บทความวิชาการ (Academic Article)

แนวทางการแก้ไขปัญหาตัวแทน
Solutions to the Agent Problems

ศิวรุฒ ลายคราม[1*] และจีน่า มากาเร็ต ซัมเมอร์[2]
Siwarut Laikram[1*] and Gina Margaret Summers[2]

บทคัดย่อ

บทความวิชาการนี้ตรวจสอบหลักการของตัวแทนและความขัดแย้งที่อาจเกิดขึ้นเนื่องจากผลประโยชน์ที่แตกต่างกันของเจ้าของและผู้จัดการ ซึ่งมีหลายประเด็นที่เกี่ยวข้อง อาทิ กฎหมายบริษัทระหว่างประเทศกำลังขยายตัวเนื่องจากยุคโลกาภิวัตน์ และขอบเขตของฎหมายภายใน ตลอดจนปัญหาตัวแทนซึ่งได้รับการยอมรับว่าเป็นปัจจัยที่สำคัญในยุคโลกาภิวัตน์ของกฎหมายว่าด้วยบริษัท อย่างไรก็ตาม ไม่เพียงแต่มีประเด็นและความท้าทายหลายประการในการบรรลุผลการดำเนินการตามข้อพิพาท แต่ยังแสดงให้เห็นถึงทฤษฎีหลักประกันซึ่งเป็นองค์ประกอบพื้นฐานของตัวแทนที่น้อยเกินไป ซึ่งเนื้อหาบทความจะนำเสนอการทบทวนปัญหาอันเป็นรากฐานสำคัญของตัวแทนและการบรรเทาผลกระทบผ่านการกำกับดูแลกิจการ ความเป็นอิสระของกรรมการ ผลตอบแทนทางการเงินอย่างเสมอภาคและตลาดภายนอกสำหรับการควบคุมองค์กรภายใต้กรอบกฎหมายว่าด้วยบริษัทของต่างประเทศ ดังนั้น บทความวิชาการนี้จึงได้วิเคราะห์สามแนวทางการแก้ไขปัญหาตัวแทนในยุคโลกาภิวัตน์

คำสำคัญ: ปัญหาตัวแทน กฎหมายบริษัทระหว่างประเทศ การกำกับดูแลกิจการ ผลตอบแทนทางการเงิน

Abstract

This academic article examines the agency principles and conflicts that may arise due to differing interests of owners and managers, with those of their subject matters. International corporate law is expanding due to globalisation and legal national boundaries, and agency problems are recognized as significant factors in the globalisation of corporate law. This article, however, not only posits several issues and challenges to accomplish dispute implementations but also illustrates that the secured theory of foundational elements of the agency are far less settled. The content provides a review of the fundamental agency problems and its mitigation through corporate governance,

[1] สำนักวิชานิติศาสตร์ มหาวิทยาลัยวลัยลักษณ์ จังหวัดนครศรีธรรมราช 80160
School of Law, Walailak University, Nakhonsithammarat 80160
[2] วิทยาลัยดุสิตธานี ศูนย์การศึกษาเมืองพัทยา กรุงเทพฯ 10250
Dusit Thani College, Pattaya Learning Center, Bangkok 10250
*Corresponding author; email: Laikramnaja@yahoo.com, Siwarut.la@wu.ac.th
(**Received**: 21 February 2021; **Revised**: 22 October 2021; **Accepted**: 11 April 2022)
DOI: https://doi.org/10.14456/psruhss.2023.32

independent directors, financial rewarding equity, and the external market for corporate control under an overseas company law framework. Therefore, the solutions of the agent problems in globalisation will be analysed along with three principal approaches.

Keywords: Agency problems, International corporate law, Corporate governance, Financial rewarding

Introduction

The primary goal of a company is to maximize its company values in terms of gaining the maximized profits, in other words, to maximize the shareholders' financial benefits, especially from an investment on the stock market. An agency problem arises when the interests of stockholders, the board of directors, and/or the management of the firm are not completely paralleled or are in conflict with each other (Jerzemowska, 2006). Additionally, the share price illustrates the stock market value of the firm's shares, and shareholders often anticipate maximizing the share price by corporate governance. However, managers in the company usually concentrate on their own interests and they have not tried their best to reach the goals since there are controversial interests between shareholders and the manager. For years, several academics in college and many institutions in economic areas have contributed their time and knowledge to observe and carry out research, and have published documents regarding agency problems to assist in this crisis. There have been suggestions made through the explicit evidence on how to mitigate agency problems and increase the company's performance (Walton, 2007). There are many mechanisms that the corporate law offers to reduce problems between the shareholders of the corporation and its directors such as the internal approach and the external approach to cope with problems. However, this article will not only represent the essence of the concept of the agency problem but also explain three mechanisms showing significant measures that can be adopted to overcome the problems, with example cases between the shareholders of the corporation and its directors, which are based on corporate law mechanisms.

It has been acknowledged, that in the many companies, the interest of the managers or directors would be in other areas rather than the profit maximization of the shareholders. In these companies, the directors are nominated by the shareholders to be a representative, also having the full right to make decisions and act within their interests. Lasher William, who is a published author in the financial management field, stated that this kind of relationship leads to conflicts of interest. Thus, the agency problem occurs when one person (principal) employs and authorizes another person (agent) to act on his/her behalf (Kuypers, 2011). In other words, it can be explained that it is a conflict of interest inherent in any relationship where one party is expected to act in another's best interests. This problem involves the agent whom is supposed to make the decisions that would be in the best interest of, and best serve the principal. However, the agent's own best interests may differ from those of the principal. This is a common problem and known as the 'principal–agent problem'.

The agency problem occurs when the agent (manager or employee) is focused on maximizing personal objectives, and succeeding in the economic purposes of the principal (Madaschi, 2010). The theory considers that the wealth of a principal will not reap maximized benefits since the agent and principal have different destinations, and dissimilar access to information, leading to an imbalance in risk similarity. There are two fundamental sources of the agency problem. The first one is the moral hazard and the second being adverse selection (Körner, 2008).

In my perspective view, the agency problem is extremely important for shareholders to handle with the co-operating system owing to this problem leading to waste of insufficient resources, hindering capital market function and decreasing the economy growth. This powerful weapon to reduce these problems is to use the corporate governance, which grants shareholders the ability to perform according to their obligations and rights, whilst also stimulating transparency in the managerial system. Furthermore, other measures can persuade managers to act in shareholders' best interests such as providing attractive rewards to managerial positions, representing managerial compensation, focusing interference by shareholders and threat of takeover. However, it seems that the priority effective method to manage the agency problem should be the monitoring of the agent's work.

In the corporate world of finance, the agency problem generally refers to a conflict of interest between a firm's stockholders and the firm's management. It has been accepted that the manager acting as the agent for principals is obliged to make decisions for the company that will not only maximize shareholder wealth but also the manager's own best interests to maximize his personal wealth. However, it is not possible to eradicate the agency problem completely where this problem is present (Agrawal, 1996). Moreover, the manager would be inspired to act in the shareholders' best interests through incentives such as performance-based compensation, direct influence by shareholders, the threat of termination and the threat of takeovers. Hence, the agency problem is a continual problem that exists in almost every organisation. Whether it appears in a business, church, club, restaurant or government organisation (Kuypers, 2011).

There are two relationships within finance where the agency problem might occupy managers against shareholders and managers against creditors. One example is that managers make decisions that are detrimental to the interests, an example of such is where managers may grow their firms to avoid a takeover, to reduce the unemployment rate, and increase their own job security, this even if a takeover might be in the shareholders' best interests. As a result, the agency problem occurs when the managers and directors or CEO act in the best interests of the shareholders, or the managers do what is the best for themselves (Kuypers, 2011). This problem arises between managers and shareholders due to creditors issuing a loan to a firm, which is dependent on the riskiness of the firm and company's capital structure. On the other hand, shareholders have arranged and controlled throughout decisions that will have an outcome in their best interests, which is where the problem lies. For instance, managers can lend money to purchase shares back to the corporation's share base and increase shareholder return. In addition, stockholders will get advantages whilst creditors, on the other hand, will be worried about the increase in liability that might link to cash flow problems in the future.

Considering with managers of a company, they would most likely take actions to benefit themselves at the expense of the company's investors. However, it can be seen that many companies and governments try to resolve the problem by using various strategies such as putting in place mechanisms to reduce this problem. As mentioned above, there are considerable techniques that can mitigate agency problems according to the possible solutions that will be carried out for preventing and addressing the agency problem as follows.

The Corporate Governance

Globalisation brings the free flow of trade investment, causing a wide economic integration throughout many countries in the world (Laikram & Summers, 2019; Laikram & Pathak, 2021). Nowadays, a substantial increase in a corporate governance system has led to many more challenges regarding global procurement competitions. To accomplish the good corporate governance goal among globalization, the laws and policies should be synchronized for transparent and unbiased management in which could reduce the cost of operations namely, improving laws and regulations that are concerned with encouraging domestic companies to run their business openly and transparency among the regional development growth and sustainability (Laikram & Pathak, 2021). International Corporate Law is a significant mechanism to drive businesses and economic growth across the boundaries to resolve agency problems. One question is to explore what can have a direct impact on a good government. This is a reason that International company law would be beneficial to the whole economic sector and would lead to happiness and satisfaction for all concerned.

The first solution, is figuring out how to eradicate the agency problem. The Corporate law dictates the formation and the activities of corporations, while corporate governance regulates the balancing of interests among a business's different stakeholders (Huang & Thomas, 2020; Knapp,2021). The corporate governance is the essential answer to standardized agency problems between investors or shareholders, and managers or directors of the firm. There are many questions that have been asked about the divergent interest among them such as what are the restrictions of the management to return the profit to the suppliers of finance? And for the investors, how can they guarantee that their investment will receive the best benefits? In the managerial roles, we can observe that some managers might apply several techniques to gain personal benefits on the investors' expenses such as spending money on unnecessary overpriced items, making illegal business transactions and decisions without authority, or unsuitable management risks in a manner that does not maximize shareholders benefit.

Corporate governance was well-known in a pressing issue according to the Sarbanes-Oxley Act of 2002 (SOX) in the U.S. which was an act passed by U.S. Congress in 2002 to protect the investor from problems that may arise in the case of deceitful accounting actions by corporations (Cohen & Krishnamoorth, 2010). The purpose of this Act is to mandate stringent reforms for boosting financial disclosures from corporations and prevent accounting fraud. In addition, this Act would lead to public reformation in terms of public confidence in companies and markets after accounting fraud bankrupted high-profile companies such as WorldCom and Enron. In section 302, states that the documents must be accompanied by a list of all deficiencies or changes in internal controls and information on any fraud involving company employees (United States Government Publishing Office, 2021). Thus, these days, many of companies try to achieve corporate governance at a high-ranking level. However, it seems that even if the company has high quality corporate governance, this at times is not enough to guarantee that these firms will be profitable. It also requires that these companies are able to indicate a proficient and competent corporate citizenship throughout environmental understanding, moral behaviour, ethical awareness and implementing corporate governance practices (Arjoon, 2005).

With regards to how to operate a good corporate governance in the company, it can be seen that there are several fundamental principles of good corporate governance and it is an important system to apply within the framework of the company. For example, corporate governance is the framework of rules and regulations, relationships, systems, rights and processes within and by which authority is exercised and forced in corporations. Corporate governance dominates how the goals of the firms are set and how they will be achieved, as well as how risk is observed and assessed, and how efficiency performance is optimized. Thus, proficient corporate governance structures support firms to build value, through entrepreneurialism, technological innovation, social development and economic exploration, and also give responsibility and provide the equivalent control systems with the risks involved (Hall, 1998).

According to the US perspective, the corporate governance can be defined as the implementation and execution of procedures to guarantee that arrangements in a company will be appropriately utilized in terms of time and available resources, in the best interests of the business owner. These procedures consist of overall aspects of a firm's performance such as the risk of financial management, internal and external control, operational efficiency and marketing strategies, conformity with applicable laws and regulations, public relations and communication systems. Hence, in the broad meaning, the corporate governance can be identified as the governance dealing with problems that result from the separation of ownership and control (Hájek, 2006).

The corporate governance is concerned with many issues in the internal structure and regulations of the board of directors, such as the formation of independent audit committees, the law of disclosure of insider's information to shareholders and creditors, and the operation of the management in the company (Armour, Hansmann, & Kraakman, 2009). Thus, corporate governance will concentrate on five things. First, shareholders elect directors who will be a representative among them. Second, directors vote on policy matters and adopt the majority rule decision. Thirdly, the transparency of decisions where shareholders and others can hold directors accountable. Fourth, the companies adopt accounting standards to create the requisite data for directors, investors, and other stakeholders to make correct decisions. Fifth, the company's policies, and practices should stick to applicable law (Armour, Hansmann, & Kraakman, 2009). On the other hand, the narrow meaning of corporate governance can be defined by Milton Friedman who claimed that it is about proceeding in business in accordance with the owner's or shareholders' demands which will normally make more money, rather than complying with the basic rules of the society or local customs and law (Fernando, 2009).

The Organisation for Economic Co-operation and Development (OECD) also provides a broader meaning of corporate governance which refers to the public institutions or private sectors including economic laws and regulations that are generally recognized by business practices (OECD, 2015). These laws govern the involvement in a market economy between corporate insiders (Corporate Managers and Entrepreneurs) on one hand, and those who spend money for investing financial resources in the company. Consequently, the corporate governance should be defined as the system of corporation's rules or regulations including business practices and processes by which companies are empowered and controlled. Corporate governance illustrates the framework for achieving a company's purposes and it encompasses nearly every economic area of business management, action plans and internal controls that can contribute good performance measurement and corporate disclosure (Fernando, 2009).

There are theories that have affected corporate governance development in conjunction with the legal regime and capital market development, such as in the UK and USA, and other countries that use a common law system (Loo, 2012). They tend to provide good protection to shareholders rights, while civil law countries like France tend to have less effective legal protection for shareholders rights and more emphasis might be provided to stake groups (Madaschi, 2010). The principal or owners are people who have an acquired or natural knack for accumulating capital (Wealth Resources), while agents or managers are people who have a surplus of ideas to effectively use that capital (create more value), (La Porta et al., 2000).

On the contrary, the definition of shareholders in a publicly held corporation generally have limited legal rights and obligation to handle the corporation. Shareholders do not have the duty to employ any management in the business of the corporation, nor are they able to instruct policy or to impose damages. Even if shareholders have the right to choose the board of directors, the management might control the voting machinery because they are entitled to gain income (residual returns) and they might face the risk bearing as the company's expenses may exceed revenues. However, these costs are mitigated by some mechanisms such as corporate controls, the enforcement of fiduciary duties, corporate governance oversight, managerial financial incentives and institutional shareholder activism (Madaschi, 2010). The corporation is a separate legal entity with rights and liabilities of a natural person that is not subject to ownership. However, the purpose of the corporation is to get a profit maximization of shareholders value. somehow the shareholders are the principals nor the managers are their agents (Abbasi, 2009). On the other hand, the manager is liable for the management decisions of the company and for maximizing its value, thus, creating a separation of ownership and control that generates costs due to adverse selection and moral hazard. However, these costs are mitigated by some mechanisms such as corporate controls, the enforcement of fiduciary duties, corporate governance oversight, managerial financial incentives and institutional shareholder activism (Madaschi, 2010).

Consider that an agency relationship is a contract under which one or more persons (The Principals) engage another person (The Agent) to operate a service on their behalf that involves delegating decision-making authority to the agent. Jensen and Meckling claimed that both parties are "utility maximizers" thus, there is an obvious reason that the agent will not regularly act in the best interests of the principal (Jensen & Meckling, 1976). The agency problem cannot be confined to a principal-agent dilemma rather it is a dominant course of action within the interrelated business relationship. In addition, owners of corporations are principals to the boards of directors who manage them. If the agency problem exists then every relationship in this network is infected with the risks of negligence and betrayal (Hájek, 2006). Moreover, information is usually asymmetric, with the agent possessing more information than the principal does. Agents have both private information and private decisions, unobservable to the principal. The principal constructs incentive schemes to get the agents to act at least partly in accordance with the principal interests. Moral hazards and conflicts of interest will take place. Hence, agency problems are inherent in the separation of ownership and control of assets (Hannigan, 2016).

Everyone understands that shareholders want companies to hire managers who are able and willing to take legal, ethical, and moral actions to maximize the value of the company. This clear action requires managers with technical competence, who are willing to put the extra effort necessary to point out and implement value-adding activities. However, some managers and people who have both personal and corporate goals can be expected to act in their own self-interests, and if their self-interests are not aligned with those of stockholders, then the corporate value will not be maximized. There are many ways in which a manager's behavior may harm a company's intrinsic values as follows;

Firstly, managers might not spend the time and effort required to achieve profit maximization of the company value. Rather than concentrating on corporate targets, they may spend too much time on external activities, for example, serving on boards of other companies or on non-productive activities such as golfing, clubbing, lunching, and traveling. Second, managers might take advantage of resources for their self-interests rather than shareholders such as extravagant offices, memberships at country clubs, large personal staff, and luxurious items. Third, managers may avoid making difficult but value-enhancing decisions that damage friendships in the company. For instance, a manager may not close a plant or terminate a project if the manager has personal relationships with those who would be directly impacted by such decisions, even if termination is the economically sound action. Fourth, managers may take on too much or not enough risk. For example, a company might have the opportunity to undertake a risky project with a positive NPV (Net Present Value). If the project turns out badly, then the manager's reputation could be damaged and the manager may even face dismissal. Hence, a manager might choose to avoid risky projects, even if they are desirable from a shareholder's point of view (Hall, 1998).

On the other hand, a manager may take on high risk projects. When we consider a project that is not living up to expectations, the manager may be tempted to invest even more money in the project rather than accept that the project is a failure. Furthermore, a manager could be willing to take on a second project with a negative NPV even if it has the slightest chance of a positive outcome, since hitting a home run with this second project will hopefully cover up the first project's poor performance (Sertsios, 2012) In other words, the manager may throw good money after the bad situation. If a firm is generating positive free cash flow, a manager might stockpile it in the form of marketable securities instead of returning free cash flow (FCF) to investors. This potentially destroys investors as it prevents them from allocating these funds to other companies with the potential of better growth opportunities. Even worse, positive free cash flow usually tempts a manager into paying too much for the acquisition of another company.

In fact, most mergers and acquisitions end up as break-even deals at best for the acquiring company as the premiums paid for the targets are usually very high. In the author's point of view, there is a tendency to assume that there are many reasons why managers are unwilling to return cash to investors as follows; first, extra cash on hand reduces the company's risk, which appeals to several managers. Secondly, a large distribution of cash to investors is an admission that the company does not have sufficient attractive investment opportunities, and as we are aware, slow growth is normal for a maturing company but it does not excite managers to admit this. Thirdly, there is a huge attraction associated with making a large acquisition and this can give a large boost to a manager's ego. Fourth, compensation is usually higher for executives at larger companies; cash distributions to investors make a company smaller, not larger. Managers might not release all the information that is desired by investors, normally, they would withhold information to protect competitors from gaining an advantage. They would most likely do anything possible to avoid releasing bad news, for example, they might manipulate the data or manage the earnings so that the news does not look as bad as it actually is. If investors are unsure about the quality of information provided by managers, they will discount the company's expected free cash flows at a higher cost of capital, which reduces the company's intrinsic value (Hájek, 2006).

The Financial Rewarding of the Managers or Directors

One of the effective measures that can help to overcome an agency problem is the financial rewarding of the managers. This measure is concerned with how to evaluate and count the bonus as the annual percentage rate of the realized profit in the firm. For example, when we need an agent to sell our laptops, at the starting point, we can control them and manage the exact numbers of laptops that the agents have a certain amount of he or she could get for his or her engagement for selling laptops. In this manner, this agent might not be interested, and perhaps they would gain a better price for the laptops from the potential buyer, since the only interest is in selling the laptops as quick as possible in order to gain his or her return earlier. Although, if we are sellers, we would be in a better position, for instance, if we offer 10 percent of the achieved value of the laptops to the agent. This agreement makes the agent more motivated to reach their goal, as well as having motivation to sell the laptops at a higher price, which, in turn, gives them a higher rate of commission.

According to the above paragraph, rewarding based on the profit of the firm could be applied similarly with the top managers as this type of calculated reward can inspire and motivate the managers or director to make the best decisions, and in turn, leading the company's activities toward company shareholder profit maximization. Another practice is to give the opportunity to the managers to purchase shares, which allows them to become participant owners. This practice is the effective way of aligning the interests of the managers or director and the shareholders in long-term development, maintenance of continuous financial action and increasing the value of the shares (Boshkoska, 2015).

To motive the employees, the important factor in the overall performance of an organization would like their employees to work harder, and be flexible. There are the link between reward schemes of the managers or directors due to motivation is a complex issue that is hotly debated in both accounting and human resource. A well-known theory relating to motivation is Maslow's hierarchy of needs. Maslow stated that people's wants and needs follow a hierarchy. Once the needs of one level of the hierarchy are met, the individual will then focus on achieving the needs of the next level in the hierarchy. There are benefits for junior staff for earning very low wages would be motivated by receiving higher monetary rewards, as this could enable them to meet their physiological needs. As employees become progressively more highly paid, however, monetary rewards become relatively less important as other needs in the hierarchy, such as job security, ability to achieve one's potential, and feeling of being needed become more important.

An Effective External Control

The third mechanism to mitigate agency problems is regarding external measures to control the company. These external measures play an important role in building trust and following domestic and international standards, which assist in controlling the work, and be able to develop the company without corruption. These external rules and regulations are essential for the managers to prevent the agency problem. One of the best external measures that is used is arranging transactions with protective control over the manager's work. For example, the practice of implementing the external audits to investigate the bank accounts and financial reports of the company (Madaschi, 2010). These help the company reduce financial corruption since the audit reports are transmitted and illustrated to shareholders, directors, managers, the employees, and others that are related to the company in order to use it as a part of the assessment of the firm.

Hence, the accurate details of the financial reports are critical in ensuring that the outcomes are impartial and the management are not influenced towards personal gain (Boshkoska, 2015).

Toyota has an excellent example of external measures to control the company. This company is a global leader in automotive sales, technology and production while also maintaining one of the world's most acceptable high quality brands. In 2008, Toyota was the outstanding car company of the Japanese economy, with a 'lean manufacturing' business culture and production quality (Liker & Morgan, 2006). Toyota faced problems with unintended acceleration of its cars which threw the company into an even worse position than was caused by the global financial crisis. The company claimed that they had experienced a 16 percent drop in U.S. sales with a reduced market share. The collapse had focused on Toyota's management as some evidence revealed that the management had failed to address potential quality problems. In addition, they had a lack of independent directors on Toyota's board (Allen & Zhao, 2007; George,1989).

In the author's perspective view, Toyota is one of the most traditional Japanese companies in that it prioritises job security for its employees, this being a strong mechanism of Toyota's mission. This led Toyota to apply corporate governance to resolve the agency problem as board members in a company have duties and responsibilities to employees and other corporate stakeholders rather than having the responsibility to shareholders. In other words, this means that the company perceives a relatively minimal amount of responsibility towards their shareholders. In addition, it has been proven that Toyota's job security does not enable the company to effectively handle significant changes in the business environment. Hence, Toyota had argued that this long-term horizon strategy would be good for the shareholders and that the company's respect for human resources has higher universal validity than the market principle. Although corporate governance rules aim to improve investor confidence and thereby raise the stock price, it seems that Toyota should realise its corporate governance in terms of the company's global reputation, which may also have an effect on its efficiency. Focus on economic growth and innovation is required to assist Toyota's growth in the future.

Conclusion

It has been acknowledged that the agency problem in a company relates to the conflict in company incentives between an agent and a principal. It occurs when there are different interests between the management and shareholders, with management acting in order to maximize personal gain, rather than that of the shareholders. In another words, it can be said that the agency problems arise at the separation between ownership and control, because it is difficult for a principal to keep a watchful eye on the agent at all times. Information asymmetry may occur, leading to increased troubles where the agent is acting in their own interests instead of in the principal's interests.

In the future, agency problems would be exploring the disaster impacts among international corporate governance, trade and police. However, there is no simple solution that can help to prevent and solve all of the agency problems, as every mechanism must be implemented and applied in each company, even though each cooperation is different. Thus, the implementation of internal and external measures and other alike measures have to be enforced in order to achieve the required results in addressing the agency problems. The agency obstacle mirrors many problems such as the clearly given example above that related to a corporate governance method. Moreover, to prevent the shareholders from financial losses, the board of directors have to show the fiduciary duty and confidence to protect the interests of the shareholders including mitigating circumstances in the agency problem, this due to the fact that the board of directors has an important role in influencing their decision. In addition, the company should increase external directors in order to act for an independent investigation in matters where conflicts of interest arise between the shareholders and managers.

To sum up, even if the agency problem cannot be solved easily, the board of directors have the power and the right to arrange the company's structure. Hence, the composition of the board has to be approached with suitable and appropriate practices. In order to minimize the agency problem, it is necessary to have control and monitoring systems in place alongside a well-designed governance process.

References

Abbasi, M. Z. (2009). Legal analysis of Agency Theory: an inquiry into the nature of corporation. *International Journal of Law and Management, 51*(6), 401-420.

Agrawal, A. &. (1996). Firm performance and mechanisms to control agency problems between managers and shareholders. *Journal of financial and quantitative analysis, 31*(3), 377-397.

Allen, F., & Zhao, M. (2007). The corporate governance model of Japan: shareholders are not rulers. *PKU Business Review, 36*(7), 98-102.

Arjoon, S. (2005). Corporate governance: An ethical perspective. *Journal of business ethics, 61*, 343-352.

Armour, J., Hansmann, H., & Kraakman, R. (2009). *Agency Problems, Legal Strategies, and Enforcement*. Cambridge: University of Harvard. Retrieved from https://dash.harvard.edu/handle/1/30064404

Boshkoska, M. (2015). The Agency Problem: Measures for Its Overcoming. *International Journal of Business and Management, 10*(1), 204-209.

Cohen, J., Krishnamoorthy, G., & Wright, A. (2010). Corporate governance in the post-Sarbanes-Oxley era: Auditors' experiences. *Contemporary Accounting Research, 27*(3), 751-786.

Fernando, A. C. (Ed.). (2009). *Corporate ethics, governance, and social responsibility: Precepts and practices.* Pearson Education India.

George, G. (1989). In Search of General Jurisdiction. *Tulane Law Review*, 64, 1097.

Hájek, F. (2006). *Approaching the End of a Tunnel: Shareholder Protection and Private Benefits of Control in the Czech.* Prague: Institute of Economic Studies, Charles University. Retrieved from Institute of Economic Studies, Faculty of Social Sciences.

Hall, J. H. (1998). The agency problem, agency cost and proposed solutions thereto : a South African perspective. *Meditari Accountancy Research, 6*, 145-161.

Hannigan, B. (2016). *Company Law.* Oxford: Oxford University Press.

Huang, R. H., & Thomas, R. S. (2020). The Law and Practice of Shareholder Inspection Rights: Comparative Analysis of China and the United States. *Vand. J. Transnat'l L., 53,* 907.

Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of financial economics, 3*(4), 305-360.

Jerzemowska, M. (2006). The Main Agency Problems and Their Consequences. *Acta Oeconomica Pragensia*, 9-17.

Knapp, V. (2021). Sustainable Corporate Governance: A Way Forward?. *European Company and Financial Law Review*, 18(2), 218-243.

Körner, P. (2008). *Three essays on corporate governance and corporate finance*. Prague: Charles University.

Kuypers, A. (2011). How is dealt with the agency problem and what is the role of the board of directors in it. Retrieved from Integer-Valued Time Series: https://arno.uvt.nl/show.cgi?fid=129369

La Porta, R., Lopez-de-Silanes, F., Shleifer, A., & Vishny, R. W. (2000). Agency problems and dividend policies around the world. *The Journal of Finance, 55*(1), 1-33.

Laikram, S., & Pathak, S. (2021). Legal Implications of Being a Prostitute Amid COVID-19: A Gender-Based Research in Thailand. *ABAC Journal*, 41(3), 90-109.

Laikram, S., & Pathak, S. (2021). PUBLIC PROCUREMENT REGULATION: INCREASING DEVELOPING INTEGRATION IN ASEAN. *Journal of Legal, Ethical and Regulatory Issues*, 24(6), 1-14.

Laikram, S., & Summers, G. (2019). *International and Regional Trade Agreements: Enhancing the Well-Being for ASEAN's Developing Countries?* Retrieved from https://kyotoreview.org/issue-26international-regional-trade- agreements-enhancing-well-being-for-aseans-developing-countries/

Liker, J. K., & Morgan, J. M. (2006). The Toyota Way in Services: The Case of Lean Product Development. *Academy of management perspectives, 20*(2), 5-20.

Loo, S. (2012). *The Effect of the Hostile Takeovers on Companies' Corporate Governance*. Hamburg: Bucerius Law School.

Madaschi, A. (2010). *Copenhagen Business School*. Retrieved from Research Output from Copenhagen Business School (CBS): https://research-api.cbs.dk/ws/portalfiles/portal/58450793/andrea_madaschi.pdf

Organisation for Economic Co-operation and Development OECD. (2015). *G20/OECD Principles of Corporate Governance.* Paris: OECD Publishing. Retrieved from https://www.oecd-ilibrary.org/governance/g20-oecd-principles-of-corporate-governance-2015_9789264236882-en

Sertsios, G. (2012). *Mitigating Agency Problems through Investment Decisions: Evidence from Franchising*. SSRN Working Paper Series.

United States Government Publishing Office GPO.(2021). *SARBANES-OXLEY ACT OF 2002.* Retrieved from https://www.govinfo.gov/content/pkg/COMPS-1883/pdf/COMPS-1883.pdf

Walton, M. (2007). *Corporate Governance and Agency Problems-Consequences for Efficiency and Equity*. Retrieved from Michaelwalton.info: http://www.michaelwalton.info/wp-content/uploads/2011/08/Corporate-governance-and-agency.pdf