ความสัมพันธ์ของโครงสร้างผู้ถือหุ้นและการจัดการกำไรที่มีผลต่อการดำเนินงานทางการตลาดของบริษัทจดทะเบียนในตลาดหลักทรัพย์แห่งประเทศไทย

The Relationship of Ownership Structure and Earnings Management on Market Performance of The Listed Companies on The Stock Exchange of Thailand

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บทคัดย่อ

งานวิจัยนี้มีวัตถุประสงค์เพื่อศึกษาผลกระทบของความสัมพันธ์ระหว่างโครงสร้างผู้ถือหุ้น และการจัดการกำไรที่มีต่อผลการดำเนินงานทางการตลาด (Tobin's Q) ของบริษัทจดทะเบียนในตลาดหลักทรัพย์แห่งประเทศไทย ในช่วงปี พ.ศ. 2564 - 2566 การวิจัยครั้งนี้ใช้ข้อมูล 1,365 ข้อมูลรายปี จากฐานข้อมูล SETSMART ในส่วนของการจัดการกำไรศึกษาผ่านแบบจำลองของ Raman and Shahrur (2008) ใช้การวิเคราะห์ความถดถอยเชิงพหุคูณเพื่อทดสอบสมมติฐาน ผลการวิจัยพบว่า ผู้ถือหุ้นสถาบันการเงิน และผู้ถือหุ้นกรรมการบริหารมีความสัมพันธ์ในทิศทางบวกกับผลการดำเนินงานทางการตลาด นอกจากนี้การจัดการกำไรมีความสัมพันธ์ในทิศทางลบกับผลการดำเนินงานทางการตลาด ผลการวิจัยชี้ให้เห็นว่าการเคลื่อนไหวของผู้ถือหุ้นมีบทบาทต่อประสิทธิภาพในการสร้างมูลค่าเพิ่มของบริษัท และเมื่อฝ่ายบริหารมีการการจัดการกำไรมากขึ้นมูลค่าทางการตลาดของบริษัทจะลดลง ผลการศึกษาสนับสนุนแนวคิดที่ว่าการจัดการกำไรเป็นกลยุทธ์ที่ส่งผลเสียต่อบริษัทในระยะยาว เนื่องจากลดความเชื่อมั่นของนักลงทุนและทำให้มูลค่าตลาดของบริษัทลดลง นักลงทุนและผู้มีส่วนได้ส่วนเสียจึงควรระมัดระวังบริษัทที่มีพฤติกรรมนี้ในการตัดสินใจลงทุน

คำสำคัญ : ผู้ถือหุ้นนักเคลื่อนไหว การจัดการกำไร ผลดำเนินงานทางการตลาด

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Abstract

The purpose of this study was to investigate the impact of the relationship between ownership structure and earnings management on the market performance (Tobin's Q) of listed companies on the Stock Exchange of Thailand from 2021 to 2023. The study analyzed 1,365 firm-year observations, with data collected from SETSMART. Earnings management was measured using the model of Raman and Shahrur (2008), and panel data regression analysis was employed to test the hypotheses. The results suggest that shareholder activism is a factor in the efficacy of a company's value creation. Additionally, the company's market value decreases as management manipulates earnings more frequently. In the long term, earnings management is a strategy that is detrimental to companies, as it diminishes investor confidence and decreases the company's market value. The results thus support this notion. Investors and stakeholders should be cautious of companies that exhibit this behavior when making investment decisions.

Keywords: Shareholder Activism, Earnings Management, Market Performance

Introduction

Agency theory, as presented by Jensen and Meckling (1976), explains the relationship between shareholders (owners) and management (managers) or their representatives. A central issue addressed by both domestic and international research is whether management effectively maximizes shareholder value, and to what extent shareholders can monitor and control management activities. Access to information regarding managerial operations is crucial for shareholders to safeguard their interests, as senior management may act in their own favor rather than prioritizing long-term corporate value. For instance, management might set excessive compensation for themselves or invest in short-term projects that generate immediate returns while they are still in the office, rather than focusing on long-term initiatives that could be more beneficial to the company. When shareholders perceive that their interests are being compromised, they may attempt to influence the company's behavior by selling their shares, voting at meetings, or other forms of intervention ((Hirschman, A.O., 1970; Davis G.F. & Thompson T.A., 1994). Shareholder activism refers to the actions taken by investors who leverage their ownership stakes to pressure management to implement changes within the company. These changes may involve financial decisions, such as enhancing the value of securities through policy

shifts, capital restructuring, or cost reductions. Alternatively, they may be unrelated to finance, such as urging the company to divest from certain countries or adopt environmentally friendly policies. In some cases, shareholder activism arises from a lack of confidence in the management team's ability to act in the best interests of the company.

In the field of corporate governance, shareholder activism, in both its theoretical and empirical forms, has recently emerged as one of the most significant areas of discussion about corporate governance. When it comes to shareholder activism, the most important question is whether or not it generates value. There was a lack of clarity regarding the evidence that shareholder activism produced value. There is a considerable correlation between shareholder activism and market performance, according to the findings of some publications. On the other hand, research has shown that there is either very little or no evidence of a connection between shareholder activism and market performance (Souha Siala Bouaziz, et al., 2020). They have done this by selling shares, arranging private meetings with directors or executives, using the media to create social pressure on directors or executives, and even using legal channels to their advantage—such as joining forces with other shareholders to add agenda items to shareholder meetings, persuading shareholders to vote together on important issues like removing directors or executives for misconduct, proposing improvements to the business plan, supporting or opposing acquisition plans, or opposing suspicious plans of major shareholders (Benyada Kamlangsuea, 2018). There are studies on activist investors, earnings management, and market performance (activist investors-earnings management-market performance and activist investors-market performance). Therefore, this study aims to provide empirical evidence on the impact of the relationship between activist investors and earnings management on market value. This research focuses on the context of earnings management and shareholder activism, which is a corporate governance mechanism designed to maximize shareholder value. Therefore, this research will provide empirical information on whether such mechanisms can create future benefits for activist shareholders.

Literature Review

Agency Theory

Jensen, Michael C. & Meckling, William H., (1976) explained the relationship in Agency Theory, which posits that shareholders cannot manage the business on their own and require

representatives to do so on their behalf. This creates a relationship between two groups of people. The first group is the shareholders (principals), who hold the power and delegate authority. The second group consists of the executives (agents), who are entrusted with this authority. The agents are responsible for managing the company, reporting operational results, and delivering returns to shareholders to maximize shareholder value, while being compensated for their work. However, if the interests of the shareholders (principals) and the executives (agents) are not aligned (a conflict of interest), this leads to what is known as the "Agency Problem." In this situation, the executives, who hold the power to manage, set policies, and make decisions, may prioritize their own interests over those of the shareholders. For example, shareholders aim to increase the value of the business and expect executives to make decisions that maximize shareholder returns. However, since executives receive fixed compensation in the form of a salary and may not have a significant stake in the company, their motivations may differ. They may use their position to pursue personal benefits rather than acting in the best interest of shareholders and other stakeholders.

Prospect Theory

Prospect Theory, developed by Kahneman, D. & Tversky, A., (1979), is a key concept in behavioral economics that explains human decision-making under uncertainty through a value function. The theory posits that individuals tend to value losses more than equivalent gains, a phenomenon known as loss aversion. This suggests that human satisfaction depends on changes in wealth relative to a reference point. In the context of earnings management, the reference point could be where profit equals zero, where profits match the previous year's level, where earnings per share align with management's forecast, or where earnings per share meet analysts' estimates. Prospect Theory also relates to how individuals respond to gains or losses, particularly when the risks are not symmetrical in each scenario. When outcomes fall below the reference point, even by a small margin, the negative impact is significant. Conversely, when outcomes exceed the reference point, the positive impact is relatively minor or may not be felt at all. For instance, the regret of losing a certain amount of money is typically stronger than the satisfaction gained from receiving the same amount. Investors often evaluate the value of financial assets by comparing them to a reference point. If a loss occurs and exceeds this reference point, the perceived impact is much greater than if the result had been a gain of the same level.

Ownership Structure

Institutional Shareholders

Institution shareholders are considered significant stakeholders, as many of them are foreign investors, which can influence both the company's ability to generate profits and the quality of those profits. These shareholders are often motivated to scrutinize the company's financial reports, as these reports provide crucial information about the business. Institution investors may place great importance on this information to plan and evaluate their investment strategies (Titiporn Torod, 2020; Charuwan Eksaphan and Phichet Sopapong, 2020; Souha Siala Bouaziz, et al., 2020).

Managerial Ownership

According to Omar Juhmani (2013), the nature of ownership significantly influences management effectiveness within a company and the amount of ownership increases, management is more likely to enhance the performance of the company. This assertion aligns with Agency Theory, as discussed by Jensen and Meckling (1976), who explained that the separation of ownership and control in public companies can lead to conflicts of interest between executives and shareholders. Such conflicts often arise from executives' motivations to increase their personal wealth. However, as the proportion of shares held by executives increases, the interests of shareholders and management begin to converge. Research by Demsetz and Lehn (1985) and by Abor and Biekpe (2007) examined the relationship between ownership structure and company performance, finding a positive correlation between management ownership levels and company performance. This finding supports the notion that as management ownership increases, executives are more likely to engage in value-creation activities, resulting in higher efficiency of intellectual capital. Additionally, Zanjirdar and Kabiribalajadeh (2011) analyzed the impact of ownership on management and its effect on the utilization of intellectual capital in company operations (Souha Siala Bouaziz et al., 2020).

Minority Shareholders (Float)

Minority shareholders (Float) refer to individuals or entities that hold no more than 5 percent of the total shares, are not involved in management (Strategic Shareholders), and do not include repurchased shares (Wealth Connex, 2022). The Stock Exchange of Thailand (SET) has set specific requirements for listed companies, stipulating that they must have at least 150 minority shareholders, collectively holding no less than 15 percent of the company's paid-up capital. To

be included in the SET50 index, minority shareholders must hold at least 20 percent of the paid-up capital (Stock Exchange of Thailand, 2019; Souha Siala Bouaziz et al., 2020). The proportion of minority shareholders, or float, reflects the liquidity of the stock. Liquidity, whether high or low, depends on the number of shares available for trading, which excludes those held by major investors (Major Shareholders). The remaining shares, held by minority shareholders, are what can be traded in the market. Therefore, the number of shares held by minority shareholders is a key factor in calculating stock liquidity (Wealth Connex, 2022).

Earnings Management

The concept of earnings management, developed by Sidney Davidson et al. (1978), defines earnings management as a process involving various actions taken with the intention of operating within the bounds of generally accepted accounting principles (GAAP) to adjust profit levels as desired or to prepare financial reports for external parties (External Financial Reporting Process) with the aim of generating personal gains. Key points from this definition indicate that earnings management encompasses both real earnings management (Real Earnings Management) and the use of executive discretion in the creation of business items. Different executives may apply varying judgments; some may use their judgment to reflect the actual performance of the business, while others may manipulate figures to achieve personal benefits or goals.

Earnings management occurs when an organization's executives exercise their judgment in presenting financial reports and structuring transactions in a manner that intentionally conceals some of the true operating results from stakeholders or shareholders (Healy & Wahlen, 1999). Earnings management has both positive and negative aspects. On the one hand, it can involve the strategic use of flexibility in accounting methods to produce favorable results and benefits for the company while maintaining a degree of transparency in financial reports. On the other hand, it can lead to the reporting of financial figures that do not accurately reflect reality and may involve fraudulent practices. Sudarat Chaengjaidee (2016) described earnings management as a form of Creative Accounting, which involves adjusting accounting figures by exploiting loopholes in accounting principles and utilizing various measurement options to manipulate the disclosure of accounting information. This process alters financial statements from their true form to what the preparer wishes to present, compromising the neutrality and consistency required in reporting business events. It can be concluded that earnings management is a process of adjusting accounting figures in financial reports to meet the expectations of executives or desired

performance outcomes, which may not accurately reflect actual operating results. This misrepresentation can ultimately lead to a reduction in the future value of the company.

Studies related to Shareholder Structure

Souha Siala Bouaziz, et al. (2020) conducted a study on activist investors, earnings management, and marketing performance, focusing on companies in France. The research aimed to examine the impact of the relationship between activist investors and earnings management on the marketing performance of these companies. The study analyzed data from a total of 385 samples collected between 2008 and 2012, employing panel data regression analysis for statistical evaluation. The results indicated that activist investors were not significantly related to marketing performance. In contrast, both institutional investors and board members demonstrated a positive relationship with marketing performance, while earnings management was found to have a negative relationship with marketing performance.

Jaruwan Eksapong and Pichet Sopapong (2020) conducted a study analyzing the influence of shareholder structure on the value of accounting information in listed companies on the Stock Exchange of Thailand. The research aimed to examine the consistency between the developed model and empirical data to assess the impact of shareholder structure on the value of accounting information for these companies. The study involved reviewing relevant research documents and collecting data from listed companies on the Stock Exchange of Thailand. The findings revealed that shareholder structure, including the proportion of foreign shareholders, institutional shareholders, government agency shareholders, executive shareholders, and family shareholders, has a direct and positive influence on the value of accounting information. This is because the characteristics of the shareholder structure enhance the value of accounting information, thereby impacting investors' decisions. Additionally, the analysis highlighted how different types of shareholder structures affect the reliability of information, contributing to new insights in this area of management. Thitiporn Torod (2020) examined the relationship between shareholder structure and the performance of listed companies on the Stock Exchange of Thailand in order to investigate the impact of shareholder structure on the performance of these companies. The study found a positive relationship between family shareholding and market value, as measured by Tobin's Q. Additionally, regarding control variables, a positive relationship was observed between financial risk and the agricultural and food industries in relation to return on equity (ROE). Conversely, company size exhibited a negative relationship with both return on

assets (ROA) and return on equity (ROE), while the sales growth rate was positively associated with return on assets (ROA). The type of industry was found to have a negative relationship with market value, as indicated by Tobin's Q. However, the research did not identify a significant relationship between shareholder concentration, government shareholding, or foreign investor shareholding and the company performance. Sondes Draief & Adel Chouaya (2022) investigated the effect of debt structure on earnings management strategies. This research aimed to examine how debt structure influences both accrual-based earnings management and real earnings management. The study analyzed a total sample of 486 companies listed in the American stock market. The results indicated that short-term debt has a negative relationship with earnings management as measured by accruals, while long-term debt has a positive relationship with earnings management based on accruals. Additionally, short-term debt was found to have a positive relationship with overall earnings management, while long-term debt also positively correlated with earnings management. Ratchanu Runghuapai and Kusuma Dampitak (2019) analyzed earnings quality and returns for listed companies on the Stock Exchange of Thailand in order to examine the relationship between earnings management through discretionary transactions, earnings management via accruals, and future profitability. The study analyzed data from a total sample of 303 companies in the financial services sector listed on the Stock Exchange of Thailand, covering the period from 2014 to 2016. The results revealed that earnings quality is positively related to security returns, meaning that companies with low executive discretionary accruals tend to exhibit high earnings quality, which in turn results in higher security returns. Sirinrat Sinphromma (2019) conducted an analysis of earnings quality and returns for listed companies on the Stock Exchange of Thailand. The research aimed to examine the relationship between executive shareholding and its effect on the value of these listed companies. The study analyzed data from a total sample of 464 companies between 2012 and 2016. The results indicated that low executive shareholding (MAN), high-level executive shareholding (MAN), company size (LNSIZE), retained earnings to assets (RETA), investment in fixed assets (CAPEX), return on total assets (ROA), cash flow from operating activities (OCF), and institutional shareholding (INST) collectively explained 49.30 percent of the relationship between executive shareholding and the value of listed companies, with a statistical significance level of 0.05.

The literature frequently employs agency theory and prospect theory in relation to shareholder activism. In accordance with the agency's theory (Jensen and Meckling, 1976), activist

shareholders are regarded as monitors who endeavor to resolve and regulate issues that arise from firm owners and managers who have conflicting interests. Shareholder activism encompasses any course of action taken by a shareholder or shareholder group to effect change within a company without attempting to acquire control. The objective of offensive shareholder activism in the market is to influence the corporation, rather than to exert control over it. In other words, shareholder activists' endeavor to influence corporate decision-making without utilizing the resources required to attain control. Shareholder activism was defined as an endeavor to resolve agency conflicts by directly influencing management or board decisions. A lack of emphasis on shareholder value, a misalignment of corporate interests, or a lack of engagement with shareholders may serve as catalysts for shareholder activism., the following hypotheses and conceptual framework can be developed for this study:

Hypothesis 1: Institutional shareholders are positively related to marketing performance.

Hypothesis 2: Executive shareholders are positively related to marketing performance.

Hypothesis 3: Minority shareholders are positively related to marketing performance.

Hypothesis 4: Earnings management is negatively related to marketing performance.

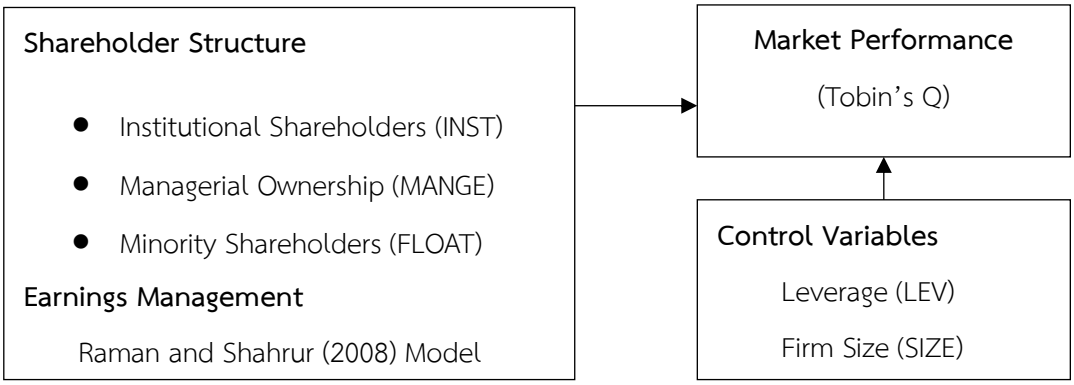

Figure 1 Research Framework

Research Methodology

Samples

The sample for this study comprises data from companies listed on the Stock Exchange of Thailand between 2021 and 2023, totaling 1,365 firm-year observations. The sample selection was conducted with specific exclusions, as follows:

(1) Real estate mutual funds and investment units were excluded because they do not have the same management characteristics as general companies, focusing primarily on investor returns.

(2) Companies undergoing rehabilitation were excluded due to their financial status and performance risks. These companies are subject to rehabilitation plans under the Bankruptcy Act and including them could distort the research results and introduce errors.

(3) Companies eligible for delisting from the Stock Exchange, marked as prohibited from trading, were excluded due to the inability to collect complete data.

(4) Companies in the financial business sector—including banking, finance and securities, and insurance - were excluded because these businesses have distinct capital structures and specific regulatory requirements governed by the Bank of Thailand. These regulations apply exclusively to companies classified as financial institutions.

Table 1 Selection of firms from SETSMART database (2021–2023)

Description	No. of firms
Total listed companies on SETSMART – 2021 to 2023	643
Less companies in the financial industry group	(68)
Less companies with missing values *	(47)
Less companies listed in 2021 and thereafter	(35)
Less companies' outliers	(24)
Final sample (Firms)	469
Final sample (Firm Year Observations)	1,365

Table 2 Number of samples

Industrial Groups	Years			Total
	2021	2022	2023	
Agriculture and Industry Group	53	53	56	162
Resources Industry Group	54	55	58	167
Technology Industry Group	34	35	36	105
Service Industry Group	108	115	115	338
Industrial Goods Industry Group	75	79	82	236
Consumer Goods Industry Group	26	28	29	83
Real Estate and Construction Industry Group	89	92	93	274
Total	**439**	**457**	**469**	**1,365**

Data Collection

This study examines the relationship between shareholder structure, comprising institutional shareholders, executive shareholders, and minority shareholders, and earnings management, and its impact on the marketing performance of companies listed on the Stock Exchange of Thailand across all seven industry groups. The analysis utilizes 1,365 firm-year observations, collected from financial statement data in the Set-Smart database for the period 2021 to 2023.

Research Tools

The data used in this study is secondary data, collected from the website: www.setsmart.com (Set Market Analysis), using financial statements of companies listed on the Stock Exchange of Thailand for the period 2021 to 2023. In this study, multiple regression analysis was employed to test the relationships proposed in the hypotheses. The model used in this study is as follows:

$$\text{TOBIN'S Q} = \beta_0 + \beta_1 \text{INST} + \beta_2 \text{MANGE} + \beta_3 \text{FLOAT} + \beta_4 \text{EM} + \beta_5 \text{LEV} + \beta_6 \text{SIZE} + \varepsilon$$

The dependent variable in this study is business performance, measured by market performance, specifically Tobin's Q.

Table 3 Variables and Variable Measurement

Variables	Variable Measurement
Market Performance (Tobin's Q)	Market value of common stock + Book value of liabilities) / Book value of assets
Institutional Shareholders (INST)	Proportion of shares held by institutional shareholders*
Managerial Shareholders (MANGE)	Proportion of shares held by executive shareholders*
Minority Shareholders (FLOAT)	Proportion of shares held by minority shareholders*
Earnings Management (EM)	Raman, K. & Shahrur, H. (2008) Model**
Leverage (LEV)	Total Debts / Total Assets
Firm Size (SIZE)	Natural Logarithm of Total Assets

Remarks: *refers to institutional shareholders, **Raman, K. & Shahrur, H. (2008) Model

$$AT_{it}/\Delta AT_{it\_1} = \alpha_0 + (1/AT_{it\_1)+\alpha_1}((\Delta REV_{it-\Delta REC_{it)}}/\Delta AT_{it\_1} + \alpha_2(PPE_{it} - \Delta AT_{it\_1)} + \alpha_3 ROA_{it\_1} + \alpha_4 BM_{it} + \varepsilon_{it}$$

TA_{it} = Total accruals of the company i in year t

$TA_{i,\ t}$ = Total profits – Cash flow from operating activities

AT_{it-1} = Total Assets at the beginning of the year

REV_{it} = Change in income in year t

PPE_{it} = Land, buildings and equipment in year t

REC_{it} = Accounts receivable in year t

ROA_{it} = Return on Total Assets: Net Profit / Total Assets

BM_{it} = Book value to market value ratio: Book value of shareholders' equity / Market value of shareholders' equity

Data analysis Results

Descriptive Statistics

Table 4 Basic Statistical Values of Data from the Sample Group

Variables	N	Mean	SD	Minimum	Maximum
Market Performance(Tobin's Q)	1,365	1.393	0.885	0.287	6.093
Institutional Shareholders (INST)	1,365	12.205	17.214	0.000	97.280
Managerial Shareholders (MANGE)	1,365	11.890	16.837	0.000	92.400
Minority Shareholders (FLOAT)	1,365	41.101	18.163	15.140	97.960
Earnings Management (EM)	1,365	0.020	0.071	-0.496	0.417
Leverage (LEV)	1,365	0.437	0.220	0.010	1.616
Firm Size (SIZE)	1,365	15.883	1.565	11.962	21.848

From Table 4, the average marketing performance (Tobin's Q) was found to be 1.393 times, indicating that the sample group can enhance the company's value. The lowest recorded value was 0.287, while the highest value was 6.093 times. The average proportion of institutional shareholders was 12.205 percent. The company with the highest proportion of institutional shareholders reached 97.28 percent, which was comparable to the average of executive shareholders, recorded at 11.89 percent. The company with the highest proportion of executive shareholders stood at 92.40 percent, while the lowest value was 0 percent for both institutional and executive shareholders, indicating the absence of such shareholder structures in the sample

group. The average proportion of minority shareholders was 41.101 percent, suggesting that the sample group had less than half of its shares distributed among minority shareholders. The highest percentage of small shareholders in the sample group was 97.96 percent, with the lowest at 15.14 percent. The average earnings management (EM) was 0.020, with the lowest value in the sample group reflecting profit management through losses at -0.496, and the highest value representing profit management through profit creation at 0.417.

Regarding control variables, the average debt burden of the sample group was found to be 0.437 times, which indicates that the sample group had a debt proportion of approximately 43.37 percent of total assets. As for business size, the data was not normally distributed; therefore, it was adjusted using the natural logarithm to achieve normality and meet the conditions for statistical testing.

Correlation Analysis

Correlation Analysis was conducted by analyzing the Pearson Correlation Coefficient to test the relationship between two variables or data sets. The variables under study must be in the form of a ratio. If the obtained value is close to -1 or 1, it indicates a strong relationship between the two variables. Conversely, if the coefficient value is close to 0, it suggests a weak or nonexistent relationship. Generally, an acceptable coefficient level is no greater than -0.65 or 0.65. The criteria for determining the strength of the relationship between the two variables are as follows, as explained by Dennis E. Hinkle et al. (2003):

Table 5 Pearson Correlation Coefficient

Variables	VIF	INST	MANGE	FLOAT	EM	LEV	SIZE	Tobin's Q
INST	1.066	1.000						
MANGE	1.065	-.110**	1.000					
FLOAT	1.047	-.023	-.080**	1.000				
EM	1.039	-.010	.052	.119**	1.000			
LEV	1.258	.069*	-.036	.132**	-.115**	1.000		
SIZE	1.336	.235**	-.212**	.086**	-.016	.419**	1.000	
Tobin's Q		.091**	.052	-.079**	-.205**	-.084**	.000	1.000

**. Correlation is significant at the 0.01 level (2-tailed), *. Correlation is significant at the 0.05 level (2-tailed).

From Table 5, the analysis of the correlation coefficients among the independent variables and control variables, namely, institutional shareholders (INST), executive shareholders (MANGE), small shareholders (FLOAT), and earnings management (EM), revealed that none of the values exceeded -0.65. Additionally, the VIF values were all below 10 (Hair et al., 2010). Therefore, this research did not identify any issues with multicollinearity, allowing for the successful application of the hypothesis tests in the multiple regression equation.

Results of Hypothesis Testing

Table 6 Analysis of the relationship between institutional shareholders (INST), executive shareholders (MANGE), minority shareholders (FLOAT), earnings management (EM), and market performance (Tobin's Q)

Variables	Coefficient	*t*-value	*p*-value
(Constant)	1.206	4.645	.000
Institutional Shareholders (INST)	.005	3.503	.000***
Managerial Shareholders (MANGE)	.004	2.827	.005***
Minority Shareholders (FLOAT)	-.002	-1.174	.241
Earnings Management (EM)	-2.731	-8.186	.000***
Leverage (LEV)	-.519	-4.387	.000***
Firm Size (SIZE)	.027	1.562	.118
Adjusted R Square = 26.65%, Durbin-Watson =1.600, F =17.193***			

* ,** ,*** indicate significance at the 10,5 and 1% levels, respectively

Hypothesis 1 tests the relationship between financial institution shareholders and market performance. The results show that the regression coefficient is 0.005, with a t-value of 3.503 and a p-value of 0.000, which is statistically significant at the 0.01 level. This indicates a significant positive relationship between institutional shareholders and market performance. Thus, hypothesis 1 is supported.

Hypothesis 2 tests the relationship between executive shareholders and market performance. The results indicate a regression coefficient of 0.004, with a t-value of 2.827 and a p-value of 0.005, which is statistically significant at the 0.01 level. This suggests that executive

shareholders have a significant positive relationship with market performance**.** Thus, hypothesis 2 is supported.

Hypothesis 3 tests the relationship between small shareholders and market performance. The results show a regression coefficient of -0.002 and a t-value of -1.174, with a p-value of 0.241, which exceeds the 0.05 significance level. This indicates that small shareholders do not have a significant relationship with market performance**. Thus,** hypothesis 3 is not supported.

Hypothesis 4 tests the relationship between earnings management and market performance. The results show a regression coefficient of -2.731 and a t-value of -8.186, with a p-value of 0.000, which is below the 0.01 significance level (p-value = 0.000 < 0.01). This indicates that earnings management has a significant negative relationship with market performance. Thus, hypothesis 4 is supported.

Summary and discussion of research results

Discussion

The study on the relationship between shareholder structure and earnings management affecting the market performance of companies listed on the Stock Exchange of Thailand revealed that institutional shareholders (INST) and board shareholders (MANGE) have a positive relationship with market performance (Tobin's Q). This suggests that companies with a shareholder structure that includes institutional investors and board shareholders tend to have higher firm value (Harris, M. & Ravie, A., 2010; Ertumur, Y., et al, 2011; Prevost, A.K., et al, 2016; Gantchev, N, 2013; Goranova, M & Ryan, L.V., 2014). These findings indicate that the presence of institutional or board shareholders can create significant value for the company (Brav, A., et al, 2008; Greenwood, R. & Schor, M., 2009; Alexander, C.R., et al, 2010; Cai, J. & Walkling, R.A., 2011; Dimitrov, V . & Jain, P.C., 2011; Cuñat, V ., et al, 2012; Edmans, A., et al, 2013). An increased proportion of institutional shareholders positively impacts stock value, as institutional investors—comprising large corporations, banks, financial companies, securities firms, insurance companies, and mutual funds—tend to invest with a focus on medium- to long-term returns. Their investments are generally based on fundamental analysis, targeting stocks with market prices below the present value of expected future cash flow while considering both returns and risks. As a result, stocks in companies with good performance prospects and manageable risk levels attract institutional investors, leading to increased demand and rising stock prices. Additionally, institutional investors are seen as stable and reliable decision-

makers, which further enhances the credibility of companies with a higher proportion of institutional shareholders, positioning these stocks as high-quality investments. Furthermore, companies with executive shareholders tend to show better market performance, as executives with a personal stake in the firm are more likely to align their decisions with the interests of shareholders, ultimately maximizing the company's value (Filatotchev, I. & Dotsenko, O., 2015; Denes, M.R., et al, 2016; Bouaziz, S. & Jarboui, A., 2016). However, this study did not find a significant relationship between minority shareholders and market performance.

The study also found that earnings management has a negative relationship with market performance. This finding supports agency theory, highlighting the conflict between executives and shareholders regarding earnings management. Executives often manipulate earnings for personal gain rather than in the best interest of shareholders or capital owners, reflecting a conflict of interest. Therefore, regulatory agencies and authorities need to establish mechanisms and controls to mitigate earnings management in Thai listed companies. In practice, shareholders or company owners can use these findings to strengthen corporate governance mechanisms, such as enhancing internal controls, forming effective audit committees, and selecting qualified external auditors to reduce earnings manipulation. Investors and users of financial statements can leverage the observed negative relationship between earnings management and market performance when making decisions. Furthermore, this evidence encourages capital market regulators to assess the adequacy of corporate governance in listed companies and to explore additional criteria or mechanisms for improving governance standards.

Limitations of the study

This study examined shareholder structure through three variables: institutional shareholders, executive shareholders, and minority shareholders. However, based on the literature review, there are additional variables within shareholder structures that may impact marketing efficiency. Furthermore, in measuring earnings quality using outstanding items as an indicator, various models exist for assessing earnings quality, such as the model of Jones, J. J., (1991), the Modified Jones model (1995), and the Patricia M. Dechow & Ilia D. Dichev, (2002) (Ratchanu Runghuapai and Kusuma Dampitak, 2019). Each of these models uses different equations and components to calculate earnings management. Therefore, if future studies employ other models to assess earnings quality, the results may differ from those of this study.

Future research should explore the latest developments in earnings management testing models, given the increasing complexity of business operations. Additionally, researchers may consider utilizing other metrics to assess earnings quality, such as earnings persistence and earnings predictability, to enhance the robustness of their findings.

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