# Corporate Governance Scorecard Effectiveness and Firm Sustainability: An Empirical Evidence from Thai Listed Firms

Anchalee Sukkhewat

A Thesis Submitted in Partial Fulfillment of Requirements for
degree of Doctor of Philosophy in Accounting

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## ABSTRACT


This research investigates the dimensions of corporate governance scorecard in the context of ASEAN. The primary objective of this research is to examine the influence of corporate governance scorecard effectiveness (CGSE) on firm sustainability. Moreover, the effects of each dimension of the corporate governance scorecard effectiveness on financial reporting quality, firm competitiveness and firm sustainability are investigated. Finally, this research test the influences of MIS competency, top management support, competitive pressure and regulation force on each dimension of corporate governance scorecard effectiveness.

The agency theory and contingency theory are used to explain the relation of the variables in this research. The Thai listed firms, except financial sector, are selected as the population and sample for investigation. The questionaire is used as an instrument for data collection and the executive director who supervises the corporate governance practices of Thai listed firm is the key informant. Data is collected from the sample of 143 Thai listed firms. The effective response rate is 22.52%. The Ordinary Least Squares (OLS) regression analyses are processed to test all the hypotheses.

The results reveal that strength of shareholder rights, respecting role of stakeholders and effective responsibility of the board are positively significant influence on financial reporting quality, firm competitiveness and firm sustainability. While equitable treatment of shareholders and disclosure and transparency enhancement are positively significant influence on only financial reporting quality, but not significant on both firm competitiveness and firm sustainability. However, financial reporting quality and firm competitiveness are positively significant influence on firm sustainability. For antecedent variables, MIS competency is positively significant influence on both strength of shareholder rights and effective responsibility of the board. Additionally, top management support is positively significant influence on strength of shareholder rights, equity treatement of shareholder, respecting role of stakeholder and disclosure and transparency enhancement. Furthermore, competitive pressure is positively significant influence on only effective responsibility of the board. Eventually, regulation force is positively significant influence on equitable treatment of shareholders, respecting role of stakeholder and effective responsibility of the board.

This research generates the significant study of the literature on CGSE. First, this research expands the theoretical contributions to previous literature of CGSE. Second, the two theories, the agency theory and the contingency theory is explained to back up the relationships of a conceptual model in this research. Finally, the antecedents and consequences of CGSE are offered by this research in different ways. The results are beneficial contributing to managerial practice concentrating on CGSE implementation and the usefulness of CGSE to solve these current problems in firms and enhance its success on financial reporing quality, firm competitiveness and firm sustainability. Moreover, future research is needed to collect data from more firms, different groups of samples, and/or a comparative population in order to verify the generalizability of the study and increase reliability.

Keyword : Corporate Governance, Scorecard, Financial Reporting Quality, Competitiveness, Sustainability

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# CHAPTER I

# INTRODUCTION

## Overview

Globally, the occurrence of fraud in corporate organizations is becoming rampant and this can be shown in the large number of reported cases of bribery, corruption, embezzlement, money laundering, racketing, fraudulent financial reporting, tax evasion, forgery and other means through which both financial and economic dishonesty are being perpetrated (Otalor & Eiya, 2013). The recent accounting scandals have induced a crisis of confidence in financial reporting and effectiveness of corporate governance mechanisms (Syachrudin, Nurlis & Widyanto, 2018). Unquestionable, fraudulent financial reporting had a negative impact on public confidence for the firm in capital markets and call into question the roles of managements, auditors, regulators, analysts and others (Awolowo, Garrow, Clark & Chan, 2018).

According to a study of organizations in world-wide, 30 percent of companies were victims of an economic crime or fraud (Murphy & Dacin, 2011). From Enron, WorldCom, Madoff, and Satyam appear that corporate fraud is a major problem that is increasing, both in its frequency and severity. These problems occurred from the separation of management and ownership control in the organizations (Chairunesia & Bintara, 2019). Moreover, the separation of ownership from control is the core of the agency problems facing to the firms (Jensen & Meckling, 1976). Also, agency problems or agency conflict is the conflict of interest between shareholders and management. Management that has bigger power than shareholder, may act based on their own interests (Glinkowska & Kaczmarek, 2016). Therefore, in order to minimize agency conflict, shareholders have to do management monitoring, for management will less likely act based on their own interests and more likely act based on shareholders wealth and firm value increasing. This leads many issues related to efficient control for the assets of corporations in the interest of all firm's stakeholders. Tara & Sadri (2015) said that the failure of Enron was nothing but failure of corporate governance. Numerous corporate and financial scandals have revealed severe shortcomings in corporate governance (Crifo, Olmedo & Mottis, 2019).

Corporate governance mechanisms are fundamental to align shareholder and manager interests. Thus, corporate governance is often seen as a key element of the regulatory apparatus destined to prevent, or at least to reduce, the frequency of this kind of scandals (Boghen, 2015). Corporate governance becomes the key element in order to improve the firm's economic efficiency (Goergen & Rondi, 2019). The corporate governance structure specifies the distribution of rights and responsibilities among different stakeholders in the system, such as the board, managers, shareholders and spells out the rules and procedures for making decisions on corporate affairs (Madhani, 2016). Furthermore, Madhani (2016) stated that corporate governance provides an ethical process as well as well-defined structure through which the objectives of the firm, the means of attaining such objectives, and systems of monitoring performance are also set. Corporate governance implies that companies should balance between the interests of shareholders with stakeholders at all levels of organization (Khan, 2011). The function of the corporate governance in financial reporting is to ensure compliance with generally accepted accounting principles (GAAP) and to maintain the credibility, transparency and uniformity in financial reporting (Paulinus, Oluchukwu & Somtochukwu, 2017). Thus, corporate governance has come to be a matter of great concern in the corporate governance because of the increasing high-profile accounting scandals and crash of some firms. Corporate governance in stock market could be seen as well as corporate governance mechanism by political and legal structure, public monitoring (Forti, Tsang & Peixoto, 2011), investor protections and public policy making to increases profitability (Guillén & Capron, 2016) and lead to sustainability (Mottis et al., 2017).

In ASEAN context, Association of South East Asian Nation (ASEAN) countries have been affected by globalization as well. ASEAN countries have established ASEAN Economics Community (AEC). Since 2015, ASEAN borders are fully opened to allow free flows of capital and labor across country's borders (Nikomborirak, 2015), include stock market integration (Lee & Jeong, 2016). It is important to have corporate governance in ASEAN, because firms in ASEAN nations have operated in environments where government policies were lacking and the market structure was underdeveloped (Jordan, Kim & Liu, 2016). At the same time, ASEAN will be a powerful by representing the third largest economic cooperation following the North America Free Trade Agreement (NAFTA) and the Europe Union (Lee & Jeong, 2016). In 2009, the ASEAN Finance Ministers (ACMF) endorsed the ACMF Implementation Plan to promote the development of an integrated capital market. This initiative is undertaken in parallel with the efforts to achieve convergence in ASEAN countries as an economic community. Broadly the ACMF Implementation Plan seeks to achieve the objectives of the AEC aspirations through the following areas include creating an enabling environment for regional integration, creating the market infrastructure and regionally focused products and intermediaries, strengthening the implementation process and enhancing the visibility, integrity and branding of ASEAN as an asset class (ASEAN-Capital-Market-Forum., 2015). For this reason, an ASEAN corporate governance assessment project has emerged called the ASEAN corporate governance initiative. The ASEAN corporate governance initiative comprises of the ASEAN corporate governance scorecard and the ranking of corporate governance of ASEAN public-listed firms among several regional initiatives under the ACMF (ASEAN-Capital-Market-Forum, 2015).

ACGS is a tool for assessing corporate governance practices of listed companies in the region. It aims to raise corporate governance standards of regional listed companies to be in line with international counterparts, and to support the launch of the AEC and the recognition of ASEAN capital markets among global investors. So, the ACGS was developed based on national benchmarks such as the Organization for Economic Co-operation and Development (OECD) Principles of Corporate Governance, International Corporate Governance Network Corporate Governance Principles, as well as best practices from the ASEAN and the world (Asian Development Bank, 2017). The ACGS covers the following five areas of the OECD corporate governance principles, which are rights of shareholders, equitable treatment of shareholders, roles of stakeholders, disclosure and transparency, and responsibilities of the board (Justina & Simamora, 2017).

For the ranking of corporate governance of ASEAN public-listed firms, another important part in the ASEAN corporate governance initiative, the ACMF has enlisted corporate governance experts in the region to develop the scorecard and assessment criteria. The experts for the initiative were chosen based on their experience in corporate governance ranking initiatives in their own countries and their recognition as authorities in the area of corporate governance. They were recommended by the capital market regulators in individual countries. The experts, approved by ACMF (Asian Development Bank, 2017). The assessment is based on publicly disclosed information in English through various channels, e.g., shareholders' meeting notices and the minutes thereof, annual reports, companies' press releases and information on their websites. The assessors take into consideration both corporate governance policies and practices of the assessment (Justina & Simamora, 2017).

Throughout the assessment and ranking of ASEAN publicly listed companies (PLCs) in the six countries from the beginning until now, counted as a total of 5 times (2012, 2013, 2014, 2015 and 2017). It is interesting that Thailand continues to be the overall best performer for 5 consecutive years by the highest mean score (Thai Institute of Directors, 2018). For the year 2017, Thai listed companies maintain regional leadership in corporate governance, marking the highest average score under the ASEAN corporate governance scorecard standard at 85.73, followed by Malaysia and Singapore at 82.41 and 78.45 respectively. ACGS can reflect the quality of corporate governance and enhance effectiveness of corporate governance in this regional area (Srijunpetch, 2016). However, Zhang, Fan & Wang (2012) defines the effectiveness of corporate governance mainly is to complete corporate performances directly. It means that the achievement in corporate governance scorecard reflects the effectiveness of corporate governance (Srijunpetch, 2016).

However, there is a doubt that while Thailand has always received the highest ASEAN corporate governance scorecard rating, the problem of accounting scandals in Thailand is still ongoing today (Yarana & Praithong, 2019). Furthermore, on the occasion of Thailand being appointed as the Chair of ASEAN in the year 2019, Thailand has chosen the theme "Advancing Partnership for Sustainability" which contains the key elements essential for ASEAN to meet the beyond. Therefore, the researcher is interested in what sustainability is, especially in listed firms in Thailand which maintains regional leadership in ACGS. Sar (2018) found that the companies with high corporate governance are associated with superior sustainability. While the relationship between corporate governance and operating performance has popularly received attention, governance's relationship with firm sustainability still has mixed and inconclusive or even contradictory, especially in Thailand. Moreover, most empirical studies in corporate governance investigated the possible links between some components of corporate governance structures and the outcomes. So, there are research gaps in considering all elements of corporate governance scorecard effectiveness resulting from the compliance with the ACGS including strength of shareholder rights, equitable treatment of shareholders, respecting role of stakeholders, disclosure and transparency enhancement, and effective responsibility of the board. Also, the key question is how about the relationship between the corporate governance scorecard effectiveness and firm sustainability of Thai listed firms. Furthermore, this study is the first to explore the relationship between each element of corporate governance scorecard effectiveness and firm sustainability, mediating effect by both financial reporting quality and firm competitiveness.

In this research, there are two theories to explain the relationship among the variables. The first theory, agency theory is developed by Jensen & Meckling, 1976. This theory described the relationship between two parties as principals (investors and other stakeholders) and agents (management team). Management team or managers have incentives to mislead investors or shareholders by providing financial information that portray the true underlying performance of the business (Wahlen, 1999). A critical element of corporate governance scorecard is a crucial monitoring device to minimize the problems brought from principal-agent relationship (Yusoff, 2012). Corporate governance is a set of mechanisms through which outside investors (shareholders) protect themselves from inside investors (managers) (Khan, 2011). Therefore, the five elements of corporate governance scorecard effectiveness have the role to supervise effectively and fairly monitor strictly in preparing the quality financial statements by minimizing the agency problem and lead to firm sustainability. Research that evaluates the impact of corporate governance policies on the financial reporting environment generates mixed evidence (Abu-Risheh & Al-Sa'eed, 2012).

Secondary, the contingency theory is applied to explain the phenomenon of the antecedent that is both the internal and external factors in driving the effective corporate governance scorecard. Therefore, the contingency perspective leads internal and external factors with may affect each dimension of corporate governance scorecard. Thus, this research required the examination of the positive relationships among the antecedent variables which include two internal factors: MIS competency and top management support, and two external factors: competitive pressure and regulator force on each dimension of corporate governance scorecard effectiveness. After that, the outcome of corporate governance scorecard effectiveness may create a capability for firm and enable the firm to acquire a competitive advantage over their competition which will enhance firm competitiveness (Sibanda, Africa & Pooe, 2017) and lead to firm sustainability (Mottis et al., 2017).

The contribution of this study to the extant literature is by empirically investigating the relationship between each dimensions of the corporate governance scorecard effectiveness and their impacts on firms' financial reporting quality, firm competitiveness and firm sustainability by empirical investigation in Thai listed firms. For this purpose, a set of hypothesis are developed using a multiple theoretical approach that combines both agency theory and contingency theory in explain the phenomena. Furthermore, this research expands knowledge of the impact of its antecedents including MIS competency, top management support, competitive pressure, and regulator force on corporate governance scorecard effectiveness. The findings of this research may be useful for organizations in term that they may improve operational proficiency and performance of the firm with an emphasis on corporate governance effectiveness.

**Purposes of the Research**

The main objective is to examine the effects of corporate governance scorecard effectiveness on firm sustainability of Thai listed firms; the specific objectives are as follows:

1. To examine the effects of each dimension of corporate governance scorecard effectiveness (strength of shareholder rights, equitable treatment of

shareholder, respecting role of stakeholders, disclosure and transparency enhancement, and effective responsibility of the board) on financial reporting quality, firm competitiveness, and firm sustainability.

2. To investigate the effects of financial reporting quality and firm competitiveness on firm sustainability.

3. To test the effects of each antecedent variable including MIS competency, top management support, competitive pressure and regulation force on each dimension of corporate governance scorecard effectiveness.

**Research Questions**

The main research question of this research is framed as: How does the corporate governance scorecard effectiveness affect firm sustainability of Thai listed firms? In addition, the specific research questions are presented as follows:

1. How does each dimension of corporate governance scorecard effectiveness (strength of shareholder rights, equitable treatment of shareholder, respecting role of stakeholders, disclosure and transparency enhancement, and effective responsibility of the board) have the influence on financial reporting quality, firm competitiveness, and firm sustainability?

2. How does financial reporting quality and firm competitiveness effect to firm sustainability?

3. How do each antecedent variable (MIS competency, top management support, competitive pressure and regulation force) influence on each dimension of corporate governance scorecard effectiveness?

**Scope of the Research**

This research aims to determine the effects of the relationship between corporate governance scorecard effectiveness and firm sustainability of Thai listed firms. The concept of the research model is explicitly illustrated. The research model shows the relationships among corporate governance scorecard effectiveness, financial reporting quality, firm competitiveness and firm sustainability. It hypothesizes a positive relationship based on the theory and previous research.

In this research, corporate governance scorecard effectiveness is an independent variable. It refers to corporate governance scorecard effectiveness (Srijunpetch, 2016) resulting from the compliance with the corporate governance scorecard which provides a rigorous methodology benchmarked against international best practice to assess the corporate governance performance of publicly listed companies. In this study, corporate governance scorecard effectiveness includes strength of shareholder rights, equitable treatment of shareholders, respecting role of stakeholders, disclosure and transparency enhancement, and effective responsibility of the board.

*Strength of Shareholder Right*

Shareholders always get dividends equal to the proportion of investments on time. Also shareholders are consistently encouraged to make decisions regarding significant changes in their operations. In addition, shareholders are able to attend the annual general meeting efficiently, by receiving the various rules of the meeting and the resolution for shareholders to fully understand before the meeting. Moreover, firm has controlled and implemented the business combination and the acquisition of the business at the right price and transparent and fair operations for all groups of shareholders. Furthermore, firm focuses on facilitating the exercise of ownership rights by all types of shareholders, including institutional investors (Asian Development Bank et al., 2017; Cullinan, Wang, Wang & Zhang, 2012).

*Equitable Treatment of Shareholder*

Firm is aware of the different rights of each type of shareholders and treats them equally according to the role of each type of shareholders. Firm also focuses on arranging shareholders' meetings in a manner that encourages all shareholders to have equal voting rights. In addition, firm promotes preventive measures in the event that directors and executives use insider information for their own interests. Moreover, firm supports the disclosure of information about the interests of executives and related parties in order to avoid conflicts of interest. Furthermore, firm promotes policies for minority shareholders to exercise their voting rights, including allowing minority shareholders to propose additional meeting agendas before the meeting date.

(Asian Development Bank et al., 2017; Zhang et al., 2012).

*Respecting Role of Stakeholders*

Each group of stakeholders is treated by firm into account the rights of the stakeholders according to the law or the agreement with the firm continuously. Stakeholders are continually compensated by firm for damages arising from the violation of rights of stakeholders. In addition, employees are involved in all levels of the firm due to the development of mechanisms to promote employee participation at all levels of work. Moreover, employees and other interested parties are able to report the illegal actions, unethical behavior or behavior that may cause corruption in the organization conveniently with the channels provided by the firm. Furthermore, firm attaches importance to the process of protecting persons appropriately informing clues about committing an offense (Asian Development Bank et al., 2017); Zhang et al., 2012).

*Disclosure and Transparency Enhancement*

Firm focuses on disclosing direct and indirect shareholding of directors in both the annual report and the firm's website. Firm also intends to disclose the quality of the financial and non-monetary data in the annual report with quality and clearly shows the content of the corporate governance in the annual report. In addition, firm discloses a policy to examine and approve relevant party transactions, such as the transfer of resources or services or commitments between the reporting party and the related parties. Moreover, firm believes that its financial reports are accurate and in accordance with generally accepted accounting standards and have been audited by independent auditors. Furthermore, firm has various channels to disseminate information in order to have access to relevant information in an effective and timely manner, such as the investor relations website, daily report, quarterly report and annual report etc. (Asian Development Bank et al., 2017; Zhang et al., 2012).

*Effective Responsibility of the Board*

Board of directors are clearly understand the roles and responsibilities, including the disclosure of corporate governance policy, vision and mission, process of continuous review and strategy implementation. Firm also has a committee which adheres to the business ethics which results in the board being able to exercise independent discretion regarding the operations of the business. In addition, firm is aware of the board's effective work process, including attendance, payment, internal audit, and risk management. Moreover, the highest management has the knowledge, ability and experience for managing independently from the Board of Directors. Furthermore, the development and evaluation plan for the annual performance of the board and management are promoted with efficiency (Asian Development Bank et al., 2017; Hyväri, 2016).

Next, the consequences of corporate governance scorecard effectiveness compose of financial reporting quality, firm competitiveness, and firm sustainability as following.

*Financial Reporting Quality*

Financial statements have the six characteristics of financial report which based on the conceptual framework for financial reporting including relevance, faithful representation, understandability, timeliness, comparability, and verifiability. (Herath & Albarqi, 2017; IASB, 2010).

*Firm Competitiveness*

Firm is ready and has operational potential to make a difference that is superior to other businesses in the same industry. Also, firm is able to create outstanding products and services until being continuously accepted by customers. Firm is able to apply new methods or new techniques that have the potential to be applied continuously. In addition, firm is confident that it has received increased acceptance from investors, which will result in continuous investment expansion, leading to business expansion as per the customers' needs in the future. Moreover, firm believes that receiving quality awards in various fields leads to an increase in market share (Cetindamar & Kilitcioglu, 2013).

*Firm Sustainability*

Firm has a continuously increasing profit and return rate. Also, firm has a growing rate of market share which is confident that customers are continuously loyal to the product or service of the firm. In addition, firm has sufficient resource and fund to operate and to cope with various situations stably. Firm is also consistently recognized for its reputation with the trust and faith of those involved. Furthermore, firm are able to strengthen, develop, and maintain stable relationships with stakeholders with the business stably and sustainably (Aras & Crowther, 2008; Grewatsch & Kleindienst, 2017).

Furthermore, four antecedents that effect on the ACGS, including two internal factors (MIS competency and top management support) and two external factors (competitive pressure and regulation force) as follow:

*MIS Competency*

Firm has management information systems that enable users to find useful information that can be used quickly and easily. Firm has an efficient information network for management which can connect various systems in the organization efficiently. Firm supports the development of management information systems that are up-to-date in order to obtain accurate, fast, and effective information supporting decision-making. Firm emphasizes the use of information systems to support the work of all departments in the organization to be effective throughout the organization (Gharaibeh & Malkawi, 2013).

*Top Management Support*

Executives fully support the necessary resources, budgets, and other facilities in their operations, which will help them to operate more efficiently. Executives encourage personnel to learn and train new techniques and methods at all times, bringing capability and potential of personnel. Executives focus on the sharing of knowledge and experience together which will bring the most total effectiveness to the business. Executives give priority to the compensation or rewards for the employees who achieve their business goals (Talke, Salomo & Rost, 2010; Young & Poon, 2013).

*Competitive Pressure*

The growing needs of customers make the firm always strive for excellent performance in order to achieve better results. The large number of competitors entering the market has made the firm aware of the importance of meeting the needs of all stakeholders. Continuously outstanding demand for performance has made the firm aware of its ability and capability. Given the importance of being able to adapt in a timely manner, firm must follow up with situations that change all the time (Majeed, 2016).

*Regulation Force*

The regulators have issued rules, regulations, standards, and other relevant methods to be up to date with international changes, making the business committed to adjusting the way of operations to be most consistent. The regulators have encouraged the firm to learn and understand about the changes in rules, regulations, standards, and related methods to enable the business to apply properly. The regulators continually monitor the compliance with relevant rules, regulations and standards. The regulators are seriously punished for not following the rules, regulations, standards, and procedures (Nakpodia, Adegbite, Amaeshi & Owolabi, 2018).

## Organization of the Dissertation

This research is organized into five chapters. Firstly, chapter one provides the overview and motivation of this research, purposes of the research, research questions, scope of the research and organization of the research. Chapter two reviews the relevant literature concerning the theoretical framework to describe the conceptual model, and develops the related hypotheses for testing. Chapter three outlines the research methods, including the population selection and data collection procedure, the variable measurement of each construct, the instrumental verification, the statistics and equations to test the hypotheses, and the summary table of definitions and operational variables of constructs.

# CHAPTER II

# LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK

The previous chapter provides the overview and motivation of this research, research objectives, research questions, and scope of the study. The purpose of this chapter is to review the relevant literature concerning corporate governance scorecard effectiveness (CGSE). The description elaborates on theoretical foundation, relevant literature review and hypotheses development, consequences of corporate governance scorecard effectiveness, effects of antecedent variables on CGSE dimension, and summary.

## Theoretical Foundation

This section explains the theoretical foundation which supports the conceptual model. Many theories can be used to explain the phenomena of corporate governance scorecard effectiveness as following.

<u>Agency Theory</u>

The agency theory is developed by Jensen & Meckling (1976). This theory described the relationship between two parties as principals (investors and stakeholders) and agents (management team). Both principals and agents have the relationship in reciprocal contractual view (Florian & Stephen, 2012) . Principals support firms with their money or other resources for operating in the firm and then they expect to receive the maximum return from their resources invested in the firm as well. In addition, principals hire agents to perform management services and delegate their decision making authority to agents and then agents receive wages or salary as a reward. Frequently, the interests of shareholders are conflicting with the interests of managers (Jensen & Meckling, 1976). The principal agent problem is reflected in the management and direction related problems due to the differential interests of firm's stakeholders. A conflict of interest between the principal and the agent causes agency problems (Panda & Leepsa, 2017). The agency problem is divided as two issues: (1)

adverse selection is the condition that principals cannot ensure agents' ability to manage, and (2) moral hazard is the condition that principals cannot ensure agents' behavior about working at maximum effort and at maximum principals' benefits. These problems are known as information asymmetry. Agents have more information than principals while principals cannot observe agent's optimistic behavior all the time. Thus, principals suspect whether agents work to maximize the principal's wealth or not.

Colgan (2001) extended the work of Jensen & Meckling (1976) who defined the agency relationship as a type of contract in which the principal keep the agent to carry out the services of the firm for himself. Agency problem could be reduced by the help of effective corporate governance mechanism which can be important in reducing the agency cost and the ownership problems in the firms. The corporate governance should be design according to the firm environment as one mechanism can be more important for some firms and less important for other firms. The interests of people who control the organizations are differing from those who invest in the firm by external finance. Also, the principal agent problem and the interest of shareholders can only reduce through the effective corporate governance (Maurović & Hasić, 2013).

Corporate governance implies that companies should balance between the interests of shareholders with stakeholders at all levels of organization (Chilosi & Damiani, 2011). Shareholders associated with the market risk and the risk of stock returns whereas managers always concerned with the firm risk because their survival depend on the firm risk (Khan, 2011). La Porta, Silanes, Lopez, Shleifer, Andreishleifer & Vishny (2002); Larrain, Tapia & Urzúa (2017) concluded that corporate governance as a set of mechanisms through which outside investors (shareholders) protect themselves from inside investors (managers). However, the Organization for Economic Cooperation and Development (OECD) provides another perspective by stating that "corporate governance is the system by which business corporations are directed and controlled" (The Organisation for Economic Co-operation and Development, 2016).

The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the corporation, such as the board, directors, shareholders and stakeholders, and spells out the rules and procedure for making decisions on corporate affairs. It also provides the structures through which the firm objectives are set, and the means of attaining those objectives and monitoring performance. Furthermore, the findings of the most studies show that the effective corporate governance reduces the ownership and control problems and draws a clear line between the shareholder and managers (Hassan & Marimuthu, 2015). Therefore, the five elements of corporate governance scorecard effectiveness have the role to supervise effectively and fairly monitor strictly in preparing the quality financial statements (Trai & Doan, 2019). Also, high-quality financial reporting provides decision-useful information, which is relevant and faithfully represents the economic reality of the firm's activities. Hence, quality financial reporting plays an important role in mitigating agency conflicts and lead to firm sustainability (Siagian, Siregar & Rahadian, 2013).

Contingency theory

The notion of a contingency theory of managerial accounting started to develop in the 1970s in an endeavor to clarify the diversity of managerial accounting practice at present (Otley, 2016). It drew heavily on the contingency theory of organizational structure which had been developed over the previous twenty years to codify which forms of organizational structure were the most appropriate to specific circumstances. Likewise, there is no best way to manage the organization, and it depends on situations which should be analyzed by the executives (Abba, Yahaya & Suleiman, 2018).

Contingency theory aims that the framework of an organization is the foundation on both internal and external determinants (Tran & Tian, 2013). There is no better way to manage a firm, to lead a firm, or to make the decisions. Thus, an organization that is effective in some situations may not be successful in others, depending on the internal and external situations. The contingency theory advised four qualifications: firstly, there are different directions to manipulate operation in different contexts to achieve the objectives; secondly, it is concerned with an organizational style and right surrounding; thirdly, effective organizations deal with environment and minor systems; and finally, a suitable design of organizations should be concerned with surrounding, technology and control systems (Bamel, Rangnekar, Rastogi & Kumar, 2013).

In addition, contingency theory is organizational management depending on the environment regarding an organization setting, structured process, and management controlling system according to the internal and external environments of all predicaments and situations (kader, 2013). The good contingency theory is concerned with the relationship between endogenous and exogenous contextual factors, which influence competitive strategy, and eventually lead the organization through the interfered structure variables (Lucianetti, Jose, Jabbour, Gunasekaran & Latan, 2018).

It is therefore observed that from a contingency theory perspective, the characteristics and specificities of each organization that take into account environment, competitive strategies, technology, structure, processes, and size, among others, determine its own dynamics and complexity. Thus, it is understood that complexity of organizational life also exists as a result of organizations' internal dynamics themselves, and not only due to external market dynamics or other factors such as technology, which are constantly changing (Aguilera, Filatotchev, Gospel & Jackson, 2008).

However, previous research suggested that the radical change and competitive conditions bring about getting out knowledge, experience, and capability in both internal and external contextual factors in order to choose the best ways to manage and monitor problems as well as set the structure in the organization (Assunção, De Luca & De Vasconcelos, 2017). The contingency theory is considered as essential regardless of relationship factors, whether it is internal or external factors. Furthermore, contingency theory may actually be implied in explicitly address how various antecedents affect firms' corporate governance effectiveness (Otley, 2016). Additionally, the optimal configuration of corporate governance may not be a single solution since various corporate governance designs may generate similar outcomes under certain contingencies (Bell, 2014). As mentioned, corporate governance can be represented by a set of rules and practices that aim to reduce conflicts or problems of agency, by using incentive and control mechanisms; internal and external factors (Assunção et al., 2017).

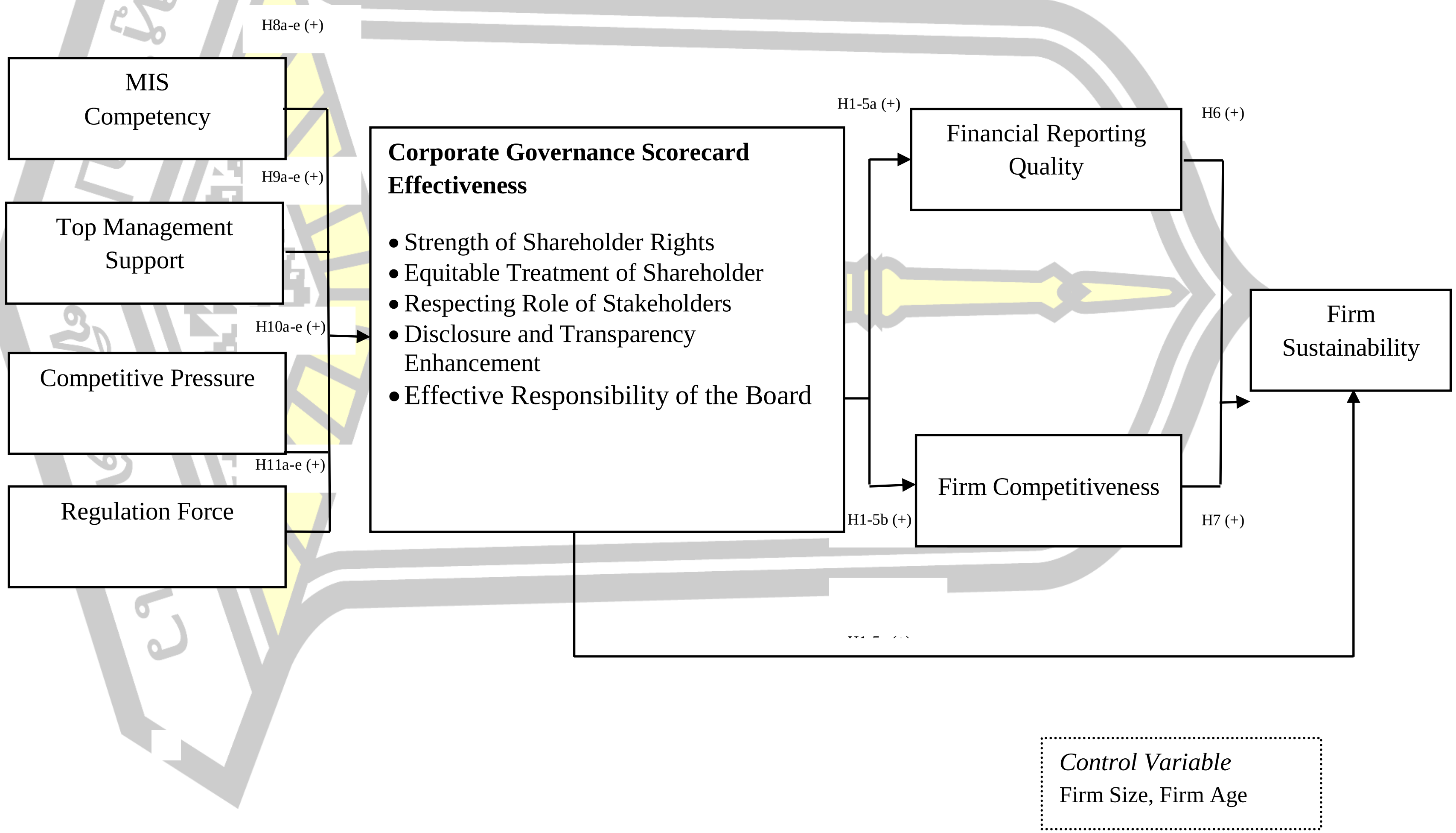
In this study, the internal factors which affect the corporate governance scorecard effectiveness of the firm including MIS competency and top management support. On the other hand, the external factors are connected with both competitive pressure and regulation force. Therefore, firm have to manage both the internal and external factors to fit with the circumstances of the corporate governance scorecard for the effectiveness. So, the corporate governance scorecard effectiveness may create a distinctive capability for the firm and enable the firm to acquire a competitive advantage over their competition and enhance their firm competitiveness (Sibanda, Africa, et al., 2017). The competition pressure with the positive outcomes would be presumably just with the satisfactory improvement of supporting structures and ultimately leading to firm sustainability (Braendle, Mozghovyi & Huryna, 2017).

**Relevant Literature Review and Research Hypotheses Development**

This section reviews the literature in relevant to the conceptual framework, and the linkage of the relationship among antecedents and consequences of corporate governance scorecard effectiveness. In order to comprehend all relationships, the literature review is divided into three sections.

Firstly, this research has approached the test of the main effect of corporate governance scorecard effectiveness on firm sustainability. In the study, corporate governance divide into five dimensions including strength of shareholder rights, equitable treatment of shareholder, respecting role of stakeholders, disclosure and transparency enhancement, and effective responsibility of the board. These relationship dimensions have positive effects on the consequences. The consequences are three constructs including financial reporting quality, firm competitiveness and firm sustainability. Secondly, the antecedents of corporate governance scorecard effectiveness are composed of MIS competency, top management support, competitive pressure and regulation force. These factors are investigated to find whether there is a positive relationship with five dimensions of corporate governance scorecard effectiveness. The full conceptual model is illustrated in Figure 1 as follows.

Figure 1 Conceptual Model of Corporate Governance Scorecard Effectiveness, Antecedents, and Consequences



## Corporate Governance Scorecard Effectiveness

### Emergence and Development of Corporate Governance

Corporate governance importance arises in modern corporations due to the separation of management and ownership control in the organizations (Shah, Kashif Rashid & Professor, 2015). The interests of shareholders are conflicting with the interests of managers. The term corporate governance emerged in eighties of the 20th century and its significance has increased the most at the beginning of the 21st century. There is an opinion that in some way corporate governance exists at least as much as there are forms of organization in which is possible to come to a conflict between those who invest their money and capital, and those who manage it (Avenue & Kong, 2010). In 18th century, Adam Smith observed different interest between owners and managers in firm and found that directors, as managers of other people's money, can never take account of that money with the same caution as they would with their own money (Wells, 2010).

The beginning of the 19th century was marked by great economic growth caused by the Industrial revolution and during this period many companies needed external capital in order to keep up with this growth (Pearson, 2017). Industrial revolution meant a huge impact on the development of bigger and more complex projects. Between 1890 and 1910, corporations were transformed from state-controlled organizations to unlimited private organizations protected under limited responsibility (Ireland, 2010). This situation was followed by the big amount of capital demand from investors. Such demand gave birth to what we know today as the stock exchange (Musonera, 2008). As a consequence, credible and well function capital markets were required for the development of a sustainable private enterprise sector. Liberalization of capital markets encouraged concerns on corporate governance.

As early as in 1930s, Berle & Means (1932) pointed out that direct investors are largely replaced by portfolio investors and are not able to efficiently exercise their control rights. This has been mainly the case of public companies to gain capital. These facts led to the development of the Agency theory between 1960s and 1980s, which formulated and dealt with the principal-agent problem. The separation of ownership and control creates a potential conflict of interests between owners (principals, shareholders) and the managers (agents), with an information asymmetry. Corporate managers are the agents of shareholders; it is a relationship fraught with conflicting interests. The interest of owners is a financial profit (dividends or yield from selling shares). The interest of managers may be even contrary to profitability of a firm. However, the payout of cash to shareholders creates major conflicts. Payouts to shareholders reduce the resources under manager control (Odeleye & John, 2017).

In 1961, the organization for Economic Co-operation and Development (OECD) was created, with the aim of achieving the highest sustainable growth and contribute to a sound economic and world trade expansion. The federal Securities and Exchange Commission (S.E.C.) brought corporate governance on to the official US reform agenda in the mid-1970s, due to the corporate scandals represented frustration of the system of corporate accountability. Consequently, concerns about managerial and corporate accountability arise, making necessary for markets to have a robust framework of corporate governance rules and regulations that provided investors with confidence in the system and entrepreneurs with the incentives to develop their businesses (Bridge, 2012). In this time, the prospect of rigorous government supervision and control over corporate governance had become the biggest challenge facing private enterprises (Nam & Nam, 2004).

In 1976, "The OECD Principles in Corporate Governance" were defined and shaped under the ideas for ensuring the basis for an effective corporate governance framework including rights of shareholders and key ownership functions, equitable treatment of shareholders, role of stakeholders in corporate governance, disclosure and transparency, and the responsibilities of the board (The Organisation for Economic Co-operation and Development, 2016). So, the OECD defined the corporate governance as the system by which business corporations are directed and controlled. The corporate governance structure distributes the rights and responsibilities among different participants in the corporation, such as the board, managers, shareholders, and stakeholders. The corporate governance also provides the structures through which the firm objectives are set, and the ways of monitoring performance for attaining the objectives of firms (Aguilera & Crespi-Cladera, 2016).

However, the scandals and crises are still emerged because of a number of structural problems for which corporate governance gain and keeps increasingly importance (Arun & Turner, 2015). The cause of the problem is in several segments, such as privatization which drew a number of issues of corporate governance in the areas that were previously in hands of the state; technological development, liberalization and the opening of financial markets, free trade and other structural reforms make the importance of corporate governance grows (Agyemang & Castellini, 2015), and with time it becomes more complicated; the growing role of institutional investors through the mobilization of capital and increases the need for well-managed arrangements; growth of international financial integration, trade and investment create difficulties in corporate governance across their borders (Hart, 1995). Shocking appearance, crash from the beginning of the 21st century was followed by a new collapse that hit the whole world. As a result of the financial crisis obviously weaknesses due to which corporate governance fell (UNCTAD, 2010). The reason was that management routines have not served the purpose of the firm (Kirkpatrick, 2009).

Jensen & Meckling (1976) defined the agency relationship as a type of contract in which the principal keep the agent to carry out the services of the firm on his behalf. The agency problem arises due to the different interest and the conflict between the ownership and control as principal delegate some decision making authority to the agent. So, the delegation authority reduced the value maximizing decisions taking by the manager in the firm. Later, McColgan (2001) agreed that agency problem can be reduced by the help of effective corporate governance mechanism which can be important in reducing the agency cost and the ownership problems in the firms. The governance should be design according to the firm environment as one general mechanism can be more important for some firms and less important for other firms (Salo, 2008).

Thus, the term “corporate governance” is widely used to refer to the balance of power between officers, directors, and shareholders (Benton, 2016). Academics often discuss it in the context of regulating communications and combating agency costs where corporate officers and directors have the power to control the firm, but the owners are diverse and largely inactive shareholders. Good corporate governance, allows for a balance between what officers and directors do and what shareholders desire. The term implies that managers have the proper incentives to work on behalf of shareholders and that shareholders are properly informed about the activities of managers (Wells, 2010). Therefore, corporate governance implies that companies should balance between the interests of shareholders and stakeholders at all levels of organization (Zhong, Wang & Yang, 2017).

The interests of people who control the organizations are differing from those who invest in the firm (Khan, 2011). Dhamari & Ismail (2013) conducted the review by studying a contribution on the corporate governance and said that the modern concepts of separation of management from the ownership make the corporate governance an important issue for research. Also the principal agent problem and the interest of shareholders can only be reduced through the effective corporate governance. Also, effective corporate governance can create the transparency and safeguard against these threats (Mensah, 2016).

However, the development and refinement of corporate governance standards has often followed the occurrence of corporate governance failures that have highlighted areas of particular concern (Kirkpatrick, 2009). Moreover, prior empirical research confirms that companies with demanding governance standards due to the complexity of specific matters have a rising need for systematic and quantitative evaluation approach for corporate governance (Griffith, 2016). Thus, once good practices have been adopted, it is difficult for the management to know whether the practices have been followed or not. Thus, a scorecard is established to provide a yardstick for measuring the level of fulfillment in implementing and monitoring corporate governance formalities.

Bebchuk & Weisbach (2010) conducted the theoretical and empirical literature review to find out the true nature and consequences of corporate governance. The main focus of his literature was to find out the reasons of conflict between manager and shareholders in organizations with respect to ownership mechanism. He also tried to find out the link between the corporate governance and firm sustainability. Elston (2019) argued that major problem in organization arises with the relationship of principal and agent relationships but still lack of the understanding. Also, Afolabi (2016) reviewed about the important components of good corporate governance practice. They presented the reason for their review that many of the non-financial corporations failed in the United States and in Asia due to the non-efficient corporate governance.

In accordance with International Finance Corporation (IFC) claimed that something was needed to encourage best practice in governance, but without the intrusiveness of legislation. Part of the answer was scorecards, which had been inspired by the experience of private sector investors assessing compliance with national codes. Later, institutes of directors, stock exchanges, and regulators used scorecards to assess and promote governance reform. IFC has used them as a tool to help a variety of users identifies weakness in governance and to alert them to areas that require reform. Scorecards have now been used globally for more than 10 years, providing sufficient experience to make it possible to compile
International Finance Corporation, 2014).

In summary, corporate governance has been known for long-time and has been studied in a variety term, for example, governance mechanism, clinical corporate governance, governance-based approach, etc. Each of terms has the specific definition relate to its content on each research's topic. Therefore, it should be clearly understood on the definitions of corporate governance.

**Definitions of Corporate Governance**

Corporate Governance in simple words means the extent to which companies are run in an open and honest manner. There is not a single definition of corporate governance rather it might be viewed from different angles. The term "Corporate Governance" is susceptible of both narrow and broad definitions, related to the two perspectives of shareholder and stakeholder orientation. It therefore revolves around the debate on whether management should run the corporation solely in the interests of shareholders (shareholder perspective) or whether it should take account of other constituencies (stakeholder perspective).

Narrowly defined corporate governance concerns the relationships between corporate managers, board of directors and shareholders. But it might as well encompass the relationship of the corporation to stakeholders and society. More broadly defined, corporate governance can encompass the combination of laws, regulations, listing rules and voluntary private sector practices that enable the corporation to attract capital, perform efficiently, generate profit, and meet both, legal obligations and general societal expectations (Cheung, Connelly, Jiang & Limpaphayom, 2011).

Corporate governance is one tool to safeguard the interests of various stakeholder groups. It involves promoting the compliance of law in letter and spirit, and demonstrating ethical conduct. The framework of corporate governance encourages efficient use of resources and also requires accountability for the stewardship of the resource. The central point in corporate governance of the firm was laid out by Berle & Means (1932). Berle & Means (1932) observed that a consequence of the separation of ownership and management was ownership dispersion and that such dispersion made subsequent monitoring and discipline of management difficult. Later, Demb & Neubauer (1992) described corporate governance as the process by which corporations are made responsive to the rights and wishes of stakeholders. Monks & Minow (1996) defined corporate governance as the relationship among various participants in determining the direction and performance of corporations.

While Neubauer & Lank (1998) defined corporate governance as a system of structure and processes to direct and control corporations and to account for them. Corporate governance describes all the influences affecting the institutional processes, including those for appointing the controllers and regulators, involved in organizing the production and sale of goods and services. Shleifer & Vishny (1997) defined corporate governance as the ways in which suppliers of finance to corporations assure themselves of getting a return on their investment. Sir Adrian Cadbury (Cadbury, 2000) stated that corporate governance is concerned with holding the balance between economic and social goals and between individual and communal goals.

OECD in 1999 defined that corporate governance is the system by which business corporations are directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the corporation, such as, the board, managers, shareholders and other stakeholders, and spells out the rules and procedures for making decisions on corporate affairs. By doing this, it also provides the structure through which the firm objectives are set, and the means of attaining those objectives and monitoring performance (Maher & Anderson, 1999).

The Asian Development Bank (ADB) defined corporate governance as the manner in which power is exercised in the management of a country's social and economic resources for development (Kar, 2000). Iskander & Chamlou (2000) stated that corporate governance was important not only to attract long term patient foreign capital, but more especially to broaden and deepen local capital markets by attracting local investors-individual and institutional.

Nielsen (2000) stated that corporate governance is the system of rights, structures and control mechanisms established internally and externally over the management of a listed public limited liability firm, with the objective of protecting the interests of the various stakeholders. Moreover, Oman (2001) defined corporate governance as a term refers to the private and public institutions that include laws, regulations and the business practices which govern the relationship between the corporate managers and the stakeholders. Furthermore, Kidd & Richter (2003) argued that corporate governance is an indirect mechanism in reducing agency costs and transaction costs imposed by managers acting in their own interests at the expense of companies and shareholders. Solomon & Solomon (2004) suggested that corporate governance is the system of checks and balances, both internal and external to companies, which ensures that companies discharge their accountability to all their stakeholders and act in a socially responsible way in all areas of their business activity.

In summary, corporate governance defines a set of relationships and responsibilities between people involved in companies and external stakeholders, establishing rules, policies and procedures appropriated for the management, administration and business control. So, corporate governance is a set of "rules of the game" by which companies are managed and supervised by the board of directors, in order to protect the interests of everyone involved (Badele & Fundeanu, 2014).

In Thailand, the National Corporate Governance Committee (NCGC) defined corporate governance as a system having a corporate control structure combining strong leadership and operations monitoring. Its purpose is to establish a transparent working environment and enhance the firm's competitiveness. It also strives to preserve capital and increase shareholders' long-term value with the consideration of the business of ethics, stakeholders and social concerns factors, throughout the process (Wise & Jongsureyapart, 2012).

In sum, there are actually many different definitions of corporate governance but they all address the following elements: systems of controls within the firm, relationships between the firm's board/shareholders/stakeholders, the firm being managed in the interests of the shareholders (stakeholders), greater transparency and accountability to enable users of corporate information to determine whether the business is being managed in a way that they consider appropriate (United Nations, 2003).

Table 1 Summary of the Definitions of Corporate Governance

| **Authors** | **Definitions of Corporate Governance** |
|---|---|
| Berle & Means (1932) | Corporate governance is a system by which companies are directed and controlled. |
| Freeman & Reed (1983) | Corporate governance is the mechanisms by which companies, and those in control, are held to account. Corporate governance influences how the objectives of the firm are set and achieved, how risk is monitored and assessed, and how performance is optimized. |
| Williamson (1985) | Corporate governance is the set of constraints that shape the ex post bargaining over the quasi-rents generated in the course of a relationship |
| Shleifer & Vishny (1997) | Corporate governance is the ways in which suppliers of finance to a firm assure themselves of a good return to their investment. |
| Demise (2006) | Corporate governance involves a set of relationships between a firm's management, its board, its shareholders and other stakeholders. The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the corporation, such as the board, managers, shareholders and other stakeholders, and spells out the rules and procedures for making decisions on corporate affairs. |
| Davis (2005) | Corporate governance refers to "the structures, processes, and institutions within and around organizations that allocate power and resource control among participants" |

Table 1 Summary of the Definitions of Corporate Governance (continued)

| **Authors** | **Definitions of Corporate Governance** |
|---|---|
| Gourevitch & Shinn (2005) | Corporate governance is the system that not only promotes growth and protects investors but also generates employment and fosters equality of opportunities. |
| (NGUM, 2009) | Corporate governance is an ongoing process of managing, controlling and assessing business affairs to create shareholder value and protect the interests of other stakeholders. |
| Bebchuk & Weisbach (2010) | Corporate governance is the system of checks and balance, both internal and external to companies, which ensure that companies discharge their accountability to all their stakeholders and act in a socially responsible way in all areas of their business activity |

**Corporate Governance in Thailand**

The economic crisis in 1997 essentially marked the beginning of serious awareness of the importance of corporate governance. Since then it has become a primary tool for building public confidence in the capital market, for example, in the forms of policy and framework. At the time of the crisis, Thai public companies were largely family-owned, with family and related-party shareholders as the controlling shareholders. As one consequence of poor governance practices, many firms faced financial distress, to be resolved through bankruptcy proceedings or aggressive financial restructuring.

In September 1999, the SET issued a 'Code of Best Practice for Directors of Listed Companies', providing suggestion for listed firm boards reporting to regulatory entities, shareholders and investors. In addition, in January 2000, a paper containing comments from listed companies over a six-month period was distributed by the SET. This paper reflected the efforts of the SET to promote good corporate governance. The report was influenced by the Cadbury Report (1992) published in the UK and modified to reflect Thai culture and family-based preferences of listed companies. It offered guidelines for voluntary disclosure. The guidance is presented in six sections: the board, the financial reports, audit reports, information disclosure and transparency, equitable business conduct, and, compliance with the code of best practice (Fung, 2014).

However, reform efforts since the crisis have centered on improving firm practices while Thai firms were relatively deficient compared to international standards (for example, the OECD guidelines) (Connelly, 2014). Later, the Thai Government designated 2002 as the "Year of Good Corporate Governance." The National Corporate Governance Committee (NCGC) was appointed in the same year. Chaired by the Prime Minister, the NCGC aims to promote the principles of good corporate governance and ensure delivery of concrete outcomes (Connelly, 2014).

In March 2002 the Stock Exchange of Thailand (SET) introduced 15 principles of good corporate governance which in line with codes in developed markets for listed companies to implement, a corporate governance code. So, the companies listed on the SET are required to demonstrate how they apply the fifteen principles in their annual registration statement and annual report starting from the accounting period ending in December 2002. The principles emphasize formal procedures to improve shareholder rights, independence of the Board of Directors, the role of the Board in monitoring management, separation of the positions of CEO and Chairman of the Board and improved information disclosure, with a special emphasis on conflicts of interests. The code was introduced on “comply or explain” basis; that is, if a listed firm does not adopt a particular policy recommended by the code, then it is expected to provide an explanation in its annual report or information disclosure report (Kouwenberg, 2010).

In 2006 the SET published an updated corporate governance code, “The Principles of Good Corporate Governance”. The code was made more comprehensive and comparable to the Principles of Corporate Governance of the Organization for Economic Cooperation and Development (OECD) and also included recommendations made by the World Bank in its “Report on the Observance of Standards and Codes” about Thailand (World Bank, 2005). Further, starting from accounting year 2007 onwards, firms are required by SET to provide an explanation in cases of non-compliance with any of the principles. These modifications brought Thai corporate governance principles up to international standards, creating greater investor confidence in the Thai capital market.

Remarkable, the improved corporate governance practices in Thailand are likely to give the Thai capital markets relatively more competitive advantages over other markets in the region. Corporate governance practices measured against the OECD guidelines provide an excellent assessment that Thai corporate governance practices compare favorably with international standards in many respects, yet there are still areas that need further improvement (Connelly, 2014).

SET has continuously supported listed firms to establish their CG systems, and expects all listed companies’ boards and management teams to develop their systems to be comparable with international standards, benefitting the companies themselves. Therefore, in 2012, 2006 Principles were revised to be compatible with ASEAN CG Scorecard criteria, which is used to assess and rank listed companies’ CG practices in ASEAN, thus making them again up-to-date, bringing the Principles to a higher level, and helping make Thai listed firms ready for competition in ASEAN (The Stock Exchange of Thailand, 2012). The Principles of Good Corporate

Governance for Listed Companies, revised in 2012, are divided into two parts, the principles themselves and the recommended best practices. Nonetheless, this document does not include the issues concerning CG that have already been specified in laws and regulations. The principles and the recommended best practices are presented in 5 categories, namely: rights of shareholders, equitable treatment of shareholders, roles of stakeholders, disclosure and transparency, and responsibilities of the Board.

From 2001, being a part of new economic countries, the corporate governance mechanism in Thailand has been continuously developed. There are needs of adjustment and adaptation for the forming of efficiency development and integration of the capital markets among the ASEAN countries. Then, in 2017, the better corporate governance has been implemented, which is called "Corporate Governance Code" (Thunputtadom, 2018).

**Corporate Governance Scorecard**

Corporate governance scorecard was first seen in Germany in the late 1990s as large companies faced serious failures and newer companies needed capital funding. Hence, in 2000, such scorecards came out as one stop solution to every entity where needed a robust tool to assess the quality of a firm's governance, which would guide them in making investment decisions. The corporate governance structure specifies the distribution of rights and responsibilities among different stakeholders in the system, such as the board, managers, shareholders and spells out the rules and procedures for making decisions on corporate affairs (Madhani, 2016).

The scorecard consists of questions that are systematically organized into headings that reflect the basic principles of good corporate governance (Bisic, Djulic & Kuzman, 2013). So, the scorecard gives a systematic overview of relevant corporate governance issues. Moreover, it helps various corporate to gauge and monitor the quality of their own governance and reason out the areas of improvement. Due to standardization, comparisons become possible and relevant. It is available for everyone to access. There is less cost of implementation. Also, one can notice the increased awareness about good corporate governance and regulations. Therefore, scorecard is an effective tool to measure adherence to a code or corporate governance standards and can generate a result that indicates the level of compliance with the benchmark (Bregasi, Bregasi, Faculty & Hyseni, 2014). Moreover, scorecards can help companies measure their achievements and tell them where they still need to improve. This is not just about compliance. It's about self-help (The International Finance Corporation, 2014).

Corporate governance scorecard now is advance in the implementation and assessment. ASEAN Corporate Governance Scorecard is an example of the development of corporate governance practices and assessments in the ASEAN region (Chairunesia & Bintara, 2019). ASEAN countries jointly implement the principles of corporate governance as an effort to support the plan of the ASEAN Economic Community 2015. However, each country has optimal standards of ownership supporting by good corporate governance implementation and assessment, so it can maximizes shareholders wealth and increases profits. Corporate governance tend to foster a more open and equitable distribution of information and place a stronger emphasis on the protection of shareholders rights and, in particular, those of minority investors (Zhao, 2016).

The ASEAN corporate governance scorecard was developed based on national benchmarks such as the Organization for Economic Co-operation and Development (OECD) Principles of Corporate Governance, International Corporate Governance Network Principles, as well as best practices from the world (Asian Development Bank, 2014). Consequently, many of the items in the Scorecard may be best practices which go beyond the requirements of national legislation (Asian Development Bank, 2015). The experts drew references from the existing body of work and ranking initiatives in the region as well; including those by institutes of directors, shareholder associations, to guide the initial inclusion of items in the Scorecard as well. However, future improvements in standards of CG through scorecards will be made periodically to change the corporate governance standards, or to change the subject of legislation (Beqiraj, Bregasi & Hyseni, 2014). Although, corporate governance scorecard has annually improvement, it still covers five areas of the OECD Principles: rights of shareholders, equitable treatment of shareholders, roles of stakeholders, disclosures and transparency, and responsibilities of the board with a different number of points.

Firstly, items in area “*right of shareholders*” consist of basic of shareholders right; right to participate in decisions concerning fundamental corporate changes; right to participate effectively in and vote in general shareholder meetings and should be informed of the rules, including voting procedures that govern general shareholder meetings; markets for corporate control should be allowed to function in an efficient and transparent manner; the exercise of ownership rights by all shareholders, including institutional investors, should be facilitated (Asian Development Bank, 2017).

Secondly, items in area “*equitable treatment of shareholders*” consist of shares and voting rights; notice of annual general meeting; insider trading and abusive self-dealing should be prohibited; related party transactions by directors and key executives; protecting minority shareholders from abusive actions (Asian Development Bank, 2017).

Thirdly, items in area “*role of stakeholders*” consist of the rights of stakeholders that are established by law or through mutual agreements are to be respected; where stakeholder interests are protected by law, stakeholders should have the opportunity to obtain effective redress for violation of their rights; Performance-enhancing mechanisms for employee participation should be permitted to develop; stakeholders including individual employee and their representative bodies, should be able to freely communicate their concerns about illegal or unethical practices to the board and their rights should not be compromised for doing this (Asian Development Bank, 2017).

Fourthly, items in area “*disclosure and transparency*” consist of transparent ownership structure; quality of annual report; disclosure of related party transactions; directors and commissioners dealings in shares of the firm; external auditor and auditor report; medium of communications; timely filing/release of annual/financial reports; firm website; investors relation (Asian Development Bank, 2017).

Finally, items in area “*responsibilities of the boards*” consist of clearly defined board responsibilities and corporate governance policy; code of ethics or conduct; corporate vision/mission; board structure and composition; skills and competencies; board chairman; board meetings and attendance; orientation programs for new directors; director training; access to information; nominating committee;

board appointments and re-election; CEO/executive management appointments and performance; board appraisal; director appraisal; committee appraisal; remuneration committee/ compensation committee; remuneration matters; audit committee; internal audit; risk oversight (Asian Development Bank, 2017).

The corporate governance structure specifies the distribution of rights and responsibilities among different stakeholders in the system, such as the board, managers, shareholders and spells out the rules and procedures for making decisions on corporate affairs (Madhani, 2016). Further, Madhani (2016) stated that corporate governance provides an ethical process as well as well-defined structure through which the objectives of the firm, the means of attaining such objectives, and systems of monitoring performance are also set. Corporate governance in stock market could be seen as well as corporate governance mechanism by political and legal structure, public monitoring (Forti et al., 2011), investor protections and public policy making to increases profitability (Guillen & Capron, 2016). ACMF introduce ACGS as the assessment of corporate governance of all listed firms in countries of ASEAN (Masyhuri, 2017). It shows corporate governance practices covers area of rights of shareholders, equitable treatment of shareholders, role of stakeholders, disclosure and transparency, responsibilities of the board (ASEAN-Capital-Market-Forum., 2015).

The ASEAN corporate governance initiative comprising the ASEAN Corporate Governance Scorecard and the ranking of corporate governance of ASEAN public-listed firms are among several regional initiatives started in early 2011 and is supported by the Asian Development Bank. In 2013, the Association of Asian Countries published its corporate governance scorecard and evaluated it for the top 100 listed companies in Malaysia, Philippines, Indonesia, Thailand, Singapore and 39 listed companies on the Vietnam Stock Exchange. The assessments of PLCs' corporate governance standards were based on publicly available and accessible information such as annual reports, corporate websites, notices, and circulars. The objectives of the Scorecard and the ranking exercise are to raise corporate governance standards and practices of ASEAN public-listed firms, showcase and enhance the visibility as well as inevitability of well-governed ASEAN public-listed firms internationally, complement the other ACMF initiatives and promote ASEAN as an asset class (ASEAN-Capital-Market-Forum, 2015). Assessment of each country is done by the Indonesian Institute for Corporate Directorship for Indonesia; the Minority Shareholder Watchdog Group for Malaysia; the Institute of Corporate Directors for Philippines; the Singapore Institute of Directors and Centre for Governance, Institutions and Organizations as well as National University of Singapore Business School for Singapore; and the Thai Institute of Directors for Thailand (Asian Development Bank, 2017).

**Corporate Governance Scorecard Effectiveness**

In this study, corporate governance scorecard effectiveness refers to the effective in corporate governance scorecard which provides a rigorous methodology benchmarked against international best practice to assess the corporate governance performance of publicly listed companies. The effectiveness of corporate governance scorecard is in the same context as the effectiveness of corporate governance scorecard that follows the OECD corporate governance principles. Bisic, Kuzman & Djulic (2013) present the results of a scorecard use in assessing corporate governance, companies are leaders in corporate governance field received higher scores.

The corporate governance scorecard divided into five dimensions, including rights of shareholders, equitable treatment of shareholder, role of stakeholders, disclosure and transparency and responsibility of board. Also, the effective of corporate governance scorecard or the corporate governance scorecard effectiveness can be divided into five dimensions, including strength of shareholder rights, equitable treatment of shareholder, respecting role of stakeholders, disclosure and transparency enhancement and effective responsibility of the board based on many previous researches. Chris Mallin & Melis (2012) studied corporate governance on the rights all shareholders, and found that organizations that place a strong emphasis on good corporate governance enable shareholders to exercise their rights to the fullest extent of all shareholders roles. Kubíček, Nowak & Hnilica (2013) found that the corporate governance scorecard effectiveness lead to respecting role of stakeholders, disclosure and transparency enhancement and effective responsibility of the board.

The need for good and effective corporate governance scorecard stems from the obligation of the corporation to fulfill the expectations of its stakeholders (Pérez Carrillo, 2013). For a corporation to fulfill its objectives, meet the expectations of different stakeholders it needs to perform. Performance of a corporation is dependent on the effectiveness of the governance process, which is in turn dependent on the individuals involved in the process of governance. Therefore, the effectiveness of governance system depends on application principles and guidance standards in companies in a way that using these principles may have benefits such as solving issues related to conflict of interest, control and transparency increase for shareholders (Mousavi & Moridipour, 2013). Appropriate establishment of firm governance mechanisms is a basic action for optimum use of resources, improving accountability, transparency, observing fairness and rights of all shareholders of firm. Effectiveness of governance system is a basic action for optimum use of resources, improving accountability, transparency, observing fairness and rights of all shareholders of firm (Mousavi & Moridipour, 2013). Also, an effective system of corporate governance provides the framework within which board, management , stakeholders and others address their respective responsibilities (Oghojafor, et.al, 2010). It implies mechanisms to an ensure executives respect the rights and interests of firm stakeholders , as well as guarantee that stakeholders act responsibility with regard to the generation, protection and distribution of wealth invested in the firm (Aguilera et al., 2008).

In the developed countries, the elements of effective corporate governance scorecard include well positioned and regulated securities markets; laws which recognize shareholders as the legitimate owners of corporations whilst at the same time ensuring the equitable treatment of minority and foreign shareholders; enforcement mechanisms protecting the rights of shareholders; laws to protect against fraud on investors; sophisticated courts and regulators; an experienced accounting and auditing sector and significant corporate disclosure requirements (Omran & Abdelrazik, 2013).

Corporate governance principles provide guidance on how corporations should operate. Adoption of international corporate governance best practices leads to long-term sustainability, and can be a competitive tool. ADB in partnership with the

ASEAN Capital Markets Forum have jointly developed the ASEAN corporate governance scorecard, an assessment based on publicly available information and benchmarked against international best practices that encourage publicly listed companies to go beyond national legislative requirements. This report can be used by capital market regulators and other stakeholders as a reference to understand the current corporate governance standards across the region. It is also a useful diagnostic tool to guide improvement of corporate governance standards (Asian Development Bank, 2017).

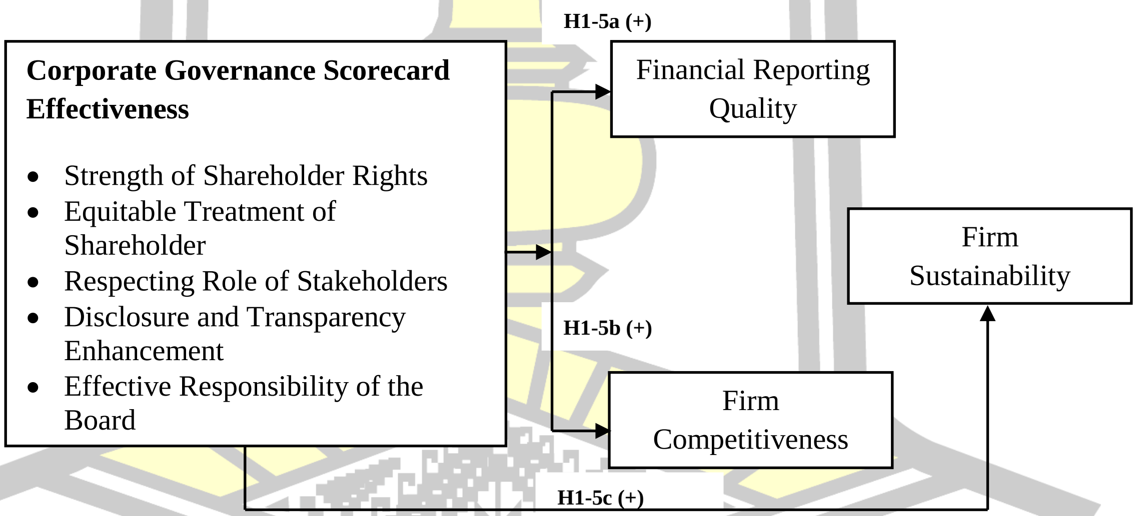
The performance of ASEAN publicly listed companies in applying recommended corporate governance principles is commendable, although there is still room for further improvement. As the scorecard is premised on the OECD Principles of Corporate Governance, it should be applied as a diagnostic tool by publicly listed companies to identify gaps in their corporate governance practices and assist in achieving sustainable long-term growth and sustainability. Domestic ranking bodies have played a significant role in promoting and creating greater awareness of this initiative and the requirements of the scorecard. Continued commitment from all stakeholders will be crucial to ensuring the sustainability of this initiative. While there may be certain inherent limitations in the scorecard and the domestic assessments of publicly listed companies, domestic ranking bodies will continue to review and refine the scorecard and its assessment methodology to ensure applicability and relevance to ASEAN publicly listed companies. Also, many researchers found that good ASEAN corporate governance lead to better access to capital at lower cost, thus providing growth opportunities for ASEAN region (Ramachandran, Alam & Goh, 2020).

Noticeable, Thai listed companies maintain regional leadership in corporate governance scorecard, marking the highest average score under the ASEAN corporate governance scorecard 2017, scores at 85.73, followed by Malaysia and Singapore at 82.41 and 78.45 respectively.  Outcome from the 2017 survey reflected efforts and emphasis of corporate governance by both regulators and listed companies. Besides the highest average score, number of Thai companies in the top 70 firms is also the highest at 19 firms, followed by Malaysia and Singapore at 18 and 16 firms respectively.

### The Effects of Each Dimension of Corporate Governance Scorecard Effectiveness on Its Consequences

This section proposes the dimensions of corporate governance scorecard effectiveness, including strength of shareholder rights, equitable treatment of shareholder, respecting role of stakeholders, disclosure and transparency enhancement, and effective responsibility of the board. The relationship between corporate governance scorecard effectiveness and its consequences are examined. The consequences of this research are composed of financial reporting quality, firm competitiveness, and firm sustainability, which are demonstrated in Figure 2.

Figure 2 Effects of Each Dimension of Corporate Governance Scorecard Effectiveness on Its Consequences




<u>Strength of Shareholder Rights</u>

Strength of shareholder rights depends upon the rules of governance, and the significant variation in corporate governance rules across different firm (Yermack, 2010). The extreme governance rules make deep power to shareholders (strong shareholder rights), resulting in lower agency costs (Bharath, Dahiya, Saunders & Srinivasan, 2011). Shareholder monitoring is an important mechanism by which agency costs can be reduced (Hope, 2013).The shareholder aspect of corporate governance is the concept that firm exists for the benefit of shareholders, and therefore, emphasizes shareholder value creation (Shleifer & Vishny, 1986). The shareholder aspect of corporate governance is based on the premise that shareholders provide capital to the firm which exists for their benefit. Shareholder rights reflect the balance of power between shareholders and managers (Jiang & Anandarajan, 2009). Managers desire to "protect their benefits" by restricting shareholder rights and use various measures to restrict shareholder rights. So, the strong shareholder rights could mitigate the agency problems (Kiambati, Karanja, Katuse & Waititu, 2013).

Therefore, the corporate governance framework should protect and facilitate the exercise of shareholders' rights (The Organisation for Economic Co-operation and Development, 2016). The launching of good corporate governance prevents shareholders from inadequate management control (Simon-Oke, Egbetunde & Ologunwa, 2019). Shareholders need to protect their investments (Otman, 2014). So, firm should ensure shareholders' rights to participate and vote in general shareholder's meeting and select members of the board (King & Wen, 2011). Shareholders should also be provided with information that is relevant and material about the firm on a timely and regular basis through the annual general meeting notice. The areas of shareholder rights are the main aspect of the effective corporate governance system (Mallin & Melis, 2012).

Prior research in the corporate governance literature indicates that strong shareholder rights help to reduce agency problems caused by conflicts of interest between the corporate manager and shareholders (Karanja, et al., 2013; Jiraporn, Kim, Davidson & Singh, 2006). The main finding is that greater shareholder rights are associated with reduced agency problems (Boubaker & Sami, 2011). The strength of shareholder rights depends upon the rules of governance, and there is also a significant variation in corporate governance rules across different companies (Renders, Gaeremynck & Sercu, 2010). Also, the fewer restrictions on shareholder rights is associated with relatively low probabilities of misreporting (Baber, Kang, Liang & Zinan, 2015). Resulting from shareholders being able to fully exercise their rights, effective shareholder oversights increase the investors' ability to monitor and discipline managerial actions, reduce incentives for managers to engage in opportunistic financial reporting. Therefore, financial reports will have quality (Kiambati et al., 2013). Moreover, prior research indicated that shareholder rights are the rights to get relevant, timely and regular information about the firm; the right to participate and vote in shareholder meetings; the right to elect and remove members of the board; and the right to share in the firm's profits (Chris & Melis, 2012). For firms with strength of shareholder rights, shareholders can exercise their rights more easily and effectively. Geiger & North (2013); Dou, Hope, Thomas & Zou (2018) suggested that having strong shareholder rights lead to the higher quality of financial reporting.

Furthermore, corporate governance is an important part of improving competitive capabilities. Also, corporate governance is the methods used to manage the companies so as to get the competitive capabilities and lead to firm competitiveness (Shee, Gramberg & Foley, 2010). Also, Ho (2005) investigated the relationship between corporate governance and corporate competitiveness and found that the higher is good corporate governance practices, the stronger is the firm's competitiveness.

Finally, various studies have shown that there is a link between shareholder rights and firm sustainability, in the sense that being able to exercise shareholder voting rights (Mallin & Melis, 2012). Investors recognize sustainability as a strategy for an organization with increased potential over the years (Akisik & Gal, 2011). Gompers, Ishii & Metrick (2007) found that firms with stronger shareholder rights had higher firm value, higher profits, higher sales growth, lower capital expenditures, and made sustainability (Swarnapali, 2017).

So, strength of shareholder rights in this study refer to the effective in the rights of shareholders, the first aspect of corporate governance scorecard effectiveness including basic shareholder rights, the right to participate in decisions concerning fundamental corporate changes, right to participate effectively in and vote in general shareholder meetings and should be informed of the rules, including voting procedures, that govern general shareholder meetings, markets for corporate control should be allowed to function in an efficient and transparent manner, and the exercise of ownership rights by all shareholders, including institutional investors, should be facilitated (Asian Development Bank, 2017).

From the discussion above, this research views that the strength of shareholder rights is a dimension of corporate governance scorecard effectiveness and it seems to be highly important to uncover the impact on financial reporting quality, firm competitiveness and firm sustainability as presented in Figure 2. Taking all the aforementioned into account, this research formulates the following hypotheses:

***Hypothesis 1a: The higher corporate governance scorecard effectiveness in strength of shareholder rights is, the more likely that the firms gain greater financial reporting quality.***

***Hypothesis 1b: The higher corporate governance scorecard effectiveness in strength of shareholder rights is, the more likely that the firms gain greater firm competitiveness.***

***Hypothesis 1c: The higher corporate governance scorecard effectiveness in strength of shareholder rights is, the more likely that the firms gain greater firm sustainability.***

Equitable Treatment of Shareholders

The corporate governance framework should ensure the equitable treatment of all shareholders. All shareholders, including minority and foreign shareholders, should be treated equitably by controlling shareholders, boards and management. Insider trading and abusive self-dealing should be prohibited. Also, the equitable treatment of all shareholders demands transparency with respect to distribution of voting rights and the ways voting rights are exercised. They also call for disclosure of any material interests that managers and directors have in transactions or matters affecting the corporation. Furthermore, all shareholders should have the opportunity to obtain effective redress for the violation of their rights. Santiago-Castro & Brown (2011) find that lack of investor protection in emerging markets might cause the expropriation of minority shareholders’ rights, leading to poorer performance.

So, corporate governance deals primarily with ways to protect minority shareholders, as it is assumed that majority shareholders are less subject to agency problems and have a variety of means to ensure their return on investment. The stock price is determined by the marginal shareholder, who is likely to be a minority shareholder and rely heavily on minority shareholder protection. Thus the stock price, and hence the market capitalization, should directly reflect governance provisions that protect minority shareholder rights (Efficiency, 2015). Due to agency problems arising from self-serving behavior of managers (Jensen & Meckling, 1976) may be mitigated by large shareholders' monitoring. Shleifer & Wolfenzon (2002) argued that large shareholders play an important role in driving the firm towards value maximization through higher share prices. From another perspective, agency problems may arise from conflicts between controlling and minority shareholders as between managers and shareholders (Shleifer & Vishny, 1997). Because controlling shareholders are likely to redistribute wealth from minority shareholders, large shareholdings may lead to worse performance since controlling shareholders have incentives to drain resources out of member firms to increase their individual wealth (Berzins, Bøhren, & Stacescu, 2018). However, Schlimm, Mezzetti & Sharfman (2010) found that the presence of a controlling shareholder can dramatically change best corporate governance practices.

In effect, the block holders, who own large amount of share capital, benefit from information advantage over minority shareholders and tend to expropriate private benefits (De Cesari, 2012). As block ownership rises, block holders' objectives of value maximization are aligned with those of minority shareholders resulting in a more effective monitoring. At highest ranges of ownership, block holders are likely to possess enough power to influence firms' activities, and are likely to expropriate minority shareholders whose interests need not coincide (Lim & Yen, 2011). As the ownership, the large owners gain nearly full control and prefer to use firms to generate private benefits of control that are not shared by minority shareholders (Shleifer & Vishn, 1997). One frequent mechanism through which large shareholders can extract resources from the firm is by arranging transactions between their firm and other firms that they control. These deals are referred to as related party transactions.

Thus, the implementation of the principle of equitable treatment of all shareholders is important for good corporate governance (Aguilera & Crespi-Cladera, 2016). As all shareholders should have the same voting rights, they should be able to obtain sufficient information about their voting rights before they purchase shares (Shanikat, 2011). Shareholders should have the opportunity to receive effective redress for violations of their rights. Minority shareholders should be protected from abusive actions by, or in the interest of, controlling shareholders, whether directly or indirectly (Cheung et al., 2011). Further, internal control systems need to be established to prohibit the use of inside information (Gond, Grubnic, Herzig, & Moon, 2012). The ability of the firm to protect the minority shareholders' rights could be enhanced by the strong implementation of corporate governance (Okpara, 2011). Further, the most significant feature of corporate governance is to protect the minority shareholders who are not active, compared to the large and active shareholders (Love, 2011). Also, corporate governance structures serve to ensure that minority shareholders receive reliable information about the value of firms and that a firm's managers and large shareholders do not cheat them out of the value of their investments (Madhani, 2009). Moreover, Maseko (2015) had documented the role of institutional investors in protecting the right of shareholders in good corporate governance because institutional investors can influence effective corporate governance.

Prior research indicated that minority shareholders should be granted increased participation in corporate decisions by the annual meeting rights. Elbadry, Gounopoulos & Skinner (2015) found that the annual meeting rights of minority shareholders could reduce the information asymmetry and led to the quality of financial reporting. Moreover, Hessayri & Saihi (2017) found that equitable treatment of shareholders positively influence firm valuation and financial reporting quality. Furthermore, Siagian, Hamzah & Jasfar (2019) found a positive and significant effect of the equitable treatment of shareholders towards the competitive advantage that lead to firm competitiveness. Also, Shrivastava & Addas (2013) reported the positively effect of the equitable treatment of shareholders to firm sustainability.

Therefore, in this study equitable treatment of shareholders refer to the effective in the equitable treatment of shareholders, the second aspect of ASEAN corporate governance scorecard including shares and voting rights, notice of general shareholder meetings, insider trading and abusive self-dealing should be prohibited, related party transactions by directors and key executives, and protecting minority shareholders from abusive actions (Jordan, Kim & Liu, 2016; Asian Development Bank et al., 2017).

From the discussion above, this research views that the equitable treatment of shareholders is a dimension of corporate governance scorecard effectiveness and it seems to be highly important to uncover the impact on financial reporting quality, firm competitiveness and firm sustainability as presented in Figure 2. Taking all the aforementioned into account, this research formulates the following hypotheses:

***Hypothesis 2a: The higher corporate governance scorecard effectiveness in equitable treatment of shareholders is, the more likely that the firms gain greater financial reporting quality.***

***Hypothesis 2b: The higher corporate governance scorecard effectiveness in equitable treatment of shareholders is, the more likely that the firms gain greater organization competitiveness.***

***Hypothesis 2c: The higher corporate governance scorecard effectiveness in equitable treatment of shareholders is, the more likely that the firms gain greater firm sustainability.***

<u>Respecting Role of Stakeholders</u>

Stakeholders are groups and individuals who benefit from or are harmed by corporate actions, and whose rights are violated or respected by corporate actions (Freeman & Evan, 1990). Stakeholders include creditors, employees, customers, suppliers, and the communities. The rights of stakeholders that are established by law or through mutual agreements are to be respected (Dawkins, 2014). Stakeholder theory asserts that firms have a social responsibility to take care the interests of all parties affected by their actions (Fassin, 2012). It can be said that the firm should not only consider its shareholders in the decision making process, but also anyone who is affected by business decisions or firm needs to pay attention to the stakeholders who can affect the value of the firm (Spitzeck & Hansen, 2010).

The stakeholders' principle focuses on the relationship between the firm and stakeholders in creating value (Camilleri, 2017). This principle should cover the role of stakeholders to reflect the interaction with, and treatment of, stakeholders such as employees, creditors, suppliers, shareholders and the environment (Cheung et al., 2011). Call et al. (2017) argued that, in some circumstances, firms can voluntarily choose to be stakeholder-oriented, as this increases their value. Freeman, Harrison, Wicks, Parmar & Colle (2010) stated that a firm could not maximize its value if it ignored the interests of its stakeholders. Consequently, stakeholder engagement associated with firm performance can be enhanced if the framework of stakeholder engagement provides an effective management system for corporate stakeholder engagement within the firm (Sinclair, 2011). So, the management has a responsibility to manage and alleviate the conflicts of interest that may exist between the firm and its stakeholders (Donal, Zollo & Hansen, 2012). Directors should be in a position of trust and should manage the firm in a way that creates long-term sustainable value, while simultaneously considering their relationships with wider stakeholder groups the including employees, customers, suppliers and communities that their activities affect. Stakeholder relationships have direct and indirect effects on firm performance (Harrison & Wicks, 2013). Moreover the better corporate frameworks benefit firms through greater access to financing, lower cost of capital, better performance, and more favorable treatment of all stakeholders (Claessens & Yurtoglu, 2012).

Moreover, the stakeholder aspect of corporate governance is the premise that a firm's success depends on the contributions of investors and other key groups and how well it manages the relationships with those groups which consist of shareholders, creditors, employees, supplies, customers, and communities. The stakeholder model of corporate governance focuses on a broader view of the firm as a nexus of contracts among all corporate governance participants with the common goal of creating value (Ho, 2011). The emerging model concentrates on maximization for all stakeholders, including: (1) contractual participants such as shareholders, creditors, suppliers, customers, and employees; and (2) social constituents including the local community; society and global partners; local, state, and federal governments; and environmental matters (Tanimoto, 2012). Stakeholder commitment can help companies better understand the interests and concerns of stakeholder groups so that they can make informed decisions about balancing the interests of all of the groups to which they may have some obligation. Considering stakeholder concerns and interests can improve relationships with stakeholder groups, which in turn makes it easier for a firm to operate, may lead to ideas for products or services that will address stakeholder needs, and may allow the firm to reduce costs and increase wealth. Moreover, stakeholders committing with firm have an obligation to understand the firm's objectives and to be well informed. Finding solutions that benefit everyone is only possible when stakeholders understand and appreciate the economic and legal objectives of a business (Donal et al., 2012).

Prior research indicated that respecting role of stakeholders requires purposeful actions to manage stakeholder for pursuing firm objectives (Harrison, Bosse & Phillips, 2010) So, Uwuigbe, Eluyela, Uwuigbe, Teddy & Irene (2018) found that respecting role of stakeholders had the significant positive influence on financial reporting quality. Moreover, Surroca, Tribó & Waddock (2010) indicated that incorporating the stakeholders' concerns into corporation's strategy will improve the competitiveness of the corporation. Correspond to the research of Novais, Ruhanen & Arcodia (2018); Carnahan, Agarwal & Campbell (2010); Cruz, Ferreira & Azevedo (2013) that found the positive effect of managing and respecting the roles of stakeholders on firm sustainability.

Therefore, in this study respecting role of stakeholders refers to the rights of stakeholders that are established by law or through mutual agreements are to be respected, stakeholders should have the opportunity to obtain effective redress for violation of their rights., mechanisms for employee participation should be permitted to develop, and stakeholders including individual employee and their representative bodies should be able to freely communicate their concerns about illegal or unethical practices to the board and their rights should not be compromised for doing this (Asian Development Bank, 2017).

From the discussion above, this research views that the role of stakeholders is a dimension of corporate governance scorecard effectiveness and it seems to be highly important to uncover the impact on financial reporting quality, firm competitiveness and firm sustainability as presented in Figure 2. Taking all the aforementioned into account, this research formulates the following hypotheses:

***Hypothesis 3a: The higher corporate governance scorecard effectiveness in respecting role of stakeholders is, the more likely that the firms gain greater financial reporting quality.***

***Hypothesis 3b: The higher corporate governance scorecard effectiveness in respecting role of stakeholders is, the more likely that the firms gain greater firm competitiveness.***

***Hypothesis 3c: The higher corporate governance scorecard effectiveness in respecting role of stakeholders is, the more likely that the firms gain greater firm sustainability.***

Disclosure and Transparency Enhancement

Disclosure of material matters concerning the organization's performance and activities should be timely and accurate to ensure that all stakeholders have access to clear, factual information which accurately reflects the financial, social and environmental position of the form. Firms should clarify and make publicly known the roles and responsibilities of the board and management to provide stakeholders with a level of accountability. Mohs (2017) considers that the disclosure is an important aspect in the sustainability of the relationship between the firm and its stakeholders. Indeed, stakeholders place a high value to the fact that the firm "does not hide anything" and communicates openly about its financial condition and operations (Policy, 2012).

Transparency means that the firm provides adequate disclosure and timely information to its stakeholders regarding its operations and activities (Bhatia, 2016). Transparency means openness, a willingness by the firm to provide clear information to shareholders and other stakeholders. For example, transparency refers to the openness and willingness to disclose financial performance figures which are truthful and accurate. Transparency ensures that stakeholders can have confidence in the decision-making and management processes of a firm.

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 firm (Demise, 2006)(Demise, 2006). A firm information disclosure that consists of corporate performance disclosure and financial accounting disclosure is the principal means through which companies become transparent to all stakeholders (Dhaliwal, Li, Tsang & Yang, 2014). The disclosure and transparency should show that the existence of policies and instructions are in line with the laws and a regulation relating to the firm and the nature of the business (Shanikat, 2011). Therefore, transparency and disclosure are significant and fundamental features of corporate governance, which means that good disclosure practice is a form of good corporate governance. This is because the market might expect more serious information asymmetry problems if a firm has poor information disclosure and transparency practices (Caporale, You & Chen, 2019).

Cormier, Ledoux, Magnan & Aerts (2010) reported that higher transparency and better disclosure reduces the information asymmetry between a firm's management and stakeholders. Their results suggest that companies with lower transparency and disclosure are less valued than companies with higher transparency and disclosure. The enhancement of transparency and disclosure practices establish a stronger firm performance. Also, corporate transparency has a significant positive relationship with firm performance, concluding that transparency is one of the most essential indicators for evaluating corporate performance. Improving transparency is one of the main aspects of corporate governance; further, a good system of corporate governance calls for a high level of disclosure of financial information to reduce information asymmetry between all parties and to make corporate insiders accountable for their actions (Bhasin, 2010). A firm should provide accurate disclosure in relation to all material matters concerning the firm, including the financial situation, performance, ownership and governance of the firm (Cheung, Stouraitis & Tan, 2011).

Prior research indicated that more transparency may mitigate some of the agency problems faced by the firms (Siagian et al., 2013). Shareholders will be more informed and information gap between the shareholders and the managers can be reduced. Transparency and disclosure enhancement will also help the board of directors to perform its oversight function and various board committees can work more effectively and result in a higher firm value. Buskirk (2011) found that transparency and disclosure enhancement is associated with a lower information asymmetry and positively affected financial reporting quality. Moreover, Friesenbichler, Clarke & Wong (2014) found evidence that disclosure enhancement provided information benefit to the stock market and affect firm competitive advantage positively. Therefore, embracing more disclosure and transparency could be seen as an indicator to optimum performance that provided firm competitiveness (Shee et al., 2010). Furthermore, Nginyo, Ngui & Ntale (2018) concluded that disclosure and transparency enhancement had positive significant statistical influence on competitive strategy that lead to sustainability (Shrivastava & Addas, 2013).

So, disclosure and transparency enhancement refer to the effective in the disclosure and transparency, the fourth aspect of corporate governance scorecard effectiveness including transparent ownership structure, quality of annual report, disclosure of related party transactions, directors and commissioners dealings in shares of the firm, external auditor and auditor report, medium of communications, timely filing/release of annual/financial reports, firm website, and investor relations (Asian Development Bank, 2017).

From the discussion above, this research views that disclosure and transparency is a dimension of corporate governance scorecard effectiveness and it seems to be highly important to uncover the impact on financial reporting quality, firm competitiveness and firm sustainability as presented in Figure 2. Taking all the aforementioned into account, this research formulates the following hypotheses:

***Hypothesis 4a: The higher corporate governance scorecard effectiveness in disclosure and transparency enhancement is, the more likely that the firms gain greater financial reporting quality.***

***Hypothesis 4b: The higher corporate governance scorecard effectiveness in disclosure and transparency enhancement is, the more likely that the firms gain greater firm competitiveness.***

***Hypothesis 4c: The higher corporate governance scorecard effectiveness in disclosure and transparency enhancement is, the more likely that the firms gain greater firm sustainability.***

Effective Responsibility of the Board

Responsibility of the board is for companies to set desirable policies by themselves in line with goals, objectives and values of society concerned by making decisions and putting them into practice so as to improve competitive advantage (Rahim & Alam, 2014). It also refers to unfolding business operations in a more significant manner in the economic, environmental and social field for achievement of sustainable development. According to this key pillar of corporate governance, it is the duty of the board of directors to safeguard business interests while ensuring that the goals, values, and objectives that pertains achievement of competitive advantage in the organization are met. The main focus of corporate governance is foster competitive advantage (Nginyo et al., 2018).

The corporate governance framework should ensure the strategic guidance of the firm, the effective monitoring of management by the board, and the board's accountability to the firm and shareholders. The main responsibilities of the board are to make decisions on the business operations of the firm and to manage the activities of the directors (Mecham, Hunger, Hoffman & Bamford, 2015). The board of directors should be a well-functioning and effective board because it is an important aspect in enhancing corporate governance (Demirbas & Yukhanaev, 2011). The board of directors is responsible for formulating policies and strategies and supervising the operations of the firm as its top executive unit (Rahma & Bukair, 2015).

In addition, board members should direct and control the affairs of the firm, act on a fully informed basis and in good faith with the best interests of the shareholders and all other stakeholders, and ensure compliance with applicable laws by management, shareholders and stakeholders (Awotundun, Kehinde & Somoye, 2011). This implies that the board acts as a mediator between the principals and the agents to ensure that capital is directed to the right objective. The board also performs an important function in the corporate governance framework: it is essentially responsible for monitoring management performance and achieving an adequate return for investors (Fauzi & Locke, 2012). The board of directors is an important aspect of corporate governance for aligning the interests of managers and all stakeholders. Board members are competent and experienced people with different viewpoints who represent a valuable resource for firm. The board provides advice and support to managers to improve their decision-making process (Amar, Francoeur, Hafsi & Labelle, 2013). When corporate boards exercise greater accountability, honesty, integrity and ethical responsibility, the firm can ensure the continued business partnership between the firm and its stakeholders, as well as the firm's sustained creation of shareholder value. Previous research has shown that using the board effectively as an internal corporate governance system is significant in enhancing firm performance and sustainability (Hussain, Rigoni & Orij, 2018).

Moreover, the investigation on the degree of reliance of the published financial statements by corporate investors by Trai, Kha, Trung & Dung (2019) found that one of the primary responsibility of management to the investors is to give a quality in financial reporting and also investors depend heavily on the credibility of financial reporting in making investment decisions and as such published financial reporting is very important in the investors' decision making and recommended that adequate care and due diligence should be maintained in preparing financial reporting to avoid faulty investment decisions which could lead to loss of funds and possible litigations. Furthermore, audit committee enhances internal control system and reduces asymmetry of information between management and shareholders while also improving high financial reporting quality. Eyenubo, Mohamed & Ali (2017) posit that audit committee size would largely influence independence and reported that companies with more outsiders in the board favor independence audit committee to resolve the problem of asymmetry of information and thereby enhance financial reporting quality.

According to Fama & Jensen (1983), the board's main mission is to protect shareholder interests by restricting the manager's discretion. The board monitoring role can reassure stakeholders about the proper use of the resources provided and the protection of their legitimate interests. The stakeholders will be more encouraged to collaborate and to provide more resources if they know that there is an adequate monitoring allowing abuse reduction and ensuring a fair management in line with expectations. More than that financial statements are useful tools needed by users for effective economic decision making. It is therefore imperative that information reported are verified by an independent audit and is meaningfully efficient, realistic and reliable. Nonetheless, contemporary financial reporting times have witnessed persistent issues of corporate accounting scandals that have put forward, questions regarding the quality of financial reports. The aftermath of juicy profit publications accompanied with the ultimate collapse of major firms across the globe are seen as inevitable indicators. This has led to the critic of the effectiveness of the board towards its financial reporting responsibilities and overall administration of the entity (Alzoubi, 2014).

Prior research, Trainor & Finnegan (2013) revealed that a small number of directors will foster a high degree of coordination and communication between boards and managers, which increased the quality of financial reports. Moreover, Mallin (2012) found the significant role of board of directors in any firm is to work in a harmony and uniformity such that all business activities are evaluated and processed regularly in order to achieve competitive advantage and lead to firm competitiveness. Furthermore, Lloret (2016) found the positive influence of effective responsibility of the Boards and firm sustainability.

Thus, the effective responsibility of the board refer to the efficient in the responsibilities of the board, the fifth aspect of ASEAN Corporate Governance Scorecard including board duties and responsibilities, board structure, board processes, people on the board, and board performance (Asian Development Bank, 2017). Moreover, board of directors are clearly understand the roles and responsibilities, including the disclosure of corporate governance policy, vision and mission, process of continuous review and strategy implementation. Firm also has a committee which adheres to the business ethics which results in the board being able to exercise independent discretion regarding the operations of the business. In addition, firm is aware of the board's effective work process, including attendance, payment, internal audit, and risk management. Moreover, the highest management has the knowledge, ability and experience for managing independently from the Board of Directors. Furthermore, the development and evaluation plan for the annual performance of the board and management are promoted with efficiency (Asian Development Bank et al., 2017; Hyväri, 2016).

From the discussion above, this research views that responsibilities of the board is a dimension of corporate governance scorecard effectiveness and it seems to be highly important to uncover the impact on financial reporting quality, firm competitiveness and firm sustainability as presented in Figure 2. Taking all the aforementioned into account, this research formulates the following hypotheses:

***Hypothesis 5a: The higher corporate governance scorecard effectiveness in effective responsibility of the board is, the more likely that the firms gain greater financial reporting quality.***

***Hypothesis 5b: The higher corporate governance scorecard effectiveness in effective responsibility of the board is, the more likely that the firms gain greater firm competitiveness.***

***Hypothesis 5c: The higher corporate governance scorecard effectiveness in effective responsibility of the board is, the more likely that the firms gain greater firm sustainability.***

**Consequences of Corporate Governance Scorecard Effectiveness**

This section considers the effects on consequences of corporate governance scorecard effectiveness, including financial reporting quality and firm competitiveness on firm sustainability as shown in Figure 2.

Financial Reporting Quality

Financial reporting quality represents financial statements that provide accurate and fair information about the underlying financial position and economic performance of an entity (Chalaki, 2012). As it is defined in the Conceptual Framework for Financial Reporting of the FASB and the IASB, there are agreed upon elements of high quality financial reporting. The qualitative characteristics of financial reporting quality include: relevance, faithful representation, understandability, comparability, verifiability, and timeliness (Herath & Albarqi, 2017).

Prior research, researchers defined financial reporting quality as the characteristics of information which are understandability, relevance, comparability and reliability (Bala, 2012). So, financial statement quality refers to the features that make information in financial statements useful to users, which include qualitative characteristics. First, understandability refers to the information in the financial statements for which users of financial statements need to be able to understand immediately. Second, relevance to the decision depends on the nature and significance of the data. The information is to help users of financial statements to evaluate the past, present and future (Soyinka, Fagbayimu, Adegoroye & Ogunmola, 2017). Moreover, financial reporting quality is a broader concept that not only refers to financial information, but also to disclosures, and other non-financial information useful for decision making included in the report (Stolowy & Paugam, 2018). Third, the reliability of information is that the financial statements are free of material error, have integrity and impartiality, and are without bias. Finally comparability refers to information in financial statements which can be compared at different times or compared with financial statements of the firm, which will make financial statement users to make right decisions in all things (Bala, 2012).

Armstrong, Guay & Weber (2010) proposed that a better understanding of the value of accounting properties from quality financial report, interactions among governance mechanisms, and the informational demands of contracting parties was the accounting system's role in reducing agency costs. Consistent with Qureshi, Rehman & Hunjra (2014) found that financial statement played a vital role in investment decision making. In other words, shareholders and other stakeholders require companies to disclose information concerning their prospects for future performance and the sustainability of current value-creation drivers. (Ekwe, 2013) found that financial statement as a statement that conveys to management and to interested outsiders a concise picture of the profitability and financial position of a business. Based on the literature above, financial reporting quality is a potential possibility that affects firm sustainability.

In this research, financial reporting quality refers to the six characteristics of financial report which based on the conceptual framework for financial reporting including relevance, faithful representation, understandability, timeliness, comparability, and verifiability (Herath & Albarqi, 2017; Bala, 2012).

Hence, the hypotheses are proposed as follows:

***Hypothesis 6: The higher the financial reporting quality is, the more likely that the firms gain greater firm sustainability.***

Firm Competitiveness

There are various perspectives of the concept of corporate competitiveness to be considered. In the academic literature, the term "firm competitiveness" has been defined in several ways. Porter defined competitiveness as the ability of a given firm to successfully compete in a given business environment (Stonehouse & Snowdon, 2007). Lall (2001) defines firm competitiveness as the ability of a firm to do better than benchmark companies in terms of profitability, sales, or market share. Similarly, Cetindamar & Kilitcioglu (2013) consider competitiveness to be synonymous with a firm's long-run profit performance. Competitiveness is the organizations' capability to redesign its internal and external processes to improve efficiency and effectiveness (Akben-Selcuk, 2016). Also, competitiveness is an advantage over competitors gained by offering consumers greater values, either by means of lower prices or by providing greater benefits and services that justifies higher prices (Cetindamar & Kilitcioglu, 2013). Moreover, competitiveness could not be completely defined by one or several economic or social indicators, complex measurements are necessary (Cetindamar & Kilitcioglu, 2013). In general, the concept of firm competitiveness focuses on the price and cost developments that can potentially affect firm performance such as market shares, sales growth and other activities (Ritala, 2012).

Moreover, the adoption and effective compliance with corporate governance principles by firm may create a distinctive capability for the firms, minimize the general costs of the firm, enable them to acquire a competitive advantage over their competition and enhance their firm competitiveness (Sibanda, Elizabeth, Africa, Sibanda & Pooe, 2017). There are numerous ways to gain competitiveness obtainable for firms. It is essential that the firm first achieves a competitive advantage, which refers to the firm's doing its activities better or differently from its competitors (Shee et al., 2010). Furthermore, Michael Porter perspective focuses on earning exceed costs and it is being able to increase earnings despite the competitive pressures (Cetindamar & Kilitcioglu, 2013). Battaglia, Testa, Bianchi, Iraldo & Frey (2014) measured firm competitiveness by three key dimensions of competitiveness are: 1) business performance or market performance, 2) innovation capabilities and 3) intangible assets. Moreover, it enhances organizational performance and success of organization caused by its capability to create a new operation strategy, product innovation and access to new markets rather than its competitors to finally sustain of organization (Carnahan et al., 2010).

Prior empirical studies of corporate governance and corporate competitiveness tend to focus on specific dimensions of corporate conditions. The findings on their relationships are mixed and inconclusive. Balkytė & Tvaronavičienė (2010) investigated the impact of firm competitiveness on the sustainability by identifying how firm competitiveness affected the sustainability (financial and non-financial) of the Romanian listing on the Bucharest Stock Exchange and found the positive relationship. Akben-Selcuk (2016) summarized that financial and non-financial factors had a significant positively impact on firm competitiveness.

This study describes corporate governance as one of the sources for firm competitiveness. Regarding the contingency theory, the internal and external factors which affect the effectiveness of corporate governance scorecard are MIS competency, top management support, competitive pressure and regulation force. Firm have to manage both the internal factors and the external factors to fit with the circumstances of the corporate governance scorecard effectiveness. After that, the corporate governance scorecard effectiveness may create a distinctive capability for the firm and enable the firm to acquire a competitive advantage over their competition and enhance their firm sustainability (Sibanda, Africa, et al., 2017).

In this study, firm competitiveness is defined as the capability of the firm to outwit its competitors and get superior operation performance in the same industry, including organizational creativity, new product, differentiated product and service and integrates resource which has direct effect on customer satisfactions and needs (Artiach, Lee, Nelson & Walker, 2010).

Thus, the hypothesis is proposed as follows:

***Hypothesis 7: The higher firm competitiveness is, the more likely that the firms gain greater firm sustainability.***

Firm Sustainability

The concept of sustainability is not new, it has a rather long history and it has evolved over time (Lloret, 2016). Importantly, this evolution has been affected by different intellectual and political streams of thought that have molded concepts of sustainability. So, the meaning of sustainability has been broadened since the multiple stakeholders may connect sustainability with different objects or they may use different interpretations for similar objects (Smith, Voß & Grin, 2010). Sustainability is also developed according to more relative concept as the level of sustainability connected with the needs of stakeholders and the scope in which these needs meet (Bal, Bryde, Fearon & Ochieng, 2013). Firm can benefit from being industry sustainability leaders in several other ways, such as improved brand reputation, improved employee productivity, increased operating efficiency and improved relation with regulators, society and other stakeholders. Overall, sustainability engagement helps companies maintain their positions in the market long term and open doors to better investment packages (Yu & Zhao, 2015).

Guler Aras (2008) summarized that there were four aspects of sustainability which need to be analyzed, namely: (1) societal influence, a measure of the impact that society makes upon the corporation in terms of the social contract and stakeholder influence; (2) environmental impact, as the effect of the actions of the corporation upon its geophysical environment; (3) organizational culture, as the relationship between the corporation and its internal stakeholders, particularly employees, and all aspects of that relationship; and (4) finance, in terms of an adequate return for the level of risk undertaken. Furthermore, corporate sustainability is presented as an agenda that extends beyond economic viability and environmental regeneration, reaching deep into the structure of social organizations, by insisting on social equity and justice (Khan, 2016). However, contrary arguments persists that corporate social and environmental activities will adversely affect firm financial performance are corporate charity at the cost of shareholders (Joshi & Li, 2016). Nevertheless, the definition of firm sustainability still remains widely accepted from the past up to now is an operational outcome that shows the efficiency of corporate management both financial and non-financial, as well as short term and long term performance that is able to survive in the future (Mottis et al., 2017)

Prior research, both financial and non-financial were used to measure the sustainability of the business (Azam, Warraich, & Awan, 2011). In this research, firm sustainability refers to the ability in financial and non-financial performance over the previous years, such as revenue, market share, market growth, and return on investment (Darweesh, 2015).

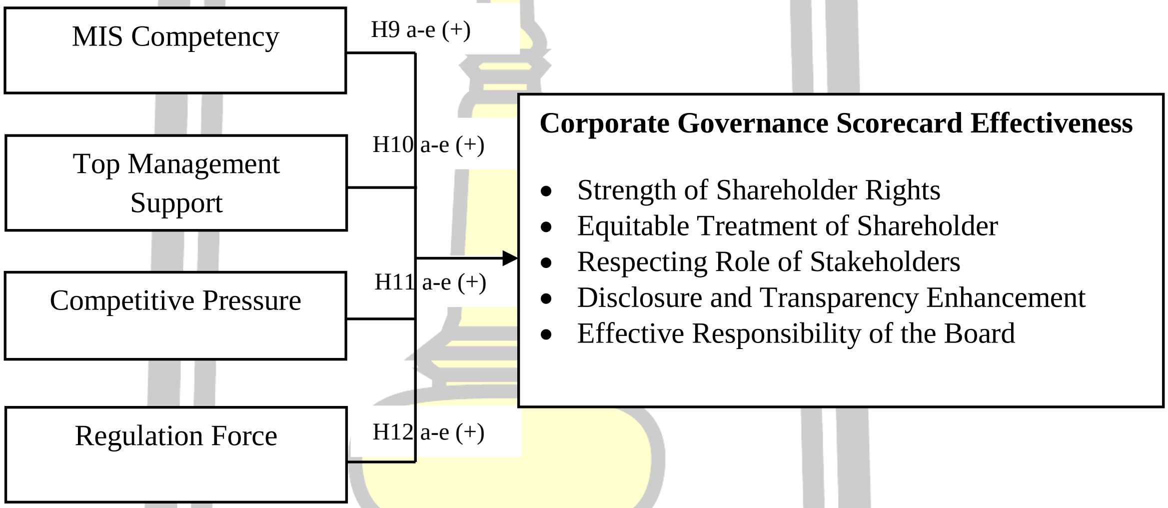
In this study, firm sustainability includes increased profit and rate of return, increased market shares, sufficient fund, firm reputation, and good relationship with stakeholders (Mottis et al., 2017; Aras, 2008).

**The Effects of Antecedents Variables on Each Dimension of Corporate Governance Scorecard Effectiveness**

This research identifies antecedents that may affect corporate governance scorecard effectiveness. Ghofar (2015) paid attention to internal and external factors that might influence firms in structuring their corporate governance and found the impact on the effectiveness of corporate governance. Uyar, Gungormus & Kuzey (2017) found that MIS competency as the internal factor has a strong influence on the effectiveness of corporate governance. While, Guangguo, Ruiqi & Hezun (2019); Järlström, Saru & Vanhala (2018); Castro & Brown (2011) found that top management support as the internal factor had positively effect to the corporate governance effectiveness. When looking at external factors, it is found that competitive pressures drive firm to try to build their competence in various fields to win, affecting effective corporate governance (Clarke, Jarvis & Gholamshahi, 2019; Knyazeva, 2010). Moreover, Bejide (2019) found that competitive pressure as external factor was positively association with corporate governance effectiveness.

So, there are four antecedents in this study: 1) MIS competency, 2) top management support, 3) competitive pressure, and 4) regulation force. These factors are required to test what and how the antecedent variable has a significant influence on corporate governance scorecard effectiveness.

Figure 3 Effects of Antecedent Variables on Each Dimension of Corporate Governance Scorecard Effectiveness




*MIS Competency*

MIS Competency refers to the use of management information system technologies to satisfy the firm's information needs (Mithas, Ramasubbu & Sambamurthy, 2011). Management information system can offer useful information for the operation and help in finding the information that is needed quickly and easily (Susanto, 2015). Also, it works under an effective network system and can be linked to other systems with efficiency. In this regard, the development of the management information system is always up-to-date in order to obtain information that is accurate, fast and information that helps support effective decisions. In addition, it can access and integrate management information for all departments throughout the organization. Moreover, it covers the focus on creating a database management system that can store all information on all systems throughout the organization (Rosa, 2019).

Management information system (MIS) is a computerized database of financial information organized and programmed in such a way that it produces regular reports on operations for every level of management in a firm. MIS serves as a link between managerial planning, control, processes, stores, retrieves, evaluates and disseminates the information. MIS competency increases the capacity of management to analyze, assess and improve comprehensive firm performance (Anene, 2017). MIS is responsible for developing the effectiveness of the organizations and the concerned people by providing people the information they require to make the decision or solve the problems through the use of information technology in order to operate for their corporation. Basically MIS provides the collective information that firm requires for its functioning (Lestari, Sofianty Sukarmanto, 2018). The competency of management information system (MIS) is the capacity of collecting data, processing, organizing and retrieving of the information that assists the organization to enhance effectiveness of corporate governance (Lestari et al., 2018). The firm's information system must ensure an adequate flow of information to support activities related to enterprise management and control as well as supporting the processes of corporate governance (Rubino & Vitolla, 2014).

Prior research, Lestari et al., (2018) found that MIS competency became a monitoring and supporting tool for management. Most of the modern MIS are automation and autonomous systems, meeting the organizational unique business goals and objectives. Consistent with the past research of Uyar, Gungormus & Kuzey (2017) found that MIS competency has a strong influence on the effectiveness of corporate governance, including strength of shareholder rights, equitable treatment of shareholders, respecting role of stakeholders, disclosure and transparency enhancement, and the effective responsibility of the board (Uyar et al., 2017).

In this study, MIS competency enable users to find useful information that can be used quickly and easily. Firm has an efficient information network for management which can connect various systems in the organization efficiently. Firm supports the development of management information systems that are up-to-date in order to obtain accurate, fast, and effective information supporting decision-making.

Firm emphasizes the use of information systems to support the work of all departments in the organization to be effective throughout the organization (Gharaibeh & Malkawi, 2013). Therefore, the hypothesis is proposed as follows:

***Hypothesis 8a: The higher MIS Competency is, the more likely that the firms gain corporate governance scorecard effectiveness in strength of shareholder rights.***

***Hypothesis 8b: The higher MIS Competency is, the more likely that the firms gain corporate governance scorecard effectiveness in the equitable treatment of shareholders.***

***Hypothesis 8c: The higher MIS Competency is, the more likely that the firms gain corporate governance scorecard effectiveness in the respecting role of stakeholders.***

***Hypothesis 8d: The higher MIS Competency is, the more likely that the firms gain corporate governance scorecard effectiveness in the disclosure and transparency enhancement.***

***Hypothesis 8e: The higher MIS Competency is, the more likely that the firms gain corporate governance scorecard effectiveness in the effective responsibility of the board.***

*Top Management Support*

Top management support is one of the most widely cited critical factors for effectiveness (Trkman, 2010). The success or failure of corporate governance in organizations depends on the intensity of support from the top management (Talke et al., 2010). Top management support is defined as the degree to which top management understands the importance of the function and is personally involved in activities. A supportive managerial attitude would provide executives with an environment in which their work will be recognized and appreciated, and motivate them to achieve higher performance (Ngima & Kyongo, 2013). Top management support simply means the extent to which top managers provide resources, directions and authority. Shao, Feng & Hu (2016) defined top management support as allocating sufficient facilities in making the task success, initiating the organizational change for corporate governance effectiveness.

Top management support simply means the extent to which top managers provide resources, directions and authority (Talke et al., 2010). According to Dezdar & Ainin (2011), it is observed when top managers publicly support governance then other organizational members take this move positively and tried to become a part of this success. Moreover, top management has been recognized by prior researchers as the key actor on the implementation of firm. It has been revealed as a critical success factor (Trkman, 2010) and recognized as vital in formulating organization action plans. The implementation of corporate governance scorecard requires allocation of resources for designing, training of staff and technical process. Top management sets organizational strategy for achieving organizations plans, and they allocate the human and financial resources to coordinate the work and achieve success (Shao et al., 2016). Young & Poon (2013) recognized the positive effect on top management support on implementation of corporate governance success.

Prior research, Guangguo, Ruiqi & Hezun (2019) investigated that top management support had positively effect to the strength of shareholders rights. Moreover, Castro & Brown (2011) found that top management support helped to reduce expropriation of minority shareholders' rights or had positive impact on the effectiveness in the equitable treatment of shareholders. Furthermore, Järlström, Saru & Vanhala (2018) summarized that top management support had the positive effect to the effective in stakeholder role, disclosure and transparency enhancement, and effective responsibility of the board.

In this study, top management support is critical for creating a supportive climate and for providing adequate resources for the adoption of corporate governance scorecard. Thus, top management support refers to the support of top management in the way that advocates all parts in the firm to achieve the corporate governance effectiveness. That are the necessary resources support, budget, and other facilities make the corporate governance practices more efficient, encourage staff to learn and train new techniques and new procedures, which will help them optimize for, emphasizes on the development of management system make operate under various circumstances and focus on applying new techniques and new methods in corporate governance practices. Therefore, the hypothesis is proposed as follows:

***Hypothesis 9a: The higher top management support is, the more likely that the firms gain corporate governance scorecard effectiveness in the strength of shareholder rights.***

***Hypothesis 9b: The higher top management support is, the more likely that the firms gain corporate governance scorecard effectiveness in the equitable treatment of shareholders.***

***Hypothesis 9c: The higher top management support is, the more likely that the firms gain corporate governance scorecard effectiveness in the respecting role of stakeholders.***

***Hypothesis 9d: The higher top management support is, the more likely that the firms gain corporate governance scorecard effectiveness in the disclosure and transparency enhancement.***

***Hypothesis 9e: The higher top management support is, the more likely that the firms gain corporate governance scorecard effectiveness in the effective responsibility of the board.***

*Competitive Pressure*

Competitive pressure is regarded as a positive, pushing force for the companies and their owners to reach success (Chang, 2011). Chou, Ng, Sibilkov & Wang (2011) identified that competition can lead to implementation of better corporate governance practices. Under pressure, firms have to optimize decision-making procedures, minimize information, transaction cost and other weak sides of the corporate functionality. Thus the positive impact of competition should be higher in firms with effective corporate governance (Chou et al., 2011).

The firms develop the management capability to cope well with various situations. Furthermore, competitors have continuous learning and self-development, enabling the firm to focus on creating strategies and operational guidelines in order to achieve the ultimate objectives. Moreover, with more variety of stakeholder' demands, the firm focuses on studying and understanding them to be able to respond to the demands better than the competitors (Majeed, 2016).

Previous studies had examined the relationship between the competitive pressure and each dimension of corporate governance which is positively association. Lee & Yang (2011) found that when there was greater competition among firms, a positive relationship between the stages of corporate governance system development and performance is significantly higher. Knyazeva & Knyazeva (2010) examined the positive relationship between the competitive pressure and the strength of shareholders. Clarke, Jarvis & Gholamshahi (2019) found the positive relationship between the competitive pressure and the equitable treatment of shareholders. Friesenbichler, Clarke & Wong (2014) found a positive relationship between competitive pressure and transparency enhancement. Majeed (2016) found a positive relationship between competitive pressure and effective responsibility of the board.

So, in this study, competitive pressure refers to the intense competitive environment makes the business must find the best method of operation in order to adapt appropriate, under variable economic conditions, new potential approach or technique applications to efficiently develop operations different competitors, and the ability to integrate a variety of resource to create innovative responses to customer needs superior competitors.

Therefore, the hypothesis is proposed as follows:

***Hypothesis 10a: The higher competitive pressure is, the more likely that the firms gain corporate governance scorecard effectiveness in the strength of shareholder rights.***

***Hypothesis 10b: The higher competitive pressure is, the more likely that the firms gain corporate governance scorecard effectiveness in the equitable treatment of shareholders.***

***Hypothesis 10c: The higher competitive pressure is, the more likely that the firms gain corporate governance scorecard effectiveness in the respecting role of stakeholders.***

***Hypothesis 10d: The higher competitive pressure is, the more likely that the firms gain corporate governance scorecard effectiveness in the disclosure and transparency enhancement.***

***Hypothesis 10e: The higher competitive pressure is, the more likely that the firms gain corporate governance scorecard effectiveness in the effective responsibility of the board.***

*Regulation Force*

Corporate governance systems are also often assessed on either principle-based or rule-based perspectives (Nakpodia et al., 2018). Principle-based corporate governance codes are voluntary/non-binding set of recommendations, standards, and best practices, issued by a collective body, in relation to the governance of corporations within a country (Osemeke & Adegbite, 2016). Rule-based systems create more avenues for government to intervene in corporate governance by coming up with stricter laws which must be adhered to (Nakpodia et al., 2018). Regulators, including stock exchange authorities, corporate affairs commissions, as well as securities and exchange commissions, all have important roles to play in promoting good corporate governance through regulation (Adegbite, 2012). In many countries, both postulates of corporate governance regulation do not function mutually exclusively of each other. Usually, there is a synergy between the legal requirements of corporations contained in the firm law and the self-regulatory instruments. However, there was the evidence revealed that organizations have to perceive regulations as a possibility to enhance their organizational business and performance (Bejide, 2019).

For Thailand, Publicly listed companies (PLCs) in Thailand have evolved around the Public Limited Companies Act, the Securities and Exchange Act, and the Civil and Commercial Code. These laws have provided the strong foundations, institutional settings, supervisory framework, and enforcement rules for the Thai capital market. The secondary level of regulatory requirements governing corporate governance practices in Thailand consists of listing rules by the Stock Exchange of Thailand, and regulatory notifications by the Securities and Exchange Commission. The tertiary level of corporate governance compliance operates on a comply-or-explain basis. The Stock Exchange of Thailand initially issued the 15 Principles of Good Corporate Governance in 2002 and then amended these into the Principles of Good Corporate Governance for Listed Companies in 2006. The 2006 principles were revised again to accommodate recent developments and were introduced to Thai PLCs in January 2013 to further ensure sound corporate governance practices in the country. During 2012–2013, the Thai Institute of Directors improved the corporate governance assessment criteria in the Corporate Governance Report of Thai Listed Companies project, to ensure its effective implementation in 2014 and to bring it into line with tougher ASEAN corporate governance standards. The main focus of the revised criteria is to provide a consistency between the disclosure of corporate governance policies (form) and the effective implementation of such policies (substance). This is enable Thai listed companies to advance their corporate governance practices further toward international levels (Alba, Claessens, Djankov & Bank, 1998).

Moreover, the Thai Institute of Directors (Thai IOD) was established in 1999 and had provided director training to about 5,000 board members. Since 2000, it has produced the Corporate Governance Report of Thai Listed Companies (CGR), an annual “scorecard” that assesses and ranks the corporate governance of all listed companies based on publically available data, the CGR has served as a model for corporate governance scorecards. The Thai Investor Association also helps in preparing part of the CGR and actively participates in shareholder meetings on behalf of minority shareholders. Previous studies had examined the relationship between the competitive pressure and each dimension of corporate governance which is positively association (Bejide, 2019).

So, regulation force in this study refer to the regulators has issued rules, regulations, standards and methods related to modernization, up-to-date on international changes making the firm committed to studying, understanding and adjusting the best practices, the regulators has encouraged the business to learn and understand the rules of change standard regulations and related methods enabling the business to apply properly, and monitoring of compliance with regulations relevant regulations and standards are ongoing and there are strict penalties for omissions so the firm aware of operations under the rules regulations and standards at all times. Therefore, the hypothesis is proposed as follows:

***Hypothesis 11a: The higher regulation force is, the more likely that the firms gain corporate governance scorecard effectiveness in the strength of shareholder rights.***

***Hypothesis 11b: The higher regulation force is, the more likely that the firms gain corporate governance scorecard effectiveness in the equitable treatment of shareholders.***

***Hypothesis 11c: The higher regulation force is, the more likely that the firms gain corporate governance scorecard effectiveness in the respecting role of stakeholders.***

***Hypothesis 11d: The higher regulation force is, the more likely that the firms gain corporate governance scorecard effectiveness in the disclosure and transparency enhancement.***

***Hypothesis 11e: The higher regulation force is, the more likely that the firms gain corporate governance scorecard effectiveness in the effective responsibility of the board.***

**Summary**

In this chapter, the conceptual model of corporate governance scorecard effectiveness and the firm sustainability is supported by the two principal theories including the agency theory and the contingency theory. Moreover, this chapter presents the relevant literature review and the hypothesis to explain the overall relationships of constructs in the conceptual model. This research has also offered a set of testable hypotheses. These relationships are classified into four groups: the first group is relevant to the linkages among corporate governance scorecard effectiveness and its consequence, consisting of financial reporting quality, firm competitiveness and firm sustainability. In addition, the second group holds the relationships among two consequences of financial reporting quality, firm competitiveness and the firm sustainability. The third group shows the influence of four antecedents on each of five dimensions including MIS competency, top management support, competitive pressure, and regulation force.  All hypotheses are presented in table 2.

The next chapter presents the research methods, including the sample selection and data collection techniques, the variable measurements of each construct, the methods, the statistics, the instrument development and the equations to test the hypotheses, and the summary of definitions and operational variables.

Table 2 Summary of Hypothesized Relationships

| **Hypotheses** | **Description of Hypothesized Relationships** |
|---|---|
| H1a | The higher corporate governance scorecard effectiveness in strength of shareholder rights is, the more likely that the firms gain greater financial reporting quality. |
| H1b | The higher corporate governance scorecard effectiveness in strength of shareholder rights is, the more likely that the firms gain greater firm competitiveness. |
| H1c | The higher corporate governance scorecard effectiveness in strength of shareholder rights is, the more likely that the firms gain greater firm sustainability. |
| H2a | The higher corporate governance scorecard effectiveness in equitable treatment of shareholders is, the more likely that the firms gain greater financial reporting quality. |
| H2b | The higher corporate governance scorecard effectiveness in equitable treatment of shareholders is, the more likely that the firms gain greater firm competitiveness. |
| H2c | The higher corporate governance scorecard effectiveness in equitable treatment of shareholders is, the more likely that the firms gain greater firm sustainability. |
| H3a | The higher corporate governance scorecard effectiveness in respecting role of stakeholders is, the more likely that the firms gain greater financial reporting quality. |
| H3b | The higher corporate governance scorecard effectiveness in respecting role of stakeholders is, the more likely that the firms gain greater firm competitiveness. |
| H3c | The higher corporate governance scorecard effectiveness in respecting role of stakeholders is, the more likely that the firms gain greater firm sustainability. |

Table 2 Summary of Hypothesized Relationships (Continue)

| Hypotheses | Description of Hypothesized Relationships |
|---|---|
| H4a | The higher corporate governance scorecard effectiveness in disclosure and transparency enhancement is, the more likely that the firms gain greater financial reporting quality. |
| H4b | The higher corporate governance scorecard effectiveness in disclosure and transparency enhancement is, the more likely that the firms gain greater firm competitiveness. |
| H4c | The higher corporate governance scorecard effectiveness in disclosure and transparency enhancement is, the more likely that the firms gain greater firm sustainability. |
| H5a | The higher corporate governance scorecard effectiveness in effective responsibility of the board is, the more likely that the firms gain greater financial reporting quality. |
| H5b | The higher corporate governance scorecard effectiveness in effective responsibility of the board is, the more likely that the firms gain greater firm competitiveness. |
| H5c | The higher corporate governance scorecard effectiveness in effective responsibility of the board is, the more likely that the firms gain greater firm sustainability. |
| H6 | The higher financial reporting quality is, the more likely that the firms gain greater firm sustainability. |
| H7 | The higher firm competitiveness is, the more likely that the firms gain greater firm sustainability. |
| H8a | The higher MIS competency is, the more likely that the firms gain corporate governance scorecard effectiveness in the strength of shareholder rights. |
| H8b | The higher MIS competency is, the more likely that the firms gain corporate governance scorecard effectiveness in the equitable treatment of shareholders. |

Table 2 Summary of Hypothesized Relationships (Continue)

| **Hypotheses** | **Description of Hypothesized Relationships** |
|---|---|
| H8c | The higher MIS competency is, the more likely that the firms gain corporate governance scorecard effectiveness in the respecting role of stakeholders. |
| H8d | The higher MIS competency is, the more likely that the firms gain corporate governance scorecard effectiveness in the disclosure and transparency enhancement. |
| H8e | The higher MIS competency is, the more likely that the firms gain corporate governance scorecard effectiveness in the effective responsibility of the board. |
| H9a | The higher top management support is, the more likely that the firms gain corporate governance scorecard effectiveness in the strength of shareholder rights. |
| H9b | The higher top management support is, the more likely that the firms gain corporate governance scorecard effectiveness in the equitable treatment of shareholders. |
| H9c | The higher top management support is, the more likely that the firms gain corporate governance scorecard effectiveness in the respecting role of stakeholders. |
| H9d | The higher top management support is, the more likely that the firms gain corporate governance scorecard effectiveness in the disclosure and transparency enhancement. |
| H9e | The higher top management support is, the more likely that the firms gain corporate governance scorecard effectiveness in the effective responsibility of the board. |
| H10a | The higher competitive pressure is, the more likely that the firms gain corporate governance scorecard effectiveness in the strength of shareholder rights. |
| H10b | The higher competitive pressure is, the more likely that the firms gain corporate governance scorecard effectiveness in the equitable treatment of shareholders. |

Table 2 Summary of Hypothesized Relationships (Continue)

| Hypotheses | Description of Hypothesized Relationships |
|---|---|
| H10c | The higher competitive pressure is, the more likely that the firms gain corporate governance scorecard effectiveness in the respecting role of stakeholders. |
| H10d | The higher competitive pressure is, the more likely that the firms gain corporate governance scorecard effectiveness in the disclosure and transparency enhancement. |
| H10e | The higher competitive pressure is, the more likely that the firms gain corporate governance scorecard effectiveness in the effective responsibility of the board. |
| H11a | The higher regulation force is, the more likely that the firms gain corporate governance scorecard effectiveness in the strength of shareholder rights. |
| H11b | The higher regulation force is, the more likely that the firms gain corporate governance scorecard effectiveness in the equitable treatment of shareholders. |
| H11c | The higher regulation force is, the more likely that the firms gain corporate governance scorecard effectiveness in the respect role of stakeholders. |
| H11d | The higher regulation force is, the more likely that the firms gain corporate governance scorecard effectiveness in the disclosure and transparency enhancement. |
| H11e | The higher regulation force is, the more likely that the firms gain corporate governance scorecard effectiveness in the effective responsibility of the board. |

# CHAPTER III

# RESEARCH METHOD

The previous chapter reviews the concept of corporate governance scorecard effectiveness including a theoretical foundation, a literature review, and hypotheses development. This chapter describes the research methods used in the study. It is divided into four sections. Firstly, the sample selection and data collection procedures, including population and sample, data collection, and a test of non-response bias are detailed. Secondly, the variable measurements are developed. Thirdly, the statistical methods for verifying the research instrument, including a test of validity and reliability, the statistical analysis, and regression equations are detailed. Finally, the table of the summary of the definitions and keywords of the constructs is illustrated.

**Sample Selection and Data Collection Procedure**

Population and Sample

The population and sample of this research was Thai listed firms in the Stock Exchange of Thailand (SET) that has been currently operating. The Thai listed firms in SET follow the requirements of the Securities and Exchange Commission (SEC). The SEC encourages the listed firm to have the good corporate governance system which will affect the confidence in the capital market. For the regulators, corporate governance is an essential element of listed firms. Therefore, all possible cases in the population are selected as the population and sample except for financial business sector because their different business lines, financial structure and corporate governance regulations for these firms are so distinct (Hellstrom, 2007). So, the sample group of this research consists of 638 firms based on SET database as of December 31, 2018. Also, the interpretation and the generalization of the research findings from this survey should apply to only those firms in SET. The source of the data utilized in this research is collected through a select list of 638 companies.

Key informant is the important factor to achieve the reliable information. As detailed by (Campbell, 1955), the key informant approach enables researchers to obtain information about a firm. Key informant must give the reality of information and have the truly understanding on its business. Each of informants is requested to identify the current firm existing in its. Therefore, the appropriate key informant for this research is the executive director who supervises the corporate governance practices of each Thai listed firm.

The questionnaires were directly mailed to 638 listed firms which are the successful questionnaires 635 and 3 questionnaires were undeliverable because some of these firms had moved to unknown locations. The questionnaires were returned 83 responses in first two weeks, and 60, more responses in next six weeks. So, the total received questionnaires were 145 responses. However, 2 were dropped because there were in completed, leaving the final sample consisting of 143 which complete and usable questionnaires. Then, this research calculated the response rate for regression analysis which was approximately 22.52 percent. The response rate mail survey, if it is more than 20 percent, is it considered to acceptable level (Aaker, Kumar & Day, 2001). Hence, 143 firms are a sufficient sample size for employing multiple regression analysis. Table 3 shows the detail of questionnaire mailing.

Table 3 Details of Questionnaire Mailing

| **Details** | **Numbers** |
|---|---|
| Questionnaires Mailed | 638 |
| Returned Questionnaires | 3 |
| Successful Questionnaires Mailed | 635 |
| Received Questionnaires | 145 |
| Incomplete Questionnaires | 2 |
| Complete and Usable Questionnaire | 143 |
| Response Rate (143/635)*100 | 22.52% |

Data Collection

This research employs questionnaire as the instrument for collecting data. It consists of seven parts. Part one asks for the personal information of key informants. Part two requests for the general information of the firm. Part three is related to evaluating on corporate governance scorecard effectiveness including strength of shareholder rights, equitable treatment of shareholders, respecting roles of stakeholders, disclosure and transparency enhancement, and effective responsibility of the board. Part four deals with the consequences of corporate governance scorecard effectiveness including financial reporting quality, firm competitiveness and firm sustainability. Part five is the internal factors that influence on corporate governance scorecard effectiveness of Thai listed firms including MIS competency and top management support. Part six is the external factors that influence on corporate governance scorecard effectiveness of Thai listed firms. Finally, an open-ended question for suggestion and opinion is included in part seven.

The questionnaires were directly distributed to the executive directors who supervise the corporate governance duty of each Thai listed firm by a cover letter describing the reason and purpose of this research, and a return envelope. The questionnaires were mailed out to the firms on August 10, 2019 to October 10, 2019. The finished questionnaires were sent back directly to the researcher by the postage pre-paid envelope for ensuring the confidentiality.

Test of Non-Response Bias

The non-response bias is always a problem in survey research. If key informants who respond differ significantly from who do not, the sample may not be generalized to the population. The test of non-response bias is a way to protect possible response bias problems between respondents and non-respondents. In addition, non-response bias testing became to ensure that the non-response bias in mail surveys was not debatable. The non-response bias testing procedure is evaluated by comparing early group and late completed group of returned questionnaires, whereas the late responses represent non-respondents (Armstrong & Overton, 1977). The respondents were divided in two groups: early and late respondents. Thus, to protect against possible response bias problems between respondents and non-respondents, a non-response bias test was done to confirm that the respondents were not different. A non-response bias was conducted using a t-test comparison of the demographics between early and late respondents. Any survey should be aware of non-response bias; therefore, the responses from the first group mailing are used to compare with those received from the second group mailing on the basis the firm characteristics. If there is no statistically significant difference between the early and late respondents, it shows that the non-response bias does not pose a major problem.

In this research, the result show that there is no statistically significant difference between the two groups at a 95% confidence level, details are as follows: total assets of the firm ($t = 0.448$, $p > 0.05$). Therefore, it can be stated that the non-response bias is not problem in this research (Armstrong & Overton, 1977). The results of non-response bias are demonstrated in Appendix E.

**Measurements**

In this research, the measurement development procedure involves the multiple item development for measuring each construct in the conceptual model. These constructs are transformed to the operational variables for precise measuring. This is to provide a wider range of content of the conceptual definition and improvement of reliability (Choy, 2014). Therefore, all constructs in this research are abstractions that cannot be directly measured or observed and should be measured by multiple items (Churchill, 1979). To measure each construct in the conceptual model, all variables are gained from the survey. The variable measurements of this research are developed by the definitions and the relevant literature that provides the definition of each construct, the operational variables, and scale source. Then, each part from part 3 through part 6 is related to measure each of constructs in the conceptual model. The questionnaire is designed on a five-point likert scale that details as 5 = strongly agree, 4 = agree, 3 = neutral, 2 = disagree, and 1 = strongly disagree. The questionnaire would rather be subjective on the perception of key informant. Most of all questions are adapted from prior research and concluded on each of items are consistent with each construct. Thus, the variable measurements of the dependent variable, independent variables, antecedent variables, mediating variables, and control variables of this research are elaborated as follows.

Dependent Variable

*Firm sustainability* refers to the assessment of firm performance which is successful in several aspects of both financial and non-financial performance. Nevertheless, the definition of firm sustainability still remains widely accepted from the past up to now is an operational outcome that shows the efficiency of corporate management both financial and non-financial, as well as short term and long term performance that is able to survive in the future (Mottis et al., 2017). The measurement for firm sustainability in this study including firm has a continuously increasing profit and return rate; firm has a growing rate of market share which is confident that customers are continuously loyal to the product or service of the firm; firm has sufficient resources and funds to operate and to cope with various situations stably; firm has been consistently recognized for its reputation with the trust and faith of those involved; and firm are able to strengthen, develop, and maintain stable relationships with stakeholders with the business stably and sustainably (Mottis et al., 2017).

Independent Variables

The independent variable of this research is corporate governance scorecard effectiveness, and it is the core construct of this research. Corporate governance scorecard effectiveness refers to the effectiveness in ASEAN Corporate Governance Scorecard which provides a rigorous methodology benchmarked against international best practice to assess the corporate governance performance of publicly listed firms in the six participating ASEAN member countries including Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam. This construct is measured by five dimensions, including strength of shareholders rights, equitable treatment of shareholders, respecting role of stakeholders, disclosure and transparency enhancement, and effective responsibility of the board. The measurement of each dimension depends on its definition which is also detailed below.

*Strength of shareholder right*s refers to the effective in the right of shareholder (Cheung et al., 2011). The measurement for strength of shareholder rights in this study adapt from the ASEAN corporate governance scorecard by (Asian Development Bank, 2017) and Otman (2014) including firm always pays dividends equal to the proportion of investments of each person on time; firm consistently encourages shareholders to make decisions regarding significant changes in their operations; firm is confident that the shareholders are able to attend the annual general meeting efficiently, by announcing the various rules of the meeting and the resolution for shareholders to fully understand before the meeting; firm has controlled and implemented the business combination and the acquisition of the business at the right price with transparent and fair operations for all groups of shareholders; and firm focuses on facilitating the exercise of ownership rights by all types of shareholders, including institutional investors (Asian Development Bank, 2017).

*Equitable Treatment of Shareholder* refers to all shareholders must have the same voting rights, processes and procedures for general shareholder meetings should allow for equitable treatment of all shareholders (Shanikat, 2011). Especially, minority shareholders must be protected from abusive actions by, or in the interest of, controlling shareholders, whether directly or indirectly (Cheung et al., 2011). Furthermore, firm can ensure that relevant shareholders do not receive improper benefits from operations. It also deals with disclosure of control structures, such as the use of information technology at shareholder meetings, the procedures for approval of related party transactions and shareholder participation in decisions on executive remuneration. Insider trading and market manipulation must be prohibited and the applicable rules enforced. Moreover, related-party transactions can be approved and conducted in a manner that ensures proper management of conflict of interest and protects the interest of the firm and its shareholders (Leipziger, 2015). The measurement for equitable treatment of shareholder in this study including firm is aware of the different rights of each type of shareholders and treats them equally according to the role of each type of shareholders; firm focuses on arranging shareholders' meetings in a manner that encourages all shareholders to have equal voting rights; firm promotes preventive measures in the event that directors and executives use insider information for their own interests; firm supports the disclosure of information about the interests of executives and related parties in order to avoid conflicts of interest; and firm promotes policies for minority shareholders to exercise their voting rights, including allowing minority shareholders to propose additional meeting agendas before the meeting date (Asian Development Bank, 2017).

*Respecting Role of Stakeholders* refers to the recognition in the rights of stakeholders established by law or through mutual agreements and encourage active cooperation between corporations and stakeholders in creating wealth, jobs and the sustainability of financially sound enterprises. This principle must cover the role of stakeholders to reflect the interaction with stakeholders such as employees, creditors, suppliers, shareholders and the environment (Cheung et al., 2011). Firm has a responsibility to ensure that shareholders receive a fair return on their investments; it also has a responsibility to all stakeholders and should manage and alleviate the conflicts of interest that may exist between the firm and stakeholders. The measurement for respecting role of stakeholders in this study including firm treats each group of stakeholders by taking into account the rights of the stakeholders according to the law or the agreement with the firm continuously; firm continually supports policies and practices to compensate for damages arising from violation of rights of stakeholders; firm focuses on the development of mechanisms to promote employee participation at all levels of work; firm provides measures to receive clues or complaints from both employees and other interested parties regarding illegal actions, unethical behavior or behavior that may cause corruption in the organization; and firm attaches importance to the process of protecting persons appropriately informing clues about committing an offense (Asian Development Bank, 2017).

*Disclosure and Transparency Enhancement* refers to firm can 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 firm. The disclosure and transparency should show that the existence of policies and instructions are in line with the laws and regulations relating to the firm and the nature of the business (Shanikat, 2011). Moreover, firm should provide accurate disclosure in relation to all material matters concerning the firm, including the financial situation, performance, ownership and governance of the firm (Cheung et al., 2011). Furthermore, material information should be provided about members of the board of directors and key employees. So, the measurement for disclosure and transparency enhancement in this study including firm focuses on disclosing direct and indirect shareholding of directors in both the annual report and the firm's website; firm intends to disclose the quality of the financial and non-monetary data in the annual report with quality and clearly show the content of the corporate governance in the annual report; firm discloses a policy to examine and approve relevant party transactions, such as the transfer of resources or services or commitments between the reporting party and the related parties; firm believes that its financial reports are accurate and in accordance with generally accepted accounting standards and have been audited by independent auditors; and firm has various channels to disseminate information in order to have access to relevant information in an effective and timely manner, such as the investor relations website, daily report, quarterly report and annual report (Asian Development Bank, 2017).

*Effective responsibility of the board* refers to firm can ensure the strategic guidance of the firm, the effective monitoring of management by the board, and the board's accountability to the firm and shareholders. The main responsibilities of the board are to make decisions on the business operations and to manage the activities of the directors. Furthermore, the board of directors is responsible for formulating policies and strategies, and supervising the operations of the firm as its top executive unit. In addition, board members should direct and control the affairs of the firm, act on a fully informed basis and in good faith with the best interests of both shareholders and stakeholders, and ensure compliance with applicable laws (Awotundun et al., 2011). The measurement for responsibility of the board in this study including firm has clearly defined the roles and responsibilities of the board of directors, including the disclosure of corporate governance policy, vision and mission, process of continuous review and strategy implementation; firm has a committee which adheres to the business ethics which results in the board being able to exercise independent discretion regarding the operations of the business; firm is aware of the board's effective work process, including attendance, payment, internal audit, and risk management; firm believes that the highest management with knowledge, ability and experience can manage independently from the Board of Directors; and firm promote the development and evaluation plan for the annual performance of the board and management with efficiency (Asian Development Bank, 2017).

Mediating Variables

The mediating variable of this research is the financial reporting quality and firm competitiveness. The measure of each dimension conforms to its definition to be discussed as follows.

*Financial reporting quality* represents financial statements that provide accurate and fair information about the underlying financial position and economic performance of an entity (Chalaki, 2012). As it is defined in the Conceptual Framework for Financial Reporting of the FASB and the IASB, there are agreed upon elements of high quality financial reporting. The qualitative characteristics of financial reporting quality include: relevance, faithful representation, understandability, comparability, verifiability, and timeliness (Herath & Albarqi, 2017). In this research, financial reporting quality refers to the six characteristics of financial report which based on the conceptual framework for financial reporting including relevance, faithful representation, understandability, timeliness, comparability, and verifiability (Herath & Albarqi, 2017).

*Firm competitiveness* refers to the capability of the firm to outwit its competitors and get superior operation performance by offering consumers greater value. Furthermore, firm competitiveness is defined as organizational creativity, new product, differentiated product and service and integrates resource which has direct effect on customer satisfactions and needs (Lee & Wilhelm, 2010). In addition, competitiveness refers to a firm's capacity to compete in a specific market, to increase its market share, to increase capital in firm and to achieve sustainable growth. Moreover, the competitiveness can be measured by an award system. In this study, firm competitiveness includes readiness and potential in operation, outstanding products and services, effective new methods and techniques, capital expansion, and quality award. Five-item scales are used to measure firm competitiveness (Sibanda, Africa, et al., 2017).

Antecedent Variables

For this research, both the internal and external factors are treated as the antecedents of corporate governance scorecard effectiveness. These variables were measured by using two internal factors including MIS competency and top management support. In addition, the external factors are competitive pressure and regulation force.

*MIS competency* refers to the use of MIS technologies to satisfy the firm's information needs. MIS can offer useful information for the operation and help in finding the information that is needed quickly and easily. Also, MIS works under an effective network system and can be linked to other systems with efficiency. In this regard, the development of the MIS is always up-to-date in order to obtain information that is accurate, fast and information that helps support effective decisions. In addition, it can access and integrate management information for all departments throughout the organization. Moreover, it covers the focus on creating a database management system that can store all information on all systems throughout the organization (Gharaibeh & Malkawi, 2013).

*Top management support* refers to the support of executive management in the way that advocate all parts in the firm. Top management sets organizational strategy for achieving organizations plans, and they allocate the human and financial resources to coordinate the work and success. A supportive managerial attitude would provide executives with an environment in which their work will be recognized and appreciated, and therefore, is likely to motivate them to achieve higher performance. The necessary resources support, budget, and other facilities make the operation more efficient, encourage staff to learn and train new techniques and new procedures, which will help them optimize competitiveness, emphasizes on the development of management system make operate under various circumstances (Young & Poon, 2013). In this study, top management support includes budgetary support, continuous learning, knowledge sharing, and appropriate compensation.

*Competitive pressure* refers to the intense competitive environment makes the business must find the best method of operation in order to adapt appropriate, under variable economic conditions, new potential approach or technique applications to efficiently develop operations different competitors, and the ability to integrate a variety of resource to create innovative responses to customer needs superior competitors (Majeed, 2016). In this study, competitive pressure includes excellent operation, stakeholder response, self-development, and situational adaptation.

*Regulation force* refers to the regulators has issued rules, regulations, standards and methods related to modernization, up-to-date on international changes making the firm committed to studying, understanding and adjusting the best practices. The regulators has encouraged the business to learn and understand the rules of change standard regulations and related methods enabling the business to apply properly, and monitoring of compliance with regulations relevant regulations and standards are ongoing and there are strict penalties for omissions so the firm aware of operations under the rules regulations and standards at all times (Nakpodia et al., 2018). In this study, regulation force includes new regulations, regulator support, continuous monitoring, and serious punishment.

Control Variables

Some variables may affect the dependent variables in this conceptual model. Therefore, the inclusion of the control variable reduces to spurious relationships. Based on the corporate governance literature, two variables are needed to be controlled: firm age and firm size. In this research, two control variables are included to account for firm characteristics that may influence the hypothesized relationships, which are firm size and firm age. In the present study, the variables of firm size and firm age are included as a control variable in the model of hypothesis because they may affect firm sustainability. Operational definition and method of calculating these variables are as follows.

*Firm size.* Firm size is defined as the total assets of the firm. Firm size is measured by the total assets of the firm. Firm size is a determinant of organizational success and explains the value of firm. Previous study has indicated a positive relationship between the extent of corporate governance and firm size (Nandi & Ghosh, 2013). Also, firm size is positively related to various types of corporate governance controls such as debt covenants, dividend policy and management compensation (Abor & Fiador, 2013). In this research, firm size is chosen as a control variable which is defined as total assets of the firm invested. It is a dummy variable in which 1 is a firm with total assets lower than or equal to 10,000,000,000 Baht and 0 is a firm that has total assets more than 10,000,000,000 Baht.

*Firm age.* Firm age is a proxy of the firm's experience measured by the number of years (Wang & Campbell, 2012). Previous research, firm age showed that firm has progressed to performance in corporate governance scorecard. The longer the business operates, the greater the ability to conduct effective corporate governance (Ahmed & Hamdan, 2015) . In this research, firm age was represented by a dummy variable of which 0 meant the firm had been in business less than or equal to 15 years, and 1 meant the firm had the period of time in operation of more than 15 years.

**Methods**

In this research, data is collected by using a questionnaire which is adapted from a literature review to gain truthfulness and credibility. To examine the appropriateness of the questionnaire, this research used validity and reliability for evaluating the characteristics of an instrument. Firstly, the questionnaires were double-checked by five academic experts to review and revise the questionnaire so that the respondents could understand it correctly and clearly. Later, there are the pre-test to check for a clear and accurate understanding of the questionnaires before using real data collection. The statistical techniques include factor analysis, variance inflation factor, correlation analysis, and regression analysis. After the pre-test, the questionnaire is modified and adjusted to the most complete status to ensure its effectiveness before mailing to the respondents.

Validity and Reliability

Validity is defined as the degree to which measurement accurately evinces the concept of consideration (Hair, Black, Babin & Anderson, 2014). In order to verify the quality of this research instrument, content validity and constructs validity are two ways to evaluate the absoluteness and accuracy of the questionnaire.

*Content validity* is defined as the degree to which items in an instrument reflect the content universe to which the instrument will be generalized (Hair et al., 2014). In addition, validity is the scales containing items which are adequate to measure what it is intended to measure. Content validity relies on subjective interpretation of the appropriateness of the items in the construct under study; the former is from the point of the researcher gleaning knowledge from the literature, and the latter is from professional academics. In general, content validity involves evaluation of a survey instrument in order to ensure that it includes all the items that are essential and eliminates undesirable items to a particular construct domain. The judgmental approach to establish content validity involves literature reviews and then follow-ups with the evaluation by expert judges or panels. In this research, five professionals in academic research are requested to review and suggest necessary recommendations in order to ensure that all constructs are sufficient to cover the contents of the variables (see also Appendix I).

*Construct validity* refers to whether or not an item measures the construct is appropriate or has validity as a measurement research instrument. It is used to test whether items chosen for a particular construct are valid. Construct validity is evaluated by testing the convergent validity and discriminant validity. It is measured empirically by the correlation between theoretically defined sets of variables. This research tests the validity of the instrument to confirm that a measure or set of measures accurately represents the concept of study.

*Reliability* is the extent to which the measurements of the particular test are repeatable (Golfashni, 2011). Testing for reliability is important as it refers to the consistency across the parts of a measuring instrument (Golfashni, 2011). The more consistent the results given by repeated measurements, the higher the reliability of the measurement procedure (Scholtes, Terwee & Poolman, 2011). The most commonly used internal consistency measure is the Cornbrash Alpha coefficient. It is viewed as the most appropriate measure of reliability when making use of Likert scales (Norman, 2010). This research tests the reliability of each construct by using Cronbach's alpha to measure the internal consistency which should be greater than 0.70 to be accepted (F. Hair, Hopkins, Georgia, & College, 2014). In this research, testing validity and reliability of a questionnaire as qualities of a good instrument were conducted. Factor analysis and Cronbach's Alpha were tested respectively, to improve the questionnaire so as to ensure validity and reliability, as shown in Table 4.

Table 4 shows the results for both factor loadings and Cronbach's Alpha for multiple-item scales used in this research. The results reveal that the factor loadings of each item are expressed between 0.536-0.944; it is greater than the 0.40 cut-off and statistically significant indicating that there is construct validity. Moreover, the Cronbach's Alpha coefficients for all variables are presented between 0.713 – 0.928 that are greater than 0.70 as recommended by Hair et al., (2014). As a result, all constructs of this research have internal consistency reliability and the reliability of all variables is adopted.

Table 4 Results of Validity and Reliability Testing

| **Variables** | **Validity (Factor Loadings)** | **Corrected Item-Total Correlation** | **Reliability (Cronbach's Alpha)** |
|---|---|---|---|
| Strength of Shareholder Rights (SSR) | 0.558 – 0.810 | 0.474 – 0.681 | 0.764 |
| Equitable Treatment of Shareholders (ETS) | 0.598 – 0.895 | 0.557 – 0.903 | 0.834 |
| Respecting Roles of Stakeholders (RRO) | 0.536 – 0.888 | 0.428 – 0.661 | 0.768 |
| Disclosure and Transparency Enhancement (DTE) | 0.579 – 0.849 | 0.489 – 0.712 | 0.817 |
| Effective Responsibilities of the Board (ERB) | 0.569 – 0.905 | 0.453 – 0.655 | 0.713 |
| Financial Reporting Quality (FRQ) | 0.618 – 0.930 | 0.407 – 0.718 | 0.738 |
| Firm Competitiveness (FCP) | 0.696 – 0.919 | 0.614 – 0.836 | 0.875 |
| Firm Sustainability (FST) | 0.800 – 0.944 | 0.589 – 0.800 | 0.869 |
| MIS Competency (MIC) | 0.708 – 0.892 | 0.758 – 0.879 | 0.928 |
| Top Management Support (TMS) | 0.746 – 0.860 | 0.723 – 0.799 | 0.883 |
| Competitive pressure (COP) | 0.768 – 0.862 | 0.775 – 0.866 | 0.921 |
| Regulation Force (REF) | 0.706 – 0.930 | 0.540 – 0.832 | 0.849 |

n = 30

**Statistical Techniques**

In this research, before hypotheses testing, all of the raw data were checked, encoded, and recorded in a data file. Then, the basic assumption of regression analysis and data examined was tested. This process involves checking the outlier, normality, autocorrelation, and linearity. The statistical techniques include factor analysis, variance inflation factor, correlation analysis, and regression analysis; each of which is fully discussed below.

*Factor analysis* was a data reduction approach from a large to small number of variables and summarized data to design correlations among variables (Hair et al., 2014). To avoid higher correlation between independent variables, the factor scores were considered by OLS regression using factor analysis. However, the factor loading illustrated that a strong relationship existed between an item and its construct. The higher the factor loading was, the greater items represented their key construct. The recommended factor loading was promoted from Hamid, Sami & Sidek (2017) that was equal to, or more than 0.40, which was the criteria condition. In this research, the factor loading between 0.536 and 0.944 which all are more than 0.40.

*Variance inflation factors (VIF's)* was an approach for the detection of high correlations between multiple independents in the regression equation model that is known as the multicollinearity problem. In order to check multicollinearity, the VIF score could indicate them. Large VIF values indicate a high degree of multicollinearity among independent variables. Accordingly, considering this problem, the VIF value should be less than 10 to be assumed that the mutlicollinearity problem is not concerned (Hair et al., 2014). In this research, VIF values are between 1.001 and 1.074. Then, it can claim that there is no multicollinearity problem as shown in Appendix F.

*Correlation analysis* was used to test the correlation among all variables for a preliminary analysis. Pearson correlation analysis was used to examine the relationships among the independent variables, and the relationship between an independent variable and the dependent variable. This research uses correlation analysis to test the correlations among all variables because of the concern about the multicollinearity problem. This problem occurs when any single independent variable is highly correlated with other independent variables, and it will show when the inter correlation between variables exceeds 0.80 (Hair et al., 2014). That is a variable that can be explained by the other variables in the analysis. In this research, correlation values are between 0.164 and 0.653, which are less than 0.80. Thus, there are no multicollinearity problems in this research. Consequently, factor analysis is used to group highly correlated variables together and the factor scores of all variables are prepared to avoid the multicollinearity problem. Thus, they are evaluated by regression analysis.

*Regression analysis* or the Ordinary Least Squares (OLS) regression analysis is used to test all hypotheses following the conceptual model. The regression equation is a linear combination of the independent variables that best explains and predicts the dependent variable. Therefore, OLS regression is appropriate for examining the relationships between the dependent variables and independent variables, because both dependent and independent variables in this research are categorical and interval data (Hair et al., 2014). Thus, all hypotheses are transformed into nine equations. Each equation consists of the main variables related to the hypothesis testing as described in the previous chapter. Moreover, two control variables, firm age and firm size, are included in all of those equations for hypothesis testing. The detail of each equation is presented as the following.

The investigation of the relationships among five dimensions composed of corporate governance scorecard effectiveness and financial reporting quality is presented in Equation 1 as shown below:

***Equation 1:*** FRQ $= \alpha_{01}+\beta_1 SSR+\beta_2 ETS+\beta_3 RRO+\beta_4 DTE+ \beta_5 ERB+\beta_6 FIS+\beta_7 FIA+\varepsilon$

The investigation of the relationships among five dimensions of corporate governance scorecard effectiveness and firm competitiveness relationships is presented in Equation 2 as shown below:

***Equation 2:*** FCP $= \alpha_{02}+ \beta_8 SSR+\beta_9 ETS+\beta_{10} RRO+\beta_{11} DTE+ \beta_{12} ERB+\beta_{13} FIS+\beta_{14} FIA+\varepsilon$

The investigation of the relationships among five dimensions of corporate governance scorecard effectiveness and firm sustainability relationships is presented in Equation 3 as shown below:

***Equation 3:*** FST $= \alpha_{03} + \beta_{15}SSR + \beta_{16}ETS + \beta_{17}RRO + \beta_{18}DTE + \beta_{19}ERB + \beta_{20}FIS + \beta_{21}FIA + \varepsilon$

The investigation of the impacts of financial reporting quality, firm competitiveness and firm sustainability is presented in Equation 4 as shown below:

***Equation 4:*** FST $= \alpha_{04} + \beta_{22}FRQ + \beta_{23}FCP + \beta_{24}FIS + \beta_{25}FIA + \varepsilon$

To examine the influence of the four antecedents: MIS competency, top management support, competitive pressure, and regulation force and the five dimensions of corporate governance scorecard effectiveness, Equation 5 to 9 are presented as follows:

***Equation 5:*** $SSR = \alpha_{05} + \beta_{26}MIC + \beta_{27}TMS + \beta_{28}COP + \beta_{29}REF + \beta_{30}FIS + \beta_{31}FIA + \varepsilon$

***Equation 6:*** $ETS = \alpha_{06} + \beta_{32}MIC + \beta_{33}TMS + \beta_{34}COP + \beta_{35}REF + \beta_{36}FIS + \beta_{37}FIA + \varepsilon$

***Equation 7:*** $RRO = \alpha_{07} + \beta_{38}MIC + \beta_{39}TMS + \beta_{40}COP + \beta_{41}REF + \beta_{42}FIS + \beta_{43}FIA + \varepsilon$

***Equation 8:*** $DTE = \alpha_{08} + \beta_{44}MIC + \beta_{45}TMS + \beta_{46}COP + \beta_{47}REF + \beta_{48}FIS + \beta_{49}FIA + \varepsilon$

***Equation 9:*** $ERB = A_{09} + \beta_{50}MIC + \beta_{51}TMS + \beta_{52}COP + \beta_{53}REF + \beta_{54}FIS + \beta_{55}FIA + \varepsilon$

Where;

SSR = Strength of Shareholder Rights
ETS = Equitable Treatment of Shareholders
RRO = Respecting Roles of Stakeholders
DTE = Disclosure and Transparency Enhancement
ERB = Effective Responsibilities of the Board
FRQ = Financial Reporting Quality
FCP = Firm Competitiveness
FST = Firm Sustainability
MIC = MIS Competency

TMS = Top Management Support

COP = Competitive pressure

REF = Regulation Force

FIS = Firm Size

FIA = Firm Age

$\varepsilon$ = Error term

$\alpha$ = Constant

$\beta$ = Coefficient

**Summary**

This chapter describes the research methods used to collect data and test the hypotheses based on the conceptual model to answer the research questions. The details in this chapter are related to sample selection, data collection process, test of nonresponse bias, the measured variables, tool verification of validity and reliability tests, and the statistical analyses. The population of this research is 638 Thai listed firms, which database is drawn from the Stock Exchange of Thailand on their websites: www.set.or.th as of December 31, 2018. This research used a questionnaire for data collection. The questionnaire mailed directly to each managing director or executive director or manager who supervise the corporate governance duty of each Thai listed firm. Ordinary least square regression analysis is operated to test the postulated hypotheses. Moreover, this chapter has also proposed a set of nine equations for testable hypotheses.

Next, Chapter 4 presents results from data analysis and hypothesis testing. All the information gathered from the research questionnaires are presented as well.

Table 5 Construct and Measurement Items

| Constructs | Measurement Items | Keyword | Scale Source |
|---|---|---|---|
| Strength of Shareholder Rights (SSR) | SSR1: Firm always pays dividends equal to the proportion of investments of each person on time. | - timely equitable dividend | Adapted from Asian Development Bank et al., (2017) |
| | SSR2: Firm consistently encourages shareholders to make decisions regarding significant changes in their operations. | - participate in major decision making | |
| | SSR3: Firm is confident that the shareholders are able to attend the annual general meeting efficiently, by announcing the various rules of the meeting and the resolution for shareholders to fully understand before the meeting. | - effectively general shareholder meeting | |
| | SSR4: Firm has controlled and implemented the business combination and the acquisition of the business at the right price and transparent and fair operations for all groups of shareholders. | - efficient control | |
| | SSR5: Firm focuses on facilitating the exercise of ownership rights by all types of shareholders, including institutional investors. | - all types of shareholders | |

Table 5 Construct and Measurement Items (Continued)

| Constructs | Measurement Items | Keyword | Scale Source |
|---|---|---|---|
| Equitable treatment of Shareholders (ETS) | EST1: Firm is aware of the different rights of each type of shareholders and treats them equally according to the role of each type of shareholders. | - equally treated | Adapted from Asian Development Bank et al., (2017) |
| | EST2: Firm focuses on arranging shareholders' meetings in a manner that encourages all shareholders to have equal voting rights. | - notices of annual general meeting | |
| | EST3: Firm promotes preventive measures in the event that directors and executives use insider information for their own interests. | - insider trading | |
| | EST4: Firm supports the disclosure of information about the interests of executives and related parties in order to avoid conflicts of interest. | - related-party transactions | |
| | EST5: Firm promotes policies for minority shareholders to exercise their voting rights, including allowing minority shareholders to propose additional meeting agendas before the meeting date. | - minority shareholders | |

Table 5 Construct and Measurement Items (Continued)

| Constructs | Measurement Items | Keyword | Scale Source |
|---|---|---|---|
| Respecting Role of Stakeholders (RRO) | RRO1: Firm is committed to treating each group of stakeholders by taking into account the rights of the stakeholders according to the law or the agreement with the firm continuously. | -the strictly treated for stakeholder rights | Adapted from Asian Development Bank et al., (2017) |
| | RRO2: Firm continually supports policies and practices to compensate for damages arising from violation of rights of stakeholders. | -effective redress for violation | |
| | RRO3: Firm focuses on the development of mechanisms to promote employee participation at all levels of work. | -efficient mechanisms | |
| | RRO4: Firm provides measures to receive clues or complaints from both employees and other interested parties regarding illegal actions, unethical behavior or behavior that may cause corruption in the organization. | -whistle blowing policy | |
| | RRO5: Firm attaches importance to the process of protecting persons appropriately informing clues about committing an offense. | -protection of whistleblowers | |

Table 5 Construct and Measurement Items (Continued)

| Constructs | Measurement Items | Keyword | Scale Source |
|---|---|---|---|
| Disclosure and Transparency Enhancement (DTE) | DTE1: Firm focuses on disclosing direct and indirect shareholding of directors in both the annual report and the firm's website.<br>DTE2: Firm intends to disclose the quality of the financial and non-monetary data in the annual report with quality and clearly show the content of the corporate governance in the annual report.<br>DTE3: Firm discloses a policy to examine and approve relevant party transactions, such as the transfer of resources or services or commitments between the reporting party and the related parties.<br>DTE4: Firm believes that its financial reports are accurate and in accordance with generally accepted accounting standards and have been audited by independent auditors.<br>DTE5: Firm has various channels to disseminate information in order to have access to relevant information in an effective and timely manner, such as the investor relations website, daily report, quarterly report and annual report etc. | -transparent ownership structure<br>-quality of annual report<br>-disclose of related party transactions<br>-independent auditor<br>-medium of communications | Adapted from Asian Development Bank et al., (2017) |

Table 5 Construct and Measurement Items (Continued)

| Constructs | Measurement Items | Keyword | Scale Source |
|---|---|---|---|
| Effective Responsibility of the Board (ERB) | ERB1: Firm has clearly defined the roles and responsibilities of the board of directors, including the disclosure of corporate governance policy, vision and mission, process of continuous review and strategy implementation. | -board responsibilities | Adapted from Asian Development Bank et al., (2017) |
| | ERB2: Firm has a committee which adheres to the business ethics which results in the board being able to exercise independent discretion regarding the operations of the business. | -independent and ethical board | |
| | ERB3: Firm is aware of the board's effective work process, including attendance, payment, internal audit, and risk management etc. | -effective board processes | |
| | ERB4: Firm believes that the highest management with knowledge, ability and experience can manage independently from the Board of Directors. | -skill and competency board | |
| | ERB5: Firm promotes the development and evaluation plan for the annual performance of the board and management with efficiency. | -annual performance assessment | |

Table 5 Construct and Measurement Items (Continued)

| Constructs | Measurement Items | Keyword | Scale Source |
|---|---|---|---|
| Financial Reporting Quality (FRQ) | FRQ1: Firm is concerned with the preparation and presentation of financial statements that have the size and nature of information that is important to the economic decisions of users of the financial statements continuously. | -relevance | Adapted from Herath & Albarqi (2017); IASB (2010) |
| | FRQ2: Firm adheres to fair and fair presentation of information in the financial statements without bias, complete and under caution in uncertain situations. | -faithful representation | |
| | FRQ3: Firm emphasizes the presentation of the information in the financial statements in a simple and clear format so that the users can understand the information correctly and can use it efficiently. | -understandability | |
| | FRQ4: Firm gives importance to the timeliness of preparation and presentation of financial statement information, including the timely dissemination of financial statements to users of various groups. | -timeliness | |

Table 5 Construct and Measurement Items (Continued)

| Constructs | Measurement Items | Keyword | Scale Source |
|---|---|---|---|
| | FRQ5: Firm focuses on presenting information in the financial statements that can be compared with historical data of the business itself and compared with information of other businesses in the same manner. | -comparability | Adapted from Herath & Albarqi (2017); IASB (2010) |
| | FRQ6: Firm adheres to the principles of financial reporting standards relevant to the preparation of financial statements in strict accordance with the complete verification process. | -verifiability | |
| Firm Competitiveness (FCP) | FCP1: Firm is ready and has operational potential to make a difference that is superior to other businesses in the same industry. | -readiness and potential in operation | Adapted from Sibanda, et al., (2017) |
| | FCP2: Firm is able to create outstanding products and services until being continuously accepted by customers. | -outstanding products and services | |
| | FCP3: Firm is able to apply new methods or new techniques that have the potential to be applied continuously. | -effective new methods and techniques | |
| | FCP4: Firm is confident that it has received increased acceptance from investors leading to business expansion as per the customers' needs in the future. | -capital expansion | |

Table 5 Construct and Measurement Items (Continued)

| Constructs | Measurement Items | Keyword | Scale Source |
|---|---|---|---|
| | FCP5: Firm believes that receiving quality awards in various fields leads to an increase in market share. | -quality award | |
| Firm Sustainability (FST) | FST1: Firm has a continuously increasing profit and return rate. | - profit and rate of return | Adapted from Aras (2008); Mottis et al., (2017) |
| | FST2: Firm has a growing rate of market share which is confident that customers are continuously loyal to the product or service of the firm. | -increased market shares | |
| | FST3: Firm has sufficient resources and funds to operate and to cope with various situations stably. | -sufficient resources | |
| | FST4: Firm is consistently recognized for its reputation with the trust and faith of those involved. | -firm reputation | |
| | FST5: Firm is able to strengthen, develop, and maintain stable relationships with stakeholders with the business stably and sustainably. | -good relationship with stakeholders | |

Table 5 Construct and Measurement Items (Continued)

| Constructs | Measurement Items | Keyword | Scale Source |
|---|---|---|---|
| MIS Competency (MIC) | MIC1: Firm has management information systems that enable users to find useful information that can be used quickly and easily. | -easy access | Adapted from Gharaibeh & Malkawi (2013) |
| | MIC2: Firm has an efficient information network for management which can connect various systems in the organization efficiently. | -efficient linking network | |
| | MIC3: Firm supports the development of management information systems that are up-to-date in order to obtain accurate, fast, and effective information supporting decision-making. | -modern system | |
| | MIC4: Firm emphasizes the use of information systems to support the work of all departments in the organization to be effective throughout the organization. | - support user | |

Table 5 Construct and Measurement Items (Continued)

| Constructs | Measurement Items | Keyword | Scale Source |
|---|---|---|---|
| Top Management Support (TMS) | TMS1: Executives fully support the necessary resources, budgets, and other facilities in their operations, which will help them to operate more efficiently. | -budgetary support | Adapted from Talke et al., (2010) |
| | TMS2: Executives encourage personnel to learn and train new techniques and methods at all times, bringing capability and potential of personnel. | -continuous learning | |
| | TMS3: Executives focus on the sharing of knowledge and experience together which will bring the most total effectiveness to the business. | -knowledge sharing | |
| | TMS4: Executives give priority to the compensation or rewards for the employees who achieve their business goals. | -appropriate compensation | |

Table 5 Construct and Measurement Items (Continued)

| Constructs | Measurement Items | Keyword | Scale Source |
|---|---|---|---|
| Competitive Pressure (COP) | COP1: The growing needs of customers make the firm always strive for excellent performance in order to achieve better results. | -excellent operation | Adapted from Majeed (2016) |
| | COP2: The large number of competitors entering the market has made the firm aware of the importance of meeting the needs of all stakeholders. | -stakeholder response | |
| | COP3: Continuously outstanding demand for performance has made the firm aware of its ability and capability. | -self-development | |
| | COP4: Given the importance of being able to adapt in a timely manner, firm must follow up with situations that change all the time. | -situational adaptation | |

Table 5 Construct and Measurement Items (Continued)

| Constructs | Measurement Items | Keyword | Scale Source |
|---|---|---|---|
| Regulation Force (REF) | REF1: The regulators have issued rules, regulations, standards, and other relevant methods to be up to date with international changes, making the business committed to adjusting the way of operations to be most consistent.<br>REF2: The regulators have encouraged the firm to learn and understand about the changes in rules, regulations, standards, and related methods to enable the business to apply properly.<br>REF3: The regulators continually monitor the compliance with relevant rules, regulations and standards.<br>REF4: The regulators are seriously punished for not following the rules, regulations, standards, and procedures. | -new regulations<br>-regulator support<br>-continuous monitoring<br>-serious punishment | Adapted from Nakpodia et al., (2018) |

# CHAPTER IV

# RESULTS

The previous chapter presented the research methods comprising population and sample selection, data collection, and the test of non-response bias. Moreover, data analysis and hypotheses testing are described. Consequently, this chapter demonstrates the findings of data analysis and results of hypotheses testing. This chapter is organized as follows. The first section presents the analysis of respondent characteristics, sample characteristics using the descriptive statistics. The second section is related to describe the correlation matrix among the hypothesized variables, and hypotheses testing are discussed in section. The final presents a summary of all hypotheses testing is given in Table 19.

**Respondent Characteristics and Descriptive Statistics**

Respondent Characteristics

The respondents are the executive director of each Thai listed firm who supervise the corporate governance practices in the firm. Due to the reason that the respondent is knowledgeable and understanding about the firm, as well as being able to provide data according to the purposes of this research. The characteristics of respondents are described by demographic characteristics include gender, age, education level, working experience, average monthly income, and working position.

The demographic characteristics of the 143 respondents are as follows. The 58.04 percent of respondents are female. The majority of respondents are over 45 years of age (49.65 percent). For education, most respondents (67.13 percent) graduated with a master degree. In addition, most respondents' experience is more than 15 years (33.57 percent). An average monthly income is more than 200,000 baht (30.07 percent). The working position of the most respondents is executive director (44.06 percent) (see Appendix C).

Firm Characteristics

The characteristics of the firm are described by demographic characteristics include business type, business registered capital, total assets of the firm, number of employees, the period of time in operating business, the period of time in listed firm and the CG score.

The results from the demographic characteristics of the 143 listed firms indicate that the majority of the firm respondents are in the industrial of Technology (20.98 percent). Most of the firms have a registered business capital less than 1,000,000,000 baht (60.84 percent), and total assets less than 10,000,000,000 baht (58.04 percent). Most of them employ less than 500 employees (54.55 percent). The firm age is more than 15 years (81.82 percent), the listed age is also more than 15 years (38.46 percent), and the CG score is very good (38.46 percent).

Correlation Analysis

This research employs a bivariate correlation analysis of Pearson Correlation with all variables for two purposes including both explore the relationships among variables and examine multicollinearity problems. According to (Hair et al., 2014), multicollinearity might exist when intercorrelation of each predictable variable is more than 0.80, which assumes a high relationship. Table 6 shows the results of the correlation analyses of all variables in this study. The results indicate that none of correlations exceed 0.80, which may not be concerned about multicollinearity problems. The details are as follows.

The result of the Pearson Correlation of five dimensions of corporate governance scorecard effectiveness (strength of shareholder right, equitable treatment of shareholders, respecting role of stakeholders, disclosure and transparency enhancement, and effective responsibility of the board) are between $r = 0.164$, $p < 0.05$ and $0.673$, $p < 0.01$. The Pearson correlation coefficients of four antecedents of corporate governance scorecard effectiveness (MIS competency, top management, competitive pressure, and regulation force) are between $0.399$, $p < 0.01$ and $0.667$, $p < 0.01$. The results indicate that none of correlations exceed 0.80. Thus, multicollinearity problem is not concerned.

In parts of correlation among independent variables and dependent variables, dimensions of corporate governance scorecard effectiveness (strength of shareholder right, equitable treatment of shareholders, respecting role of stakeholders, disclosure and transparency enhancement, and effective responsible board) and its consequences (financial reporting quality, firm competitiveness, and firm sustainability) have a significant and positive relationship ($r = 0.183$, $p < 0.05$ – $0.454$, $p < 0.01$). Finally, the correlations among four antecedents and five dimensions of corporate governance scorecard effectiveness are significant and positive relationship ($r = 0.180$, $p < 0.05$ – $0.451$, $p < 0.01$).

Table 6 Descriptive Statistics and Correlation Matrix of Corporate Governance Scorecard Effectiveness and all Constructs

| Variables | SSR | ETS | RRO | DTE | ERB | FRQ | FIC | FST | MIC | TMS | COP | REF | FIS | FIA |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Mean | 4.675 | 4.667 | 4.646 | 4.521 | 4.601 | 4.702 | 4.136 | 4.195 | 4.311 | 4.370 | 4.304 | 4.269 | .608 | .818 |
| S.D. | .433 | .463 | .447 | .462 | .457 | .366 | .639 | .566 | .665 | .589 | .671 | .607 | .569 | .387 |
| SSR | 1 | | | | | | | | | | | | | |
| ETS | .166* | 1 | | | | | | | | | | | | |
| RRO | .224** | .170* | 1 | | | | | | | | | | | |
| DTE | .164* | .673** | .238** | 1 | | | | | | | | | | |
| ERB | .296** | .294** | .316** | .232** | 1 | | | | | | | | | |
| FRQ | .200* | .277** | .297** | .312** | .401** | 1 | | | | | | | | |
| FIC | .451** | .183* | .254** | .203* | .391** | .211* | 1 | | | | | | | |
| FST | .454** | .183* | .210* | .189* | .357** | .350** | .533** | 1 | | | | | | |
| MIC | .499** | .256** | .361** | .234** | .398** | .266** | .661** | .491** | 1 | | | | | |
| TMS | .462** | .291** | .295** | .210* | .356** | .252** | .443** | .653** | .599** | 1 | | | | |
| COP | .445** | .290** | .337** | .259** | .363** | .332** | .432** | .570** | .531** | .667** | 1 | | | |
| REF | .366** | .180* | .193* | .181* | .229** | .209* | .369** | .529** | .399** | .540** | .581** | 1 | | |
| FIS | -.167* | -0.023 | 0.065 | -0.077 | -0.022 | -0.039 | -.171* | -0.154 | -0.039 | -0.117 | -0.116 | -0.119 | 1 | |
| FIA | 0.111 | 0.060 | 0.048 | 0.036 | -0.054 | -0.036 | 0.044 | -0.110 | 0.112 | -0.007 | 0.054 | 0.015 | 0.122 | 1 |

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

**Hypotheses Testing and Results**

This research uses multiple regressions by ordinary least squares (OLS) regression to investigate the hypotheses. All hypotheses in this research are transformed into nine equations. In addition, two dummy variables namely, firm age and firm size, are also included in the equations for testing hypotheses. The results of both descriptive statistics and hypotheses test are reported as follows.

The Relationship among Each Dimension of Corporate Governance Scorecard Effectiveness and Its Consequences

Figure 4 illustrates the effect of corporate governance scorecard effectiveness on its consequences as proposed in Hypotheses 1(a-c) to Hypotheses 5(a-c). Each hypothesis is proposed in a positive relationship. These hypotheses are transformed into the regression equation in Equation 1 - 4.

Figure 4 The Relationships between Each Dimension of Corporate Governance Scorecard Effectiveness and Its Consequences

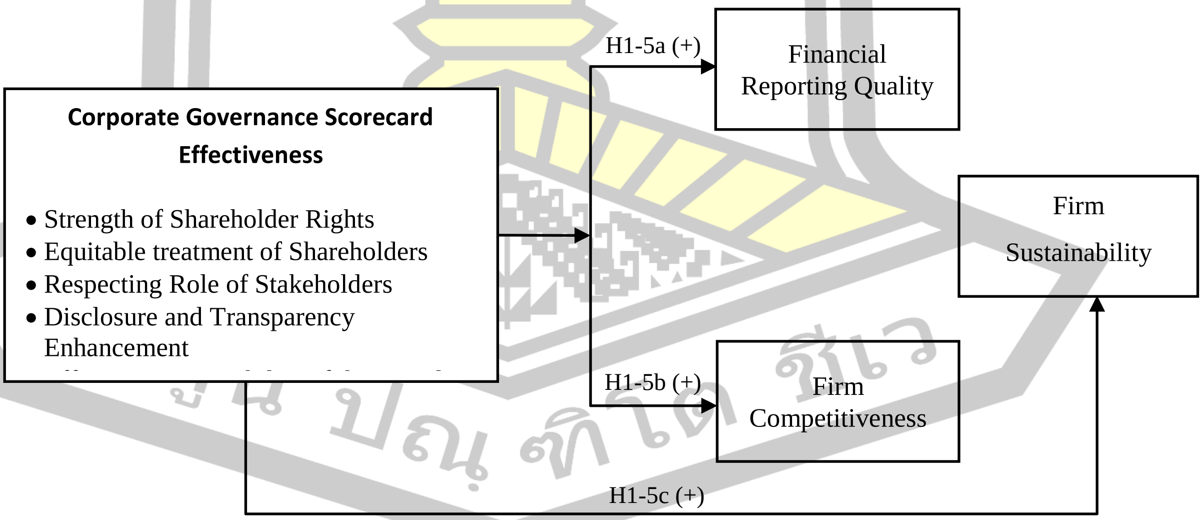


Table 7 presents the correlation coefficients among each dimension of the corporate governance scorecard effectiveness and its consequences including financial reporting quality, firm competitiveness, and firm sustainability. For the first dimension of corporate governance scorecard effectiveness, the results indicate that strength of shareholder rights is significantly and positively correlated with financial reporting quality ($r = 0.200$, $p < .05$), firm competitiveness ($r = 0.451$, $p < .01$), and firm sustainability ($r = 0.454$, $p < .01$). For the second dimension of corporate governance scorecard effectiveness, equitable treatment of shareholders is significantly and positively correlated with financial reporting quality ($r = 0.277$, $p < .01$), firm competitiveness ($r = 0.183$, $p < .05$), and firm sustainability ($r = 0.183$, $p < .05$). For the third dimension of corporate governance scorecard effectiveness, respecting role of stakeholders is significantly and positively correlated with financial reporting quality ($r = 0.297$, $p < .01$), firm competitiveness ($r = 0.254$, $p < .01$), and firm sustainability ($r = 0.210$, $p < .05$). For the fourth dimension of corporate governance scorecard effectiveness, disclosure and transparency enhancement is significantly and positively correlated with financial reporting quality ($r = 0.312$, $p < .01$), firm competitiveness ($r = 0.203$, $p < .05$), and firm sustainability ($r = 0.189$, $p < .05$). Finally, the fifth dimension of corporate governance scorecard effectiveness, effective responsibility of the board is significantly and positively correlated with financial reporting quality ($r = 0.401$, $p < .01$), firm competitiveness ($r = 0.391$, $p < .01$), and firm sustainability ($r = 0.357$, $p < .05$).

For the correlation coefficients among five dimensions of corporate governance scorecard effectiveness which are independent variables, the results from Table 8 also show that all correlations are less than 0.80. Additionally, Table 8 point out the maximum values of variance inflation factors (VIFs) in Equation 1-3 is 1.093, which is below the cutoff value of 10 (F. Hair et al., 2014). Consequently, the multicollinearity problems are not a concern for this analysis.

Table 7 Descriptive Statistics and Correlation Matrix of Each Dimension of Corporate Governance Scorecard Effectiveness and Its Consequences

| **Variables** | SSR | ETS | RRO | DTE | ERB | FRQ | FCP | FST | FIS | FIA |
|---|---|---|---|---|---|---|---|---|---|---|
| Mean | 4.675 | 4.667 | 4.646 | 4.521 | 4.601 | 4.702 | 4.136 | 4.195 | .608 | .818 |
| S.D. | .433 | .463 | .447 | .462 | .457 | .366 | .639 | .566 | .569 | .387 |
| SSR | 1 | | | | | | | | | |
| ETS | .166* | 1 | | | | | | | | |
| RRO | .224** | .170* | 1 | | | | | | | |
| DTE | .164* | .673** | .238** | 1 | | | | | | |
| ERB | .296** | .294** | .316** | .232** | 1 | | | | | |
| FRQ | .200* | .277** | .297** | .312** | .401** | 1 | | | | |
| FIC | .451** | .183* | .254** | .203* | .391** | .211* | 1 | | | |
| FST | .454** | .183* | .210* | .189* | .357** | .350** | .533** | 1 | | |
| FIS | -.167* | -0.023 | 0.065 | -0.077 | -0.022 | -0.039 | -.171* | -0.154 | 1 | |
| FIA | 0.111 | 0.060 | 0.048 | 0.036 | -0.054 | -0.036 | 0.044 | -0.110 | 0.122 | 1 |

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Table 8 Results of Regression Analysis for the Effects of Corporate Governance Scorecard Effectiveness on Financial Reporting Quality

***Equation 1:*** FRQ $= \alpha_{01}+\beta_1 SSR+\beta_2 ETS+\beta_3 RRO+\beta_4 DTE+ \beta_5 ERB+\beta_6 FIS+\beta_7 FIA+\varepsilon$

| **Independent Variables** | **Dependent Variables: Financial Reporting Quality** | | | | |
|---|---|---|---|---|---|
| | Unstandardized Coefficients | | Standardized Coefficients | t-stat | p-value |
| | B | Std. Error | Beta | | |
| (Constant) | .154 | .179 | | .861 | .391 |
| Strength of Shareholder Rights (H1a) | .202 | .074 | .202 | 2.711 | .008** |
| Equitable treatment of Shareholders (H2a) | .243 | .072 | .243 | 3.387 | .001** |
| Respecting Role of Stakeholders (H3a) | .237 | .071 | .237 | 3.325 | .001** |
| Disclosure and Transparency Enhancement (H4a) | .199 | .072 | .199 | 2.757 | .007** |
| Effective Responsibility of the Board (H5a) | .343 | .071 | .343 | 4.814 | .000** |
| Firm size (FIS) | .171 | .130 | .097 | 1.314 | .191 |
| Firm age (FIA) | -.316 | .193 | -.122 | -1.638 | .104 |
| Adjusted $R^2$ | 0.278 | | | | |
| Prob. | 0.000 | | | | |
| F-test | 8.798 | | | | |
| Maximum VIF | 1.093 | | | | |

** p<0.01, * p<0.05

Table 9 Results of Regression Analysis for the Effects of Corporate Governance Scorecard Effectiveness on Firm Competitiveness

***Equation 2:*** FCP $= \alpha_{02} + \beta_8 SSR + \beta_9 ETS + \beta_{10} RRO + \beta_{11} DTE + \beta_{12} ERB + \beta_{13} FIS + \beta_{14} FIA + \varepsilon$

| **Independent Variables** | **Dependent Variables: Firm Competitiveness** | | | | |
|---|---|---|---|---|---|
| | Unstandardized Coefficients | | Standardized Coefficients | t-stat | p-value |
| | B | Std. Error | Beta | | |
| (Constant) | .148 | .193 | | .767 | .444 |
| Strength of Shareholder Rights (H1b) | .203 | .080 | .203 | 2.518 | .013* |
| Equitable treatment of Shareholders (H2b) | -.008 | .077 | -.008 | -.099 | .921 |
| Respecting Role of Stakeholders (H3b) | .305 | .077 | .305 | 3.954 | .000** |
| Disclosure and Transparency Enhancement (H4b) | .078 | .078 | .078 | 1.000 | .319 |
| Effective Responsibility of the Board (H5b) | .168 | .077 | .168 | 2.176 | .031* |
| Firm size (FIS) | -.252 | .140 | -.144 | -1.794 | .075 |
| Firm age (FIA) | .006 | .208 | .002 | .029 | .977 |
| Adjusted $R^2$ | 0.157 | | | | |
| Prob. | 0.000 | | | | |
| F-test | 4.778 | | | | |
| Maximum VIF | 1.093 | | | | |

** p<0.01, * p<0.05

Table 10 Results of Regression Analysis for the Effects of Corporate Governance Scorecard Effectiveness on Firm Sustainability

***Equation 3:*** FST $= \alpha_{03} + \beta_{15}SSR + \beta_{16}ETS + \beta_{17}RRO + \beta_{18}DTE + \beta_{19}ERB + \beta_{20}FIS + \beta_{21}FIA + \varepsilon$

| **Independent Variables** | **Dependent Variables: Firm Sustainability** | | | | |
|---|---|---|---|---|---|
| | Unstandardized Coefficients | | Standardized Coefficients | t-stat | p-value |
| | B | Std. Error | Beta | | |
| (Constant) | .236 | .195 | | 1.211 | .228 |
| Strength of Shareholder Rights (H1c) | .195 | .081 | .195 | 2.402 | .018* |
| Equitable treatment of Shareholders (H2c) | .091 | .078 | .091 | 1.162 | .247 |
| Respecting Role of Stakeholders (H3c) | .214 | .078 | .214 | 2.760 | .007** |
| Disclosure and Transparency Enhancement (H4c) | .036 | .079 | .036 | .457 | .648 |
| Effective Responsibility of the Board (H5c) | .286 | .078 | .286 | 3.688 | .000** |
| Firm size (FIS) | -.120 | .142 | -.068 | -.849 | .398 |
| Firm age (FIA) | -.199 | .210 | -.077 | -.951 | .343 |
| Adjusted $R^2$ | 0.144 | | | | |
| Prob. | 0.000 | | | | |
| F-test | 4.403 | | | | |
| Maximum VIF | 1.093 | | | | |

** p<0.01, * p<0.05

The results of the OLS regression analysis of the effects of each dimension of corporate governance scorecard effectiveness on its consequences are shown in table 8-10. Firstly, it is found that strength of shareholder rights (the first dimension) positively influences all three outcomes: financial reporting quality ($\beta_1$ = 0.202, p < .01), firm competitiveness ($\beta_8$ = 0.203, p < .01) and firm sustainability ($\beta_{15}$ = 0.195, p < .05). A positive relationship between strength of shareholder rights and its consequences indicated that strength of shareholder rights enables firms to gain greater financial reporting quality, firm competitiveness, and firm sustainability.

The finding that strength of shareholder rights enables firms to gain greater financial reporting quality consistent with the prior research. (Dou et al., 2018) found the positive impact of strength shareholders rights on financial reporting quality. In line with Geiger & North (2013) indicates that strong shareholder rights help to reduce agency costs caused by conflicts of interest between the corporate manager and shareholders. Due to the Chris Mallin & Melis (2012) arguments that shareholder empowerment increases investors' ability to monitor and discipline managers. The shareholders are in charge of appointing the directors and auditors (Schwaninger, 2019). For firms with strength of shareholder rights, shareholders can exercise their rights more easily and effectively. Geiger & North (2013) found that having strong shareholder rights imposes additional monitoring on the firm's financial reporting executives, reduced information asymmetry from agency problem, leading to the higher quality financial reporting.

Moreover, strength of shareholder rights enables firms to gain firm competitiveness and sustainability. Consistent with the prior research of Gompers et al., (2007) and Shee et al., (2010) found that effective governed firms in strength of shareholder rights are positively impact on firm competitiveness, and most importantly ensure sustainability. Shareholders can demand a variety of information from firm directly and have a clear right to participate in the annual general meeting of shareholders (AGM). Directors are elected by shareholders voting and can be removed through shareholders' resolution anytime. Change to firm's basic documents like article of association, increasing authorized capital and sale of major corporate assets all require shareholder consent. **Thus, Hypotheses 1a, 1b and 1c are supported.**

Secondly, it is found that equitable treatment of shareholders (the second dimension) also shows significant and positive effects on the first outcomes: financial reporting quality ($\beta_2$ = 0.243, p < .05). Consistent with previous research, Hessayri (2017) found that equitable treatment of shareholders influence firm valuation and financial reporting quality. The issue of equal treatment of shareholders is about the rights of shareholders by considering the equality of each type of shareholders according to the law. Also considering the prevention of agency problem which may also arises between controlling and minority shareholders. This type of agency problems can result in the expropriation of wealth and lead towards manipulation of financial statements and earnings management practices. Due to receiving a high rate of dividends and firm value, it is the requirement of all types of shareholders. **Thus, Hypotheses 2a is supported.**

However, the finding indicates that equitable treatment of shareholders shows non-significant influences on firm competitiveness ($\beta_9$ = 0.008, p > 0.05) and firm sustainability ($\beta_{16}$ = 0.091, p > 0.05). The cause may due to the rights of shareholders in listed firms are governed by the Civil and Commercial Code, resulting in different types of shareholders and different rights. It is possible that the minority shareholders invested in the firm just to require returns in the form of dividends and capital gain in short term (Lertnuwat, 2012). On the issue of equitable treatment of shareholders, they are therefore restricted by legal rights. They invest in firm based on technical factors, ignoring the fundamentals of the business and the long-term ability of the firm, including the competitiveness and sustainability of the firm. So, the equitable treatment of shareholders does not affect firm competitiveness and firm sustainability (Shanikat, 2011). **Therefore, hypothesis 2b and 2c are not supported.**

Thirdly, like the first dimensions, respecting role of stakeholders (the third dimension) is significantly and positively on all of its consequences: financial reporting quality ($\beta_3$ = 0.237, p < .01), firm competitiveness ($\beta_{10}$ = 0.305, p < .05) and firm sustainability ($\beta_{17}$ = 0.214, p < .01). A positive relationship between respecting role of stakeholders and its consequences indicated that respecting role of stakeholders push firms to gain greater financial reporting quality, firm competitiveness, and firm sustainability.

These results show the evidence that the more effective in corporate governance scorecard, the more quality in financial reporting. In line with the prior research, Uwuigbe et al. (2018) indicated a positive strong motive of stakeholder management towards the achievement of economic return from the quality financial report. Accounting practitioners and professional standards setting bodies could enhance stakeholder reporting by focusing on the contribution of material stakeholder relations to financial performance. In the firms that focus on respecting role of stakeholders, there is a significant role to be played by accountants and the professional bodies in raising the visibility of stakeholder relations and reduce information asymmetry. (Haslam, Tsitsianis, Andersson & Gleadle, 2015).

Furthermore, the respecting role of stakeholders is significantly and positively on firm competitiveness. Result of this study is consistent with previous study that firms establish relationship with stakeholders beyond market transactions gain competitive advantage over their competitors (Barney, 1991). Moreover, firms competing in highly competitive environments are thus better to employ stakeholder oriented-strategy as to protect themselves from possible conflicts occurred by the affected actors from which it may impair competitiveness. So, managers concern to prioritize their treatment based on characteristics of power, legitimacy, and perceived urgency of stakeholders. Generally, the stakeholders evaluate how well firm can fulfill their expectations. Therefore, managers presumably need to perform better than the competitors with respect to treatment on key stakeholders as this effort creates a comparative advantage and ultimately lead to firm competitiveness. (Hunt & Morgan, 1997).

Moreover, respecting role of stakeholders is significantly and positively on firm sustainability. Result of this study is consistent with the previous study; Singh et al. (2019) found that the financial and non-financial performances were more preferable when firm conveyed information about the care of stakeholders towards them. In this study, firm sustainability combines both financial and non-financial performance measurement (Rangan et al., 2019). **Thus, Hypotheses 3a, 3b, and 3c are supported.**

Fourthly, the finding indicates that only disclosure and transparency enhancement (the fourth dimension) shows significant positive effects on financial reporting quality ($\beta_4$ = 0.199, p < .10). The positive relationships between disclosure and transparency enhancement and financial reporting quality indicate that firm with more disclosure and transparency enhancement would have higher financial reporting quality. Consistent with previous study, Trai et al. (2019) found the strength of relationships among several independent variables include transparency aspects of firm and financial reporting quality. **Thus, hypotheses 4a is supported.**

On the other hand, disclosure and transparency enhancement has no relationship with firm competitiveness ($\beta_{11}$ = 0.078, p > 0.05) and firm sustainability

($\beta_{18}$ = 0.036, p > .05). Surprisingly, the results show that disclosure and transparency enhancement does not have effects on firm competitiveness and firm sustainability. One explanation may be that disclosure and transparency enhancement is not enough to create a competitive advantage that can be further developed into firm competitiveness (Oxelheim, 2019). Mohammadi & Nezhad (2015) summarized that transparency was one of the most important factors affecting the firm's attractiveness to investors and the degree of transparency depends on the willingness and ability of management to correct any distinctions informative for market participants, the transparency of financial information was also a critical role. However, some companies are moving toward disclosure below if the strategic interaction between firms exists, information disclosure is most likely to lose their competitive advantage and profitability declines. Information disclosure is also influenced by the market competition environment. Moreover, disclosure and transparency enhancement may cause a firm to lose its ability to compete because it allows competitors to know the strategic information (Contractor, 2019).

For firm sustainability, disclosure and transparency enhancement may cause additional cost and expenses such as the costs associated with collecting, processing and disclosure of information, disclosure require effort, time and financial resources (Kaufman, 1999). Research has also demonstrated that if the cost of disclosure is high, companies will disclose lower disclosure (Wang et al, 2019). Another reason may be that users of more data from disclosure and transparency enhancement, especially financial data, may not understand the data and are unable to use the information to their advantage. Therefore, the disclosure and transparency enhancement has no effect on firm competitiveness (Schnackenberg & Tomlinson, 2016). In order to increase, the usefulness of disclosure and transparency should be presented in a manner understandable (Mohammadi & Nezhad, 2015). **Therefore, hypotheses 4b and 4c are not supported.**

Finally, like the first and the third dimensions, effective responsibility of the board (the fifth dimension) is significantly and positively related to all of its consequences: financial reporting quality ($\beta_5$ = 0.343, p < .01), firm competitiveness ($\beta_{12}$ = 0.168, p < .05) and firm sustainability ($\beta_{19}$ = 0.286, p < .01). A positive relationship between effective responsibility of the board and its consequences indicates that effective responsibility of the board empower firms to gain greater financial reporting quality, firm competitiveness, and firm sustainability.

Consistent with the prior research, Safkaur, Afiah, Poulus, & Dahlan (2019) revealed that financial experience of the board member could influence the quality of financial reporting. Arguably, if the board has less sufficient accounting knowledge especially in the age of IFRS, the financial reporting quality could be jeopardizing. The board of directors is regarded as the highest control mechanism that is accountable for monitoring the actions taken by the top executive of the firm (Fama & Jensen, 1983). The exercise of the function of monitoring by the board of directors is connected with the financial reporting quality. Fama & Jensen (1983) showed that it was an important factor to build a council to monitor under effective mode actions developed by the management. Moreover, the financial accounting information is the product of corporate accounting and external reporting systems that measure and publicly disclose audited, quantitative data concerning the financial position and performance of publicly held firms. An effective in corporate governance helps ensure that the management properly utilizes the enterprises resources in the best interest of owners, and fairly reports the financial condition and operating performance of the enterprise.

Consistent with prior research, Ekwe (2013) found that the main responsibility of management to the investors was to give a standardized financial statement evaluated and authenticated by a qualified financial expert. In addition, the results indicated that investors depend heavily on the credibility financial expert approval of financial statement in making investment decisions and as such published financial statement is very important in the users' decision making. Therefore, the higher the committee is responsible, the higher the quality in financial reports.

Furthermore, the effective responsibility of the board empower firm to gain greater competitiveness. In line with prior research, Balkytė & Tvaronavičienė (2010) investigated the impact of firm competitiveness on the sustainability and identify how firm competitiveness affected the sustainability (financial and non-financial) and found the positive relationship. Liargovas & Skandalis (2010) showed that responsible board and management competence have a significant positively impact on firm competitiveness.

Moreover, effective responsibility of the board also empower firm to gain sustainability. Consistent with the prior research of Cetindamar & Kilitcioglu (2013) which found that competitiveness enhances organizational performance and success of organization caused by its capability to create a new operation strategy, product innovation and access to new markets rather than its competitors and leads to finally sustain of organization or firm sustainability. The role of the board in firm has significantly evolved over time, but still varies a great deal depending on the firm's maturity. The firm's growth and maturity, however, requires a board with a prominent role in defining corporate strategy and supervising management to firm sustainability. **Thus, hypotheses 5a, 5b and 5c are supported.**

For the control variables, firm size has no significant relationship with all outcomes including financial reporting quality, firm competitiveness and firm sustainability. Likewise, firm age has also insignificant relationship with three outcomes. It implies that longer period of time in operation does not influence on financial reporting quality, firm competitiveness and firm sustainability.

The Relationships among Financial Reporting Quality, Firm Competitiveness, and Firm Sustainability

Figure 5 presents the relationship among financial reporting quality, firm competitiveness and firm sustainability. This research proposes that financial reporting quality has positive influences on firm sustainability as proposed in Hypothesis 6. In addition, firm competitiveness has positive influences on firm sustainability as proposed in Hypothesis 7. These hypotheses are transformed into the regression equation in Equation 4 as shown in Figure 5.

Figure 5 The Relationships among Financial Reporting Quality, Firm Competitiveness and Firm Sustainability

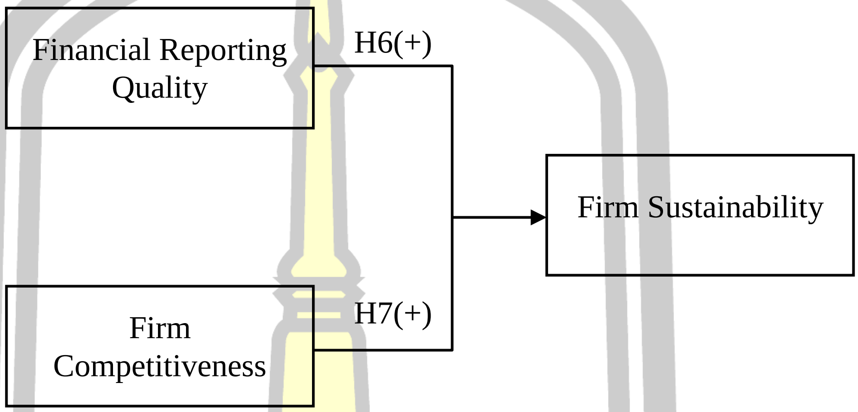



Table 11 shows the correlation between financial reporting quality, firm competitiveness and firm sustainability. The results indicated that financial reporting quality has a positive significant correlation with firm competitiveness and firm sustainability ($r = 0.211$, $p < .05$; $r = 0.350$, $p < .01$, respectively). All of these correlation coefficients are less than 0.8. In addition, the maximum VIF values of Equation 4 are 1.036 as shown in Table 10, which is below the cutoff value of 10 (Hair et al., 2014). Consequently, the multicollinearity problems are not a concern for this analysis. Table 10 shows the result of regression analysis for the effects among financial reporting quality, firm competitiveness and firm sustainability.

Table 11 Descriptive Statistics and Correlation Matrix of Financial Reporting Quality, Firm Competitiveness and Firm Sustainability

| **Variables** | FRQ | FCP | FST | FIS | FIA |
|---|---|---|---|---|---|
| Mean | 4.702 | 4.136 | 4.195 | .608 | .818 |
| S.D. | .366 | .639 | .566 | .569 | .387 |
| FRQ | 1 | | | | |
| FCP | .211* | 1 | | | |
| FST | .350** | .533** | 1 | | |
| FIS | -0.039 | -.171* | -0.154 | 1 | |
| FIA | -0.036 | 0.044 | -0.110 | 0.122 | 1 |

** Correlation is significant at the 0.01 level (2-tailed),
* Correlation is significant at the 0.05 level (2-tailed).

Table 12 Result of Regression Analysis for the Financial Reporting Quality and Firm Competitiveness on Firm Sustainability

***Equation 4:*** FST $= \alpha_{04}+\beta_{22}FRQ+\beta_{23}FCP+\beta_{24}FIS+\beta_{25}FIA+\varepsilon$

| **Independent Variables** | **Dependent Variables: Firm Sustainability** | | | | |
|---|---|---|---|---|---|
| | Unstandardized Coefficients | | Standardized Coefficients | t-stat | p-value |
| | B | Std. Error | Beta | | |
| (Constant) | .092 | .154 | | .596 | .552 |
| Financial Reporting Quality (H6) | .355 | .062 | .355 | 5.713 | .000** |
| Firm Competitiveness (H7) | .583 | .063 | .583 | 9.241 | .000** |
| Firm size (FIS) | -.016 | .112 | -.009 | -.145 | .885 |
| Firm age (FIA) | -.100 | .162 | -.039 | -.616 | .539 |
| Adjusted $R^2$ | 0.445 | | | | |
| Prob. | 0.000 | | | | |
| F-test | 30.585 | | | | |
| Maximum VIF | 1.051 | | | | |

** p<0.01, * p<0.05

For the hypothesis testing, the results of OLS regression analysis are identified in table 12. It is found that financial reporting quality has significant positive effects on firm sustainability ($\beta_{22}$ = 0.355, $p < .01$). The finding demonstrates that the higher financial reporting quality helps the firm to gain greater firm sustainability. Consistent with the confirmation of Armstrong et al. (2010) found that a better understanding of the value of accounting properties from quality financial report, interactions among governance mechanisms, and the informational demands of contracting parties was the accounting system's role in reducing agency problem. Due to shareholders and other stakeholders require companies to disclose information concerning their prospects for future performance and the sustainability. In line with prior research**,** Ekwe (2013) found that financial statement as a statement that conveys to management and to interested outsiders a concise picture of the profitability and firm sustainability. **Therefore, Hypotheses 6 is supported.**

The finding also shows that firm competitiveness has significant positive effects on firm sustainability ($\beta_{23}$ = 0.583, $p < .01$). A positive relationship between firm competitiveness and firm sustainability indicate that firm competitiveness push firms to gain greater firm sustainability. In line with the previous research, Cetindamar & Kilitcioglu (2013) investigated the impact of firm competitiveness on the sustainability (financial and non-financial) and found the positive relationship. **Therefore, hypothesis 7 is supported.**

For the control variables, the results indicate that firm size has no statistically significant effects on firm sustainability ($\beta_{24}$= -0.100, $p > .05$). Moreover, firm age has also no statistically significant effects on firm sustainability ($\beta_{25}$= -0.016, $p > .05$). Therefore, the control variables consist of firm size and firm age; have not influence on the relationship among financial reporting quality, firm competitiveness and firm sustainability.

The Relationships among the Antecedents and Corporate Governance Scorecard Effectiveness

Figure 6 illustrates the relationships among four antecedents including MIS competency, top management support, competitive pressure, and regulation force with five dimensions of corporate governance scorecard effectiveness as proposed in Hypotheses 8 (a-e) to Hypotheses 11 (a-e). The relationship of each hypothesis is proposed in a positive direction. These hypotheses are transformed into the regression equation in Equation 5-9.

Figure 6 The Relationships among the Antecedents and Corporate Governance Scorecard Effectiveness

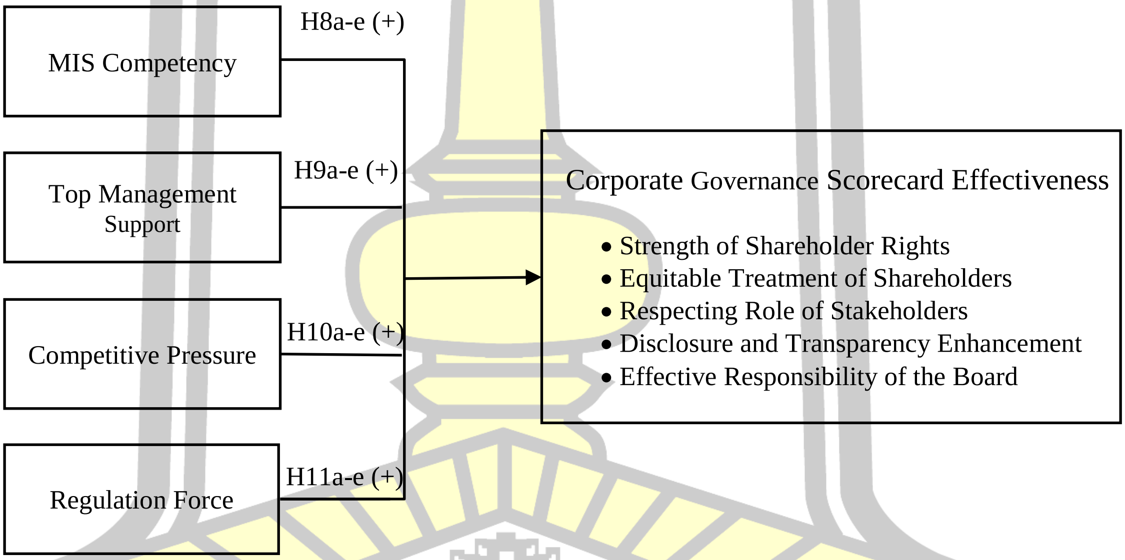



Table 13 shows the correlation coefficients among five antecedents and each dimension of the corporate governance scorecard effectiveness. The results indicate that all antecedents are positively correlated with all corporate governance scorecard effectiveness dimensions. For the first antecedent, MIS competency is significantly and positively correlated with strength of shareholder rights, equitable treatment of shareholders, respecting role of stakeholders, disclosure and transparency enhancement and effective responsible board ($r = 0.499$, $p < .01$; $r = 0.256$, $p < .01$; $r = 0.361$, $p < .01$; $r = 0.234$, $p < .01$; $r = 0.398$, $p < .01$, respectively).

Secondly, top management support is significantly and positively correlated with strength of shareholder rights, equitable treatment of shareholders, respecting role of stakeholders, disclosure and transparency enhancement and effective responsible board ($r = 0.462$, $p < .01$; $r = 0.291$, $p < .01$; $r = 0.295$, $p < .01$; $r = 0.210$, $p < .01$; $r = 0.356$, $p < .01$, respectively). Thirdly, competitive pressure is significantly and positively correlated with strength of shareholder rights, equitable treatment of shareholders, respecting role of stakeholders, disclosure and transparency enhancement and effective responsible board ($r = 0.445$, $p < .01$; $r = 0.290$, $p < .01$; $r = 0.337$, $p < .01$; $r = 0.259$, $p < .01$; $r = 0.363$, $p < .01$, respectively). Finally, regulation force is significantly and positively correlated with strength of shareholder rights, equitable treatment of shareholders, respecting role of stakeholders, disclosure and transparency enhancement and effective responsible board ($r = 0.366$, $p < .01$; $r = 0.180$, $p < .01$; $r = 0.193$, $p < .01$; $r = 0.181$, $p < .01$; $r = 0.229$, $p < .01$, respectively).

In the part of the correlation coefficients among five antecedences of corporate governance scorecard effectiveness, the results from Table 11 also show that all correlations are less than 0.80. Furthermore, the maximum VIF values of Equation 5 to 9 show in Table 13 is 1.074, which is below the cutoff value of 10 (Hair et al., 2014). Consequently, there are no significant multicollinearity problems appearing for this analysis.

Table 13 Descriptive Statistics and Correlation Matrix of Each Dimension of Corporate Governance Scorecard Effectiveness and Its Antecedences

| Variables | SSR | ETS | RRO | DTE | ERB | MIC | TMS | COP | REF | FIS | FIA |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Mean | 4.675 | 4.667 | 4.646 | 4.521 | 4.601 | 4.311 | 4.370 | 4.304 | 4.269 | .608 | .818 |
| S.D. | .433 | .463 | .447 | .462 | .457 | .665 | .589 | .671 | .607 | .569 | .387 |
| SSR | 1 | | | | | | | | | | |
| ETS | .166* | 1 | | | | | | | | | |
| RRO | .224** | .170* | 1 | | | | | | | | |
| DTE | .164* | .673** | .238** | 1 | | | | | | | |
| ERB | .296** | .294** | .316** | .232** | 1 | | | | | | |
| MIC | .499** | .256** | .361** | .234** | .398** | 1 | | | | | |
| TMS | .462** | .291** | .295** | .210* | .356** | .599** | 1 | | | | |
| COP | .445** | .290** | .337** | .259** | .363** | .531** | .667** | 1 | | | |
| REF | .366** | .180* | .193* | .181* | .229** | .399** | .540** | .581** | 1 | | |
| FIS | -.167* | -0.023 | 0.065 | -0.077 | -0.022 | -0.039 | -0.117 | -0.116 | -0.119 | 1 | |
| FIA | 0.111 | 0.060 | 0.048 | 0.036 | -0.054 | 0.112 | -0.007 | 0.054 | 0.015 | 0.122 | 1 |

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Table 14 Result of Regression Analysis for the Effects of the Antecedents on Strength of Shareholder Rights

***Equation 5:*** $SSR = \alpha_{05}+\beta_{26}MIC+\beta_{27}TMS+\beta_{28}COP+\beta_{29}REF+\beta_{30}FIS+\beta_{31}FIA+\varepsilon$

| **Independent Variables** | **Dependent Variables: Strength of Shareholder Rights** | | | | |
|---|---|---|---|---|---|
| | Unstandardized Coefficients | | Standardized Coefficients | t-stat | p-value |
| | B | Std. Error | Beta | | |
| (Constant) | -.039 | .157 | | -.247 | .805 |
| MIS competency (H8a) | .377 | .062 | .415 | 6.092 | .000** |
| Top Management Support (H9a) | .381 | .064 | .411 | 5.991 | .000** |
| Competitive Pressure (H10a) | -.033 | .062 | -.037 | -.540 | .590 |
| Regulation Force (H11a) | .071 | .062 | .078 | 1.155 | .250 |
| Firm size (FIS) | -.206 | .111 | -.128 | -1.849 | .067 |
| Firm age (FIA) | .287 | .169 | .119 | 1.697 | .092 |
| Adjusted $R^2$ | 0.381 | | | | |
| Prob. | 0.000 | | | | |
| F-test | 14.955 | | | | |
| Maximum VIF | 1.074 | | | | |

** p<0.01, * p<0.05

Table 15 Result of Regression Analysis for the Effects of the Antecedents on Equitable Treatment of Shareholders

***Equation 6:*** $ETS = \alpha_{06}+\beta_{32}MIC+\beta_{33}\,TMS+\beta_{34}COP+\beta_{35}REF+\beta_{36}FIS+\beta_{37}FIA+\varepsilon$

| **Independent Variables** | **Dependent Variables: Equitable Treatment of Shareholders** | | | | |
|---|---|---|---|---|---|
| | Unstandardized Coefficients | | Standardized Coefficients | t-stat | p-value |
| | B | Std. Error | Beta | | |
| (Constant) | .175 | .169 | | 1.037 | .302 |
| MIS competency (H8b) | .042 | .069 | .050 | .614 | .541 |
| Top Management Support (H9b) | .248 | .070 | .293 | 3.550 | .001** |
| Competitive Pressure (H10b) | -.070 | .070 | -.082 | -.998 | .320 |
| Regulation Force (H11b) | .192 | .069 | .226 | 2.774 | .006** |
| Firm size (FIS) | .093 | .123 | .063 | .755 | .452 |
| Firm age (FIA) | -.128 | .180 | -.060 | -.715 | .476 |
| Adjusted $R^2$ | 0.101 | | | | |
| Prob. | 0.000 | | | | |
| F-test | 3.557 | | | | |
| Maximum VIF | 1.054 | | | | |

** p<0.01, * p<0.05

Table 16 Result of Regression Analysis for the Effects of the Antecedents on Respecting Role of Stakeholders

***Equation 7:*** $RRO = \alpha_{07}+\beta_{38} MIC +\beta_{39} TMS+\beta_{40}COP+\beta_{41}REF +\beta_{42}FIS+\beta_{43}FIA+\varepsilon$

| **Independent Variables** | **Dependent Variables: Respecting Role of Stakeholders** | | | | |
|---|---|---|---|---|---|
| | Unstandardized Coefficients | | Standardized Coefficients | t-stat | p-value |
| | B | Std. Error | Beta | | |
| (Constant) | -.045 | .181 | | -.250 | .803 |
| MIS competency (H8c) | .113 | .076 | .123 | 1.487 | .139 |
| Top Management Support (H9c) | .208 | .074 | .233 | 2.805 | .006** |
| Competitive Pressure (H10c) | .061 | .075 | .068 | .823 | .412 |
| Regulation Force (H11c) | .197 | .076 | .212 | 2.580 | .011* |
| Firm size (FIS) | .159 | .131 | .102 | 1.215 | .226 |
| Firm age (FIA) | .005 | .193 | .002 | .027 | .979 |
| Adjusted $R^2$ | 0.083 | | | | |
| Prob. | 0.008 | | | | |
| F-test | 3.061 | | | | |
| Maximum VIF | 1.055 | | | | |

** p<0.01, * p<0.05

Table 17 Result of Regression Analysis for the Effects of the Antecedents on Disclosure and Transparency Enhancement

***Equation 8:*** $DTE = \alpha_{08} + \beta_{44} MIC + \beta_{45} TMS + \beta_{46} COP + \beta_{47} REF + \beta_{48} FIS + \beta_{49} FIA + \varepsilon$

| **Independent Variables** | **Dependent Variables: Disclosure and Transparency Enhancement** | | | | |
|---|---|---|---|---|---|
| | Unstandardized Coefficients | | Standardized Coefficients | t-stat | p-value |
| | B | Std. Error | Beta | | |
| (Constant) | .194 | .191 | | 1.017 | .311 |
| MIS competency (H8d) | .057 | .076 | .062 | .747 | .456 |
| Top Management Support (H9d) | .243 | .076 | .268 | 3.175 | .002** |
| Competitive Pressure (H10d) | -.030 | .077 | -.033 | -.393 | .695 |
| Regulation Force (H11d) | .011 | .076 | .012 | .145 | .885 |
| Firm size (FIS) | -.217 | .136 | -.135 | -1.599 | .112 |
| Firm age (FIA) | .031 | .201 | .013 | .154 | .877 |
| Adjusted $R^2$ | 0.063 | | | | |
| Prob. | 0.024 | | | | |
| F-test | 2.522 | | | | |
| Maximum VIF | 1.052 | | | | |

** $p<0.01$, * $p<0.05$

Table 18 Result of Regression Analysis for the Effects of the Antecedents on Effective Responsibility of the Board

***Equation 9:*** $ERB = A_{09} + \beta_{50}MIC + \beta_{51}TMS + \beta_{52}COP + \beta_{53}REF + \beta_{54}FIS + \beta_{55}FIA + \varepsilon$

| **Independent Variables** | **Dependent Variables: Effective Responsibility of the Board** | | | | |
|---|---|---|---|---|---|
| | Unstandardized Coefficients | | Standardized Coefficients | t-stat | p-value |
| | B | Std. Error | Beta | | |
| (Constant) | -.159 | .160 | | -.997 | .321 |
| MIS competency (H8e) | .208 | .065 | .259 | 3.216 | .002** |
| Top Management Support (H9e) | -.003 | .066 | -.003 | -.040 | .968 |
| Competitive Pressure (H10e) | .198 | .065 | .247 | 3.040 | .003** |
| Regulation Force (H11e) | .137 | .063 | .174 | 2.163 | .032** |
| Firm size (FIS) | .164 | .113 | .118 | 1.446 | .151 |
| Firm age (FIA) | .232 | .170 | .113 | 1.365 | .175 |
| Adjusted $R^2$ | 0.137 | | | | |
| Prob. | 0.000 | | | | |
| F-test | 4.551 | | | | |
| Maximum VIF | 1.057 | | | | |

** p<0.01, * p<0.05

The results of the OLS regression analysis are described in table 14 as follows. Firstly, the results demonstrate positive and significant relationship among MIS competency (the first antecedent) on strength of shareholder rights ($\beta_{26}$ = 0.377, p < .01) and effective responsibility of the board ($\beta_{30}$ = 0.208, p < .01) The result is in line with prior research that corporate board members should focus on MIS as a key resource and ally in monitoring their business strategies and operations. Well informed Board members should make decisions that benefit their stakeholders and society as well (Estrada, 2010). MIS describes as a consolidated reporting system which is designed specifically to assist managers in planning, implementing and controlling the activities of organization (Dugan, 2009). Tamandeh (2016) found that the management information system provide efficient information and support decision-making in business activities related to the business environment. **Thus, hypothesis 8a and 8e are supported.**

However, the interesting aspects of this finding are non-significant results in the relationship among MIS competency and three dimensions of corporate governance scorecard effectiveness: equitable treatment of shareholders, ($\beta_{32} = 0.042$, $p > .05$), respecting role of stakeholders ($\beta_{38} = 0.113$, $p > .05$) and disclosure and transparency enhancement ($\beta_{44} = 0.057$, $p > .05$). This evidence shows that MIS competency did not increase equitable treatment of shareholders, respecting role of stakeholders, and disclosure and transparency enhancement in the firm.

MIS competency is not influence on equitable treatment of shareholders. Consistent with the prior research, Matei & Drumasu (2015) found that minority shareholders are not interested in MIS in the organization for administration. The reasons for this unanticipated finding may be related to the development and design of management information system which directly be influenced by top management team vision to support most corporate decision-making. Moreover, MIS competency has typically been associated with collecting, integrating, analyzing, and presentation of business information.

Moreover, MIS competency is not influence on disclosure and transparency enhancement. Consistent with the prior research of Puspitaningrum & Atmini (2012), management information system has insignificant with disclosure and transparency. Nowadays, most of management information is a paperless-based reporting system and is often used internet interface. Some information from management information system may be more complex and has to interpret. **Thus, hypotheses 8b, 8c and 8d are not supported.**

Secondly, the results also show that top management support (the second antecedent) has significant positive effects on four dimensions of corporate governance scorecard effectiveness: strength of shareholder rights ($\beta_{27} = 0.381$, $p < .01$), equitable treatment of shareholders ($\beta_{33} = 0.248$, $p < .01$), respecting role of stakeholders ($\beta_{39} = 0.208$, $p < .01$), and disclosure and transparency enhancement ($\beta_{45} = 0.243$, $p < .01$).

It can be seen that firms with more top management support will be increasingly strength of shareholder rights, equitable treatment of shareholder, respecting role of stakeholders, and disclosure and transparency enhancement. The finding of this study was in line with previous studies which stated that the success or failure of governance in organizations depends on the intensity of support from the top management Young & Poon (2013). Top management has been recognized by prior researchers as the key actor on the implementation of firm. The implementation of corporate governance scorecard requires allocation of resources for designing, training of staff and technical process. Top management sets organizational strategy for achieving organizations plans, and they allocate the human and financial resources to coordinate the work and achieve success. Senior managers are the main part of the success of any activity implemented in the firm. They initiate organizational goals and ensure the plans and goals are achieved as expected. Young & Poon (2013) recognized the positive effect on top management support on implementation of corporate governance effectiveness. **Therefore, hypotheses 9a, 9b, 9c, and 9d are supported.**

On the contrary, the result demonstrates that it is not significant on the relation between top management support and effective responsible board ($\beta_{51}$ = -0.003, p > .05). It means that top management support is not related with effective responsibility of the board. Consistent with the prior research, Bjornali, Erikson & Knockaert (2011) found that top management didn't support the Board. In turn, when there are disagreements within the top management team, even of a task nature, the Board is more likely to provide their views and to be more engaged. As the board of directors is the key element of corporate governance, it is clear that its composition must be responsive to the basic functions that are assigned to it including supervising and monitoring, avoiding opportunistic behavior on the part of executives, and providing advice to decision makers to improve the management of the business. Firm develops and implements strategies and supporting policies to enable it to fulfill the objectives set out in the firm's constitution. Commonly the board delegates the day to day operations of the organization to the management team via the CEO but remains accountable to the members and shareholders for the organization's performance. The board monitors and supports management in an on-going way**. Thus, hypotheses 9e is not supported.**

Thirdly, the finding shows significant result between competitive pressure and effective responsibility of the board ($\beta_{52}$ = 0.198, p < .01). This result means that competitive pressure push effective responsibility of the board. Previous empirical studies have examined the relationship between the competitive pressure and the design of corporate governance system which is positively association. ( Lee & Yang (2011) found that the greater competition among firms, the higher significantly positive impact to corporate governance effectiveness. Competition helps reveal the best management team and discipline management. Also, competition acts as a substitute for external governance mechanisms. **Therefore, hypotheses 10e is supported.**

However, the findings demonstrate that competitive pressure (the third antecedent) has not significant on four dimension of corporate governance scorecard effectiveness: strength of shareholder rights ($\beta_{28}$= -0.33, p >.05), equitable treatment of shareholders ($\beta_{34}$ = -0.070, p >.05), respecting role of stakeholders ($\beta_{40}$ = 0.061, p >.05), and disclosure and transparency enhancement ($\beta_{46}$ = -0.030, p >.05). In this study competitive pressure including the growing needs of customers make the firm always strive for excellent performance in order to achieve better results; the large number of competitors entering the market has made the firm aware of the importance of meeting the needs of all stakeholders; continuously outstanding demand for performance has made the firm aware of its ability and capability; and given the importance of being able to adapt in a timely manner, firm must follow up with situations that change all the time (Trkman, 2010).

Then, the findings demonstrate that competitive pressure (the third antecedent) has not significant on strength of shareholder rights. Consistent with the previous research, Sturm & Nüesch (2019) found that strength of shareholder rights are crucial for ensuring efficient internal process within firms, especially when market competition is low. More specifically, in a competitive environment, firms are motivated to perform well in order to assure their survival. Indeed, in such a more competitive pressure, managers face more bankruptcy risk and are obliged to exert effort in order to avoid losing their jobs (Abdelkarim & Abusharbeh, 2016).

Furthermore, board of director is an important control point that alleviates agency problems and helps firm to create value for shareholders. In this context, several empirical studies investigate whether market competition can be considered as a substitute for efficient corporate governance effectiveness (Chen, Young, & Zhuang, 2013). **Therefore, hypotheses 10a, 10b, 10c, and 10d are not supported.**

Finally, the finding illustrate that regulation force (the fourth antecedent) has significant relationships with equitable treatment of shareholders ($\beta_{42}$ = 0.192, p <.01), respecting role of stakeholders ($\beta_{41}$ = 0.197, p <.05), and effective responsibility of the board ($\beta_{53}$ = 0.137, p <.05). The positive direction of these relationships mean that increased regulation force will result in equitable treatment of shareholders, respecting role of stakeholders, and disclosure and transparency enhancement. According to OECD "Corporate governance is only part of the larger economic context in which firms operate that includes, for example, macroeconomic policies and the degree of competition in product and factor markets. The corporate governance framework also depends on the legal, regulatory, and institutional environment. **Therefore, hypotheses 11b, 11c and 11e are supported.**

On the other hand, the unexpected research finding shows a non-significant relationship among regulation force on strength of shareholder rights ($\beta_{29}$ = 0.071, p >.05) and disclosure and transparency enhancement ($\beta_{47}$ = 0.011, p >.05). This finding implies that regulation force did not increase strength of shareholder rights and disclosure and transparency enhancement in the firm. Some previous research stated that there is no relationship between regulation force and strength of shareholder rights and disclosure and transparency enhancement in the firm. The stock exchanges around the world become increasingly conscious of their roles as self-regulatory institutions and explore the possibility of using the listing requirements as a tool for raising the effectiveness of corporate governance. But the support of the regulators is not enough. **Thus, hypothesis 11a and 11d are not supported.**

**Summary**

In this chapter, descriptive statistics for respondent characteristics and sample characteristics were reported. The multiple regression analysis and specific correlation analysis were used to test the hypotheses developed in the study, as well as to investigate the relationships among the variables. The results revealed that three dimensions of corporate governance scorecard effectiveness including strength of shareholder rights, respecting role of stakeholders and effective responsibility of the board have a strong positive impact on its all consequences (financial reporting quality, firm competitiveness and firm sustainability). While the second and the fourth dimension, equitable treatment of shareholders and disclosure and transparency enhancement have a partially positive effect on financial reporting quality, but are not significant to firm competitiveness and firm sustainability. In addition, financial reporting quality and firm competitiveness have a strong positive impact on firm sustainability.

In the antecedent factors, top management support is the majority influential determinants of four dimensions of corporate governance scorecard effectiveness: strength of shareholder rights, equitable treatment of shareholders, respecting role of stakeholders and disclosure and transparency enhancement. In addition, regulation force has positive significant on three dimensions: equitable treatment of shareholders, respecting role of stakeholders and effective responsibility of the board except on strength of shareholder rights and disclosure and transparency enhancement. Meanwhile, MIS competency has positive effects on strength of shareholder rights and effective responsibility of the board. Finally, competitive pressure has an only positive effect on effective responsibility of the board.

In conclusion, Hypotheses 1, 3, 5, 6 and 7 are supported and Hypotheses 2, 4, 8, 9, 10, and 11 are partially supported. The summary of the hypotheses testing results is shown in Table 19. The implications of these results, the contributions, limitations, and further research are discussed in greater details in the next chapter.

Table 19 The Results Summary of Hypotheses Testing

| **Hypotheses** | **Description of Hypothesized Relationships** | **Results** |
|---|---|---|
| H1a | The higher corporate governance scorecard effectiveness in strength of shareholder rights is, the more likely that the firms gain greater financial reporting quality. | Supported |
| H1b | The higher corporate governance scorecard effectiveness in strength of shareholder rights is, the more likely that the firms gain greater firm competitiveness. | Supported |
| H1c | The higher corporate governance scorecard effectiveness in strength of shareholder rights is, the more likely that the firms gain greater firm sustainability. | Supported |
| H2a | The higher corporate governance scorecard effectiveness in equitable treatment of shareholders is, the more likely that the firms gain greater financial reporting quality. | Supported |
| H2b | The higher corporate governance scorecard effectiveness in equitable treatment of shareholders is, the more likely that the firms gain greater firm competitiveness. | Not Supported |
| H2c | The higher corporate governance scorecard effectiveness in equitable treatment of shareholders is, the more likely that the firms gain greater firm sustainability. | Not Supported |
| H3a | The higher corporate governance scorecard effectiveness in respecting role of stakeholders is, the more likely that the firms gain greater financial reporting quality. | Supported |
| H3b | The higher corporate governance scorecard effectiveness in respecting role of stakeholders is, the more likely that the firms gain greater firm competitiveness. | Supported |
| H3c | The higher corporate governance scorecard effectiveness in respecting role of stakeholders is, the more likely that the firms gain greater firm sustainability. | Supported |

Table 19 The Results Summary of Hypotheses Testing (continued)

| Hypotheses | Description of Hypothesized Relationships | Results |
|---|---|---|
| H4a | The higher corporate governance scorecard effectiveness in disclosure and transparency enhancement is, the more likely that the firms gain greater financial reporting quality. | Supported |
| H4b | The higher corporate governance scorecard effectiveness in disclosure and transparency enhancement is, the more likely that the firms gain greater firm competitiveness. | Not Supported |
| H4c | The higher corporate governance scorecard effectiveness in disclosure and transparency enhancement is, the more likely that the firms gain greater firm sustainability. | Not Supported |
| H5a | The higher corporate governance scorecard effectiveness in effective responsibility of the board is, the more likely that the firms gain greater financial reporting quality. | Supported |
| H5b | The higher corporate governance scorecard effectiveness in effective responsibility of the board is, the more likely that the firms gain greater firm competitiveness. | Supported |
| H5c | The higher corporate governance scorecard effectiveness in effective responsibility of the board is, the more likely that the firms gain greater firm sustainability. | Supported |
| H6 | The higher financial reporting quality is, the more likely that the firms gain greater firm sustainability. | Supported |
| H7 | The higher firm competitiveness is, the more likely that the firms gain greater firm sustainability. | Supported |
| H8a | The higher MIS Competency is, the more likely that the firms gain corporate governance scorecard effectiveness in the strength of shareholder rights. | Supported |

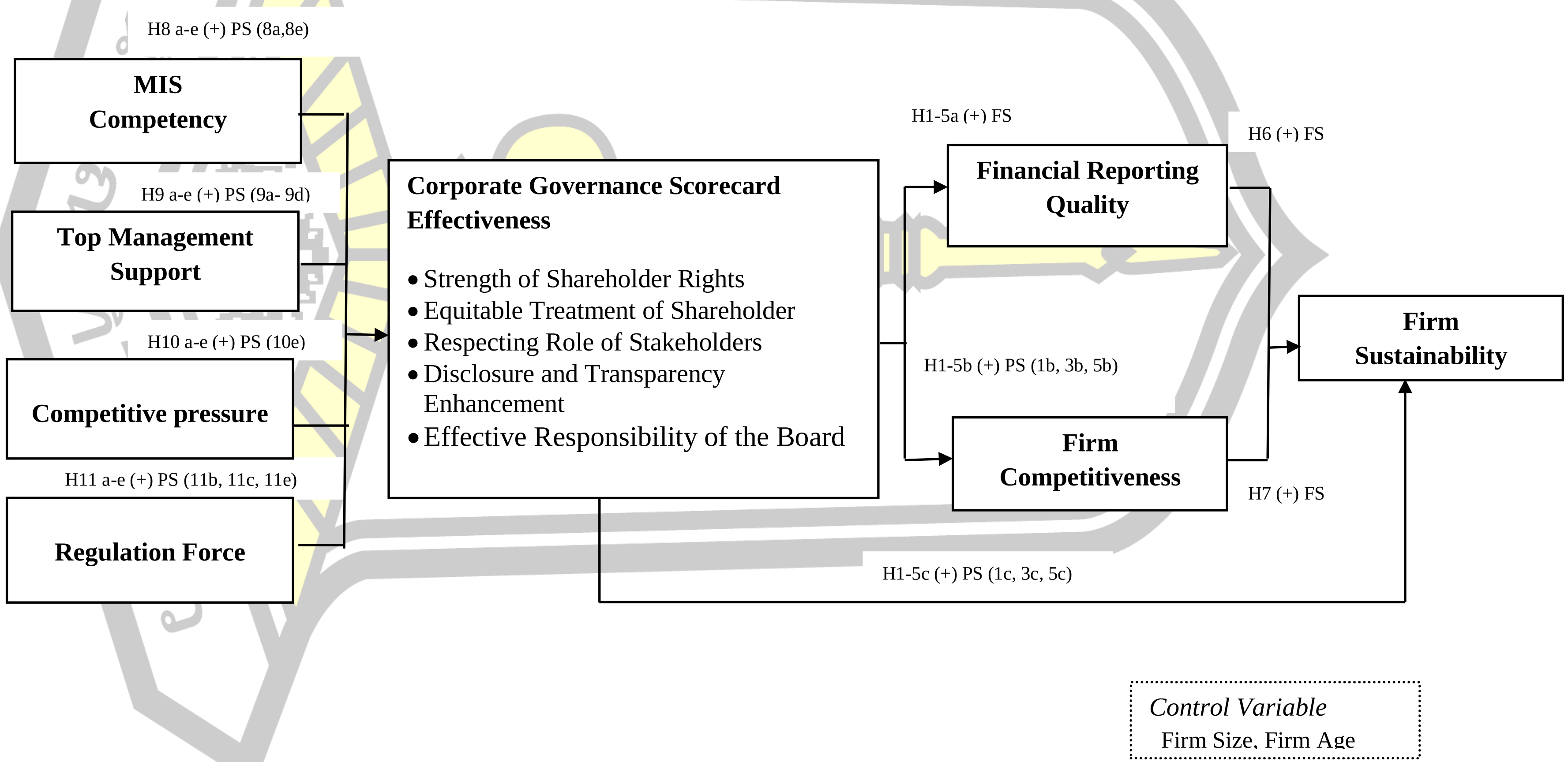
Table 19 The Results Summary of Hypotheses Testing (continued)

| Hypotheses | Description of Hypothesized Relationships | Results |
|---|---|---|
| H8b | The higher MIS Competency is, the more likely that the firms gain corporate governance scorecard effectiveness in the equitable treatment of shareholders. | Not Supported |
| H8c | The higher MIS Competency is, the more likely that the firms gain corporate governance scorecard effectiveness in the respecting role of stakeholders. | Supported |
| H8d | The higher MIS Competency is, the more likely that the firms gain corporate governance scorecard effectiveness in the disclosure and transparency enhancement. | Not Supported |
| H8e | The higher MIS Competency is, the more likely that the firms gain corporate governance scorecard effectiveness in the effective responsibility of the board. | Not Supported |
| H9a | The higher top management support is, the more likely that the firms gain corporate governance scorecard effectiveness in the strength of shareholder rights. | Supported |
| H9b | The higher top management support is, the more likely that the firms gain corporate governance scorecard effectiveness in the equitable treatment of shareholders. | Supported |
| H9c | The higher top management support is, the more likely that the firms gain corporate governance scorecard effectiveness in the respecting role of stakeholders. | Supported |
| H9d | The higher top management support is, the more likely that the firms gain corporate governance scorecard effectiveness in the disclosure and transparency enhancement. | Supported |
| H9e | The higher top management support is, the more likely that the firms gain corporate governance scorecard effectiveness in the effective responsibility of the board. | Not Supported |
| H10a | The higher competitive pressure is, the more likely that the firms gain corporate governance scorecard effectiveness in the strength of shareholder rights. | Not Supported |
| H10b | The higher competitive pressure is, the more likely that the firms gain corporate governance scorecard effectiveness in the equitable treatment of shareholders. | Not Supported |

Table 19 The Results Summary of Hypotheses Testing (continued)

| **Hypotheses** | **Description of Hypothesized Relationships** | **Results** |
| --- | --- | --- |
| H10c | The higher competitive pressure is, the more likely that the firms gain corporate governance scorecard effectiveness in the respecting role of stakeholders. | Not Supported |
| H10d | The higher competitive pressure is, the more likely that the firms gain corporate governance scorecard effectiveness in the disclosure and transparency enhancement. | Not Supported |
| H10e | The higher competitive pressure is, the more likely that the firms gain corporate governance scorecard effectiveness in the effective responsibility of the board. | Supported |
| H11a | The higher regulation force is, the more likely that the firms gain corporate governance scorecard effectiveness in the strength of shareholder rights. | Not Supported |
| H11b | The higher regulation force is, the more likely that the firms gain corporate governance scorecard effectiveness in the equitable treatment of shareholders. | Supported |
| H11c | The higher regulation force is, the more likely that the firms gain corporate governance scorecard effectiveness in the respect role of stakeholders. | Supported |
| H11d | The higher regulation force is, the more likely that the firms gain corporate governance scorecard effectiveness in the disclosure and transparency enhancement. | Not Supported |
| H11e | The higher regulation force is, the more likely that the firms gain corporate governance scorecard effectiveness in the effective responsibility of the board. | Supported |

Figure 7 Summary of Results in All Hypotheses Testing



# CHAPTER V

# DISCUSSION AND CONCLUSION

The previous chapter has examined the outcome of the data and hypotheses testing. This chapter provides the overview of all findings, including discussion and summary of the findings and hypothesis testing, contributions to the theoretical knowledge and also the contribution to practice, research limitations and further research that could be extended.

## Discussion

This research investigates the effect of corporate governance scorecard effectiveness (strength of shareholder rights, equitable treatment of shareholder, respecting role of stakeholders, disclosure and transparency enhancement, and effective responsibility of the board) on financial reporting quality, firm competitiveness, and firm sustainability of Thai listed firms. In addition, MIS competency, top management support, competitive pressure and regulation force are assigned as the antecedents of corporate governance scorecard effectiveness.

In this research, the key research question is "how does corporate governance scorecard effectiveness affect firm sustainability of Thai listed firms?" In addition, there were three detailed research questions. 1) How does each dimension of corporate governance scorecard effectiveness (strength of shareholder rights, equitable treatment of shareholders, respecting role of stakeholders, disclosure and transparency enhancement, and effective responsibility of the board) have the influence on financial reporting quality, firm competitiveness, and firm sustainability? 2) How does both financial reporting quality and firm competitiveness effect to firm sustainability? 3) How do each antecedent variable (MIS competency, top management support, competitive pressure and regulation force) influence on each dimension of corporate governance scorecard effectiveness?

The conceptual framework of this research was supported by two theories, including agency theory and contingency theory. Both agency and contingency theory were employed to describe the relationship of the research model. Due to the two groups of relationships, agency theory was proposed to explain the relationship between each dimension of corporate governance scorecard effectiveness and it consequences. At the same time, the contingency theory was also used to describe the relationship among the antecedents and dimensions of corporate governance scorecard effectiveness.

The results of hypotheses testing demonstrated that a majority of the hypotheses was partially supported. The results of each hypothesis according to specific research questions are summarized and shown in Table 20 and Figure 7.

According to the first specific research question, the results indicate that strength of shareholder rights, respecting role of stakeholders, and effective responsibility of the board have positive impact on all of its consequences, including financial reporting quality, firm competitiveness, and firm sustainability.
Meanwhile, equitable treatment of shareholders and disclosure and transparency enhancement has positive impact on only one of its consequences, financial reporting quality. Thus, the relationships among each dimension of corporate governance scorecard effectiveness and its consequences based on Hypotheses 1-5 are partially supported.

This result confirms that the effectiveness of corporate governance, including shareholders with controlling and non-controlling shareholders who can fully exercise their rights, involved all stakeholders can fully perform their roles, the enhancement of disclosure and transparency in firm, and the effective management results of the effective boards. Thus these five areas help to reduce agency problems. Consistent with previous research, (Lu & Sougiannis, 2011) suggested that corporate governance effectiveness play an important role in mitigating the effect of the agency problems, especially in aspect of the information asymmetric, resulting in higher quality financial statements due to more efficient business practices (Beatty, Liao, Weber, Beatty & Liao, 2010).

For the second specific research question, the finding shows that financial reporting quality positively influences on firm sustainability. In the third specific research question, the findings illustrated that firm competitiveness has positively affected firm sustainability. Therefore, Hypotheses 6-7 are fully supported.

This result confirms that the quality of financial reports causes the agency problems in the issue the information asymmetric can be reduced, leads to firm sustainability (Khan, Serafeim & Yoon, 2016). In addition, firm competitiveness is due to the sustainable strategy leading to the business awareness. In addition, the reduction of information asymmetric and the reduction of conflicts of interest with all parties involved in the firm lead to firm sustainability.

Furthermore, for the third specific research question, the relationships among the antecedents and corporate governance scorecard effectiveness, the finding shows that MIS competency has the significant positive effect on strength of shareholder rights and effective responsibility of the board. Top management support has the significant positive effect on strength of shareholder rights, equitable treatment of shareholders, respecting role of stakeholders, and disclosure and transparency enhancement. Competitive pressure has the significant positive effect on effective responsibility of the board. Finally, regulation force has the significant positive effect on equitable treatment of shareholders, respecting role of stakeholders, and effective responsibility of the board. Therefore, Hypotheses 8-11 are partially supported.

This result confirms that both internal and external factors contribute to effective corporate governance. According to the contingency theory, when firm manages the internal and external factors efficiently, it will result in effective corporate governance (Al-Rahahleh, 2016). For the second specific research question, the finding shows that financial reporting quality positively influences on firm sustainability. In the third specific research question, the findings illustrated that firm competitiveness has positively affected firm sustainability.

## Conclusion

This research investigates the dimensions of corporate governance scorecard in the context of ASEAN. The primary objective of this research is to examine the influence of corporate governance scorecard effectiveness on firm sustainability. Moreover, the effects of each dimension of the corporate governance scorecard effectiveness on financial reporting quality, firm competitiveness and firm sustainability are investigated. Finally, this research test the influences of MIS competency, top management support, competitive pressure and regulation force on each dimension of corporate governance scorecard effectiveness.

The results reveal that the relationships among each dimension of corporate governance scorecard effectiveness and its consequences based on Hypotheses 1-5 are partially supported, hypotheses 6-7 are fully supported and hypotheses 8-11 are partially supported.

Table 20 Summary of Results in All Research Questions

| Research Questions | Hypotheses | Results | Conclusions |
|---|---|---|---|
| <u>Specific Research Question</u> | | | |
| (1) How does each dimension of corporate governance scorecard effectiveness has an effect on financial reporting quality, firm competitiveness, and firm sustainability? | H1a-c | - Strength of shareholder rights has positive effects on financial reporting quality, firm competitiveness, and firm sustainability. | Partially Supported |
| | H2a-c | - Equitable treatment of shareholders has positively influences on financial reporting quality. | |
| | H3a-c | - Respecting role of stakeholders has positively affects financial reporting quality, firm competitiveness, and firm sustainability. | |
| | H4a-c | - Disclosure and transparency enhancement has positive effects on financial reporting quality. | |
| | H5a-c | - Effective responsible board has positive effects on financial reporting quality, firm competitiveness, and firm sustainability. | |

Table 20 Summary of Results in All Research Questions (continued)

| Research Questions | Hypotheses | Results | Conclusions |
|---|---|---|---|
| (2) How does financial reporting quality effect to firm sustainability? | H6 | - Financial reporting quality has positive effects to firm sustainability. | Fully Supported |
| (3) How does firm competitiveness effect to firm sustainability? | H7 | - Firm competitiveness has positive effects to firm sustainability. | Fully Supported |
| (4) How do MIS competency, top management support, competitive pressure and regulation force influence on each dimension of dynamic management accounting orientation? | H8a-e | - MIS competency has positive influences on strength of shareholder rights. | Partially Supported |
| | H9a-e | - Top management support has positive influences on strength of shareholder rights, respecting role of stakeholders and disclosure and transparency enhancement. | |
| | H10a-e | - Competitive pressure does not influence all consequences. | |
| | H11a-e | - Regulation force has positive influences on respect role of stakeholders. | |

**Theoretical and Managerial Contributions**

Theoretical contributions

This study contributes to the literature in corporate governance scorecard effectiveness in two main respects. Firstly, this study examines corporate governance in the context of Thailand, which still has a few studies. Due to ASEAN corporate governance scorecard (ACGS) is the joint effort of the Asian Capital Markets Forum (ACMF) in lifting up the corporate governance standard in the region, as the region is geared towards the Asian Economic Community (AEC). It explores and ranking the quality of corporate governance of corporations in ASEAN. As such, it can reflect the quality of corporate governance and enhance effectiveness of corporate governance. So, the Securities and Exchange Commission of Thailand (SEC) aims to push Thai listed companies on top of the ranking to further advertise the Thai capital market to the world. Although ASEAN corporate governance scorecard and Thai corporate governance principles are also based on international governance principles under the OECD, there are some different points of focus. Therefore, this study is an extension of the knowledge of ASEAN corporate governance in Thailand. For firms listed on the Stock Exchange of Thailand, which are the participating groups, are also the populations in this study. 1

Finally, this research also contributes to corporate governance scorecard effectiveness literature by examining the components of the corporate governance scorecard effectiveness in the Thai listed firm context for all dimensions. Most prior researches studied only some dimensions of corporate governance from all five dimensions. This study was conducted at the same time in all five areas of corporate governance scorecard effectiveness include strength of shareholder rights, equitable treatment of shareholders, respecting role of stakeholders, disclosure and transparency enhancement, and effective responsibility of the board. Based on the concept of agency theory, the corporate governance scorecard effectiveness in line with ASEAN will help the firm to reduce agency problems, which will increase financial reporting quality and ultimately lead to firm sustainability. Moreover based on contingency theory, firm should focus on the both internal and external factors that affect the effectiveness of corporate governance scorecard. This research is interested in two internal factors include MIS competency and top management support, and two external factors include competitive pressure and regulation force as the antecedent variables. So, this research contributes to corporate governance literature by improving factors that influence the effectiveness of corporate governance scorecard based on contingency theory. The finding of this research provides a better understanding whether the effective in corporate governance scorecard depends on the ability to adapt to the changes from both internal factors (MIS competency and top management support) and external factors (competitive pressure and regulation force) drive competitive advantage that in turn helps gaining competitiveness and ultimately leading to firm sustainability.

Managerial contributions

The results of this research contribute to providing helpful insights and useful guidelines for Thai listed firms, this research helps firms to identify and explain what lead to corporate governance scorecard effectiveness and demonstrate the benefits of effective corporate governance in financial reporting quality, firm competitiveness and firm sustainability. Additionally, firm should prioritize other factors that affect the effectiveness of corporate governance, including MIS competency, top management support, competitive pressure and regulation force, which investigated in this study.

Further, a number of managerial contributions directly donate to all firms which apply the concept of corporate governance scorecard for improving their firms, particularly in the unstable situation. If the firm has strictly adhered to the principles of corporate governance scorecard until success in corporate governance scorecard based on ASEAN. In addition to the benefits that an enterprise will receive in terms of the quality of its good financial reports, firm competitiveness and firm sustainability, it will also be ranked at the top of the comparable ASEAN businesses. Together which will achieve the goals of the Securities and Exchange Commission of Thailand (SEC). The SEC aims to push Thai listed companies on top of the ranking, to further advertise the Thai capital market to the world.

**Limitations and Future Research Directions**

The sample size with the response rate in this research was based on an acceptable level of survey at 22.52%. However, only 143 respondents in the present study are considered as a small number. As a result, it may affect the analysis power of the statistical test so that the results of the hypotheses are also impacted. This bias restricted generalization of the findings and prevented further statistical analyses for this group but caution must also be exercised when generalizing from the results for large firms given the low response rate. However, data collection for large firms is difficult and therefore the limitation of low response rates cannot be avoided.

When interpreting the outcomes of this research several limitations need to be considered. Firstly, although the usable sample size in this research meets the required sample size, however, it was only a minimum sample size which is required to meet the reliable research results. So it is possible that it will affect the results of hypothesis testing. If the data is more available than this, then it can provide much stronger evidence than the minimum sample size. Therefore, in future research, it would increase more efficient methods for data collection and follow-up such as pre-notification to the respondents that they will be contacted and paves the way for the caller to make credibility with them before sent questionnaire.

Moreover, as the results of this research show that some hypotheses have no significant effects, Therefore, in future research; other research methodology may be conducted to examine this conceptual framework to the understanding of this subject phenomenon. For example, a qualitative approach such as case study and in-depth interview might be conducted to shed further light on this issue. A case study among certain companies might reveal the actual corporate governance scorecard practices for detailed investigation. Also, any obstacles or problems associated with failures in the change process can be easily identified and tested, providing the greater understanding of the subject phenomena.

Furthermore, the relationships of all constructs are very large and complex, especially the main constructs, combine with some of the research hypotheses are not statistically significant which opposite to the hypothesis set in this research. Then further study should use other techniques, such as structural equation model (SEM), to test each of five dimensions for explicit explaining how effects, both direct and indirect, on its consequences. In addition, corporate governance scorecard should be tested with other groups of companies that are not on the Stock Exchange of Thailand, such as multinational companies. Finally, this research used questionnaires to collect the data. Thus, future research may be developing longitudinal data and/or mixed methods designed to observe corporate governance scorecard effectiveness in new dimensions that have an effect on firm sustainability.

**Summary**

This chapter has detailed the conclusion of the results on the effects of corporate governance scorecard effectiveness on firm sustainability that is supported by the theoretical frameworks, including the agency theory and the contingency theory. The results of this research confirm that corporate governance scorecard effectiveness has a positive, influential impact on firm sustainability through financial reporting quality and firm competitiveness. Given this evidence, it can be seen that the research question is supported. However, there are some fully-supported and partially-supported hypotheses.

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# APPENDIX

# APPENDIX A
## The Original Items

Table A: Original Items in Scales

| **Construct** | **Items** |
|---|---|
| Strength of Shareholder Rights (SSR) | |
| SSR1 | Firm always pays dividends equal to the proportion of investments of each person on time. |
| SSR2 | Firm consistently encourages shareholders to make decisions regarding significant changes in their operations. |
| SSR3 | Firm is confident that the shareholders are able to attend the annual general meeting efficiently, by announcing the various rules of the meeting and the resolution for shareholders to fully understand before the meeting. |
| SSR4 | Firm has controlled and implemented the business combination and the acquisition of the business at the right price and transparent and fair operations for all groups of shareholders. |
| SSR5 | Firm focuses on facilitating the exercise of ownership rights by all types of shareholders, including institutional investors. |
| Equitable Treatment of Shareholders (EST) | |
| EST1 | Firm is aware of the different rights of each type of shareholders and treats them equally according to the role of each type of shareholders. |
| EST2 | Firm focuses on arranging shareholders' meetings in a manner that encourages all shareholders to have equal voting rights. |
| EST3 | Firm promotes preventive measures in the event that directors and executives use insider information for their own interests. |
| EST4 | Firm supports the disclosure of information about the interests of executives and related parties in order to avoid conflicts of interest. |
| EST5 | Firm promotes policies for minority shareholders to exercise their voting rights, including allowing minority shareholders to propose additional meeting agendas before the meeting date. |

Table A: Original Items in Scales (Continued)

| Construct | Items |
| --- | --- |
| Respecting Roles of Stakeholders (RRO) | |
| RRO1 | Firm is committed to treating each group of stakeholders by taking into account the rights of the stakeholders according to the law or the agreement with the company continuously. |
| RRO2 | Firm continually supports policies and practices to compensate for damages arising from violation of rights of stakeholders. |
| RRO3 | Firm focuses on the development of mechanisms to promote employee participation at all levels of work. |
| RRO4 | Firm provides measures to receive clues or complaints from both employees and other interested parties regarding illegal actions, unethical behavior or behavior that may cause corruption in the organization. |
| RRO4 | Firm attaches importance to the process of protecting persons appropriately informing clues about committing an offense. |
| Disclosure and Transparency Enhancement (DTE) | |
| DTE1 | Firm focuses on disclosing direct and indirect shareholding of directors in both the annual report and the company's website. |
| DTE2 | Firm intends to disclose the quality of the financial and non-monetary data in the annual report with quality and clearly show the content of the corporate governance in the annual report. |
| DTE3 | Firm discloses a policy to examine and approve relevant party transactions, such as the transfer of resources or services or commitments between the reporting party and the related parties. |
| DTE4 | Firm believes that its financial reports are accurate and in accordance with generally accepted accounting standards and have been audited by independent auditors. |

Table A: Original Items in Scales (Continued)

| Construct | Items |
|---|---|
| Disclosure and Transparency Enhancement (DTE) | |
| DTE5 | Firm has various channels to disseminate information in order to have access to relevant information in an effective and timely manner, such as the investor relations website, daily report, quarterly report and annual report etc. |
| Effective Responsibility of the Board (ERB) | |
| ERB1 | Firm has clearly defined the roles and responsibilities of the board of directors, including the disclosure of corporate governance policy, vision and mission, process of continuous review and strategy implementation. |
| ERB2 | Firm has a committee which adheres to the business ethics which results in the board being able to exercise independent discretion regarding the operations of the business. |
| ERB3 | Firm is aware of the board's effective work process, including attendance, payment, internal audit, and risk management etc. |
| ERB4 | Firm believes that the highest management with knowledge, ability and experience can manage independently from the Board of Directors. |
| ERB5 | Firm promote the development and evaluation plan for the annual performance of the board and management with efficiency. |
| Financial Reporting Quality (FRQ) | |
| FRQ1 | Firm is concerned with the preparation and presentation of financial statements that have the size and nature of information that is important to the economic decisions of users of the financial statements continuously. |
| FRQ2 | Firm adheres to fair and fair presentation of information in the financial statements without bias, complete and under caution in uncertain situations. |

Table A: Original Items in Scales (Continued)

| Construct | Items |
|---|---|
| Financial Reporting Quality (FRQ) | |
| FRQ3 | Firm emphasizes the presentation of the information in the financial statements in a simple and clear format so that the users can understand the information correctly and can use it efficiently. |
| FRQ4 | Firm gives importance to the timeliness of preparation and presentation of financial statement information, including the timely dissemination of financial statements to users of various groups. |
| FRQ5 | The business is focused on presenting information in the financial statements that can be compared with historical data of the business itself and compared with information of other businesses in the same manner. |
| FRQ6 | Firm adheres to the principles of financial reporting standards relevant to the preparation of financial statements in strict accordance with the complete verification process. |
| Firm Competitiveness (FCP) | |
| FCP1 | Firm is ready and has operational potential to make a difference that is superior to other businesses in the same industry. |
| FCP2 | Firm is able to create outstanding products and services until being continuously accepted by customers. |
| FCP3 | Firm is able to apply new methods or new techniques that have the potential to be applied continuously. |
| FCP4 | Firm is confident that it has received increased acceptance from investors, which will result in continuous investment expansion, leading to business expansion as per the customers' needs in the future. |
| FCP5 | Firm believes that receiving quality awards in various fields leads to an increase in market share. |

Table A: Original Items in Scales (Continued)

| Construct | Items |
|---|---|
| Firm Sustainability (FST) | |
| FST1 | Firm has a continuously increasing profit and return rate. |
| FST2 | Firm has a growing rate of market share which is confident that customers are continuously loyal to the product or service of the company. |
| FST3 | Firm has sufficient resources and funds to operate and to cope with various situations stably. |
| FST4 | Firm been consistently recognized for its reputation with the trust and faith of those involved. |
| FST5 | Firm are able to strengthen, develop, and maintain stable relationships with stakeholders with the business stably and sustainably. |
| MIS Competency (MIC) | |
| MIC1 | Firm has management information systems that enable users to find useful information that can be used quickly and easily. |
| MIC2 | Firm has an efficient information network for management which can connect various systems in the organization efficiently. |
| MIC3 | Firm supports the development of management information systems that are up-to-date in order to obtain accurate, fast, and effective information supporting decision-making. |
| MIC4 | Firm emphasizes the use of information systems to support the work of all departments in the organization to be effective throughout the organization. |
| Top Management Support (TMS) | |
| TMS1 | Executives fully support the necessary resources, budgets, and other facilities in their operations, which will help them to operate more efficiently. |
| TMS2 | Executives encourage personnel to learn and train new techniques and methods at all times, bringing capability and potential of personnel. |

Table A: Original Items in Scales (Continued)

| Construct | Items |
| --- | --- |
| Top Management Support (TMS) | |
| TMS3 | Executives focus on the sharing of knowledge and experience together which will bring the most total effectiveness to the business. |
| TMS4 | Executives give priority to the compensation or rewards for the employees who achieve their business goals. |
| Competitive Pressure (COP) | |
| COP1 | The growing needs of customers make the firm always strive for excellent performance in order to achieve better results. |
| COP2 | The large number of competitors entering the market has made the firm aware of the importance of meeting the needs of all stakeholders. |
| COP3 | Continuously outstanding demand for performance has made the firm aware of its ability and capability. |
| COP4 | Given the importance of being able to adapt in a timely manner, firm must follow up with situations that change all the time. |
| Regulation Force (REF) | |
| REF1 | The regulators have issued rules, regulations, standards, and other relevant methods to be up to date with international changes, making the business committed to adjusting the way of operations to be most consistent. |
| REF2 | The regulators have encouraged the firm to learn and understand about the changes in rules, regulations, standards, and related methods to enable the business to apply properly. |
| REF3 | The regulators continually monitor the compliance with relevant rules, regulations and standards. |
| REF4 | The regulators are seriously punished for not following the rules, regulations, standards, and procedures. |

# APPENDIX B

## Factor Loading and Reliability Analyses in Pre-Test

Table B: Item Factor Loadings and Reliability Analyses in Pre –Test [a]

| Constructs | Items | Factor Loadings | Item total correlation | Cronbach's Alpha |
|---|---|---|---|---|
| Strength of Shareholder Rights (SSR) | SSR1 | .761 | .569 | .764 |
| | SSR2 | .660 | .474 | |
| | SSR3 | .558 | .479 | |
| | SSR4 | .811 | .681 | |
| | SSR5 | .764 | .577 | |
| Equitable Treatment of Shareholders (ETS) | ETS1 | .598 | .557 | .834 |
| | ETS2 | .791 | .613 | |
| | ETS3 | .895 | .903 | |
| | ETS4 | .720 | .602 | |
| | ETS5 | .758 | .576 | |
| Respect Role of Stakeholders (RRO) | RRO1 | .888 | .631 | .791 |
| | RRO2 | .785 | .606 | |
| | RRO3 | .536 | .490 | |
| | RRO4 | .735 | .546 | |
| | RRO5 | .770 | .609 | |
| Disclosure and Transparency Enhancement (DTE) | DTE1 | .849 | .712 | .817 |
| | DTE2 | .825 | .682 | |
| | DTE3 | .784 | .637 | |
| | DTE4 | .579 | .489 | |
| | DTE5 | .695 | .535 | |
| Effective Responsibility of the Board (ERB) | ERB1 | .905 | .648 | .713 |
| | ERB2 | .651 | .453 | |
| | ERB3 | .738 | .497 | |
| | ERB4 | .569 | .655 | |
| | ERB5 | .702 | .501 | |

[a]n = 30

Table B: Item Factor Loadings and Reliability Analyses in Pre –Test [a] (Continued)

| Constructs | Items | Factor Loadings | Item total correlation | Cronbach's Alpha |
|---|---|---|---|---|
| Financial Reporting Quality (FRQ) | FRQ1 | .733 | .568 | .738 |
| | FRQ2 | .618 | .494 | |
| | FRQ3 | .701 | .461 | |
| | FRQ4 | .678 | .461 | |
| | FRQ5 | .930 | .718 | |
| | FRQ6 | .698 | .407 | |
| Firm Competitiveness (FCP) | FCP1 | .817 | .746 | .875 |
| | FCP2 | .696 | .614 | |
| | FCP3 | .838 | .716 | |
| | FCP4 | .762 | .631 | |
| | FCP5 | .919 | .836 | |
| Firm Sustainability (FST) | FST1 | .800 | .589 | .869 |
| | FST2 | .820 | .674 | |
| | FST3 | .857 | .737 | |
| | FST4 | .944 | .800 | |
| | FST5 | .871 | .725 | |
| MIS Competency (MIC) | MIC1 | .859 | .758 | .928 |
| | MIC2 | .708 | .822 | |
| | MIC3 | .776 | .872 | |
| | MIC4 | .892 | .879 | |
| Top Management Support (TMS) | TMS1 | .769 | .723 | .883 |
| | TMS2 | .751 | .786 | |
| | TMS3 | .746 | .799 | |
| | TMS4 | .860 | .729 | |

[a]n = 30

Table B: Item Factor Loadings and Reliability Analyses in Pre –Test [a] (Continued)

| **Constructs** | **Items** | **Factor Loadings** | **Item total correlation** | **Cronbach's Alpha** |
|---|---|---|---|---|
| Competitive Pressure (COP) | COP1 | .862 | .866 | .921 |
| | COP2 | .839 | .775 | |
| | COP3 | .841 | .845 | |
| | COP4 | .768 | .788 | |
| Regulation Force (REF) | REF1 | .770 | .652 | .849 |
| | REF2 | .930 | .786 | |
| | REF3 | .918 | .832 | |
| | REF4 | .706 | .540 | |

[a]n = 30

# APPENDIX C

## Key Participant Characteristics

Table C: Key Participant Characteristics

| Characteristics | | Frequencies | Percentage (%) |
|---|---|---|---|
| 1. Gender | Male | 60 | 41.96 |
| | Female | 83 | 58.04 |
| | Total | 143 | 100.00 |
| 2. Age | Less than 35 years old | 21 | 14.69 |
| | 35 - 40 years old | 23 | 16.08 |
| | 41 - 45 years old | 28 | 19.58 |
| | More than 45 years old | 71 | 49.65 |
| | Total | 143 | 100.00 |
| 3. Education level | Bachelor's degree or lower | 41 | 28.67 |
| | Master's degree | 96 | 67.13 |
| | Doctoral degree | 6 | 4.20 |
| | Total | 143 | 100.00 |
| 4. Working experience | Less than 5 years | 26 | 18.18 |
| | 5-10 years | 46 | 32.17 |
| | 11-15 years | 23 | 16.08 |
| | More than 15 years | 48 | 33.57 |
| | Total | 143 | 100.00 |
| 5. Average monthly income at present | Less than 100,000 Baht | 36 | 25.17 |
| | 100,000 – 150,000 Baht | 36 | 25.17 |
| | 150,001-200,000 Baht | 28 | 19.58 |
| | More than 200,000 Baht | 43 | 30.07 |
| | Total | 143 | 100.00 |
| 6. Working position | President | 47 | 32.87 |
| | Managing Director | 63 | 44.06 |
| | Other | 33 | 23.08 |
| | Total | 143 | 100.00 |

# APPENDIX D

## Demographic of Organizational Characteristics

Table D: Organizational Respondent Characteristics

| **Characteristics** | | **Frequencies** | **Percentage (%)** |
|---|---|---|---|
| 1. Industrial category | Agro and Food Industry | 17 | 11.89 |
| | Consumer Products | 12 | 8.39 |
| | Industrials | 22 | 15.38 |
| | Property & Construction | 23 | 16.08 |
| | Resources | 14 | 9.79 |
| | Technology | 30 | 20.98 |
| | Services | 25 | 17.48 |
| | Total | 143 | 100.00 |
| 2. Authorized capital of the firm | Less than 1,000,000,000 Baht | 87 | 60.84 |
| | 1,000,000,001 - 5,000,000,000 Baht | 36 | 25.17 |
| | 5,000,000,001 - 9,000,000,000 Baht | 4 | 2.80 |
| | More than 9,000,000,000 Baht | 16 | 11.19 |
| | Total | 143 | 100.00 |
| 3. Total assets of the firm | Less than 10,000,000,000 Baht | 83 | 58.04 |
| | 10,000,000,001 - 50,000,000,000 Baht | 36 | 25.17 |
| | 50,000,000,001 - 100,000,000,000 Baht | 12 | 8.39 |
| | More than 100,000,000,000 Baht | 12 | 8.39 |
| | Total | 143 | 100.00 |

Table D: Organizational Respondent Characteristics (Continued)

| Characteristics | | Frequencies | Percentage (%) |
|---|---|---|---|
| 4. Number of employees | Less than 500 persons | 78 | 54.55 |
| | 500 -1,000 persons | 23 | 16.08 |
| | 1,001 -1,500 persons | 17 | 11.89 |
| | More than 1,500 persons | 25 | 17.48 |
| | Total | 143 | 100.00 |
| 5. The period of time in operating business | Less than 5 years | 2 | 1.40 |
| | 5 -10 years | 11 | 7.69 |
| | 11-15 years | 13 | 9.09 |
| | More than 15 years | 117 | 81.82 |
| | Total | 143 | 100.00 |
| 6. The period of time registers in the Stock Exchange of Thailand | Less than 5 years | 34 | 23.78 |
| | 5 -10 years | 33 | 23.08 |
| | 11-15 years | 21 | 14.69 |
| | More than 15 years | 55 | 38.46 |
| | Total | 143 | 100.00 |
| 7. Corporate firm at governance score of the 2018 | Excellent | 37 | 25.87 |
| | Very Good | 55 | 38.46 |
| | Good | 31 | 21.68 |
| | Satisfactory | 5 | 3.50 |
| | Pass | 15 | 10.49 |
| | Total | 143 | 100.00 |

# APPENDIX E

## Non-Response Bias Tests

Table E: Non-Response Bias Tests

| Comparison | N | Mean | S.D. | t | p-value |
|---|---|---|---|---|---|
| Total assets of the firm | 143 | | | | |
| • Early Group | 83 | 1.67 | 1.037 | 0.448 | .655 |
| • Late Group | 60 | 1.60 | 0.906 | | |

# APPENDIX F

## Testing Assumption of Regression Analysis

**Appendix F – Results of testing basic assumption of regression analysis**

Test of Multicollinearity

Table F1: The results of multicollinearity testing (CGSE and its consequences)

| Independent Variables | Dependent Variables | | | | | |
|---|---|---|---|---|---|---|
| | FRQ | | FCP | | FST | |
| | Equation 1 | | Equation 2 | | Equation 3 | |
| | Tolerance | VIF | Tolerance | VIF | Tolerance | VIF |
| SSR | .917 | 1.091 | .917 | 1.091 | .917 | 1.091 |
| ETS | .991 | 1.009 | .991 | 1.009 | .991 | 1.009 |
| RRS | .999 | 1.001 | .999 | 1.001 | .999 | 1.001 |
| DTE | .974 | 1.027 | .974 | 1.027 | .974 | 1.027 |
| ERB | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| Dummy_FIS | .928 | 1.078 | .928 | 1.078 | .928 | 1.078 |
| Dummy_FIA | .915 | 1.093 | .915 | 1.093 | .915 | 1.093 |

Table F2: The results of multicollinearity testing (CGSE consequences and firm sustainability)

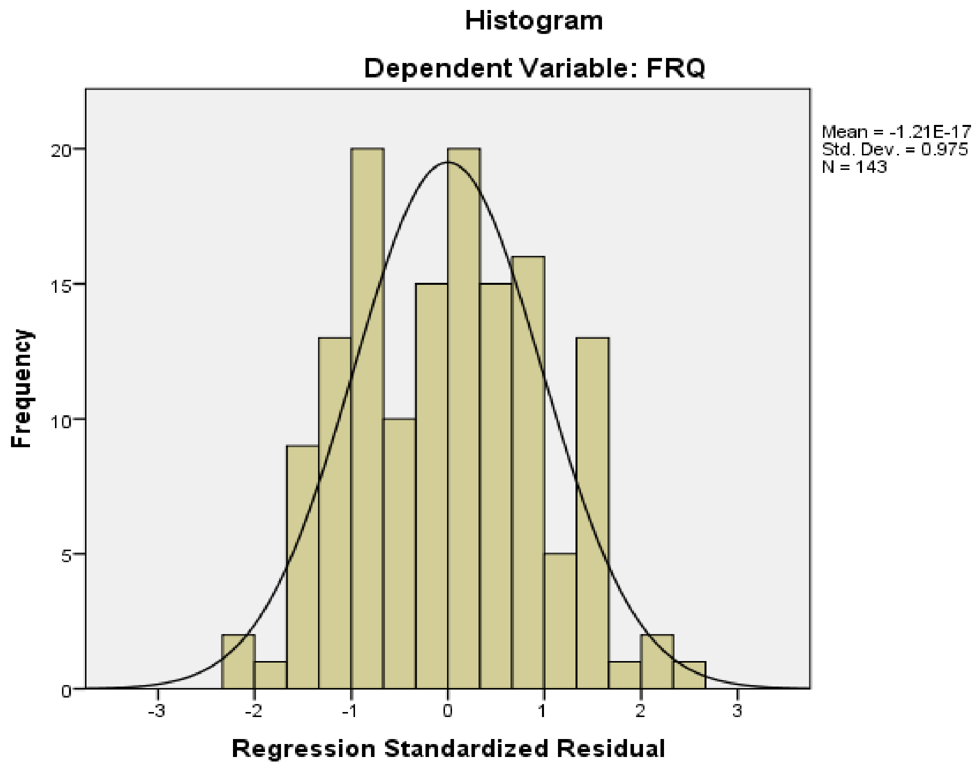
| Independent Variables | Dependent Variables | |
|---|---|---|
| | FFT | |
| | Equation 4 | |
| | Tolerance | VIF |
| FRQ | .994 | 1.006 |
| FCP | .965 | 1.036 |
| Dummy_FIS | .952 | 1.051 |
| Dummy_FIA | .976 | 1.025 |

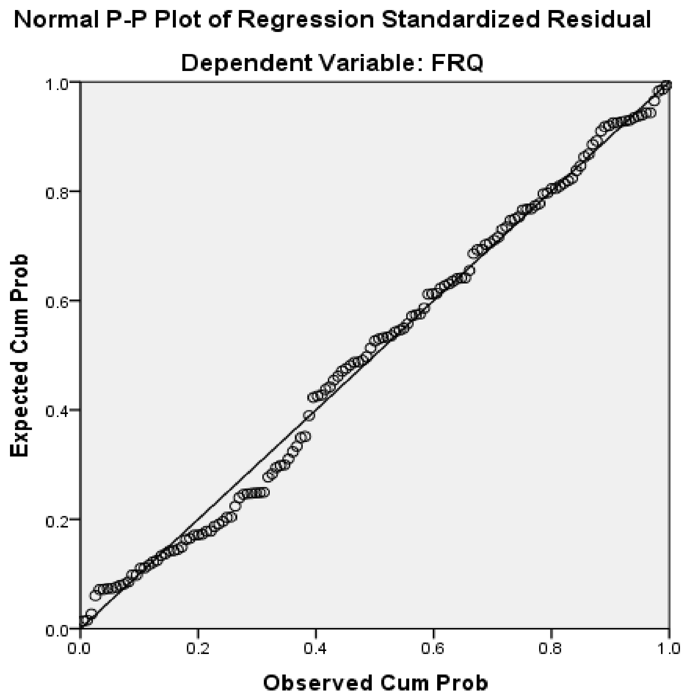
Table F3: The results of multicollinearity testing (CGSE and its antecedences)

| Independent Variables | Dependent Variables | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | SSR | | ETS | | RRO | | DTE | | ERB | |
| | Equation 5 | | Equation 6 | | Equation 7 | | Equation 8 | | Equation 9 | |
| | Tolerance | VIF | Tolerance | VIF | Tolerance | VIF | Tolerance | VIF | Tolerance | VIF |
| MIC | .981 | 1.019 | .985 | 1.015 | .980 | 1.020 | .985 | 1.015 | .990 | 1.010 |
| TMS | .969 | 1.032 | .968 | 1.033 | .970 | 1.031 | .970 | 1.031 | .970 | 1.031 |
| COP | .986 | 1.014 | .981 | 1.019 | .980 | 1.020 | .981 | 1.020 | .978 | 1.023 |
| REF | .991 | 1.009 | .991 | 1.009 | .996 | 1.004 | .996 | 1.004 | .992 | 1.008 |
| Dummy_FIS | .949 | 1.053 | .949 | 1.054 | .958 | 1.044 | .960 | 1.042 | .969 | 1.031 |
| Dummy_FIA | .931 | 1.074 | .948 | 1.054 | .947 | 1.055 | .951 | 1.052 | .946 | 1.057 |

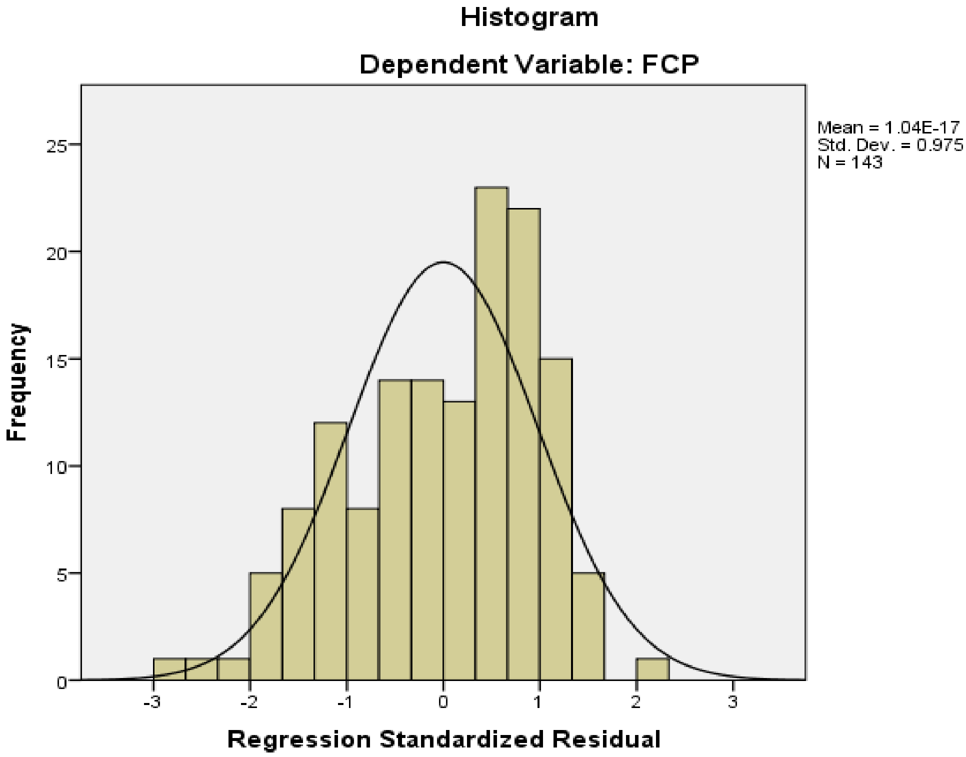
Normality of the error term distribution

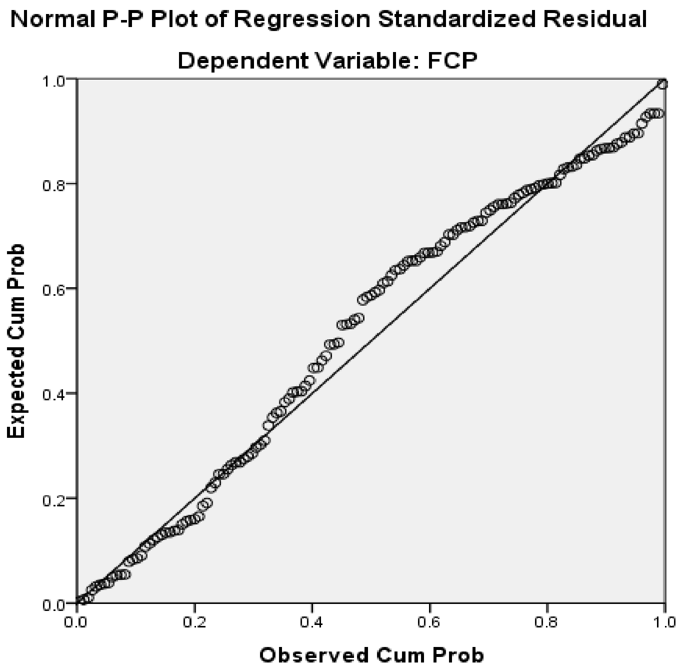
***Equation 1:*** FRQ= $\alpha_{01}+\beta_1 SSR+\beta_2 ETS+\beta_3 RRO+\beta_4 DTE+\beta_5 ERB+\beta_6 FIS+\beta_7 FIA+\varepsilon$



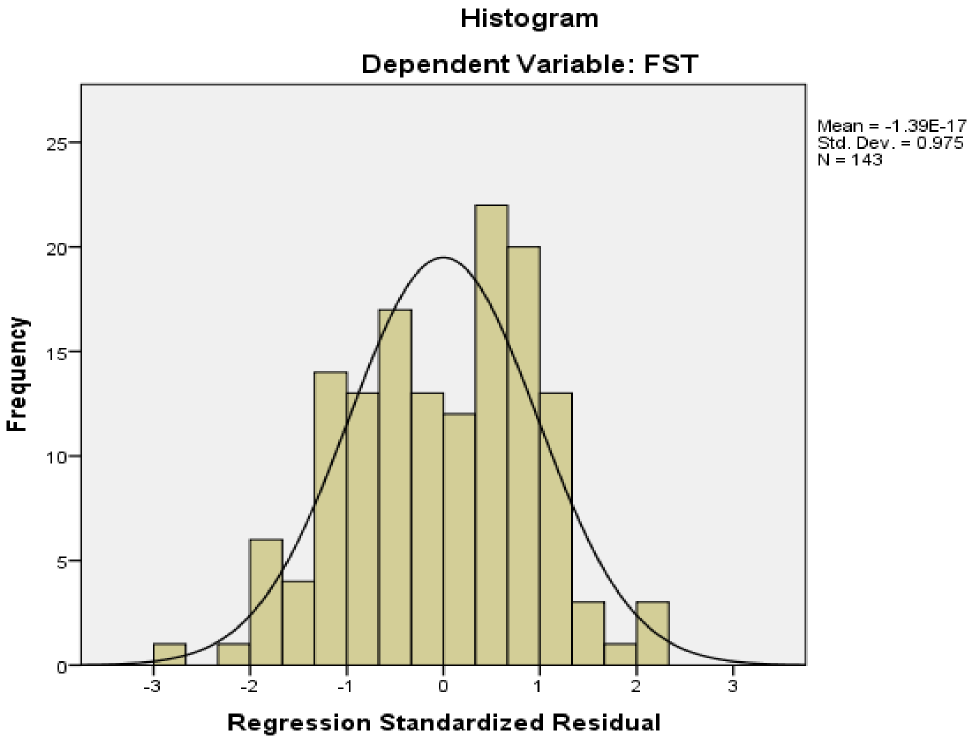



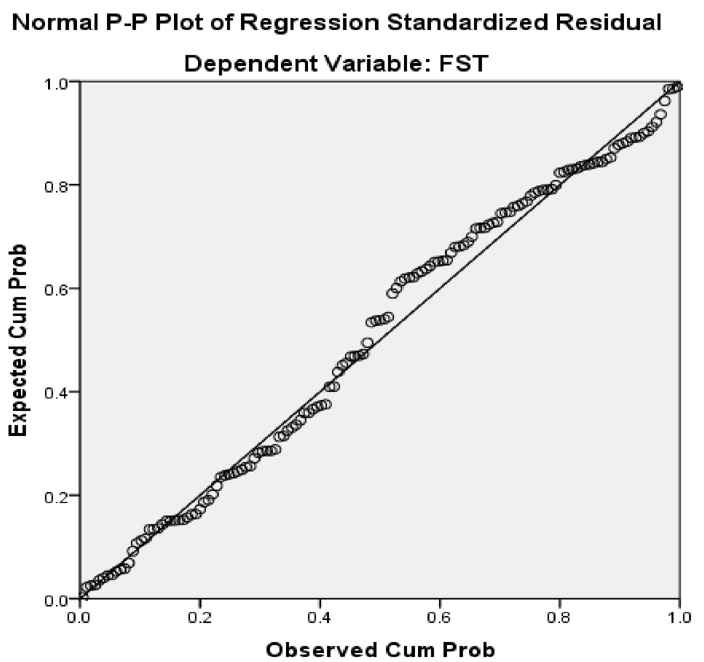
***Equation 2:*** FIC= $\alpha_{02}+\beta_8\,SSR+\beta_9 ETS+\beta_{10}RRO+\beta_{11}DTE+\beta_{12}ERB+\beta_{13}FIS+\beta_{14}FIA+\varepsilon$



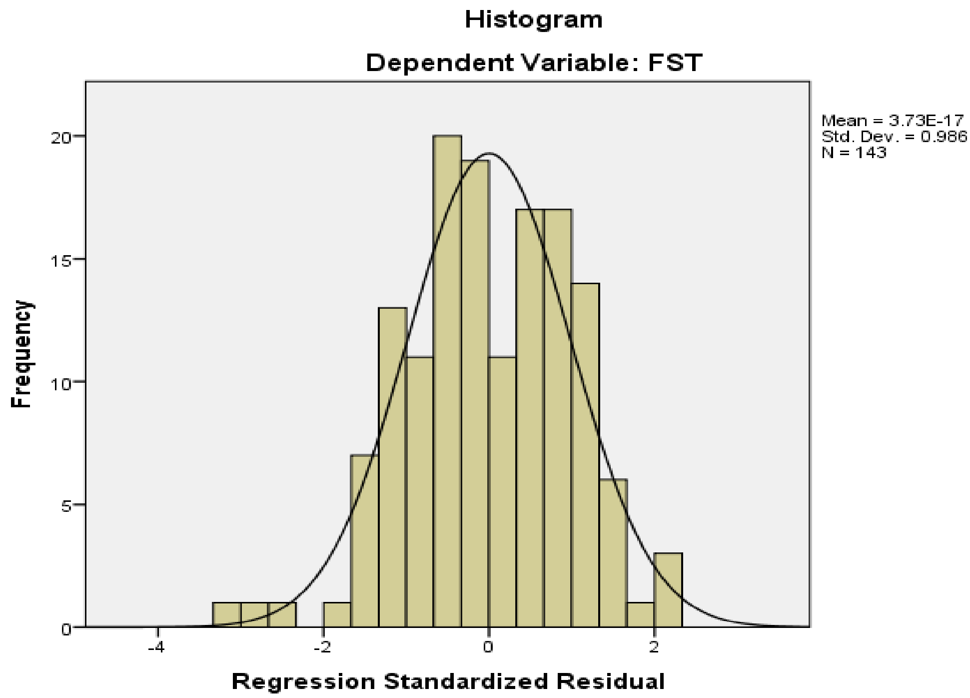



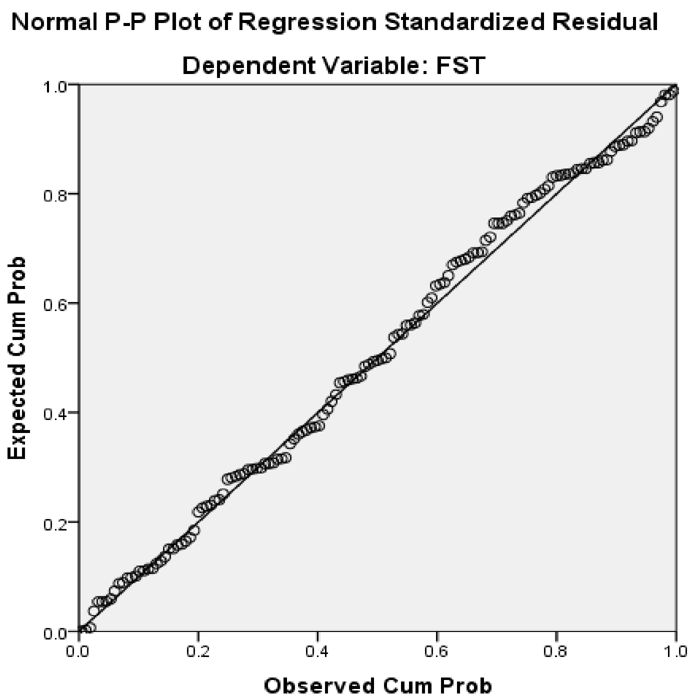
***Equation 3:*** FST= $\alpha_{03}+\beta_{15}SSR+\beta_{16}ETS+\beta_{17}RRO+\beta_{18}DTE+{}_{19}ERB+\beta_{20}FIS+\beta_{21}FIA+\varepsilon$



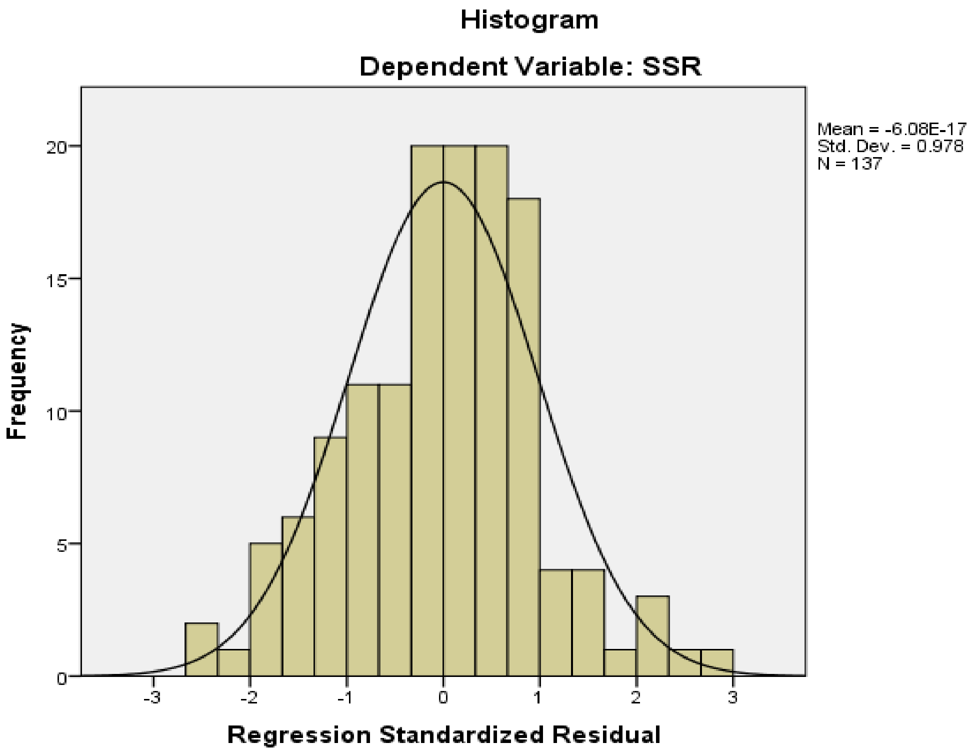



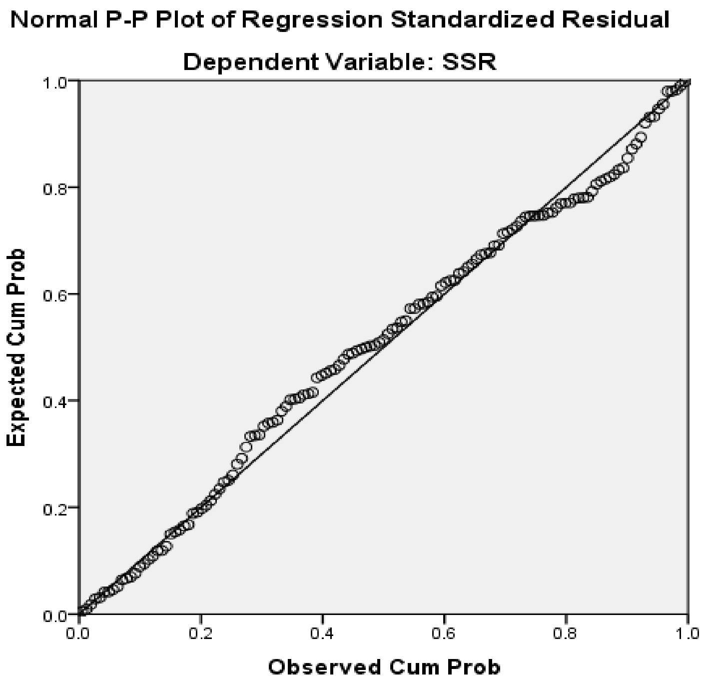
***Equation 4:*** FST= $\alpha_{04}+\beta_{22}FRQ+\beta_{23}FIC+\beta_{24}FIS+\beta_{25}FIA+\varepsilon$



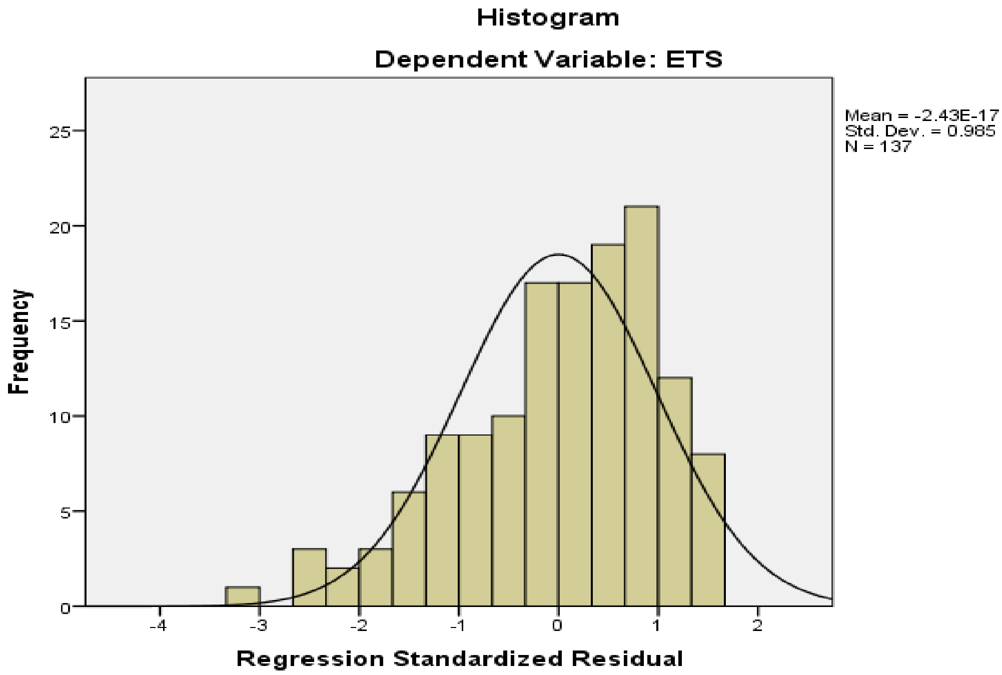



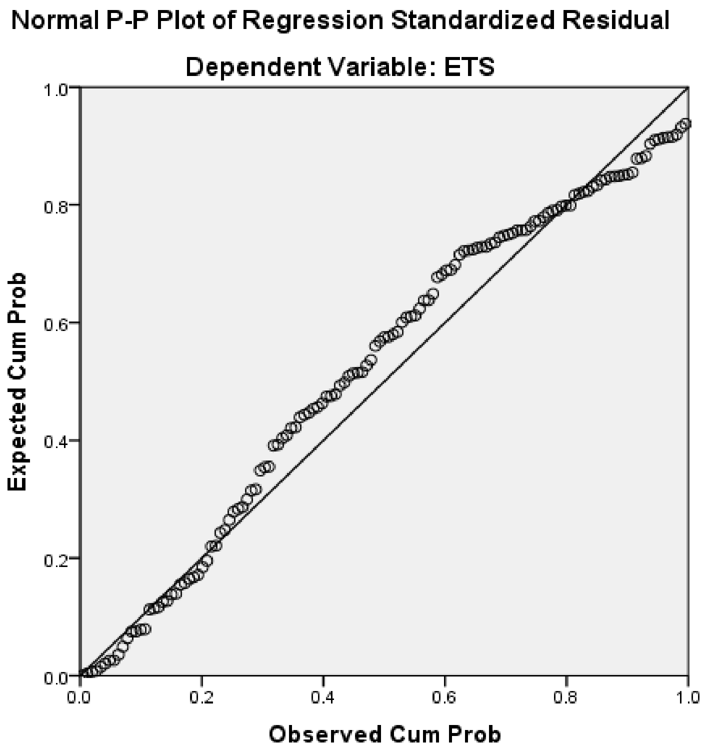
***Equation 5:*** *SSR*= $\alpha_{05}+\beta_{26}MIC+\beta_{27}TMS+\beta_{28}COP+\beta_{29}REF+\beta_{30}FIS+\beta_{31}FIA+\varepsilon$



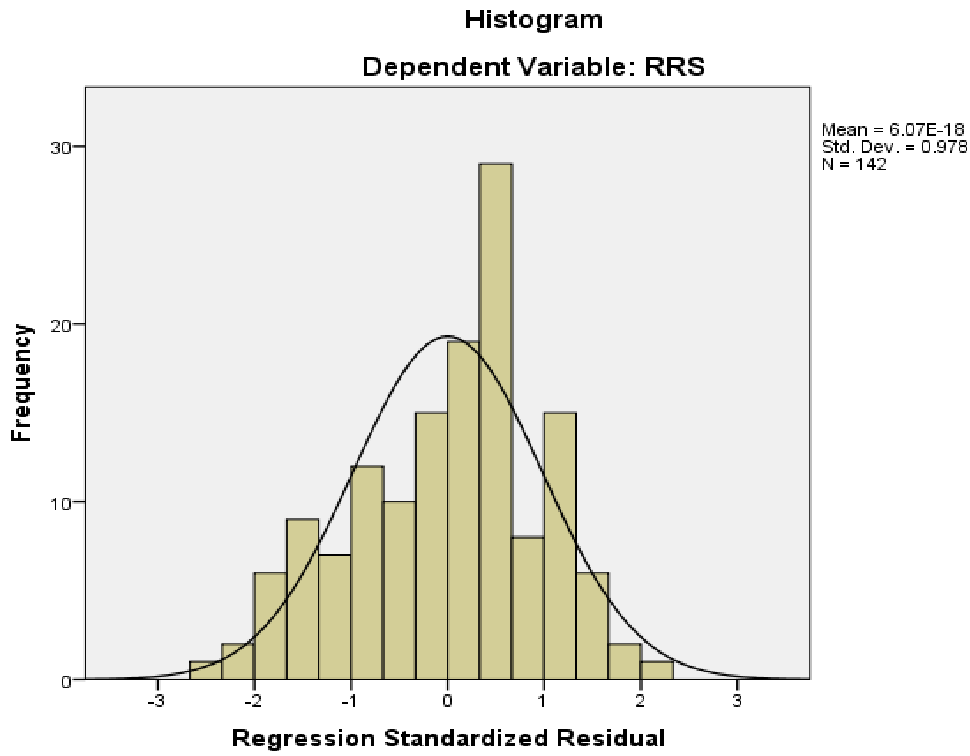



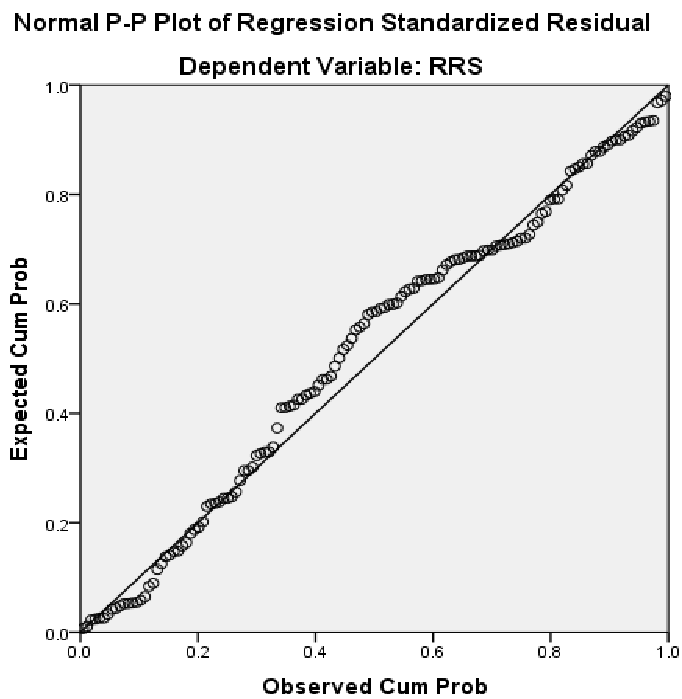
***Equation 6:*** $ETS = \alpha_{06} + \beta_{31}MIC + \beta_{32}TMS + \beta_{33}COP + \beta_{34}REF + \beta_{35}FIS + \beta_{36}FIA + \varepsilon$



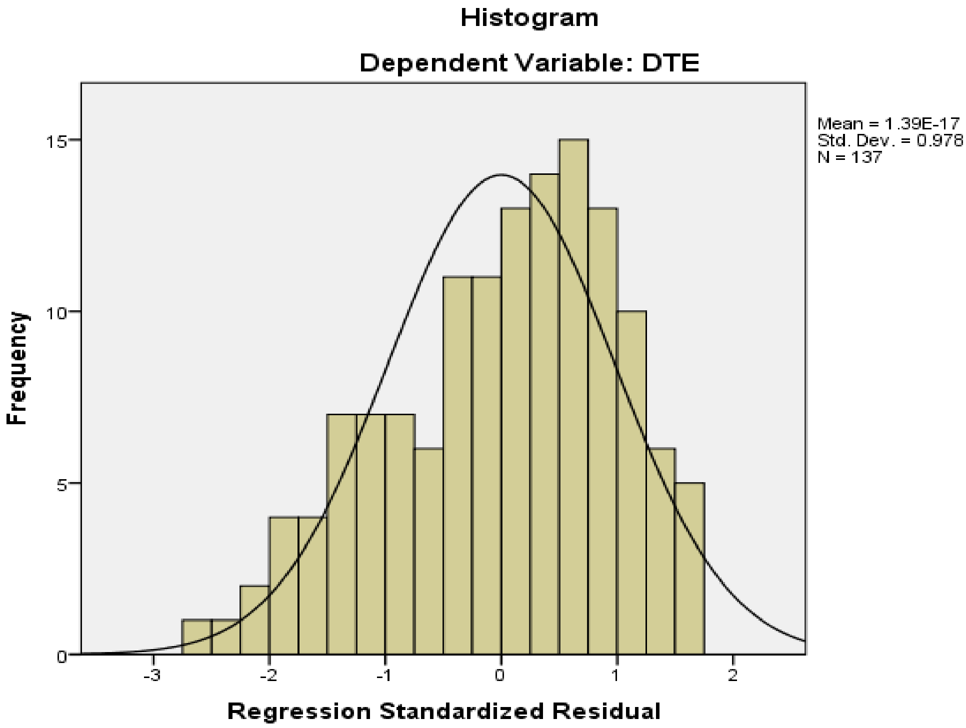



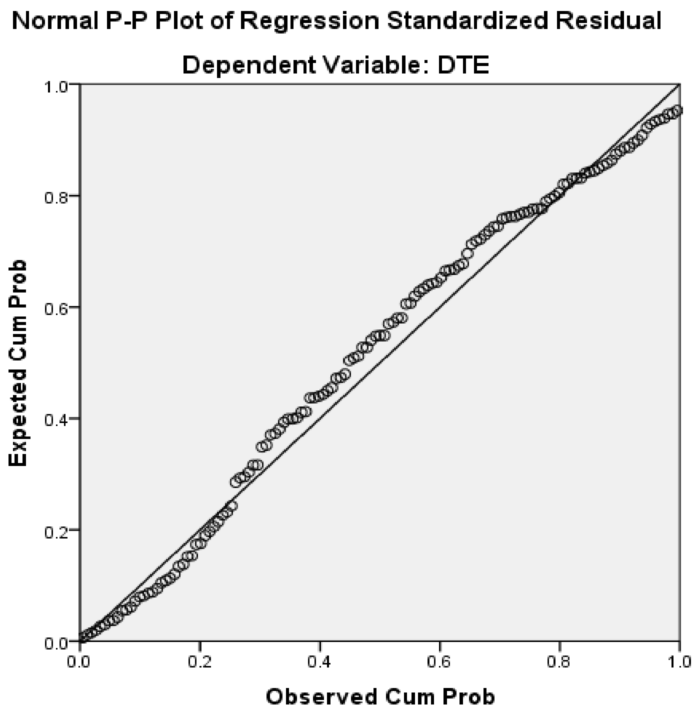
***Equation 7:*** *RRO=* $\alpha_{07}+\beta_{37}\,MIC+\beta_{38}\,TMS+\beta_{39}COP+\beta_{40}REF+\beta_{41}FIS+\beta_{42}FIA+\varepsilon$



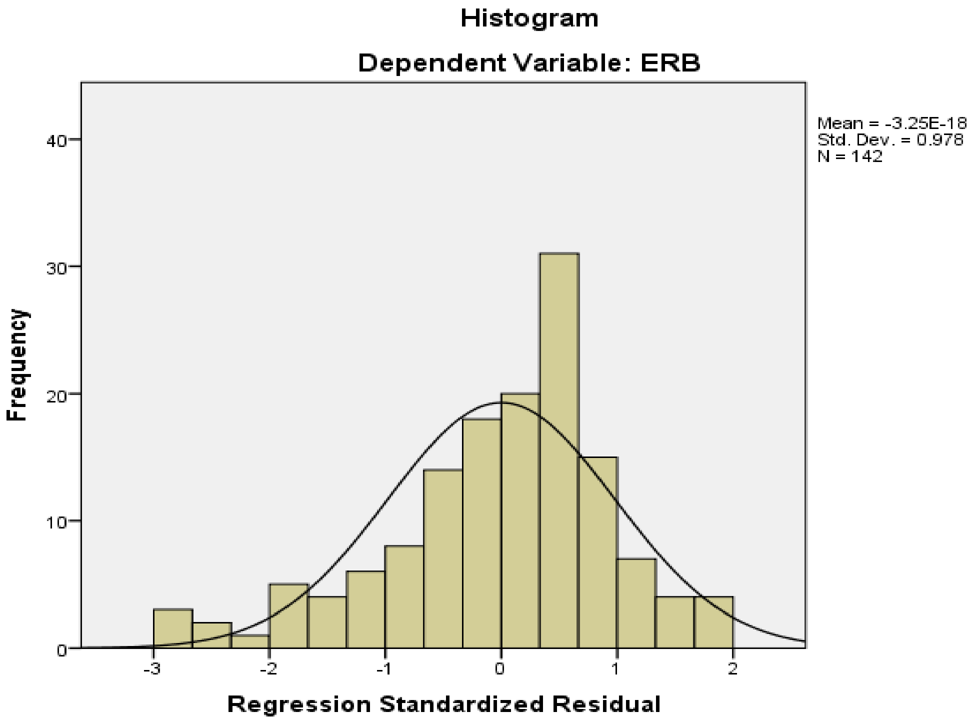



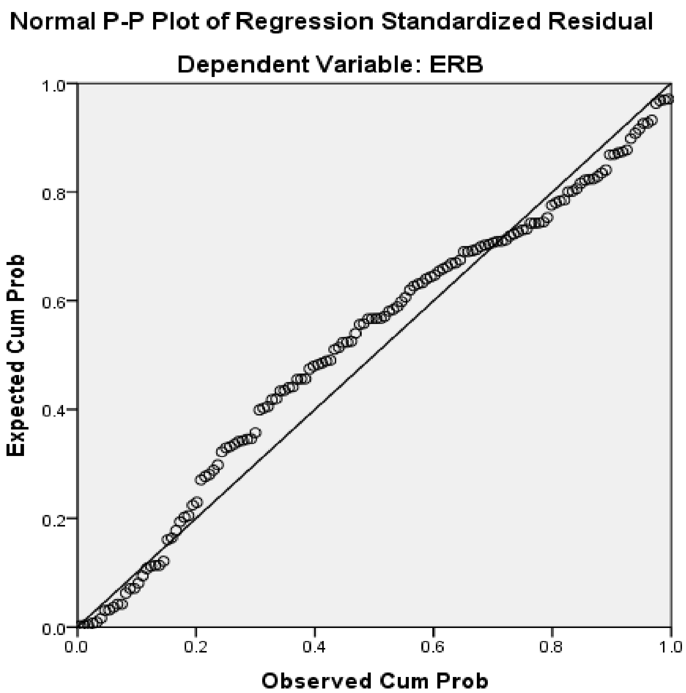
***Equation 8:*** $DTE = \alpha_{08} + \beta_{43} MIC + \beta_{44} TMS + \beta_{45} COP + \beta_{46} REF + \beta_{47} FIS + \beta_{48} FIA + \varepsilon$



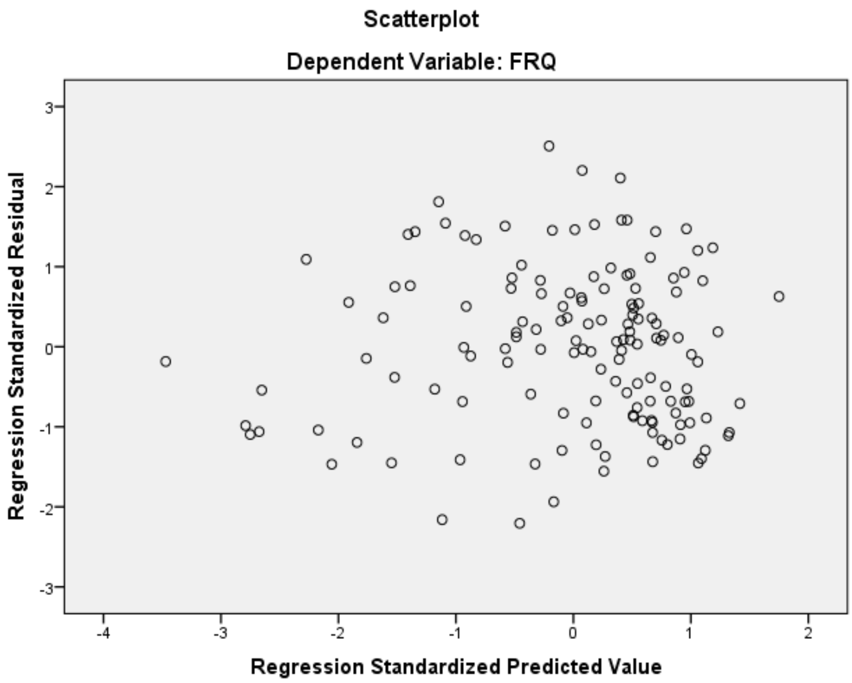
***Equation 9:*** *ERB=* $\alpha_{09}+\beta_{49}MIC+\beta_{50}TMS+\beta_{51}COP+\beta_{52}REF+\beta_{53}FIS+\beta_{54}FIA+\varepsilon$



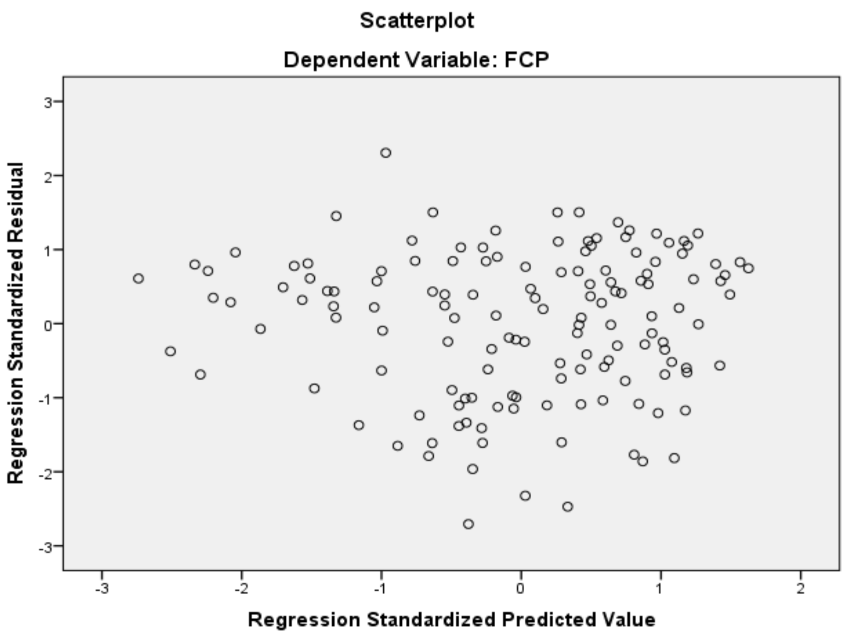



Test of constant variance of the error terms (Homoscedasticity)

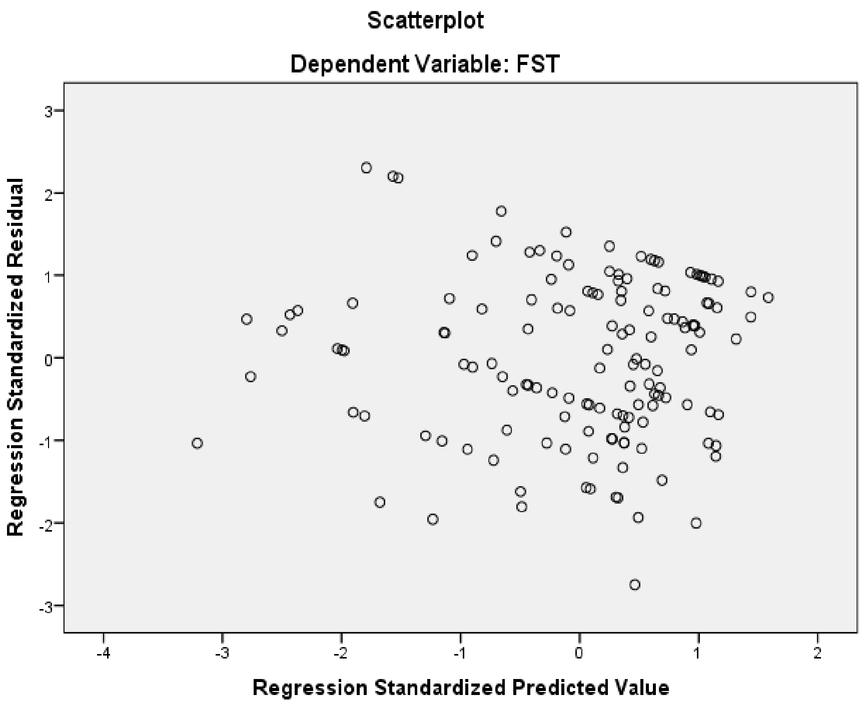
***Equation 1:*** FRQ= $\alpha_{01}+\beta_1 SSR+\beta_2 ETS+\beta_3 RRO+\beta_4 DTE+\beta_5 ERB+\beta_6 FIS+\beta_7 FIA+\varepsilon$



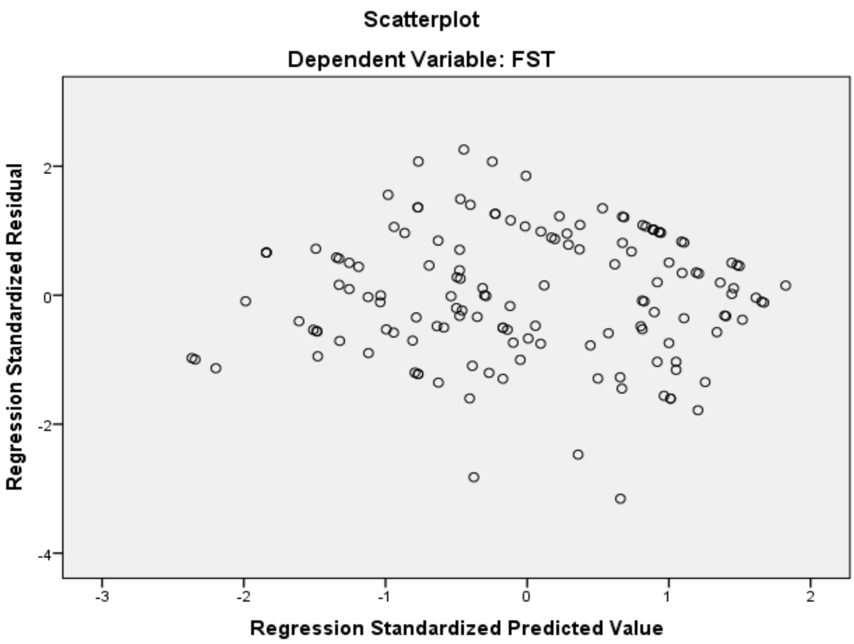

***Equation 2:*** FIC= $\alpha_{02}+\beta_8 SSR+\beta_9 ETS+\beta_{10} RRO+\beta_{11} DTE+\beta_{12} ERB+\beta_{13} FIS+\beta_{14} FIA+\varepsilon$



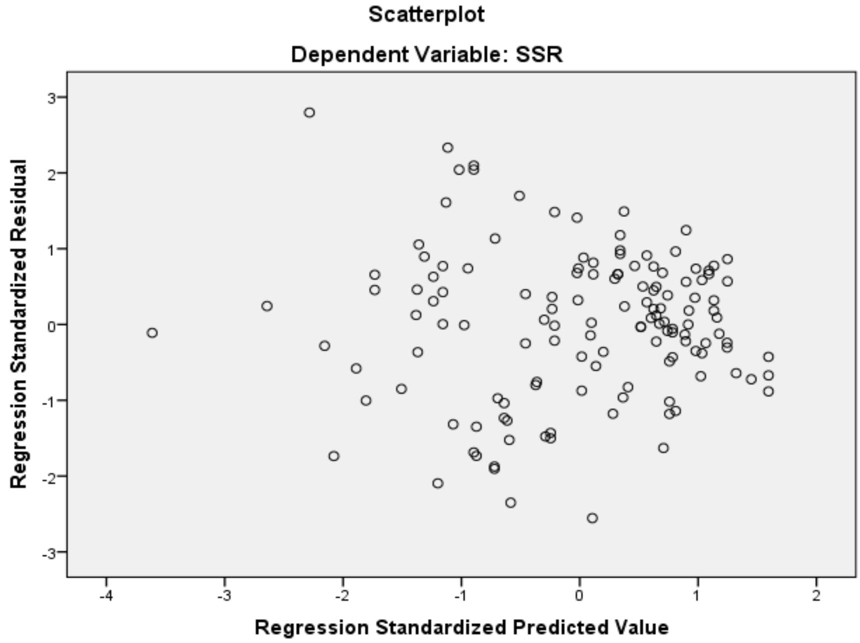
***Equation 3:*** FST= $\alpha_{03}+\beta_{15}SSR+\beta_{16}ETS+\beta_{17}RRO+\beta_{18}DTE+_{19}ERB+\beta_{20}FIS+\beta_{21}FIA+\varepsilon$



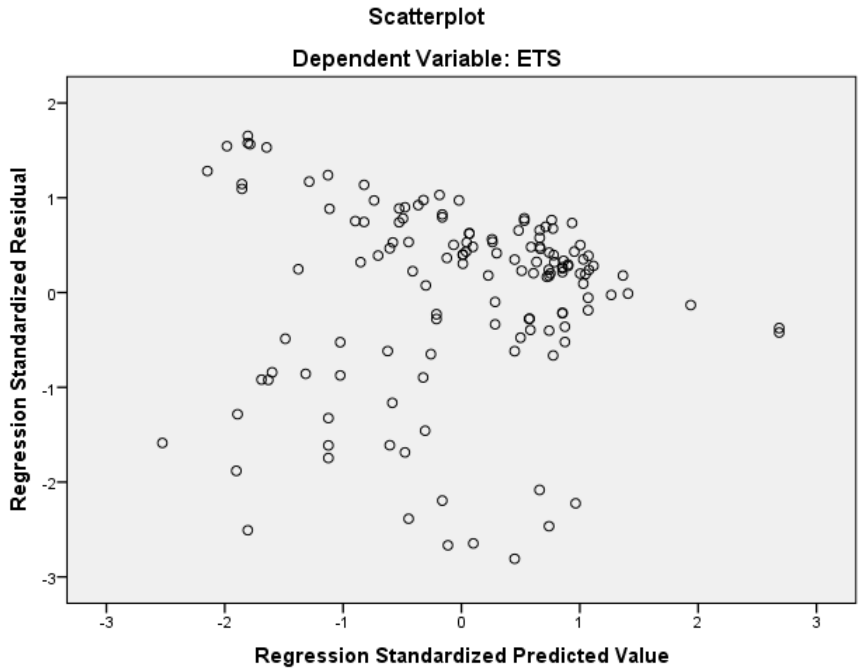

***Equation 4:*** FST= $\alpha_{04}+\beta_{22}FRQ+\beta_{23}FIC+\beta_{24}FIS+\beta_{25}FIA+\varepsilon$



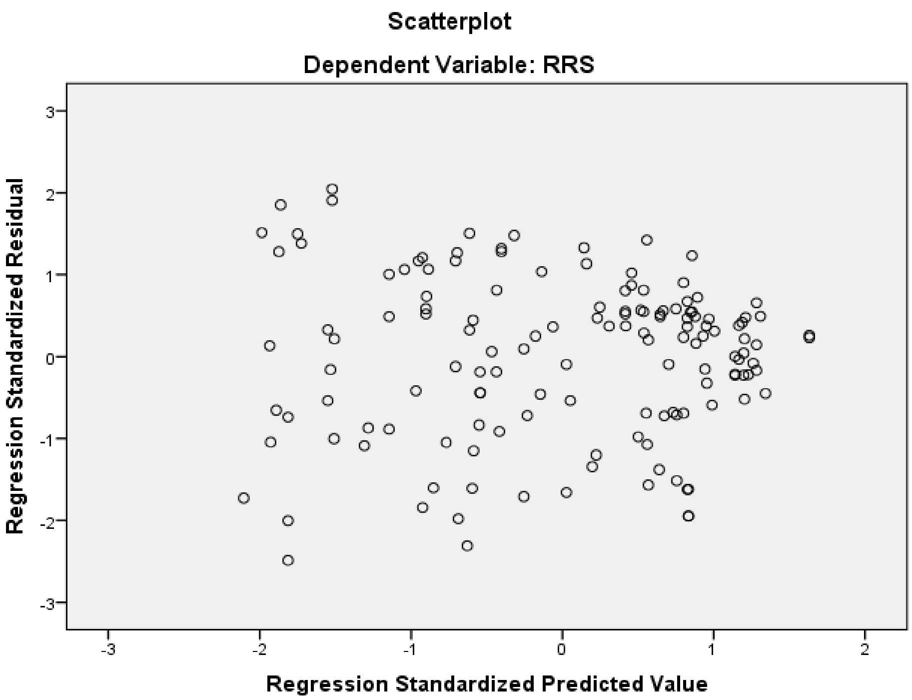
***Equation 5:*** *SSR=* $\alpha_{05}+\beta_{26}MIC+\beta_{27}TMS+\beta_{28}COP+\beta_{29}REF+\beta_{30}FIS+\beta_{31}FIA+\varepsilon$



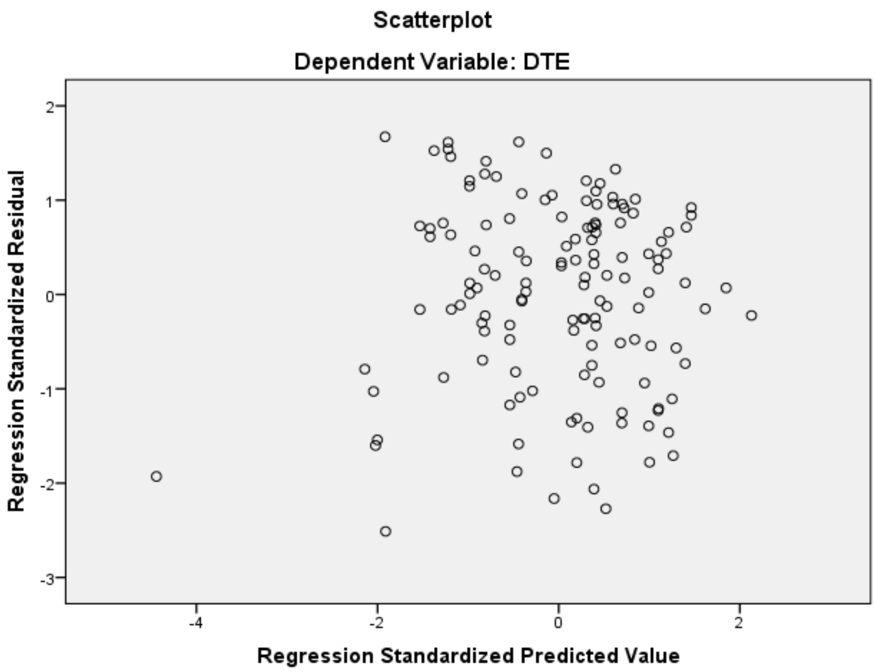

***Equation 6:*** *ETS=* $\alpha_{06}+\beta_{31}MIC+\beta_{32}TMS+\beta_{33}COP+\beta_{34}REF+\beta_{35}FIS+\beta_{36}FIA+\varepsilon$



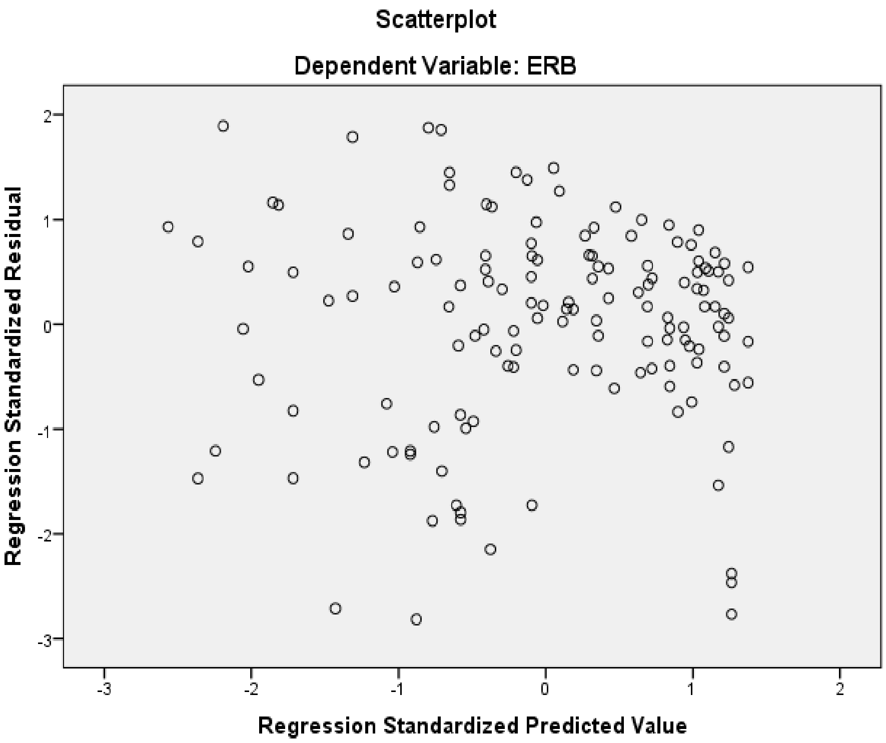
***Equation 7:*** $RRO = \alpha_{07} + \beta_{37} MIC + \beta_{38} TMS + \beta_{39} COP + \beta_{40} REF + \beta_{41} FIS + \beta_{42} FIA + \varepsilon$




***Equation 8:*** $DTE = \alpha_{08} + \beta_{43} MIC + \beta_{44} TMS + \beta_{45} COP + \beta_{46} REF + \beta_{47} FIS + \beta_{48} FIA + \varepsilon$



***Equation 9:*** $ERB= \alpha_{09}+\beta_{49}MIC+\beta_{50}TMS+\beta_{51}COP+\beta_{52}REF+\beta_{53}FIS+\beta_{54}FIA+\varepsilon$




est independence of the error terms (Test of Autocorrelation)

Table F4: The results of independence of error terms assumption testing

| Equations | R | R Square | Adjusted R Square | Durbin-Watson (d Statistic) |
|---|---|---|---|---|
| 1 | .560 | .313 | .278 | 2.157 |
| 2 | .446 | .199 | .157 | 2.098 |
| 3 | .431 | .186 | .144 | 2.003 |
| 4 | .686 | .470 | .455 | 1.716 |
| 5 | .639 | .408 | .381 | 1.988 |
| 6 | .376 | .142 | .129 | 2.252 |
| 7 | .351 | .123 | .083 | 2.064 |
| 8 | .323 | .104 | .063 | 1.657 |
| 9 | .419 | .176 | .137 | 2.166 |

# APPENDIX G

## Cover Letter and Questionnaire: Thai Version

**แบบสอบถามเพื่อการวิจัย**

**เรื่อง** ประสิทธิผลของการวัดผลการกำกับดูแลกิจการและความยั่งยืนของกิจการ: หลักฐานเชิงประจักษ์จากบริษัทจดทะเบียนในตลาดหลักทรัพย์แห่งประเทศไทย

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**คำชี้แจง**

โครงการวิจัยนี้มีวัตถุประสงค์เพื่อศึกษาวิจัยเรื่อง “ประสิทธิผลของการวัดผลการกำกับดูแลกิจการและความยั่งยืนของกิจการ: หลักฐานเชิงประจักษ์จากบริษัทจดทะเบียนในตลาดหลักทรัพย์แห่งประเทศไทย” เพื่อใช้เป็นข้อมูลในการจัดทำวิทยานิพนธ์ในระดับปริญญาเอกของผู้วิจัย ในหลักสูตรปรัชญาดุษฎีบัณฑิต คณะการบัญชีและการจัดการ มหาวิทยาลัยมหาสารคาม โทรศัพท์ 043-754333

ข้าพเจ้าใคร่ขอความอนุเคราะห์จากท่านผู้ตอบแบบสอบถาม ได้โปรดตอบแบบสอบถามชุดนี้ โดยรายละเอียดของแบบสอบถามประกอบด้วยส่วนคำถาม 7 ตอน ดังนี้

ตอนที่ 1 ข้อมูลทั่วไปเกี่ยวกับผู้อำนวยการฝ่ายงานการกำกับดูแลกิจการบริษัทจดทะเบียนในตลาดหลักทรัพย์แห่งประเทศไทย

ตอนที่ 2 ข้อมูลทั่วไปเกี่ยวกับบริษัทจดทะเบียนในตลาดหลักทรัพย์แห่งประเทศไทย

ตอนที่ 3 ความคิดเห็นเกี่ยวกับประสิทธิผลของการวัดผลการกำกับดูแลกิจการของบริษัทจดทะเบียนในตลาดหลักทรัพย์แห่งประเทศไทย

ตอนที่ 4 ความคิดเห็นเกี่ยวกับผลการดำเนินงานของบริษัทจดทะเบียนในตลาดหลักทรัพย์แห่งประเทศไทย

ตอนที่ 5 ความคิดเห็นเกี่ยวกับปัจจัยภายในที่มีผลต่อการดำเนินงานของบริษัทจดทะเบียนในตลาดหลักทรัพย์แห่งประเทศไทย

ตอนที่ 6 ความคิดเห็นเกี่ยวกับปัจจัยภายนอกที่มีผลต่อการดำเนินงานของบริษัทจดทะเบียนในตลาดหลักทรัพย์แห่งประเทศไทย

ตอนที่ 7 ข้อคิดเห็น ปัญหาและข้อเสนอแนะเกี่ยวกับประสิทธิผลของการวัดผลการกำกับดูแลกิจการและความยั่งยืนของกิจการ

คำตอบของท่านจะถูกเก็บรักษาเป็นความลับ และจะไม่มีการใช้ข้อมูลใด ๆ ที่เปิดเผยเกี่ยวกับตัวท่านในการรายงานข้อมูล รวมทั้งจะไม่มีการร่วมใช้ข้อมูลดังกล่าวกับบุคคลภายนอกอื่นใดโดยไม่ได้รับอนุญาตจากท่าน และหากท่านต้องการรายงานสรุปผลการวิจัย โปรดระบุ E-mail ของท่าน หรือแนบนามบัตรของท่านมากับแบบสอบถามชุดนี้

( ) ต้องการ e-mail___________________________________ ( ) ไม่ต้องการ

ผู้วิจัยขอขอบพระคุณที่ท่านได้กรุณาเสียสละเวลาในการตอบแบบสอบถามได้อย่างถูกต้องครบถ้วน ข้อมูลที่ได้รับจากท่านจะเป็นประโยชน์อย่างยิ่งต่อการวิจัยในครั้งนี้ หากท่านมีข้อสงสัยประการใดเกี่ยวกับแบบสอบถามโปรดติดต่อผู้วิจัย นางสาวอัญชลี สุขขีวัฒน์ โทรศัพท์ 081-3432095 หรือ E-mail: Anchalee.s@acc.msu.ac.th

ขอขอบพระคุณอย่างสูงมา ณ โอกาสนี้

(นางสาวอัญชลี สุขขีวัฒน์)
นิสิตระดับปริญญาเอก สาขาวิชาการบัญชี
คณะการบัญชีและการจัดการ มหาวิทยาลัยมหาสารคาม

**ตอนที่ 1 ข้อมูลทั่วไปเกี่ยวกับผู้บริหารบริษัทจดทะเบียนในตลาดหลักทรัพย์แห่งประเทศไทย**

1. เพศ

❑ ชาย ❑ หญิง

2. อายุ

❑ น้อยกว่า 35 ปี ❑ 35- 40 ปี

❑ 41- 45 ปี ❑ มากกว่า 45 ปี

3. ระดับการศึกษา

❑ ปริญญาตรี ❑ ปริญญาโท

❑ ปริญญาเอก

4. ประสบการณ์ในการทำงานที่เกี่ยวข้องกับการกำกับดูแลกิจการ

❑ น้อยกว่า 5 ปี ❑ 5 – 10 ปี

❑ 11 - 15 ปี ❑ มากกว่า 15 ปี

5. รายได้เฉลี่ยต่อเดือน

❑ ต่ำกว่า 100,000 บาท ❑ 100,000 - 150,000 บาท

❑ 150,001 - 200,000 บาท ❑ มากกว่า 200,000 บาท

6 ตำแหน่งงานในปัจจุบัน

❑ กรรมการผู้จัดการ ❑ ผู้อำนวยการฝ่าย

❑ อื่น ๆ (โปรดระบุ)......................................................................

**ตอนที่ 2 ข้อมูลทั่วไปเกี่ยวกับบริษัทจดทะเบียนในตลาดหลักทรัพย์แห่งประเทศไทย**

1. ประเภทกลุ่มอุตสาหกรรม

- ❑ กลุ่มเกษตรและอุตสาหกรรมอาหาร
- ❑ กลุ่มสินค้าอุปโภคบริโภค
- ❑ กลุ่มอสังหาริมทรัพย์และก่อสร้าง
- ❑ กลุ่มสินค้าอุตสาหกรรม
- ❑ กลุ่มเทคโนโลยี
- ❑ กลุ่มทรัพยากรและเหมืองแร่
- ❑ กลุ่มบริการ
- ❑ อื่น ๆ (โปรดระบุ)....................................

2. ทุนจดทะเบียนของบริษัทในปัจจุบัน

- ❑ ต่ำกว่า 1,000,000,000 บาท
- ❑ 1,000,000,001 – 5,000,000,000 บาท
- ❑ 5,000,000,001–9,000,000,000 บาท
- ❑ มากกว่า 9,000,000,000 บาท

3. สินทรัพย์รวมของบริษัท

- ❑ ต่ำกว่า 10,000,000,000 บาท
- ❑ 10,000,000,000 – 50,000,000,000 บาท
- ❑ 50,000,000,001 - 100,000,000,000 บาท
- ❑ มากกว่า 100,000,000,000 บาท

4. จำนวนพนักงานของกิจการ

- ❑ น้อยกว่า 500 คน
- ❑ 500 – 1,000 คน
- ❑ 1,001 – 1,500 คน
- ❑ มากกว่า 1,500 คน

5. ระยะเวลาในการดำเนินกิจการ

- ❑ น้อยกว่า 5 ปี
- ❑ 5 ปี – 10 ปี
- ❑ 11 ปี – 15 ปี
- ❑ มากกว่า 15 ปี

6. ระยะเวลาจดทะเบียนในตลาดหลักทรัพย์

- ❑ น้อยกว่า 5 ปี
- ❑ 5 ปี – 10 ปี
- ❑ 11 ปี – 15 ปี
- ❑ มากกว่า 15 ปี

7. ระดับคะแนนการกำกับดูแลกิจการของบริษัท (CG Scoring) ประจำปี 2561

- ❑ ดีเลิศ
- ❑ ดีมาก
- ❑ ดี
- ❑ ดีพอใช้
- ❑ ผ่าน
- ❑ อื่น ๆ (โปรดระบุ)...............................

**ตอนที่ 3 ความคิดเห็นเกี่ยวกับประสิทธิผลของการวัดผลการกำกับดูแลกิจการของบริษัทที่จดทะเบียนในตลาดหลักทรัพย์แห่งประเทศไทย**

| ประสิทธิผลของการวัดผลการกำกับดูแลกิจการ | ระดับความคิดเห็น | | | | |
|---|---|---|---|---|---|
| | มากที่สุด 5 | มาก 4 | ปานกลาง 3 | น้อย 2 | น้อยที่สุด 1 |
| **สิทธิของผู้ถือหุ้นที่เข้มแข็ง** (Strength of Shareholders Rights) 1. กิจการมีการจ่ายเงินปันผลให้ผู้ถือหุ้นผลอย่างเท่าเทียมกันโดยจ่ายเท่าๆ กันทุกหุ้นที่ถือและทันเวลาที่กำหนดไว้เสมอ | | | | | |
| 2. กิจการสนับสนุนให้ผู้ถือหุ้นมีส่วนร่วมในการตัดสินใจเกี่ยวกับการเปลี่ยนแปลงที่สำคัญในการดำเนินงานต่าง ๆ ของกิจการอย่างสม่ำเสมอ | | | | | |
| 3. กิจการมั่นใจว่าผู้ถือหุ้นเข้าร่วมการประชุมสามัญประจำปีได้อย่างมีประสิทธิผล โดยมีการแจ้งหลักเกณฑ์ต่าง ๆ ในการประชุมและการลงมติให้ผู้ถือหุ้นเข้าใจอย่างครบถ้วนก่อนการประชุม | | | | | |
| 4. กิจการมีการควบคุมและดำเนินการในด้านการรวมกิจการ และการเข้าซื้อธุรกิจในราคาที่ถูกต้องและมีการดำเนินการที่โปร่งใสยุติธรรมต่อผู้ถือหุ้นทุกกลุ่ม | | | | | |
| 5. กิจการมุ่งเน้นอำนวยความสะดวกในการใช้สิทธิความเป็นเจ้าของโดยผู้ถือหุ้นทุกประเภทรวมถึงนักลงทุนสถาบัน | | | | | |
| **การปฏิบัติต่อผู้ถือหุ้นอย่างเท่าเทียม** (The Equitable Treatment of Shareholders) 6. กิจการตระหนักถึงสิทธิที่แตกต่างกันของผู้ถือหุ้นแต่ละประเภทและมีการปฏิบัติอย่างเท่าเทียมกันตามบทบาทหน้าที่ของผู้ถือหุ้นแต่ละประเภท | | | | | |
| 7. กิจการมุ่งเน้นการจัดการประชุมผู้ถือหุ้นในลักษณะที่สนับสนุนให้ผู้ถือหุ้นทุกรายมีสิทธิออกเสียงอย่างเท่าเทียมกัน | | | | | |
| 8. กิจการส่งเสริมมาตรการป้องกันกรณีที่กรรมการและผู้บริหารใช้ข้อมูลภายในเพื่อหาผลประโยชน์ให้แก่ตนเองในทางที่มิชอบ | | | | | |
| 9. กิจการสนับสนุนการเปิดเผยข้อมูลเกี่ยวกับส่วนได้เสียของผู้บริหารและผู้เกี่ยวข้อง เพื่อหลีกเลี่ยงปัญหาผลประโยชน์ที่ขัดแย้ง | | | | | |
| 10. กิจการส่งเสริมนโยบายในการเปิดโอกาสให้ผู้ถือหุ้นส่วนน้อยสามารถใช้สิทธิออกเสียง รวมถึงการเปิดโอกาสให้ผู้ถือหุ้นส่วนน้อยสามารถเสนอเพิ่มวาระการประชุมล่วงหน้าก่อนวันประชุม | | | | | |

**ตอนที่ 3 (ต่อ)**

| ประสิทธิผลของการวัดผลการกำกับดูแลกิจการ | ระดับความคิดเห็น | | | | |
|---|---|---|---|---|---|
| | มากที่สุด 5 | มาก 4 | ปานกลาง 3 | น้อย 2 | น้อยที่สุด 1 |
| **การเคารพบทบาทของผู้มีส่วนได้เสีย (Respecting Roles of Stakeholders)**<br>11. กิจการมุ่งมั่นในการปฏิบัติต่อผู้มีส่วนได้เสียแต่ละกลุ่มโดยคำนึงถึงสิทธิของผู้มีส่วนได้เสียตามกฎหมายหรือตามข้อตกลงที่มีต่อบริษัทอย่างต่อเนื่อง | | | | | |
| 12. กิจการสนับสนุนนโยบายและแนวทางปฏิบัติเพื่อชดเชยความเสียหายอันเกิดจากการละเมิดสิทธิของผู้มีส่วนได้เสียอย่างต่อเนื่อง | | | | | |
| 13. กิจการมุ่งเน้นการพัฒนากลไกในการส่งเสริมการมีส่วนร่วมของพนักงานในการปฏิบัติงานในทุกระดับ | | | | | |
| 14. กิจการจัดให้มีมาตรการรับแจ้งเบาะแสหรือข้อร้องเรียนจากทั้งพนักงานและผู้มีส่วนได้เสียอื่น ๆ เกี่ยวกับการกระทำผิดกฎหมาย ผิดจรรยาบรรณหรือพฤติกรรมที่อาจส่อถึงการทุจริตในองค์กร | | | | | |
| 15. กิจการให้ความสำคัญต่อกระบวนการปกป้องคุ้มครองบุคคลที่แจ้งเบาะแสเกี่ยวกับการกระทำความผิดได้อย่างเหมาะสม | | | | | |
| **การเปิดเผยข้อมูลและความโปร่งใสที่เพิ่มขึ้น (Disclosure and Transparency Enhancement)**<br>16. กิจการมุ่งเน้นการเปิดเผยการถือหุ้นของกรรมการทั้งทางตรงและทางอ้อม ทั้งในรายงานประจำปี และเว็บไซต์ของกิจการ | | | | | |
| 17. กิจการมุ่งมั่นทำการเปิดเผยข้อมูลผลงานทั้งที่เป็นตัวเงินและไม่เป็นตัวเงินในรายงานประจำปีอย่างมีคุณภาพ พร้อมทั้งแสดงถึงเนื้อหาเกี่ยวกับหลักธรรมาภิบาลของกิจการอย่างชัดเจนไว้ในรายงานประจำปี | | | | | |
| 18. กิจการมีการเปิดเผยนโยบายการตรวจสอบและอนุมัติรายการที่เป็นสาระสำคัญของผู้มีส่วนเกี่ยวข้องกัน (Related party transactions) เช่น การโอนทรัพยากรหรือบริการ หรือภาระผูกพันระหว่างกิจการที่เสนอรายงาน และบุคคลหรือกิจการที่เกี่ยวข้องกัน | | | | | |
| 9. กิจการเชื่อมั่นว่ารายงานทางการเงินมีความถูกต้อง เป็นไปตามมาตรฐานการบัญชีที่รับรองโดยทั่วไป และผ่านการตรวจสอบจากผู้สอบบัญชีที่เป็นอิสระ | | | | | |
| 20. กิจการมีช่องทางเผยแพร่ข้อมูลที่หลากหลายเพื่อให้มี การเข้าถึงข้อมูลที่เกี่ยวข้องอย่างมีประสิทธิภาพทันเวลา เช่น เว็บไซต์หน่วยงานนักลงทุนสัมพันธ์ รายงานรายวันรายไตรมาส และรายงานประจำปี เป็นต้น | | | | | |

**ตอนที่ 3 (ต่อ)**

| **ประสิทธิผลของการวัดผลการกำกับดูแลกิจการ** | **ระดับความคิดเห็น** | | | | |
|---|---|---|---|---|---|
| | **มากที่สุด** 5 | **มาก** 4 | **ปานกลาง** 3 | **น้อย** 2 | **น้อยที่สุด** 1 |
| **ความรับผิดชอบของคณะกรรมการที่มีประสิทธิผล (Effective Responsibility of the Board)**<br>21. กิจการได้กำหนดบทบาทหน้าที่ความรับผิดชอบของคณะกรรมการไว้อย่างชัดเจน พร้อมทั้งได้เปิดเผยนโยบายการกำกับดูแลกิจการ วิสัยทัศน์และพันธกิจ รวมถึงกระบวนการทบทวนและปรับใช้กลยุทธ์อย่างต่อเนื่อง | | | | | |
| 22. กิจการมีคณะกรรมการที่ยึดมั่นในหลักจรรยาบรรณทางธุรกิจ ที่ส่งผลทำให้คณะกรรมการสามารถใช้ดุลยพินิจอย่างเป็นอิสระเกี่ยวกับการดำเนินงานของกิจการ | | | | | |
| 23. กิจการตระหนักถึงกระบวนการทำงานอย่างมีประสิทธิภาพของคณะกรรมการ ประกอบด้วย การเข้าร่วมประชุม การจ่ายค่าตอบแทน การตรวจสอบภายใน และการจัดการความเสี่ยง เป็นต้น | | | | | |
| 24. กิจการเชื่อมั่นว่าผู้บริหารสูงสุดที่มีความรู้ ความสามารถ และประสบการณ์ สามารถบริหารงานอย่างเป็นอิสระจากคณะกรรมการบริษัท | | | | | |
| 25. กิจการส่งเสริมการกำหนดแผนการพัฒนาและประเมินผลการปฏิบัติงานประจำปีของคณะกรรมการและผู้บริหารอย่างมีประสิทธิภาพ | | | | | |

**ตอนที่ 4 ความคิดเห็นเกี่ยวกับประโยชน์ที่ได้รับจากประสิทธิผลของการวัดผลการกำกับดูแลกิจการของบริษัทที่จดทะเบียนในตลาดหลักทรัพย์แห่งประเทศไทย**

| ประโยชน์ที่ได้รับจากประสิทธิผลของการวัดผลการกำกับดูแลกิจการ | ระดับความคิดเห็น | | | | |
|---|---|---|---|---|---|
| | มากที่สุด 5 | มาก 4 | ปานกลาง 3 | น้อย 2 | น้อยที่สุด 1 |
| **คุณภาพของรายงานทางการเงิน (Financial Report Quality)** | | | | | |
| 1. กิจการให้ความสำคัญในการจัดทำและนำเสนอรายการในงบการเงินที่มีขนาดและลักษณะของข้อมูลที่มีความสำคัญต่อการตัดสินใจเชิงเศรษฐกิจของผู้ใช้งบการเงินอย่างต่อเนื่อง | | | | | |
| 2. กิจการยึดมั่นในการนำเสนอข้อมูลในงบการเงินอย่างเป็นกลางปราศจากความลำเอียง ครบถ้วนและอยู่ภายใต้ หลักความระมัดระวังในเหตุการณ์ที่ไม่แน่นอน | | | | | |
| 3. กิจการให้ความสำคัญกับการนำเสนอข้อมูลในงบการเงินในรูปแบบที่ง่ายและชัดเจน เพื่อให้ผู้ใช้งบการเงินสามารถเข้าใจข้อมูลได้อย่างถูกต้องและนำไปใช้ประโยชน์ได้อย่างมีประสิทธิผล | | | | | |
| 4. กิจการให้ความสำคัญกับความทันต่อเวลาในการจัดทำและนำเสนอข้อมูลงบการเงิน รวมถึงการเผยแพร่ต่อผู้ใช้งบการเงินกลุ่มต่าง ๆ ได้อย่างทันท่วงที | | | | | |
| 5. กิจการมุ่งเน้นการนำเสนอข้อมูลในงบการเงินที่สามารถนำไปเปรียบเทียบกับข้อมูลในอดีตของกิจการเองและเปรียบเทียบกับข้อมูลของกิจการอื่นได้ในลักษณะเดียวกัน | | | | | |
| 6. กิจการยึดหลักการในมาตรฐานรายงานทางการเงินที่เกี่ยวข้องกับการจัดทำงบการเงินอย่างเข้มงวด โดยมีกระบวนการตรวจสอบยืนยันอย่างครบถ้วน | | | | | |
| **ความสามารถในการแข่งขันของกิจการ (Firm Competitiveness)** | | | | | |
| 7. กิจการมีความพร้อมและมีศักยภาพในการดำเนินงาน สามารถสร้างความแตกต่างที่เหนือกว่ากิจการอื่นในอุตสาหกรรมเดียวกัน | | | | | |
| 8. กิจการสามารถสร้างความโดดเด่นในด้านสินค้าและบริการ จนได้รับการยอมรับจากลูกค้าอย่างต่อเนื่อง | | | | | |
| 9. กิจการสามารถนำวิธีการใหม่ ๆ หรือเทคนิคใหม่ ๆ ที่มีศักยภาพมาประยุกต์ใช้ในการดำเนินงานอย่างต่อเนื่อง | | | | | |
| 10. กิจการมั่นใจว่าได้รับการยอมรับจากผู้ลงทุนเพิ่มขึ้น ซึ่งส่งผลให้มีการขยายการลงทุนได้อย่างต่อเนื่อง นำมาซึ่งการขยายกิจการตามความต้องการของลูกค้าได้ในอนาคต | | | | | |

**ตอนที่ 4 (ต่อ)**

| ประโยชน์ที่ได้รับจากประสิทธิผลของการวัดผลการกำกับดูแลกิจการ | ระดับความคิดเห็น | | | | |
|---|---|---|---|---|---|
| | มากที่สุด 5 | มาก 4 | ปานกลาง 3 | น้อย 2 | น้อยที่สุด 1 |
| **ความสามารถในการแข่งขันของกิจการ (Firm Competitiveness)**<br>11. กิจการเชื่อว่าการได้รับรางวัลคุณภาพทางด้านต่าง ๆ ทำให้ได้รับส่วนแบ่งทางการตลาดที่เพิ่มขึ้น | | | | | |
| **ความยั่งยืนของกิจการ (Firm Sustainability)**<br>12. กิจการมีผลกำไรและอัตราผลตอบแทนเพิ่มขึ้นอย่างต่อเนื่อง | | | | | |
| 13. กิจการมีอัตราการเติบโตของส่วนแบ่งการตลาดที่ เพิ่มสูงขึ้นโดยเชื่อมั่นว่าลูกค้ามีความจงรักภักดีต่อสินค้าหรือบริการของกิจการอย่างต่อเนื่อง | | | | | |
| 14. กิจการมีทรัพยากรและแหล่งเงินทุนที่เพียงพอในการดำเนินงานพร้อมรับมือกับสถานการณ์ต่าง ๆ ได้อย่างมั่นคง | | | | | |
| 15. กิจการได้รับการยอมรับถึงชื่อเสียงของกิจการที่มีมาอย่างต่อเนื่องโดยได้รับความเชื่อถือและศรัทธาจากผู้ที่มีส่วนเกี่ยวข้องด้วยดีเสมอมา | | | | | |
| 16. กิจการสามารถเสริมสร้างพัฒนาและรักษาความสัมพันธ์อันแนบแน่นกับผู้มีส่วนได้เสียกับกิจการได้อย่างมั่นคงยั่งยืน | | | | | |

**ตอนที่ 5 ความคิดเห็นเกี่ยวกับปัจจัยภายในที่ส่งผลต่อประสิทธิผลของการวัดผลการกำกับดูแลกิจการของบริษัทที่จดทะเบียนในตลาดหลักทรัพย์แห่งประเทศไทย**

| ปัจจัยภายในที่ส่งผลต่อประสิทธิผลของการวัดผลการกำกับดูแลกิจการ | ระดับความคิดเห็น | | | | |
|---|---|---|---|---|---|
| | มากที่สุด 5 | มาก 4 | ปานกลาง 3 | น้อย 2 | น้อยที่สุด 1 |
| **ความสามารถของระบบสารสนเทศเพื่อการจัดการ (MIS Competency)**<br>1. กิจการมีระบบสารสนเทศเพื่อการจัดการที่ผู้ใช้สามารถค้นพบข้อมูลที่เป็นประโยชน์ในการดำเนินงานตามความต้องการได้อย่างสะดวกรวดเร็ว | | | | | |
| 2. กิจการมีระบบเครือข่ายสารสนเทศเพื่อการจัดการที่มีประสิทธิผลโดยสามารถเชื่อมโยงระบบงานต่าง ๆ ในองค์กรได้อย่างมีประสิทธิภาพ | | | | | |
| 3. กิจการสนับสนุนให้มีการพัฒนาระบบสารสนเทศเพื่อการจัดการที่ทันสมัยอยู่เสมอ เพื่อให้ได้สารสนเทศที่มีความถูกต้อง รวดเร็ว และช่วยสนับสนุนในการตัดสินใจได้อย่างมีประสิทธิผล | | | | | |
| 4. กิจการให้ความสำคัญกับการใช้ระบบสารสนเทศเพื่อสนับสนุนการทำงานของทุกส่วนงานในองค์กรเพื่อให้เกิดประสิทธิผลทั่วทั้งองค์กร | | | | | |
| **การสนับสนุนจากผู้บริหารระดับสูง (Top Management Support)**<br>5. ผู้บริหารสนับสนุนทรัพยากรที่จำเป็น งบประมาณและสิ่งอำนวยความสะดวกอื่น ๆอย่างเต็มที่ในการดำเนินงาน ซึ่งจะช่วยการดำเนินงานได้อย่างมีประสิทธิภาพสูง | | | | | |
| 6. ผู้บริหารส่งเสริมให้บุคลากรมีการเรียนรู้และฝึกอบรมเทคนิคและวิธีการทำงานใหม่ๆ อยู่เสมอ นำมาซึ่งความสามารถและศักยภาพของบุคคลากร | | | | | |
| 7. ผู้บริหารมุ่งเน้นให้เกิดการแบ่งปันความรู้และประสบการณ์ร่วมกันอันนำมาซึ่งประสิทธิผลรวมสูงสุดในกิจการ | | | | | |
| 8. ผู้บริหารให้ความสำคัญกับการให้ผลตอบแทนหรือรางวัลแก่พนักงานที่สร้างผลงานได้บรรลุเป้าหมายของกิจการ | | | | | |

**ตอนที่ 6 ความคิดเห็นเกี่ยวกับปัจจัยภายนอกที่ส่งผลต่อประสิทธิผลของการวัดผลการกำกับดูแลกิจการของบริษัทที่จดทะเบียนในตลาดหลักทรัพย์แห่งประเทศไทย**

| ปัจจัยภายนอกที่ส่งผลต่อประสิทธิผลของการวัดผลการกำกับดูแลกิจการ | ระดับความคิดเห็น มากที่สุด 5 | มาก 4 | ปานกลาง 3 | น้อย 2 | น้อยที่สุด 1 |
|---|---|---|---|---|---|
| **แรงกดดันจากการแข่งขัน (Competitive pressure)**<br>1. ความต้องการของลูกค้าที่มากขึ้นทำให้กิจการมุ่งมั่นต่อการดำเนินงานที่เป็นเลิศเพื่อให้ได้ผลงานที่ดีขึ้นกว่าเดิมเสมอ | | | | | |
| คู่เข่งขันที่เข้ามาในตลาดจำนวนมาก ส่งผลให้กิจการตระหนักถึงการให้ความสำคัญกับการตอบสนองความต้องการของผู้มีส่วนได้เสียทุกฝ่าย | | | | | |
| 3. ความต้องการผลดำเนินงานที่โดดเด่นอย่างต่อเนื่องส่งผลให้กิจการตระหนักถึงการพัฒนาศักยภาพและความสามารถของตนเองอยู่เสมอ | | | | | |
| 4. การให้ความสำคัญกับความสามารถในการปรับตัวได้อย่างทันท่วงทีส่งผลให้กิจการต้องติดตามสถานการณ์ที่มีการเปลี่ยนแปลงตลอดเวลา | | | | | |
| **แรงกดดันจากหน่วยงานกำกับดูแล (Regulation Force)**<br>5. หน่วยงานกำกับดูแล ได้มีการออกกฎระเบียบ ข้อบังคับ มาตรฐานและวิธีการต่าง ๆ ที่เกี่ยวข้องให้ทันสมัยต่อการเปลี่ยนแปลงในระดับสากล ทำให้กิจการมุ่งมั่นในการปรับแนวทางในการปฏิบัติงานให้สอดคล้องมากที่สุด | | | | | |
| 6. หน่วยงานกำกับดูแลได้มีการสนับสนุนให้กิจการเรียนรู้และทำความเข้าใจเกี่ยวกับการเปลี่ยนแปลงกฎระเบียบ ข้อบังคับมาตรฐานและวิธีการที่เกี่ยวข้อง เพื่อให้กิจการสามารถประยุกต์ใช้ได้อย่างถูกต้องเหมาะสม | | | | | |
| 7. หน่วยงานกำกับดูแลมีการตรวจสอบติดตามการปฏิบัติตามกฎระเบียบ ข้อบังคับ และมาตรฐานที่เกี่ยวข้องอย่างต่อเนื่อง | | | | | |
| 8. หน่วยงานกำกับดูแลมีการลงโทษอย่างจริงจังต่อการเพิกเฉยไม่ปฏิบัติตามกฎระเบียบ ข้อบังคับ มาตรฐานและวิธีการต่าง ๆ ที่กำหนดไว้ | | | | | |

**ตอนที่ 7 ข้อเสนอแนะเพิ่มเติมเกี่ยวกับประสิทธิผลของการวัดผลการกำกับดูแลกิจการและ**

**ความยั่งยืนของกิจการจากบริษัทที่จดทะเบียนในตลาดหลักทรัพย์แห่งประเทศไทย**

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ขอขอบพระคุณท่านที่กรุณาสละเวลาตอบแบบสอบถามทุกข้อ

โปรดพับแบบสอบถาม และใส่ซองที่แนบมาพร้อมนี้ส่งคืนตามที่อยู่ที่ระบุ

# APPENDIX H

## Cover Letter and Questionnaire: English Version

**Questionnaire for the Ph. D. Dissertation Research**
**Entitled "Corporate Governance Scorecard Effectiveness and Firm Sustainability: Empirical Evidence from Thai-Listed Firms"**

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Dear Sir,

This research is a part of a doctoral dissertation of Miss Anchalee Sukkhewat at the Mahasarakham Business School, Mahasarakham University, Thailand. The objective of this research is to investigate the relationship between corporate governance scorecard effectiveness and firm sustainability of Thai-Listed Firms. The questionnaire is divided into 7 parts

Part 1: Personal information of executive director who supervise the corporate governance practices of Thai-listed firms,

Part 2: General information of Thai-listed firms,

Part 3: Opinion on corporate governance scorecard effectiveness of Thai-listed firms,

Part 4: Opinion on consequences of corporate governance scorecard effectiveness of Thai-listed firms,

Part 5: Opinion on internal factor that influence to corporate governance scorecard effectiveness of Thai-listed firms,

Part 6: Opinion on external factor that influence to corporate governance scorecard effectiveness of Thai-listed firms, and

Part 7: Recommendations and suggestions in corporate governance scorecard effectiveness.

Your answer will be kept as confidentiality and your information will not be shared with any outsider party without your permission.

If you want a summary of this research, please indicate your E-mail address or attach your business card with this questionnaire. The summary will be mailed to you as soon as the analysis is completed.

Thank you for your time answering all the questions. I have no doubt that your answer will provide valuable information for academic advancement. If you have any questions with respect to this research, please contact me directly.

Sincerely yours,

(Anchalee Sukkhewat)
Ph. D. Student, Mahasarakham Business School
Mahasarakham University, Thailand

Contact Info:
Cell phone: 081 – 343 – 2095
E-mail: Anchalee.s@acc.msu.ac.th

**Part 1: Personal information of respondent**

1. Gender
   - ❑ Male
   - ❑ Female

2. Age
   - ❑ Less than 35 years old
   - ❑ 35– 40 years old
   - ❑ 41-45years old
   - ❑ More than 45 years old

3. Educational level
   - ❑ Bachelor’s degree or lower
   - ❑ Master degree
   - ❑ Doctoral degree

4. Working experience
   - ❑ Less than 5 years
   - ❑ 5- 10 years
   - ❑ 11 – 15 years
   - ❑ More than 15 years

5. Average monthly income at present
   - ❑ Less than 100,000 Baht
   - ❑ 100,000 – 150,000 Baht
   - ❑ 150,001-200,000 Baht
   - ❑ More than 200,000 Baht

6. Working position
   - ❑ President
   - ❑ Managing Director
   - ❑ Other (Please Specify)……………………….

**Part 2: General information of Thai listed firm**

1. Industrial category

☐Agro and Food Industry ☐Consumer Products

☐Industrials ☐Property & Construction

☐Resources ☐Technology

☐Services ☐Other (Please specify) ………..

2. Authorized capital of the firm

☐Less than 1,000,000,000 Baht ☐1,000,000,001 - 5,000,000,000 Baht

☐5,000,000,001 - 9,000,000,000 Baht ☐More than 9,000,000,000 Baht

3. Total assets of the firm

☐Less than 10,000,000,000 Baht ☐10,000,000,001 - 50,000,000,000 Baht

☐50,000,000,001 - 100,000,000,000 Baht ☐More than 100,000,000,000 Baht

4. The number of employee

☐Less than 500 ☐500 -1,000

☐1,100-1,500 ☐More than 1,500

5. The period of time the firm has operate

☐Less than 5 years ☐5 -10 years

☐11-15 years ☐More than 15 years

6. The period of time registers in the Stock Exchange of Thailand

☐Less than 5 years ☐5 -10 years

☐11-15 years ☐More than 15 years

7. Corporate governance score of the firm at 2018

☐Excellent ☐Very Good

☐Good ☐Satisfactory

☐Pass ☐Other (Please specify) ………..

**<u>Part 3:</u> Opinion on corporate governance scorecard effectiveness of Thai listed firms**

| Corporate governance scorecard effectiveness | Opinion Levels | | | | |
|---|---|---|---|---|---|
| | Strongly Agree 5 | Agree 4 | Neutral 3 | Disagree 2 | Strongly Disagree 1 |
| **<u>Strength of Shareholder Rights</u>**<br>1. Firm always pays dividends equal to the proportion of investments of each person on time. | | | | | |
| 2. Firm consistently encourages shareholders to make decisions regarding significant changes in their operations. | | | | | |
| 3. Firm is confident that the shareholders are able to attend the annual general meeting efficiently, by announcing the various rules of the meeting and the resolution for shareholders to fully understand before the meeting. | | | | | |
| 4. Firm has controlled and implemented the business combination and the acquisition of the business at the right price and transparent and fair operations for all groups of shareholders. | | | | | |
| 5. Firm focuses on facilitating the exercise of ownership rights by all types of shareholders, including institutional investors. | | | | | |
| **<u>Equitable Treatment of Shareholders</u>**<br>6. Firm is aware of the different rights of each type of shareholders and treats them equally according to the role of each type of shareholders. | | | | | |

**Part 3 (Continued)**

| Corporate governance scorecard effectiveness | Opinion Levels | | | | |
|---|---|---|---|---|---|
| | Strongly Agree 5 | Agree 4 | Neutral 3 | Disagree 2 | Strongly Disagree 1 |
| 7. Firm focuses on arranging shareholders' meetings in a manner that encourages all shareholders to have equal voting rights. | | | | | |
| 8. Firm promotes preventive measures in the event that directors and executives use insider information for their own interests. | | | | | |
| 9. Firm supports the disclosure of information about the interests of executives and related parties in order to avoid conflicts of interest. | | | | | |
| 10. Firm promotes policies for minority shareholders to exercise their voting rights, including allowing minority shareholders to propose additional meeting agendas before the meeting date. | | | | | |
| **Respecting Role of Stakeholders** 11. Firm is committed to treating each group of stakeholders by taking into account the rights of the stakeholders according to the law or the agreement with the company continuously. | | | | | |
| 12. Firm continually supports policies and practices to compensate for damages arising from violation of rights of stakeholders. | | | | | |
| 13. Firm focuses on the development of mechanisms to promote employee participation at all levels of work. | | | | | |

**Part 3 (Continued)**

| Corporate governance scorecard effectiveness | Opinion Levels | | | | |
|---|---|---|---|---|---|
| | Strongly Agree 5 | Agree 4 | Neutral 3 | Disagree 2 | Strongly Disagree 1 |
| **Respecting Role of Stakeholders** 14. Firm provides measures to receive clues or complaints from both employees and other interested parties regarding illegal actions, unethical behavior or behavior that may cause corruption in the organization. | | | | | |
| 15. Firm attaches importance to the process of protecting persons appropriately informing clues about committing an offense. | | | | | |
| **Disclosure and Transparency Enhancement** 16. Firm focuses on disclosing direct and indirect shareholding of directors in both the annual report and the company's website. | | | | | |
| 17. Firm intends to disclose the quality of the financial and non-monetary data in the annual report with quality and clearly show the content of the corporate governance in the annual report. | | | | | |
| 18. Firm discloses a policy to examine and approve relevant party transactions, such as the transfer of resources or services or commitments between the reporting party and the related parties. | | | | | |
| 19. Firm believes that its financial reports are accurate and in accordance with generally accepted accounting standards and have been audited by independent auditors. | | | | | |

**Part 3 (Continued)**

| Corporate governance scorecard effectiveness | Opinion Levels | | | | |
|---|---|---|---|---|---|
| | Strongly Agree 5 | Agree 4 | Neutral 3 | Disagree 2 | Strongly Disagree 1 |
| **Disclosure and Transparency Enhancement** 20. Firm has various channels to disseminate information in order to have access to relevant information in an effective and timely manner, such as the investor relations website, daily report, quarterly report and annual report etc. | | | | | |
| **Effective Responsibility of the Board** 21. Firm has clearly defined the roles and responsibilities of the board of directors, including the disclosure of corporate governance policy, vision and mission, process of continuous review and strategy implementation. | | | | | |
| 22. Firm has a committee which adheres to the business ethics which results in the board being able to exercise independent discretion regarding the operations of the business. | | | | | |
| 23. Firm is aware of the board's effective work process, including attendance, payment, internal audit, and risk management etc. | | | | | |
| 24. Firm believes that the highest management with knowledge, ability and experience can manage independently from the Board of Directors. | | | | | |
| 25. Firm promote the development and evaluation plan for the annual performance of the board and management with efficiency. | | | | | |

**Part 4** **Opinion on the outcomes of corporate governance scorecard effectiveness of Thai listed firms**

| **The outcomes of corporate governance scorecard effectiveness** | **Opinion Levels** | | | | |
|---|---|---|---|---|---|
| | **Strongly Agree 5** | **Agree 4** | **Neutral 3** | **Disagree 2** | **Strongly Disagree 1** |
| **Financial Reporting Quality**<br>1. Firm is concerned with the preparation and presentation of financial statements that have the size and nature of information that is important to the economic decisions of users of the financial statements continuously. | | | | | |
| 2. Firm adheres to fair and fair presentation of information in the financial statements without bias, complete and under caution in uncertain situations. | | | | | |
| 3. Firm emphasizes the presentation of the information in the financial statements in a simple and clear format so that the users can understand the information correctly and can use it efficiently. | | | | | |
| 4. Firm gives importance to the timeliness of preparation and presentation of financial statement information, including the timely dissemination of financial statements to users of various groups. | | | | | |
| 5. The business is focused on presenting information in the financial statements that can be compared with historical data of the business itself and compared with information of other businesses in the same manner. | | | | | |

**Part 4 (Continued)**

| The outcomes of corporate governance scorecard effectiveness | Opinion Levels | | | | |
|---|---|---|---|---|---|
| | Strongly Agree 5 | Agree 4 | Neutral 3 | Disagree 2 | Strongly Disagree 1 |
| **Financial Reporting Quality**<br>6. Firm adheres to the principles of financial reporting standards relevant to the preparation of financial statements in strict accordance with the complete verification process. | | | | | |
| **Firm Competitiveness**<br>7. Firm is ready and has operational potential to make a difference that is superior to other businesses in the same industry. | | | | | |
| 8. Firm is able to create outstanding products and services until being continuously accepted by customers. | | | | | |
| 9. Firm is able to apply new methods or new techniques that have the potential to be applied continuously. | | | | | |
| 10. Firm is confident that it has received increased acceptance from investors, which will result in continuous investment expansion, leading to business expansion as per the customers' needs in the future. | | | | | |
| 11. Firm believes that receiving quality awards in various fields leads to an increase in market share. | | | | | |
| **Firm Sustainability**<br>12. Firm has a continuously increasing profit and return rate. | | | | | |
| 13. Firm has a growing rate of market share which is confident that customers are continuously loyal to the product or service of the company. | | | | | |
| 14. Firm has sufficient resources and funds to operate and to cope with various situations stably. | | | | | |
| 15. Firm been consistently recognized for its reputation with the trust and faith of those involved. | | | | | |
| 16. Firm are able to strengthen, develop, and maintain stable relationships with stakeholders with the business stably and sustainably. | | | | | |

**Part 5** **Opinion on internal environmental factors of Thai listed firms**

| Internal Environmental Operation | Opinion Levels | | | | |
|---|---|---|---|---|---|
| | Strongly Agree 5 | Agree 4 | Neutral 3 | Disagree 2 | Strongly Disagree 1 |
| **MIS Competency**<br>1. Firm has management information systems that enable users to find useful information that can be used quickly and easily. | | | | | |
| 2. Firm has an efficient information network for management which can connect various systems in the organization efficiently. | | | | | |
| 3. Firm supports the development of management information systems that are up-to-date in order to obtain accurate, fast, and effective information supporting decision-making. | | | | | |
| 4. Firm emphasizes the use of information systems to support the work of all departments in the organization to be effective throughout the organization. | | | | | |
| **Top Management Support**<br>5. Executives fully support the necessary resources, budgets, and other facilities in their operations, which will help them to operate more efficiently. | | | | | |
| 6. Executives encourage personnel to learn and train new techniques and methods at all times, bringing capability and potential of personnel. | | | | | |
| 7. Executives focus on the sharing of knowledge and experience together which will bring the most total effectiveness to the business. | | | | | |

**Part 5 (Continued)**

| Internal Environmental Operation | Opinion Levels | | | | |
|---|---|---|---|---|---|
| | Strongly Agree 5 | Agree 4 | Neutral 3 | Disagree 2 | Strongly Disagree 1 |
| **Top Management Support**<br>8. Executives give priority to the compensation or rewards for the employees who achieve their business goals. | | | | | |

**Part 6 Opinion on external environmental factors of Thai listed firms**

| External Environmental Factors | Opinion Levels | | | | |
|---|---|---|---|---|---|
| | Strongly Agree 5 | Agree 4 | Neutral 3 | Disagree 2 | Strongly Disagree 1 |
| **Competitive Pressure**<br>1. The growing needs of customers make the firm always strive for excellent performance in order to achieve better results. | | | | | |
| 2. The large number of competitors entering the market has made the firm aware of the importance of meeting the needs of all stakeholders. | | | | | |
| 3. Continuously outstanding demand for performance has made the firm aware of its ability and capability. | | | | | |
| 4. Given the importance of being able to adapt in a timely manner, firm must follow up with situations that change all the time. | | | | | |

**Part 6 (Continued)**

| Internal Environmental Operation | Opinion Levels | | | | |
|---|---|---|---|---|---|
| | Strongly Agree 5 | Agree 4 | Neutral 3 | Disagree 2 | Strongly Disagree 1 |
| **Regulation Force**<br>5. The regulators have issued rules, regulations, standards, and other relevant methods to be up to date with international changes, making the business committed to adjusting the way of operations to be most consistent. | | | | | |
| 6. The regulators have encouraged the firm to learn and understand about the changes in rules, regulations, standards, and related methods to enable the business to apply properly. | | | | | |
| 7. The regulators continually monitor the compliance with relevant rules, regulations and standards. | | | | | |
| 8. The regulators are seriously punished for not following the rules, regulations, standards, and procedures. | | | | | |

**Part 7 Suggestions and Comments in the management of tax departments in Thailand**

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Thank you for your time and attention to this matter

# BIOGRAPHY

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