CORPORATE GOVERNANCE MECHANISM, CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE, EARNINGS MANAGEMENT AND PERFORMANCE OF LISTED COMPANIES ON THE STOCK EXCHANGE OF THAILAND (SET 100)

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ABSTRACT

This research aims to study the influence of corporate governance mechanisms, social responsibility disclosure, and earnings management on the performance of listed companies on the Stock Exchange of Thailand, using statistical analysis of model data, equations, structure, and path analysis. The results showed that corporate governance mechanisms have a positive influence on social responsibility disclosure by successfully implementing external CSRs, requiring effective and strong corporate governance mechanisms. Corporate governance mechanisms to have a negative influence on performance, meaning that good corporate governance has no effect on the firm's performance. Social responsibility to negative influence performance when more investing in community and social development, companies will be recognized by the community and society, but the firm's performance will be reduced as higher costs of CSR. Earnings management have a negative influence on performance, it can be explained by the agency theory that executives create personal utilities rather than shareholder benefits as support for the concept of managing executive profits increases, resulting in increased agency costs and resulting in lower performance. Meanwhile, a relative path analysis of data found that governance mechanisms and corporate social responsibility disclosure had no influence on earnings management as measured by the Yoon Model.

Keywords: Corporate Governance Mechanism, Social Responsibility Disclosure, Earnings Management, Performance

INTRODUCTION

Financial statement are one of the conventional tools used for reporting and presenting all of the disclosed information regarding financial position, performance, cash flows and other non-financial items. Financial statements are considered a business language that helps communicate the summarized business activities into a format that is readable and easy to understand to communicate to all stake holders. Financial statements also provide meaningful information for all stakeholders such as debtors, regulators and investors. Importantly, investors can use information to evaluate the firm performance and its ability to generate economic values. However, profits are also important information that will influence decision-making, hence the profit data in the financial statements, which will affect the response of the capital market. If the business reports high profits, it will result in investors being interested in investing in the securities at a high value, which will result in higher the price of the securities according to the mechanisms of the capital market. Investors who decide to invest in securities listed on the Stock Exchange of Thailand will have the status of the owner of the business, which is called the shareholder. However, in practice, a shareholder is unable to perform by themselves. But there will be executives who have been approved by the shareholders to

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perform the management work instead. For this reason, a corporate governance mechanism has emerged.

Corporate Governance is important to listed companies, demonstrating that it has an efficient, transparent and auditing management system which has helped build confidence and confidence to shareholders, investors, stakeholders and all related parties. Listed companies or companies that have fundraising include shareholders, directors and executives, which creates a pattern that clearly distinguishes between owner and executive. In general, the owner does not take part in the management and at the same time the executive is not the owner but has the duty to manage it for maximum benefit. The unequal perception of information between the principal and the agent may lead to agent problems from conflicts between agents and agents (Jensen & Meckling, 1976). Therefore, there must be an intermediary to coordinate and monitor and build confidence for shareholders through good governance principles. The mediator who plays a key role in creating good corporate governance is the board of directors appointed by the shareholders. Board of Directors is considered to be important personnel and plays a very important role in overseeing the management of the best interests of the shareholders. Good board structure and the board's responsibilities is an important factor in driving the organization in a better direction. A good board structure should be appropriately sized, not too small to lack of diversity of ideas and not too large to undermine efficiency and flexibility, consist of board who has competences and independent enough to check and balance management's operations, as the presence of independent directors increases the effectiveness of the protection and preservation of the benefit of the company (Baysinger & Bulter, 1985). Therefore, if the company has a good board structure and the board of directors acts responsibly, taking into account the value of the business and the benefits of the organization, it will reinforce the governance mechanism more effectively, reflected in the firm’s performance.

The company's business operations, taking into account only the creation of the highest value for shareholders, may not be sufficient for today's competition because doing business in such a format may not allow the company to sustain its sustainable existence. The concept of modern organizational management will increase the perspective of taking into account the benefit of the stakeholders (Freeman, 1984). Organizations will design the management of the activities which have a part that expresses Corporate Social Responsibility (CSR). The management of this form of activities will be considered to create a positive image for the organization for the benefit of being expected to reduce the concentration of monitoring by government and to build good relationships for society by adhesion to the mutual dependence of the organization and society that cannot be taken apart. Dane (2016) found that reporting corporate social responsibility information can reduce potential mistakes for companies and also found that company stock prices would fall when companies were reported irresponsible, and when adequate and appropriately reported corporate social responsibility data can create an added value for companies. Brooke, et al., (2014) found that investors are willing to pay higher amounts, if the company tends to engage in social activities and has reported social activities as part of the company's strategy, it can be seen that the social responsibility activities are likely to increase the firm's performance.

Earnings management, which is an issue that affects confidence in the reliability of financial statements and directly affects users. Earnings management impact on stakeholders such as causing asymmetry of internal and external information, thus affecting shareholder value, resulting in a decrease in shareholder value (Park & Shin, 2004). Earnings management tends to increase, according to the Association of Certified Fraud Examiners (ACFE) in the United States which survey earning management in financial statement in various countries in 2010 and 2012. It was found that European firms showed the largest increase of 5.5%, followed by Oceania at 3.2%, and U.S. firms saw a 2.9%, African firms saw at 2.7%, whereas Asian firms saw a 2.3% and a 1.4% in Canadian firms (Sinjarunsak, 2013). The rate of increase has affected the confidence of investors, especially in a country like Thailand that is lacking funds

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and has to rely on both domestic and foreign investments, thus making financial statements become one of the most important information that can be used as a basis for consideration.

Therefore, researchers were interested in studying the relationship between the corporate governance mechanism, social responsibility disclosure, earnings management and performance of listed companies on the Stock Exchange of Thailand. Good corporate governance will result in high performance and is considered as one of the factors that help screen the credibility of the information in the financial statements, which will help reduce the risk of using such information to make investment decisions by applying earnings management alongside. Companies that operate in the interests of stakeholders in the business through social responsibility operations is where social responsibility activities can improve the firm's performance, enhance its reputation and competitiveness, affect its image, and increase its value.

RESEARCH OBJECTIVES

1. To study the influence of corporate governance mechanisms, social responsibility disclosure, earnings management on the performance of listed companies on the Stock Exchange of Thailand.
2. To study the influence of corporate governance mechanisms and social responsibility disclosure on performance by linking through earnings management of listed companies on the Stock Exchange of Thailand.

LITERATURE REVIEW

1. Agency Theory describes the relationship of representation as a contract between two parties, one is called a principal, or the owner of the business and the other is called an agent or an executive. The business executives will authorize the decision-making of their business to the representatives if the goal in the relationship of these parties is to create the best interests of them, and it is believed that the agent will not do anything that will be in the best interests of the authorities alone (Jensen & Meckling, 1976). Since all human beings have the impetus to do so for their own benefit, the business executives will try to find a way to create maximum value for the business only if they consider that the way is to benefit themselves. Whenever ownership power is excluded from the control of the business, conflicts of interest arise where there is a conflict-of-interest problem (Almari et al., 2021). Since the agent or management will try to find a way to create maximum value for the authority only if it determines that the way is mutually beneficial to itself or balances the returns that both parties will receive under the contract otherwise. It is possible for agents to conceal information, avoid responsibility and commit immoral acts such as managing profits at the discretion by themselves, in which such actions of executives give rise to the concept of earnings management. In order to mitigate such problems, the concept of corporate governance arises and is considered an important mechanism for controlling the management's work to the maximum efficiency.
2. Stakeholder Theory was developed from the conceptual framework of Barnard (1938) based on “The Functions of The Executive” with a positive view of supporting social responsibility. Management should not only care about internal stakeholders but should also support social responsibility and broaden stakeholders in the broader view of the company as other non-privileged stakeholders. Or have a voice in the operations or individuals who influence the results of the company, including employees, customers, vendors of inputs, local communities and governments. Freeman (1983) supported this concept because all stakeholders may influence (or gain) the impact of achieving the company's goals by believing that these individuals have the impact (or receive) the impact of success on the mission of the organization, both through policy decisions and the practices of stakeholder theory. In addition, socially responsible businesses may be more attractive to customers and investors, which will have an impact on the share price that may rise, resulting in a higher financial performance.
3. The Theory of Legitimacy by Suchman (1995) explains that the company's business operations are due to the company's social rights and authority to use natural resources and human resources under the condition that the company must meet the expectations of society. If the company is unable to meet the needs of society. For example, Milne & Chan (1999) which studied environmental responsibility disclosure, affected investor investment decisions; the results showed that the company's voluntary disclosure of accountability was one factor that encouraged investors to make investment decisions. Kim, Park & Wier (2012); Yip, Van & Cahan (2011) who found a negative correlation between corporate social responsibility and earnings management. This research can confirm or be able to apply the theory of legitimacy to explain the continuity of cause and effect of phenomena occurring.

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4. The concept of corporate governance mechanism, the Stock Exchange of Thailand has established good corporate governance guidelines to enable public companies listed on the STOCK Exchange to use it as a guideline for good performance in order to maintain benefits for all stakeholders equally. The structure of the Board of Directors is an important factor in good corporate governance. For example, the size of the board of directors, the presence of a large number of committees either reflects the diversity of board knowledge and competence or reflects the balance of power with each other, which results in more efficient work (Beasley, 1996).

   A research done by Delton, et al., (1999) found that the size of the board of directors is inversely related to the performance of the entity, whereas the opinion about the management's work is independently one-third of the board, but not less than three people; (Peasnell, Pope & Young, 2005). Research by Fama (1980); Fama & Jensen (1983) expressed the opinion that an outside director is a person who supports the work of the board to be effective in overseeing the performance of the directors. As for the proportion of directors with expertise in finance and accounting, Park & Shin (2004) found that directors with expertise in finance and accounting had the opposite correlation with earnings management, because directors with expertise in finance and accounting can work effectively in controlling earnings management, thereby improving the firm's performance. In terms of the audit committee, an important role of the audit committee is to ensure the quality of financial statement (Lin & Hwang, 2010). Therefore, the audit committee operates independently, not under the control of management (Bedard, Chtourrou & Courteau, 2004). The proportion of audit committees with expertise in finance and accounting, prior studies show that for effective governance, the audit committee should be a person with experience and professional technical expertise (Carcello, Hermanson & Neal, 2002; Klien, 2002; Sharma, Naiker & Lee, 2009; Lin & Hwang, 2010; Sommer, 1991). Kalbers & Fogarty (1993) which stated that an effective audit committee should consist of personnel with experience and professional technical expertise in the reporting process.
5. Corporate Social Responsibility Disclosure can be viewed as a quality disclosure and a tool that can help increase investor confidence. Trussel (1996); Boltan, Warlop & Alba (2003); Jorgensen & Michael (2003) found that the company's disclosure of information remains dependent on the discretion of the corporate executives. Corporate social responsibility reporting has a variety of well-designed reporting standards and presentation of information in corporate social responsibility in currently, there are no regulatory agencies that require disclosure. If an entity chooses to disclose it will be regarded as a socially and community-responsible entity, and it is likely that the disclosed entity will be sustained. Standards and principles for reporting social responsibility can be classified according to the various departments as follows: (1) UN Global Compact (2) Global Reporting Initiative (GRI) (3) Guideline for MNE (4) Social Accountability Intonation (SAI) (5) Social Responsibility by ISO 26000 (6) Guidelines of the Securities and Exchange Commission.
6. Earnings management by Healy & Wahlen (1999), provides a definition meaning for earnings management was when executives exercise discretion making changes or distortions in financial statement that will cause users to misrepresent the firm's performance, or to benefit themselves. Iatridis & Kadorinis (2009) stated earnings management will allow the management to receive more returns and demonstrate the efficiency of management and fulfill the requirements of the contracts agreed with creditors or to increase the value of the upcoming securities, which is sold on the stock exchange as an incentive for investors. Therefore results in reporting on the financial position or improving the performance, thus having a positive impact on the performance. Also, earnings management signals the ability of management or future performance. Bowen, Rajagopal & Venkatachalam (2008); Jiraporn, et al., (2008) asserted that for a company that has managed to increase its profits, there will be lower agent costs. Therefore, earnings management is useful when managing for increased profits, thereby having a positive impact on performance. On the other hand, earnings management that has a negative impact on performance.
7. The concept of Firm Performance, the main objective of the business to make the organization successful and competitive in a competitive market is to maximize shareholder's wealth, as in investing, shareholders expect to receive returns at a higher rate than the cost of capital. Therefore, the firm's performance is a factor that executives must pay more attention to. In general firm's performance measured by both perspectives: (1) accounting-based measures and (2) marketing-based measures.

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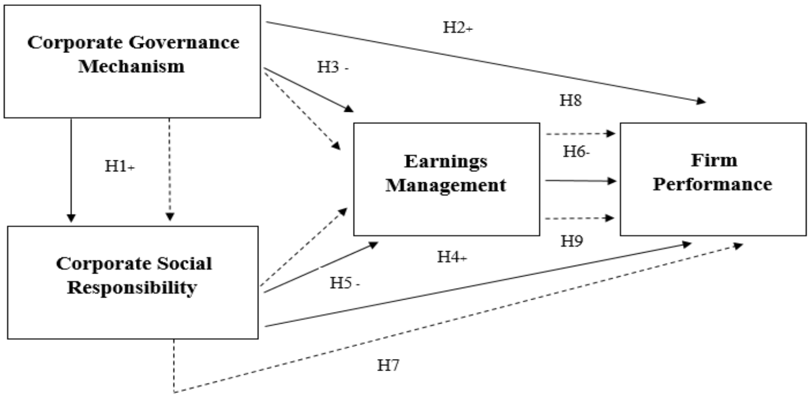

FIGURE 1
RESEARCH CONCEPTUAL FRAMEWORK

RESEARCH METHODOLOGY

This research studied the mechanism of corporate governance, social responsibility disclosure, earnings management and performance. Quantitative research conducted on the population and the sample group listed companies on the Stock Exchange of Thailand (SET 100). The data was collected from 2014 to 2018, including 416 firm-years. The secondary data was extracted from the annual report, annual data statements (Form 56-1), financial statements, notes and SETSMART database of the Stock Exchange of Thailand. The variables used in the study were Corporate Governance Mechanism (CG) measured from

1. Board of Size
2. Proportion of Independent Board
3. Proportion of Directors with expertise in finance and accounting
4. Proportion of an Audit Committee
5. Proportion of Audit Committee members with expertise in finance and accounting.

Corporate Social Responsibility Disclosure (CSR) measuring the level of disclosure social responsibility according to the guidelines of Securities and Exchange Commission (SEC), consisted of

1. Good corporate governance
2. fair business operations
3. anti-corruption
4. respect for human rights
5. fair treatment of workers
6. consumer responsibility
7. community and social development
8. Environmental management
9. Innovation and dissemination of innovations from social responsibility operations
10. Preparation of sustainability reporting.

Earnings Management (EM) as measured by earnings management through discretionary accruals of Yoon (Yoon, Miller & Jiraporn, 2006) developed by Modified Jones model to comply with current accounting principles. Firm performance in this research measured by Tobin's Q. Data analysis and statistics used in data analysis include 1) Descriptive statistics such as mean, 2) inferred statistics, Structural Equation Modeling (SEM) and Path Analysis (PA).

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SUMMARY OF THE RESULTS

The summary of the research findings was on the mechanism of corporate governance, disclosure of social responsibility and earnings management on performance are summarized below.

Variable		2014			2015			2016			2017			2018		
		Min	Max	Average	Min	Max	Average	Min	Max	Average	Min	Max	Average	Min	Max	Average
CG	B_Size	6	23	11.39	6	20	11.19	6	21	11.40	5	18	11.34	6	18	11.42
	B_IND	3	14	4.87	3	11	4.86	3	11	4.90	3	12	4.90	3	11	4.92
	B_EXP	1	5	1.75	1	5	2.28	1	7	3.09	1	8	3.12	1	8	3.21
	AUDIT_B	2	6	3.15	3	5	3.13	3	5	3.19	3	4	3.14	3	5	3.13
	AUDIT_EX	1	4	1.33	1	3	1.46	1	4	1.80	1	4	1.74	1	3	1.77
CSR	CSR 1	6	45	17.73	6	41	18.19	6	41	18.71	6	42	20.06	6	48	20.95
	CSR 2	3	63	23.63	3	59	24.54	3	60	24.98	4	69	26.16	3	70	25.87
	CSR 3	5	68	21.96	5	75	24.46	5	75	25.17	5	75	26.96	5	75	27.92
	CSR 4	5	65	19.38	3	46	19.40	3	51	19.65	6	54	22.18	5	58	22.73
	CSR 5	5	86	31.62	8	98	36.24	8	85	35.82	8	98	40.04	8	98	42.09
	CSR 6	3	83	20.97	3	76	20.96	3	76	22.58	5	81	25.89	3	81	27.00
	CSR 7	4	162	31.65	5	164	34.84	5	142	37.51	5	151	42.06	5	105	43.72
	CSR 8	5	97	30.62	6	91	33.91	10	92	36.41	7	106	39.98	6	121	45.01
	CSR 9	0	62	14.80	0	64	17.16	0	62	19.55	0	62	22.18	0	66	25.20
	CSR 10	0	68	27.00	0	76	33.38	0	82	28.45	0	89	44.14	0	92	49.63
EM		-0.792	23.015	0.329	-1.263	5.910	0.042	-15.621	0.655	-0.254	-1.274	2.491	-0.061	-0.558	0.827	-0.095
Tobin Q		0.313	298.159	6.545	0.163	31.284	2.333	0.663	20.448	2.523	0.705	69.924	3.391	0.567	37.292	2.220

FIGURE 2
GENERAL DATA VARIABLES FROM THE RESULTS

From figure 2, it was found that the Corporate Governance Mechanism variable consisted of 5 board structures. The results of the study were summarized as follows:

a. The board of size was measured from the total number of board of director, with the lowest number of board of director being 5 and the highest being 23. The average board members are 11-12 people.
b. The proportion of independent board, it is the number of board of directors who do not have any interest or involvement in the company. The board of directors should have independent directors who are able to autonomously comment on the work of management in one- third of the Board. From the analysis, it was found that the proportion of independent directors is more than 40 percent according to the regulations of the Stock Exchange of Thailand.
c. The proportion of directors with expertise in finance and accounting was measured by the number of directors with expertise in finance and accounting from the total number of directors, the analysis showed that the trend of directors with expertise in finance and accounting has increased. Most of the increase was from training and seminars held by the Federation of Accounting Professions.
d. The proportion of the audit committee was measured by the number of audit committees to the total board. From the analysis of the audit committees of all sample companies found that the majority consist of 3 directors, all of whom are independent directors.
e. The proportion of audit committees with expertise in finance and accounting is measured by the number of audit committees with expertise in finance and accounting form the total number of audit committees.

From each year's analysis, there is mostly 1 audit committee member with accounting knowledge, and tendency of the audit committee to have more accounting knowledge. On the overview of the Corporate Governance Mechanisms, the top 3 averages each year are: 2016 average 24.40, 2017 average 24.27, 2018 average 24.47, which has an upward trend.

This study of the social responsibility reporting context studied the disclosure of social responsibility information according to the standards of social responsibility information reporting in Thailand, which found that most of the reporting was in accordance with the guidelines of the Securities and Exchange Commission. 10 aspects of Thailand:

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1. Good corporate governance
2. Fair business practices
3. Anti-corruption
4. Respect for human rights
5. Treatment of fair labor
6. Responsibility to consumers
7. Environmental protection
8. Participation in community and social development
9. Innovation and the dissemination of innovations the preparation of sustainability reports.

The overall 10 aspects of social responsibility disclosure analysis are likely to be higher every year. The top three most promising issues were

a. CSR 10 that reveals economic management practices, policies, responsibilities, resources that use each aspect of the practices. As well as the consequences of implementing management practices using sustainability reporting guidelines and how to produce sustainability reports in accordance with the GRI framework.
b. CSR 8, disclosure reporting of material consumption, recycled materials, energy and water, data on the amount of air emissions, and waste, as well as significant spills, disclosure of environmental mitigation information.
c. CSR 7, there is a higher trend of disclosure, which employed local outsourcing, public benefit services in channels that are both commercial, donation and fulfilling commitments, joint impact assessments and development plans or impacts to community. CSR 5 tends to be more disclosed. While CSR 1, CSR 2, CSR 3, CSR 4, CSR 6 and CSR 9 has a higher likely exposure every year as well, the disclosure is quite low.

Analysis of earnings management from 2014 to 2018, this research uses accrual items at the discretion of the management, it called that Discretionary accruals. Discretionary accruals (DCA) represent the proxy in the earnings management measure calculated from the difference between the total accrual and non-discretionary accrual from the model by Yoon (Yoon Miller & Jiraporn, 2006). In earnings management metrics, in 2014, managed profit increased an average of 0.329, 2015 managed profit 0.042, 2016 managed profit -0.254, 2017 managed profit -0.061, 2018 managed profit -0.095, if it is positive it means that the company profit is managed to a higher figure. On the other hand, if the earnings management is negative, it means that the company profit is managed to a lower figure. Studies have shown that the sample companies are more likely to manage their profit to become lower.

An analysis of the firm's performance from 2014 to 2018. The firm's performance is measured by Tobin's Q, which is a mix of the accounting figures and market capitalization such as total market value of the company and book value of assets. The research found in 2014 was an average of 6.545, 2015 was an average of 2.333, 2016 was an average of 2.523, 2017 was an average of 3.391, and 2018 was an average of 2.220. The firm's performance in 2014 has the highest average and has a downward trend. Normally, if Tobin's Q is high, it means executives can manage the company effectively in creating added value for shareholders.

Table 1
RESULTS FROM THE CORRELATION ANALYSIS

Variable	CG	CSR	EM	Tobin Q
CG	1.000			
CSR	0.191**	1.000		
EM	-0.038	-0.090	1.000	
Tobin Q	-0.158**	-0.208**	-0.086	1.000

Note* statistically significant at the 0.05 level ** statistically significant at the 0.01 level

When considering the correlation coefficients between the four variables as shown in Table 2, the correlation coefficients were positive and negative and were significant. The

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observed variables had a correlation coefficient of -0.086 – 0.191. The correlation between all pairs had a level of correlation not exceeding the standard 0.80. The analyzed had no problem of linear correlation (Multicollinearity). The causal model analysis of the performance showed that the hypothetical model was consistent with the data. Empirically, the study found that the model was consistent with the empirical data because CMIN-p=0.873, CMIN/df=0.025, GFI=1.000, AGFI=1.000, CFI=1.000 and RMSEA=0.000

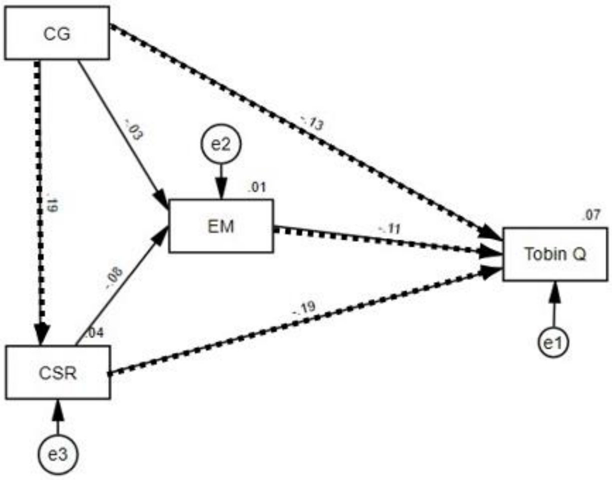

FIGURE 3
DISPLAY MODEL PARAMETER ESTIMATION RESULTS OR COEFFICIENT ESTIMATION RESULTS.

No influence ⟶ Has influence - - - - ▸

From Figure 3, it was found that the corporate governance mechanism had a positive direct influence on the disclosure of social responsibility and a negative direct influence on the firm's performance, but the corporate governance mechanism had no direct influence on earning management with statistical significance of 0.05 (research hypothesis 1, 2, and 3). Corporate social responsibility disclosure had a negative direct influence on the firm's performance, but no direct influence on earnings management with statistical significance of 0.05 (research hypothesis 4 and 5). Earnings management had a negative direct influence on the firm's performance with statistical significance of 0.05 (research hypothesis 6).

In addition, it was found that the corporate governance mechanism had a statistically significant influence on the firm's performance through the disclosure of social responsibility at the 0.05 level (research hypothesis 7). Corporate governance mechanism had no statistically significant influence on the firm's performance through earnings management (research hypothesis 8). Disclosure of social responsibility has no influence on the firm's performance through earnings management (research hypothesis 9).

DISCUSSION OF RESULTS

This aim of this study are the following:

1. To study the influence of corporate governance mechanisms, social responsibility disclosure, earnings management on the performance of listed companies on the Stock Exchange of Thailand.
2. To study the influence of corporate governance mechanisms, social responsibility disclosure on performance by linking through the earnings management of listed companies on the Stock Exchange of Thailand.

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Corporate governance mechanisms have a positive direct influence on the disclosure of social responsibility, explained by agency theory. The corporate governance mechanism is considered to be the structure and process for supervising the management's operations in accordance with the specified direction to protect and preserve the interests of shareholders. Therefore, the good corporate governance mechanism takes into account all stakeholders in accordance with the concept of basic social responsibility disclosure and stakeholder theory. Good corporate social responsibility disclosure also requires a corporate governance mechanism as an element (Bua-In, 2021). Therefore, the successful implementation of external CSR requires effective and strong corporate governance mechanisms. In other words, a successful CSR cannot be neglected by a corporate governance mechanism either (Jo & Harjoto, 2012). This is consistent with the research of Buniamin, et al., (2008), which examined the relationship between corporate governance and environmental disclosure and examined the level of environmental disclosure in Malaysia, which was based on stakeholder theory that the size of directors is positively correlated with the disclosure of environmental. Also, Kathyayini, et al., (2012) research on the relationship between environmental reporting and corporate governance on the Australian Stock Exchange, found that independent boards tend to have a positive influence on environmental disclosures that affect stakeholders and the public in general with regards to many environmental issues.

Corporate governance mechanism has a negative direct influence on the performance, meaning that the governance mechanism results in low performance. The findings are consistent with Beiner, et al., (2004), which studied the relationship between corporate governance and the performance of listed companies on the stock exchange, with variables used instead of corporate governance including the board of size, the proportion of independent board, the company's shareholding structure and the level of liabilities, it showed that the board of size was in the opposite direction of the performance. In line with Haniffa & Hudaib (2006); Saengarvut, Petchchedchoo & Kumsuprom (2019) found that the board structure had a negative correlation with performance, with the company supposed to determine the board of size according to the size and complexity of the business. In line with Chidambaran, Palia & Zheng (2006), good corporate governance has no effect on the firm's performance, so it can be said that if the number of directors is excessive, it will make it difficult to cooperate effectively and result in discussions on key administrative issues among directors.

Social responsibility disclosure has a negative direct influence on performance, meaning that disclosure of social responsibility results in a decrease in performance, which is in line with Ingram & Frazier (1980); Freedman & Jaggi (1982) who support the idea that the cost of social responsibility results in organizations being economically disadvantaged compared to other companies with less social responsibility. The research of Freedman & Jaggi (1982) said that preventing or solving environmental problems related to social responsibility causing the organization to have higher costs resulting in lower profitability and has tested the impact of the company's operations that pollute the environment without awareness of social responsibility. The study found a negative correlation with the firm's performance due to solving problems related to pollution or the environment cause expenses incurred, As a result, the firm's performance has declined. This also resulted in delays in decision-making to solve environmental problems, causing a direct impact on the performance. Locket, Moon & Visser (2006) who found that the greater the investment in community and social development, the greater there is in company's recognition from the community and society but the firm's performance will decline.

Earning management has a direct negative influence on performance, meaning that earnings management leads to a decrease in performance, consistent with Bowen, Rajagopal & Venkatachalam (2008); Jiraporn, et al., (2008); Mayang & Noorlailie (2018) who found that earnings management affected performance that resulted in a negative impact on performance. In the case of Enron and Worldcom in the United States, earnings management that leads to bankruptcy can be explained by the Agency Theory which states that executives create personal

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utilities rather than shareholder benefits, and supporting the idea of managing increased executive profits, thus resulting in the company having an agency cost increased and resulted in a decrease in performance.

Corporate governance mechanisms influence performance through disclosure of social responsibility, which is considered to be the structure and process for supervising the management's operations in accordance with the specified direction to protect and preserve the interests of shareholders. Therefore, the good corporate governance mechanism is a consideration for all stakeholders according to the concept of disclosure of basic social responsibility and stakeholder theory, so it can be said that social responsibility operations are up to the management to determine the direction of the operation. The nature of business operations with social responsibility in Thailand is managed by organizing activities in ways that express social responsibility, which is considered to create a positive image for the company for the benefit of which is expected to be reduced by the strictures of monitoring by government agencies and to build good relationships with society, communities and those involved in the company by adhesion to the interdependence of community and social companies that cannot be separated. The larger a company is, the more likely it is to be subjected to public scrutiny, hence resulting in higher sustainability disclosures (Noor et al. 2021). As more and more investment in community and social development increases, the company will be recognized by the community and society, but its performance will decline in according with past findings. For example, Freedman & Jaggi (1982) found that when social responsibility is disclosed, higher costs and costs are higher and thus lower earnings and profitability performance will result in lower performance, but in the long run the performance will increase.

Corporate governance mechanism and Corporate social responsibility disclosure had no influence to earnings management, studies in the past have found that the size of the board does not influence earnings management due to companies listed on the Stock Exchange of Thailand being sized or the number of boards that are suitable, allowing each director to understand their roles well and bring knowledge, experience that has helped to work as a team so thoroughly that it can reflect the balance of power with each other, resulting in more efficient monitoring of management operations. Peasnell Pope & Young (2005); Lin Li & Yand (2006) who were no correlation between having audit committees and discretionary accruals, it has shown that the proportion of audit committees does not influence earnings management.

Social responsibility disclosure by collecting information on social responsibility in 10 areas as follows:

1. Good corporate governance
2. Fair business operation
3. Anti-corruption
4. Respecting rights Humanity
5. Fair treatment of labor
6. Responsibility to consumers
7. Community and society development
8. Environmental management
9. Innovation and dissemination of innovations from social responsibility
10. The preparation of sustainability reports.

These disclosure dimensions may not influence earnings management and the nature of the company who are committed to social activities tend to be higher, so they don't care where to manage their profits through accrual. In line with Love & Petchchedchoo (2019), the firm's performance in environmental, social and corporate governance performance has positive impact on the quality of outstanding listings of listed companies on the Stock Exchange of Thailand, indicating that socially responsible companies will report quality profits.

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SUGGESTIONS

Recommendations for this Study

The corporate governance mechanism in respect of the Board of size, companies listed on the Stock Exchange of Thailand should consider the appropriate board size in order to affect the most effective performance if the number of directors is excessive, making it difficult to cooperate effectively and resulting in discussions on key administrative issues among directors.

The Stock Exchange of Thailand should encourage social responsibility reporting because, considering the results of research, social responsibility disclosure can result in better performance in the long run because disclosing social responsibility creates a positive image for the company, affecting the value of the business in the future.

RECOMMENDATIONS FOR FUTURE RESEARCH

In the next study for corporate governance mechanisms, more studies may be available, delving into each aspect of the mechanism with corporate governance.

The disclosure of social responsibility is an environmental, social and community operation with high operating costs but will affect the image and reputation in the long run. Therefore, future research should study the relationship of social responsibility to performance as measured by the disclosure of social responsibility in the past that affects current operations to test whether it has a higher performance result.

This study uses the market performance of Tobin Q. To measure performance, there are also measurements from an accounting figure

This research uses discretionary accruals as a proxy to measure earnings management using Yoon's model (Yoon, Miller & Jiraporn, 2006). In future research, other models of earnings management measurements may be used.

The next study should be conducted further using this conceptual framework with a population and sample group that is listed on foreign stock exchanges or companies outside the stock exchange that are similar to those listed on the Stock Exchange of Thailand to confirm the findings.

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