The Influence of Institutional Shareholdings on Corporate Governance: Empirical Evidences of the Listed Companies on the Stock Exchange of Thailand in the SET100

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Abstract
Institutional investors have high influence on capital market so that this research aims to examine the influence of institutional shareholdings on corporate governance (CG) of the listed companies on the Stock Exchange of Thailand in the SET 100. Institutional shareholdings were categorized into four types as follows: 1. commercial banks, mutual funds, insurance companies, and securities public companies in Thailand (FIBTMF), 2. government agencies and state enterprises of Thailand (FIGV), 3. Foreign banks (FIBF), and 4. International investors (FIIN). The CG was measured by the CG scoring of Thai Institute of Directors Association (IOD). The study period covered 2013 to 2017. In addition, the data were analyzed by logistic regression analysis, separated into two models: the first model investigated overall institutional investors toward CG; whilst, the second model examined the four categories of institutional investors as earlier mentioned. As a result, the study revealed that the overall institutional investors had statistically positive influence on the CG at 0.05 level of significance. The second model exposed that government agencies and state enterprises of Thailand as well as international investors had statistically positive impact on the CG at 0.05 and 0.10 level of significance, respectively. Therefore, this research implied the important role of institutional investors toward the CG.
Keywords: Institutional Investors, Corporate Governance, SET100

Introduction
The case of bankruptcy of Enron Company in The United States of America derived from important factor that there were lacks of transparency and governance to financial institutes and investors. Since then, corporate governance (CG) has become interesting issue. The CG was spotlighted by investors and shareholders because they believed that good CG is a tool to help firms value and low risk by using benefit from investment because the effectiveness of good CG can create investor's trust and sustainability (Bubbico, Giorgino, and Monda, 2012). In Thailand, the CG can be monitored by the score from the Thai Institute of Directors Association (IOD) reports. The score of IOD reflects the level of company CG. This project started in 2001 to evaluate CG of firms in Thailand's stock market by using international standard. The CG scores obtained from IOD reports are tools to evaluate the progress of companies in Thailand. Fifteen reports were published from 2001 to 2017 and were accepted

from the National Governance Committee. These reports were then used as a tool to develop Thailand businesses (IOD, 2017).

Good CG can be monitored through blockholders (Mainkamnurd, 1999). In addition, institutional investors could represent blockholders because of their high proportion of investment. Moreover, institutional investors are a massively effective factor to financial market. Ashraf (2007) pointed out that the proportion of institutional investor in USA accounted for more than 66%. Most of investors have changed investment process by passing institutional investors because they have rigid inspection process which decreases agency cost. Huang (2012) indicated that institutional investors were large shareholders in USA who could access to important information and had highly potential to access society's network making them invested only high quality companies. Mokhtari and Makerani (2013) mentioned that institutional investors consisted of banks, insurance companies, investment funds, and pension funds.

Although the importance of institutional investment has a crucial role to the CG; however, research conducted regarding the influence of institutional investors is scarce, and it has a number of limitations in Thailand. Therefore, this research aims to examine the influence of institutional shareholdings on the CG of the listed companies on the Stock Exchange of Thailand. Nevertheless, the SET 100 was considered because the stock prices of the top 100 listed companies on SET in terms of large market capitalization, high liquidity and compliance with requirements regarding the distribution of shares to minor shareholders. This research results are useful for academics, practical contributions, together with related parties. Moreover, firms can employ the results for their corporate governance mechanism which will be advantageous to investors, firms, as well as regulators.

Research Objectives

The main objectives of this research were as follows:

1. To examine the proportion of shareholding of each category of institutional investor of the listed companies on the Stock Exchange of Thailand in the SET100, and
2. To examine the influences of institutional shareholding on corporate governance of the listed companies on the Stock Exchange of Thailand in the SET100, both overall institutional shareholdings and each category of them.

Theoretical Backgrounds and Previous Studies

Nowadays, the conflict between ownership power and management power has caused agency problems making ownership may distrust in agents or administrators due to the concerning of conflict of interest. Shareholders may worry about an issue concerning the lack of transparency of board in making unethical decisions resulting in less maximum benefit for them. Jensen and Meckling (1976) pointed out that the maximize benefit of firms will happen, if agents have maximize profit too. Agency problems are crucial barriers for maximize profit, management, and sustainability.

Previous studies offered a variety of corporate governance mechanisms to reduce agency problems. An agency relationship occurs when one party is hired by another to act on their behalf. In case that the shareholders are the owners of firm, the managers act for their own benefit. In this case, the shareholders are considered as principals and managers are considered as agents. Ownership and management are separated. The firm creates relationship with principal and agent. The supporters of the agency theory assume that each party works with its own interests, In other words, principals and agents are rational actors involving in their own utility, and this is an important assumption in the agency theory. The agency theory demonstrated the problem of institutional ownership and ownership structure.

Institutional investors can act as a monitoring tool, and they will reduce the need for capital markets as external auditing. Academics claimed that institutional ownership plays an important role in reducing agency conflicts by monitoring performance, management, or even self-control (Najjar, 2010).

Numerous studies have been conducted regarding the influence of institutional investors and corporate governance. Altunba, Kara, and Rixtel (2007) investigated corporate governance and institutional investors: a case study of institutional investor's behaviors in Japan. From the inspection of shareholder, the result exposed that majority of institutional investors were financial institutions. A Bank was a major shareholder of listed companies in Japan. The result also showed that shareholding ratio was up to 34% of the whole investors of the companies listed on the Tokyo and Osaka Stock Exchange. Meanwhile, most institutional investors invested in insurance companies and financial companies which had shareholdings as 27% of all investors. In addition, foreign mutual funds had an important institutional group of companies listed on the stock exchange of Japan. In 2008, Ferreira and Matos studied behaviors of institutional investors around the world from 2000 to 2005. The result revealed that institutional investors were shareholders with significant investment proportion containing the more proportion of foreign institutional investors than that of domestic institutional investors. The investment behaviors of institutional investors reflected an investment choice in large companies and paid importance to corporate governance of companies. Most institutional investors focused more on companies rather than company's countries. The study result concluded that institutional investor group paid effectively role in watching and monitoring. Shareholding of institutional investors increased the value of shareholder; consequently, these institutional investors can bargain or push market regulators. In addition, joint venture investment by foreign institutional investors can increase value to the firms rather than shareholding. Domestic institutional investors reflected better firm's revenue and reduced unnecessary investment costs. The corporate governance by institutional investors changed in managing and administrating companies through the corporate governance process. In the same year, Wahab, How, and Verhoeven (2008) studied corporate governance and institutional investors in Malaysia where transformation of corporate governance and corporate governance merger (MCCG) in stock market in Kualalumper (KLSE) occurred. Additionally, there were regulations of the Minority Shareholder Watchdog Group (MSWG) aiming to enhance the role of institutional investors. This study explored the relationship between corporate governance and institutional investors in Malaysia. The results exposed that institutional investors had positive and significant correlation with corporate governance. Najjar (2010) investigated the relationship between corporate governance and institutional investors in Jordan. The research result showed that institutional investors from Jordan considered firms' capital structure, profitability, business risk, asset structure, asset liquidity, growth rate, and firm size when they took their investment decisions. In addition, institutional investors in Jordan preferred to invest in service firms sector rather than manufacturing firms.

Conceptual framework

The conceptual framework of this research is explained in Figure 1.

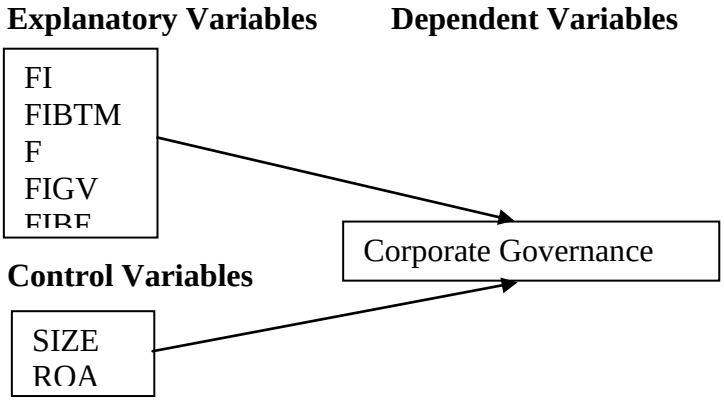

Figure 1: Research conceptual framework

Testable hypotheses

This study consists of five testable hypotheses as follows:

1. Overall institutional shareholdings (FI) have statistically significant and positive influence on the corporate governance (CG).
2. Institutional shareholdings in commercial banks, mutual funds, insurance companies, and securities public companies in Thailand (FIBTMF) have statistically significant and positive influence on the corporate governance (CG).
3. Institutional shareholdings in government agencies and state enterprises of Thailand (FIGV) have statistically significant and positive influence on the corporate governance (CG).
4. Institutional shareholdings in foreign banks (FIBF) have statistically significant and positive influence on the corporate governance (CG).
5. Institutional shareholdings in international investors (FIIN) have statistically significant and positive influence on the corporate governance (CG).

Since institutional investors as corporate monitors are a focus of many studies and research as mentioned above, it is widely argued that institutional investors are an important corporate governance mechanism that improves firm performance, as they possess both the ability and the incentive to monitor and discipline corporate managers (Ping and Andy, 2011), in order that the positive influence is hypothesized.

Research Methodology

Data Gathering and Sampling: This research employed secondary data including, textbooks, theses, websites, electronic databases, financial data, meeting reports, annual reports (56-1). Institutional shareholdings were collected from the publicized system in the Stock Exchange of Thailand website (www.set.or.th). CG scorings of IOD were obtained from the Securities and Exchange Commission (www.cgthailand.org). The study period covered five years during 2013-2017.

Sampling was the first top 100 highest value companies registered of the listed companies on the Stock Exchange of Thailand in the SET100. Since the SET100 including companies from are adjusted every 6 month, this research focused on the SET100 (ranked from July 1st, 2018 to December 31st, 2018). Therefore, the 100 companies were the same group for the whole five years study period.

Data Analysis: The independent variables were composed of proportions of shareholding of institutional investors in Thailand (Financial Institution Investors: FI) divided into four following categories:

1. Financial Institution Investors of Thai Banks and Thai Mutual Funds (FIBTMF) is the proportion of shareholding of institutional investors in the group of Commercial Banks, securities public companies, mutual funds, and insurance companies in Thailand.
2. Financial Institution Investors of Thai Governance (FIGV) is the proportion of shareholding of institutional investors in government agencies and state enterprises in Thailand.
3. Financial Institution Investors of Foreign Bank (FIBF) is the proportion of shareholding of institutional investors that are banks in foreign countries.
4. Financial Institution Investors of International Investors (FIIN) is the proportion of shareholding of institutional investors that are other institutes in foreign countries, for example, securities public companies, mutual funds, and insurance companies in foreign countries.

The dependent variables used in this study were corporate governance (CG) measured by score for corporate governance (CG Score). The CG score was composed of three levels: good level (score 3), excellent level (score 4), and superb level (score 5).

Regarding the control variables, after reviewing related research studies, some independent variables may have influences on dependent variables. Consequently, in order to control the effects of other factors to the CG, the control variables must be clarified. In this study, the following were control variables:

1. Firm size (SIZE): Hutchinson and Gul (2004) pointed out that a firm size affects firm performance. Large firms have more bargaining business power than those of smaller size. Therefore, the firm size has a positive correlation with firm performance. Furthermore, for the studies of Rose in 2005, and Mokhtari and Makerani in 2013 considered using a firm size as a control variable.
2. Return on Assets (ROA) from the study of Bubbico, Giorgino, and Monda in 2012 indicated that ROA correlated with firm value and corporate governance. Hence, the ROA was employed as a control variable in this research as well.

Since this research aimed to examine the influence of shareholding of institutional investors towards corporate governance which measured by the scoring of 1 to 5, data were analyzed by using Multinomial Logistic Regression Analysis (Kanya Wanitbancha, 2012). This method was suited to analyze the relation of independent variables which were quantitative variables, and dependent variables which were grouping variables.

Multinomial Logistic Regression Analysis is a statistics technique that uses at least one independent variable to elaborate on the relationship of dependent variables by using logistic function to show correlation between the independent and the probability of dependent variables. Regarding basic statistics rules of data, Multinomial Logistic Regression Analysis consisted of zero error value or $E(e) = 0$ e_i, and e_j which was independent variable. The e_i and X_i were independent variable. Moreover, independent variables should not have mutual correlation or should not have multicollinearity (Kanya Wanitbuncha, 2016, p. 82 - 83).

Research Model Development

From the review of myriad past studies related to institute investors and corporate governance, the researchers developed research models based on relevant theories in order to test the influence previous of institutional investors on corporate governance as the equations presented below:

Model 1: Overall institutional investors towards corporate governance.

$$\log\left[\frac{p(CG4)}{p(CG3)}\right]_{it} = \propto + \beta_1 FI_{it} + \beta_2 SIZE_{it} + \beta_3 ROA_{it} \quad \text{.....} \quad \text{Equation 1}$$

$$\log\left[\frac{p(CG5)}{p(CG3)}\right]_{it} = \propto + \beta_1 FI_{it} + \beta_2 SIZE_{it} + \beta_3 ROA_{it} \quad \text{.....} \quad \text{Equation 2}$$

Model 2: Institutional investors in each category towards corporate governance. For these equations, i indicates the number of firm, and t indicates time from 2013-2017.

$$\log\left[\frac{p(CG4)}{p(CG3)}\right]_{it} = \propto + \beta_1 FIBTMF_{it} + \beta_2 FIGV_{it} + \beta_3 FIBF_{it} + \beta_4 FIIN_{it} + \beta_5 SIZE_{it} + \beta_6 ROA_{it}$$

..... Equation 3

$$\log\left[\frac{p(CG5)}{p(CG3)}\right]_{it} = \propto + \beta_1 FIBTMF_{it} + \beta_2 FIGV_{it} + \beta_3 FIBF_{it} + \beta_4 FIIN_{it} + \beta_5 SIZE_{it} + \beta_6 ROA_{it}$$

..... Equation 4

Research Result

Institutional shareholdings of each category of the listed companies on the Stock Exchange of Thailand in the SET100 are presented in Table 1 as follows:

Table 1 The proportion of shareholding of institutional investors from 2013 - 2017 and average of five years

Type of Institutional Investor	**Shareholding (%)**					
	2013	**2014**	**2015**	**2016**	**2017**	**5 years average**
FIBTMF	4.38	4.65	4.75	4.78	4.51	4.61
FIGV	12.59	12.03	11.95	11.56	11.74	11.97
FIBF	4.32	4.44	4.99	4.71	3.75	4.44
FIIN	9.80	8.86	8.21	8.44	8.79	8.82
Total shareholding of institutional investors	31.09	29.98	29.9	29.49	28.79	29.85

As shown in Table 1, the average institutional shareholdings of the listed companies in the SET 100 were 29.85 %. Government shareholdings were the largest of average 11.97 %, whereas foreign bank shareholdings were the lowest of average 4.44 %. Additionally, on average, Thai banks, Thai mutual fund, and international institutional shareholdings were 4.61 % and 8.82 %, respectively.

Table 2 Assumptions underlying logistic examination result : Overall Institutional Investors (Model 1)

	Collinearity Statistics	
	Tolerance	**VIF**
FI	0.759	1.318
ROA	0.783	1.276
SIZE	0.613	1.632

Durbin-Watson = 1.754

Table 3 Assumptions underlying logistic Examination Result: Each Type of Institutional Investors (Model 2)

	Collinearity Statistics	
	Tolerance	**VIF**
FIBTMF	0.975	1.025
FIGV	0.772	1.296
FIBF	0.871	1.148
FIIN	0.923	1.084
ROA	0.757	1.320
SIZE	0.577	1.733

Durbin-Watson = 1.816

In this research, Durbin-Watson was used to examine the independence of error value and independent variables. This study discovered Durbin -Watson values of 1.754 (Model 1) and 1.816 (Model 2). Since Durbin-Watson was close to 2 (in the range of 1.5 - 2.5), it can be concluded that error value and independent variables were independent to each other. In addition, the test result for model 1 revealed that each independent variable had VIF of FI, ROA, and SIZE equaled to 1.318, 1.276, and 1.632, respectively. Whereas the test result for model 2 revealed that each independent variable had VIF of FIBTMF, FIGV, FIBF, FIIN, ROA, and SIZE equaled to 1.025, 1.296, 1.148, 1.084, 1.20, and 1.733, respectively. Since all that VIFs were less than 10, it can conclude that there were no multicollinearity problem.
The influences of institutional shareholdings on corporate governance were shown in Table 4 and Table 5:

Table 4 The influence of overall institutional investor on CG (Model 1)

	CG[a]		**B**	**Exp(B)**	**Wald**	**Sig.**
Panel A	4.00	Intercept	-6.054		3.013	0.083*
		FI	2.583	13.237	6.835	0.009***
		ROA	-2.286	0.102	1.291	0.256
		SIZE	0.265	1.304	3.454	0.063*
Panel B	5.00	Intercept	-20.829		31.537	0.000***
		FI	3.166	23.710	10.110	0.001***
		ROA	1.310	3.707	0.424	0.515
		SIZE	0.842	2.320	31.440	0.000***

***, * denote statistical significance at level of 0.01, 0.10, respectively.

Table 5 The influence of shareholdings of institutional investors in each type on CG (Model 2)

	CG[a]		B	Exp(B)	Wald	Sig.
Panel A	4.00	Intercept	-6.088		2.913	0.088*
		FIBTMF	1.857	6.407	1.296	0.255
		FIGV	3.593	36.348	2.521	0.112
		FIBF	-.769	0.464	0.040	0.841
		FIIN	3.624	37.480	3.161	0.075*
		ROA	-2.063	0.127	1.025	0.311
		SIZE	.266	1.304	3.314	0.069*
Panel B	5.00	Intercept	-19.586		26.598	0.000***
		FIBTMF	-2.193	0.112	0.884	0.347
		FIGV	4.752	115.803	4.496	0.034**
		FIBF	4.718	111.936	1.594	0.207
		FIIN	3.795	44.477	3.425	0.064*
		ROA	0.692	1.999	0.106	0.745
		SIZE	0.793	2.209	26.577	0.000***

***, **, * denote statistical significance at level of 0.01, 0.05, 0.10, respectively.

As represented in Table 4 and Table 5, research results from the two research models with two structural equations were as follows:

1. In regard to the influence from shareholding of overall institutional investors on corporate governance, the result shown in Table 4 panel A, revealing that shareholding of overall institutional investors has statistical influence on corporate government at the significance level of 0.01. The logistic regression of corporate governance score was in the fourth level, compared to the corporate governance score which was in the third level. The result indicated that overall institutional investors had a positive and statistically significant influence on corporate governance with the coefficient of 2.583. In addition, the firm size (control variable) also had a positive and statistically significant influence with the coefficient of 0.265. Logistics equations were presented in equations below:

$$\log\left[\frac{p(CG4)}{p(CG3)}\right] = -6.054 + 2.583\text{FI}^{***} - 2.286\text{ROA} + 0.265\text{SIZE}^{*} \quad \text{.....} \quad \text{Equation 5}$$

The result exposed in Table 4 panel B, revealing that shareholding of overall institutional investors has statistical influence on corporate government at the significance level of 0.01. The logistic regression of corporate governance score was in the fifth level, compared to corporate governance score which was in the third level. The result indicated that overall institutional investors had a positive and statistically significant influence on corporate governance with the coefficient of 3.166. In addition, the firm size (control variable) also had a positive and statistically significant influence with the coefficient of 0.842. Logistics equations were presented in equation below:

$$\log\left[\frac{p(CG5)}{p(CG3)}\right] = -20.829 + 3.166\text{FI}^{****} + 1.310ROA + 0.842SIZE^{***} \quad \text{.....} \quad \text{Equation 6}$$

From Equation 5 and 6, these implied the probability of CG increase when institutional shareholdings increased.

2. In regard to the influence from shareholding of each category of institutional investor on corporate governance, the result shown in Table 5 panel A, revealing that shareholding of institutional investors in international investors (FIIN) has statistical influence on corporate governance at the significance level of 0.10. The logistic regression of corporate governance score was in the fourth level, compared to corporate governance score which was in the third level. The result indicated that international investors (FIIN) had a positive and statistically

significant influence on corporate governance with the coefficient of 3.624. In addition, the firm size (control variable) also had a positive and statistically significant influence with the coefficient of 0.266. Logistics equations were presented in equations below:

$$\log\left[\frac{p(CG4)}{p(CG3)}\right] = -6.088 + 1.857FIBTMF_{it} + 3.593FIGV_{it} - 0.769FIBF_{it} + 3.624FIIN_{it}^{*} - 2.063\mathrm{ROA}_{it} + 0.266SIZE_{it}^{*}$$

..... Equation 7

The result represented in Table 5 panel B revealed that shareholding of institutional investors in international investors (FIIN) and institutional investors in government agencies and state enterprises of Thailand (FIGV) has statistical influence on corporate governance at the significance level of 0.10 and 0.05, respectively. The logistic regression of corporate governance score was in the fifth level, compared to corporate governance score which was in the third level. The result indicated that international investors (FIIN) and government agencies and state enterprises of Thailand (FIGV) had a positive and statistically significant influence on corporate governance with the coefficients of 3.795 and 4.752. In addition, the firm size (control variable) also had a positive and statistically significant influence with the coefficient of 0.793. Logistics equations were presented in equations below:

$$\log\left[\frac{p(CG5)}{p(CG3)}\right] = -19.586 - 2.193FIBTMF_{it} + 4.752FIGV_{it}^{**} + 4.718FIBF_{it} + 3.795FIIN_{it}^{*} + 0.692\mathrm{ROA}_{it} + 0.793SIZE_{it}^{***}$$

..... Equation 8

From Equation 7 and 8, these implied the probability of CG increase when the proportion of shareholding of institutional investors in government agencies and state enterprises in Thailand (FIGV) and the proportion of shareholding of institutional investors in international investors (FIIN) increased.

Robustness Check: Robustness Check was investigated by using the proportion of independent board (BODI) instead of corporate governance proxy, since independent board's role was monitoring the conflict of interest A number of studies employed Robustness Check as corporate governance proxy such as the studies of Mashayekhi and Bazaz (2008), Abdullah and Page (2009), and Musa (2012). The results were presented in Table 6 and Table 7.

Table 6 The influence of overall institutional investor on BODI

Model	**Unstandardized Coefficients**	**t**	**Sig**	**Collinearity Statistics**	
	B			**Tolerance**	**VIF**
(Constant)	-0.075	-0.983	0.326		
FI	0.102	5.232	0.000***	0.762	1.313
ROA	0.086	1.633	0.103	0.783	1.277
SIZE	0.013	4.254	0.000***	0.615	1.627

*** denote statistical significance at level of 0.01

$$BODI = -0.075 + 0.102\mathrm{FI}^{***} + 0.086ROA + 0.013SIZE^{***}$$ ..... Equation 9

From Equation 9, the result indicated that overall institutional investors had a positive and statistically significant influence on BODI with the coefficient of 0.102. In addition, the firm size also had a positive and statistically significant influence with the coefficient of 0.013. These results were consistent with Table 4, Equations 5, and Equations 6 that overall institutional investors had a positive and statistically significant influence on corporate

governance. Therefore, the research results were robust; there existed no multicollinearity problem for robustness check because the VIFs were less than 10.

Table 7 The influence of shareholdings of institutional investors in each type on BODI

Model	**Unstandardized Coefficients**	**t**	**Sig**	**Collinearity Statistics**	
	B			**Tolerance**	**VIF**
(Constant)	-0.027	-0.351	0.726		
FIBTMF	0.079	1.887	0.060*	0.976	1.025
FIGV	0.185	7.278	0.000***	0.773	1.294
FIBF	-0.006	-0.084	0.933	0.873	1.146
FIIN	-0.018	-0.491	0.624	0.923	1.083
ROA	0.105	2.029	0.043**	0.757	1.321
SIZE	0.011	3.690	0.000***	0.579	1.729

***,**,* denote statistical significance at level of 0.01,0.05,0.10, respectively.

$$BODI = -0.027 + 0.079FIBTMF_{it}^{*} + 0.185FIGV_{it}^{***} - 0.006FIBF_{it} - 0.018FIIN_{it} + 0.105\mathrm{ROA}_{it}^{**} + 0.011SIZE_{it}^{***}$$

..... Equation 10

Considering each type of institutional investor from Equation 10, the proportion of shareholding of institutional investors in government agencies and state enterprises of Thailand (FIGV) had a positive and statistically significant influence on BODI with the coefficient of 0.185 at the significance level of 0.01. Additionally, the proportion of shareholding of institutional investors in commercial banks, mutual funds, insurance companies, and securities public companies in Thailand (FIBTMF) had a positive and statistically significant influence on BODI with the coefficient of 0.079 at the significance level of 0.10. In addition, ROA and the firm size also had a positive and statistically significant influence on BODI with the coefficients of 0.105 and 0.011 respectively at the significance level of 0.05 and 0.01, respectively.

These results were consistent with Table 5 panel B, and Equations 8 that the probability of CG increase when the proportion of shareholding of institutional investors in government agencies and state enterprises in Thailand (FIGV) increased. Therefore, the research results were robust; there existed no multicollinearity problem for robustness check because the VIFs were less than 10.

As shown in Table 4 and Table 5, the results revealed that institutional investors have a positive and statistically significantly influence on corporate governance using independent board proxy at 0.05 level of significant. Therefore, the influence of institutional shareholdings on corporate governance was confirmed, and the research results were robust.

Conclusion and Implication

Corporate governance has been highly accepted as a tool for monitoring and hence increased the firm value. In addition, institutional investors represented blockholders which implied CGs. Therefore, this research was conducted to examine the influence of institutional shareholdings on corporate governance using the listed companies on the Stock Exchange of Thailand in the SET100. The institutional shareholdings were divided into four categories: 1. commercial banks, mutual funds, insurance companies, and securities public companies in Thailand (FIBTMF); 2. government agencies and state enterprises of Thailand (FIGV); 3. foreign banks (FIBF); and 4. international investors (FIIN). The average institutional shareholdings of the listed companies in the SET 100 were 29.85 %, government

shareholdings (FIGV) were the largest portion at 11.97 %, whereas foreign bank shareholdings were the lowest portion at 4.44 %. Considering the influence of overall institutional investors, International investors (FIIN) had a positive and statistically significant influence on corporate governance in both CG4 and CG5, compared to CG3. For the investigation of the influence of each type of institutional investors, international investors (FIIN) had a positive and statistically significant influence on corporate governance in both CG4 and CG5, compared to CG3. Government investors (FIGV) had a positive and statistically significant influence on corporate governance in CG5 compared- to CG3. All equations showed that the firm size (control variable) had a positive and statistically significant influence on corporate governance in both CG4 and CG5, compared to CG3. The proportion of shareholding of institutional investors in international investors (FIIN) with coefficient was 3.624 and a positive direction in CG4, compared to CG3. The proportion of shareholding of institutional investors in international investors (FIIN) with coefficient was 3.795 and a positive direction in CG5, compared to CG3. The proportion of shareholding of institutional investors in government agencies and state enterprises of Thailand (FIGV) with coefficient was 4.752 and a positive direction in CG5, compared to CG3. The robustness was verified by using independent board (BODI) as corporate governance that confirmed the reliability of results of the institutional investors in improving corporate governance. However, this research deeply examined each type of institutional investors. It was found that FIGV and FIIN had a positive and statistically significant influence on corporate governance, which was consistent with the finding of numerous previous studies (Ferreira and Matos, 2008; Wahab, How, and Verhoeven, 2008; Najjar, 2010; and Lee, 2013). Therefore, investors should consider investing in companies with institutional shareholdings, especially institutional investors in government agencies and state enterprises of Thailand (FIGV) and institutional investors in international investors (FIIN).

This empirical research results corroborated the importance of institutional shareholdings on corporate governance as stated by Mizuno (2014) that the more increased in the share ownership of institutional investors, the more improvement of corporate governance, since institutional shareholdings represents blockownership. The importance of blockownership was also confirmed by empirical evidences. Additionally, the study of the measurement of blockownership was recommended to be conducted in order to highlight the corporate governance mechanism.

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