

Nattapat Thamnusarn 2010: Corporate Governance Mechanism: The Relationship between Ownership Structure and Audit Fees. Master of Business Administration, Major Field: Business Administration, Interdisciplinary Graduate Program.  
Thesis Advisor: Mr. Sansakrit Vichitlekarn, Ph.D. 154 pages.

The objective of this study was to examine corporate governance mechanism through the relationship between concentration and compositions of ownership structure and audit fees of companies listed in the Stock Exchange of Thailand in year 2008. Samples were 121 companies, consisting of 72 companies in SET100 index and 49 companies in MAI. Data were collected from 56-1 form and consolidated financial statements for the year 2008. Then, the data were analyzed using descriptive statistics which included mean, percentage, minimum, maximum, and standard deviation. Hypotheses tests were performed via cross-sectional multiple regression analysis at statistical significance level of 0.05.

The results indicate that the ownership concentration, measured by the top five largest shareholdings, is negatively associated with the audit fees. The ownership compositions, both institutional ownership and inside ownership measured by shareholdings of directors and management, are not associated with the audit fees. However, the results find that firm size, current ratio, technology industry sector, and the numbers of non-participating executive directors are positively associated with the audit fees. On the other hand, the ratio of inventory to total assets and the numbers of independent directors are negatively associated with the audit fees. Thus, the results exhibit that major shareholders of the firms pay attention on monitoring which is a part of corporate governance mechanism. Such monitoring could diminish any damages caused by the conflict of interest; eventually this could result in a decrease in audit fee which is regarded as a monitoring cost.

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