

Good practice achievement of the firms within National agro processing industry of Thailand: Impacts on corporate image and stakeholder acceptance

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Keywords:

Good practice achievement; Corporate image; Stakeholder acceptance

Abstract

This article is about the effects of good practice achievement on stakeholder acceptance. The study examines the relationship between good practice achievement and stakeholder acceptance, where corporate image is taken as a mediator. The samples were 486 chief executive officers (CEO) who participated in the national agro processing industry of Thailand. The ordinary least squares (OLS) regression analysis was employed for data analysis. The findings show that good practice achievement, in which consists of fairness, transparency, accountability, responsibility, consistency, and independent, have the positive effect on corporate image significantly ($p < 0.1$). Interestingly, corporate image mediates the relationship between good practice achievement and stakeholder acceptance significantly ($p < 0.05$). Therefore, a key decision for managers in all levels and functions is to focus on good practice achievement that improves and develops corporate image and boost stakeholder acceptance.

1. Introduction

Good practice consists of the various duties, obligations, and rights that control and direct a corporation (Chu, et al., 2016). The purpose of this good practice is to properly distribute the responsibilities that those such as the managers, stakeholders, creditors, regulators, and the board of directors who participate in the corporation have, (Jo, et al., 2016). Good practice as an achievement allows the corporation to work smoothly due to the existence of a clear level of accountability and communication amongst the organization as well as people understanding what their roles and responsibilities are (Martin, et al., 2016). Good practice can lead to the reduction of corruption by addressing both the principle-agent problem and the problem of the coordination game.

Good practice achievement refers to the quality, transparency, and dependability of the relationships between the shareholders, board of directors, management, and employees that define the authority and responsibility of each in delivering sustainable value to all the stakeholders (Xue, et al., 2016). In order to attract financial and human capital to the corporation and to ensure sustainability of value creation, the governance mechanisms should ensure to gain the trust of all stakeholders (Black, et al., 2014). Good practice achievement includes consistency, responsibility, accountability, fairness, transparency, and independence that are deployed throughout the organization (Cristan, et al., 2016).

Good practice achievement is important to ensure availability of monitoring for working transparency of the business with corporate image. Good practice achievement is required on corporate image when there is a plan to expand or grow firm's business or a new venture as culture strategies (Vicente-Oliva, et al., 2015). However, corporate image has become an essential

strategy for many organizations such low employee turnover, the appearance of major customers, raise in stock value, and good relationships with vendors or government officials are deployed. Corporate image is affected by better economic growth to enhance firm corporate image and increase stakeholder acceptance (Rahman, et al., 2015). The general principles of all forms of good practice achievement are generally relate to shareholders, and board members. In addition, good practice achievement also places a strong emphasis on the corporation's behavior and how much the corporation discloses to public (Fernandes, et al., 2015).

Developing models for the effects of good practice achievement on stakeholder acceptance using corporate image as mediator is a challenge as the literature on good practice achievement is vast, varied, and evolving. Yet, there was not any systematic testing about effects of good practice achievement on stakeholder acceptance via corporate image as mediator within Thailand and abroad. These have motivated researches to continue to develop improved models with research question.

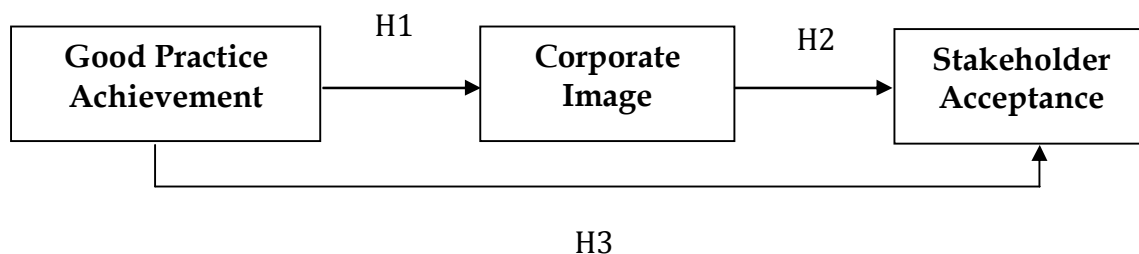
This research will offer useful guidance for measuring and implementing good practice achievement and facilitate further research in this area. The research question of this work is how does the good practice achievement affect Stakeholder acceptance using corporate image as mediator?

The purpose of this study is to test the effects of good practice achievement on stakeholder acceptance via corporate image as a mediator. Moreover, this research tests the positive relationship between good practice achievement and corporate image.

2. Relevant literature review

Figure1

The effects of good practice achievement on stakeholder acceptance of the firms within National agro processing industry of Thailand



The research model of this study is illustrated in figure 1. It shows the effects of good practice achievement including fairness, transparency, accountability, responsibility, consistency, and independent on stakeholder acceptance. Moreover, corporate image mediates the relationship between good practice achievement and stakeholder acceptance.

2.1 Effects of good practice achievement

Good practice achievement refers to the quality, transparency, and dependability of the relationships between the shareholders, board of directors, management, and employees that define the authority and responsibility of each in delivering sustainable value to all the stakeholders (Khan, et al., 2015). In order to attract financial and human capital to the corporation and to ensure sustainability of value creation, the governance mechanisms should ensure to gain the trust of all stakeholders (Fernandes, et al., 2015).

Good practice achievement includes consistency, responsibility, accountability, fairness, transparency, and independence that are deployed throughout the organization (Cristan, et al.,

2016). Good practice achievement is vital that managers recognize the importance of creating and maintaining a strong image, and that they also make employees aware of it (Xue and Hong, 2016). Large firms use various corporate advertising techniques to enhance their image in order to improve their desirability by focus on the firm's long-term reputation; base actions on substantive policies; insist on candor in all organization dealings; and uphold the stakeholders' right to know (Fernandes, et al., 2015).

Thus, good practice achievement seems to have a positive relationship with corporate image. Therefore, the following hypothesis is posited:

H1: The higher the good practice achievement, the more likely that the firm will achieve greater corporate image.

2.2 Consequences of corporate image

Corporate image describes the manner in which an organization's activities and products or services are perceived by outsiders. Corporate image building can only take place in the mind of each individual prospective client (Wilkins, et al., 2014). Corporate image takes on a greater importance because managers are essentially the organization's raw material, machinery, inventory and product all rolled into one. Therefore managers, employees, customers, shareholders, the financial community, and the general public comprise corporate image (Osman, et al., 2015).

Corporate image has become an essential strategy for many organizations. Strategies that are usually deployed are low employee turnover, the appearance of major customers, and raise in stock value, and good relationships with vendors or government officials (Kim, et al., 2016). Corporate image ensures availability to expand or grow firm's business or to plan a new venture which creates and communicates a positive image to firm's customers, shareholders, the financial community, and the general public (Shnayder, et al., 2016).

Thus, this research implies that a firm with high corporate image will gain high stakeholder acceptance. Hence, the following hypothesis is proposed:

H2: The corporate image will have a positive relationship with stakeholder acceptance.

2.3 Effects of good practice achievement

Implementation of good practice achievement will ensure transparency, accountability, business ethics and commitment to protect all stakeholders. Good practice achievement involves the responsibility of ensuring that business operations are efficient such as using as few resources as needed, and effective in terms of meeting stakeholder requirement (Chu, et al., 2016). Good practice achievement will also ensure that all corporate business activities will benefit not only the shareholders, but also other stakeholders including the communities living. Implementation of good practice achievement will also guarantee the company's compliance in conducting good and sustainable management of the environment. It is concerned with managing the process that converts raw materials, labor, and energy into goods and services as stakeholder acceptance (Black, et al., 2014).

Implementation of good practice achievement according to principles that are in line with the organization's vision and mission has become a joint responsibility of all the organization departments and the entire workforce of the organization. Hence, practicing good practice achievement will guarantee the continuity of the organization's business (Khan and Rasheed, 2015).

The general principles of all forms of corporate governance are generally related to the shareholders, board members, and stakeholders. In addition to this, corporate governance also

places a strong emphasis on the behavior of the corporation and how much the corporation discloses to a public participation in order to gain stakeholder acceptance (Kim, et al., 2016).

Thus, this research implies that a firm with high good practice achievement will gain high stakeholder acceptance. Hence, the following hypothesis is proposed:

H3: Good practice achievement will have a positive relationship with stakeholder acceptance.

3. Research methods

3.1 Sample

For this research, the sample was selected from the firms within national agro processing industry of Thailand. A mailed survey was used for data collection. The questionnaire was sent to 1,428 of the firms within national agro processing industry of Thailand. We awarded that there are differences between the service and the manufacturing sectors. We; however, used data from national agro processing industry as manufacturing sector which is related to transparency management on natural resources, agricultural products, and efficient skilled labor. Manufacturing industry became a key sector of production and economic growth in Thailand. The key participants in this study were chief executive officers (CEO). As a successful leader, CEO must have a clear direction, be authentic and passionate of bringing people together into good practice achievement. Of the surveys completed and returned, only 486 were usable. The effective response rate and usable was approximately 34.03% follows Aaker, Kumar and Day (2001). However, the non-response bias did not appear to be a problem in the study on an overall basis.

3.2 Measure

All the variables were obtained from the survey. The independent variable is good practice achievement including fairness, transparency, accountability, responsibility, consistency, and independent. Good practice achievement was measured on 5-point Likert scales (e.g., 5 = Strongly Agree, 4 = Agree, 3 = Neutral, 2 = Disagree, 1 = Strongly Disagree). Most of the scales employed have been adopted from the existing and validated scales used in the extant literature to fit the current situation. Corporate image has become an essential strategy for many organizations such as low employee turnover, the appearance of major customers, raise in stock value, and good relationships with vendors or government officials. Corporate image was measured on 5-point Likert scales (e.g., 5 = Strongly Agree, 4 = Agree, 3 = Neutral, 2 = Disagree, 1 = Strongly Disagree). The dependent variables include stakeholder acceptance encompasses three specific areas of firm outcomes. Firstly, financial performance (profits, return on assets, return on investment, etc.). Secondly, product market performance (sales, market share, etc.); and finally, shareholder return (total shareholder return, economic value added, etc.). Stakeholder acceptance was measured on 5-point Likert scales (e.g., 5 = Strongly Agree, 4 = Agree, 3 = Neutral, 2 = Disagree, 1 = Strongly Disagree).

In addition, the control variables are firm age and size. Firm age was measured by the number of years a firm has been in existence with a dummy variable (e.g., number of years since 1 - 10 = 1, other = 0) (Zahra, Ireland and Hitt, 2000). The firm's size was measured with the number of employees in a firm with a dummy variable (e.g., number of employees from 1 to 500 = 1, others = 0) (Arora and Fosfuri, 2000).

3.3 Method

Confirmatory factor analysis (CFA) was employed to investigate the validity of constructs. Furthermore, factor scores were used to estimate for regression analysis. This research demonstrates the results of factor loading and Cronbach's alpha coefficients. All

factor loadings are greater than 0.6 (Hair et al., 2006) and are statistically significant. Cronbach's alpha of all variables are greater than 0.7 (Nunnally and Bernstein, 1994). Overall, the results indicate the reliability and validity of these constructs.

The ordinary least squares (OLS) regression analysis was employed to estimate parameters in hypotheses testing. Three equation models are shown as follows:

$$\text{Equation 1: CI} = \beta_{01} + \beta_1 \text{GPA} + \beta_2 \text{FA} + \beta_3 \text{FS} + \varepsilon$$

$$\text{Equation 2: SA} = \beta_{02} + \beta_4 \text{CI} + \beta_5 \text{FA} + \beta_6 \text{FS} + \varepsilon$$

$$\text{Equation 3: SA} = \beta_{03} + \beta_7 \text{GPA} + \beta_8 \text{FA} + \beta_9 \text{FS} + \varepsilon$$

Where GPA is good practice achievement; CI is corporate image; SA is stakeholder acceptance; FA is firm age and FS is firm size as measured by dummy variable; ε is error term.

4. Results and discussion

Table 1 shows the descriptive statistics and correlation matrix between variables analyzed by Pearson correlation coefficients. Although it indicates a high correlation between independent variables, it does not have severe multicollinearity problems according to the VIFs range from 1.00 to 7.42 (Hair et al., 2006).

4.1 Impacts of good practice achievement on its consequence

Table 2 presents the results of OLS regression analysis of the relationships between good practice achievement and corporate image. To inference hypothesis 1 which examines the relationship between good practice achievement (e.g., includes fairness, transparency, accountability, responsibility, consistency, and independence) and corporate image. The result shows that independent variables have a significant positive effect on corporate image ($b_1 = .086$, $P < 0.1$).

Hypothesis 1 is supported. Good practice achievement includes consistency, responsibility, accountability, fairness, transparency, and independence that are deployed throughout the organization is vital (Cristan, et al., 2016). Managers recognize the importance of creating and maintaining a strong image, and that they also make employees aware of it (Xue and Hong, 2016).

TABEL 1
DESCRIPTIVE STATISTICS AND CORRELATION MATRIX

| Constructs | SA | GPA | CI | FA | FS |
|---------------------------------|-------|-------|------|------|----|
| Mean | 3.54 | 3.37 | 3.82 | - | - |
| Standard Deviation | 0.42 | 0.56 | 0.61 | - | - |
| Stakeholder acceptance (SA) | | | | | |
| Good practice achievement (GPA) | 0.65* | | | | |
| Corporate image (CI) | 0.76* | 0.65* | | | |
| Firm Age (FA) | 0.43 | 0.46 | 0.51 | | |
| Firm Size (FS) | 0.25 | 0.29 | 0.31 | 0.27 | |

* Correlation is significant at the 0.05 level (2-tailed)

^a Beta coefficients with standard errors in parenthesis.

4.2 Impacts of corporate image on its consequence

Table 3 presents the results of the relationship between corporate image and entering into stakeholder acceptance. To inference hypothesis 2 which examines the relationship between

corporate image and stakeholder acceptance. The result shows that corporate image has a significant positive effect on stakeholder acceptance ($b_4 = .065$, $P < 0.05$). Therefore, hypotheses 2 are supported. Corporate image ensure availability to expand or grow firm's business or is planning a new venture that creates and communicates a positive image to firm's customers, shareholders, the financial community, and the general public (Shnayder, et al., 2016).

Table 2: Results of OLS regression analysis

| Independent Variables | Dependent variable |
|---------------------------|--------------------|
| | CI |
| Good practice achievement | |
| : | 0.086* |
| (GPA) | (0.042) |
| Firm Age (FA) | 0.056 |
| | (0.031) |
| Firm Size (FS) | 0.06 |
| | (0.028) |
| Adjusted R-square | 0.658 |

Note: Standard error is in parentheses.

** $p < .05$

* $p < .10$

Table 3: Results of OLS regression analysis

| Independent Variables | Dependent variable |
|-----------------------------|--------------------|
| | SA |
| Corporate image (CI) | 0.065** |
| | (0.049) |
| Good practice achievement : | 0.321* |
| (GPA) | (0.125) |
| Firm Age (FA) | 0.035 |
| | (0.012) |
| Firm Size (FS) | 0.043 |
| | (0.021) |
| Adjusted R-square | 0.526 |

Note: Standard error is in parentheses.

** $p < .05$

4.3 Impacts of good practice achievement on stakeholder acceptance

Table 2 presents the results of OLS regression analysis of the relationship between good practice achievement and stakeholder acceptance. To inference hypothesis 3 which examines the relationship between good practice achievement and stakeholder acceptance. The result shows that an internal control confident has a significant positive effect on stakeholder acceptance ($b_7 = .321$, $P < 0.1$).

Hypothesis 3 is supported. Implementation of good practice achievement will also guarantee the company's compliance in conducting good and sustainable management of the environment. It is concerned with managing the process that converts raw materials, labor, and energy into goods and services as stakeholder acceptance (Black, et al., 2014).

5. Contributions and future research

5.1 Theoretical contributions and future directions for research

This study provides important theoretical contributions extending on prior studies by incorporating both perspectives of good practice achievement including fairness, transparency, accountability, responsibility, consistency, and independent in the same model and links this good practice achievement to stakeholder acceptance via corporate image as a mediator. Especially, there is significant direct positive relationship between corporate image and stakeholder acceptance. Finally, further research should reexamine this research model in other group of samples for more generalized.

5.2 Managerial contributions

For executive managers and firms' owners, this study helps them to understand and know that good practice achievement is an important factor that motivates the firms within national agro processing industry of Thailand. Especially, corporate image is the moderating effect of the relationship between good practice achievement and stakeholder acceptance.

6. Conclusion

This study investigates the effects of good practice achievement on stakeholder acceptance using corporate image as a mediator. The samples were 486 chief executive officers (CEO) who participated in the national agro processing industry of Thailand. The ordinary least squares (OLS) regression analysis was employed for data analysis. The findings show that good practice achievement has the most powerful effect on corporate image. Furthermore, the relationship between corporate image and stakeholder acceptance is positive in this empirical research. Interestingly, there is a directly positive relationship between corporate image and stakeholder acceptance.

7. References

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