

## Corporate Governance in Asia: A Comparative Study

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### Abstract

The World Bank has done 10 *Report on the Observance of Standards and Codes* (ROSC) studies of corporate governance for Asian countries. The template it used was based on the categories used in an Organisation for Economic Co-operation and Development publication (OECD, 2004).

**Keywords:** Corporate Governance, Asia, ROSC.

The World Bank studies used a template to evaluate various corporate governance categories. It classified various aspects of corporate governance into five categories. The present study assigned weights to those categories, which makes it possible to quantify the various rankings that the World Bank studies assigned to each country. The categories and points assigned to each category are as follows:

- O = Observed (5 points)
- LO = Largely Observed (4 points) PO = Partially Observed (3 points)
- MNO = Materially Not Observed (2 points)
- NO = Not Observed (1 point)

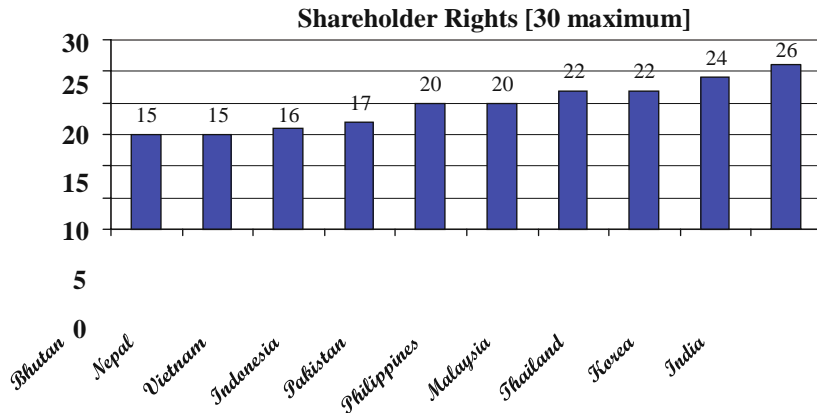
The findings are subdivided into five categories and are also combined into a single corporate governance score.

**Table 1** Rights of shareholders  
(30 points = maximum score)

Country	Points	Percentage of possible
Bhutan	15	50.0
India	26	86.7
Indonesia	17	56.7
Korea	24	80.0
Malaysia	22	73.3
Nepal	15	50.0
Pakistan	20	66.7
Philippines	20	66.7
Thailand	22	73.3

**Rights of Shareholders**

Table 1 shows the scores for the 10 Asian countries in the category of Rights of Shareholders. There are separate columns for points (30 points maximum) and percentage of possible points. India and Korea were the only countries to score at the 80 percent level. Korea was included in the study even though it is not technically a developing country because (1) the World Bank did a study of Korea and (2) it was thought that including Korea would serve as a good benchmark against which the other countries could be measured. The bar chart below shows the relative ranking for the various countries. Bhutan and Nepal are at the bottom, followed closely by Vietnam and Indonesia. India and Korea are at the other end of the spectrum, although not with perfect scores.

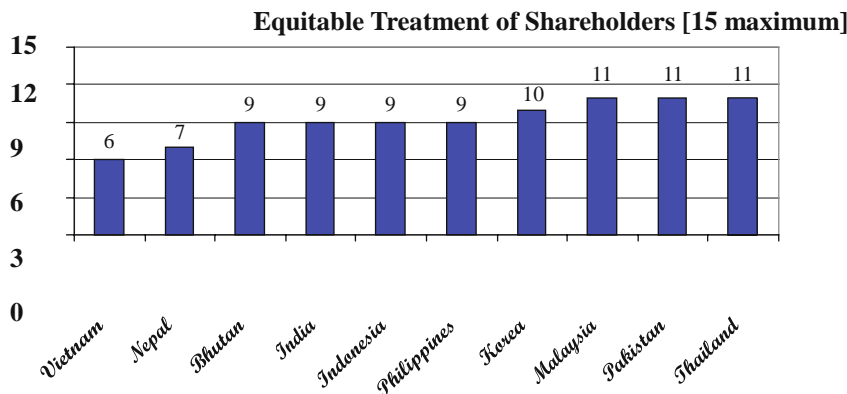


**Equitable Treatment of Shareholders**

Table 2 shows the scores for the category Equitable Treatment of Shareholders. None of the countries scored at or above 80 percent for this category. Malaysia, Pakistan, and Thailand came the closest, at 73.3 percent.

Country	Points	Percentage of possible
Bhutan	9	60.0
India	9	60.0
Indonesia	9	60.0
Korea	10	66.7
Malaysia	11	73.3
Nepal	7	46.7
Pakistan	11	73.3
Philippines	9	60.0
Thailand	11	73.3

The bar chart below shows the relative ranking. Malaysia, Pakistan, and Thailand are in a tie for first place. Vietnam and Nepal lag behind.



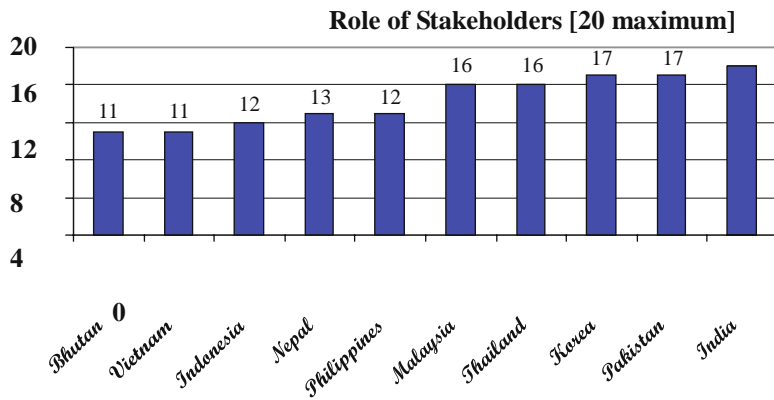
**Role of Stakeholders in Corporate Governance**

Table 3 shows the scores in the category of Role of Stakeholders in corporate governance. India scored an impressive 90 percent in this category and four other countries scored 80 percent or above.

**Table 3 Role of stakeholders in corporate governance (20 points = maximum score)**

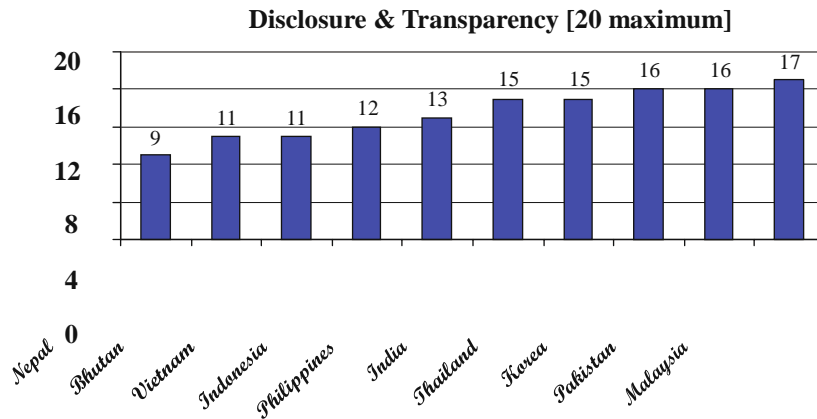
Country	Points	Percentage of possible
Bhutan	11	55.0
India	18	90.0
Indonesia	12	60.0
Korea	17	85.0
Malaysia	16	80.0
Nepal	13	65.0
Pakistan	17	85.0
Philippines	13	65.0
Thailand	16	80.0
Vietnam	11	55.0

The bar chart below shows the relative ranking. India is in first place, followed closely by Korea and Pakistan. Bhutan and Vietnam are at the other end of the scale.



**Disclosure and Transparency**

Table 4 shows the scores in the category of Disclosure and Transparency. Only three countries scored at or above the 80 percent level. The bar chart below shows the relative scores. Malaysia had the best score, followed closely by Korea and Pakistan. Nepal was at the low end of the scale, followed by Bhutan and Vietnam.



**Table 4** Disclosure and transparency  
(20 points = maximum score)

Country	Points	Percentage
Bhutan	11	55.0
India	15	75.0
Indonesia	12	60.0
Korea	16	80.0
Malaysia	17	85.0
Nepal	9	45.0
Pakistan	16	80.0
Philippines	13	65.0
Thailand	15	75.0
Vietnam	11	55.0

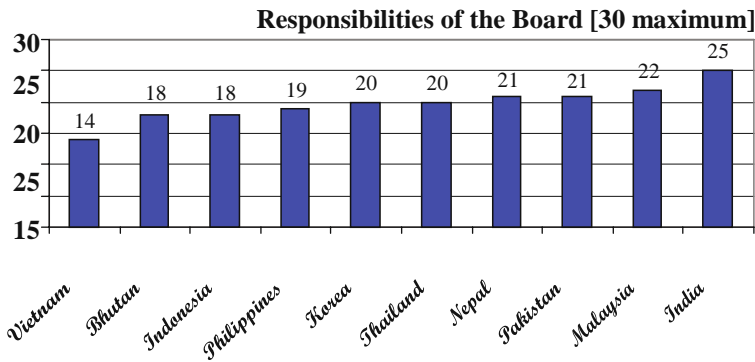
**Table 5** Responsibilities of the board  
(30 points = maximum score)

Country	Points	Percentage of possible
Bhutan	18	60.0
India	25	83.3
Indonesia	18	60.0
Korea	20	66.7
Malaysia	22	73.3
Nepal	21	70.0
Pakistan	21	70.0
Philippines	19	63.3
Thailand	20	66.7

**Responsibilities of the Board**

Table 5 shows the scores in the category Responsibilities of the Board. Only India scored at or above 80 percent.

The bar chart below shows the relative scores. India had the best score, followed by Malaysia. Vietnam was at the low end of the scale.

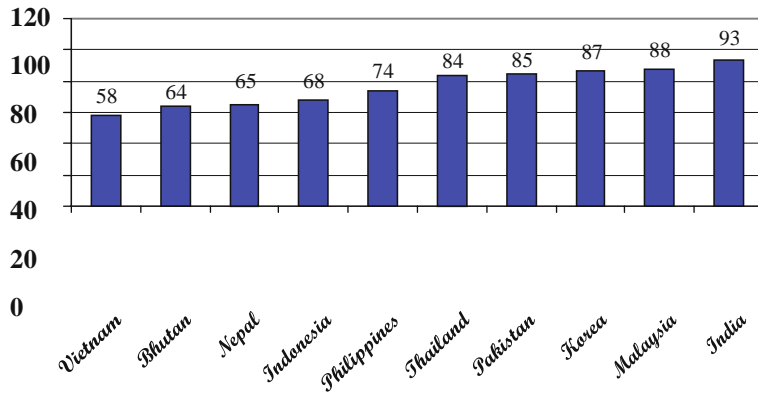


**Overall Scores**

Table 6 shows the combined scores for all categories. India was the only country to reach the 80 percent level, followed by Malaysia and Korea. The Vietnamese score was only slightly above 50 percent. Bhutan, Indonesia and Nepal were also less than 60 percent.

The bar chart below shows the relative rankings. Although India was in first place with 93 points, it is still below the 115-point maximum. Vietnam has a long way to go before achieving a respectable score.

Overall Scores [115 maximum]



**Table 6** Overall scores (115 points = maximum score) = Percentage

Country	Points	Percentage of possible
Bhutan	64	55.7
India	93	80.9
Indonesia	68	59.1
Korea	87	75.7
Malaysia	88	76.5
Nepal	65	56.5
Pakistan	85	73.9
Philippines	74	64.3
Thailand	84	73.0

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