

ABSTRACT

The aim of this paper is to determine the factors that affect the dividend payout of all firms listed in the Stock Exchange of Thailand during year 2006 to 2010 by using the TOBIT regression analysis. The dependent variable in this paper is dividend payout ratio; whereas the independent variables are profitability ratio, liquidity ratio, financial leverage ratio, investment opportunity ratio, sales growth, business risk, firm size, dummy variables of eight industries (agro & food industry, consumer products, financials, industrials, property & construction, resources, services and technology) and interaction dummies (small firms with profit, small firms with loss, medium firms with profit, medium with loss, large firms with profit and large firms with loss). The data consists of 2,098 sample firms.

The study finds that the financial leverage ratio, sales growth, firm size, interaction dummies have impact to dividend payout of Thai listed firms. The financial leverage ratio and sales growth have negative relationship with dividend payout; on the other hand, the firm size is related positively to dividend payout. In addition, evidence shows interaction effect has an impact on dividend payout. Small firms and large firms that are profitable tend to pay dividend; meanwhile, medium firms with profit are less likely to pay dividend.

This paper provides benefit to investors to make a right decision regarding stock investment. Moreover, financial managers can use the results from this study to develop dividend policy in order to archive the maximize shareholder's wealth. Those financial managers can decide whether company should keep the profits for investing or to pay them out as dividend back. In term of academic contribution, results from this study add more updated empirical evidences to existing financial literature in Thailand.