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**CORPORATE GOVERNANCE PRACTICES IN
FIRST MYANMAR INVESTMENT PUBLIC COMPANY
LIMITED**

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**CORPORATE GOVERNANCE PRACTICES IN
FIRST MYANMAR INVESTMENT PUBLIC COMPANY LIMITED**

A thesis submitted as a partial fulfillment towards the requirements for the degree of
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ABSTRACT

This study attempts to identify corporate governance practices of First Myanmar Investment Public Company Limited (FMI) and analyze the effect of corporate governance practices on business performance of FMI. This study use multiple regression model based on data. To carry out the study, the required data was collected using the questionnaires which were designed to measure eight corporate government dimensions which were then used as quantitative data to measure the level of observance of a code or a standard. Total of 47 respondents above managerial level in FMI were asked relating the corporate governance practices of FMI. The findings indicate that the board members should still observe more sound governance on Well Governance Structure, Disclosure practices and Ethics practices to give more value to overall business performance of the organization to render satisfaction to shareholders.

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TABLE OF CONTENTS

		Page
ABSTRACT		I
ACKNOWLEDGEMENTS		II
TABLE OF CONTENTS		III
LIST OF TABLES		V
LIST OF FIGURES		VI
LIST OF ABBREVIATIONS		VII
CHAPTER	1 INTRODUCTION	1
	1.1 Rationale of the Study	1
	1.2 Objectives of the Study	2
	1.3 Scope and Method of the Study	2
	1.4 Organization of the Study	3
CHAPTER	2 THEORETICAL BACKGROUND	4
	2.1 Definition of Corporate Governance	4
	2.2 Fundamental Concepts of Corporate Governance	4
	2.3 Global Corporate Governance Practices	5
	2.4 Corporate Governance Practices and Firm Performance	9
	2.5 Legal and Corporate Governance Framework in Myanmar	10
	2.6 Conceptual Framework of the Study	16
CHAPTER	3 CORPORATE GOVERNANCE OF FIRST MYANMAR INVESTMENT	17
	3.1 Background of First Myanmar Investment Public Company Limited	17
	3.2 Mission and Core Value of FMI	17
	3.3 Business and Investment Overview of FMI	18
	3.4 Corporate Governance Structure of FMI	21
	3.5 Corporate Governance Policies and Practices of FMI	22

CHAPTER	4	26 ANALYSIS OF THE CORPORATE GOVERNANCE PRACTICES ON FMI	26
	4.1	Research Design	26
	4.2	Demographic Information of Respondents	26
	4.3	Analysis on Corporate Governance Practices in FMI	29
	4.4	Effect of Corporate Governance Practices on Business Performance of FMI	37
CHAPTER	5	CONCLUSION	41
	5.1	Findings	41
	5.2	Suggestions	43
	5.3	Limitations and Needs for Further Study	44

REFERENCES

APPENDIX_A

LIST OF TABLES

Table No.	Particulars	Page
4.1	Number of Respondents by Gender	27
4.2	Number of Respondents by Age Group	27
4.3	Number of Respondents by Education	28
4.4	Number of Respondents by Position	28
4.5	Number of Respondents by Years of Working	29
4.6	Analysis on Fairness practices of BODs	30
4.7	Analysis on Accountability practices	31
4.8	Analysis on Responsibility practices	31
4.9	Analysis on Transparency practices	32
4.10	Analysis on Well Governance Structure	33
4.11	Analysis on Ethics practices	34
4.12	Analysis on Disclosure practices	35
4.13	Analysis on Commitment practices	36
4.14	Analysis on Firm performance	37
4.15	Effect of CG Practices on Business Performance of FMI	39

LIST OF FIGURES

Figure No.	Particulars	Page
2.1	13-Factors Model of Good Corporate Governance to Firm Performance	9
2.2	Conceptual Framework of the Study	16
3.1	Yoma Group	17
3.2	Governance Structure of FMI	21

LIST OF ABBREVIATIONS

ADB	-	Asian Development Bank
ARMC	-	Audit and Risk Management Committee
BOD	-	Board of Directors
CEO	-	Chief Executive Officer
CG	-	Corporate Governance
CII	-	Confederation of Indian Industries
CSR	-	Corporate Social Responsibility
DICA	-	Directorate of Investment and Company Administration
DIR	-	Daiwa Institute of Research Ltd
FMI	-	First Myanmar Investment Public Company Limited
IFC	-	International Finance Corporation
JPX	-	Japan Exchange Group Inc
MAGT	-	Myanmar Agri-Tech Limited
MEB	-	Myanmar Economic Bank
MCRB	-	Myanmar Center for Responsible Business
MOU	-	Memorandum of Understanding
MSEC	-	Myanmar Securities Exchange Center
NC	-	Nominating Committee
OECD	-	Organization for Economic Co-operation and Development
ROA	-	Return on Assets
ROE	-	Return on Equity
RC	-	Risk Committee
SEBI	-	Securities and Exchange Board of India
SECM	-	Security Exchange Commission Myanmar
SGX	-	Singapore Exchange
SME	-	Small and Medium Sized Enterprises
TED	-	Thanlyin Estate Development Company Limited
UMFCCI	-	Union of Myanmar Federation of Chambers of Commerce and Industry
UNCTAD	-	United Nations Conference on Trade and Development
YSX	-	Yangon Stock Exchange
YCDC	-	Yangon City Development Council

CHAPTER I

INTRODUCTION

Corporate Governance (CG) is a set of structures and processes that provide strategic direction and oversight control of the firm. It includes relationships between the firm's shareholders, Board of Directors, and executive bodies for the purpose of creating long-term shareholder value. Effective Corporate Governance is critical to the proper functioning of the capital market sector and the economy as a whole. Firms perform a crucial role in the economy by intermediating funds from investors to activities that support enterprise and help drive economic growth.

First Myanmar Investment (FMI) is the first listed company in Yangon Stock Exchange (YSX). Having a good governance framework is the top strategic priority of FMI. The CG framework of FMI is broadly based on the Organization for Economic Cooperation and Development (OECD) principles of: 1) Accountability, 2) Fairness, 3) Transparency, and 4) Responsibility.

Supervisors have a keen interest in sound Corporate Governance, as it is an essential element in the safe and sound functioning of a firm and may adversely affect the firm's risk profile if not operating effectively. Well-governed firms contribute to the maintenance of an efficient and cost-effective supervisory process, as there is less need for supervisory intervention.

1.1 Rationale of the Study

Corporate Governance determines the allocation of authority and responsibilities by which the business and affairs of a firm are carried out by its board and senior management, including how they set the firm's strategy and objectives; select and oversee personnel; operate the firm's business on day-to-day basis; protect the interests of investors, meet shareholder obligations, and take into account the interests of other recognized stakeholders; align corporate culture, corporate activities and behaviour with the expectation that the firm will operate in a safe and sound manner, with integrity and in compliance with applicable laws and regulations; and establish control functions. Strong Corporate Governance may permit the supervisor to place more reliance on the firm's internal processes. In this regard, supervisory experience underscores the importance of having the appropriate levels of authority, responsibility,

accountability, and checks and balances within each firm, including those of the board of directors but also of senior management and the risk, compliance and internal audit functions.

Since FMI aims to become an internationally standardized firm, it is important to be aligned with Organization for Economic Cooperation and Development (OECD) Corporate Governance principles and practices. CG principles are generally in alliance with OECD guidelines as FMI referred from principles of CG practices published by the OECD.

FMI's CG practices are in compliance with YSX's regulations. FMI formed required committees and exercise the required practices accordingly with the roles of each committees. FMI formulated own CG Manual and practiced CG standards according to the Manual. This study analysed on CG practices of FMI based on OECD regulations.

1.2 Objectives of the Study

The main objectives of conducting this study is:

1. To identify the corporate governance practices of FMI.
2. To analyze effect of corporate governance practices on business performance of FMI.

1.3 Scope and Method of the Study

This study focused on Corporate Governance practices of FMI and is based on the FMI's Corporate Governance Policy Manual enacted in 2019. This study identified the existing Corporate Governance practices. It is crucial for an organization, especially for a diverse investment structures, to have a good Corporate Governance in order to have sustainable development and organizational strength.

The study used both primary and secondary data. The primary data is mainly used in analysing the effect of firm performance of FMI. Primary data was collected with structured questionnaires to BOD members, Senior Management Personnel, and personnel from Executive level. The sample size is 47 respondents, and they are requested to answer the questionnaire for the primary data collection. The Likert scale questionnaires used for the survey are attached in appendix. Secondary data and references were collected from FMI annual reports, books, internet websites, and relevant researches. Data concerning board structure and corporate reporting was collected from FMI annual reports.

The Likert scale data was then organized and analyzed using SPSS software package. Correlation analysis was conducted to find out the association between governance practices variables and firm performance.

1.4 Organization of the Study

This study is organized into five chapters. Chapter I states introduction for the thesis and it includes rationale of the study, objectives of the study, scope and method of the study and organization of the study. Chapter II is about some literature and theoretical background discussing mainly on corporate governance, policies and practices. In Chapter III, current corporate governance structure of FMI is described. Chapter IV includes the analysis of corporate governance practices of FMI based on the primary data from face to face interviews and secondary information published on FMI website, YSX website and news articles. After that, in Chapter V, conclusion that presents findings, suggestion and needs for further study are discussed.

CHAPTER II

THEORETICAL BACKGROUND

In this chapter, it studies the importance of listed company in capital market development of a country, describes theoretical backgrounds of corporate governance and its related practices and concepts, best practices, previous literatures on corporate governance and conceptual framework of the study.

2.1 Definition of Corporate Governance

Corporations are controlled and directed by mechanisms, procedures, processes of the corporate governance (Shailer, Greg, 2004). The distribution of authority, rights and responsibilities among participants in the corporation are identified by governance structures and principles. The participants comprises of the board of directors, managers, shareholders, auditors, creditors, regulators, and other stakeholders. These principles includes the detail standards, rules and procedures for decision making in day to day corporate issues and problems. Corporate governance sets and targets corporate direction and performance. In corporate governance, board of directors is the key. Its relationship to the shareholders and management is critical.

An economy includes product manufacturers and consumers. Business firms manufacture goods or services and make distribution to the people. Thus for an economy to grow, businesses are very crucial. Corporate governance is to control business operations and activities which will then makes an economy grow. Fall of businesses will direct to unemployment and losses to investors. A business bankrupts for a number of reasons, and one crucial reason is dishonesty and greed of just a few number of staff. These greedy staff should be made accountable for the fall of the business which in turn will make the growth of an economy to be slow down. Corporate governance is a great system to direct, administer and control the businesses.

2.2 Fundamental Concepts of Corporate Governance

In transition economies, Black (2001) argues that in developing countries where the corporate governance framework and code is not developed, good corporate governance practices contributes to the better corporate governance practices generally. The corporate governance industry plays an important role in the corporate governance policymaking of businesses. The main intention of the corporate governance is to

provide specific companies with standards that gives better economic performance and lower the business cost. At the same time, the corporate governance industry plays an important role due to its impact on institutional investors as it effectively acts as a corporate governance regulator” (Calomiris and Mason, 2009).

2.3 Global Corporate Governance Practices

Corporate governance structure sets the role and responsibilities for all the stakeholders, including board of directors, CEO, shareholders, clients and business managers. Corporate governance practices have impact on business performance. Thus, it is formulated as set of guidelines and standards for doing business as a code. Financial regulatory body has come with the standards for corporate governance to control financial stability of the market. In New York, at Oct 18, 2018, CEOs of 20 leading public companies, pension funds and investment firms have signed the Commonsense Corporate Governance Principles 2.0. They are committed to use and spread these standards as their corporate governance practices within their own organizations.

The Commonsense Principles 2.0 are intended to make a constructive dialogue on good corporate governance practices to benefit the millions of people who work for and invest in public companies, create economic growth, and sustain the health of corporations and markets. An updated version of the Commonsense Principles was launched in 2016 to gain momentum for corporate governance conversation.

Firms play a critical role in a country’s economy. A nation’s competitiveness and wealth depend on the competitive edge of its firms. A reasonable and transparent governance structure renders positive effect on a company. This effect of corporate governance structure gain attention on the globally.

Corporate governance is should be in line with a firm’s business plan. It can prevent big lies and scandals, and even the reputation of the company. Corporate governance framework gives guidelines in setting objectives, action plans and internal controls of business.

Developed countries have strong financial institutions whereas less developed and developing countries have weaker financial institutions. It is necessary for a developing country like Myanmar to build strong financial institutions for stabilizing economic situations. Among various type of institutions in a country, financial institution is more important since it can renders the economic development of a country.

To be successful in corporate governance code and standards setting for a company, accountability, fairness, transparency, assurance, leadership and stakeholder management, are crucial. Personnel from board of directors, managers, employees, regulators, customers, and most essentially, shareholders are related and responsible for the success of sound corporate governance establishment (Gitau, 2015).

Corporate governance provides a comprehensive framework to (i) enhance accountability to shareholders and other stakeholders, (ii) ensure timely and accurate disclosures of all material matters, (iii) deal fairly with shareholders and other stakeholder interests, and (iv) maintain high standards of business ethics and integrity.

2.3.1 Fairness

Focusing on corporate governance and corporate social responsibility, efforts are made to enhance fairness in market transaction, along with the development of market economy in the globalized era (Shailer, Greg, 2004). Fairness means equal treatment, for instance, all shareholders should receive equal consideration for whatever type of share they hold. UK Companies Act 2006 has protections on this factor. In real practice, companies makes a shareholder agreement to favour themselves. Not only to shareholders, should all other stakeholders such as employees, communities and public officials also be treated fairly. The pressure given by these stakeholders can only be overcome with fairer treatment to all of them. Effective communication system is material to be sure of fairness.

Establishing corporate governance system, the Board of Directors and executive bodies and directors who can work independently in the organization are important.. To set effective communication among them, the corporate secretary's role comes to be important. Responsibility of corporate secretaries includes preparing for the various meetings for board, audit and other committee meetings. Moreover, the duties comprise of ensuring the integrity and compliance of the governance, efficiently administering the company, complying with statutory and regulatory requirements, and realizing decisions done by the Board of Directors.

2.3.2 Accountabilities

The paper by Niamh M. Brennan (2008) encourages broader approaches to corporate governance and accountability research beyond the conventional and primary quantitative approaches of previous research. Theoretical perspectives, methodological

approaches, accountability mechanism, sectors/contexts, globalization, and time horizons are identified for broader research.

Mosunova (2015) defined accountability as essence of any corporate governance dispute despite that there is no combined doctrine what accountability comprises of. Academics, politicians and businessmen support different categories as the foundation of this doctrine.

Accountability holds strategy and task required to achieve company goals. With accountability, stakeholders will gain progress in their performance. This concern from the staff to top leadership to hold targeted risk appetite management. This also bring in compliance culture within internal and external boundaries of a company.

2.3.3 Responsibilities

Corporate governance structure sets the responsibilities for all the stakeholders. Company allocates some portion of their profit for conducting corporate social responsibility (CSR) activities, which are aligned towards the development of the communities and economy. Nowadays, companies use CSR strategy as a stepping stone to promote confidence of consumers in their business for generating more profits.

2.3.4 Transparency

Transparency allows business processes and transactions observable to all stakeholders and even for people not related with the business. Company has to make important disclosures, informs people who could be affected by the statements in the disclosure. Transparency make sure that all of business actions can be seen and checked at any time by all the stakeholders and other observers. The business can give clear reference by its transparency when questions arise upon its processes and transactions. However, the information disclosed is not correct, it can harm to the stakeholders. The corrective action should be taken to survive for the long run in the future. Some business managers attract investors to purchase or sale of company shares based on the incorrect or not fully stated information. This makes losses to the investor.

2.3.5 Well Governance Structure

Corporate governance structure is most related to policy formulation setting clear role and responsibilities for committee members and individuals in board of directors and even for senior managers and managers. In brief, it is a structure

governing the company like a country, for own customs, policies and rules to its staff from the top to the bottom levels.

Personnel in board of directors is provide leadership, either directly or indirectly through its respective committees, to its entities so as to give long-term value to all the stakeholders. Committees help the Board on matters to focus, fulfil their duties and responsibilities assigned by the Board, report taken decisions and actions to the Board, monitor the management, and make essential and necessary instructions.

2.3.6 Ethical Issues in Corporate Governance

From the point of Ethics, Corporate governance is to make ethical conduct in business. Ethics are the code of principles and standards for a person or business to choose between right and wrong for a particular conduct to achieve the target. Ethics come under corporate governance as a dimension to examine the conduct of stakeholders in business environment. Ethical judgments in business activities is business ethics. The main objective of applying ethics in corporate governance is to avoid violation on business activities measured with the ethics principles and standards.

Good corporate governance is taking the ethical way influenced by organizational values and culture. Right ethical judgements in corporate governance keep investors' confidence. Companies which emphasize on building ethics principles for their good corporate governance will sustain corporate success and growth. Ethics is the basis for a company to grow for the long run.

2.3.7 Disclosure

UNCTAD put efforts on disclosure practices establishment in companies' governance. Disclosure requirements and practices are set broadly by UNCTAD. Correctly disclosed information is important for the stakeholders for their investment decision and action. It is important for regulators to encourage company's disclosure practices to protect the shareholders. Disclosure practices ensure information is spread in the hands of the markets participants. The markets work well if access to enough information is in place. Companies' response to shareholder needs is satisfied by good information, it helps the markets grow and the quality of capital circulation in the market will also be smooth.

Disclosure practices act as effective tool for investor protection. With good disclosure, minority investors can be protected. Of course, investors must take own

responsibility for correctly disclosed information. The perception of risk and return in the markets has integrity with disclosure practise and it reduces cost of capital indirectly. How small an information is, it should be properly disclosed as it may become material for some individuals.

2.3.8 Commitment Dimension at Corporate Governance

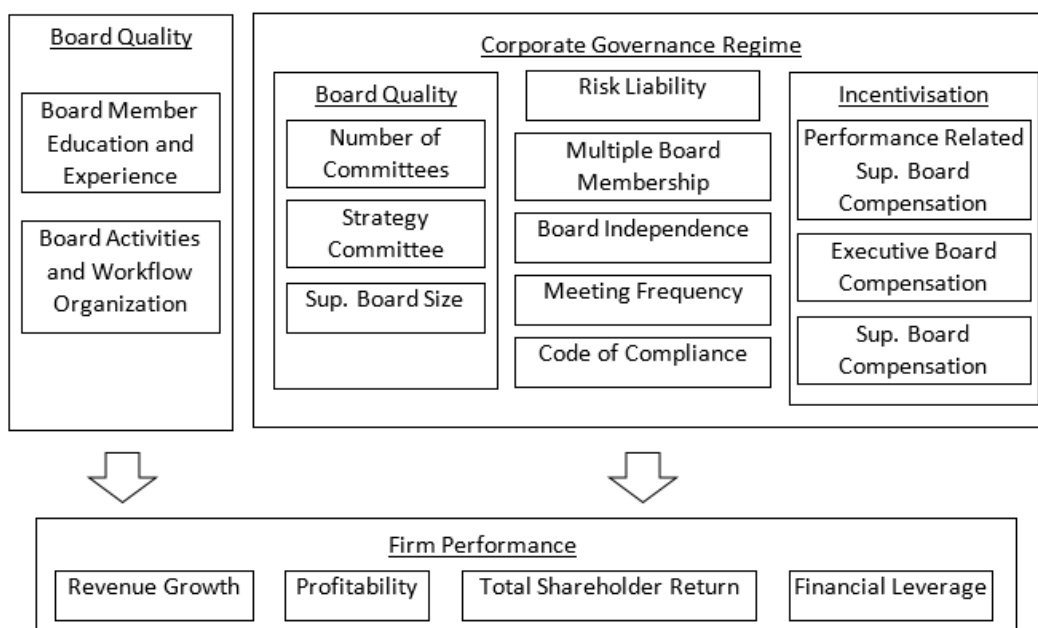
Commitment is sophisticated according to individual roles, and can be in different shapes. By commitment to certain good or best practices in the related industry, people and business could be successful. Corporate governance concerns “the structure of rights and responsibilities among the parties with a stake in the firm” (Aoki, 2000: 11). Fox and Staw (1979) suggest that manager escalates if “he makes the initial decisions (responsibility pressure)” and/or “is under the pressure of being responsible for the consequences”. They also indicate that job insecurity and policy resistance also increase the commitment to an initial chosen decision.

2.4 Corporate Governance Practices and Firm Performance

Corporate governance is a critical aspect while studying its relationship to firm performance as it is as equally significant as the company business plan. It shapes the shared philosophy in the corporation, which enhances the culture and cooperation within the organization (Salim et al., 2016; Hilkevics and Hilkevica, 2017; Jurkevičius and Bublienė, 2017; Sulphay and Alkahtani, 2017; Grenčíková et al., 2017). Aktan B. et al (2018), in their recent studies, shows the relationship of corporate governance which is significantly correlated with organizational return on equity (ROE), and return on assets (ROA). Knut Michelberger, 2016, also proved in the study, that corporate governance practices are greatly related to improvement in company revenue, growth, total shareholder return and financial leverage.

This paper is to analyse whether current corporate governance practices has an impact on the performance of the FMI in terms of ROE, ROA, risk mitigation and competitive edge over others in the industry.

Figure 2.1 13-Factors Model of Good Corporate Governance to Firm Performance



Source: Knut Michelberger, 2016. Corporate Governance Effect on Firm Performance: A Literature Review.

2.5 Legal and Corporate Governance Framework in Myanmar

The Securities Exchange Law was established and enacted in July 2013 as a wider business and economic reforms in Myanmar. The main purposes of the Law are (1) to establish a systematic capital market; (2) to protect investors; and (3) to regulate market participants such as public companies, securities companies and a stock exchange.

2.5.1 Overview of the Policy Developments in Myanmar

The Securities Exchange Law provides the basic governance framework for the capital market including the forming of a securities and exchange commission; and a stock exchange. The Securities and Exchange Commission of Myanmar (SECM) was formed in 2014 and started its operation a year after its inauguration.

The process to establish a stock exchange in Myanmar starts in 1996. Myanmar Securities Exchange Centre Co., Ltd. (MSEC) is formed in 1996 as a joint by Myanmar Economic Bank (MEB) and Daiwa Institute of Research Ltd. (DIR), with the goal of establishing a stock exchange. Through cooperation among the Japan Exchange Group, Inc (JPX), DIR and the Central Bank of Myanmar, Yangon Stock Exchange (YSX) was established in the form of a joint-venture owned by MEB, DIR, and JPX in 2014 (OECD, 2018).

After establishment, YSX issued its 17 Listing Criteria followed by Securities Listing Business Regulations and Enforcement Regulations clarifying the application of the Business Regulations. In 2016, the First Myanmar Investment Co., Ltd. was listed on YSX as a first listed company. In September 2018, a total of five listed companies are on the YSX, with an overall market capitalisation of almost 569 billion Myanmar kyats (approximately USD369 million) and a daily trading volume of almost 72 million Myanmar kyats (approximately USD 47 000) (OECD, 2018).

Myanmar has also set out a revision of the Companies Law introduced in 1914. The new Companies Law enacted on 6 December 2017 came into effect on 1 August 2018. The Directorate of Investment and Company Administration (DICA) updated the Companies Law reflecting the current business and regulatory environment through reducing registration procedures and facilitating electronic company registration, among others. The revised Law stipulates that foreign investors are allowed to own up to 35 percent in local companies (OECD, 2018).

Myanmar's security market has been developed with the financial and capacity building support of Japan since 1990s. The Government of Japan has closely cooperated with the Myanmar government. In 2018, the Financial Services Agency of the Government of Japan, JPX and Daiwa Securities Group Inc. presented the Ministry of Finance of Myanmar with a support plan for the further activation of the capital market of Myanmar. This support plan explicitly includes support for development of the corporate governance code (OECD, 2018).

2.5.2 OECD's Cooperation with Myanmar in Corporate Governance Field

Efforts were made starting from 2013 to fill in the gap on Corporate Governance in Myanmar and to establish the necessary ground for it. In the trip to OECD in France during 2013, Directorate of Investment and Company Administration Director General had requested support for Corporate Governance matter in Myanmar.

In 2013 Organization of Economic Cooperation and Development (OECD) took more than a year to study Myanmar's policies on investment. It puts Corporate Governance in all the studies and reviews made in each sectors. Unfortunately it indicated that Myanmar has almost no Corporate Governance policy framework. The Companies Act of 1914 (The Burma Companies Act 1914), the Myanmar (Burma) Companies Rules 1940 and the Myanmar (Burma) Companies Regulations 1957 in effect then does not have internationally adopted and recognized fundamental

principles on Corporate Governance. While the most of the ASEAN countries were developing Corporate Governance frameworks based on OECD's principles, Myanmar also need to urgently follow the pattern.

Private businesses and companies almost disappear after Myanmar was under socialist economic system for more than 26 years. Market economy was revived after 1988. Rather than following international practices and norms, then citizens doing in businesses were more struggling for survival and existence of the companies they formed. There was lack of knowledge in Corporate Governance practices and standards in Myanmar.

In 2014 OECD drew up an OECD-Southeast Asia Corporate Governance Initiative program and Myanmar hosted the first OECD-Southeast Asia Corporate Governance meeting. Myanmar also participated in OECD Corporate Governance Round Tables and subsequent meetings were held in Viet Nam, Lao and Cambodia annually from 2015 to 2017. The fifth and final meeting was held in Yangon on March 2018. Myanmar asked for help for establishing a strong Corporate Governance. With the guidance and instruction from the government preparations are made.

OECD launched a country project "Supporting Corporate Governance Reform in Myanmar". This project aims to enhance Myanmar's corporate governance framework and thereby improve businesses' access to capital for investment. As a first step of this multi-year project, the OECD made a fact-finding survey using the G20/OECD Principles of Corporate Governance and Methodology for implementation as benchmarks for assessment.

2.5.2.1 Requirements in Corporate Governance

The most basic and important corporate governance principles were the rights of the shareholders and equitable treatment of shareholders. All shareholders should have the right to protect businesses' violation of their rights. The basic rights includes systematic registration of shareholding, ability to buy, sell or transfer shares, obtaining regular and correct information about the company, board of directors election and enjoying in the profit of the company (OECD, 2018).

For company's Memorandum and Article of Association, shareholders also have the right for its matter. Another important factor in Corporate Governance is the role of the stakeholders. By law, the rights of the stakeholders were declared and via mutual agreements. However, there must be active co-operation between businesses

and stakeholders in making economic development, jobs creation, and the sustainability of financially sound businesses. The rights of stakeholders should be established by other laws as well.

Another requirement in Corporate Governance for Myanmar is disclosure and transparency practices. Timely and accurate disclosure must be made for all issues regarding the business including the current financial situation, performance, ownership and governance practices of the company.

These two are the major issues of Myanmar companies. Most companies kept important information of their companies and related parties. Transparency, disclosure practices and openness is low in status. A good Corporate Governance is measured at the minimum by the timely disclosure of all material information. Material information is any information about a company or its products/services that is likely to change the perceived value of the company or its products/services when it is disclosed to the public. In other words, information vital for a shareholder or investor for their investment decision in the company should be disclosed instantly.

The duties and responsibilities of the board of directors is part of Corporate Governance. The board is responsible for guiding corporate strategy, monitoring performance of the company personnel, achieving an adequate return for shareholders while preventing conflicts of interest and balancing competing demands. Overseeing the risk management system by the committee is another factor in corporate governance to ensure that the business complies with labour law, tax laws, environmental law, and health and safety laws. In our country, we still lack boards of directors that had these fundamental capabilities.

2.5.2.2 Myanmar Companies Law and Corporate Governance

Myanmar Companies Law was enacted on 6 December 2017 and came into effect starting from 1 August 2018. The weaknesses of Companies Act of 1914 were reviewed and starting from the drafting stage matters relating to Corporate Governance was included systematically in accordance to the time, international norms and practices.

The nature, rights and powers of shares were included in Section 60 and 61 of the Myanmar Companies Law. Section 83 to 88 contain enactment on transfer of share and Section 99, 157, 186, 188, 260 and 261 describe the rights of shareholders to view, inspect and acquire company's information. Section 146, 148 and 150 to 154 prescribe

the rights of shareholders to attend meetings. Section 17, 25 (d), 116, 121, 146, 151, 173 and 345 prescribe the rights of shareholders to vote on the decision made by the company. Through these, the rights of shareholders were fully protected. Myanmar Companies Law Section 192, 193, 194, 196, 200, 201, 289 (f) and 302 protects the rights of shareholders and ensures equitable treatment of all shareholders, including minority shareholders.

As the old law did not fully describe the duties of the directors, this was included in the new law. The new law includes powers and duties of directors, restrictions on power of directors as well as taking legal actions for inappropriate actions of the director(s). Section 90 to 95, 97, 99, 189 and 241 prescribe details about disclosing information about the company. In addition to supporting Myanmar's standing in the World Bank's annual Doing Business Report enacting the new law help ease local business persons to do businesses. More importantly it was an important foundation stone toward establishment of a good Corporate Governance in Myanmar.

2.5.2.3 OECD Corporate Governance Frameworks in Myanmar

OECD sent an expert group to Myanmar to assess the actual situation of Corporate Governance in the country and a Fact-Finding Survey report was published in September 2010. The report said the main weaknesses of Myanmar companies were found to be shareholders not knowing their rights including the right to vote, ignorance and misunderstanding about the information published by the company, directors not knowing their duties and responsibilities and not giving access to company information.

2.5.2.4 Corporate Governance Code

OECD started a Corporate Governance Reform Project in January 2018 to support the development of Myanmar capital market. DICA, SECM (Securities and Exchange Commission of Myanmar) and OECD signed a Memorandum of Understanding (MOU) in Yangon for Cooperative Activities on 2018 November for the project. As per the MOU a Corporate Governance Reform Advisory Committee was formed with OECD experts, officials from DICA, SECM and Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI), local and foreign experts.

Work processes were started in February 2019 and by 2019 November OECD's draft report on Myanmar Corporate Governance will be submitted to the Advisory

Committee. DICA and SECM were jointly striving toward publishing a final report by end 2019 to draw up a Corporate Governance Code.

2.5.2.5 Challenges and Opportunities from the survey results

Main challenges

In order to raise the level of corporate governance in Myanmar companies and enable them to access capital needed for investment, it is urgent to establish corporate governance framework which is compatible with global standards. In Myanmar, most companies are family-owned. In order to increase the transparency of management and to create a more equitable, efficient and sound company with the market confidence and business integrity, it is needed to enhance the corporate performance.

As the corporate governance culture is not well developed among Myanmar companies, the Government is committed to take forward the corporate governance by providing knowledge and raising awareness. Insufficient corporate disclosure practices: As mentioned above, listed companies and certain public companies are subject to periodic and ad-hoc disclosure. It is necessary to continue efforts to improve enforcement and corporate disclosure practices of the companies so that clear, concise and relevant information about their businesses will be provided shareholders and potential investors.

Main opportunities

Enactment of Myanmar Companies Law on 6th December 2017: In the Myanmar Companies Law, the provisions that can enhance the corporate governance such as directors and their powers and duties, member rights and remedies, financial reports and etcetera are included.

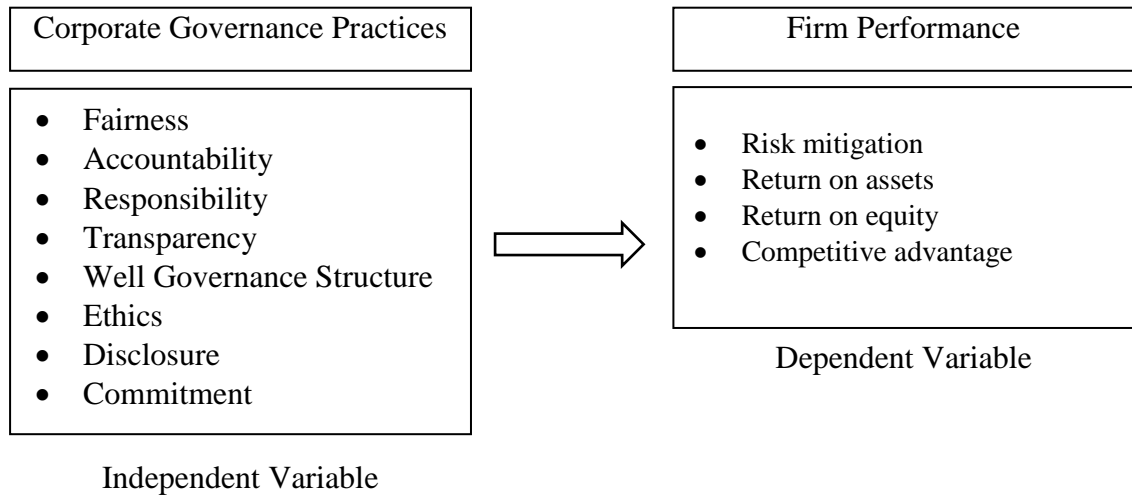
Government's support for the corporate governance development in Myanmar: The Government has been trying to provide a strong legal framework for promoting corporate governance by many ways. Furthermore, the Government is cooperating with the stakeholders for achieving its objectives.

Support from the international organizations such as OECD and IFC: OECD and the Securities and Exchange Commission of Myanmar are cooperating and coordination for the Corporate Governance Code. Likewise, IFC and the Securities and Exchange Commission of Myanmar are striving to emerge the Institute of Directors in Myanmar.

2.6 Conceptual Framework of the Study

Figure (2.2) is the relationship between corporate governance dimensions, and then good corporate governance, and then link to the business performance.

Figure 2.2 Conceptual Framework of the Study



Source: Adopted from Knut Michelberger, 2019

Conceptual framework is mainly based upon the OECD principles as the major dimensions of good corporate governance and output stated by Knut Michelberger at his study namely Corporate Governance Effect on Firm Performance. According to the conceptual framework, there are eight variables such as fairness, accountability, responsibility, transparency, well structure, ethics, disclosure and commitment, and their relationship to good governance practices of firm. It is then analysed the effect on performance in terms of risk mitigation, ROA, ROE and competitive advantages. Thus, in this study, which factors of corporate governance have an impact on firms' performance especially in FMI, is trying to be established. That is, the objective of this study is to assess whether a significant relationship exists between corporate governance and firm performance.

CHAPTER III

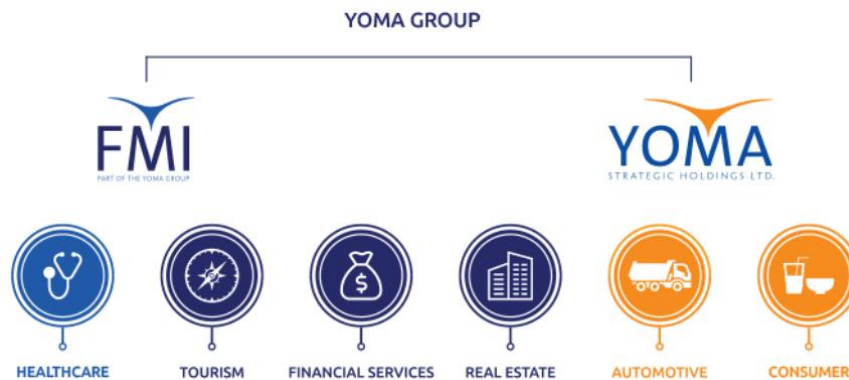
CORPORATE GOVERNANCE OF FIRST MYANMAR INVESTMENT

3.1 Background of First Myanmar Investment Public Company Limited

First Myanmar Investment Public Co., Ltd. (“FMI”, the “Company” and collectively with its subsidiaries, the “Group”) is one of Myanmar’s largest public companies with more than 8,600 shareholders and has a track record of profitability over the past 27 years. In March 2016, FMI became the first company to list on the Yangon Stock Exchange (“YSX”). FMI’s strength lies in its strategic diversification, professional management, corporate governance and transparency.

First Myanmar Investment Public Company Limited, established in 1992, is an investment holding company with strategic business diversification in financial services, healthcare, tourism and real estate sectors. With each of its subsidiaries operating under independent management teams, FMI, in addition has start-up ventures expanding into strategic sectors such as infrastructure and agriculture.

Figure 3.1 Yoma Group



Source: FMI Annual Report (2018-2019)

FMI belongs to a larger Yoma Group (Group). FMI, together with its affiliate, Yoma Strategic Holdings Ltd (YSH) – a company incorporated in Singapore and listed on the Singapore Exchange (SGX) – forms Yoma Group. Although under the umbrella brand of Yoma Group, the two holding companies have independent management teams and work in collaboration for several projects in various industries.

3.2 Mission and Core Value of FMI

FMI’s mission and core value is very unique and the statement reflects its standing point and its action.

3.2.1 Mission

FMI mission is “Build a Better Myanmar for its People”. “The “How” to “Build a Better Myanmar for its People” leads us to face the biggest challenge of the Group and a roadmap to move forward in creating value in everything we do. How is a better Myanmar defined? In my own words, “better” must be compared in quantitative, qualitative, spiritual and material terms of today. Through the passion and proficiency aligning with this deep sense of determination, the Group is committed to build a better Myanmar together with its people and for its people.”

3.2.2 Group Affiliation

FMI is affiliated with Serge Pun & Associates (Myanmar) Limited (“SPA”), Singapore Stock Exchange (“SGX”) Mainboard listed Yoma Strategic Holdings Ltd. (“Yoma Strategic”) and SGX Catalist Board listed Memories Group Limited (“Memories Group”). FMI, SPA, Yoma Strategic and Memories Group, together with their respective subsidiaries are collectively referred to as the “Yoma Group”. Yoma Group is the umbrella brand with the common mission: “Build a Better Myanmar for its People.”

3.3 Business and Investment Overview of FMI

As stated in Figure 3.1, FMI and Yoma Strategic Holdings Ltd is under Yoma Group. FMI currently has four subsidiary entities. They are Yoma Bank, Memories Group, Pun Hlaing Siloam Hospital and several Real Estate projects.

3.3.1 Banking & Financial Services

Yoma Bank, one of FMI’s core financial services businesses, was incorporated in 1993 and is one of Myanmar’s oldest banks. Since inception, Yoma Bank has focused its services to cater towards small and medium sized enterprises (SMEs). With several committees assessing the services Yoma Bank provides, the bank has managed to effectively reduce non-performing loans to less than three percent. Yoma Bank has implemented Finastra as its core banking system and redirected its focus towards digital money in recent times.

In a partnership with Telenor, a Norwegian telecommunications company, FMI together with YSH has also set up Wave Money - a digital platform for mobile money transfer. Wave Money is aimed at the unbanked population and provides financial inclusivity using digital money.

3.3.2 Healthcare

Pun Hlaing Siloam Hospitals (PHSH), FMI's healthcare branch, provides high quality medical care and aims at improving the quality of healthcare in Myanmar. FMI owns a majority stake in PHSH. PHSH is planned for expansion of ten new healthcare facilities within the next 5-7 years. Along with expansion on the healthcare network to utilize the 'Hub and Spoke' service delivery model, PHSH also provides specialized care through experienced doctors and advanced medical equipment. Pun Hlaing Siloam Clinic, established in 2016 on Bogyoke Aung San Road in Yangon, is registering favourable earnings and is expected to take on a larger role in FMI's healthcare.

3.3.3 Real Estate

Yoma Land is the umbrella brand under which all of FMI and YSH real estate projects are established. FMI's interests in Yoma Land includes Star City, Yoma Central, Peninsula Hotel, and Pun Hlaing Links.

Star City is a real estate development located 23 kilometers east of central Yangon. The project commenced along with the establishment of its developer, Thanlyin Estate Development Company Limited (TED). FMI holds 30% stake in TED, while YSH holds the remaining. Amenities include supermarket, school, clinics, restaurants, café, spa, gym, and a swimming pool. Located next to a Pun Hlaing Links golf course and with proximity to Thilawa Special Economic Zone, Star City provides an attractive option for families and individuals alike.

Yoma Central, an integrated real estate development in downtown Yangon, is jointly developed by FMI, YSH, Mitsubishi Corporation, International Financial Cooperation (IFC), and the Asian Development Bank (ADB). The project involves the redevelopment of land owned by Myanmar Railways into a large-scale complex. The Yoma Central complex is planned to house grade-A office buildings, residential and a business hotel. The development inclusive of land expropriation, construction costs, and consulting costs, is estimated at 700 million US Dollars. FMI holds a 12% stake in the project.

In addition, the Yoma Central site also has to restore the former headquarters of the Burma Railway Company for the development of a luxury hotel, the Peninsula Yangon. Completion of the project is targeted end of fiscal year 2021. FMI holds a 6% stake in the project, along with YSH 24%.

3.3.4 Tourism

Memories Group, which acts as the tourism arm of FMI Group, operates as an integrated tourism platform in Myanmar. Memories Group Limited, affiliated with FMI and YSH, is listed on the Singapore Exchange. Memories Group operates on three main segments – hotels, experiences and services. In the experiences segment, Memories Group provides experiences through its expanding portfolio such as hot air ballooning, trekking, boating, diving and eco-tourism. Memories Group also operates three to five star hotels, resorts and lodges throughout the country’s major tourist and business destinations and develops new high potential tourism destinations in Myanmar. Memories Group also provide travel and destination management services catering opportunities for exploring exotic locations.

3.3.5 Start-ups

FMI, with strategic diversification into key business sectors, also remains active in exploring new business ventures and opportunities. FMIDecaux, a joint venture between FMI and JCDecaux – one of the world’s leading outdoor advertising and street furniture company – is operating a twenty-year contract with Yangon City Development Council (YCDC) to install, operate and maintain the street furniture of Yangon. 500 sets of bus shelters and 500 city information panels are to be installed in the streets of Yangon within 5 years.

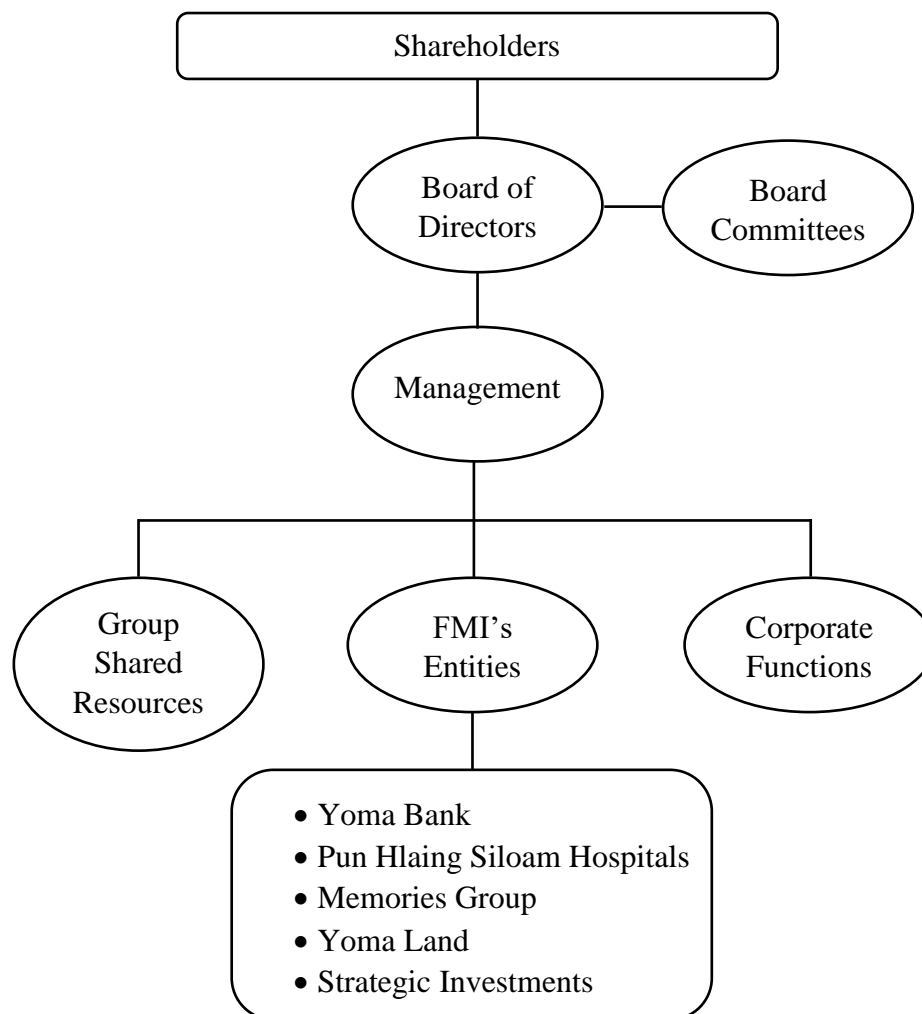
In addition, FMI also maintains a 30% interest in Myanmar Agri-Tech Limited (MAGT) which owns the planting rights to the Maw Tin estate and Sein Taung estate near Patheingyi region. Currently, there is a coffee project at Maw Tin with the initial commercial trial plantation area of 300 acres of lowland Robusta coffee trees being planted three years ago. Trial plantation and feasibility studies are also being undertaken for natural rubber and forest tree plantations as potential investment projects.

The main contributor to the Group’s revenue increase is in the financial services. Yoma Bank’s revenue grew 27.5% from Ks. 146.4 billion to Ks. 186.6 billion, due to a surge in interest income from increasing pool of borrowers, hire-purchase products, and gradual improvement in its agriculture financing program. Healthcare services similarly grew 28.2% to Ks. 18.8 billion in FY 2018 due to an influx of in-patient volumes and demand for the hospital’s services.

3.4 Corporate Governance Structure of FMI

FMI's Board of Directors (the "Board" or the "Directors") promotes good corporate governance and has a strong independence element to protect the interests of its stakeholders.

Figure 3.2 Governance Structure of FMI



Source: FMI Annual Report (2018-2019)

From a non-financial perspective, FMI is also frequently recognized for its transparency by the Myanmar Center for Responsible Business (MCRB), a private sector organization assessing responsible business standards. MCRB named FMI the Most Transparent Company in Myanmar for two straight years in 2016 and 2018 (no ranking was issued in 2017 while the grading methodology was being redesigned). As part of the larger Yoma Group, FMI has implemented its mission to 'Build a better Myanmar for its people' through corporate integrity, corporate social responsibility and sustainability practices.

3.5 Corporate Governance Policies and Practices of FMI

The Group is committed to good corporate governance and managing its affairs in a fair and transparent manner to create long-term sustainable value for the Company's shareholders and the wider community through ethical and responsible business practices. This report describes the Company's Corporate Governance Framework, Policies, Procedures and Standards (collectively the "Code") adopted by the Group during FY2019.

3.5.1 FMI Board Policy

There is a clear separation of roles and responsibilities in the Board so that no one individual represents a considerable concentration of power. The Audit and Risk Management Committee ("ARMC"), Nominating Committee ("NC") and Remuneration Committee ("RC", and collectively, the "Board Committees") comprise Non-Executive Directors only.

The Group believes that an active, well-informed and accountable Board is essential to uphold high standards of corporate governance.

3.5.2 Governance of the Board

The Board undertakes the responsibility of overseeing the corporate performance of the Company and is accountable to shareholders for the processes and structure of directing and managing the business and affairs of the Company. The Board has established a framework of effective risk management that allows it to assess and manage the risks associated with the Company's businesses.

The Management recognises the importance of providing the Board with timely and accurate information and keeps the Board informed of any material developments. The Board reviews and approves the Company's annual financial statements and aims to provide shareholders with a balanced and clear assessment of the Company's financial position.

The Board reviews all decisions that may have a material impact on the Company's financial position or earnings. In addition, the Board also recommends the declaration of dividends for approval by shareholders, and approves the publishing of the financial statements, the acquisition or disposal of key assets and the nomination of Directors. The Board's advice is sought on all key financial decisions, strategies, and projects with special attention given to the Board's opinion on the impact of the Management's decisions on the local community.

3.5.3 Chairman of the Board

U Theim Wai is the Executive Chairman of the Company. As the Executive Chairman, he plays an instrumental role in providing the Company with strong leadership and vision, assisting the Board in developing policies and strategies, and ensuring that these are implemented effectively, as well as to promote high standards of corporate governance.

The Executive Chairman bears primary responsibility for the workings of the Board by ensuring effectiveness in all aspects of its role, including setting the agenda for Board meetings with input from Management and exercising control over the quality, quantity and timeliness of information flow between the Boards. To promote a culture of openness and debate at the Board, he ensures that adequate time is available for discussion of all agenda items and strategic issues, and also facilitates the effective contribution of Non-Executive Directors.

3.5.4 Audit and Risk Management Committee (ARMC)

The Audit and Risk Management Committee (ARMC) shall be appointed by the Board of Directors from amongst the members of the Board. The committee provides independent advice, assurance, and assistance to the Board on the Company's risk, compliance, control, governance framework, and its external accountability responsibilities including in relation to financial statements. Under the Company's constitution, the ARMC being a committee of the Board shall conform to any regulations which may be from time to time imposed on it by the Board.

3.5.5 Remuneration Committee (RC)

The Remuneration Committee shall be appointed by the Board of Directors from amongst the members of the Board. The committee will ensure that remuneration arrangements support the overall strategic goals of the Company and enable the recruitment, retention and motivation of senior executives while also complying with the requirements of rules and regulation.

3.5.6 Nominating Committee (NC)

The Nominating Committee works with the Board to determine the appropriate qualifications, skills and experience for the Board as a whole and its individual members with the objective of creating a diverse Board comprised of individuals with

experience in finance, business, government, and education. Any appointment or removal of a Director is subject to approval from the entire Board.

The Company is strongly committed to fostering diversity and inclusion on its Board, leveraging on the collective strength of its members who possess diverse abilities, knowledge, skills and professional experiences which could contribute to spurring innovative thinking and sustainable competitive advantages for the long-term growth and success of the company.

3.5.7 Board Independence

With Non-Executive Directors in the majority, the Board maintains a strong independence. The Non-Executive members of the Board bring a diverse set of experiences and opinions that help to create an environment of independent thinking. Any decision involving an Executive Director or company related to an Executive Director is made with the concerned Executive Director abstaining from voting and not participating in deliberations. This ensures that Board decisions are made in accordance with the interests of all stakeholders and that no individual dominates the Board's decisions.

3.5.8 Size and Composition of the Board

The Board comprises 10 Directors. A majority of the Board is independent, with seven Non-Executive Directors and three Executive Directors. The Non-Executive Directors bring strong backgrounds in entrepreneurship, finance and academia which allows for effective decision making. With highly respected members of the community as Board members, the Company benefits from a diverse range of objective perspectives.

3.5.9 Risk Management

Investment assessments and due diligence exercises are carried out on prospective business opportunities to ensure that potential financial, operational and strategic risks are identified and mitigated prior to commitment. In addition, Fraud Risk Assessment is conducted across the Group as part of the Annual Internal Audit Programme to ensure consistency with the Group's commitment to anti-corruption.

Half yearly and annual enterprise risk assessments are carried out to validate the existence and effectiveness of the controls in place. Group's strong corporate governance culture is supported by five pillars of management control system being: Policies and Procedures, Internal External Audits, Due Diligence Reviews, Compliance

Monitoring Reporting and Enterprise Risk Assessments, all of which are overseen by the ARMC and the Board.

3.5.10 Risk-Based Internal Audit

Risk-based internal audit is one of the main functions carried out by the Group's Risk Management team to help the businesses to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes through the Enterprise Risk Management Framework.

CHAPTER IV

ANALYSIS OF THE CORPORATE GOVERNANCE PRACTICES ON FMI

This chapter is structured with research design of the study, demographic profile, and analysis on compliance of Corporate Governance practices of FMI with nine categories. Categories applied for the analysis are compliance measuring the agreeable level of each of the variables relating the CG practices such as Fairness, Accountabilities, Responsibilities, Transparency, Well Governance Structure, Ethics, Disclosure, Commitment and Firm performance. This chapter is concluded with analysis on compliance of the overall Corporate Governance practices of FMI.

4.1 Research Design

In order to analyse the CG practices of FMI, both primary and secondary data were used and analysed based on Descriptive Method. The primary data was collected from employees whose positions are above managerial level, directors and committee member. The Likert scale questionnaires used during the interview are attached in appendix. Secondary data was collected by reports, books, internet websites, and relevant researches.

There are two sections in the questionnaire as section A consists of demographic information of respondents and section B consists of the analysis on compliance of CG practices of FMI. Section B is classified with nine categories measuring the agreeable level of each of the variables relating the CG practices such as Fairness, Accountabilities, Responsibilities, Transparency, Well Governance Structure, Ethics, Disclosure, Commitment and Firm performance.

After primary data collection, the received data were further analysed by SPSS version 22 and resulted mean value and standard deviations for the analysis.

4.2 Demographic Information of Respondents

Demographic profile of respondents presents the profiles of relevant CG stakeholders in FMI, participated in answering the questionnaires. The profiles cover the respondents' gender, age, marital status, educational level, occupational level, and working experience. All the data received from the questionnaires are interpreted and summarized in frequency distribution and percentage distribution. The frequency

analysis of relevant CG stakeholders' demographic data is illustrated through the table of frequency counts and their respective percentage.

4.2.1 No. of Respondents by Gender

The respondents include both males and females and Table 4.1 shows the percentage of male and female, respectively, from the respondents.

Table 4.1 Number of Respondents by Gender

Gender	Frequency	Percentage
Male	15	31.9
Female	32	68.1
Total	47	100.0

Source: Survey data, December 2019

According to Table 4.1, the respondents consists of 31.9% males and 68.1% females. Thus, female respondents are more than male respondents.

4.2.2 No. of Respondents by Age

There are four classifications in the age of respondents. They are from 21 to 30 years old, from 31 to 40 years old, from 41 to 50 years old, and 51 years old and above.

Table 4.2 Number of Respondents by Age Group

Age (in year)	Frequency	Percentage
21 to 30	8	17.0
31 to 40	26	55.3
41 to 50	8	17.0
51 years and above	5	10.6
Total	47	100.0

Source: Survey data, December 2019

As shown in Table 4.2, the four classified age has the highest percentage of respondents from 31 to 40 years old with 55.3%. In terms of the lowest percentage of respondents is from 51 years old and above. Both age group of 21 to 30 years old and 41 to 50 years old have the same percentage of 17%. There seems to have more percentage in managerial roles in 31 to 40 years old age group.

4.2.3 No. of Respondents by Educational Level

Educational level for CG stakeholders can be classified into three groups are University Graduated, Post-Graduated Diploma holder and Master Degree level.

Table 4.3 Number of Respondents by Education

Education	Frequency	Percentage
University Graduated	25	53.2
Post-Graduated Diploma	8	17.0
Master Degree	14	29.8
Total	47	100.0

Source: Survey data, December 2019

Table 4.3 shows that there is no Doctorate in the respondents as it is more likely to include experience-based personnel in the CG stakeholders rather than academic qualifications. However, most of the respondents are University Graduated with 53.2% while Post Graduated Diploma holders are 17% and Master Degree holders with 29.8% of total respondents.

4.2.4 No. of Respondents by Occupational Level

As Corporate Governance tasks are mainly performed by the key stakeholders, who are directly responsible for CG practices. They are from and above the managerial level of the hierarchy of FMI. There are four occupational levels of the respondents: Senior Management, Executive Level, Shareholder and Other.

Table 4.4 Number of Respondents by Position

Position	Frequency	Percentage
Executive Level	26	55.3
Senior Management	4	8.5
Shareholder	1	2.1
Other	16	34.0
Total	47	100.0

Source: Survey data, December 2019

As presented in Table 4.4, most of the respondents are from Executive level with 55.3% while the second largest group of “Other” is with 34%. Respondents’ percentage for Senior Management is only 8.5% and that of Shareholder is 2.1%.

4.2.5 No. of Respondents by Years of Working at FMI

Years of working in FMI of the respondents are divided into five groups as less than 1 year, as 1 to 3 years, 3 to 5 years, 5 to 7 years and above 7 years.

Table 4.5 Number of Respondents by Years of Working

Working Years	Frequency	Percentage
Less than 1 year	3	6.4
1 to 3 years	19	40.4
3 to 5 years	16	34.0
5 to 7 years	7	14.9
Above 7 years	2	4.3
Total	47	100.0

Source: Survey data, December 2019

According to Table 4.5, most respondents have 1 to 3 years of experience with 40.4%. 3 to 5 working years is 34%. 5 to 7 working years is 14.9%. Less than 1 working year is 6.4 %. And Above 7 working years is only 4.3%.

4.3 Analysis on Corporate Governance Practices in FMI

The questionnaires are structured with Likert scales and the analysis is made based on the Likert scale ranging from strongly disagree (1) to strongly disagree (5). The questionnaire is classified into nine parts measuring the agreeable level of each of the variables relating the CG practices such as Fairness, Accountabilities, Responsibilities, Transparency, Well Governance Structure, Ethics, Disclosure, Commitment and Firm performance. The respondents were asked to provide their rate on each statement in the survey form. The ratings show the agreeable level of CG practices within FMI. The higher scale demonstrates how well the existing CG practices of FMI are acknowledged and practiced in FMI.

4.3.1 Analysis on Fairness practices of BODs

Analysis on Fairness practices of the Board of Directors is formed with six questions to determine Fairness CG practices by the Board of Directors. The higher mean score shows the greater compliance that the Board of Directors are practicing.

Table 4.6 Analysis on Fairness practices of BODs

No	Statement	Mean	Std. Dev
1	Distribution of authority between the Annual General Meeting of Shareholders, the Board of Directors and executive bodies is fair.	4.43	.500
2	An external agency has rated FMI's Corporate Governance has high level of fairness.	4.36	.486
3	There are shareholder agreements, provisions of the company's charter, or informal understandings that specify which shareholders appoint directors.	4.43	.500
4	A formal or informal succession plan for its current Chairman is placed in FMI.	4.15	.360
5	A corporate secretary organizes FMI Board meetings.	4.17	.524
6	Corporate governance would create the targeted level of fairness in FMI.	4.30	.462
Total Average Scores		4.31	

Source: Survey data, December 2019

According to the results from Table 4.6, both item number 1 and 3, "Distribution of authority between the Annual General Meeting of Shareholders, the Board of Directors and executive bodies is fair" and "There are shareholder agreements, provisions of the company's charter, or informal understandings that specify which shareholders appoint directors", have the highest mean scores of 4.43. However, item number 5, "A formal or informal succession plan for its current Chairman is placed in FMI", has the lowest mean score with 4.17. The overall mean score for this category is 4.31 and thus, FMI's BODs and executive bodies are fairly organized in terms of authority distribution and well future plan.

4.3.2 Analysis on Accountability practices

There are four questions in this part to evaluate Accountability practices of FMI. The higher score interprets the greater quality of Accountability CG practices.

Table 4.7 Analysis on Accountability practices

No	Statement	Mean	Std. Dev
1	Corporate governance practices adoption has made difference in increasing accountability for FMI's overall function.	4.09	.282
2	Corporate governance would result in the targeted level of accountability in FMI.	4.64	.486
3	Board of Directors has fully practiced accountability to the company's interests.	4.64	.482
4	The current mix of skills and experience of the Board of Directors are right to the company's interests.	4.23	.560
Total Average Scores		4.40	

Source: Survey data, December 2019

Table (4.7) reports that both item number 2 and 3, "Corporate governance would result in the targeted level of accountability in FMI" and "Board of Directors has fully practiced accountability to the company's interests", have the same highest mean score of 4.64. However, item number 1, "Corporate governance practices adoption has made difference in increasing accountability for FMI's overall function", has the lowest mean value with 4.09. The overall mean score value is 4.40. Thus, CG practices will result in targeted level of accountability as BODs has fully practiced accountability measures for FMI's interest that leads differences to FMI's overall function.

4.3.3 Analysis on Responsibility practices

Analysis on Responsibility practices is made up of four questions.

Table 4.8 Analysis on Responsibility practices

No	Statement	Mean	Std. Dev
1	Board of Directors role and responsibilities stated in Corporate Governance code are clear and right.	4.45	.503

2	Corporate governance practices adoption in FMI has made difference with respect to the overall functioning of FMI in increasing responsibility of the BODs.	4.38	.610
3	FMI's risk appetite is set by the Board of Directors, and BODs reviews the risk management system at fixed time interval.	4.28	.682
4	Internal audit team formation renders well function of FMI's operations.	4.28	.452
Total Average Scores		4.35	

Source: Survey data, December 2019

With the result from Table (4.8), item number 1, “Board of Directors role and responsibilities stated in Corporate Governance code are clear and right”, has the highest mean score of 4.45. However, both item number 3 and 4, “FMI’s risk appetite is set by the Board of Directors, and BODs reviews the risk management system at fixed time interval” and “Internal audit team formation renders well function of FMI’s operations”, have the lowest mean value with 4.28. The overall mean score value is 4.35. Thus, Responsibility CG practices are clearly stated in CG code of to make well-functioning in operations.

4.3.4 Analysis on Transparency practices

In this evaluation part, it is formed with seven statements to measure the Transparency practices in FMI.

Table 4.9 Analysis on Transparency practices

No	Statement	Mean	Std. Dev
1	Corporate governance practices adoption in FMI makes difference in increasing transparency with regard to the overall functioning of FMI.	4.36	.486
2	The financial statements are recorded and prepared in line with internationally recognized accounting standards (e.g., MFRS, IFRS or U.S. GAAP).	4.15	.510
3	Any material re-statements in retrospective basis of the company’s financial statements are disclosed.	4.30	.462

4	FMI discloses major transactions, related party transactions, off-balance sheet activities, and other material events.	4.30	.587
5	Corporate annual report is posted at FMI website for its transparency.	3.96	.464
6	Key elements of the company's financial statements are reviewed by Board of Directors and Audit Committee.	4.17	.380
7	FMI has a written disclosure policy for all material information (financial and non- financial) fully, timely, and it is equally available to all stakeholders.	4.13	.337
Total Average Scores		4.20	

Source: Survey data, December 2019

Regarding with the result from Table (4.9), item number 1, “Corporate governance practices adoption in FMI makes difference in increasing transparency with regard to the overall functioning of FMI”, has the highest mean score of 4.36. However, surprisingly, item number 5, “Corporate annual report is posted at FMI website for its transparency”, has the lowest mean value with 3.96. The overall mean score value for this analysis is 4.20. Thus, Transparency CG practices are making differences to FMI’s overall function by well informing the current stake in the firm.

4.3.5 Analysis on Well Governance Structure

In this Analysis, the evaluation questions to measure well Governance Structure have total of 6 items.

Table 4.10 Analysis on Well Governance Structure

No	Statement	Mean	Std. Dev
1	The Board of Directors composition is determined by the work nature of delegation of authority with stakeholders.	4.04	.204
2	The Board of Directors role in relation to management, especially with regard to setting strategy and vision of the company, is clearly stated.	4.09	.282
3	The Board of Directors role in relation to management, especially with regard to selection and compensation of the chairman and senior management, is clearly stated.	4.06	.247

4	The Board of Directors role in relation to management, especially with regard to Risk Management, overseeing internal controls, external audit and preparation of financial statements, is clearly stated.	4.09	.282
5	The Board of Directors role in relation to management, especially with regard to major capital expenditures and large-value transactions, is clearly stated.	4.34	.479
6	FMI has formulated its own policies, practices and code for Corporate Governance.	4.30	.464
Total Average Scores		4.15	

Source: Survey data, December 2019

With regard to the results from Table (4.10), item number 5, “The Board of Directors role in relation to management, especially with regard to major capital expenditures and large-value transactions, is clearly stated”, has the highest mean scores of 4.34. However, item number 1, “The Board of Directors composition is determined by the work nature of delegation of authority with stakeholders”, has the lowest mean score with 4.04. The overall mean score for this category is 4.15 and thus, FMI has good Governance structure and FMI’s CG code is well structured that builds a strong base for all the business functions of the organization.

4.3.6 Analysis on Ethics practices

Analysis on Ethics practices is built with five questions to evaluate the Ethics policy of FMI.

Table 4.11 Analysis on Ethics practices

No	Statement	Mean	Std. Dev
1	Ethics policy in FMI is in compliance with the corporate rules and regulation of treating to employees, customers, suppliers and stakeholders.	4.15	.360
2	Ethics and/or governance policies in FMI are communicated to staff members in the management meetings, email messages, training sessions, and physical documents.	4.23	.428

3	FMI has internally appointed an ethics advisor who is able to judge issues related to conflicts of interest and legal cases.	4.15	.360
4	FMI has arrangements of inviting external speakers or trainers to provide material knowledge about ethics and governance.	4.02	.608
5	FMI has a hotline service for issues relating to ethics (or) whistle blowing cases.	3.96	.658
Total Average Scores		4.10	

Source: Survey data, December 2019

Table (4.11) gives the result that item number 2, “Ethics and/or governance policies in FMI are communicated to staff members in the management meetings, email messages, training sessions, and physical documents”, has the same highest mean score of 4.23. However, item number 5, “FMI has a hotline service for issues relating to ethics (or) whistle blowing cases”, has the lowest mean value with 3.96. The overall mean score value is 4.10. Thus, Ethics related CG practices are disseminated among staff members of FMI in all their communication ways.

4.3.7 Analysis on Disclosure practices

In this analysis, total questions for evaluating Disclosure practices are eight numbers.

Table 4.12 Analysis on Disclosure practices

No	Statement	Mean	Std. Dev
1	Financial and operation results of FMI are disclosed annually.	4.36	.673
2	FMI also discloses non-financial information.	4.23	.698
3	FMI has disclosed major share ownership and voting rights information to shareholders.	4.36	.640
4	Boards and key person remuneration are also clearly disclosed.	4.53	.687
5	Background of board of directors are stated in company profile.	4.15	.589

6	Related party transactions are also disclosed for more transparency.	4.06	.734
7	FMI's risk management committee examine and inform important risk factors to every department timely manner to reduce the loss of company assets.	3.94	.485
8	FMI's governance structure, management structure and related policies are clearly stated and disclosed.	3.65	.658
Total Average Scores		4.16	

Source: Survey data, December 2019

As per the result from Table (4.12), item number 4, “Boards and key person remuneration are also clearly disclosed”, has the highest mean score of 4.53. However, item number 8, “FMI's governance structure, management structure and related policies are clearly stated and disclosed”, has the lowest mean value with 3.65. The overall mean score value is 4.16. Thus, FMI's disclosure practices relating company information and transaction details are reflected through the management structure.

4.3.8 Analysis on Commitment practices

Analysis on Commitment practices has a total of six questions to measure how relevant personnel in FMI are committed to their CG role.

Table 4.13 Analysis on Commitment practices

No	Statement	Mean	Std. Dev
1	FMI has a charter or articles of incorporation according to local legislation, with provisions on the protection of shareholder rights and the equitable treatment of shareholders.	4.21	.549
2	FMI has a charter or articles of incorporation at distribution of authority between the Annual General Meeting of Shareholders, the Board of Directors and executive bodies.	4.02	.489
3	Board of Directors and the senior management are familiar with the voluntary code of corporate governance.	4.15	.691

4	Well prepared procedures and well monitoring system for Corporate Governance practices are applied through management review meetings.	4.00	.466
5	The extent of complying with FMI's corporate governance policies and procedures is disclosed.	4.02	.608
6	A designated officer responsible for ensuring compliance with the company's corporate governance policies and code of ethics is already appointed.	4.04	.588
Total Average Scores		4.07	

Source: Survey data, December 2019

Regarding to the results from Table (4.13), item number 1, "FMI has a charter or articles of incorporation according to local legislation, with provisions on the protection of shareholder rights and the equitable treatment of shareholders", has the highest mean scores of 4.21. However, item number 4, "Well prepared procedures and well monitoring system for Corporate Governance practices are applied through management review meetings", has the lowest mean score with 4.00. The overall mean score for this category is 4.07 and thus, a designated compliance officer in FMI is managing commitment to CG practices of all the related parties through well prepared procedures and well monitoring system.

4.4 Effect of Corporate Governance Practices on Business Performance of FMI

After the eight CG dimensions are analyzed identifying the practices, the current situation of business performance of FMI was then analyzed to link the relationship between them.

4.4.1 Analysis on Business Performance of FMI

In this part of analysis, FMI's part of business performance are measured with a total of ten questions.

Table 4.14 Analysis on Firm performance

No	Statement	Mean	Std. Dev
1	FMI is able to reduce areas that are financially risky.	4.13	.337
2	Key persons involve in effective managing of the different dimensions of financial risk in the process of corporate governance.	4.04	.204

3	FMI's corporate governance practices could minimize wastages, corruption, risks and mismanagement arise during operation.	4.09	.282
4	FMI can emphasize on continual skill development of its people to get better performance.	4.06	.247
5	Sharing of information throughout departments, and decision making are faster than before due to corporate governance practices.	4.09	.282
6	FMI has advantage to recognize and create new business opportunities ahead of others due to its corporate governance practices.	4.34	.479
7	FMI's higher return in equity is due to good corporate governance practices.	4.30	.462
8	FMI's reputation, brand building and organizational development are due to its good corporate governance practices.	4.15	.360
9	FMI's higher return from investment is due to good corporate governance practices.	4.23	.428
10	Investors' confidence is maintained by strong corporate governance so that additional company capital can be raised efficiently and effectively.	4.15	.360
Total Average Scores		4.16	

Source: Survey data, December 2019

Table (4.14) renders the result that item number 6, “FMI has advantage to recognize and create new business opportunities ahead of others due to its corporate governance practices”, has the same highest mean score of 4.34. However, item number 2, “Key persons involve in effective managing of the different dimensions of financial risk in the process of corporate governance”, has the lowest mean value with 4.04. The overall mean score value is 4.16. The analysis indicates that FMI has competitive advantage than those in the same industry due to CG practices establishment within organization in terms of effective management of financial risk, skill development in its people and corporate brand building, all of which leads to higher return in return on equity, return on assets while maintaining confidence in investors.

4.4.2 Influencing factors of Corporate Governance Practices on Business

Performance of FMI

To analyse the effect of corporate governance practices on business performance of FMI, the multiple regression analysis is conducted, and the results are reported in the following Table.

Table 4.15 Effect of CG Practices on Business Performance of FMI

Variable	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	VIF
	B	Std. Error	Beta			
(Constant)	.281	.339		.828	.413	
Fairness of BODs	-.026	.040	-.060	-.651	.519	2.254
Accountabilities	.029	.047	.060	.619	.540	2.522
Responsibilities	.042	.051	.097	.816	.420	3.742
Transparency	-.043	.060	-.072	-.717	.478	2.671
Well Governance Structure	.781	.061	.816	12.728	.000	1.093
Ethics	.240	.046	.360	5.180	.000	1.284
Disclosure	.058	.026	.160	2.187	.035	1.429
Commitment	-.031	.033	-.067	-.960	.343	1.278
N	47					
Adjusted R ²	.827					
F value	28.475*** (.000)					
Durbin Watson	1.714					

Source: Survey Results, 2019

*** Correlation is significant at the 0.01 level (1%) (2-tailed).

** Correlation is significant at the 0.05 level (5%) (2-tailed).

* Correlation is significant at the 0.10 level (10%)(2-tailed).

The results in Table 4.15 show that coefficient of determination, i.e. adjusted R², is 0.827. Thus, the results show that 82.7% of business performance could be explained by corporate governance dimensions. Moreover, for the overall model significance, F test is value is also significant as p<0.01 level. Therefore, all the T values,

which represents the reliability of all the corporate governance independent variables, are also significant.

According to the results, the relationship of business performance and Governance Structure is statistically significant at 1% level ($t=12.728$; $p<0.01$). It has effect on business performance where Governance Structure goes up one unit, business performance will increase 0.781 unit where all other variables hold constant.

According to the results, the relationship of between business performance and Ethics is statistically significant at 1% level ($t=5.180$; $p<0.01$). It has effect on business performance where Ethics goes up one unit, performance will increase 0.240 unit where all other variables hold constant.

According to the results, the relationship of between business performance and Disclosure is statistically significant at 5% level ($t=2.187$; $p<0.05$). It has effect on performance where Disclosure goes up one unit, performance will increase 0.58 unit where all other variables hold constant.

There is no multi collinearity effect among independent variables as all the VIF values are less than 10. In addition, Durbin Watson (DW) value is 1.714. It is between the value 1.5 and 2.5, and close to the value 2, therefore it can be assumed that there is no autocorrelation detected in the sample.

CHAPTER V

CONCLUSION

This section has made up of three parts: findings, suggestions and need for future research. In the findings part, why the study was conducted, what aspects of the problem were considered, what outcomes, and what the demographic factors are. In the suggestions part, recommendations from the survey analysis result are discussed. In the last part, it is discussed the need for future research relating the CG practices on business performance.

5.1 Findings

This study analyses the corporate governance practices and business performance of FMI. From the survey results, the current corporate governance practices in FMI has greatly improved the business performance of FMI.

Regarding to the analysis on Fairness practices of BODs, highest mean score is found at authority distribution among stakeholders bodies, and agreements on which shareholders appoint directors; and the lowest mean score is found at succession plan for Chairman. The overall mean score for fairness factor is also much higher. Thus, Fairness practices of BODs and executive bodies are in place in terms of authority distribution and well future plan is in FMI.

Regarding to the analysis on Accountability practices of BODs, highest mean score is found at CG would result in targeted level of accountability, and BODs has fully practiced accountability measures; and the lowest mean score is found at CG practices would make difference in FMI's overall function. The overall mean for accountability factor is also much higher. Thus, FMI's BODs is fully practising CG accountability to make difference to overall business function for FMI's interest.

Relating to the analysis result on Responsibility practices, highest mean score is found at BODs role and responsibilities in CG code are clear and right; and the lowest mean score is found at BODs reviews risk management system periodically, and internal audit team renders well function of FMI's operations. The overall mean for responsibility factor is also much higher and thus, BODs and Internal Audit team role and responsibility are clear and they give rise well functions in operations.

In accord with the analysis on Transparency practices, highest mean score is found at CG practices adoption increase transparency, and the lowest mean score is found at Annual report is publicly posted for transparency. The overall mean for transparency factor is also much higher. Thus, CG practices in FMI make the firm increase transparency to well inform the current stake in the firm.

In correspond to the analysis on Well Governance Structure, highest mean score is found at BODs role for major expenses are clearly stated, and the lowest mean score is found at BODs composition is in line with delegation of authority. The overall mean for Well Governance factor is also much higher and thus, FMI's CG code is well structured that builds a strong base for all the business functions of the organization.

Regarding to the analysis on Ethics CG practices, highest mean score is found at ethics policies are communicated to staff members through various forms, and the lowest mean score is found at the whistle blowing hotline setup within organization. The overall mean for Ethics CG practices factor is also very much higher. Thus, an ethics advisor within the organization disseminated Ethics related CG practices through almost all the communication channels in FMI.

Relating to the analysis result on Disclosure CG practices, highest mean score is found at key person remuneration information, and the lowest mean score is found at policies of governance and management structure disclosure. The overall mean for Disclosure factor is much higher and thus, disclosure policies are clearly stated in governance and management structures of FMI.

In accord with the analysis on Commitment practices, highest mean score is found at a charter is well established to protect rights and equitable treatment of shareholders, and the lowest mean score is found at well prepared procedures and well monitoring system are applied. The overall mean for Commitment CG factor is much higher. Thus, FMI has well-structured procedures and system which are in place, and a designated compliance officer manage and monitor them.

In the analysis on the business performance of FMI, highest mean score is found at FMI's competitive advantage over others is due to governance practices, and the lowest mean score is found at involvement of key persons in different dimensions of financial risk in the CG process. The overall mean for Business Performance is much higher. Thus, FMI has competitive advantage than those in the same industry due to CG practices establishment within organization in terms of effective management of financial risk, skill development in its people and corporate brand building, all of which

leads to higher return in return on equity, return on assets while maintaining confidence in investors.

In this study, the relationship between good governance practices and business performance is analysed using Multiple Linear Regression model. The results of estimated regression model says that only three out of eight independent variables of corporate governance dimensions have positive correlation to business performance of FMI through their significant values. These independent variables are Well Governance Structure, Ethics and Disclosure dimensions. Among these three corporate governance dimensions, only Well Governance Structure has the highest influence to the business performance of FMI.

5.2 Suggestions

Based on the findings from the observed data in the previous section, the suggestions are discussed for the good corporate governance practices and business performance.

FMI is rated as “Second” for its transparency CG practices by Pwint Thit Sa report published by Myanmar Center for Responsible Businesses. But, from the analysis result of the survey, transparency is not significant to impact to the business performance. In fact, transparency is the main influential factor nowadays to be a sustainable business organization. Therefore, FMI should maintain its transparency value for organizational sustainability and it is the pride of the organization to be named as the most transparent company.

With regard to the survey analysis result, FMI’s has Well Governance Structure and it is the highest significant factor to business performance. Well Governance Structure is the heart of overall corporate governance code, policies and practices in FMI. It is recommended that FMI should pay more emphasis to strengthening the Governance Structure as it will make overall business performance improvement.

FMI got best disclosure award for 2019 from Yangon Stock Exchange. FMI’s disclosure practices are the third significant factor according to the survey analysis result. It is recommended that FMI should also be giving more insights to effective management of disclosure practices as it would make investors’ confidence as they are satisfied with FMI’s timely disclosed information for the investment decision making.

Another significant factor from the survey result is Ethics CG practices in FMI.

Ethics is the center of human society. It also plays a crucial role in the long term survival of an organization. According to survey analysis result, Ethics has a portion to support business performance of FMI. Therefore, it is suggested that FMI should also give more attention to development of making Ethics policies and standards which protect the market, the investors and the company interest as well.

5.3 Limitations and Needs for Further Study

This research is only emphasized on relationship between eight corporate governance dimensions to business performance of FMI. Among the several performance management systems, only the CG practices are studied. And thus, study does not cover overall business system and model, and other organizational management systems are not included. The survey for the study was only based on 47 respondents who are randomly selected from different positions starting at managerial level and above with regard to time constraints. Thus the number of total respondents are not able to represent and reflect the CG practices of the whole company. If larger sample size is used and majority percentage of the employees relating to corporate governance practices are participated, the study result will be more enriched with other interesting significant factors. Moreover, in the future analysis on the relative importance to each characteristics at corporate governance mechanism, such as, fairness, accountabilities, responsibilities, transparency, governance structure, ethics, commitment, etc., should be deeply emphasized. Needless to say, the overall business performance of FMI is not only due to the good practices of corporate governance. There are strategic marketing activities, employees' performance and talent acquisition tactics are also influencing to overall organizational development. It could be concluded that FMI should continue its good practices on corporate governance system and also maintain its sales and marketing efforts, employee development and growth, building of learning organization culture, and trainings which are the also material factors to overall organizational performance.

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APPENDIX_A

QUESTIONNAIRE

Yangon University of Economics
Department of Commerce
Master of Banking and Finance Programme

Analysis on the Corporate Governance Practices of FMI

SECTION (A)

ANALYSIS ON SOCIO-DEMOGRAPHIC FACTORS OF RESPONDENTS

Please Tick “✓” in the box that best describes you.

1. Gender of Respondent

- Male Female

2. Age of Respondent

- Less than 20 years 21 to 30 years 31 to 40 years
 41 to 50 years 51 years above

3. Education of Respondent

- University Graduated Post-graduate diploma
 Master Degree Ph.D. Doctorate Professor

4. Position of Respondent

- Internal auditor Executive level Board members
 External auditor Senior management Shareholder
 Compliance officer Other (Please specify) _____

5. How long have you been working for this company?

- Less than 1 year 1 to 3 years 3 to 5 years
 5 to 7 years Above 7 years

SECTION (B)

ANALLYSIS ON CORPORATE GOVERNANCE OF FMI

Please tick “✓” the score boxes which mostly explains your opinion on the given statement which you think is mostly concerned and reasonable. The levels of score are described as **5=Strongly Agree**, **4=Agree**, **3= Neither Agree nor Disagree**, **2=Disagree** and **1= Strongly Disagree**.

1. FAIRNESS OF BODs						
No.	Description	1	2	3	4	5
1	Distribution of authority between the Annual General Meeting of Shareholders, the Board of Directors and executive bodies is fair.					
2	An external agency has rated FMI’s Corporate Governance has high level of fairness.					
3	There are shareholder agreements, provisions of the company’s charter, or informal understandings that specify which shareholders appoint directors.					
4	A formal or informal succession plan for its current Chairman is placed in FMI.					
5	A corporate secretary organizes FMI Board meetings.					
6	Corporate governance would create the targeted level of fairness in FMI.					

2. ACCOUNTABILITIES						
No.	Description	1	2	3	4	5
1	Corporate governance practices adoption has made difference in increasing accountability for FMI’s overall function.					

2	Corporate governance would result in the targeted level of accountability in FMI.					
3	Board of Directors has fully practised accountability to the company's interests.					
4	The current mix of skills and experience of the Board of Directors are right to the company's interests.					

3. RESPONSIBILITIES

No.	Description	1	2	3	4	5
1	Board of Directors role and responsibilities stated in Corporate Governance code are clear and right.					
2	Corporate governance practices adoption in FMI has made difference with respect to the overall functioning of FMI in increasing responsibility of the BODs.					
3	FMI's risk appetite is set by the Board of Directors, and BODs reviews the risk management system at fixed time interval.					
4	Internal audit team formation renders well function of FMI's operations.					

4. TRANSPARANCY

No.	Description	1	2	3	4	5
1	Corporate governance practices adoption in FMI makes difference in increasing transparency with regard to the overall functioning of FMI.					
2	The financial statements are recorded and prepared in line with internationally recognized accounting standards (e.g., MFRS, IFRS or U.S. GAAP).					

3	Any material re-statements in retrospective basis of the company's financial statements are disclosed.					
4	FMI discloses major transactions, related party transactions, off-balance sheet activities, and other material events.					
5	Corporate annual report is posted at FMI website for its transparency.					
6	Key elements of the company's financial statements are reviewed by Board of Directors and Audit Committee.					
7	FMI has a written disclosure policy for all material information (financial and non- financial) fully, timely, and it is equally available to all stakeholders.					

5. WELL GOVERNANCE STRUCTURE

No.	Description	1	2	3	4	5
1	The Board of Directors composition is determined by the work nature of delegation of authority with stakeholders.					
2	The Board of Directors role in relation to management, especially with regard to setting strategy and vision of the company, is clearly stated.					
3	The Board of Directors role in relation to management, especially with regard to selection and compensation of the chairman and senior management, is clearly stated.					
4	The Board of Directors role in relation to management, especially with regard to Risk Management, overseeing internal controls, external audit and preparation of financial statements, is clearly stated.					

5	The Board of Directors role in relation to management, especially with regard to major capital expenditures and large-value transactions, is clearly stated.					
6	FMI has formulated its own policies, practices and code for Corporate Governance.					

6. ETHICS

No.	Description	1	2	3	4	5
1	Ethics policy in FMI is in compliance with the corporate rules and regulation of treating to employees, customers, suppliers and stakeholders.					
2	Ethics and/or governance policies in FMI are communicated to staff members in the management meetings, email messages, training sessions, and physical documents.					
3	FMI has internally appointed an ethics advisor who is able to judge issues related to conflicts of interest and legal cases.					
4	FMI has arrangements of inviting external speakers or trainers to provide material knowledge about ethics and governance.					
5	FMI has a hotline service for issues relating to ethics (or) whistle blowing cases.					

7. DISCLOSURE

No.	Description	1	2	3	4	5
1	Financial and operation results of FMI are disclosed annually.					
2	FMI also discloses non-financial information.					

3	FMI has disclosed major share ownership and voting rights information to shareholders.					
4	Boards and key person remuneration are also clearly disclosed.					
5	Background of board of directors are stated in company profile.					
6	Related party transactions are also disclosed for more transparency.					
7	FMI's risk management committee examine and inform important risk factors to every department timely manner to reduce the loss of company assets.					
8	FMI's governance structure, management structure and related policies are clearly stated and disclosed.					

8. COMMITMENT TO CORPORATE GOVERNANCE

No.	Description	1	2	3	4	5
1	FMI has a charter or articles of incorporation according to local legislation, with provisions on the protection of shareholder rights and the equitable treatment of shareholders.					
2	FMI has a charter or articles of incorporation at distribution of authority between the Annual General Meeting of Shareholders, the Board of Directors and executive bodies.					
3	Board of Directors and the senior management are familiar with the voluntary code of corporate governance.					
4	Well prepared procedures and well monitoring system for Corporate Governance practices are applied through management review meetings.					

5	The extent of complying with FMI's corporate governance policies and procedures is disclosed.					
6	A designated officer responsible for ensuring compliance with the company's corporate governance policies and code of ethics is already appointed.					

9. PERFORMANCE OF FMI

No.	Description	1	2	3	4	5
1	FMI is able to reduce areas that are financially risky.					
2	Key persons involve in effective managing of the different dimensions of financial risk in the process of corporate governance.					
3	FMI's corporate governance practices could minimize wastages, corruption, risks and mismanagement arise during operation.					
4	FMI can emphasize on continual skill development of its people to get better performance.					
5	Sharing of information throughout departments, and decision making are faster than before due to corporate governance practices.					
6	FMI has advantage to recognize and create new business opportunities ahead of others due to its corporate governance practices.					
7	FMI's higher return in equity is due to good corporate governance practices.					
8	FMI's reputation, brand building and organizational development are due to its good corporate governance practices.					
9	FMI's higher return from investment is due to good corporate governance practices.					

10	Investors' confidence is maintained by strong corporate governance so that additional company capital can be raised efficiently and effectively.					
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The answer result will be used in MBF thesis for educational purpose only!

Thanks for your kind help and participation!