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The Suggestion of Limited Asian Pacific Corporate Governance Standards after Global Crisis

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Abstract

This paper mainly concentrates on empirical research for finding a framework of implementation of corporate governance standards in selected Asian countries after corporate scandals, negative market manipulation during the post-crisis periods.

First, it comes up with four groups of findings on corporate governance subjects in the post-crisis and post-scandal time. It was found out that companies in these periods have certain corporate governance issues such as how to better organize an information disclosure system.

Second, it compares and identifies differences in current and latest corporate governance standard system in four countries in Asian Pacific region: Japan, Australia, Philippines and Korea.

Third, this paper provides a short summary of the evaluation of current corporate governance principles in these four countries which can enable corporations to seek and to compare them to their current codes.

Last but not least, it aims to realize a limited general set of standards of Asian Pacific corporate governance and give proper recommendations to relevant governments and organizations. Especially, it includes a section for recommending corporate governance to developing countries including Viet Nam.

Key words: *corporate governance standards, board structure, code of best practice, financial crisis, corporate scandals, market manipulation, internal audit*

JEL Classification: *G00; G3; G30*

Introduction

Many countries in Asian Pacific regions including: Japan, Korea, Philippines, and Australia have made advancements in their corporate governance standards and regulations in recent decade. There are two main points in time which signal the improvements made in the Asian countries' corporate governance policies. The first period is the time during 1999-2003 after the Asian financial crisis took place in 1997-1998 and the second period is the current time, after the financial crisis 2007-2009 with impacts from US and Europe large economies. The Global corporate governance forum was organized and the country's corporate governance council or committee or forum is also established for recommendations and implementation of new key principles in this field. This research paper is trying to adopt an implementation - oriented writing style and to focus on current corporate governance issues during and after impacts from scandals and crises.

Research Literature Review

Many researches have been done in the corporate governance area so far. The EU approach to corporate governance from IFC (2008) shows that corporate governance is not only necessary for state-owned enterprises (SOEs) but it is also important for the private sector to enhance its development. In 2002, EU also issues the Code of Best practices and the 2006 Directive requires that each listed company should publish an annual corporate governance statement regarding the extent to which the company can comply with that code. Among its key principles is the separation of roles between the CEO and the Chairman as it is stated that "The Chairman and CEO roles should be separate and the CEO should not immediately become Chairman of either a unitary or a supervisory board". However, just few similar works have been performed in the Asian Pacific region up to now.

Li Wei An (2008) in a research of corporate governance said it is urgent to seek which governance model is more suitable for the governance environment where Chinese listed companies survive.

Allen, Franklin, Litov, Libomir, and Mei, Jianping, (2004) found strong evidence that large investors and corporate insiders possess market power which allowed to manipulate prices.

Therefore, after several financial crises, in 1997-1998 and in 2007-2009, and many corporate scandal cases, including different types of manipulation, more researches and reviewing of relevant corporate governance theories are necessary. US House (2002) confirms in Enron case that there is a failure of the board in their fiduciary duties to shareholders. As Kirkpatrick, Grant (2009) pointed out, even OECD corporate governance, short-called CG, principles needed to be reviewed in key areas, including board composition and competencies, remuneration issues, etc., after the financial crisis.

Theory of Corporate Governance, Scandal and Market Manipulation

Theory of Manipulation

Aggarwal, Rajesh K., Wu, Guonzu (2003) found that potential manipulators can be corporate insiders, brokers, underwriters, large shareholders and market makers and that stock prices rise throughout the manipulation period; the prices are higher when the liquidity is greater, and then they fall in the post-manipulation period despite unclear evidence.

Besides, Allen and Gale (1992) showed trade-based possible manipulation taking place when it is ambiguous whether the share buyer has good information of the firm's prospects or projects or simply manipulates the stock price for profit.

Moreover, Chatterchea, Akardev, Jerian, Joseph A., and Jarrow, Robert A. (1994) categorized types of market manipulation which the corporation should minimize into: a) action-based manipulation; b) information-based manipulation; and c) size-based manipulation. In addition, Healy and Walhen (1999) indicate two main incentives for profit manipulation: a) contracts written in terms of accounting numbers; and b) capital market expectations and valuation. The profit manipulation can be divided into two types: earning manipulation and falsification.

Theory of Corporate Governance and Financial Crisis

Corporate governance is a scientific term understood in various ways. It is understood as laws, rules, corporate charter and policies which reflect the relationship between the corporation and its stakeholders, shareholders, creditors, boards, committee, employee and customers and the relationship between ownership and performance. In short, corporate governance is a set of processes, customs, policies, rules directing and controlling an organization. Li Wei An (2008) stated that corporate governance evaluation is designed to make a rating and judgment of governance structures and mechanisms. On the other hand, Allen, Franklin, and Gale, Douglas, (2002) identify that good corporate governance in US and UK means firms pursuing the shareholders' interests while it involves pursuing the interests of all company's stakeholders including customers and employee as well as shareholders, in Japan, France and Germany.

Grant Kirkpatrick (2009) states in the OECD CG report that the financial crisis, for example 2007-2009, can be an important factor to failures of the CG system and the OECD CG principles need to be reviewed. Also, the risk management system failed in many cases with errors in CG procedures rather than in the computed models. Finally, we might note that failures in corporate governance in well-developed markets have different or similar reasons as in emerging markets.

Theory of Corporate Scandals

Cadette (2002), Madrick (2003) and Schwartz (2003) indicate that to gaudy earnings, options created outrage when top management or executives allow manipulation on quarterly report, resulted in short-term movements in stock prices, allowing sizeable personal profits despite probable future restatements of company earnings. We can refer to report by GAO, the U.S Government Accountability Office, disclosed from 1997 to 2002 in US, there is more than (>) 10% listed companies at least one financial statement restatement. Greenberg (2002) and Peterson & Snow (2003) said scandal solutions entailed enforcing the independence of auditors and board of directors, hiring ethics officers or lawyers to ensure compliance or using new metrics to assess performance. John C. Coffee (2005) pointed U.S managements famously employed "rainy day reserves" to hold back the recognition of income excess in the market's expectation to defer its recognition until later when there had been a shortfall in expected earnings.

Research Methodology

First, we classify corporate governance laws into a few different groups including: 1) Asian representative Corporate Governance group, here, we select two Asian countries: Japan and Philippines with lots of modification in their history of issuing their corporate governance principles; and 2) Relatively good Corporate governance group including Korea, Australia;
We also use international standards of corporate governance for reference such as: ADB and OECD's corporate governance principles and standards.
Second, we perform a qualitative analysis on each group then build general standards for corporate governance in each separate group. These standards represent common understanding and principles in each group.
Third, we compare each group's general Corporate Governance standards together and provide a short summary of evaluation of each country or group's standards, which is presented in the later session for Japan case and in Exhibit session for the rest countries.
Finally, we make a suggestion regarding the so-called common corporate governance principles for Asian Pacific which aim to create the basic background for relevant corporations interested in corporate governance subject.

Empirical Findings

A. Findings on Corporate governance issues after financial crisis, corporate scandals and market manipulation

First of all, we found that the internal and external committee audit showed disadvantages and weak points during the audit process which lead to rooms for managers using manipulation tools to create an unreal financial picture of scandal companies. The reasons might include the fact that there still exists an insufficient information system or database which contributes to ineffective business decision making in those companies.

Next, among important covered issues is the timing issue of corporate annual reports announcement to the public. It includes issues such as: a) common delays in delivering on-time annual financial statements to the public; and b) insufficient data or information announced to the public on company website at certain points in the fiscal year, especially during and after financial crisis or suddenly changing in the management board. So, this also relates to the validity and control of regulations in information management on the company website.

Last but not least, one major corporate governance issue existing as the main cause to corporate scandals of these companies is that there is a question on the quality of the management skill and talent of companies' CEO and his or her colleagues in the board of management. Or in another way, it is the issue of evaluating and appraising the efficiency and effectiveness of their management and governance capacity during both business growing stage and recession stage.

B. Findings on Ways of Manipulation during Corporate Scandals

B.1 The manipulation techniques in the income statement:

The use of unusual contracts to inflate the company's revenues with a hope to trigger the company's stock price is done successfully by corporations such as *ELan* in the fiscal year 2001 (leading to its collapse later). Another example is Xerox during the fiscal periods 1997-2000.

B.2 The manipulation techniques in both the income statement and balance sheet:

The technique is used by the large energy company, *Enron*, in the year 2001, which is the hiding of its debt and therefore help to increase its profit of about $1 billion. Or the manipulation trick is done by a Texas co., *Waste management Co*., in which its nominal profits is manipulated or inflated by extending depreciation time of property and equipment in the year 2002.

B.3 The manipulation techniques relevant to international accounting practice code:

We can refer here the case of *ABB*, the share price collapsed since 2001, down to $6 per share, after the company used GAAP to correct mistakes on operating income manipulation, so, this increases its loss of $691 m.

C. Findings on Actions to Prevent or Control Negative Market Manipulation

Among proper actions to prevent and control negative market manipulation is the example in the US and Europe. After the financial crisis, American and German companies try to modify mechanisms and suitable positions in the corporation's corporate governance system; and therefore, to nominate a CRO position, so-called Chief Risk Officer, who is taking care of risk issues relevant to risky investment deals. This action is considered as to magnify the role of Risk Management Division in many big corporations.

D. Findings on Construction of a Limited Common Asian Pacific Corporate Governance standards

D.1 – Group 1 – Asia Corporate governance standards analysis

In Japan

One of the major different features in Japan 2009 revised principles is that it views the Company or Corporation as the whole entity in constructing its corporate governance standards. Therefore, the company has a responsibility in developing and improving an internal check and balance system for the Auditors, Board and other groups make their business judgments.

Besides, the 2009 Code expands the interests from the corporation's shareholders to its stakeholders, in order to create a harmonious relationship between the company and its stakeholders and to create corporate values and jobs. Here we can see the role of the corporation when it is looked at as the whole entity and it is taken into consideration the building of a corporate culture in favor of its stakeholders.

Additionally, the Japan Corporate governance principles have an ambiguous point when they describe the other relevant groups in supervising Management. Moreover, they still do not pay more attention to the supervisory roles and structure in favor of the CEO and Board.

In conclusion, the Japan principles cover a variety of issues which are based on a shareholders-oriented point of view.

Table 1. Japan Corporate Governance general standards (a summative evaluation)

Subjects or parties	Main quality factors	Sub quality factors	Responsibilities	Objectives	Note
Audit committee	Not mentioned clearly in the Japan Code	Not mentioned clearly in the Japan Code	Refer to Internal Auditor part	Not mentioned clearly in the Japan Code	The Co. chose either auditor or committees system
Nomination committee	Not mentioned clearly in the Japan Code	Not mentioned clearly in the Japan Code	Not mentioned clearly in the Japan Code	Not mentioned clearly in the Japan Code	The Co. chose either auditor or committees system
Compensation or Remuneration committee	Not mentioned clearly in the Japan Code	Not mentioned clearly in the Japan Code	Not mentioned clearly in the Japan Code	Not mentioned clearly in the Japan Code	The Co. chose either auditor or committees system
CEO	Not mentioned clearly in the Japan Code	Not mentioned clearly in the Japan Code	Not mentioned clearly in the Japan Code	Not mentioned clearly in the Japan Code	
The Chair	Not mentioned clearly in the Japan Code	Not mentioned clearly in the Japan Code	Not mentioned clearly in the Japan Code	Not mentioned clearly in the Japan Code	
CEO and The Chair relationship	Not mentioned clearly in the Japan Code	Not mentioned clearly in the Japan Code	Not mentioned clearly in the Japan Code	Not mentioned clearly in the Japan Code	
Corporate Secretary	Not mentioned clearly in the Japan Code	Not mentioned clearly in the Japan Code	Not mentioned clearly in the Japan Code	Not mentioned clearly in the Japan Code	
Compliance officer	Not mentioned clearly in the Japan Code	Not mentioned clearly in the Japan Code	Not mentioned clearly in the Japan Code	Not mentioned clearly in the Japan Code	
Board of Directors	Not mentioned clearly in the Japan Code	Not mentioned clearly in the Japan Code	Appoint the management; Supervise, Evaluate Management;	Make judgments compliance with Laws and Regulations and accuracy of business operation conditions	
Executive director	Not mentioned clearly in the Japan Code	Not mentioned clearly in the Japan Code	Involved in the Management part	Involved in the Management part	

Table 1 (*cont.*)

Non-executive director	Not mentioned clearly in the Japan Code	Not mentioned clearly in the Japan Code	Not mentioned clearly in the Japan Code	Not mentioned clearly in the Japan Code	
Independent director	Not mentioned clearly in the Japan Code	Not mentioned clearly in the Japan Code	Not mentioned clearly in the Japan Code	Not mentioned clearly in the Japan Code	
CFO	Not mentioned clearly in the Japan Code	Not mentioned clearly in the Japan Code	Not mentioned clearly in the Japan Code	Not mentioned clearly in the Japan Code	
Management team	Representative directors and executive officers, representative executives and executives;	Not mentioned clearly in the Japan Code	Organize the Board of Directors, Auditors, Board of Company Auditors suitable;	Accurately and efficiently executing business	
Supervisory board	Auditors, Board of Directors, other groups as the Management supervisory board	Not mentioned clearly in the Japan Code	Refer to the relevant parts of Supervisory body	Refer to the relevant parts of Supervisory body	Not mention the Supervisors to the Board
Internal control	Not mentioned clearly in the Japan Code	Not mentioned clearly in the Japan Code	Develop and improve internal system	To secure the accuracy and promptness of disclosure	
Internal audit	Not mentioned clearly in the Japan Code	Depth knowledge of finance/accounting	Supervise , Evaluate Management;	Make judgments compliance with Laws and Regulations and accuracy of business operation conditions	
External audit	Highly independent outside auditors	Depth knowledge of finance/accounting	Coordinate with the internal audit and internal control division	Not mentioned clearly in the Japan Code	
Disclosure and transparency	Timely and accurate	Not mentioned clearly in the Japan Code	Enhance quantitative data on financial and operating results;	Periodic, interval, reliable, and comparable information to shareholders	
Shareholders and Minority Stockholder	Not mentioned clearly in the Japan Code	Not mentioned clearly in the Japan Code	Elect the directors and auditors	Not mentioned clearly in the Japan Code	

In Philippines

In the Philippines, the general corporate governance guide is called the Code of Corporate Governance which has a good foundation on reference criteria of corporate governance guidelines from World Bank and OECD principles of Corporate Governance. It is established in 2002 by SEC and revised in 2009 after the World Bank issuing the ROSC in 2006 (ROSC stands for Report on the Observance of standards and Code). It aims to strengthen the investor confidence, develop the capital market and help the corporate sector and Philippines economy to achieve the sustainable growth.

A summary and evaluation of this revised Code is shown in the Appendix 1.

Within the appropriate timeline and research objectives, this paper can not cover the changing features of the old 2002 Code, compared to the new 2009 Code, so this is its limitation. The analysis below is focusing on the Code that took effect on July 15th, 2009 in Philippines.

Additionally, while The 2009 Code allows the unification of CEO and The Chair, it also describes clearly the roles of the Chair in the Corporation but it still has points misleading the CEO in many cases of decision-making in the Company. The reason is that the CEO's qualification and responsibilities are not well and clearly defined, as regards the Chair's duties.

Last but not least, for the Secretary of the Corporation it is pointed either its legal counsel or the one aware of laws and rules.

Finally, the 2009 Code highlight the role of the Compliance Officer in giving recommendation and measures to avoid the repetition of the Code or Rules violation.

Besides, it, the Code, still has some more works to do with constructing a good standard for the CEO of the company, and the procedures for separating the Chair and the CEO in case they are different people. Also, it still has to clarify terms such as "other matters" or issues which cause ambiguous understanding for the Internal Auditor's responsibilities.

Comparison between Japan and Philippines Corporate Governance Standards

While in The Philippine 2009 Code, the structure put more attention to the Corporation governance structure and mechanisms, which includes an important issue of illustration of the roles of the CEO, The chair and the relationship between them.

The Japan Code refers to Corporate Governance as the framework for disciplining corporate activities. It is a quite short explanation when compared to the Philippine Code, the Corporate Governance is understood as a framework of rules, systems and processes in the corporation. Also, though it does not mention the CSR so much in both Codes, the Japan Code slightly points the role of local community in a coordination of interests among related parties when the company tries to achieve its profits. It is in the Japan Code that the term "modern economic society" is used in generating the Corporate Governance standards.

On the contrary, The Philippines Code is looking at the corporation governance structure and its components with a stronger focus on the establishment of the roles of Internal Audit and Audit Committee. While, the Japan Code, one more time, confirms its Code theme in considering the Corporation as a whole entity in developing its internal system, it does not refer directly to the Board's roles, as mentioned in The Philippines' one.

Last but not least, one different point in The Japan Code, compared to the Philippines Code, is that it allocates the role of supervising the Management to a group of "Board of Directors, Auditors, Board of Company Auditors and other relevant groups". The Philippines Code also makes a distinguished point when it illustrates the responsibilities of the Corporate Secretary in its 2009 revised version.

The 1st Establishment of a so-called Limited Asia Representative Corporate Governance Standards

Table 2. A summary of A Limited Asia Representative Corporate Governance general standards (Japan, Philippines cases)

Subjects or parties	Main quality factors	Sub quality factors
Audit committee	Director qualifications, independent director qualifications, and audit experience	Accounting and finance experience and backgrounds
CEO and The Chair	Clear functions between them	Allow a Unified duties between The Chair and CEO
Corporate Secretary	Be a country resident / citizenship; officer of the Company; appropriate administrative and interpersonal skills	Be loyal to the mission, vision and objectives of the Company; working knowledge of company's operation
Compliance officer	Understand rules, regulations and legal procedures	N/A (for further research and implementation)
Board of Directors	Establish a mutual controlling system to maximize corporate value	Should be given independent access to Management and Secretary
Independent director	Independent of management and free from any business/relationships	N/A (for further research and implementation)
Supervisory board to the Management	Auditors, Board of Directors, Compliance and other groups as the Management supervisory board	N/A (for further research and implementation)
Supervisory to the Board of Directors	Audit committee, Remuneration or compensation committee, Nomination committee	N/A (for further research and implementation)
Internal control	Secure the accuracy and promptness of disclosure	The corporation as the whole entity to develop its internal control system
Internal audit	Highly independent; Free from any interference from outside parties;	Depth knowledge of finance/accounting (as be understood from the Code)
External audit	Highly independent ; Depth knowledge of finance/accounting (as be understood from the Code)	Should be rotated /changed every 5 years
Disclosure and transparency	Timely and publicly disclosure (earnings, acquisition, off balance sheet transactions, remuneration)	N/A (for further research and implementation)
Shareholders	Clear agreement on the rights to the corporation business system (information, dividend, appraisal, etc.)	N/A (for further research and implementation)
The corporation as a whole entity	Develop and maintain good harmony relationship not only with shareholders, but also stakeholders	Develop and improve the internal system

D.2 – Group 2 – Relative Good Corporate governance group analysis

Korea's Corporate Governance standards analysis:

After The Report from World Bank in 2003 on Observance and (ROSC) shows that corporate governance practices in Korea need to improve in a few areas such as: accounting and auditing practices in accordance to international standards and greater transparency of business practices, in 2009 the Korean government announce the amendment to the current commercial code.

In the stream of developing the internal system, one special point is made in the mentioning of the inspector and his/her roles in the company, which is not in the Japan or Philippines Codes.

A minor point is the mention of using the seal of representative directors with suitable authorization to attract the attention on the authorization procedure of the company, which needs to be made clearer in the Code.

In addition, the 2003 Code shows a focus on the operation of general shareholder's meeting, an interesting topic not included in many other Codes. Shareholders might send meeting agenda items to the Board, demand explanation and ask questions as well.

Next, the Korea Code attracts attention by detailing the duties of the Board of Directors, and the operation of the Board's meeting. It is necessary to appoint the supervisory role in order to advise compliance to rules, regulations, Code of Conduct and Ethics. On the evaluation operation, it also made a link between evaluation results with appropriate remuneration.

In conclusion, the Korea Code has several advantages, among which the description of the role and power of the statutory auditor. This point really creates a differentiation in comparison to the other various Codes. However, it also puts a challenge on the shoulders of the corporation and its shareholders for electing suitable statutory auditor with clear main and sub quality factors or qualifications.

Australia's Good Corporate Governance principles analysis:

A few recent researches consider that The ASX, Australian Securities Exchange, Good Corporate Governance Principles 2003 are the same as South East Asian countries' framework. Here, we are going to analyze it based on the latest ASX Code with amendment in 2010 and compare to the Korean Code, because Australia and Korea are two countries with relatively fewer reports on corporate scandals and manipulation.

One of its advantages is the detailed recommendation of a Code of Conduct for relevant corporations with the duty of the board. It regards the building of a corporate culture and values.

Generally, the ASX Code has strong points in the latest version with amendment 2010 such as recommendations for building an effective Code of Conduct for the corporation and for establishing other relevant policies like diversity policy. However, it does not clearly mention or provide a detailed description of the supervisory function in the company, either for the board or management team. See Appendix 3.

Comparison

The Korea Code contains some advantages such as the designating of a person in charge for information disclosure and transparency. It means the company gives him/her the right to speedy access and an information delivery system which enhances the transparency and investor relation. On the other hand, the ASX corporate governance amendment 2010 pays attention to a clearer understanding and roles of corporate governance.

The 1st Establishment of a so-called relatively Good Corporate Governance standards

Table 3. A relatively Good Corporate Governance standards

Subjects or parties	Main quality factors	Sub quality factors
Audit committee	At least three (3) members and mostly independent directors	Advised to set up and required for large co.
CEO and The Chair	Should be separated in functions and responsibilities; the Chair functions as a wide –scope leader;	CEO should not become a Chair and should have formal job description
Corporate Secretary	Monitor the board policies and procedures; dispatch of board agenda	Prepare meeting agenda; appointment and removal by the board
Compliance officer	N/A (for further research and implementation)	N/A (for further research and implementation)
Board of Directors	Be responsible for implementation of resolutions of CEO, board and shareholders	Operation should efficiently and rationally

Independent director	Not a member of management; independent judgment	Free of any business and relationships may interfere with their judgment
Supervisory board to the Management	Board of directors	N/A (for further research and implementation)
Supervisory to the Board of Directors	N/A (for further research and implementation)	N/A (for further research and implementation)
Internal control	A sound internal control system reflected in risk management policies	Ensure the integrity of financial reports
Internal audit	Independent from management and controlling shareholders with knowledge in auditing;	May require directors to make report on business operation;
External audit	Independent from management and controlling shareholders, with professional knowledge of auditing	Attend general shareholder's meeting and answer;
Disclosure and transparency	Designate a person in charge with necessary and speedy information access	Timely and balanced and continuous disclosure
Shareholders	Minority ones might have rights to appointment of inspector and request convocation of shareholder's meeting	Should be included in the code of conduct
The corporation as a whole entity	Evaluate its relationships with all its stakeholders	Should be included in the code of conduct

D.3 The 1st Establishment of a so-called Asian pacific Limited Comparative Corporate Governance standards

A so-called Asian Pacific Limited Comparative Corporate Governance Set of Standards

Table 4. The Asian Pacific Limited Comparative Corporate Governance standards

Subjects or parties	Main quality factors	Sub quality factors
Audit committee	Mostly independent directors or same positions;	At least one (1) member is independent director and also, independent chair different from the Board's chair; at least one (1) with good auditing knowledge
Nominating committee	Review and evaluate qualifications of person nominated to the Board;	Establish its own procedures;
Numeration or Compensation Committee	Review and evaluate management performance against management goals;	Ensure the compensation consistent with the company's culture, strategy business environment and previous policies
CEO and The Chair	Advised to separate the functions and scope of leadership of the Chair and the CEO;	Allow a Unified duties between The Chair and CEO; CEO may be evaluated by independent internal auditor;
CFO	Be able to handle with key financial and accounting procedures;	Should have formal job description and Letter of appointment;
Corporate Secretary	Be able to handle with the board procedures and policies, meeting agenda and materials;	Proper legal and compliance understanding; approval and dismissal by the CEO and board;
Compliance officer	Report directly to the Chair of the Board ;	Be able to handle and consult with rules, regulations, policies
Board of Directors	Operation governed by procedures with clear description of rights and responsibilities	Proper legal and compliance and business operation understanding
Independent director	Free of any business and relationships may interfere with their judgment;	Independent judgment
Supervisory board to the Management	Auditors, Board of Directors, other groups as the Management supervisory board	Include outside directors

Supervisory to the Board of Directors	Audit committee, Remuneration or compensation committee, Nomination committee	Can involve risk management committee
Internal control	Compliance with applicable laws and internal rules	Can be assessed and involved in risk management department activities;
Internal audit	Independent from management and controlling shareholders and external auditors;	Knowledge in auditing; devote sufficient time and effort to the task
External audit	Dept knowledge of financial/accounting/auditing; Independent from management and controlling shareholders;	The appointment disclosed to general shareholder's meeting; can show up at general meeting and answer questions;
Disclosure and transparency	Avoid and explain delays in delivering reports to stakeholders;	Ensure the validity of disclosed information;
Shareholders	Classified with proper right distribution for large and minority ones	Should be included in the code of conduct
Stakeholders	Identified with all relevant interests and relationships with the company	Should be included in the code of conduct
The corporation as a whole entity	Should recognize the corporate social responsibility	Meeting the information demand of a modern economic society

Conclusions

In efforts to prevent and control the above analyzed corporate governance issues after crisis, scandals and negative manipulation, each country in this research paper is about to modify and revise their suitable Code of Corporate Governance and achieve important and different levels of corporate governance system, structure, mechanisms and positions. Philippines Code is mainly allocating the corporate governance system to the corporations' Board of Directors while Japan Code uses a shareholder-oriented philosophy and considers the company as the whole entity in establishing and maintaining its governance relationships. On the other side, Australia Code has a detailed description of recommendations to implementation, while Korea Code gives recommendations to government and relevant organizations.

Suggestion for Developing Countries including Viet Nam

The above incorporated standards need to be re-evaluated before any organization in emerging markets wants to use them for their own operation. At least they need to recognize the difference between the HR personnel and the Nomination or Remuneration Committee that are mentioned in the above concluded table. It means that these standards are flexible, not strict.

Appendix

Appendix 1 – Evaluation of Philippines Code Corporate Governance

Subjects or parties	Main quality factors	Sub quality factors	Responsibilities	Objectives	Note
Audit committee	Director qualifications, independent director qualifications, and audit experience	Accounting and finance experience and backgrounds	Monitoring compliance; assist Board in financial reporting and audit process, internal control system;	In accordance to applicable laws, rules and regulations; Ensure the independent activity of internal and external auditor;	At least 3 directors (Philippine code)
Nomination committee	See Director qualifications;	Not clearly mentioned in Philippine Code	Review and evaluate qualifications of person nominated to the Board;	Not clearly mentioned in Philippine Code	At least 3 members, include 1 independent director
Compensation or Remuneration committee	See Director qualifications;	Not clearly mentioned in Philippine Code	Establish a formal and transparent procedure for developing a policy on remuneration of directors and officers	Ensure the compensation consistent with the company's culture, strategy and business environment	At least 3 members, include 1 independent director
CEO	Not mentioned clearly in the Philippines Code	Not mentioned clearly in the Philippines Code	Not clearly mentioned in Philippine Code	Not mentioned clearly in the Philippines Code	Can understand from the Philippines Code as a Member of the Board
The Chair	Not clearly mentioned in Philippine Code	Not clearly mentioned in Philippine Code	Ensure Board Meetings compliance with laws;	Not clearly mentioned in Philippine Code	
CEO and The Chair relationship	Not clearly mentioned in Philippine Code	Not clearly mentioned in Philippine Code	Should be separated ; Clear delineation of functions should be made	For a balance of power, increase accountability, better independent decision-making	Allow a Unified duties between The Chair and CEO in Philippine Code
Corporate Secretary	Resident (Philippine code), officer of the Company;	Be loyal to the mission, vision and objectives of the Company;	Preservation of meeting minutes of Board and its Committees and other official records; inform the Board the meeting agenda	Ensure all Board's rules and procedures strictly followed by members	Can be the Compliance officer
Compliance officer	Not clearly mentioned in Philippine Code	Not clearly mentioned in Philippine Code	Report directly to the Chair of the Board; Monitor the compliance in the company with the Code, rules and report any violations;	Not mentioned clearly in the Philippines Code	Can be the Corporate secretary in Philippines case
Board of Directors	Not clearly mentioned in Philippine Code	Should be given independent access to Management and Secretary	Recommend to the stockholders the external auditor;	Not clearly mentioned in Philippine Code	Board size from 5-15 members , at least 2 independent directors
Executive director	The head of department or perform works related to company operation	Not clearly mentioned in Philippine Code	Not clearly mentioned in Philippine Code	Not clearly mentioned in Philippine Code	

Non-executive director	None of the above (of executive director)	Not clearly mentioned in Philippine Code	Not clearly mentioned in Philippine Code	Not clearly mentioned in Philippine Code	
Independent director	Independent of management	Not clearly mentioned in Philippine Code	free from any business or other relationship	Not clearly mentioned in Philippine Code	
CFO	Not clearly mentioned in Philippine Code	Not clearly mentioned in Philippine Code	Not clearly mentioned in Philippine Code	Not clearly mentioned in Philippine Code	
Management team	Not clearly mentioned in Philippine Code	Not clearly mentioned in Philippine Code	Provide Board with timely, adequacy information with background or explanation of meeting matters	Not clearly mentioned in Philippine Code	
Supervisory board	Not clearly mentioned in Philippine Code	Not clearly mentioned in Philippine Code	Not clearly mentioned in Philippine Code	Not clearly mentioned in Philippine Code	
Internal control	Not clearly mentioned in Philippine Code	Not clearly mentioned in Philippine Code	Not clearly mentioned in Philippine Code	Not clearly mentioned in Philippine Code	
Internal audit	Not clearly mentioned in Philippine Code	Free from any interference from outside parties	Report directly to the Audit Committee and to the regional or Headquarter for overseas branches;	Ensure the integrity of financial reports and protection of the company's assets	
External audit	Not clearly mentioned in Philippine Code	Should be rotated every 5 years	Not clearly mentioned in Philippine Code	Not clearly mentioned in Philippine Code	
Disclosure and transparency	Timely and publicly disclosure (earnings, acquisition, off balance sheet transactions)	Not clearly mentioned in Philippine Code	More transparent of internal working, easier to manage company asset	Not clearly mentioned in Philippine Code	
Shareholders and Minority Stockholder	Not mentioned clearly in the Japan Code	Not mentioned clearly in the Japan Code	Vote on all matters requiring their approval; right to information, dividend; Appoint a proxy; appraisal right	Not mentioned clearly in the Japan Code	

Appendix 2 – Evaluation of Korea Code of Best practice 2003 and Amendment 2009

Subjects or parties	Main quality factors	Sub quality factors	Responsibilities	Objectives	Note
Audit committee	At least 3 board members and mostly from outside;		Appraise internal auditor; Audit business conducts of directors and management;	Ultimately maximize co.'s value	Advised to set up and required for large co., accordance to Korea Code
Nomination committee	The majority comprised of outside directors	An outside director be the Chair of Committee	Identified independent outside directors with appropriate expertise	Not mentioned clearly	Advised to set up and required for large co., accordance to Korea Code
Compensation or Remuneration committee	Entirely comprised of outside directors	Independence from management being evaluated	Review and evaluate management performance against management goals;	Not mentioned clearly, but can understand from their duties	Advised to set up and required for large co., accordance to Korea Code

CEO	Not mentioned clearly	Not mentioned clearly	With CFO, certify important information in financial reports and accurate statements and material used for financial statements reviewed by audit committee	Not mentioned clearly	Korean code pay attention to a so-called representative director
The Chair	Not mentioned clearly	Not mentioned clearly	Not mentioned clearly	Not mentioned clearly	
CEO and The Chair relationship	Not mentioned clearly	Not mentioned clearly	Not mentioned clearly	Not mentioned clearly	
Corporate Secretary	Not mentioned clearly	Not mentioned clearly	Not mentioned clearly, but can understand from the operation of the Board	Not mentioned clearly	
Compliance officer	Not mentioned clearly	Not mentioned clearly	Not mentioned clearly	Not mentioned clearly	Some time understood as "person in charge"
Board of Directors	Fairly, Prudence and faithfulness	Outside directors not less than ¼ directors; Loyalty;	Set business goals and objectives; appointment and dismissal of management /supervisor;	Meeting minutes should be recorded/stored on tape and be detailed; Seek results in best interests of co. and shareholders	At least 3 outside directors for large co.
Executive/-Representative director	Elected by a board resolution among board directors	Allow jointly or individually representative directors	Be responsible for implementation of resolutions of board and shareholders	In accordance to shareholder's resolutions	Called representative director in the Korean code
Non-executive director	Not mentioned clearly	Not mentioned clearly	Not mentioned clearly	Not mentioned clearly	
Independent director	Not mentioned clearly	Not mentioned clearly	Not mentioned clearly	Not mentioned clearly	
CFO	Not mentioned clearly	Not mentioned clearly	With CEO, certify important information in financial reports and accurate statements and material used for financial statements reviewed by audit committee	Not mentioned clearly	
Management team	Directors as head of management	Not mentioned clearly	Not mentioned clearly	Not mentioned clearly	
Supervisory for the board	Not mentioned clearly	Not mentioned clearly	Not mentioned clearly	Not mentioned clearly	
Supervisory for the managers	Refer to the board of directors	Refer to the board of directors	Refer to the board of directors with detailed roles	Refer to the board of directors	
Internal control	Appropriate safeguards among various units	Designed by management but evaluated by auditors	Can understand through the statutory auditor/committee	the existence and efficacy of management system of protecting co.'s asset	Evaluated by internal audit/committee;
Internal or statutory audit	Independent from management and controlling shareholders	Knowledge in auditing; devote sufficient time and effort to the task	May require directors to make report on business operation; supervise and audit whether director discharge their duties;	Perform auditing faithfully	At least one (1) for listed SMEs, as understand from The Amendment

External audit	Independent from management and controlling shareholders, as understood from the Code	Knowledge in auditing; devote sufficient time and effort to the task	Check any conflicts b.t audit results and information disclosed and demand correction;	Not mentioned clearly	Should not be employed auditors if the co. has audit committee, as in the 2003 Code
Disclosure and transparency	Supervised by the Board of Directors;	Make appropriate forecasting for annual report	Details of key auditing activities should be disclosed	Faithfully disclose information in timely and honest manner;	
Shareholders and Minority Stockholder	Resolutions at general meeting should be made through transparent, fair proceeding	Prior notice on meeting time, place and agenda	Minority ones might have rights to appointment of inspector and request convocation of shareholder's meeting	The co. ensure shareholders' opinion reflected at the general meeting;	

Appendix 3 – Evaluation of Australian Good Corporate Governance Principles and Amendment 2010

Subjects or parties	Main quality factors	Sub quality factors	Responsibilities	Objectives	Note
Audit committee	Only non-executive directors, majority of independent directors, independent chair not board chair	At least three (3) members; one with finance and accounting professional	Have a formal charter; oversee the external auditors; review the integrity of financial reports;	The integrity of company's financial reporting; whether external reporting consistent with committee member's information and adequate for shareholders' need	Should have board processes for smaller company
Nomination committee	Should have a charter (rules, responsibilities, composition)	Should be established by board	Recommend to board on competencies of director board; review board succession plan;	Efficient nomination practices of selection and appointment;	
Compensation or Remuneration committee	Consist of majority independent directors; independent chair	At least three (3) members	Guidelines for executives and non-executive remuneration;	Level and composition reasonable and sufficient;	
CEO	Should have formal job description	Letter of appointment describing term of office and termination, rights and responsibilities	State in writing the financial reports true and fair and risk management and internal control system efficiently and effectively	Not mentioned clearly in the ASX code	Termination be agreed in advance
The Chair	Should be independent director	Significant time commitment;	Leadership of the Board; facilitate contribution of directors and management	Not mentioned clearly in the ASX code	A lead independent director suggested if chair not independent
CEO and The Chair relationship	Should not be exercised by the same person		Their divided duties agreed by the Board	Not mentioned clearly in the ASX code	
Corporate Secretary	Appointment and removal by the board;	All directors have access to the secretary	Monitor the board policies and procedures; dispatch of board agenda;	Not mentioned clearly in the ASX code	
Compliance officer	Not mentioned clearly in the ASX code	Not mentioned clearly in the ASX code	Not mentioned clearly in the ASX code	Not mentioned clearly in the ASX code	

Board of Directors	A majority should be independent directors; proper understanding of business;	Exercise independent judgment;	Oversee accountability and control systems; appoint and remove the CEO, senior executives;	Conducive to make appropriate decision;	
Executive/Representative director	independent judgment	Not mentioned clearly in the ASX code	Not mentioned clearly in the ASX code	Not mentioned clearly in the ASX code	
Non-executive director	Independent judgment	Discussions facilitated by independent director/ the chair	Not mentioned clearly in the ASX code	Not mentioned clearly in the ASX code	
Independent director	Non-executive director, not a member of management;	Free of any business and relationships may interfere with their judgment	Not mentioned clearly in the ASX code	Not mentioned clearly in the ASX code	
CFO	Should have formal job description	Letter of appointment describing term of office and termination, rights and responsibilities	State in writing the financial reports true and fair and risk management and internal control system efficiently and effectively		
Management team	Not mentioned clearly in the ASX code	Not mentioned clearly in the ASX code	Design and implement a risk management and internal control system	Manage business risks;	
Supervisory for the board	Not mentioned clearly in the ASX code	Not mentioned clearly in the ASX code	Not mentioned clearly in the ASX code	Not mentioned clearly in the ASX code	
Supervisory for the managers	Not mentioned clearly in the ASX code	Not mentioned clearly in the ASX code	Not mentioned clearly in the ASX code	Not mentioned clearly in the ASX code	
Internal control	Reflected in the risk management policies	Designed by management, reviewed and ratified by board	An important element of risk management; covered by a risk management or audit committee	A sound internal control system, together with risk management;	
Internal or statutory audit	Functions independent of external auditors;	All necessary access to management	Analysis and independent appraisal of adequacy and effectiveness of risk management	Not mentioned clearly in the ASX code	
External audit	Not mentioned clearly in the ASX code	Not mentioned clearly in the ASX code	Not mentioned clearly in the ASX code	Not mentioned clearly in the ASX code	
Disclosure and transparency	Disclosure of board selection process;	Disclose measurable objectives for gender diversity	Provide a statement in annual report with references and links for shareholders;	Meet the information need of modern society;	
Shareholders and Minority Stockholder	Not mentioned clearly in the ASX code	Not mentioned clearly in the ASX code	An effective e-communication policy with shareholders;	Not mentioned clearly in the ASX code	

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Propunerea de standarde pentru o guvernare corporativă limitată în regiunea Asia-Pacific după criza globală

Rezumat

Lucrarea de față se concentrează îndeosebi asupra investigației empirice în vederea găsirii unei formule de implementare a standardelor de guvernare corporativă în anumite țări asiatice după scandalurile corporatiste şi manipularea negativă a pieței în timpul perioadelor post-criză.

Mai întâi, sunt prezentate patru categorii de rezultate identificate pe subiecți de guvernare corporatistă din perioadele ce au urmat crizei şi scandalurilor. S-a evidențiat modul în care companiile aveau în aceste perioade neînțelegeri legate spre exemplu de modul optim de organizare a sistemului de revelare a informațiilor.

În al doilea rând, lucrarea compară şi identifică diferențele dintre standardele actuale şi recente de guvernare din patru țări din regiunea Asia-Pacific: Japonia, Australia, Filipine şi Coreea.

În al treilea rând, lucrarea de față oferă o scurtă prezentare a evaluării principiilor actuale de guvernare corporatistă din aceste patru țări, ceea ce permite corporațiilor să încerce să le compare cu propriile lor coduri actuale.

Nu în ultimul rând, lucrarea îşi propune să stabilească un set general de standarde pentru guvernarea corporatistă din regiunea Asia-Pacific şi să formuleze câteva recomandări adecvate pentru guvernele şi organizațiile relevante. În special, lucrarea include o secțiune de recomandări de guvernare corporatistă pentru țările în curs de dezvoltare, inclusiv pentru Vietnam.