not have a significant effect on WC, but it has a negative and significant effect on RELEVANCE across all models ($\beta = -0.640$ to -0.793). This suggests that military-connected CEOs may be associated with lower-quality or less comprehensive materiality disclosure even when the volume of materiality-related words does not decline. Accordingly, H2 is partially supported.

This finding is consistent with Le et al. (2024), who show that military CEOs may adopt more risk-averse policies, and Abdul Wahab et al. (2025), who report a

negative association between military connections and the readability of financial statement footnotes. Together, these findings suggest that military background may be associated with a more selective approach to corporate disclosure.

CEO_CELEB has a positive and significant effect on WC only in Model (1) ($\beta = 0.014$, $t = 3.56$, $p < 0.01$), while the coefficient is insignificant in the other models. The positive coefficient in one specification may indicate that celebrity CEOs encourage broader narrative disclosure, but the lack of consistency across models means that the evidence does not provide robust support for H3.

CEO_BUSY is not significant in the WC models but has a negative and significant effect on RELEVANCE across Models (4)–(6) ($\beta = -0.121$ to -0.184). This suggests that firms may continue to meet formal disclosure requirements through their reporting teams, while limited CEO attention may reduce the depth or relevance of materiality disclosure. Therefore, H4 is partially supported.

The result is consistent with the limited-attention argument in Upper Echelons Theory. CEO busyness can reduce the time and attention available for strategic oversight, including involvement in disclosure decisions. Ratri et al. (2021) similarly find that CEO busyness is associated with lower corporate social responsibility disclosure.

The main contribution of the study is the distinction between disclosure quantity and relevance. The results show that CEO characteristics can affect one dimension without necessarily affecting the other. This indicates that materiality disclosure should not be assessed using volume alone; the relevance and completeness of the disclosed information should also be considered.

Table 6. Regression Results

	(1) WC	(2) WC	(3) WC	(4) RELEVANCE	(5) RELEVANCE	(6) RELEVANCE
CEO_POL	-0.078*** (-3.55)	-0.085*** (-4.55)	-0.077*** (-4.04)	0.019 (0.07)	-0.154 (-0.62)	0.011 (0.05)
CEO_MIL	-0.010 (-0.16)	0.004 (0.11)	0.015 (0.38)	-0.793*** (-3.89)	-0.680*** (-2.86)	-0.640*** (-3.09)
CEO_CELEB	0.014*** (3.56)	0.001 (0.25)	0.001 (0.17)	0.042 (1.17)	-0.041 (-1.16)	-0.050 (-1.42)
CEO_BUSY	-0.011 (-1.51)	-0.006 (-0.94)	-0.001 (-0.21)	-0.184*** (-2.93)	-0.164*** (-2.89)	-0.121** (-2.11)
FSIZE	-0.047*** (-5.81)	-0.042*** (-5.98)	-0.040*** (-5.78)	-0.167** (-2.26)	-0.059 (-0.86)	-0.101 (-1.46)
ROA	-0.062** (-2.40)	-0.028 (-1.49)	-0.030 (-1.51)	-0.181 (-0.59)	-0.177 (-0.60)	-0.112 (-0.38)
BIG4	0.027*** (3.33)	0.021*** (3.11)	0.024*** (3.56)	0.110 (1.47)	0.061 (0.93)	0.087 (1.28)
DAR	-0.027** (-2.29)	0.011 (1.53)	0.014* (1.89)	-0.049 (-0.53)	0.069 (0.96)	0.084 (1.17)
INDCOM	0.008 (1.56)	0.006 (1.39)	0.003 (0.67)	0.056 (1.32)	0.041 (1.08)	0.018 (0.46)
FAGE	-0.000 (-0.68)	-0.000 (-0.80)	-0.000 (-1.22)	-0.003 (-1.62)	-0.004** (-2.50)	-0.003* (-1.73)
CEO_FEM	0.010 (0.58)	0.010 (0.81)	0.012 (0.97)	0.103 (0.73)	0.130 (1.04)	0.123 (0.93)
_cons	0.864*** (8.47)	0.718*** (8.19)	0.686*** (7.87)	3.747*** (4.06)	1.866** (2.16)	2.433*** (2.80)
SIC FE	Yes	No	Yes	Yes	No	Yes
Year FE	No	Yes	Yes	No	Yes	Yes
r2	0.069	0.346	0.365	0.052	0.183	0.214
r2_a	0.056	0.339	0.355	0.039	0.175	0.200
N	1454	1454	1454	1454	1454	1454

t statistics in parentheses

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Source: Stata Output, 2025

Conclusions and Recommendations

This study examined the relationship between CEO characteristics and materiality disclosure in the annual reports of large non-financial companies listed on the Indonesia Stock Exchange during 2020–2024. The study contributes to the limited empirical literature on materiality disclosure in annual reporting by examining both disclosure quantity and relevance.

Using 1,454 firm-year observations, the study evaluated CEO political connections, military connections, celebrity status, and busyness through regression models grounded in Upper Echelons Theory. The results show that CEO characteristics are associated with different dimensions of materiality disclosure rather than producing a uniform effect.

CEO political connections have a negative and significant effect on WC but no significant effect on RELEVANCE, so H1 is partially supported. CEO military connections have no significant effect on WC but a negative and significant effect on RELEVANCE, so H2 is partially supported. Celebrity CEOs have a positive effect on WC only in one model and no significant effect in the remaining models; therefore, H3 is not robustly supported. CEO busyness has no significant effect on WC but a negative and significant effect on RELEVANCE, so H4 is partially supported. These findings demonstrate the importance of distinguishing the quantity of disclosure from the relevance of the disclosed information.

The findings have implications for theory, practice, and regulation. Theoretically, they extend the application of Upper Echelons Theory to materiality disclosure in annual reporting. Practically, boards and governance committees should consider CEO characteristics when evaluating disclosure processes and oversight mechanisms. Regulators may also strengthen guidance on materiality assessment to reduce excessive managerial discretion and encourage more consistent, stakeholder-oriented reporting.

This study has several limitations. First, the sample focuses on large non-financial companies and covers only a five-year period. Future studies could include smaller companies and longer observation periods. Second, the study examines four CEO characteristics. Future research could consider additional executive and board characteristics, such as CEO duality, age, educational background, and international experience, and could compare annual reports with sustainability reports.

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