THE EFFECT OF BUSINESS ETHICS TOWARDS FIRM PERFORMANCE: PUBLICLY LISTED FIRMS ON THE STOCK EXCHANGE OF THAILAND

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ABSTRACT

Title of Dissertation The Effect of Business Ethics towards Firm Performance: Publicly Listed Firms on the Stock Exchange of Thailand

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Recently, there have been many embezzlement scandals relating to some publicly listed firms, especially in that they were caused by the authority in the organization. As a consequence, huge damage has been caused to people, and the country. Moreover, ethical failure in leadership at the managerial level is still active in order to seek short-term gains, even if it leads to a loss of future business opportunities. In terms of supervising and leading any ethical corporate business practice, it requires the combined factors of ethical leadership and both formal and informal organizational control mechanisms. As such my research seeks to understand the linkage between ethical corporate business practices and firm performances for the overall 483 publicly listed firms on the Stock Exchange of Thailand.

The first primary objective of this study is to investigate the relationship between managerial ethical leadership, organizational ethical culture, a corporate ethics program and both firm performances: ROA and corporate governance reputation. In order to achieve this objective, it utilized the quantitative study approach to explore the three stages of effects: 1) a direct effect of how managerial ethical leadership would affect both firm performances; 2) the mediating effect: an indirect effect of organizational ethical culture that would mediate the relationship between managerial ethical leadership and both firm performances; 3) the moderated mediating effect: a conditional indirect effect of a corporate ethics program that would moderate the

relationship between managerial ethical leadership and both firm performances through organizational ethical culture. The analysis was divided into two levels: 1) initial testing on an individual level; and 2) hypothesis testing on the organizational level. On an individual level, it employed Confirmatory Factor Analysis for the scale validity and Intraclass Correlation Coefficient for the reliability analysis. On organizational level, it employed Multiple Regression and PROCESS (Model 1, 4, and 14) for hypothesis testing. At the end of this quantitative study, it employed Path Analysis of SEM to test the overall conceptual model and to compare the results with PROCESS. Then, there is some discussion on the selection of an estimator for hypothesis testing on moderated mediation model.

For the second primary objective is to provide a recommendation for enhancing an effective implementation of a "Code of Ethics" program for the listed firms. It utilized the qualitative study approach and it was based on the second phase of research design that moved from data gathering and analysis of quantitative study to capture any significant issues regarding the implementation of a "Code of Ethics" program to be a guideline for the data observation and an in-depth interview with the selected firm samples. The results of this qualitative study indicated two significant areas affecting the ineffective implementation of a code of ethics program: 1) the issues addressed in the code of ethics, and 2) a mechanism being in place to support a code of ethics program including communication within the organization.

The overall contribution of both studies provides both academic and practical contributions. In the academic level its finding confirmed and contributed to the concept of the Stewardship theory. Besides, it has also contributed in terms of the selection of model estimator for the hypothesis testing of a moderated mediation model. On the other hand, in the practical contributions, it contributes to the managerial implication that the study results of each testing stage would provide some suggestion to enhance both firm performances and to promote the implementation of a corporate code of ethics on a regular basis. At the end of this study, there are some recommended practices for the implementation of the code of ethics program and the proposed corporate governance model that can be applied to other listed or unlisted firms.

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CHAPTER 1

INTRODUCTION

Business ethics and corporate governance issues have been rapidly reaching global attention and becoming integral in the implication of globalization. The term of globalization refers to how a group of people interrelate and communicate in the different countries and locations, including a process of international trade and investment which uses information technology (Globalization101, 2007). These processes and actions have influences on the environment and economic development, and especially on people's well-being around the world. Thus, business ethics and corporate governance are the major roles in determining what is right and wrong business conducts for achieving the business sustainability in this era of globalization. For this reason, all publicly listed companies and senior leaders need to behave according to their established codes of conduct. However, unethical business practices have dramatically increased in order to achieve short-term gain. In the other perspectives, the degree of implementation of the code of ethics and ethical failure in leadership, both have an influence on the organization and on all stakeholders. It is consistent with Steven (2004) that in the case a senior leader's behavior is perceived to be unethical, subordinates are likely to behave unethically. In recent years, there have been numerous unethical scandal cases around the world, suggesting that there might be the relationship between leaders' behavior and the firm's performance. Therefore, the background of business ethics in this era of globalization is presented.

1.1 Background of Business Ethics in Globalization

Western countries. Starting with The United State, the Enron administrators' unethical business performance and fraudulent accounting practices through "special-purpose entities", was improperly excluded from the financial statement of the Enron

(Brealey et al., 2012). As result, its public debt was downgraded to junk status and filed for bankruptcy. However, Jeff Skilling and Andy Fastow of Enron tried to convince a jury that there was nothing wrong with their irregular accounting procedures (McLean & Elkind, 2006). Rawe (2002) also mentioned that former WorldCom CEO Scott Sullivan and former Enron chairman Ken Lay drew millions of dollars from their corporations while fully aware of the financial crisis prevalent in their institutions. Dennis Kozlowski of Tyco was imprisoned for 25 years for not realizing it was wrong to spend $2 million of his company's money on a toga birthday party for his wife (Verschoor, 2006). Mugalu (2010) mentioned that AIG's senior leader awarded multimillion-dollar bonuses to its executives while nearly driving the company into bankruptcy. In Europe, business leaders' fraudulent accounting practices and inflation of share prices on the stock market by companies, such as Vivendi, ABB, and Elan not only jeopardized the organizations' existence, but also severely destroyed European financial systems and impacted Europe's political foundation (Seifert & Vornberg, 2002).

Furthermore, the financial crisis of 2007-2009 pushed the world into a global recession. In the perspective of cause-and-effect, Wehinger (2008) and Mugalu (2010) suggested that a subprime crisis in the United States has turned into a financial crisis of global dimension, and it should be noted that low-interest rates, search for short-term investment yield, and evolution of financial innovation, led to the current financial crisis. In term of implications, the demise of Lehman Brothers, the near bankruptcy of AIG, and the others would reflect the ethical failure in leadership and decisive failure of their senior leaders.

Recently, ethical failure in leadership is still active in order to make short-term gains, even though it will lead to losing future business opportunities. There are several pieces of evidence from a previous study from 2012, Pfizer violated the FCPA to win the business by giving bribes to doctors and healthcare professionals; in 2014, Hewlett-Packard violated the FCPA when improper payments were given to government officials to maintain profitable contracts; Alcao Inc. and branch offices of Alcoa World Aluminium frequently gave bribes to government officials in Bahrain to retain a key source of business (M. Donadelli et al., 2014). In the short term, the performance of company might be increased, but this activity could lead to the risk that company could be sued for offering a bribe.

Eastern countries. In a recent memory, there have been many cases of unethical corporate practices' scandals. For example, Japan's Yoshiaki Tsutsumi, who was once classified as the richest man of the world, was considered guilty of falsifying financial statements and selling shares based on false data (Japantimes, 2005). Chen Jiulin, CEO of the China Aviation Oil Corporation in Singapore, pled guilty to insider trading, forgery, and failing to disclose losses (BBCNews, 2005). In China, the tainted milk scandal caused a food panic in many Asian countries (Zhou et al., 2009). Velasquez (2000) also mentioned the scandals of Satyam Computers in India and the S-Chips in Singapore.

Thailand. Looking back on the last three years, there were many scandals relating to the unethical manner of the manager or management of publicly listed firms in Thailand. Beginning with the year 2015, Siam Commercial Bank Public Company Limited (SCB) and King Mongkut's Institute of Technology Ladkrabang (KMITL) in which approximately 1.5 billion baht of the institute's money disappeared from its SCB accounts, was caused by a former unethical bank manager violating procedures by withdrawing money without a confirming signature (Nation Multimedia, 2015). Later, in December 2015, the Securities and Exchange Commission Settlement Committee (SEC) imposed fines on MAKRO for insider trading (SEC, 2015). The findings revealed records of purchase transactions in the trading accounts of the four individuals and two aiders during the period of 10-22 April 2013 when CP ALL Public Company Limited was in negotiation with SHV Netherland B.V. to purchase 64.35 percent of the total ordinary shares sold of MAKRO. The individuals took advantage while working as the executive persons of CPALL in the negotiation with SHV for the purchase deal. In addition, some of them had access to CPALL insider information to make lucrative trades in securities of CPALL. In this regard, those 136,800 shares were purchased via the trading account of CPALL's executives and their relatives. The misconduct was committed by four CPALL's executives and two aiders. The Settlement Committee consequently fined the six of them the amount of 30,228,000 baht, 1,407,000 baht, 979,500 baht, 725,000 baht, and each aider the amount of 333,333.33 baht respectively.

Furthermore, in 2016, there was an embezzlement scandal at LH Financial Group Public Company Limited (LH) that its Chairman and Board of the company was suspected of collaborating with former Chief of Klongchan Credit Union Cooperative (KCUC) and the Dhammaka Temple to siphon money off from the cooperative, The Chief of KCUC is now serving a jail term for embezzling KCUC funds (Nation Multimedia, 2017). Recently, in May 2017, the Department of Special Investigation (DSI) found strong evidence that the Chairman of LH had violated Article 5 and 9 of the Anti-Money Laundering Act, and he was summoned by DSI to face charges of collaborating to launder money siphoned off from a cooperative (Nation Multimedia, 2017).

In terms of enforcement, the SEC as a regulator has shown the record of the legal actions' summary and the criminal sanction's statistics from the year 2013 to 2017, the last update was on 28 February 2017 (SEC, 2016). The point of interest is both total cases prosecuted and a total person prosecuted has increased from 2015 to 2016. In particular, total person prosecuted in 2015 was 131 persons and it increased to 193 persons in 2016, or a 47.33 percent increase. It found that there were three major offenses: 1) submitting improper discloser report; 2) unfair securities trading & activity; 3) non-compliance business conducts. When any listed firm has a weak degree of a "code of ethics" program implementation and conducting unethical business practices, it may intentionally lead other stakeholders to follow the wrong direction. It would imply that this kind of action is committed by an authority in the organization as it results from ethical leadership failures and causes a lot of damages to stakeholders and the firm's performance. Moreover, the annual statistic of criminal sanctions of the last 5 years is presented in more details as in Table 1.1.

Table 1.1 Annual Statistic of Criminal Sanctions

Offense/year	2017*	2016	2015	2014	2013
Total cases prosecuted	18	91	89	115	106
Total person prosecuted	30	193	131	246	189
Major types of offenses:					
Submitting proper and timely disclosure report	6	25	24	34	26
Unfair security trading activity	0	14	9	11	4
Non-compliance with business conducts	5	19	14	21	17

Source: SEC, 2016.
Note: *As of 28 February 2017

In conclusion, there have been numerous scandals as mentioned earlier that present a relationship between unethical leadership and unethical business practices with the firm's performance. Particularly, most of those scandal cases were committed by their leaders or managers and resulted in their negative financial firm performance and/or negative corporate governance. In some of the worst cases corporations ceased their business operations and went out of business. Then, there is not only damage to the shareholders, but also a lot of damage to the other stakeholders. However, as shown in Table 1.1, the overview of the unethical business practices and a number of case prosecuted from 2013 until February 2017 has varied from year to year for each of the offenses. In terms of cause-and-effect, there are possibilities for a positive or negative effect. For example, the ethical leader can reduce any unethical business conducts, or by implementing a code of conduct can also decrease any unethical business conducts, and vice versa. Besides, the business and organizational environments are also able to influence the firm's performance, for example; organizational ethical culture and corporate ethics programs. Thus, it is consistent with the study of Oke et al. (2009) that individual characteristics and organizational policies direct the ethical path of organizations. As it results in an ethical business practice in an organization.

1.2 Statement of the Problem

Despite the booming trend of “Good Corporate Governance and Code of Ethics” in international and global firms, especially the publicly listed firms, there is no guarantee that there will not be any harm of business practices to stakeholders and firm performances. Unethical corporate scandal is dramatically increasing. Furthermore, the to-date of leadership writings have concentrated mostly on the roles and functions of senior executives. However, as mentioned by Floyd and Wooldridge (2000) and Fenton-O'Creevy (1998) the roles and functions of middle managers have received an increased attention as middle managers’ positions are located somewhere between the strategic apex and the operating core of the organization. From the previous studies it has shown that middle managers’ roles do not only center on the planning, controlling, and monitoring of their units’ activities, but they also can influence strategy and culture in both an upward and downward directions (Floyd & Wooldridge, 1997). In general, the majority of managers in large organizations are middle managers. It would mean that middle managers are also key role models and have an influence on daily tasks in the organization and the firm’s performance. However, most of the leadership styles’ studies, especially on ethical leadership, acquired their information by asking managers directly this could create some bias. Exploring the subordinated perceptions of managers’ behavior can also enlighten the role of manager’s ethical behavior in the organization, and it is also able to minimize some of the bias. It is consistent with the study of Oumlil and Balloun (2009) that the followers’ ethical perceptions of their senior leaders and corporate ethical values are generally reflective of an institution’s ethical behavior.

Although the corporate policy is set up by top management, they also need the middle managers to communicate and implement those policies into all members of the organization. Unfortunately, there are some middle managers who mislead and misconduct business practices and cause a negative effect on both financial and non-financial firm performances: the rate of return and firm reputation. To better understand how a role model of middle manager would influence the organizational ethical culture, the implementation of the corporate ethics program, and the consequence of firm performances as the return on asset and corporate governance reputation, the author proposes to study the linkage of all mentioned variables toward both firm performances for the publicly listed firms on the Stock Exchange of Thailand.

1.3 The Objective of the Study

First objective, to investigate the relationship between managerial ethical leadership, organizational ethical culture, corporate ethics program, and both financial and non-financial firm performances. It will focus on middle management level as middle managers who work closely with subordinates on a daily-tasks basis. Those managers attract, motivate, recognize, educate, and improve the overall work performances. Consequently, those work improvements would also enhance the firm performances. More particularly, this study examines both the direct and indirect effects of managerial ethical leadership towards both firm performances of ROA and corporate governance reputation. Therefore, the specific areas of investigation are the following:

1) To explore the direct effect of how managerial ethical leadership would affect both firm performances: ROA (return on assets) and corporate governance reputation.

2) To examine how the indirect effect of organizational ethical culture would mediate the relationship between managerial ethical leadership and both firm performances: ROA and corporate governance reputation.

3) To examine how the indirect effect of corporate ethics program would moderate the relationship between managerial ethical leadership and both firm performances: ROA and corporate governance reputation, through the organizational ethical culture.

Second objective, to provide the recommendation for enhancing an effective “Code of Ethics” program implementation to the publicly listed firms on the Stock Exchange of Thailand. Therefore, this study is to provide two major outputs:

1) Academic value: to fill the research gap and gain more understanding on the linkage of all variables especially in the Thailand context.

2) Society value: to provide the recommended practices to enhance the implementation of "Code of Ethics" program for publicly listed firms.

1.4 Research Questions

The research questions that served to guide this study are as follows:

1) How does managerial ethical leadership influence both ROA and corporate governance reputation?

2) How does organizational ethical culture help managerial ethical leadership to enhance both firm performances?

3) What similarities and differences exist in both firm performances when implementing the different degree of the corporate ethics program, under the assumption of managers' action through the organizational ethical culture?

1.5 Significance of the Study

In order to survive in this era of globalization, the corporation needs to focus on the concept of long-term business sustainability with good corporate governance and a friendly environment. For this reason, most of the corporations are paying more attention to a code of ethics as they believe that ethical business practices will create long-term business sustainability. The major driver of this ethical business practices is the leader and/or manager of the organization. There are numerous studies found that leadership is based on the position that is able to influence the employee's morale and organizational business practice (Alagaraja, 2013; Bae & Lawler, 2000; Cappelli & Neumark, 2001). Moreover, Eisenbeiss et al. (2015) conducted the study of "Doing Well by Doing Good? Analyzing the Relationship Between CEO Ethical Leadership and Firm Performance" to present the link showing how ethical top executives have had an impact on the firm's performance. They also stimulated future leadership research to take more cross-disciplinary and contingency approaches. Thus, this study is significant because the author attempts to fill this research gap by studying ethical leadership at the middle management level of the manager of the publicly listed firms in Thailand. Moreover, in an extension of earlier research, the author has extended the firm performance into two dimensions, financial and non-financial: ROA and corporate governance reputation. Understanding the relationship between managerial ethical leadership, organizational ethical culture, and corporate ethics program may enhance the firm's performance. Therefore, the knowledge from this study could be used by any organization whether it is listed or unlisted firm.

1.6 Scope of the Study

The first part of this study will focus on the relationship between a managerial ethical leadership as the independent variable and both firm performances (ROA and corporate governance reputation) as the dependent variable, including the effect of organizational ethical culture as a mediator and the effect of corporate ethics program as the moderator. The study will be on the organization level by collecting the primary data of samples from publicly listed firms on the Stock Exchange of Thailand. This primary data will represent the variable of managerial ethical leadership, organizational ethical culture, and corporate ethics program. Although this study is based at the organization level, it requires a number of employees of different departments of each listed firm to represent its organization. By contrast, the dependent variables of both ROA and corporate governance reputation will acquire the information by secondary data. ROA is represented by the 2016 financial statement of each listed firm. Corporate governance reputation is represented by the 2016 corporate governance report of Thai listed firms.

The theoretical framework will be based on the Stewardship theory by explaining the linkage of the strong relationship between managers and the success of the firm. According to Davis et al. (1997), they mentioned that steward's behavior is pro-organizational and collectivists and has higher utility than individualistic self-serving behavior and the steward's behavior will not depart from the interest of the organization because the steward seeks to attain the objectives of the organization. Thus, it is appropriate for using this Stewardship theory in this study.

The second part of this study will be the data observation and an in-depth interview of a number of selected managers or the representatives of the listed firms, who are in-charge of the "Code of Ethics" program implementation of the publicly listed firms on the Stock Exchange of Thailand.

1.7 The Benefits of the Study

The contributions of this study are divided into two categories as follows:

1) Academic contribution: to fill the research gap by studying further areas;

(1) Study based on the level of managerial ethical leadership

(2) Study based on both objective and subjective measurements of the firm outcomes

(3) Study based on the listed firms on the Stock Exchange of Thailand

(4) Study based on the theoretical framework of the Stewardship theory

2) Practical contribution: the knowledge of the study could be applied for both listed and unlisted firms in further areas;

(1) To increase an awareness of the stakeholders regarding the effect of all dimensions of business ethics towards both firm performances

(2) To promote a corporate code of ethics to be implementing on a regular basis

(3) To provide the recommendation for enhancing an effective "Code of Ethics" program implementation to the publicly listed firms on the Stock Exchange of Thailand

1.8 Limitations of the Study

This study has several limitations related to the research framework and sampling as follows:

1) It has time and cost restrictions. The author is unable to collect longitudinal data.

2) Collecting data at the organizational level is difficult and complicated as it requires a number of employees to represent their organization. In some cases there may only be a small number of employees to representing their organization.

3) Collecting data by using the postal self-report survey and the web survey instruments from organization members, this may create some bias by respondents. Moreover, the rate of response might be low.

4) Those publicly listed firms may have different leadership approaches as they are running a business in different business contexts.

1.9 Outline of the Dissertation

This dissertation consists of five chapters and an outline of each chapter will be described as follows:

Chapter 1 provides information on the background of business ethics in the era of globalization, statement of the problem, objective of the study, research question, significance of the study, the scope of the study, benefits of the study, and limitations of the study.

Chapter 2 focuses on the linkage between ethical corporate business practices and firm performances for both financial and non-financial of publicly listed companies on the Stock Exchange of Thailand. As such, it is essential to review some relevant literature and illustrate the overall areas of ethical corporate business practices, particularly, the corporate governance in both a global and Thai context. Thus, there are several sections in this chapter. First, the overview of corporate governance in both a global and Thai context is presented. Second, the theoretical framework in the area of corporate governance, it focuses on the Stewardship theory. Third, there is some challenge in defining ethics and ethical approaches of leadership style, organization culture, corporate practices program, and the discussion on how to use the return of asset (ROA) to represent financial firm performance and using corporate governance reputation to represent non-financial firm performance. Forth, a conceptual foundation and model are provided. Fifth, the three-stage of hypothesis development is also presented. Finally, there will be the review of relevant literature in areas of factors affecting corporate ethics policy/program implementation.

Chapter 3 will be the discussion of research methodology. As there are two primary objectives in this study, it utilized both quantitative and qualitative study methods. First, the quantitative approach was employed to investigate the relationship between all variables and to perform hypothesis testing. Second, the qualitative approach was employed to go deeper into the phenomena under the study for providing the recommendation to enhance an effective code of ethics program implementation for the listed firms. Thus, each study method is illustrated in the areas of 1) unit of analysis; 2) population and sample design; 3) data collection method; 4) data analysis; 5) measures.

Chapter 4 is to provide the result of the data analysis. It is divided into two parts. The first part is the results from quantitative study method, which is based on an initial testing on an individual level and all hypothesis testing at the organization level. The second part is the results from qualitative study method, which is based on the data observation and in-depth interview with the listed firms.

Chapter 5, which is based on each study method of quantitative and qualitative approaches, will be the discussion on the research findings and followed by the conclusion and recommendations, including the limitations and future study's directions.

CHAPTER 2

REVIEW OF RELEVANT LITERATURE

According to the first primary objective, this study mainly focuses on the linkage between ethical corporate business practices and firm performance for both financial and non-financial of publicly listed companies on the Stock Exchange of Thailand. An awareness of any impact on leadership style, organizational culture, and corporate business practice, is fundamental in establishing a good corporate governance for a corporation and enable to enhance a firm's performance. As such, it is essential to review some relevant literature and illustrate the overall areas of ethical corporate business practices, particularly corporate governance in a global and Thailand context.

Therefore, there are several sections in this dissertation. First, the overviews of corporate governance in a global and Thailand context are presented. Second, the theoretical framework in the area of corporate governance, this focuses on the Stewardship theory which will be discussed later. Third, there is some challenge to defining ethics and ethical approaches in the area of leadership style, organizational culture, corporate practice programs, and the discussion on how to use the return of asset (ROA) to represent financial firm performance and use corporate governance reputation to represent non-financial firm performance. Forth, in term of investigating the linkage of each variable, the conceptual foundation and model are provided. Fifth, a hypothesis development is presented.

Finally, according to the second primary objective that is to provide a recommendation for improving on an effective "Code of Ethics" program implementation for the publicly listed firms on the Stock Exchange of Thailand, there will be a review of relevant literature in the area of policy/program implementation and potential factors for an effective "Code of Ethics" program implementation.

2.1 Overview of Corporate Governance

2.1.1 Global Context and OECD

Starting from the global context, the Organization for Economic Co-operation and Development (OECD) is the well-known global organization that provides a forum in which governments can work together to share experiences and seeks solutions to common problems by understanding the economic drives, social and environmental change (OECD, 2000). Consequently, OECD set the international standards and recommend policies designed to improve the quality of people's lives and wellbeing of all citizens. There are 35-member countries spanning the globe, from North and South America to Europe and Asia-Pacific. Besides, as mentioned by OECD (2005), in order to enhance public governance and the management of all member states, the OECD has multiple relations with other international organizations and institutions, such as the International Labour Organization, International Monetary Fund, World Bank, and so forth. Hence, the OECD is an active partner of the G20 in a global dialogue for discussing the international economic cooperation and marking an important progress in global economic reform (OECD, 2015).

In addition, OECD has its Development Centre located within the OECD and the international community. The objective of this Development Centre is to help decision makers find policy solutions to stimulate growth and improve living conditions in developing and emerging economies. The Development Centre membership is open to both OECD and non-OECD countries. The Development Centre's Governing Board comprises 51 countries, of which 27 are OECD members, and 24 are developing and emerging economies countries including Thailand which joined back in March 2005.

2.1.2 Background of Corporate Governance in Thailand

The starting point was in 1995 before the financial crisis, when SET studied the roles of the audit committee for publicly listed companies, and early in the year 1998 the SET issued a listing requirement indicating that all publicly listed companies have an audit committee effective from 1999 onwards (SET, 2016). As mentioned by SET (2016), it also issued a guideline as "Code of Best Practices for Directors of Listed Companies", and after two years, the Good Corporate Governance Committee, consisting of representatives from a variety of professional organizations, published a guideline for reporting on corporate governance. This guideline encouraged the Thai listed companies to practice good governance, which then led to the development of Thai capital market for transparency and recognition.

In 2002, the Thai government designated 2002 as the “Compass for Good Corporate Governance” and set up the National Corporate Governance Committee (NCGC). As well the SET supported publicly listed firms to have good corporate governance by proposing the 15 Principles of Good Corporate Governance as the preliminary guidelines for their implementation. In the year 2006, the Principles were revised to be comprehensive and comparable to the international standard of the OECD’s Principles of Corporate Governance. The current version of 2012 also includes recommendations made by the World Bank in its “Report on the Observance of Standards and Codes (CG-ROSC)”, which is related to Thai Corporate Governance (SET, 2016). Furthermore, in 2012, the 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.

2.2 Theoretical Framework

In this era of globalization, corporations are trying to embed the sense of good corporate governance into their corporate structures. Thus, corporate governance has become an important issue for any organization in managing their business activities in the current global and environmental concerns, where a corporation believes that it should operate with as little impact as possible on them. According to the study of Abdullah and Valentine (2009), it mentioned that corporate governance constitutes a set of rules, which governs the relationships between management, shareholders, and stakeholders. Besides, it has been contended that corporate governance practice is not a standard mode (not a “one size fit all”) and thus cannot operate in a standard form but rather vary across nations and firms (OECD, 2000). It would imply that good corporate governance should fit with societal values, different ownership structures, and business circumstances. Gregory and Simms (1999) also mentioned that the political standing of the shareholders and debt holders, and the development, as well as the enforcement capacity of the legal system, are all crucial to effective corporate governance. This argument would illustrate that corporate governance is concerned with the social political and legal environment, which the corporations operate and govern by formal and informal rules.

In order to better understanding of corporate governance, it is essential to discuss on the ultimate theories in corporate governance. As there are a number of subset-theories starting with 1) Agency theory, then extended into 2) Stewardship theory, 3) Stakeholder theory, and evolved to 4) Resource Dependency theory, 5) Political theory, 6) Legitimacy theory, and 7) Social Contract theory (Yusoff & Alhaji, 2012). In addition, the ultimate theories in corporate governance can be illustrated in the Figure 2.1. However, in this study, the author will focus on the Stewardship theory, which is the most appropriate in explaining the linkage of a positive relationship between managers and the firm's success.

Figure 2.1 The Ultimate Theories of Corporate Governance

2.2.1 Stewardship Theory

The fundamentals of Stewardship Theory are based on psychology and sociology, which focuses on the management's behavior and is defined as "a steward protects and maximizes shareholders' wealth through firm performance, because by so doing, the steward's utility functions are maximized" (Davis et al., 1997). Davis et al. (1997) also mentioned that steward's behavior is pro-organizational and collectivists and has higher utility than individualistic self-serving behavior and the steward's behavior will not depart from the interest of the organization because the steward seeks to attain the objectives of the organization. It is in line with Smallman (2004) that when shareholder wealth is maximized, the steward's utilities are maximized too because organizational success will serve most requirements and the stewards will have a clear mission and stewards also balance tensions between different beneficiaries and other interest groups. Moreover, stewardship theory recognizes the importance of structures that empower the steward and offers maximum autonomy built on trust and it can minimize the costs aimed at monitoring and controlling behaviors (Davis et al., 1997; Donaldson & Davis, 1991).

In terms of individual's reputation, Daily et al. (2003) mentioned that in order to protect their reputations as decision makers in organizations, executives and directors are inclined to operate the firm to maximize financial performance as well as shareholders' profit. It is consistent with Fama (1980) that executives and directors are also managing their careers in order to be seen as effective stewards of their organizations, for instance, Japanese employees take the role of steward and take ownership of their jobs and work at them diligently.

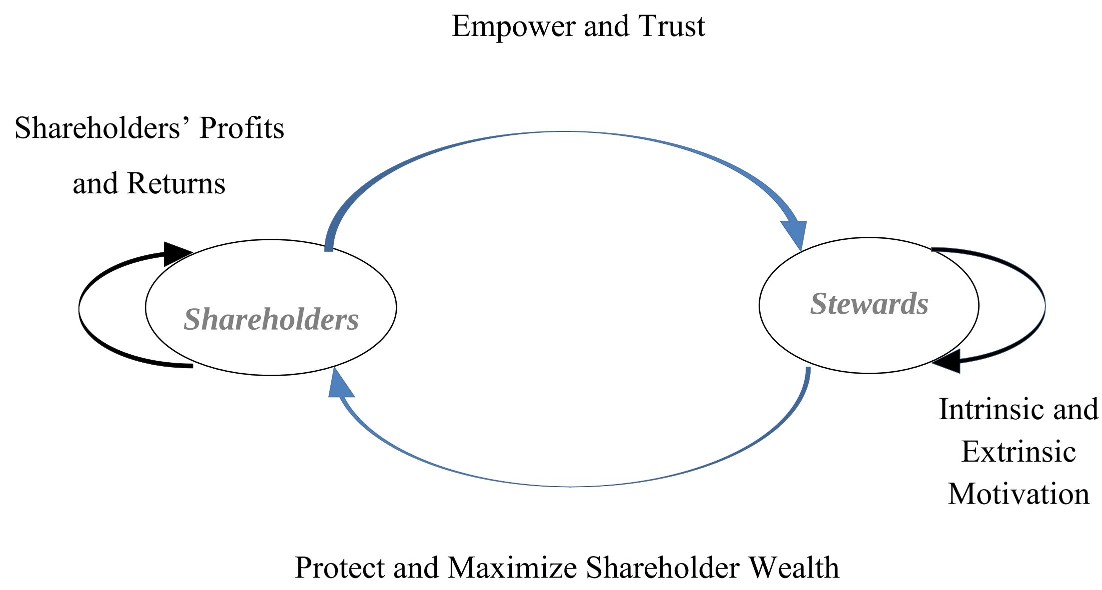

Figure 2.2 The Stewardship Theory

Source: Yusoff and Alhaji, 2012.

2.2.2 The Comparison between Stewardship Theory and Agency Theory

In contrast the Agency Theory looks at an employee or people as an economic being, which suppresses an individual's own aspirations (Agyris, 1973). In the view of the agency theory, the agent may not necessarily make decisions in the best interest of the shareholders and managers in organizations can be self-interested. Therefore, it is an essential to illustrate the underlining philosophy of both theories as follow:

Table 2.1 The Philosophy of Agency Theory and Stewardship Theory Comparison

Criteria	**Agency Theory**	**Stewardship Theory**
Theoretical basis	Economics (based on cost & benefit trade-off)	Organizational psychology and sociology (based on a manager who is motivated by a need to achieve or to gain recognition from peers or bosses.)
Model person	Homo economicus (self-interest)	Self-actualizing person (based on a manager who has inner motivation to do a good job)
Behavior	Opportunism (by looking for an opportunity to gain more self-interest)	Pro-organizational (organization's goal is the first-priority)
General approach to the uncertainty of managerial behavior	Distrust	Trust
Owner-manager relationship	Conflict of interests	Mutual interests

Source: Glinkowska and Kaczmarek, 2015.

The philosophy characteristics of both theories are derived from two different theoretical bases: 1) Agency theory is based on economics by focusing on cost and benefit trade-off, and 2) Stewardship theory is based on organizational psychology and sociology where a manager is motivated by a need to achieve or to gain recognition from peers or bosses. In the concept of the "model person", the Agency theory refers to "Homo economicus" in which a rational individual seeks to maximize its own interests and financial needs, whereas the Stewardship theory refers to a "Self-actualizing person" who is motivated by getting satisfaction from work achievements and self-actualization. Besides, the criteria of "behavior" are aligned with the criteria of "model person" that is an individual based on Agency theory is an Opportunist who is looking for an opportunity to gain more self-interest. On the other hand, an individual based on the Stewardship theory is Pro-organization and considers the organization's goal as the first priority. Regarding the situational factors, the Stewardship theory contains trust, engagement, and collectivism, whereas the Agency theory contains distrust, control mechanisms, and individualism. Lastly, the relationship between the owner and manager, an Agency theory would face the conflict of interests, but a Stewardship theory would meet the mutual interest.

In conclusion, as in the earlier illustration of the stewardship theory, it is an appropriate theoretical concept to explain the relationship of all variables such as managerial ethical leadership, organizational ethical culture, corporate ethics program toward both financial and non-financial firm performances such as return on assets (ROA) and corporate governance reputation. Thus, all the definitions and theoretical approaches will be presented in the next sections.

2.3 Conceptual Review and Definition

2.3.1 Ethics

There are many definitions of "Ethics", starting by Aristotle (384-322 B.C.E.) who defined ethics as "self-realization" and Socrates (469-399 B.C.E.) who indicated ethics as "self-knowledge" (Sahakian & Sahakian, 2005). According to Stein (1984), defined ethics is "the branch of philosophy dealing with values relating to human conduct, with respect to the rightness and wrongness of certain actions and to the goodness and badness of the motives and end results of such action". Sison (2003) mentioned that "ethics refers to the excellence of character", and Hinman (2008) considered ethics to be moral consciousness. Thus, those definitions of ethics are considered as "a set of moral values that impact human's conduct", and it is a synonym of morality and virtue. As it found that these definitions of ethics and morality are similar.

Based on these arguments, individuals have core values that motivate their behaviors and it would say that "the motivation of ethical leadership involves with moral consciousness and capability".

1) Perspectives on Ethical Behavior

There are many contemporary researchers who have argued that an individual's morals and values can be classified into different types of rationales (Blackburn, 2003; Kearney & Dooley, 1999; Pfeffer, 2005; Rist, 2001; Sweet, 2001). According to Beckner (2004) and Lippert-Rasmussen (2005), they mentioned that contemporary ethical theories are separated into two disciplines of thought, one is the Deontology approach, which maintains what truly matters in ethics is what an individual's obligations are, and these obligations do not rely on the issue of what is advantageous to a person. In contrast, Teleology is the study of ends, purposes, and goals and maintains what truly matter is specifically the concern of which actions or policies would be advantageous to people (Bechtel, 1986; Beckner, 2004; Rescher, 1986). Portmore (2005) stated that when an individual makes choices that produce the accurate consequences the individual is acting morally; when the individual makes choices that produce the wrong consequences, the individual is acting in an immoral way. Deontology and teleology are both action-based theories of morality because these theories center upon the actions a person executes (Gaus, 2001; Keenan, 1996). In other words, for an individual to make accurate moral choices, he or she needs to have some understanding of what will be the consequence of those actions. Therefore, the focus of this study is what *ethics* means, particularly in the organizations. As such, there are several perspectives to be discussed on how those actions/practices impact on any organizational outcomes and universal challenging environment.

(1) Utilitarianism Perspective

According to Lefkowitz (2003), he mentioned that utilitarian approach maintains moral behaviors that yield the most desirable outcomes for the greatest number of people and/or benefit the entire organization. From this viewpoint, ethical behavior is considered good because it leads to maximizing effectiveness and efficiency and it provides an objective standard to judge the "goodness" of actions (Brülde & Bykvist, 2010). Furthermore, this approach focuses on creating a good world and all lives are treated the same in pursuit of the overall betterment of society. Thus, utilitarianism potentially promotes social inequality by maximizing good outcomes for the majority (Renouard, 2011).

(2) Social Constructionist Perspective

This social constructionist approach states that ethics are socially constructed and collectively created through dialectic and relational processes (Ford & Lawler, 2007; Gergen, 2001). It would imply that ethical behavior is context-specific, depending on unique groups of people in a particular time and space. This approach provides a historic and culturally specific view of how the world is perceived and results from dyadic relationships which creates a foundation from which one can begin to understand varying ethical perspectives from one society or business context to the next (Walumbwa et al., 2011). In addition, Feldman (1984) stated that human behavior is based on judgments from others who share a similar context and system of norms (i.e. standards that are socially agreed upon and accepted to guide behavior). However, the same action across contexts may be viewed differently due to the subjective nature of a socially constructed. In the case that there is no ethical standard created, then no behaviors can be defined as unethical or ethical.

(3) Religious/Spiritual Perspective

This approach towards an ethical behavior stems from the religious/spiritual traditions. Taking Buddhist as an example, in Eastern countries, Buddhist thoughts have influenced many cultures. According to Fan (2011), he mentioned that Buddhism is not only a religion, but it is also one of the major resources for cultivating philosophical thoughts and providing guidelines of ethical practices for the region. In Buddhism, the state of every being in this world has its cause and the consequence of every action of an individual in this world has its destiny. Moreover, Buddhism has strongly believed on the consequence of every single action is not only causing an effect in this world, but it is also extended to life after death. For this reason, right understanding in the law of cause and effect would result in individual's conscience of moral conduct. In Buddhism, "Hiri" is one's moral shame or shame of immoral conduct; "Ottappa" is one's moral dread or dread for immoral conduct (Fan, 2011). It would imply that an individual's moral conscience keeps him or her away from immoral conduct and thereby suffering consequences.

(4) Kantian Ethics Perspective

This approach states that (a) ethical actions are those that are universal, dutiful and according to reason followed by all people, and (b) moral behavior is one that treats humans as an end, not a means (Lefkowitz, 2003). One strength of this worldview is the clear standard from which to judge actions, i.e. universally willed standards (Dion, 2012). As individuals are not only guided by common codes of conduct but they exhibit behavior and act on those universal codes in the complex and ethically challenging environments. Furthermore, this approach enhances the value of human beings as there is an emphasis on upholding human rights and dignity. As Kantian perspective offers a process to universally define “ethical behavior” that can be applied in a multi-cultural context, where people are at the core of the business, working together to achieve the organizational mission, which it supports for the identification of universally applicable and ethical standards.

In conclusion, as mentioned earlier, each ethical behavior perspective is unique and it has a different underlying philosophy. It would imply that it demonstrates or acts variably to best fit with its context. As such, the four mentioned perspectives on ethical behavior are summarized and will be illustrated and compared as stated in the Table 2.2.

Table 2.2 The Comparison of Ethical Behavior Perspectives' Philosophy

No.	Ethical Behavior Perspective	Underlining Philosophy
1	Utilitarianism	To promote *"human welfare"* by yielding the most desirable outcomes for the majority in the entire organization.
2	Social Constructionist	It is *"context-specific"* that depends on unique groups of people in a specific time and space and demonstrates in term of fairness and judgment.
3	Religious/Spiritual	To offer the *"belief"* that individual moral conscience keeps them away from immoral conduct and suffering consequence.
4	Kantian	The individual is not only guided by a common code of conduct, but they exhibit behavior on those *"universal code"* in complex and ethical challenging environment.

2.3.2 Leadership Theory

In the previous leadership studies, there have been recognized that there are many different types of leadership and they were viewed as a success in different types of situation. According to Heibrun (1994), he divides the leadership theories into three concentrated areas for discussion. First is to identify leadership as the leader traits. Second is to identify leadership as leader's behavior. Both areas are focused on the characteristics and behaviors of the successful leader. The third area is contingency or situation leadership and it focuses on the interaction with personnel between leaders and subordinates. Additional Burns (1998) and J. Bass (1997) divided the leadership into transactional leadership and transformational leadership, which tend to consider the role of followers and the contextual nature of leadership based on the unpredictable and uncontrollable business context. Generally people are complex and organizations are even more complicated. Recently the corporate world has been increasingly characterized by increased scandals and bankruptcies. Thus, the need for ethics in leadership has been stressed by anyone who is a concerned stakeholder from many business contexts. As they set, communicate, and enforce clear ethical standards among those they lead, and are supportive and caring leaders that listen they are trusted by their subordinates (Brown & Trevino, 2006). It is essential to reveal the above relevant literature of leadership theories starting from trait theory to complex theory as ethical leadership theory in order to better understand their significances to business practices.

1) Trait Theory

In the 1920s and 1930's, leadership theories had been focused to identify the traits of the leader. So, this trait theory approach was derived from the "Great Man theory" to identify the key characteristics of successful leaders. According to Bryman (1993) who has been focusing on identifying the personal qualities that distinguish leaders from non-leaders. As it was in line with Kirkpatrict and Locke (1991) that leaders were born, not made, and the traits necessary to be an effective leader were inherited. In other words early research on leadership was based on the people who have inherited characteristics or traits. In contrast to this there are many research studies have not offered convincing evidence that a specific collection of traits leads to the success of a leader. It is argued that leadership trait can not only be learnt but also can be developed. Thus, the Trait theory of leadership has been regenerated and further study is necessary for the leadership exhibited to be successful.

2) Behavioral Theory

This approach is the result from early criticisms of the trait theory approach. Many theorists began to study and identify broad patterns that indicated the difference of leadership styles and to look at what leaders actually do and began to define the activities of successful leaders. There are two of the most well-known behavioral leadership theories from Ohio State University (OSU) Studies and University of Michigan Studies. OSU Studies focused on the two independent dimensions of leadership behavior those being individualized consideration and initiation of structure (Bass & Stogdill, 1990). Individualized consideration defines how leaders treat the members of the groups as individuals with separate consideration while maintaining a fair and equitable relationship with the entire team, while initiation structure is the measure of how a leader starts and controls activity within the group, organizes the group, and directs how the work is to be accomplished (Bryman, 1993).

Michigan Studies classified leaders' behaviors as two opposing styles that are job-centered and employee-centered (Likert, 1967). Furthermore, a collection of researchers shifted their study on how leadership was used within an organization in specific situations (Yukl, 1989).

3) Contingency Theory

This approach proposes that certain styles of leadership will be effective in different situations, and no one leadership style is right for every manager under all circumstances. In other words, contingency theory was developed to illustrate that the action used is contingent with such factors as people, task, organization, and other environmental variables. The familiar studies in this contingency theory are Fielder's Contingency Model and The Path-Goal Leadership Theory developed by Robert House (Ahmadjian & Robbins, 2005). According to Fielder (1967), this model focuses on that there is no single best way for managers to lead and thus leadership effectiveness depends on the interaction of qualities of the leader with certain characteristics of the situation. In contingency theory, the leader is either task-oriented or relationship-oriented and matched with situations conducive to that style (Bass & Stogdill, 1990; Wren, 1994). On the other hand the path-goal approach is a leader's role in pushing performance and reinforcing change by setting goals, identifying and clearing the path to those goals, and rewarding performance. As mentioned by Bass and Stogdill (1990), path-goal is exchanged theory wherein followers recognize productivity as a path to achieving personal goals. The Path-Goal Leadership describe the way that leaders encourage and support subordinates in achieving the goals they have been set by making the path they should take clear and easy (Evans, 1970; House, 1971).

4) Situational Theory

As mentioned by Bass and Stogdill (1990), Hersey and Blanchard developed this Situational Leadership Model with the belief that the leader diagnoses the situation and adapts leader behavior to achieve effectiveness based on the multiple factors, and leaders need to be flexible and use them as the situation demands. It would say that "leader is the product of the specific situation". In situational theory, leaders acquire competence from previous leadership experiences (Bass & Stogdill, 1990; Leonard, 2003). The similarity of situational theory and contingency theory is an assumption of no single one right for all circumstances. On the contrary, the main difference of situational theory is to focus more on the behavior that the leader should adopt in the given situational factor as subordinates' behavior. While contingency theory is to focus more on leader capability in order to lead and support subordinates in achieving the goals.

5) Transactional Leadership

According to Bass and Avolio (1993), transactional leadership is based on the concept of exchange between subordinates and leaders as transactional leaders provide subordinates with rewards for motivation, productivity, and effective task accomplishment. In other words, the transactional leader is the one who uses rewards as a control mechanism to externally motivate. In addition, transactional leadership is another type of "Management by Exception". It is further defined by the activity level of the leader and is described as active or passive. As stated by B. M. Bass (1985), active management by exception leaders set standards and then continuously scrutinizes the performance of each team members. It would imply that those active leaders will clarify assignment and standard by letting them know that their performances are under continuous investigation. In contrast passive management by exception is the intervention of managers only when standard performance is not being achieved or when passive managers only react after an incident has occurred (B. M. Bass, 1985).

6) Transformational Leadership

Koehler and Pankowski (1997) have defined transformational leadership as one who involves a process of inspiring change and empowering followers to achieve great heights to improve themselves and the organization. As mentioned by J. Bass (1997) a transformational leader motivates subordinates to do more than they originally expected, making them have much more self-confidence, setting a more challenging expectation and achieving higher goals. The transformational leader always encourages subordinates by acting as a role model, motivating through inspiration, stimulating intellectually, and giving individualized consideration for needs and goals (Bass & Avolio, 1993). In other words, a transformational leader is the one who uses rewards to increase commitment and internal motivation. Furthermore, transformational leadership has been defined by characteristics as the 4 I's; Idealized influence, when followers idealize and emulate their leader; Inspirational motivation, where workers are motivated to achieve a common goal; Intellectual stimulation, which encourages followers to break away from old ways of thinking; and Individualized consideration, where followers' needs are individually and equitably met (Bass & Avolio, 1993; B. M. Bass, 1985; Howell & Avolio, 1993; Sivanathan & Cynthia Fekken, 2002).

7) Ethical Leadership

Many researchers defined it as "the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, the promotion of such conduct to followers through two-way communication, reinforcement, and decision-making" (Brown et al., 2005). Ethical leaders tend to be a good role model that motivate subordinates to follow their examples (Brown & Trevino, 2006). Additional, many initial empirical studies on ethical leadership have confirmed the linkage between supervisor and several ethics-related and non-ethics related subordinate outcomes, including the observation of ethical conduct, deviance behavior, role conflict, and ethical reporting and pro-social behaviors (D. M. Mayer et al., 2008). However, Haidt (2010) and Kesebir et al. (2010) stated that though there are differences in beliefs across-cultures, there are similarities in the foundations of moral systems in term of what is expected of ethical leadership, that is consistent with many researchers' perspective, these are integrity, fairness, concern for others, and ethical guidance (Brown et al., 2005; Brown & Trevino, 2006; De Hoogh & Den Hartog, 2009; Kalshoven et al., 2011). Thus, there is evidence that demonstrates the effect of ethical leadership in an organizational context. For example, many studies have found that ethical leadership is positively related to job satisfaction (Kim & Brymer, 2011; Ruiz Palomino et al., 2011; Tanner et al., 2010), organizational citizenship behavior (Avey et al., 2011), and psychological ownership (Liu et al., 2012). By contrast, in a business context, the focus on ethical leadership is continuously increasing, it results from variety publicized scandal cases that highlight failures on the part of ethics of the leaders. It would demonstrate that an unethical leadership could lead to employee misconduct, deviance behavior, and even further cases of conflict of interest in a global business context.

In conclusion, the main similarity between ethical leadership and other types of leadership is to accomplish task effectively and achieve the organization goals. On the other hand, the main difference is an ethical leadership uses a stronger degree of moral conscience and behavior in term of integrity, fairness, and concerns for others, in leading subordinates.

2.3.3 Managerial Ethical Leadership and its Relationship with Firm Performances

According to Kahn (1990), ethical leadership at a managerial level, in particular, has the potential to influence and share employee work experience because such actions can reinforce an environment where employees feel safe to invest their energies into their primary job role as a member of the large organization. Middle management is a key position, making middle manager’s leadership style crucial to organizational success (Bernthal & Wellins, 2003; Conger & Fulmer, 2003; Newport, 1964; Wellins & Weaver, 2003). Particularly, middle managers became responsible for internal and external relationships, and in order to improve organizational performance, middle management’s leadership style and organizational culture should be considered as important factors in complex situations that represent current and future business outcomes (Buchen, 2005; Childs, 2002; Fenton-O'Creevy, 1998). In this study, the manager is the one who subordinates directly report to on a daily-task basis. For this reason, managers are critical to influencing subordinate experiences and would have an impact on their job outcomes and engagement in the organization. In addition, it is expected that an ethical manager who behaves in a more ethical way will have a more positive impact not only on the extent to which employees build an emotional connection to their works, but to the organization (Den Hartog & Belschak, 2012; Tanner et al., 2010).

The definition of managerial ethical leadership in this study is the managers who leads their subordinates by using multi-dimension of ethical behavior perspectives and multi-dimensions of leadership style, which is appropriate and effective in response to each business environment context. In term of determining the right thing to do or the right way to be, it is essential to consider the strengths and challenges of the mentioned ethical behavior perspectives that are adopted in managerial ethical leadership in this study. For example, first, Utilitarianism perspective promotes human welfare by yielding the most desirable outcome for the majority in the entire organization. Second, there is some challenge from a Social Constructionist perspective as ethical behavior is context-specific, depending on unique groups of people in a particular time and space, which can be demonstrated in terms of fairness of judgment. Third, the Religious/Spiritual perspective offers belief that an individual moral conscience keeps him or her away from immoral conduct and suffering consequence. Lastly, Kantian perspective offers a process to define it in universal viewpoint as an individual is not only guided by a common code of conduct, but he/she also exhibits behavior on those universal codes in the complex multi-cultural context.

Next, the discussion will be on the multi-dimension of leadership styles that are adopted by this managerial ethical leadership. The similarity of all those mentioned leadership styles is to accomplish the task effectively and achieve the organization’s goals. In contrast, ethical leadership uses a stronger degree of moral conscience and behavior in leading the subordinates than others. In conclusion, managerial ethical leadership is the way to lead and/or a role model to subordinate in order to accomplish the task and achieve the organization’s goals effectively by using appropriate conduct with moral conscience, particularity at the managerial level.

In addition, the work environment in the organizational culture is also important for the discussion of managerial ethical leadership. According to Trevino et al. (1998), they mentioned that ethical leadership behavior, in particular helps to create and reinforce an ethical culture, and an environment that reflects the ethical messages and values modeled by leaders which are reinforced through other systems. As such, one cannot ignore the role of managers and leaders or what is needed from them in order to enhance the employee experience of organizational ethical culture. Thus, it is essential to examine in two dimensions, such as what is the relationship between managerial ethical leadership and firm performances, and the linkage between managerial ethical leadership and organizational ethical culture. This will be presented in the hypothesis development section.

2.3.4 Organizational Ethical Culture and its Relationship with Managerial Ethical Leadership and Firm Performance

1) Organizational Culture

In the early 1980s, numerous cultural theorists such as Hofstede (1980), Schwartz and Davis (1981), E. H. Schein (1992), and Cameron and Quinn (1999), mentioned that culture consists of a mixture of practices, values, beliefs, and hidden assumptions that organizational members have in common about their appropriate behavior. As such, the culture determines how well a person "fits" within a particular organization or how comfortable a person feels with the culture/environmental context (O'Reilly, 1989). By doing so, organizational culture concept was explored on how it contributes to business success and publicized in various books: Ouchi (1981)Theory Z; Deal and Kennedy (1982) Corporate Cultures; and Peters and Waterman (2015) in Search of Excellence. Hansen and Wernerfelt (1989) and E. H. Schein (1990) also stated that it could affect the way that people consciously and subconsciously think, make a decision what they perceive, feel, and act. If the corporation needs to succeed, it might establish its own organizational cultures and enforce it at a certain level to ensure the employees' behavior. However, it is essential to define each organizational culture based on the different organizational culture style and context as well. In this study, the author will discuss how organizational culture turns to an organizational ethical culture by their members both manager and subordinates.

2) Meaningful Work

As the author has mentioned earlier an ethical manager is a role model for their subordinates for both daily-tasks and personal life through shared ethical values and beliefs. Furthermore, the ethical manager could influence their subordinates by using the concept of meaningful work as the mechanism to establish an organizational ethical culture. The author illustrates the meaningful work in an area of moral issue that concerns how managers manage others and themselves in the moral rights and moral duties. Pratt and Ashforth (2003) defined meaningful work as purposeful and significant rather than just looking at how we understand work. It is consistent with Grant (2007) that meaningful work is to protect and promote the well-being of other people. According to Lepisto et al. (2013), they distinguished the meaningful work as Eudemonic (well-being) and Hedonic (pleasure-seeking). In this study, the author focuses on the Eudemonic concept that managers facilitate their subordinates on a well-being basis in their working life and lead them by ethical conduct such as integrity, fairness, and concern for others. Besides, the ethical manager would assign the work to match with one's values and beliefs. Consequently, subordinates are more motivated and directly connected to the beneficiaries of their work-client, customer, patients, and other end users whose lives are affected by their efforts (Blau & Scott, 1962; Katz & Kahn, 1966). They are hereby motivated to work harder and more effectively as the work is meaningful to them. Therefore, meaningful work would create an attachment to the organization and establish the organizational ethical culture.

3) Organizational Ethical Culture

Based on Kaptein (2008), he suggested two concepts of ethics in an organizational context such as ethical culture and ethical climate. Ethical climate refers to the perceptions and features in the organization that determine what constitutes ethical conduct (Victor & Cullen, 1988), whereas ethical culture is defined as those aspects and conventions of organizational behavior that either encourage the organization to operate in a sustainable way or deter it from doing so (Kaptein, 2008; Treviño & Weaver, 2003). According to Rentsch (1990), the main difference is ethical organizational climate relates to individuals' perceptions and feeling about organizational practices and policies while ethical organizational culture relates to what the organization ultimately is about. It would say that organizational ethical culture leads the individual to behave with ethical conduct as they are a member and part of the organization. As shown in a previous study, Trevino et al. (1998) found that there is a positive relationship between ethical culture and ethical behavior and the ethical culture of an organization promotes positive organizational behavior and the achievement of organizational outcomes. Besides, Kaptein (2011) found that employee is willing to report wrongdoing in an organization or any unethical conduct that might be harmful to the organization. In addition, Crane and Matten (2007) mentioned that it is also increasingly recognized within organizations themselves that ethics play a critical role in their sustainable performance. In this study, the author focuses on the linkage between organizational ethical culture for both financial and non-financial firm performance as the organizational outcomes. The financial firm performance will be represented in terms of return on assets (ROA) which illustrates the percentage of return rate on the firm's asset investment. By contrast, non-financial firm performance will be represented in terms of corporate governance reputation as establishing or maintaining the organizational integrity requires more than just a code of conduct.

2.3.5 Firm Performance and its Relationship with Managerial Ethical Leadership and Organizational Ethical Culture

Li et al. (2006) have mentioned that firm performance refers to how well a firm achieves its market-oriented goals as well as its financial goals. In terms of measuring firm performance, there are two approaches to measurement. First, an objective approach uses absolute values of quantitative performance measures (Panayides, 2007). Second, subjective approach uses subjective measures of performance where respondents are asked to indicate how well their firm performs (Panayides & So, 2005). Besides, there are numerous determinations for firm performance. Hansen and Wernerfelt (1989) categorized firm performance into two perspectives: economic and organizational. It is in line with Porter (1981) and Scherer (1980) that an economic perspective illustrates a firm's performance from the viewpoint of its industrial structure and the market in which it competes, including firm-level profitability as production efficiency and the quality and quantity of its resources. It would imply that a firm's success is derived from either an absolute cost advantage, a significant degree of product differentiation, or economies of scale (Ghemawat, 2002). In contrast, firm performance in the area of organizational perspective refers to the influences of internal factors such as firm structure, motivation, policies, practices, reward & control system, and leadership, at both individual and organizational level (Robertson et al., 2002). It reflects both the ordinary behavior of the members of the organization and how the firm perceives its reputation. In this study, the author focuses on both perspectives of firm performances. Return on assets (ROA) which will represent the economic perspective, whereas corporate governance reputation will represent the organizational perspective.

1) Return on Assets (ROA)

However, there are many financial ratios of accounting measures that can be used to represent an economic perspective's firm performance, for example, return on equity (ROE), return on investment (ROI), return on sales (ROS), etc. Principally, return on assets (ROA) is one of the most well-known financial ratios that presents the percentage of profit a company earns in relation to its overall resources, it is commonly derived from net profit divided by total assets. As mentioned by Aupperle et al. (1985), Chow et al. (2013), and Wang et al. (2013), they all used accounting measures in their studies because they are regarded as a standard means of assessing relative financial performances, and are more widely acceptable and less likely to produce ambiguity than other measures. This is the first reason that the author uses ROA to represent an economic perspective's firm performance in this study. Secondly, ROA is the best apply in comparing companies with their total capitalization, which is derived from total liabilities and equity. Thus, ROA is an appropriate measurement for this study.

In business practices, ROA is influenced by management and/or managers' accounting discretion. In accordance with Generally Accepted Accounting Principles (GAAP)), it allows managers take certain accounting discretion when preparing financial reports (Tang & Chang, 2015). It would imply that managers might use accounting choices to jointly optimize interrelated decision making in cost allocation, transfer pricing, or capital budgeting. Referring to Holthausen (1990), he classified three perspectives on accounting method choices: opportunistic behavior, efficient contracting, and information perspectives. On opportunistic perspective, many studies suggest that corporate managers are likely to abuse accounting discretion to increase their own wealth at stakeholders' expenses and it has a negative influence on firm performance (Cormier & Martinez, 2006; Louis, 2004). In contrast, Malmquist (1990) and Whittred and Zimmer (1994) mentioned the efficient contracting perspective that accounting methods are efficient when managers act in the best interest of shareholders and use accounting choices to jointly optimize decision making or to respond to a varied environment. Lastly, information perspective, a manager might use the accounting methods to convey the firm's future cash flows, which leads to enhancing earnings information (Krishnan, 2003; Siregar & Utama, 2008). Thus, it would imply that both managers and organizational culture have an influence on either a positive or negative ROA.

2) Corporate Governance Reputation

(1) Corporate Governance

In a global dialogue, the World Summit of 2005 was the first step to reclaim global governance, which "set out the three proposed UN [United Nations] pillars for the twenty-first century, namely, security, development, and human rights", by involving public and private institutions, where business has an important role in achieving these goals (Miller, 2009). Moreover, the UN Millennium Development Goals (MDGs) offered one such way forward of linking ethics with globalization, the global agenda has included the participation of an "emerging globalized civic society" attentive to protecting common rights and ensuring everyone's responsibilities, in which corporate social responsibility has been one of the main mechanisms of organizations (Miller, 2009). In Thailand, the Thai Institute of Directors Association (IOD) is under the Stock Exchange of Thailand (SET), published The Corporate Governance Report of Thai Listed Companies (CGR) for the year 2016, for the assessment of the corporate governance practices of Thai listed companies, and the assessment criteria corresponds to the ASEAN Corporate Governance Scorecard (IOD, 2016).

In this study, as mentioned by Bagshaw (2015), corporate governance is about the way in which companies are governed including frameworks, systems, rules, processes, and practices by management and those charged with governance to ensure accountability. The existence of corporate governance is derived from the separation of ownership and management in the companies where it discourages the misuse of corporate assets by management for its own benefit for a short-term gain at the expense of longer-term business sustainability. It is in line with Grace and Haupert (2003) who suggested that many people lost their money because of unethical corporate management, thus, leading companies need to go further on ethical conduct in ensuring their transparent actions and retaining their clients' confidence and loyalty. Furthermore, corporate governance becomes a big issue by involving the corporate social responsibility among all large listed companies on the stock market.

(2) Corporate Governance Reputation

According to Gaines-Ross (2015), corporate reputation means how positively, or negatively, a company is perceived by its key stakeholders the company relies on this for its success. Besides, positive corporate reputation also contributes directly to a company's success by providing competitive advantage and differentiation, for instance, reputable companies generate additional sales form loyal customers and this sometimes permit companies to charge premium prices. In this study, the author focuses on the ethical conduct reputation that establishes and is embedded in the organization as managerial ethical leadership and organizational ethical culture. From the various studies, Burnes (2009) stated that a "strong relationship between an organization's ethics, that is the norms of behavior of an organization's members, and its culture, where the organizational culture reflects the values shared by a specific community". It is consistent with Trapp (2011), "it is now practically a given that commercial organizations make serious efforts to ensure ethical behavior", where codes of ethics have been the main instruments. It would imply that their corporate governances have demonstrated their commitment to enhancing not only their ethical conduct in their organization but also their responsibility to work for the common good. Furthermore, under the ethical supervision of the manager, the organization would engage in the ethical practice, and tend to gain a trust-based relationship with stakeholders in term of integrity, transparency, and accountability. Thus, from stakeholders' perspectives, they would consider this positive corporate governance reputation to be derived from managerial ethical leadership and organizational ethical culture.

2.3.6 Corporate Ethics Program and its Relationship with Managerial Ethical Leadership, Organizational Ethical Culture, and Firm Performances

In a global context, three well-known comprehensive global codes have been developed in the last decade such as Caux Round Table's Principles for Business, Global Sullivan Principles, and the United Nations Global Compact. All of them mentioned the general principles that relate to global issues such as poverty and human rights. For example, the United Nations Global Compact stated the nine simple principles that seek to protect human rights, worker rights, and the environment in which it relies on public accountability, transparency, and the enlightened self-interest of companies (Cavanagh, 2004). Meanwhile the evolution of codes of ethics has included, "first generation ethics focusing on the legal context of corporate behavior, second-generation ethics which place responsibility to groups directly associated with the corporation, and third generation ethics which are grounded in the response to the larger interconnected environment (Stohl et al., 2009). It is consistent with Cavanagh

(2004) that global codes have contributed to forming “international policy regimes” in which they are part of a social contracting process that gradually develops the global norms and changes the rules of the game by creating a new mindset of global citizenship among employees. In the corporate world, Klynveld Peat Marwick Goerdeler’s (KPMG) research on Fortune Global 200 companies, shows that 86% of them currently have their own business codes which have guided their organizational behavior (Singh, 2011).

In Asian, Association of Southeast Asia Nations (ASEAN) is the authority for providing an ASEAN Integrity and an Ethics Blueprint to all 10-member states of Asian; Singapore, Indonesia, Philippines, Brunei Darussalam, Malaysia, Viet Nam, Myanmar, Cambodia, Lao PDR., and Thailand (ASEAN, 2016). This blueprint is a guideline for all members to develop and implement their ethical conducts in the relevant areas, such as, management and operational systems, recruitment systems, remuneration system, management control system, codes of conduct and systems of internal sanctions, and client charters and related service standards. Each member may wish to define its own “Ethics Profile” in more detail based on its own circumstances and environment, e.g. its mission, vision, and values (ASEAN, 2016). For Thailand, starting from the government sector, Ombudsman is a core Thai government agent who imposes on other government agencies, they establish and submit their own code of ethics in order that each agency has the same standard and measurement (Ombudsman, 2016). On the other hand, in the private sector, the Stock Exchange of Thailand (SET) is a core agent that continually support all listed companies to establish their code of ethics to comply with good corporate governance principle in five areas; rights of shareholders, the role of stakeholders, equitable treatment of shareholders, disclosure and transparency, and responsibilities of the Board (SET, 2016).

For this study, the definition of a corporate ethics program is a formal and tangible organizational control system that has been designed and established in order to align employee behavior with certain ethical standards and rules (Treviño & Weaver, 2003; Weaver et al., 1999). Moreover, a code of ethics acts as an ethical safeguard, which has deliberate measures and programs used by an organization to prevent unethical behavior and promote ethical practices-mechanism, structures, or pronouncements intended to encourage, guide, and regulate ethical behavior (Von Der

Embse et al., 2010). It states that corporate ethics program consists of the code of ethics, a professional training program on ethical leadership, official communication material, incentive systems that promote ethical conduct and sanction unethical behavior. As mentioned by Podsakoff et al. (2009) the corporate ethics program will enhance organizational productivity and efficiency, and decrease organizational costs. Although the existence of a corporate ethics program can boost stakeholders' trust, there is no assurance to the degree of implementation. Therefore, the author will examine how the degree of implementation by managers and organizational culture and a corporate ethics program affects both ROA and corporate governance reputation.

2.3.7 Control Variables

In order to ensure that there are no other significant influences on the results of this study, the author has controlled some potential effects of firm size, firm industry, and public listing age of the firm.

1) Firm Size

There are numerous studies of firm performance using this firm size as a control variable. For example, Alegre et al. (2011) found that firm size has some impact on product innovation and product introductions, in term of money, people, and facilities. Kao et al. (2004) also used firm size to control for the possible effect on an accounting performance of ROA. Besides, Agrawal and Knoeber (1996) mentioned that growth opportunities should be lower for larger firms. For another stakeholders' perspective, a large firm has a high degree of stakeholders' power on firm's decision-making respect of information disclosure (Qu et al., 2013). However, some small firms may have several advantages over large firms such as flexibility and fluid communication, whereas a large size may also have other disadvantages such as inefficiency and lack of research units (Roger, 2004). It would imply that any firm should use its resource to generate better firm performance for both economic and non-economic outcomes. Therefore, it is proper to use firm size as a control in this study.

2) Firm Industry

Most of the publicly listed firms' studies used the firm or business industry as one of their control variables. Because all publicly listed firms on the stock market will be categorized by their nature of business and industries. Each industry is unique and different in term of business operation, the degree of management control and monitoring, risk diversification, and even degree of ethical conduct. According to Kahle and Walkling (1996) mentioned that industry classifications are used to better reflect the actual nature of the business, particularly in databases like Computstat. In the same study by Kao et al. (2004), they also used another control variable firm industry to control for the possible effect on accounting performance of ROA. Furthermore, Michael Donadelli et al. (2014) used firm industry to reflect the possible degree of corruption which can lead to final firm performance. Hence, the firm industry has potential to create some effect on the firm performance. This is a reason to use firm industry as a control in this study.

3) Public Listing Firm Age

In general, we see the publicly listed companies listed on the stock market have different purposes; raising fund, business synergy, corporate tax incentive, or even speculation. It would imply that total number of years of business operation and total number of years of the public listing of firm are different in terms of the code of conduct's controlled and monitored by a regulatory agency. Thus, the degree of implementation and compliance might depend on how long that the firm has been listed. For example, a study of corporates' information disclosure had also required the total years of the public listing of the firm (Qu et al., 2013). So, it is proper to use this public listing firm age as a control in this study.

2.4 Conceptual Foundation and Model

In the last decades, Agency theory has not been growing interest in ethical business issues, but the Stewardship theory has been growing interest in the ethical business practices and long-term business sustainability. The fundamental idea of this Stewardship theory is that the stewards or managers protect and maximize shareholders' wealth through firm performance. In this study, the author will focus on the manager who has ethical leadership and can influence both firm performances: ROA and corporate governance reputation. There is both a direct and an indirect relationship between managerial ethical leadership and both firm performances. For the indirect relationship, a manager might utilize a formal and/or informal organizational control system, such as organizational ethical culture, and a corporate ethics program. Thus, the author will identify all variables of this study as follows:

2.4.1 Identification of all Variables

1) An independent variable is managerial ethical leadership.

2) The dependent variable is a return on asset (ROA) and corporate governance reputation.

3) The mediating variable is organizational ethical culture.

4) The moderating variable is the corporate ethics program.

5) The control variables are firm size, firm industry, and public listing age of the firm.

2.4.2 Conceptual Model

The overall conceptual model illustrates the relationship of all variables in this study.

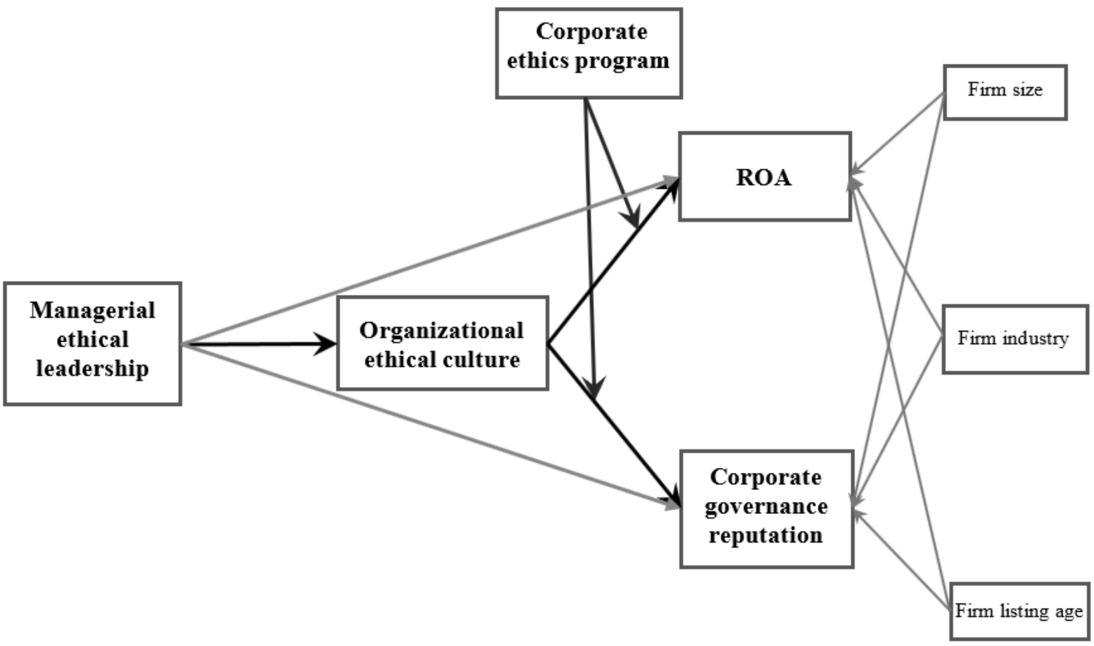

Figure 2.3 Overall Conceptual Model

2.4 Hypothesis Development

Based on the Stewardship theory that there is a strong relationship between managers and the success of the firm, the stewards protect and maximize shareholders' wealth through firm performance. The author would like to examine the relationship between managerial ethical leadership and the firm performances into three stages of hypothesis testing.

First, it is a direct effect between managerial ethical leadership with firm performances as ROA and corporate governance reputation. In terms of a model person based on the Stewardship theory, the manager is self-actualization person. For this reason, the ethical manager tends to operate the firm to maximize financial performance as well as shareholders' profit, and the firm's performance can directly impact perceptions of the individual's performance. Consequently, the ethical manager operates the business in an ethical way which leads to a positive relationship with ROA and corporate governance reputation. Therefore, this hypothesis development is:

1) Stage I

Hypothesis 1: Managerial ethical leadership has a direct positive relationship with ROA.

Hypothesis 2: Managerial ethical leadership has a direct positive relationship with corporate governance reputation.

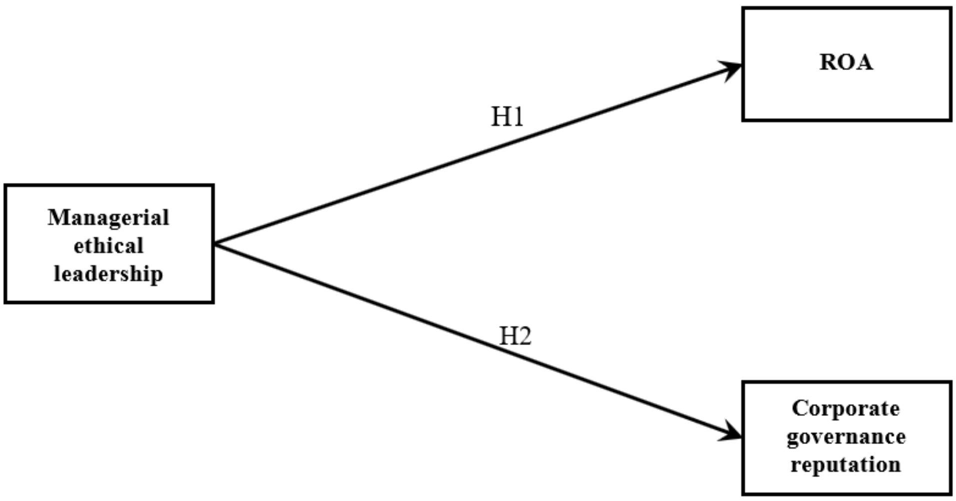

Figure 2.4 Hypothesis 1 and 2 Conceptual Model

Second, it follows that organizational ethical culture mediation is an indirect effect on managerial ethical leadership and firm performances. It would imply that organizational ethical culture is an informal ethical control element which is able to influence firm performance. For example, as mentioned by Valentine et al. (2011) that a corporate culture strengthened by ethical values and other positive business practices likely yields a more favorable employee work response, consequently, a positive work performance will enhance a higher rate of return for the corporation (ROA). All members of the organization have been instilled with the ethical values and beliefs, and they will therefore run the business in terms of integrity, transparency, and accountabilities. In consequence, it creates a good corporate governance reputation for the organization. Additional, as mentioned earlier in stakeholders' perspectives, under ethical supervision by the manager, it could be perceived that a positive corporate governance reputation is derived from managerial ethical leadership and organizational ethical culture. Therefore, the hypothesis development is presented below:

2) Stage II

Hypothesis 3: Organizational ethical culture will mediate a positive relationship between managerial ethical leadership and ROA.

Hypothesis 3a: Managerial ethical leadership has a direct positive relationship with organizational ethical culture.

Hypothesis 4: Organizational ethical culture will mediate a positive relationship between managerial ethical leadership and corporate governance reputation.

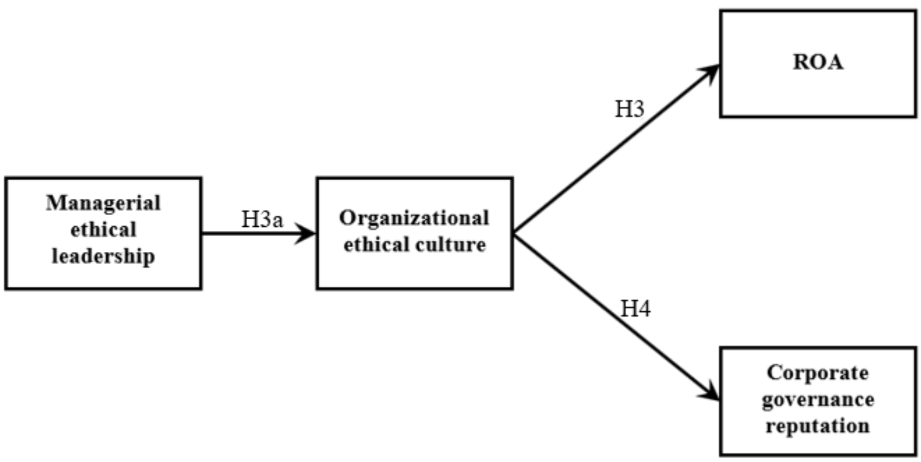

Figure 2.5 Hypothesis 3, 3a, and 4 Conceptual Model

Lastly, the moderated mediation effect of a corporate ethics program will be tested on the relationship between managerial ethical leadership and firm performance through organizational ethical culture. The underlying assumption of this study is, a strong corporate ethics program is implemented in organizational ethical culture by the ethical manager. Consequently, it will enhance firm performance for both ROA and corporate governance reputation. In contrast, a strong corporate ethics program implemented in a weak organizational ethical culture or implemented by an unethical manager, will serve only as "window dressing" for the corporate public image. In consequence, all stakeholders would then distrust and doubt the corporate business practices which would lead to both a negative ROA and corporate governance reputation. Additionally, a strong corporate ethics program can be used as an ethical safeguard to prevent unethical behavior and guide ethical business practices. Therefore, the hypothesis development for this study is presented below:

3) Stage III

Hypothesis 5: The relationship between managerial ethical leadership and ROA through organizational ethical culture is positive when the organization has a strong ethics program.

Hypothesis 5a: The strength of the corporate ethics program will moderate a positive relationship between organizational ethical culture and ROA.

Hypothesis 6: The relationship between managerial ethical leadership and corporate governance reputation through organizational ethical culture is positive when the organization has a strong ethics program.

Hypothesis 6a: The strength of the corporate ethics program will moderate positive relationship between organizational ethical culture and corporate governance reputation.

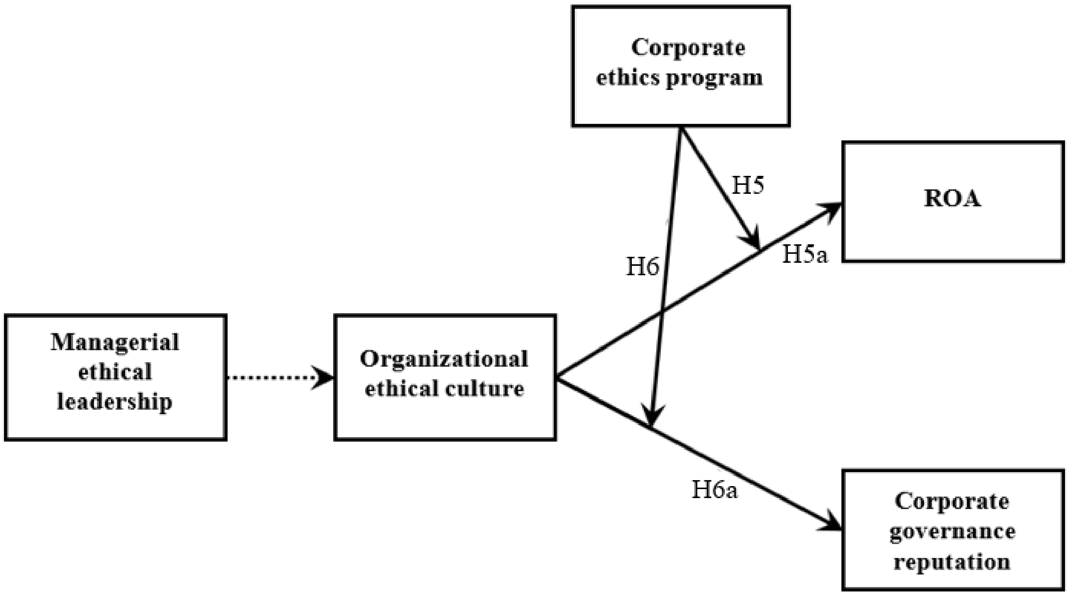

Figure 2.6 Hypothesis 5, 5a, 6, and 6a Conceptual Model

2.6 Factor Affecting a "Code of Ethics" Program Implementation

The second primary objective of this study is to provide a recommendation for enhancing an effective "Code of Ethics" program implementation for the publicly listed firms on the Stock Exchange of Thailand. Moreover, it is mentioned earlier that corporate ethics programs are the formal and tangible organizational control systems that have been designed and set under a "corporate policy" to promote ethical business practices and act as an ethical safeguard to encourage, guide, and regulate the ethical behavior of the employees. Although there is in existence a corporate ethics program, there is no assurance as to the degree of implementation. Thus, it is an essential to review any relevant literature in the area of policy/program implementation and potential factors that can affect the implementation of an effective "Code of Ethics" program.

Starting with the definition of policy implementation, Van Meter and Van Horn (1975) stated that it explicitly involves "actions", which refer to the actions by public or private individuals (or groups) that are directed at the achievement of the objectives set forth in prior policy decisions (quoted in Sid Suntrayuth, 2011). There are the number of factors/variables to be set to determine the success or the failure of the policy/program implementation, and those variables can be classified into the three broad categories: the variable of the implementing organization; the variable from an external environment; the variables of the target population's compliance level (Sid Suntrayuth, 2011; Sombat Thamrongthanyawong, 2008). In addition, Sid Suntrayuth (2011) has mentioned that many of the scholars in public policy have studied a variety of policy implementation models, which comprised of those factors/variables: 1) the policy objectives and standards; 2) socioeconomic conditions; 3) policy resources; 4) policy environment; 5) the accountability of the implementing organizations; 6) incentives; 7) political support; 8) the level of compliance of the target groups; 9) the characteristic of the implementing agency; 10) implementers' commitment; 11) communication; 12) the behaviors among the target groups; 13) the roles of implementing agency. level of compliance of the target groups. However, in the various studies on the policy implementation, they suggested that study model should align with the context of the study. As such, the author attempts to understand the context of a corporate "code of ethics" program implementation by utilizing the underlying concept of these two factors, i.e., communication and implementer's commitment. The following is an explanation of each factor which will be described later.

2.6.1 Communication

Communication is the first-factor affecting a "code of ethics" program implementation in this study, and it belongs to the category of variables/factors of the implementing organization. In general, numerous scholars hold common conclusions that communication is one of the most important factors affecting the program implementation, and it contributes to the success or failure of the implementing program. Besides, communication can convey any crucial information, such as program directions, program objectives, and the expected outcomes between implementers and employees or target group. It not only allows program directions and program objectives to be understood, but it also allowed all employees to know what they are expected to do. It is consistent with Bauer (2009) that one purpose of a code of ethics is to inspire people to make ethical decisions in their job, which helps employees to be responsible subject. Even though a code of ethics has been necessary, it has not been sufficient to influence ethical behavior (Von Der Embse et al., 2010). Moreover, Webley and Werner (2008) also mentioned that the following code of ethics requires effective communication and embeddedness into the corporate culture. As more and more listed firms develop their own code of ethics, the more important the issue of communication becomes. Thus, the author proposes to study how the corporate or implementer communicates its “code of ethics” program to employees.

2.6.2 Implementer’s Commitment

In an early study, Kanter (1968) mentioned that commitment refers to the willingness of an individual to give their energy and loyalty to the social system. Years later, Buchanan (1974) determined commitment to be an attachment to the goals and values of an organization, to one’s role in relation to those goals and values as well as to the organization. These prior studies indicated that it is very important for an organization to be concerned with the commitment between the organization and the employee to achieve its goals and values. In general, the representative of the organization is the management who is responsible for corporate goals, values, policy, including the implementation. According to Sabatier and Mazmanian (1979), they mentioned that an implementation program should be supported by organized constituency groups and the chief executive throughout the implementation progress (quoted in Sid Suntrayuth, 2011). In addition, Thomson (1984) mentioned that where such commitment exists, implementers are ready to do their utmost to implement the law while simultaneously striving to make the program workable. For this reason, this implementer’s commitment is another factor that contributes to the success or failure of the implementing program. For this study, an implementer’s commitment refers to the corporate board of director or management. Because, they are the ones who designed and set this “code of ethics” program in order to encourage, guide, and regulate the ethical behavior of the employees. Therefore, the author proposes to study how a corporate management’s commitment performs to promote its “code of ethics” program, and to regulate any ethical behavior of the employees.

In conclusion, there are some evidence from previous studies that there is a positive relationship between corporate ethics program and business ethical practices, including firm performances (Eisenbeiss et al., 2015; Podsakoff et al., 2009; Treviño &

Weaver, 2003; Von Der Embse et al., 2010; Weaver et al., 1999). However, there is some question as to the factor affecting the “code of ethics” program implementation. As such, the author will focus on the two factors of communication and management’s commitment, and to provide a recommendation for enhancing an effective “code of ethics” program implementation for the publicly listed firms on the Stock Exchange of Thailand.

CHAPTER 3

RESEARCH METHODOLOGY

As mentioned earlier that ethical failure in leadership is a key factor in causing global financial crises and many serious embezzlement scandals of publicly listed firms in Thailand. In term of achieving the organization's goals for both financial and non-financial firm performances, it requires many factors especially the leaders, who lead their subordinates according to the ethical business practices. However, as mentioned by Eisenbeiss et al. (2015), their studies found that there are some other influences such as organizational ethical culture and the degree of implementation of corporate ethics program having a significant effect on firm performance. Furthermore, the first primary objective of this study is to investigate the linkage between managerial ethical leadership, organizational ethical culture, corporate ethics program, and both firm performances. It is not only to understand a direct relationship between managerial ethical leadership and firm performances, but also to understand an indirect relationship between them including organizational ethical culture and corporate ethics program. Next, the second primary objective is to provide the recommendation for enhancing effective "Code of Ethics" program implementation for the publicly listed firms on the Stock Exchange of Thailand. In order to provide the output for this second objective, it requires the study results of the first primary objective to be a guideline for data observation and an in-depth interview.

Therefore, this study is divided into 2 parts and utilizes both quantitative and qualitative research method. The first part of this study is quantitatively oriented to perform all hypothesis testing. The second part of this study is qualitatively oriented by utilizing the study results of the quantitative study to perform data observation and an in-depth interview. As such, this chapter discusses the appropriate approach according to the objective of the researches in the areas of the research design, the unit of analysis, population and sample design, data collection method, data analysis, and variable measurement.

3.1 Research Design

In general, there are two major approaches to the research design, which are quantitative and qualitative approaches. As mentioned by Tierney and Lincoln (1997) and Denzin and Lincoln (1994) that quantitative approach emphasizes the measurement and analysis of the causal relationship among the variables, unlike the qualitative approach, which seeks to answer how the social experience is created and given meaning. In addition, the quantitative approach provides the descriptive statistics to describe the basic characteristics of the study, such as mean, standard deviation, and correlation. However, the intent of the qualitative approach is to explore the complex factors surrounding the phenomenon, and it provides a more details and in-depth detail than quantitative approach. It implies that the usage of each approach is for different proposes and advantages. For this study, it was designed into two research phases. The first research phase employed a quantitative approach to investigate and analyze the relationship among all variables. Next, it moved from data gathering and analysis of quantitative study to the second research phase. In this second research phase, it employed a qualitative approach to explore any complex factor affecting a "Code of Ethics" program implementation. As such, both quantitative and qualitative research methods are considered as the best alternative for this study. The details of each research method will be described afterward.

3.2 The Quantitative Approach

According to the first primary objective and research questions, this study is a causal research to investigate the cause and effect relationship of the independent variable (managerial ethical leadership) towards both dependent variables of firm performances (ROA and corporate governance reputation). Besides, there is a mediating effect of organizational ethical culture to mediate the relationship between managerial ethical leadership and both ROA and corporate governance reputation, and there is a moderating effect of corporate ethics program to moderate the effect of managerial ethical leadership and organizational ethical culture on both ROA and corporate governance reputation. In addition, as mentioned by Atkinson and

Hammersley (1994) that the term "positivism" is used to describe quantitative researchers with the view that social research should adopt the scientific method, this method exemplifies and consists of rigorous testing of hypotheses by means of data that take the form of quantitative measurement. Thus, the main approach of this analysis is the quantitative research method. The components of this quantitative research method are described in the next section.

3.2.1 Unit of Analysis

This quantitative study is at the organizational level by investigating the publicly listed companies on the Stock Exchange of Thailand (SET). There are 483 listed firms, which are categorized into different 8 industries, namely: 1) Agriculture & Food Industry; 2) Consumer Product; 3) Resource; 4) Industrial; 5) Property and Construction; 6) Finance; 7) Services; 8) Technology as stated in the 2016 Corporate Governance Report of Thai Listed Companies (IOD, 2016). In order to represent an organization, at least 2 departments are required to represent one listed firm. This is the tentative target department and the reason for using 3 departments is illustrated as in Table 3.1.

Table 3.1 Tentative Target Department with Supportive Reason

No.	Department	Reason
1	Finance/ Accounting	The function of this department is to prepare and provide all the financial statement, which are to be disclosed correctly, accurately, on a timely basis, and transparently to all stakeholders. An investor can use it with confidence. Therefore, it requires a high degree of ethical business practices to fulfill this function.
2	Sales/ Marketing	This department directly involves the customer and customer's feedback, which can reflect on its sales revenue. Therefore, it ensures that there is no unethical business practice or any cheating to the customer.

Table 3.1 (Continued)

No.	Department	Reason
3	Strategy/ Planning	It is a core department in setting and determining the goal of the firm and to provide any business strategy and planning. Therefore, any firm's goal and business strategy should comply with business ethics.

3.2.2 Population and Sample Design

The 2016 CG report of Thai listed firms published the corporate governance rating of the 483 publicly listed firms on the Stock Exchange of Thailand. Thus, the population of this study will be 483 listed firms.

To determine the sample size of the quantitative study, the author applies Taro Yamane's formula with 95% confidence level (Yamane, 1973). The calculation is presented as follows:

$$n = \frac{N}{1 + Ne^2}$$

Where

n = sample

N = number of people in the population

e = allowable error (%)

Substitute numbers in formula:

$$n = \frac{483}{1 + 483(0.05)e^2}$$

$$n = 218.7995$$

After calculating the sample size by substituting the numbers into the formula, the number of samples is 218.7995 firms. To round up, the total sample size is 219 firms for this study.

Bartlett (2001) mentioned that development of a sample is a fundamental issue when multiple organizations are involved in research. In this study, the population was categorized into 8 industries and it makes sense to partition them into groups to generate more precise estimates of the population. However, there are two tiers of samples: 1) the first-tier sample will represent each industry, and 2) the second-tier sample will represent each listed firm. According to Vogt (2007) “the degree of certainty of the generalizations from the sample to the population depends on two factors, i.e. 1) the size and 2) the representativeness of the sample”. It involves the selection of a small group of respondents from the population. The sampling design can be performed based on the probability sampling and/or non-probability sampling. The probability sampling is a method that the researchers know which subjects will be chosen, whereas the non-probability sampling is that the researchers do not know the probability of selecting the subjects from a population. There are four main types of probability sampling: 1) Random sampling; 2) Systematic sampling; 3) Stratified Random sampling; 4) Cluster sampling. For the non-probability sampling, it has two main types: 1) Convenience sampling, and 2) Purposive sampling. As such, the first-tier sample utilized the stratified random sampling method to minimize some bias from respondents. For the second-tier sample, it utilized the convenience sampling method, where the respondents derived from various channels (e.g., a variety of departments, web-based questionnaire, on-site collection). As this study of business ethics and leadership topics are a very sensitive issue, it requires a high degree of cooperation from any participant. So, the convenience sampling method is an appropriated solution. To conclude, the selection of both sampling method is in accordance with the purpose of this study as the sample on organization level was derived from an individual level.

For the first-tier sample, in order to partition the sample into the industry, it was categorized into 8 industries with a total sample size of 219 firms, and each industry was calculated by percentage and converted to total firms.

The second-tier sample, it will focus on 3 tentative departments to represent each listed firm, it requires at least 2 departments but and it is not limited to other departments. It may take 2-5 staffs of each department. So, it will be 6-15 staffs of the 3 departments to represent one sample. However, the minimum acceptable for each firm’s representative is 5 staff in two different departments. Therefore, the tentative summary of sampling is illustrated as below:

Table 3.2 Tentative Summary of Sampling

No.	Industry	Population (firms)	Sample	Participants of each firm (minimum)	Total Participants
1	Agro & Food Industry	50	23	6	138
2	Consumer Product	39	18	6	108
3	Financial	56	25	6	150
4	Industrial	80	36	6	216
5	Property & Construction	89	40	6	240
6	Resource	36	16	6	96
7	Services	96	44	6	264
8	Technology	37	17	6	102
	Total	**483**	**219***		**1,314***

Note: *Tentative firm and participant targets

3.2.3 Data Collection Method

This quantitative study utilized both primary and secondary data. The primary data will represent the variable of managerial ethical leadership, organizational ethical culture, and a corporate ethics program. By contrast, the dependent variables of both ROA and corporate governance reputation will acquire the information by secondary data. ROA is represented by the 2016 year financial statement of each listed firm. Corporate governance reputation is represented by the 2016 Corporate Governance Report of Thai listed companies. In order to collect the data, the author used both personal network and formal letter to ask for cooperation in this study. In addition, as business ethics topic is a very sensitive issue, and the participating firms will be informed that given information will be treated confidentially and just for the scientific purpose of the study. After the firms agree to participate, the web-based and post questionnaires will be sent to them. Then, they will distribute the questionnaires to those employees who have at least 1 year working experience with the organization and are able to give a balanced rating of managerial ethical leadership, organizational ethical culture, and the corporate ethics program. In general, the feedback from web-based and post questionnaires is likely to be low. As such, the author recruited volunteers and conducted on-site data collection at any target working area.

3.2.4 Data Analysis

As there are two levels of analysis in this quantitative study. First, it used individual's response to represent the organization level; the three variables of managerial ethical leadership, organizational ethical culture, and corporate ethics program were derived from primary data. Second, both firm performances of ROA and corporate governance reputation were derived from secondary data at the organizational level. Thus, this quantitative study was divided into two levels of analysis as initial testing on an individual level and hypotheses testing on the organizational level.

The main purpose of this initial testing at the individual level is to aggregate the individual responses onto the organizational level. So, it needs to determine the interrater agreement between participants for the scale measurement by employing Intraclass Correlation Coefficient from the software program SPSS version 20. Another main purpose is to perform the scales validation by employing confirmatory factor analysis from the software program AMOS version 20. The general purpose of this initial testing is to provide the respondents' general demography by employing descriptive statistic of frequency and percentage.

Next, the hypotheses testing at the organizational level, based on the first primary objective in this study and the purpose of this testing level is to investigate the relationship between managerial ethical leadership, organizational ethical culture, corporate ethics program, and both firm performances: ROA and corporate governance reputation. There are a variety of dimensions of relationships between these variables toward both the dependent variables (e.g. ROA and corporate governance reputation), for example, the direct effect between the independent variable and the dependent variables, the indirect effect of the mediator, and conditional indirect effect of the independent variable on the dependent variables, these are mediated by the organizational ethical culture at the value of corporate ethics program. The author examines those relationships in three stages of hypothesis testing. Thus, the software program SPSS version 20 and PROCESS custom dialog box for SPSS are employed for testing the relationship of all variables. In addition, the author will perform a Path Analysis of Structural Equation Model (SEM) by AMOS version 20, to re-test the overall conceptual model and to compare the results of Path Analysis with PROCESS's testing, which belongs to stage 4. This stage will provide some recommendation in terms of the best alternative estimator for this study. The details of each stage testing are listed next:

Stage I is to investigate the direct positive relationship between managerial ethical leadership and both firm performances (e.g. ROA and corporate governance reputation). It is divided into two hypotheses with two different models. Multiple Regression by SPSS is employed to test these two hypotheses.

Stage II is to investigate the indirect effect of organizational ethical culture between managerial ethical leadership and both ROA and corporate governance reputation. However, it is essential to investigate the relationship between the independent variable and the mediator that is whether managerial ethical leadership has a positive direct relationship with organizational ethical culture. It is divided into three hypotheses with three different models. Multiple Regression and Model 4 of PROCESS test are employed to these three hypotheses.

Stage III is to investigate the conditional indirect effect of managerial ethical leadership on both ROA and corporate governance reputation, mediated by organizational ethical culture at the value of corporate ethics program. However, it is essential to investigate whether the strength of corporate ethics program will moderate a positive relationship between the mediator and both dependent variables. It is divided into four hypotheses with four different models. Multiple Regression and Model 1 & 14 of PROCESS tests are employed to these four hypotheses.

Stage IV, the main purpose of this stage is to re-test the overall conceptual model and to compare the results of different estimators (SEM versus PROCESS). There is no specific isolated hypothesis developed at this stage as there are various dimensions of the relationship among all variables. Thus, a Path Analysis of Structural Equation Model (SEM) by AMOS version 20 is employed to perform at this stage.

Next, the summary of all hypothesis testing and testing stages are presented in Table 3.3:

Table 3.3 The Summary of Hypothesis Testing and Testing Stages

Stage	Hypothesis	Variable relationship	Testing method
I	H1: Managerial ethical leadership has a direct positive relationship with ROA H2: Managerial ethical leadership has a direct positive relationship with corporate governance reputation	Direct effect between independent variable and dependent variables	Multiple regression
II	H3: Organizational ethical culture will mediate a positive relationship between managerial ethical leadership and ROA H3a: Managerial ethical leadership has a direct positive relationship with organizational ethical culture H4: Organizational ethical culture will mediate a positive relationship between managerial ethical leadership and corporate governance reputation	Mediation Effect: Indirect effect of organizational ethical culture mediation	Multiple regression and PROCESS Test (Model 4)
III	H5: The relationship between managerial ethical leadership and ROA through organizational ethical culture is positive when the organization has a strong ethics program. H5a: The strength of the corporate ethics program will moderate a positive relationship between organizational ethical culture and ROA. H6: The relationship between managerial ethical leadership and corporate governance reputation through organizational ethical culture is positive when the organization has a strong ethics program. H6a: The strength of the corporate ethics program will moderate positive relationship between organizational ethical culture and corporate governance reputation.	Moderated Mediation Effect: Conditional indirect effect of independent variable on dependent variables, mediated by organizational ethical culture at value of corporate ethics program	Multiple regression and PROCESS Test (Model 1&14)

Table 3.3 (Continued)

Stage	Hypothesis	Variable relationship	Testing method
IV	No specific isolated hypothesis developed	To re-test the overall conceptual model and to compare the results of different estimators (SEM verses PROCESS).	Path Analysis of Structural Equation Model (SEM) by AMOS version 20

3.2.5 Measures

Based on the conceptual model, there are five variables and three control variables. The discussion then will be based on how to measure each variable as below.

1) Managerial Ethical Leadership

There are a variety of measures that has been used to assess an ethical leadership for both unidimensional and multidimensional. For example, Brown et al. (2005) and Tanner et al. (2010) used unidimensional ethical leadership measures in their studies, while De Hoogh and Den Hartog (2009) and Kalshoven et al. (2011) used multidimensional ethical leadership measures in their research. Yukl (2013) also mentioned that Brown and colleagues' ethical leadership scale combines the tactical and relational aspects of leadership foundation by focusing on promoting ethical conduct through communication, reinforcement, decision-making, and concern for others. This ethical leadership scale was developed from a social constructionist perspective as the researchers conducted a qualitative study on the leaders. It provides a basic understanding of universal principles of ethical leadership at all levels of the organization. Furthermore, there are many previous studies that reported the internal consistency estimation of Cronbach alpha, for example, Brown et al. (2005) has α = .91- .94, Neubert et al. (2009) has α = .95, and David M. Mayer (2010)) has α = .97. It would imply that the estimating of this ethical leadership scales' internal consistency is very high and reliable. Thus, this Brown and colleagues' ethical leadership scale is appropriated in this study. Therefore, this managerial ethical leadership is measured by using this 10-items scale with a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The sample of items are "My manager conducts his/her personal life in an ethical manner" and "My manager sets an example of how to do things the right way in term of ethics". This managerial ethical leadership variable is derived from primary data and will be treated as an interval scale on all hypothesis testing.

2) Organizational Ethical Culture

In an early study, the researchers studied organizational ethical culture in 2 dimensions at a phenomenal level and a deep underlying assumption. As suggested by Trevino et al. (1998) that a study at the phenomenal level uses a unidimensional scale to focus on the observable formal and informal behavioral patterns that occur in the organization. In addition, this organizational ethical culture scale of Trevino et al. (1998) was "developed from a social constructionist perspective in order to assess various dimensions: 1) an ethical culture that is intended to measure the degree to which unethical behavior is punished, while the degree to which ethical behavior is rewarded, 2) a leader's role modeling that the degree to which a code of ethics are effective in promoting ethical behavior, and 3) the ethical norms in the organization". Hence, it provides an understanding of how individual rationally decides and creates universal ethical standards. Besides, the study of Trevino et al. (1998) reported the internal consistency estimation of Cronbach alpha is .94, and the study of Pavese-Kaplan (2013) using the same scale has $\alpha = .92$. It would imply that the estimation of this organizational ethical culture scales' internal consistency is very high and reliable. Thus, this Trevino and colleagues' organizational ethical cultures scale is appropriated in this study. Therefore, this culture is measured by using this 14-items scale with a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The sample of items are "Ethical behavior is the norm in this organization" and "Ethics code requirements are consistent with informal organizational norms". Besides, there are four reverse items of this scale. This organizational ethical culture variable is derived from primary data and will be treated as an interval scale on all hypothesis testing.

3) Corporate Ethics Program

In order to assess the degree of implementation of corporate ethics program in the organization, the author has modified a 10-item scale based on the studies of O€™Dwyer and Madden (2006) and Weaver et al. (1999) that focus on “the three key areas of the code of ethics: 1) the existence of a code of ethics; 2) the issues addressed by the code of ethics; 3) the implementation/enforcement mechanisms in place to support the code of ethics”. It would imply that those three areas covered all essentials for the implementation of a corporate ethics program: monitoring system; sanctioning and reward systems; training; code of ethics’ policy commitment; top management commitment to ethics; and official organization communication. The sample of the item is “Does your organization have an official code of ethics’ policy?” or “How frequently do you receive corporate ethics program training?”. The response scale is depending on the question format. For example, the question of the existence of a code of ethics can be “yes” and “no” and will be recorded to 1 for “existing” and 0 for “non-existing”. For the question of ethics program training, the response scale will be Likert scale ranging from 0 (never) to 4 (very frequently). As there are two types of response scales, the range of value for each item is between 0-1, then it forms a composite measure of the corporate ethics program by summing all the 10-item scores (Eisenbeiss et al., 2015; Weaver et al., 1999). Hence, the higher value on the measure reflected a stronger corporate ethics program. This corporate ethics program variable is derived from primary data and will be treated as a nominal scale (i.g. strong ethics program and weak ethics program). Moreover, the moderator identification will be discussed in more details in Chapter 4.

4) ROA (Return on Assets)

Based on the regulation of the Stock Exchange of Thailand (SET), all publicly listed firms need to publish their financial firm performances and submit their annual financial statements to SET. Thus, the author will acquire the secondary data of this return on assets of each firm through their websites. Therefore, return on assets is measured by using the 2016 year financial statement of each listed firm. This ROA variable is derived from secondary data and will be treated as a ratio scale on all hypothesis testing.

5) Corporate Governance Reputation

According to The Corporate Governance Report (CGR), "it is the assessment of the corporate governance practices of Thai listed firms by the Thai Institute of Directors Association (Thai IOD) in collaboration with the Stock Exchange of Thailand (SET) and the Office of the Securities and Exchange Commission (SEC), and its assessment criteria aim to examine the consistency between the disclosure of corporate governance policies and the effective implementation of such policies" (IOD, 2016). In addition, an assessment criterion is categorized into three levels of governance practices: 1) Poor, which refers to the unsatisfactory of the observed firm practices; 2) Good, which means the practices of the observed firm meet the standard of local corporate governance; 3) Excellent, which means the practices of observed firm exceed the standards of both the local corporate governance and international standards.

As mentioned by IOD (2016), each listed firm was assigned according to the level of governance recognition as shown in Table 3.4.

Table 3.4 Corporate Governance Rating

CG Rating	Score range in percentage	Meaning
5 Star	90-100%	Excellent
4 Star	80-89%	Very good
3 Star	70-79%	Good
2 Star	60-69%	Satisfactory
1 Star	50-59%	Pass
No Star Given	< 50%	Poor

Source: IOD, 2016.

From above-mentioned criteria of this corporate governance report, it would imply to each listed firms' reputation on how they implement their corporate governance policies consistently and effectively. Therefore, the corporate governance reputation in this study is measured by using the level of governance recognition from the 2016 year corporate governance report of Thai listed firms. The rating scale uses the five-point Likert scale ranging from 1 (Pass) to 5 (Excellent). This corporate governance reputation variable is derived from secondary data and will be treated as an ordinal ratio on all hypothesis testing.

6) Control Variables

There is not only three main variables: namely; managerial ethical leadership; organizational ethical culture; corporate ethics program, that have an effect on both dependent variables, but another three control variables of firm size, firm industry, and public listing age of the firm which can also affect both dependent variables. Thus, the author will measure those three control variables as follows:

(1) Firm Size

According to the financial statement, the author will categorize the firm size by total asset ranging with the four-point Likert scale ranging: 1 (Less than 10,000 million baht); 2 (10,000 – 49,999 million baht); 3 (50,000 – 99,999 million baht); and 4 (100,000 million baht or above). This firm size variable is derived from secondary data and will be treated as an ordinal scale on all hypothesis testing.

(2) Firm Industry

The author will also adopt the firm industry's category from this corporate governance report. There are eight industries and using the eight-scale categories: 1) Agro & Food Industry; 2) Consumer Products; 3) Financials; 4) Industrials; 5) Property & Construction; 6) Resources; 7) Services; 8) Technology. This firm industry variable is derived from seconddary data and will be treated as a nominal scale on all hypothesis testing.

(3) Public Listing Age of the Firm

In general, especially in Thailand, most of the private company would primary establish their business with its own private group of shareholders and run its business for a certain period of time. Then, those private companies would expand their businesses and in that they may require huge capital raise fund via the stock market. There is also an incentive for the listed firm to pay a less corporate tax rate compared with the ordinary private firm. Thus, they would publicize and register with the Stock Exchange of Thailand (SET). Thus, the date of the public listing year is acquired from the record of the Stock Exchange of Thailand via its website. This listing age variable is derived from secondary data and will be treated as a ratio scale on all hypothesis testing.

All in all, and based on the conceptual model and hypothesis testing, there were five variables and three control variables. These variables were derived from either primary data or secondary data, including the different purpose of use. Moreover, some variables, such as managerial ethical leadership, organizational ethical culture, and corporate ethics program, use a different scale when performing both initial testing at an individual level and hypothesis testing at the organization level. As the results, there are various types of scale measures in this study. Then, the summary of all scale measures will be presented in Table 3.5.

Table 3.5 The Summary of all Scale Measures

No.	Variable	Data source	Level of analysis	Scale measures
1	Managerial ethical leadership	Primary data	Individual level Organizational level	Interval Ratio
2	Organizational ethical culture	Primary data	Individual level Organizational level	Interval Ratio
3	Corporate ethics program	Primary data	Individual level Organizational level	Ratio Nominal
4	ROA	Secondary data	Organizational level	Ratio
5	Corporate governance reputation	Secondary data	Organizational level	Ordinal
6	Firm size	Secondary data	Organizational level	Ordinal
7	Firm industry	Secondary data	Organizational level	Nominal
8	Firm listing age	Secondary data	Organizational level	Ratio

3.3 The Qualitative Approach

The purpose of conducting this qualitative study is to serve the second primary objective, which is to provide the recommendation for enhancing an effective “Code of Ethics” program implementation to the listed firms. It seeks for information and knowledge from the different implementation degrees of “Code of Ethics” program of listed firms and allows the study to raise up the significant issues that influence in the program implementation process including capturing the richness of member’s experience in their own organization. It is consistent with the statement of Rudestam and Newton (2007) that qualitative research implies an emphasis on meanings and processes where the goal is more with description, search for meaning, and exploration, including allowing the researcher to understand the different meanings of the concepts under study. Besides, as earlier mentioned, this qualitative study is designed in research phases, moving from data gathering and analysis of quantitative study to capture of any significant issues regarding the “Code of Ethics” program implementation to be a guideline for data observation and an in-depth interview of the selected samples.

In this stage, the author seeks to understand the significant factor that may potentially affect the degree of “Code of Ethics” program implementation. In order to go deeper within the phenomena under the study by employing the different data collection techniques, it requires both observations of listed firm context and an in-depth interview with an insider who is directly in-charge of the “Code of Ethics” program or any corporate representative. Thus, a qualitative research method is the appropriate alternative method in acquiring the information for providing the recommendation for the listed firms. Next will be the discussion of the component of this qualitative study.

3.3.1 Unit of Analysis

As mentioned by Villegas (2014) and Trapp (2011) it is now practically a given that commercial organizations make serious efforts to ensure ethical behavior where codes of ethics serve as the main corporate instruments. Even in studies where codes of ethics are viewed as “effective instruments they are typically seen to depend on their being embedded in the workplace (Trapp, 2011). These earlier studies indicate the importance of exploring the issue under study in a specific context such as a corporation. Thus, it is in line with this study that the unit of analysis is based on the corporate, especially the listed firms on the Stock Exchange of Thailand.

3.3.2 Population and Sample Design

This study was conducted based at the organization level as presented by the listed firm. As suggested by Mayan (2009), to understand the phenomenon of interest in depth is to emphasize the target population for the proposed study. Therefore, the target population in this qualitative study is the listed firms with a corporate governance rating score on the Stock Exchange of Thailand.

For sample design, because of the sensitivity of the issue under this study, it employed a purposive sampling technique. It is consistent with Yin (2011) that a purposive sample focuses on an individual who yields the most relevant and plentiful data, including the composition of the sample: the position of the participant, background, and their belonging to different areas in the company, that may offer many possible understandings under study and to allow avoiding potential biases. In addition, the purpose of this qualitative study is to provide a recommendation for enhancing the code of ethics program implementation for listed firms. The selected firms are expected to have a certain degree of an effective corporate ethics program. As such, the 5 selected firm samples were based on the following:

1) These firms have been listed on the Stock Exchange of Thailand.
2) They are entitled to a 4 or 5-star corporate governance rating.
3) Each of them belongs to a different business industry.

3.3.3 Data Collection Procedures

According to Kirk and Miller (1986), the qualitative method is a particular tradition in social science that fundamentally involves watching people in their own territory and interacting with them in their own language, and on their own terms, including direct observation, in-depth and open-ended interviews, the study of the history of life and organization, the statistical manipulations, and content analysis (quoted in Sid Suntrayuth, 2011). Hence such the data observation and in-depth interview are employed for data collection procedures in this study. The tentative timeline for data collection is two months in July-August of 2017

Starting with data observation, as suggested by Yin (2011) many documents can be useful simply by the nature of the details they contain, which allows better development in the interviews as the research knowledge about the context is obtained beforehand. As such, the data observation was performed before conducting the in-depth interview by gathering and studying all relevant documents: corporate background; corporate governance policy, and the code of ethics.

Next, an interview, Patton (2002) indicates "the four types of interviews: 1) an informal conversational interview is where the questions emerge from the immediate context and are asked in the natural course of things, with no predetermination of question topics or wording; 2) general interview guide approach is where the topics and issues are specified in advance and in an outline form; 3) standardized open-ended interview is where the exact wording and sequence of questions are determined prior to the interview; and 4) a closed fixed respond interview is where the questions and response categories were determined in advance, and the responses were fixed and the respondents could only choose from among those fixed responses". As such, this study utilized two types of interviews these are an informal conversational interview and a general interview guide approach. Initially begin with direct contact with the target listed firms, after having obtained confirmation for an in-depth interview, the guideline questions were sent to them by two working weeks prior to the actual interviewing day. In an agreed-upon place, each individual interview lasted around one hour and was recorded with the consent of each participant.

3.3.4 Data Analysis

The data analysis on the qualitative study refers to the process of determining the meaning of the gathered data relating to the purpose of the study. It is consistent with the suggestion of Martincic (2010) that additional areas or topics that were of interest, were noted to ensure that they were conducted in the same way for the proper data analysis. Hence, the first area of data analysis was the stage of data observation, it focused on an issue in the code of ethics, especially in the areas of 1) employee practice policy; 2) shareholder policy; 3) customer policy; 4) supplier and creditor policy; 5) rival policy; 6) environment and community policy. Because, these mentioned six issues of the code of ethics are related to the major stakeholders.

Second, the data analysis was the stage of the in-depth interview focusing on the factor affecting the code of ethics program implementation, especially the communication and commitment between organization/management and employees. Thus, there were 5 guideline questions that led to the underlying meaning and indicate the degree of implementation of the code of ethics program. The guideline questions are:

1) What channel does your organization use to communicate any issues in the code of ethics and ethical business practices to your employee?

2) How do you inform your employee regarding the role & responsibility of your ethics committee?

3) How do you engage your employee about the code of ethics?

4) What occasion or business event does your top management use to communicate and promote the code of ethics to employees?

5) How does your organization arrange any training for working practice according to the code of ethics?

CHAPTER 4

RESULTS OF THE STUDY

According to the two research's objectives, the author performed both quantitative and qualitative research methods. Each result of study method is presented in each separate part. Thus, the first part will be the 4.1 results of a quantitative study that the presentation is based on the two levels of analysis: 4.1.1 an initial testing at the individual level, and 4.1.2 hypothesis testing at the organizational level. On the other hand, the second part will be the 4.2 results of a qualitative study that the presentation is based on the data observation and an in-depth interview at the organizational level. Besides, each study result is divided into two major categories: 4.1.1.1 demographic information, and 4.1.1.2 data analysis and results of the study.

4.1 Results of the Quantitative Study

As the first primary objective was to investigate the linkage between managerial ethical leadership, organizational ethical culture, a corporate ethics program, and both firm performances of ROA and corporate governance reputation. This study used individual responses to represent the organizational level, which was divided into 2-level of analysis as initial testing at the individual level and hypotheses testing at the organizational level. Thus, each level of analysis is presented in the next section.

4.1.1 Initial Testing at the Individual Level

At this stage, a self-reported questionnaire was originally constructed in English. The author developed Thai-questionnaire version and verified by both academic and professional persons. Then, it was pre-tested on a small sample of 41 respondents randomly selected from listed firms with different industries (i.e. Financial, Industrial, Technology, Services, Property & Construction, Resources, Agro & Food).

Besides, these respondents were removed from the final survey. The results of all pre-testing scales indicated an acceptable reliability as shown in Table 4.1.

Table 4.1 Results of Pre-test

Variables	No. of questions	Cronbach's alpha
Managerial ethical leadership	10	0.83
Organizational ethical culture	14	0.87
Corporate ethics program	10	0.71

Note: N = 41

4.1.1.1 Demographic Information

Next, the author conducted the final data collection for the quantitative study starting from January to April 2017. The incomplete questionnaires and the lesser than 5 respondents per listed firm were removed from the analysis. Thus, total participants consisted of 785 employees from 84 listed firms, were in the analysis. The average employee of each listed firm was 9.35, which ranged between 5 to 15 employees per listed firm. Then, the main characteristics of the respondents at the individual level are summarized and shown in Table 4.2.

Table 4.2 The Characteristics of the Respondents at the Individual Level

Demographic items		**Frequency**	**Percent**
Gender	Male	253	33.23
	Female	532	67.77
Age	22-25 years	221	28.16
	26-30 years	294	37.45
	31-40 years	99	12.61
	Above 40 years	171	21.78
Education level	Certificate/Diploma	92	11.72
	Bachelor's degree	523	66.62
	Master's degree	170	21.66
	Above Master's degree	0	0.00
Job task	HR/Management	155	19.75
	Accounting/Finance	250	31.85
	Sales/Marketing	203	25.86
	Production	79	10.06
	Investor Relations	42	5.35
	Others	56	7.13
Years of work	1-3 years	293	37.32
	> 3 years but < 6 years	291	37.07
	> 6 years but < 9 years	63	8.03
	> 9 years but < 12 years	32	4.08
	> 12 years	106	13.50
Current position	Employee/worker	477	60.76
	Supervisor/Assistant Manager	197	25.10
	Sub-unit/Junior Manager	111	14.14
	Senior Manager	0	0.00
Total		**785**	**100**

To summarize the major characteristics of the respondents at the individual level, the most participants were female which accounted for 67.80 percent. The majority of the participants, or 37.50 percent, were aged between 26 to 30 years. Most participants held bachelor's degree which accounted for 66.60 percent. Two major participants were 31.85 percent from Accounting/Finance department, 25.86 percent from Sales/Marketing, and the rest were from others. As for the working years, 37.30 percent works for 1-3 years, and 37.10 percent works for 3-6 years. Lastly, under the category of the current position, most participants were in the position of general employees/subordinates and not entitled on a managerial level, which accounted for 60.76 percent.

Because, this study focused mainly on the middle management level by utilizing the perception or feedback of employees/subordinates to rating the variable of managerial ethical leadership. The results of demography analysis indicated that majority of the respondent is the general employees/subordinates and not entitled on any managerial level in their companies, which is totally 60.76 percent. Moreover, the two of three target departments of respondents were yielded the majority of the respondents from Accounting/Finance and Sales/Marketing departments, which is totally 57.71 percent. Therefore, an appropriateness of the respondent is considered at admissible significantly level.

4.1.1.2 Data Analysis and Results of the Study

Based on the data collection, the independent variable of managerial ethical leadership, the mediating variable of organizational ethical culture, and the moderating variable of a corporate ethics program were derived from the individual level. On the other hand, both dependent variables were derived from secondary data based on the organizational level. Therefore, the purpose of this section was to aggregate the individual responses onto an organizational level and performed an initial testing. Then, the author developed an analysis strategy which consisted of the following major procedures: 1) perform an Intraclass Correlation Coefficient for data aggregation analysis and reliability and 2) construct the First-order Confirmatory Factor Analysis for scales validation.

1) Data Aggregation Analysis and Reliability

Generally, Cronbach's alpha is the type of reliability coefficient reported most in the study, which it is used to measure internal consistency reliability or the consistency of respondents across the items of a measure. There are several types of internal consistency reliability: Test-retest reliability; Split-half reliability; Interrater reliability; Alternate-forms reliability. To aggregate the individual responses onto the organizational level, it needs to determine the interrater agreement between participants for the scale measurement (Klein & Kozlowski, 2000). As interrater reliability measures both degrees to which responses are consistent and inconsistent across the items of a measure. There are some guidelines to indicate that coefficients around 0.9 are considered "excellent", values around 0.8 are "very good", and values meet 0.7 are "adequate". However, there is no standard as to how high coefficients should be concluded that score reliability is satisfactory, and somewhat lower levels of score reliability can be acceptable if the sample size is sufficiently large (Little et al., 1999). Thus, Intraclass Correlation Coefficient was performed with 95% confidence interval. The value of ICC1 presents the degree of interrater difference, while the value of ICC2 presents the degree of interrater agreement. Then, the results of the Intraclass Correlation Coefficient analysis are presented in Table 4.3.

Table 4.3 Results of the Intraclass Correlation Coefficient Analysis

Variable	**No. of questions**	**ICC1**	**ICC2**	**Sig.F**
Managerial ethical leadership	10	0.387	0.863	0.000
Organizational ethical culture	14	0.236	0.812	0.000
Corporate ethics program	10	0.172	0.675	0.000

Note: N = 785

Table 4.3 indicated that the results of the ICC2 analysis for managerial ethical leadership and organizational ethical culture were considered very good as they exceeded the value of 0.8, which were 0.863 and 0.812 respectively.

Whereas, the result of ICC2 analysis for a corporate ethics program showed the value of 0.675, which it did not meet the value of 0.7 to indicate the adequate level. As mentioned earlier, the consideration would not only be based on the value of ICC2, but it is also based on the sufficiently large sample size. Therefore, in overall results indicated the appropriate degree of aggregation and reliable as the degree of interrater agreement was considered high with a large sample size of 785 participants.

2) Scales Validation

According to Kline (2016), he mentions that "the score validity concerns the soundness of inferences based on the scores, and information about score validity conveys to the researcher whether applying a test is capable to achieve certain aims". As the analysis of this section involves whether the questions or items can be measured a target variable. There are three major types of validity: 1) content validity; 2) criterion-related validity; 3) construct validity. Construct validity is "the degree to which scores measure a theoretical assumption target, which can be measured only indirectly through its indicators by the tests of convergent and discriminant validity" (Roper, 2009). It is in line with Meier and Brudney (1997) that convergent validity examines whether the scale is consistent with the concept and whether the scale measures the concept in question. The major advantage of construct validity is to reduce some redundant items of each scale and to prevent the problem of multicollinearity. Thus, the author conducted construct validity for scale validation of all three variables: a) managerial ethical leadership; b) organizational ethical culture; c) a corporate ethics program. Convergent validity was performed by using factor analysis with SPSS 20, and discriminant validity was performed by using first order confirmatory factor analysis with AMOS 20. The step of each variable validation is illustrated in more details.

(1) Validation of Managerial Ethical Leadership

Starting with convergent validity, the principal component extraction and varimax rotation technique used in factor analysis were conducted. There were ten items with five-point Likert scale constructed to measure the factor. The result showed KMO value of 0.843 and *p*-value of 0.000, which was at a statistically acceptable level, to indicate that it can utilize factor analysis technique. In addition, the result of communality in which the common variance shared among the indicators and potentially explained by the factors, showing the extraction value larger than 0.5 to indicate that all items can be loaded into a "grand factor". As recommended by Fornell and Larcker (1981) that coefficients meet the value of 0.5 are left for the analysis. The details of each scale are presented in Table 4.4.

Table 4.4 Result of Factor Analysis of Managerial Ethical Leadership Variable

Item no.	Item name / Question (My manager ......)	Communality
1	MER1/ listens to what employees have to say.	.715
2	MER2/ disciplines employees who violate ethical standards.	.520
3	MER3/ conduct his/her personal life in an ethical manner.	.582
4	MER4/ has the best interest of the employee in mind.	.580
5	MER5/ makes fair and balanced decisions.	.602
6	MER6/ can be trusted.	.668
7	MER7/ discusses business ethics or values with employees.	.738
8	MER8/ sets an example of how to do things the right way in terms of ethics.	.600
9	MER9/ defines success not just by results but also the way that they are obtained.	.768
10	MER10/ making-decision on "what is the right thing to do?".	.738

Note: N = 785

Table 4.4 indicated that all 10 items yielded the common variance shared among the other items to explain the factor, and they exceeded the value of .5. Therefore, this convergent validity is at a satisfactory level to measure the factor, and all items can be loaded into a "grand factor" for further analysis.

Next, discriminant validity was performed. The author constructed the first-order confirmatory factor analysis by loading all ten items into a "grand factor" namely "MEL". On initial one factor model, values of fit statistics reported and suggested poor fit. Then, the author adjusted the model by inspecting modification indexes and utilized maximum likelihood method (ML). The two items of MER1 and MER9 were removed from the original model, and there were some covariances of MER3, MER4, MER5, MER6, MER7, and MER8. Finally, there were 8 items left on the revised model and the estimation of revised model converged to an admissible solution by presenting goodness of selected fit indicators.

Furthermore, there are numerous tests exist to assess how well a model matches the observed data. The author follows the recommended fit statistics by Kline (2016) and Schumacker and Lomax (2004), which are:

1) Model Chi-square (X^2) with its degrees of freedom (*df*) and p-value. X^2 is a statistical test of the difference in fit between a given model and unspecified model that predicts a covariance matrix of null hypothesis model whether it responses to the observed data covariance matrix. In case the *p*-value does not exceed the value of 0.05, the null hypothesis is rejected. There are some suggestions from simulation studies that X^2 is overly sensitive to the sample size and more likely to reject the null hypothesis as the sample size increases (Cheung & Rensvold, 2002; Meade et al., 2011). In common practice, it might ignore a failed X^2 test and refer to other fit indexes. Additionally, in this study, the author also utilized the Relative Chi-square (CMIN/DF) to indicate the goodness of fit to the model. The acceptable value of CMIN/DF is ≤ 5 as it contains large sample size.

2) Steiger-Lind Root Mean Square Error of Approximation (RMSEA) and *p*-value (PCLOSE). RMSEA is an absolute fit index scale as a badness-of-fit statistic where a value of zero indicates the best result, and the acceptable value of RMSEA is ≤ 0.08 with greater than 0.05 PCLOSE value (Kline, 2016; Steiger, 1998).

3) Bentler Comparative Fit Index (CFI). CFI is an incremental fit index and it is also a goodness-of-fit statistic, where a value ranges from 0 to 1.0 and value of 1.0 indicates the best result, and the acceptable value of CFI is $\geq$ 0.9 (Bentler, 1990; Jöreskog & Sörbom, 1980; Kline, 2016).

4) Root Mean Square Residual (RMR) and Goodness of Fit Index (GFI). RMS is a measure of the mean absolute covariance residual and it is a badness-of-fit statistic. The perfect model fit is indicated by RMR = 0 where increasingly higher values indicate worse fit, and the acceptable value of RMR is ≤ 0.05 (Jöreskog & Sörbom, 1980). GFI is a goodness-of-fit statistic and the acceptable value is ≥ 0.9 (Jöreskog & Sörbom, 1980; Kline, 2016).

Table 4.5 presents more details of the goodness of fit indicators and Figure 4.1 illustrates an excellent model fit of the revised model with standardized regression coefficients.

Table 4.5 Result of Revised Model and Goodness of Fit Indicators for One-Factor Model

Factor (N = 785)	**No. of Items**	X^2	*df*	***p*-value**	X^2/df
Managerial ethical leadership (MEL)	8	60.219	15	.000	4.015
Factor	CFI	GFI	RMR	RMSEA	PCLOSE
Managerial ethical leadership (MEL)	.976	.982	.015	.062	.103

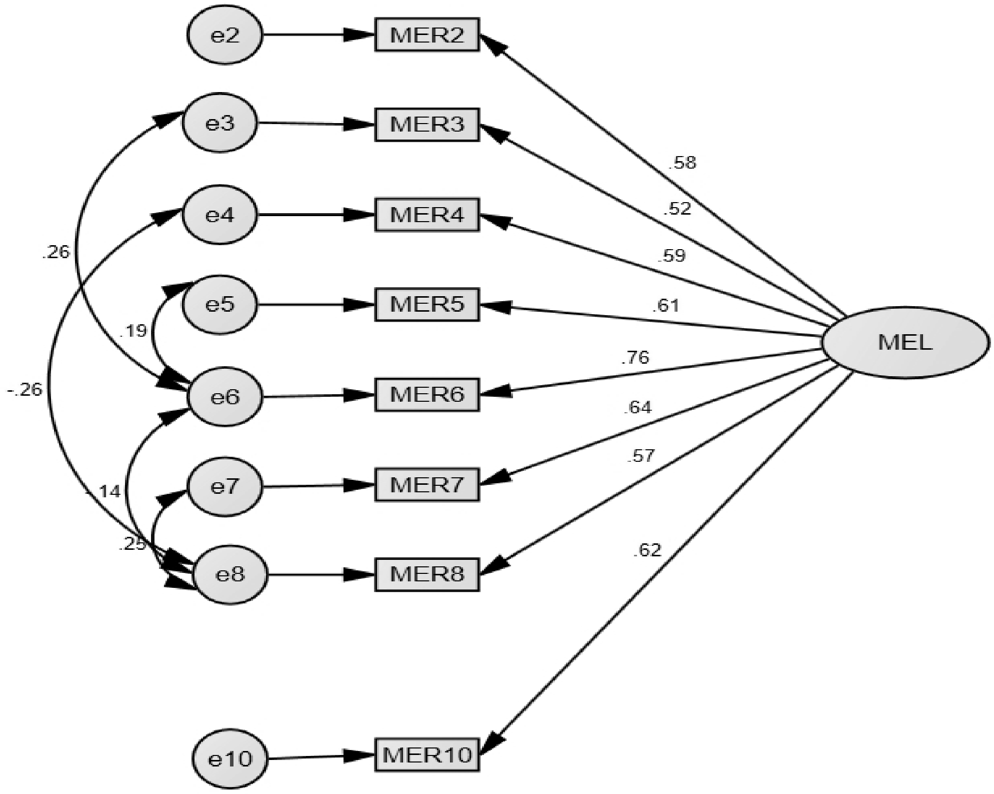

Figure 4.1 Revised Model of Managerial Ethical Leadership

Table 4.5 indicated that there were 8 items left on the revised model. In this analysis, the *p*-value of the model chi-square (X^2) with its degrees of freedom (*df*) did not exceed the value of 0.05. Thus, first, the author utilized the Relative Chi-square (CMIN/DF) to indicate the goodness of fit to the model. The acceptable value of CMIN/DF is ≤ 5 as it contains a large sample size. The result, as presented in Table 4.5, showed that it was 4.015, which was lower than the criteria value. Second, the acceptable value of CFI is ≥ 0.9. The result showed that it was 0.976, which was higher than the criteria value. Third, the acceptable value of GFI is ≥ 0.9 and the acceptable value of RMR is ≤ 0.05. The result showed that they were 0.982 for GFI and 0.015 for RMR, which complied with the criteria value. Finally, the acceptable value of RMSEA is ≤ 0.08 with greater than 0.05 PCLOSE value. The result showed that they were 0.062 for RMSEA and 0.103 for PCLOSE, which complied with the criteria value. For the Figure 4.1, it indicated the revised model with standardized regression coefficients. The Item 6 (MER6, my manager can be trusted) held the highest regression weight at 0.76, whereas the Item 3 (MER3, my manager conducts his/her personal life in an ethical manner) held the lowest regression weight at 0.52. It would imply that Item 6 had the strongest contribution to a variable of managerial ethical leadership in this study. To conclude, this discriminant validity is at a satisfactory level to measure the factor, which there are 8 items left on a revised model for further analysis on the organizational level.

(2) Validation of Organizational Ethical Culture

To perform convergent validity, there were totally fourteen of five-point Likert scale items including four reverse items, constructed on an initial model. The author performed the same technique with earlier validity analysis. The result showed KMO value of 0.721 and the *p*-value of 0.000, which was at a statistically acceptable level and able to utilize factor analysis technique. Besides, the result of communality showed the extraction value larger than 0.5 to indicate that all items can be loaded into a "grand factor". The details of each scale are presented in Table 4.6.

Table 4.6 Result of Factor Analysis of Organizational Ethical Culture Variable

Item no.	Item name / Question (In my organization ......)	Communality
1	OEC1/manager disciplines unethical behavior when it occurs.	.659
2	OEC2/employees perceive that people who violate the ethics code still get formal organizational rewards. (R)	.512
3	OEC3/penalties for unethical behaviors are strictly enforced.	.665
4	OEC4/unethical behavior is punished in this organization.	.609
5	OEC5/managers represent high ethical standards.	.838
6	OEC6/people of integrity are rewarded.	.773
7	OEC7/the ethics code serves as "window dressing" only. (R)	.771
8	OEC8/managers regularly show that they care about ethics.	.897

Table 4.6 (Continued)

Item no.	Item name / Question (In my organization ......)	Communality
9	OEC9/managers are models of unethical behavior. (R)	.871
10	OEC10/ethical behavior is the norm.	.812
11	OEC11/managers guide decision-making in an ethical direction.	.793
12	OEC12/the ethics code serves only to maintain the organization's public image. (R)	.578
13	OEC13/ethical behavior is rewarded.	.894
14	OEC14/ethics code requirements are consistent with informal organizational norms.	.772

Note: N = 785, (R) = reverse question

Table 4.6 indicated that all 14 items yielded the common variance shared among the other items to explain the factor, and they exceeded the value of .5. Therefore, this convergent validity is at a satisfactory level to measure the factor, and all items can be loaded into a "grand factor" for further analysis.

Then, the author performed discriminant validity on organizational ethical culture variable by using the first-order confirmatory factor analysis. The fourteen items were loaded into a "grand factor" namely "OEC". On initial one factor model, values of fit statistics reported and suggested poor fit. Then, the author adjusted the model by inspecting modification indexes and utilized maximum likelihood method (ML). The five items of OEC2, OEC7, OEC11, OEC12, and OEC13 were removed from an original model, and there were some covariances of OEC1, OEC3, OEC4, OEC5, OEC6, OEC8, OEC9, OEC10, and OEC14. The estimation of the revised model provided an admissible solution with the goodness of selected fit indicators. Table 4.7 presents more details of the goodness of fit indicators and Figure 4.2 illustrates an excellent model fit of the revised model.

Table 4.7 Result of Revised Model and Goodness of Fit Indicators for One-Factor Model

Factor (N = 785)	**No. of Items**	***X*²**	***df***	***p*-value**	***X*²/*df***
Organizational ethical culture (OEC)	9	58.753	20	.000	2.938
Factor	CFI	GFI	RMR	RMSEA	PCLOSE
Organizational ethical culture (OEC)	.985	.984	.017	.050	.486

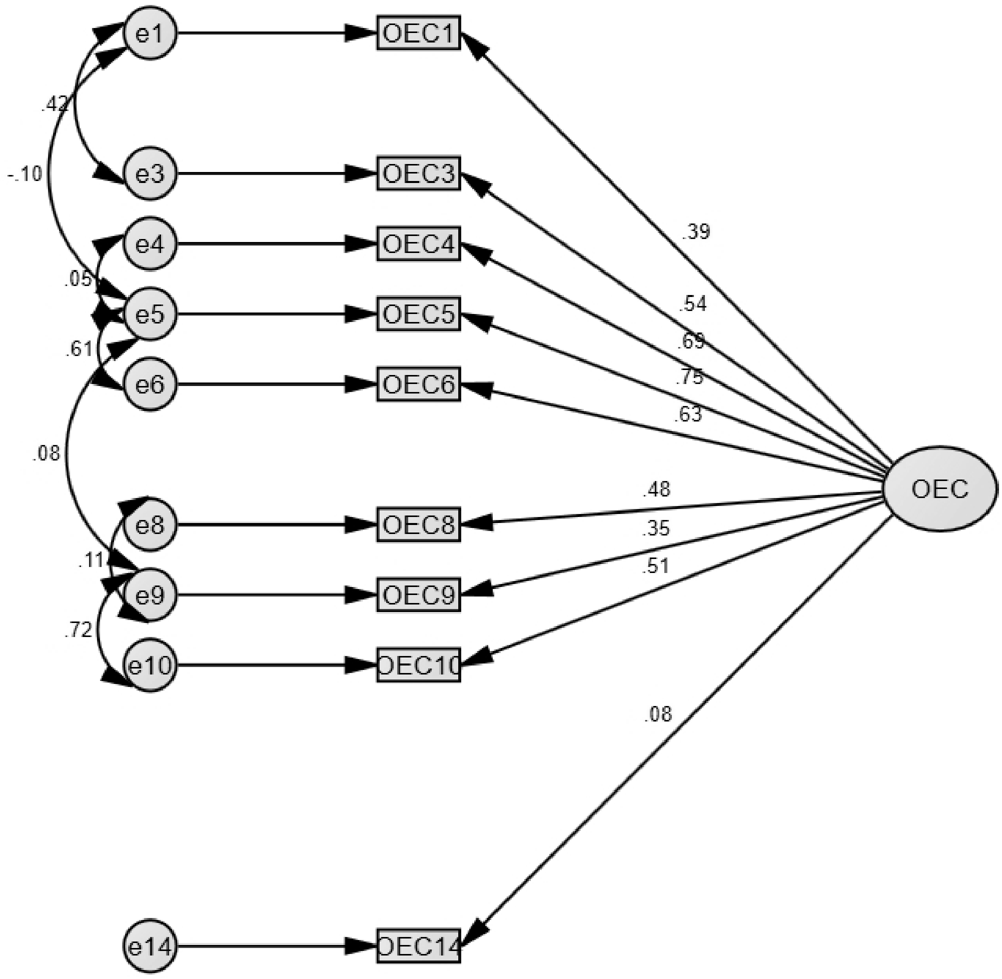

Figure 4.2 Revised Model of Organizational Ethical Culture

Table 4.7 indicated that there were 9 items left on the revised model. The p-value of the model chi-square (*X^2*) with its degrees of freedom (*df*) did not exceed the value of 0.05. Thus, first, the author utilized the Relative Chi-square (CMIN/DF) to indicate the goodness of fit to the model. The acceptable value of CMIN/DF is ≤ 5 as it contains a large sample size. The result, as presented in Table 4.7, showed that it was 2.938, which was lower than the criteria value. Second, the acceptable value of CFI is ≥ 0.9. The result showed that it was 0.985, which was very close to the value of 1. Third, the acceptable value of GFI is ≥ 0.9 and the acceptable value of RMR is ≤ 0.05. The result showed that they were 0.984 for GFI and 0.017 for RMR, which complied with the criteria value. Finally, the acceptable value of RMSEA is ≤ 0.08 with greater than 0.05 PCLOSE value. The result showed that they were 0.050 for RMSEA and 0.486 for PCLOSE, which complied with the criteria value. For the Figure 4.2, it indicated the revised model with standardized regression coefficients. The Item 5 (OEC5, in my organization, managers represent high ethical standards) held the highest regression weight at 0.75, whereas the Item 14 (OEC14, in my organization, ethics code requirements are consistent with informal organizational norms) held the lowest regression weight at 0.08. It would imply that Item 5 had the strongest contribution to a variable of organizational ethical culture in this study. To summarize, this discriminant validity is at a satisfactory level to measure the factor, which there are 9 items left on a revised model for further analysis on the organizational level.

(3) Validation of a Corporate Ethics Program

This last variable that derived from primary data had to be validated, which comprised of 10 items with two-different scales as the nominal and ordinal scales. Besides, the role of this variable is a dichotomous moderator to indicate either strong or weak degree of a corporate ethics program implementation. In terms of forming a composite measure of the implementing degree, the author assigned the range of value for each item between 0-1 and sum all the item scores to compute an average score for each listed firm. According to Kruse et al. (2013) and Faucher (2013), they have described an approach of validation involved the proposed interpretation and intended uses of the scores. Hereby, the author performed discriminant validity to reduce some redundant items of each scale and to prevent the problem of multicollinearity. Then, all ten items of ratio scale were loaded into a “grand factor” namely “CEP”. On initial one factor model of the first-order confirmatory factor analysis, values of fit statistics reported and suggested poor fit. Then, the author adjusted the model by inspecting modification indexes and utilized maximum likelihood method (ML). The three items of CEP2, CEP4, and CEP5 were removed from an original model, and there were some covariances of CEP3, CEP6, CEP9, and CEP10. The estimation of the revised model provided an admissible solution with the goodness of selected fit indicators. Table 4.8 presents more details of the goodness of fit indicators and Figure 4.3 illustrates an excellent model fit of the revised model.

Table 4.8 Result of Revised Model and Goodness of Fit Indicators for One-Factor Model

Factor (N = 785)	**No. of Items**	$\boldsymbol{X^2}$	***df***	***p*-value**	$\boldsymbol{X^2/df}$
Corporate ethics program (CEP)	7	39.118	12	.000	3.260
Factor	CFI	GFI	RMR	RMSEA	PCLOSE
Corporate ethics program (CEP)	.981	.987	.003	.054	.342

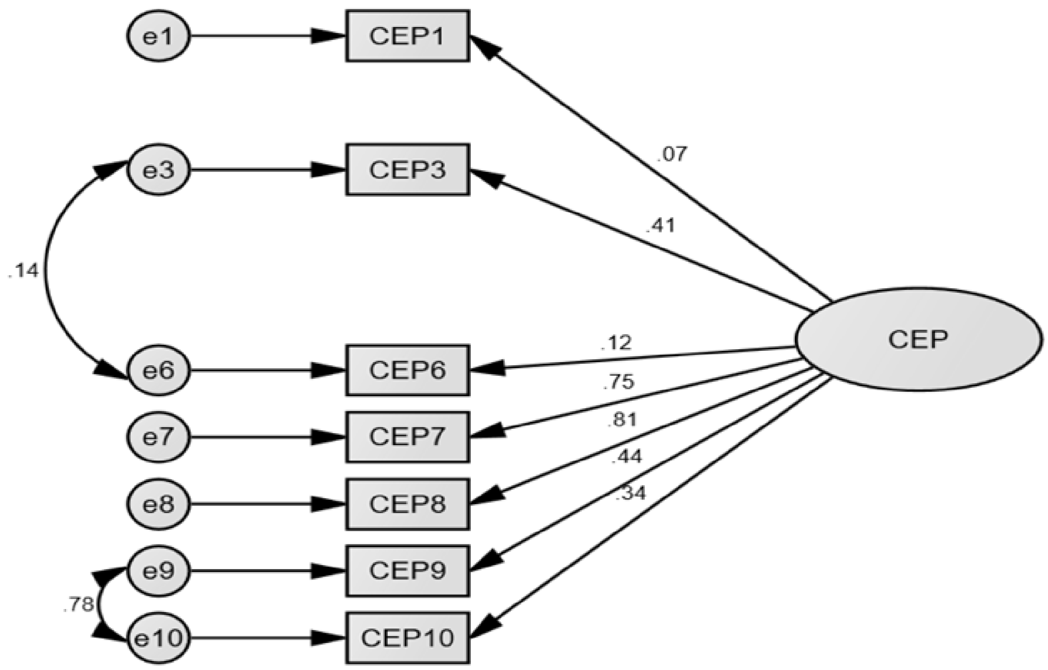

Figure 4.3 Revised Model of a Corporate Ethical Program

Table 4.8 indicated that there were 7 items left on the revised model. The *p*-value of the model chi-square (X^2) with its degrees of freedom (*df*) did not exceed the value of 0.05. Thus, first, the author utilized the Relative Chi-square (CMIN/DF) to indicate the goodness of fit to the model. The acceptable value of CMIN/DF is ≤ 5 as it contains a large sample size. The result, as presented in Table 4.8, showed that it was 3.260, which was lower than the criteria value. Second, the acceptable value of CFI is ≥ 0.9. The result showed that it was 0.981, which was very close to the value of 1. Third, the acceptable value of GFI is ≥ 0.9 and the acceptable value of RMR is ≤ 0.05. The result showed that they were 0.987 for GFI and 0.003 for RMR, which complied with the criteria value. In this case, the value of RMR was very close to 0 and it may imply that it was a perfect model fit. Finally, the acceptable value of RMSEA is ≤ 0.08 with greater than 0.05 PCLOSE value. The result showed that they were 0.054 for RMSEA and 0.342 for PCLOSE, which complied with the criteria value. For the Figure 4.3, it indicated the revised model with standardized regression coefficients. The Item 8 (CEP8, how frequently do you receive corporate ethics program training?) held the highest regression weight at 0.81, whereas the Item 1

(CEP1, does your company has an official code of ethics' policy?) held the lowest regression weight at 0.07. It would imply that Item 8 had the strongest contribution to a variable of a corporate ethics program in this study. To summarize, this discriminant validity is at a satisfactory level to measure the factor, which there are 7 items left on a revised model for further analysis on the organizational level.

4.1.2 Hypothesis Testing at the Organizational Level

As the assumption and hypothesis testing of this study were based on an organizational level, all participating listed firms have represented the sample of the study. Hereby, an essential demographic information of study sample is presented in more details.

4.1.2.1 Demographic Information

There were totally 84 listed firms to participate in this study, which they derived from different nature of the business, different size of the total asset, and total years of public listing age. Besides, this section illustrates an overview of both dependent variables of ROA and corporate governance reputation. Therefore, the summary of all listed firms' characteristics is presented in Table 4.9.

Table 4.9 The Characteristics of Listed Firms at the Organizational Level

Demographic items		**Frequency**	**Percent**
Firm industry	Agro & Food	10	11.90
	Consumer Product	4	4.76
	Financial	16	19.05
	Industrial	7	8.33
	Property & Con.	14	16.67
	Resource	8	9.52
	Services	18	21.43
	Technology	7	8.33

Table 4.9 (Continued)

Demographic items		Frequency	Percent
Firm size	< 10,000 million baht	51	60.71
(total asset)	10,000 – 49,999 million baht	13	15.48
	50,000 – 99,999 million baht	7	8.33
	=/> 100,000 million baht	13	15.48
Firm age	Mean = 19.30 years		
	Max. = 42 years, Min. = 2 years		
	> Mean	48	57.14
	< Mean	36	42.86
ROA	Mean = 7.29%		
	Max. = 23.44%, Min. = -10.39%		
	> Mean		58.33
	< Mean		41.67
CG score	5-star	16	19.05
	4-star	29	34.52
	3-star	35	41.67
	2-star	4	4.76
Total		**84**	**100.00**

Table 4.9 indicated that the listed firm in the industry of services and financial were the majority in this study, which was totally 40.45 percent. Most of the participants have their total asset lesser than 10,000 million baht, which accounted for 60.71 percent. The average public listing age of the firm was 19.30 years. The firm with maximum listing age was 42 years, whereas the firm with minimum listing age was 2 years. Total firms with listing age above an average listing age were 57.14 percent. The average ROA was 7.29 percent. The maximum ROA was 23.44 percent, whereas the minimum ROA was -10.39 percent. Total firms with ROA above an average ROA were 58.33 percent. Total firms with 4 and 5-star CG score rating were 53.57 percent, and the firms with 3-star CG score rating were 41.67 percent. In overall demography analysis, it demonstrated the data distribution at an acceptable level.

4.1.2.2 Data Analysis and Results of the Study

The purpose of this section was to examine the relationship among managerial ethical leadership, organizational ethical culture, a corporate ethics program, and both firm performances, and to perform all hypothesis testing. Thus, the author developed an analysis strategy which consisted of the following stages:

Stage I: A direct effect of managerial ethical leadership on ROA and corporate governance reputation: to perform Multiple Regression analysis by using SPSS 20.

Stage II: An indirect effect of managerial ethical leadership on ROA and corporate governance reputation through organizational ethical culture: to perform Mediation analysis by using PROCESS custom dialog box for SPSS, Model 4.

Stage III: The conditional indirect effect of managerial ethical leadership on ROA and corporate governance reputation through organizational ethical culture at the values of corporate ethics program: to perform the Second-stage Moderated Mediation analysis by using PROCESS custom dialog box for SPSS, Model 1 and Model 14.

Stage IV: Overall model testing: to perform Path analysis of Structure Equation Model by using AMOS 20.

In addition, Figure 4.4 presents the overall conceptual model with the hypothesis. The H1 and H2 are the direct effect testing on Stage I. The H3, H3a, and H4 are the indirect effect testing on Stage II. Lastly, the H5, H5a, H6, and H6a are the conditional indirect effect testing on Stage III.

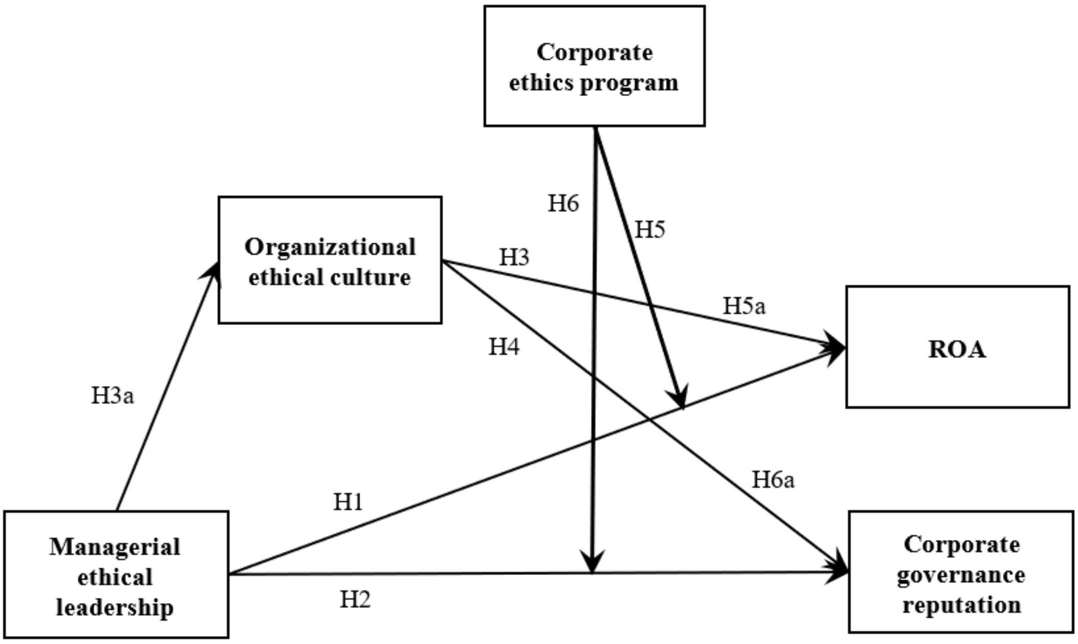

Figure 4.4 Overall Conceptual Model with Hypothesis Testing

1) Stage I: Direct Effect of Managerial Ethical Leadership on ROA and Corporate Governance Reputation

In terms of performing Multiple Regression analysis, it was essential to analyze the correlation matrix of all variables for initial support to hypothesis testing. Thus, the author performed Pearson correlation matrix analysis. It is shown in Table 4.10 that the correlation among all variables range from 0.64 - 0.82, which provide an admissible level of correlation. As the ideal predictive criteria requires the correlation coefficient greater than 0.3. Managerial ethical leadership was significantly positive correlated with organizational ethical culture (Pearson correlation = 0.67**), a corporate ethics program (Pearson correlation = 0.76**), ROA (Pearson correlation = 0.64**), and corporate governance reputation (Pearson correlation = 0.73**). Table. 4.10 presented the means, standard deviations, and correlations of all variables in more details.

Table 4.10 Means, Standard Deviations, and Correlations

Variables	**1**	**2**	**3**	**4**	**5**
1. Managerial ethical leadership	1.00				
2. Organizational ethical culture	0.67**	1.00			
3. Corporate ethics program	0.76**	0.79**	1.00		
4. ROA	0.64**	0.68**	0.79**	1.00	
5. Corporate governance reputation	0.73**	0.67**	0.82**	0.70**	1.00
Mean	3.80	3.93	0.57	7.29	3.68
SD	0.40	0.33	0.50	6.64	0.84

Note: N = 84, *$p < 0.05$, and **$p < 0.01$ (2-tailed)

On Stage I, hypothesis 1 and 2 predicted that managerial ethical leadership had a direct positive relationship with ROA and corporate governance reputation. The author conducted separated model of Multiple Regression analysis by entering the independent variable, control variables, and dependent variable. There were 8 categories of firm industry, which represented by 7 Dummy variables, and financial industry was a base category or reference. The results in Table. 4.11 presented that managerial ethical leadership was significantly positive relationship with both ROA (b = 9.76, $p < 0.001$, Adjusted $R^2 = 0.40$) and corporate governance reputation (b = 1.30, $p < 0.001$, Adjusted $R^2 = 0.57$). Besides, Figure 4.5 presented the results of each hypothesis testing on the different direct path. Thus, hypothesis 1 and 2 were supported. In addition, a larger size firm was a significantly positive relationship with corporate governance reputation (b = 0.14, $p < 0.05$), and firm in resource industry was more significantly positive direct relationship with corporate governance reputation than a firm in the financial industry (b = 0.58, $p < 0.05$).

Table 4.11 Results of Multiple Regression Analysis for Direct Effect on Dependent Variables

	ROA				
	Adjusted R^2 = 0.40, F = 6.44***				
Variables	**b**	**β**	**SE**	**t**	**VIF**
Constant	-30.42		5.94	-5.12***	
Managerial ethical leadership	9.76	0.59	1.62	6.03***	1.31
Firm size	0.86	0.15	0.63	1.40	1.57
Industry-Agro & Food	0.83	0.04	2.11	0.39	1.47
Industry-Consumer product	-0.72	-0.02	2.96	-0.24	1.25
Industry-Industrial	-4.36	-0.18	2.39	-1.83	1.37
Industry-Property/construction	-0.97	-0.06	2.00	-0.49	1.74
Industry-Resource	0.16	0.01	2.37	0.07	1.53
Industry-Services	0.55	0.03	1.83	0.30	1.77
Industry-Technology	0.20	0.01	2.41	0.08	1.40
Firm listing age	-0.03	-0.05	0.06	-0.55	1.28
	Corporate governance reputation				
	Adjusted R^2 = 0.57, F = 11.80* **				
Variables	**b**	**β**	**SE**	**t**	**VIF**
Constant	-1.66		0.64	-2.60***	
Managerial ethical leadership	1.30	0.62	0.17	7.49***	1.31
Firm size	0.14	0.18	0.07	2.01*	1.57
Industry-Agro & Food	0.20	0.08	0.23	0.89	1.47
Industry-Consumer product	0.05	0.01	0.32	0.17	1.25
Industry-Industrial	0.19	0.06	0.26	0.75	1.37
Industry-Property/construction	0.30	0.13	0.21	1.38	1.74
Industry-Resource	0.58	0.21	0.25	2.30*	1.53
Industry-Services	0.17	0.09	0.20	0.88	1.77
Industry-Technology	0.38	0.13	0.26	1.46	1.40
Firm listing age	-0.00	-0.03	0.01	-0.42	1.28

Note: N = 84, $*p < 0.05$, $**p < 0.01$, and $***p < 0.001$ (2-tailed)

Industry-Financial is the reference.

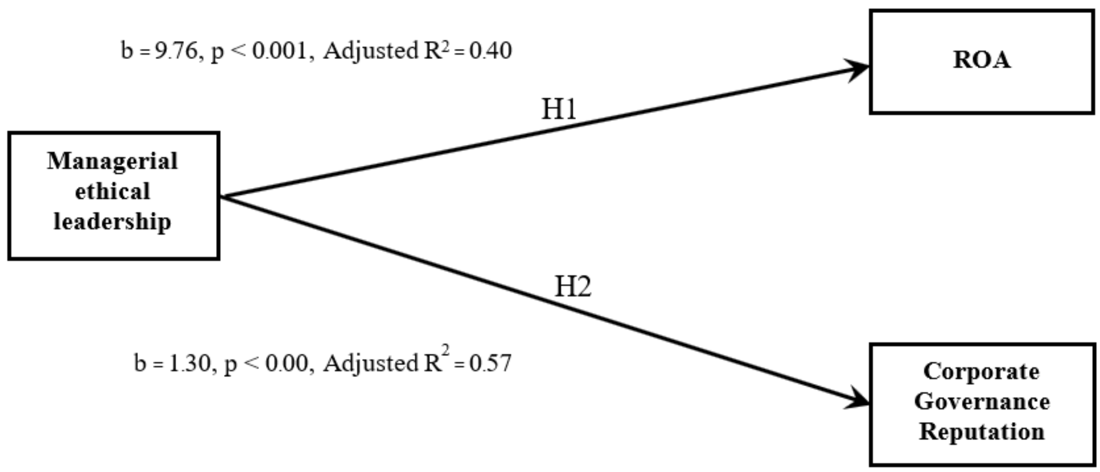

Figure 4.5 Results of each Direct Effect Path

2) Stage II: Indirect Effect of Managerial Ethical Leadership on ROA and Corporate Governance Reputation through Organizational Ethical Culture

On Stage II, hypothesis 3 and 4 predicted mediating effect, and hypothesis 3a predicted a direct effect from the independent variable to the mediator. Hayes (2013) recommends the procedure for evaluating an indirect effect of mediation by using PROCESS custom dialog box for SPSS, model 4. Based on multiple regression analysis, the author conducted separated PROCESS model 4 to estimate the regression coefficients and examine hypothesis 3 and 4 that organizational ethical culture will mediate positive relationship between managerial ethical leadership and both ROA and corporate governance reputation. Besides, this Model 4 provides the estimation of a direct effect from the independent variable to the mediator, which belongs to hypothesis 3a testing. The other advantage of this model is to provide both the *p*-value and statistical inference of confidence interval. Although the output of PROCESS provides the result of R Square, it does not provide the Adjusted R Square. Hence, the study results in this testing stage by PROCESS presents only the regression coefficient, *p*-value, and R Square. The analysis, presented in Table 4.12 and Figure 4.6 & 4.7, indicated "Path a" from managerial ethical leadership (X) to organizational ethical culture (M), and its result was significant ($b = 0.51$, $p < .001$, $R^2 = 0.49$). "Path b" from organizational ethical culture (M) to each dependent variable (Y_1 = ROA, Y_2 =

corporate governance reputation), both results were significant (b = 9.13, $p < .001$, $R^2 = 0.58$ and b = 0.80, $p < .01$, $R^2 = 0.67$).

Table 4.12 Results of Mediating Effect by PROCESS, Model 4

	Organizational culture (M)	**ROA (Y_1)**	**Corporate reputation (Y_2)**
Constant	1.91***	-47.86***	-3.19***
Managerial ethical leadership (X)	0.51***	5.09**	0.89***
Organizational ethical culture (M)		9.13***	0.80**
Firm size	0.05	0.45	0.10
Industry-Agro & Food	-0.02	1.00	0.22
Industry-Consumer Product	0.02	-0.88	0.04
Industry-Industrial	0.06	-4.94*	0.14
Industry-Property/Cons	-0.07	-0.31	0.35
Industry-Resource	-0.02	0.32	0.60*
Industry-Service	0.07	-0.12	0.11
Industry-Technology	-0.04	0.61	0.41
Firm listing age	-0.01	-0.03	-0.01
R^2	0.49	0.58	0.67
F	6.98***	8.89***	13.29***

Note: N = 84; *$p < 0.05$, **$p < 0.01$, and ***$p < 0.001$ (2-tailed)
Industry-Financial is the reference.

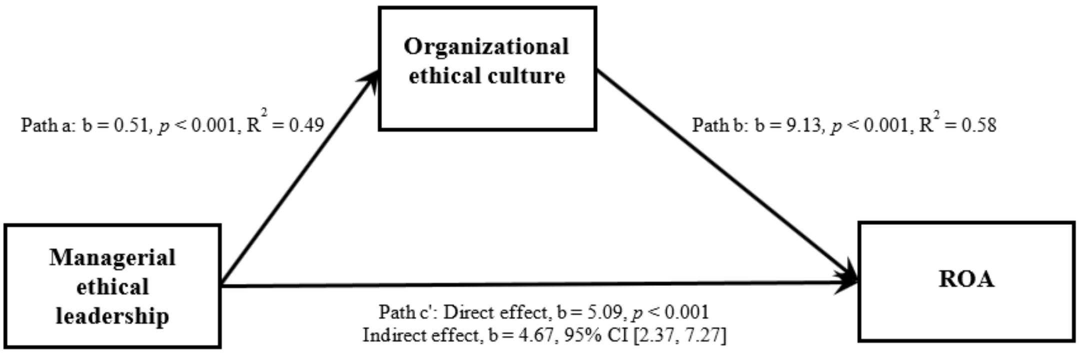

Figure 4.6 Results of Mediating Effect on ROA

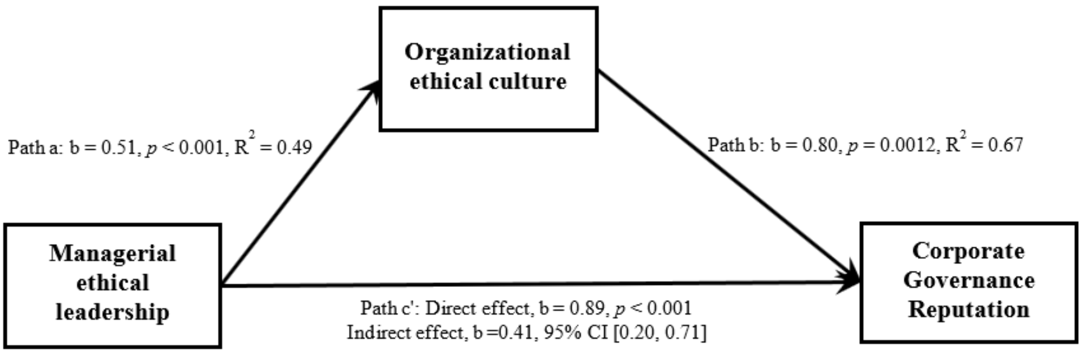

Figure 4.7 Results of Mediating Effect on Corporate Governance Reputation

In addition, the results, presented in Table 4.13, indicated significantly indirect effects on ROA (b = 4.67, *p* = .0004), and significantly indirect effect on corporate governance reputation (b = 0.41, *p* = .0031). Lastly, the results also indicated significantly total effect on ROA (b = 9.76, *p* < .001) and significantly total effect on corporate governance reputation (b = 1.30, *p* < .001). Therefore, all hypothesis 3, 3a, and 4 were supported. In addition, firm in the industrial industry was less significantly positive relationship with ROA than the firm in the financial industry (b = -4.94, *p* <.05), and firm in resource industry was more significantly positive relationship with corporate governance reputation than a firm in the financial industry (b = 0.60, *p* <.05).

Table 4.13 Results of Path Analysis by PROCESS, Model 4

Mediating effect	ROA (Y_1)	Corporate governance reputation (Y_2)
Managerial ethical leadership (X) Direct effect of X on Y through direct path ($P_{X \rightarrow Y}$) = c'	5.09**	0.89***
Organizational ethical culture (M) Indirect effect of X on Y through M in path ($P_{X \rightarrow M \rightarrow Y}$) = ab	4.67***	0.41**
Total effect of X on Y = direct effect + total indirect effect of X on Y	9.76***	1.30***

Note: N = 84; *p < 0.05, **p < 0.01, and ***p < 0.001 (2-tailed)

3) Stage III: Conditional Indirect Effect of Managerial Ethical Leadership on ROA and Corporate Governance Reputation through Organizational Ethical Culture at the Value of a Corporate Ethics Program

On Stage III, there were both moderated mediation and moderation in which hypothesis 5 and 6 predicted the moderated mediating effect and hypothesis 5a and 6a predicted the moderating effect. The main purpose of this section was to examine the conditional indirect effect of a corporate ethics program moderator toward both dependent variables. As hypothesis 5 predicted the relationship between managerial ethical leadership and ROA through organizational ethical culture is positive when an organization has a strong ethics program, whereas hypothesis 6 predicted the relationship between managerial ethical leadership and corporate governance reputation through organizational ethical culture is positive when an organization has a strong ethics program. Besides, hypothesis 5a predicted the strength of corporate ethics program will moderate positive relationship between organizational ethical culture and ROA, whereas hypothesis 6a predicted the strength of corporate ethics program will moderate positive relationship between organizational ethical culture and corporate governance reputation. Thus, the author began with moderator identification to define whether it was strong or weak corporate ethics program. Moderator identification is illustrated in more details.

a) Moderator Identification of a Corporate Ethics Program

Starting with frequency analysis, the author utilized the statistical value of mean, maximum, minimum, standard deviation, skewness, and kurtosis to define a moderator. Figure 4.8 indicated that data analysis was in normal distribution.

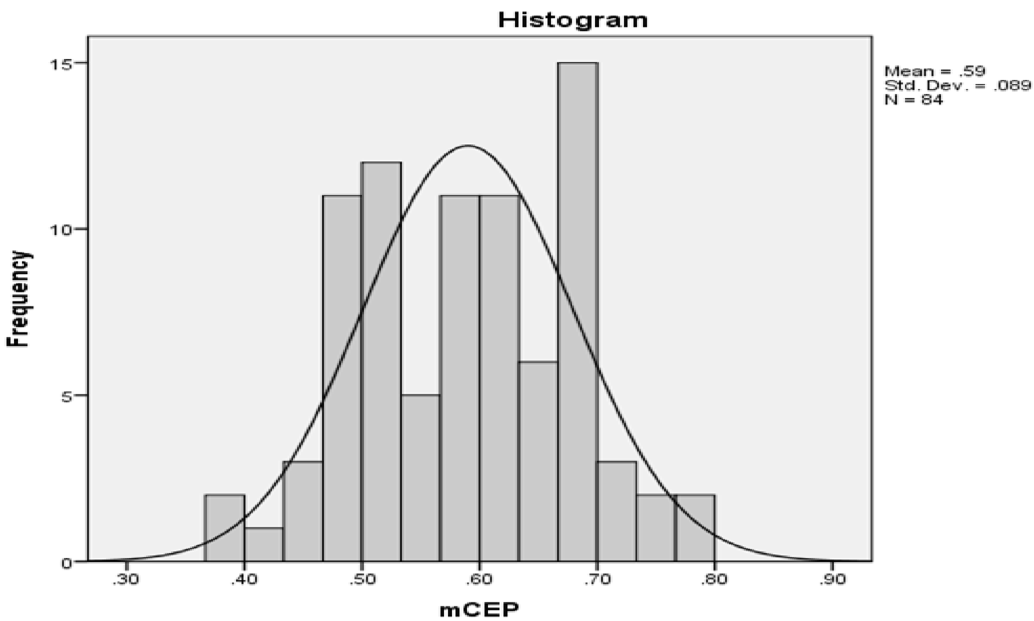

Figure 4.8 Histogram of Corporate Ethics Program Moderator Identification

Furthermore, the results of frequency analysis, presented in Table 4.14, indicated the value of skewness and kurtosis close to zero to consider a level of normal distribution. It was rational to define the strong or weak ethics program based on a value of the mean. As such, the listed firm with a score of corporate ethics program higher than the value of mean was defined “strong ethics program”, and “weak ethics program" was vice versa. To conclude, there were 54 listed firms or 64.28 percent to define as a "strong ethics program".

Table 4.14 Results of Moderator Frequency Analysis

Total Firms	Mean	Max.	Min.	SD.	Skewness	Kurtosis
84	0.59	0.79	0.39	0.09	-0.10	-0.54

According to Hayes (2013), he recommends the procedure for evaluating the conditional effect of moderation and the conditional indirect effect of the second-stage moderated mediation by using PROCESS custom dialog box for SPSS, namely: model 1, and model 14 respectively. Thus, the analysis was performed and presented afterward.

b) PROCESS Model 1: Conditional Effect of Moderation

The author conducted separated PROCESS model 1 to estimate the regression coefficients and examine each conditional effect at the value of moderator, and to test hypothesis 5a and 6a. The analysis indicated a corporate ethics program (V) as dichotomous moderator and it was represented by Dummy variable (0 = weak, 1 = strong), and all component variables of interaction term were mean centered. Besides, the analysis, presented in Table 4.15 and Figure 4.9 & 4.10, indicated "Path b_1" from organizational ethical culture (M) to each dependent variable (Y_1 = ROA, Y_2 = corporate governance reputation), and both results were nonsignificant (b = 4.07 and b = 0.41). "Path b_2" was from a corporate ethics program (V) to each dependent variable. "Path b_3" was interaction term, which was derived by M x V. The result of "Path b_3" from interaction term to ROA was nonsignificant (b = 4.86), whereas the result of "Path b_3" from interaction term to corporate governance reputation was significant (b = 1.04). As mentioned by Preacher at al. (2007), a significant interaction term indicated an existence of moderating effect. Besides, the result indicated that a firm in resource industry was more significantly positive relationship with corporate governance reputation than a firm in the financial industry (b = 0.43, p <.05).

Table 4.15 Results of Moderating Effect by PROCESS, Model 1

Variables	ROA (Y_1)	Corporate governance reputation (Y_2)
Constant	7.89***	3.33***
Organizational ethical culture[a] (M)	4.07	0.41
Corporate ethics program[a] (V)	9.26***	1.18***
Interaction effect (MV)	4.86	1.04*
Firm size	0.02	0.05
Firm industry-Agro & Food	0.33	0.17
Firm industry-Consumer Product	-3.20	-0.27
Firm industry-Industrial	-5.20	0.12
Firm industry-Property/Construction	-1.02	0.29
Firm industry-Resource	-1.14	0.43*
Firm industry-Service	-1.93	-0.14
Firm industry-Technology	-2.08	0.15
Firm listing age	0.01	0.01
R^2	0.68	0.75
F	14.72***	20.59***

Note: N = 84; *p < 0.05, **p < 0.01, and ***p < 0.001 (2-tailed)

[a] Organizational ethical culture and corporate ethics program were mean centered.

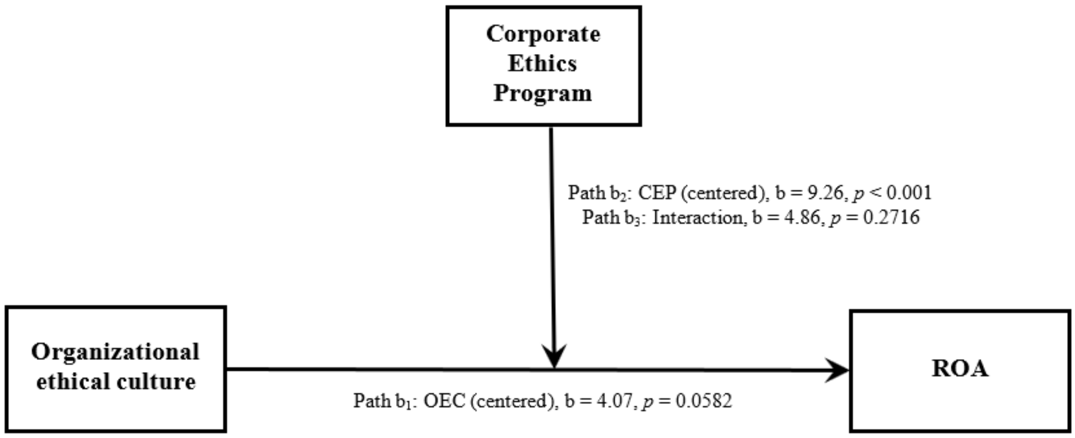

Figure 4.9 Results of Moderating Effect on ROA

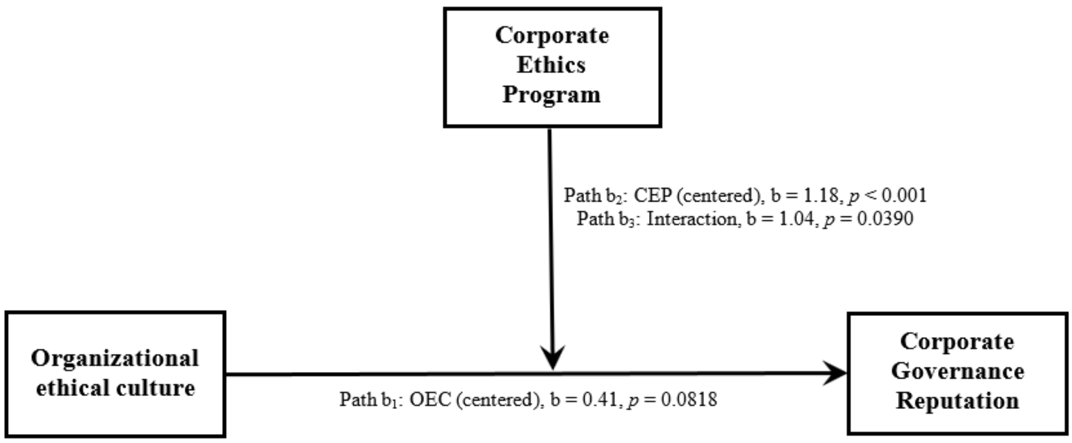

Figure 4.10 Results of Moderating Effect on Corporate Governance Reputation

In addition, following the recommendation by Hayes (2013), the author used a 95% bias-corrected bootstrap confidence intervals with a 1,000 sample, which the bootstrap analysis suggests the statistical inference that there is no "zero" contained in the confidence intervals, it presents the evidence of the conditional effect of independent variable on the dependent variable at the value of moderators. This is another advantage of PROCESS's computation, which provides results of the conditional effect of both strong and weak moderators, including to provide both the *p*-

value and statistical inference of confidence interval. Based on the mean-centered moderator, the results of computation indicated the value of strong ethics program at 0.4286, and the value of weak ethics program at -0.5714. In terms of computing the conditional effect of M on Y at the value of V, Hayes (2013) suggests this equation:

$$\Theta = b_1 + b_3 V$$

where:

Θ = Total conditional effect of M on Y at the value of V

b_1 = Path b_1 from M to Y

b_3V = Interaction term

V = Value of moderator

As such, PROCESS provides those results, presented in Table 4.16, to indicate the conditional effect of organizational ethical culture (M) on ROA (Y_1) at the strong value of corporate ethics program (V) had "zero" contained in the 95% confidence interval (CI [-0.10, 12.41]), and a positive total conditional effect (Θ = 6.16, p = 0.0535). Thus, hypothesis 5a was rejected. On the other hand, it indicated the conditional effect on corporate governance reputation (Y_2) at the strong value of corporate ethics program had no "zero" contained in the 95% confidence interval (CI [0.06, 1.65]), and a positive total conditional effect (Θ = 0.85, p = 0.0358). Therefore, hypothesis 6a was supported. Besides, Figure 4.11 illustrated the positive relationship between organizational ethical culture and corporate governance reputation, which was moderated by a strong corporate ethics program.

Table 4.16 Results of Path Analysis by PROCESS, Model 1

Conditional effect of organizational ethical culture[a] on dependent variables at the values of moderators: $\theta = b_1 + b_3V$				
	ROA (Y_1)			
Corporate ethics program[a]			**95% CI[b]**	
	θ	**SE**	**LLCI**	**ULCI**
Weak ethics program (V = -0.5714)	1.29	2.89	-4.46	7.05
Strong ethics program (V = 0.4286)	6.16	3.14	-0.10	12.41
	Corporate governance reputation (Y_2)			
Corporate ethics program[a]			**95% CI[b]**	
	θ	**SE**	**LLCI**	**ULCI**
Weak ethics program (V = -0.5714)	-0.19	0.23	-0.64	0.27
Strong ethics program (V = 0.4286)	0.85*	0.40	0.06	1.65

Note: N = 84; $*p < 0.05$, $**p < 0.01$, and $***p < 0.001$ (2-tailed)

[a] Organizational ethical culture and corporate ethics program were mean centered.

[b] CI = confidence interval; LLCI = lower level of confidence interval; ULCI = upper level of confidence interval.

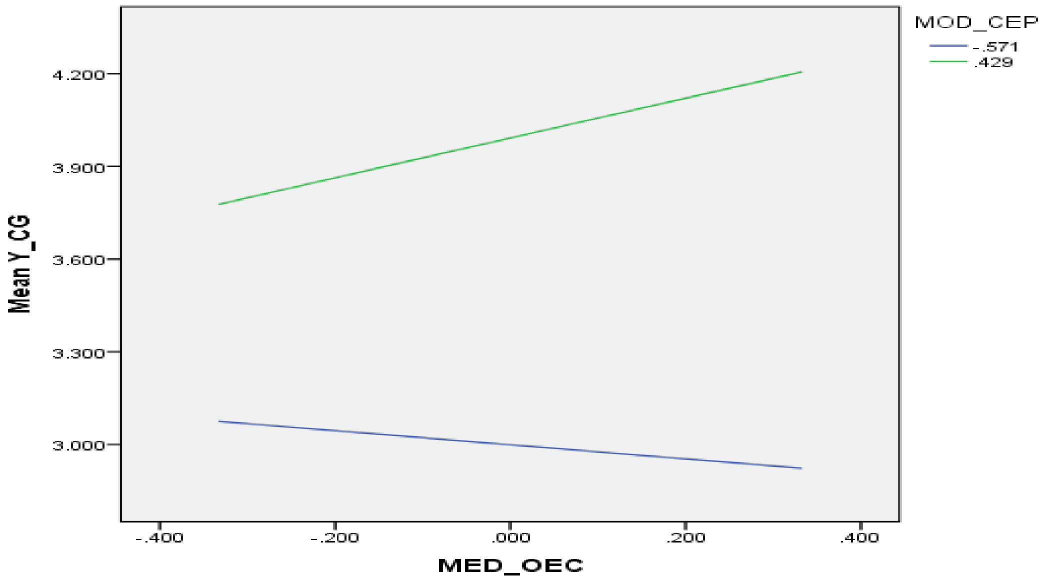

Figure 4.11 Interaction Effect of Organizational Ethical Culture and Strong Corporate Program on Corporate Governance Reputation

c) PROCESS Model 14: Conditional Indirect Effect of the Second Stage Moderated Mediation Model

The PROCESS model 14 was conducted separately to estimate the regression coefficients and examine each conditional indirect effect on the value of moderator for each hypothesis. Hypothesis 5 predicted the relationship between managerial ethical leadership and ROA through organizational ethical culture is positive when an organization has a strong ethics program, whereas hypothesis 6 predicted the relationship between managerial ethical leadership and corporate governance reputation through organizational ethical culture is positive when an organization has a strong ethics program. In the primary analysis, the author used a 95% bias-corrected bootstrap confidence interval with a 1,000 sample, and both results of hypothesis 5 and 6 were rejected. Then, the author had further analyzed by using a 90% bias-corrected bootstrap confidence interval with a 1,000 sample. The results, presented in Table 4.17 and Figure 4.12 & 4.13, indicated "Path a" from managerial ethical leadership (X) to organizational ethical culture (M) was significant (b = 0.56, p < 0.001). "Path b_1" from organizational ethical culture (M) to each dependent variable (Y_1 = ROA, Y_2 = corporate governance reputation), and both results were nonsignificant (b = 3.70 and b = 0.27). "Path b_2" was from a corporate ethics program (V) to each dependent variable. "Path b_3" was interaction term, which was derived by M x V. The result of "Path b_3" from interaction term to ROA was nonsignificant (b = 4.40), whereas the result of "Path b_3" from interaction term to corporate governance reputation was significant in 90% confidence interval (b = 0.87, p = 0.0759). Besides, the result showed that a firm in the industrial industry was less significantly positive relationship with ROA than a firm in the financial industry (b = -5.30, p = < 0.1), and a firm in resource industry was more significantly positive relationship with corporate governance reputation than a firm in the financial industry (b = 0.44, p < 0.05).

Table 4.17 Results of Moderated Mediating Effect by PROCESS, Model 14

Variables	**Organizational ethical culture (M)**	**ROA (Y_1)**	**Corporate governance reputation (Y_2)**
Constant	-2.12***	3.58	1.75[a]
Managerial ethical leadership (X)	0.56***	1.16	0.42[a]
Organizational ethical culture[b] (M)		3.70	0.27
Corporate ethics program[b] (V)		8.75***	0.99***
Interaction effect		4.40	0.87[a]
Firm size		-0.01	0.04
Industry-Agro & Food		0.24	0.14
Industry-Consumer Product		-3.17	-0.26
Industry-Industrial		-5.30[a]	0.09
Industry-Property/Construction		-1.11	0.25
Industry-Resource		-1.11	0.44*
Industry-Service		-1.88	-0.12
Industry-Technology		-2.15	0.12
Firm listing age		0.01	0.00
R^2	0.45	0.68	0.76
F	66.23***	13.62***	19.18***

Note: N = 84, *p < 0.05, **p < 0.01, ***p < 0.001, and [a] < 0.10 (2-tailed)

[b] Organizational ethical culture and corporate ethics program were mean centered.

Use a 90% bias-corrected bootstrap confidence interval with 1,000 samples

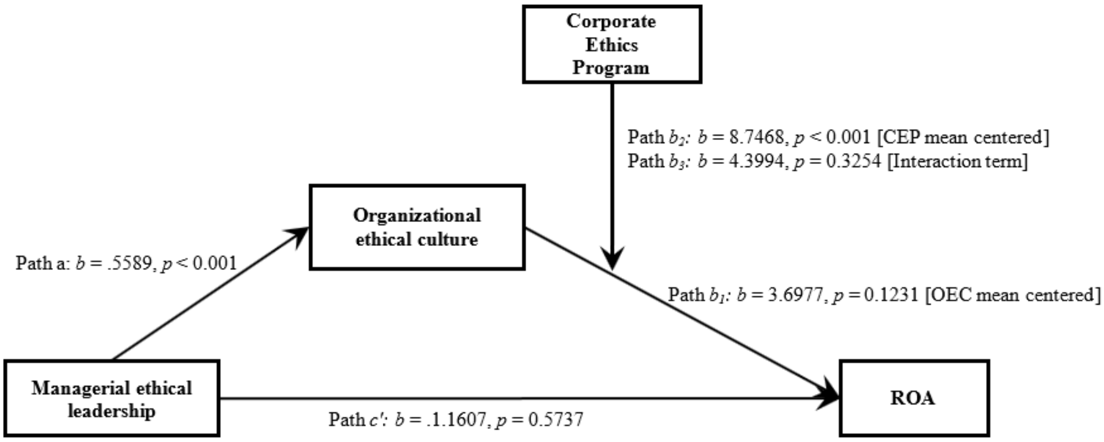

Figure 4.12 Results of Moderated Mediating Effect on ROA

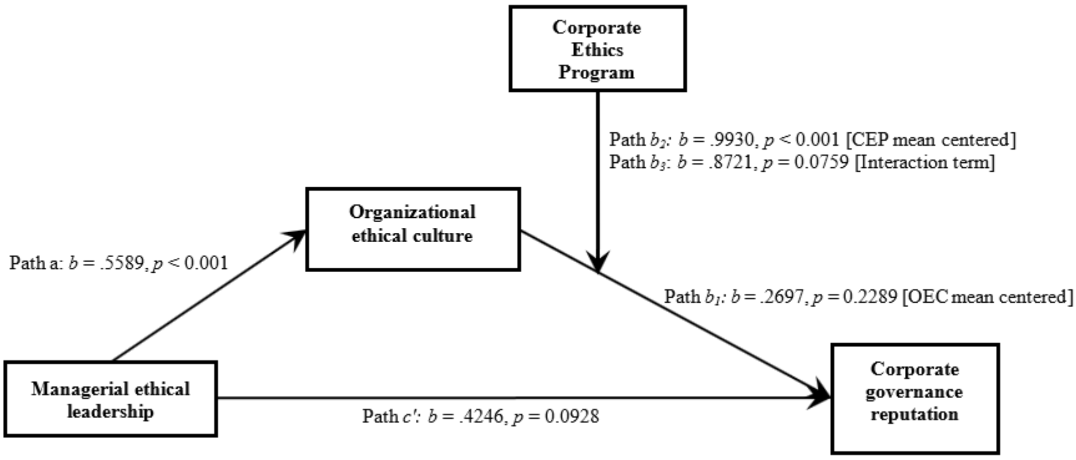

Figure 4.13 Results of Moderated Mediating Effect on Corporate Governance Reputation

Furthermore, to follow the analytical approach of Hayes (2013), he emphasizes the value of bootstrap confidence intervals to indicate the statistical inference. It would imply that hypothesis testing is accepted when the result has no “zero” contained in the confidence interval, and it is statistical supported. For the computation of conditional indirect effect of X on Y at the values of moderated mediator, he suggests this equation:

	ω	=	$a(b_1+b_3V)$
where:	ω	=	Total conditional indirect effect of X on Y at the value of moderated mediator
	a	=	Path a from X to M
	b_1	=	Path b_1 from M to Y
	b_3V	=	Interaction term
	V	=	Value of moderator

Thus, PROCESS provides those results, presented in Table 4.18, to indicate the conditional indirect effect of managerial ethical leadership (X) on ROA (Y_1) through organizational ethical culture (M) at a strong value of corporate ethics program (V = 0.4286) had no "zero" contained in the 90% confidence interval (CI [0.16, 6.19]), and a positive conditional indirect effect (ω = 3.12). Thus, hypothesis 5 was supported. It is in line with the following result that it indicated the total conditional indirect effect of managerial ethical leadership (X) on corporate governance reputation (Y_2) through organizational ethical culture (M) at a strong value of corporate ethics program (V = 0.4286) had no "zero" contained in the 90% confidence interval (CI [0.04, 0.76]), and a positive conditional indirect effect (ω = 0.36). Thus, hypothesis 6 was supported. To compute the total effect of X on Y, it derives from the direct effect of X on Y plus the total conditional indirect effect of X on Y. Table 4.19 presents all direct effects, conditional indirect effects, and total effects of X on Y_1 and Y_2 in more details.

Table 4.18 Results of Conditional Indirect Effect Path Analysis by PROCESS, Model 14

Conditional indirect effect of managerial ethical leadership on dependent variables at values of moderated mediators: $\omega = a(b_1+b_3V)$				
Organizational ethical culture and Corporate ethics program[a]	**ROA (Y_1)**			
			90% CI[b]	
	ω	**Boot SE**	**BootLLCI**	**BootULCI**
Weak ethics program (V = -0.5714)	0.66	1.60	-2.18	3.08
Strong ethics program (V = 0.4286)	3.12	1.93	0.16	6.19
Organizational ethical culture and Corporate ethics program[a]	**Corporate governance reputation (Y_2)**			
			90% CI[b]	
	ω	**Boot SE**	**BootLLCI**	**BootULCI**
Weak ethics program (V = -0.5714)	-0.13	0.14	-0.39	0.06
Strong ethics program (V = 0.4286)	0.36	0.21	0.04	0.76

Note: N = 84

[a] Organizational ethical culture and corporate ethics program were mean centered.

[b] CI = Bootstrap confidence interval; LLCI = lower level of confidence interval; ULCI = upper level of the confidence interval

Table 4.19 Results of Total Effect of Moderated Mediation

Moderated mediating effect	**ROA (Y_1)**		**Corporate governance reputation (Y_2)**	
	Weak	**Strong**	**Weak**	**Strong**
Managerial ethical leadership (X) *Direct effect of X on Y through direct path ($P_{X \rightarrow Y}$) = c'*	1.16	1.16	0.42[a]	0.42[a]
Organizational ethical culture (M) & Corporate ethics program (V) *Conditional indirect effect of X on Y at the value of moderated mediator $\omega = a(b_1+b_3V)$*	0.66	3.12[a]	-0.13	0.36[a]
Total effect of X on Y *= direct effect + total conditional indirect effect of X on Y*	1.82	4.28	0.29	0.78

Note: N = 84; [a] $p < 0.1$ (2-tailed)

In overall conclusion, an independent variable of this study is very crucial to both dependent variables. As the study results presented that managerial ethical leadership has either direct or indirect influence on both ROA and corporate governance reputation. However, there was some underlying influence on the organizational ethical culture and a corporate ethics program to associate with them. Therefore, all hypothesis testing with the results are listed and presented more details in Table 4.20.

Table 4.20 Hypothesis Testing with Results

	Hypothesis	Testing Result
H1:	Managerial ethical leadership has a direct positive relationship with ROA.	Accept with 95% confidence interval
H2:	Managerial ethical leadership has a direct positive relationship with corporate governance reputation.	Accept with 95% confidence interval
H3a:	Managerial ethical leadership has a direct positive relationship with organizational ethical culture.	Accept with 95% confidence interval
H3:	Organizational ethical culture will mediate a positive relationship between managerial ethical leadership and ROA.	Accept with 95% confidence interval
H4:	Organizational ethical culture will mediate a positive relationship between managerial ethical culture and corporate governance reputation.	Accept with 95% confidence interval
H5a:	The strength of the corporate ethics program will moderate a positive relationship between organizational ethical culture and ROA.	Reject with 95% confidence interval
H5:	The relationship between managerial ethical leadership and ROA through organizational ethical culture is positive when the organization has a strong ethics program.	Accept with 90% confidence interval
H6a:	The strength of the corporate ethics program will moderate a positive relationship between organizational ethical culture and corporate governance reputation.	Accept with 95% confidence interval
H6:	The relationship between managerial ethical leadership and corporate governance reputation through organizational ethical culture is positive when the organization has a strong ethics program.	Accept with 90% confidence interval

4) Stage IV: Overall Model Testing

Although there is no hypothesis testing on this stage, it is essential to perform an overall model testing to re-check the testing results of regression coefficient and statistical inferential test. Besides, two dependent variables of this study were parallel in the overall model. Thus, the author conducted further analysis of the overall model by using Path Analysis of Structure Equation Model (SEM) for confirming the level of the appropriate estimator.

Starting with the overall conceptual model that presents the hypothesis of the second-stage moderated mediation model, it was translated into a statistical model that can be analyzed in SEM. According to Kline (2016), he mentions that "a statistical model can be described by a series of equations, and these equations define the model parameters in which correspond to presumed relations among variables that the computer eventually analyzes with the sample data". Figure 4.14 illustrates a statistical model of this second-stage moderated mediation model.

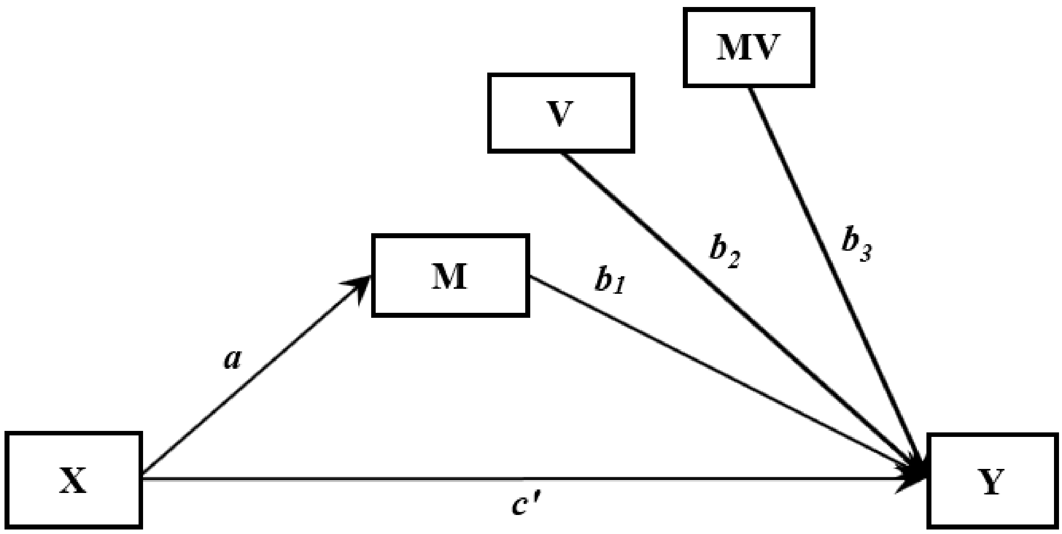

Figure 4.14 A Statistical Model of the Second-stage Moderated Mediation
Source: Hayes, 2013.

As mentioned by Hayes (2013), "this second-stage moderated mediation model is a simple mediation model with moderation of the indirect effect of

X on Y through M, where X is the independent variable, Y is the dependent variable, M is a mediator, V is a moderator, and MV is interaction”. After translated into a statistical model, the two unstandardized regression equations are listed next:

$$M = i_1 + aX + e_M$$
$$Y = i_2 + c'X + b_1M + b_2V + b_3MV + e_Y$$

where the i_1 is the intercept for the regressions of M on X and the i_2 is the intercept for the regressions of Y on X, M, and V, respectively. To predicting M, a is the coefficient for X. Then, the c', b_1, b_2, and b_3 are the coefficients when predicting Y.

Next, it is an overall statistical model with two parallel dependent variables and all control variables. Where X is managerial ethical leadership, M is organizational ethical culture, V is a corporate ethics program, MV is interaction, Y_1 is ROA, and Y_2 is corporate governance reputation. Figure 4.15 presents an overall statistical model with the value of intercepts and value of regression coefficients, which were exactly similar with the output of PROCESS analysis. In addition, Table 4.21 illustrates the results of regression weights in more details.

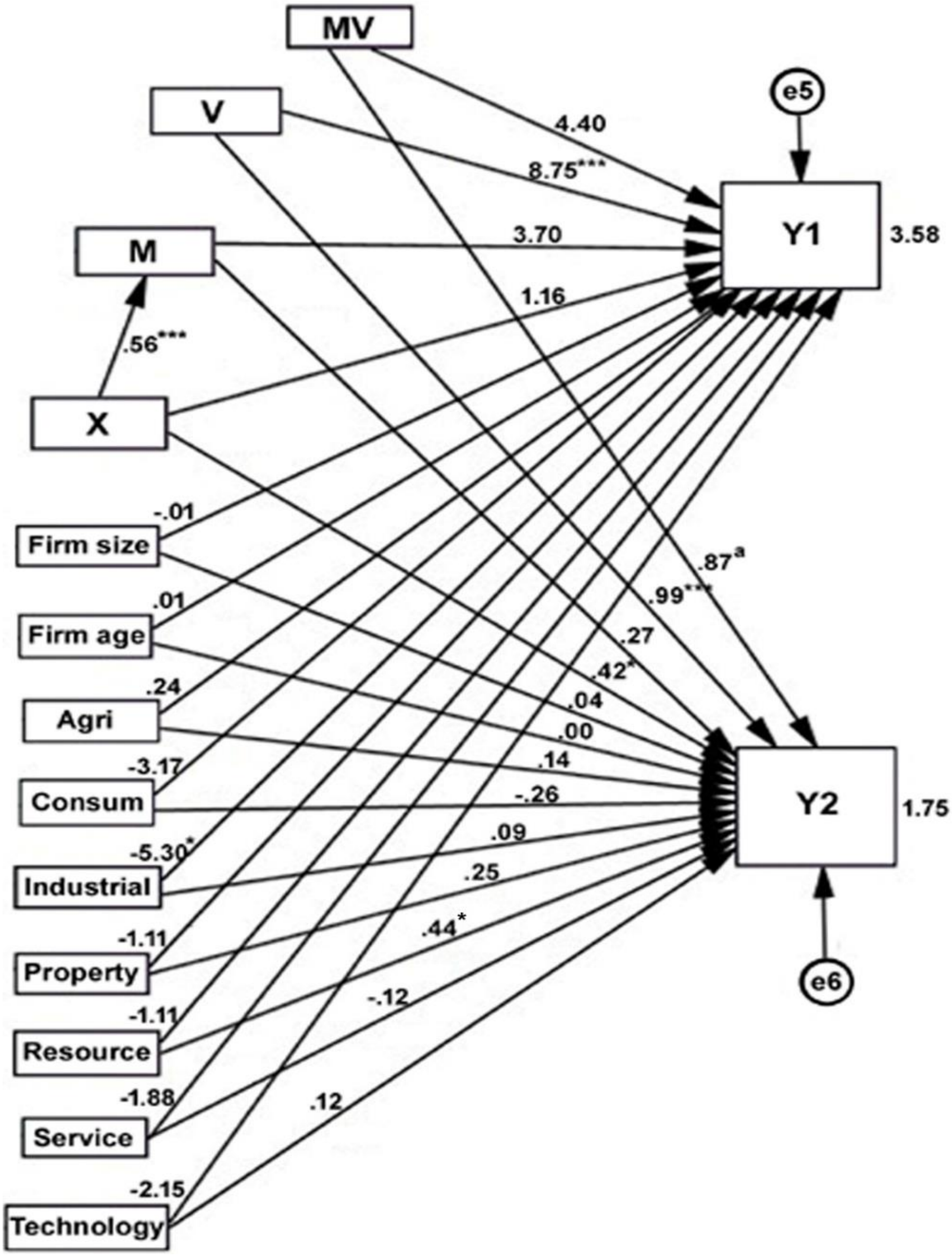

Figure 4.15 Result of Path Analysis by Using SEM

Table 4.21 Result of Regression Weights by Path Analysis

Path/variable --- >	**Organizational ethical culture (M)**	**ROA (Y_1)**	**Corporate governance reputation (Y_2)**
Intercepts	-2.12***	3.58	1.75*
Managerial ethical leadership (X)	0.56***	1.16	0.42*
Organizational ethical culture[a] (M)		3.70	0.27
Corporate ethics program[a] (V)		8.75***	0.99***
Interaction effect		4.40	0.87[a]
Firm size		-0.01	0.04
Industry-Agro & Food		0.24	0.14
Industry-Consumer Product		-3.17	-0.26
Industry-Industrial		-5.30*	0.09
Firm industry-Resource		-1.11	0.44*
Firm industry-Service		-1.88	-0.12
Firm industry-Technology		-2.15	0.12
Firm listing age		0.01	0.00

Note: N = 84; *$p < 0.05$, **$p < 0.01$, and ***$p < 0.001$ (2-tailed)

[a] Organizational ethical culture and corporate ethics program were mean centered.

Based on estimating, SEM uses maximum likelihood (ML), whereas SPSS PROCESS uses ordinary least square regression (OLS). To compare the regression coefficients of this study, PROCESS's output as presented in Figure 4.17 and SEM's output as presented in Figure 4.21 were exactly similar. However, the statistical inferential tests of both outputs were slightly different. There were three areas of the *p*-value that vary from an output of SEM and an output of PROCESS: (1) the intercept for the regressions of Y_2 on X, M, and V by an output of SEM showed $p <$ 0.05, whereas an output of PROCESS showed $p < 0.10$; (2) the regression coefficient predicting the direct path of X to Y_2, an output of SEM showed $p < 0.05$, whereas an output of PROCESS showed $p < 0.10$; and (3) the regression coefficient predicting the direct path of control variable (a firm in the industry of industrial) to Y_1, an output of SEM showed $p < 0.05$, whereas an output of PROCESS showed $p < 0.10$. Due to the *p*-values from SEM derive from the normal distribution rather than *t* distribution, it may create some effect in a small sample size (Hayes, 2013). As in this study, there were only 84 participating listed firms, which would consider a small sample size. Thus, the statistical inferential test of OLS regression coefficient is more appropriate.

To consider, an output of SEM provides the estimating results of a direct effect, an indirect effect, and total effect for mediation model, but it does not provide an indirect effect for moderated mediation model. As suggested by Hayes (2013) and Kline (2016), "it can estimate an indirect effect of this second-stage moderated mediation by substituting the value in this earlier mentioned formula: $\omega = a(b_1+b_3V)$ that the total effect is the sum of direct effect and conditional indirect effect". It would imply that SEM is not practical in estimating the second-stage moderated mediation model for this study. As the purpose of SEM's analysis is to re-check and compare both results of SEM's output and PROCESS's output and to confirm the level of the appropriate estimator. Therefore, it would conclude that the advantage of SEM is to estimate both parallel dependent variables in the same model, but the disadvantage of SEM is to provide a limited path analysis of the conditional indirect effect. As such, PROCESS estimator is more appropriate for this study.

4.2 Results of the Qualitative Study

According to the second primary objective of this study, it was to provide the recommendation for enhancing an effective implementation of a Code of Ethics" program for the listed firms. This qualitative study was based on the second phase of research design that moved from data gathering and analysis of the quantitative study to capture any significant issues regarding the implementation of a "Code of Ethics" program to be a guideline for the data observation and an in-depth interview to the selected firm samples. As such, the presentation of this qualitative study is divided into two major categories: Demographic Information, and Data Analysis and Results of the Study.

4.2.1 Demographic Information

There were totally 5 listed firms to participate in this study, which were derived from different nature of the business, different size of the total asset, and corporate governance score ranging. Because the implementing degree of the code of ethics program can be potentially caused by many factors. For firm size, as it is consistent with the quantitative study, total asset of the firm is larger than 100,000 million baht to be considered "Large", whereas total asset of the firm is smaller than 10,000 million baht to be considered "Small". Therefore, the summary of all participating listed firms' characteristics is presented in Table 4.22.

Table 4.22 The Characteristics of Participating Listed Firms in the Qualitative Study

Firm no.	Firm industry	Firm size	Approx. total asset (Million Baht)	Corporate governance score ranging
1	Industrial	Small	5,500	5-star
2	Technology	Small	4,000	4-star
3	Consumer product	Small	2,000	4-star
4	Financial	Large	3,000,000	5-star
5	Resource	Large	2,000,000	5-star

4.2.2 Data Analysis and Results of the Study

After analyzing the quantitative study, it found that a strong ethics program had influence and a positive relationship to corporate governance reputation in both circumstances of (1) under the supervision of managerial ethical leadership and the association with organizational ethical culture as stated in hypothesis 6, and (2) the association with organizational ethical culture without the supervision of managerial ethical leadership as stated in hypothesis 6a. On the other hand, it also found that a strong ethics program had influence and a positive relationship with ROA under the supervision of managerial ethical leadership and the association with organizational ethical culture as stated in hypothesis 5, but it had no influence and a positive relationship with ROA in case of an association with organizational ethical culture without the supervision of managerial ethical leadership as stated in hypothesis 5a. Thus, the priority of this qualitative study is only to promote and enhance the corporate governance reputation of the listed firms by offering the recommended practices for the implementation of a code of ethics program.

Next, there was some point of interests in the intraclass correlation coefficient analysis (ICC). The major focus was ICC2, which presented the interrater agreement between participants. The results showed that ICC2 = 0.863 for managerial ethical leadership, ICC2 = 0.812 for organizational ethical culture, and ICC2 = 0.675 for a corporate ethics program. It indicated that ICC2 of corporate ethics program was not very high when comparing to the other variables. It implies that participant or employee perceived the implementing degree of the ethics program differently, which may cause lack of effective communication within the organization. Additional, the results of an initial-model of confirmatory factor analysis (CFA) indicated a high value of Chi-square and suggested to remove three items in an area of the issues addressed by a code of ethics and a mechanism being in place to support a code of ethics. Therefore, it would conclude that there were two significant areas to be a guideline for this qualitative study: 1) the issues addressed by a code of ethics, and 2) a mechanism being in place to support a code of ethics including communication within the organization.

As such, the author began with the first significant area of the code of ethics' issues by utilizing a data observation technique. According to Flick (1998), he mentioned that "observational data collection is the process of recording the units of interaction occurring in a defined social situation based on inspection of the situation". There were five selected listed firms with corporate governance score ranging from 4-star and 5-star. After observing those five listed firms, it found that they all have a corporate code of ethics program, but there are less or more issues on them. Those codes of ethics were observed to capture the essential issues. It found that there were six essential issues; 1) shareholder policy; 2) employee practice policy; 3) customer policy; 4) supplier and creditor policy; 5) environment and community policy; 6) rivals policy.

Next, moving to the stage of data observation on an issue in the code of ethics, it found that they all have stated the six essential issues in their corporate code of ethics and to publish them on their websites. However, there is only one listed firm sample from the resource industry that publishes and attaches the details of each code of ethics' issue, whereas the other four listed firm samples state only the topic or headings. The result of data observation is presented in Table 4.23.

Table 4.23 Result of Data Observation on Code of Ethics from Listed Firms

Issues on Code of Ethics (N = 5)	Declare	Detail attachment
Employee practice policy	5	1
Shareholder policy	5	1
Customer policy	5	1
Supplier and creditor policy	5	1
Rivals policy	5	1
Environment and community policy	5	1

Second, a mechanism being in place to support a code of ethics including communication within the organization, this part utilized an in-depth interview technique. As mentioned by Ritchie et al. (2014) "an in-depth interview is the selection process that allows for detailed investigation in a specified context, and to provide an opportunity to ask for clarification if a question is not clear". The author utilized two types of interview: 1) an informal conversation interview, where the question emerges from immediate context and it is asked in the natural course of things; and 2) general interview guide approach, where the topic is specified in advance. Then, the author contacted those five selected firms for an in-depth interview. There were only two listed firms allowed for in-depth interview. The 1st participating listed firm is in the industrial industry, and its corporate governance score ranging on 5-star. The representative of the 1st participating listed firm for an in-depth interview, is one of top management who supervise all back-office operations. On the other hand, the 2nd participating listed firm is in the technology industry, and its corporate governance score ranging on 4-star. The representative of this listed firm is one of a department head who in-charge as a company secretary. It would imply that both persons are qualified as a key informant. The guideline question was submitted to them one week before conducting an in-depth interview. The in-depth interview was performed on July-August 2017, and the author captured the essence of the answer to be presented more details in Table 4.24.

Table 4.24 The Summary of Answer from an In-depth Interview

Question	1st Participating Listed Firm	2nd Participating Listed Firm
1	To publish on the company website, annual report, and post on staff notice board in sub-unit working place.	To publish on the company website and annual report.
2	The ethics committee is a unique team to handle all ethical issues and to cooperate with special government activity of anti-corruption. It has every half-year meeting with all employees and to encourage them to send any suggestion or complaint to the ethics committee.	The ethics committee is the same committee with corporate governance committee, and it is announced via the company website.
3	Code of ethics is a part of the employment contract. And it is a motto that all employees must declare on regular weekly morning brief.	Code of ethics is a part of the employment contract.
4	All top management attend all regular weekly morning brief and promote any ethical business practice.	On the special occasion of an annual staff meeting.
5	It is a part of orientation for new employment. And there is a specific training twice a year for any employee who has a duty relating to conflict of interest of the company.	It is a part of orientation for new employment.

In conclusion, after the analysis of the mentioned answer from both in-depth interviews, it found that both listed firms have a different degree on the mechanism being in place to support a code of ethics including a communication within the organization. The 1st participating listed firm with 5-star corporate governance rating has a stronger degree on the mechanism being in place to support the code of ethics. It implies that a listed firm with 5-start corporate governance rating emphasize on its code of ethics as there is a positive relationship between the implementing degree of the code of ethics program and corporate governance reputation.

CHAPTER 5

DISCUSSION, CONCLUSION, AND RECOMMENDATION

The last chapter of this study is concerned with the discussion of the study results, and then it is followed by the conclusion including the contributions, recommendations, and future study proposals and limitations. The discussion is based on both the study's objectives with the study results, which utilized both quantitative and qualitative research methods. Each discussion of study method is presented in a separate part. The first part of the discussion will be the discussion of the results of the quantitative study that is classified into two levels of analysis: the study results at the individual level; and the study results at the organization level. The second part of the discussion will be the discussion of the results of the qualitative study that is based on two significantly areas: the issues addressed in the code of ethics; and a mechanism for implementation being in place to support the code of ethics program. The section on the conclusion provides some suggestions which were derived from the findings of each testing stage. There are both academic and practical contributions. An academic contribution is illustrated in terms of the implication of the Stewardship theory and an implication on the selection of the model estimator. The practical contribution is viewed as any managerial implication for a listed firm. Furthermore, in the area of recommendations, this study presents recommended practices for implementation of the code of ethics program and a proposed corporate governance model for a listed firm. Lastly, in the section on future studies and limitations, it ends up with some suggestions for future studies and some explanations of the limitations in this study.

5.1 Discussion

As this study has two objectives and is designed in two research phases. The first primary objective was to investigate the relationship between managerial ethical leadership, organizational ethical culture, a corporate ethics program, and a financial and a non-financial firm performance (i.e. ROA and corporate governance reputation), by utilizing quantitative research method. The first research phase of the first study's objective used the number of employees to represent an organization. Thus, the findings of the quantitative study will be discussed based at an individual level and organizational level. In addition, the discussion will be based on each stage of hypothesis testing and variable, which will provide any findings and implications. Whereas, the second objective provides recommendations for enhancing an effective implementation program for a "Code of Ethics" to the listed firms, by utilizing the qualitative research method. In the second research phase of the second objective, it moved from data gathering and analysis of the quantitative study to capture any significate issues regarding the implementation program of the "Code of Ethics" to be a guideline for data observation and an in-depth interview of the selected samples. It found that an ineffective code of ethics implementation program of listed frim is likely caused by these two significant areas: a) the issues addressed in the code of ethics, and b) a mechanism in place to support a code of ethics implementation program. Further discussion of both areas of quantitative and qualitative studies will be presented later.

5.1.1 Discussion of the Results of the Quantitative study

5.1.1.1 Discussion of the Study Results at the Individual Level

As the main purpose of this section was to aggregate the individual responses onto an organizational level several tests were performed to ensure a degree of appropriateness. Starting by pre-testing of 41 participants from different demographics, the statistical results indicated that managerial ethical leadership (Cronbach's alpha = 0.83), organizational ethical culture (Cronbach's alpha = 0.87), and a corporate ethics program (Cronbach's alpha = 0.71) had achieved high reliability and it was appropriate to employ these three scales in the final survey.

Second, the details of participants, there were 785 employees from 84 listed firms in different firm industries, which accounted for 39.25% of total firm samples. The average employee of each firm was 9.35. The summary of major characteristics of the participants is presented in Table 5.1

Table 5.1 Summary of Major Characteristics of the Participants

Demographic items		**Frequency**	**Percent**
Gender	Male	253	33.23
	Female	532	67.77
Age	26-30 years	294	37.45
Education level	Bachelor’s degree	523	66.62
Job task	Accounting/Finance	250	31.85
	Sales/Marketing	203	25.86
Years of work	1-3 years	293	37.32
	More than 3 years but less than 6 years	291	37.07
Current position	Employee/worker	477	60.76

There were more female (67.80 percent) than male (32.20 percent) participants in this study. The majority of the participants had an average age in the range of 26-30 years accounting for 37.50 percent. There were 31.80 percent from Accounting/Finance department and 25.90 percent from Sales/Marketing. As for the number of working years, they had been working with their firms for 1-3 years (37.30 percent), and 3-6 years (37.10 percent). Mostly, the participants are in the position of general employees or subordinates and not entitled on any managerial level, which accounted for 60.76 percent. It found that the major characteristics of the participants who have rated the three variables, which are managerial ethical leadership, organizational ethical culture, and corporate ethics program, were at a level to be an admissible target. This study utilizes the perception or feedback of employees who have been working with their organization for a curtain period Tin order to be absorb and recognize their organizational ethical culture and corporate ethics program, including their perceptions of managerial ethical leadership.

Third, to aggregate the individual responses at the organizational level, it needs to determine the interrater agreement between participants for those scales of each variable. Thus, an intraclass correlation coefficient analysis is performed to test the interrater agreement between participants for the variable of managerial ethical leadership. It found that the participants have a very high degree of agreement on the perception of their ethical managers, which the statistical result indicates as a very good consistency across the items of managerial ethical leadership (ICC2 = 0.863). Next, an intraclass correlation coefficient analysis is performed to test the variable of organizational ethical culture. As expected, it found that the participants have a very high degree of agreement on the perception of the ethical culture in their organization, which the statistical result is also considered a very good consistency across the items of organizational ethical culture (ICC2 = 0.812). Lastly, the variable of a corporate ethics program is analyzed for its consistency across the items. Surprisingly, the statistical result of ICC2 indicates the value of ICC2 = 0.675, which does not reach the level of adequate interrater agreement of the participants. It would imply that the participants have a different perception of the code of ethics program in their organization, which may be caused by other factors affecting the implementation program of a code of ethics. However, as mentioned earlier consideration would not only be based on the value of ICC2, but it is also based on a sufficiently large sample size. In addition, ICC2 exceeds 0.6 with a large sample size, which would be considered a moderate value and sufficient grounds for aggregation. Besides, this study utilizes a sufficiently large sample size of 785 participants. Therefore, the overall results indicate that the participants have an acceptable degree of agreement in the perception of their managerial ethical leadership, organizational ethical culture, and corporate ethics program, which is an appropriate degree of aggregation for further analysis at the organizational level.

Lastly, scales validation, the author performed construct validity to reduce some redundant items of three scales from the primary data, which are managerial ethical leadership, organizational ethical culture, and corporate ethics program, and to prevent the problem of multicollinearity. By employing the First-order Confirmatory Factor Analysis (CFA) of the Structural Equation Model (SEM), each initial one-factor model was derived from loading all items of each scale into a “grand factor”. At first, an initial one-factor model of managerial ethical leadership contained ten items, which provided the poor fit index. The details of this initial model with its regression coefficient and fit index were presented in Appendix B. Then, there was some adjustment to the model. The modification index suggested removing two items of MER1 and MER10. The revised one-factor model of managerial ethical leadership contains eight items, which provides an excellent model fit as presented in Table 5.2. Next, an initial one-factor model of organizational ethical culture contained fourteen items, which provided the poor fit index. The details of this initial model with its regression coefficient and fit index were presented in Appendix C. The modification index suggested removing five items of OEC2, OEC7, OEC11, OEC12, and OEC 13. The revised one-factor model of organizational ethical culture contains nine items, which provides an excellent model fit as presented in Table 5.2. Lastly, an initial one-factor model of the corporate ethics program contained ten items, which provided the poor fit index as presented in the appendix D. The modification index suggested removal of three items of CEP2, CEP4, and CEP5, which provide an excellent model fit as presented in Table 5.2. The following is the summary of the goodness of fit indicators for these three variables from 785 participants of the 84 listed firms.

Table 5.2 Summary of Goodness of Fit Indicators

Factor (N = 785)	X^2/df	**CFI**	**GFI**	**RMSEA**	**PCLOSE**
Managerial ethical leadership	4.015	.976	.982	.062	.103
Organizational ethical culture	2.938	.985	.984	.050	.486
Corporate ethics program	3.260	.981	.987	.054	.342

To mention that the statistical results of all construct validities for managerial ethical leadership, organizational ethical culture, and the corporate ethics program meet the criterion values of confirmatory factor analysis. This would imply that those left items in all three-scales can represent their variables well. All in all, the study results at the individual level provide an admissible and appropriate solution for further analysis at the organizational level.

5.1.1.2 Discussion of the Study Results at the Organizational Level

Prior studies focused mainly on CEO ethical leadership in many prospects (Eisenbeiss et al., 2015; Wu et al., 2015) , these studies have limited focused at the middle management level or managerial level. This study seeks to understand the relationship among managerial ethical leadership, organizational ethical culture, corporate ethics program, and two perspectives of economic and the organization: ROA and corporate governance reputation. The discussion starts with the correlation matrix analysis among all the variables. The criterion value of correlation analysis suggests that a correlation coefficient of the two predictive variables exceeding the range of +0.80 and -0.80 can cause a potential problem of high multicollinearity. The result showed a high level of correlation between organizational ethical culture and corporate ethics program at 0.79 and a high level of correlation between managerial ethical leadership and a corporate ethics program at 0.76, which indicated the level as acceptable. Besides, it would imply that any firm which has an ethical culture and runs its business with an ethical manager is likely to have an effective corporate ethics program. On the other hand, a high level of correlation between the corporate ethics program and the corporate governance reputation at 0.82 reveals that any firm which implements an effective corporate ethics program would enhance a positive reputation of its corporate governance.

Next, a discussion of the study results as stated in the hypothesis testing, the study results revealed that three predictive variables of managerial ethical leadership, organizational ethical culture, and corporate ethics program have a relationship with both dependent variables of ROA and corporate governance reputation through a direct effect and/or a contingent effect. Further discussion of each hypothesis testing and variable will be illustrated in association with its significance of each dependent variable. In addition, there are three stages of hypothesis testing and they are discussed as follows:

1) Stage I for Testing Hypothesis 1 and 2

In this stage, there were two hypotheses. First, hypothesis 1 was to test a direct positive relationship between managerial ethical leadership and ROA. The statistical result confirmed that managerial ethical leadership has a direct positive relationship with ROA. It would imply that any firm which runs a business with an ethical manager, then he/she could improve its ROA. Hence, an ethical manager would lead and supervise his subordinates in ethical business practice without self-interest. It would cause lower business operating cost and it can increase its ROA. Second, hypothesis 2, it was to test a direct positive relationship between managerial ethical leadership and corporate governance reputation. It found that managerial ethical leadership has a direct positive relationship with corporate governance reputation. It would imply that an ethical manager would create a more positive reputation for their corporate governance. An ethical manager would run a business in terms of transparency and integrity, including fairness to their subordinates and others. This would lead to a positive reputation for corporate governance. In general, ethical leadership is derived from the perception of subordinates and other stakeholders. Hence ethical leadership by a manager would have a high degree of influence in the good governance of the organization. Moreover, it is consistent with the Stewardship theory that the behavior of manager is pro-organization and collectivists, and the manager protects and maximizes the wealth of shareholders through a firm performance (Davis et al., 1997).

In addition, it is some further discussion based on which firm industry has yielded the highest level of corporate governance score rating for this study. Shown are more details for each firm industry in Table 5.3.

Table 5.3 Summary of Corporate Governance Score Rating for each Firm Industry

Industry	< / =	3-Star	=	4-Star	=	5-Star	Total
	Frequency	Percent	Frequency	Percent	Frequency	Percent	(84 firms)
Agro&Food	5	5.95	4	4.71	1	1.19	10
Consumer	2	2.38	2	2.38	0	0.00	4
Financial	12	14.29	4	4.71	0	0.00	16
Industrial	3	3.57	2	2.38	2	2.38	7
Property	6	7.14	3	3.57	5	5.95	14
Resource	2	2.38	2	2.38	4	4.71	8
Services	7	8.33	9	10.71	2	2.38	18
Technology	2	2.38	3	3.57	2	2.38	7

Source: IOD, 2016.

In general, the 4-star and 5-star corporate governance rating are considered as a high level of governance recognition. According to this study, it found that firms in the services industry have yielded most of the 4-star and 5-start governance recognition, which is accounted for by 11 firms. It is reasonable to expect that firms in the services industry would yield the most of a high level of governance recognition because they are comprised of hospital, hotel, transportation, and commercial business. Moreover, the numbers of total firms in the services industry sector comprise the most when compared with other industries on the Stock Exchange of Thailand.

2) Stage II for Testing Hypothesis 3, 3a, and 4

In this stage, there were three hypotheses. First, hypothesis 3a was to test the direct effect of managerial ethical leadership on organizational ethical culture. It found that managerial ethical leadership has a direct positive relationship with organizational ethical culture. It would imply that ethical manager can enhance the ethical culture of his/her firm. Next, hypothesis 3 was to test that organizational ethical culture will mediate a positive relationship between managerial ethical leadership and ROA. The statistical result confirmed that the mediating effect of organizational ethical culture would enhance a positive relationship between managerial ethical leadership and ROA. It would imply that ethical manager can utilize organizational ethical culture as an informal mechanism control to support him in supervising their subordinates. In terms of an informal control mechanism of organizational culture, Hansen and Wernerfelt (1989) and Schein (1990) mentioned that it affects the way in which people consciously and subconsciously think, make the decision, feel and behave. Consequently, the firm can minimize any misconduct in business practices and it may cause lower business operating cost, which has potential to create a positive result of ROA. Lastly, hypothesis 4 was to test that organizational ethical culture will mediate a positive relationship between managerial ethical culture and corporate governance reputation. The statistical result also confirmed that the mediating effect of organizational ethical culture would enhance a positive relationship between managerial ethical leadership and corporate governance reputation. It would imply that the association of an ethical manager with the ethical culture would reflect the corporate governance of the firm. For example, the employee would behave and follow his/her ethical manager and would comply with the ethical culture of his/her firm. It results in integrity and transparency of regular business practices. Hence, the other stakeholders would perceive a positive corporate governance reputation in the firm. In addition, this is also consistent with the Stewardship theory that the ethical manager protects and maximize firm performances.

3) Stage III for Testing Hypothesis 5, 5a, 6, and 6a

In this stage, there were two types of effect in which hypothesis 5a and 6a predicted a moderating effect and hypothesis 5 and 6 predicted a moderated mediating effect. To begin with the moderating effect, hypothesis 5a was to test that the strength of the corporate ethics program will moderate a positive relationship between organizational ethical culture and ROA. This is a conditional effect of the moderating variable and that the test was based on strong and weak ethics program. The statistical result rejected that a moderating effect of strong ethics program would enhance a positive relationship between organizational ethical culture and ROA. It would imply that a firm which has an ethical culture and implements a strong degree of the code of ethics program, likely will not result in a positive sign of the ROA, because there are many factors that can enhance the ROA. For example, one of the crucial factors is how to utilize and maximize its productive assets under the supervision of personnel. Therefore, in order to enhance ROA, a firm needs to focus on other dimensions of productive asset and cost lowering as well. It is in line with Ghemawat (2002) that economic firm performance is derived from either an economy of scales, product differentiation, or an absolute cost advantage. Next, hypothesis 6a was to test that the strength of the corporate ethics program will moderate a positive relationship between organizational ethical culture and corporate governance reputation. The statistical result confirmed that a moderating effect of a strong ethics program would enhance a positive relationship between organizational ethical culture and corporate governance reputation. The findings revealed that if the firm has an ethical culture and has been implementing a strong ethics program, then the employee would behave according to the organizational ethical culture. Moreover, the employee has become engaged by the formal control of the strong ethics program. This strong ethics program would minimize any misconduct of employees’ unethical business practices. Consequently, the positive reputation of the corporate governance will increase. Therefore, a firm needs to ensure that its organizational ethical culture has been maintained and a strong ethics program has been implemented to enhance its positive corporate governance reputation.

For the second type of moderated mediating effect, hypothesis 5 was to test that the relationship between managerial ethical leadership and ROA through organizational ethical culture is positive when an organization has a strong ethics program. This is a conditional indirect effect of managerial ethical leadership on ROA at values of the moderated mediator (organizational ethical culture and a strong ethics program) that the test was based on strong and weak ethics program. The statistical result confirmed that the association of organizational ethical culture and a strong ethics program would enhance a positive relationship between managerial ethical leadership and ROA. However, there is some point of interest in Path analysis, presented in Table 4.19, that indicated "Path c'" from managerial ethical leadership (X) to ROA (Y_1), which the direct effect of X on Y_1 was nonsignificant (b = 1.16). The finding revealed that managerial ethical leadership has no direct influence on ROA when the moderated mediating effect with strong a corporate ethics program exists. It would imply that it is essential for an ethical manager to utilize both informal control mechanism of organizational ethical culture and formal control mechanism of a strong ethics program to enhance ROA. It is consistent with the study of Ampofo (2004) that organizational ethical culture motivates members to enhance their ethical values and behaviors and potentially influencing firm performance. Moreover, in terms of enforcement, the ethical manager also needs a strong ethics program to support him in handling punishment for misconduct of business practices. The ethical manager alone is insufficient to enhance ROA. Therefore, in terms of enhancing ROA, a firm needs the association of all three variables, i.e. managerial ethical leadership, organizational ethical culture, and a strong ethics program. Because these three variables would complement each other. Next, hypothesis 6 was to test that the relationship between managerial ethical leadership and corporate governance reputation through the organizational ethical culture is positive when an organization has a strong ethics program. This is a conditional indirect effect of managerial ethical leadership on corporate governance reputation at values of the moderated mediator (organizational ethical culture and a strong ethics program). The test was based on strong and weak ethics programs. The statistical result also confirmed that the association of organizational ethical culture and a strong ethics program would enhance a positive relationship between managerial ethical leadership and corporate governance reputation. As expected, the finding revealed that managerial ethical leadership has a direct influence on corporate governance reputation when the moderated mediating effect with a strong corporate ethics program exists. It would imply that an ethical manager is a role model to represent or reflect the corporate governance of the firm to other stakeholders. Moreover, an association of managerial ethical leadership, organizational ethical culture, and a strong ethics program would create a positive reputation for its corporate governance. Therefore, a firm needs to ensure that its ethical manager is always a role model for his subordinates, its ethical culture is maintained, and a strong ethics program is implemented on a regular basis.

4) Stage VI for Testing Overall Model

The purpose of this stage was to re-test the overall model by another estimator. The discussion on how to select an appropriate model estimator has continuously been discussed by researchers. For example, Iacobucci et al. (2007) claimed that Structural Equation Model (SEM) is better or more appropriate than Ordinary Least Square (OLS) regression for estimating an observed variable in the mediation model. The advantage of using SEM is for estimating the serial or parallel multiple mediation models, and to estimate the latent variable model. However, SEM is not appropriate for small sample size. To confirm the level of the appropriate estimator of this study, both SEM and OLS regression were performed and got exactly similar regression coefficients, but there were some slightly different in standard error and statistical inferential tests. There were three areas of the *p*-value that vary from PROCESS's output and SEM's output as presented in Table 5.4, including the comparison of how these outputs were derived.

Table 5.4 Comparison of Different Statistical Inferential Tests between PROCESS and SEM

Path/Output	**PROCESS**	**SEM**
Intercept (Y_2)	1.75[a]	1.75*
Managerial ethical leadership (X) -> (Y_2)	0.42[a]	0.42*
Industry-Industrial -> (Y_1)	-5.30[a]	-5.30*
Estimation	Ordinary Least Square Regression	Maximum Likelihood
p-value	*t* distribution	Normal distribution
Providing output	Moderated Mediating Model	Mediating Model

Note: N = 84, * $p < 0.05$, $^a p < 0.1$

It found from the statistical results that (1) the intercept for the regression coefficient of corporate governance reputation (Y_2) on managerial ethical leadership (X), organizational ethical culture (M), and a strong ethics program (V) by an output of SEM shows the *p*-value lesser than 0.05, whereas an output of PROCESS shows the *p*-value lesser than 0.10; (2) the regression coefficient predicts a direct path of managerial ethical leadership (X) to corporate governance reputation (Y_2), an output of SEM shows *p*-value lesser than 0.05, whereas an output of PROCESS shows the *p*-value lesser than 0.10; and (3) the regression coefficient predicting a direct path of control variable (firm in the industry of industrial) to ROA (Y_1), an output of SEM shows the *p*-value lesser than 0.05, whereas an output of PROCESS shows the *p*-value lesser than 0.10. Because the *p*-values from SEM were derived from the normal distribution and the *p*-values from PROCESS were derived from *t* distribution. There may be some effect created by a small sample size (Hayes, 2013). On the other hand, the estimation of SEM is performed by Maximum Likelihood, whereas the estimation of PROCESS is performed by Ordinary Least Square Regression. Besides, PROCESS can provide the output for the second-stage moderated mediating model, but SEM would provide only the mediating model. For this study, there were only 84 participating listed firms, which would be considered a small sample size. Thus, the statistical inferential test of OLS regression coefficient is more appropriate. In addition, all tested models in this study were saturated and not relevant to fit index. And, this study was based on conditional indirect effect analysis of the second-stage moderated mediating model. Therefore, OLS regression model is an appropriate estimation and reliability. Understanding both the characteristics of each estimator and the testing objective is essential in selecting appropriate model estimation.

5.1.2 Discussion on Results of the Qualitative Study

As the main propose of this qualitative study was to provide the recommendation for enhancing an effective implementation program of a "Code of Ethics" for the listed firms, by utilizing data analysis from the quantitative study to be a guideline for data observation and in-depth interview with the selected firm samples. The statistical results of the quantitative study revealed that a strong ethics program had influence and a positive relationship to corporate governance reputation in both circumstances of (1) under managerial ethical leadership supervision and associated with organizational ethical culture as stated in hypothesis 6a, and (2) associated with organizational ethical culture without the supervision of managerial ethical leadership as stated in hypothesis 6. It would imply that a firm can enhance its corporate governance reputation by the association of its ethical culture and a strong degree of implementation of its code of ethics program under supervision and without supervision from an ethical manager. Moreover, a firm can enhance a positive reputation for its corporate governance if it only implements to a strong degree of the code of ethics program. Whereas, a weak ethics program has no relationship with a positive corporate governance reputation. Hence, it presents that a strong degree of implementation of the code of ethics program has potential to enhance the positive corporate governance reputation of the firm. Therefore, data observation and an in-depth interview, with the selected firms, were performed. It found that an ineffective implementation of the code of ethics program of the listed firm was likely caused by these two significantly areas: 1) the issues addressed in the code of ethics, and 2) a mechanism in place to support the implementation of a code of ethics program. Further discussion of each area will be illustrating.

1) The Issues Addressed in the Code of Ethics

Even though the objective of this qualitative study was to focus on the implementation of a code of ethics program for the listed firms, it is essential to focus on the issues addressed in the code of ethics. The findings of the data observation from five different industrial firms, namely industry, technology, resources, financial, and consumer products, revealed that there are six essential issues addressed in their code of ethics. These are (1) employee practices polity, (2) shareholder policy, (3) customer policy, (4) supplier and creditor policy, (5) rival policy, and (6) environment and community policy. In general, most of the listed firms are likely to insufficiently publish the issues addressed in the code of ethics stating only the topic or heading with no details of practical guidelines attached. It is consistent with these study findings that there is only one listed firm sample, which belongs to resource industry, that attaches the details of each code of ethics' issue in the form of a "code of ethics handbook" to specify what it "can do" or "can't do". In contrast, the other four listed firm samples which belong to the industry of financial, technology, industry, and consumer products state only the headings of the six essential issues in their code of ethics. Moreover, there is the point of interest from the findings that the firm size and firm industry does not matter with there being a sufficient code of ethics issue. For example, there are two large firms in the samples, the first large firm has an approximate total asset value of 3,000,000 million baht and belongs to the financial industry, and the second large firm has an approximate total asset value of 2,000,000 million baht and belongs to the resource industry. It found that only the second large firm from resource industry provided sufficient code of ethics' issue. In the opposition, the first large firm from the financial industry and the other three small firms with total asset lesser than 10,000 million baht from technology, consumer products, and industrial industries provided only the topic or heading of the mentioned code of ethics' issues. In other words, the sufficient issues addressed in the code of ethics are not dependent on the firm size and firm industry. Hence, it seems that a firm puts less emphasize on their code of ethics or may have little confidence that a code of ethics would enhance firm performances. The findings of this study reveal that a strong degree of implementation of the code of ethics program of the listed firm has a positive relationship with both firm performances, especially a positive reputation of its corporate governance. Moreover, it is to be understood that different nature of business may require a unique or specific issue addressed in the code of ethics, which it should not be too general. Therefore, in terms of enhancing a positive corporate governance reputation, the management of listed firm should ensure that issues addressed in the code of ethics are updated and sufficient for the business context.

2) A Mechanism in Place to Support an Effective Implementation of a Code of Ethics Program

This is the second significantly area that caused ineffective implementation of a code of ethics program of the listed firm is where a mechanism in place to support the implementation of a code of ethics program. The discussion of this mentioned mechanism in place will be conducted into two dimensions: the degree of implementation of the code of ethics program, and the factors affecting a mechanism in place to support implementation of a code of ethics program. To begin with the degree of implementation of the code of ethics program, the findings of the in-depth interview were derived from two selected participating firms. The first participant 5-star CG rating firm is a Thai-Japanese manufacturing business and the second participant 4-star CG rating firm is a tele-communication business. There is one major guideline for question 3 that led to the degree of implementation of the code of ethics program. This question asked both participating firms on how to involve their employees with the code of ethics. The study findings found that both firms have involved through the employment contract. But, the first participating firm implemented its code of ethics in the form of “Motto” and the details of what they “can do and can’t do” that all employees and management must declare them together at a regular morning brief. The regular procedure of the firm involves its employees by absorbing into them ethical mannerisms according to its code of ethics. In terms of controlling and monitoring, all operating units of Thai-Japanese manufacturing business are located in the same area which make it possible to manage the business operations easily. Additional, as a general perception, Japanese manufacturing operations are very strict and disciplined. Thus, as an organization norm business operating location may be another factor of the degree of implementation. Hence, it would imply that the first participating firm has implemented a stronger degree of the code of ethics program than the second participating firm. Therefore, the findings from the in-depth interview confirmed that a degree of implementation is an essential component of a mechanism in place to support a code of ethics program implementation.

Next, the factors affecting a mechanism being in place to support the implementation of a code of ethics program. After performing an in-depth interview of both selected listed firms, the findings revealed some interesting points that can be categorized into three factors affecting a mechanism being in place to support a code of ethics program implementation: communication, a code of ethics' policy commitment, and top management commitment. The discussion of each factor will be described next.

(1) Communication

The three major guideline questions, which are question 1, 2, and 4, described how the firm and management communicate its code of ethics program to employees. The study findings of question 1, which is "what channel does your organization use to communicate any issues in the code of ethics and ethical business practices to your employees", presented that both participating firms publish their code of ethics both in Thai and English through the company website and annual report. But, the first participating firm also posted its code of ethics on a staff notice board in sub-unit working place, which is simply accessed by all employees. Therefore, the findings of question 1 confirmed that the publication of a code of ethics is required to be both in Thai and English on the company website, annual report, and a staff notice board to better communicate the code of ethics to its employee. Then, it was followed by question 2 that asked about how the firm informs its employee regarding the role & responsibility of its ethics committee. Because the ethics committee is another channel to communicate its code of ethics program to all employees and it plays an important role in the implementing process, including setting up of any activity to boost up and embed ethical manners into employees. The study results presented that the first participating firm set up a unique team for its ethics committee to handle all ethical issues and to corporate with a special government activity on anti-corruption. It has half-year meetings with all employees and to encourage them to send any suggestion or complaint to the ethics committee. In this way, the firm can create the two-way communication between the firm and the employee. The point of interest is that an ethics committee is a very crucial variable that can enhance the efficiency of the implementation of the code of ethics program. Because this ethics committee represents both the firm and the employee there is a check and balance between them. Moreover, this ethics committee is comprised of all related departments to minimize bias and any conflict of interest among them. On the other hands for the second participating firm, the study results presented that its ethics committee is the same committee as the corporate governance committee and its notices are announced via the company website. The findings revealed that the firm has less emphasized on its ethics committee and it is likely to have no autonomous ethics committee to create any activity or handle ethical issue at the operating level. Therefore, the findings of question 2 confirmed that an ethics committee is another crucial variable to better communicate its code of ethics to its employee. Lastly, question 4, it asked about what occasion or business event is it that top management communicates or promotes its code of ethics to its employee. The study results of the first participating firm presented that all top management attend all regular weekly morning brief and promote any ethical business practices in accordance with its code of ethics. By doing so, the appearance of management participation in a code of ethics activity on a regular basis is very effective in enhancing an ethical business performance of its employees. Moreover, the employees could have more confidence in the code of ethics as it has communicated directly by top management. However, the study results of the second participating firm presented that top management would formally communicate its code of ethics on a special occasion of an annual staff meeting. The finding revealed that the frequency of the code of ethics' communication by top management is likely to be less and the distance between top management and its employee is likely to be large. Therefore, the findings of question 4 confirmed that the regular communication by top management is an effective channel to communicate its code of ethics to its employee. All in all, if a firm needs to have better communication to support the implementation of a code of ethics program, it needs to ensure that (1) the publication of its code of ethics is simply accessed by its employee, (2) there is an autonomous ethics committee that represents both the firm and the employees to check and balance any conflict of interest, and (3) the frequency of the code of ethics' communication by top management is adequate.

(2) Code of Ethics' Policy Commitment

In terms of policy commitment, there are two major guideline questions, which are the question 3 and 5 that lead to the degree of commitment to the code of ethics' policy. As earlier mentioned of question 3, the study findings of both firms presented that the code of ethics is a part of employment contract and it requires employee's acknowledgment and compliance. It would imply that both firms have a general code of ethics, which is not specific to any employee's function or rank. The findings revealed that the code of ethics of both firms is an insufficient guideline for a specific function or rank. In efficiency practice, a firm should have a specific ethics code for a major function or rank, at least but not limited to, that commit the employees to what they "can do and can't do". Moreover, this specific ethics code requires the employee's acknowledgment and compliance, including any punishments. This can be considered as a formal and tangible mechanism in place to support policy commitment, and to engage its employees with this policy. Then, it was followed by question 5 that asked about how the firm arranges any training for working practice according to its code of ethics. The study results of the first participating firm presented that general working practice according to its code of ethics is combined with the orientation for new employment. Later, there will be specific training twice a year for any employee who has a duty relating to conflict of interest within the company. It would imply that this firm has an insufficient training program for a specific ethics code for any working practice. Even though it has a specific training twice a year, it is unlikely to cover all areas of its code of ethics. Next, the study results of the second participating firm also presented that general working practice according to its code of ethics is combined with the orientation for new employment. As expected, this firm also has an insufficient training program for a specific ethics code for all working practices. The findings of question 5 revealed that both firms have an insufficient training program as it is a result of no specific ethics code for a major function or rank. In consequence, they are unable to arrange any training program for a particular major function. Therefore, the findings of question 3 and 5 confirmed that the engagement of specific ethics code for a major function and a training program according to any major function are essential in the code of ethics' policy commitment, because they are considered as the formal and tangible mechanism for controlling misconduct and to be a guideline for ethical business practices.

(3) Top Management Commitment

Management designed and set a code of ethics program to encourage, guide, and regulate an ethical behavior of employee. Moreover, top management needs to ensure that its code of ethics complies with its corporate governance policy. Indeed, all areas and issues of the code of ethics are under the supervision of top management. The findings of all five guideline questions revealed the commitment by top management. For instance, first, top management needs to ensure that the communication or publication of its code of ethics can be properly reached by its employees and other stakeholders. In other words, it is required to both in Thai and English and published through its company website, annual report, and staff notice board for simply access. As well its code of ethics should be an up-to-date and have sufficient guidelines for all stakeholders. Second, top management needs to facilitate in setting up its ethics committee to deal with any ethical conduct issues and to encourage any related department to participant in its ethics committee. Top management needs to ensure that this ethics committee represents both the firm and the employees to check and balance any conflict of interest between them. Third, top management needs to ensure that its employees have been engaged by the code of ethics, which has specific ethics codes for any major function or rank. In the meantime, the employee is required to acknowledge and comply with its specific ethics code. The effective enforcement of any specific ethics code is monitored by top management. Fourth, top management needs to ensure that its code of ethics is promoted regularly by top management. Then, the employee would perceive that its top management puts emphasis on its code of ethics, which would lead to the confidence of employee towards the code of ethics. Lastly, fifth, top management needs to ensure that there is an adequate training program for every specific ethics code. The purpose of this training program is to embed a specific ethics code into an employee, and then he/she would realize what they “can do and can’t do”. In this regard, misconduct is minimized and it results in lower business operating costs. Therefore, the findings of all five questions confirmed that top management commitment is another crucial factor affecting a mechanism being in place to support implementation of a code of ethics program.

5.2 Conclusions of the Study Results

According to the two primary objectives of this study, the first objective was to investigate the relationship among these three predicting variables of managerial ethical leadership, organizational ethical culture, corporate ethics program, and two dependent variables of ROA and corporate governance reputation, whereas the second objective was to provide the recommendation for enhancing implementation of an effective "Code of Ethics" program for the publicly listed firm on the Stock Exchange of Thailand. To ensure that both objectives can be achieved, this study was designed into two research phases. The first research phase employed the quantitative study to investigate and analyze the various kinds of the relationship among those five variables and to serve the first objective of this study. The second research phase was to move from data gathering and analyzing of the quantitative study to be a guideline for a qualitative study and to explore any complex factors affecting the implementation of a "Code of Ethics" program. In addition, this qualitative study was to serve the second objective of this study in providing the recommendation to enhance implementation of an effective "Code of Ethics" program.

Starting with the quantitative study, these five variables were analyzed based on the various kinds of relationship in three stages of testing. There were three kinds of relationship, namely, stage I: a direct relationship between managerial ethical leadership and both ROA and corporate governance reputation, stage II: an indirect relationship between managerial ethical leadership and both ROA and corporate governance reputation through organizational ethical culture, and stage III: the conditional indirect relationship between managerial ethical leadership and both ROA and corporate governance reputation through organizational ethical culture which has a strong ethics program, and the conditional relationship between organizational ethical culture and both ROA and corporate governance reputation which has a strong ethics program.

1) On stage I, the direct relationship was studies between one predictive variable of managerial ethical leadership and two dependent variables of ROA and corporate governance reputation, the study results indicated the positive correlation between managerial ethical leadership and ROA, and a positive correlation between

managerial ethical leadership with corporate governance reputation. It is not beyond the expectation that managerial ethical leadership has a more positive correlation with corporate governance reputation than a positive correlation with ROA. Because ethical leadership of manager represents the firm in terms of transparency and integrity and that is a major factor in leading to a positive reputation of corporate governance. On the other hand, there are many factors and/or a combination of factors that can enhance a positive ROA. For example, productive assets and low operating fixed cost are likely to be considered major factors in enhancing a positive ROA. However, the findings from this study suggested that ethical leadership of manager has a positive correlation with ROA. In addition, the statistical results confirmed both hypotheses. The findings revealed that managerial ethical leadership has a direct positive relationship with both ROA and corporate governance reputation. In term of enhancing both financial and non-financial firm performances, the study result has suggested that a firm should promote the ethical manner of the manager as he/she has an influence on his/her subordinates in their daily tasks. In the meantime, the ethical leadership by the manager would lead subordinates to ethical business practices and minimize any misconduct in business practices. Consequently, both firm performances of financial and non-financial will be more positive.

2) On stage II, the indirect relationship between the two predictive variables (i.e. managerial ethical leadership and organizational ethical culture) and two dependent variables (i.e. ROA and corporate governance reputation) were studied; the study result indicated a positive correlation between organizational ethical culture and ROA, and a positive correlation between organizational ethical culture and corporate governance reputation. It is surprising that organizational ethical culture has a bit more positive correlation with ROA than the positive correlation with corporate governance reputation. In general, the corporate governance reputation is represented by transparency and integrity. However, this study finding revealed that organizational ethical culture would implant the culture of efficient consumption of the firm’s asset and resources in the employees. The employee would maximize a firm’s asset and resources, which would lead to a more positive ROA. Then, the statistical results also confirmed all three hypotheses. The findings revealed that managerial ethical leadership has a direct positive relationship with organizational ethical culture. In

addition, the association of managerial ethical leadership and organizational ethical culture has a positive relationship with both ROA and corporate governance reputation. In other words, the association of managerial ethical leadership and organizational ethical culture would complement each other. In order to achieve more positive financial and non-financial firm performances, the study result suggested that a firm needs to ensure that its ethical culture has been maintained and an ethical manager can utilize an organizational ethical culture as an informal control mechanism to support him in supervising his subordinates. Thus, the firm can minimize unethical business practices and it may cause lower business operating costs. In consequences, a firm would achieve more positive firm performances.

3) On stage III, there were two major kinds of the assumption, the analysis was based on the supervision of managerial ethical leadership and without the supervision of managerial ethical leadership. The purpose of this analysis was to investigate the potential influence and relationship among the predictive variables toward both firm performances of ROA and corporate governance reputation. The first assumption was to test the conditional indirect relationship between the three predictive variables (i.e. managerial ethical leadership, organizational ethical culture, a strong ethics program) and two dependent variables (i.e. ROA and corporate governance reputation), the study results indicated a positive correlation between a strong ethics program and ROA, and the positive correlation between a strong ethics program and corporate governance reputation. It is the expectation that a strong ethics program has a more positive correlation with corporate governance reputation than a positive correlation with ROA. In general, a firm employs an ethics code as a formal and tangible control mechanism to regulate and guide its employee in ethical business practices and to run a business in terms of integrity and transparency. Moreover, if a firm has a very strong ethics program, then its business operations will be more transparency and it results in a more positive reputation of its corporate governance. In addition, the statistical result confirmed both hypotheses under the supervision of managerial ethical leadership. The findings revealed that the association of the three variables of managerial ethical leadership, organizational ethical culture, a strong ethics program, had a positive relationship with ROA and corporate governance reputation. In other words, the ethical manager can utilize both informal control mechanism of organizational ethical culture

and formal control mechanism of a strong ethics program in supervising subordinate and running the business of the firm. Therefore, the study result suggested a firm needs an ethical leadership by a manager to maintain its ethical culture and to implement to a strong degree of the code of ethics program for enhancing a positive performance of both ROA and corporate governance reputation.

Next, the second assumption was to test the conditional relationship between the two predictive variables (i.e. organizational ethical culture and a strong ethics program) and two dependent variables (i.e. ROA and corporate governance reputation), which had two hypotheses without the supervision of managerial ethical leadership. There is the point of interest that the statistical result confirmed only one hypothesis that the association of organizational ethical culture and a strong ethics program has a positive relationship with corporate governance reputation. Whereas the other hypothesis was rejected, that the association of organizational ethical culture and a strong ethics program has a positive relationship with ROA. The findings revealed that it was only the association of organizational ethical culture and a strong ethics program that have a positive relationship with corporate governance reputation. In general, a firm with a strong ethical culture is likely to implement a strong degree of its code of ethics program. In other words, the norm of a strong ethics program becomes a part of a strong ethical culture. Hence, only the association of organizational ethical culture and a strong ethics program is sufficient to create the positive reputation of the corporate governance. In contrast, as mentioned earlier, ROA is derived from a variety of factors or a combination of factors. It is not only derived from lower operating costs, but it is also derived from higher sale revenues. Hence, the association of organizational ethical culture and a strong ethics program is likely to be sufficient to boost up the ROA. Therefore, the study results suggested that a firm still needs the supervision of managerial ethical leadership to manage any activity to boost up its ROA even though it has an organizational ethical culture and a strong ethics program. On the other hand, despite the association of organizational ethical culture and a strong ethics program, a firm needs to have an ethical leadership by a manager in order to strength the positive reputation of its corporate governance. All in all, the findings revealed that managerial ethical leadership is a crucial variable in determining both financial and non-financial firm performances.

4) On stage VI, the main purpose of this stage VI was to re-test the overall model of the second-stage moderated mediation and to compare the results of the different estimators: PROCESS and SEM. There was no hypothesis testing. Based on estimating, PROCESS uses the ordinary least square regression (OLS), whereas SEM uses the maximum likelihood (ML). The study results presented the regression coefficients between PROCESS's output and SEM's output were exactly similar. However, the statistical inferential test of both outputs was slightly different. Because the *p*-value of PROCESS's output is derived from *t* distribution and the *p*-value of SEM's output is derived from a normal distribution, which a small sample size affects the computation of the *p*-value by SEM. Besides, the advantage of using SEM is for estimating the parallel or serial multiple mediation models, and the ability to estimate the latent variable model. However, SEM is not appropriate for a small sample size. Moreover, there were only 84 listed firms participating in this study which was considered a small sample size. Besides, PROCESS can provide the output for the second-stage moderated mediating model, but SEM would provide only the mediating model. Therefore, the study finding suggested that PROCESS estimator is more appropriate than SEM estimator for the testing of the second-stage moderated mediating model.

It was followed by the qualitative study which was to serve the second objective of this study in providing the recommendation to enhance an effective implementation of a "Code of Ethics" program. The study results indicated that an ineffective implementation of the code of ethics program of the listed firm was likely caused by these two significant areas: the issues addressed in the code of ethics; and a mechanism being in place to support implementation of a code of ethics program. An explanation of the issues addressed in the code of ethics was obtained from the data observation where the five selected firm samples in different firm industries and different firm size have published the six essential issues: (1) employee practices polity; (2) shareholder policy; (3) customer policy; (4) supplier and creditor policy; (5) rival policy; (6) environment and community policy. It is very surprising that the four of five firm samples only published the topic or heading of the six essential issues addressed in the code of ethics, which has no details or practical guideline attached. On the other hand, there is only one listed firm sample which belongs to resource industry that attaches the details of each code of ethics' issue to specify what is "can do" or "can't do". Moreover, the findings revealed that the firm size and firm belonging industry do not matter with the issue of a sufficient code of ethics. Because the other four sample firms belong to the industry of financial, technology, industrial, and consumer product which are considered either large size firms or small size firms. In terms of enhancing an effective implementation of a code of ethics program, the study finding suggested that a firm needs to have the six essential issues, least but not limited to, addressed in its code of ethics and each of them should have sufficient guideline descriptions to specify what they "can do and can't do". Then, its code of ethics will be tangible implemented and effective.

For the second significant area that causes an ineffective implementation of a code of ethics program, which was a mechanism being put in place to support implementation of a code of ethics program. An explanation of this mechanism in place was obtained from an in-depth interview from two selected firm samples which were represented by its executive. The study result indicated that there were three factors affecting a mechanism being in place to support implementation of a code of ethics program: communication; code of ethics' policy commitment; and top management commitment. To begin with a communication, the findings of this factor revealed that the communication of the code of ethics among all employees can be done by publication, an ethics committee, and direct communication from top management. Because communication is a mechanism in place that makes an employee participate in its code of ethics program. Therefore, in terms of achieving better communication, the study results suggested that a firm needs to publish its code of ethics and that it is easily accessed by its employee, to have an autonomous ethics committee that represents both the firm and its employees, and to have adequate direct communication by top management.

Next, the code of ethics' policy commitment, the findings on this factor revealed that engagement of a specific ethics code for major function and a training program for those major functions are essential for the code of ethics' policy commitment. This is because they are considered as the formal and tangible mechanisms for controlling any misconduct and to be a guideline for ethical business practices. Therefore, the study results suggested that a firm needs to provide each specific ethics code for each major function and it requires acknowledgement and compliance by the employee, including the arrangement of any training program to clarify the substance of each specific code.

Lastly, top management commitment, it is expected that top management is the representative of the firm and take responsibility for all components of the firm. All in all, top management needs to ensure that its code of ethics complies with its corporate governance policy and all areas of the code of ethics are under the supervision of top management. Hence, the findings of this factor revealed that both communication and code of ethics' policy committee are under the supervision of top management. Therefore, in order to have an effective implementation of the code of ethics program the study results suggested that a firm needs to ensure that its top management exercises support on both a daily task basis and at extraordinary events.

5.3 Contributions

This study utilized the quantitative approach to investigate the relationship among the five variables of managerial ethical leadership, organizational ethical culture, a strong ethics program, ROA, and corporate governance reputation. Then, it utilized the qualitative study to explore the complex factors affecting an effective implementation of a code of ethics program. Thus, it found some interesting knowledge in areas of academic contribution and practical contribution, which will be illustrated.

5.3.1 Academic Contribution

As mentioned earlier the hypothesis development of this study was based on Stewardship theory in explaining the linkage of a positive relationship between manager and the firm's success. Later, the overall model was re-tested by another model estimator to re-confirm the study results on an appropriate model estimator. Therefore, there are two contributions in the area of the academy as follows:

1) Contribution of the Stewardship Theory

The fundamentals of the Stewardship theory are based on psychology and sociology in that a steward protects and maximizes the wealth of shareholder through the firm performance, at the same time as maximizing his own utility. In addition, the behavior of a steward is pro-organization and collectivists that he has an inner motivation to do a good job. The results of hypothesis testing revealed that there was a positive relationship between ethical manager and both firm performances that can add up and support the concept of this Stewardship theory. In addition, there is some point of interest that there are various kinds of relationships between a manager and firm performance under the concept of the Stewardship theory. For example, the finding of hypothesis testing in stage I indicated a direct relationship between managerial ethical leadership and both a positive ROA and corporate governance reputation. Next, the hypothesis testing in stage II, it found that an indirect relationship or an associated relationship between managerial ethical leadership and organizational ethical culture had an influence on both positive ROA and corporate governance reputation. Lastly, a conditional indirect relationship of hypothesis testing in stage III, the study results presented that an associated relationship between managerial ethical leadership and organizational ethical culture under the condition of a strong ethics program, had an influence on both a positive ROA and corporate governance reputation. In summary, the behavior of ethical manager under the concept of the Stewardship theory is pro-organization and collectivists in that he can practice and associate with other ethical variables to maximize both financial and non-financial firm performance.

2) Contribution to the Selection of Model Estimator

According to the academic perspective the discussion of how to select an appropriate model estimator has been developing among scholars. The study results revealed that the understanding of testing objective and the characteristics of the model estimator are essential in selecting an appropriate model estimator. For example, the advantage of using SEM is for estimating the parallel or serial multiple mediation models and the ability to estimate the latent variable model, including the usage of SEM to estimate a model with a large sample size. On the other hand, the advantage of using PROCESS is for estimating the moderated mediation model and to provide both dichotomous and quantitative moderators, including the ability to estimate a model with a small sample size. The estimation of PROCESS is performed by Ordinary Least Square Regression (OLS) and the *p*-values are derived from *t* distribution, whereas the estimation of SEM is performed by Maximum Likelihood (ML) and the *p*-values are derived from a normal distribution. The difference between normal distribution and *t* distribution is that normal distribution has relatively more scores in the center of distribution and *t* distribution has relatively more scores in the tails. Besides, the overall model of this study was based on moderated mediation model with a small sample size of 84 listed firms. Nevertheless, the study results of both outputs of PROCESS and SEM indicated a similar regression coefficient, but there were some slight difference in standard error and statistical inferential tests. In addition, in terms of calculating the total conditional indirect effect of moderated mediation model, the output of PROCESS provided both a total conditional indirect effect with the statistical inferential test. In contrast, the output of SEM provided only the direct and indirect effect of mediation model, and it needs to calculate the total conditional indirect effect by substituting the regression coefficient into two separate equations as stated in Chapter 4, including the calculation of the statistical inferential test. To conclude PROCESS is an appropriate model estimator for this study. Therefore, the study results contributed to the consideration of an appropriate model estimator for hypothesis testing of a moderated mediation model.

5.3.2 Practical Contributions

It is recognized that the performance of the firm is derived from a variety of factors. Moreover, in spite of the same factor, the firm performance is likely to be different in a different context. As such, the difference of context, stakeholders, nature of the business, organizational culture, underlying theory, and others, may be insufficient to explain all phenomenal. However, this study attempts to utilize the positive relationship between the ethical manager and firm performances in explaining the potential effect on the firm performance of listed firms on the Stock Exchange of Thailand. By doing so, the practical contribution of this study can be viewed in terms of managerial implication to enhance positive financial and non-financial firm performances as follows:

1) The ethical leadership by the manager has been exercised on both a daily task basis and extraordinary events. As an ethical manager is a role model for the subordinates to perform ethical business practices.

2) An ethical manager needs to ensure that an organizational ethical culture has been maintained on a regular basis. As it is an informal control mechanism to minimize any misconduct by the employees.

3) An ethical manager needs to promote the corporate code of ethics and to implement it on a regular basis as it is a formal and tangible control mechanism in order to engage the employees with all ethical business practices.

4) An ethical manager needs to increase the awareness of stakeholders regarding the effect of business ethics towards both firm performances as the stakeholders' awareness is a crucial enforcement, and to monitor any business practices in accordance with ethical behavior.

Therefore, this study's results highlight the positive relationship between managerial ethical leadership and both financial and non-financial firm performances (i.e. ROA and corporate governance reputation). In terms of enhancing both firm performances, a firm needs to emphasize on the ethical leadership at the managerial level as a manager is in the position of power to influence the employee morale and he is a major driver of ethical business practices.

5.4 Recommendation

As mentioned earlier the second primary objective of this study was to provide a recommendation for enhancing an effective implementation of a code of ethics program to the publicly listed firms on the Stock Exchange of Thailand. Nevertheless, the findings of the quantitative study revealed that an association of managerial ethical leadership, organizational ethical culture, and a strong ethics program would enhance both financial and non-financial firm performances. It would imply that a strong ethics program is a crucial variable to support an ethical manager in leading any ethical business practices and to maintain organizational ethical culture. Besides, the findings of the qualitative study also revealed that an ineffective implementation of a code of ethics program was caused by two significant areas: the issues addressed in the code of ethics and a mechanism being in place to support implementation of a code of ethics program. Thus, the purpose of this section is to provide some recommendation to enhance an effective implementation of the code of ethics program. These recommended practices for implementation of a code of ethics program were derived from the results of both quantitative and qualitative studies, including some suggestions from experts in the field of business administration. Furthermore, at the end of this section, the author would like to propose a corporate governance model for a manufacturing business. This corporate governance model is to emphasize the function and responsibility of the board of director in leading a sustainable business with good governance. The followings are the recommended practices for a code of ethics program implementation and the proposed corporate governance model.

5.4.1 Recommended Practices for Implementation of a Code of Ethics Program

These recommended practices are divided into three parts.

Part I: The existence of a code of ethics. The board of directors should ensure that a firm provides an updated and sufficient guideline of a code of ethics to the stakeholders.

Part II: The issues addressed in the code of ethics. A firm should address issues, at least but not limited to, which are related to each group of stakeholders and their legal rights, namely, employee practice policy, shareholders policy, customers policy, suppliers and creditors policy, rivals policy, and environment and community policy.

Part III: The implementation and enforcement mechanisms of a code of ethics program. There are three kinds of mechanism to be put in place to support the implementation of a code of ethics program.

1) Communication

In order to communicate the code of ethics to everyone in the firm and to other stakeholders, a firm should publish a code of ethics both in Thai and English on its website, staff notice board, and annual report. A code of ethics should have sufficient written procedures to define ethical and unethical business practice. In addition, to ensure that everyone in its firm understands and follows a code of ethics, a chief of sub-unit should educate and supervise his subordinates on a regular basis. Including using two-way communication, a firm should have a dedicated telephone line or a channel for an employee to make inquiries or complaints about ethics issues.

2) Code of Ethics' Policy Commitment

A firm should provide a specific ethics code with a practical guideline for all major functions and it must be separate from an employment contract. This specific ethics code requires written acknowledgment and compliance from the employee.

However, for some nature of business or function that may be faced with money issues, for example, broker, sales, procurement, etc., it requires a signing of compliance twice a year. Besides, a firm should encourage all employees to attend a code of ethics' training program at least once a year. In terms of employee performance appraisals, a firm should set the assessment of employee's ethics as a formal part of the performance appraisal.

3) Top Management Commitment

The board of directors should facilitate and set an annual review of the code of ethics ensuring that it is up-to-date and complies with its corporate governance policy. To deal with ethical conduct issues, the board should create an ethics committee and announce this on the staff notice board. Besides, the board should encourage all related departments to participate in an ethics committee to minimize the bias and any conflict of interest. For special government project involving anti-corruption, the board should facilitate and encourage its employees to participate in this activity, and to allow them to whistle-blow through a firm's website or by post. Furthermore, the board should encourage all middle management and heads of sub-units to mention any related code of ethics to their subordinates at all regular meetings, including a direct communication of code of ethics by top management at both regular activities and special event.

5.4.2 The Proposed Corporate Governance Model

The "Principles of Good Corporate Governance for Thai Listed Firm" provides an ethical framework and recommended best practices for the management of the listed firms on managing business activities to an international standard. Its ethical framework concentrates on five areas, the Role of Stakeholders, Rights of Shareholders, Equitable Treatment of Shareholders, Disclosure and Transparency, and Responsibilities of the Board. Even though all five areas of the ethical framework represent the corporate governance of the firm, the area of Responsibilities of the Board is the most important function in handling other four areas. Hence, the author would like to propose a corporate governance model with a governance code for the Board of Director in order to achieve good corporate governance of its firm. This proposed corporate governance model is provided for manufacturing business as there are numerous employees and other business parties to concern it with. Thus, the Board of Directors is required to hold a high degree of governance in managing its business and handling any situation in terms of fairness, integrity, transparency, and efficiency. Moreover, the Board of Directors needs to ensure that shareholders are satisfied with the performance of the firm. The following is the proposed corporate governance with a governance code for the Board of Director.

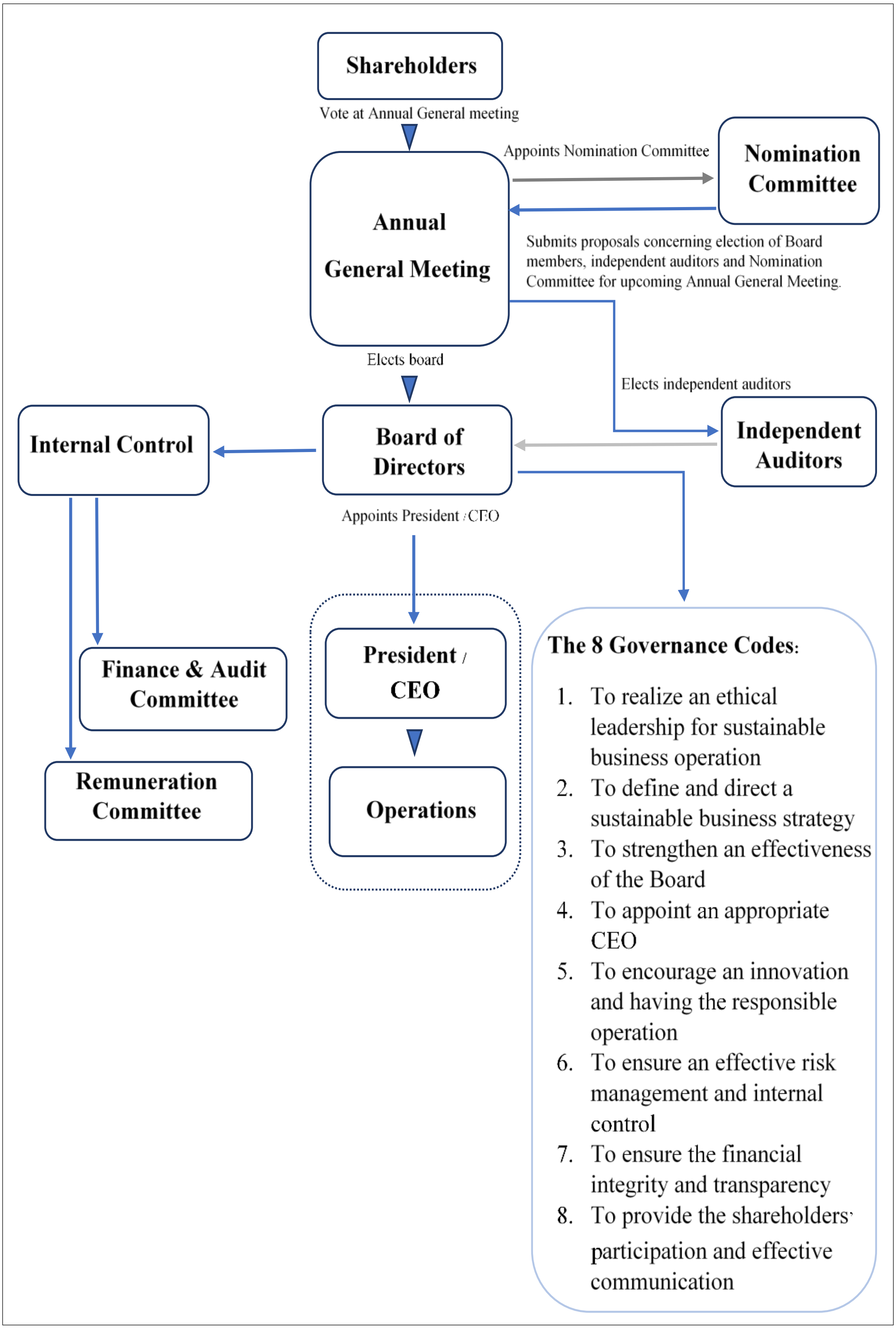

Figure 5.1 The Proposed Corporate Governance Model

To illustrate the flow chart of this proposed corporate governance model, it starts with the shareholders of the firm where they participate in an Annual General Meeting. In this event, shareholders appoint the Nomination Committee and vote to elect the Board of Directors and Independent Auditors. Next, the Board of Director appoints the President/CEO to manage the business operation of the firm. In terms of internal control, the Board of Director appoints both the Finance & Audit Committee and Remuneration Committee. Besides, the Independent Auditors need to report to the Board of Directors directly. This flow chart reveals that the Board of Directors are the representatives of the shareholders and in charge of all business operations, which are related to all stakeholders. Therefore, these eight governance codes will be a framework for the Board to achieve a high degree of governance: 1) to realize ethical leadership for sustainable business operations; 2) to define and direct sustainable business strategy; 3) to strengthen the effectiveness of the Board; 4) to appoint an appropriate CEO; 5) to encourage innovation and have the responsible operation; 6) to ensure an effective risk management and internal control; 7) to ensure financial integrity and transparency; 8) to provide the shareholder participation and effective communication.

5.5 Future Study and Limitation of the Study

This study presents a preliminary investigation of a linkage between an ethical manager and both financial and non-financial firm performances (i.e. ROA and corporate governance reputation) in the context of listed firms on the Stock Exchange of Thailand. Although the findings of this study with the 84 listed sample firms confirmed a positive relationship between an ethical manager and both firm performances, it will be more insightful in case of any future study to acquire a significantly larger sample size to confirm and to generalize the same results. Hence, this study was faced with the limitations relating to the firm sample size, which were the following:

1) They were time and cost restrictions. The data collection for the quantitative study was conducted over a four-month period starting from January to April 2017, it was unable to collect a large number of listed firms and longitudinal data. Besides the data collection for the qualitative study was conducted over a two-month period on July

to August 2017, which was unable to contact more participates of the listed firms and the interview period was not matched with other target firms, including an in-depth interview required a high degree of cooperation. Moreover, in terms of getting to these listed firms, it required a high cost of transportation. Therefore, this study would suggest any future study acquires adequate funding from government projects and cooperation from the Stock Exchange of Thailand in order to get more cooperation from the listed firms.

2) Collecting data at the organizational level was complicated as it required numbers of employees with the correct characteristics, e.g. functional department, years of work, and current position, to represent each variable of its organization. Otherwise, it may acquire a small number of proper employees which may create bias in the variables. Because the minimum acceptable of each firm sample in this study was five employees from two different departments, it resulted with the removal of the listed firm which did not meet the criterion. Thus, this study would suggest any future study to create a connection with the listed firms' management to assist in the data collection process.

3) The limitation of using web-based and postal surveys as the degree of response may be low or get no feedback, especially a listed firm with no personal connection. This study would suggest any future study to allow more channels of data collection such as on-site data collection.

4) These listed firms are running a business in different business contexts, therefore may have different leadership approaches. For example, the Contingency Leadership Approach mentioned that certain styles of leadership will be effective in a different situation and no one leadership style is right for every manager under all circumstances. Moreover, the Transactional Leadership Approach is based on the concept of an exchange between leaders and subordinates. In other words, the transactional leader uses rewards as a control mechanism to motivate subordinates to accomplish the task. Hence, when a manager has exercised his leadership based on different leadership approaches, the perception by subordinates will be different in perspective on ethical behavior and morale, especially empathy and care for others. The limitation of this study was exploring only the Ethical Leadership Approach which did not cover all areas of leadership. Thus, this study would suggest any future study to

explore other leadership approaches to predict and/or to compare the degree of each effect on the firm performance.

In overall summary, the author would encourage any future study to study further the relevant variables for enhancing any firm performances and an effective implementation of the code of ethics program.

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APPENDICES

Appendix A

Questionnaire in English

This questionnaire is a partial fulfillment of the requirement for Ph.D. in Management, International College, National Institute of Development Administration, for the research study entitled “The Effect of Business Ethics toward Firm Performance: Publicly Listed Firms on the Stock Exchange of Thailand”. Please rate the extent to which you agree with the following statements. There are no right or wrong answers and kindly answer as open and honest as possible. This study is highly emphasized on any data treatment and will treat it at the highest degree of confidential. It is just only for the scientific purpose of the study and will not specify and publish at any individual level.

Part 1. General Demographic Questionnaires

1. Gender:

☐ Male ☐ Female

2. Age:

☐ 22-25 years ☐ 26-30 years

☐ 31-40 years ☐ Above 40 years

3. Level of education:

☐ Certificate/Diploma ☐ Bachelor degree

☐ Master degree ☐ Above Master degree

4. Name of your company ....

5. Type of Task:

☐ HR/Management	☐ Accounting/Finance
☐ Sales/Marketing	☐ Production
☐ Investor relations	☐ Others

6. Years of work:

☐ 1-3 years	☐ More than 3 but less than 6 years
☐ More than 6 but less than 9 years	☐ More than 9 but less than 12 years
☐ More than 12 years	

7. Position:

☐ Employee or Worker	☐ Supervisor or Assistant Manager
☐ Manager	☐ Senior Manager
☐ Above Senior Manager	

Part 2. Your Perception of Business Ethics

Please use the following rating scale:

Strongly disagree (1)	Disagree (2)	Neither disagree nor agree (3)	Agree (4)	Strongly agree (5)

Manager Ethical Leadership Scale

My manager.......	(1)	(2)	(3)	(4)	(5)
1. Listens to what employees have to say.					
2. Disciplines employees who violate ethical standards.					
3. Conduct his/her personal life in an ethical manner.					
4. Has the best interest of the employee in mind.					
5. Makes fair and balanced decisions.					
6. Can be trusted.					
7. Discusses business ethics or values with employees.					
8. Sets an example of how to do things the right way in terms of ethics.					
9. Defines success not just by results but also the way that they are obtained.					
10. When making decisions, asks, “what is the right thing to do?”.					

Organizational Ethical Culture Scale

In my organization.......	**(1)**	**(2)**	**(3)**	**(4)**	**(5)**
1. Manager disciplines unethical behavior when it occurs.					
2. Employees perceive that people who violate the ethics code still getting the formal organizational rewards. (R)					
3. Penalties for unethical behavior are strictly enforced.					
4. Unethical behavior is punished in this organization.					
5. Managers represent high ethical standards.					
6. People of integrity are rewarded.					
7. The ethics code serves as “window dressing” only. (R)					
8. Managers regularly show that they care about ethics.					
9. Managers are models of unethical behavior. (R)					
10. Ethical behavior is the norm.					
11. Managers guide decision-making in an ethical direction.					
12. The ethics code serves only to maintain the organization’s public image. (R)					
13. Ethical behavior is rewarded.					
14. Ethics code requirements are consistent with informal organizational norms.					

Corporate Ethics Program Scale

Does your company..................	**Yes**	**No**
1. Have an official code of ethics' policy?		
2. Have formally assign an officer or specific department to deal with ethics and conduct issues?		
3. Have creating an ethics committee?		
4. Have a dedicated telephone line or any channel for employee to make inquiries or complaints about ethics issues?		
5. Set standard for reward and punishment that help define acceptable ethical behavior?		

Please use the following rating scale:

Never (1)	**Only at hiring (2)**	**Once a year (3)**	**Twice a year (4)**	**More than twice a year (5)**

Code of ethics' policy commitment	**(1)**	**(2)**	**(3)**	**(4)**	**(5)**
6. Had you signed a code of ethics' policy as condition of your employment?					

Please use the following rating scale:

Never (1)	**Once a year (2)**	**Twice a year (3)**	**Every quarter (4)**	**Very frequently (5)**

Top management commitment to ethics	**(1)**	**(2)**	**(3)**	**(4)**	**(5)**
7. How frequently does your top management mention any Ethics issues or communicate corporate ethics' policy in any employees meeting?					
8. How frequently do you receive corporate ethics program training?					

Please use the following rating scale:

Strongly disagree (1)	**Disagree (2)**	**Neither disagree nor agree (3)**	**Agree (4)**	**Strongly agree (5)**

Ethics-oriented performance appraisals	**(1)**	**(2)**	**(3)**	**(4)**	**(5)**
9. Assessment of employees' ethics is a formal part of performance appraisal.					
10. Supervisors are asked to formally assess the ethical performance of their subordinates.					

Questionnaire in Thai

แบบสอบถาม

แบบสอบนี้เป็นส่วนหนึ่งของการศึกษาในระดับปริญญาเอก วิทยาลัยนานาชาติ สถาบันบัณฑิตพัฒนบริหารศาสตร์ เพื่อศึกษาถึงผลกระทบของจริยธรรมในการดำเนินธุรกิจที่ส่งผลต่อผลประกอบการขององค์กร: กรณีศึกษาของบริษัทมหาชนที่จดทะเบียนในตลาดหลักทรัพย์แห่งประเทศไทย โดยคำตอบที่ได้นั้นจะเก็บรักษาอย่างเป็นความลับ โดยจะถูกเข้ารหัสเป็นตัวเลขเพื่อใช้ในการวิเคราะห์และแปรผล เพื่อประโยชน์โดยรวมในการวิจัยเท่านั้น จึงใคร่ขอความกรุณาจากท่านช่วยตอบให้ครบทุกข้อและตรงตามความรู้สึกหรือความเป็นจริงของท่าน

ส่วนที่ 1 ข้อมูลส่วนตัว

1. เพศ:

☐ ชาย ☐ หญิง

2. อายุ:

☐ 22-25 ปี ☐ 26-30 ปี

☐ 31-40 ปี ☐ 40 ปีขึ้นไป

3. ระดับการศึกษา:

☐ ประกาศนียบัตร/อนุปริญญา ☐ ปริญญาตรี

☐ ปริญญาโท ☐ สูงกว่าปริญญาโท

4. ชื่อบริษัทที่ท่านทำงาน ....

5. แผนกที่ท่านทำงาน:

☐ ทรัพยากรมนุษย์/บริหารทั่วไป ☐ บัญชี/การเงิน

☐ ขาย/การตลาด ☐ การผลิต

☐ นักลงทุนสัมพันธ์ ☐ อื่นๆ

6. อายุงานของท่านในองค์กร:

☐ 1-3 ปี ☐ มากกว่า 3 ปี แต่ไม่ถึง 6 ปี

☐ มากกว่า 6 ปี แต่ไม่ถึง 9 ปี ☐ มากกว่า 9 ปี แต่ไม่ถึง 12 ปี

☐ มากกว่า 12 ปี

7. ตำแหน่งงานของท่านในองค์กร:

- ☐ พนักงานทั่วไป
- ☐ หัวหน้างานหรือรองผู้จัดกา
- ☐ ผู้จัดการ
- ☐ ผู้จัดการอาวุโส
- ☐ สูงกว่าระดับผู้จัดการอาวุโสขึ้นไป

ส่วนที่ 2 การรับรู้ของท่านในประเด็นด้านจริยธรรมในองค์กร

กรุณาเลือกตัวเลขในแต่ละข้อความที่แสดงความเห็นด้วยหรือไม่เห็นด้วยดังต่อไปนี้

ไม่เห็นด้วยอย่างยิ่ง	**ไม่เห็นด้วย**	**ไม่มีความคิดเห็น**	**เห็นด้วย**	**เห็นด้วยอย่างยิ่ง**
(1)	**(2)**	**(3)**	**(4)**	**(5)**

การรับรู้ในประเด็นด้านจริยธรรมของผู้จัดการหรือหัวหน้างาน

ผู้จัดการหรือหัวหน้างานของฉัน................................	**(1)**	**(2)**	**(3)**	**(4)**	**(5)**
1. รับฟังในสิ่งที่พนักงานหรือผู้ใต้บังคับบัญชาชี้แจง					
2. ลงโทษพนักงานผู้ซึ่งฝ่าฝืนหรือละเมิดกฎระเบียบหรือมาตรฐานด้านจริยธรรมขององค์กร					
3. ดำเนินชีวิตส่วนตัวอย่างมีจริยธรรม					
4. ให้ความสนใจกับสิ่งที่เป็นประโยชน์ที่ดีที่สุดกับพนักงาน					
5. ตัดสินใจบนหลักความยุติธรรมและความเท่าเทียม					
6. เป็นบุคคลที่สามารถเชื่อใจและไว้วางใจได้					
7. มีการพูดคุยอภิปรายถึงคุณค่าหรือหลักจริยธรรมในการดำเนินธุรกิจกับพนักงาน					
8. มีการยกตัวอย่างของปฏิบัติงานอย่างถูกต้องตามหลักจริยธรรม					
9. ให้คำจำกัดความของความสำเร็จไม่ใช่มาจากเพียงผลลัพธ์ของมันเท่านั้น แต่ต้องคำนึงถึงว่าความสำเร็จนั้นได้มาอย่างไรด้วย					
10. เมื่อต้องทำการตัดสินใจ มักจะต้องพิจารณาหรือถามว่า “อะไรคือสิ่งที่ถูกต้อง ที่ควรต้องทำ”					

การรับรู้ในประเด็นด้านจริยธรรมของวัฒนธรรมองค์กร

ในองค์กรของฉัน..........................	**(1)**	**(2)**	**(3)**	**(4)**	**(5)**
1. ผู้จัดการจะลงโทษพนักงานที่มีความประพฤติผิดหลักจริยธรรม					
2. พนักงานจะรับทราบว่าผู้ที่ละเมิดข้อปฏิบัติตามหลักจริยธรรมขององค์กรจะได้รับรางวัลอย่างเป็นทางการจากองค์กร (R)					
3. มีการบังคับใช้บทลงโทษพนักงานที่มีพฤติกรรมผิดจริยธรรมอย่างเข้มแข็ง					
4. พนักงานผู้มีพฤติกรรมผิดจริยธรรมจะถูกลงโทษ					
5. ผู้จัดการได้แสดงออกถึงการเป็นผู้มีมาตรฐานด้านจริยธรรมอยู่ในระดับสูง					
6. พนักงานผู้มีความซื่อสัตย์จะได้รับรางวัลจากองค์กร					
7. ข้อปฏิบัติตามหลักจริยธรรมขององค์กรเป็นเพียงแค่การเสริมภาพลักษณ์เท่านั้น (R)					
8. ผู้จัดการได้แสดงออกถึงความสนใจเกี่ยวกับหลักจริธรรมอย่างสม่ำเสมอ					
9. ผู้จัดการเป็นต้นแบบของพฤติกรรมที่ผิดหลักจริยธรรม (R)					
10. พฤติกรรมตามหลักจริยธรรมเป็นบรรทัดฐาน					
11. ผู้จัดการได้แนะนำถึงแนวทางในการตัดสินใจบนหลักการทางด้านจริยธรรม					
12. ข้อปฏิบัติตามหลักจริยธรรมใช้เพื่อการรักษาและคงไว้ซึ่งภาพลักษณ์ขององค์กรต่อสาธารณะชน (R)					
13. พนักงานผู้ซึ่งมีพฤติกรรมตามหลักจริยธรรมจะได้รับรางวัลจากองค์กร					
14. การปฏิบัติตามข้อกำหนดของข้อปฏิบัติตามหลักจริยธรรมขององค์กรอยู่ควบคู่กับบรรทัดฐานขององค์กรอย่างไม่เป็นทางการ					

การรับรู้ในประเด็นด้านรูปแบบการใช้หลักจริยธรรมในบริษัทของท่าน

บริษัทของท่าน	**มี**	**ไม่มี**
1. มีนโยบายด้านข้อปฏิบัติตามหลักจริยธรรมขององค์กรอย่างเป็นทางการหรือไม่		
2. มีการมอบหมายพนักงานหรือแผนกที่ต้องรับเรื่องร้องทุกข์ทางด้านจริยธรรมและการกระทำที่เกี่ยวข้องกับจริยธรรมอย่างเป็นทางการหรือไม่		
3. มีคณะกรรมการด้านจริยธรรมขององค์กรหรือไม่		
4. มีโทรศัพท์สายด่วนหรือช่องทางสื่อสารใดๆสำหรับให้พนักงานใช้ร้องทุกข์เกี่ยวกับเรื่องทางด้านจริยธรรมหรือไม่		
5. มีการวางมาตรฐานสำหรับการให้รางวัลและบทลงโทษ เพื่อเป็นแนวทางในการชี้แจงถึงพฤติกรรมตามหลักจริยธรรมที่ได้รับการยอมรับขององค์กร		

กรุณาเลือกตัวเลขในแต่ละข้อความตามความเป็นจริงของท่าน

(1) ไม่เคย	**(2) ตอนจ้างงานครั้งแรกเท่านั้น**	**(3) ปีละครั้ง**	**(4) ปีละ 2 ครั้ง**	**(5) มากกว่าปีละครั้ง**

การผูกพันของท่านต่อนโยบายข้อปฏิบัติตามหลักจริยธรรมขององค์กร	**(1)**	**(2)**	**(3)**	**(4)**	**(5)**
6. ท่านได้มีการเซ็นรับทราบนโยบายข้อปฏิบัติตามหลักจริยธรรมขององค์กรโดยถือเป็นเงื่อนไขของสัญญาจ้างงาน					

กรุณาเลือกตัวเลขในแต่ละข้อความตามความเป็นจริงของท่าน

(1) ไม่เคย	**(2) ปีละครั้ง**	**(3) ปีละ 2 ครั้ง**	**(4) ทุกไตรมาส**	**(4) บ่อยมาก**

ข้อผูกพันด้านหลักจริยธรรมของผู้บริหารระดับสูงในองค์กร	**(1)**	**(2)**	**(3)**	**(4)**	**(5)**
7. ผู้บริหารระดับสูงในองค์กรของท่านได้เคยพูดถึงเรื่องจริยธรรมหรือมีการสื่อสารนโยบายหลักปฏิบัติด้านจริยธรรมขององค์กรในการประชุมพนักงานบ่อยแค่ไหน					
8. ท่านเคยได้รับการฝึกอบรมรูปแบบหรือแผนการทำงานตามหลักจริยธรรมขององค์กรบ่อยแค่ไหน					

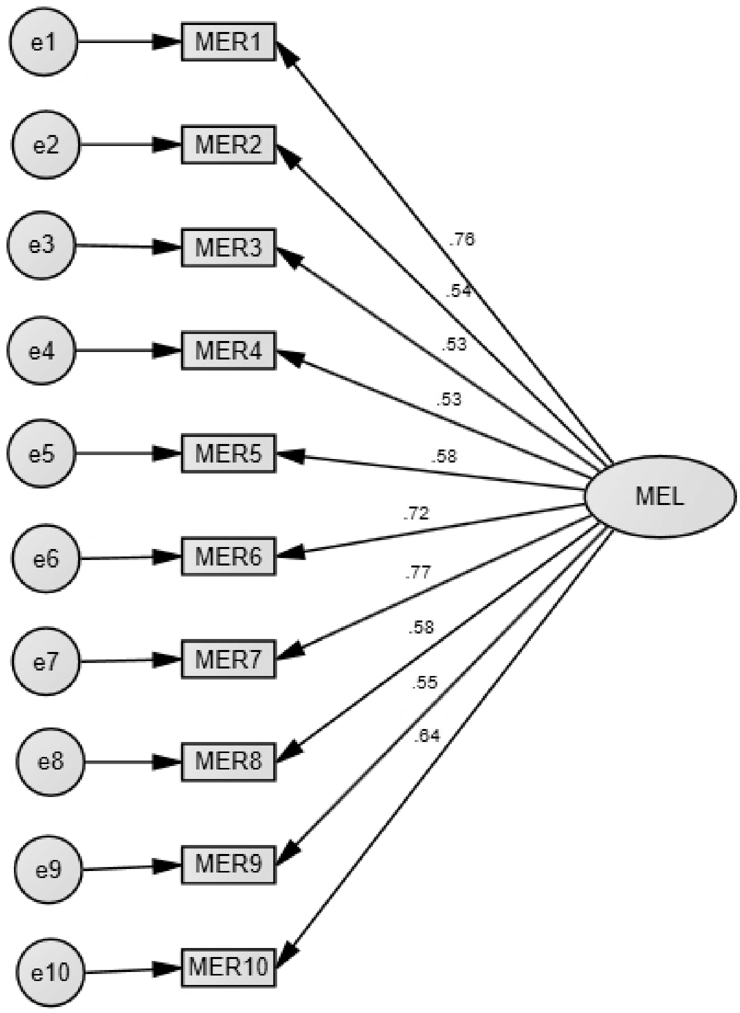
กรุณาเลือกตัวเลขในแต่ละข้อความที่แสดงความเห็นด้วยหรือไม่เห็นด้วยดังต่อไปนี้

ไม่เห็นด้วยอย่างยิ่ง	**ไม่เห็นด้วย**	**ไม่มีความคิดเห็น**	**เห็นด้วย**	**เห็นด้วยอย่างยิ่ง**
(1)	**(2)**	**(3)**	**(4)**	**(5)**

การประเมินผลการปฏิบัติงานตามแนวทางจริยธรรม	**(1)**	**(2)**	**(3)**	**(4)**	**(5)**
9. การประเมินความมีจริยธรรมของพนักงานเป็นส่วนหนึ่งของการประเมินผลการปฏิบัติงานอย่างเป็นทางการ					
10. หัวหน้างานได้รับการร้องขอให้ทำการประเมินผลการปฏิบัติงานด้านจริยธรรมของพนักงาน					

Appendix B

Initial Model: Managerial Ethical Leadership



Model Fit Summary: Managerial Ethical Leadership

CMIN

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	20	687.666	35	.000	19.648
Saturated model	55	.000	0		
Independence model	10	3104.685	45	.000	68.993

RMR, GFI

Model	RMR	GFI	AGFI	PGFI
Default model	.037	.842	.752	.536
Saturated model	.000	1.000		
Independence model	.184	.410	.279	.336

Baseline Comparisons

Model	NFI Delta1	RFI rho1	IFI Delta2	TLI rho2	CFI
Default model	.779	.715	.787	.726	.787
Saturated model	1.000		1.000		1.000
Independence model	.000	.000	.000	.000	.000

Parsimony-Adjusted Measures

Model	PRATIO	PNFI	PCFI
Default model	.778	.606	.612
Saturated model	.000	.000	.000
Independence model	1.000	.000	.000

NCP

Model	NCP	LO 90	HI 90
Default model	652.666	571.174	741.578
Saturated model	.000	.000	.000
Independence model	3059.685	2880.637	3246.038

FMIN

Model	FMIN	F0	LO 90	HI 90
Default model	.877	.832	.729	.946
Saturated model	.000	.000	.000	.000
Independence model	3.960	3.903	3.674	4.140

RMSEA

Model	RMSEA	LO 90	HI 90	PCLOSE
Default model	.154	.144	.164	.000
Independence model	.294	.286	.303	.000

AIC

Model	AIC	BCC	BIC	CAIC
Default model	727.666	728.235	820.979	840.979
Saturated model	110.000	111.565	366.613	421.613
Independence model	3124.685	3124.970	3171.342	3181.342

ECVI

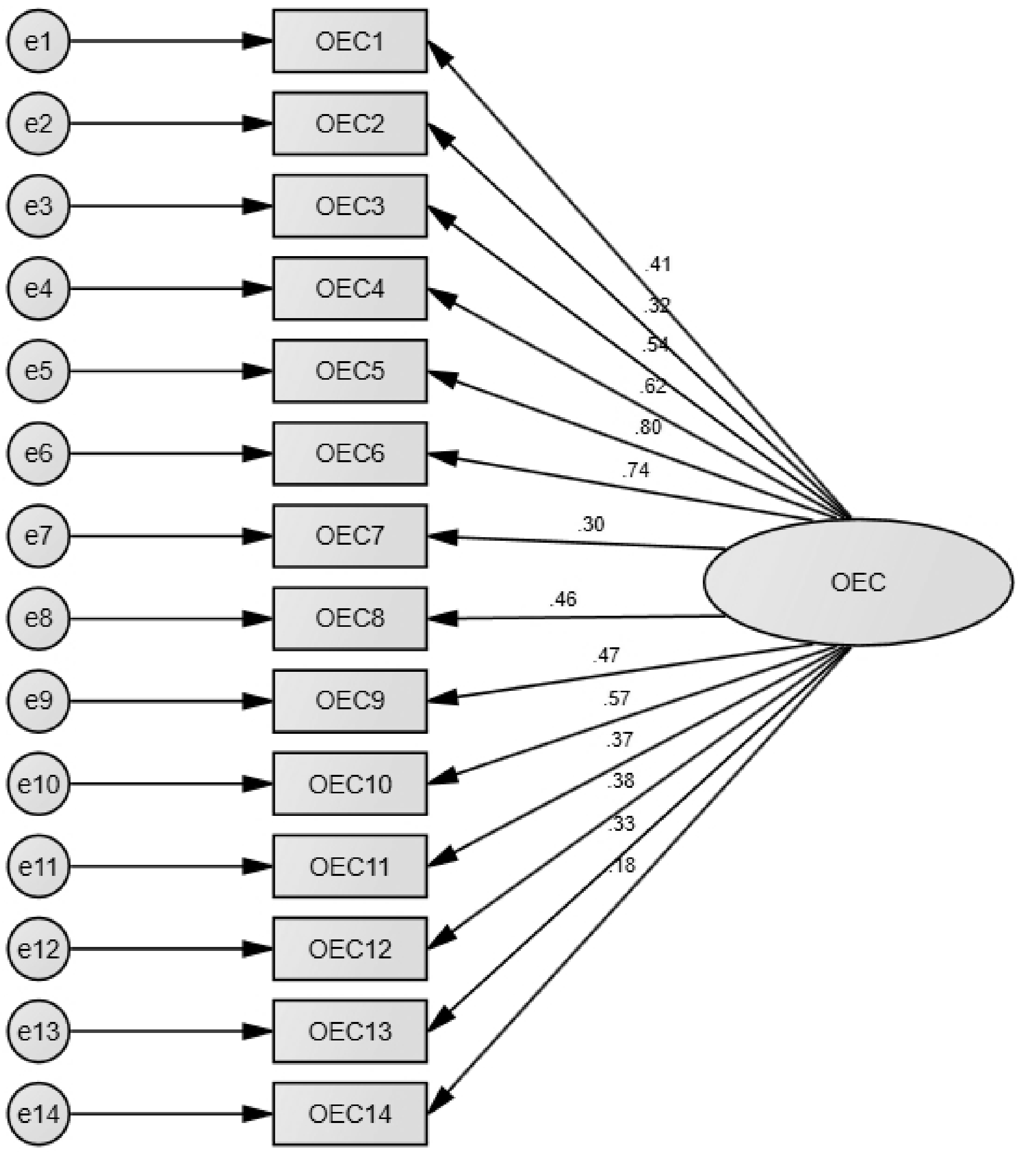
Model	ECVI	LO 90	HI 90	MECVI
Default model	.928	.824	1.042	.929
Saturated model	.140	.140	.140	.142
Independence model	3.986	3.757	4.223	3.986

HOELTER

Model	HOELTER .05	HOELTER .01
Default model	57	66
Independence model	16	18

Appendix C

Initial Model: Organizational Ethical Culture



Model Fit Summary: Organizational Ethical Culture

CMIN

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	28	3680.0412	77	.0000	47.7927
Saturated model	105	.0000	0		
Independence model	14	5580.4075	91	.0000	61.3232

RMR, GFI

Model	RMR	GFI	AGFI	PGFI
Default model	.0836	.5899	.4407	.4326
Saturated model	.0000	1.0000		
Independence model	.1369	.4471	.3621	.3875

Baseline Comparisons

Model	NFI Delta1	RFI rho1	IFI Delta2	TLI rho2	CFI
Default model	.3405	.2206	.3453	.2243	.3436
Saturated model	1.0000		1.0000		1.0000
Independence model	.0000	.0000	.0000	.0000	.0000

Parsimony-Adjusted Measures

Model	PRATIO	PNFI	PCFI
Default model	.8462	.2882	.2908
Saturated model	.0000	.0000	.0000
Independence model	1.0000	.0000	.0000

NCP

Model	NCP	LO 90	HI 90
Default model	3603.0412	3408.0910	3805.2750
Saturated model	.0000	.0000	.0000
Independence model	5489.4075	5247.8305	5737.2957

FMIN

Model	FMIN	F0	LO 90	HI 90
Default model	4.6939	4.5957	4.3471	4.8537
Saturated model	.0000	.0000	.0000	.0000
Independence model	7.1179	7.0018	6.6937	7.3180

RMSEA

Model	RMSEA	LO 90	HI 90	PCLOSE
Default model	.2443	.2376	.2511	.0000
Independence model	.2774	.2712	.2836	.0000

AIC

Model	AIC	BCC	BIC	CAIC
Default model	3736.0412	3737.1335	3866.6803	3894.6803
Saturated model	210.0000	214.0962	699.8968	804.8968
Independence model	5608.4075	5608.9536	5673.7270	5687.7270

ECVI

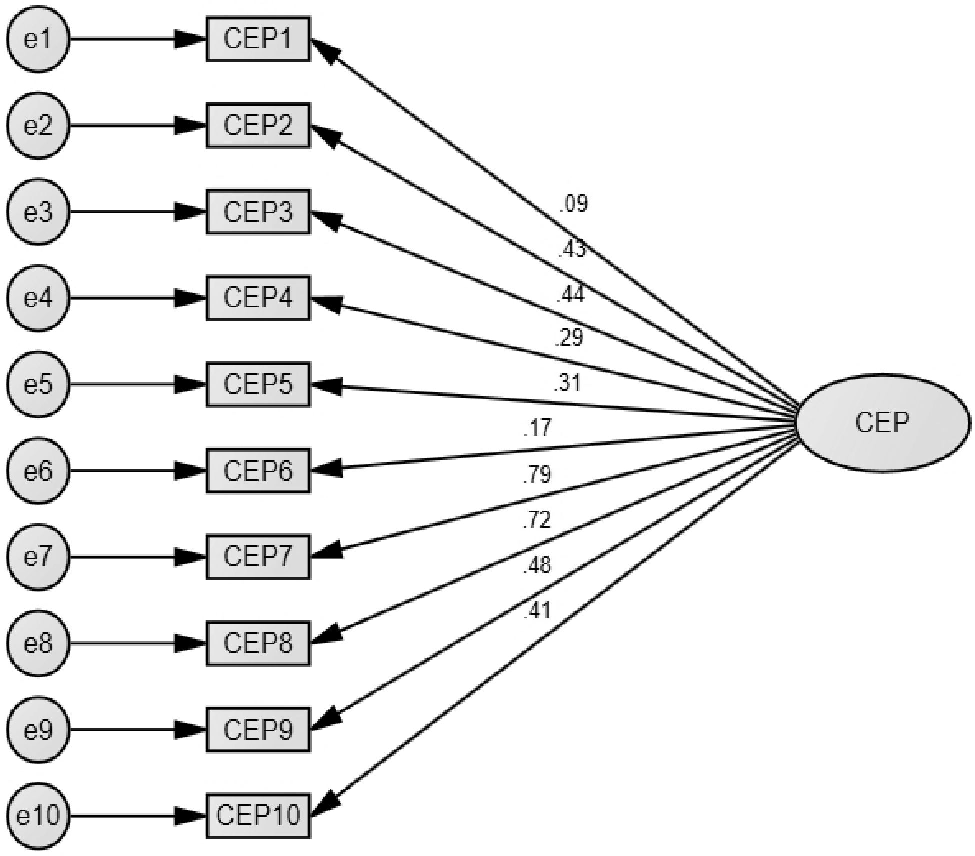
Model	ECVI	LO 90	HI 90	MECVI
Default model	4.7654	4.5167	5.0233	4.7668
Saturated model	.2679	.2679	.2679	.2731
Independence model	7.1536	6.8454	7.4698	7.1543

HOELTER

Model	HOELTER .05	HOELTER .01
Default model	21	24
Independence model	17	18

Appendix D

Initial Model: Corporate Ethics Program



Model Fit Summary: Corporate Ethics Program

CMIN

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	20	1124.436	35	.000	32.127
Saturated model	55	.000	0		
Independence model	10	2068.799	45	.000	45.973

RMR, GFI

Model	RMR	GFI	AGFI	PGFI
Default model	.014	.798	.682	.508
Saturated model	.000	1.000		
Independence model	.025	.644	.565	.527

Baseline Comparisons

Model	NFI Delta1	RFI rho1	IFI Delta2	TLI rho2	CFI
Default model	.456	.301	.464	.308	.462
Saturated model	1.000		1.000		1.000
Independence model	.000	.000	.000	.000	.000

Parsimony-Adjusted Measures

Model	PRATIO	PNFI	PCFI
Default model	.778	.355	.359
Saturated model	.000	.000	.000
Independence model	1.000	.000	.000

NCP

Model	NCP	LO 90	HI 90
Default model	1089.436	983.642	1202.623
Saturated model	.000	.000	.000
Independence model	2023.799	1878.615	2176.338

FMIN

Model	FMIN	F0	LO 90	HI 90
Default model	1.434	1.390	1.255	1.534
Saturated model	.000	.000	.000	.000
Independence model	2.639	2.581	2.396	2.776

RMSEA

Model	RMSEA	LO 90	HI 90	PCLOSE
Default model	.199	.189	.209	.000
Independence model	.240	.231	.248	.000

AIC

Model	AIC	BCC	BIC	CAIC
Default model	1164.436	1165.005	1257.749	1277.749
Saturated model	110.000	111.565	366.613	421.613
Independence model	2088.799	2089.084	2135.456	2145.456

ECVI

Model	ECVI	LO 90	HI 90	MECVI
Default model	1.485	1.350	1.630	1.486
Saturated model	.140	.140	.140	.142
Independence model	2.664	2.479	2.859	2.665

HOELTER

Model	HOELTER .05	HOELTER .01
Default model	35	40
Independence model	24	27

BIOGRAPHY

NAME	Areerat Leelhaphunt
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