Dividend Policy in Thai Listed Technology Firms: Evidence on ESG100 Index Recognition as a Moderator

Nuthawut Sabsombat

Academy of Management Sciences, Faculty of Management Sciences, Kasetsart University, Chonburi, Thailand
Email: nuthawut.sa@ku.th (N.S.)
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***Abstract*—This study examines the determinants of dividend policy in Thailand's technology sector, focusing on cash flows, firm performance, and Environmental, Social, and Governance (ESG) recognition. Using 220 firm-year observations from 44 listed companies (2020–2024) and firm- and year-fixed-effects regressions, the findings show that cash flows do not significantly influence dividend outcomes. Instead, profitability—measured by return on equity and net profit margin—is positively associated with dividend yields, though not with payout ratios. ESG100 index recognition is linked to higher dividend yields, suggesting reputational and signalling benefits, but it does not moderate the sensitivity of dividends to either cash flows or profitability. The results imply that dividend policies in this sector are anchored in earnings strength, with ESG recognition functioning as a credibility signal rather than a governance mechanism. These findings contribute to understanding how sustainability recognition interacts with traditional financial determinants in shaping payout behaviour in emerging markets.**

***Keywords*—dividend policy, firm performance, cash flows, Environmental, Social, and Governance (ESG) recognition**

I. Introduction

Dividend policy remains one of the most debated issues in corporate financial management, with extensive evidence highlighting the role of cash flows and firm performance in determining a company's capacity to distribute earnings to shareholders [1]. While prior research has established that profitability, liquidity, and leverage are critical determinants of dividend payments [2], less is known about how non-financial factors, particularly Environmental, Social, and Governance (ESG) recognition, influence these relationships. This represents a significant gap, as sustainability considerations are increasingly integrated into financial decision-making and investment analysis [3].

The integration of ESG into corporate strategy has shifted stakeholder expectations, with investors demanding both financial returns and long-term sustainability [4]. In emerging markets such as Thailand, the ESG100 Index has become a benchmark for assessing firms' sustainability credentials, yet its interaction with dividend policy remains underexplored. This gap is particularly relevant in the technology sector, which has experienced rapid expansion but continues to face volatility in cash flows and market valuations [5].

Addressing this gap is important for both theory and practice. From a theoretical perspective, incorporating ESG recognition into dividend policy research extends traditional agency and signalling frameworks by considering sustainability as a moderating mechanism. From a practical perspective, the findings provide insights for investors and policymakers in understanding how ESG recognition shapes shareholder value distribution in Thailand's technology sector. Accordingly, this study investigates the impact of cash flows and firm performance on dividend payments, while examining the moderating role of ESG recognition.

II. Literature Review

A. Theoretical Foundations

Signalling theory suggests that firms use observable actions—such as dividend payments—to convey private information about their internal health or future prospects to outside investors [6]. Recent empirical studies have extended this idea into the ESG domain. For example, Yang *et al*. [1] find that firms with stronger ESG performance in China tend to make abnormal cash dividend payments, which acts as a signal of robustness in cash flow and governance quality. Similarly, Dash and Sethi [7] show that ESG acts as a positive signal to reduce reliance on costly external financing, implying that firms with better ESG scores signal lower risk and higher internal cash flow stability. These findings substantiate that in contemporary markets, dividend payments may serve not only to reward shareholders but to signal sustainable performance and financial discipline in the presence of ESG disclosures.

Agency theory posits that there are conflicts of interest between shareholders (principals) and managers (agents), particularly when managers have discretion over firm resources [8]. Dividends can serve as a mechanism to curtail agency costs, by reducing the free cash flow available to managers and by increasing pressure for transparency and accountability. Recent research confirms this role in ESG contexts. Donghui *et al*. [9] argue that ESG practices reduce information asymmetry and lower agency costs, aligning managerial decisions more closely with shareholder interests, and that in such contexts, firms with higher ESG performance are more likely to maintain or increase dividend payments. Almulhim *et al*. [10] also show a positive correlation between ESG scores and dividend policy, especially in firms with high agency costs, thus reinforcing that dividend policy interacts with ESG to mitigate agency problems.

Stakeholder theory emphasises that firms have obligations not only to shareholders but to all parties affected by their operations—employees, customers, suppliers, the community, and others [11]. From this perspective, ESG recognition can reflect how well a firm is managing its responsibilities toward multiple stakeholders, which may in turn influence cash flow, reputation, and its ability to pay dividends. Studies have found that firms with strong ESG orientation often balance between reinvesting in stakeholder-related initiatives and making dividend payments. For instance, ESG performance and dividend stability of the

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world's largest enterprises [12] shows that ESG activity is associated with more stable dividend payouts, possibly because stakeholders reward consistent performance and firms seek to maintain legitimacy and trust. Further, Treepongkaruna *et al*. [13] provide evidence that stakeholder engagement, via governance practices (e.g. larger boards, better stakeholder involvement), correlates with more responsible financial policies including dividend policy choices.

B. Hypotheses Development

Dividend policy has long been associated with firms' internal financial characteristics, particularly cash flows and performance indicators [14, 15]. Recent studies confirm that operating cash flows are positively associated with dividend payouts [15], while financing cash flows exert a negative effect [16]. Similarly, measures of firm performance such as return on assets and return on equity have been shown to influence dividend decisions [17, 18]. However, evidence remains inconclusive, as some studies have reported no significant relationship between (operating and investing) cash flows and dividend payments [16].

In parallel, the growing emphasis on ESG performance has reshaped investment decisions, signalling theories of corporate value creation beyond traditional financial metrics [4, 10]. ESG recognition has been linked to more stable dividend policies [12] and improved alignment between managers and shareholders, thereby reducing agency costs [1]. Yet, empirical research integrating ESG recognition into dividend policy frameworks in emerging markets remains limited. In particular, little is known about whether ESG recognition moderates the effect of financial fundamentals on dividend policies in the context of the Thai technology sector, a rapidly expanding yet volatile industry.

The conceptual framework of this study posits that cash flows and firm performance directly influence dividend payments, while ESG recognition may exert both a direct effect and a moderating role. Specifically, firms included in the ESG100 Index are expected to exhibit different dividend policies compared to non-ESG firms. Moreover, ESG recognition is hypothesised to strengthen or alter the relationship between financial determinants (cash flows, firm performance) and dividend payments, consistent with agency, signalling, and stakeholder theories.

C. Research Hypotheses

H1: Cash flows have an impact on dividend payments.

H2: Firm performance has an impact on dividend payments.

H3: Firms included in the ESG100 Index exhibit dividend policies that differ from those of non-ESG firms.

H4: ESG100 recognition moderates the relationship between cash flows and dividend payments.

H5: ESG100 recognition moderates the relationship between firm performance and dividend payments.

III. Research Design

A. Sample Selection, and Data Sources

This study employs firms listed in the technology sector of the Stock Exchange of Thailand (SET) during the period 2020 to 2024 as the research sample. Investment funds and firms with incomplete information were excluded, resulting in a final dataset comprising 220 firm-year observations from 44 listed companies. The data were obtained from annual reports, the SETSMART database of the Stock Exchange of Thailand, and Form 56-1 annual disclosure filings. To mitigate the potential influence of extreme values on the regression results, all continuous variables were winsorised at the 1% and 99% levels. Data processing and statistical analyses were conducted using RStudio.

B. Variable Definition and Model Construction

1) Dependent variables

The dependent variable in this study is Dividend Payments (DIV), measured using two indicators. First, the Dividend Payout Ratio (DPR), defined as the proportion of net profit distributed to shareholders in the form of cash, assets, or equity, reflects a firm's policy of returning earnings rather than retaining them for reinvestment [14, 17]. Second, the Dividend Yield (DY), which represents the return to shareholders relative to the current market price of shares, captures the income investors receive from dividends in relation to share value [16].

2) Independent variables

The independent variables in this study are classified into two categories: Cash Flows (CF) and Firm Performance (FP).

Cash flows include three components. First, Cash Flow from Operating activities (CFO), representing cash generated from core business operations and indicating liquidity and financial stability, consisting with prior studies e.g. Lestari and Fadjar [15]. Second, Cash Flow from Investing activities (CFI), reflecting cash used for long-term asset investments; typically negative, it may signal prospects for future growth [16]. Third, Cash Flow from Financing activities (CFF), associated with borrowing, equity issuance, and debt repayment, representing financing decisions and capital structure management [16].

Firm performance is measured by three indicators. Return On Assets (ROA) evaluates how effectively a firm employs its assets to generate earnings, with higher values reflecting greater efficiency. Return On Equity (ROE) captures shareholders' returns, providing an assessment of managerial effectiveness. Finally, Net Profit Margin (NPM) indicates profitability relative to sales, reflecting operational efficiency and cost control. Prior studies have also employed these measures in relation to dividend policy [14, 17, 18].

3) Moderating variable

The moderator in this study is ESG100 index recognition (ESG), defined as the inclusion of a firm in the ESG100 Index published annually by the Thaipat Institute in Thailand. This index identifies listed companies with outstanding ESG practices, serving as an external indicator of sustainability performance. Prior research shows that firms with stronger ESG profiles tend to pursue more stable dividend policies and reduce agency conflicts [1, 10, 12]. Thus, ESG100 recognition provides a suitable proxy for examining whether ESG considerations alter the relationship between financial fundamentals and dividend payments.

4) Control variables

This study employs four control variables. Firm size is measured as the natural logarithm of total assets to ensure

comparability across firms of different scales [14, 18]. Firm age captures organisational stability and strategic maturity, factors that may influence dividend policy [14]. Firm growth reflects future expansion opportunities, with high-growth firms typically retaining earnings for reinvestment rather than distributing dividends [14, 18]. Finally, financial risk is proxied by the debt-to-equity ratio, indicating the firm's capital structure and its implications for dividend decisions [18].

All variables employed in this study are summarised in Table 1 below.

Table 1. Definitions of variables

Variables	Name	Symbols	Definitions
Dependent Variables	Dividend Payment (DIV)		
	Dividend Payout Ratio	DPR	Dividend per share / Earnings per share
	Dividend Yield	DY	Dividend per share / Average annual share price
Independent Variables	Cash Flow (CF)		
	Cash Flow from Operating Activities	CFO	Operating cash flow / Total assets
	Cash Flow from Investing Activities	CFI	Investing cash flow / Total assets
	Cash Flow from Financing Activities	CFF	Financing cash flow / Total assets
	Firm Performance (FP)		
	Return on assets	ROA	Net income / Average total assets
	Return on equity	ROE	Net income / Shareholders' equity
	Net profit margin	NPM	Net income / Total revenue
Moderator	ESG100 Recognition	ESG	Dummy variable equal to 1 if the firm is in the ESG100 Index, and 0 otherwise.
Control Variables	Firm Age	FA	Number of years since listing on SET
	Firm Size	FS	Log (Total assets)
	Firm Growth	FG	Percentage change in revenue
	Financial risk	DE	Debt-to-Equity Ratio

5) Construction of the model

Based on the foregoing analysis, cash flows and firm performance are expected to influence the dividend payments of firms. To extend this framework, the present study incorporates ESG100 recognition as a moderating variable and specifies the following regression model. Additionally, all explanatory variables are lagged by one year in order to avoid simultaneous problems [19].

Baseline Regression

$$DIV_{i,t} = \beta_0 + \beta_1 CF_{i,t-1} + \sum Control_{i,t-1} + \varepsilon \quad (1)$$

$$DIV_{i,t} = \beta_0 + \beta_1 FP_{i,t-1} + \sum Control_{i,t-1} + \varepsilon \quad (2)$$

Interaction Regression

$$DIV_{i,t} = \beta_0 + \beta_1 CF_{I,t-1} + \beta_2 ESG_{I,t-1} + \beta_3 (CF_{i,t-1} \times ESG_{i,t-1}) + \sum Control_{i,t-1} + \varepsilon \quad (3)$$

$$DIV_{i,t} = \beta_0 + \beta_1 FP_{I,t-1} + \beta_2 ESG_{I,t-1} + \beta_3 (FP_{i,t-1} \times ESG_{i,t-1}) + \sum Control_{i,t-1} + \varepsilon \quad (4)$$

IV. Result and Discussion

A. Descriptive Statistical Analysis

Table 2 shows that the Dividend Payout Ratio (DPR) averages 0.29 (median 0.27) and the Dividend Yield (DY) 2.54% (median 1.78%), with wide dispersion. Operating Cash Flow (CFO) is positive and comparatively tight (mean 0.07), while investment Cash Flow (CFI) is negative on average (−0.06) and Financing Cash Flow (CFF) mildly negative (−0.03), indicating dividends are typically funded by internal cash generation. Performance is more volatile—ROA 6.84%, ROE 8.61%, and NPM 3.55% with substantial spread—whereas ESG recognition occurs in about 15% of firm-years (ESG mean 0.15).

These patterns motivate our ESG-interaction tests. If ESG recognition reduces information and agency frictions and heightens stakeholder scrutiny, ESG firms should exhibit a stronger and more disciplined link between CFO (and profitability) and dividend outcomes (DPR/DY)—for example, a clearer propensity to pay when operating cash is available, and more restraint when profitability weakens or external financing is being repaid. The observed variation in dividends, cash flows, and performance provides sufficient identification to examine whether ESG recognition conditions these relationships.

Table 2. Descriptives statistics results

Variable	Mean	Min	Max	S.D.	Median
DPR	0.29	−4.68	6.67	1.05	0.27
DY	2.54	0.00	10.71	2.64	1.78
CFO	0.07	−0.23	0.33	0.11	0.07
CFI	−0.06	−0.49	0.19	0.12	−0.03
CFF	−0.03	−0.53	0.46	0.14	−0.03
ROA	6.84	−17.76	28.19	7.25	6.93
ROE	8.61	−58.90	46.37	16.85	8.88
NPM	3.55	−84.97	23.64	15.50	6.12
ESG	0.15	0.00	1.00	0.35	0.00
FA	17.98	0.00	35.00	9.75	18.00
FS	8.94	6.51	13.85	1.55	8.68
FG	0.13	−0.66	3.62	0.56	0.04
DE	1.96	0.07	23.18	3.31	1.08

B. Inferential statistical analysis

1) Correlation analysis and Multicollinearity test

Table 3 reports correlations among the key variables. Dividend measures (DPR and DY) show only weak bivariate links with cash flows and with ESG, indicating that simple correlations do not explain dividend outcomes and motivating multivariate tests with ESG interactions. CFO correlates moderately with profitability and is strongly negatively related to financing cash flows, consistent with internally funded operations. ESG recognition is positively associated with firm size and modestly with profitability, suggesting larger and better-performing firms are more likely to be ESG-recognised—hence size and performance are important controls. Additionally, Table 3 suggests limited intercorrelation among the regressors: no pairwise coefficient exceeds 0.70 [20]. To verify this, I also examined Variance Inflation Factors (VIF) and tolerances (TOL) as shown in Table 4. Using Hair *et al.* [21] as the guideline—*VIF* > 10 or

TOL < 0.10 indicating concern—all VIFs in our sample are below 3.10 and all TOL values are above 0.30. Hence, multicollinearity is not an issue in this study.

Table 3. Correlation matrix results

Variable	DPR	DY	CFO	CFI	CFF	ROA	ROE	NPM	ESG	FA	FS	FG	DE
DPR	1												
DY	0.09	1											
CFO	0.04	0.06	1										
CFI	0.11	0.12	−0.17	1									
CFF	−0.08	−0.25	−0.51	−0.24	1								
ROA	0.11	0.16	0.26	−0.07	−0.06	1							
ROE	0.15	0.28	0.18	−0.10	−0.05	0.76	1						
NPM	0.13	0.15	0.20	−0.14	−0.04	0.71	0.72	1					
ESG	0.06	0.03	0.15	−0.02	−0.06	0.23	0.29	0.16	1				
FA	−0.01	0.20	0.22	0.09	−0.29	−0.05	−0.04	−0.06	0.24	1			
FS	−0.01	−0.14	0.21	−0.14	−0.06	0.27	0.18	0.14	0.55	0.38	1		
FG	0.00	−0.10	0.07	−0.11	0.12	0.22	0.16	0.20	0.05	−0.04	0.04	1	
DE	−0.18	−0.12	−0.02	−0.05	0.00	−0.30	−0.37	−0.20	−0.08	0.18	0.12	0.07	1

Table 4. Variance inflation factors and tolerances test

Variable	VIF	Tolerance
CFO	1.69	0.59
CFI	1.26	0.79
CFF	1.70	0.59
ROA	3.03	0.33
ROE	3.07	0.33
NPM	2.49	0.40
FA	1.36	0.73
FS	1.40	0.72
FG	1.11	0.90
DE	1.29	0.77

2) Baseline regressions analysis

Table 5 presents firm- and year-fixed-effects regressions for dividend payout ratio (Panel A: DPR) and dividend yield (Panel B: DY), with clustered standard errors at the firm level and the usual controls. The Cash-Flow variables—Operating (CFO), Investing (CFI), and Financing (CFF) cash flows—are not statistically related to either DPR or DY: all coefficients are small and imprecisely estimated across specifications. Model fit is modest for DPR (R^2 around 0.26) but substantially higher for DY (R^2 around 0.69).

Table 5. Baseline regressions results

Variable	Panel A: DPR						Panel B: DY					
Constant	0.35	0.952	0.105	1.604	0.201	0.046	−0.377	0.488	−1.027	1.121	0.067	−1.219
	(2.349)	(1.625)	(2.082)	(2.589)	(2.243)	(2.223)	(6.198)	(5.930)	(6.041)	(6.083)	(5.269)	(5.423)
CFO	0.713						1.768					
	(0.794)						(1.627)					
CFI		−1.004						−1.756				
		(1.055)						(1.575)				
CFF			0.766						−0.541			
			(0.850)						(1.364)			
ROA				0.036						0.05		
				(0.025)						(0.046)		
ROE					0.004						0.039**	
					(0.007)						(0.018)	
NPM						0.006						0.029*
						(0.009)						(0.016)
Control V.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R2	0.258	0.265	0.263	0.271	0.256	0.259	0.684	0.685	0.681	0.686	0.70	0.693
Observations	220	220	220	220	220	220	220	220	220	220	220	220
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Notes: Coefficients are reported with clustered robust standard errors at the firm level in parentheses. Significance levels: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Turning to firm performance, profitability helps explain dividend yields but not payouts. ROE is positively associated with DY ($\beta = 0.039$, $p < 0.05$) and NPM is likewise positive ($\beta = 0.029$, $p < 0.10$), whereas ROA is not significant. None of the performance measures is significant for DPR. Taken together, these results do not support H1 (cash flows → dividends) in the baseline models, while H2 receives partial support: higher profitability—especially ROE and, to a lesser extent, NPM—corresponds to higher dividend yields. These patterns motivate the subsequent ESG-interaction analysis to assess whether ESG recognition conditions the profitability–dividends link in Thailand's technology sector.

3) Interaction regressions analysis

Table 6 reports interaction regressions with firm and year fixed effects. For dividend yield (Panel B), ESG100 recognition is positive and statistically significant across all specifications (coefficients between 0.861 and 2.594, $p < 0.10$ to $p < 0.01$), indicating that ESG-recognised technology firms offer higher dividend yields than non-ESG peers after controlling for cash flows, profitability, and covariates (R^2 around 0.69). ROE and, to a lesser extent, NPM remain positively associated with dividend yield (ROE: $\beta = 0.039$, $p < 0.05$; NPM: $\beta = 0.029$, $p < 0.10$), while cash-flow variables are not significant. By contrast, dividend payout ratio (Panel A) shows no significant association with ESG100 status or with the cash-flow/performance measures (R^2 around 0.26).

Regarding the hypotheses, H3 is supported for DY but not for DPR: ESG firms exhibit systematically higher dividend yields, but their payout ratios are not statistically different from non-ESG firms. The ESG × cash-flow interactions (H4) and the ESG × performance interactions (H5) are statistically

insignificant in both panels, implying that ESG recognition does not materially alter the sensitivity of dividends to operating, investing, or financing cash flows, nor to profitability, within Thailand's technology sector.

Table 6. Interaction regressions results

Variable	Panel A: DPR						Panel B: DY					
Constant	0.298	1.167	−0.108	1.699	0.146	0.067	0.362	−0.255	−0.461	0.588	−0.073	−1.321
	(2.370)	(1.609)	(2.189)	(2.601)	(2.192)	(2.243)	(6.168)	(5.728)	(5.832)	(5.990)	(5.157)	(5.248)
CFO	0.663						2.592					
	(0.863)						(1.770)					
CFI		−1.094						−1.567				
		(1.105)						(1.677)				
CFF			0.903						−0.998			
			(0.942)						(1.440)			
ROA				0.034						0.055		
				(0.026)						(0.048)		
ROE					0.004						0.039**	
					(0.007)						(0.019)	
NPM						0.007						0.029*
						(0.009)						(0.016)
ESG100	−0.060	0.078	−0.056	−0.497	−0.952	−0.050	1.397**	0.861*	1.193**	2.594**	2.316**	1.253**
	(0.186)	(0.211)	(0.183)	(0.805)	(0.732)	(0.350)	(0.686)	(0.476)	(0.457)	(0.988)	(1.247)	(0.595)
CFO × ESG100	0.261						−4.210					
	(0.891)						(4.782)					
CFI × ESG100		2.372						−6.022				
		(1.821)						(4.119)				
CFF × ESG100			−1.412						5.166			
			(1.080)						(3.981)			
ROA × ESG100				0.037						−0.127		
				(0.068)						(0.084)		
ROE × ESG100					0.037						−0.053	
					(0.029)						(0.041)	
NPM × ESG100						−0.002						−0.026
						(0.043)						(0.053)
Control V.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R2	0.258	0.267	0.265	0.272	0.26	0.259	0.691	0.691	0.69	0.691	0.704	0.696
Observations	220	220	220	220	220	220	220	220	220	220	220	220
Firm FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Notes: Coefficients are reported with clustered robust standard errors at the firm level in parentheses. Significance levels: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

C. Research Discussions

This study provides evidence on the determinants of dividend policy in Thailand's technology sector, focusing on cash flows, profitability, and ESG recognition. The results show that cash flows do not significantly explain dividend outcomes once firm and year fixed effects are controlled for, a finding consistent with arguments that industry-specific characteristics and internal financing practices may attenuate the role of liquidity [22].

Profitability, by contrast, is positively associated with dividend yield, supporting the notion that more profitable firms distribute relatively higher dividends. However, this effect does not extend to payout ratios, suggesting that firms adjust dividends in line with broader strategic considerations such as investment opportunities and signalling [23].

Importantly, ESG recognition—measured through ESG100 inclusion—is associated with higher dividend yields. This supports the view that ESG-recognised firms accrue reputational benefits and attract investor confidence, which may translate into favourable dividend outcomes [24]. Nonetheless, ESG status does not moderate the relationship between dividends, cash flows, or profitability, implying that it functions more as a positional advantage than as a mechanism reshaping payout sensitivities [25].

Overall, the findings indicate that while ESG recognition enhances dividend yields, the fundamental drivers of dividend policy in this sector remain rooted in profitability rather than cash flow availability. This highlights the interplay between traditional financial determinants and emerging sustainability considerations in shaping payout behaviour in emerging markets [26, 27].

V. Implications and Conclusion

A. Theoretical Implications

Dividend outcomes in Thailand's technology sector appear profitability-driven rather than cash-flow-driven: ROE and NPM explain dividend yields, whereas cash flows do not. This supports signalling/agency views in which sustained earnings capacity, not contemporaneous cash balances, underpins payouts.

ESG100 recognition raises the level of dividend yields (additive effect) but does not alter the sensitivity of dividends to cash flows or profitability. This points to an ESG clientele/credibility effect—ESG status may lower information frictions and attract income-seeking investors—rather than a governance channel that changes how fundamentals map into payouts.

B. Managerial and Policy Implications

Boards/CFOs should anchor dividend policy to durable profitability (ROE, margins) rather than short-run cash-flow swings. If the objective is to attract or retain income-oriented investors, credible ESG recognition can complement (not substitute for) profitability by being associated with higher yields.

Investors may use ESG100 status as a positive signal for dividend yield, but should continue to focus on profitability metrics when forecasting dividends; ESG status does not make dividends more responsive to fundamentals.

Regulators/exchanges can view ESG recognition programmes as potentially shareholder-friendly (higher yields), while ensuring standards remain rigorous to avoid payouts substituting for genuine ESG progress.

C. Conclusions

This study investigates whether cash flows and firm performance influence dividend policy, and whether ESG recognition conditions these relationships, in Thai technology sector. Firm- and year-fixed-effects estimates show that cash flows do not explain dividend outcomes, whereas profitability is positively associated with dividend yield but not payout ratios. ESG100 recognition is linked to higher dividend yields on average, yet it does not alter the sensitivity of dividends to cash flows or profitability. Dividend policy in this context appears anchored in earnings strength, with ESG recognition operating chiefly as a credibility signal.

However, the study is observational and sector-specific, limiting causal interpretation and external validity. ESG is captured by a binary recognition indicator, which may mask variation in ESG intensity or dimensions. The study also focuses on cash dividends and annual data, omitting payout dynamics and repurchases.

Thus, future research should strengthen identification by employing quasi-experimental designs around ESG100 entry and exit (e.g., event studies, matched difference-in-differences, or instrumental variables). It should extend the analysis to other sectors and markets, incorporate dividend dynamics and share repurchases, and use continuous or component-level ESG scores. Finally, examining heterogeneity by ownership structure, firm life-cycle stage, and intangible intensity would help clarify the underlying mechanisms.

CONFLICT OF INTEREST

The author declares no conflict of interest.

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