Title: An Investigation of Accounting Information Quality: A Comparative Study of Listed Companies on the Stock Exchange of Thailand and China

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Abstract*

The main objective of this study is to investigate the level of accounting information quality of listed companies on the Stock Exchange of Thailand (SET) and the Shanghai Stock Exchange (SSE). In addition, the paper also compares the level of accounting information quality of listed companies of two countries. Two perspectives of accounting information quality are measured: market-based perspective (value relevance of earnings) and accounting-based perspective (earnings persistence). The regression of stock return on earnings per share is the representative of the value relevance of earnings whilst the regression of future earnings on current earnings is the representative of earnings persistence. The results indicate that earnings are value relevant information and they have the persistence properties for listed companies on the SET and the SSE. For the pooled-periods of the study, the value relevance of earnings of listed companies on the SET is more than that of listed companies on the SSE. Similarly, earnings persistence of listed companies on the SET is more than that of listed companies on the SSE significantly.

The study further investigates the value relevance of earnings and earnings persistence for yearly data. The highest return and earnings relation is found in year 2008 while the highest earnings persistence is found in year 2007 for listed companies on the SET and the SSE. In addition, the findings reveal that the significant difference of value relevance of earnings between Thai and Chinese listed firms appears in year 2007, while the significant difference of earnings persistence between listed companies on the SET and the SSE is found in all years. That is, the value relevance of earnings of listed companies on the SET is more than that of listed companies on the SSE in year 2007 whilst earnings persistence of listed companies on the SET is more than that of listed companies on the SSE for all years. The results in this paper will directly contribute to the accounting standard setters for issuing the accounting standards and the regulators for issuing the control rules including the investigation of accounting information quality of two stock exchanges.

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