

Sunuttanun Teerawanichtrakool 2010: The Relationship between Executive Compensation, Ownership Structure and Discretionary Accruals. Master of Business Administration, Major Field: Business Administration, Interdisciplinary Graduate Program. Thesis Advisor: Associate Professor Doosanee Songmuang, M.Acct. 153 pages.

This study aims at investigating the relationships between executive compensation and ownership structures (both insider and blockholder) and discretionary accruals using the modified Jones model. Sample firms consist of companies listed in the Stock Exchange of Thailand, excluding those in financials group. Data are collected from annual financial statements for the years 2002 to 2008 and from the annual registration statement of year 2008. Then, the data are analyzed using descriptive statistics. Hypothesis tests are performed via multiple regression analysis at statistical significance level of 0.05.

The results show that executive compensation and ownership structures - both insider and blockholder - have no relationships with discretionary accruals, the absolute value of discretionary accruals, the positive value of discretionary accruals and the negative value of discretionary accruals. However, after partitioning the sample firms according to level of control variables - market to book ratio and financial leverage - the results reveal that for firms with high level of market to book, the executive compensation is negatively associated with discretionary accruals and the absolute value of discretionary accruals. For firms with low level of market to book, the executive compensation is positively associated with the negative value of discretionary accruals. In addition, for firms with low level of financial leverage, the insider ownership is positively associated with discretionary accruals while the blockholder ownership is negatively associated with discretionary accruals.

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