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*The Effects of Ownership Structure and  
Organizational Performance on Stock  
Turnover Through Voluntary Disclosure  
of Thai Listed Companies*

*ผลกระทบของโครงสร้างความเป็นเจ้าของและผลการ  
ดำเนินงานที่มีต่ออัตราหมุนเวียนการซื้อขายหลักทรัพย์  
ผ่านทางการเปิดเผยข้อมูลโดยสมัครใจของบริษัท  
จดทะเบียนในตลาดหลักทรัพย์แห่งประเทศไทย*

*ธารารัตน์ ปิ่นมี\* นภาพร นิลารณ์กุล\*\* และ พนารัตน์ ปานมณี\*\*\**

*Teerarat Pinmee\* Napaporn Nilapornkul  
and Panarat Panmanee*

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\* Rajamangala University of Technology Thanyaburi; Email:  
teerarat\_p@mail.rmUTT.ac.th

\*\*Faculty of Business Administration, Rajamangala University of  
Technology Thanyaburi; Email: napaporn\_n@rmUTT.ac.th

\*\*\*School of accountancy, University of the Thai Chamber of  
Commerce; Email: panarat.tu@gmail.com

### **บทคัดย่อ**

การศึกษาค้นคว้านี้มีวัตถุประสงค์ (1) เพื่อศึกษาถึงผลกระทบของโครงสร้างการเป็นเจ้าของและผลการดำเนินงานขององค์กรต่อการเปิดเผยข้อมูลโดยสมัครใจ (2) เพื่อศึกษาผลกระทบของโครงสร้างการเป็นเจ้าของต่อผลการดำเนินงานขององค์กร (3) เพื่อศึกษาผลกระทบของโครงสร้างการเป็นเจ้าของและการเปิดเผยข้อมูลภาคสมัครใจต่ออัตราหมุนเวียนการซื้อขายหลักทรัพย์ (4) เพื่อศึกษาถึงผลกระทบของโครงสร้างการเป็นเจ้าของและผลการดำเนินงานขององค์กรต่ออัตราหมุนเวียนการซื้อขายหลักทรัพย์ผ่านทางการเปิดเผยข้อมูลโดยสมัครใจ กลุ่มตัวอย่างที่ใช้ในการศึกษาค้นคว้านี้คือบริษัทจดทะเบียนในตลาดหลักทรัพย์แห่งประเทศไทยจำนวน 323 บริษัท วิเคราะห์ข้อมูลโดยใช้สถิติเชิงพรรณนาด้วยโปรแกรม AMOS ผลการวิจัยพบว่า (1) มีความสัมพันธ์เชิงลบระหว่างความเข้มข้นของความเป็นเจ้าของ และการถือหุ้นของผู้บริหาร กับการเปิดเผยข้อมูลโดยสมัครใจ (2) มีความสัมพันธ์เชิงบวกระหว่างการถือหุ้นของนักลงทุนต่างชาติ กับการเปิดเผยข้อมูลโดยสมัครใจ (3) มีความสัมพันธ์เชิงลบระหว่างความเข้มข้นของความเป็นเจ้าของ และสัดส่วนการถือหุ้นของผู้บริหารต่ออัตราหมุนเวียนการซื้อขายหลักทรัพย์ผ่านทางการเปิดเผยข้อมูลโดยสมัครใจ (4) มีความสัมพันธ์เชิงบวกระหว่างสัดส่วนการถือหุ้นของนักลงทุนต่างชาติและผลการดำเนินงานต่ออัตราหมุนเวียนการซื้อขายหลักทรัพย์ผ่านทางการเปิดเผยข้อมูลโดยสมัครใจ

**คำสำคัญ:** การเปิดเผยข้อมูลโดยสมัครใจ; อัตราหมุนเวียนการซื้อขายหลักทรัพย์; ตลาดหลักทรัพย์แห่งประเทศไทย

### ***Abstract***

The objectives of this research were (1) to investigate the effect of ownership structure and organizational performance on voluntary disclosure (2) to investigate the effect of ownership structure on organizational performance (3) to investigate the effects of ownership structure and voluntary disclosure on stock turnover (4) to study the effect of ownership structure on stock turnover through voluntary disclosure. The research samples consisted of 323 companies listed on the stock exchange of Thailand. The data was analyzed by descriptive statistics the AMOS program was employed for factor analysis and variables relationship. The research results found that (1) there are negative relationship between ownerships concentration and managerial ownership on voluntary disclosure (2) there are positive relationships between foreign ownership and organization performance on voluntary disclosure (3) there are negative relationships between ownership concentration and managerial ownership on stock turnover through voluntary disclosure 4) there is a positive relationships between foreign ownership and organizational performance on and stock turnover through voluntary disclosure.

**Keywords:** Voluntary Disclosure; Stock Turnover; The Stock Exchange of Thailand

### *Introduction*

Capital market was an intermediary for people who want money through investments and people who seek for long-term funds to expand their businesses. Moreover, capital market was of one of the most important factors that drives economic and social systems of the country. It was a source of funds for investors in both private and public sectors. In addition, capital market leads to the balance of the financial system and reduces dependence on the interest rate of the bank's funds (Pagano et al., 1996; Shen & Wel, 2007). However, development of capital market in Thailand has been in a very slow pace and was of small size comparing to other countries in Asia (The Stock Exchange of Thailand, 2010). Since, the financial accounting information was useful for investors (Bushman & Smith, 2001), the financial reporting quality can affect the effectiveness of the investment (Lambert, Leuq, & Verrecchia, 2007). Financial report summarizes the information about the financial accounting to the one who was interested in the investment. Besides, the financial accounting information was useful for project investment and information asymmetry reduction (Bushman & Smith, 2001). The preparation of the financial reports and the quality of the disclosure in the financial reports were the important measures for reducing information asymmetry which takes place between the company and the investors (Leuz, 2010; Biddle, Hilary, & Verdi, 2009). Ray et al. (2003) proposed that the quality of the financial statement was highly related to the protection on investors and shareholders from revealing all information completely and ethically. Unfortunately, there is a low level

of information disclosure in Southeast Asian countries since it might provide benefits to the competitors (Compbell, 1979; Makslamvic & Piohler, 2001; Yosha, 1995).

The mechanism of corporate governance can reduce the behavior of earnings management executives. La Porta et al. (2000) stated that ownership structure was the important factor which has an influence on corporate governance. Also, Djankov et al. (2008) advocated that ownership structure was the key factor which was vital to protect investors. The disclosure of adequate information means the accuracy of the data and the period disclosed in the annual report, which was a source of financial and non-financial information important to those involved. This supports that the analysis and comparison should be easy and fast (Botosan, 1997; Lang & Lungholm, 1993). Increasing information disclosure can be explained by information asymmetric theory. The company needs to disclose information to the investors or outsiders to help them have the same set of information as the internal personnel in order to make investment decision. Information disclosure can help reduce the problem of asymmetric information. This consistent with Ang & Brau (2002) who supported that the company's disclosure and transparency affects the cost of entry to the public, and the increase of transparency can reduce the uncertainty of any securities. Nevertheless, the company which discloses the information to the public has a disadvantage against its competitors since the disclosure of information to the public is inevitable according to the rules of the Stock Exchange (Yosha, 1995).

This study empirically seek to study the direct and indirect relationship of ownership concentration and organizational performance on stock turnover through voluntary disclosure. An absence of information asymmetry among stock traders was considered to be an important mechanism in decreasing the cost of capital and enhancing market efficiency (Glosten & Milgrom, 1985; Lang & Lundholm, 1996; Welker, 1995) . The reduction of ownership concentration and organizational performance with information asymmetry through voluntary disclosure was the focus of the study. Additionally, the study investigated the relationship between different ownership structures and information asymmetry which was moderated by voluntary disclosure. The result showed that ownership concentration can make the policy and control of organizational performance to meet the needs of the main shareholders as well as to ensure that the management has no monitoring and balance. The objectives of this research were (1) to investigate the effects of ownership structure and organizational performance on voluntary disclosure, (2) to investigate the effect of ownership structure on organizational performance, (3) to investigate the effects of ownership structure and voluntary disclosure on stock turnover, and (4) to investigate the effects of ownership structure and organizational performance on stock turnover through voluntary disclosure.

### *Scope of this study*

1. The population Scope

This study aimed to investigate the effects of ownership structure and organizational performance on stock turnover through voluntary disclosure of Thai listed companies on the Stock Exchange of Thailand. The sample consisted of 323 listed companies on the Stock Exchange of Thailand from all industry groups except companies from the financial industry. Data were collected from the annual reports of the companies during 2014 as well as from SETSMART Database collected by the Stock Exchange of Thailand.

## 2. Scope of content

Independent variables: Variables which influence the disclosures of the annual report consisting of (1) ownership concentration: five major shareholders (Alves, 2011; Barako, 2007; Coebergh, 2011; Dhoubi & Mamoghli, 2004), (2) managerial ownership: capital owned by the executive who served on the board of directors (Sukcharoensin, 2012), (3) state ownership: shares of the board and capital owned by the state (Sukcharoensin, 2012; Wang, Sewon & Claiborne, 2008), (4) foreign ownership: the board and capital owned by the foreign owners in the firm (Barako, 2007; Coebergh, 2011), and (5) organizational performance: return on equity (Ali, 2011; Alves, 2011; Barako, 2007; Hossain & Hammami, 2009).

Mediating variable: The voluntary disclosure of information including strategic, non-financial, and financial, which were developed from the results of disclosed. The study examined the data shown in the annual report prepared by the Securities Commission in voluntary disclosure (VDI), based on Meek, Roberts, and Gray (1995), Eng and Mak



(2003), Chau and Gray (2002), Botosan (1997), Lim et al. (2007), Francis et al. (2008), and Choppichien (2013) for a total of 36 items.

Dependent variable: Stock turnover which is the value of shares traded during the year divided by the firm's market value of equity at the end of the year (Elbadry, Gounopoulos, & Skinner, 2010; Prasanna & Menon, 2012; Prommin et al., 2014).

Control variable: this study determined that Big-4 audit firm comprising Price Waterhouse Coopers, Ernst & Young, Deloitte and Touche, and KPMG. The study was conducted based on the work of Chakroun and Matoussi (2012) and Vu (2012).

### 3. Data collection

The data of the study were secondary data which were collected from companies listed on the Stock Exchange of Thailand (SET) in seven sectors including agriculture and food industry, consumer products industry, industrial industry, property and construction industry, resources industry, service industry, and technology industry. The focus was on the investigation of the information from the annual report collected from SETSMART (Set Market Analysis and Reporting Tool) during 2014. The measurement of voluntary information in the annual report used in this study was the unweight disclosure index (UWI) where the UWI would be between 0 to 1. This measurement was developed from the studies of Shareef and Davey (2006), Firer and Williams (2005), and Low, Samkin, and Li (2015). The factors and conditions being used were as follows: 1) non-disclosure – if the disclosure item did not appear in the annual report, then a score of zero was assigned, 2) immaterial- if

the firm states that the disclosure item was immaterial to the financial well-being and results of the firm, then a score of 1 was assigned, 3) obscure - if the disclosure item was discussed in limited references or vague comments whilst discussing other topics and themes, then a score of 2 was assigned, 4) descriptive - if the disclosure item was discussed showing clearly its impact on the firm or its policies, then a score of 3 was assigned, 5) quantitative/ monetary - if the disclosure item was discussed and clearly defined in monetary or actual physical quantities, then a score of 4 was assigned, and 6) quantitative/ monetary and descriptive - if the disclosure item was discussed and clearly defined in monetary item or actual physical quantities showing clearly its impact on the firm or its policies, then a score of 5 was assigned.

#### 4. Data analysis

The data were analyzed by using the structural equation model (SEM) which was used to investigate the predictive relationships by examining the influences of ownership structure, organizational performance, voluntary disclosure, and stock turnover. Bootstrap analysis was also applied to find the predictive relationships by studying the influences of ownership structure and organizational performance on stock turnover through voluntary disclosure, which was a mediating variable at a significance level of .05.

4. 1 The reliability of the variables used in this study was measured by using Cronbach's alpha (Cronbach, 1951). The decision to admit that data which is reliable in research is coefficient at 0.70. (Nunnally, 1978; Sureshchandra et al., 2002). According to these research

findings, the index of voluntary disclosure had the reliability measured by Cronbach's alpha coefficient at 0.774.

4. 2 The problem occurred from using this was the multicollinearity between independent variables. This problem was presented in the researches which were conducted by Moore and Buzby (1972) and Singvi and Deasi (1971). These researches established the criteria on the independent variable being very highly correlated or causing multicollinearity that if the relationship is greater than 0.80 (Nunnally, 1978). The result of the analysis revealed that the appropriate independent variables were shareholder structure and organizational performance since it was found from the correlation coefficient analysis that the values of correlation coefficients between variables ranged from -.487 to .755.

### ***Research results***

Results of this study the effect of ownership structure on stock turnover through voluntary disclosure of listed companies on the stock exchange of Thailand.

1. After modification indices were adjusted to the model by adding covariance. The results of model fit were that Chi-square = 15.76,  $p$ -value = 0.015, GFI = .991, AGFI = .902, RMSEA = .071, NFI = .944 and CFI = .956.

2. The effect of ownership structure and organization performance, there are 4 observation variables. The influence of ownership structure and organization performance e has a direct effect;

1) ownership concentration (regression weight =  $-.026$ ), 2) managerial ownership (regression weight =  $-.021$ ), 3) foreign ownership (regression weight =  $-.051$ ), and 4) organization performance (regression weight =  $.051$ ), which was more than the statistical significance level at  $.05$ . This indicated that this independent variable was correlated with the dependent variable with significance at the  $.05$ .

3. The effect of ownership structure and organization performance on voluntary disclosure, there are 5 observation variables. The influence of ownership structure and organization performance on voluntary disclosure has a direct effect; 1) ownership concentration (standardized regression weight =  $-.110$ ), 2) managerial ownership (standardized regression weight =  $-.122$ ) 3) foreign ownership (standardized regression weight =  $.123$ ), and 4) organization performance (standardized regression weight =  $.126$ ), which was less than the statistical significance level at  $.05$ . The influence ownership structure and organization performance on voluntary disclosure has a direct effect; 1) state ownership (standardized regression weight =  $.025$ ), which was more than the statistical significance level at  $.05$ . This indicated that this independent variable was correlated with the dependent variable with significance at the  $.05$  level as shown in Table 1.

4. The effect of ownership structure and voluntary disclosure on stock turnover, there are 5 observation variables. The influence of ownership structure and voluntary disclosure on stock turnover e has a direct effect; 1) ownership concentration (regression weight =  $-.353$ ), 2) managerial ownership (regression weight  $.134$ ), and 3) voluntary

disclosure (regression weight = .115), which was less than the statistical significance level at .05. The influence ownership structure and voluntary disclosure on stock turnover has a direct effect; 1) state ownership (regression weight = .047), 2) foreign ownership (regression weight = -.091), which was more than the statistical significance level at .05. This indicated that this independent variable was correlated with the dependent variable with significance at the .05.

**Table 1** Regression results.

<i>Variable</i>		<i>STD Estimate</i>	<i>USTD Estimate</i>	<i>S.E.</i>	<i>p- value</i>
<i>Independent</i>	<i>Dependent</i>				
Ownership concentration	Organization performance	-.026	-.027	-.457	.647
Managerial ownership	Organization performance	-.021	-.020	-.376	.707
State ownership	Organization performance	-.051	-2.942	-.909	.364
Foreign ownership	Organization performance	.051	.083	.908	.364
Ownership concentration	Voluntary disclosure	-.110	-.001	-1.974	.048*
Managerial ownership	Voluntary disclosure	-.122	-.001	-2.201	.028*
State ownership	Voluntary disclosure	.025	.008	.466	.641
Foreign ownership	Voluntary disclosure	.123	.001	2.274	.023*

Organization performance	Voluntary disclosure	.126	.001	2.358	.018*
Voluntary disclosure	Stock turnover	.115	1.918	.054	.044*
Ownership concentration	Stock turnover	-.353	-.034	-6.754	.000*
Managerial ownership	Stock turnover	.134	.012	2.524	.012*
State ownership	Stock turnover	.047	.255	.906	.365
Foreign ownership	Stock turnover	-.091	-.014	-1.748	.080

\* Significant at 0.05

The effect of ownership structure and organization performance on stock turnover through voluntary disclosure, there are 4 observation variables. The influence of ownership structure and organization performance on stock turnover through voluntary

disclosure has an indirect effect; 1) ownership concentration (MAINFIVE) ( $p$ -value = .038), 3) managerial ownership (DIRCAP) ( $p$ -value = .038), 3) foreign ownership (FORSTATE) ( $p$ -value = .027) and 4) organization performance (PER) ( $p$ -value = .028), which was less than the statistical significance level at .05. The influence of ownership structure and organization performance on stock turnover through voluntary disclosure has an indirect effect; 1) state ownership (STATEOWNER) ( $p$ -value = .554), which was more than the statistical significance level at .05. This indicated that this independent variable was correlated with the dependent variable with significance at the .05 level as shown in Table 2.

**Table 2** Testing the indirect effect within the voluntary disclosure mediation model using bootstrapping(\*Significant at 0.05)

Variable	VOLUNTARY			TURNOVER			p-value	Results
	TE	DE	IE	TE	DE	IE		
Ownership concentration	-.113	-.113	.000	-.366	-.353	-.013	.038*	Support
Managerial ownership	-.124	-.124	.000	.120	.134	-.014	.038*	Support
State ownership	.019	.019	.000	.049	.047	.002	.554	Not support
Foreign ownership	.129	.129	.000	-.076	-.091	.015	.027*	Support
Organization performance	.126	.126	.000	.015	.000	.015	.028*	Support

### *Discussion*

This study found that ownership concentration that had effect on voluntary disclosure. Thus, it accepted the research hypothesis. Morck, Shleifer, & Vishy (1988) indicated that if the ratio of internal shareholders or the shareholding of the executives was at the sufficient level, the executives had the authority to vote and exercise the right to maintain self- benefits and wealth. Some decision- makings of the executives might have a negative effect on the external shareholder. Besides, Demsetz (1983) expressed that the high ratio of shareholders was the preventive method for the executives from the dominancy. However, the exceeding ratio of executives might generate the benefits for themselves which might cause the following problems: (1) For moral hazard problem, the external shareholder could not examine the administration of the executive and is unable to ensure whether they work for the highest benefits of shareholders or not; and (2) Regarding disclosure, information asymmetry between the executive and the shareholders might occur.

The study found that foreigners also had a positive effect on voluntary disclosure. It was consistent with the research of Bradbury (1992), which stated that disclosure was necessary because it examined the foreign executive's performance. This was because the foreign shareholders rather encountered the imbalance of information than the local shareholders. Haniffa & Cooke (2002) found that there was the positive relationship between foreign shareholders and the scope of voluntary disclosure. It implied that the company that had the ownership



of foreigners had high transparency. Wang, Sewon, & Claiborne (2008) mentioned that the company with the foreign investors had more disclosure which was in line with the research of Barako (2007), Chakroun and Matoussi (2012), El-Gazzar, Fornaro, and Jacob (2006).

This study found that organization performance that had positive effect on voluntary disclosure. Thus, it accepted the research hypothesis. It was consistent with the research of Haniffa & Cooke (2002, pp. 317-319) which stated that in order to construct the confidence in the company's reputation, the company which had high profitability had to be anticipated to have high voluntary disclosure. When the company had good news, it is possible that it would be more disclosure. Moreover, it did support the research of Foster (1986) which found that the profitability was derived from good administration. Therefore, it is the stimulus of the disclosure to be more than the company with lower profitability. It is also possible that a higher disclosure aimed for the benefit of the capital increase. This supported the concept of Ahmed & Nichools (1994, pp. 62-77) who explained that the company with high loans might get audited from financial institute. The possibility of compulsory disclosure asked by the financial institute might be higher than the company with lower loans.

This study found that ownership structure that had positive effect on organizational performance, it rejected the research hypothesis. Maher & Anderson (1999) stated that direct intervention by shareholders was one of the methods in controlling executive's operation by the organization's target. That concept is to consider that the shareholder,

especially the major shareholder who owned large number of shares, had an influence toward the company's operation. It could signal the strictness of the audit on the executive's performance. Leuz, C., Nanda, D., & Wysocki, P.D. (2003) supported that the conflict of the internal and external individual's benefit drove the establishment of profit management. For example, the internal shareholder who had control power over the business or the executive of the business used the power for self-dealing and trusted the burden on the other interested people. Moreover, they might conduct profit management as the effective of the real performance and the individual's benefit by using many methods, such as the window dressing of the business profit report, the concealment of the business loss report, and so on. Wiwattanakantang, Y. (2001) found that it may cause foreign ownership to have a relationship with organizational performance in the opposite direction. However, there are advantages and disadvantages of foreign ownership, so it has no relationship with organizational performance.

This study found that ownership structure that had effect on stock turnover can be summarized in the following. Shleifer & Vishny (1997, p. 761) provided a reason that an owner has more information than one point, and a large owner almost has full control of the power over the company and has enough wealth to use the company to create private benefits, which are not available to a small group of shareholders. Such actions create the opportunity for a short period, and trading decisions get better because the necessary information is used in decision making and stocks trading, which thus cause no symmetry of

information resulting in market conditions worsened. Prasanna & Menon (2012) found that ownership structure and information asymmetry, weakened market liquidity.

This study found that voluntary disclosure that had positive effect on stock turnover, it accepted the research hypothesis. The research which supported this hypothesis was And Brau (2002) who found that the company's transparent disclosure affected the information asymmetry. The higher business transparency could decrease the insecurity of the property. However, the disclosure would provide the disadvantage to the public company as the information must be inevitably publicized due the stock exchange's rules and regulations (Yosha, O. , 1995; Laidroo, 2011). Diamond (1985) found that the disclosure reduces the information asymmetry between executives and traders. This reduces traders' insistence on obtaining personal information, which results in confidence of the operator as well as speculation and better liquidity of the stock (Glosten & Milgrom, 1985). Good corporate governance affects stock liquidity because good governance ensures transparency and financial and operational efficiency. Beekes & Brown (2006) suggested that the disclosure is positively correlated with corporate governance indicating that corporate governance is to better contribute to sharing more information which helps reduce information asymmetry and improve the liquidity of the securities in the future.

This study found that had ownership concentration and managerial ownership that had negative effect on stock turnover through

voluntary disclosure, it accepted the research hypothesis. This study found that had foreign structure and organization performance that had positive effect on stock turnover through voluntary disclosure, it accepted the research hypothesis. Alves, et al., (2015); Morck, Shleifer, & Vishy (1988) who said that when the numbers of internal shareholders or the executive shareholders were high enough, the executives would have voting right and use it to maintain their own interests or wealth. Taking that power to make some decisions by the executive might negatively affect the external shareholder. Moreover, Demsetz (1983); and Fama & Jensen (1983a) explained that holding a high proportion of shares was the way which protected the executive from business takeover. Excessive shares held by the holder might give their personal benefit which was the cause of moral hazard problem. It was when the external shareholders could not monitor the executive's works and was not being able to know whether the executives were aiming for the utmost benefits of the shareholders or not. The second problem was information asymmetry which caused the asymmetry of the information between the executives and the shareholders in the disclosure. It was consistent with the research of Bradbury (1992) who said that the disclosure was very important. It is the performance audit of the executives overseas because they had to encounter the imbalance of the information higher than the local shareholders. Chau & Gray (2002, pp. 247- 65) mentioned that the company with high level of the concentration of the ownership had lower direct relationship with the voluntary disclosure level. Prasanna & Menon (2012) found that

ownership structure and information asymmetry weakened the stock turnover.

***The recommendations from the application of the findings***

1. This result of the study showed that the intensity of ownership concentration, foreign ownership, board of directors, and organizational performance had the effect on voluntary disclosure. The executive would decrease the quality of the financial report by lessening the disclosure about the capital and other benefits of the business in order to hide the true financial status of the company from the competitors and suppliers. Thus, the intensity of the ownership was the reason of the complication occurring with the other shareholders. In other words, it gave the negative effect on voluntary disclosure. Therefore, the Securities and Exchange Commission (SEC) should consider the effective corporate governance which would help protect minor shareholders with a better disclosure of the executive's annual report.

2. It was found that voluntary disclosure was beyond the compulsory specifications according to the accounting act. It is the independent choice of the company to disclose the information for the users to use the information to make the right decision. In other words, it is the way to protect the investors. Voluntary disclosure had a positive effect on stock turnover. For the listed companies on the Stock Exchange of Thailand, the foreign investors considered the investment in the business with high return. Therefore, the listed companies on the Stock Exchange of Thailand should consider the importance of the preparation

and the quality of the disclosure in the financial report for the utmost benefits of the stakeholders. This study also found the application of the financial report for the analysis in making decision, and the result showed that information must reflect the performance and financial status of the business fairly. It must also reflect the economic benefit over the legal form. The accounting event must be significantly unbiased, vigilant, and complete. Thus, the business' disclosure in the financial report must be quality for the utmost benefits of the investors.

3. The result of the study revealed that the intensity of the ownership had the effect on voluntary disclosure. Freeman (1983) mentioned that the intensity of the ownership affected the individual and the group with interests or might affect the achievement of the organization. It was also the influential representative toward the organization. Shleifer & Vishny (1971) discovered that the intensity of the ownership might construct the effective inspection mechanism. The intensity of the ownership was the stimulus of the major shareholder in undertaking the inspection cost. Jensen (1986) mentioned that the executive major shareholder tended to lower the quality of the financial report. Moreover, for many shareholders according to the representative theory, the conflicts would be turned from the executives and the shareholders into the major and minor shareholders. Good corporate governance characteristics would lessen the conflict between the cause and the representative in the representative theory. It also minimizes the gap in preparing the financial report between the middleman and the representative. It would lead to the investment on decision-making

development of the investors which establish the efficiency in resource allocation, especially the capital market. The development of the capital market also results in the economic growth and the development of social quality. Therefore, the listed companies on the Stock Exchange of Thailand are recommended to abide by good governance principles which would affect voluntary disclosure of the annual report. Besides, the information would reflect the performance and correct company's financial status.

4. The study found that the managerial ownership had a negative effect on voluntary disclosure which supported the agency theory. Morck et al., (1988) discussed that the management group are those important and associated with the business. When administrators add up to a level of ownership which has the power to control the companies, they will bring benefits to themselves. Their findings showed that the company's assets created the benefit of executive privilege, and this occurred without sharing and being free from the pressures of the investigation overseen by external shareholders. However, Jensen (1993) suggested that the administration should have enough in order to share ownership to impact the management wealth and so on. The executives will act as the owner and do not use independent thought to gain the highest benefit for self-interests of its executives as well as an additional cost to all shareholders. Good corporate governance characteristics would lessen the conflict between the cause and the representative in the representative theory. It also minimizes the gap in preparing the financial report between the middleman and the representative. It would

lead to the investment on decision-making development of the investors which establish the efficiency in resource allocation, especially the capital market. The development of the capital market also results in the economic growth and the development of social quality. Therefore, the listed companies on the Stock Exchange of Thailand shall comply with good corporate governance principles which would affect voluntary disclosure of the annual report. Besides, the information would reflect the performance and correct company's financial status.

5. The result showed that foreign investors and organizational performance had positive effects on voluntary disclosure, and voluntary disclosure had a positive effect on stock turnover through voluntary disclosure. The findings of this study confirmed that voluntary disclosure supported the signaling theory. The theory was based on the concept of the original voluntary disclosure about the capital market, such as the signaling of the executives with voluntary disclosure for the capital market to know about the expectation on the business's future performance. Therefore, the listed companies on the Stock Exchange of Thailand are suggested to abide by good corporate governance and practices issued by the Stock Exchange of Thailand as it would impact the level of the disclosure of the annual report, develop the quality of the financial report, and, last but not least, create the reliability for the investors. This was consistent with the principle under which the investors or the shareholders were protected. The defined quality of the financial information was related to the protection of the investors.



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