

Concluding Remarks

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Good corporate governance is promoted nation-wide in Thailand. The Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) have taken steps to help Thailand improve in this area as well as increase the efficiency of the Thai capital market.

Transparency and accountability to shareholders are the core elements for improving corporate governance. And there are regulatory and voluntary measures to ensure that companies listed on the SET observe them.

The voluntary approaches undertaken by listed companies cover board composition, guidelines for best practices, disclosure, protection of shareholders' rights, setting up committees to promote good corporate governance, education on good corporate governance, integrated marketing communication campaigns, awards and contests, research and monitoring studies on corporate governance, and corporate governance ratings. On the regulatory front, the authorities are looking into how some relevant legal instruments can be effectively used, for example, the Public Company Act, the new Securities and Exchange Commission Act,

the Bank of Thailand Act, as well as bankruptcy laws.

It is recommended that Thailand's legal enforcement be intensified. The public should also be invited to lend their support to help the country develop a self-monitoring system. In addition, campaigns and other efforts to promote good corporate governance should be sustained for there to be any real lasting improvement in Thai corporate governance.

In the Thai banking sector, the Bank of Thailand (BOT) has issued guidelines on what constitutes good governance based on international standards. A survey has shown that the best governed banks in Thailand still lag far behind the average well-governed banks in Asia. Obviously a lot more effort is needed in this area to enable Thailand to measure up to international standards, for instance, more effective legal infrastructure could be put in place to ensure transparency, accountability, and fairness in the Thai banking sector.

As for state-owned enterprises (SOEs), efforts have thus far been focused on boosting efficiency rather than transparency. The governance and performance of SOEs can be further improved by raising standards of disclosure and assessing performance, as well as providing greater incentives to increase compliance. The carrot-and-stick approach on its own is insufficient to push SOEs to embrace good corporate governance.

Based on what has been observed internationally, Thai SOEs should be able to achieve effective corporate governance, given the correct institutional infrastructure as well as the right incentives to encourage the effort to switch to do the right thing. A clear separation of operations, policy, and regulation is probably the best option to ensure that SOEs are free from undue political interference to operate freely.

As for the unlisted companies, more reforms are needed. Even if they are guided by some standard of corporate governance, they lag far behind the listed companies in this area. Although no regulatory measures are imposed on the unlisted companies, they are strongly encouraged to take a look at some voluntary measures that they can apply to move towards good corporate governance companies. Progress in this has been slow, however, as the top concerns of unlisted companies are exposure of trading data and the cost of embracing good corporate governance. To

address their concerns, the following could be considered: revising the company laws; setting up a corporate governance centre; and offering incentives. This will also redress the imbalance between listed and unlisted companies in Thailand.

Last but not least, there should be a study to analyse the costs and benefits of companies that have implemented good corporate governance in Thailand. Past surveys show a positive correlation between good corporate governance and company performance. But the findings need to be interpreted carefully because besides good corporate governance, there are also efficient management and other factors that can influence a company's performance.

Future research can continue from here to examine how corporate governance is practised in other ASEAN economies, and learn from each other.