

**YANGON UNIVERSITY OF ECONOMICS
DEPARTMENT OF COMMERCE
EXECUTIVE MASTER OF BANKING AND FINANCE
PROGRAMME**

**EFFECT OF CORPORATE GOVERNANCE PRACTICES
ON PERFORMANCE OF POPULATION SERVICES
INTERNATIONAL – MYANMAR**

**HNIN MOE PHYU
(EMBF_5th BATCH)**

DECEMBER, 2019

**EFFECT OF CORPORATE GOVERNANCE PRACTICES ON
PERFORMANCE OF POPULATION SERVICES
INTERNATIONAL – MYANMAR**

A thesis submitted as a partial fulfillment towards the requirements for
the degree of Executive Master of Banking and Finance (EMBF)

Supervised by:

Prof. Dr. Daw Soe Thu
Head of Department
Department of Commerce
Yangon University of Economics

Submitted by:

Hnin Moe Phyu
Roll No. 8
EMBF 5th Batch

DECEMBER, 2019

ABSTRACT

This study analyzes corporate governance practices on financial and non-financial performance of a not-for-profit organization named PSI/Myanmar. 80 respondents (10% of total population) who are working at middle and top management levels, out of 800 employees at PSI/Myanmar are taking part of the study. Statistical survey is made by examining the governance practices based on core values of corporate governance in terms of responsibility of the board, accountability of the board and management team, transparency and disclosure of information, fairness to all stakeholders of PSI/Myanmar. Those dimensions are analyzed whether they are good corporate governance practices by using the descriptive method. Moreover, the study examines the relationships to the current organizational performance in terms of financially and non-financially. According to the analysis, the result shows that there is significant effect of independent variables to financial and non-financial performance of PSI/Myanmar. However, it shows only accountability and fairness are the best practices for financial performance and responsibility, accountability and fairness are the best practices for non-financial performance according to multiple regression analysis result. The most effective corporate governance dimensions are fairness for financial performance and accountability for non-financial performance of PSI/Myanmar. PSI/Myanmar should maintain the good practices of corporate governance system with strong technical resources, good efforts in stakeholder management, trust building with employee, well-structured internal control mechanisms, creation of learning and healthy working environment which lead to higher organizational performance in the long term. Based on the findings of the study, corporate governance practices and procedures are strongly effected on the organizational performance.

ACKNOWLEDGEMENTS

Firstly, I would like to gratitude and thanks to all my respected professors, lecturers those who contributed their time, valuable knowledge and experiences sharing, and broader thinking during the course of the EMBF Programme.

I am highly grateful to Prof. Dr. Tin Win, Rector of the Yangon University of Economics, Prof. Dr. Nilar Myint Htoo, Pro-Rector as well for their concern and encouragement to the participants of the EMBF Programme.

My heartfelt thanks go to my Supervisor, Prof. Dr. Daw Soe Thu, Programme Director of the MBF Programme and Head of Department of Commerce, Yangon University of Economics for her encouragement, invaluable guidance and constant supervisions as well as necessary information regarding the study and patience during my thesis period.

I would like to thank to Mr. Michael Chommie, Senior Country Representative of PSI/Myanmar for his encouragement to make my thesis, Deputy Country Directors of PSI/Myanmar for their knowledge sharing to my thesis, and all the management employees of PSI/Myanmar that took their valuable time to respond to the questionnaires for this research study.

Finally, I would like to deeply thanks to my family for patience, understanding, encouragements and supports during the course and my classmates for all their invaluable inputs.

TABLE OF CONTENTS

	Page
ABSTRACT	i
ACKNOWLEDGEMENTS	ii
TABLE OF CONTENTS	iii
LISTS OF TABLES	v
LISTS OF FIGURES	vi
LISTS OF ABBREVIATIONS	vii
CHAPTER I INTRODUCTION	
1.1 Rationale of the Study	3
1.2 Objectives of the Study	5
1.3 Scope of Method of the Study	5
1.4 Organization of the Study	6
CHAPTER II THEORETICAL BACKGROUND ON CORPORATE GOVERNANCE AND ORGANIZATIONAL PERFORMANCE	
2.1 Corporate Governance	7
2.2 Theoretical Background of Corporate Governance	8
2.3 Differences between Profit Organization and Not-for-Profit Organizations about Corporate Governance	9
2.4 Performance measurement of Not-for-Profit Organizations	12
2.5 Previous Studies on Corporate Governance and Firm's Performance	14
2.6 Conceptual Framework of the Study	16
CHAPTER III CURRENT PRACTICES AND PROCEDURES OF CORPORATE GOVERNANCE IN PSI/MYANMAR	
3.1 Corporate Governance Practices of NFPs in Myanmar	18
3.2 Historical Background of PSI/Myanmar	19
3.3 Mission and Vision of PSI/Myanmar	20
3.4 Organizational Structure of PSI/Myanmar	20
3.5 Governance Strategies of PSI/Myanmar	23
3.6 Performance Measurement of PSI/Myanmar	28

**CHAPTER IV THE EFFECT OF CORPORATE GOVERNANCE ON
PERFORAMANCE OF PSI/MYANMAR**

4.1	Research Design	29
4.2	Demographic Profile of Respondents	30
4.3	Assessment of Reliability	33
4.4	Analysis on Corporate Governance Practices of PSI/Myanmar	34
4.5	Effect of Corporate Governance Practices on Financial Performance	41
4.6	Effect of Corporate Governance Practices on Non-Financial Performance	44

CHAPTER V CONCLUSION

5.1	Findings	49
5.2	Suggestions and Recommendation	51
5.3	Need for Further Studies	53

REFERENCES

APPENDICES

LIST OF TABLES

Table No.	Particulars	Page
1.1	Health Expenditure by Financing Agents (2014-2015)	4
1.2	Total Expenditures on Health at Current Prices (2014-2015)	4
4.1	Gender of Respondents	30
4.2	Age Group of Respondents	31
4.3	Position of Respondents	31
4.4	Education Level of Respondents	32
4.5	Working Experience of Respondents in the organization	33
4.6	The Rule of thumb for Cronbach's Alpha Coefficient Value	33
4.7	Reliability Test	34
4.8	Responsibility	35
4.9	Accountability	37
4.10	Transparency and Disclosure	39
4.11	Fairness	40
4.12	Financial Performance	42
4.13	Effect of Corporate Governance Practices on Financial Performance	43
4.14	Non-Financial Performance	46
4.15	Effect of Corporate Governance Practices on Non-Financial Performance	47

LIST OF FIGURES

Figure No.	Particulars	Page
2.1	Program Logic Model	13
2.2	Conceptual Framework of Corporate Governance on Performance of NFPs	14
2.3	Conceptual Framework of Corporate Governance on Micro-Finance Institutions	15
2.4	Conceptual Framework of Corporate Governance on Performance of Bank	17
2.5	Conceptual Framework of the Study	17
3.1	PSI/Myanmar Organizational Structure	22
3.2	Business Unit Board	24

LIST OF ABBREVIATIONS

BU	- Business Unit
CBO	- Community Based Organization
CEO	- Chief Executive Officer
CFO	- Chief Finance Officer
CMA	- Certified Management Accountants
IMF	- The International Monetary Fund
INGO	- International Non-Government Organization
LNGO	- Local Non-Government Organization
MIMU	- Myanmar Information Management Unit
MOHS	- Ministry of Health and Sports
MOU	- Memorandum of Understanding
NFPs	- Not-for-Profit Organizations
NGO	- Non-Governmental Organization
NHA	- National Health Account
OECD	- Organization for Economic Co-operation and Development
PSI	- Population Services International
UK	- United Kingdom
UNCTAD	- United Nations Conference on Trade and Development
USA	- United States of America

CHAPTER I

INTRODUCTION

Corporate governance is a central and dynamic aspect of today business. It is not an overstated that corporate governance is important for both corporate success and social welfare. Massive corporate collapses due to the weak systems of corporate governance are the examples which pointed out that the improvement and the reforms of corporate governance at an international level. Following the consequences of Enron and other similar cases, countries around the world have taken quick reactions in the form of precautionary and preventive measures to prevent similar events domestically. As a speedy response to these corporate failures, the USA issued the Sarbanes–Oxley Act in July 2002. Similarly, the UK published the Higgs Report and the Smith Report in January 2003, again in response to recent corporate governance failures.

Sir Adrian Cadbury, Corporate Governance Overview, 1999, [World Bank Report], said “Corporate governance is concerned with holding the balance between economic and social goals and between individual and communal goals”. The aim is to align as nearly as possible the interests of individuals, corporations and society. Even before the Enron debacle and the other widely publicized scandals in 2002, there was a steadily increasing volume of criticism and complaints regarding the governance of many companies. Awareness of and new stories about dissatisfaction have only intensified over time as the complaints have continue to take many forms and address ever-broader issues.

The 20th century saw a massive growth in serious management thought. Organization theories achieved new significance, although the board of directors was not mentioned on most organization charts. Strategic management has achieved great success, but the contribution of the board has been mention rarely. Important theories and practices were evolved for the management of finance, marketing, and operations, although little concern was given to the role of the directors. Those were the hey-days of management theories, management consultants, management gurus, and management teaching, all reflecting a thought with management. However, if management was the point of attention for the 20th century then corporate governance is in reediness to attract the prim attentions of 21st century. Almost all advanced and

advancing economies have introduced corporate governance codes or enacted new company laws, as in the United States following the Eron debacle. The global financial crisis that started in 2007, further strengthened the need of corporate governance policy and practice.

Various lapses in corporate governance policies and procedures stated to the collapse of financial institutions taking to the financial crisis. (Clarke, 2010) suggests that systematic crisis due to the failure of international financial market was also the crises of corporate governance and regulation. Before and during the financial crisis, corporate governance issues which lead to the collapse of many financial institutions. United Nations Conference on Trade and Development (UNCTAD) in its analysis report of corporate governance in the wake of the financial crisis, attributed poor corporate governance practices as a cause of global financial crisis implicated through fragile and the inferior risk management system in many failed financial institutions (UNTACD, 2010).

The financial crisis of 2007-08 was a crisis truly global in nature that affected all regions and countries of the world (Clarke, 2010). The scale and reach of this crisis was worrisome, and much bigger than the earlier region specific crises in Asia, Japan and United States, and was only comparable to the Great Depression. The fall of share prices on a single day was even more than the Great Depression of the 1930s. The International Monetary Fund (IMF) estimated the potential losses from this crisis were approximately \$1400 billion up to the end of October 2008 (Clarke, 2010). The global crisis was initiated in the latter part of 2006 and by the end of 2008 engulfed the entire world. There were several macro- and micro- economics perspectives of this crisis (UNTACD, 2010).

All corporate entities, including private and public profit oriented companies, joint-ventures, co-operatives, and partnerships, and not-for-profit organizations such as voluntary and community organizations, charities and academic institutions, as well as governmental corporate entities and quangos, have to be governed. All needs governing body. The essence of corporate governance is expressing the way power is delegated to corporate entities. It includes the board activities and it relationships with the shareholders, and with those managing the enterprise, as well as with the external auditors, regulators, and other legitimate stakeholders.

Corporate Governance is an important mechanism or tools for all corporate entities. It leads better access to external finance, lower cost of capital, improved in

the company's performance which becomes the sustainability in the long-term, higher company's valuation and share performance, and finally reduced risks of financial crisis and scandals.

1.1 Rationale of the Study

Public confidence is a factor in the amount of money that a not-for-profit organization (NFP) is able to raise. The more not-for-profits(NFPs) focus on their mission, the more public confidence they will have, and as a result, more money for the organization. Public confidence can be built with the help of activities of NFPs is partaking in and the level of their standards and practices of ethics. Therefore, strong corporate governance in NFPs plays very important role which must remain beyond reproach in the eyes of the public. Furthermore, strong corporate governance is set place internal controls to protect the firm. Proper internal controls significantly reduce the chance of any type of fraud within the firm and therefore the firm eventually sustain in the long run.

A not-for-profit organization is dedicated to furthering a particular social cause or advocating for a shared point of view. The key aspects of NFPs are accountability, trustworthiness, transparency, and openness to every person who has invested time, money, and faith into the organization. NFPs are accountable to multi-level stakeholder such as donors, funders, volunteers, program recipients, and the public community. Not-for-profits are not driven by generating profit, but they must bring in enough income to pursue their social goals. Each not-for-profit organization is unique in which source of income works best for them. In many cases, managers of NFPs do not have the concept of profit to disciplines their thinking. The substitute for this is need to balance their budgets. As with for-profits, though, they do compete for resources. Implications of corporate governance is important for all forms of organizations, and as well as for not-for-profit organizations. For not-for-profit organizations, the governance is being more and more prominent. In materializing, the corporate governance plays a main role in driving the strategies of grant-receiving organization.

According to OECD's fact-finding survey 2018, Myanmar has no tailor-made framework for corporate governance. Furthermore, insufficient knowledge about corporate governance among companies. Those challenges still exist and regulatory body and government is trying to legislation. Governance practices in companies and

organizations in Myanmar are not well developed. Therefore, companies and organizations have unique structure of corporate governance on their own not a by-law requirement. Therefore, the governance mechanisms are still weak in Myanmar. Likely the other profit sectors, Myanmar NFP sector have not well-defined corporate governance practices.

According to Myanmar National Health Account (NHA) Report in Table (1.1), expenditures by the Ministry of Health and Sports as a financing agent constituted around 20% of total health expenditures where expenditures by not for profit organizations were around 3% (MOHS, 2018).

Table (1.1) Health Expenditure by Financing Agents (2014-2015)

Kyat in Million

Financing Agents	2014	2015
Ministry of Health and Sports	20.76%	20.84%
Other Ministries	2.40%	2.52%
Social Security Scheme	0.24%	0.42%
Private Household Out of Pocket	74.01%	73.71%
Non-profit Institutions Serving Households (INGOs)	2.59%	2.52%
Total Health Expenditure	100.00%	100.00%

Source: (National Health Account Report 2014-2015)

According to Total Expenditures on Health, it was contributed 4.88% of GDP in 2014 and 4.7% in 2015. Figures are shown in following Table (1.2).

Table (1.2) Total Expenditures on Health at Current Prices (2014-2015)

(Kyat in Million)

Indicator	2014	2015
Total Health Expenditures (THE)	3,194,873.73	3,611,919.82
Gross Domestic Product (GDP)	65,437,095.3	76,822,860.00
THE as % of GDP	4.88%	4.70%

Source: (National Health Account Report 2014-2015)

According to data from NHA Report, INGOs are one of the agents to contribute to national GDP. According to the information from Myanmar Information Management Unit(MIMU) website, there are more than 120 INGOs which are registered as of April 2018 in Myanmar. Out of 120, 12 INGOs are working for only health sector development in Myanmar.

PSI/ Myanmar is one of the INGOs working for health sector in Myanmar. It is an international non-profit, non-political and non-religious organization that has operated programs to improve health and well-being in Myanmar since 1995. A key partner of Myanmar's Ministry of Health and Sports nearly 25 years. PSI is widely recognized as the world's largest and most impactful private, non-profit social marketing health organization. PSI provides life-saving health products and services to low-income and vulnerable people in more than 60 countries around the world. As for 25 years' service NFP in Myanmar, PSI/Myanmar has well-experiences on corporate governance practices and suitable to determine as a sample not-for-profit organization whose corporate governance strategies are actually effected on the performance of the organization.

This study will essentially be beneficial to the INGO regulating authority like Ministry of Health and Sports (MOHS), INGO Forum in Myanmar, Ministry of Social Welfare, and then PSI/Myanmar itself since these bodies are mandated to regulate the performance of INGOs in developing appropriate mechanisms. The study will also be beneficial to academicians and researchers who will be either making comparison to other similar studies or when subsequent studies based on the recommendations of this study.

1.2 Objectives of the Study

The main objectives of the study are

- 1) To identify the current practices and the procedures of corporate governance in PSI/ Myanmar
- 2) To analyze the effect of corporate governance practices on Performance of PSI/Myanmar

1.3 Scope and Method of the Study

In this study focusing on the corporate governance practices on Population Services International Myanmar (PSI/Myanmar). PSI/Myanmar is one of the

International Non-Government Organizations in Myanmar. PSI/Myanmar has been serving Myanmar people nearly 25 years to ensure that low-income people of Myanmar who can have affordable, quality health services when and where they need them. Today, PSI/Myanmar has nearly 800 staffs to implement quality health programs across the country to carry out its mission. As for the primary data collection, the questionnaire set was constructed based on the corporate governance core pillars; responsibilities of the board, accountabilities of board and management, transparency and fairness to all stakeholders. To increase the validity and reliability of the study, there had to use the structured questionnaire set and assessment with 80 staffs (10% of total employee) who are working in the middle and top management levels to fulfil the thesis objectives. Due to time limitation and high-level questions, the study only conducted to manager and above employees of PSI/Myanmar using the simple random sampling method. Secondary data and information were collected from books, Ministry reports, thesis papers, research papers and publications, business journals, newspapers, and websites.

1.4 Organization of the Study

This study includes five chapters. Chapter one is the introduction about the thesis title. It includes the rationale and the objectives of the study, scope and the methodology of the study and finally describe the organization of the study. Chapter two provides the theoretical background on corporate governance evolution. It also expresses the overview about not-for-profit organizations, the differences on corporate governance practices between profit and not-for-profit organizations, measuring performance in not-for-profit organizations, and the relationship between the good corporate governance practices and performance of the organization. Chapter Three discusses corporate governance framework for NFPs' in Myanmar, historical background of PSI/Myanmar, vision and mission of the organization. It is also discussing the current practices and procedures on the corporate governance of PSI/Myanmar such as board structure, main functions and competencies of the board and management team, internal control mechanisms, and performance measurement tools. Chapter four analyzes the effectiveness of corporate governance practices on the performance of PSI/Myanmar using the survey observed data. Finally, Chapter five summarizes the findings of the study, provides the suggestions on the survey findings and finally suggests on the needs for further research.

CHAPTER II

THEORETICAL BACKGROUND ON CORPORATE GOVERNANCE AND ORGANIZATIONAL PERFORMANCE

To contribute to the aim of the study, this chapter provides a discussion of the theories background on the concept of corporate governance and organizational performance of not-for-profit organizations. It was constructed in seven sections; section 2.1 defines Corporate Governance, section 2.2 discuss fundamental concepts of corporate governance, section 2.3 discuss the differences between profit organizations and not-for-profit organizations about corporate governance, section 2.4 express the performance of not-for-profit organizations, section 2.5 discuss the relationship between good corporate governance and performance of the organization, section 2.6 discuss the literature review for the study, and section 2.7 express the conceptual framework of the study and the research question.

2.1 Corporate Governance

The definitions adopted by some authorities focus on governance structures, processes, and practices. The first corporate governance report, Sir Adrian Cadbury's Report on the financial Aspects of Corporate Governance (1992) defined as "the system by which companies are directed and controlled. The boards of directors responsibilities are governance of their companies. Corporate Governance is a mechanism through which boards and directors are able to direct, monitor and supervise the conduct and operation of the corporation and its management in a manner that ensures appropriate levels of authority, accountability, stewardship, leadership, direction and control" (Cadbury A. , 1992).

The operational perspective, focusing on the shareholders, the board and the management, has been the basis for much work in corporate governance. The relationship perspective, corporate governance involves the relationship among the various participants, including the chief executive officer, management, shareholders, and employees, in determining the direction and performance of corporations. (Demb & Neubauer, 1992) also took the stakeholder view: "Corporate Governance is the process by which corporations are made responsive to the rights and wishes of stakeholders". Financial economics tend to see corporate governance through a

different lens from that of the lawyer and management expert. “Corporate Governance deals with the way suppliers of finance assure themselves of getting a return on their investment” wrote (Shleifer & Vishny, 1997). Finally, there come to a perspective that places the corporate entity in society. Of course, these different perspectives are not mutually exclusive; they overlap. None are all-inclusive; each can be relevant in context.

2.2 Theoretical Background of Corporate Governance

There are several theories described corporate governance in different lens and perspectives namely agency theory, stewardship theory, transaction cost theory, resource dependency theory, stakeholder theory. In this section, agency theory and the other two corporate governance theories which are more relevant for this paper have been reviewed.

Agency theory or principal-agent theory as some writers refer to it, looks at corporate governance practices and behavior through the lens of the agency dilemma. The theory perspectives the governance relationship as a contract between shareholder (the principal) and director (the agent). Directors, it is argued, seek to maximize their own personal benefit, to take action that are advantageous to themselves, but detrimental to the shareholders. As the early proponents of agency theory, Jensen & Meckling, explained: “Agency theory involves a contract under which one or more persons (the shareholders) engage other persons (the directors) to perform some service on their behalf which includes delegating some decision-making authority to the agent. If both parties to the relationship are utility maximizers there is good reason to believe the agent will not always act in the best interests of the principal” (Jensen & Meckling, 1976). Agency theory focuses at the level of shareholders and boards as entities (Tricker, March 2015).

Stewardship theory looks at governance through a different lens from agency theory, reflecting the original legal view of the corporation (Colley & Jr. Jacqueline L. Doyle, 2003). The underpinning disciplines in stewardship theory are legal and organizational studies (Tricker, March 2015). Stewardship theory emphasizes the responsibility of the boards to maximize shareholder value sustainably in the long term (Colley & Jr. Jacqueline L. Doyle, 2003).

Perspective on corporate governance at social-level is called stakeholder theory. Stakeholder theory argues that there are other practices involved, including

employees, customers, suppliers, financiers, communities, governmental bodies, political groups, trade associations and trade unions (Maher & Andersson, 1992). Competitors are sometimes counted as stakeholders- their status being derived from their capacity to affect the firm and its stakeholders. The stakeholder view of strategy integrates both resource based and market based views, and adding a socio political level. This view of the firm is used to define the specific stakeholders of a corporation as well as examine the conditions under which these parties should be treated as stakeholders.

Overshadowing agency, stewardship, stakeholder, and the other theoretical perspectives are also some basic unresolved issues (Tricker, March 2015). Every theory of corporate governance needs to be founded on a view on the legitimate relationship between the individual and society. All systems of governance must seek an appropriate balance between the interest of self and society.

2.3 Differences between for-Profit and Not-for-Profit Organizations about Corporate Governance

Colley was written that “both the public and regulatory authorities have been seriously misled by accounting irregularities and financial disclosure problems. The collective problem of business today is coming to be seen as a failure of corporate governance, meaning that far too many boards are failure to execute their duties responsibly, both collectively and individually. Among other implications, the term signifies that such a society contains a wide variety of institutions. Some are profit-seeking; others are not. Many of duties and problems of governance are common to both for-profit and not-for-profit organizations” (Colley J. L., 2003).

John Carver, a consultant on governance, suggests that “the essential differences between not-for-profit and for-profit organizations is the presence or lack of a market test” (Carver, 2006). Carver calls the environment lacking of this mechanism “life in the muted market”. “This concept is based on the economic theory, specifically the notion that a product or service is offered in a competitive marketplace at a price that should reflect its cost and provide a profit. If the marketplace rejects the product at a given price, or if the organization does not make a profit, it has very compelling indicators of its effectiveness. To the degree that NFPs are in a competitive marketplace and provide a product or service at a fee, they do have the indication of market response. Frequently, they subsidize the product or

service from endowment income, grants, and/or contributions so they can offer a below-cost or free product or service. In such instances, they lose the market test for their services as an indicator of effectiveness. They do, however, confront a market test from contributors. This can be a powerful indicator of their marketing, efforts and general market image” (Carver, 2006).

In many cases, managers of NFPs do not have the concept of profit to disciplines their thinking. The substitute for this is need to balance their budgets. As with for-profits, though, they do compete for resources. A central issue in board organization is the degree to which the board members are actually involved in the operation of the enterprise. In many NFPs, the board members are much more involve than for-profit board. When the NFPs are limited resources, greater board involvement may be crucial. Conversely, if the organization has a professional management team in place, such involvement frequently causes problems (Colley & Jr. Jacqueline L. Doyle, 2003).

Corporate governance is anchored on various pillars and principles. The pillars of corporate governance include responsibility, accountability, transparency and fairness. These pillars raise issues of their effect on the performance of the firm and the managers as well. Responsibility ensures that leadership in the organization is capable, representative and conscious of its obligations. Fairness protects shareholders’ rights by being equitable even to minorities, transparency ensures timely, accurate disclosure on all material matters and accountability ensures that the leadership is accountable for their actions (King Report on Corporate Governance for South Aferica, 2002). The principles that govern corporate governance include: the rights of shareholders, equitable treatment of shareholders, and the role of stakeholders in corporate governance, disclosure and transparency and responsibilities of the board (OECD, Principles of Corporate Governance, 2004).

Not-for-profit organizations (NFPs) are generally very purpose-driven. Profit organizations are profit-driven. Corporate governance practices are almost the same but some are different in profit and not-for-profit organizations due to the purpose of organization. Even the purpose of the organizations is different from one to another, NFPs’ corporate governance practices are also based on the core principles of corporate governance such as responsibility, accountability, transparency and disclosure, and fairness.

2.3.1 Responsibility

Not-for-profit (NFP) board serves several responsibilities which almost are the same as for-profit organization but some are not. Richard T Ingram express ten basic responsibilities of NFP board in his book. Those responsibilities are determining the organization's mission and purpose, selecting the chief executive; providing proper financial oversight he board; being ensure adequate resources, legal and ethical integrity and maintain accountability; being ensure effective organizational planning; recruiting and making orientation new board members and assessing board performance; enhancement for the organization's public standing, determine, monitor, and strengthen the organization's programs and services; and supporting the chief executive and assess his or her performance (Ingram, 2008).

2.3.2 Accountability

Saxton and Guo distinguish between accountability for finances and accountability for performance in NFPs (Gregory D. Saxton, 2011). Considering accountability for finances, the sources and application of financial resources are the one side and the compliance with prescribed standards regarding financial control and management is on the other side. The most common tools to evaluate the financial accountability are e.g., financial reports or disclosure statements (Ebrahim, 2010). On the contrary, accountability for performance focuses on meeting the performance targets within an organization. To assess the accountability for performance, performance evaluations as well as services, outputs and results are considered (Ebrahim, 2010). NFPs can be accountable on multiple levels and frequently face various types of accountability (Ebrahim, Making Sense of Accountability: Conceptual Perspectives for Northern and Southern Nonprofits, 2003).

2.3.3 Transparency and Disclosure

Transparency, in the non-profit sense, is defined as the widespread availability of relevant, reliable information about the performance, financial position, and governance of an organization (BKC, 2017). Transparency is a trust building tool; the more transparent the organization becomes, the more trustworthy on the organization will be viewed by the public, donors, and regulators (BKC, 2017). It is important for not-for-profit organizations to clearly state their mission and communicate the outcomes of their actions to the outside world (BKC, 2017).

2.3.4 Fairness

Pearse Trust's blog named "The core principles of good corporate governance" expressed that "fairness which refers to equal treatment to all shareholders, for example, they should receive equal consideration for whatever shareholdings they hold. In addition to shareholders, there should also be fairness in the treatment of all stakeholders including employees, communities and public officials. The fairer the entity appears to stakeholders, the more likely it is that it can survive the pressure of interested parties" (Trust, 2014). In NFPs, shareholders are not involved and thus NFPs' fairness shall be equally treat to all stakeholders. Stakeholders of NFP's includes donors, governments, other NGOs, INGOs, CBOs, suppliers, volunteers and employees. NFPs shall provide the information to all the stakeholders timely, accurate and openness manner.

2.4 Performance Measurements in Not-for-Profit Organizations

Nowadays, funders, donors, managers, and others primarily use financial data to evaluate performance of not-for-profit organizations. Although these financial indicators are very important, they alone cannot provide comprehensive information on not-for-profit organizational performance (Buhovac, 2009). Guideline named "Performance Measurement for Not-for-Profit Organizations" written by Marc J. Epstein and Adriana Rejc Buhovac expressed that "Managers of not-for-profit organizations have the fiduciary responsibility to efficiently manage resources provided by donors and members efficiently, and to act as stewards for these resources. But they are also responsible for the overall performance of the not-for-profit organization. For this reason, they should also measure whether the not-for-profit organization is using the donated money effectively and ethically to achieve its mission" (Buhovac, 2009).

2.4.1 Financial Performance

Buhovac, M. J. (2009) was written that "financial performance measurements are important for managers of not-for-profit organizations as well as donors, but not just because they are readily available. They provide important information on the efficiency of spending valuable resources, costs incurred, growth in revenues, and how financially successful the organization's various programs are. Two broad areas of financial performance in NFPs are mostly evaluated such as efficiency and

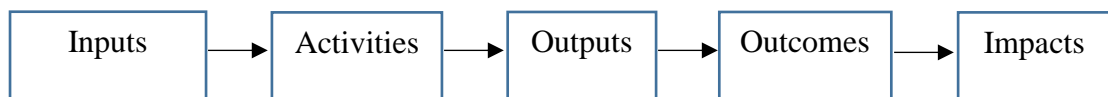
capacity. Financial considerations will always remain important for not-for-profit organizations, because sustained losses can lead to the demise of any organization. This dimension of performance should, however, be supplemented by measures that relate to success in achieving the organization’s social mission” (Buhovac, 2009) .

2.4.2 Non-Financial Performance

Buhovac, M. J. (2009) said that “in the for-profit sector, an inappropriate selection of performance measures may hide unethical behavior that leads to losses of massive value in terms of reputation, donations, and trust. Not-for-profit organizations may lose billions of dollars due to fraud. This not only impairs their current financial sustainability, but also diminishes their credibility among donors and endangers their long-term mission achievement. Whatever the mission statement outlines as the ultimate goal, the performance measurement system needs to ensure that the impact of fraudulent behavior is measured and reported. Many not-for-profit organizations have been developing new performance measurement models and performance measures to track their non-financial performance. This reflects organizational attempts to be more responsive to the need to measure performance against the strategy and mission of the organization.

An organization having its own theory of change is assumed to be able to draw a picture of why its program should succeed. By laying out the sequence of outputs, outcomes, and impacts that are expected to occur as the result of planned inputs and activities, managers of not-for-profit organizations would be able to track in a more comprehensive and systematic way whether these expected impacts are actually produced” (Buhovac, 2009). Figure 2.1 shows a generic program logic model.

Figure (2.1) Program Logic Model



Source: (Guideline for Performance Measurement of Not-For-Profit Organizations, CMA Canada)

“Program logic models provide an exemplary template of how a not-for-profit organization can select the building blocks underlying its specific programs to achieve its mission and vision. The visual representation of specific elements in the logic

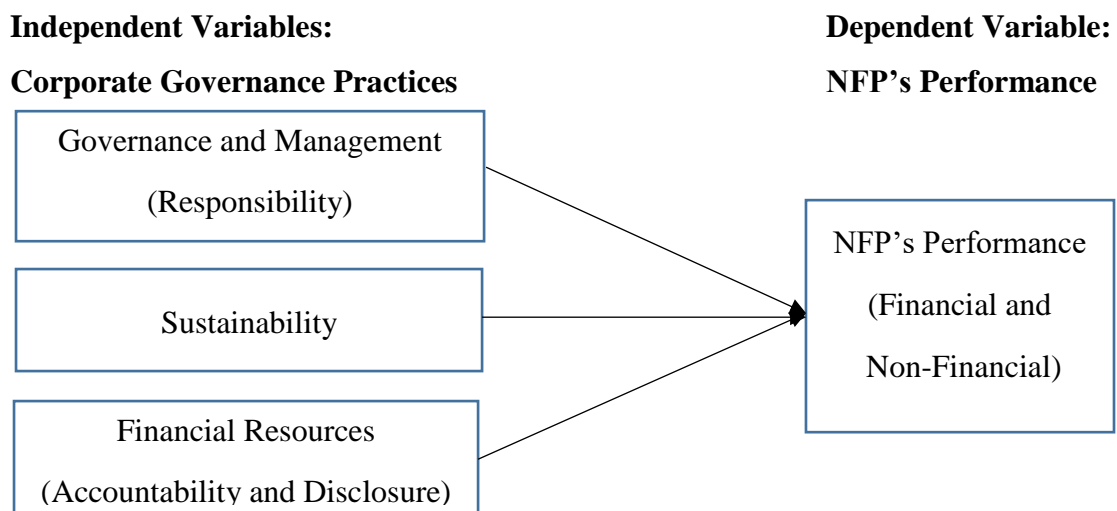
model helps organize and systematize program planning, implementation and, particularly important, measurement and evaluation” (Buhovac, 2009).

2.5 Previous Studies on Corporate Governance and Firm’s Performance

Empirical studies widely that good governance enhances a firm’s performance. However, other studies have reported negative relationship between corporate governance and firm performance, and others found any relationship. Arguments in favors of the conflicting the results are that they come about because of the use of either publicly available data or survey data all which are restricted in scope. There is an ongoing debate on whether better corporate governance leads to better firm performance.

The researcher from Nairobi University, (Cynthia, 2012) , studied the effect of corporate governance strategies on performance of NGOs in Kenya. This study sampled of 30 NGOs that had been registered under the NGO coordination board and have received international donor funding in the year 2011. The study examined the corporate governance practices in terms of governance and management, sustainability and financial resources on the NFPs’ performance in the study. The conceptual framework of the researcher is shown in Figure. (2.2).

Figure (2.2) Conceptual Framework of Corporate Governance on Performance of Not-for-Profit Organizations (NFPs)

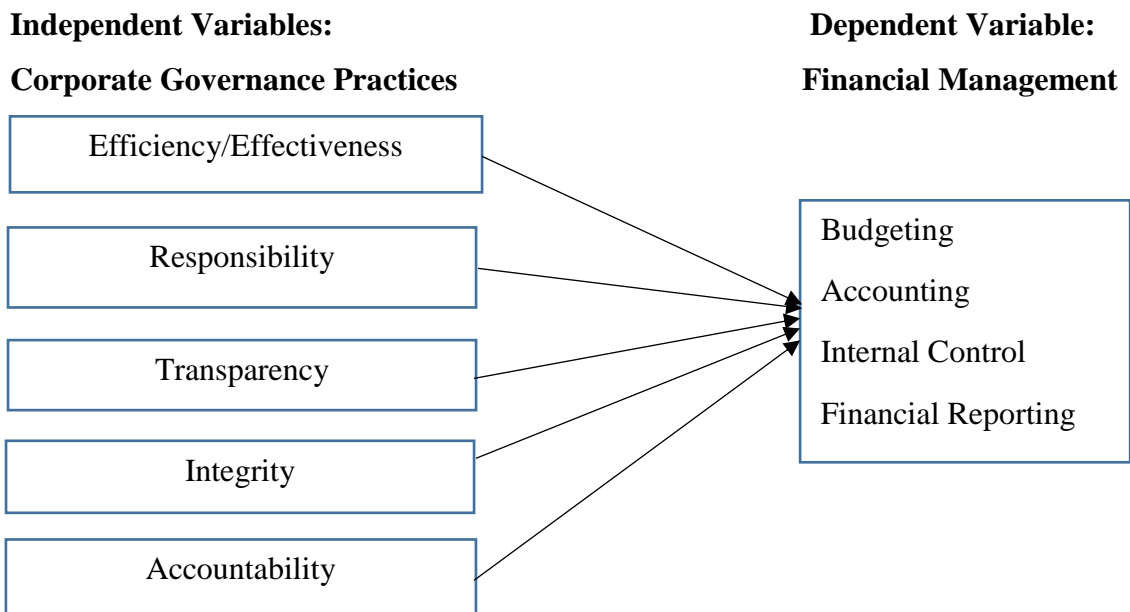


Source: (Cynthia, 2012)

The researcher explored the use of performance management as a decision making tool in nonprofits requires an understanding of the difference between accountability and performance measures. Accountability measures are frequently related to the use of financial resources and used to assess defined objectives or requirements. From the study findings, it can be noted that governance practices and organizational performance are strongly correlated factors.

Felix Koskei Kemei and Evans Mweberi, PhD. Student of Jomo Kenyatta University of Agriculture and Technology, Kenya, (Mweberi, 2017) studied 50 NGOs in Kenya on corporate governance practices in terms of efficiency/effectiveness, responsibility, transparency, integrity and accountability on financial management of micro finance institutions. The conceptual framework of their study is as follows Figure (2.3). The researchers expressed financial management practices are likely to have a marked effect on the financial performance of an organization. The study was found that there has significant and positive effect of corporate governance practices on the financial management of the organization.

Figure (2.3) Conceptual Framework of Corporate Governance on Financial Management of Micro-Finance Institutions



Source: (Mweberi, 2017)

On the context of another researcher, (HanTharOo, 2018), Yangon University of Economics, explored the study of effect of corporate governance practices on performance of Bank, Myanmar Citizen Bank (MCB). The researcher sampled 39 employees who were working at different level positions at MCB and studied with ten dimensions of corporate governance practices. The researcher studied the corporate governance practices in terms of fairness, accountability, responsibility, transparency, well-structure, ethics, values, supervision and controlling, disclosure and commitment as the independent variables which are related with the performance of bank. As the conclusion of survey findings, the total mean score indicates practicing good governance system influencing and significant relationships on the performance of a bank in terms of higher profit margin, reducing no-performing loans, high return on assets, and competitive advantage in the market (HanTharOo, 2018) .

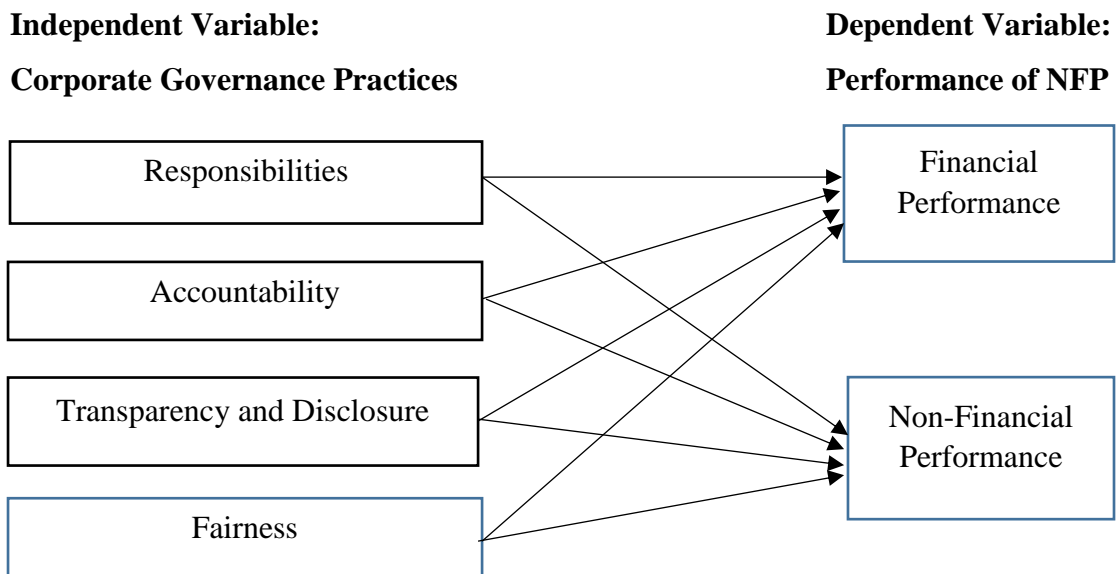
2.6 Conceptual Framework of the Study

Governance practices depend on the various factors such as; legal and regulatory framework, ownership structure, size of the firm, motivation for improvements, stage of the firm's development and prevalent corporate culture and traditions. Governance practices are unique and varied from firm to firm; sector to sector; country to country, the researcher is excluded some dependent variables from the previous studies discussed in the above section 2.6. Those exclusive variables are Natenzi Cynthia (2012)'s sustainability, Felix Koskei Kemei and Evans Mweberi (2017)'s efficiency/effectiveness and integrity, Han Thar Oo (2018)'s well-structure, ethic, values, supervision and controlling and commitment.

According to OECD principles for corporate governance and to suit with the nature of Myanmar context as well as the firm's culture and tradition to be study, the researcher assumes that responsibility, accountability, transparency and fairness are the more suitable variables. Those variables are suit for NFP's nature and more relate and effective on both financial and non-financial performance. The connection between corporate governance and organizational performance lies in the multi-dimensional nature of good governance. Narrowly perceived, those are anchored on the main pillars of corporate governance: responsibility, accountability, transparency and fairness. However, there is an underlying assumption that good governance practices be effect on the organizational performance in terms of financially and non-

financially. Based on the researcher’s assumption, the conceptual framework of the study is compiled as the following Figure (2.4).

Figure (2.4) Conceptual Framework of the Study



Source: (Own compilation)

According to Figure (2.4), the conceptual framework includes two parts; independent variables and dependent variables. The independent variables are constructed based on the main pillars of corporate governance: responsibility, accountability, transparency and disclosure, and fairness. The dependent variables include financial performance and non-financial performance of the organization. In responsibility, accountability and transparency and disclosure, there includes ten elements each to measure and seven elements to measure the fairness of corporate governance. In financial and non-financial performance variables, there are six elements each to measure the performance of the organization.

This study has explored the effect of corporate governance strategies on performance of the PSI/Myanmar and has endeavored to answer the question: To what extent corporate governance practices have effective on the organization’s financial and non-financial performance?

CHAPTER III

CURRENT PRACTICES AND PROCEDURES OF CORPORATE GOVERNANCE IN PSI/ MYANMAR

This chapter identifies the current practices and the procedures of corporate governance in PSI/Myanmar. It was constructed by seven sections; section 3.1 discuss the current corporate governance practices of NFPs in Myanmar, section 3.2 describes historical background of PSI/Myanmar, section 3.3 express the mission and vision of the organization, section 3.4 express the organizational structure of PSI/Myanmar, section 3.5 discuss the current governance strategies of PSI/Myanmar, section 3.6 presents the supervision and internal control systems of PSI/Myanmar, section 3.7 discuss the role and independence of internal audit team, and final section 3.8 presents for measuring performance of PSI/Myanmar.

3.1 Current Corporate Governance Practices of NFPs in Myanmar

Myanmar is increasingly becoming the world's donor darling, with foreign aid donors and their implementing partners rushing into the country to deliver development assistance. Today, there are approximately 20 international donors — multilateral and bilateral — funding development projects in Myanmar. The past few years have seen international NGOs become increasingly active in Myanmar, going beyond emergency relief and humanitarian response to pursue longer-term development in a variety of sectors, including education, environment, health, livelihoods and civil society capacity building. More importantly, all of these NGOs are predominantly staffed by nationals. The Myanmar Information Management Unit (MINU), which provides information management services to strengthen aid coordination for international NGOs at work in the country. According to MIMU list of INGOs as of April 2018, there are more than 120 INGOs working in several sectors in the country. Among them, 12 INGOs are working for health sector only. According to main challenges in OEDC fact survey (2018), there has no tailor-made framework for corporate governance: Until now, there is no particular law regarding the corporate governance for registered companies and organizations. Some provisions can only be found in the Companies Law. As the other private sectors and institutions, NFPs in Myanmar have not well-defined governance framework until now.

3.2 Historical Background of PSI/Myanmar

According to the announcement of Myanmar Information Management Unit(MIMU), there are more than 120 International NGOs which are registered as of April 2018 in Myanmar. Among them, health sector development INGOs are 12. PSI/Myanmar is one of the INGO doing health sector development out of 12. Population Services International (PSI) is an international non-profit, non-political and non-religious organization that has operated programs to improve health and well-being in Myanmar since 1995.

A key partner of Myanmar's Ministry of Health Service nearly 25 years, PSI is widely recognized as the world's largest and most impactful private, non-profit social marketing health organization. PSI provides life-saving health products and services to low-income and vulnerable people in more than 60 countries around the world. Globally and in Myanmar, PSI's unique role is to work with governments to reduce morbidity and mortality by educating people about healthy behavior and improving (and measuring) the private sector's ability to provide high quality health products and services at prices affordable to low-income clients. PSI programs are evidence-based and include a rigorous research, monitoring and evaluation component. PSI has a valid INGO registration from the Ministry of Health and Sports (MOHS).

PSI is a technical implementer of programs and not a donor agency. Over the last 25 years, PSI has raised external funding to implement programs to improve health in Myanmar and will remain responsible for raising funds to support its programs. When possible and appropriate PSI will also encourage donors to support MOHS activities. Given that PSI is a trusted partner of MOHS and plays a unique role in Myanmar, PSI seeks a flexible and dynamic MOU, which authorizes PSI to conduct existing and future activities in all states and townships.

Actual coverage of PSI's programs will depend on fundraising, donor guidelines and national and local government geographic priorities, based on national strategies and epidemiology. PSI will focus on filling critical gaps in programming. As a rule, PSI will strive to avoid duplication of effort with other implementing partners and thus will operate only in areas where PSI can play an effective role. PSI has active, ongoing relationships with all state health directors and with most township medical officers/officials.

3.3 Mission and Vision of PSI/Myanmar

Mission

PSI makes it easier for people in the developing world to lead healthier lives and plan the families they desire.

Strategic Vision 2020

PSI envisions a future for Myanmar that is free of poverty, and one where all Myanmar families have the opportunity, ability and motivation to consistently practice healthy and other positive social behaviors. To achieve this vision, PSI will expand its work to improve health and will also apply its social marketing expertise to have a positive, measurable impact on important social issues outside of health. The implementation of PSI/Myanmar programs will be supported by a solid financial foundation, and strong systems, controls and other core administrative competencies to ensure the resources are managed efficiently and with integrity.

3.4 Organizational Structure of PSI/Myanmar

PSI uses five main “delivery channels” to implement its programs and the “channel mix” is tailored to the needs of the specific health and geographic area. To implement those five delivery channels, PSI/Myanmar is constructed by four business units: Sun Business Unit(SBU), TOP Business Unit (TOP BU), Community Health Services Business Unit(CHSBU), Social Enterprise Business Unit (SE BU). Moreover, PSI/Myanmar has Program Management Team, Program Support Division, Strategic Information Division and Finance Department to support business units.

TOP BU and SE BU are running under the direct supervision of Deputy Country Director-Program Operations, SBU, CHSBU and Program Management Team are running under the direct supervision of Deputy Country Director-Program Management, Government Relations Team, Human Resources and OD Team and Supply Chain Team are running under the direct supervision of Deputy Country Director-Support Services, Strategic Information Division, Finance Department and Local Internal Audit Team are running under the direct supervision of Senior Country Director.

SUN BU is set-up for the Sun Quality Health (SQH) network channel. According to the employment status of April 2019, SUN BU have (100) field

employees worked with the independently-owned and operated, private general practitioner clinics which provide low income patients with a basic package of family planning and primary health care prevention and treatment services in urban, peri-urban and rural areas. These doctors are trained by PSI and the quality of PSI-supported services routinely monitored in accordance with international standards.

TOP BU is set-up for the TOP network of key population service centers, (formerly known as drop-in centers) provide an essential package of clinical services, with an emphasis on HIV counseling, testing and treatment, targeted to marginalized populations at high risk for HIV and other diseases who are not well served in other traditional public and private sector settings. There have (170) employees to deliver day-to-day activities.

CHSBU is set-up to serves harder-to-reach clients through multiple community-level programs that deliver a range of essential, quality health products and services through trained non-medical village level health providers. These providers include pharmacies, drug sellers, retail shops, market stalls, itinerant vendors and village health workers. These agents also identify suspected cases of priority diseases and refer clients to formal public and private medical services when and where appropriate. Trainings and interventions are tailored to the qualifications of the specific type of health provider and follow national guidelines. According to the employment status of April 2019, CHSBU have (390) employees to serve the community.

SE BU is set-up for Product Social Marketing Channel. PSI works to improve the availability of quality, affordable health products, such as condoms, oral rehydration salt and other basic products, which can be provided through retail shops in both urban and rural settings at a national level. PSI works through independent, private sector distributors, wholesalers and retailers to ensure a reliable supply of basic, essential products to low income people. Given limited donor funding, PSI social marketing products recover some or all of their costs through sales revenues, which improves the sustainability of the program and allows PSI to focus limited donor resources on other programs. Overall this objective of the channel is to ensure there is a consistent supply of very basic health and family planning products available at the lowest price possible, thus implementation costs are managed very carefully. Sales revenues are re-invested to purchase more commodities and to support other costs related to ensuring a sustainable supply of these products.

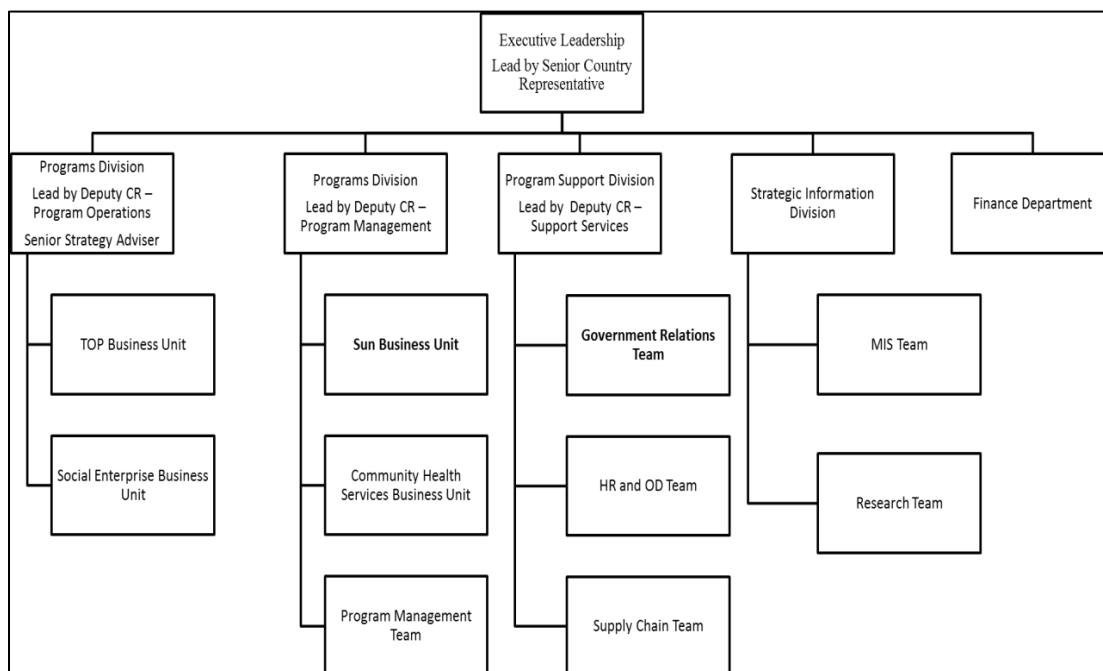
According to the employment status of April 2019, SE BU have (20) employees to run the channel with out-sourcing product delivery companies as organization partners.

Moreover, PSI/Myanmar has the Program Management Team, Program Support Teams includes Government Relations Team, Human Resources and Organizational Development Team, Supply Chain Team, Research and Strategic Information Team and Finance Department. According to the employment status of April 2019, there are working (140) employees in those teams to support the filed operation business units.

With an annual operating budget around \$17 million, PSI employs over (800) staffs working in its national headquarter in Yangon and its seven field offices. PSI had implemented more than fifteen projects providing health care with support from donors which have proven to be cost-effective and delivering high health impact.

According to Code of Conduct, the Organizational structure of PSI/Myanmar is shown in the figure (3.1).

Figure (3.1) PSI/Myanmar Organizational Structure



Source: (Code of Conduct of PSI/Myanmar)

3.5 Governance Practices and Procedures of PSI/Myanmar

PSI-Headquarter locates at Washington DC, United States of America. PSI work under many different governance structures – branch offices of PSI, locally registered NGOs controlled by PSI, independent network members that once were financially consolidated with PSI and now operate in partnership with PSI – and PSI approach is guided by what works to ensure PSI’s long-term commitment to the people PSI serve. Governance practices and procedures of PSI/Myanmar are identified as governance structure, functions of board and management, internal control systems, role of internal audit team and ways of transparency and disclosure of information.

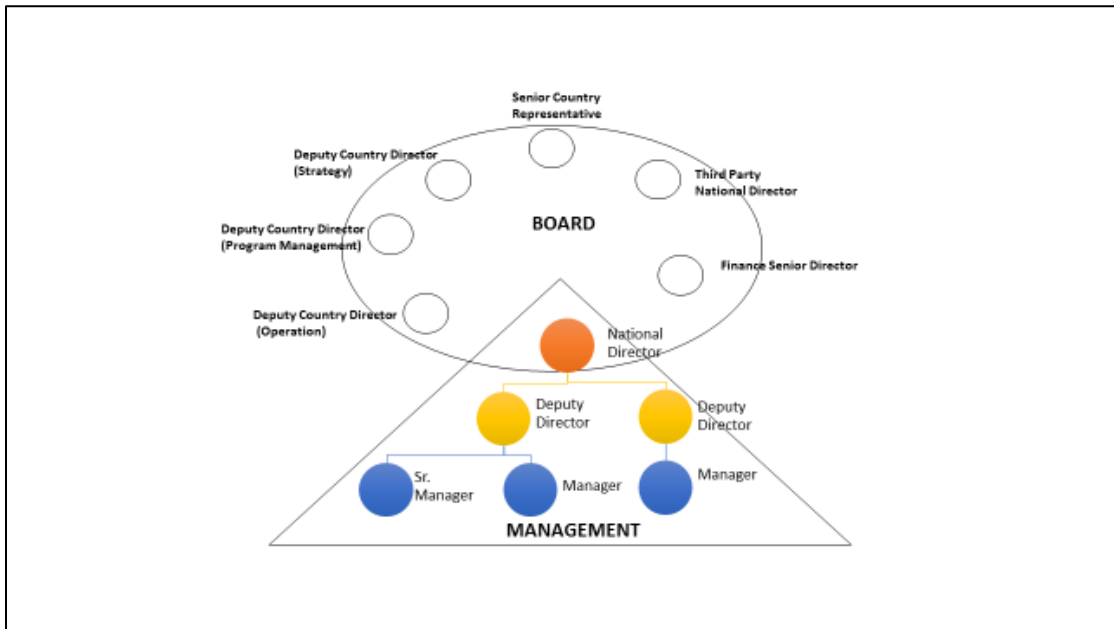
3.5.1 Governance Structure

PSI/Myanmar operates as a branch office of PSI/HQ. PSI/Myanmar has its own governance structure. PSI/Myanmar use as one-tier board style. PSI/Myanmar have four different boards to govern the business units. The Business Unit (BU) Boards are designed to support strategic level decisions and to improve operational efficiency.

Sun Quality Health Network Channel which is managed by SBU Board, TOP Network Channel is managed by TOP BU Board, Community Health Services Channel which is managed by CHSBU Board, Product Social Marketing Channel which is managed by SE Board, and Communications Channel which is managed by Program Management Team for supporting all other channels throughout the organization.

Board structure for business units are all the same. Each business unit board construct as per below Figure (3.2). The Chair of the Board is Senior Country Director. Board members are Deputy Country Directors who are responsible for Strategy, Program Management, Operation and third-party Business Unit’s Directors include Finance Senior Director.

Figure (3.2) Business Unit Board



Source: Board Composition of PSI/Myanmar

The board may at its own discretion delegate the above on an ad hoc basis to the Chair of the Board or any other board member. The board may at its own discretion also make decisions on any matter and choose to fulfill any of its obligations outside of a physical board meeting via email or acceptable form of written or digital communications. BU National Directors are expected to make operational decisions between board meetings but must be ready to explain and justify what was decided if asked. Board members will still be available between meetings (where they are acting as PSI senior staff members rather than board members) to support operational decisions related to individual departments (e.g. supply chain, finance). A quorum of at least three core-members (other than secretary and ex-officio member) must be present for meetings to take place.

3.5.2 Functions of Board and Management

Primary Functions of the Board are to review and approve the Strategic Annual Operational Plan (SAOP) for the business unit, monitor progress at least quarterly against the milestones set for the strategic plan, the annual budget for the business unit and over time once departmental budgets are agreed, monitor expenditure against budget, and to review internal audit reports and monitor progress towards resolving any significant issues outline in the reports.

Additional Functions of the Board are to establish performance indicators for the National Director and to monitor and evaluate the ND's performance against indicators periodically, including a formal once yearly evaluation led by the Chair, to review and approve any proposed program activities that fall outside of the PSI Myanmar Strategic Vision, to identify opportunities and resolve bottlenecks for achieving the milestones collectively, to identify opportunities to streamline systems throughout the organization that will support operational efficiency of the business unit, to identify and execute activities to improve external relations with stakeholders including government, donors, NGOs and private actors, to identify fundraising priorities and agree responsibilities for action planning for resource mobilization, to identify and document effective learnings from business unit project implementation that will both improve future programming anywhere within the organization and promote staff development, to ensure that the National Director and the Business Unit as a whole is following official PSI policies and procedures, to fulfil other duties as described in the PSI Myanmar authority matrix.

Chair of the Board and Board members have independent voting rights. Directors and advisers who are free from the influence of others. PSI/Myanmar's procedures and structures are in place so as to minimize, or avoid completely conflicts of interest which is clearly unfolded under Code of Conduct. Board decisions do not need to be unanimous; but the board must respect the majority decision (assuming no PSI or donor rules or regulations are broken, and the authority matrix is respected.). Decisions will be documented in the minutes.

Boards meeting are conducted once a month for each business unit. Every fifth week, there has a joint business units meeting. At the meeting, Business Unit's Director has to prepare proposed program activities that fall outside of the PSI Myanmar Strategic Vision, and bottlenecks issues for achieving the milestones collectively. Board members are review, approved, resolve and provide necessary directions on business unit's proposal.

Business unit meets once a month with their managers and also conduct quarterly review meetings with their employees for program review and discuss strategic plan changes based on program outcomes. At the quarterly review meetings, the other units/department participate to discuss the cross-cutting issues and find the better solutions.

3.5.3 Internal Control Systems of PSI/Myanmar

Employment Manual for Employees outlines the terms and conditions that relate to employment of all Myanmar nationals under employment contracts. This manual, describing basic employment rules and regulations is supplemented by other documents such as the Code of Business Ethics and Conduct, Gender Policy and the Policy on Sexual Harassment at the Workplace. The nature of PSI's business, and its growth, means that there will be a need to review and amend this manual, and the supplementary policies, from time to time.

Code of Business Ethics and Conduct in which the policy objective is twofold. Firstly, it is intended to promote conduct that aligns with PSI's values of "Accountability" by adopting high ethical standards to guide us in the course of our official duties and functions. Secondly, it is intended to protect PSI as an organization by providing the means to avoid or resolve situations that may otherwise place the organization in ethically questionable positions or reflect negatively on their integrity.

Whistleblower Policy in which PSI employees are expected to observe the highest standards of business and financial ethics and to comply with all applicable laws, regulations and PSI policies in the conduct of their duties. PSI urges employees to report any suspected financial or accounting impropriety or illegal or unethical business behavior without fear of retribution. Should an employee become aware of, or be concerned about, financial or other activity which he or she believes in good faith to be illegal, dishonest, unethical, fraudulent, or in violation of PSI policy, the employee should report this to his/her immediate supervisor, director, or the People Department Director. Supervisors and directors should promptly convey such reports to the People Department Director and/or the CFO. If an employee is uncomfortable reporting activity he/she believes to be improper through internal PSI channels, or is not satisfied with the response received, such activity may be reported on a confidential basis or submitted anonymously to EthicsPoint, the outside firm retained by PSI for this purpose. EthicsPoint will be responsible for passing on reports they receive to PSI management or the PSI Board, so that the appropriate actions may be taken to resolve concerns raised. No employee who reports a suspected violation under this policy, provides information to a law enforcement official or agency, or assists in the investigation of a suspected violation will suffer harassment, retaliation, discrimination, or adverse employment action of any kind, even if a subsequent

investigation determines that no violation occurred, provided the employee report is made in good faith and with reasonable belief in its accuracy.

Anti-Fraud Policy applies to any incident or suspicion of fraud, theft, forgery, misappropriation, bribery, corruption, other irregular activity, involving employees as well as consultants, vendors, contractors, grantees, sub-contractors and sub-recipients, program partners, and other organizations engaged in business or programs with PSI.

Supply Chain Manuals (Procurement and Warehouse) describes PSI/Myanmar's policy and procedures concerning procurement of goods required for the implementation of different health programs. It has been created to support employees in their procurement activities, and to uphold PSI's standards of accountability and transparency. All employees are responsible for ensuring that procurement activities are performed according to the PSI/Myanmar policies and procedures described in this manual.

Finance Manual is described PSI accounting policies and procedures for the financial transactions and activity of Country Offices or Affiliates. Provide a comprehensive, authoritative source of important financial information to program staff, Country Representatives, and local accounting staff. Serve as a training tool in all areas covered in the manual.

3.5.4 Role of Internal Audit Team

PSI has global internal audit team(GIA) and sit at PSI/HQ. GIA is PSI's Global Internal Audit department. GIA's role is to provide independent assurance that the key controls in place across PSI to manage the risks that PSI faces are operating as designed and are operating effectively. This is done through performing internal audit assessments at PSI platforms, regional offices and PSI/Washington. To maintain the independence of the GIA department, the GIA Director reports to the PSI Audit and Compliance Committee, and for administrative purposes to the PSI CEO. The mission of GIA is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. Under GIA department, PSI/Myanmar has Local Internal Audit Team (LIA). To maintain the independence, team is directly report to GIA and Senior Country Representative of PSI/Myanmar. LIA supports PSI/Myanmar in the areas of fraud investigations and risk management, as well as supporting PSI's global external auditors in the testing of internal controls as part of the external audit.

3.5.5 Information Transparency and Disclosure

Those manuals and policies are articulated to all employees through several message channels. Employment manual and Code of Conduct articulate all the staffs through new staffs' orientation program which is held by Human Resource Unit. Anti-fraud policy is led to disseminated by Local Internal Audit team in occasional training session throughout the year. Supply chain manual and finance manual are kept in the share drive that all staffs to access to read all the time they want to.

Financial reports submit to donor timeliness with accurate figures and those reports shared to Ministry yearly. Moreover, the information both financial and non-financial disclosure by request basis to stakeholders.

3.6 Performance Measurement of PSI/Myanmar

STEPS (Standards for Excellence & Program Success) are designed as a living framework—not in order—but developed to reflect annual priorities that require immediate, additional focus, effort and attention and other STEPS that remain critical for the mid and long term. These STEPS are focused on developing a minimum set of operational standards needed to have a firm foundation upon which to build technical and program excellence. Annually, performance on all ten STEPS will be evaluated across the PSI network members. Each STEP is weighed evenly. The Global Strategy sets a target of achieving 8 out of 10 STEPS across the PSI network by 2020. The STEPS will also be reviewed annually and adapted as necessary, to mirror the dynamism of PSI network. The execution of excellence will rely on PSI's network's best asset; the people who are implicit in every step.

CHAPTER IV

THE EFFECT OF CORPORATE GOVERNANCE PRACTICES ON PERFORMANCE OF PSI/MYANMAR

This chapter presents the findings of the study and analyzes the effect of corporate governance on organizational performance of PSI/Myanmar. There have been six sections; section 4.1 expressed the research design, section 4.2 analyzed on the demographic profile of respondent, section 4.3 examined the respondents' awareness of corporate governance practices in PSI/Myanmar, section 4.4 discussed the assessment of reliability, section 4.5 evaluated the effect of corporate governance practices on the financial and final section 4.6 evaluated the effect of corporate governance practices on non-financial performance of the organization.

4.1 Research Design

Research design is a plan of the study to be completed. A plan includes research method, population of the study, sampling method, research material, data collection, and method of analysis. Research methods using in this study are analytical descriptive method and quantitative method. Sampling method is stratified random sampling to select samples to participate in the study. This study is to improve accuracy/efficiency of estimation, focus on important sub-populations, ignore the irrelevant employees' group. The study sampled 80 participants who are working in the top and middle management level in different departments/division which is 10% of total employees of PSI/Myanmar. 80 out of which 56 responded to the questionnaire set while 24 did not respond. Therefore, response rate of the study is 70 percent. The type of data used in this study is primary data.

This research used structured questionnaire set as the main tool for collecting data. The questionnaire set was constructed first on previous studies and then transformed into fit for PSI/Myanmar's practices. This study has extensively used 5-points Likert scales. It has three sections: Section A is demographic profile data of participants, Section B focus on corporate governance practices, and Section C focus on financial and non-financial performance of the organization. Questionnaire set was sent via email using Google Form application for respondent's confidentiality on their answer.

The study utilized the three statistical tools such as Frequency and Descriptive Analysis for the measures of central tendency and variability, Cronbach alpha for testing the internal consistency and Multiple linear regression analysis for analyzing the impact of independent variables on dependent variable.

4.2 Demographic Profile of Respondents

Demographic profile in this study includes five factors such as gender, age, position, education level and working experiences at PSI/Myanmar. Each characteristic has been analyzed in terms of frequency and percentage. The summary of demographic profile data is presented as follows sections.

4.2.1 Gender

In the analysis of the respondent's gender, it is classified into male and female. Table (4.1) shows the result of gender demographic profile data of the respondents.

Table (4.1) Gender of Respondents

Gender	Frequency	Percentage
Female	27	48.2
Male	29	51.8
Total	56	100

Source: Survey Data, 2019

By the information of gender composition in Table (4.1), it is found that 27 female and 29 male respondents answered in the study. In term of percentage share, male respondents have been 51.8 percent while female respondents cover 48.2 percent in the study. It is found that gender balance in the study and there has balance of gender perception.

4.2.2 Age

In this study, age is grouping into four: 21-30 years old, 31-40 years old, 41-50 years old, and 51-60 years old. Table (4.2) summarizes on the result of age of the respondent employees. According to the analysis of age of the respondents, it is found that the age group 21-30 years includes 7 respondents, 31-40 years includes 31

respondents, 41-50 years includes 15 respondents and 51-60 years includes 3 respondents. In terms of percentage, 31-40 years' age groups accounts for the largest with 55.4 percent and 51-60 years' age group shares the smallest with 5.4 percent. From that age analysis, matured age group between 31- and 40-years old employees are majority who are respond to the survey.

Table (4.2) Age Group of Respondents

Age (years)	Frequency	Percentage
21-30	7	12.5
31-40	31	55.4
41-50	15	26.8
51-60	3	5.3
Total	56	100

Source: Survey Data, 2019

4.2.3 Position of Respondents

In the analysis of position of respondents, there are six levels based on the organizational structure. Those positions are Deputy Country Director, Senior Director, Director, Deputy Director, Senior Manager and Manager who are working in different areas and different departments/units. Table (4.3) summarized the result on the position of respondents as follows.

Table (4.3) Position of Respondents

Position	Frequency	Percentage
Deputy Country Director	3	5.4
Senior Director	3	5.4
Director	1	1.8
Deputy Director	14	25.0
Senior Manager	8	14.2
Manager	27	48.2
Total	56	100

Source: Survey Data, 2019

Regarding to summary of Table (4.3), it is found that out of 56 respondents, 3 are deputy country director, 3 are senior director, 1 is director, 14 are deputy director, 8 is senior manager and 27 are manager. In the term of percentage, manager level shares the largest portion with 48.2 percent, deputy director includes 25 percent with the second largest portion. From the survey result, the majority responses on the survey questions majority come from the managers.

4.2.4 Education Level of Respondents

In the analysis of education level, there have been grouped into four: college diplomat, master degree holder, post graduated and university degree holder. Respondents are asking for their highest education level in this study. Table (4.4) summarized the results from the respondents as follows.

Table (4.4) Education Level of Respondents

Education	Frequency	Percentage
College Diploma	4	7.2
Master Degree	29	51.8
Post Graduate	5	8.9
University Degree	18	32.1
Total	56	100

Source: Survey Data, 2019

Regarding the results of the analysis, it is found that 29 respondents are master degree holders, 18 respondents are university degree holders, 5 are post graduated and 4 are college diplomat. In term of percentage, master degree holders are account for the largest portion with 51.8 percent and university degree holders are the second largest with 32.1 percent. From that education level analysis, PSI/Myanmar have strong educational background employees who are working in the management level.

4.2.5 Working Experiences of Respondents

In the analysis of working experiences, it is grouped into four: below 5 years, 6-10 years, 11-15 years and above 15 years. Table (4.5) reports on the results of the analysis on the working experiences of the respondents as follows.

It shows the result of 56 respondents, 33 respondents have below 5 years working experiences, 13 have 6-10 years' experiences, 6 have 11-15 years' experiences and 4 have above 15 years' experiences. In term of percentage, majority group is below 5 years' experiences with 58.9 percent. 23 Respondents who have above 5 years' experiences who are long-term service employees at PSI/Myanmar. According to the respondent's experience, there have mixture of perceptions from both of old services and young services.

Table (4.5) Working Experiences of Respondents in the Organization

Experiences	Frequency	Percentage
Below 5 years	33	58.9
6-10 years	13	23.2
11-15 years	6	10.7
Above 15 years	4	7.2
Total	56	100

Source: Survey Data

4.3 Assessment of Reliability

Reliability analysis is a test of Cronbach's alpha to ensure the measurements are free from bias in order to obtain consistent results (Sekaran, 2003). The test of Cronbach's alpha value is appropriate for multi- scaled items and is a perfectly adequate index of the inter-item consistency reliability (Cavana, Delahaye, & Sekaran, 2001). The coefficient alpha value is range from zero (0) to one (1) whereby value less than 0.60 indicate unsatisfactory internal consistency reliability (Joseph F. Hair, 2006). The rule of thumb for Cronbach's alpha coefficient value is shown in table (4.6).

Table (4.6) The Rule of thumb for Cronbach's Alpha Coefficient Value

Alpha Coefficient Range	Strength of Association
Less than 0.60	Poor
0.60 to less than 0.70	Moderate
0.70 to less than 0.80	Good
0.80 to less than 0.90	Very Good
0.90 and above	Excellent

Source: Hair, J. F., Babin, B. Jr., Money, A. H., & Samuel, P. (2003). *Essential of business research methods*. United States of America: John Wiley & Sons

If alpha value is high, then this suggests that all the items are reliable, and the entire test is internally consistent. If alpha is low, then at least one of items are unreliable and must be identified via item analysis procedure. However, as per (DeVellis, 2003), the Cronbach's alpha value should ideally be above 0.7.

Table (4.7) is a summary of the reliability test based on the Cronbach alpha co-efficient for the five scales items in the survey instrument. As a result of Table (4.7), the Cronbach's alpha for all dimensions are exceeding the minimum alpha value of 0.70, thus the construct measures are deemed reliable and all items in the construct measures are retained.

Table (4.7) Reliability Test

Factor	No. of Items	Cronbach's Alpha Value	Result
Responsibilities	10	.861	Very Good
Accountability	10	.870	Very Good
Transparency	10	.855	Very Good
Fairness	7	.893	Very Good
Financial Performance	6	.846	Very Good
Non-Financial Performance	6	.836	Very Good

Source: Survey Data, 2019

4.4 Analysis on the Corporate Governance Practices of PSI/Myanmar

The analysis on corporate governance practices of PSI/Myanmar has four main dimensions which are based on corporate governance main pillars. Those dimensions are responsibility, accountability, transparency and disclosure, and fairness. Those are measured by mean value and standard deviation. The findings are presented and discussed as follows.

4.4.1 Responsibility

In this section, the responsibility of the board was analyzed by using ten elements: political performance, interpersonal skill, planning, monitoring, evaluation, steering capacity, risk management, analytical, strategic, and contextual performance. The main score of each element is shown in Table (4.8) as follows.

In the analysis of responsibility of the board, Table (4.8) reports that the overall mean score for the responsibility at PSI/Myanmar is 3.75, indicating that there has the responsibility of the board at PSI/Myanmar as a core practice of corporate governance.

The highest mean score is 4.25 (standard deviation 0.837). This highest number indicates it can be noted that clearly articulation of the organization's mission and vision was well practiced as others NFPs. This is a key function of the board and thus the result shows the board is fulfilling its main duties.

Table (4.8) Responsibility

	Statement	Mean	Standard Deviation
1	The organization has clearly articulated vision and mission statements.	4.25	.837
2	All the employees understand the vision and mission of the organization.	3.18	.917
3	The organizations activities geared towards achievement of vision and mission.	3.79	.756
4	The organization undertakes periodic review of the strategic plan..	3.89	.779
5	The organizational strategic plan is aligned with the overall organizational vision and mission.	3.86	.724
6	The organization's current activities are aligned to the strategic plan.	3.71	.780
7	The organization has ability to produce action plans in place to deal with donor funding issues.	3.71	.756
8	The organization conducts regular organizational analysis to determine its strength and challenges.	3.50	.953
9	The management of department/unit develops the strategic direction of their department/unit.	3.82	.765
10	Business Unit's plans and budgets are monitored and guided by Business Unit's Board.	3.82	.716
	Overall Mean	3.75	

Source: Survey Data, 2019

The lowest score is found that at understanding of mission and vision with the mean value 3.18 (standard deviation 0.917). The result shows that there are some weak points in employee engagement at PSI/Myanmar.

From the analysis on the responsibility at the corporate governance of PSI/Myanmar, the result clearly indicates that the board of PSI/Myanmar has highly responsible for the organizational performance and management directions.

4.4.2 Accountability

In this section, the accountability of the board and management team was analyzed by using ten elements such as board competencies, board compliance, management contextual skill, management competencies, management compliance, political performance, financial planning, fund management, whistleblowers protection and whistleblowing policy. The main score of each element is shown in Table (4.9).

Regarding to the analysis of accountability of the board and management team, Table (4.9) reports that the mean score for the accountability at PSI/Myanmar is 3.85, indicating that there has high accountability of the board and management team of PSI/Myanmar represented as a core value of corporate governance practices.

The highest mean score is 4.18 (standard deviation 0.855). This highest number indicates the organization has strong whistle-blowing policy for protecting whistle-blowers who can report every concern about accounting, auditing, internal control processes, or suspected fraudulent activities by anonymous. Whistleblowing is an ethical thing to do. It addresses wrongdoing and allows justice to reach the depths of organizations that otherwise may remain unexposed. Honesty amongst employees helps to cultivate dedication towards the organization's mission. Respondents are highly agreed for that protection policy which is strong at PSI/Myanmar.

The lowest score is found that at Business Unit's Board's competencies with the mean value 3.43 (standard deviation 0.871). The core competencies of an effective board fall into five categories: group skills, interpersonal skills, personal leadership skills, technical skills, and personal attributes. Respondents believes that the Board need some skills to become an effective board.

Table (4.9) Accountability

	Statement	Mean	Standard Deviation
1	Business Unit's Board has the relevant competencies to guide the deliverance of the vision and mission of the organization.	3.43	.871
2	Business Unit's Board complies with a code of conduct which compiles to prevent the conflict of interest.	3.86	.883
3	The management of Business Unit understands the vision and mission of the organization.	3.86	.749
4	The management of Business Unit has the competency to lead the team to deliver on the organizations' vision and mission.	3.70	.761
5	The management of Business Unit complies with the internal policy to protect the conflict of interest..	3.79	.780
6	The organization is able to demonstrate results/ impacts of its programs.	3.93	.628
7	The organization establishes realistic annual budgeting and financial targets.	3.50	.934
8	The organization has a system capable of tracking and reporting on individual donor funding.	4.11	.802
9	The organization has a formal policy protecting whistle-blowers.	4.18	.855
10	The organization has a confidential complaint system available for employees to communicate concerns about accounting, auditing, internal control processes, or suspected fraudulent activities.	4.12	.896
	Overall Mean	3.85	

Source: Survey Data, 2019

From the analysis on the accountability at the corporate governance of PSI/Myanmar, the result shows the board and management team of PSI/Myanmar highly accountable to the organization for their main actions of planning, organizing, leading and controlling.

4.4.3 Transparency and Disclosure

In this section, transparency and disclosure of financial and non-financial information was analyzed by using ten elements: standardized accounting system, external auditing, regular analysis, control for conflict of interest, financial information disclosure, financial reporting timeliness, role of internal audit, determine focal point on auditing issues, program information disclosure and employment rights. The main score of each element is shown in Table (4.10) as follows.

In the analysis of transparency and disclosure for about financial and non-financial information, Table (4.10) reports that the mean score for transparency and disclosure is 3.89, indicating that higher score in transparency and disclosure of information share to all stakeholders at PSI/Myanmar. Transparency and disclosure is an important pillar of corporate governance and the result shows PSI/Myanmar has good mechanism and practices for this pillar.

The highest mean score is 4.43 (standard deviation 0.657). This highest number indicates that PSI/Myanmar has been strongly focus on the donor guidelines especially for financial information. Financial reports have to be accurate, timely and realistic information provided to donor and that is very important to grant-seeking organization for organization's reputation and status. Furthermore, accurate and timely financial information persuade donor's satisfactions and future funding supports. Management team and Board focus carefully on reporting quality such as accuracy and timely.

The lowest score is found that at annual report was published with the mean value 3.18 (standard deviation 1.193). Recent practice in not-for-profit organizations in Myanmar are not required by law to publish annual reports. However, funding situation report includes receipt of fund, expenditure of program implementation, administrative and overhead expenditure, equipment purchasing, program achievement, etc. are provided to respective Ministries every year by the request basis.

Table (4.10) Transparency and Disclosure

	Statement	Mean	Standard Deviation
1	The organization has internationally recognized accounting and auditing system is in place.	4.20	.773
2	The external audit is performed by a recognized national/international firm.	4.21	.680
3	Regular analysts' meetings are held. (e.g. quarterly or semi-annually).	3.95	.724
4	Conflicts of interest are fully revealed through a clear and well-established mechanism.	3.62	.865
5	The organization's annual report is published.	3.18	1.193
6	The organization submits its financial reports to donor regular and periodic.	4.43	.657
7	The local internal audit team auditing autonomy into all departments.	3.98	.774
8	The management is responsive in terms of addressing any audit queries and recommendations emerging from the external audit(s).	4.02	.751
9	The organization discloses the program information to all stakeholders.	3.54	.934
10	The organization are clearly defined Human Resource policy and shared to all employees.	3.79	1.022
	Overall Mean	3.89	

Source: Survey Data, 2019

From the analysis on the transparency and disclosure at the corporate governance of PSI/Myanmar, the result shows that there has good practices of transparency and disclosure of information share to stakeholders at PSI/Myanmar.

4.4.4 Fairness

In this section, fairness in relationships with stakeholders was analyzed by using seven elements: equal in attention, good communication, fair treatment, maintaining communication, interest prioritizing in decision making, equal in resource allocation and openness. The main score of each element is shown in Table (4.11) as follows.

In the analysis of fairness in stakeholders' treatment, Table (4.11) reports that the mean score for transparency and disclosure is 3.71, indicating that there is good in fairness for all stakeholder and the result shows PSI/Myanmar has good communication with its stakeholders, fair and equal treatment to donor, government, other NGOs and INGOs, volunteers and employee.

The highest mean score is 4.07 (standard deviation 0.735). This highest number indicates that PSI/Myanmar is strengthening and well-maintaining the communication with donor, local organizations, other INGOs, NGOs and Government. Regarding to INGO's nature, there must be built good communication with both internal and external stakeholders. Strategic management involves satisfying stakeholders that are essential to a nonprofit's success because stakeholders support the overall movement of a nonprofit organization by spearheading or supporting publicity.

Table (4.11) Fairness

	Statement	Mean	Standard Deviation
1	The organization pays attention equally to all beneficiaries.	3.79	.948
2	Stakeholder communication is certainly good for the organization.	3.77	.809
3	Conducting procurement with suppliers based on free, equitable and transparent rules.	3.96	.660
4	The organization is strengthening and well-maintaining the communication with donor, local organizations, other INGOs, NGOs and Government.	4.07	.735
5	The organization prioritizes the stakeholder's interest in making the decision.	3.62	.906
6	The organization ensures the resources allocation in the interest of stakeholders.	3.46	.762
7	The organization ensures the open system to access the information for stakeholders.	3.30	.933
	Overall Mean	3.71	

Source: Survey Data, 2019

The lowest score is found that at the open system to access the information for stakeholders with the mean value 3.3 (standard deviation 0.933). This number indicates that not having open system to access the information for stakeholders at PSI/Myanmar. According to data security and limitation, program-related and financial information cannot access for all stakeholders. However, the respective information share to respective stakeholders by the request basis.

From the analysis on fairness at the corporate governance of PSI/Myanmar, the result shows that PSI/Myanmar is fairly and equally treated all the stakeholders and well-maintaining its communication with stakeholders.

4.5 Effect of Corporate Governance Practices on Financial Performance

This section discusses the descriptive analysis for the measures of central tendency of financial performance elements and the multiple linear regression analysis for analyzing the impact of governance on financial performance.

4.5.1 Analysis on Financial Performance

In this section, financial performance is analyzed by using six elements: costs and productivity, financial results, financial resources availability, efficiency and effectiveness, appropriateness, and financial control. The main score of each element is shown in Table (4.12) as follows.

In the analysis of financial performance, Table (4.12) reports that the overall mean score for financial performance is 3.70, indicating that there is good financial performance of PSI/Myanmar under the effective guidance of board and management team and retaining the skillful employment.

The highest mean score is 4.05 (standard deviation 0.672). This highest number indicates that the organization accounts for revenues and expenditures, and for assets and liabilities which leads to financial results. Both for-profit or not-for-profit organizations need to manage the financial results. Financial results can be foreseeing the organization's growth and planning to avoid the risk which leads to financial sustainability.

Table (4.12) Financial Performance

	Statement	Mean	Standard Deviation
1	There is a relationship between costs, inputs and outputs of the programs.	3.87	.715
2	The organization accounts for revenues and expenditures, and for assets and liabilities.	4.05	.672
3	Financial resources are sufficient and available to support the program purpose and objectives.	3.34	.978
4	Financial resources are applied efficiently and effectively to support the program purpose and objectives.	3.50	.915
5	Expenses are consistent with the program objectives and commitments.	3.54	.830
6	The organization has a reliable financial management system.	3.88	.833
	Overall Mean	3.70	

Source: Survey Data, 2019

The lowest score is found that at financial resources are sufficient and available to support the program purpose and objectives with the mean value 3.34 (standard deviation 0.978). This score indicates that financial resources are insufficient such as higher technical person retention rate, budgetary control and financial system rapid changes which faces difficult to success the program objectives and the commitments in time. From the analysis on financial performances at the corporate governance of PSI/Myanmar, the result shows that PSI/Myanmar has good financial performance even scores are varying from highest to lowest.

4.5.2 Effect of Corporate Governance Practices on Financial Performance

The multiple regression analysis was conducted to test the proposed objective of the effect of corporate governance practices as independent variables on financial performance as dependent variable. The multiple regression results are shown in Table (4.13).

Table (4.13) Effect of Corporate Governance Practices on Financial Performance

	Unstandardized Coefficient		Standardized Coefficient	t value	p value	VIF
	B	Standard Error	Beta (β)			
Constant	.752	.483	-	1.555	.126	
Responsibility	-.041	.158	-.035	-.262	.794	1.922
Accountability	.461	.176	.411	2.625	.011*	2.588
Transparency	-.129	.220	-.116	-.585	.561	4.111
Fairness	.492	.167	.510	2.946	.005**	3.159
Adjusted R Square	0.479					
F value	13.636					

Dependent Variable: Financial Performance

* Correlation is significant at the 0.05 level.

** Correlation is significant at the 0.01 level.

Source: Survey Data, 2019

The result of multiple regression analysis from Table (4.13) provided that accountability was significant at 5% level and positive correlation with financial performance (B=0.461, t=2.625, p < 0.05), fairness was significant at 1% level and positive correlation with financial performance (B=0.492, t=2.946, p < 0.01) but the result did not support significant relationship between corporate governance practices: responsibility and transparency were p value is greater than 0.05 and negative relationship with financial performance. Responsibility and transparency are not statistically significant and thus do not significantly predict the financial performance.

Multi-collinearity can be assessed by calculated variance inflation factors (VIFs). VIF values higher than 10 indicates that multi-collinearity may be a problem. Results in Table (4.15), those VIF values are less than 10 and it shows weak interaction between each other of independent variables and thus no effect on dependent variable.

Following equation explains the relationship between the independent and dependent variable. The purpose model for the study:

$$y_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon_0$$

where; y = financial performance

β_0 = Constant in the regression equation (intersection)

$\beta_1, \beta_2, \beta_3, \beta_4$ = regression coefficient (the slope of the regression)

X_1 = Responsibility

X_2 = Accountability

X_3 = Transparency and Disclosure

X_4 = Fairness

Regarding to the significant variables from the result, the estimated model for the study is

$$\hat{y} = b_0 + b_1 X_1 + b_2 X_2$$

where; \hat{y} = financial performance

b_0 = Constant (intersection)

b_1, b_2 = Unstandardized coefficient (the slope of the regression)

X_1 = Accountability

X_2 = Fairness

Therefore, the regression equation is

$$\text{Financial Performance} = 0.752 + 0.461 \text{ Accountability} + 0.492 \text{ Fairness}$$

According to the regression result, each increase of one additional unit of accountability, the fitted model predicts that financial performance is estimated to increase by 0.461 units. For each unit of fairness, the fitted model predicts that financial performance is estimated to increase by 0.492 units. According to the result, among positive and significant dimensions, fairness is the most significant and show the relationship between financial performance one additional unit of the financial performance depends on the accountability and fairness of PSI/Myanmar. Responsibility and transparency show no significant relationship with financial performance mainly. Therefore, it can be said that financial performance mainly effects on accountability and fairness, and may have less effects on the others.

4.6 Effect of Corporate Governance Practices on Non-Financial Performance

This section discusses the descriptive analysis for the measures of central tendency of non-financial performance elements and the multiple linear regression analysis for analyzing the impact of governance on non-financial performance.

4.6.1 Descriptive Analysis on Non-Financial Performance

In this section, non-financial performance was analyzed by using six elements: management direction, relevance, appropriateness, achievement of intended result, working environment, and monitoring and reporting. The main score of each element is shown in Table (4.14) as follows. In the analysis of non-financial performance, Table (4.14) reports that the mean score for non-financial performance is 3.62, indicating that there is good non-financial performance at PSI/Myanmar under the effective guidance of the board and management team and retaining the skillful employment.

The highest mean score is 3.73 (standard deviation 0.726). This highest number indicates that the goals and objectives of the program of PSI/Myanmar have been achieved. Outputs are good when the inputs are efficiently allocated and processing are well-functioning. Board, management and employee are working with high accountability in their respective roles. That is very important element which towards good organizational performance which leads to the organizational sustainability.

The lowest score is found that at an appropriate work environment for its staff with the mean value 3.41 (standard deviation 0.869). This lowest score indicates that working environment is not appropriate for the staffs. PSI/Myanmar run the multi funding from multi-source of funding and thus sometimes difficult to stand between the interest of employees and other stakeholders. Complex compliance environment becomes stressful working environment. Board and management team review these environmental problems frequently and take required actions to solve those problems to align with funders' interests and also employees' interests.

From the analysis on non-financial performances at the corporate governance of PSI/Myanmar, the result shows that PSI/Myanmar has strong non-financial performance to achieve its mission and vision.

Table (4.14) Non-financial Performance

	Statement	Mean	Standard Deviation
1	The programmatic objectives are clearly stated and understood.	3.73	.863
2	The programs are implemented by the organization continue to make sense with respect to the problems or conditions.	3.64	.699
3	The design of the programs and the level of effort are logically related to programmatic objectives.	3.68	.834
4	The goals and objectives of the program have been achieved.	3.73	.726
5	The organization provides an appropriate working environment for its staff.	3.41	.869
6	Key matters are applicable to performance and organizational strength identified, reported and monitored.	3.54	.830
	Overall Mean	3.62	

Source: Survey Data, 2019

4.6.2 Effect of Corporate Governance Practices on Non-Financial Performance

The multiple regression analysis was conducted to test the proposed objective of the impact of corporate governance practices as independent variables on non-financial performance as dependent variable. The multiple regression results are shown in Table (4.15).

The result of multiple regression analysis from Table (4.15) provided that responsibility, accountability and fairness were significant at 5% level and positive relationship with non-financial performance ($B=0.298$, $t=2.255$, $p < 0.05$), ($B=0.305$, $t=2.081$, $p < 0.05$), ($B=0.297$, $t=2.124$, $p < 0.05$) but the result did not support significant relationship between corporate governance practices and responsibility was p value is greater than 0.05 and positive beta value. Responsibility is not statistically significant and thus the variable does not significantly predict the non-financial performance.

Multi-collinearity can be assessed by calculated variance inflation factors (VIFs). VIF values higher than 10 indicates that multi-collinearity may be a problem. Results in Table (4.15), those VIF values are less than 10 and it shows weak interaction between each other of independent variables and thus no effect on the dependent variable.

Table (4.15) Effect of Corporate Governance Practices on Non-Financial Performance

	Unstandardized Coefficient		Standardized Coefficient	t value	p value	VIF
	B	Standard Error	Beta (β)			
Constant	.048	.404		.120	.905	
Responsibility	.298	.132	.266	2.255	.028*	1.922
Accountability	.305	.147	.285	2.081	.042*	2.588
Transparency	.046	.184	.044	.253	.801	4.111
Fairness	.297	.140	.321	2.124	.039*	3.159
Adjusted R Square	0.602					
F value	21.828					

Dependent Variable: Non-Financial Performance

* Correlation is significant at the 0.05 level.

Source: Survey Data, 2019

Following equation explains the relationship between the independent and dependent variable. The purpose model for the study:

$$y_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon_0$$

where; y = financial performance

β_0 = Constant in the regression equation (intersection)

$\beta_1, \beta_2, \beta_3, \beta_4$ = regression coefficient (the slope of the regression)

X_1 = Responsibility

X_2 = Accountability

X_3 = Transparency and Disclosure

X_4 = Fairness

Regarding to the significant dimensions, the estimated model for the study is

$$\hat{y} = b_0 + b_1 X_1 + b_2 X_2 + b_3 X_3$$

where; \hat{y} = financial performance

b_0 = Constant (intersection)

b_1, b_2, b_3 = Unstandardized coefficient (the slope of the regression)

X_1 = Responsibility

X_2 = Accountability

X_3 = Fairness

Therefore, the regression equation is

$$\text{Financial Performance} = 0.048 + 0.298 \text{ Responsibility} + 0.305 \text{ Accountability} + 0.297 \text{ Fairness}$$

According to the regression result, each increase of one additional unit of responsibility, the fitted model predicts that non-financial performance is estimated to increase by 0.298 units. For each unit of accountability, the fitted model predicts that non-financial performance is estimated to increase by 0.305 units. For each unit of fairness, the fitted model predicts that non-financial performance is estimated to increase by 0.297 units.

According to the result, among significant, accountability is the most significant and show the positive relationship between non-financial performance one additional unit of non-financial performance depends on the responsibility, accountability and fairness of PSI/Myanmar but transparency and disclosure show no significant relationship with non-financial performance mainly. Therefore, it can be said that non-financial performance mainly impacts on responsibilities of board, accountability of board and management team, fairness for all stakeholders, and may have less impact on transparency and disclosure.

CHAPTER V

CONCLUSION

This chapter presents the summary of findings on corporate governance practices and performance of PSI/Myanmar. It has been section into three. Section 5.1 is the findings on different governance practices parameters and performance of PSI/Myanmar, what extent of corporate governance practices are effect on organizational performance, Section 5.2 is suggestions regarding to the findings of the study and final Section 5.3 is suggestions for further research.

5.1 Findings

In this study analyzing on 80 employees (10% of total employees) who are working in the top and middle management levels at PSI/Myanmar. The main purposes of this study are to identify corporate governance structure, current procedures and practices at PSI/Myanmar and to explore the effect of corporate governance practices on performance of the organization. The study utilized the three statistical tools such as Frequency and Descriptive Analysis for the measures of central tendency and variability, Cronbach alpha for testing the internal consistency and Multiple linear regression analysis for analyzing the impact of independent variables on dependent variable.

Regarding to analysis of responsibility of board at PSI/Myanmar, the highest mean score is that clearly articulation of the organization's mission and vision was well practiced as others NFPs. This is a key function of the Board and thus the result shows the responsibility of the board fulfill its main duty to guide the way highlight to success of the organization. The lowest mean score is all employees are not understandable mission and vision statements which shows that there is weakness in employee engagements. Moreover, the overall mean score for the responsibility is clearly indicates that the Board of PSI/Myanmar is highly responsible to the organizational performance and management directions.

Regarding to analysis of accountability of board and management, the highest mean score indicates the organization has strong whistle-blowing policy for protecting whistle-blowers. Respondents are highest agreed for this protection policy. The lowest score is found that at Business Unit's Board's competencies. Respondents believe that

the board need some skills to become an effective board. From the analysis on the accountability dimension at PSI/Myanmar, the result of overall rating shows the board and management team are highly accountable to their main actions of planning, organizing, leading and controlling.

Regarding to analysis of transparency and disclosure dimension of PSI/Myanmar, the highest mean score indicates that PSI/Myanmar has been strongly focus on the donor compliances in reporting. Donor financial reports have to be accurate, timely and realistic information provided to donor and that is very important to grant-seeking organization for organization's reputation and status. The lowest score is found that annual report was not published. Moreover, average mean score indicates that there has good practices in transparency and disclosure of information to all stakeholders at PSI/Myanmar.

Regarding to analysis of fairness treat to all stakeholder's dimension at PSI/Myanmar, the highest mean score indicates that PSI/Myanmar is strengthening and well-maintaining the communication with donor, local organizations, other INGOs, NGOs and Government. Regarding to INGO's nature, there must build good communication with both internal and external stakeholders. The lowest score is found that at the open system to access the information for stakeholders. Moreover, overall mean score indicates that PSI/Myanmar treats fairly to all stakeholders, good and well-maintaining communication with its stakeholders.

Finally, the study analyzed the performance of PSI/Myanmar on the effect of corporate governance in terms of financially and non-financially. The effect of corporate governance practices on financial and non-financial performance in grant-seeking organizations are quite different from profit-seeking organizations. Therefore, the study was analyzed separately of financial and non-financial performance. The impact between corporate governance and the organizational performance and magnitude of corporate governance practices are analyzed by using Multiple Regression model.

Regarding to analysis of financial performance of PSI/Myanmar on the corporate governance dimensions, the result shows there has statistically significant and positive relationship between financial performance and accountability and fairness, but responsibility and transparency show no significant but negative effect on financial performance. The negative association of responsibility with organizational performance may be because of conflicts board and management roles: fund

management and fund control position not clearly define would weaken board control and negatively organizational performance. And also the negative relation of transparency with organizational performance may be because of lack of by-law requirements on financial information published would weaken disclosure and negatively organizational performance. As a conclusion, it can be said that financial performance mainly focuses on accountability of board and management team and fairness, and may have less focusing on the others. Among four corporate governance core practices, fairness is the most significant and positively effective dimension on the financial performance at PSI/Myanmar. This result indicates that fair treatment with high levels of association with all stakeholders can increase trust on the organization's activity, and thus it is positively affected on organizational financial performance.

Regarding to analysis of non-financial performance, the result shows the significant and positive relationship between non-financial performance and responsibility, accountability and fairness at PSI/Myanmar but transparency shows no significant relationship with non-financial performance mainly. Therefore, it can be said that non-financial performance mainly impacts on responsibilities and accountability and fairness, and may have less impacts on transparency and disclosure. Among four corporate governance core practices, accountability is the most significant and positively effective dimension on the non-financial performance at PSI/Myanmar. This result indicates that accountability of the board and management with high levels of association with external and internal environment can increase public trust and achieve the organizational purpose, and it therefore positively impact on organizational non-financial performance.

5.2 Suggestions and Recommendation

From the findings in the previous section, it can be concluded that governance practices and organizational performance are strongly correlated factors and effective each other. However, all governance practices do not elicit the same level of correlation. Based on the observed survey data, the researcher would highlight the following points for governance practices at PSI/Myanmar. Organization's Vision and Mission are clearly articulated but not all employees are understandable of mission and vision. The board and management may have weakness in employee's engagement of vision and mission statements. There may be message channels are not properly working, lack of employee involvement when making organizational

changes in vision and mission of the organization, etc. The board and management need to be identify the weak points and plan for doing how to eliminate for that weakness in future.

Accountability at PSI/Myanmar was found that Business Unit's Board's competencies is poor. The board needs to be assess their core competencies such as group skills, interpersonal skills, personal leadership skills, technical skills, and personal attributes and to set the plan for improving the board competencies in future. Together with guiding corporate strategy, the board is chiefly responsible for monitoring organizational and managerial performance, ensuring appropriate stewardship of the organization's financial resources, and balancing competing demands on the organization.

As the result of transparency and disclosure dimension, PSI/Myanmar complies the donor guidelines and build the donor trust especially in reporting. However, annual report was not published as other INGO practices in Myanmar on websites or pages. Even though nonprofit organizations are not required by law to publish annual reports, most nonprofit leaders recognize the value annual reports can provide. A well-written annual report will help to demonstrate organization's accomplishments to current and future donors, cultivate new partnerships, and recognize important people. PSI/Myanmar should be preparing for well-written annual report in future.

Regarding the result of fairness dimension, PSI/Myanmar will build an open system which can easily access the information by all stakeholders. Now, PSI/Myanmar have website for external stakeholders and intranet system for internal stakeholders. PSI/Myanmar should provide data and information on an open system with up-to-date information to stakeholders.

Regarding to corporate governance practices at PSI/Myanmar, good governance practices could be effected on the organizational performance. Having examined the governance practices of PSI/Myanmar in effect to financial performance, the recommendation would be that: PIS/Myanmar mainly focus on accountability of board and management team and fairness to all stakeholders, and may have less focusing on the responsibility and transparency. For non-financial performance recommendation would be that: PIS/Myanmar mainly focuses on responsibilities, accountability of board and management team, and fairness for all stakeholders, and may have less focusing on transparency and disclosure.

According to the strongly effective of accountability, responsibility and fairness dimensions on the NFP's performance, PSI/Myanmar should always look for the ways to maintain good corporate governance practices in terms of engaging employment, effectively managing and controlling the program activities, protecting whistle-blowers, well-maintaining in communication with stakeholders, maintaining organizational ethic, reputation and status. Implementing stakeholder management and board competencies can help to improve more on overall performance of financial and non-financial aspects of the organizational sustainability in the long run. The implementation of good governance practices would ensure investors' confidence in the organizations which will lead to greater investment in them ensuring their sustained growth.

To sum up, the more PSI/Myanmar has good governance practices, the more organizational performance, the more get public and investors' trust, then the more funding come. Therefore, PSI/Myanmar should maintain the good practices in corporate governance system and continue with strong technical resources, good efforts in stakeholder management, trust building with employee, well-structured internal control mechanisms, self-capacity building and learning working environment which strategies leads to the good organizational performance more and more in the future.

5.3 Needs for Further Studies

This research explored only one NFP's corporate governance practices named Population Services International (PSI/Myanmar). Therefore, it does not cover all NFPs' governance practices in Myanmar. Moreover, this study was only based on top and middle management in different departments and thus, it does not present all stakeholders' perception at PSI/Myanmar. The performance of PSI/Myanmar is not only related on the practices of governance. The future analysis proposes for stakeholder communication, effective leadership and organizational strategic sustainability could be for further research at PSI/Myanmar. The future research on nonprofit performance management also ought to include a more detailed analysis of balanced scorecard using the network of stakeholders that define performance and success in service work. Furthermore, the propose study could be done in sector analysis on the effectiveness between corporate governance practices and non-profit organizations' performance in Myanmar.

REFERENCES

- BKC, C. P. (2017, April 28). *Transparency in Nonprofit Organization*. Retrieved from <https://www.bkc-cpa.com/transparency-in-non-profit-organizations/>.
- Blume, D. (2019). *The OECD Corporate Governance Factbook*. Retrieved from <http://www.oecd.org/corporate/corporate-governance-factbook.htm>.
- Buhovac, M. J. (2009). *Performance Measurement for Non-fot-Profit Organizations*. Canada: The Society of Management Accountants of Canada and the American Institute of Certified Public Accountants.
- Cadbury, A. (1992). *Report of the Committee on the Financial Aspects of Corporate* .
- Cadbury, a. (19999). *World Bank Report*. Landon.
- Cadbury, S. A. (1992). *Cadbury Report: The Financial Aspects of Corporate Governance*. London: The Committee on the Financial Aspects of Corporate Governance and Gee and Co. Ltd.
- Carver, J. (2006). *Boards that Make a Difference*. New York: John Wiley & Sons Inc.
- Cavana, R. Y., Delahaye, B. L., & Sekaran, U. (2001). *Applied business research : qualitative and quantitative methods*. Milton: John Wiley & Sons.
- Clarke, T. (2010, June). Recurring Crises in Anglo-American Corporate Governance. *Contribution to Political Economy*, 29(1), 9-32.
- Colley, J. L. (2003). *Corporate Governance*. New York: The McGraw-Hill companies, Inc.
- Colley, J. L., & Jr. Jacqueline L. Doyle, G. W. (2003). *Corporate Governance*. new york: The Mcgraw-Hill companies, Inc.
- Colley, L. (2004). *Corporate Governance*. Landon: Oxford University Press.
- Cynthia, N. (2012, October). *The relationship between corporate governance and performance of non-governmental organizations in Kenya*. Retrieved from <http://erepository.uonbi.ac.ke/bitstream/handle/11295/95588/>.
- Daft, R. L. (2016). *Management* (Twelfth ed.). Cengage Learning.
- Deborah Balser, J. M. (2005). Managing Stakeholder Relationships and Nonprofit Organization Effectiveness. *Nonprofit Management & Leadership*.
- Demb, A., & Neubauer, F. (1992). *The corporate board: confronting the paradoxes*. Oxford; New York; Toronto and Melbourne: Oxford University Press.

- DeVellis, R. F. (2003). *Scale Development Theory and Application*. Thousand Oaks: SAGE Publications, Inc.
- Ebrahim, A. (2003). Making Sense of Accountability: Conceptual Perspectives for Northern and Southern Nonprofits. *Nonprofit Management and Leadership, Volume 14*, 191-212.
- Ebrahim, A. (2010). *The Many Faces of Nonprofit Accountability*. Harvard: Harvard Business School Working Paper.
- Epstein, M. J. (2009). *Performance Measurement of Not-for-Profit Organizations*. Canada: The Society of Management Accountants of Canada (CMA Canada) and the American Institute of Certified Public Accountants, Inc. (AICPA).
- Gregory D. Saxton, C. G. (2011). Accountability Online: Understanding the Web-Based. *Nonprofit and Voluntary Sector Quarterly, 40*(2), 270-295.
- Hair, J. F., Babin, B., Money, A. H., & Samouel, P. (2003). *Essentials of Business Research Methods*. United States of America: John Wiley & Sons.
- HanTharOo. (2018). *Effect of Corporate Governance Practices on Performance of Myanmar Citizen Bank*. Yangon: Yangon University of Economics.
- IFC. (2019). *Myanmar Corporate Governance Scorecard 2018: A Report on the Assessment of Myanmar Companies*. Yangon: International Finance Corporation, Securities and Exchange Commission of Myanmar (SECM), Directorate of Investment and Company Administration (DICA) and Yangon Stock Exchange (YSX).
- Ingram, R. T. (2008). *Ten Basic Responsibilities of Non-Profit Board*. Retrieved from <https://www.gailperry.com/resources/ten-basic-responsibilities-of-nonprofit-boards/>.
- Jensen, M. C., & Meckling, W. H. (1976). Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure. *Financial Economics 3*, 305-360.
- Joseph F. Hair, J. .. (2006). *Multivariate data analysis* (6th ed.). Pearson Education Ltd.
- King, C. (2002). King Report on Corporate Governance for South Africa.
- Luyima, A. N. (2015). *Corporate Governance and Organizational Performance of Insurance Companies in Kenya*. Nairobi.
- Maher, M., & Andersson, T. (1992). *Corporate Governance: Effects on Firm Performance and Economic Growth*. OECD: Organization for Economic and Development.

- Marwa Anis & Amira Abdul Hamid The British University, G. .: (2017). Employees' Perception Towards the Implementation of Corporate Governance Principles: An Egyptian Perspective. *Journal of Human-social science*, 17(4).
- MOHS. (2018). *National Health Accounts Myanmar (2014-2015)*. Nay Pyi Taw: Ministry of Health and Sports.
- Moronge, A. M. (2016). Influence of Corporate Governance on Organizational Performance in Kenya: A Case of Agricultural State Corporations. *The Strategic Journal of Business and Change Management*, Volume 3.
- Mweberi, F. K. (2017). Effect of Corporate Governance Practices on Financial Management in Non-Governmental Organizations in Kenya. *International Journal of Economics, Commerce and Management*, Volume 5.
- Mweberi, F. K. (2017). *Effect of Corporate Governance Practices on Financial Management in Non-Governmental Organizations-Kenya*. Retrieved from <http://ijecm.co.uk/wp-content/uploads/2015/12/31226.pdf>.
- Nadler, D. A. (2004, May). *Buliding Better Boards*. Retrieved from <http://www.hbr.org/>.
- OECD. (2004). *Principles of Corporate Governance*. Retrieved from <https://www.oecd.org/corporate/ca/corporategovernanceprinciples/31557724.pdf>.
- OECD. (2015). *G20/OECD Principles of Corporate Governance*. Turkey: Organization of Economic Co-operation and Development.
- Rejeb, W. B. (2012). The impact of good corporate governance practices on stakeholder's satisfaction in Tunisian listed Companies. *International Journal of Business and Management Studies*, Volume 4(2).
- Reynolds, S. T. (2014). *Effective Corporate Governance in Not-for-profit Organisations*. Melbourne.
- Robbins, D. W. (2014, May). Corporate Governance Practices : an Exploratory Study of the U.S Nonprofit Healthcare Sector. *American International Journal of Social Science*, Volume 3(3).
- Sekaran, U. (2003). *Research Method for Business* (4th ed.). United States of America: John Wiley & Sons.
- Shleifer, A., & Vishny, R. (1997). Liquidation values and debt capacity: A market equilibrium approach. *Journal of Finance*, 1343-1366.

- Solomon, J. S. (2004). *Corporate Governance and Accountability*. John Wiley & Sons.
- Taylor, D. (2014). *Governance for Not-for-Profit Organizations: Questions for Directors to ask*. Canada: Chartered Professional Accountants of Canada.
- Tricker, B. (March 2015). *Corporate Governance Principles, Policies, and Practices*. Oxford University Press.
- Trust, P. (2014, February 19). *The core principle of the good corporate governance*. Retrieved from <https://www.pearse-trust.ie/blog/bid/108866/the-core-principles-of-good-corporate-governance>.
- UNTACD. (2010). *Corporate Governance in the weak of the Financial Crisis: Selected International Views*. New York and Geneva. Retrieved from https://unctad.org/en/Docs/diaeed20102_en.pdf.

Analysis on Corporate Governance Practices and Performance of PSI/Myanmar

Questionnaire

SECTION A

DEMORGRAPHICS/RESPONDENT PROFILE

Mark only one that apply.

1. Position of Respondent

Deputy Country Director []

Senior Director []

Director []

Deputy Director []

Senior Manager []

Manager []

2. Gender

Male []

Female []

3. Age

21 – 30 years []

31 – 40 years []

41 – 50 years []

51 – 60 years []

Above 60 yrs []

4. Please indicate your highest level of education attained

College Diploma []

University Degree []

Post Graduate []

Master Degree []

PHD []

5. Number of years for working experiences in PSI/Myanmar

_____ year(s)

SECTION B
ANALYSIS ON CORPORATE GOVERNANCE PRACTICES in
PSI/MYANMAR

Complete the following indicating your opinion about PSI/Myanmar regarding each statement where 1 = strongly disagree, 2 = disagree, 3 = neither agree nor disagree, 4 = agree, 5 = strongly agree.

Please circle the degree of your agreement or disagreement.

Responsibility						
No.	Description	Agreeable Level				
1	The organization has clearly articulated vision and mission statements.	1	2	3	4	5
2	All the employees understand the vision and mission of the organization.	1	2	3	4	5
3	The organizations activities geared towards achievement of vision and mission.	1	2	3	4	5
4	The organization undertakes periodic review of the strategic plan..	1	2	3	4	5
5	The organizational strategic plan is aligned with the overall organizational vision and mission.	1	2	3	4	5
6	The organization's current activities are aligned to the strategic plan.	1	2	3	4	5
7	The organization has ability to produce action plans in place to deal with donor funding issues.	1	2	3	4	5
8	The organization conducts regular organizational analysis to determine its strength and challenges.	1	2	3	4	5
9	The management of department/unit develops the strategic direction of their department/unit.	1	2	3	4	5
10	Business Unit's plans and budgets are monitored and guided by Business Unit's Board.	1	2	3	4	5

Accountability						
11	Business Unit's Board has the relevant competencies to guide the deliverance of the vision and mission of the organization.	1	2	3	4	5
12	Business Unit's Board complies with a code of conduct which compiles to prevent the conflict of interest.	1	2	3	4	5
13	The management of Business Unit understands the vision and mission of the organization.	1	2	3	4	5
14	The management of Business Unit has the competency to lead the team to deliver on the organizations' vision and mission.	1	2	3	4	5
15	The management of Business Unit complies with the internal policy to protect the conflict of interest..	1	2	3	4	5
16	The organization is able to demonstrate results/ impacts of its programs.	1	2	3	4	5
17	The organization establishes realistic annual budgeting and financial targets.	1	2	3	4	5
18	The organization has a system capable of tracking and reporting on individual donor funding.	1	2	3	4	5
19	The organization has a formal policy protecting whistle-blowers.	1	2	3	4	5
20	The organization has a confidential complaint system available for employees to communicate concerns about accounting, auditing, internal control processes, or suspected fraudulent activities..	1	2	3	4	5
Transparencies and Disclosure						
21	The organization has internationally recognized accounting and auditing system is in place.	1	2	3	4	5
22	The external audit is performed by a recognized national/ international firm.	1	2	3	4	5
23	Regular analyst's meetings are held. (e.g. quarterly or semi-annually).	1	2	3	4	5

24	Conflicts of interest are fully revealed through a clear and well-established mechanism.	1	2	3	4	5
25	The organization's annual report is published.	1	2	3	4	5
26	The organization submits its financial reports to donor regular and periodic.	1	2	3	4	5
27	The local internal audit team auditing autonomy into all departments.	1	2	3	4	5
28	The management is responsive in terms of addressing any audit queries and recommendations emerging from the external audit(s).	1	2	3	4	5
29	The organization discloses the program information to all stakeholders.	1	2	3	4	5
30	The organization are clearly defined Human Resource policy and shared to all employees.	1	2	3	4	5
Fairness						
31	The organization pays attention equally to all beneficiaries.	1	2	3	4	5
32	Stakeholder communication is certainly good for the organization.	1	2	3	4	5
33	Conducting procurement with suppliers based on free, equitable and transparent rules.	1	2	3	4	5
34	The organization is strengthening and well-maintaining the communication with donor, local organizations, other INGOs, NGOs and Government.	1	2	3	4	5
35	The organization prioritizes the stakeholders interest in making the decision.	1	2	3	4	5
36	The organization ensures the resources allocation in the interest of stakeholders.	1	2	3	4	5
37	The organization ensures the open system to access the information for stakeholders.	1	2	3	4	5

SECTION C

ANALYSIS ON PERFORMANCE OF THE ORGANIZATION

Financial Performance of the Organization						
No.	Description	Agreeable Level				
1	There is a relationship between costs, inputs and outputs of the programs.	1	2	3	4	5
2	The organization accounts for revenues and expenditures, and for assets and liabilities.	1	2	3	4	5
3	Financial resources are sufficient and available to support the program purpose and objectives.	1	2	3	4	5
4	Financial resources are applied efficiently and effectively to support the program purpose and objectives.	1	2	3	4	5
5	Expenses are consistent with the program objectives and commitments.	1	2	3	4	5
6	The organization has a reliable financial management system.	1	2	3	4	5
Non-Financial Performance of the Organization						
No.	Description	Agreeable Level				
7	The programmatic objectives are clearly stated and understood.	1	2	3	4	5
8	The programs are implemented by the organization continue to make sense with respect to the problems or conditions.	1	2	3	4	5
9	The design of the programs and the level of effort are logically related to programmatic objectives.	1	2	3	4	5
10	The goals and objectives of the program have been achieved.	1	2	3	4	5
11	The organization provides an appropriate work environment for its staff.	1	2	3	4	5
12	Key matters are applicable to performance and organizational strength identified, reported and monitored.	1	2	3	4	5