

Impact of Board Effectiveness and Shareholders Structure on Earnings Management in Thailand

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ABSTRACT

This research aims to study the impact of board effectiveness and shareholders structure on earning management in Thailand. Panel data of four sectors of listed companies in the stock exchange of Thailand, including agro and food industry, resources, technology, and consumer products during 2009-2013, was collected and analyzed using Panel Fixed Effects. The estimation results showed that in a resource sector, good governance in board effectiveness and proportion of companies' directors with expertise in finance and accounting are negatively correlated with earning management. Number of board meeting and audit committee ratio are positively correlated with earning management. It can be concluded that board effectiveness can reduce a level of earning management which also eliminates principal-agent problem. Concerning on shareholders structure, the result shows that management increases the earning management by using accrued of management discretion. Concentration of the major shareholders is positively related to earning management in consumer products sector while having negatively relationship in agro and food industry sector. Classification of the shareholding among agro and food industry sector showed a positive relationship with earnings management. This finding is in accordance with positive accounting theory that causes the motivation to choose the method of accounting to benefits themselves. However, the results of this study are not conclusive for all sectors.

Keywords: Earning Management, Board Effectiveness, Shareholders Structure

1. INTRODUCTION

The economic crisis in 1997, the bankruptcy of American reputable energy company as Enron, caused investors and stakeholders to pay more attention to the quality of financial statements. Unclear financial statement preparation process leaves a gap of creative accounting which results in the financial statements that reflect such unreal financial status and results of operations.

The actual purpose of the financial statements is to present financial status, performance, and changes in financial position for the user of business decisions (Basic Accounting, 2009). Therefore, investors need to consider the accuracy of the financial statements in order to distinguish the between actual performance statement and decorative statement to obtain performance required by management. Lately, many countries pay more attention to the quality of financial statements especially in profit numbers.

In Thailand, the uncovering decorative accounting of Roynet Public Company Limited and Picnic Corporation Public Company Limited which increased net income was the significant

effect to the financial and accounting of Thailand. Financial statement distortion of executive caused higher stock prices which were a signal to investors to make discrepancy investment decisions. Thereafter, investors show more consideration on both quantitative and qualitative information before investing. Therefore, appropriate disclosure is so important to the financial statement determination of all users for example management, investor, account payable and government. (Basic Accounting, 2009). Regulatory agencies, both public and private sector, have set up various measures in order to establish credibility to financial statement users. Particularly, Section 56 and Section 61 of the Security Act require that the financial statements of listed companies must be audited or reviewed and certified by consent CPA. These acts were established to ensure that the information in financial statements has been audited, accurate, and reliable. Also verify that the board can oversee management to disclose information in a transparent, fairness and accountability to minority shareholders.

From the past, cause of the disclosure of false accounting, fraudulent concealment of information, or the decoration of accounting were the exploitation behavior (Walls & Zimmerman, 1986) or agency theory (Jensen & Meekling, 1976) The theory stated that humans all wanted the most benefit or themselves which caused the conflict of interest between management (agency) and investors or shareholders (principal). In other words, the administration wants the highest return while the shareholders also want the highest returns as well, and this is causing "Agency Cost".

Management to prepare a financial report for submission to the shareholders of the Company (Brown, Beeks & Verhoeven, 2011). Qualified financial reporting and information disclosure reduces the asymmetry of information derived between company and investors (Leuz, 2010; Bibble, Hilary & Verdi, 2009). Company looking to raise capital from external investors need to prepare financial accounting information to gain the confidence of the users. (Bushman & Smith, 2001; Bushman, Piotroski & Smith, 2004; Burgstahler, Hail & Leuz, 2006) Since a management can use their own judgment in preparing financial statements, causing a vulnerability for management to create earning management. (Healy & Wahlen, 1999; Dechow, Sloan and Seeney, 1996) Earning Management is the intent intervene in the financial report preparation process presented to outsiders to gain personal benefit (Schipper, 1989).

Shareholder structure of listed companies in the stock exchange of Thailand is majorly concentrated with relative and family relationship. Major shareholders have the power to control company's direction not only the authority to control the vote, but also the power to control over the management of the company-chairman, managing director or staff. The characteristic of concentrated structure creates vulnerability for major shareholders to migrate the interests of minority shareholders to benefit themselves (Fama and Jensen, 1983 cited in Wang, 2006).

Therefore, shareholders could be an agency problem that causes earning management which effects to earning quality. The international survey of ACFE found the growing trend of decorative accounting in numerous countries from 2010 to 2012. [14] European companies had the greatest increase in decorative accounting (5.5%), followed by the companies in Oceania (3.2%), United States (2.9%), Africa (2.7%), Asia (2.3%), and Canada (1.4%) respectively. Therefore, the researchers are interested in studying the impact of board effectiveness and shareholders structure on earning management in Thailand. The objective of this study is to determine the trend of decorative accounting of listed companies in the stock exchange of Thailand. This will enable investors and financial statements users to be more cautious in their analysis before making an investment decision. This will reduce the potential for adverse effects on the nation's economy from the faulty decisions of investors.

II. THEORETICAL FRAMEWORK AND HYPOTHESIS REVIEW

A. THEORETICAL FRAMEWORK

2.1 Definition of Earning Management

There are many definitions of earning management defined by different scholars. (David, Stickney and Well, 1987)(cited in Schipper, 1989) Those scholars state that earning management is an action with the intent to make a profit under the scope of generally accepted accounting principles (Schipper, 1989). They identified it as the intervention process for the preparation of a financial report that will be presented to the public with intentionally causing private interests. Besides, they also said that earning management was an effective decorative accounting using the flexibility of generally accepted accounting principles to reach the target set by management.

2.2 Agency Theory

Agency Theory was developed by Alchain and Demsts (1972) and extended by Jensen and Meckling, (1976). This theory states that all human beings are forced to do anything for their own benefit. If a business owner is the same person as management, the company is going to benefit in the same direction. However, if more shares are distributed and the owners cannot administer them solely, there must be management working as a represent of business owners. Thus, Agency Theory explains relationship between ownership structure and quality of information disclosure. Agency relationship occurs between authorizer (principle) and delegate authority (agency) (Fama, 1980).

2.3 Positive Accounting Theory

The motivation behind the management of opportunistic behavior by making earning management is as follows (Watts and Zimmerman, 1986).

1. Management may choose accounting policy that increase profit level in a current period, when the executive compensation relative to the earnings report. (The Bonus Plan Hypothesis) This is consistent with the findings of Holthausen, Larker and Sloan, (1995).

2. Management of companies with high debt to equity ratio will more likely to choose accounting policies that increase the level of profits in the current period. Management does so in order to reduce the probability of loan agreement default or reduce the cost arising from bankruptcy (The Debt Covenant Hypothesis).

3. Management has incentives to use their discretion to choose accounting policies to increase the level of profits in the current period. Management does so in order to reduce the negative impacts on the stakeholder, non-owners and creditors, such as government agencies and regulatory authorities.(The Political Cost Hypothesis)

However, previous research showed that creative accounting occurred in some companies but not consider as an opportunistic behavior. Such execution can bring good performance to company in the future as reduce cost of debt (Trueman and Titman, 1998) and increase management creditability (Bartov et al., 2002 and Burgstahler and Dichev, 1997).

B. Literature review and Hypothesis

Review of literatures found that earning management can be divided into 3 groups of factors as (1) board effectiveness (2) shareholders structure and (3) control variables. Each group of factors consists of these following factors.

1. Board Effectiveness

1.1 Size of Board

The previous study found both positive and negative relation between the number of board of directors and earning management. Some research found that large size of a board of director has positive impact to enterprise in term of corporate performance (Delton Daily Ellstrand and Johnson, 1999) diversity of knowledge and capability which cause higher efficiency of work. (Bealy et al., 1985) Large size of a board of director also has a positive impact on work circumspection and the independent of management. (Steiner (1972), Hackman (1990), Lipton and Lorsch (1992), Jensen (1993), Yermack, (1996) and Carmen Lorca, (2011) Moreover, large size board of director can reduce cost of debt to the company. Anderson Mansi and Reeb, (2004)

According to agency theory, large size of a board of directors will cause agency cost such communication expenditures between those directors. (Yermack, 1996) Free-rider problems may also occur as some directors could expect others to work for them. Moreover, earning management tends to happen if an audit committee cannot effectively audit board of directors. (Peasnell, Pope & Young, 2005) suggest that a board of director should be approximately 7-8 persons.

1.2 Proportion of independence committee

Independence committee is one of the key mechanism in corporate governance. (Peasnell, Pope & Young, 2005) Previous study showed the positive correlation between the proportion of independence committee and earning management. It can decrease agency problem and earning management. (Osmar and Nogure, 2007) However, some research also found a negative correlation between the proportion of independence committee and earning management.

1.3 The merger between the Chairman and CEO positions

Agency theory explains that the merger between the chairman and CEO positions will cause conflict of interest between principal and agency which will increase agency problem. (Jensen & Meckling, 1976) Some research found showed that such merger has the positive impact to earning management, as a result in an inappropriate of corporate governance structure. Klein (2002) and Sarkar & Sen, (2008) This is consistent with the study of (Dechow Sloan and Sweeney, (1996) who found that such merger can be accused of violations in generally accepted accounting.

In contradiction, the study of (Lui and, 2007) found that segregation of positions has a negative relationship with earning management. Moreover, some research showed position mergers have no relation with accruals based on management's judgment. (Bradbury Mak and Tan, (2006) ChtourouBedard and Courteau, (2001) Rahman and Ali, (2006) and Xie Davidson and DaDalt, (2003).

1.4 Proportion of directors with expertise in finance and accounting

From the past research, it was found that the proportion of those with expertise in finance and accounting correlated in the opposite direction with accruals based on management's judgment both significantly (Xie Davidson and DaDalt, 2003) and insignificantly. (Park and Shin, 2004). Directors with expertise in finance and accounting could reduce an agency problem and help in control and inhibit the earning management.

1.5 The number of board meetings.

The number of board meetings is one of the indicators that will reflect the attention to the duties of the board (Jackling & Johl, 2009). A review of research found that negative relation

between the number of board meeting and earning management. (Xie Davidson and DaDalt, 2003) Sarkar and Sen, (2008) Kim and Yoon, (2008).

1.6 Proportion of an audit committee

Audit committee has a critical role in ensuring the quality of the financial report (Lin & Hwang, 2010). Audit committee can work independently without the control of management. (Bedard Chtourrou & Courteau, 2004). Number of an audit committee also reduce agency problems and earning management (Fama, 1980) and Fama and Jensen, (1983).

1.7 Proportion of an audit committee with expertise in finance and accounting

Audit committee is responsible for reviewing the financial report that is accurate and complete disclosure to the relevant data can be useful in decision-making. (Carcelo Hermanson and Neal (2002), Klien (2002), Sharma Naiker and Lee (2009) and Lin and Hwang (2010) and Sommer(1991) Therefore, audit committee must have the experience and technical expertise in the profession, in order to reduce information asymmetry and agency problem (Kalbers and Fogarty (1993).

1.8 Number of an audit committee meeting

Previous research has shown that a number of audit committee meeting can reduce earning management behavior of the executive. (Carecello Hermanson and Neal, (2002), Klien (2002) and Sharma Naiker and Lee, (2009) Lin and Hwang, (2010) The meeting can also continuously provide knowledge and information to audit committee, especially in accounting, auditing and other knowledge (Raghunandan Rama & Scarbrough, 1998). Inappropriate meeting number is indicative of the lack of effective corporate governance (Menon and Williams, 1994).

2. Shareholders Structure

2.1 Concentrated Shareholders

A review of past research found a negative correlation between concentrated shareholders and earning management as most of the concentrated shareholders are the real owners of a business. (Warfield Wild, and Wild, (1995) Ding Zhang and Zhang, (2007) and Teshima and Shuto, (2008) On the other hand, some research found that concentrate shareholders who work in executive position have a positive relationship with earning management (Sarkar and Sen, 2008).

2.2 Type of shareholders with the highest proportion of the company

Type of shareholders could be divided into 3 groups by the regulation of the stock exchange of Thailand. (1) Local Juristic Person: Institution Investors (2) Local Individual: Individual or family enterprise (3) Foreign Juristic Person: Foreign Institution. This majority of shareholders could affect or dominate the operation of a business.

3. Control Factors

Control variables are used to control the effects from other variables. However, these factors may also correlate with earning management.

3.1 Firm Performance(measured by Return on Assets) The finding of (Chen, G, Firth, M, Gao, D & Rui, 2006), (Chen, X, Cheng, Q & Wang, X, 2010) and (Shah, Sza, Zafar N & Durrani, TK, 2009) stated that lower performance organization tend to have higher earning management behavior.

3.2 Financial Leverage(LEVE)Past research found that executives of companies with a high financial risk are more likely to decorate financial report in order to maintain financial structure in terms of the loan agreement.

3.3 Firm Size (Log assets) measured by the natural logarithm of total assets, to capture information asymmetry and any residual risk effect.

3.4 Audit firm quality (Big 4) A review of literature found that the type of audit is significantly related to earnings management (Chtourou et al, 2001). Some studies shown that world class audit firm will change in discretionary accruals less than general audit firm (Beaker et al., (1998) Therefore, quality of audit may affect to earning management of the company.

3.5 Market to book value of equity (MBV) as a proxy for growth opportunities (Bhojraj, Sanjeev and Partha Sengupta, 2003).

3.6 Industrial Sectors (INDU): In this research, researcher divided industries into 4 sectors, in order to control the difference in business and the policy of accounting.

III. METHODOLOGY

A. Data collection and Sample

Data of this study were collected from these following sources; (1) SETSMART in Stock Exchange of Thailand (2) Form 56-1 of listed company between the year of 2009-2013 (5 years); divided into 4 industry sectors as agriculture and food, resource, technology and consumer products.

B. Model Specification and variables

1. Model estimated by Fixed Effects Model (FEM), the result can be shown as follows;

$$\begin{aligned} \text{Earnings Management} = & \beta_0 + \beta_1 (\text{BOARD_NUM}_{it}) + \beta_2 (\text{INDE_BOA}_{it}) + \beta_3 (\text{CEO_DUA}_{it}) + \\ & \beta_4 (\text{BOAR_EXP}_{it}) + \beta_5 (\text{FREQ_BOA}_{it}) + \beta_6 (\text{AUDI_BOA}_{it}) + \\ & \beta_7 (\text{INDE_EXP}_{it}) + \beta_8 (\text{FREQ_AUD}_{it}) + \beta_9 (\text{OWNE_CON}_{it}) + \\ & \beta_{10} (\text{CONC_CON}_{it}) + \beta_{11} (\text{ROA}_{it}) + \beta_{12} (\text{LEVE}_{it}) + \beta_{13} (\text{Log_assets}_{it}) + \\ & \beta_{14} (\text{Big4}_{it}) + \beta_{15} (\text{MBV}_{it}) + \sum_j^4 (\beta_j \text{INDU}) + u_i + \varepsilon_{it} \dots \dots \dots (1) \end{aligned}$$

Earnings management	= Modified Jones (1995)
β_0	is The constant of the regression
β_i	is The Standardized Coefficient
BOARD_NUM	is Size of Board of Directors
INDE_BOA	is The proportion of independence committee
CEO_DUA	is The merger between the Chairman and CEO positions set as dummy variables by Chairman is the same person as Board of Directors = 1 Chairman is not the same person as Board of Directors = 0
BOAR_EXP	is The proportion of companies with expertise in finance an accounting
FREQ_BOA	is A number of meeting of the board committee with in 1 year
AUDI_BOA	is The proportion of the audit committee
INDE_EXP	is The proportion of the audit committee with expertise in finance and accounting.
FREQ_AUD	is A number of meeting of the audit committee with in 1 year
OWNE_CON	is Concentration of shareholders (calculated from the proportion of the

	greatest shareholders)
CONC_CON	is Type of shareholders that having the highest stake in the company set as dummy variable There are a greatest shareholders of the company = 1 No greatest shareholder of the company = 0
ROA	is Performance as measured by rate of return on total asset
LEVE	is Financial risk as measured by ratio of total debt to total asset.
SIZE	is Size of company as a measure by the Natural Logarithm of total asset.
Big 4	is Size of an audit firm set as dummy variables by Use large audit firm in Big 4 = 1 Use another audit firm = 0
MBV	is Growth opportunities as the market price per share divided by book value per share.
INDU	is Industrial Sectors set as dummy variables
ε	is Error term

2.The model used to measure Earning Management over the discretionary accruals by calculating from the Modified Jones Model (1995). Calculation procedure is as follows:

Step 1 Calculation of Total Accruals

$$TA_{it} = NI_{i,t} - OCF_{i,t} \dots\dots\dots(1)$$

$TA_{i,t}$ = Total Accruals of company i at year t
 $NI_{i,t}$ = Net Income of company i at year t
 $OCF_{i,t}$ = Net cash flow from operations of company i at year t

Step 2 Take the result from equation(1) to estimate the coefficients by using Ordinary Least squares (OLS) regressions model.

$$\frac{TA_{it}}{A_{it-1}} = a_{1i} \left(\frac{1}{A_{it-1}} \right) + a_{2i} \frac{(\Delta REV_{it})}{A_{it-1}} + a_{3i} \frac{PPE_{it}}{A_{it-1}} + \varepsilon_{it} \dots\dots\dots(2)$$

TA_{it} = Total Accruals of company i at year t
 A_{it-1} = Total Accruals of company i year t-1
 ΔREV_{it} = Changed in revenue from sales and services of company i at year t
 PPE_{it} = Total property, plant and equipment of company i at year t
 a_i = Coefficient of correlation of the variable i
 ε = The error of the estimated total accruals

Step 3 Calculating accruals from the business operations of each company by applying the coefficient (a_i) from step 2 to replace the values in three equation for accruals that are not caused by the discretion of the management. According to the concept of Dechow, Sloan and Sweeney, (1995)

$$NDA_{it} = a_{1i} \left(\frac{1}{A_{it-1}} \right) + a_{2i} \frac{(\Delta REV_{it} - \Delta REC_{it})}{A_{it-1}} + a_{3i} \frac{PPE_{it}}{A_{it-1}} \dots\dots\dots(3)$$

NDA_{it} = Accruals from business operations of company i at year t
 ΔREV_{it} = Changed in revenue from sales and services of company i at year t
 ΔREC_{it} = Change in account receivable of company i at year t
 PPE_{it} = Total property, plant and equipment of company i at year t
 a_i = Coefficient of correlation of the variable i.

ε = The error of the estimated total accruals

Step 4 The calculation of accruals depends on discretionary of management by deduct net accruals from business operation out of total accruals as shown in the following equation.

$$DA_{it} = \left(\frac{TA_{it}}{A_{it-1}} \right) - NDA_{it} \dots\dots\dots(4)$$

by

DA_{it} = Discretionary Accruals of company i at year t

TA_{it} = Total Accruals of company i at year t

A_{it-1} = Total Asset of company i at year t-1

NDA_{it} = Net accruals from business operation of company i at year t

IV. RESULTS

Researcher analyzes collected data by using Panel Fixed Effects model, result shown in table 1

TABLE 1: Effect of Board Effectiveness and Shareholders Structure on Earning Management

Industry	Total	AGRO	RESOUCE	TECHNO	CONSUMP
Board Effectiveness					
BOAR_NUM	0.0007177	0.00482608	0.0124984	0.0345731	0.00061713
INDE_BOA	0.0013634	0.00041345	0.0007351	0.00407609	0.00396284
CEO_DUA	-0.014264	0.02121612	(omitted)	(omitted)	-0.0105422
BOAR_EXP	0.0007076	0.00090917	-0.0362584 **	0.00569763	0.00246491
FREQ_BOA	0.0064323 **	0.00300731	0.0213321 *	0.0087021	0.00407024
AUDI_BOA	7.993E-05	-0.00388341	0.0104718 **	0.00085748	-0.007955
INDE_EXP	0.0002369	-0.00007457	0.0030164	0.00045759	-0.0010863
FREQ_AUD	-0.005201	-0.00378959	0.0068943	0.00090733	0.01122702
Shareholders Structure					
OWNE_CON	0.0022036 **	0.00039552	-0.0246111 **	-0.00172861	0.00583168 ***
CONE_CON	-0.002013	-0.01909994	0.3434595 **	0.05721203	(omitted)
Control Variables					
ROA	-0.001726 ***	0.00204413 **	0.000485	-0.00286114 **	0.00226475 ***
LEVE	0.0005665	0.0016819 ***	-0.0027254	0.00371377 **	-0.0004094
SIZE	-0.000274	0.01606504	0.0356593	0.05091925 **	-0.001213
BIG4	-0.012468	-0.01738942	(omitted)	(omitted)	0.00974676
MBV	-0.003452	-0.00137157	0.0402778 **	-0.02195101	0.08433262 ***
Constant	-0.143496	-0.34275877	0.6959275	-1.8102532 *	-0.3377767
N	347	126	43	86	92
N_g	91	29	17	24	21
F	2.2553818	1.5707194	1.8815255	2.5036611	4.509726
Rss	1.3254554	0.19686496	0.024432	0.54666397	0.13185715
r2_w	0.1230966	0.22319643	0.6529616	0.39912391	0.52553837
r2_o	0.0386897	0.22088237	0.1514477	0.01868976	0.06202721
F_f	1.8637543	1.9362478	1.8101136	1.553197	3.4543931

*p<0.05, **p<0.01, ***p<0.001,

From the overall study, it is shown that the result from panel fixed effect model that use to determine the relationship between board effectiveness and earning management shown that the number of board meeting (FREQ_BOA) have the positive correlation with earning management. There is no relationship between other factors in board effectiveness. Shareholders Structure is relationship on earning management shown the concentrated shareholder structure

(OWNE_CON) have a positive correlation with earning management. There is no relationship between other factors in a shareholder structure. However, considering other factors, Firm performance (ROA) has a negative correlation with earning management. Other factors are not affective on earning management.

V. CONCLUSION

The impact of board effectiveness and shareholders structure on earning management deducts total accrual with non-discretion accrual. Earning Management measurement can be divided into 2 parts.(1) The measurement of total accruals by using cash flow method since it's more appropriate than using the balance sheet. (2) The measurement of non-discretion accrual by using Modified Jones Model of Dechow (Sloan and Sweeney, 1995) by using the regression coefficient for 5 years.

In this study, board effectiveness measured by the proportion of expertise in finance and accounting, number of meetings of the board, the proportion of the audit committee, and shareholder structure. The study found that the resource sector is the only sector that board effectiveness correlated with earning management as the proportion of companies directors with expertise in finance and accounting are negatively correlated with earning management, which is consistent with the finding of Park and Shin, 2004. Such finding can be interpreted that the high proportion of financial and accounting expertise can control earnings management more efficiently. Therefore, the sufficient of specific expertise committee can prevent earning management and reduce agency.

The study showed that number of board meeting has a positive correlation with earning management, which is consistent with the concept of Jensen (1993). Jensen stated that management of a company that holds board meeting too often will lose too much time in the meeting instead of overseeing management's performance. Therefore, numbers of the meeting cannot reduce earning management. Moreover, researcher also found a positive relationship between a proportion of audit committee and earning management (Xie, Davidson and DaDalt, 2003 and Peaness Pope and Young, 2005). The execution of an audit committee can be dominated by authorized shareholders (Khanthavit, Polsiri & Wiwattankantang, 2003) thus earning management cannot be reduced.

In term of a shareholder structure, the concentrated shareholders structure has a negative correlation with earning management in the resource sector. It is caused by the good corporate governance of companies in the resource sector that equalizes all shareholders, so major shareholders can not intervene in the financial reporting process to take advantage from minority shareholders.

In contrast, the concentrated shareholder structure of companies in consumer products has a positive correlation with earning management. This result is consistent with Positive Accounting Theory which can be described as authorized shareholders and management. They are motivated to use accounting methods to make profits in the current period to increase an additional bonus as well as majority shareholders.

Some control variables also correlate to earning management, business performance have positive impact to earning management in 2 sectors as agriculture and food, consumer product which represent that business sectors that gain higher return of asset tend to have more earning management than those sectors with lower return on asset (Bandelipe II, 2009).

The result shows that a financial risk has a positive impact to earning management in technology, agriculture and food sectors. This finding is consistent with positive account theory

that management of companies with high debt trend to make earning management in order to avoid debt problem (Davis, Goodwin Stewart & Kent, 2005)(Bradbury Mark & Tan, 2006).

Size of corporate also has a positive relation with earning management in agriculture and food sectors. It can be implied that the larger of corporation tend to have the higher level of earning management (Liu and Lu, 2007 and Kim and Yoon, 2008). This is also inconsistent with positive accounting theory which stated that the large corporation are more likely to have less earning management for a social and political reason.

Growth opportunity indicated from MBV, has a positive impact to earning management in the resource and consumer product sectors. It can be described that companies in these 2 sectors with higher market value tend to have more earning management.

This study may not be able to state the impact of board effectiveness and shareholders structure on earnings management for every business sector. However, the result of this study may use for the consideration of investors and shareholders before making investment decision.

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