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**THE EFFECT OF INTERNAL CONTROL PRACTICES ON
FINANCIAL PERFORMANCE OF AMATA HOLDING PUBLIC
COMPANY LIMITED**

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**THE EFFECT OF INTERNAL CONTROL PRACTICES ON
FINANCIAL PERFORMANCE OF AMATA HOLDING PUBLIC
COMPANY LIMITED**

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requirement for the Degree of Executive Master of Banking and Finance (EMBF)

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ABSTRACT

This study aims to identify the internal control practices of AMATA Holding Public Company Limited and examine their effect on the company's financial performance. The key independent variables include five components of internal control: control environment, risk assessment, control activities, information and communication, and monitoring. The dependent variable is financial performance. The study focused on a population of 88 managerial and supervisory-level employees, from which a sample of 72 respondents was selected using simple random sampling based on Taro Yamane's formula. A quantitative research method was adopted, utilizing structured questionnaires to collect data, which were then analyzed through descriptive statistics, correlation analysis, and multiple regression analysis. Based on the regression results, control activities had the most significant positive effect on financial performance, accompanied by monitoring and the control environment. Although risk assessment and information & communication were not statistically significant, they were still perceived positively by respondents. It is recommended that AMATA continuously strengthen its internal control components—control activities, monitoring, and the control environment—by enhancing training programs, leveraging technology, promoting a culture of accountability, and integrating risk indicators and data analytics. A holistic alignment of all five internal control components is essential to ensure improved financial performance and sustainable growth.

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LISTS OF ABBREVIATIONS

AMATA	AMATA Holding Public Company Limited
COSO	The Committee of Sponsoring Organizations of the Treadway Commission
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
IFRS	International Financial Reporting Standards
KRIs	Key Risk Indicators
MB	Myanmar Ballooning Co., Ltd.
NGOs	Non-Government Organizations
ROA	Return on Assets
ROE	Return on Equity
SD	Standard Deviation
SECM	Securities and Exchange Commission of Myanmar
SPSS	Statistical Package for the Social Sciences
SMEs	Small and Medium-sized Enterprises
UIG	United International Group Co., Ltd.
VIF	Variance Inflation Factor
YSX	Yangon Stock Exchange

CHAPTER I

INTRODUCTION

The establishment of capital market in Myanmar, particularly the Yangon Stock Exchange (YSX), represents a pivotal development in the country's economic landscape (Oxford Analytica, 2015). As they make it easier to allocate resources efficiently, allow businesses to obtain cash, and give the general public access to investment possibilities, capital markets are essential to economic progress. The Yangon Stock Exchange (YSX) has been significant in advancing financial inclusion, improving transparency, and fortifying corporate governance since its founding in 2015 (Asian Development Bank, 2014).

Eight businesses are listed on the YSX main board as of 2025, and AMATA Holding Public Company Limited is a well-known player in the hotel sector that was chosen for the study. Listed on June 3, 2021, AMATA is mostly involved in the hospitality sector, overseeing hot-air ballooning activities and resort hotels. Considering how important the service sector is to Myanmar's economic development, the company's listing on the stock exchange makes it stand out. The Myanmar Companies Law of 2017 and International Financial Reporting Standards (IFRS) impose strict financial reporting and governance obligations on listed companies like AMATA. Effective internal controls must be put in place in order to comply with these rules and maintain investor trust, financial transparency, and operational efficiency.

Organizations use internal controls to achieve goals and preserve operational integrity. These controls enable appropriate transaction execution, eliminate waste, fraud, and resource misuse, offer reasonable financial reporting accuracy, promote operational efficiency, and comply with relevant laws and regulations (OECD, 2023). The COSO 2013 framework for analyzing internal control systems and processes is widely utilized (Protiviti Knowledge Leader, 2020). This study evaluates internal control practices using the framework due to its extensive application and efficacy. It lists five key elements of good internal control: the control environment—ethical values, leadership integrity, and governance culture—which shapes behavior and accountability; risk assessment, which identifies and analyzes risks that could impede objectives and supports proactive measures to address them; and control activities, which include rules, procedures, approvals, and checks put in place to manage risks and ensure directives are implemented effectively; information and communication, which

involve the channels and processes used to gather and distribute relevant data across all organizational levels, supporting transparency and timely decision-making; and monitoring activities, which involve ongoing evaluations aimed at ensuring internal control practices remain effective and responsive to emerging issues (COSO, 2013).

Baker Tilly (2019) asserted that the COSO framework is commonly considered to be the best practice, despite the fact that it is not a legal necessity. It helps listed firms satisfy the expectations of regulatory agencies and demonstrates that they have exercised due diligence in their internal control systems and practices. Internal control practices among publicly traded firms have significantly improved as a result of the COSO 2013 Framework, which offers a standardized framework for developing, implementing, and evaluating internal controls. In light of the fact that it strengthens corporate oversight of security, risk, and compliance activities, improved governance is one of the most significant advantages it may provide. This is of utmost importance for publicly listed firms, which are obligated to maintain the confidence of their investors and comply with the requirements of the law. Among the many advantages of the COSO framework, which encourages cautious decision-making and risk reduction, one of the benefits is the simplification of internal controls (KPMG, 2023). Additionally, adhering to the COSO framework increases investor trust by establishing comprehensive internal control practices. This, in turn, makes businesses more appealing to potential investors.

Even though good internal control practices are crucial, it is also essential for publicly listed firms like AMATA Holding Public Company Limited to maintain excellent financial performance. This is because of the importance of maintaining strong financial performance. When it comes to an organization's health, sustainability, and shareholder value, the financial performance of the organization is crucial. A corporation's ability to effectively manage its operations, resources, and strategic goals is demonstrated by this. Investor confidence, the availability of cash, and long-term growth are all increased when a company has strong financial performance. Measures of internal control protect assets, identify errors and fraudulent activity, and guarantee accurate financial reporting, all of which effect on the organization's financial success. Effective internal control practices increase both operational efficiency and regulatory compliance, which ultimately leads to an improvement in financial performance (Hamed, 2023; Hoai et al., 2022). In order to highlight the significance of internal controls in the achievement of corporate success, this study investigates the financial

performance of AMATA Holding Public Limited as well as the implementation of internal control practices.

1.1 Rationale of the Study

It is estimated that the service industry contributes roughly 38 percent to the Gross Domestic Product (GDP) of Myanmar (Trading Economics, 2023). The service sector plays a significant role in the economic growth of Myanmar. This sector includes key industries such as hospitality, transportation, telecommunications, retail, and financial services. Among these, the hospitality industry, including hotels and tourism, has emerged as a major driver of sustainable economic growth by generating foreign exchange, creating employment opportunities, and stimulating supporting industries like transportation, food services, and entertainment. The rich cultural heritage and diverse natural attractions further enhance the strategic importance of tourism, and making it a critical pillar of sustainable economic growth. In this context, businesses in the hospitality industry must maintain both financial resilience and operational excellence to support national development effectively.

However, ensuring sustained performance in such a competitive and dynamic hospitality industry demands robust governance structures, particularly in the areas of financial management and risk control. Internal control systems and practices, which are foundational to corporate governance, play an important role in this regard. They protect assets, ensure financial record accuracy, and reduce fraud and inefficiency to help organizations meet operational, reporting, and compliance goals (Jokipii, 2010). Since it is extensively used, the COSO 2013 framework is used to examine internal control processes. Assessment of internal control efficacy relies on Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring (COSO, 2013).

Environmental control supports ethics, accountability, and corporate governance. It has an effect on the awareness and attitude of the company on its internal controls (Arens et al., 2016). Risk assessment enables businesses to have the ability to foresee and handle any threats and uncertainties that might have an impact on their operations or finances (Eldenbug et al., 2010). In Jokipii's (2010) view, control activities, which include authorizations, verifications, and the separation of responsibilities, contribute to the reduction of risks and the guarantee of record accuracy. Through the dissemination of data that is reliable, timely, and pertinent both

internally and externally, information and communication make it possible to make decisions in a transparent manner (COSO, 2013). Last but not least, monitoring enables businesses to evaluate their internal control and promptly address any problems that may arise (Moeller, 2013). A complete internal control system and its practices that support the stability, integrity, and long-term success of an organization, which is formed by these components when they work together.

It is true that the COSO framework serves as a basis for internal control; nevertheless, the actual application of this framework presents a number of problems as well as opportunities. The benefits of having an internal control that is well-designed include better operational efficiency, accurate financial reporting, higher investor trust, compliance with regulatory requirements, and a decreased probability of unethical management or fraudulent activity (Eldenburger et al., 2010). If internal controls are not evaluated on a regular basis or if they are vulnerable to management override, they may become ineffective (Arens et al., 2016). Internal controls also have limitations, such as the fact that they may be expensive to establish, difficult to maintain owing to limited resources or staff, and may become ineffective.

AMATA Holding Public Company Limited, which is listed on YSX, was chosen for this study owing to its prominent position in the hotel industry and regulatory compliance. AMATA must comply with SECM Notification No. 2/2020, which requires all public and listed businesses to have adequate internal control systems and practices (SECM, 2020). Despite this requirement, many public companies still struggle to implement robust controls due to weak enforcement mechanisms, limited resources and a shortage of skilled personnel. These limits require assessing whether internal controls substantially affect financial results. With this backdrop, this study uses the COSO framework to analyze how internal control practices affect AMATA's financial performance. It also aims to improve awareness of how the company's internal control practices promote organizational resilience and industry sustainability.

1.2 Objectives of the Study

The objectives of the study are as follows:

- 1) To identify the internal control practices in Amata Holding Public Company Limited

- 2) To examine the effect of internal control practices on financial performance of Amata Holding Public Company Limited.

1.3 Scope and Method of the Study

This study examines the relationship between internal control practices and the financial performance of AMATA Holding Public Company Limited, which is listed on the Yangon Stock Exchange (YSX). From a total of 88 managerial-level and supervisory-level employees at AMATA, a sample size of 72 respondents was selected using a simple random sampling method. The sample size was calculated using Taro Yamane's (1973) formula at 95% confidence level, representing approximately 82% of the company's management and supervisory staff. With the use of SPSS software, descriptive statistics, correlation analysis, and multiple linear regression analysis were used to evaluate the data.

Primary and secondary data were employed to accomplish this study. Structured surveys on a 5-point Likert scale and in-person and telephone/email interviews collected primary data. Secondary data came from YSX and AMATA websites, yearly reports, and related publications.

1.4 Organization of the Study

This study is divided into five chapters. The first chapter, which also acts as an introduction to the study, describes the study's history, rationale, objectives, scope, methods, and structure. Chapter 2 provides the study's theoretical framework, while Chapter 3 presents Amata Company's background and internal control practices. The data analysis and presentation are covered in chapter four. Lastly, Chapter 5 discusses the findings, suggestion and need for future research.

CHAPTER II

THEORETICAL BACKGROUND OF THE STUDY

This chapter covers crucial concepts including internal control, financial performance, and internal control practices. After reviewing related theory and previous studies, the chapter develops the study's conceptual framework.

2.1 Concept of Internal Control

Internal controls safeguard assets, ensure financial reporting accuracy, increase efficiency, and comply with laws (COSO, 2013). Good internal control manages risk, fraud, and corporate governance, affecting financial stability and performance (Arens, Elder, & Beasley, 2016). An organization's board of directors, management, and personnel employ internal control to ensure operational efficiency, financial reliability, and legal compliance (COSO, 2013). These systems' practices are intended to detect hazards, create countermeasures, and improve responsibility at every level of the company (Krishnan, 2005).

Well-structured internal control involves information, communication, monitoring, risk assessment, control actions, and control environment (COSO, 2013). Together, these components strengthen financial oversight and governance frameworks, which improves decision-making, lowers financial irregularities, and boosts investor trust through financial reporting that is transparent and accountable (Drogalas, Karagiorgos, & Giovanis, 2015). Strong internal control also supports financial integrity by minimizing risks associated with fraud, inefficiencies, and errors.

In order to avoid fraud, increase financial correctness, guarantee transparency, and foster operational efficiency, internal control procedures are essential. Effective internal control ensures conformity to global financial reporting standards like GAAP and IFRS, reducing financial misstatements. Operational efficiency is also enhanced through streamlined processes that optimize resource utilization and productivity (Arens et al., 2016). Additionally, robust controls help organizations meet regulatory requirements, avoiding legal penalties and reputational risks.

Given the dynamic nature of financial markets, internal control must be continuously reviewed and adapted to align with changing regulations, technological advancements, and emerging risks. Internal controls are evaluated and improved using the COSO (2013) framework, ensuring company governance, financial stability, and

regulatory compliance. Internal control underpins good financial management by promoting transparency, combating fraud, and meeting regulations.

2.2 Concept of Internal Control Practices

COSO developed the Internal Control – Integrated Framework in 1992. It was modified in 2013 to reflect commercial, risk, and regulatory changes. The 2013 version contains detailed internal control design, implementation, and assessment instructions. It is widely accepted that organizations must ensure their internal controls protect resources, comply with laws, and ensure financial reporting accuracy. COSO is still a common way for implementing effective internal control. Organizations improve operational efficiency, accountability, and financial oversight with strong internal controls.

The five fundamental components of the COSO (2013) architecture work together to provide an efficient internal control practices. These components cooperate to control organizational risks, strengthening governance and boosting financial performance. The five components of internal control practices are;

2.2.1. Control Environment

The control environment, which sets the tone for the organization, affects all other internal control characteristics. Management integrity, governance, and company culture are included. This element emphasizes the significance of moral principles, a dedication to proficiency, and precisely defined roles and duties. Better financial performance is supported by accountability and transparency, both of which are facilitated by a well-established control environment.

2.2.2. Risk Assessment

The process of risk assessment includes identifying and assessing potential threats to the accomplishment of corporate goals, particularly financial ones. Organizations must take into account both internal and external issues that may lead to fraud, operational inefficiencies, or financial misreporting in order to comply with this component. To reduce possible negative effects on financial performance, it is essential to regularly examine the risks associated with internal processes, market developments, and regulatory changes.

2.2.3. Control Activities

The particular rules and practices created to handle hazards that have been recognized are known as control activities. These include procedures like approvals, authorizations, reconciliations, and verifications, all of which are meant to guarantee that the organization's policies are carried out efficiently. In order to avoid mistakes or fraud that could have a detrimental effect on financial performance, proper control activities pertaining to financial transactions, audits, and reporting are essential.

2.2.4. Information and Communication

This component makes sure that information is distributed throughout the company in a timely and correct manner. It entails locating, gathering, and promptly disseminating relevant information to the proper people. Accurate reporting and proper analysis of financial data are essential for making well-informed decisions and enabling prompt reactions to possible financial problems. This is made possible by efficient information and communication practices.

2.2.5. Monitoring Activities

Continuous or regular assessments of the internal control practices' efficacy comprise monitoring. It involves both ongoing observation and recurring evaluations to pinpoint flaws and potential areas for development. Organizations can identify control flaws early and take corrective action to reduce financial risks by continuously monitoring key performance indicators and financial processes.

The COSO (2013) framework stresses that these components must work together in an integrated manner to ensure effective internal control. A single component's failure or weakness may cause the entire internal control practices to be deficient, which could result in fraud, financial mismanagement, or a decline in stakeholder trust.

Organizations can evaluate how their internal control practices affect financial performance, guarantee regulatory compliance, and safeguard their assets from possible threats by utilizing the COSO (2013) framework. Implementing effective internal control practices, as outlined by this framework, can enhance an organization's financial management, improve decision-making, and ultimately help achieve its financial goals.

2.3 Concept of Financial Performance

The ability of a company to produce income, maintain profitability, and guarantee long-term financial stability while effectively employing its resources is referred to as financial performance (Brigham & Ehrhardt, 2017). It influences investor confidence, operational effectiveness, and overall business sustainability, making it a crucial indication of a company's financial health (Gitman, Juchau, & Flanagan, 2015). Strong financial performance enables organizations to expand, invest in innovation, and remain competitive in the market.

Key financial indicators, such as profitability, liquidity, budget performance, financial responsibility, and so forth, are used by organizations to evaluate their financial success. Profitability is a company's capacity to make money relative to its income, assets, or equity (Tan, G., 2024). The return on equity (ROE) ratio suggests effective financial management (Brigham & Ehrhardt, 2017), whereas the return on assets (ROA) ratio assesses how well a firm uses its assets to produce money (Ross, Westerfield, & Jaffe, 2018). Net profit margin measures the company's success by calculating the revenue left after costs (Gitman et al., 2015).

Company liquidity assesses its ability to pay short-term loans and function smoothly. The acid-test ratio, or fast ratio, isolates inventory from current assets and measures liquidity more strictly. The current ratio compares current assets to liabilities to assess the firm's short-term finances (Ross et al., 2018). Strong liquidity enables a business to efficiently manage working capital and steer clear of financial difficulties (Highradius, 2024).

When evaluating an organization's budget performance, one should consider how effectively it sticks to its financial plans. In order to discover areas of financial inefficiency, budget variance analysis compares actual expenditures with planned amounts. Cost control methods, on the other hand, determine whether or not operational expenses are in line with revenue production (Brigham & Ehrhardt, 2017). Assuring financial discipline, preventing excessive spending, and contributing to general financial stability are all outcomes that can be achieved through effective budget performance. Furthermore, high budget accountability guarantees that financial managers must accept responsibility for discrepancies and put remedial measures into place in order to maximize the allocation of resources.

The process of financial reporting ensures that financial statements are accurate, transparent, and in accordance with regulatory requirements such as IFRS and

generally accepted accounting principles (GAAP). The trust of investors and the ability to make decisions are both dependent on accurate financial reporting. According to Gitman et al. (2015), adhering to accounting standards ensures that financial data in different reporting periods are consistent with one another and may be compared to one another. Financial integrity may be maintained through the use of procedures such as internal audits, reconciliation processes, and fraud prevention systems (COSO, 2013). These methods serve to ensure that financial data is both valid and verifiable.

When it comes to financial accountability, the obligation of protecting an organization's financial resources, adhering to legal standards, and maintaining ethical financial practices falls on the responsibilities of the management of the business. It goes beyond the scope of internal controls and includes governance frameworks, openness in decision-making, and managerial accountability for the results of financial matters. With the use of risk assessment and mitigation strategies, potential financial risks may be identified, and policies can be implemented to address them (Krishnan, 2005). The practice of ensuring that financial decisions are in accordance with long-term sustainability and the expectations of stakeholders is one way that financial accountability helps to promote corporate governance.

The financial performance of a company is a significant factor in determining its overall success. Effective financial management ensures investor trust, competitiveness, and the long-term viability of a corporation. For the purpose of safeguarding financial assets, reducing risks, and boosting profitability, the implementation of internal control is very necessary. Consequently, in order for enterprises to achieve stable and sustainable financial performance, they need to establish robust governance frameworks and internal control practices.

2.4 Internal Control Practices and Financial Performance

Maintaining the integrity and trustworthiness of financial reporting, protecting assets, and assuring financial stability all depend heavily on internal control practices. These practices enhance operational effectiveness, reduce risks, and facilitate regulatory compliance, all of which have an effect on an organization's bottom line (COSO, 2013). When internal control practices are robust, organizations experience enhanced efficiency, reduced fraud risks, and stronger financial management. Conversely, weak internal controls can result in financial misstatements, fraud, and

inefficiencies, ultimately affecting profitability and diminishing investor confidence (Krishnan, 2005).

Effective internal control practices help businesses achieve their financial goals by encouraging responsibility, reducing operational risks, and stopping fraud. According to studies, businesses with robust internal control practices typically see increases in investor trust, financial transparency, and profitability (Arens, Elder, & Beasley, 2016). Internal control requires the control environment, risk assessment, control activities, information and communication, and monitoring, according to COSO (2013). When performed correctly, these methods enhance the accuracy of reporting as well as the management of financial resources. Research conducted by Drogalas, Karagiorgos, and Giovanis (2015) indicates that businesses that have effective internal control processes have superior financial performance. This is due to the fact that these businesses are more efficient in their operations and refrain from committing fraud. As stated by Doyle, Ge, and McVay (2007), companies that have inadequate internal control practices usually have profits of a worse quality and a larger chance of financial restatements. Both of these factors might have a negative impact on the company's financial status.

Several internal control methods affect the company's finances. The control environment reduces financial risks and promotes integrity and accountability by establishing an organization's ethical standards, governance structure, and culture (COSO, 2013). In Lakis and Giriūnas' (2012) view, risk assessment makes it feasible for firms to implement policies that mitigate potential risks and prepare for unanticipated economic occurrences. This is accomplished by recognizing and evaluating potential financial threats. Control activities such as segregation of responsibilities, authorization of transactions, and account reconciliation are examples of activities that assist assure adherence to financial regulations and prevent illicit transactions (Krishnan, 2005). Arens et al. (2016) proposed that the effective communication of financial rules and reporting requirements is essential to ensure that employees have a clear awareness of their roles in maintaining the integrity of the company's finances and, ultimately, enhancing investor trust. Furthermore, continual monitoring through the use of internal audits and performance reviews helps businesses to identify defects and implement corrective actions, so ensuring that internal control practices continue to be effective and adaptable in response to changes in the corporate environment (Chenhall, 2003).

According to the findings of empirical study (Chen, M., 2019), there is a favorable correlation between strong internal control practices and financial success. Based on Krishnan's (2005) view, companies that have well-organized audit committees and internal control processes have a higher level of financial stability and a lower number of instances of financial misreporting. As per Doyle et al. (2007), businesses that have serious deficiencies in their internal control are more likely to incur more earnings volatility and to face a reduction in investor confidence. Furthermore, firms that have effective internal control practices enjoy a reduced cost of capital and improved financial outcomes, which further emphasizes the relevance of excellent financial governance in the process of preserving the value of the corporation (Zhang, Zhou, & Zhou, 2006).

Internal control practices are essential for financial reporting accuracy, risk reduction, and openness. Companies that have strong internal control have an edge over their competitors because these practices increase regulatory compliance, investor trust, and profitability. Empirical research consistently highlights the benefits of robust internal control in maintaining financial stability. This is despite the fact that errors in internal control practices might potentially result in economic losses and damage one's reputation. Consequently, in order to ensure the continued viability of their financial operations over the long term, businesses should continually work to strengthen their internal control practices.

2.5 Related Theory

The Systems Theory developed by Ludwig von Bertalanffy offers a complete framework that may be utilized to get an understanding of how the many components of an organization function collectively as an integrated whole. As stated by Bertalanffy (1968), organizations are not able to function in isolation since they are composed of several interdependent subsystems that are required to successfully communicate in order to guarantee overall efficiency. Within an organization, some subsystems, such as internal control systems, financial management, and operational functions, are considered to be of essential importance. The failure or weakening of a single component, such as internal control, has the potential to interfere with the functioning of the entire financial system, which can result in inefficiency, financial losses, or even fraud.

The concept of internal control is not a standalone function but rather an integrated system that maintains consistency and accountability across all of the procedures that are involved in financial and operational matters. In a manner that is consistent with the fundamental concepts of systems theory, the theory places an emphasis on the ways in which deficiencies in control methods can have a negative impact on financial performance.

Within the context of his work on cybernetics (Ashby, 1956), Ashby characterized organizations as adaptive systems that are required to continually adjust to changes that occur both internally and outside. In order to preserve their financial stability, publicly traded firms like AMATA work in dynamic financial environments. These settings need them to alter their internal controls in response to changes in regulatory requirements, volatility in the economy, and technology improvements. The use of robust internal control processes enables businesses to successfully adjust, therefore reducing risks and maintaining the company's financial sustainability.

Further explanation was provided by Kast and Rosenzweig, who stated that the operation of systems is dependent on three primary components: input, processes, and outputs. Kast and Rosenzweig (1972) proposed that some examples of inputs in financial management are internal control, which include risk assessment, compliance processes, and financial audits. A number of procedures are involved, including the installation of control operations, ongoing monitoring, and accurate reporting of financial information. The outcomes lead to an improvement in financial performance, a reduction in the risks of fraud, and an increase in investor trust. This link between causes and effects exemplifies how the methods of internal control have a direct impact on the results of financial matters.

Within the framework of Systems Theory, feedback loops are necessary for the purpose of continual monitoring and remedial measures. These loops enable businesses to recognize areas of weakness and improve functionality. As per W. Edwards Deming Institute (2016), these loops are essential to systems thinking since they contribute to the preservation of stability and the driving of continuous improvements. In a similar vein, internal control systems and its practices make use of frequent audits, assessments of financial performance, and compliance monitoring in order to detect loopholes and increase financial supervision. By incorporating feedback systems, firms are able to manage risks in a proactive manner, maintain regulatory compliance, and maximize operational efficiency.

Chenhall (2003) asserted that corporate governance frameworks are also in line with Systems Theory since they emphasize the fact that the coordination between financial management, internal control, and compliance is essential to the maintenance of financial stability. Companies that are publicly traded are required to incorporate governance principles and robust internal control mechanisms in order to guarantee accountability, investor trust, and sustained growth over the long term.

This study, which is founded on the theory of systems, investigates the ways in which deficiencies in internal control may have an impact on financial performance, as well as the ways in which continuous monitoring and improvements can lead to long-term financial success. It is possible to evaluate the effectiveness of internal controls in a comprehensive manner thanks to the framework, which also demonstrates how each component contributes to the overall financial health of the company.

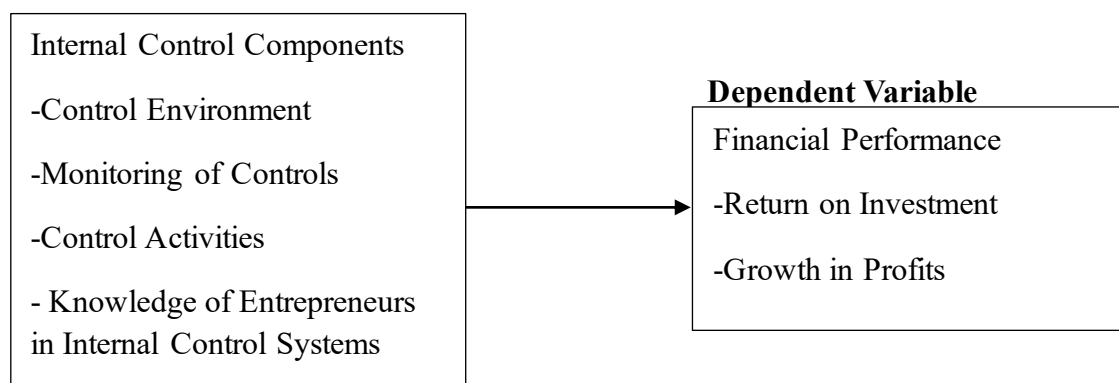
2.6 Previous Studies

There are few studies on internal control systems and practices. Some studies are reviews that help develop the study's conceptual framework.

In 2014, Nyakundi, Nyamita, and Tinega explored how internal control impact Kisumu City SMEs' finances. Control environment, monitoring, control activities, and entrepreneurs' internal control systems expertise were studied. A simple and stratified cross-sectional survey of 168 SMEs supplied data. Figure (2.1) shows Nyakundi, Nyamita, and Tinega's study framework.

Figure 2.1 Effect of Internal Control System on Financial Performance of Small and Medium Scale Business Enterprises in Kisumu City

Independent Variables

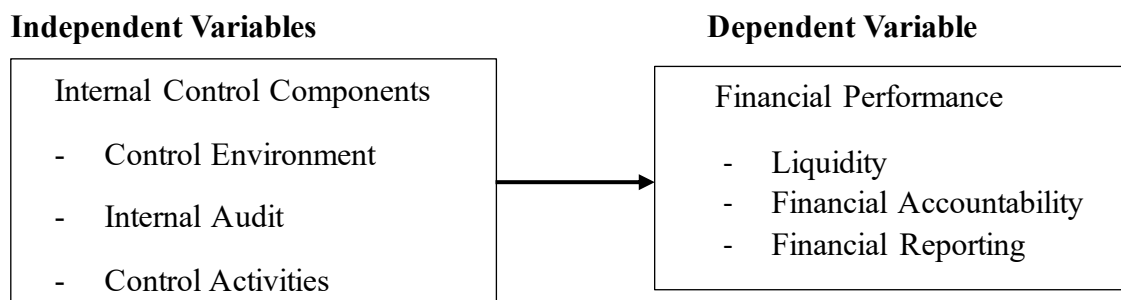


Source: Nyakundi, Nyamita, and Tinega (2014)

The results showed a strong correlation between the financial performance of SMEs and the entrepreneurs' knowledge of internal control systems, showing that better comprehension and application of internal controls boosted company expansion, increased profitability, and enhanced financial stability.

Munene (2013) examined Kenyan technical training institutes' financial performance and internal control mechanisms. It measured financial performance using liquidity, financial accountability, and financial reporting, as well as control environment, internal audit, and control activities. Using a stratified sampling strategy, data was gathered from finance officers and personnel at 37 of the 49 registered Technical Training Institutions in Kenya, using a mixed-methods approach that included surveys, correlation, and case studies. Munene's study's conceptual framework is shown in figure (2.2).

Figure 2.2 Effects of Internal Controls on Financial Performance of Technical Training Institutions in Kenya



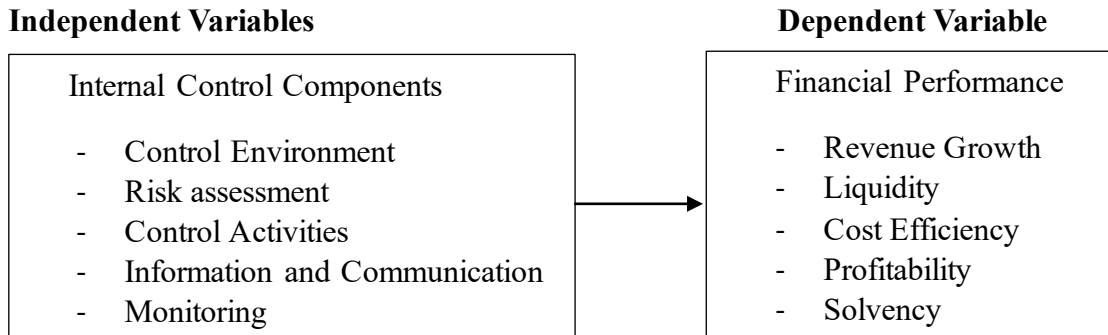
Source: Munene (2013)

Management's active engagement in control systems and role separation improved financial performance. It found that internal control systems considerably affect financial performance, proposing improvements to internal audit, information management, and financial creation.

Figure 2.3 shows how Oyedokun and Felejaye's (2022) conceptual framework for internal control (control environment, risk assessment, control activities, information and communication, and monitoring) affects selected Nigerian non-governmental organizations' financial performance. According to a descriptive study of 200 key staff members from 20 Nigerian NGOs, control activities had a greater influence on financial performance than control environment and risk assessment. The

study found that monitoring activities and information and communication systems improve financial performance by ensuring accountability and quick decision-making.

Figure 2.3 Internal Control System and Financial Performance of Non-Governmental Organizations in Nigeria

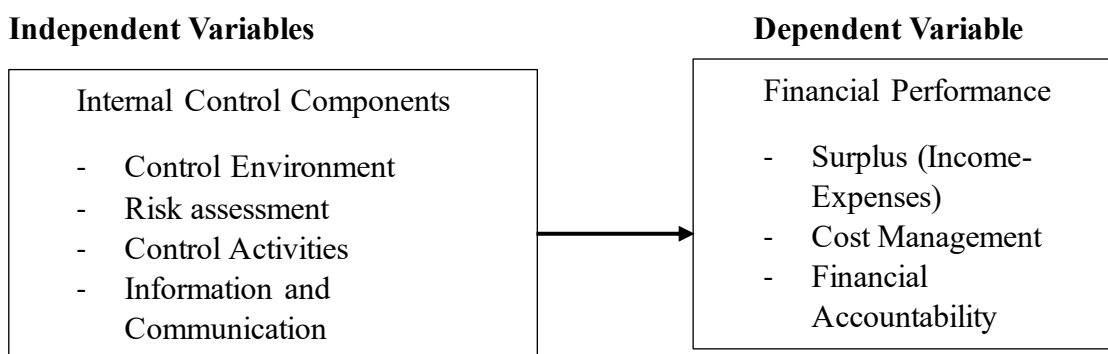


Source: Oyedokun and Felejaye (2022)

The study concluded that all internal controls impact financial performance and that an NGO's financial success suffers when any are missing or inadequate. NGOs were advised to build and maintain a solid internal control framework for financial stability.

Kisanyana (2018) evaluated how internal control systems influenced higher education institutions in Vihiga County, Kenya, utilizing control activities, risk assessment, control environment, information and communication, and monitoring as independent variables. The study's sample contains 96 of 140 target employees from four public firms. Multiple linear regression and descriptive statistics were employed in SPSS to evaluate semi-structured questionnaire data. Study conceptual framework from Govedi Andrew Kisanyana is shown in Figure 2.4.

Figure 2.4 Internal Control System and Financial Performance of Public Institutions of Higher Learning in Vihiga County, Kenya



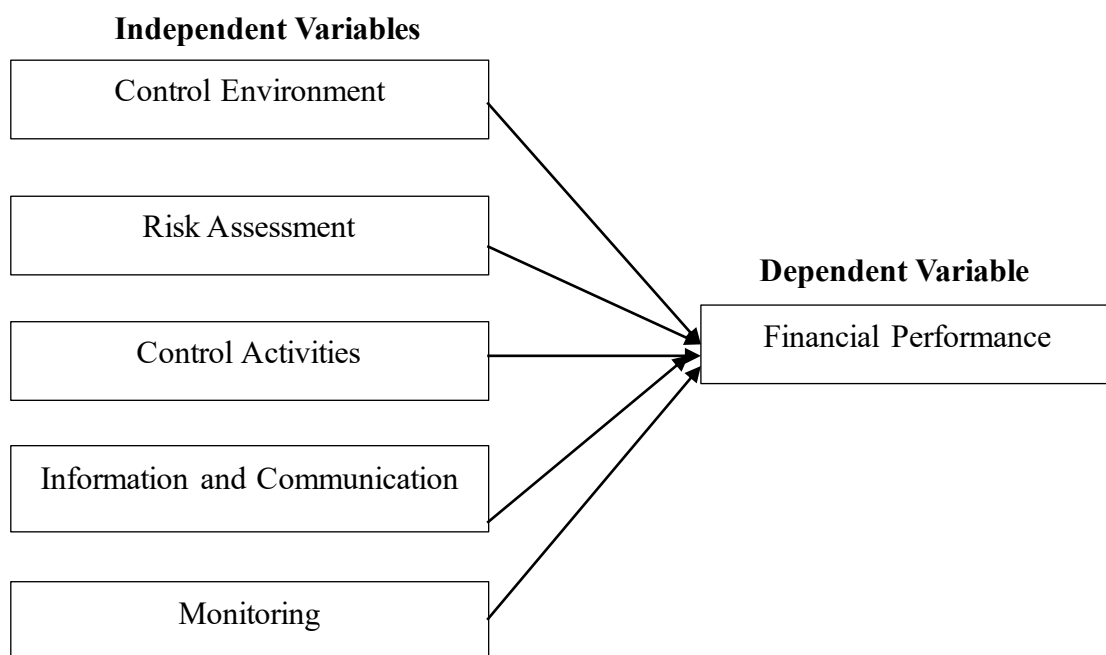
Source: Kisanyana (2018)

The study found that public higher education institutions' strong internal control systems—rigorous control activities, risk assessment, and a supportive control environment—improved financial performance. Sufficient personnel, periodic audits, good communication, and supervision promoted accountability and openness. To find weaknesses and enhance overall financial performance, the report suggests timely and frequent financial audits.

2.7 Conceptual Framework of the Study

This study uses the following framework to investigate the five core internal control practices: control environment, risk assessment, control activities, information and communication, and monitoring. According to the evaluation of prior studies, this study's conceptual framework matches Oyedokun & Felejaye and Kisanyana. Figure 2.5 shows this study's conceptual framework.

Figure 2.5 Conceptual Framework of the Study



Source: Own Compilation (2025)

Figure 2.5 shows this study's conceptual framework from earlier studies. financial performance vs. internal control approaches. The framework comprises control environment, risk assessment, control actions, information and communication, and monitoring as internal control variables. In meantime, profitability, liquidity, and

budget performance are financial performance metrics. Furthermore, because public organizations and listed firms are required by legal and regulatory frameworks to disclose accurate and timely financial information, financial reporting and financial accountability are evaluated as dependent variables. In addition to ensuring openness and encouraging good governance, this requirement makes it possible for stakeholders, including investors, regulators, and the general public, to evaluate the integrity and health of the financial system.

The control environment of an organization's internal control is determined by its ethical ideals, clearly defined roles and duties, reporting lines, and compliance with laws and rules.

Assessing risks that potentially affect the company's goals, prioritizing them by severity, and establishing measures to mitigate them is risk assessment.

Control activities assist ensure management's orders are followed, preventing mistakes, enforcing responsibility, and supporting compliance across the business.

Information and communication involve sharing accurate, timely, and relevant information within the company and with external stakeholders to support informed decisions and ensure transparency.

Monitoring involves the continuous review of internal control practices to ensure they are working effectively and support the company's goals, with prompt action taken to correct any issues.

CHAPTER III

BACKGROUND INFORMATION AND INTERNAL CONTROL PRACTICES IN AMATA HOLDING PUBLIC COMPANY LIMITED

This chapter provides the profile of AMATA Holding Public Company Limited, corporate history and growth, internal control practices in AMATA.

An important component of service sector in Myanmar, the hospitality sector greatly boosts the nation's economy. The hospitality sector, which encompasses hotels, tourism, and other services, is a crucial part of the larger service sector, which also includes sectors like retail, transportation, and financial services. As such, it has become crucial for both local and foreign investment. The hotel and tourism sector, in particular, has been a major contributor to the economic development. Between 2010 and 2015, the construction of over 1,300 hotels highlighted the growth of the hospitality industry, with foreign investments reaching approximately \$2.7 billion in hotel projects (Ministry of Hotels and Tourism, 2013). In 2019, the travel and tourism sector contributed \$5.1 billion to GDP, and, including indirect contributions, the combined income from hotels, restaurants, and transportation activities supported by tourism accounted for 16% of GDP. This industry's significance in generating income is further demonstrated by the 346,000 jobs it generated (World Travel & Tourism Council, 2025).

However, the COVID-19 pandemic caused significant harm to tourism industry, leading to significant financial losses and a change in customer tastes toward more recreational, cultural, and ecologically friendly experiences. From 4.36 million visitors in 2019 to merely 0.9 million in 2020 and 0.13 million in 2021, there was a sharp drop in the number of visitors (Global New Light of Myanmar, 2022). Business closures, employment losses, and revenue loss resulted from this disruption. 18 strategies and 93 actions centered on stakeholder capacity building, public-private partnerships, and financial assistance packages for tourism businesses are part of the strategic roadmap for tourism recovery that the Ministry of Hotels and Tourism has put into place (Ministry of Hotels and Tourism, 2021).

AMATA Holding Public Co., Ltd. (AMATA) which is listed on stock exchange, oversees Oriental Ballooning resort hotels and hot air ballooning firms. The Myanmar Companies Law requires AMATA to comply with regulations as a publicly

traded business, guaranteeing accurate accounting records, internal control, corporate governance, and operational transparency. To ensure responsibility to its investors, AMATA must abide by stringent financial reporting and disclosure requirements established by the Securities and Exchange Commission of Myanmar (SECM) in order to be listed on the YSX.

Despite the challenges posed by the pandemic, hospitality industry continues to have substantial growth potential. Companies like AMATA are actively contributing to the development of tourism infrastructure and services, thereby bolstering the service sector's contribution to the economy. However, the industry still faces challenges such as a lack of industry training standards, which hinder service quality. To address this, the Ministry of Hotels and Tourism's roadmap aims to ensure a sustainable tourism reset with a focus on building a quality workforce ready for the projected growth (Ministry of Hotels and Tourism, 2021).

For developing sustainably, hospitality sector must be strategically promoted and subject to strict regulations in Myanmar. In order to draw in both domestic and foreign tourists, create jobs, and support long-term economic stability, the industry must remain resilient and keep growing. Companies like AMATA are at the forefront of this transformation, shaping the future of hospitality and tourism landscape.

3.1 Profile of AMATA Holding Public Company Limited

Operating under the Yangon Stock Exchange (YSX), AMATA Holding Public Company Limited is a prominent participant in the hospitality sector. The company was formally listed on June 3, 2021, as a publicly traded organization, garnering significance due to its strategic position in hospitality and tourism. AMATA manages a portfolio of resorts, hotels, and tourism-related services, including hot air balloon rides under its Oriental Ballooning brand.

Resort hotel management and hot air ballooning are AMATA's main public holding company industries. AMATA (2020) owns 51% of Myanmar Ballooning and 99.99% of United International Group. The company creates and runs luxury hotels, spas, and resorts in Myanmar. Amata handles "My Bagan Residence" by Amata through UIG, as well as Amata Resort & Spa (Ngapali Beach), Amata Garden Resort (Inle Lake), Bagan, and Andaman,

AMATA's corporate structure is designed to promote transparency, ensure regulatory compliance, and meet the financial reporting standards set by Myanmar's

Securities and Exchange Commission (SECM). Attracting investors and promoting long-term firm growth are greatly aided by the company's strong dedication to corporate governance. AMATA adheres to strict financial disclosure standards, internal control mechanisms, and operational transparency, reinforcing its credibility in the market.

The company's continuous expansion aligns with economic development and the growth of the hospitality industry. Beyond tourism, AMATA's operations contribute to job creation and local economic development (International Labour Organization, 2016). However, as a publicly listed entity, AMATA must navigate various regulatory requirements, including compliance with Myanmar's Securities Exchange Law, ensuring that its business remains aligned with national regulations and best practices in corporate governance.

Despite the challenges facing in the tourism sector—including political instability, economic fluctuations, and the COVID-19 pandemic—AMATA remains committed to building a sustainable hospitality business. The company's resilience highlights the long-term potential of tourism industry in Myanmar and creates opportunities for further investment and growth.

3.2 Corporate History and Growth

On June 27, 2017, AMATA Holding Public Company Limited was established in Myanmar for the purpose of complying with the Companies Act 1914, which was subsequently changed by the Companies Law. The company, on the other hand, began operations in 1993 when United International Group Co., Ltd. (UIG) was established with the purpose of managing and operating resorts and restaurants under the Amata brand name. It was in 2003 when the firm established its first resort, which was called Amata Resort & Spa (Ngapali Beach). This event marked the beginning of the company's expansion into the hospitality industry. Following the introduction of Amata Garden Resort (Inle Lake) in 2013, the firm further extended its footprint by establishing "My Bagan Residence" by Amata in 2011. This was followed by the launch of Amata Garden Resort (Inle Lake) in 2013 (AMATA, 2012). In the same year, AMATA expanded its commercial operations by entering the hot air ballooning industry through Oriental Ballooning. This allowed the company to provide tourists experiences that were both distinctive and unforgettable. The year 2017 marked the launch of Amata Garden Resort (Bagan), and between 2017 and 2018, Amata Garden Resort (Inle Lake) added twenty more villas to its establishment. With the acquisition

of 99.99% of UIG and 51% of Myanmar Ballooning Co., Ltd. (MB) in 2018, the company strengthens its corporate structure by creating both of these entities as subsidiaries while simultaneously acquiring them.

My Hpa An Residence by Amata was introduced in 2019, further expanding the range of services that AMATA provides in the hotel industry (AMATA, n.d.). This move helped AMATA enhance its position in Myanmar's high-end resort sector. On December 28, 2020, AMATA was recognized for its strategic and financial growth, which resulted in the company being granted authorization to list on the Main Board of the Yangon Stock Exchange. It was officially announced that AMATA had been listed on the YSX on June 3, 2021 (AMATA, n.d.). When it comes to the hospitality industry in Myanmar, AMATA Holding Public Company Limited is indispensable since it offers services of the highest quality while complying to the standards of corporate governance and the local laws. AMATA, which is a reputable firm on the Yangon Stock Exchange, continues to be a driving force behind the expansion of the hotel and tourist industry, as well as the creation of investment possibilities and sustainable development.

(i) Vision, Mission and Objectives

AMATA Holding Public Company Limited is a well-known organization in Myanmar that is responsible for the construction and operation of resorts, hotels, and spas belonging to the medium-to-high-end category. AMATA strategically positions itself through its distinct brands, which include Amata, Awinka (new brand), and Oriental Ballooning, in order to capture both local and international markets. AMATA has a clear goal to provide exceptional service quality and experiences that will be remembered for a long time. A dedication to commercial expansion, diversification, and sustainable growth is reflected in the objective of the firm, which aims to maintain its roots in Myanmar's rich culture and traditions while simultaneously expanding its operations.

AMATA is in the process of upgrading and expanding its brands, increasing its footprint across important places in Myanmar, and creating long-term value for all of its stakeholders. These three objectives are driven by the company's main goals. One of the most important pillars of the company's operating strategy is the customer-centric approach that it takes to safety, satisfaction, and continual service improvement. AMATA makes it a habit to frequently monitor client feedback and loyalty in order to

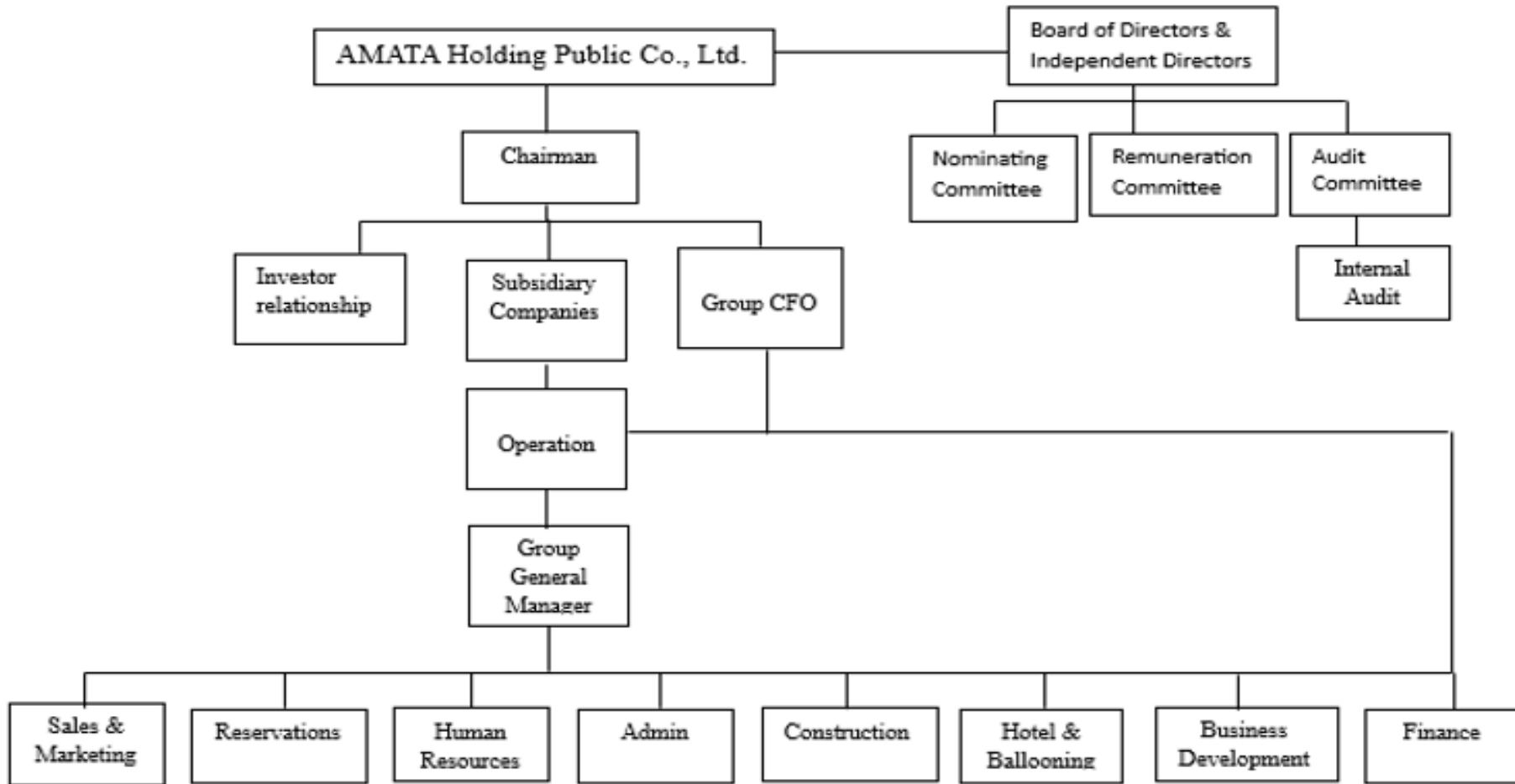
guarantee that their services not only meet but also exceed the expectations of its visitors, hence enticing them to return.

Generally, AMATA is not only concerned with expansion and profitability, but it also embraces ethical principles and social responsibility. As a result, it positions itself as a commercial organization in the hotel industry that is both environmentally responsible and culturally respectful.

(ii) Strategy

The expansion of both the "Amata" and "Awinka" brands is the primary approach that AMATA employs in order to build its organization. Within the next three years, the business intends to establish at least four new "Awinka" hotels and will continue to invest in both new and current properties. The expansion that is desired will be accomplished through the utilization of strategic alliances, management agreements, and thoughtful investments. The company's objective is to expand its presence in new key areas around Myanmar, with the intention of catering to business visitors from foreign as well as local destinations. AMATA has the ability to lessen the impact of seasonal and economic variations and capitalize on chances for cross-marketing if it expands its regional reach. AMATA is continuing to place an emphasis on distinct branding, employing the name "Amata" for the luxury market and "Awinka" for customers who are concerned about their budget. By adopting this strategy, the corporation is able to cater to a more extensive consumer base while also avoiding rivalry among its many brands. The rates of hotel rooms are assessed on a regular basis in order to ensure that they remain competitive. In addition, the firm places a strong premium on renovating and expanding its existing assets in order to increase both its income and its profitability. By developing extra rooms and services at existing properties, AMATA is able to expand the number of visitors without incurring significant additional costs. In a nutshell, AMATA's strengths consist of its powerful brands, its experienced management, its various offers, and its planned development ambitions. The firm is positioned as a leader in Myanmar's hospitality industry as a result of these elements, with a clear focus on achieving sustainable growth and ensuring the happiness of its customers.

Figure 3.1 Organization Structure of AMATA



Source: Amata (2024)

3.3 Internal Control Practices in Amata Holding Public Company Limited

With its excellent internal control system and its practices, Amata Holding Public Company Limited adopts COSO 2013 Internal Control - Integrated Framework. This framework ensures internal controls meet operational goals, financial reporting accuracy, and legal requirements. Company values include openness, accountability, and ethical business practices. Control environment, risk assessment, control actions, information and communication, and monitoring are Amata internal controls.

Control Environment

Amata emphasizes a powerful control environment, which underpins all other components. The organization promotes integrity and ethical behavior at all levels, supported by a governance structure that encourages independence and oversight by the Board of Directors. Roles and responsibilities are clearly defined, with a focus on attracting and retaining competent personnel. Accountability is embedded into the company's culture, and open communication between departments and leadership fosters team collaboration and shared objectives. Regular meetings, both monthly and weekly, ensure strategic alignment and transparency across departments.

Risk Assessment

An important part of Amata's risk assessment process is the rigorous identification and evaluation of potential dangers to the company's objectives. When conducting these evaluations, both internal operations and external issues, such as movements in the economy and changes in regulations, are taken into consideration. Risks associated with fraud, operational inefficiencies, and financial misreporting are evaluated by the organization in a proactive manner. By preparing contingency plans and making timely revisions to its strategy in response to unanticipated obstacles, Amata is able to keep its flexibility.

Control Activities

Specifically, Amata performs control actions that involve defined rules and processes in order to reduce the risks that have been identified. Activities like as authorizations and approvals, as well as reconciliations and verifications, are included in these categories. The organization implements measures that are based on technology in order to guarantee the integrity of data and the safety of information systems. In order to avoid fraud and protect assets, there are protections in place, including segregation of roles and physical measures. For the purpose of keeping personnel well-informed and ensuring that they comply with ever-changing control regulations, it is

vital to provide them with regular training sessions on internal control practices. Keeping this control in place is absolutely necessary in order to guarantee the precision and dependability of financial transactions and reporting.

Information and Communication

Amata places a high importance on efficient communication and uses this to guarantee that vital information is sent without interruption across the business. The duties and goals of internal control are conveyed in a clear and concise manner through all levels of management. The organization gathers, develops, and disseminates high-quality information in order to facilitate the making of well-informed decisions and the prompt execution of reactions to possible financial problems. In addition, there is an emphasis placed on external communication, and open channels of contact are maintained with auditors, regulators, and other stakeholders. Disclosure of information pertaining to particular projects and financial reports is carried out in compliance with the standards imposed by regulatory agencies.

Monitoring Activities

For the purpose of ensuring that its internal control procedures continue to be effective and relevant, the organization conducts regular and ongoing evaluations of these procedures. Monitoring is carried out by conducting routine assessments of the metrics used to measure performance as well as the procedures internally. We swiftly resolve any issues that have been detected and notify them to senior management and the Board so that they can take the necessary remedial action. Amata is able to adjust to new circumstances and continue to exercise solid governance because to this continual review.

Overall, Amata's internal control practices demonstrate a commitment to high standards of corporate governance. Integrating all five COSO framework components helps the organization accomplish strategic goals effectively and ethically.

CHAPTER IV

ANALYSIS ON THE EFFECT OF INTERNAL CONTROL PRACTICES ON FINANCIAL PERFORMANCE OF AMATA HOLDING PUBLIC COMPANY LIMITED

This chapter examines the financial and internal controls of AMATA Holding Public Company Limited. The six primary areas encompass study design, demographic data of respondents, reliability testing, internal control practices, financial performance analysis, and the interrelationships and effects among these elements.

4.1 Research Design

This quantitative analysis investigated AMATA Holding Public Company Limited's financial performance and internal controls. Independent factors for internal control included control of the environment, control activities, risk assessment, information and communication, and monitoring. The dependent variable was financial performance.

Data was collected using a standardized questionnaire. Ten financial performance questions and twenty-five internal control practice questions—five each component. Each response was scored on a five-point Likert scale: 1 "strongly disagree," 2 "disagree," 3 "neutral," 4 "agree," and 5 "strongly agree." Out of 88 management and supervisory-level personnel at AMATA, 72 were purposively sampled to guarantee familiarity with internal control processes and financial outcomes. Most respondents worked in administration, finance, HR, business development, and sales & marketing.

SPSS Statistics assessed the data. At the outset of the investigation, descriptive statistics showed broad trends in the responses. Cronbach's Alpha checked the questionnaire's reliability and question consistency. The Pearson connection between each internal control component and financial performance was then examined. Internal control measures and financial performance were examined using multiple regression. This method enabled broad internal control measures that greatly effected financial performance.

4.2 Demographic Characteristics of the Respondents

Determining the demographic information of participants is the first step in the analysis process. This covers background data collected from 72 employees at the management and supervisory levels. Based on the respondent's personal characteristics, including gender, age, level of education, present position, and length of employment with the company, a profile was created. To improve readability and clarity, the data are compiled in a demographic characteristics table. Each attribute was examined in terms of frequency and proportion.

Table 4.1 Demographic Profile of Respondents

Description		Frequency	Percent
Gender	Male	42	58.3
	Female	30	41.7
Age	20 – 30 years	32	44.4
	31 – 40 years	24	33.3
	41 – 50 years	10	13.9
	51 years old and above	6	8.4
Educational level	Graduate	27	37.5
	Post-Graduate	17	23.6
	Master	28	38.9
Position	General Manager	4	5.6
	Senior Manager	12	16.7
	Manager	16	22.2
	Officer	17	23.6
	Supervisor	23	31.9
Working experience	1 – 3 years	17	23.6
	4 – 6 years	32	44.4
	7 – 9 years	12	16.7
	10 – 12 years	9	12.5
	13 years and above	2	2.8

Source: Survey data (2025)

The demographic profile of the 72 AMATA Holding Public Listed Company Limited respondents provides insight into the study's participants. The gender distribution showed a slightly higher presence of male employees, with 42 males

(58.3%) and 30 females (41.7%). The majority of responders (44.4%) were between 21 and 30, followed by 31 and 40 (33.3%), 41 and 50 (13.9%), and 51 and older (8.4%). This distribution shows that most of the participants were relatively young, particularly under the age of 40.

Regarding educational qualification, a significant portion of respondents held at 37.5% were graduates, 38.9% were postgraduates, and 23.6% had a master's degree. This reflects a well-educated group of employees. In terms of job positions, 5.6% were General Managers, 16.7% were Senior Managers, 22.2% were Managers, 23.6% were Officers, and 31.9% were Supervisors, showing a wide range of management-level representation, with a large proportion occupying supervisory and officer roles.

The respondents' length of service at AMATA varied, with the largest group (44.4%) having worked for 4 to 6 years. Those with one to three years of service (23.6%), seven to nine years (16.7%), ten to twelve years (12.5%), and thirteen years and above (2.8%) came next. This implies that most of the participants had a great deal of work experience. Overall, the demographic information indicates that the study gathered responses from a diverse, educated, and experienced group of professionals across various management levels.

4.3 Reliability Test of the Study

The reliability of the measurement tools employed in the study must be assessed before conducting a thorough statistical analysis. The degree to which a set of things consistently assesses the intended idea is known as reliability. Cronbach's Alpha is a commonly used statistic for evaluating internal consistency, claims Sekaran (2003). It shows how strongly a scale of items are positively associated with one another and work together to measure a single underlying dimension. In social science research, a Cronbach's Alpha value of 0.70 or higher is typically regarded as sufficient to indicate trustworthy internal consistency. Table (4.2) provides the requirements for interpreting Cronbach's Alpha coefficients.

Table 4.2 Criteria for Interpreting Cronbach's Alpha Coefficient

Cronbach's Alpha	Level of Reliability	Interpretation
Greater than or equal to 0.90	Excellent	Very high internal consistency
Between 0.80 – 0.89	Good	High internal consistency
Between 0.70 – 0.79	Acceptable	Moderate internal consistency
Between 0.60 – 0.69	Questionable	Acceptable in exploratory research
Between 0.50 – 0.59	Poor	Low internal consistency
Less than 0.50	Unacceptable	Very low internal consistency

Source: Sekaran (2003)

This study assessed the internal consistency of the Control Environment, Risk Assessment, Control Activities, Information and Communication, Monitoring measures, and Financial Performance using Cronbach's Alpha. Ten financial performance indicators and five internal control components were measured.

See reliability test results in Table 4.3. Cronbach's Alpha values of 0.811 to 0.923 indicated good to outstanding scale reliability. Each of the five internal control components had Cronbach's Alpha scores between 0.811 and 0.878. Information and Communication was the most reliable internal control variable (0.878) and Risk Assessment the least (0.811), nevertheless still good. Cronbach's Alpha for the financial performance variable, which was tested using ten items, was 0.923, falling into the excellent range. These findings attest to the validity and suitability of every measurement scale employed in this examination.

Table 4.3 Cronbach's Alpha Reliability Test

Description	Number of items in the scale (variables)	Scale reliability coefficient (Cronbach's alpha)
Control Environment	5	0.829
Risk Assessment	5	0.811
Control Activities	5	0.843
Information and Communication	5	0.878
Monitoring	5	0.861
Financial Performance	10	0.923

Source: Survey data (2025)

4.4 Analysis on Internal Control Practices and Financial Performance

AMATA's internal control systems were evaluated in five areas: information and communication, monitoring, control actions, risk assessment, and environmental control. On a five-point Likert scale, responses ranged from "strongly disagree" to "strongly agree". This study estimated item means and standard deviations. The mean score interpretation chart follows.

Table 4.4 Mean Score Interpretation

No.	Mean Score Range	Interpretation of Agreement Level
1	4.21 – 5.00	Strongly Agree
2	3.41 – 4.20	Agree
3	2.61 – 3.40	Neutral
4	1.81 – 2.60	Disagree
5	1.00 – 1.80	Strongly Disagree

Source: Boone, H. N., Jr., & Boone, D. A. (2012)

(1) Control Environment

Table 4.5 outlines the control environment, which is assessed using five key indicators. The table presents the mean scores for each individual item along with the overall mean, reflecting the range of responses related to the control environment.

Table 4.5 Descriptive Statistics for Control Environment

No.	Control Environment	Mean	SD
1	The Board of Directors and all levels of management express an extensive dedication to ethical behavior	3.86	0.83
2	Roles, responsibilities, and accountability within the governance structure are clearly defined.	3.86	0.81
3	Reporting lines and authority are established to effectively manage operations.	3.86	0.81
4	Policies and procedures for each department are clearly described.	3.93	0.72
5	The company complies completely with all applicable laws and rules.	3.94	0.69
Overall mean		3.89	

Source: Survey data (2025)

Table 4.5 presents the views of respondents on the control environment based on five statements. The scores range from 3.86 to 3.94, with an overall mean of 3.89 out of a maximum of 5. Respondents agree that AMATA has a good control environment, as shown by the mean score of 3.89. The highest mean value, 3.94, supports the claim: “The company complies completely with all applicable laws and rules.” Respondents most strongly identify the company's legal and regulatory compliance. The lowest mean values are 3.86, observed in three statements relating to ethical leadership, clear governance roles, and established reporting lines. Although relatively lower, they still reflect an agreement with the effectiveness of these practices.

(2) Risk Assessment

AMATA's risk assessment internal control practice is assessed using five items. Table 4.6 shows the mean and standard deviation for each indicator, showing how respondents view the organization's risk assessment practices.

Table 4.6 Descriptive Statistics for Risk Assessment

No.	Risk Assessment	Mean	SD
1	The company regularly identifies risks that could affect its objectives and operations.	3.67	0.73
2	The company analyzes the possibility of risks arising and their potential effects, including internal and external changes such as new regulations or economic shifts.	3.60	0.88
3	The company prioritizes risks based on their potential impact, determines acceptable risk levels, and develops	3.83	0.75
4	The company takes preventive actions and implements contingency plans to reduce or manage risks effectively	3.81	0.83
5	The company regularly reviews and updates its risk management strategies to stay prepared for new	3.68	0.85
Overall mean		3.72	

Source: Survey data (2025)

The results in Table 4.6 explain the respondents' perceptions regarding risk assessment practices, based on five key indicators. The overall mean score is 3.72 out of 5, which reflects that employees generally agree that the company handles risk assessment well. The lowest mean score of 3.60 was for the statement: "The company analyzes the possibility of risks arising and their potential effects, including internal and external changes such as new regulations or economic shifts. " Although this is the lowest, it still falls within the "Agree" range, showing that while this area may be slightly less than others, which is still positively rated. The highest-rated statement is Item 3, where respondents agreed that "the company prioritizes risks based on their potential impact, determines acceptable risk levels, and develops backup plans to handle unexpected challenges." This shows that the company is good at prioritizing and managing risk levels. Other areas, such as identifying risks (3.67), taking preventive actions (3.81), and regularly reviewing risk strategies (3.68), also received agreed level ratings, confirming that these practices are being followed consistently.

(3) Control Activities

For the control activities variable, five key items are used to examine effectiveness. These are summarized in Table 4.7, which reports the corresponding mean scores and standard deviations to illustrate respondent feedback.

Table 4.7 Descriptive Statistics for Control Activities

No.	Control Activities	Mean	SD
1	Management and Board of Directors have distinct roles and responsibilities to avoid conflicts of interest	4.04	0.62
2	Transactions and activities are authorized by appropriate individuals.	3.86	0.76
3	Designated personnel regularly review employees' job responsibilities to ensure adherence to internal controls.	3.85	0.82
4	Policies and procedures are implemented to enforce control activities within the company.	3.89	0.83
5	Training and resources are provided to employees for understanding and complying with internal controls.	3.90	0.81
Overall mean		3.91	

Source: Survey data (2025)

The assessment of control activities at AMATA is represented by five key indicators. The results show a positive level of agreement among respondents, with an overall mean score of 3.91. The highest mean score was 4.04 for the statement: "Management and the Board of Directors have distinct roles and responsibilities to avoid conflicts of interest." This indicates that the organization has a clear structure in place to avoid overlapping duties and maintain accountability. The lowest score, 3.85, was for the statement: "Designated personnel regularly review employees' job responsibilities to ensure adherence to internal controls." which still comfortably falls within the "Agree" category. Other statements, such as authorization of transactions (3.86), enforcement of control activities (3.89), and employee training (3.90), also received relatively high scores. This reflects the agreed level of commitment to applying and maintaining internal control practices.

(4) Information & Communication

Table 4.8 show the responses related to the information and communication practices. This section includes five statements that aim to capture the opinion of respondents on how effectively information flows within the company.

Table 4.8 Descriptive Statistics for Information & Communication

No.	Information & Communication	Mean	SD
1	Establishing policies and procedures for effective communication and information sharing.	3.82	0.91
2	Providing accurate, timely, and relevant information to support decision-making.	3.90	0.77
3	Distributing critical information quickly across the company when needed.	3.86	0.83
4	Being aware of the importance of internal controls and their responsibilities in maintaining them by employees.	3.61	0.87
5	Disclosing information on specific projects and financial reports to the public.	3.89	0.80
Overall mean		3.82	

Source: Survey data (2025)

The extent of information and communication within AMATA is evaluated through five key practices. The overall mean score of 3.82 reflects an agreed level of implementation, which indicates that AMATA has an information and communication mechanism in its internal control practices. The highest mean score was 3.90 for the statement: " Providing accurate, timely, and relevant information to support decision-making. " This presents that the organization places strong importance on providing relevant information to support good decisions. The lowest score, 3.61, was for the statement: " Being aware of the importance of internal controls and their responsibilities in maintaining them by employees." Which is still within the "Agree" range. The establishing of communication policies (3.82), quick distribution of critical information (3.86), and public disclosure of project and financial information (3.89), received agreed level scores respectively.

(5) Monitoring

Respondents answered five questions on internal control monitoring. Table 4.9 shows the meaning and standard deviation for each monitoring-related item.

Table 4.9 Descriptive Statistics for Monitoring

No.	Monitoring	Mean	SD
1	Providing feedback on internal control procedures through ongoing monitoring practices.	3.79	0.73
2	All activities are evaluated to assess the efficiency of internal control practices.	3.71	0.88
3	Management holds regular meetings to assess budgeting, financial, and operational performance and ensure that internal control objectives are met.	3.96	0.76
4	Irregularities and deficiencies in internal controls are promptly reviewed and addressed.	3.92	0.69
5	Recommendations from internal and external audits are consistently acted upon.	3.76	0.86
Overall mean		3.83	

Source: Survey data (2025)

Table 4.9 shows the results related to the organization's monitoring of internal control practices. The overall mean score of 3.83 out of 5 indicates that monitoring activities are generally agreed upon and are being implemented effectively. The highest mean score, 3.96, was recorded as "Management holds regular meetings to assess budgeting, financial, and operational performance and ensure that internal control objectives are met." This shows that management actively oversees performance and internal control efforts. The second highest score, 3.92, was given to "Irregularities and deficiencies in internal controls are promptly reviewed and addressed." The lowest mean score, 3.71, was associated with the statement: "All activities are evaluated to assess the efficiency of internal control practices." While still lower than other, this indicates that there may be opportunities to improve the evaluation process of internal control effectiveness. Statements related to providing feedback on control procedures (3.79) and acting on internal and external audit recommendations (3.76) were also received positively agreed, reflecting consistent monitoring efforts throughout the organization.

(6) Summary of Overall Mean Score in Internal Control Practices

Following are Table 4.10 shows the study's mean internal control score.

Table 4.10 Summary of Overall Mean Score in Internal Control Practices

No.	Variables	Overall Mean
1	Control Environment	3.89
2	Risk Assessment	3.72
3	Control Activities	3.91
4	Information and Communication	3.82
5	Monitoring	3.83

Source: Survey data (2025)

According to Table 4.10, the mean value of control activities received the highest rating (3.91), followed by control environment, which also scored highly (3.89). The mean value of monitoring (3.83) and information and communication (3.82) are greater than risk assessment, which received the lowest score (3.72). All five components of internal control processes fell within the 3.72–3.91 range, suggesting that the organization typically views them favorably.

(7) Financial Performance

In evaluating AMATA's financial performance, this study applies a five-point Likert scale to ten different financial indicators. Table 4.11 provides an overview of the mean scores and standard deviations for each item, reflecting the respondents' assessment of the company's financial outcomes.

Table 4.11 Descriptive Statistics for Financial Performance

No.	Financial Performance	Mean	SD
1	The company's return on investment has shown consistent growth over the last six years.	3.87	0.86
2	The company's return on equity has been steadily increasing.	3.90	0.72
3	The company's earnings per share have demonstrated positive growth.	3.78	0.86
4	The company preserves sufficient liquidity to fulfill its short-term financial commitments.	3.90	0.81
5	The company's internal control practices contribute to maintaining favorable liquidity.	3.81	0.82
6	The company is able to enhance cost efficiency and optimize expenditure management.	3.78	0.84
7	The company ensures the accuracy and reliability of its financial records.	3.89	0.78
8	The company ensures regulatory compliance and safeguards its assets.	3.87	0.84
9	The company effectively mitigates financial risks and prevents losses.	3.88	0.86
10	The company promotes budget adherence and financial discipline.	3.93	0.68
Overall mean		3.85	

Source: Survey data (2025)

Table 4.11 presents the company's financial performance, with a focus on how internal control practices support financial outcomes. The overall mean score is 3.85 out of 5, indicating that respondents rate financial performance positively.

The highest mean score, 3.93, was given to the statement: "The company promotes budget adherence and financial discipline." This reflects that the organization is effectively using its internal controls to manage finances and stay within budget. The second-highest mean score of 3.90 is "The company's return on equity has been steadily increasing," and "The company preserves sufficient liquidity to fulfill its short-term financial commitments." These scores indicate strong performance in profitability and liquidity management.

The lowest mean scores, 3.78, were recorded for "The company's earnings per share have demonstrated positive growth," and "The company is able to enhance cost

efficiency and optimize expenditure management.," which are still within the level of agreement. Other aspects, such as return on investment (3.87), safeguarding assets (3.87), accuracy of financial records (3.89), and mitigating financial risks (3.88), also received agreed ratings.

4.5 Relationship between Internal Control Practices and Financial Performance

How internal control affects AMATA's financial performance is examined here. This approach sees internal control components as independent and financial performance as dependent. These factors were assessed using a Likert scale questionnaire. Thus, Pearson's correlation coefficient is suitable for assessing these variables' strengths and directions.

Table 4.12 Correlation between Internal Control Practices and Financial Performance

No.	Factors	Correlation Coefficient	P-value
1	Control Environment	0.820**	0.000
2	Risk Assessment	0.637**	0.000
3	Control Activities	0.853**	0.000
4	Information & Communication	0.722**	0.000
5	Monitoring	0.819**	0.000

Source: Survey data, 2025

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

Table 4.12 shows Pearson's connection between financial performance and the independent variables (control environment, risk assessment, control activities, information & communication, and monitoring).

The financial performance is strongly and favorably correlated with every aspect of internal control, and all correlations are statistically significant at the 0.01 level. This implies that enhanced financial performance is probably associated with improvements in any area of internal control.

Among the components, the strongest correlation with financial performance was found in Control Activities (0.853), followed by Control Environment (0.820) and Monitoring (0.819). This suggests that clear procedures, effective management oversight, and regular monitoring are especially important for strong financial outcomes. Other components such as Information and Communication (0.722) and Risk Assessment (0.637) also show significant positive relationships, meaning that good communication practices and proper risk evaluation also contribute positively to financial results. The above findings suggest that effective internal control practices across all components play a key role in the improvement of financial performance.

4.6 Analysis on the Effect of Internal Control Practices on Financial Performance

This study examined how internal control practices affect AMATA's financial performance. For this, multiple regression analysis was used.

Table 4.13 Effect of Internal Control Practices on Financial Performance

Model	Unstandardized Coefficient		Std. Coefficient	t	Sig	VIF
	B	Standard Error	Beta			
Constant	0.196	0.265		0.741	0.461	
Control Environment	0.294**	0.124	0.268	2.368	0.021	4.101
Risk Assessment	0.106	0.084	0.099	1.250	0.216	2.011
Control Activities	0.404***	0.131	0.372	3.073	0.003	4.704
Information & Communication	-0.122	0.110	-0.131	-1.110	0.271	4.456
Monitoring	0.365***	0.132	0.352	2.760	0.007	4.223
R Square	0.794					
Adjusted R Square	0.779					
F Value	50.946					

Source: Survey data (2025)

Dependent Variable: Financial Performance

Level of Significant * = 10 %, ** = 5 %, *** = 1 %

AMATA Holding Public Listed Company Limited's financial performance was assessed using multiple regression on Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring. Internal control components explain 78% of financial performance variance, according to the regression model's adjusted R-squared value of 0.78. The regression model is supported by the F-test result of 50.946, which is 1% significant ($p = 0$). The model fits data well with a high F-value. All independent variable VIF values are below 10, showing no multicollinearity in this study.

Monitoring and control activities have positive coefficients and are statistically significant at 1% in Table 4.13, whereas the control environment is significant at 5%. These positive coefficients demonstrate that monitoring, control, and control environment improvements raise financial performance. Financial performance rises 0.365 units per unit of monitoring and 0.404 units per unit of control. One-unit control environmental increase enhances financial performance by 0.294 units.

The regression model's Beta values show that control activities, monitoring, and the control environment improve financial performance. A one-unit increase in control activities increases financial performance by 0.372 units, while monitoring increases it by 0.352 units. A one-unit control environment enhancement boosts financial performance by 0.268 units. These data show that control actions, monitoring, and the control of environment significantly impact financial performance. Control actions and monitoring affect these three factors more than controlling the environment.

AMATA's financial performance is positively impacted by Control Activities, Monitoring, and Control Environment, according to regression research. Risk Assessment and Information & Communication are minor and may need more development or help.

CHAPTER V

CONCLUSION

This chapter summarizes the primary findings on how internal control practices affect AMATA Holding Public Company Limited's financial performance. It discusses findings results, suggestions, and need for future research.

5.1 Findings and Discussion

This study investigates AMATA's financial effect from internal control. AMATA's internal control practices and financial performance are analyzed descriptively and inferentially. It covers environmental control, risk assessment, control actions, information and communication, and monitoring as internal control approaches. Study data came from 72 respondents. The respondents from AMATA indicates a slightly higher number of male participants. Most were relatively young, with the majority under the age of 40. In terms of education, all respondents held at least a bachelor's degree, with many having postgraduate or master's qualifications. The individuals who took part in the study held a variety of jobs, with the majority of them being employed in office and supervisory capacities. The majority of them had a number of years of job experience, mainly between four and six years, and none of them had less than one year of experience. There were members of the group who were well educated, experienced, and varied, and they represented a variety of managerial positions.

The controlling of the surroundings was perceived favorably by respondents. The component of the control environment that receives the highest rate of favorable ratings is the company's compliance with rules and regulations. The capacity of the organization to prioritize risks based on their possible impact, set acceptable risk levels, and make contingency plans to face unanticipated issues received the highest mean score for risk assessment. This indicates that the company takes a proactive and structured approach to risk management. The respondents showed the least amount of confidence in the company's ability to evaluate both internal and external risks, such as changes in regulatory requirements and fluctuations in the economy. When it comes to the evaluation of control activities at AMATA, the area that received the highest mean score and was perceived to be the most effective is the clarity of roles and responsibilities between management and the Board of Directors. This is especially

important when it comes to avoiding conflicts of interest. AMATA has a well-defined governance structure that encourages accountability and prevents the overlap of duties. It was observed that the practice of regularly reviewing the work duties of employees in order to guarantee that internal control rules are adhered to have the lowest mean score. This indicates that this practice is a somewhat weaker area in comparison to other control activity practices, despite the fact that it is still regarded favorably.

It was discovered that the supply of accurate, timely, and relevant information for decision-making was related to the highest mean score, suggesting that it was the component which was evaluated the most favorably. This was in connection to the information and communication factor. On the other hand, the reaction was that the least positive was connected to the understanding of employees regarding the significance of internal controls and their duties toward the maintenance of those controls. Despite the fact that this region continues to have a generally favorable opinion.

In terms of the monitoring aspect, it was found that the frequent meetings that management had to assess budgeting, financial, and operational performance received the highest mean score. This was discovered to be the case. This demonstrates a proactive attitude to supervision, with leadership being involved in evaluating whether or not the objectives of internal control are being met on a consistent basis. In addition, the rapid examination and resolution of abnormalities or shortcomings in internal control processes is another area that is highly respected. On the other hand, the examination of all actions intended to evaluate the overall effectiveness of internal control practices was connected with the lowest mean score.

Control activities obtained the highest degree of agreement from respondents, and they had the highest overall mean score value among the variables that make up internal control practices. This was determined by the summary of the overall mean values of all the internal control practices. Monitoring was also scored highly, closely following the control environment in terms of importance. On the other hand, out of the five components taken into consideration, risk assessment was given the lowest grade. As a result of the fact that the overall mean value of all internal control practices is satisfactory, it can be deduced that workers generally consider AMATA's internal control practices to be efficient and well-established.

Financial success was linked to internal controls and good internal control affects AMATA's finances. Regression studies demonstrate that internal control

approaches boost financial performance most. Control actions and monitoring have a larger and statistically significant effect than controlling the environment. Risk assessment and communication had no statistically significant effect on the model.

5.2 Suggestions

The regression analysis of this study indicated that Control Activities, Monitoring, and Control Environment influence financial performance statistically and positively, but they should not be considered as static achievements. Instead, they need constant reinforcement and improvement. Results showed that control actions had the greatest impact on financial performance.

Clear protocols, job segregation, and frequent training are already in place at the organization. To build on this, the company should continue updating training programs to reflect new risks and regulations, use technology to automate routine checks like reconciliations, and create tools like dashboards to monitor compliance in real-time. Regular reviews of control procedures will also help ensure they remain effective.

Monitoring also showed a strong positive effect on financial performance, highlighting the importance of continuous evaluation. AMATA already reviews performance and internal controls, but these efforts can be further strengthened by incorporating key risk indicators (KRIs) to detect problems early, encouraging teams to conduct self-assessments, and using centralized systems to track audit findings and follow-up actions. Additionally, leveraging data analytics tools can help the company identify trends and address issues before they escalate. To ensure sustainability and effectiveness, timely follow-ups on identified issues should be conducted, and continuous improvement should be promoted through regular feedback mechanisms and internal audits.

The control environment is the foundation of internal control, and at AMATA, it is already supported by a strong focus on ethics, leadership, and accountability. However, to further strengthen this area, the company should promote a culture of accountability, regularly provide ethics and leadership training, improve onboarding to help new employees understand their internal control responsibilities, and encourage open communication through confidential feedback practices.

On the other hand, risk assessment and information & communication did not demonstrate a statistically significant effect in the regression analysis, they still

received relatively high overall mean scores, indicating that respondents view these components positively. Therefore, it is important for the company to continue maintaining these practices.

For risk assessment, the company should continue systematically identifying and analyzing internal and external risks, including fraud, regulatory changes, and operational inefficiencies. Regular updates to contingency plans and integration of risk analysis into decision-making will help maintain its effectiveness. Regarding information and communication, the company should sustain its clear communication of internal control responsibilities and ensure the timely flow of quality information across all levels. Maintaining open external communication with stakeholders and adhering to regulatory reporting standards supports more informed decision-making within the organization.

Harmonizing the control environment, risk assessment, control activities, information and communication, and monitoring may help AMATA build successful internal control practices. This alignment would enhance internal controls and financial performance, encouraging stable and sustainable corporate growth.

5.3 Need for Future Research

Future studies might evaluate how internal control practices affect financial success. This study focused on AMATA Holding Public Company Limited, but future research might encompass manufacturing, healthcare, logistics, and finance. Each industry faces different risks and challenges, so studying them could reveal useful insights and sector-specific best practices.

Research could also be extended to compare public and private sector organizations. Understanding how internal controls effect financial performance in government organizations and non-profits is important due to their various governance structures and control requirements. Future research should also focus on SMEs, who have fewer resources and may use internal control practices differently than bigger organizations. Future research should look at different industries, organization, sectors, which would help build a more complete understanding of how internal controls contribute to financial success and organizational improvement.

Qualitative research like interviews or case studies may help illuminate how internal control procedures are used in practice and how workers and executives see their efficacy.

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APPENDIX - A

QUESTIONNAIRES

This questionnaire is designed to study "The Effect of Internal Control Practices on Financial Performance of AMATA Holding Public Company Limited." This study is conducted as part of the partial fulfillment of the requirements for the Executive Master's degree in the Banking and Finance Programme at Yangon University of Economics. All responses will be treated with strict confidentiality and used solely for academic purposes. I would like to express my sincere gratitude to all participants for their valuable time and input.

Section (A) Demographic Profile of Respondents

The following questions are intended to gather general background information about the respondent. Please note that all responses will remain anonymous and confidential.

Respondent's Details

1. Gender of Respondents

- Male
- Female

2. Age of Respondents

- Between 20 - 30 years old
- Between 31 - 40 years old
- Between 41 -50 years old
- 51 years old and above

3. Level of Education

- Graduate
- Post-Graduate
- Master Degree
- Ph. D

4. Current Position

- General Manager
- Senior Manager
- Manager
- Officer
- Supervisor

5. Length of Service at AMATA

- Below one year
- 1-3 years
- 4-6 years
- 7-9 years
- 10-12 years
- 13 years and above

Section (B) Internal Control Practices and Financial Performance

Please rank the following all statements that best describe your opinion by using 5-point Likert scale as:

1 = Strongly disagree

2 = Disagree

3 = Neutral

4 = Agree

5 = Strongly agree

No	Control Environment	1	2	3	4	5
1	The Board of Directors and all levels of management express an extensive dedication to ethical behavior and integrity.					
2	Roles, responsibilities, and accountability within the governance structure are clearly defined.					
3	Reporting lines and authority are established to effectively manage operations.					
4	Policies and procedures for each department are clearly described.					
5	The company complies completely with all applicable laws and rules.					

No	Risk Assessment	1	2	3	4	5
1	The company regularly identifies risks that could affect its objectives and operations					
2	The company analyzes the possibility of risks arising and their potential effects, including internal and external changes such as new regulations or economic shifts					
3	The company prioritizes risks based on their potential impact, determines acceptable risk levels, and develops backup plans to handle unexpected challenges.					
4	The company takes preventive actions and implements contingency plans to reduce or manage risks effectively					
5	The company regularly reviews and updates its risk management strategies to stay prepared for new challenges.					

No	Control Activities	1	2	3	4	5
1	Management and Board of Directors have distinct roles and responsibilities to avoid conflicts of interest					
2	Transactions and activities are authorized by appropriate individuals.					
3	Designated personnel regularly review employees' job responsibilities to ensure adherence to internal controls.					
4	Policies and procedures are implemented to enforce control activities within the company.					
5	Training and resources are provided to employees for understanding and complying with internal controls.					

No	Information and Communication	1	2	3	4	5
1	Establishing policies and procedures for effective communication and information sharing.					
2	Providing accurate, timely, and relevant information to support decision-making.					
3	Distributing critical information quickly across the company when needed.					
4	Being aware of the importance of internal controls and their responsibilities in maintaining them by employees.					
5	Disclosing information on specific projects and financial reports to the public.					

No	Monitoring	1	2	3	4	5
1	Providing feedback on internal control procedures through ongoing monitoring practices.					
2	All activities are evaluated to assess the efficiency of internal control practices.					
3	Management holds regular meetings to assess budgeting, financial, and operational performance, ensuring internal control objectives are met.					
4	Irregularities and deficiencies in internal controls are promptly reviewed and addressed.					
5	Recommendations from internal and external audits are consistently acted upon.					

No	Financial Performance	1	2	3	4	5
1	The company's return on investment has shown consistent growth over the last six years.					
2	The company's return on equity has been steadily increasing.					
3	The company's earnings per share have demonstrated positive growth.					
4	The company preserves sufficient liquidity to fulfill its short-term financial commitments.					
5	The company's internal control practices contribute to maintaining favorable liquidity.					
6	The company is able to enhance cost efficiency and optimize expenditure management.					

7	The company ensures the accuracy and reliability of its financial records.					
8	The company ensures regulatory compliance and safeguards its assets.					
9	The company effectively mitigates financial risks and prevents losses.					
10	The company promotes budget adherence and financial discipline.					

APPENDIX - B
STATISTICAL OUTPUT

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
CE1	<u>72</u>	<u>2</u>	<u>5</u>	<u>3.86</u>	.827
CE2	<u>72</u>	<u>2</u>	<u>5</u>	<u>3.86</u>	.810
CE3	<u>72</u>	<u>1</u>	<u>5</u>	<u>3.86</u>	.810
CE4	<u>72</u>	<u>2</u>	<u>5</u>	<u>3.93</u>	.718
CE5	<u>72</u>	<u>2</u>	<u>5</u>	<u>3.94</u>	.690
Valid N (listwise)	<u>72</u>				

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
RA1	<u>72</u>	<u>1</u>	<u>5</u>	<u>3.67</u>	.732
RA2	<u>72</u>	<u>1</u>	<u>5</u>	<u>3.60</u>	.883
RA3	<u>72</u>	<u>1</u>	<u>5</u>	<u>3.83</u>	.751
RA4	<u>72</u>	<u>1</u>	<u>5</u>	<u>3.81</u>	.833
RA5	<u>72</u>	<u>1</u>	<u>5</u>	<u>3.68</u>	.853
Valid N (listwise)	<u>72</u>				

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
CA1	<u>72</u>	<u>2</u>	<u>5</u>	<u>4.04</u>	.615
CA2	<u>72</u>	<u>2</u>	<u>5</u>	<u>3.86</u>	.756
CA3	<u>72</u>	<u>1</u>	<u>5</u>	<u>3.85</u>	.816
CA4	<u>72</u>	<u>1</u>	<u>5</u>	<u>3.89</u>	.832
CA5	<u>72</u>	<u>2</u>	<u>5</u>	<u>3.90</u>	.808
Valid N (listwise)	<u>72</u>				

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
IC1	<u>72</u>	<u>1</u>	<u>5</u>	<u>3.82</u>	.912
IC2	<u>72</u>	<u>2</u>	<u>5</u>	<u>3.90</u>	.772
IC3	<u>72</u>	<u>2</u>	<u>5</u>	<u>3.86</u>	.827
IC4	<u>72</u>	<u>1</u>	<u>5</u>	<u>3.61</u>	.865
IC5	<u>72</u>	<u>2</u>	<u>5</u>	<u>3.89</u>	.797
Valid N (listwise)	<u>72</u>				

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
<u>M1</u>	<u>72</u>	<u>2</u>	<u>5</u>	<u>3.79</u>	<u>.730</u>
<u>M2</u>	<u>72</u>	<u>1</u>	<u>5</u>	<u>3.71</u>	<u>.879</u>
<u>M3</u>	<u>72</u>	<u>1</u>	<u>5</u>	<u>3.96</u>	<u>.759</u>
<u>M4</u>	<u>72</u>	<u>2</u>	<u>5</u>	<u>3.92</u>	<u>.687</u>
<u>M5</u>	<u>72</u>	<u>1</u>	<u>5</u>	<u>3.76</u>	<u>.864</u>
Valid N (listwise)	<u>72</u>				

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
<u>FP1</u>	<u>72</u>	<u>1</u>	<u>5</u>	<u>3.87</u>	<u>.855</u>
<u>FP2</u>	<u>72</u>	<u>2</u>	<u>5</u>	<u>3.90</u>	<u>.715</u>
<u>FP3</u>	<u>72</u>	<u>1</u>	<u>5</u>	<u>3.78</u>	<u>.859</u>
<u>FP4</u>	<u>72</u>	<u>2</u>	<u>5</u>	<u>3.90</u>	<u>.808</u>
<u>FP5</u>	<u>72</u>	<u>1</u>	<u>5</u>	<u>3.81</u>	<u>.816</u>
<u>FP6</u>	<u>72</u>	<u>1</u>	<u>5</u>	<u>3.78</u>	<u>.843</u>
<u>FP7</u>	<u>72</u>	<u>2</u>	<u>5</u>	<u>3.89</u>	<u>.779</u>
<u>FP8</u>	<u>72</u>	<u>1</u>	<u>5</u>	<u>3.87</u>	<u>.838</u>
<u>FP9</u>	<u>72</u>	<u>1</u>	<u>5</u>	<u>3.88</u>	<u>.855</u>
<u>FP10</u>	<u>72</u>	<u>2</u>	<u>5</u>	<u>3.93</u>	<u>.678</u>
Valid N (listwise)	<u>72</u>				

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
<u>CE</u>	<u>72</u>	<u>2.20</u>	<u>5.00</u>	<u>3.8917</u>	<u>.59570</u>
<u>RA</u>	<u>72</u>	<u>1.80</u>	<u>5.00</u>	<u>3.7167</u>	<u>.61323</u>
<u>CA</u>	<u>72</u>	<u>2.20</u>	<u>5.00</u>	<u>3.9083</u>	<u>.60322</u>
<u>IC</u>	<u>72</u>	<u>2.00</u>	<u>5.00</u>	<u>3.8167</u>	<u>.70391</u>
<u>M</u>	<u>72</u>	<u>1.80</u>	<u>5.00</u>	<u>3.8278</u>	<u>.63094</u>
<u>FP</u>	<u>72</u>	<u>1.80</u>	<u>5.00</u>	<u>3.8528</u>	<u>.65434</u>
Valid N (listwise)	<u>72</u>				

Reliability Statistics

Cronbach's Alpha	N of Items
.829	7

Reliability Statistics

Cronbach's Alpha	N of Items
.811	5

Reliability Statistics

Cronbach's Alpha	N of Items
.843	5

Reliability Statistics

Cronbach's Alpha	N of Items
.878	5

Reliability Statistics

Cronbach's Alpha	N of Items
.861	5

Reliability Statistics

Cronbach's Alpha	N of Items
.923	9

Correlations

Correlations							
		Financial Performance	Control Environment	Risk Assessment	Control Activities	Information and Communication	Monitoring
Pearson Correlation	Financial Performance	1.000	.820**	.637**	.853**	.722**	.819**
	Control Environment	.820**	1.000	.633	.845	.763	.780
	Risk Assessment	.637**	.633	1.000	.629	.682	.635
	Control Activities	.853**	.845	.629	1.000	.752	.825
	Information and Communication	.722**	.763	.682	.752	1.000	.855
	Monitoring	.819**	.780	.635	.825	.855	1.000
Sig. (2-tailed)	Financial Performance	.	.000	.000	.000	.000	.000
	Control Environment	.000	.	.000	.000	.000	.000
	Risk Assessment	.000	.000	.	.000	.000	.000
	Control Activities	.000	.000	.000	.	.000	.000
	Information and Communication	.000	.000	.000	.000	.	.000
	Monitoring	.000	.000	.000	.000	.000	.
N	Financial Performance	72	72	72	72	72	72
	Control Environment	72	72	72	72	72	72
	Risk Assessment	72	72	72	72	72	72
	Control Activities	72	72	72	72	72	72
	Information and Communication	72	72	72	72	72	72
	Monitoring	72	72	72	72	72	72

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

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.891 ^a	.794	.779	.30787

a. Predictors: (Constant), M, CA, CE, IC, RA

b. Dependent Variable: FP

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	24.144	5	4.829	50.946	.000 ^b
	Residual	6.256	66	.095		
	Total	30.399	71			

a. Dependent Variable: FP

b. Predictors: (Constant), M, CA, CE, IC, RA

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics		
	B	Std. Error	Beta			Tolerance	VIF	
	1	(Constant)	.196			.265		.741
	CE	.294	.124	.268	2.368	.021	.244	4.101
	RA	.106	.084	.099	1.250	.216	.497	2.011
	CA	.404	.131	.372	3.073	.003	.213	4.704
	IC	-.122	.110	-.131	-1.110	.271	.224	4.456
	M	.365	.132	.352	2.760	.007	.237	4.223

a. Dependent Variable: FP

Statistics

		Gender	Age	Education	Position	Services
N	Valid	72	72	72	72	72
	Missing	0	0	0	0	0

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	30	41.7	41.7	41.7
	Female	42	58.3	58.3	100.0
	Total	72	100.0	100.0	

Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	between 20 - 30 years old	32	44.4	44.4	44.4
	between 31 - 40 years old	24	33.3	33.3	77.8
	between 41 - 50 years old	10	13.9	13.9	91.7
	51 years old and above	6	8.4	8.4	100.0
	Total	72	100.0	100.0	

Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Graduate	27	37.5	37.5	37.5
	Master	17	23.6	23.6	61.1
	Post Graduate	28	38.9	38.9	100.0
	Ph.D.	0	0	0	
	Total	72	100.0	100.0	

Position

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Manager	<u>16</u>	<u>22.2</u>	<u>22.2</u>	<u>22.2</u>
	Senior Manager	<u>12</u>	<u>16.7</u>	<u>16.7</u>	38.9
	General Manager	<u>4</u>	<u>5.6</u>	<u>5.6</u>	44.5
	Officer	<u>17</u>	<u>23.6</u>	<u>23.6</u>	68.1
	Supervisor	<u>23</u>	<u>31.9</u>	<u>31.9</u>	100.0
	Total	<u>74</u>	<u>100.0</u>	<u>100.0</u>	

Services

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	<u>Below one year</u>	<u>0</u>	<u>0</u>	<u>0</u>	0
	<u>1-3 years</u>	<u>17</u>	<u>23.6</u>	<u>23.6</u>	23.6
	<u>4-6 years</u>	<u>32</u>	<u>44.4</u>	<u>44.4</u>	68.0
	<u>7-9 years</u>	<u>12</u>	<u>16.7</u>	<u>16.7</u>	84.7
	<u>10-12years</u>	<u>9</u>	<u>12.5</u>	<u>12.5</u>	97.2
	<u>13 years and above</u>	<u>2</u>	<u>2.8</u>	<u>2.8</u>	100.0
	Total	<u>72</u>	<u>100.0</u>	<u>100.0</u>	