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-RESEARCH ARTICLE-

THE ANALYSIS OF CAUSAL FACTORS INFLUENCING ON INFORMATION ASYMMETRY OF LISTED COMPANIES ON THE STOCK EXCHANGE OF THAILAND

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—Abstract—

Data transparency is crucial for decision-making in the capital market, which serves as a source of funds for those who have savings and want to save money. There are benefits and drawbacks for those who invest in the capital market due to the information asymmetry, which lessens the balance in the market. This study aimed to investigate and examine the causal elements of corporate governance, financial reporting disclosure quality, earning management, and dividend payment that affect and impact information asymmetry. Quantitative research looks like this. The 301 companies listed on the Stock Exchange of Thailand made up the research sample group. Using Path Analysis, the data were gathered between 2015 and 2019. The study concluded that the factors of corporate governance and earning management had a direct and indirect impact on the asymmetry of the data. Information asymmetry was directly impacted negatively by sound corporate governance and high-quality financial reporting disclosure. In the meantime, the data asymmetry was positively affected by the corporate governance with a family shareholder structure, shareholder concentration structure, dividend payment, and profit management.

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1. INTRODUCTION

Investors are interested in investing aim to obtain returns from their capital, whether in the form of dividend payments or profits from selling shares. Any return provides the ability to seek returns from one's own capital investments. A capital market is a compelling option for those with money to invest and looking for such returns. Businesses that desire to employ such cash for their operations need financing. The stock exchange encourages investment and is the main location for investment transactions.

Additionally, it promotes investment participation and safeguards the interests of investors. Additionally, its primary functions include the registration of securities, good corporate governance, information disclosure of listed companies that trade on the stock exchange, supervision of member companies involved in the trading of securities, information dissemination, and the provision of knowledge to stock exchange investors (Tandelin, 2003; Thailand, 2002). Investors rely on pertinent and helpful information while making judgments. Investors can use information released on the status to make investments on the Thai Stock Exchange. Users of some forms of information may experience both benefits and drawbacks. Giving investors highly beneficial information pertinent to their selection will be advantageous. A person with authority within the entity or someone in a management position, such as an investor, may obtain more information necessary for decision-making and may receive information from the publication before it is shared with outsiders if the information used is not equally provided with the information necessary to make an informed decision.

The entity will release such information through management and management's discretion, resulting in benefits and drawbacks for investors, known as information asymmetry (Akerlof, 1978). Similar to how a company operates when it is listed on a stock exchange, the capital owner or investor cannot run this business independently. Instead, they must rely on an agency to run and manage the business. This way, they can use the agency to achieve their goals as capital owners. It is necessary to have representatives who are business executives related to the capital of the business or who may not be related to the capital of the business to take a position in the business and operate following the Agency Theory because the capital owner cannot manage the business alone. The capital owner is the primary influence in formulating company plans or strategies that lead the executive representation to act on behalf of the organization and accomplish its goals. The information asymmetry leads to several issues that threaten data openness and the ability to trust the company as a place to invest. The relationship and impact of information asymmetry were studied in earlier studies. Information asymmetry was influenced and affected by corporate governance, earning management, financial reporting disclosure quality, and dividend payment. The researchers evaluated these aspects in this study to determine the influence of such variables to influence information asymmetry because they are related and cause both direct and indirect influence on information asymmetry. To be used in combination with the investment decision, information consumers could be aware of and consider whether or not the entity they are interested in has caused information asymmetry.

2. LITERATURE REVIEW

2.1 Information Asymmetry

Akerlof and colleagues discovered the Information Economy theory in 1970. Later, it became known as the theory of information asymmetry. The conflict between stakeholders is a result of information imbalance. Additionally, it conveys the wrong message regarding the sharing of information. A competitive or investment advantage is created by some stakeholder groups' lack of or unequal perception. Some stakeholders struggle to locate the data they require to decide. Perhaps acquiring scant important information illustrates the power differential between stock market buyers and sellers. Less information is provided to new or outside investors than influential internal investors. This gives the "Lemon Market," or the trading of securities, an advantage (Nayyar, 1990). Transparency is destroyed by information asymmetry, which also gives a capital market advantage. The market will become more competitive if accurate and equitable information is disclosed without taking advantage of knowing more or faster information. Both buyers and sellers are entitled to the information equally.

Investors have access to various price options and scenarios in a competitive market, which helps shape their perceptions of horizontal demand. The same price should be disclosed to both the buyer and the seller. Board and large trades will result if such an assumption is thought to induce trading without affecting the price of the securities. Even if there is an increase in demand for securities, this is unrelated to the price of the securities. The supposition mentioned above suggests the degree of information perception that can be made available for sale while remaining unaffected by securities' value changes. However, investors will observe that the price of the entity's securities varies according to demand when the market is not fully competitive. The scarcity of buyers and sellers brings on such a circumstance. Every trader notices the effects of such price swings. As a result, those more knowledgeable than the other party will have an advantage because they are familiar with the details or realities of trading at each price level. Those with better information will have an advantage when trading and making investments that benefit their plans.

2.2 Earning Management

If they are not designated as an agency in business management, the stakeholders in the business are not directly involved in the monitoring or management of the firm. As a result, the stakeholders require the agencies to manage the firm on their behalf to maximize investor capital. It prompts the principals or stakeholders to name the agencies to oversee their activity on their behalf. Agency Theory is the name for this. Conflicts between the primary and the agency will arise if an entity's agency does not meet its goals (Jensen, 1986). Executives who work for the entity may be encouraged to prioritize their interests by the rewards they obtain from job management. It encourages unethical behavior and serves as a motivator for misbehavior (Watts et al., 1986).

In order for the accounting items to produce the intended results, they will falsify the statistics in the financial reports or alter the business's profit margins to serve their interests. Information asymmetry may occur because a third-party stakeholder cannot verify the accuracy of the numbers in the financial statements. It might be taken advantage of for the person's gain. There is power within the company (Abad et al., 2018; Chang et al., 2004). Earning Management Through Discretionary Accruals is the choice to adopt an accounting procedure that gives management the freedom to select the approach for recognizing transactions in line with these accounting rules through recognition on an accrual basis. The accounting technique is adopted so that the entity can display the outcomes of its operations as desired. When a transaction is created to alter a financial report's performance, the stakeholders are left in the dark regarding the entity's true performance.

Additionally, it generates outcomes advantageous to specific user groups and individuals who work with accounting data. The business management selects generally accepted accounting standards from various practice options when deciding on accounting practices for presenting financial reports. For example, a discretionary approach related to the depreciation of various assets, such as the straight-line method, Double Declining Balance Method or Sum of the Year's Digit Method, is used to prepare the financial report. This includes choosing the appropriate method for valuing inventories, such as First in-First out (FIFO), Last in-First out (LIFO), Weighted-Average Method, Specific Method, etc. The cost of the entity and its profit on the accruals basis are both impacted by choice of accounting estimate technique. The accounting approach is based on an accounting principle. The FASB 1978 Financial Accounting Framework No.1, which mandates that businesses record and recognize transactions on an accrual basis rather than documenting the items connected to cash revenues, discusses the significance of financial reporting and accruals. When users decide to evaluate an entity's performance, they submit economic events that are connected to accrual items. Instead of recognizing income and expenses on the cash flow, this transaction recording captures economic occurrences. It could be required to estimate costs for event-related items using accurate measurements. Profit management and the selection of an accounting firm are intertwined. An accruing item may enable management to utilize discretion in selecting an accounting treatment that is advantageous to them, and management may use such accrual decision-making to influence cash flow. Profit management can be seen as the use of management discretion through the accrual list to permit transfers during the period (Siriatsawas, 2013), which leads to the following hypotheses:

H1: The factors of earning management positively influence information asymmetry.

2.3 Corporate Governance

Corporate governance will aid business success, which will safeguard stakeholders and lower investment risks. There are just two options when giving it serious thought. The executives can receive direction for their operations with good corporate governance. This means that managers will have a working rule and won't be allowed to withhold or present inaccurate information. The importance of good corporate governance to the organization may be shown in how it exhibits an effective management structure that is transparent and auditable (Klinphanich, 2019; S. Puangyanee, 2018). Investors, stakeholders, and those involved in all parties contributing to growth can all have more trust. One may argue that effective company governance is a mechanism for enhancing value and fostering long-term growth (Chatchawanchanchanakij et al., 2019; Nakprasit et al., 2019; Pasopa, 2018; S. Puangyanee, Yaowapanee, P., Duangsawang, K., & Jermsittiparsert, K, 2019; Thunputtadom et al., 2018). To foster competition that leads to growth and long-term value addition for shareholders while also taking into account other stakeholders, corporate governance is a system that establishes the structure and procedures for relationships among the Board of Directors, management, and shareholders (SET, 2016). The shareholders have ownership rights over the corporation and can exercise that control by electing a board of directors to make key decisions on their behalf.

The business will advocate for shareholder rights. The rights of the shareholders include the ability to purchase, sell, or transfer shares, as well as participation in the company's profits. The shareholders also have the right to attend meetings where they can exercise their authority to elect and remove directors and auditors and make decisions that will impact the business. Members can approach the directors with questions at the meeting or in advance of it. The board must be aware of and mindful of the shareholders' rights (Thailand, 2017). Corporate governance is crucial for establishing transparency, which enables all stakeholders and connected parties to be checked and given more confidence. It is a tool to increase the company's value (Thailand, 2017). A system that promotes openness and prevents influence that can serve one's interests indicates excellent corporate governance. If a firm's ownership structure affects how it is managed, it may give it the ability to dominate or steer it in the desirable direction. An organization may get an edge over itself if it has the support of a big number of shareholders. The stakeholders in the Owner Structure will benefit more from having the power to manage the business than those in the Owner Structure who do not (Fama, 1970; Jensen, 1986).

Additionally, the level of sound corporate governance is impacted by the board structure. A good board structure must be impartial and unaffected by personal gains. The board's activities can increase transparency (Cai et al., 2015; Elbadry et al., 2015; S. Puangyanee, 2018).

H2: The factors of good corporate governance, directly and indirectly, influence information asymmetry.

Variables related to corporate governance can be measured in a variety of ways. The significance of corporate governance in enhancing the effectiveness and efficiency of operations has been demonstrated in the past and a variety of research studies. Good corporate governance will lead to less information asymmetry within the company,

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benefiting stakeholders and investors. The Securities and Exchange Commission of Thailand's 2017 Corporate Governance Code for Listed Companies and the Stock Exchange of Thailand's 2021 Good Corporate Governance Policy and Code of Conduct Group will be used to measure good corporate governance in this study. The sample group that the researchers used was made up of listed Thai Stock Exchange companies. These principles are ones of good corporate governance, and previous studies have looked at how they relate to laws like the Sarbanes-Oxley Act and others. The variables and measurements used by the researchers comply with Thailand's 2017 Corporate Governance Code for Listed Companies and are based on previous research studies. Additionally, the factors that have an impact on good corporate governance and transparency can be broken down into corporate governance under the powerful Board Structure and Influential Ownership Structure as follows:

2.4 Ownership Concentration

By being appointed as an executive or other person with authority to manage the business following the shareholder structure, stakeholder groups with high shareholding percentages will be able to participate in internal business control, which could result in personal gain rather than business wealth creation. A large concentration of ownership will give the company authority and influence over management and sound corporate governance. This is a signal for the corporate governance principle of transparency (Brunzell et al., 2014; D'Agostino et al., 2018; Fama et al., 1983).

H2.1: The ownership concentration has a direct positive influence on information asymmetry.

2.5 Family Ownership

If a family owns a sizable portion of any company, such that it has significant influence, and if stakeholders in the structure mentioned above have family shareholding characteristics up to the point where they have voting rights or administrative responsibilities, it may cause problems for independent minority stakeholders. If the directors are chosen from such a shareholder structure, the operations will be less transparent and not for personal gain (Wang, 2017).

H2.2: Family equity has a direct positive influence on information asymmetry.

2.6 Institutional Shareholders

With a system of control and good corporate governance, institutional investor businesses are made up of various institutions. Information important to their choice to invest in other companies is a determining factor in institutional investors' investments. Monitoring will occur if an entity has a high percentage of institutional investors. Transparency can be established, and information asymmetry can be lessened as institutional investment objectives frequently prioritize the prompt and public disclosure of accurate and crucial information.

H2.3: The stakes of institutional investors have a direct negative influence on information asymmetry.

2.7 Independent Board

An Independent Board will be free of all ties to the organization. This is so that Independent Board can act as a watchdog over management and promote openness without receiving rewards above and beyond what is required of them. Transparency will be promoted by companies with a board structure and a significant number of independent directors (Ajina et al., 2015).

H2.4 The proportion of Independent Board has a direct negative influence on information asymmetry.

2.8 Board Activities

The Executive Committee will make sound plans and decisions if an entity participates in monitoring activities, attends meetings, or communicates with one another about management issues. It promotes transparency since, in compliance with the Stock Exchange of Thailand's Corporate Governance Structure, the outcomes and agendas of Board of Directors meetings must be made public (Hazim et al., 2022; Thailand, 2017).

H2.5 Board activities have a direct negative influence on information asymmetry.

2.9 Financial Reporting Disclosure Quality

The occurrences and financial crises over a number of years prior are a sign that the good corporate governance system has failed. Laws and regulations are crucial in creating a conceptual framework for financial information disclosure because many financial crises in the past resulted from the law governing financial security and management techniques. The importance of information disclosure has become clearer at the international and national levels. Stakeholder Theory, Agency Theory, Legitimacy Theory, and Political Economy Theory are just a few examples of the theories and components that contribute to the justification for information disclosure in financial reports. As a conceptual framework for financial reporting at the international level, laws and regulations created in the wake of recent financial events and crises are developed. It can promote the disclosure of data required for decision-making and encourage attention to the data disclosed. Financial reports and various news outlets are used to communicate with all stakeholders, following the principles of good corporate governance, demonstrating accountability and generating real value for the organization. The disclosure of pertinent information facilitates transparency. The issue of information asymmetry will be resolved if the entity discloses high-quality and practical information for decision-making. Information disclosure is crucial in Thailand. The disclosure of information and any operation of listed companies are subject to rules, regulations, conditions, and procedures established by the Thai Stock Exchange. A business's stakeholders or the general public must be promptly and fully informed of significant events or developments related to its operations because some may impact people. These are established as the listed company's duties to disclose information required for making decisions.

H3: The financial reporting disclosure quality has a direct negative influence on information asymmetry.

3. DIVIDEND PAYMENT

Operating performance is what happens once a business is operational. To benefit from operations is the goal. The investor receives the profits and equity after each operational cycle. There is the opportunity to incur risks in addition to the returns. Businesses also frequently sell earnings to owners at the end of each period of operation. Thus, it can lessen the possibility of inappropriate behavior during management operations. Such remuneration results in an increase in the entity's expenses. While symbolizing the company's wealth in terms of producing returns for shareholders, dividend payments can also result in agency issues because they prevent the organization from using capital to invest in the firm to its fullest potential. The dividend payment results in decline in the company's cash flow (Easterbrook, 1984). The dividend payment is susceptible to fluctuations in the price of equity shares. Because the dividend policy is established within the business, paying higher dividend rates will lead to greater information asymmetry. The organization's stakeholders are aware of the organization's genuine worth and the profits it generates. When a stock's true value is known, a dividend can influence its price (Alamdari, 2016; Okpara, 2010). Companies listed on the stock exchange in Thailand are required to pay dividends following the law. According to some, the announcement of a dividend payment, or the lack thereof, by listed businesses is a significant event that directly affects shareholders' rights and may impact investors' decisions to buy or sell shares. As a result, listed firms must file reports with the Stock Exchange of Thailand and quickly inform shareholders and investors of their dividend distribution policy.

Included are details on the dividend payment period, the type of dividend payment, the timetable for granting shareholders dividend rights, and the disclosure of information regarding the dividend payment. Additionally, it forbids dividend payments while the corporation is still accruing losses. Each dividend payment shall be divided into an equal number of shares for each dividend payment. The approval of a meeting is necessary and must be finished within a month, except for certain right assignments and every payment. The newspaper must also be informed of the news. A company cannot distribute dividends on all earnings. The company must set aside a reserve of no less than 5% of the total net profit for the period. Additionally, the dividends may be paid in stock or cash (Thailand, 2017).

H4. The dividend payment has a direct positive influence on information asymmetry.

4. METHODS & METHODOLOGY

The researcher used study data from 2015–2019 to collect data based on numerical variables of 301 enterprises from the Secondary Data database obtained from The Stock Exchange of Thailand and the SETSMART database. In this study, the hypothesis is tested by quantitative research. The population used in the study, The Analysis Of Causal Factors Influencing On Information Asymmetry Of Listed Companies On The Stock Exchange Of Thailand, is based on data from the six previous years, from 2014 to 2019. Every year, every organization must have thorough and reliable data based on variables. Factors must study 556 businesses to discover trends over five years, from 2015 to 2019. The prerequisites must be satisfied when determining values based on variables. 1) The entities utilized as samples must have all the data necessary for the research year. Incomplete data will be utilized to identify variables that require further investigation. Companies with different accounting periods from other companies may cause issues in comparison due to inaccuracies in data generation with different duration, as well as listed companies that do not appear in financial statements, are in the process of revising their financial statements, or have not yet submitted their financial statements. Due to data creation errors, this may result in issues in comparison. 2) The business used in this study cannot be in the financial services sector. This is because such business accounting methods and disclosures differ from those of other industry entities in terms of business practices and financial statement presentation. The research findings could be atypical if these groups are evaluated together due to variances in business and transparency of listed businesses on the Stock Exchange of Thailand. It appears that the sample group, which includes 1,505 companies in total, includes the 301 companies that satisfy the requirements yearly. The Cumulative Abnormal Return, which was gathered for 30 days before and after the publication of the accounting data and displayed as the following model, was used to measure the variable asymmetry of the data:

Cumulative Abnormal Return (AR_{it}) = Real Return (R_{it}) – Expected Return ($E[R_{it}]$)

The Cumulative Abnormal Return of the securities is the difference between the actual return of a company and the expected return on its securities. The model reflects a linear relationship between a company's rate of return and the average market rate. This requires parameter estimation in the non-normal return model before implementation. The actual information must be used during the publication period of accounting information to calculate the expected return. The test period is chosen to reduce the risk of security volatility and factors affecting the price of the securities by specifying the Event Period, which is 60 days before the announcement of accounting information (+30, 0, -30). It will take time to test the estimation of alpha (α) and Beta (β) of the Estimation Period, approximately 60 days from the Event Period due to stock market trading and capital circulating and volatility. Using 60 days will reduce the impact of volatility from other factors affecting the stock price.

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The R_{mt} value can be calculated from the following:

R_{mt} = $(SET_t - SET_{t-1}) / SET_{t-1}$

R_{mt} = Total Market Return

SET_t = index of the overall market price at t date.

SET_{t-1} = index of the overall market price at t – 1 date.

The returns of the i company to use for testing can be obtained from the following equation:

$R_{i,t}$ = $\{(P_{i,t} - P_{i,t-1}) + D_{i,t}\} / P_{i,t}$

Whereas $R_{i,t}$ = Rate of return of company i at t time

$P_{i,t}$ = Closing price of company I's securities at t time

$P_{i,t-1}$ = Closing price of company I's securities at t-1time

$D_{i,t}$ = Company I's dividend at t time compared to the dividend announcement at the time of stock market posting. XD is the period when the list of eligible dividend holders has passed.

The price adjustment of securities will be impacted by any events that impact the shares of the test securities (DTEXDI), such as stock splits, stock dividends, stock mergers, or the vesting of existing shareholders if they occur during the study period. Future predictions made by investors will cause the price of the securities to be adjusted to the standard base.

$P_{ad} = CLSPRC_t \times ACCAD_t$

$$ACCAD_t = \frac{CLSPRC_{t-1} \times Amount_d \times (1 + Amount_r + Amount_s)}{CLSPRC_{t-1} + (SUBPRC \times Amountd \times Amount_r)}$$

Whereas

P_{ad} = Stock price after adjustment

$ACCAD_t$ = Equity Adjusted Ratio on DTEXDI Date

$Amount_d$ = Number of new shares received and number of existing shares

$Amount_r$ = Ratio of rights to purchase new shares as of DTEXDI date

$Amount_s$ = Ratio of stock dividends received on DTEXDI date

$CLSPRC_t$ = Closing price of the security on t date

$CLSPRC_{t-1}$ = Closing price of the security on t – 1 date

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The model used to measure the information asymmetry in this research passed the measurement of excessive returns using the calculation method. Such return from the Cumulative Abnormal Return (CAR) of the listed company that is selected for each year is selected for testing as shown in the model:

$$CAR_{i,t} = \Sigma AR_{i,t}$$

Whereas;

$CAR_{i,t}$ = Cumulative return of company i during t time

$AR_{i,t}$ = Company I's excess return for each t time

The Earning Management variable group can be measured by looking at the outstanding items and measuring the Earning Management using discretion. According to the Earning Management model, the Earning Management variable is calculated from the standard mean of the measurements. The Kothari Model, which measures the outstanding items at the management's discretion, is used to calculate the measurement. All accruals included in the Modified Jones Model tested by Kothari et al. (2005) in the Profit Management Test may have a negative impact. This is because all models reject the null hypothesis when samples are taken from relatively high-performing entities at each testing stage, and no margin management is defined. Kothari et al. (2005) adopted the Return on Assets Ratio (ROA) as the basis of accounting used to measure and control factors related to an entity's performance to measure profit management, despite the disparity in operating results. No specific operational control variables are included in the profit management test for accounting transactions subject to management discretion. The effectiveness of an entity's use of the resources at its disposal to maximize benefit is gauged by its return on total assets or ROA. Because performance is relevant to errors in the accrual measurements at the management's discretion, using ROA reduces measurement errors. If ROA is taken into account in the calculations, it will improve the estimation of the company's outstanding items and increase the accuracy of the model measurements. The calculation is as follows:

Equation 1 calculates the total accrual value according to the statement of financial position concept from the following equation:

$$TA_t = (NI_t - CFO_t) / A_{t-1}$$

Whereas TA_t is substituted by the value of the total outstanding items in year t.

NI_t is substituted by the net profit of the entity in year t.

CFO_t is substituted by the net cash flow from operating activities, year t.

A_{t-1} is substituted by the total assets of year t-1.

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Equation 2 brings the outstanding items obtained from Equation 1 into the Ordinary Least Square Method: OLS taking the coefficients obtained from the approximation in Equation 3. According to the concept of Kothari (2005), it will be added by using ROA entering from the original Modified Jones Model. The equation is as follows:

$$TA_{i,t}/A_{t-1} = \alpha_1(1/A_{i,t-1}) + \alpha_2(\Delta REV_{i,t}/ A_{i,t-1}) + \alpha_3(PPE_{i,t}/ A_{i,t-1}) + \alpha_4(ROA_{i,t}) + \varepsilon_{i,t}$$

Whereas

TA_t is substituted by the total outstanding items in year t.

A_{t-1} is substituted by the total assets in year t-1.

α is substituted by the model's linear regression coefficient of variables 1, 2, 3, and 4.

$\Delta REV_{i,t}$ is substituted by the change in the total revenue of the company i for the year t.

$PPE_{i,t}$ is substituted by the total net property, plant and equipment of the company i for the year t.

$ROA_{i,t}$ is substituted by the return on total assets of the company i for the year t.

$\varepsilon_{i,t}$ is substituted by the error value from the estimate of the company I for the year t.

Equation 3 calculates the Non-Discretionary Accruals. The coefficients or values α1, α_2, α_3 and α_4 obtained from step 2 are substituted in the Modified Jones model in the following equation.

$$NDAC_{i,t} = \alpha_1 (1/A_{i,t-1}) +\alpha_2 (\Delta REV_{i,t} - \Delta REC_{i,t})/A_{i,t-1} +\alpha 3 (PPE_{i,t})/A_{i,t-1} +\alpha_4 (ROA_{i,t})$$

Whereas $NDAC_{i,t}$ is substituted by accruals from the operations of the company i in year t.

α is substituted by the linear regression coefficient of the model for variables 1, 2, 3, and 4.

$A_{i,t-1}$ is substituted by the total assets of the company i in year t – 1.

$\Delta REV_{i,t}$ is substituted by the change in total revenue of company i in year t.

$\Delta REC_{i,t}$ is substituted by the change in trade accounts receivable in year t.

$PPE_{i,t}$ is substituted by the total net property, plant and equipment in year t.

$ROA_{i,t}$ is substituted by the return on total assets of the company i in year t.

Step 4: Take the result of calculating the accrual value that is not subject to management's discretion from Equation 3 to calculate the accrual item at the management's discretion by subtracting all accrual items.

$$DAC_{i,t} = TA_t - NDAC_{i,t}$$

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$DAC_{i,t}$ is substituted by an accrual item at the discretion of company management I in year t.

TA_t is substituted by the total accrual items in year t.

$NDAC_{i,t}$ is substituted by the accrual from the company's operation in year t.

4.1 Corporate Governance Variable Group According to Ownership Structure

4.1 Ownership Concentration is measured by the ratio of the major shareholders to the total number of shares. It must have a combined influence of not less than 25% of the total voting shares of the company.

Ownership Concentration = proportion of major shareholders out of the total shares in the top 5 ranks.

4.2 Family Ownership: An entity has a high shareholding in the same family and will influence in controlling the company as if minority shareholders or people outside the family have no right to vote due to lower votes and must have no combined influence for less than 25% of the total voting shares of the company. The variables can be measured as follows:

Family ownership = The number of proportions in which the major shareholder is the same family out of the total number of shares.

4.3 Institutional Shareholders in the business will encourage good corporate governance behavior. It is measured by the shareholding ratio of institutional investors and must have a combined influence of not less than 25% of the company's total number of voting shares.

Institutional Shareholders = Number of major shareholdings that are Institutional Shareholders out of the total number of shares

4.2 Corporate Governance Variable Group According to Board Structure

4.2.1 Board Independent: In past research, it was found that data transparency can be improved, and better management and influence are achieved by at least three members of the board.

$$\text{Board Independent} = \frac{\text{Proportion of Board Independent}}{\text{Proportion of the entire Board}}$$

4.2.2 Board Activities can be measured by the frequency of meetings that benefit the quality of financial reports. The meeting will help to follow up and evaluate to be effective.

$$\text{Board Activities} = \frac{\text{Proportion of number of meetings per number of meetings}}{\text{Regular meetings at least once a quarter}}$$

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4.2.3 Measure the Financial Reporting Disclosure Quality group variables and use external observable variables as follows:

The index of Disclosures is based on the principles of Petersen et al. (2006) and Suijs et al. (2013). Each element is graded on its sub-element. If the entity makes such disclosure, a score of 1 is awarded for every subcomponent out of every element and is included as a score index ratio of all item disclosures.

It is divided into 1. Strategy, 2. Competition and outlook, 3. Production, 4. Marketing strategy, 5. Human capital to count the number of such disclosures and the variable score to calculate the index of disclosure according to previous research.

$$\text{Dividend Payout Ratio} = \frac{\text{Dividend per Shared}}{\text{Earning per Shared}}$$

4.2.4 Dividend Payment is measured by the Dividend Payout Ratio (DPR), the rate commonly used to measure the proportion of profits paid to shareholders by dividends. It measures how much the entity can pay back to its shareholders versus the amount retained for investment reserves. Paying to creditors or keeping a reserve are also known as viewing the profit return and are popularly used to measure dividend policy which can be calculated.

5. RESEARCH RESULTS

The research results of The Analysis Of Causal Factors Influencing On Information Asymmetry Of Listed Companies On The Stock Exchange Of Thailand can be concluded as follows:

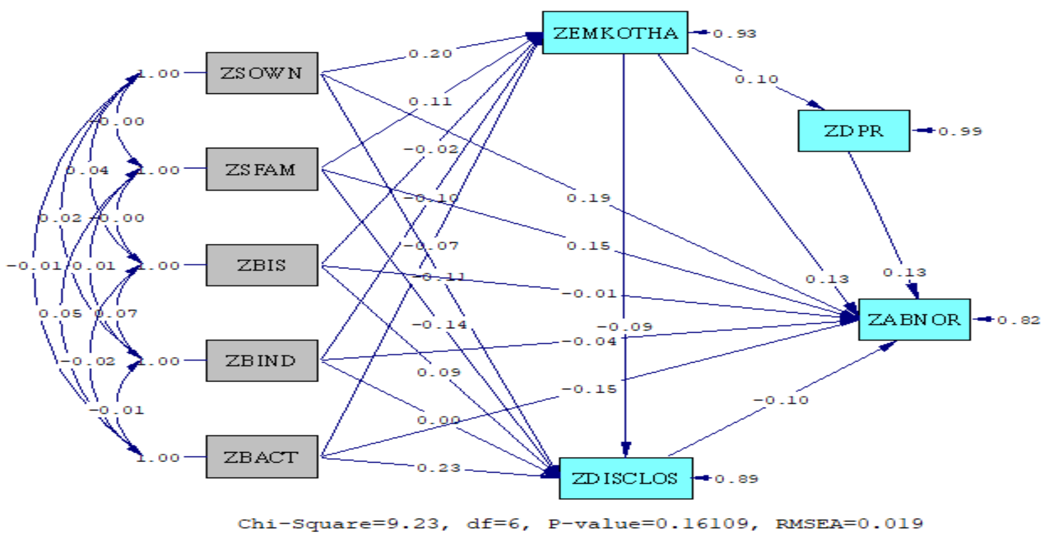

Figure 1. The Empirical Data was Shown with The Theoretical Model

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Note: ZABNOR = Information Asymmetry by Abnormal Return, ZDISCLOS is Financial Reporting Disclosure Quality, ZDPR is Dividend Payment calculated from Dividend Payout Ratio, ZEMKOTHA is Earning Management by Kothari Model and all variable Corporate Governance: ZSOWN is Ownership Structure, ZSFAM is Family Ownership, ZBIS is Institutional Shareholders, ZBIND is Board Independent, and ZBACT is Board Activities.

Figure 1 shows that the Corporate Governance Following Owner Structure as measured by ZSOWN and ZSFAM and the Corporate Governance factor according to the Board Structure as measured by ZBIND and ZBACT were the factor models influencing and affecting ZEMKOTHA with statistical significance at the 0.05 level. The impact and impact on Earning Management (EMKOTHA) were, respectively, +0.20, +0.11, -0.10, and -0.07. Earning Management (EMKOTHA), Corporate Governance factors according to Owner Structure measured by ZSOWN, ZSFAM, and ZBIS, and Corporate Governance factors according to Board Structure measured by ZBACT were the factors influencing and affecting the Financial Reporting Disclosure Quality (ZDISCLOS) with statistical significance at the 0.05 level. ZDISCLOS was impacted and changed to -0.09, -0.11, -0.14, +0.09, and +0.23, respectively. EMKOTHA-related factors had an influence and an effect on ZDPR of +0.10, according to factors statistically significant at the 0.05 level that influence and affect dividend payment (ZDPR). The statistical significance at the 0.05 level indicated that the factors ZDISCLOS, ZDPR, ZEMKOTHA, ZSOWN, ZSFAM, and ZBACT had the influence and effect on Information Asymmetry (ZABNOR) were -0.10, +0.13, +0.13, +0.19, +0.15 and -0.15, respectively.

DIVIDEN, or ZDPR, is the Dividend Payment calculated from the Dividend Payout Ratio. DISCLOSU or ZDISCLOS is Financial Reporting Disclosure Quality calculated from Disclosure Index Value based on Petersen et al. (2006). EM or ZEMKOTHA is Earning Management calculated from discretionary Accruals based on Kothari Model (2005) = $DAC_{i,t} = [TA_{i,t} / A_{i,t-1}] - [\alpha_1 (1/A_{i,t-1}) + \alpha_2 (\Delta REV_{i,t} - \Delta REC_{i,t})/A_{i,t-1} + \alpha_3 (PPE_{i,t})/A_{i,t-1} + \alpha_4(ROA_{i,t}) + \varepsilon_{i,t}[$. ZSOWN is calculated from the shareholding proportion of the top 5 major shareholders. ZSFAM is calculated from the proportion of major shareholding in the same family. ZBIS is calculated from the shareholding proportion of the institutional investors. ZBIND has calculated from the Independent Board of Directors ratio to the total Board of Directors. ZBACT is calculated from the proportion of meeting times (table abbreviation description).

With influence values of 0.13, 0.13, 0.19, and 0.15 at the statistically significant level, respectively, table 1 shows that the variables DIVIDEND, EM, ZSOWN, and ZSFAM have direct effects on INASYM. However, the influence values of the variables DISCLOSU and ZBACT on INASYM are -0.10 and -0.15, respectively, at the statistically significant level.

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Table 1. Displays the Element of The Observable Variable of Causal Factors Influencing Information Asymmetry Effect on Indirect & Direct Information Asymmetry

FACTORS	**EM**			**DISCLOSU**			**DIVIDEND**			**INASYM**		
	TE	**IE**	**DE**	**TE**	**IE**	**DE**	**TE**	**IE**	**DE**	**TE**	**IE**	**DE**
DIVIDEND	-	-	-	-	-	-	-	-	-	0.13	0.00	0.13
DISCLOSU	-	-	-	-	-	-	-	-	-	-0.10	0.00	-0.10
EM	-	-	-	-0.09	-	-0.09	0.10	-	0.10	0.18	0.05	0.13
ZSOWN	0.20	-	0.20	-0.13	-0.02	-0.11	0.02	0.02	-	0.25	0.06	0.19
ZSFAM	0.11	-	0.11	-0.15	-0.01	-0.14	0.01	0.01	-	0.20	0.05	0.15
ZBIS	-0.02	-	-0.02	0.09	0.00	0.09	0.00	0.00	-	-0.01	0.00	-0.01
ZBIND	-0.10	-	-0.10	0.01	0.01	0.00	-0.01	-0.01	-	-0.05	-0.02	-0.04
ZBACT	-0.07	-	-0.07	0.24	0.01	0.23	-0.01	-0.01	-	-0.21	-0.06	-0.15
R^2	0.17			0.23			0.08			0.32		

Note: TE = Total Effect, IE: Indirect Effect, DE: Direct Effect

However, there was no evidence of a statistically significant direct effect of ZBIS and ZBIND. Through the variables EM and DISCLOSU to INASYM, the positive indirect influence of EM, ZSOWN, and ZSFAM was discovered, with influence values of 0.05, 0.06, and 0.05 at the statistically significant level, respectively. Through the variables EM and DISCLOSU to INASYM, a negative indirect influence of ZBACT was discovered with an influence value of -0.06 at the statistically significant level.

6. DISCUSSIONS & CONCLUSION

The information asymmetry is influenced by effective corporate governance elements, which can also lessen information asymmetry, according to the results of the hypothesis testing (Cai et al., 2015; Elbadry et al., 2015). Information Asymmetry will directly result from effective corporate governance under the Owner Structure with Ownership Concentration and Family Ownership. This suggests that these shareholder ratios impact transparent, good corporate governance. The expectation of personal interests, a source of information asymmetry, may result from this (Jamalinesari et al., 2015). Businesses with Corporate Governance under the Board Structure, where the board engages in substantial board activity, will directly and negatively affect information asymmetry. This implies that the board's involvement in reporting results may help lessen information asymmetry (Ajina et al., 2015; Cai et al., 2015). Through effective earning management, excellent corporate governance also has a detrimental indirect effect. The information asymmetry can be decreased via the Financial Reporting Disclosure Quality. Entities with significant shareholder structures have a negative direct impact on excellent corporate governance and a positive indirect impact on information asymmetry. Because earning management results in factual distortion and information asymmetry, the earning management elements have a favorable direct impact on this phenomenon (Malik, 2015). Since earning management may result in compensation, it also has a favorable direct impact on dividend payments. It shows that dividend payments directly and favourably impact information asymmetry (Chansarn et al., 2016; Liu et al., 2014). Information asymmetry is directly impacted negatively by the quality of financial reporting disclosure. Information asymmetry can be reduced by using financial reporting disclosure quality to create transparent disclosure of crucial and decision-related information (Palazzo et al., 2017; Shroff et al., 2013). Earning management distorts the facts of the data, resulting in a reduction in the Financial Reporting Disclosure Quality, which makes publicly available information less transparent. Earning management also positively impacts Information Asymmetry through Financial Reporting Disclosure Quality (Lo et al., 2017; Purwanti et al., 2013).

The advantages of this research include the ability to enlighten investors considering investing in publicly traded companies. Along with other information, it will be utilized to consider investing in equity securities on the stock market when making investment decisions or other decisions. Using knowledge to the investment's advantage, discretion is used when making stock market investments. The study's findings inform judgments about investments and other pertinent issues. Investors need to consider the Corporate

Governance element, among other things. Investors will be at risk of information asymmetry if the company has a family ownership structure or an ownership structure with ownership concentration. These qualities can lead to or promote personal gains. A strong, broad structure will lead to less information asymmetry in the firm. Information will be disclosed as a result of board activities, including meetings to discuss performance. The Earning Management element affects Information Asymmetry to lessen Information Asymmetry. Information asymmetry occurs when an entity uses management judgment to resolve many backlogs while misrepresenting the numbers in its financial statements. As a result, if good financial reporting disclosure quality reduces information asymmetry and dividend payment influences information asymmetry, the financial reporting disclosure quality factor directly affects information asymmetry. The large dividend payment demonstrates the company's high wealth or ability to give investors sizable returns. To reinvest, the company will lose money, and dividend payments are based on the company's success. Dividends may be paid using mediated profits. As a result, there is information asymmetry because investors are unaware of the motivation behind the dividend payout. Both investors and investors can benefit from such education to boost confidence in the data provided by the companies looking to invest in generating returns and maximizing investor wealth.

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