

KAM REPORTING AND COMMON SHARE PRICE OF LISTED COMPANIES IN THE MARKET OF ALTERNATIVE INVESTMENT FROM THAILAND

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ABSTARCT

From the mixed results of previous related literatures, the study's objective mainly aimed to test the possible relationship between Key Audit Matters (KAM) reporting and common share price of listed companies from the alternative capital market in Thailand namely the Market of Alternative Investment (MAI). Using 127 out of 160 MAI firms, 381 corporate annual reports during 2016 to 2018 were used as the samples. KAM reporting and corporate characteristics were collected from annual reports, while the MAI's website namely SETSMART was used to collect corporate common share price of the samples. Descriptive analysis, correlation matrix and panel data analysis were used to analyze the data. As the results, the study found a significantly negative relationship between KAM reporting and common share price. Moreover, industry type and profitability had positively correlated with common share price. Main contribution of this study was that KAM reporting can provide accurate information value of communication compared with the traditional audit reporting to corporate investors for decision making as well as reducing information asymmetry.

Keywords: KAM Reporting, Common Share Price, The Market of Alternative Investment, Thailand.

INTRODUCTION

Audit reporting is a communication tool from external auditor of a corporation, which is used to audit corporate operation and financial statement by auditor, to users such as shareholders, investors, creditors, and analysts (Tangruenrat, 2015). The users hope that audit reporting will provide auditing information value of accurate financial statement. In addition, the reporting should send a signal of auditor's opinions to the users when there are some abnormalities of financial statement. However, the traditional audit reporting did not reveal enough information value and signal to the users for decision making. For example, from the world financial crisis in 2008, the users and policy makers criticized that the audit reporting provides less communication value (Srijunpetch, 2017). Thus, in year 2010, International Auditing and Assurance Standards Board (IAASB) had launched ISA700: Forming and Opinion and Reporting on Financial Statement that has increased the audit reporting from three paragraphs into six paragraphs (IAASB, 2011). The new audit reporting aimed to improve communication value from the auditor to the users. Moreover, since 2015, the IAASB has provided the revised version of ISA700 by including one more paragraph namely Key Audit Matters (KAM) into the new audit report. The IAASB has also launched ISA701: Communicating Key Audit Matters in the Independent Auditors' Report to set the auditor's opinions on KAM reporting including type and content of communication in this paragraph (IFAC, 2017). A number of countries have already incorporated KAM reporting into their regulatory framework, including the United Kingdom, European Union countries, Australia, New Zealand, and Singapore (Bedard et al., 2015; Pries and Scott, 2018; Velte, 2018; Velte and Issa, 2019). In Thailand, the Federation of Accounting Professions (FAP, 2016) of Thailand has incorporated KAM reporting into its accounting standards and KAM reporting has been mandatory in audit reports since 2016 for companies listed in the Stock Exchange of

Thailand (SET) as the main capital market and the Market for Alternative Investment (MAI) as the alternative capital market.

The advantage of KAM reporting was tested by several researchers (Smith, 2017; Sirois et al., 2018). For instant, Smith (2017) found that the users can understand the new audit reporting within KAM reporting better than the traditional audit reporting because KAM reporting is provided negative and risk information by auditor's opinions of corporate operation and financial statement. Sirois et al. (2018) found that KAM reporting provided higher communication value than the traditional reporting and KAM reporting had influenced on investors' decision making. From these previous studies, the benefit of KAM reporting is to send a significant signal of auditor's opinions to the users especially investors for decision making on investing into corporate common share. As proposed by signaling theory, there is an information asymmetry between the investors and a corporation because although investors base their investment decisions on the information contained in corporate financial statement, they may not know about the quality and value of the information reported by the corporation. Therefore, KAM reporting will improve the corporate information value and quality reported by auditors' opinions in company financial statement (Allen and Faulhaber, 1989). In addition, the inclusion of KAM will improve its reliability and transparency. In conclusion, the main purpose of KAM reporting is to enhance the information value of audit reporting by providing better information about the work which the auditor has performed.

However, there are some research problems that should be mentioned in this study. Firstly, there were few studies to investigate KAM reporting in emerging-economy countries (Gunno and Penawuthikul, 2018; Suttipun, 2020) compared with the KAM reporting in developed countries (Vanstraelen et al., 2012; Bedard et al., 2015; Pries and Scott, 2018; Velte, 2018; Velte and Issa, 2019). Moreover, in Thailand, even though there were some prior literatures of KAM reporting, all studies had focused on only main capital market namely the Stock Exchange of Thailand (Tangruenrat, 2015; Srijunpetch, 2017; Gunno and Penawuthikul, 2018; Limaporn et al., 2019; Suttipun, 2020). No study uses the alternative capital market in Thailand to survey KAM reporting, though the listed companies in this market have been regulated from the policy makers to have KAM reporting in their annual reports. To test relationship between KAM reporting and corporate common share price, the results of the previous related studies were mixed (Srijunpetch, 2017; Ishak and Abidin, 2018; Velte, 2018; Pries and Scott, 2018; Boonyanet and Promsen, 2018; Limaporn et al., 2019). For example, on one hand, most prior literatures found that there was a negative influence of KAM reporting on corporate common share price (Pries and Scott, 2018; Velte, 2018; Boonyanet and Promsen, 2018). Using signaling theory to explain the reason of negative relationship between both variable, KAM reporting can increase the information value of communication between auditor's opinions and investors, therefore, the investors use the content of KAM reporting for decision making (Brown et al., 2009). Moreover, KAM reporting normally provides negative and risk information so that it is used as a signal to send to any users including the investors. On the other hand, Limaporn et al. (2019) found a positive relationship between KAM reporting and common share price of listed companies in Thailand because although KAM reporting can provide better information value than the traditional audit reporting, auditors did not report a negative information. However, Srijunpetch (2017), and Ishak and Abidin, (2018) found that there was no relationship between KAM reporting and common share price. This is because the investors could not any different information value of KAM reporting compared with the traditional audit reporting.

From the research problems above, therefore, there was the main objective to test the possible relationship between Key Audit Matters (KAM) reporting and common share price of listed companies from the Market of Alternative Investment (MAI) in Thailand. The research

question was that is there any possible relationship between KAM reporting and common share price of listed companies from the MAI, if so how?

The study provides both theoretical and practical contributions expected. In terms of theoretical contributions expected, the study can demonstrate signaling theory whether it can be used to explain the possible relationship between KAM reporting and corporate common share price. The study also can find out the answer of correlation between both variable from different results of prior related studies in Thailand by using the alternative capital market. In terms of practical contributions expected, this study's result is expected to be implication to financial statement users especially investors who expect the useful communication of new audit reporting about information value of KAM reporting. The possible relationship between KAM reporting and common share price will reveal information value that the investors can use the reporting to make better economic decisions. The corporations should react and fix following by auditor's opinion in KAM reporting, if their common share price change will be influenced by KAM/ audit reporting.

The study structure had begun with literature review that KAM reporting in Thailand and hypothesis development were described. Population and sample, data collection and variable measurement, and data analysis were indicated in method section. Findings and discussions following by the main objective of this study were shown in next section. Finally, conclusion following by summary, contribution and implication, limitation, and suggestion for future study were indicated in the last section.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

An audit has been defined by the International Audit and Assurance Standard Board (IAASB) as an independent examination and expression of opinion on a firm's financial statement by an auditor appointed in accordance with the terms of appointment and in compliance with the relevant statutory and performance requirements. An audit report is the final report of the audit assignment which all auditors issue to their clients giving their opinion that the financial statement represents a true and fair view of the company's financial performance and position.

The auditor's statement on a corporate financial statement is an important issue for a company's stakeholders, especially its shareholders, and other investors, and also for regulators in the country(s) where it operates. However, it has been argued that auditors cannot satisfy both the company itself and its shareholders and investors who would like higher quality information and more specific audit reporting. The lack of information value of traditional audit reporting was mentioned by several researchers. Srijunpetch (2017) found that the traditional audit reporting in Thailand was not provided auditors' qualify opinion. It made that the audit reports of any Thai listed companies were not different content and value of communication, therefore, the users such as shareholders, investors, creditors, and analysts did not pay attention on the audit report for decision making (Tangruenrat, 2015). Church et al. (2008) stated that although there was an effort to improve communication quality of the traditional audit reporting, information value had no change. For example, Benard et al. (2015) found no influence of the traditional audit reporting on corporate financial statements and investor's decision making.

Therefore, as noted in the introduction, the International Auditing and Assurance Standards Board (IAASB) had launched ISA700: Forming and Opinion and Reporting on Financial Statement that has increased the audit reporting from three paragraphs into six paragraphs in year 2010 (IAASB, 2011). The new audit reporting aimed to improve communication value from auditors to the users. In year 2015, the IAASB (IFAC, 2017) sought to updated and improve the traditional audit report through the implementation of International

Standard on Auditing No. 701 “Communicating Key Audit Matters in the Independent Auditor’s Report”, which introduced a requirement for auditors to include KAM in their auditor’s report with effect from 2015 with the aim of improving the quality of information and transparency relating to the audit of the company’s financial affairs. The IAASB has also launched ISA701: Communicating Key Audit Matters in the Independent Auditors’ Report to set the auditor’s opinions on KAM reporting including type and content of communication in this paragraph (IFAC, 2017).

In Thailand, audit reporting has been changed several times since Thai audit standards were issues by the Institute Certified Accountants and Auditors of Thailand (ICAAAT) in 1975. There was the two paragraphs of audit reports as same standard as the US audit reports. The ICAAT had introduced the new three paragraphs of audit reports since 1999 following by the International Auditing and Assurance Standards Board (IAASB). In 2005, The ICAAT has been changed and called as the Federation of Accounting Profession (FAP). In 2012, the six paragraphs of audit reports were adopted in Thailand under ISA700: Forming and Opinion and Reporting on Financial Statement (Boonyanet and Promsen, 2018). In 2016, the Federation of Accounting Profession (FAP, 2016) launched mandatory KAM reporting in audit reports under ISA701: Communicating Key Audit Matters in the Independent Auditors’ Report for only companies listed in the SET and the Market for Alternative Investment (MAI). KAM reporting is used to provide information about the most important issues relating to the company’s performance in an accounting period at the auditor’s sole discretion (FAP, 2016). Thus, KAM reporting is a means of communicating important information to those, such as investors, who rely upon corporate financial statements in their decision making, as well as regulators.

KAM reporting is based on the opinions of the auditors who are responsible for auditing a company’s financial affairs and through the reporting of KAM they can communicate financial and non-financial information to stakeholders and others who use or rely on company financial statements about issues which may increase corporate risk, such as revenue recognition, inventory, receivables and allowances, property valuations, asset impairment, investment and investment impairment, goodwill impairment, taxation, and provisions (FAP, 2016). Thus, the users can consider KAM reported in the audit report in corporate annual reports to gain a clearer understanding about corporate risk in their decision making. However, KAM reporting has only been mandatory in Thailand since 2016 so that the effect of KAM reporting is largely unknown. Moreover, the results of relationship between KAM reporting and common share price of Thai listed companies in capital market were mixed (Srijunpetch, 2017; Boonyanet and Promsen, 2018; Limaporn et al., 2019). All related literatures of KAM reporting in Thailand focused on only main capital market namely the Stock Exchange of Thailand (Tangruenrat, 2015; Srijunpetch, 2017; Gunno and Penawuthikul, 2018; Limaporn et al., 2019; Suttipun, 2020), buy no study uses the alternative capital market to survey KAM reporting, even though the listed companies in this market have been regulated from the policy makers to have KAM reporting in their annual reports.

There have been several prior studies which have tested the relationship between audit reporting including KAM reporting, and common share price (Vanstraelen et al., 2012; Bedard et al., 2015; Srijunpetch, 2017; Prices and Scott, 2018; Velte, 2018; Boonyanet and Promsen, 2018; Limaporn et al., 2019; Velte and Issa, 2019). The main reason for expecting such a relationship is because most investors consider financial statements and the information in corporate annual reports for decision making (Boonyanet and Promsen, 2018). For example, if companies achieve higher financial performance as well as better performance in non-financial aspects of their operation and thus attract less adverse comments from their auditors they will be more attractive to investors who will be more likely to invest in their stock (Tangruenrat, 2015). Thus, Boonyanet and Promsen, (2018), Velte (2018), Pries and Scott (2018), and Ousubcharoenchai (2005) all found that KAM reporting or adverse results had a negative

effect on share price since when companies report a loss or a reduction in profit, the higher risk to investors will be reflected in the auditor's report (Velte, 2018). Thus auditors need to provide more information and to disclose their opinions about corporate changes and risks. In addition, the negative relationship which would be anticipated between KAM reporting and share price could be explained by signaling theory because KAM reporting can improve the reliability and credibility of the information disclosed in company financial statements and thus reduce information asymmetry between companies and investors, as well as improving the quality of information available to investors when making decisions (Fellnas and Stromback, 2015). On the other hand, if companies make higher profits or improve their performance, auditors are likely to make fewer disclosures of their opinions in their auditors report (Ousubcharoenchai, 2005; Limaporn et al., 2019). However, related literatures of Srijunpetch (2017), and Ishak and Abidin (2018) could not find any influence of audit reporting on corporate market price of the common shares. This may be because KAM reporting was not different information value compared with the traditional audit reporting. Therefore, when KAM reporting does not provide any high quality of communication, the investors do not used this reporting in order to make decisions. Nevertheless, this study hypothesized that:

H There is a negative relationship between KAM reporting and common share price of listed companies from the Market for Alternative Investment (MAI).

METHODS

An empirical study method based on secondary data was applied in the study. The population in this study was all the companies listed (around 160 firms) in the MAI during the period 2016 to 2018. However, the study did not include companies that, (1) issued no annual reports between 2016 and 2018, (2) did not end their accounting year on 31st December, (3) were registered in the Stock Exchange of Thailand (SET), (4) were registered as listed companies after 2016, (5) were registered in the financial industries and property funds section or the REITs section of the property and construction industry sector at the MAI, (6) were no available common share price during period being study, (7) had no qualified audit reports during 2016 to 2018, or (8) were withdrawn from listing by the MAI including companies under rehabilitation. After applying the conditions above, there were 127 listed companies which met the study's criteria and those companies were therefore adopted as the sample in this study.

To study the KAM reporting in audit reports, this study relied on the 2016 to 2018 annual reports of the firms sampled, thus, there were 381 corporate annual reports (127 firms x 3 years = 381). The annual report is the statutory report which is widely recognized as the principle means by which corporations communicate their actions and activities (Suttipun, 2020). Therefore, the auditor's reports in the annual reports issued by the sample of companies during the period, 2016 to 2018 were used to collect the data in this study. KAM reporting was collected from annual reports, while the MAI's website namely, SETSMART, was used to collect corporate common share price of the samples.

To test the relationship between KAM reporting and share price of listed companies from the MAI in Thailand, the study focused on only paragraphs containing KAM in the auditor's reports of annual reports of the sample of companies. The independent variable used in this study consisted of the level of KAM reporting based on word count. The independent variable was measured by content analysis based on word counting by which the level of KAM reporting in the corporate annual reports was quantified. The main reason that content analysis was used in the study was because it is an analysis technique allowing a replicable and valid inference to be drawn from data according to the context (Krippendorff, 1980). On the other hand, the corporate share price of was used as the dependent variable in this study. The share

price was measured from average share price before and after seven days as Thai baht of annual report announcement date. To reduce the probability of omitted variable bias, this study included control variables that were adopted from the previous related studies (Tangruenrat, 2015; Smith, 2017; Suttipun, 2020; Velte, 2018; Velte and Issa, 2019). This is because missing control variables can lead to failure rejecting the hypothesis when in fact it should be accepted (Boonyanet and Promsen, 2018). Therefore, this study considered the corporate characteristics consisting of firm size, industry type, firm age, audit type, audit fee, profitability, and risk, as control variables. Therefore, Table 1 indicates the methods of measuring the variables used in this study.

Variable	Notation	Measurement
1. Common Share Price	PRICE	Average share price before and after seven days (Baht) of annual report announcement date
2. KAM Reporting	KAM	Number of KAM reporting (Word)
3. Firm Size	SIZE	Total Asset (Million baht)
4. Industry Type	INDUS	Dummy variables as 1 = Agriculture and food, 2 = Consumer, 3 = Finance, 4 = Industrial, 5 = property and construction, 6 = Resources, 7 = Service, and 8 = Technology
5. Firm Age	AGE	Firm age (Year)
6. Audit Type	AUDIT	Dummy variables as 1 = Big 4 auditors, and 0 = otherwise
7. Audit Fee	FEE	Audit fee (Million baht)
8. Profitability	PROFIT	Return on asset (ROA)
9. Firm Risk	RISK	Current ratio

To test the possible relationship between KAM reporting and share price of listed companies from the MAI in Thailand, panel data analysis was used. Moreover, correlation matrix was used to test for multicollinearity problem between variables used in this study. There were two equations used which are:

$$\text{PRICE} = \beta_0 + \beta_1\text{KAM} + \varepsilon$$

$$\text{PRICE} = \beta_0 + \beta_1\text{KAM} + \beta_2\text{SIZE} + \beta_3\text{INDUS} + \beta_4\text{AGE} + \beta_5\text{AUDIT} + \beta_6\text{FEE} + \beta_7\text{PROFIT} + \beta_8\text{RISK} + \varepsilon$$

FINDINGS AND DISCUSSIONS

From 127 listed companies of MAI, Table 2 presents descriptive statistics of all variables used in the study. The study found that the average common share price seven days before and after the event date (PRICE) was 5.222 baht per stock (SD = 8.665). The average level of KAM reporting (KAM) during 2016 to 2018 was 613.057 words (SD = 304.946). In terms of control variables used in this study, firm size (SIZE), which was measured by total asset, indicated 1864.259 average million baht (SD = 1617.009). The average firm age (AGE) was 23.055 years (SD = 10.444). The average audit fee was 1.879 million baht (SD = 1.257). Profitability (PROFIT) measured by return on asset was 2.913 (SD = 1.162), while the average firm risk (RISK) was 3.541 (SD = 3.206). To consider for the type of KAM reporting in the MAI, the study found that revenue recognition was the most common type of KAM reporting (Frequency = 37, percent = 29.13) following by impairment of assets (Frequency = 20, percent = 15.74), inventory valuation (Frequency = 16, percent = 12.60), allowance for doubtful account (Frequency = 13, percent = 10.24), and investment valuation (Frequency = 6, percent = 4.72). Moreover, there was no change of top five KAM reporting during period being study.

Before conducting the multiple regression analysis, the assumptions that the data was normally distributed and that there was no multicollinearity among the variables included in the analysis were first tested. Table 2 also shows the correlation matrix used to test for multicollinearity between the nine variables used in this study, consisting of one dependent variable, one independent variable, and seven control variables. Based on a fixed effects model for panel testing, the variance inflation factor (VIF) of the correlation matrix between the variables was 1.227, which indicates that there was no multicollinearity which would be indicated by a VIF exceeding 10 (Gunno and Penawuthikul, 2018, Vanstraelen et al., 2012). The low coefficients in the correlation matrix between the variables used in the study also indicated that multicollinearity was unlikely to be a problem in the multiple regression (Suttipun, 2020). Based on the correlation coefficients between the nine variables used in this study, there were significant negative correlations between the dependent variable, PRICE and KAM and FEE variables at 0.01 level, while PRICE was a significantly positive correlated with PROFIT variable at the 0.01 level. However, there was no relationship between PRICE, SIZE, INDUS, AUDIT, AGE, and RISK at 0.05 level.

	PRICE	KAM	SIZE	INDUS	AUDIT	AGE	FEE	PROFIT	RISK
PRICE	1	-	-	-	-	-	-	-	-
KAM	-0.149**	1	-	-	-	-	-	-	-
SIZE	-0.020	0.204**	1	-	-	-	-	-	-
INDUS	0.046	0.117**	-0.030	1	-	-	-	-	-
AUDIT	-0.024	0.045	0.233**	-0.030	1	-	-	-	-
AGE	-0.020	-0.100	-0.125*	-0.070	-0.078	1	-	-	-
FEE	-0.135**	0.228**	0.271**	0.266**	0.077	-0.040	1	-	-
PROFIT	0.286**	-0.109*	0.042	-0.176**	0.058	-0.174**	0.204**	1	-
RISK	0.059	-0.008	-0.122*	-0.113*	-0.010	-0.119*	-0.018	0.153**	1
MEAN	5.222	613.057	1864.259	5.102	0.566	23.055	1.879	2.913	3.541
SD	8.665	304.946	1617.009	1.982	0.446	10.444	1.257	1.162	3.206
VIF	-	1.000	1.227	1.139	1.064	1.086	1.249	1.139	1.076

** is significant at 0.01, and * is significant at 0.05

Table 3 in both models presents the results of panel data analysis to test any possible relationship between KAM reporting and common share price in model A, and between KAM reporting, corporate characteristics (as control variable), and common share price in model B. Based on the findings, the adjusted R-squared for the models amounted 1.9 percent in model A, and 9.8 percent in model B, indicating that the independent and control variables explain low proportion of the change in share price, while F-statistic and its probability indicate the model goodness of fit (8.456 and 6.160 in model A and B). As the results, there was a significantly negative relationship between KAM and PRICE at 0.05 level in both models. Using corporate characteristics as control variables, the study found a significantly positive relationship between INDUS, PROFIT, and PRICE at 0.01 level in model B, while no correlation was between SIZE, AGE, AUDIT, FEE, RISK, and PRICE at 0.05 level. Therefore, hypothesis tested of this study was accepted in both models.

The result of negative relationship between KAM reporting and share price was consistent with the previous related studies of Osubharoenchai (2005), Pries and Scott (2018), and Velte (2018). This is because KAM reporting indicates risks that companies are going to face under discretion of auditor. In addition, KAM reporting is used as the third party's communication of auditor from corporations to their investors and shareholders (Zheng and Stangeland, 2007). The reporting has an influence on investors' decision making including investment. Therefore, if auditors provide high level of KAM reporting, corporate share price

will be decreased because investors reading that the reporting will be less likely to invest (Ousubharoenchai, 2005). In addition, to compare with the other emerging countries in the same region, this study's result was different with Ishak and Abidin (2018) finding no relationship between KAM/ audit reporting and corporate stock price of listed companies in Malaysia and Indonesia. This can be explained by signaling theory that KAM reporting in Thailand provided the potential information value to investors, while KAM/ audit reporting in Malaysia and Indonesia did not provide useful information value to corporate potential investors for decision making.

TABLE 3
MULTIPLE REGRESSION MODELS

Variables	Model A		Model B	
	B	t (sig.)	B	t (sig.)
Constant	7.812	7.897**	2.977	1.200
KAM	-0.004	-2.908**	-0.003	-2.263*
SIZE	-	-	0.000	.665
INDUS	-	-	0.611	2.687**
AGE	-	-	0.025	.605
AUDIT	-	-	-0.486	-.547
FEE	-	-	0.645	-1.718
PROFIT	-	-	.159	5.346**
RISK	-	-	.090	.726
R Square	0.022		0.117	
Adj. R Square	0.019		0.098	
F value (sig.)	8.456**		6.160**	
N	381		381	

** is significant at 0.01, and * is significant at 0.05

CONCLSION AND SUGGESTION FOR FUTURE STUDY

To demonstrate whether KAM reporting in Thailand can provide some information value to potential investors for decision making, the study mainly aimed to test the possible relationship between KAM reporting and common share price of listed companies in the alternative capital market in Thailand namely, Market for Alternative Investment. The study employed corporate common share price as a dependent variable, level of KAM reporting as an independent variable, and corporate characteristics consisting of firm size, industry type, firm age, audit type, audit fee, profitability, and risk as control variables. This study found a negative relationship between KAM reporting and corporate common share price. Using control variables, the study found a significantly positive relationship between industry type, profitability, and share price, while no correlation was between firm size, firm age, audit type, audit fee, firm risk, and common share price.

As the first empirical study of KAM reporting in the alternative capital market in Thailand namely the Market for Alternative Investment, the study findings provide several contributions and implications. In terms of theoretical contribution, the result of possible relationship between KAM reporting and common share price indicates that extended and required communication of KAM reporting provides useful and new information value to investors for decision making and help in reducing information asymmetry. The study result can demonstrate signaling theory that can be used to explain the negative relationship between KAM reporting and corporate common share price. The study also can find out the answer of correlation between both variable from mixed results of prior related studies from developing countries by using the alternative capital market where KAM reporting is quite new and regulated below five years. In terms of practical implication, the finding of relationship between KAM reporting and share price supports that KAM reporting has a significant effect

on investor behavior. This is because the negative relationship between both variables reveals information value that the investors can use the reporting to make better economic decisions. On the other groups, the corporations also can react and fix following by auditor's opinion in KAM reporting because KAM reporting can work as the qualification opinion of auditor which negatively affects to stock market reaction, therefore, it can influence corporate investors' decision. The results indicate that KAM reporting is not useful to only investors for decision making or the reaction of corporations, but also contribute to better governance and policy maker as well as the other financial statement users either.

The study provides some limitations. First, this study focused on quantitative data of KAM reporting rather than qualitative data. Therefore, the extent and type of KAM reporting were not investigated in this study. As a longitudinal study, the period of three years studied by this investigation must be stated as a limitation to the generalization of its findings. This is because KAM reporting has been just launched in Thailand since 2016. Next, this study focused on only investors who used KAM reporting to make the investment decision, but there are several users of financial statement such as shareholders, creditors, and regulators who can use the reporting as information value for their decision making. Finally, even though this study is the first paper investigating KAM reporting of listed companies of the alternative capital market in Thailand, comparative study of KAM reporting between main and alternative capital markets is not studies. To suggest for future study, therefore, comparative study of KAM reporting between the SET and the MAI should be researched by using both qualitative and quantitative data. Moreover, the new financial statement users consisting of shareholders and creditors will be used as samples in the future study

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