ABSTRACT

Studies conducted in developed countries have dominated the literature on the determinants of dividend payment. Nonetheless, there is much variation in corporate governance between developed and developing countries. The primary objective of this study is to explore the effect of firm characteristics and corporate governance factors on dividend payment in Thailand. The conceptual model in this study integrates important elements which affect the dividend payment and applies it in the context of Thailand, testing nonfinancial firms listed on the Stock Exchange of Thailand (SET) between 2001 and 2010, using 1,525 observations.

The study employed multiple regression analysis. Results indicate that there are four independent variables which influence dividend payment, consisting of three firm characteristics variables: the leverage ratio, firm size, and growth opportunity, and one corporate governance variable: the largest ownership. A higher debt to total asset ratio, the larger the total assets, and a higher growth opportunity leads to a lower dividend payout ratio. On the other hand, the greater the percentage of shares held by the largest ownership, the higher the dividend payout ratio.

The results in this study provide benefits to two main parties: the investor and the management team involved in the payment of dividends in the company. Basically, investors would be able to select stocks which meet their criteria if they know the factors which influence dividend payment. Moreover, the management teams can attract value stock investors by maintaining the factors influencing high dividend payment. In addition, the findings of this study can add to the growing literature on the determinants of dividend payment in emerging stock markets.