TEST Engineering & Management

March - April 2020
ISSN: 0193-4120 Page No. 6556 - 6568

The Influence of Sustainability Disclosure on the Accounting Quality: Evidence from Thailand

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Article Info
Volume 83
Page Number: 6556 - 6568
Publication Issue:
March - April 2020

Article History
ArticleReceived: *24 July 2019*
Revised: *12 September 2019*
Accepted: *15 February 2020*
Publication: *04 April 2020*

Abstract:
The study intends to evaluate the impact of disclosure related to the sustainable development on the accounting quality on the firms listed in the Thai Capital Market (TCM). The study used content analysis to examine annual reports of 175 firms quoted on the TCM for the year 2018. The accounting quality is measured through discretionary accruals and accounting conservatism. The findings showed that the influence of sustainable development's disclosure on the information asymmetry and discretionary accruals is significantly negative. Whereas, the impact of sustainable development's disclosure on the accounting conservatism is positively significant. Overall, it can be concluded that the increase in sustainable development's disclosure improves the accounting quality in the context of the TCM. This study enhances the literature by offering unique evidence from developing countries' context. Moreover, policymakers should take a step to improve sustainable development's disclosure to improve accounting quality to cater to the stakeholder's internet generally.

Keywords: *Sustainable development's disclosure, discretionary accruals, information asymmetry, accounting conservatism.*

I. Introduction

Sustainable development disclosures have taken noticeable interests by analysts and regulatory bodies, and that was because of the financial crunch and changes in the world's climate (Jermsittiparsert, Pintobtang, & Jumnianpol, 2019; Rassanjani, Harakan, Pintobtang, & Jermsittiparsert, 2019).In fact, the UN Summit on Sustainable Development, (2015) highlighted the significance of economic development, social and environmentally sustainable practices. Numerous organizations do not want only to pursue wealth maximation objective nowadays. Or maybe, these days the organization are focusing, in general, to offer financial and non-financial data so investors can evaluate firm performance from the financial, social, environmental and corporate governance's perspective (Kerdpitak & Jermsittiparsert, 2020). This information will help investors to estimate the risk and valuation of the investment in stocks and capacity to manage risks and this information will also improve the image of the organization and guarantees competitive edge and sustainable profitability (Bernal-Conesa, de Nieves Nieto, & Briones-Peñalver,2017).and Joseph specified that numerous regulatory bodies globally suggested the inclusion of social and environmental data for the organization as the part of annual reports as it

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tends to be helpful for various stakeholders related with the organization. Additionally, those stakeholders provide the firm with profitability trends as well as the ways to deal with attainability of such benefits,(Ngai, Law, Lo, Poon, & Peng, 2018). The provision of sustainability disclosure through the yearly financial statements decreases the shortcomings of conventional reporting methods (Cantele & Zardini, 2018)hence; there is a dire need to carry out a study on this issue. Therefore, the present research plans to evaluate the impact of sustainable development disclosure on the accounting quality on the TCM. Regardless of the significance of financial report for directors, investors and lenders, one of the frail purposes of the report is that it doesn't give data about the issues which have incredible significance right now, and which are identified with the social and environmental practices carried out by the organization. Along these lines, many organizations face pressure from the stakeholders to improve their environmental and societal performance, regardless of the fact that these companies are profitable and technologically developed(Epstein, 2018; Murray, Skene, & Haynes, 2017). The people's stake has enhanced the issues related to environment and society and eventually, a sound system for the sustainability disclosures is required(Epstein, 2018).

As far as Thailand is concerned, the accounting disclosure about sustainable development didn't get enough consideration(Boonnual, Prasertsri, & Panmanee, 2017; Waworuntu, Wantah, & Rusmanto, 2014). Therefore, the progress towards the CSR practices is in the infant stage despite the regulator's efforts. The data related to the listed firm's behavior towards CSR disclosure practices is presented in the Figure 1.

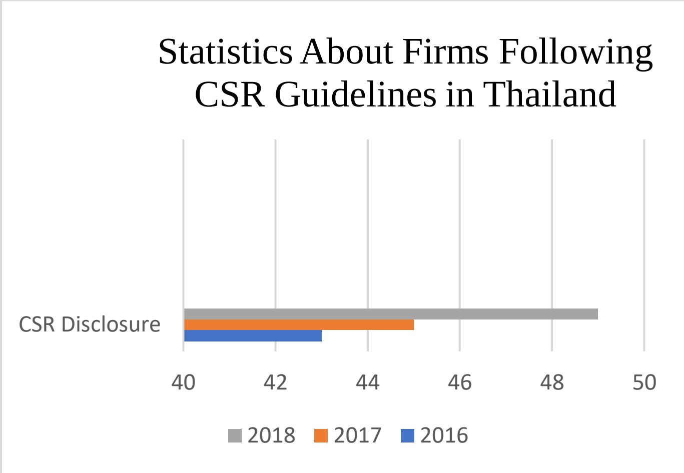

Figure 1: Statistics about firms following CSR guidelines in Thailand
Source:(Sinthupundaja, Chiadamrong, & Kohda, 2019)

Moreover, with respect to accounting quality, there is no standard measure to evaluate accounting quality(Dao, HassabElnaby, & Said, 2015; Ham, Lang, Seybert, & Wang, 2017; Sultana, 2015),as the accounting qualityis evaluated on the basis of different estimates, for example, discretionary accruals, accounting conservatism, value relevance and in formativeness(Alkurdi, Al-Nimer, & Dabaghia, 2017). Likewise, high accounting quality is viewed as a significant device to lessen the issue of information asymmetry (Strand & Freeman, 2015). Consequently, the current study utilized three different measurements of accounting quality which are: discretionary accruals, accounting conservatism and information asymmetry.

II. Literature Review and Hypothesis Development

Accounting disclosures can be explained through different theories; for example, as per agency theory there is asymmetry of information among the stakeholders Mirza, Malek, and Abdul-Hamid (2019a)as the organizations put efforts to increase disclosure to alleviate that issue, yet this theory has been reprimanded in light of the fact that it is

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based on only financial issues and doesn't consider the potential utilization of environmental and social data(Waworuntu et al., 2014). Along these lines, two theories shed the light on the issue of disclosure regarding sustainable development i.e. legitimacy and stakeholders theory(Boonnual et al., 2017). As far as legitimacy theory is concerned, it focusses on the inclusion of social and environmental disclosure in the financial reporting system. Whereas, to the extent that the stakeholder's theory is concerned, the capacity of the organization to make sustainable development relies upon its association with various stakeholders related to the organization (Strand & Freeman, 2015).Thus, the disclosure of data on the sustainable development can be considered as an instrument to address the issues of those interested groups(Ali, Frynas, & Mahmood, 2017; Cormier & Magnan, 2015).

In this context, Lueg and Radlach (2016)attempt to look at the association among the accounting quality and social performance through an investigation of 897 organizations from 30 countries. The examination revealed positively significant relationship among the accounting quality and the quality of accounting disclosure about corporate social responsibility practices. Likewise, the organizations, which don’t manage their profits through manipulation accounting profits, such organizations are particularly prepared for disclosing the data about sustainable development. Alkurdi et al. (2017)examined the association between environmental performance and accounting quality. Findings of the study revealed that the organizations which fulfill the significant level of ethical responsibility are having less profitability management and more conservative accounting policies about announcing profitability. Therefore, the ethical practices are related with high accounting qualityas well as the adoption of high-quality sustainable development practices(Farhan, 2018; Xu, Zhang, Liu, & Chen, 2018). Moreover,(Epstein, 2018)inferred that social responsibility and sustainable development enhances the accounting quality and decrease the practices for increasing income, consequently, it will result in lessening the probabilities of earning management. Few researches conducted in the Arab countries were in line with past studies.Habbash (2016)discovered that the increased disclosure of social and environmental practices lead to improve the profitability of Thai Companies while Abdallah and Alnamri (2015)and Tilt (2016)claimed that the enhanced sustainability disclosure influences the profitability of Egyptian firms positively.

With respect to the accounting quality the organizations, which offer high accounting qualitydisclose more data about sustainable development practices(Chernev & Blair, 2015).Maqbool and Zameer (2018)discovered that there is an associationbetween the earnings quality as a measure of accounting and discretionary financial disclosure. Additionally, the disclosure of the data associated with sustainable development diminishes the asymmetry of information. Thus, the organizations with low incomes are least interested in discretionary disclosures in light of the fact that the shareholders look to them as less sound firms (Maqbool & Zameer, 2018). Moreover, Nasr and Ntim (2018)discovered that social obligations have a positive and significant influence on the earnings manipulations practices and a negative and significant impact on accounting conservatism. Muttakin, Khan, and Azim (2015) also found the positive influence of social responsibility practices on accounting quality.

In light of the various perspectives, there is an absence of consensus among researchers related to the association between sustainable development and accounting quality. Therefore, this relationship may take the state of "integration relationship" as the organizations which appreciate high quality, don't have any fear to unveil a wide range of data, for example, the data of sustainable development. Then again, it tends to be "Alternatives Relationship" as the organizations of low-accounting quality conceal the data of sustainable development as a technique to cover the inadequacy in the accounting quality. Additionally, a negative association among social responsibility and profit management in mining ventures, while there was a positive relationship in construction businesses was found (Husain & Alnefaee, 2016; Shnayder, Van Rijnsoever, & Hekkert, 2016). Those results indicate the existence of an impact on political and ethical considerations. Therefore, the following three hypotheses can be developed bases on the extensive discussion of the literature above.

Hypothesis 1: There is a significantly negative relationshipamong sustainable development's disclosure and discretionary accruals.

Hypothesis 2: There is a significantly positive relationship among sustainable development's disclosure and accounting conservatism.

Hypothesis 3: There is a significantly negative relationship among sustainable development's disclosure and information asymmetry.

III. Methodology

Sample and Data

The sample size is 175 firmsin the TCE as of 31 December 2018 based on the market value of equity. Initially top 250 firms based on the market value of equity were selected, and 75 firms are excluded from the population due to non-availability of data concerning the independent and dependent variables. The study includes only the firms that have complete availability of data for the whole year.The data was collected from the quarterly, semi-annual and annual records of the relevant firms as well as Thomson Reuters Data base.

Operationalization of variables

Independent Variable

Independent variable is represented by the accounting disclosure for sustainable development and includes:

Quantity of disclosure which has been measured based on the number of paragraphs of sustainability reporting disclosed in the annual report of the company in line with the previous studies (Abdallah & Alnamri, 2015; Joseph et al., 2016).

Dependent Variable

The dependent variable is exhibited by accounting quality that is based on three different measures of accounting quality as explained below.

Earning Management

The Modified Jones Model is broadly used to quantify earning management. This model depends on figuring of discretionary accruals as a determiner to deal with profitability (Habbash, 2016)and which can be calculated through the following steps:

a. Assessing Total Accruals (TA)

b. Regression Model for variables influencing Total Accruals (TA)

c. Assessing Non-discretionary Accruals

d. Assessment of Discretionary Accruals (DA)

Discretionary accruals (DA) were estimated through the difference between each of total

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accruals and non-discretionary accruals as given below:

$DA_{it} = TA_{it} - NDA_{it}$

DA was used to evaluateEM as the positive value of discretionary accruals shows the presence of EM to boost profitability, whereas the negative value shows the existence of EM to reduce profitability. If the value of discretionary accruals is equal to zero or near to zero, it indicates the non-existence of earning management.

Accounting Conservatism

The most used standard in the accounting studies to measure the level of accounting conservatism in the financial statements is Market to Book Ratio (MTB) (Khalifa, Othman, & Hussainey, 2016; Kim & Zhang, 2016), which will be calculated as:

Cons=BV÷MV

BV: Book value of the company's shares at the end of the year.

MV: Market value of the company's shares at the end of the year.

Information Asymmetry

The information asymmetry can be calculated through the following equationas suggested by (Boonnual et al., 2017; Maqbool & Zameer, 2018):

Information Asymmetry=EPS-median of forecasted EPS ÷ Share Price

a. EPS: Earning per share.

b. EPS: Median Forecasts of Analysts about the earning per share.

c. Share Prices

Regression Model

This model aims to examine the effect of accounting disclosure of sustainable development (independent variable) on the accounting quality (dependent variable). Also, the model includes some control variables such as the size of the company, financial leverage, and rate of sales growth in line with previous studies(Mirza, Malek, & Abdul-Hamid, 2019b, 2019c; Richardson &Tinaikar, 2004; Waworuntu et al., 2014). This model can be designed through the following equation:

$$AQ_{it}=\beta_0 + \beta_1 ESD_{it} + \beta_2 FSIZE_{it} + \beta_3 LEV_{it} + \beta_4 SG_{it} + \varepsilon_{it}$$

Where:

AQ: Accounting Quality

ESD: Quantity of Disclosure

FSIZE: Size of Firm (Natural Logarithm of total assets)

LEV: Financial Leverage (Total debts/ total assets)

SG: Rate of Sales Growth

IV. Results and Discussion

Descriptive Analysis

One of the assumptions underlying the ordinary least square regression (OLS) is that the data should be normal (Gujarati, 2003).Therefore, before the estimation of the models, the descriptive statistics were calculated for all the variables used in this study. The results in Table 4.6 below reveal that Table 1 provides descriptive statistics for the sample. The statistics show a decreasing trend in the level of accounting disclosure about sustainability in the Thai business environment, where the average accounting disclosure for both variables (ESD) was about 50.11%. Indeed, this is indicating that accounting disclosure is still voluntary for some companies, which requires more attention from the bodies responsible for organizingthe TCM in light of the growing interest in sustainable development practices. Concerning to EM practices, the lowest value of the DA was about 5200 and the highest value was 167906.3. Most of the research sample companies practicing earning management in order to increase profits where the average value of the DA was positive111800. As depicted in Table 1 the tendency of the research sample to follow conservative accounting policies (CONS), where the average accounting conservatism was about .167754 Pertaining to information asymmetry, the average value registered a decreasing trend 0.1319. This is indicating that increasing the level of accounting disclosure about sustainability development may lead to minimize the information asymmetry.

According toGreen (2012) for the normal data, values of kurtosis and skewness should lie between +3 and -3. Based on the actual values of skewness and kurtosis, it highlights that except for ESD and LEV, none of the variables is normally distributed. However, to normalize the data, one approach is to eliminate outliers from the data. It may be hard to do because it may influence the regression interpretation in unwanted ways and generally results in the generation of new extreme outliers(Wooldridge, 2002). To reduce the influence of outliers, Hamilton (1992) andGreen (2012)andPallant (2013) recommended transforming the data, in which variables with extreme outliers are transformed through logarithm for the normalization of the data. Though the data transformation results in less skewed distribution, it may also result in the change of the association between the original variables in the model.

Moreover, it is noted that the data outliers are original and extracted from reliable sources (Annual Reports). Therefore, the approach to outlier deletion is not appropriate except if researchers have a strong justification based on their assessment(Hair, Black, Babin, Anderson, & Tatham, 2010). Additionally, Hair et al. (2010)stated that if outliers are removed from the data, the researchers should be aware that generalizability of the results may be limited. The outliers of some variables might be related to a segment that should not be removed to confirm generalizability to the whole population. Because of the above arguments, outliers were not removed from the dataset.

According to Hayes (2017), normality is the least significant assumption of linear regression analysis and stated that one of the outcomes of non-normal data is heteroskedasticity that should be controlled, Moreover, researchers can further rely on the central limit theorem, which claims that in case of a large sample (N>30), the sampling distribution of any statistic will be normal. The author further stated that among the normal mechanisms to test hypotheses, T and F tests are still effective asymptotically in a big sample, but not valid for a small sample.

Green (2012)statedthat normality is sometimes considered unnecessary and not appropriate for regression analysis. Normality is unnecessary to get many results in multivariate regression analysis, although it will permit getting numerous exact statistical findings. Moreover, it helps in the construction of confidence intervals and t-statistics, apart from the cases where some alternative distribution is explicitly presumed. Under general assumptions regarding the process through which the sample data is generated, a reasonable sample provides a reliable basis for statistical results in the regression analysis(Green, 2012).

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Finally,(Hair et al., 2010)stated that it is important for the researcher to consider the impact of sample size when considering normality. Sample size has increasing statistical power by decreasing sampling error. The authors further stated that a large sample size reduces the detrimental impact of non-normality. A small sample, such as 50 or fewer observations, and particularly if the sample size is smaller than 30 with significant departures from normality, may significantly influence the findings. For a sample size of 100 or more, the impact may be negligible. Thus, as the sample size increases, the researcher should be less worried regarding non-normal variables; non-normality may result in the violation of other assumptions that may influence in other ways (e.g., homoscedasticity). Therefore, the non-normal distribution of data in the current study is not expected to be problematic due to the reasonable sample size. Based on the above discussion, this study proceeded with non-normal data.

Table 1

Descriptive Statistics of Variables

Variable	Mean	Min.	Max.	Median	St.D	skewness	kurtosis
DA	167906.3	5200	1033300	111800	172334.8	2.369178	9.340188
CONS	0.167754	0.005	1.644	0.105	0.227084	3.794438	20.57456
INFO	0.239682	0.020042	2.239509	0.131901	0.322559	3.559466	17.95682
ESD	0.501126	0.22125	0.8909	0.5034	0.136397	0.004126	2.353615
SG	1.122743	0.21	12.05	0.77	1.203914	5.007642	41.11844
SIZE	13.179	10.91294	18.29816	12.93419	1.518734	1.174917	4.384014
LEV	16.34629	0	58.98	13.94	15.20102	0.805609	2.904496

DA: Dictionary Accruals; CONS: Accounting Conservatism; INFO: Information Asymmetry; ESD: Sustainable Development Disclosure; SG: Rate of Sales Growth; FZIZE: Firm Size; LEV: Financial Leverage

Multicollinearity

We perform a bivariate analysis to establish any relationships between the research variables. Table 2 presents the calculations of a pair wise correlations (Pearson correlation) matrix together with their level of significance, the results obtained indicating to a weak insignificant correlation between the disclosure of sustainable development (ESD) and DA, CONS and INFO as the coefficient correlation values are -0.1105; 0.0749 and-0.0159 respectively. Additionally, to check the issue of multicollinearity between independent variables, Hair stated that if the value of pair wise correlation is smaller than 0.8, multicollinearity is not a serious issue in OLS regression. The highest correlation between independent variables is between ESD and FSIZE based on correlation coefficient (r=0.3474); this shows the issue of multicollinearity between these two variables exists, but the value is smaller than 0.8, multicollinearity is not a serious issue in OLS regression.

Table *2*

Correlation Matrix

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	DA	CONS	INFO	ESD	SG	FSIZE	LEV
DA	1						
CONS	0.7627*	1					
INFO	0.7379*	0.7824*	1				
ESD	-0.1105	0.0749	-0.0159	1			
SG	-0.0085	0.2683*	0.2479*	0.0778	1		
FSIZE	0.4440*	0.4452*	0.4566*	0.3474*	0.2767*	1	
LEV	0.0917	0.0199	0.0482	-0.129	0.0175	0.0032	1

Significance level (0.01,0.05**,0.10***)*

DA: Dictionary Accruals; CONS: Accounting Conservatism; INFO: Information Asymmetry; ESD: Sustainable Development Disclosure; SG: Rate of Sales Growth; FZIZE: Firm Size; LEV: financial Leverage

Regression Models

This study has used pooled ordinary least square regression (OLS) to perform multiple regression analysis. This study is based only on one year's data. Consequently, it is not possible to make a panel data. Many studies in the past literature used pooled OLS to perform multiple regression analysis (Gomez-Mejia, Cruz, & Imperatore, 2014; Ishak, Haron, Nik-Salleh, & Abdul Rashid, 2011; Ismail, Kamarudin, & Othman, 2012).

Results Regression 1

The first hypothesis tested is stated as follows:

Hypothesis 1: There is a significantly negative relationship among the sustainable development's disclosure and discretionary accruals.

This following regression equation is developed to test the hypotheses:

$$DA_{it}=\beta_0 + \beta_1 ESD_{it} + \beta_2 FSIZE_{it} + \beta_3 LEV_{it} + \beta_4 SG_{it} + \varepsilon_{it}$$

Where:

DA: Discretionary accruals, *FSIZE*: Size of Company, *LEV*: Financial Leverage, *SG*: Rate of Sales Growth

Hence, Table 3 summarizes the multiple regression analyses for the first hypothesis. As shown in Table 3 the multiple regression models are statistically significant at 0.000 with an adjusted R-squared of 28.0 percent. B value for ESD for sustainability disclosure was negative at -0.00389. This result can be explained by the fact that increasing disclosure of sustainability leads to a decrease in the value of discretionary accruals. These results are in line with the results that (Alkurdi et al., 2017; Husain & Alnefaee, 2016; Shnayder et al., 2016). Our results are depicting a significance relationship; Thus, our findings do support Hypothesis 1.

Results regression 2

The second hypothesis tested is stated as follows:

Hypothesis 2: There is a significantly positive relationship among sustainable development's disclosure and accounting conservatism.

This hypothesis is tested using the following regression:

$$CONS_{it}=\beta_0 + \beta_1 ESD_{it} + \beta_2 FSIZE_{it} + \beta_3 LEV_{it} + \beta_4 SG_{it} + \varepsilon_{it}$$

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CONS: Accounting conservatism, *FSIZE*: Size of Company, *LEV*: Financial Leverage, *SG*: Rate of Sales Growth

As shown in Table 3 the multiple regression models are statistically significant at 10% significance level with an adjusted R-squared of 10.0 percent. B value for ESD for sustainability disclosure was positive at 0.02873 respectively. This found result can be explained by the fact that increasing disclosure of sustainability leads to an increase in the value of accounting conservatism. These results are in line with previous studies(Lueg & Radlach, 2016; Martínez-Ferrero, Ruiz-Cano, & García-Sánchez, 2016). Our results are depicting a significance relationship; Thus, our findings do support Hypothesis 2.

Results Regression 3

The third hypothesis tested is stated as follows:

Hypothesis 3: There is a significantly negative relationship among the sustainable development's disclosure and information asymmetry.

This hypothesis is tested using the following regression:

$$INFO_{it}=\beta_0 + \beta_1 ESD_{it} + \beta_2 FSIZE_{it} + \beta_3 LEV_{it} + \beta_4 SG_{it} + \varepsilon_{it}$$

Where,

INFO: Information Asymmetry, *FSIZE*: Size of Company, *LEV*: Financial Leverage, *SG*: Rate of Sales Growth

As shown in Table 3 the multiple regression models are statistically significant at 1% significance level with an adjusted R-squared of 26% percent. B value for ESD for sustainability disclosure was negative at -0.00409. This found result can be explained by the fact that increasing disclosure of sustainability leads to a decrease in the value of information asymmetry. These results are in line with the results thatwere found by including studies in Thailand(Ali et al., 2017; Boonnual et al., 2017; Cormier & Magnan, 2015; Harjoto & Jo, 2015). Our results are depicting a significance relationship; Thus, our findings do support Hypothesis 3.

Table 3

Relationship between Sustainable Development Disclosure and Accounting quality

Dependent Variable DA, CONS, INFO						
	Model 1		Model 2		Model 3	
Variable	B.value	P.value	B.value	P.value	B.Value	P.value
ESD	-0.00389	0.000*	0.580562	0.085***	-0.00409	0.007*
SG	0.02873	0.020*	0.000925	0.91	0.034159	0.065***
FSIZE	0.073813	0.000*	0.095696	0.833	0.103706	0.000*
LEV	-0.02983	0.785	0.159788	0.002*	0.046185	0.770
Constant	-0.75872	0.000	-1.18532	0.056	-0.00409	0.000
Adjusted R^2	28%		10%		26%	

Significance level (0.01,0.05**,0.10***)*

DA: Dictionary Accruals; CONS: Accounting Conservatism; INFO: Information Asymmetry; ESD: Sustainable Development Disclosure; SG: Rate of Sales Growth; FZIZE: Firm Size; LEV: financial Leverage

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Overall the findings show that sustainable development disclosures improve accounting quality. The main reasons behinds these results are that the organizations which appreciate high accounting quality, don't have any fear to unveil a wide range of data, for example, the data of sustainable development.Therefore, the data available to insider and outsider will be the same, consequently, as per agency theory, there is the asymmetry of information among the stakeholders. Moreover, these results can be supported through the legitimacy and stakeholders theory (Boonnual et al., 2017).The legitimacy theory focusses on the inclusion of social and environmental disclosure in the financial reporting system. As can be seen from the results that the firms that are adopting disclosure practice, in turn, offers better accounting quality. Whereas, to the extent that the stakeholder's theory is concerned, the capacity of the organization to make sustainable development relies upon its association with various stakeholders related to the organization (Strand & Freeman, 2015).Thus, the disclosure of data on sustainable development can be considered as an instrument to address the issues of those interested groups (Ali et al., 2017; Cormier & Magnan, 2015; Waworuntu et al., 2014). The results also support this argument that in Thailand the firms are moving towards high-quality sustainable practices disclosures and catering the needs of stakeholders and therefore, they don't have any fear to disclose the information on sustainable development disclosure.

V. Conclusion, Practical Implication, Limitations and Recommendations for Future Research

The accounting literature is currently focusing on the disclosure of sustainable development, this is because the demand of accounting disclosure about sustainable development form the stakeholders is rising globally and becoming compulsory in different parts of the world. Consequently,the results of the study will help regulators to improve the accounting quality through disclosures.

The current study explored the impact of accounting disclosure of sustainable development on the accounting quality on the firms quoted on SCE, thus,testing the association among the independent variableexhibited by the accounting disclosure for sustainable development, and the dependent variablesexhibited by the accounting qualitywhich has been estimated through differentoperationalizations. Our results showed a reduction in the level of accounting disclosure for sustainable development in the Thai business environment, as the average disclosure for the selected sample was about 50.11%. This might be because of that the disclosure of sustainable development is still discretionary, lack of understanding the benefits of disclosing practices about sustainable development by the firm in Thailand.

Additionally, the examination found a negatively significant association among the accounting disclosure of sustainable development and both discretionary accruals and information asymmetry. These findings can be further be explained by the fact that as disclosure of sustainability improves, ultimately it improves the accounting quality.In addition, the examination found positively significant relationship among accounting disclosure of sustainable development and accounting conservatism. This discovered outcome can be explained by the fact that the firms that adopt increasing disclosure of sustainability, adopts the conservative accounting policies.

This study offers very significant practical implication for the regulators. Almost half of the listed firms in Thailand is adopting disclosure practices while finding show that the disclosure about sustainable development improves the accounting quality. Therefore, regulators in Thailand should focus on the spreading the awareness and benefits of disclosures and introduce strict guidelines to follow the good practices, this action will be helpful in the greater interest of all stakeholders.

Like other researches, this study also suffers from several limitations and offers avenues for future research. For example, this study usedThailand as its scope. Moreover, this study is based on a small sample size and period. Therefore, the results of this study may not be generalizable to other developing markets. This study used quantitative measurement to operationalize disclosures, while, disclosure can also be measured through qualitative measurement. It should be valuable to test the conceptual framework of this study in countries with different legal, regularity and economic and political environments. This will help to overcome the limitations of the study as well.

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