

The Corporate Governance of the Banks in Thailand

Sanon Anantanond, Burapha University, Thailand

Ian Smith, Australia

Received: 2 February 2020 Revised: 12 November 2020 Accepted: 16 December 2020

Abstract: *Corporate governance (CG) has received increasing attention from Thai businesses, including banks, since the Tom Yam Gung or Asian financial crisis which began in Thailand in 1997. The two purposes of this study were, first, to investigate the CG policies and practices of three leading banks in Thailand, and, second, to create a CG system or model to incorporate best practice in CG in Thailand. This study used a qualitative research design, while data collection employed qualitative mixed methods paradigm by using the guidelines of Morse (2009). The eight participants in this study were selected by using purposive sampling from the banks which had received awards from the Stock Exchange of Thailand (SET). The data were gathered with face-to-face, semi-structured interviews with open-ended questions, as well as by document analysis. Data analysis began immediately as the data was being collected. Codes were categorized and themes were identified and defined based on a three-phase coding system. Three selective codes of meaning were found to be shared by all participants: Existence of a Corporate Governance Structure, Inclusion of Corporate Governance in the Operation Process, Disclosure and Transparency. The areas of concern in this study were focused on CG in leading Thai banks to achieve sustainable development from the directors' perspective as the executive and non-executive level administrators.*

Keywords: Corporate Governance, Thai Banks, Qualitative Research, Sustainable Development

Introduction

The principles of corporate governance were developed by the Organization for Economic Co-Operation and Development (OECD) at the meeting of the OECD Council Meeting at Ministerial level on April 1998. The OECD Council Meeting, in conjunction with national governance, required a set of corporate standards and guidelines. The public sector and private sector focused on corporate governance, since corporate governance has been adopted as one of Twelve Key Standards for Sound Financial System by the Financial Stability Forum. Moreover, corporate governance is important, as it is required to be one of the standards conducted by the World Bank and the International Monetary Fund (IMF) in order to provide financial support to the requested country (Head of Publications Service, 2004; Payutto, 2009). Corporate governance can provide the structure through which the objectives of the organization and monitoring its performance may be determined. Effective corporate governance also creates awareness of accountability, transference and honest performance to the stakeholders. As well, corporate governance can develop ethics of business and social responsibilities.

During the 15 years before the 1997 financial crisis in Asia. Thailand targeted itself to become the fifth Asian tiger of rapid growth in its business sector. The values of the people are clearly changing. Values, such as materialism and consumerism, are influencing the people and society. A person's financial security has become a measure of social status. The idea of living in society has changed and the lifestyles of people are seeking more wealth. However, the 1997 crisis destroyed confidence and pride in the public and private sectors. Corruption, a lack of ethic, a lack of integrity in the financial institutions, seeing the benefits of short-term decisions,

contraction in the stock market and profits, carried out by a lack of business ethics, were the basis of the financial crisis in Thailand.

The Thai government focused on the ethics of business in 1997 after Thailand financial crisis in 1997. The “Tum Yam Kung Crisis” was caused by mismanagement in the finance sector and a lack of transparency among the top executive management in financial institutions. The Bangkok Bank Commercial (BBC) event in year 1990 had happened. At that time we had many regulations and legal restrictions to control the operation of financial institutions, but the event, known as BBC, still happened. It was shown that regulations and many restrictions cannot control the risk of immoral actions by the executives of some organizations. From that time it has brought the financial institutions in Thailand the recognition of the importance of management under the corporate good governance concept with the support from government. The financial institutions in Thailand have developed management systems to implement effective corporate governance that is assisted by the government. The 10th National Economic and Social Development Plan stated that the creation of systems of good governance culture and democracy in Thailand is one of five contexts of important country development factors for creating the conditions to improve economic, social, and political life in Thailand.

The important objective of human and national development leading to good governance is for problem solving and preventing future financial crises. Thailand has followed the World Bank standard and IMF by taking action as a national agenda of good governance principle in 2545 B.E. (2002 C.E.), because other organizations including the United Nations, the World Bank, and the IMF, which have aided countries that encountered financial crises, have an opinion that the crucial key to contribute to those countries’ economic development and recovery is “Good Governance”. The aim is to create a society that has a mechanism linking the public sector, private business sector, and its people together for creating a balance of the social components to be happily and sustainably integrated. This consists of six basic principles, namely, rule of law, principle of morality, transparency, participation, accountability, and principle of cost-effectiveness. Each principle has three classifications, such as national level, public sector level, and organizational level, which have relatively link to each other. An organization that obtains good governance will enhance good governance of public sector as well as in national level; on the contrary, role of requirement of public sector, private sector, and people sector in national level will affect upon mission, roles, and administration of public sector level and the organization itself as well.

Literature Review

Organization for Economic Co-Operation and Development (OECD) Principles of Corporate Governance

The OECD Principles of Corporate Governance were originally developed in response to the OECD Council Meeting at Ministerial level on 27-28 April 1998. The aim of that meeting was to set up the standard and the Principles of Corporate Governance with national governments, other relevant international organizations and the private sector as a set of guidelines. Since the Principles were agreed upon in 1999, they have formed the basis for corporate governance initiatives in both OECD and non-OECD countries.

The OECD Principles are presented in the literature in the following areas:

1. Ensuring the basis for an effective corporate governance framework.

“The corporate governance framework should promote transparent and efficient market, be consistent with the rule of law and clearly articulate the division of responsibilities among different supervisory, regulatory and enforcement authorities.” (OECD, 2004, p. 17)

2. The rights of shareholders and key ownership functions.

“The corporate governance framework should protect and facilitate the exercise of shareholders’ rights” (OECD, 2004, p. 18).

3. The equitable treatment of shareholders.

“The corporate governance framework should ensure the equitable treatment of all shareholders, including minority and foreign shareholders. All shareholders should have the opportunity to obtain effective redress for violation of their rights.” (OECD, 2004, p. 20)

4. The role of stakeholders in corporate governance.

“The corporate governance framework should recognize the rights of stakeholders established by law or through mutual agreements and encourage active co-operation between corporations and stakeholders in creating wealth, job, and the sustainability of financially sound enterprises.” (OECD, 2004, p. 21)

5. Disclosure and transparency

“The corporate governance framework should ensure that timely and accurate disclosure is made on all material matters regarding the corporation, including the financial situation, performance, ownership, and governance of the company.” (OECD, 2004, p. 22)

6. The responsibilities of the board.

“The corporate governance framework should ensure the strategic guidance of the company, the effective monitoring of management by the board, and the board’s accountability to the company and the shareholders.” (OECD, 2004 p.24)

Research Methodology

The purpose of this study is to describe the best practices in corporate governance of banks in Thailand. The researchers employed qualitative mixed method strategies (Morse, 2010), especially in the qualitatively-driven core component designs. The core project used a grounded theory approach and supplemental components by qualitatively derived assessments under the guideline of a constructivist paradigm (Morse & Niehaus, 2009).

To study the ethics of leaders in terms of business, leadership, and ethics in the corporate governance of three Thai banks, the processes of corporate governance and the perspectives of bank executives used to gather qualitative data from in-depth interviews and document analysis. The researchers used in-depth interview and document analysis as the main data collection methods. The in-depth interview allowed the researchers to understand the ethics of leaders in corporate governance, human experience from expertise, emergent knowledge, individual attitudes, and their opinions. The process of qualitative research involves emerging questions and procedures, with data typically being collected in the participant’s setting, data analysis inductively building from particulars to general themes, and the researchers making interpretations about the meaning of the data. Therefore, the qualitative approach will be used for answering the research questions.

QUAL – qual Designs

Qualitative methods have a philosophical base and assumptions, and it is this foundation that gives qualitative methods their particular perspective. Therefore, a qualitative method which does not have a precise question to answer is ideal for a grounded theory approach, as the answer emerges from the data. QUAL-qual designs consist of a core component and a supplemental component. The core project (QUAL) in this study will be grounded theory, while the supplemental (qual) component will be required to expand the perspective of the core component. Morse and Niehaus (2009)

The QUAL Core Component

The core component of the project is the primary, main, or foundation study in this research project. The core project is the method that is used to address the main part of the research question. The characteristics of the core component and the supplementary component have an inductive theoretical drive. The core component may be used as a standard qualitative method, such as grounded theory, phenomenology, discourse analysis, ethnography, observational, focus group, or a semi-structured interview (Morse, 2010).

The Supplementary qual Component

Morse and Niehaus (2009, p. 24) maintain that “the supplementary component is conducted only to the extent that the researchers obtains the information needed and could not be published alone”.

The supplementary component consists of a research strategy using a second qualitative method, using separate data. The supplementary component is an incomplete method or cannot be published alone. In the supplementary project, the participants may or may not be the same people, depending on the information required for the supplementary project.

The purposes of the Supplemental qual Component include: 1) Creating concepts: Identifying unique data from unstructured interview. 2) Creating studies at different level of analysis. 3) Creating a qualitatively derived assessment guide. 4) Conducting a qualitative evaluation, such as using a qualitative outcome analysis.

This study focuses on the process of best practice in corporate governance in Thai banks. A grounded theory was conducted of a core component and a supplementary component using a focus group interview. In the core component, a grounded theory approach is adopted, using semi-structured interviews to create a concept or model and building a reliable and valid foundation for the supplementary stage, also using focus group interviews. Supplementary component should be using different data sets, different perspectives or different group of participant from the core component. Especially, it is using deference method from core component.

Grounded Theory Analysis and Representation

Grounded theory used detailed procedures for analysis. It consists of three stages namely coding open, axial and selective as advanced by Strauss and Corbin (1998). In the open coding phase, the researchers examines the text such as transcript, field notes, document for salient categories of information supported by the text. Once an initial set of categories has been developed, the researchers identifies a single category from the open coding list as the central phenomenon of interest. Axial code, researchers engages in the coding process which the database is reviewed to provide insight into specific coding categories that relate or explain the central phenomenon. Creswell (2007, pp.160-161) state that

“These are causal conditions that influence the central phenomenon, the strategies for addressing the phenomenon, the context and intervening conditions that shape the strategies, and the consequences of undertaking the strategies. Information from this coding phase are then organized into a figure, a coding paradigm, that presents a theoretical model of the process under study. In this way, a theory is built or generated.”

Finally, theory from axial phase generates proposition that interrelate the categories of the coding paradigm. This called selective coding.

Selection of Participants

Purposive sampling will be used to identify participants who have experience in administrative leadership in Thai banks. Data will be collected through in-depth interviews, observations, and document review. This study investigates the ethics of leaders in term of business, leadership and ethics in the banks' corporate governance, focusing on executives. The participants will be chosen from the corporate governance banks which received awards for their corporate governance.

Trustworthiness criteria

The following criteria will be adopted to ensure the trustworthiness of the data.

Credibility: “Truth value” The researchers will demonstrate the credibility of three elements: Credibility of techniques and methods for gathering high quality data, credibility of the investigator, and credibility of the findings (Lincoln & Guba, 1985).

Transferability: The term transferability refers to applicability of the findings that had been developed in one context to another context (Lincoln & Guba, 1985).

Dependability: Dependability is a concept that replaces the idea of reliability that is widely used in quantitative research designs. It encourages researchers to provide an audit trail (i.e., the documentation of data, methods and decisions about the research) which can be laid open to external scrutiny (Lincoln & Guba, 1985).

Conformability: is established when dependability is demonstrated. By providing descriptive characteristics of the respondents, methods and techniques used in the study, and the reflexive journal of the investigator's self-awareness, conformability is established (Lincoln & Guba, 1985).

Achieving Trustworthiness

In maintaining an audit trail, the researchers will keep on writing reflexive reports during the research process. The reflexive reports will show the information about the researchers as a human instrument, including his biases and impressions as the data are collected.

Ethical Issues

The following ethical issues will be addressed in this study:

Informed consent: Consistent with a commitment to individual autonomy, all participants have the right to be informed about the nature and consequences of empirical research in which they are involved. Proper respect for human freedom generally includes two necessary conditions. First, participants must agree voluntarily to participate in the study, without physical or psychological coercion. In addition, their agreement must be based on full and open information. Participants will be told the duration, methods, possible risks, and the

purposes or aims of the study in an official consent letter, which has been approved by Burapha University's Ethics Committee (Denzin & Lincoln 2000, p. 138).

Privacy and confidentiality: Codes of ethics insist on safeguards to protect people's identities and those of the research locations. Confidentiality must be assured as the primary safeguard against unwanted exposure. All personal data will be secured or concealed and made public only after the researchers has been assured of the scientific intent of the inquirer. Professional etiquette uniformly concurs that no one deserves harm or embarrassment as a result of insensitive research practices. Disclosure of private knowledge of the bank executives will be ensured by coding of the identities and by referring to them in the dissertation by an anonymous code.

Achieving a Code of Ethics

This study will follow the Burapha University regulations on ethical research. This study will adopt the University's ethical principles, consisting of informed consent, protection from mental harm, and privacy and confidentiality, and freedom to withdraw from this study at any time.

Findings

This finding includes the findings from the analysis of the interviews with the Department of Corporate Governance in Thai Banks. Since this study adopted the Qualitative research to be the research strategy, the researchers used three methods for collecting the data: in-depth interview, focused group, and documenting data. It answer to the two research objectives: 1) To describe the best practices in corporate governance of a purposive sample of banks in Thailand; and 2) To investigate how their business ethics influence the individual banks' corporate governance.

The core component of the research participants were three Banks had been awarded for Thailand Corporate Governance award at least two times from Thailand Stock Market. The researchers collected the data from the executive management and middle management in there bank. The supplement component of the research participants were the executive management in The Securities and Exchange Commission (SEC). The findings were initially open codes and then developed as concepts and categories. There were three selective codes of meaning shared by all participants. The areas of concern were focused on Corporate Governance in Bank Thai to sustainable development from the Director's perspective as the executive level administrators in bank. Each category, having been presented as a network map followed by quotation extract, will be commented upon by the researchers. As follows:

1. Best Practice in Corporate Governance
2. Benefit to Organization
3. Sustainable Development

Selective codes 1. Best Practice in Corporate Governance

From the content analyses of the four organizations, it was found these best practices consisted of these categories.

1. Exciting of Corporate Governance Structure
2. Inclusion of Corporate Governance in operation process
3. The essential feature of the Corporate Governance Disclosure and Transparency

The first sub-category that relate to the objective research is “CG structure” There are consist of two important factors as follows;

Table 1 First sub-categories of Best Practice in Thailand

Category	Sub-categories	
1. Exciting of Corporate Governance Structure	1. A Board	5. Compensation committee
	2. Auditing committee	6. Selection committee
	3. Risk Management Committee	7. Gatekeeper
	4. CG committee	
2. Authority of the Independent Board	1. Independent Board Selection	3. Audit and feedback
	2. Roles of Independent Board	4. Independent of Board

Selective codes 1: the second sub categories Corporate Governance in Process

The second sub categories Corporate Governance in Process are to bring Corporate Governance into organization. They have important factors as below.

1. The working principle of the employees	1. Code of Conduct 2. Culture Organization 3. Cultivate in routine work
2. The Policy of Managing and Developing Human Resource and Corporate Governance	1. The Policy of Managing and Developing Human Resource and Corporate Governance 2. Recruitment and selection 3. Human Resource Assessment and Development 4. Career Development

Selective codes 1; the third sub categories Disclosure and Transparency

In most countries a large amount of information, both mandatory and voluntary, is compiled on publicly traded and large unlisted enterprises, and subsequently disseminated to a broad range of users. Public disclosure is typically required, at a minimum, on an annual basis though some countries require periodic disclosure on a semi-annual or quarterly basis, or even more frequently in the case of material developments affecting the company.

Companies often make voluntary disclosure that goes beyond minimum disclosure requirements in response to market demand.

1. Disclosure and Transparency

1. Disclosure
2. Transparency
3. Stockholder's rights
4. Stakeholder's rights
5. Annual report
6. Disclose information via channels

Selective codes 2: Benefit to Organization

This category related to the second objective research is "How CG contribute the organization" There are consist of four important factors as follows;

Category	Sub-category
1. Good perspective from stakeholders	<ol style="list-style-type: none"> 1. Good perspective from stakeholder 2. Stakeholder confident 3. Employee Pride in the organization 4. Employee confident of there organization
2. Regional Credit	<ol style="list-style-type: none"> 1. According to country's law 2. According to international's law 3. Trustworthiness of Stakeholder 4. Trustworthiness of various nations 5. Country's indicators 6. International's indicators 7. Involved person trusted

Selective codes 3: Sustainable Development

This categories from Pacing the components. According to Morse and Niehaus (2009, p.47), "*pacing, the synchronization of the core component and supplementary component, is crucial to the conduct of the mixed method design*".

There were found to be there aspects of sustainable development. These three were linked to each other rather the separate from another.

Category	Sub-category
1. Sustainable Development	<ol style="list-style-type: none"> 1. Corporate Governance 2. Anti-Corruption 3. Corporate Social Responsibility

Discussion

Corporate governance has been recognized and practiced widely both in the public and private organization. The "Tom Yam Kung", a financial crisis in Thailand has revealed the failure in corporate governing either public or private organizations, specifically the banking. Since banking is the main mechanism that reflects the economical behavior of the country, it has

to be regulated and controlled for its transparency and accountability. Thailand's organizational management system has adopted the "Good Governance" practice to prevent the possible damage from the wrong doing concerning any non-transparent, distorting of facts and data including corruption that may lead to the fall of the organizations

In this study the researchers investigated the best practices in corporate governance of the banking organization. The results of the study have revealed three main aspects as follows; the best practices, the process of the practices, and the disclosure and the transparency.

1. The Best Practice in Corporate Governance

From the study with the banks the researchers has found three components of the good governing included Best Practice in Corporate Governance, Benefit to Organization and Sustainable Development.

For the SET listed public company, the corporate governance structure is the most important since there are a lot of stock holders, they cannot directly participate in managing the business, appointing someone to be their representative to manage is the way to proceed. The "stake holder" in a large public company requires big investment people to put their money for investment that will yield the good return, they will need to have voice in managing the company, the stake holder is the co-owner of the company. The concept of ownership can be exercised through selecting a person they trust to be their representative, auditing the operation of those representatives. When the stake holders have realized their roles and are ready to perform their roles it becomes the force that enabling the representative and the management of the company work with conscious of being "good corporate governance."

The governing representative perform the duty of setting the company policy, follow up and assessing the operation of the management of the company to go in line with the set policy. The management team is the one that takes set policy to the implementation with integrity, transparent in order to add most value to the investment. They also need to build the trustworthiness in team that will lead to the company profit and finally turn into the dividend yield. In general, each bank has identified the name of the committees differently, however, the standard functioning could be:

- | | |
|-----------------------------------|------------------------------|
| 1. A Board | 2. The Independent Board |
| 3. The Auditing Board | 4. The Risk Management Board |
| 5. The Corporate Governance Board | 6. The Compensation Board |
| 7. The Selection Board | 8. Secretary to the Company |

Especially, Authority of the Independent Board. As previously said the structure of the corporate governance has directly influenced the transparency of the organization operation. For the Thai bank it is required that there are independent committees up to one third of the total number of the board member. The independent board committee is considered the vital mechanism in monitoring and look after the benefits of the company as well as the stake holder. They will support the policy that will be beneficial to the stakeholder while opposing any policy that may not benefit or tardiest the company. The independent board committee should compose of the member of different qualifications both skills, knowledge, experiences, and specific competence beneficial to the cooperate. They should devote time and effort to strengthen the cooperate board, selecting the right board members, the management team for the transparency, and being independent for the sake of the company.

The structure of corporate governance is the important starting point since it is the unit that mobilizes the corporate governance concept throughout the organization, enabling the transparent operation, auditable. It becomes the center of information center for gathering information from all units in the organization, organize the report and disseminating the information to the controlling body of the bank and the relating party to enhance the credibility and adding the sustainably value to the organization.

This is in accordance with the study of Plessis (2007) studied director independence, specifically the strategic disconnect between governance reform and firm performance. The researchers suggested that director independence is neither feasible, nor desirable, and that the shift towards the board as policeman has had detrimental consequences for ethical conduct, innovation, and growth.

1. The working principle of the employees

The corporate build their images and reputations for the company's stakeholder, employees and other parties. To develop the image and the reputation it should be done from inside from the human resource of the organization. The corporate governance system is not only being the policy that the organization must possess. However, it is the policy that must be installed as the corporate culture and being nurtured to become the valuable attitude for the employees to propel the success of the organization. To assure the standard of the corporate governance, the organization should develop their business code of conduct to show their sincerity of being the good member of society.

This code of conduct must be respected and practiced in all aspects. The organization must make it into a regulation with any mean that will assure that all levels of employee follow it.

The Policy of Managing and Developing Human Resource and Corporate Governance

Human resource is the most important resource of the organization. Instilling the good organizational value such as honesty, responsibility, dignity, or transparency are the process that need the integration into human resource function, becoming the DNA of the employee. To integrate the corporate governance in to the human resource function, it should start from:

1. Recruitment and Selection

To respond to the right value of the organization, the policy of recruiting and selecting the company's employee must be of good governing. It must be justice, selecting employees according to competency for the position and organization culture rather than recruiting and selecting them from reputation of the educational institution they graduated or from their personal connection, including having the appropriate promotion from both internal and external persons.

2. Human Resource Assessment and Development.

The assessment of the employee's performance should follow the good corporate governance. One approach of doing so is to use the key performance indicator: KPI of the employees. The effective employees assessment should cover all indicators both qualitative and quantitative dimension, all together with the consideration of congruency with the organization culture.

3. Career Development

All the employees should have equal opportunity in progressing in their career path. The promotion should consider the competency and the appropriateness to the position. There

should be the clear and transparent communication concerning the professional development to make the expectation become real, in turn it will become the inspiration for the employees that strengthen the organization.

4. Compensation Fringes and Benefits

The organization should look into the benefits of the employee concerning fringes and benefits that they are entitled to receive to enable the work effectiveness and being happy. The organization should take care of employee's health and safety. The good policy with clear and justify structure will motivate employees. Other important aspect is setting the goal together between the management and the employees through the "Performance Management System". This approach will help retaining the valuable employees with the organization.

These findings are consistent with those from the studies of Nagarajan,(2014). She found the drivers behind the banks' adoption of norms that require them to participate in corporate governance, in particular the Equator Principles. In doing so, it teases out the difference between self-regulation and meta-regulation. It emphasizes that banks are being pressured into this meta-regulatory role which nevertheless has them operating as a regulator of corporate governance practices of the companies with which they have dealings. Banks have voluntarily become signatories to a range of international norms seeking to promote responsibility in the financial sector.

Disclosure and Transparency

The banking businesses seriously paid attention to corporate governance, emphasizing on money service management to response to the needs of the customers. The important practice is disclosing necessary information with transparency. The banks need to disclose both monetary and non-monetary information. The bank must disclose adequate, accurate, and reliable information to stakeholders, employees, customers, business partners, creditors, competitors, society, and environment with equality. The disclosed information should be provided with ease for accessing. The disclosure should be done through different channels such as Web site, advertising board, and SEC announcement.

Annual report is another mean for disclosing and communicating with the public. Yearly report should reflect the preceding year's business. Current and prospective shareholder, directors, employees, and any other interested parties can learn the most from it.

Disclosure and Transparency, this is in accordance with the study of Gaulden (2004) investigated business ethics in a study of ethical behavior and organizational performance effectiveness. The results of this study revealed that even with noticeable correlations at specific industry levels, no one industry segment or sample at the total level exhibited statistical significant correlations.

2. Benefit to Organization

Good corporate governance has many benefits to the organizations that enforce it. Banking business can benefits in many folds specially building trust among customers, business partners, investors, or stakeholder.

Good perspective from stakeholder

Governing, infact, is the process that took up both time and other resources. It involves offering confidential data to the public, it allows the outsiders to better understanding the organization. The organization can improve it's image seen by the depositor, vender or supplier.

These stakeholders will feel more comfortable from the good governing system. The good governance will also enable employees feel more comfortable, more confidence, and trust organization, so that they can grow with organization. This becomes motivation in working for the sustainable growth.

Regional Credit

The sustained growth of any organization or any country to include the factor. Also, corporate governance system is only one of many factors. It is not the only answer, the only answer is to make the development sustainable hear. But if he or she looks at the development of corporate governance in the evaluation CG-Watch in 2555 by the Asian Corporate Governance Association (ACGA). Thailand was rated higher by the year 2553 from the 4th is ranked third in the group. Asian countries were assessed a total of 11 countries (including Thailand, Japan, Hong Kong, Singapore, India, Taiwan, Korea, China, Indonesia, Philippines, and Malaysia) also evaluated CG-ROSC (Corporate Governance Report on Standards and Codes - ROSC) in 2555 by the World Bank (to proclaim the year 2556), the United States averaged 83% was rated first among Asian countries, he estimated that all 11 countries (including Thailand, Hong Kong, India, Indonesia, Malaysia, Bangladesh, Bhutan, Nepal, Pakistan, Philippines and Vietnam) and to assess the ASEAN CG Scorecard 2013-2014 Thailand. The average score was 75.39%, up 7.73% from the previous year (year 2012-2013 averaged 67.66%), which is still ranked first in the region to assess that all six countries (Thailand, Malaysia, Singapore, Indonesia, Philippines, and Vietnam) (SET, 2015).

The rankings of the International Institute for Corporate Governance, giving the appearance of Thailand's capital market has improved dramatically. Thailand is the understanding of the disclosure and transparent accountability, which benefits investors, not only in the country. Also, affect good image in the eyes of foreign investors. To ensure the money to invest in Thailand and enhancing good governance system in the country. The efficiency of doing business and increase opportunities to compete in regional and global levels increase.

3. Sustainable Organization

Banking is the very important for capital market, it is the most important organization for Thai economy and society. It is not only the source of capital for public and private sectors but is also a stabilizing and balancing mechanism for Thailand's monetary system. It is the mechanism for driving the economy, causing job employment, distributing income, and become the channel for people investment. The idea of Corporate Governance to CSR for the sustainability of the business from SEC Thailand. The sustainable development consisted of four elements, of which, the process of capital market, registered companies, and related parties, will not only aim for profits, but the effects to our society, environment, and other stakeholders.

The reason why Governance system makes the organization grows sustainably is the direction of management. Not only has the structure of the management, but the processes which relate to every element in the organization, which creates the effective, virtuous work that cared for every stakeholder. This initiates not only the growth of organization, but the expanding of social-responsibility to the society, also known as corporate social responsibility (CSR), which has been established for a long time.

"In Thailand, His Majesty The King has proposed the idea of sufficient economy for Thai people since 1974, which later adapted and has been a practical philosophy ever since. It

promotes the moderate ways of managing the business full of reasons and morals, which leads to the balance and sustainability of life and society. Therefore, this philosophy stated the basis of neither being too greedy nor taking advantages from the society without consideration of the effect, or others' loss. But to use the most out of the resource we have, sufficiently, and efficiently-" (SEC 2014).

Anti-Corruption

The problem of corruption occurred in almost every country as there are many factors leading to the act of corruption, which effects the growth of organization, as well as the development of the country. Corruption is important issue and the act of banning it is what every private organization should be participating. The Securities and Exchange Commission has been encouraging the association of various organizations in joining the program of preventing corruption (CAC), to solve corruption issues in the country, which will lead to integrity and transparency of Thai capital market in the eyes of the investors worldwide. This will also become a role model for other un-registered corporations in the stock market, later strengthen the capital market and the country's credibility.

This is in accordance with the study of Indrani Chakraborty (2015) examined whether a country with corruption experiences better or worse corporate governance as compared with a country without corruption. To test this hypothesis, he employed data for 61 countries over the period 2007 – 2011. Researchers apply dynamic panel data estimation by the Generalized Method of Moments (GMM) method. The empirical findings show that corruption adversely affects corporate governance practice.

Conclusion

Human resource development is based on several theories. Swanson and Holton III (2001) depict a three-legged stool as the theoretical foundation for HRD encompassing economic, systems, and psychological theories with ethics as the carpet underneath the stool. They believe that HRD is the amalgamation of all three theories within an ethical structure, all of which may be used to emphasize the importance of learning and accountability to program effectiveness.

Considering Cooperate Governance System's theory comparing to human resources' development, what is mostly related are ethics and economies. Cooperate Governance manages their business holding to its principle which is an international standard, accountability. Accountability refers to be accountable for working performances such as committees are accountable for shareholders or managing department are also accountable for the committees and shareholders. Responsibility refers to be responsible for their duties and to realize in sufficient ability and potential to perform any assigned responsibilities.

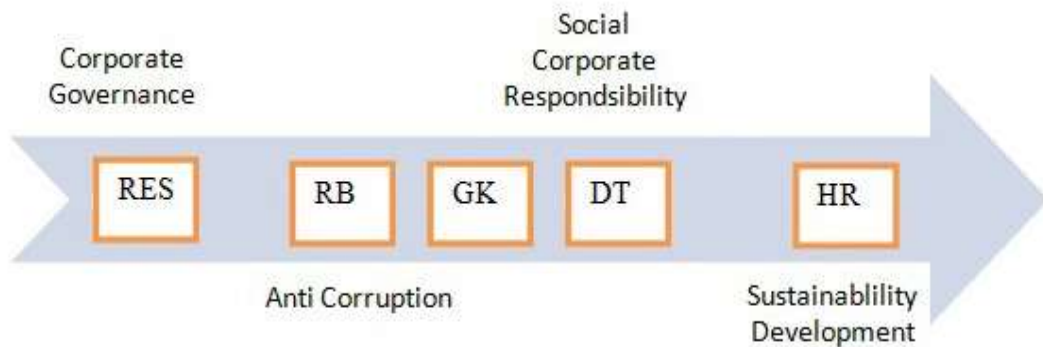
Corporate Governance Implication

"Good corporate governance is not an end in itself. It is a means to create market confidence and business integrity, which in turn is essential for companies that need access to equity capital for long term investment. Access to equity capital is particularly important for future oriented growth companies and to balance any increase in leveraging." (OECD, 2015).

In Thailand, the governance has been developing due to several reasons such as building confidence for stakeholders, competing of each organization for its good image, and external factors in which the bank aims to standardize organization's management to the global level.

Theoretical Implication

According to the study, it has been found that in Thailand, the governance has been standardized developing from some involved state agencies and private organizations. Each of them has clearly announced its practicality and stakeholders are able to check out the information in several ways. Thus, the change of organization's management leads to the lucidity which will have good benefits on stakeholders, societies, and environments in the near future. What we, the researchers, have found so far is the change of form to process. It's not only the process or put out we need to communicate, but it's also the intended outcomes to stakeholders.



The rights and equitable treatment of shareholders

“Shareholders” The important group which is like a company owner or enterprise's investor, and they are considered to indirectly play the important role in managing the company by nominating committees to be their representatives who takes control the enterprise for gaining its most benefits.

The responsibilities of the board

The board is legally required to act in the interest of the company, taking into account the interests of shareholders, employees, and the public good. Acting in the best interest of the company should not permit management to become entrenched.

Gate Keeper

The group of people which is responsible for taking care of registered companies' performance are secretaries, financial consultants, auditors, etc.

Disclosure and Transparency

Disclosing the registered company's information will be helping shareholders easy to understand the purposes of working, working's result or strategies, any activities involving to the society and environment, and the relation among communities around the company. It can be also a tool for investors to be able to keep tracking their rights by checking out the disclosure of the company's information.

These four configurations of Corporate Governance are related to Anti Corruption's policies and led to CSR societies' responsibilities. Therefore, in the working procedures, the governance organization is the beginning point for sustainable development. We have found that another main factor from this research is how to implement corporate governance to the processes beginning by putting some good management to the company's working's strategies which are vision, mission, and value to reduce conflicts of interest. For examples, a financial institution is responsible for giving its clients a loan for investment. Analyzing stakeholders is

important to have the good managing for enterprises. If borrowers put the investment in the wrong way, there will be a terrible effect to the society. Although the bank will obtain good compensations in the form of interest, they might have to have a good way for giving a loan to their clients. Another important thing is cultivating good values in working for each position, so that they will be working honestly, and campaigning these values to our day to day operation such as recruitment part in human resources. This will be choosing people by their abilities, not because of knowing of them or the university where they graduated. Or the performance's evaluate from their leaders and subordinators

All of the above is the elevation of the governance from form by doing check and balance which can lead to the process that aims to intended stakeholders. Be responsible for stakeholders and our country will finally lead to the sustainable development.

Banks Thai to implement the Sustainable Development should monitor their corporate governance framework, including regulatory and listing requirements and business practices, with the objective of maintaining and strengthening its contribution to market integrity and economic performance. As part of this, it is important to take into account the interactions and complementarity between different elements of the corporate governance framework and its overall ability to promote ethical, responsible and transparent corporate governance practices.

Recommendation for Future study

This study was conducted only in three banks in Thailand by using qualitative research method to find out the best practices in corporate governance of a purposive sample of banks in Thailand. The researcher suggests that the future researchers should investigate a Quantitative research to verify or confirm the categories that found from this study.

References

- Gaulden E. D. (2004). Business ethics: a study of ethical behavior and organizational performance effectiveness. *Unpublished doctoral dissertation*, Capella University.
- Head of Publications Service. (2004). *OECD Principles of Corporate Governance*. Paris: OECD Publications Service.
- Indrani Chakraborty (2015). How does corruption influence corporate governance? *ICRA Bulletin of Money and Finance*. Retrieved from <http://eds.a.ebscohost.com/eds/detail/detail?vid=1&sid=09a58ee0-1321-4169-870b-72effbeaf734%40sessionmgr4001&hid=4210&bdata=JnNpdGU9ZWRzLWxpdmU%3d#AN=102148024&db=ofm>
- IOD. (2006). *OECD Principles of Corporate Governance*. Retrieve September 11, 2011 from <http://www.thai-iod.com/en/index.asp>
- Jaikengkit, A. O. (2004). *Corporate Governance and Financial Distress: an Empirical Analysis-the Case of Thai Financial Institutions*. OH: Case Western Reserve University.
- Morse J., (2009). Mixed method design: Principles and procedures. In J. M. Morse, & L. Niehaus. (Eds.) *Developing qualitative inquiry*, CA: Left Coast Press.
- Morse J. (2010). Simultaneous and sequential qualitative mixed method designs, *Qualitative Inquiry*, April 23, 2010, 1-9.
- OECD (2004). *OECD Principles of Corporate Governance*, OECD Publications Service.

- Payutto, P. O. (2009). *Sustainable development*. Bangkok: Komol Keemthong Foundation Publishing.
- Plessis J. A. C. (2007). *Director independence: The strategic disconnect between governance reform and firm performance*. Unpublished doctoral dissertation, University of Virginia.
- SEC. (2014). *Sustainability Development Roadmap for Listed Companies*
Retrieved from http://www.sec.or.th/EN/Documents/sd_roadmap_en.pdf
- SET (2006). *Good governance principles for companies registered in 2006 (In Thai)*, Retrieved from http://www.set.or.th/th/regulations/cg/center_p1.
- Vijaya Nagarajan, (2014) Banks as regulators of corporate governance: The possibilities and challenges. *Law in Context*, 30, 171-196.