

The Relationship between Corporate Governance Disclosure and Return of Equity of Stakeholders Listed Companies in the Stock Exchange of Thailand

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Abstract: The purpose of this study is to investigate the relationship between corporate governance and return of equity (ROE) of stakeholders by using 8 industries including 545 listed companies in the Stock Exchange of Thailand as the sample. This study data collection is using documents data from financial report and annual report of 545 companies. In this study, three dimensions of corporate governance disclosure are roles of stakeholders, responsibility of committee and disclosure and transparency. The results demonstrate that corporate governance disclosure, 3 industries are agricultural, food and technology industry have roles of stakeholder related to ROE of stakeholders. Also, the real estate and construction industry has the disclosure and transparency related to ROE of stakeholders. Thus, theoretical and managerial contributions are provided of the current study and suggestions for further research are introduced.

Key words: corporate governance disclosure; return of equity of stakeholders

JEL codes: M490

1. Introduction

The economic crisis of Southeast Asia (since 1997) the company faced a problem and close down. The main cause was lack of transparency in its operations and information that does not reflect the actual performance. This is important for decision-making on investment (Sasiwimol, 2009, pp. 57-64). As a result, the corporate governance was created due to the perception of operations between owner and executives focus on that. Businesses will continue to be well received by investors to return to the fair (The Stock Exchange of Thailand, 2006). Therefore, companies should be administered in accordance with the principles of good governance through the disclosure that accurately reflect reality and performance to make an investment or a joint venture with the principles of good corporate governance. Therefore, the appointment the committee instead has necessary to good governance. To ensure that the Company was conducted a long-term benefit to shareholders, lead to the sustainable growth of the company (National Committee, 2013). Also, companies were to disclose the information and operation transparent to make good image to those involved. The corporate governance is to establish a

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regulatory control and effective motivation to for manage the benefit of executives and owners (Lee C., 2011) and good governance influence to effective of information in asset prices (Memili E., 2011). Corporate Governance in 1997 and began with the establishment of the corporate governance due to the wake of the economic crisis. Thailand has been severely affected by the financial situation is not normal (Sillapaporn, 2008, pp. 2-4). In practice, although there is a requirement for companies listed on the Stock Exchange of Thailand requires disclosure of corporate governance, but found that the disclosure of the information is disclosed on a different level. Sattaya (2014) studied the influence of good corporate governance on tax planning of listed companies in the Stock Exchange of Thailand. This study using data in financial reports and annual reports of companies in 2011 found that in 7 industries, good corporate governance and appropriate disclosure of information would result in the company reducing the burden of having to waste time and money in tax planning into to (Sattaya, 2014, pp. 5-18). Also, Supana (2014) studied the relationship between cause and effect mechanism of corporate governance and the quality of the company's profit-taking took place in the stock market during the year 2010-2012 by measuring the level of corporate governance. The stability of earnings found that good corporate governance mechanisms. Of transparency has revealed a high level of quality will affect profits study (Supana, 2014, pp. 14-43).

The concept of the foregoing, the investors was importance and increasing attention on the corporate governance disclosure. In practice, although the requirement for companies listed on the Stock Exchange of Thailand requires disclosure of corporate governance but several companies faced the problems. Review literature, researchers were interested to study the differences in the level of disclosure of corporate governance practices that affect the performance of the various companies listed in the Stock Exchange of Thailand. It is expected that the results of this study can be explained in the context of good governance which has clearly increased. Therefore, this research focuses on the study of the disclosure of corporate governance affecting the business' operation, as measured by the rate of return to shareholders of listed companies in the Stock Exchange of Thailand.

2. Relevant Conceptual and Research Hypotheses

2.1 Research Objectives

This research aims to study relationship between corporate governance disclosure and returns to the shareholders of the companies listed in the Stock Exchange of Thailand.

2.2 Conceptual Framework

The study reviews to agency theory, conflict between agents (Jensen M. & Meckling W., 1976, pp. 305-360), guidelines on disclosure of companies limited (The Stock Exchange of Thailand, 2007), disclosure of companies limited (The Stock Exchange of Thailand, 2014), the concept of corporate governance (Carlos et al., 2013, p. 271) and financial ratios (Wandee, 2007). Therefore, the research model showed that the relationship between the three of corporate governance disclosure and return of equity of stakeholders listed companies in the Stock Exchange of Thailand shown in Figure 1.

2.3 Hypotheses

This research study to relationship between the disclosure of corporate governance and returns to the shareholders of the companies listed in the Stock Exchange of Thailand. The hypotheses were as follows:

Hypotheses 1: The role of stakeholder have related to rate of return to shareholders (ROE) of the companies listed on the Stock Exchange of Thailand.

Hypotheses 2: The responsibility of committee have related to rate of return to shareholders (ROE) of the companies listed on the Stock Exchange of Thailand.

Hypotheses 3: The disclosure and transparency have related to rate of return to shareholders (ROE) of the companies listed on the Stock Exchange of Thailand.

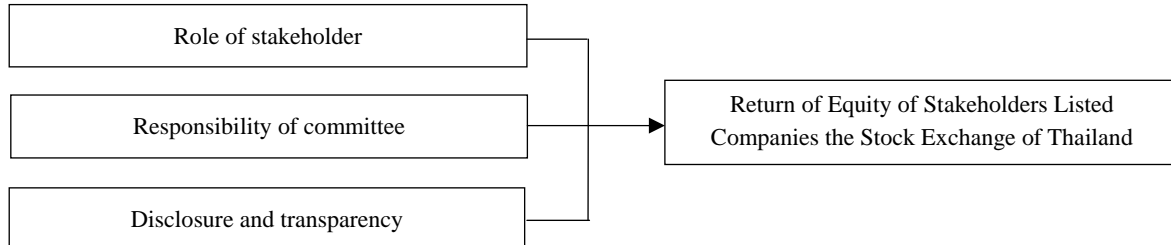


Figure 1 Research Framework

3. Research Methodology

The researchers determined the population used in this study. The company is listed on the Stock Exchange of Thailand on 8 industrials including agricultural and food goods, financial businesses, industrial goods, resource, service, property and construction and technology, total 545 companies (The Stock Exchange of Thailand, 2014) and the conditions of the population eligible to be selected 446 samples. This study used data from annual reports, financial statements and notes to the financial statements for the period since 2010-2013. Analysis data in this research descriptive statistics and inferential statistics used multiple regressions to test the relationship between disclosure of corporate governance and returns to shareholders of companies listed in the Stock Exchange of Thailand.

3.1 Research Results and Discussion

The researcher presented that the results of the hypothesis of the disclosure of corporate governance related to returns to the shareholders of the companies listed on the Stock Exchange of Thailand as follows.

3.2 Research Results

Table 1 Multiple Regression Analysis Explained Relationship between Disclosure of Corporate Governance and ROE

Independent Variable disclosure of corporate governance	Dependent Variable Return of Equity (ROE)							
	Agricultural and Food	Consumer Goods	Financial Business	Industrial Goods	Resource	Service	Property and Construction	Technology
	β	β	β	β	β	β	β	β
Role of stakeholder	0.401**	0.117	0.028	0.177	0.099	0.117	0.122	0.391**
Responsibility of committee	0.302*	0.313*	0.044	0.231*	0.069	0.069	0.176	0.302*
Disclosure and transparency	0.219	0.085	0.039	0.180	0.058	0.058	0.145**	0.239**
Adjusted R ²	0.101	0.261	0.190	0.054	0.101	0.038	0.181	0.382

Note: *p < 0.10, **p < 0.05, p ***< 0.01 ^aBete coefficients with standard errors in parenthesis.

Table 1 show that the disclosure of corporate governance practices in regard to the role of stakeholders in relation to the ROE of agricultural and food industry and the technology industry. While the disclosure of corporate governance on the role and responsibilities of committee relation to the ROE in the agriculture and food, consumer good, industrial good and technology industry. The disclosure of corporate governance and transparency in relation to the ROE in the property and construction industry and the technology industry. Therefore, the disclosure of corporate governance practices in technology industry is related to the rate of ROE. Moreover, this

study found that financial services industry, resources and service industry have disclosure corporate governance all the role of stakeholders, roles and responsibilities and disclosure and transparency no relation to the ROE. Because of the industries has formed a unique report impact to the results of the study are different from those of other industries.

4. Discussion

The relationships between disclosure of corporate governance and returns to the shareholders of the companies listed in the Stock Exchange of Thailand are as follows:

(1) The disclosure of corporate governance related to ROE in regard to the roles of the people have found that the agricultural and food industries. And the technology industries are correlated (Sarinya, 2010). The results of operations of the company in relation to corporate governance into account the role of stakeholders (Carlos et al., 2013, p. 271).

(2) The disclosure of corporate governance related to rate of return to shareholders in the roles and responsibilities of the commission found that the agriculture and food industry. Industrial and consumer goods Industrial Sector and the technology industry are correlated (Wandee, 2007). It was found that the rate of return to shareholders in the roles and responsibilities of the committee are interrelated.

(3) The disclosure of corporate governance related to ROE in terms of disclosure and transparency, only the property and construction industry, the relationship (Aporn, 2005). Also, the study found that disclosure and transparency to the results of operations, return on equity shares are interrelated.

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