

The Relationships between the Corporate Vision and Good Corporate Governance Efficiency of Listed Companies in Stock Exchange of Thailand

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Abstract - This research aims to study the relationships between the corporate vision and Good corporate governance efficiency of listed companies in stock exchange of Thailand. This research used a questionnaire as an instrument for collecting data from 278 administrators. The statistics used for data analysis are Multiple correlation analysis and multiple regression analysis. From analysis of the relationships and effects, the following were found. The corporate vision in the aspect of values and beliefs had positive relationships with and effects on good corporate governance efficiency aspect business ethics. The corporate vision in the aspect of business policy had positive relationships with and effects on good corporate governance efficiency aspect disclosure and transparency. The corporate vision in the aspect of mission and strategy had positive relationships with and effects on good corporate governance efficiency aspect business ethics. The corporate vision in the aspect of goals had positive relationships with and effects on good corporate governance efficiency aspect rights and equality, the board's role, control and risk management, business ethics.

Keywords - Corporate Vision, Good Governance

I. INTRODUCTION

With supports from Thai government, Thai economy has been increasingly growing since the end of 2015 which results in the higher growth rate of the economy in 2016. This has amplified the creditability and interest from investors in Thai stock market. (Bangkokbiznews, 2016: online). Nevertheless, one more important component is also a creditable company in the stock market as well. To convince the investors, a creditable, reputable, and transparent company is required. Not only the aforementioned characteristics, but this company needs to also have good corporate governance because an organization with this characteristic will reflect in their management standard, and in turn, assure the investors that their investment is worthy.

Corporate Governance, therefore, is a keyed factor in implementing a confident investment. Good Governance is divided into 5 principles: 1) Right and Equality between shareholders and stakeholders, 2) The role of Board of Directors, 3) Information sharing and transparency, 4) Risk control and management, and 5) Business ethics. (Innobizmatching, 2016: Online).

However, Corporate Vision is the most important element in a business setting because it is a desired goal that the leader and the concerned party agree to. It is what defines the

success of the organization. Therefore a trustworthy corporate vision must be reliable, clear, easy to comprehend, suitable, challenging, and able to motivate a collective sense of action and consecutively lead to a lasting success.

From the reasons as mentioned above, the researcher has an interest to study about the relationship between the corporate vision and the effectiveness of corporate governance of listed companies in Stock Exchange of Thailand with an aim to study the relationship between the two principles to determine whether they are correlated or not. By collecting information from the management of listed companies in the Stock Exchange of Thailand, the result of this research could be used as a guideline while planning a company vision and strategy to lead a road of accomplishment. Moreover, the organization should have a good governance to create a sense of reliability and transparency with the investor to convince them to invest. These will result in the steady growth of the organization.

II. RESEARCH METHOD

This is a quantitative research by collecting information from a survey. The target population is the management of listed companies in the Stock Exchange of Thailand with the total of 674 persons. (Stock Exchange of Thailand, 2015: online). There are 278 completed results and 8 incompleted results in which are eliminated. Therefore, the number of managers who have completed the questionnaires are equaled to 41.25 percent which is sufficient for this research according to Krejcie & Morgan equation. (Krejcie & Morgan, 1970). The rule marks the ratio as the intersted target which is equaled to 0.5. The margin of error is 5% while the confidence is 95% of the 248 examples which are created according to the purpose of this research. The survey is divided into 5 sections: 1) The general information of the management of listed companies in Stock Exchange of Thailand, 2) The information about the listed companies in Stock Exchange in Thailand, 3)

The opinion about the vision of the organization of the management of listed companies in the Stock Exchange of Thailand, 4) The assesment of the efficiency of the management of the managers of listed companies in the Stock Exchange of Thailand, and 5) Comment.

The researcher has analyzed the data by using statistic software. The data is analyzed by Frequency, Mean, Percent, and Standard Deviation Method. After that, the thoughts of Corporate Vision and the efficiency of a good Corporate Governance of the management of the listed companies in Stock Exchange of Thailand are compared by dividing from industry, capital, business years, and amount of employees. To test the differences between the Mean of the example group that has more than 2 groups, the researcher uses the Analysis of Variance: ANOVA, the Least Significant Difference method and also a test to see the relationship between the opinion of Corporate vision that affects the proficiency of the good Corporate Governance of the management of the listed companies in Stock Exchange of Thailand. These are done by Multiple correlation analysis and Multiple Regression Analysis.

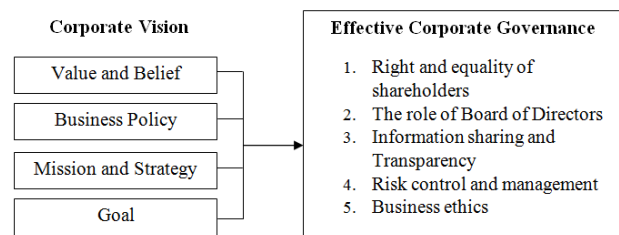


Image 1: Research idea framework

III. THE RESULT OF THIS RESEARCH

The researcher has collected in total of 278 returned survey from the managements of listed companies in Stock Exchange of Thailand who are male and aged more than 40 years old with education higher than Bachelor degree. Currently, they work as a vice president and a managing director with working experience inside the organization for more than 15 years and earn more than 100,000 THB per month.

Most of the listed companies in the Stock Exchange of Thailand are real estate and construction firms with capital between 5-25 Millions Thai Baht, 5-25 Million Thai Baht worth of asset, time since established between 21-30 years, and employees approximately 500-1,000 people.

The management of these listed companies vastly agrees with the idea of Corporate Vision and after considering only one factor, the most agreeable is the goal while if considering 3 factors, the most acceptables are value and belief, Business policy, and mission and strategy.

The management of the listed companies admit that the Corporate Governance affects the efficiency of the organization. When considering only one factor, the most agreeable ones are actually 2 factors which are the Risk control and management and Business ethics, also the 3 more agreeable ones are Right and Equality between shareholders and stakeholders, The role of Board of Directors, and Information sharing and transparency.

Corporate Vision is related and has a positive effect with the general Corporate Governance. And the variables that can forecast the effectiveness of the corporate governance in general (TCG) are value and belief factor (CVV), business policy factors (CVB), mission and strategy factor (CVM), and the goal factor (CVG). And these can create a forecasting formula as following: $TCG = 0.109 + 0.113CVV + 0.210CVB + 0.154CVM + 0.482CVG$.

IV. PRESENTING THE RESULT

The research about the relationship between the Corporate Vision and the efficiency of Corporate Governance of an organization of listed companies in the Stock Exchange of Thailand can be explained as following;

The managements of the listed companies in the Stock Exchange of Thailand all agree with the idea of Corporate Vision in general

and when considering only 1 factor, the most agreeable is the goal which means both the management and the rest of the organization must set a clear goal. This goal should also enable the organization to see a chance of growth or the point of existing. While the most agreeable is the goal, the other 3 more agreeable ones are value and belief, business policy, and mission and strategy. This is because for the management and all the stakeholders in the organization to set a goal, they must start from the value and belief, then determine a suitable policy, mission/strategy, and target to fulfill the goal of the vision. The organization will succeed only with the cooperation and teamwork between the management and all of the stakeholders which is in correspondent with the idea of Jennell Evans (2015: online) that defines 'Vision' as setting the direction of the organization in the future in which every person in the organization must stipulate the desired and possible future.

Moreover, the managements also agree on the efficiency of the Corporate Governance in general. The most agreeable 2 factors are Risk control and management and Business ethics while the more agreeable 3 factors are Right and Equality between shareholders and stakeholders, The role of Board of Directors, and Information sharing and transparency. This idea is in accordance with the journal of Marco Becht, Patrick Bolton and Ailsa Boell (2004) where they state that the management is also responsible to solve problems of operation between employees, ease the conflict of interest by marking rules, and system for self-Governance including creating a structure of managing system, standard operation, and responsibility to the public of the concerned party in order to create a stability in the society. And also for a sustaining development, it should have value as a creditable and satisfied organization in the society.

The Value and Belief factor of corporate vision has a positive effect toward the efficiency of Corporate Governance in general. Nevertheless, because the value and belief is a key to live harmoniously in a society, every

person, of course, has their own value. Therefore, business ethic is essential as a guideline to set a standard and direction for everyone to follow and motivate them to achieve the target of the organization while still hold on to the ethic. In a present-day where people have an easier and more comfortable life-style which leads to the destruction of the economy, society, politic, and environment, business ethics then are adapted from normal ethics to be used in a business setting. These problems require the society to pay more attention and find a resolution for a peaceful co-existence between living creature and nature. The relationship between Corporate Vision and Business ethics should prompt the management to take responsibility in economy, society, politic, and environment by starting from the business ethics that they need to pay more attention to in order to develop the human resource, determine the vision, creating a shared value for the dignified growth and becoming a creditable organization for the investors and every stakeholder. This is in accordance with Friedman, Milton's journal (1970) about social responsibility. In general, company desires to be as much profitable as they can while they also need to be responsible to the society. Therefore, it conforms to the rules in society both legally and ethically.

The next factor of corporate vision that has a positive effect toward the efficiency of Corporate Governance in general is Information sharing and Transparency due to business Policy is a link between strategizing and executing the strategy of the organization. Strategizing aims to analyze the competition in business to achieve the target of the organization which is considered as a tool for success. Furthermore, the organization must have a good managing policy in term of information sharing and transparency in order to establish a credibility and acceptance from the investors and stockholders. According to the research of Brammer and Pevelin (2008), where the most qualified influencing component for sharing information about environment is studied, a willing information sharing tends to come from a big enterprise

with low debt, and is owned by many stockholders while the qualified revealing has a positive effect with the size of the corporate and the influence of the environment relating to the enterprise.

For the Business ethics side, in order to become successful, the business must consist of Vision, Mission, and Goal. Thus, Mission and strategy are performed according to policy by dividing the existing resources appropriately after a proper study and analyzing the inside and outside elements to create a suitable strategy according to the situation, the strength and weakness of the organization, and execution of the plan with success in correspondent to the corporate vision and within the border of business ethic. As per the research of OC Ferrell, KM Weaver, JW Taylor, RM Jones about the belief in ethic of a marketing manager, it has a positive influence in managing an organization because ethic is not about being legal only, it is also about realizing the right and wrong in society as well. Therefore, the marketing manager needs to consider and understands the society ethic in order to manage the market successfully.

Lastly, the four factors: Right and Equality between shareholders and stakeholders, The role of Board of Directors, Risk Control and Management, and Business are important for setting corporate vision as it is the guide on which direction the organization is going. A good goal needs to be clear, evaluable, practical, have a time limit, enterprising, increasing the potential, and valuable to the organization. It required every person to follow, including the management and the stakeholders. The goal is a tool to help the organization to have a correct vision such as fairness, responsibility, equality, and judged. It should also enable for an unrestricted management, aim for clarity and not overshadowed by bias, empower a reliable sense to investors and stakeholders. This is also conformed to the theory of Gompers Ishii and Metrics (2003) where they studied about a good corporate governance (Right and equality of shareholders) and price of stock market.

Here, they discover that a company that gives an importance on the rights and equality of stockholders will have a higher rate of profit, income growth, and less likely to use the capital than a company who pays less attention to the rights and equality of stockholders.

V. RESEARCH COMMENTS

A. Comments from the Research for use

1. Management should promote the importance of Corporate Vision because it will clarify and motivate the employees to act accordingly. Therefore, creating an effective corporate governance, and in turn empower a transparency and reliable appearance with utmost use to the stakeholders.

2. Management should publicize a concerned party about the Vision of the organization in order to raise faith and a sense of reliability from them.

3. Management should also state the Vision plan and arrange a session to explain and clarify about the vision. Moreover, a common belief and value should be raised, so it would create the most effective corporate governance and outcome.

B. Comments for the Next Research

1. Other effects and elements that influence the Corporate Governance such as competitions, politics, business policy, economy, etc. should be studied as well.

2. Studying problems and obstacles that affect the efficiency of Corporate Governance could help to understand the weakness, strong points, chances, and obstacles in creating a business chance. These will help to improve and resolve the problems.

3. The surveys method should be changed to more narrow questions in order to get the most essential, correct, and effective answers.

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