

Comparison between Corporate Governance Framework: Malaysia and Thailand

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Malaysia and Thailand, two prominent Southeast Asian nations, exhibit both shared and different governance frameworks influenced by their unique historical, political, and cultural contexts. Malaysia functions as a federal constitutional monarchy with a parliamentary democracy, whereas Thailand is a unitary constitutional monarchy marked by recurrent military interventions and periods of authoritarian rule (Case, 2021; Chambers, 2022). While both nations integrate traditional institutions with modern democratic principles, their political stability, rule of law, and levels of public engagement vary significantly (Croissant & Lorenz, 2022). Malaysia has generally maintained a more consistent electoral process, while Thailand has shifted between democratic and military-led regimes. This comparative study examines the key differences in political structures, legal systems, institutional capacity, and the role of civil society in shaping governance outcomes in Malaysia and Thailand. Particular attention is given to corporate governance mechanisms, as outlined in Table 1, which highlights regulatory bodies, board structures, disclosure practices, and enforcement approaches. Understanding these dynamics is essential to evaluating governance in Southeast Asia. This includes assessing the effectiveness, transparency, and adaptability of institutional frameworks.

Table 1: Comparison of Corporate Governance Frameworks Between Malaysia and Thailand

Component	Malaysia	Thailand
Regulatory Body	Securities Commission Malaysia (SC), Bursa Malaysia	Securities and Exchange Commission Thailand (SEC), The Stock Exchange of Thailand (SET)

Component	Malaysia	Thailand
Code of Corporate Governance	Malaysian Code on Corporate Governance (MCCG)	Corporate Governance Code for Listed Companies 2017
Legal Framework	Companies Act 2016, Capital Markets and Services Act 2007	Public Limited Companies Act, Securities and Exchange Act
Board Structure	One-tier board system	One-tier board system
Independent Directors	At least 2 or 1/3 of the board, whichever is higher	At least 1/3 of the board and not less than 3 directors
Board Committees	Mandatory Audit Committee; encouraged Nomination and Remuneration Committees	Mandatory Audit Committee; other committees recommended
Disclosure Requirements	Annual report disclosures based on MCCG and Bursa Malaysia listing rules	Annual disclosures as per SEC guidelines and SET regulations
Shareholder Rights	Protected by Companies Act and Listing Requirements	Protected by Public Limited Companies Act and SEC regulations
Corporate Social Responsibility (CSR)	Emphasized in MCCG; encouraged through sustainability reporting	Included in CG Code; sustainability and ESG reporting encouraged
Enforcement	Securities Commission and Bursa Malaysia impose fines and sanctions	SEC Thailand has investigative and enforcement powers

Source: MCCG 2021 and CG Code 2017

The comparison presented in Table 1 highlights both similarities and differences in the corporate governance frameworks of Malaysia and Thailand. Both countries adopt a one-tier board system where executive and non-executive directors sit on a single board, emphasize independent directorship, and mandate audit committees to enhance accountability. However, Malaysia's framework places greater emphasis on sustainability reporting through the MCCG, while Thailand integrates Environmental, Social, and Governance (ESG) principles within its Corporate Governance Code (Securities Commission Malaysia, 2021; SEC Thailand, 2017). Disclosure requirements and enforcement mechanisms are similar in intent but differ in implementation. Malaysia relies on a combination of legal acts and listing rules, whereas Thailand's SEC holds broader investigative powers (OECD, 2019). Despite regulatory advances, enforcement effectiveness and corporate culture remain key challenges in both countries (Asian Development Bank, 2020). Overall, while both nations demonstrate commitment to global governance standards, Malaysia's corporate governance appears more organized, whereas Thailand's reflects a more principle-based approach tailored to its evolving political landscape.

In conclusion, while Malaysia and Thailand share similar goals in promoting transparency, accountability, and ethical corporate behavior, their corporate governance frameworks reflect

differing legal structures, enforcement mechanisms, and regulatory emphases. Malaysia's approach is shaped by a stronger focus on voluntary adoption through the MCCG, while Thailand's governance emphasizes compliance and regulatory enforcement through the SEC. Both countries have made significant steps in enhancing board independence, shareholder rights, and sustainability practices. However, ongoing reforms and regional cooperation remain essential to address emerging challenges and to further align their frameworks with global best practices in corporate governance.

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