ปัจจัยที่ส่งผลต่อความมั่นคงทางการเงินของบริษัทในตลาดหลักทรัพย์ เอ็ม เอ ไอ (MAI)

Determinants of Financial Stability in Market for Alternative Investment (MAI)

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บทคัดย่อ

งานวิจัยนี้ตอบสนองความต้องการในการระบุและวิเคราะห์ปัจจัยที่ส่งผลต่อความมั่นคงทางการเงินของบริษัทในตลาดหลักทรัพย์เอ็ม เอ ไอ ในประเทศไทย เมื่อพิจารณาถึงพลวัตและความท้าทายที่บริษัทจดทะเบียนในตลาดหลักทรัพย์เอ็ม เอ ไอ ต้องเผชิญ การเข้าใจปัจจัยเหล่านี้มีความสำคัญต่อนักลงทุน ผู้กำหนดนโยบาย และบริษัทเอง งานวิจัยมุ่งเน้นไปที่ส่วนเฉพาะของตลาดการเงินไทย โดยมีเป้าหมายเพื่อให้ความกระจ่างเกี่ยวกับองค์ประกอบพื้นฐานที่ส่งผลต่อความแข็งแกร่งทางการเงิน ให้ข้อมูลเชิงลึกที่มีคุณค่าในการเสริมสร้างสุขภาพการเงินและการวางแผนเชิงกลยุทธ์ในบริบทของตลาดเกิดใหม่ งานวิจัยนี้ไม่เพียงแต่มีส่วนช่วยในวาทกรรมทางวิชาการเกี่ยวกับความมั่นคงทางการเงินเท่านั้น แต่ยังเสนอการปฏิบัติสำหรับผู้มีส่วนได้ส่วนเสียที่ต้องการศึกษาลักษณะของตลาดหลักทรัพย์เอ็ม เอ ไอ อีกด้วย การวิจัยนี้ศึกษาค้นคว้าผลกระทบของการกำกับดูแลกิจการใน 5 มิติที่แตกต่างกันต่อเสถียรภาพทางการเงิน ได้แก่ ขนาดคณะกรรมการ สัดส่วนของกรรมการอิสระ บทบาทคู่ระหว่างซีอีโอและประธานคณะกรรมการ การกระจุกตัวของผู้ถือหุ้น และสัดส่วนการถือหุ้นของนักลงทุนสถาบัน จากการวิเคราะห์ด้วยนัยสำคัญทางสถิติที่ระดับ 0.05 พบว่าตัวแปรอิสระทั้ง 5 ตัวนี้ไม่มีอิทธิพลต่อความมั่นคงทางการเงิน ผลการวิจัยยังพบว่าความมั่นคงทางการเงินไม่ส่งผลต่อผลตอบแทนหุ้นของบริษัทที่จดทะเบียนในตลาดหลักทรัพย์รอง (เอ็ม เอ ไอ) ที่มีนัยสำคัญทางสถิติที่ระดับ 0.05 ผลลัพธ์นี้แสดงให้เห็นว่า ภายในบริบทที่ตรวจสอบ ระดับความมั่นคงทางการเงินของบริษัทเหล่านี้ไม่ส่งผลกระทบอย่างมีนัยสำคัญต่อผลการดำเนินงานของตลาดหุ้น ลักษณะของบริษัทที่จดทะเบียนใน MAI รวมถึงสภาพแวดล้อมด้านกฎระเบียบและการตลาดที่เป็นเอกลักษณ์ของ MAI อาจเป็นสาเหตุของสิ่งนี้

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ABSTRACT

This research responses the critical need to identify and analyze factors influencing financial stability within the Market for Alternative Investment (MAI) in Thailand. Given the unique dynamics and challenges faced by companies listed on the MAI, understanding these determinants is vital for investors, policymakers, and the companies themselves. By focusing on this specific segment of the Thai financial market, the research aims to shed light on the underlying elements that contribute to financial robustness, providing valuable insights for enhancing financial health and strategic planning in the context of emerging markets. This investigation not only contributes to the academic discourse on financial stability but also offers practical implications for stakeholders seeking to navigate the complexities of the MAI. The study investigates the impact of five distinct dimensions of corporate governance on financial stability: board size, the proportion of independent directors, the duality of CEO and board chair roles, shareholder concentration, and the proportion of institutional investors' shareholding. The analysis conducted at a 0.05 level of statistical significance reveals that these five independent variables do not exert an influence on financial stability. The findings also, reveal that financial stability does not have an influence on the stock returns of companies listed on the Market for Alternative Investment (MAI) at a 0.05 level of statistical significance. This result suggests that, within the examined context, the degree of financial stability of these firms does not significantly affect their stock market performance. The characteristics of the company listed on the MAI as well as the unique regulatory and market environment of the MAI may be the cause of this.

Keywords: *Financial Stability, Market for Alternative Investment (MAI), Corporate Governance*

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Introduction

In the current economic climate, predicting financial stability is not only of interest to corporate executives but also to external stakeholders of a company. These stakeholders are keen on finding the best methods to continuously forecast a company's operational performance to guide their decision-making process. Traditionally, shareholders, managers, creditors, and company employees have been concerned about the financial stability of the company and worried about the financial security being at risk, which would be assessed by using financial analysis tools, with the most commonly used being financial ratios. However, there has been an argument that financial ratios are not adequately appropriate for considering the position of shareholders and creditors' claims. Stakeholders are concerned about the implications of financial stability for various companies (Mingo, 2000). Generally, companies worldwide use ratio analysis to measure financial accuracy and the company's credibility. However, among academics, there is a belief that ratio analysis is an insufficient analytical technique to evaluate the performance of business organizations. Studies have identified that the operations and finances of companies are highly sensitive to financial ratio analysis (Chouhan et al., 2014). A company's financial stability is caused by various factors, both financial and non-financial, and studies have confirmed that non-financial factors also affect the financial stability of companies.

The landscape of corporate governance is riddled with complexities that go beyond mere financial figures (Jensen & Meckling, 2019). While numerous studies have concentrated on the financial aspects that lead to corporate success or failure, there remains a gap in comprehensive research focused on the MAI-listed companies, particularly in terms of how non-financial factors contribute to financial stability (Li et al., 2021). The intricacies of corporate governance, such as the size and composition of the board, the role of independent directors in mitigating conflicts of interest, the potential impact of management-board duality on strategic decisions, the influence of shareholder concentration on company oversight, and the role of institutional investors in promoting financial discipline, have not been thoroughly analyzed in the context of Thailand's MAI (Hermalin & Weisbach, 2017). Given the significant role financial stability plays in ensuring investor returns and fostering sustainable growth, our first research question is to examine whether non-financial factors influence financial stability on the MAI-listed companies.

The Market for Alternative Investment (MAI) is Thailand's second stock market, focusing on medium-sized and small businesses (SMEs) and enterprises involved in innovation. Its general objective is similar to that of the Stock Exchange of Thailand (SET), acting as a capital market. The purpose is to serve as a fundraising source for medium and small businesses with high growth potential and promising future growth prospects. This opens up opportunities for small enterprises that cannot enter the Stock Exchange of Thailand to have a venue for raising funds. It also supports the venture capital industry to increase the number of listed companies in the stock market.

Based on the preceding paragraph, this research aims to fill the existing knowledge gap by providing empirical insights into the non-financial factors that affect the financial stability of MAI-listed companies. Additionally, our second research question looks into whether the returns on securities are impacted by the financial stability of the company listed on the MAI. It is crucial to investigate these non-financial variables to offer a holistic view of the elements that underlie a firm's financial stability. This research will contribute to the existing body of knowledge by identifying key factors that influence the financial health of companies within the MAI and examining how financial stability, subsequently influencing their return on investment (La Porta et al., 2000). The findings may aid in developing enhanced regulatory frameworks and governance practices that are conducive to the thriving of companies within this important segment of the Thai capital market. Our research will also have useful ramifications for stakeholders who are trying to understand the intricacies of the MAI and determine the most effective ways to predict a business's operational success over time in order to guide their decision-making process.

Research Objectives

1. To explore the determinants influencing the financial stability of firms listed on the Market for Alternative Investment (MAI).

2. To investigate the impact of financial stability on the returns of securities.

Literature Review and Hypothesis Development

Financial Stability

The concept of financial stability in business is multifaceted, extending beyond the basic measures of profitability and liquidity to include the overall capability to manage a spectrum of risks and uphold a sustainable financial status for the long haul. A financial stability profile is characterized by a company's success in generating sufficient revenue that not only covers operational expenses but also provides a cushion for future investment and growth (Wellink, 2003). It's also reflected in a company's aptitude for meeting its debt obligations as they come due, ensuring a sound debt repayment capacity. Moreover, financial strength is evident in a company's facility to secure capital through various means such as equity, debt, or other financial instruments to support its operations and strategic initiatives. An essential element of this financial solidity is liquidity—the ease with which a company's assets can be transformed into cash, thereby enabling smooth and efficient operational functionality (Peiris et al., 2020)

A stable financial system is one that can manage resources efficiently and fully address uncertainties or problems as they arise, including preventing such issues from spreading to other parts of the real economy or other financial systems. Furthermore, a stable financial system should not be the origin of such problems itself. From this definition, we can infer that money should properly serve as a medium of exchange and a unit of account, while the financial system as a whole should adequately perform the functions of accumulating savings, distributing risk, and allocating resources effectively. Financial stability is therefore a crucial factor affecting economic growth since most transactions in the real economy are processed through the financial system. The importance of a stable financial system becomes most apparent during a crisis or financial instability. At such times, it is evident how a robust financial system plays a role in protecting and maintaining the stability of the economy (Wellink, 2003).

The financial failure of businesses is considered a significant problem that affects their survival. This condition may occur when a company operates at a loss, has insufficient revenue to cover expenses, lacks financial liquidity, or is in a state where it cannot pay off its debts, ultimately leading to bankruptcy. A crucial aspect of considering investments and business operations is the evaluation of financial health. Assessing financial stability can be done using various tools, one popular method being the use of the Z-Score (Altman, 1968). This tool is a model of different financial ratios weighted by various factors. Its advantages include ease of application and accuracy, as demonstrated through multiple tests. Additionally, it has been adapted for use in various countries with different contexts (Altman et al., 2017).

The importance of the Altman Z-Score lies in its ability to provide a clear and quantifiable estimate of a company's financial stability, which can be critical for investors, creditors, and the company's management. While not foolproof, the Z-Score can be a useful tool for conducting financial analysis and assessing risk.

The Altman Z-Score is also a very popular metric in academic research related to finance and accounting due to its predictive power and ease of application. Over the years, the Z-Score has been validated by numerous studies and continues to be widely used in financial analysis today.

The Z-Score is based on Multiple Discriminant Analysis (MDA) and uses financial ratios as predictors in a forecasting model. The different ratios are systematically weighted, which can be formulated as follows:

$$Z = 1.2X1 + 1.4X2 + 3.3X3 + 0.6X4 + 1.0X5 \quad (1)$$

Where:

X1 = Working Capital / Total Assets

X2 = Retained Earnings / Total Assets

X3 = Earnings Before Interest and Taxes (EBIT) / Total Assets

X4 = Market Value of Equity / Total Liabilities

X5 = Sales / Total Assets

Table 1 Critical Values of Altman's Model Score

Score	Zone	Result
$Z < 1.80$	Weak Zone	Weak financial condition
$1.80 < Z < 2.99$	Gray Zone	Uncertain financial condition
$Z > 2.99$	Safe Zone	Strong financial condition

Corporate Governance

In the realm of business operations, the primary objective is to maximize profitability while ensuring the enterprise's sustainability under the going concern principle. A critical determinant in achieving this objective is the implementation of robust corporate governance (CG), universally acknowledged as a system facilitating efficient and effective organizational management. Effective corporate governance guarantees a business environment characterized by fairness and transparency, compelling companies to be accountable for their actions (Larcker et al., 2007).

Empirical research has extensively investigated the correlation between corporate governance and firm performance, consistently evidencing that sound governance practices are conducive to improved organizational outcomes (Hodgson et al., 2011; Mansour et al., 2022). Despite the overarching consensus on the positive impact of good governance, nuanced differences in findings emerge, particularly concerning the dynamics of board independence, which is shown to have an inversely proportional relationship with stable profitability. Conversely, ownership concentration has been identified as a precursor to profitability. Additionally, the dimensions of board size and the formation of governance committees are positively correlated with enhanced firm valuation (Arayssi & Jizi, 2018).

The extent of CG practice and its repercussions on firm performance and susceptibility to financial distress are predominantly evaluated through the lenses of transparency and disclosure norms, stakeholder relations, board composition, regulatory adherence, and ownership and control structures. These governance measures serve as safeguards against the likelihood of financial distress, thereby enhancing the resilience of the organization (Bravo-Urquiza & Moreno-Ureba, 2021; Younas et al., 2021).

This scholarly discourse underscores the imperative role of corporate governance in the strategic fortification of firms against operational and financial vulnerabilities, advocating for a comprehensive understanding and implementation of CG principles to foster organizational longevity and profitability.

Board Size

In the discourse of corporate governance, the composition and size of the board of directors have been identified as pivotal elements influencing organizational success. Alzoubi and Selamat (2012) assert that the board of directors serves as a significant catalyst in achieving organizational objectives. They argue that board members bear the responsibility of formulating goals and strategies that are in alignment with the interests of shareholders, encompassing the realms of financial information transparency and reliability. This assertion underscores the board's integral role in steering corporate governance towards enhancing firm performance and shareholder value.

The scholarly investigation into the efficacy of board size presents a spectrum of conclusions. Previous research posits that smaller boards tend to exhibit higher efficiency due to their ease of management and the effectiveness of communication among members, which in turn minimizes the potential for misunderstandings (Alzoubi & Selamat, 2012; Abbott et al., 2004). This perspective is juxtaposed with findings that suggest larger boards may face diminished effectiveness attributable to coordination challenges and a dilution of oversight functions (De Andres et al., 2005; Cheng, 2008; Kumar & Singh, 2013).

However, the narrative on board size and organizational success is nuanced. Larger boards have been associated with a reduced likelihood of company bankruptcy, suggesting that a broader array of networks, comprehensive knowledge, and enhanced expertise and experience can be advantageous, particularly for complex organizations under significant financial strain (Darrat et al., 2016). This implies a potential for larger boards to offer more robust advisory capabilities, albeit with an acknowledgment of the necessity for an optimal board size. The literature proposes a guideline that optimal board size should not exceed eight or nine members to maintain efficacy and governance quality (Lipton & Lorsch, 1992).

Contrastingly, Vafeas (2005) highlights the inefficiencies associated with both excessively small and large board sizes, suggesting a balance must be struck to avoid diminished accountability and oversight. This argument is supported by studies indicating no significant correlation between board size and the quality of financial reporting (Sukeecheep et al., 2013; Abbott et al., 2000), further emphasizing the complexity of determining an ideal board size.

The discourse on board size and its impact on corporate governance and organizational success is thus characterized by a diversity of perspectives. It becomes apparent that while smaller boards may facilitate better management and decision-making processes, larger boards could potentially leverage their broader networks and expertise to benefit the organization, especially in challenging financial circumstances. The ongoing debate underscores the importance of a nuanced approach to board composition, one that carefully considers the specific context and needs of the organization to optimize governance practices and achieve corporate objectives.

Based on the literature review presented, the following research hypothesis is formulated to test the influence of non-financial factors, specifically board size, on financial stability:

Research Hypothesis 1: The size of the board positively influences financial stability.

According to Darrat et al. (2016) this hypothesis posits that a larger board size, within optimal limits, may contribute positively to a firm's financial stability by leveraging the diverse experiences, expertise, and networks that board members bring to the organization. This diversity can enhance the quality of governance and decision-making, thereby supporting the financial resilience of the firm.

Board Independence

Within the framework of Agency Theory, the composition of corporate boards, particularly the proportion of independent directors, is posited to significantly influence the effectiveness of monitoring and control mechanisms over corporate management. The theory postulates that boards endowed with a higher quotient of independent directors are better positioned to safeguard shareholder interests, thereby enhancing firm value. This notion is supported by seminal works such as Rosenstein and Wyatt (1990) and Agrawal and Knoeber (1996), which posit a positive correlation between the prevalence of independent directors and elevated firm value. Furthermore, Bhagat and Black (2001), argue for the complementary roles played by both inside and outside directors in enriching the governance framework. The imperative of effective corporate governance in establishing market credibility, enticing investment, and bolstering investor confidence through the incorporation of independent directors is underscored by empirical research (Fuzi et al., 2016).

Empirical investigations into the dynamics of board composition reveal a discernible linkage between the proportion of independent, non-executive directors and a reduction in earnings management practices, thereby suggesting that board independence is positively correlated with organizational resilience (Chancharat et al., 2012). In this vein, Souther (2021) provides empirical support for the premise that board independence is instrumental in augmenting firm value, thereby reconciling discrepancies in earlier studies regarding the impact of board independence on firm valuation. This aligns with the theoretical perspective that boards with a substantial contingent of independent directors are more adept at executing their oversight responsibilities, consequently fostering superior firm performance (Fama & Jensen, 1983; Jensen & Meckling, 1976).

In light of the aforementioned literature, this study postulates that boards characterized by a higher proportion of independent directors are likely to mitigate governance-related malfeasances and enhance company profitability. This is premised on the assumption that independent directors exert more rigorous scrutiny over the actions and decisions of executive members. Thus, drawing upon the comprehensive review of extant literature, the following research hypothesis is advanced to scrutinize the impact of non-financial factors, particularly the proportion of independent directors on the board, on financial stability:

Research Hypothesis 2: The presence of a larger proportion of independent directors on the board exerts a positive influence on financial stability.

This hypothesis aims to contribute to the ongoing discourse on corporate governance by empirically examining how the structural composition of boards, specifically through the lens of board independence, impacts the financial stability of firms.

CEO Duality

In the realm of corporate governance, the robustness of governance structures plays a pivotal role in safeguarding the wealth creation process. Conversely, a deficiency in governance mechanisms can precipitate a decline in a firm's value. The investigation conducted by Peni (2014) reveals a positive correlation between the amalgamation of the Chief Executive Officer (CEO) and Chairman positions within a singular individual and the operational outcomes of firms enlisted in the S&P Dow Jones Indices. This finding suggests that such a consolidation of roles might enhance company performance. On the contrary, research by Tang (2017) unveils a negative association between the dual role of CEO and Chairman and company performance, indicating potential detriments to firm outcomes from this governance structure.

The divergence in findings from previous studies underscores the complex nature of the relationship between the conflation of CEO and Chairman roles and company performance. The consolidation of these positions suggests a potential dilution in the effectiveness of executive oversight. Specifically, when a CEO also serves as the Chairman, it may lead to a scenario where the executive's performance is self-assessed, potentially compromising the board's ability to conduct rigorous oversight. This situation could inadvertently facilitate conditions that favor the CEO, who occupies both positions, possibly at the expense of broader organizational interests.

Given the intricacies observed in the interplay between corporate governance structures and firm performance, this study proposes a research hypothesis aimed at examining the influence of non-financial factors, particularly the combination of the CEO and Chairman roles, on financial stability (Peni, 2014). The hypothesis posited for exploration in this academic inquiry is as follows:

Research Hypothesis 3: The amalgamerging of the CEO and Chairman roles exerts a positive impact on financial stability.

This hypothesis is formulated to explore the dimensions of corporate governance that extend beyond traditional financial metrics, thereby contributing to a nuanced understanding of the factors that underpin financial stability in the corporate sector.

Ownership concentration

From the perspective of Institutional Theory (North, 1991), which spans a broad spectrum from micro-sociological approaches focusing primarily on the dynamics within organizations (DiMaggio & Powell, 2012) to macroeconomic and socio-economic approaches aiming to link stable behaviors with broader social realities, the issue of concentrated ownership in the hands of a single shareholder or a group of shareholders and its impact on firm performance has been a topic of debate among researchers for decades and continues to be a focal point of intensive research today. From the Agency Theory viewpoint (Jensen & Meckling, 1976), ownership concentration is considered a key element of corporate governance mechanisms designed to mitigate agency problems arising from the separation of ownership and control (Balsmeier & Czarnitzki, 2017). Consequently, a positive relationship between ownership concentration and company performance is anticipated, corroborating the findings of Filatotchev et al. (2013), who argued that a firm's stock price increases with the rise in the proportion of shares held by these significant shareholders. In 2019, Jounghyeon Kim explored the relationship between shareholder concentration and the quality of institutions and their relationship with the risk of organizational bankruptcy using the Global Governance Indicators and corporate survey data from the World Bank in 41 countries. The analysis indicated that ownership concentration and the quality of institutions help reduce the risk of bankruptcy.

Based on the literature review presented, this leads to the formulation of a research hypothesis to test the influence of non-financial factors, specifically the concentration of shareholders, on financial stability as follows:

Research Hypothesis 4: The concentration of shareholders has a positive impact on financial stability.

This hypothesis aims to explore the extent to which non-financial factors, such as the concentration of shareholders, influence the financial stability of firms. It seeks to contribute to the ongoing dialogue within the fields of Institutional and Agency Theories by empirically examining the role of ownership structure in mitigating risks associated with corporate governance and enhancing the financial resilience of organizations.

Institutional Ownership

According to Agency Theory, the structure of shareholding is one of the mechanisms for good corporate governance. It is well understood that whenever a company has shareholders (who are the owners of the company) and managers (who are appointed as agents to manage the company), issues of conflict of interest often arise. This is due to the owners' mistrust regarding whether the managers will work to maximize the company's value. Therefore, the structure of shareholders serves as one factor that can mitigate this conflict (Jensen & Meckling, 1976). The shareholding structure and the composition of the board of directors act as internal governance mechanisms that help alleviate the conflict between managers and shareholders (Bekiris, 2013). According to Agency Theory, institutional ownership reduces agency conflicts because institutional shareholders help monitor the company. Consequently, managers are less likely to act against the interests of shareholders (Laurenzia & Sufiyati, 2015). Increasing the shareholding proportion of institutional investors impacts the efficient use of company assets to minimize the chances of financial distress. Conversely, research findings indicate that institutional ownership has a detrimental effect on financial distress (Hanifah & Purwanto, 2013; Widhiadnyana & Ratnadi, 2019).

From the preceding literature review, this leads to the formulation of a research hypothesis to test the influence of non-financial factors, specifically the proportion of institutional shareholders, on financial stability as follows:

Research Hypothesis 5: The proportion of institutional shareholders has a positive impact on financial stability.

This hypothesis is intended to examine the extent to which non-financial factors, such as the proportion of institutional shareholders, affect the financial stability of firms. It aims to contribute to the discourse on corporate governance by empirically assessing the role of institutional ownership in enhancing the financial resilience of companies, aligning with the principles of Agency Theory.

Financial Stability and Securities Returns

Financial accounting and analysis aim primarily to disclose critical information about a company's financial health to interested parties such as investors, creditors, or shareholders. These stakeholders are keen to understand a company's value generation capability and the risks involved. The assessment of bankruptcy risk is a focal point for investors as it can indicate the financial hazards a company might face.

Studies by Dichev (1998) have shown a negative relationship between the Altman Z-score, a measure of bankruptcy risk, and the returns received. This means companies with lower Altman Z-scores, indicating higher bankruptcy risk, often need to offer higher returns to compensate for that risk. Conversely, Piotroski (2000) reported that companies with higher Altman Z-scores, suggesting lower financial risk, tend to have higher market returns compared to financially troubled firms.

Apergis et al. (2011) explored the relationship between Altman Z scores and company stock prices, finding a positive correlation. This implies that as the Altman Z score improves (indicating reduced bankruptcy risk), stock prices tend to increase. This study suggests that investors prioritize the financial stability of companies in their investment decisions.

However, Vassalou and Xing (2004) concluded that the risk of default positively affects the market value of equity, and companies with higher default risk often yield higher returns, especially in small firms with high book-to-market ratios. Garlappi et al. (2008) also noted that market return volatility could be explained by shareholders' bargaining power and the possession of alternative information.

This leads to the formulation of a research hypothesis to test the influence of financial factors on financial stability as follows:

Research Hypothesis 6: Financial stability has a positive influence on security returns.

This hypothesis seeks to examine the impact of financial factors, specifically financial stability, on the returns of securities, contributing to the understanding of how financial health influences investor returns and market performance.

Methodology

This quantitative study analyzes secondary data from non-financial companies listed on Thailand's Market for Alternative Investment (MAI) between 2019 and 2022 (3 years). Excluding the financial sector due to its unique operational and reporting characteristics, the research encompasses data from seven industry groups, sourced from the Stock Exchange of Thailand's SETSMART system. The study focuses on 138 companies with complete financial records over the specified period, offering an efficient approach to evaluate financial trends and outcomes across diverse sectors. By focusing on companies outside the financial industry, the research provides a comprehensive overview of the market dynamics and financial health of Thai listed companies, ensuring relevance and accuracy in its findings.

Multiple Regression Analysis is used to explore how multiple independent variables influence the variation in a dependent variable, leading to the development of a predictive model. This technique quantifies the impact of each independent variable on the dependent variable, allowing for accurate predictions and insights into how changes in predictors affect outcomes. The resulting predictive equation serves as a foundational tool for forecasting and understanding complex relationships within the dataset.

Research Results

Table 2 Financial Stability of Companies on the MAI Market Based on Z-Score Classification

Financial Stability (Z - Score)	Number of Companies	Percentage (%)
Weak Zone	45	32.61
Gray Zone	45	32.61
Safe Zone	48	34.78
Total	138	100

Table 2 presents the distribution of companies on the MAI market based on their financial stability, classified into three zones according to their Z-Score values: Weak Zone, Gray Zone, and Safe Zone. The Weak Zone indicates companies with a fragile financial condition, the Gray Zone represents companies with uncertain financial health, and the Safe Zone denotes companies with strong financial stability.

• Weak Zone: Out of the total, 45 companies fall into this category, constituting 32.61% of the sample. This indicates a significant portion of the market is at a higher risk of financial distress.

• Gray Zone: Similarly, 45 companies are categorized within the Gray Zone, also making up 32.61% of the market. These companies are in a precarious financial position, facing uncertainty regarding their stability.

• Safe Zone: The highest stability is seen in the Safe Zone, where 48 companies are placed, accounting for 34.78% of the market. This demonstrates a slightly larger segment of the market possesses strong financial health, indicating lower risk of bankruptcy.

The total sample size is 138 companies, representing the entire composition of the market under study. The distribution highlights the financial health diversity within the MAI market, with a nearly equal split between companies facing financial challenges and those in a more secure position. This analysis underscores the importance of the Z-Score model in evaluating and categorizing the financial stability of companies within this market.

Table 3 The results of the Multiple Regression Analysis examining factors affecting financial stability

Coefficients[a]							Collinearity Statistics	
Financial Stability		Unstandardized Coefficients		Standardized Coefficients	t	Sig		
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.429	0.477		2.995			
	Board Size	0.054	0.051	0.101	1.072	0.286	0.836	1.197
	Board Independence	0.028	0.084	0.031	0.332	0.740	0.833	1.201
	CEO Duality	0.243	0.422	0.050	0.576	0.565	0.995	1.005
	Ownership concentration	0.001	0.005	0.026	0.269	0.788	0.820	1.220
	Institutional Ownership	-0.003	0.004	-0.068	-0.714	0.477	0.823	1.215
R=0.142[a], R Square=0.020, Adjusted R Square=-0.017, F= 0.536, Sig = 0.748, Durbin-Watson=1.957								

Table 3 presents the results of the Multiple Regression Analysis examining various factors affecting financial stability, adhering to the criteria set by Hair et al. (2010) which stipulate that the Tolerance value must exceed 0.10 and the Variance Inflation Factor (VIF) must not approach or exceed 10. The analysis reveals that the Tolerance values of the independent variables range between 0.820 and 0.995, exceeding the 0.1 threshold, and the VIF values are between 1.005 and 1.220, well below 10. These findings indicate the absence of multicollinearity among the independent variables, suggesting they are sufficiently independent for multiple regression analysis. The independence of the variables supports the reliability of the regression model in analyzing the impact on financial stability.

Further, to assess the independence of error terms, the Durbin Watson statistic is employed, testing whether consecutive error terms (et and et+1) are independent, a condition necessary for a valid regression analysis. With a Durbin Watson value of 1.957, closely aligning with the ideal range of 1.5 to 2.5, it is concluded that the error terms are independent. This independence of error terms affirms the model's suitability for examining the dynamics affecting financial stability, reinforcing the robustness and validity of the research findings.

The study investigates the impact of five distinct dimensions of corporate governance on financial stability: board size, the proportion of independent directors, the duality of CEO and board chair roles, shareholder concentration, and the proportion of institutional investors' shareholding. The analysis conducted at a 0.05 level of statistical significance reveals that these five independent variables do not exert a positive influence on financial stability.

Table 4 The results of financial stability on the stock returns

Coefficients[a]							Collinearity Statistics	
Stock price to net profit ratio (P/E)		Unstandardized Coefficients		Standardized Coefficients	t	Sig		
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	7.689		14.255	0.539	0.590		
	Financial Stability	0.242	6.533	0.003	0.037	0.970	1.000	1.000
R=0.003[a] R Square=0.000 Adjusted R Square=- 0.007 F= 0.001 Sig = 0.970 Durbin-Watson=2.023								

Table 4's findings reveal that financial stability does not have a positive influence on the stock returns of companies listed on the Market for Alternative Investment (MAI) at a 0.05 level of statistical significance. This result suggests that, within the examined context, the degree of financial stability of these firms does not significantly affect their stock market performance.

Conclusion and Discussion

The findings of this study offer a nuanced view into the factors affecting financial stability among companies listed on the Market for Alternative Investment (MAI) in Thailand. Contrary to initial expectations, the analysis suggests that the examined dimensions of corporate governance—board size, the proportion of independent directors, CEO and board chair role duality, shareholder concentration, and the proportion of institutional investors' shareholdings—do not significantly impact financial stability. This outcome challenges the conventional wisdom that attributes a critical role to corporate governance practices in determining a firm's financial health, particularly in emerging markets.

Furthermore, the study's findings regarding the non-significant relationship between financial stability and stock returns on the MAI further complicate the narrative. This suggests that investors may prioritize other factors, such as growth potential or market speculation, over traditional indicators of financial health when making investment decisions. It also indicates a potential divergence in the factors driving stock performance in emerging markets compared to more established markets.

One plausible explanation for the lack of significant impact from these governance dimensions on financial stability could be the unique regulatory and market environment of the MAI, which may mitigate the influence of such factors. Additionally, the specific characteristics of companies listed on the MAI, such as their size, industry sector, and stage of development, might play a more decisive role in their financial stability than governance structures.

Our findings also benefit scholars, practitioners, and standard setters, despite the lack of statistical significance in this study. First of all, for practitioners, the study underscores the importance of looking beyond conventional wisdom when evaluating investment opportunities and strategizing for financial stability in emerging markets. Investors and companies might benefit from a more holistic approach that considers market dynamics, regulatory environments, and the specific characteristics of businesses, rather than relying solely on traditional governance indicators. Second, this research contributes to the academic discourse by highlighting the complexities and unique characteristics of emerging financial markets like the MAI. It challenges existing assumptions about the determinants of financial stability and stock market performance, inviting further investigation into the specificities of such markets. Lastly, policymakers and regulatory bodies overseeing markets like the MAI should consider these findings when developing guidelines and support mechanisms for listed companies. There may be a need for policies that address the specific challenges and opportunities in these markets, promoting practices that enhance financial stability and attract informed investment without overemphasizing traditional governance structures.

Limitations and Recommendations for Future Research

Some limitations of this study could be addressed in future research. First, the study's findings are only applicable to the period between 2019 and 2014. Long-term patterns or outside occurrences like the COVID-19 pandemic might not be covered by them. To see how the impact might alter the outcome, future studies should expand the time frame. Secondly, to corroborate our findings, future research should explore additional factors that may influence financial stability and stock returns in the context of the MAI and similar emerging markets. Investigating the role of external economic conditions, industry-specific dynamics, and the impact of technological innovation could provide deeper insights. Additionally, this research should be increase qualitative research to gain in-depth and complete information to explain the changes of good corporate governance factors affecting financial stability. Qualitative studies focusing on managerial perspectives and investor behavior in the MAI could complement the quantitative findings, offering a fuller picture of the drivers of financial health and market performance.

In conclusion, while traditional indicators of corporate governance may not directly impact financial stability or stock returns in the context of the MAI, this study opens new avenues for understanding the multifaceted nature of financial health in emerging markets. It calls for a broader perspective in both research and practice, aiming to uncover the nuanced factors that contribute to the resilience and performance of companies in these dynamic environments.

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