

Nuthawut Sabsombat 2014: The Relationship between Corporate Governance and Director Compensation and The Relationship between Management Compensation and Firm Performance of Listed Companies on the Stock Exchange of Thailand. Master of Accountancy, Major Field: Accounting, Department of Accounting. Thesis Advisor: Ms. Suthawan Prukumpai, Ph.D. 154 pages.

One of major responsibility of board of directors is to establish the proper corporate governance structure while management teams are main factor to create value-added activities and to enhance firm performance. Therefore, the objectives of this research are to examine 1) the relationship between corporate governance and director compensation and 2) the relationship between management compensation and firm performance of listed companies on the Stock Exchange of Thailand during 2010-2012. Descriptive statistics are reported together with the cross-sectional multiple regression test.

The result indicates that there is a positive association between corporate governance and director compensation. The good corporate governance structure promotes the performance driven for director compensation system. As a result, it would lower the possibility of agency problem. In addition, there is a positive association between management compensation and firm performance represented by both accounting-based and marketing-based measurement. This is because the reasonable management compensation system would motivate management teams to work effectively and hence increase the firm performance. Furthermore, our results confirm that good corporate governance encourage the proper compensation design which eventually resulted in the improvement of firm performance.

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