

Good Corporate Governance in Thailand*

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After the economic crisis in 1997, which rapidly spread over the South-east Asian countries, the issue of corporate governance has become an important part of the discussion towards economic recovery and a more stable future economic development. Many argue that good corporate governance practices will lead to strengthening of private investment, lower cost of capital, increased corporate performance, and increased financial and economic stability, which in turn on the macro level will enable the country to attract more foreign investment both by means of direct foreign investment, achieving long term health of the financial system and economy, as well as by increasing the country's competitive advantage.

The Asian Development Bank (ADB) reported in 1999 that the economic crisis in Indonesia, Malaysia, the Philippines, Thailand, and South Korea was caused by a failure in implementing corporate governance. It found that the failure was a result of (i) a high concentration of company ownership, i.e. 57%; (ii) ineffective mechanisms of Board of Directors supervision; (iii) inefficiency and intransparency of the procedures for acquiring company control; (iv) external funding domination of a company's source of funds, i.e. bank loans; and (v) external funding was not accompanied by adequate creditor supervision.

Taking account of these facts, the paper will consider and analyze the following matters:

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1. Definition of corporate governance.
2. Development of good corporate governance in Thailand.
3. Voluntary approaches towards good corporate governance.
4. Regulatory approaches and legal instruments concerned with corporate governance.
5. The example of the Malaysian Code of Corporate Governance.
6. Role of the government in promoting good corporate governance.

DEFINITION OF CORPORATE GOVERNANCE

Definitions of corporate governance are as follows:

(1) Rules, standards and organization in an economy that govern the behavior of corporate owners, directors, and managers and define their duties and accountability to outside investors, i.e. shareholders and lenders (Prowse, 1998).

(2) The rules and incentives by which management of a company is directed and controlled so as to maximize the profitability and long-term value of the firm for shareholders while taking into account the interests of other legitimate stakeholders (Stone et al., 1998).

(3) The process and structure used to direct and manage the business and affairs of the company towards enhancing business prosperity and corporate accountability with the ultimate objective of realizing long term shareholder value, whilst taking into account the interests of other legitimate stakeholders (Finance Committee on Corporate Governance - Malaysia).

Good corporate governance is usually associated with well functioning, competitive corporate finance markets, solid legal protection for outside investors, both for creditors and shareholders, and outside shareholders being able to influence director and manager behavior. On the contrary, poor corporate governance practices usually include inadequate disclosure, lack of independent oversight, and weak minority shareholders' rights.

DEVELOPMENT OF GOOD CORPORATE GOVERNANCE IN THAILAND (Hongcharu, 2000)

The earliest traceable interest in corporate governance was the code of best practices of Siam Cement Public Company Limited, the largest conglomerate in building and construction materials, in the early 1980's. Before the financial crisis in 1997, the Stock Exchange of Thailand (SET) realized the significance of

corporate governance issues for developing capital markets and commissioned the first survey by Price Waterhouse Management Consultants Limited which targeted listed companies and players concerned with development of the capital market.

The four factors which are used by the Thai Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) as a rationale for promoting good corporate governance are:

1. Fairness. Outside shareholders and creditors should be protected against fraud and misconduct and treated fairly by the inside shareholders.

2. Transparency. The company should disclose accurate and timely information about the company on both financial and non-financial aspects to the public in the annual reports. This also includes improvement of accounting standards by adopting the International Accounting Standards (IAS).

3. Accountability. The company should set up a structure for and duty of the Board of Directors and executives to be accountable to shareholders and creditors.

4. Responsibility. The company should have responsibilities to shareholders and stakeholders including employees, consumers, suppliers, creditors, government, surrounding communities, etc. As a corporate citizen, the company has responsibilities to pay taxes and protect the environment, health and safety of all stakeholders and the community.

These four factors have been incorporated in most of the legal instruments supported by the government, the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). However, all the attempts to promote good corporate governance can be classified as voluntary and regulatory approaches.

VOLUNTARY APPROACHES TOWARDS GOOD CORPORATE GOVERNANCE (Hongcharu, 2000)

Some initiatives that the SET has required or suggested that listed companies follow are:

1. Disclosure. To promote more transparency and good corporate governance, the SET has disclosure-based criteria for new listings, focusing on reliable, accurate, and complete information about the financial and non-financial performance of the company.

These have been implemented along with the accurate disclosure of financial information through the new Accounting Act which intends to set accounting and auditing standards in accordance with the International Accounting Standards (IAS). With this new accounting law passed in mid-2000, the accounting and auditing standards in Thailand will be more transparent and in line with international best practices. The SET has a policy not to accept financial statements that do not comply with Generally Acceptable Accounting Principles (GAAP). Furthermore, the SET has formed a Committee on Financial Disclosure composed of accounting professionals and experts to consider accuracy and transparency of financial information of listed companies.

2. Board Composition. The SET has set up several initiatives to promote good corporate governance through its code of best practices which later have become requirements for Board composition.

2.1 Independent Directors. The SET has required all listed firms to elect at least two independent directors who do not hold any position in the management and are not employees of the company. They must not be executive directors or authorized directors of the company. The independent directors are to represent the interests of minority shareholders and express useful and reliable opinions on behalf of the shareholders to the Board. The SET plans to gradually increase the number of independent directors on the Board with the target number of one third (33%) of the total Board members in the near future.

2.2 The Audit Committee. In early 1998, the SET suggested listed companies should form an Audit Committee by providing an incentive of 15% discount of annual fees, if the firm fulfilled this initiative. At present, all listed firms are required to have at least three independent directors serving as Audit Committee members. They must be independent enough to express their judgment. According to the SET, the major duties of an Audit Committee member include:

- a. To oversee a listed company's financial reporting process and the disclosure of all financial information.
 - b. To ensure a listed company has adequate and effective internal control and internal audit systems.
 - c. To ensure a listed company does not engage in any activities which may lead to a conflict of interests.
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d. To ensure a listed company complies with all the relevant laws and regulations.

As of November 2000, there are only six companies that do not meet the Audit Committee requirements of the SET. They are smaller-sized companies, facing financial difficulties, and are not ready to set up an Audit Committee.

3. Guidelines and Best Practices. The SET started issuing the first code of best practices in December 1997. "The Code of Best Practices for Directors of Listed Companies" aimed at providing ethical standards for all Board members and strengthening the confidence of shareholders, investors, and other stakeholders concerning good corporate governance of the listed firm. Besides, the SET has also published "Best Practice Guidelines for the Committee" and "The Roles, Duties and Responsibilities of the Directors of Listed Companies". These best practice guidelines are constantly revised and updated. The most recent issue included in this study was the October 1999 version.

Some of the guidelines and best practices have turned into listing requirements such as the number of independent directors and Audit Committee of a listed firm.

The SET plans to require all listed companies to announce in their annual reports whether they have complied with the code of best practices and provide a rationale in case of noncompliance. This information will be publicized for investors to evaluate the company's management.

4. Internal Control System. As of January 1998, all new listings are required to have effective internal control systems. To improve the quality of internal audit activities, all listed companies are now required to set up an internal audit department. This can be done within the company, or if the company does not have sufficient resources, it can outsource this activity. It is hoped that internal audit departments, monitoring financial information of listed companies, will produce more reliable accounting and financial information to the public in a timely manner.

5. Shareholders' Rights Protection. The SET is concerned with all the rights of all investors, especially those of minority shareholders. Currently,

they do not receive sufficient information from companies. The SET is considering legal requirements for proxy solicitations. This is to ensure that a written proxy contains sufficient information for the shareholders to act upon, e.g. the number of shares held and entitled to vote, details on the issues to be voted on, the number of votes for approval or disapproval, etc. These procedures for voting by proxy and other necessary documents are expected to be included in the law.

6. Committee of Good Corporate Governance Development. The SET has set up a special task force committee to develop guidelines on good corporate governance for listed companies. The committee is chaired by Mr. Chavalit Tanachanan, former Minister of Finance and Governor of the Bank of Thailand. The committee is also composed of leaders from private and professional organizations such as the Federation of Thai Industries, the Thai Chamber of Commerce, the Listed Companies Association, the Thai Bankers' Association, and the Institute of Certified Accountants and Auditors of Thailand.

7. Educating for Good Corporate Governance. The SET has arranged many seminars to provide necessary information and knowledge of good corporate governance to listed companies, related agencies and the general public.

7.1 The SET and Keanan Institute have held a seminar "The Audit Committee: Experiences and Skills" with distinguished guests such as Professor Sangvian Indrawichai and Mr. Gene Brown, Chairman of the Audit Committee of Advanced Micro Devices (AMD), USA, Mr. Songdej Praditsamanon and Dr. Asavid Chintakanond.

7.2 The SET and the Thai Management Association have held a seminar, "Establishing and Implementing an Effective Audit Committee" five times.

7.3 The SET with the American International Group (AIG) has held a seminar "The Role of a Director in Thailand in the New Millennium" with Mr. Anand Panyarachum, Chairman, Saha Union Public Company Limited and Mr. Pisit Leeatham as keynote speakers along with other distinguished speakers.

8. Survey Research and Studies on Corporate Governance. Besides the survey undertaken by Price Waterhouse in 1996, the SET conducted a similar survey on good corporate governance among listed companies in 1998.

The survey results of both studies were simple descriptive statistics, presented in percentages, charts and graphs. More comparative statistical analysis and empirical investigations should be done in future surveys with similar questions. Comparison between the two studies cannot be made accurately considering that they used different sampling methods.

Moreover, Alba, Claessens and Kijankov (1998) have conducted a policy study on "Thailand's Corporate Financing and Governance Structures", a study of the Economic Policy Unit, Finance, Private Sector and Infrastructure Network of the World Bank. Using all available financial statements of all listed firms on the Stock Exchange of Thailand, they found five problems related to corporate governance: concentration of ownership, high level of diversification, weak market incentives, minority shareholders' protection, accounting standards and practices. Some policy issues that the studies suggested were:

- a. Accelerating legal reform e.g. bankruptcy and foreclosure laws.
- b. Improving the way banks monitor the enterprise management and encouraging banks to develop more relationships with firms.
- c. Improving accounting practices and disclosure of information.
- d. Improving enforcement of corporate governance regulations.
- e. Encouraging minority investors to monitor and discipline executives and facilitating equity infusions until other mechanisms to protect investors are strengthened.
- f. Improving the framework for corporate governance and encouraging broad public discussion on the issue.
- g. Strengthening institutions involved in gathering and analyzing data to monitor firms' performance.

9. Director's Liability Insurance. Director's liability insurance has existed in Western society for a long period of time. However, it was introduced to Thailand after the financial crisis. As a result of the new laws which promote transparency and responsibilities of directors, it is necessary that directors and management officials have some protection against possible law suits since directors who cause damage to the company can face charges against their action. Therefore, director insurance normally covers actions that cause financial loss to the company, investors, creditors, employees, customers and shareholders. Damages and legal costs that are usually covered include breach of fiduciary duty,

mismanagement, negligence, misrepresentation, violation of consumer laws and of intellectual property laws. However, director insurance cannot cover damages resulting from a director's fraud, dishonesty or bribery.

Currently, the Thai Institute of Directors offers director insurance of up to THB 1 million for its members.

REGULATORY APPROACHES AND LEGAL INSTRUMENTS CONCERNED WITH CORPORATE GOVERNANCE (Hongcharu, 2000)

1. The Accounting Act

The Thai government initiated drafts of laws to set standards for the accounting profession with the establishment of the Thailand Financial Accounting Standard Board (TFASB), an independent board for setting accounting standards. Along with this board, the Institute of Certified Accountants and Auditors of Thailand (ICAAAT) also functions as an independent professional institute to achieve international standards for the accounting profession.

Improvement in accounting is regarded as one of the first steps to improve corporate structure in Thailand. It enhances transparency and good corporate governance through close monitoring of accounting practices. Therefore, accounting standards that follow international best practices were introduced and adopted by the Institute of Certified Accountants and Auditors of Thailand during 1998-1999.

2. The Financial Institutions Act (approved by the Council of State and Cabinet; to be submitted to Parliament for approval into law)

This is an improvement over the Commercial Banking and Finance Companies and Credit Foncier Act. It focuses on good corporate governance and best practices for lending.

This new act would require appointment of all senior executives of financial institutions to be approved by the Bank of Thailand. The BOT is required to check the personal history of these executives.

The new law also requires financial institutions to inform their shareholders when the amount of losses has reached a certain level. This is to create accountability among the Board of Directors and the management team.

To prevent crony capitalism, the draft also prohibits financial institutions from lending more than 5% of their capital base to any particular shareholder. Furthermore, the total lending to all major shareholders cannot exceed 20% of the capital base.

The Bank of Thailand has the power to enforce accounting standards by ensuring that financial statements reflect the actual performance of financial institutions. If the central bank finds any discrepancy, it is empowered to intervene with the financial institution.

Under the new law, the Bank of Thailand would be the sole supervisor of all financial institutions and the Finance Ministry's supervisory role would be reduced. This would enhance transparency and avoid possible intervention from the administration.

Financial institutions are not allowed to invest in nonfinancial businesses. However, they are allowed to invest in companies within the same industry.

3. The Bank of Thailand Act (approved by the Council of State and Cabinet; to be submitted to Parliament for approval into law)

The bill is intended to reinforce the Bank of Thailand (BOT)'s role as an independent supervisory body for financial institutions without political meddling from the government and the Parliament. In the past, the government and politicians have asserted powers to formulate economic policy and even supervised the central bank.

An impeachment of the Bank of Thailand's governor will rest upon the Supreme Court instead of the Cabinet. Moreover, the new bill also requires the Bank of Thailand to report its policies and macroeconomic management to the Senate once a year. The new bill also revamps the Bank of Thailand's organization structure that has placed excessive power with the governor.

4. The Securities and Exchange Act (SEA) (under Ministry of Finance consideration)

The first amendment to the SEA requires that more than half of the directors of the Securities and Exchange Commission (SEC) should be full-time directors and the number of directors that come by political appointment should be reduced. At present, half of the directors are selected from the securities industry

and the rest by the government. In addition, the Finance Minister is automatically appointed Chairman of the SEC.

5. The Public Companies Act (PCA) (approved by the Council of State and Cabinet; to be submitted to Parliament for approval into law)

The amendment of the Public Companies Act intends to create more transparency and good corporate governance practices among public limited companies. The new draft will improve minority shareholders' protection by allowing them to vote to dismiss the directors of the company. Moreover, it provides access to information related to the performance of the public company. Improvements on the calling of shareholder meetings is also included. The draft also mentions the duties of directors, roles and responsibilities of directors and executives and penalties for fraudulent practices.

6. Other Legal Reforms. According to the World Bank's inventory and status of legal reforms in Thailand, many new laws indirectly related to corporate governance are about to be passed. For instance, the corporate reorganization laws, the Bankruptcy Act, and the Foreclosure/Debt Collection Regime indirectly help a company to revive and ensure that the creditors receive the money they are owed in a timely manner. These acts can strengthen the corporate world and thereby support good corporate governance practices among creditors and debtors.

The State Enterprise Act and the SOE Corporatization Act also relate to corporate governance as most of the state enterprises are required to privatize soon. Currently, the Boards of Directors of most state enterprises comprise executives who have retired from such state enterprises and are not independent enough to serve on the Board. Moreover, the members of the Board are appointed by the government, allowing the Board members to serve the ministers who appoint them.

All the electronic commerce laws are supposed to reduce fraudulent practices in Internet transactions and increase security in business transactions through the worldwide web, the volume of which will tend to increase in the near future. Furthermore, the e-commerce laws help ensure participants, both buyers and sellers, to feel secure in their transactions, and thereby enhance good corporate governance practices for every participant on the Internet.

EXAMPLE OF THE MALAYSIAN CODE OF CORPORATE GOVERNANCE

The Significance of a Code of Corporate Governance for Malaysia (Finance Committee on Corporate Governance, 2000)

1.1 The Malaysian Code of Corporate Governance was developed by the Working Group on Best Practices in Corporate Governance (JPK1) and subsequently approved by the high level Finance Committee on Corporate Governance. JPK1 was chaired by the Chairman of the Federation of Public Listed Companies. The members of the JPK1 comprise a mix of private and public sector participants.

1.2 The Code is principally an initiative of the private sector as indicated by the membership of JPK1. The need for a Code was inspired in part by a desire for the private sector to initiate and lead a review and to establish reforms of standards of corporate governance at a micro level. This is based on the belief that in some aspects, self-regulation is preferable and the standards developed by those involved may be more acceptable and thus more enduring.

1.3 The Code essentially aims to set out principles and best practices for structures and processes that companies may use in their operations towards achieving the optimal governance framework. These structures and processes exist at a micro level which include issues such as the composition of the Board, procedures for recruiting new directors, remuneration of directors, the use of Board committees, their mandates and their activities.

1.4 The significance of the Code is that it allows for a more constructive and flexible response to raising standards in corporate governance as opposed to the more black and white response engendered by statute or regulation. It is in recognition of the fact that there are aspects of corporate governance where statutory regulation is necessary and others where self-regulation, complemented by market regulation, is more appropriate.

1.5 The impact the Code will have in raising standards of corporate governance can be seen from the experiences of other jurisdictions. To quote the Hampel Committee, "*...it is generally accepted that implementation of the Code's (Cadbury Code of Best Practices) provisions has led to higher standards of governance and greater awareness of their importance....it is clear that Cadbury's primary aim full-disclosure - is being achieved.*"

1.6 The Cadbury Committee published a report on compliance with its Code in May 1995. The report showed that significant changes had taken place in the structure of UK boards, in line with the Committee's recommendations. Greater awareness of corporate governance issues is a first step towards good corporate governance. The level of awareness and attention generated by the Cadbury Report has been phenomenal. The Report has struck a chord internationally, and it has provided a yardstick against which standards of corporate governance are being measured.

1.7 Of significance is the aspirational and evolutionary way in which codes influence the expectations of society, that are eventually reflected in the law. The attention generated on corporate governance issues has already had an impact on evolving judicial interpretations of directors' duties. There is an increasing trend (internationally) to hold directors liable to a higher objective standard. The Australian case of *Daniels v. Anderson*, which deals with the tortious duty of care owed by directors, is a clear instance of non-executive directors being increasingly held to an objective standard of care. The English case of *Dorchester Finance v. Stebbings*, is another such example.

1.8 The need for a Code also results from economic forces and the need to reinvent the corporate enterprise, so as to efficiently meet emerging global competition. The world's economies are tending towards market orientation. In market-oriented economies, companies are less protected by traditional and prescriptive legal rules and regulations. Malaysia is no exception and the shift to a full-disclosure regime, to be completed by the year 2001, is such an example. Hence there is the need for companies to be more efficient and well-managed than ever before to meet existing and anticipated worldwide competition. The role of directors then increases in importance. The role of the Board in hiring the right management, and compensating, monitoring, replacing and planning the succession of senior management is crucial, as management undertakes the key responsibility for the enterprise's efficiency and competitiveness. The role of the Code is to guide boards by clarifying their responsibilities, and providing prescriptions strengthening the control exercised by boards over their companies.

1.9 In developing the Code we have been mindful of developments in other jurisdictions. We have endeavoured to keep the discussion at an international level. Standards developed for Malaysia must measure up to international thinking on this subject.

PRINCIPLES OF CORPORATE GOVERNANCE

(Finance Committee on Corporate Governance, 2000)

A Directors

I. The Board

Every listed company should be headed by an effective Board which should lead and control the company.

II. Board Balance

The Board should include a balance of executive directors and nonexecutive directors (including independent nonexecutives) such that no individual or small group of individuals can dominate the Board's decision making.

III. Supply of Information

The Board should be supplied in a timely fashion with information in a form and of a quality appropriate to enable it to discharge its duties.

IV. Appointments to the Board

There should be a formal and transparent procedure for the appointment of new directors to the Board.

V. Re-election

All directors should be required to submit themselves for re-election at regular intervals and at least every three years.

B Directors' Remuneration

I. The Level and Make-up of Remuneration

Levels of remuneration should be sufficient to attract and retain the directors needed to run the company successfully.

The component parts of remuneration should be structured so as to link rewards to corporate and individual performance, in the case of executive directors. In the case of nonexecutive directors, the level of remuneration should reflect the experience and level of responsibilities undertaken by the particular nonexecutive concerned.

II. Procedure

Companies should establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors.

III. Disclosure

The company's annual report should contain details of the remuneration of each director.

C Shareholders**I. Dialogue between Companies and Investors**

Companies and institutional shareholders should each be ready, where practicable, to enter into a dialogue based on the mutual understanding of objectives.

II. The AGM

Companies should use the AGM to communicate with investors and encourage their participation.

D Accountability and Audit**I. Financial Reporting**

The Board should present a balanced and understandable assessment of the company's position and prospects.

II. Internal Control

The Board should maintain a sound system of internal control to safeguard shareholders' investments and the company's assets.

III. Relationship with the Auditors

The Board should establish formal and transparent arrangements for maintaining an appropriate relationship with the company's auditors.

ROLE OF THE GOVERNMENT IN PROMOTING GOOD CORPORATE GOVERNANCE (The Office of the Prime Minister, 1999)

Good governance is essential to the creation of harmony, stability, and order among all sectors of society, public, private, and individual, as well as to the continuing progress and development of the country. A system based on good governance, one that incorporates the concepts of fairness, transparency, and public participation in accordance with a democratic system under a constitutional monarchy, that adheres to respect for human dignity as well as Thai cultural norms and values, and that is enlightened through a global perspective, will be strong enough to withstand the threat of future crises and able to minimize their negative impact.

Principles

Six key elements of good governance are:

1) ***The Rule of Law***: to enact laws, regulations, rules, and directives that are fair, up to date, and that are accepted and conformed to by the citizenry.

2) ***The Rule of Integrity***: to encourage ethical and exemplary behavior by government officials, and to inculcate the values of integrity, fairness, hard work, and discipline among the Thai people as national characteristics.

3) ***The Rule of Transparency***: to create a climate of mutual trust through a change in processes in all sectors to ensure transparency and enable public scrutiny, to guarantee access to accurate information throughout the system, and to provide information in a straightforward manner in language that is clear and easy to understand.

4) ***The Rule of Participation***: to welcome input from the general public, and to encourage their participation in significant decisions of the country through public hearings, referenda, and public investigations.

5) ***The Rule of Accountability***: to raise public awareness of the rights of individuals, as well as the duties and responsibilities of citizens towards society, and to encourage the general public to be mindful of social problems and difficulties and active in seeking their solution. At the same time they must respect the opinions of others and be willing to accept the consequences of their actions.

6) ***The Rule of Value for Money***: to encourage all sectors to utilize and manage limited resources efficiently and effectively, to conserve natural

resources, to promote thrift and economy to maximize the benefits from limited resources for the national good, and to support the production of quality products and services so as to be competitive in the global marketplace.

Strategies

To establish and maintain good governance, all segments of society need to continually participate in the implementation process in the short, medium, and long term. Reform must be initiated in a three-pronged effort:

The public sector: The roles, functions, structure, and work procedures of government agencies must undergo reform. The public administration mechanism should manage social resources to ensure a high level of transparency, fairness, equity, efficiency and effectiveness, and should deliver good quality services to the citizen. The key is to change the attitudes, values, and working style of government officials to emphasize a people-centered approach; i.e., to work efficiently and to interact with the business sector and the general public in a cordial manner.

The business sector: Work rules of private companies and private organizations must be reformed to ensure transparency and accountability to shareholders and to society in general. Customers must be treated honestly and fairly. An effective audit system is needed and service delivery must be of an international standard. Private organizations must work well with the government sector and the public in a cordial and trustful atmosphere.

The general public: Citizens need to be aware of their economic, social, and political rights, duties, and responsibilities so as to serve as a powerful force for the country. To do so, they need to be of high caliber and possess knowledge and understanding of the principles and means of creating, maintaining, and improving good governance.

Implementation

A work plan to be implemented urgently to lay the foundation of good governance comprises the following goals:

- to create awareness and willingness on the part of society to establish the condition of good governance;
- to enact organic laws under the constitution that are consistent with its intent;
- to reinforce the implementation and management of change, especially reforms in public service and education;
- to urgently solve the problems of corruption and misconduct in the public and private business sectors;
- to accelerate the setting of standards for business operations.

Concluding Remarks

Thailand has undergone significant economic, social, and political changes. While many of these changes have been positive and have brought about growth and development, others have brought negative and unwanted consequences, at times leading to serious economic crisis. The causes, in the view of analysts and those adversely affected by current economic difficulties, are to some extent the result of deficiencies in the management mechanism. At the same time, Thai people need to become cognizant of the rights and duties of each component of society, and to be more active in assuming their social responsibilities, and to conduct the following activities:

1. To create efficient mechanisms and approaches to promote good governance, to facilitate timely analysis and forecasting of critical situations by responsible agencies, as well as to enable prompt and effective responses by those in authority in the public and private sector.

2. To develop the analytical and research capacities essential to the formulation of effective policy guidelines as well as the provision of accurate, straightforward, and ethical recommendations necessary for good governance.

3. To improve the speed, transparency, and fairness of management and decision-making systems within the public and private sector.

4. To assure public access to information, particularly with regard to issues of national concern, to encourage public participation in the decision-making process.

5. To prevent corruption, misconduct, and malpractice for personal benefit and gain in both the public and private sectors and to create a sense of mutual responsibility towards society.

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