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**CORPORATE GOVERNANCE PRACTICES AND
ORGANIZATIONAL PERFORMANCE OF MYANMAR
FINANCE INTERNATIONAL LIMITED**

PYAE PHYO WAI

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**CORPORATE GOVERNANCE PRACTICES AND
ORGANIZATIONAL PERFORMANCE OF MYANMAR
FINANCE INTERNATIONAL LIMITED**

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Supervised By:

Dr. Phu Pwint Nyo Win Aung
Associate Professor
Department of Commerce
Yangon University of Economics

Submitted By:

Pyae Phyo Wai
MBF – 49
MBF 5th Batch

JUNE, 2025

ACCEPTANCE

Accepted by the Board of Examiners of the Department of Commerce, Yangon University of Economics, in partial fulfillment for the requirements of the Master Degree, Master of Banking and Finance.

BOARD OF EXAMINERS

(Chairperson)

Prof. Dr. Tin Tin Htwe

Rector

Yangon University of Economics

(Supervisor)

Dr. Phu Pwint Nyo Win Aung

Associate Professor

Department of Commerce

Yangon University of Economics

(Examiner)

Prof. Dr. Thynn Thynn Myint

Professor and Head

Department of Commerce

Yangon University of Economics

(Examiner)

Prof. Dr. Aye Thanda Soe

Professor

Department of Commerce

Yangon University of Economics

(Examiner)

Prof. Dr. May Su Myat Htway Aung

Professor

Department of Commerce

Yangon University of Economics

JUNE, 2025

ABSTRACT

This study investigates the effect of corporate governance practices on the organizational performance of Myanmar Finance International Limited (MFIL). Specifically, it examines the extent to which four key governance practices Responsibility, Accountability, Transparency, and Integrity affect the performance of the organization. Primary data were collected using structured questionnaires distributed to MFIL staff, 51 respondents who are directly involved in corporate governance-related activities using simple random sampling method. This study used quantitative method, with data analyzed using descriptive statistics, correlation, and multiple regression techniques. The findings reveal that all four corporate governance practices, Responsibility, Accountability, Transparency and Integrity positive effect on MFIL's performance. Among these, Integrity is the highest influence on Organizational Performance, indicating a strong and statistically significant positive effect. Responsibility is an influence on Organizational Performance, showing a significant and strong positive effect. Transparency is an influence on Organizational Performance, suggesting a significant and positive effect. Accountability is also an influence on Organizational Performance, showing still a significant and strong positive effect. These results highlight the critical role of strong governance in supporting sustainability and institutional success. The study recommends reinforcing governance mechanisms, increasing transparency in operations, and conducting regular governance reviews to enhance MFIL's financial stability and social impact.

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CHAPTER I

INTRODUCTION

The financial services sector plays a vital role in driving economic development by efficiently allocating resources, supporting enterprise growth, and maintaining macroeconomic stability (Levine, 2005; Beck et al., 2007). Within this sector, microfinance institutions (MFIs) have emerged as key instruments in promoting financial inclusion, especially in developing countries where a large portion of the population remains unbanked (Morduch, 1999; Armendáriz & Morduch, 2010). MFIs provide essential financial products such as microloans, savings, and insurance to underserved and low-income groups, contributing to poverty reduction, economic empowerment, and broader social development (Ledgerwood, 2013; Cull et al., 2018).

In Myanmar, the microfinance sector has expanded significantly following the country's financial sector reforms in 2011, which introduced a regulatory framework supportive of microfinance growth and foreign investment (LIFT, 2019; IFC, 2020). These reforms have led to the proliferation of MFIs, increasing outreach to rural and marginalized communities. However, alongside this growth, many MFIs continue to face critical challenges, including limited financial sustainability, inefficient operations, and weak corporate governance structures (Hermes & Lensink, 2011; Ledgerwood, 2013). These challenges can hinder institutional performance and threaten the long-term viability of microfinance as a tool for inclusive development (Rhyne & Otero, 2006).

Microfinance institutions' survival and legitimacy depend on corporate governance. MFIs (Claessens & Yurtoglu, 2013; OECD, 2015). Effective governance enhances transparency, promotes accountability, supports risk management, and aligns institutional actions with long-term goals (Tricker, 2015; Solomon, 2017). According to Hermes and Lensink (2011), weak governance structures such as a lack of board oversight, limited stakeholder accountability, and poor risk controls can undermine an MFI's operational efficiency and erode trust among clients and investors. Conversely, strong governance frameworks improve both financial management and mission-driven outcomes, enabling MFIs to better serve low-income populations while remaining financially viable (Mersland & Strøm, 2010; Beck et al., 2011).

The importance of sound governance practices has become more pronounced in the face of recent global financial disruptions, including the COVID-19 pandemic. The pandemic posed significant risks to the microfinance industry, leading to liquidity constraints, increased loan defaults, and disruptions in service delivery (IFC, 2021; CGAP, 2020). Microfinance Institutions MFIs with robust governance mechanisms were better equipped to respond to these challenges by making timely decisions, managing financial risks, and maintaining operational continuity (ADB, 2021). These institutions were also more capable of protecting their clients and sustaining their developmental mission during periods of economic stress (Rhyne & Otero, 2020).

This study adopts four core dimensions of corporate governance which are responsibility, accountability, transparency, and integrity, as the conceptual lens through which the governance-performance relationship is examined. Responsibility underscores the organization's capacity to align leadership decisions with ethical priorities and strategic intent, particularly when navigating stakeholder interests in a microfinance setting (Solomon, 2020). Accountability emphasizes mechanisms that ensure individuals and teams are held answerable for their decisions and outcomes, reinforcing internal discipline and strengthening institutional credibility (Tricker, 2015). Transparency, as a governance function, relates to the open flow of accurate and timely information, enabling stakeholders to assess the institution's operations and build trust (OECD, 2015). Finally, integrity reflects the moral coherence between stated values and actual practices, supporting a governance culture rooted in ethical consistency and long-term stakeholder engagement (Beauchamp & Bowie, 2004). These four interrelated variables offer a comprehensive framework for evaluating how governance contributes to both financial and social outcomes in microfinance institutions.

Organizational performance in this study is understood as a dual construct comprising financial performance—measured by indicators such as profitability, liquidity, and operational self-sufficiency—and non-financial performance, which reflects social outcomes like client outreach, satisfaction, and mission fulfillment (Kaplan & Norton, 1992; Ledgerwood, 2013). By focusing on the governance-performance relationship, this research aims to uncover how core governance principles—responsibility, accountability, transparency, and integrity—shape the institutional effectiveness of MFIL (OECD, 2015; Tricker, 2015).

Myanmar Finance International Limited (MFIL), one of Myanmar's prominent microfinance institutions, has played an important role in providing financial services to underbanked communities. With a growing client base and a commitment to inclusive finance, MFIL has expanded its outreach and diversified its services. However, like many MFIs, MFIL has faced pressures related to operational efficiency, financial stability, and governance capacity (MFIL Annual Report, 2023). These pressures underscore the need to evaluate how corporate governance practices affect MFIL's overall organizational performance, which includes both financial and non-financial dimensions.

This study contributes to the growing literature on microfinance governance by offering empirical insights into a developing country context where financial institutions operate under complex economic and regulatory conditions (Cull et al., 2018; Hermes & Lensink, 2011). The findings will be valuable for practitioners, policymakers, and regulators aiming to strengthen governance frameworks and enhance the sustainability of MFIs. By assessing how governance influences both financial health and social mission delivery, the study highlights the critical role of well-structured governance in building resilient and impactful microfinance institutions in Myanmar and similar contexts.

1.1 Rationale of the Study

The microfinance sector plays a critical role in promoting financial inclusion and alleviating poverty, especially in developing countries, where many individuals remain outside the formal banking system (Ledgerwood, 2013). Microfinance institutions (MFIs) provide essential financial services such as microloans, savings, and insurance to underserved populations, primarily in rural and semi-urban areas. These services help economically disadvantaged populations build resilience, reduce reliance on informal lenders, and generate income opportunities, thereby contributing to sustainable development.

Myanmar Finance International Limited (MFIL) is a prominent MFI dedicated to advancing inclusive finance in Myanmar. MFIL delivers a range of financial products, particularly microloans and savings, targeted at economically marginalized groups. Established with a dual objective of achieving both social impact and financial sustainability, MFIL operates with a strong emphasis on ethical conduct and stakeholder trust. As it continues to grow, MFIL has recognized the importance of

strengthening its internal governance systems to ensure transparent operations, strategic accountability, and organizational performance.

Corporate governance plays a vital role in guiding MFIs through these challenges. It comprises the structures, policies, and practices that guide institutional decision-making, ensure ethical conduct, and align organizational activities with both strategic and social objectives (Tricker, 2019; Solomon, 2020). Poor governance practices can result in operational inefficiencies, mismanagement, mission drift, and a decline in stakeholder confidence. As highlighted by Agrawal and Knoeber (1996), weak governance structures increase the risk of managerial opportunism and resource misallocation, particularly in the absence of strong oversight. Similarly, Kyere and Ausloos (2021) note that inadequate governance contributes to weak internal controls and can significantly compromise both financial and reputational performance.

Conversely, strong governance systems enhance resilience by improving oversight, managing risk, and reinforcing the organization's commitment to its social and financial objectives. Good governance, as outlined by Tricker (2019), creates accountability, ensures transparency, and aligns the institution's activities with the expectations of its stakeholders. Well-governed organizations are better equipped to anticipate risks, make informed decisions, and deliver long-term value to clients, investors, and communities.

Organizational performance, in this study, comprise both financial and social dimensions of success. Financial performance ensures sustainability and resource optimization, while social performance reflects outreach, inclusivity, and development impact. The dual nature of performance is especially important in the microfinance sector, where institutions are expected to deliver measurable social value alongside financial returns. Strengthening governance mechanisms is believed to enhance this dual performance by fostering a culture of responsibility, transparency, and ethical accountability.

Governance is crucial in microfinance, but empirical research on how corporate governance practices affect organizational performance is few. This report examines MFIL's corporate governance and organizational performance to fill that gap. It focuses on four core governance dimensions: Responsibility, Accountability, Transparency, and Integrity (RATI), which are fundamental to institutional behavior and effectiveness.

These four variables are widely recognized in corporate governance literature as foundational principles. Responsibility ensures that managers and board members act in alignment with the institution's objectives and social commitments (Solomon, 2020). Accountability is essential for creating a culture where decisions and outcomes are answerable to stakeholders (OECD, 2015). Transparency strengthens institutional trust by ensuring that stakeholders have access to relevant and accurate information (Tricker, 2019), while Integrity underpins the ethical foundation of an organization, shaping consistent and honest behavior throughout the institution (International Federation of Accountants [IFAC], 2014).

By analyzing how these practices influence both financial results and social impact at MFIL, the study aims to generate actionable insights that support improved governance and sustainable development outcomes. Ultimately, this research is motivated by the pressing need to strengthen MFIs like MFIL through contextually appropriate governance practices. The findings are expected to benefit not only MFIL but also other microfinance institutions striving to maintain their social mission while achieving financial sustainability in complex and evolving environments.

1.2 Objectives of the Study

- i. To identify the corporate governance practices on Myanmar Finance International Limited.
- ii. To examine the effect of corporate governance practices on operational performance of Myanmar Finance International Limited.

1.3 Scope and Method of the Study

This study investigates the corporate governance practices of Myanmar Finance International Limited (MFIL) and how these practices affect the organization's performance. It focuses on four key governance dimensions—responsibility, accountability, transparency, and integrity—and examines their influence on decision-making, stakeholder relationships, and overall institutional effectiveness. The study employed the Yamane (1973) formula to determine the appropriate sample size from a corporate governance-focused population of 60 individuals within MFIL's total workforce of 110 employees. Based on this calculation and applying the simple random sampling method, a representative sample of 51 respondents was selected, directly

related to corporate governance activities. This approach ensured the inclusion of diverse perspectives across managerial levels while maintaining statistical validity and minimizing selection bias. Quantitative research method was used in this study.

Both primary and secondary data were utilized in this study. Primary data were collected through a structured questionnaire designed to assess the presence and effect of corporate governance practices at Myanmar Finance International Limited (MFIL). The questionnaire included items related to ethical conduct, responsibility, transparency, and decision-making processes. In addition, face-to-face observations were conducted to complement the survey findings and provide real-time insights into the implementation of governance practices.

Secondary data were gathered from a variety of credible sources, including academic journals, published theses, textbooks, internal documents from MFIL, and reputable online resources.

1.4 Organization of the Study

This thesis is organized into five chapters: Chapter 1 introduces the research background, rationale, objectives, scope, and methodology. Chapter 2 presents a review of the theoretical foundations and relevant literature, including governance principles, performance measures, and related studies. Chapter 3 outlines the profile of MFIL and its corporate governance practices. Chapter 4 discusses the results and analysis based on the collected data, examining the relationship between governance practices and organizational performance. Chapter 5 concludes the study with key findings, policy implications, and recommendations for strengthening governance in microfinance institutions.

CHAPTER II

THEORETICAL BACKGROUND

This chapter includes the theoretical foundations and key concepts that support the analysis of corporate governance practices and organizational performance in microfinance institutions. It introduces core governance dimensions—responsibility, accountability, transparency, and integrity—and explains their relevance through established theories such as agency theory, stakeholder theory, and stewardship theory. These frameworks provide insight into how governance structures affect institutional effectiveness, balancing financial sustainability with social objectives (Tricker, 2015; Solomon, 2020).

2.1 Concept of Corporate Governance

Corporate governance in microfinance institutions operates under a dual mandate: ensuring financial sustainability while achieving social impact (Armendáriz & Morduch, 2010; Ledgerwood, 2013). Unlike traditional corporations that primarily focus on shareholder returns, organizations must serve marginalized populations, particularly low-income clients who are often excluded from formal financial systems. At the same time, organizations are expected to meet the expectations of donors, regulators, and investors who demand transparency, accountability, and efficiency (Cull, Demirgüç-Kunt, & Morduch, 2009). This complexity necessitates the development and enforcement of adapted governance frameworks that emphasize mission alignment, ethical decision-making, responsible leadership, and client protection (CGAP, 2006; Hermes & Lensink, 2011; Mersland & Strøm, 2009).

Over time, the role of corporate governance in microfinance institutions has evolved to address institutional sustainability, client welfare, and reputational integrity. According to Tricker (2015), corporate governance provides a system for directing and controlling institutions, which is essential for balancing mission and financial performance. In developing economies, where regulatory environments may be weaker or less consistent, strong internal governance can serve as a substitute for formal legal enforcement (Hartarska, 2005). Effective governance structures enhance internal accountability, reduce operational risks, and foster trust among external stakeholders such as donors, investors, and clients (Beck, Demirgüç-Kunt, & Levine, 2013; IFC,

2021). Thus, sound governance practices are not only vital for maintaining ethical standards and regulatory compliance but are also instrumental in driving organizational effectiveness in both financial and non-financial terms.

2.2 Corporate Governance Practices

This research focuses on four key dimensions of corporate governance: Responsibility, Accountability, Transparency, and Integrity (RATI). These variables are selected because they reflect foundational values that promote ethical conduct, strategic clarity, and institutional resilience. Organizations must consistently balance development goals with financial discipline. By analyzing RATI, the study seeks to evaluate how these governance practices influence organizational performance across both financial outcomes and social mission fulfillment (IFC, 2021; Davis, Schoorman, & Donaldson, 1997). The following sections define and elaborate on each construct, supported by theoretical and empirical insights.

2.2.1 Responsibility

Responsibility in corporate governance refers to the ethical, legal, and strategic obligations of directors, executives, and organizational leaders to act in the best interests of the company and its stakeholders (Solomon, 2020; Tricker, 2015). It encompasses decision-making that aligns with organizational goals, societal expectations, and legal requirements. Solomon (2020) emphasizes that responsibility involves ethical leadership and professional conduct, requiring corporate leaders to uphold integrity and social values. Tricker (2015) further highlights that corporate responsibility demands adherence to both internal policies and external regulations while ensuring long-term stakeholder value. Ethical behavior is treated as an inherent component of governance—integral to all business decisions from boardrooms to operations (Tricker & Tricker, 2014).

Responsibility, as a fundamental concept in corporate governance, encompasses the ethical and managerial duties that individuals or organizations hold towards their stakeholders. Freeman (1984) defines responsibility as the obligation to make decisions and take actions that consider the interests and well-being of all stakeholders affected by those decisions. This highlights the broader social and ethical dimensions of responsibility beyond mere compliance, emphasizing the importance of balancing diverse stakeholder needs in corporate decision-making.

Similarly, Solomon (2010) articulates responsibility as the ethical obligation of corporate directors and managers to act in the best interest of the company and its stakeholders. This includes ensuring compliance with laws, adhering to ethical norms, and meeting societal expectations. Together, these perspectives underscore that responsibility in corporate governance is not only about fulfilling legal duties but also about embracing moral accountability towards all parties influenced by corporate actions.

Thus, responsibility in the context of corporate governance can be understood as a multidimensional obligation that integrates ethical conduct, stakeholder consideration, and legal compliance to promote sustainable and accountable organizational performance.

2.2.2 Accountability

Accountability is a core principle in corporate governance that ensures individuals and organizations in positions of authority are answerable for their decisions and actions (Tricker, 2015; Solomon, 2020). It entails the obligation to explain, justify, and take responsibility for the outcomes of these decisions to stakeholders who are impacted by them. This principle reinforces transparency and ethical conduct, creating a framework where power is exercised responsibly and with oversight. According to Beauchamp and Bowie (2004), accountability involves both moral responsibility and institutional mechanisms that promote responsiveness and trust. Tricker (2015) also asserts that without accountability, governance structures cannot function effectively, as leaders may act without regard for stakeholder interests or organizational goals.

Authors emphasize different facets of accountability. For example, Beauchamp and Bowie (2004) describe accountability as the duty of managers and directors to provide explanations for their actions and to accept the consequences that follow. This includes being transparent about decision-making processes and outcomes. Similarly, Solomon (2010) highlights that accountability involves both internal and external mechanisms that ensure corporate leaders align their actions with legal requirements, ethical standards, and stakeholder expectations.

According to Tricker (2015), accountability is also essential in maintaining trust between the corporation and its stakeholders, fostering a culture of transparency and ethical responsibility. He stresses that without accountability, governance structures

cannot function effectively, as leaders would lack incentives to act in the best interest of the company and society.

2.2.3 Transparency

Transparency is a key pillar of effective corporate governance, referring to the clear, accurate, and timely disclosure of relevant information to stakeholders (Solomon, 2020; Tricker, 2015). It ensures that corporate actions, decisions, and performance are openly communicated, enabling stakeholders to make informed judgments about the organization. Transparency fosters trust and accountability by reducing information asymmetry between the company's management and its stakeholders. As Beekun (1997) notes, transparent communication not only enhances organizational integrity but also supports ethical decision-making. Moreover, Solomon (2020) emphasizes that transparency strengthens external confidence and internal discipline by making corporate activities subject to stakeholder scrutiny.

According to Solomon (2010), transparency involves the accessibility of corporate information such as financial reports, governance practices, and risk management processes. This openness allows stakeholders to scrutinize corporate behavior and hold decision-makers accountable. Tricker (2015) also emphasizes that transparency is essential for maintaining stakeholder confidence and facilitating effective oversight, which helps prevent unethical practices and mismanagement.

Furthermore, Beekun (1997) asserts that transparency supports ethical corporate culture by promoting honesty and openness, which are crucial for long-term organizational sustainability. Thus, transparency is not only a mechanism for control but also a fundamental value underpinning responsible corporate governance.

2.2.4 Integrity

Integrity in corporate governance refers to the adherence to moral and ethical principles by individuals and organizations, particularly those in leadership roles (Solomon, 2020; Tricker, 2015). It implies honesty, consistency, and fairness in actions and decisions, ensuring that leaders act in the best interests of the company and its stakeholders without compromising ethical standards. According to Beauchamp and Bowie (2004), integrity forms the foundation of stakeholder trust and credibility, as it guides ethical decision-making even under pressure. When upheld consistently,

integrity supports a culture of ethical behavior and reinforces the long-term sustainability of an organization.

Solomon (2010) describes integrity as the foundation for trust and credibility in corporate relationships. It requires corporate leaders to maintain ethical conduct even when faced with pressure or temptation to act otherwise. Beauchamp and Bowie (2004) highlight that integrity involves not only compliance with laws but also the commitment to doing what is right, reinforcing the moral responsibilities inherent in governance.

Tricker (2015) underscores that integrity is essential for building a sustainable corporate reputation, as it encourages transparent communication, ethical decision-making, and accountability. In essence, integrity fosters a culture where ethical principles guide corporate actions, helping to prevent fraud, corruption, and other unethical behaviors.

2.3 Organizational Performance

Organizational performance is a comprehensive measure of how effectively an organization achieves its goals and fulfills its mission (Kaplan & Norton, 1992; Neely, Gregory, & Platts, 2005). It encompasses both financial and non-financial dimensions, reflecting the overall health, sustainability, and impact of the organization. According to Ledgerwood (1999), assessing organizational performance provides critical insights into the efficiency of resource utilization, profitability, and the institution's ability to deliver value to stakeholders. This dual approach is especially relevant for microfinance institutions, where both financial sustainability and social impact must be measured concurrently to determine institutional success.

Financial performance, a traditional component of organizational performance, refers to the evaluation of an organization's financial health through indicators such as profitability, liquidity, solvency, and return on assets (ROA). According to Kaplan and Norton (1992), financial metrics are crucial for understanding an organization's ability to generate economic value and sustain its operations over time.

Non-financial performance, on the other hand, includes qualitative measures related to customer satisfaction, employee engagement, social responsibility, innovation, and environmental sustainability. As argued by Neely et al. (1995), non-financial indicators are essential to capturing the broader impact of an organization, especially in sectors where social and environmental outcomes are critical. For instance, microfinance institutions often measure social performance by their outreach, client

well-being, and community development in addition to financial returns (Ledgerwood, 1999).

Together, financial and non-financial performance dimensions provide a balanced view of organizational success. This holistic approach supports sustainable growth by aligning economic goals with social and ethical responsibilities, thereby ensuring long-term value creation for shareholders and other stakeholders alike.

2.4 Related Theory

This study uses numerous ideas to explain how governance structures affect microfinance institution performance. Governance frameworks affect financial sustainability, operational efficiency, and outreach, as these ideas show. Each theory supports the rationale for including specific governance variables such as responsibility, accountability, transparency, and integrity in evaluating the organizational performance.

2.4.1 Agency theory

Management and principles (owners or shareholders) dispute according to agency theory. Board supervision and internal control measures ensure managers serve stakeholders rather than themselves. Strong governance practices, such as independent boards and transparent decision-making, help reduce agency problems and improve organizational performance (Jensen & Meckling, 1976). This theory supports the inclusion of accountability and transparency as central governance components in this study, as these mechanisms help mitigate the risks arising from information asymmetry and divergent objectives between management and stakeholders. Further, studies such as those by Mersland and Strøm (2009) affirm that agency costs can be reduced through proper governance alignment, especially when boards actively monitor management activities.

2.4.2 Stakeholder theory

Stakeholder theory emphasizes that organization must consider the interests of multiple stakeholders, including borrowers, investors, employees, and regulators (Freeman, 1984). Governance mechanisms such as board diversity, ethical leadership, and transparent policies ensure that organizations balance financial performance with social impact. This theory is particularly relevant to microfinance, where outreach to

low-income populations is a key objective. According to Donaldson and Preston (1995), a stakeholder-oriented approach not only ensures equity among different interest groups but also enhances organizational legitimacy and long-term sustainability. The theory also justifies the emphasis on responsibility and integrity in governance, as these dimensions directly relate to how organizations address the needs of diverse stakeholder groups and maintain long-term trust and legitimacy.

2.4.3 Resource dependency theory

Resource dependency theory suggests that organizations must manage external dependencies, such as funding sources and regulatory requirements, to ensure long-term sustainability (Pfeffer & Salancik, 1978). Governance mechanisms play a crucial role in attracting investors, securing donor funding, and maintaining regulatory compliance. Strong governance structures enhance credibility, making it easier for organizations to access resources and maintain operational autonomy in dynamic environments. Scholars such as Hillman, Withers, and Collins (2009) support this view, asserting that board members who bring critical external links and resources serve as strategic assets for organizational adaptation and resilience. This theory supports the role of transparency and strategic responsibility in enabling organizations to navigate resource constraints and build collaborative external relationships.

2.4.4 Institutional theory

Institutional theory further complements this discussion by focusing on how organizations conform to formal and informal norms, rules, and expectations within their operating environment (Scott, 2001). According to this theory, organizations adopt governance practices that reflect broader institutional standards to gain legitimacy and social acceptance. In the microfinance context, this includes complying with national regulations, aligning with donor expectations, and adopting industry best practices. DiMaggio and Powell (1983) emphasize the concept of institutional isomorphism, where organizations adopt similar structures to enhance legitimacy in the eyes of stakeholders. Institutional theory emphasizes the role of integrity and transparency in reinforcing institutional legitimacy, particularly in regions where trust in financial institutions is developing.

2.4.5 Stewardship theory

Stewardship theory proposes that managers and directors are driven by self-interest and a desire to serve the business and its stakeholders, offering an alternative to the agency approach (Davis, Schoorman, & Donaldson, 1997). Governance methods should prioritize trust, empowerment, and shared goals above control and surveillance, says this view. This perspective reinforces the value of integrity, ethical leadership, and clearly defines responsibilities in improving organizational performance. Hernandez (2012) notes that stewardship behaviors arise from intrinsic motivation and a collectivist culture, both of which align closely with organizations' mission-driven ethos. Stewardship theory is particularly applicable to organizations, where social mission and long-term impact often serve as key motivators for leadership.

2.4.6 Legitimacy theory

Legitimacy theory further adds to the theoretical landscape by emphasizing how organizations seek to align their activities with societal norms and values to gain and maintain legitimacy (Suchman, 1995). Legitimacy is essential for securing stakeholder support, particularly in regions with evolving regulatory frameworks and public skepticism about financial services. Governance practices such as transparency and ethical conduct are seen as key mechanisms to enhance perceived legitimacy and maintain the trust of clients, donors, and regulators. Bitektine (2011) suggests that legitimacy is not static and must be actively constructed through ongoing communication and visible adherence to social expectations. In this way, transparency and integrity are central to maintaining the social license to operate.

2.4.7 Ethical leadership theory

Ethical leadership theory also plays a significant role in understanding corporate governance in organizations. It focuses on the importance of moral behavior and value-driven leadership in organizational decision-making (Brown, Treviño, & Harrison, 2005). Leaders who demonstrate ethical behavior and promote an ethical culture help embed values such as integrity and accountability throughout the organization, fostering a governance environment that supports sustainable and inclusive performance. According to Kalshoven, Den Hartog, and De Hoogh (2011), ethical leadership correlates with increased employee commitment, reduced misconduct, and stronger governance adherence.

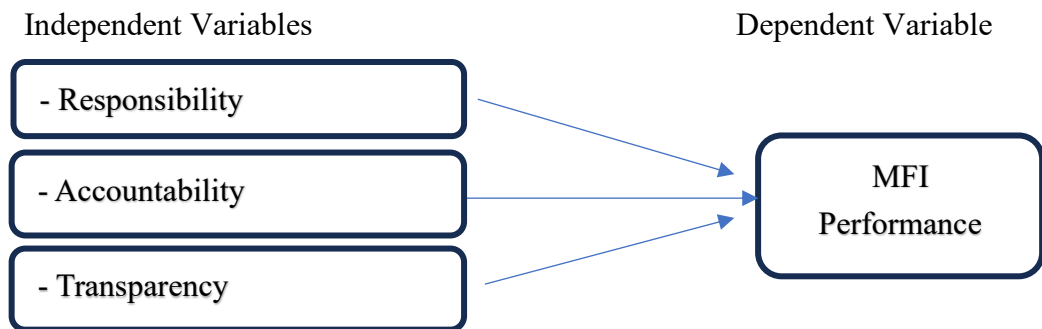
Together, these theories provide a multidimensional framework for understanding the governance-performance relationship in microfinance institutions. While agency theory underscores the importance of monitoring and control, stakeholder and stewardship theories highlight values such as ethical conduct, inclusiveness, and shared accountability. Resource dependency and institutional theories, meanwhile, situate governance within broader environmental and relational contexts. Legitimacy and ethical leadership theories add further nuance by underscoring the importance of moral conduct and societal acceptance. This theoretical foundation justifies the selection of the four governance variables examined in this study—responsibility, accountability, transparency, and integrity—and their hypothesized impact on financial and non-financial performance outcomes.

2.5 Previous Studies

Over the years, a substantial body of research has explored the relationship between corporate governance and the performance of microfinance institutions (MFIs). Numerous studies have examined how governance mechanisms—such as board oversight, transparency measures, and ethical leadership—contribute to financial sustainability and social outreach.

The first study, conducted by Md Nazim Uddin (2024) in Bangladesh, offers valuable empirical evidence on how corporate governance mechanisms influence the performance of microfinance institutions (MFIs). Through a robust quantitative approach, the study examines structural variables such as board independence, audit mechanisms, and board activity. These elements are closely linked to the broader governance dimensions of accountability, transparency, and responsibility.

Figure (2.1) Conceptual Framework on Governance mechanisms influence the performance of microfinance institutions in Bangladesh

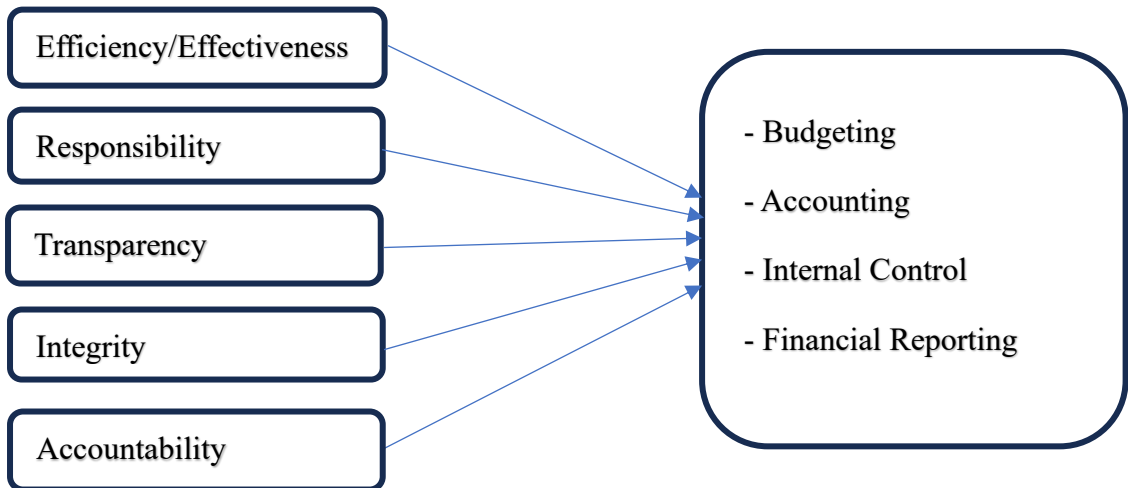


Source: Md Nazim Uddin (2024)

The study found that governance mechanisms, particularly board independence and regular board meetings, significantly contributed to enhanced financial performance and increased client outreach. These practices demonstrated strong accountability and strategic responsibility, ensuring decision-making was guided by oversight and active engagement. Additionally, the presence of internal audit functions positively impacted financial sustainability, promoting transparent practices and improving risk management, thereby strengthening institutional credibility and trust among stakeholders.

Another study, Kemei and Mweberi (2017), conducted a study titled Effect of Corporate Governance Practices on Financial Management in Non-Governmental Organizations, Kenya. The study was motivated by the observation that many NGOs in Kenya faced financial mismanagement, donor mistrust, and inefficiencies, often due to weak internal governance structures. Primary data was collected through the distribution of questionnaires, and the data was analyzed using both quantitative methods.

Figure (2.2) Effect of Corporate Governance Practices on Financial Management in NGOs, Kenya.



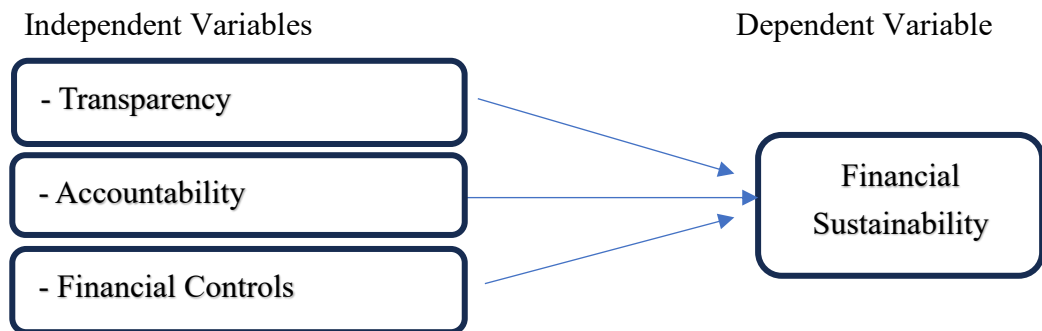
Source: Kemei, F. K & Evens Mweberi, E. (2017)

The regression results indicated that corporate governance factors, such as efficiency, responsibility, transparency, integrity, and accountability, had a significant and positive effect on financial management. These governance practices contributed to the efficiency, effectiveness, and sustainability of organizations, leading to positive societal outcomes, such as wealth creation, employment opportunities, and addressing emerging challenges. The study also found that these practices enhanced the organization's image among both local and international stakeholders, fostering transparency and accountability, which are highly valued by stakeholders and essential for long-term organizational success.

In addition to earlier studies on governance and performance, this research also includes the work of Wabwire, D. M. (2022), who conducted a study to examine the effect of corporate governance practices on the financial sustainability of organizations operating in Kisumu County, Kenya. The research was driven by growing concerns over financial instability and inefficiencies, particularly in the wake of reduced donor funding and increased operational challenges following the COVID-19 pandemic. Many entities were reported to face financial mismanagement, lack of transparency, and declining trust from stakeholders—issues often linked to weak governance structures.

The study focused on assessing how key governance dimensions—transparency, accountability, and financial controls—contribute to long-term financial health. A correlational research design was adopted, using quantitative methods to collect data from 242 organizational leaders, including finance and administrative personnel. Data were gathered through structured questionnaires and analyzed using Pearson correlation and linear regression techniques.

Figure (2.3) Conceptual Framework on Effect of Corporate Governance Practices on Financial Sustainability of NGOs in Kisumu Country, Kenya.



Source: Wabwire, D. M. (2022)

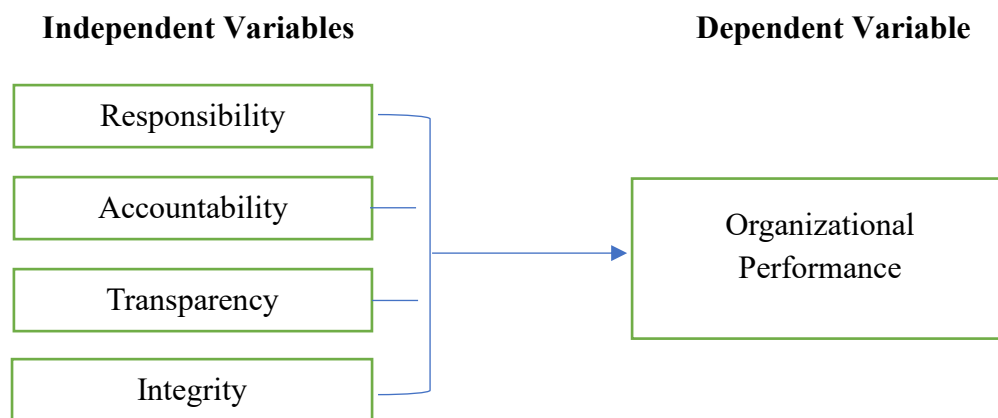
The findings aimed to offer practical insights into how effective governance can strengthen financial resilience. This research contributes to the broader understanding of how internal governance mechanisms support sustainable performance in development-oriented organizations.

The findings reveal that strong corporate governance practices improve financial sustainability. Financial controls have the greatest impact, followed by transparency and accountability. Organizations with effective governance are better able to manage resources, build stakeholder trust, and maintain financial stability even when facing reduced external funding.

2.6 Conceptual Framework of the Study

This study explores how governance mechanisms—such as responsibility, accountability, transparency, and integrity—influence the organizational performance of Myanmar Finance International Limited (MFIL). It examines both financial performances, including profitability and operational self-sufficiency, and social performance, with a focus on outreach to underserved populations. The framework highlights how effective governance practices can enhance MFIL’s success in achieving financial sustainability, promoting responsible financial practices, and maximizing social impact. By strengthening governance dimensions, MFIL can achieve long-term resilience, improve stakeholder trust, and balance its financial and social objectives, driving its success in Myanmar's microfinance sector.

Figure (2.4) Conceptual Framework of the Study



Source: Own Compilation (2025)

Working Definitions:

Responsibility: Responsibility refers to the duty of MFIL’s leaders to make ethically and legally compliant decisions that align with strategic goals, ensuring stakeholder welfare and organizational sustainability.

Accountability: Accountability is the obligation of MFIL’s management and board members to explain, justify, and accept consequences for their decisions and actions to stakeholders. It ensures transparency and answerability in governance, promoting trust and responsible exercise of authority.

Transparency: Transparency at MFIL involves the clear, accurate, and timely disclosure of relevant information regarding its financial status, governance practices,

and operational activities. It allows stakeholders to make informed decisions and holds the organization open to scrutiny.

Integrity: Integrity represents the adherence of MFIL's leaders and employees to ethical principles such as honesty, fairness, and consistency. It reflects the commitment to act in the best interests of the organization and stakeholders, ensuring moral conduct in all corporate actions.

Organizational performance Organizational Performance refers to the overall effectiveness of Myanmar Finance International Limited (MFIL) in achieving its objectives related to both financial and non-financial. It includes the institution's financial outcomes (such as profitability and self-sufficiency) and social outcomes (like outreach to low-income borrowers), providing a holistic understanding of how governance mechanisms influence MFIL's performance over time, driving its success in both financial and non-financial.

CHAPTER III

PROFILE AND CORPORATE GOVERNANCE PRACTICES OF MYANMAR FINANCE INTERNATIONAL LIMITED

This chapter explores the history of Myanmar Finance International Limited and their corporate governance practices. It includes background and organization structure, vision, mission and corporate governance practices of Myanmar Finance International Limited.

3.1 Background of Myanmar Finance International Limited

Myanmar Finance International Limited (MFIL) established as the name of Myanmar Finance Co. Ltd. (MFCL) in 2012, commencing operations with one branch each in the Yangon and Bago regions. The institution expanding its branch network in 2014 by establishing two additional branches in Yangon and one more in Bago. In this year, MFCL signed an agreement with Myanmar Investments International Limited (MIL) as a joint venture company limited, resulting in the formal establishment of Myanmar Finance International Limited (MFIL). This is the combined of local operational experience with international investment expertise as strategically partnership, laying the foundation for MFIL's institutional development.

MIL is a publicly listed investment company focused on Myanmar, founded on 2013 and listed on the London Stock Exchange with offices in Yangon and Singapore. Its involvement brought international visibility, enhanced governance standards, and access to foreign capital to support MFIL's long-term growth.

In 2015, MFIL significantly enhanced its organizational capacity by expanding its workforce to over 100 employees and implementing automated back-office systems. These included Kredits for loan tracking and SAP for accounting, both of which improved operational efficiency and data management. In the same year, Norfund—the Norwegian Investment Fund for Developing Countries—acquired a 25% equity stake in MFIL through the issuance of new shares. As a result, the shareholdings of MIL and MFCL were each diluted to 37.5%. This marked a pivotal milestone in MFIL's development, positioning it as a professionally managed microfinance institution with robust international backing and a strong foundation for sustainable growth in Myanmar's financial sector.

MFIL is firmly committed to maintaining the highest standards of ethical conduct, transparency, and integrity across its operations. The institution has formally adopted and adheres to Norfund’s Business Integrity Policy and Exclusion List, which guide responsible investment and ethical business practices. In addition, MFIL implements Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) measures, aligned with the international standards set by the Financial Action Task Force (FATF). These frameworks support the organization in preventing illicit financial activities, enhancing accountability, and fostering stakeholder trust, thereby reinforcing its commitment to sound corporate governance and sustainable development in the microfinance sector.

MFIL aims to enhance financial inclusion by providing a wide range of financial services to underserved and low-income populations. These services include microloans, savings products, and financial education initiatives. The institution operates under the regulatory framework of the Financial Regulatory Department (FRD) of the Ministry of Planning and Finance, which governs microfinance activities in Myanmar.

Governance practices within MFIL are guided by a board of directors, senior management, and functional committees responsible for oversight and compliance. The institution recognizes the importance of corporate governance in maintaining operational effectiveness, ensuring transparency, and managing risk. However, MFIL continues to face challenges in aligning governance structures with evolving market dynamics, political instability, and economic uncertainty—especially during and after the COVID-19 crisis.

Myanmar Finance International Limited (MFIL) provides a range of loan and savings products designed to support financial inclusion and economic empowerment in Myanmar. Its core loan offerings include SME Loans, Ordinary Group Loans, and General Staff Loans. SME Loans, which form the largest portion of MFIL’s portfolio, support small business growth. Group Loans are provided to clients in solidarity groups with mutual guarantees, while General Staff Loans cater to salaried employees such as civil servants. To enhance efficiency and reduce risk, MFIL partners with Ongo to offer a digital loan repayment system.

Alongside credit services, MFIL promotes savings through both compulsory and voluntary savings schemes. Compulsory savings are tied to loan products, encouraging disciplined financial habits and acting as a safeguard for both the client

and the institution. Voluntary savings accounts offer flexibility for clients to manage surplus funds and plan for future needs. Together, MFIL's integrated loan and savings services foster financial resilience, responsible borrowing, and long-term sustainability for underserved communities across Myanmar.

3.2 Vision and Mission of Myanmar Financial International Limited

The vision and mission of Myanmar Financial International Limited are as discussed in the following section.

Vision of MFIL

To be a leading and trustworthy financial institution in Myanmar providing value adding financial services to micro, small and medium size clients

Mission of MFIL

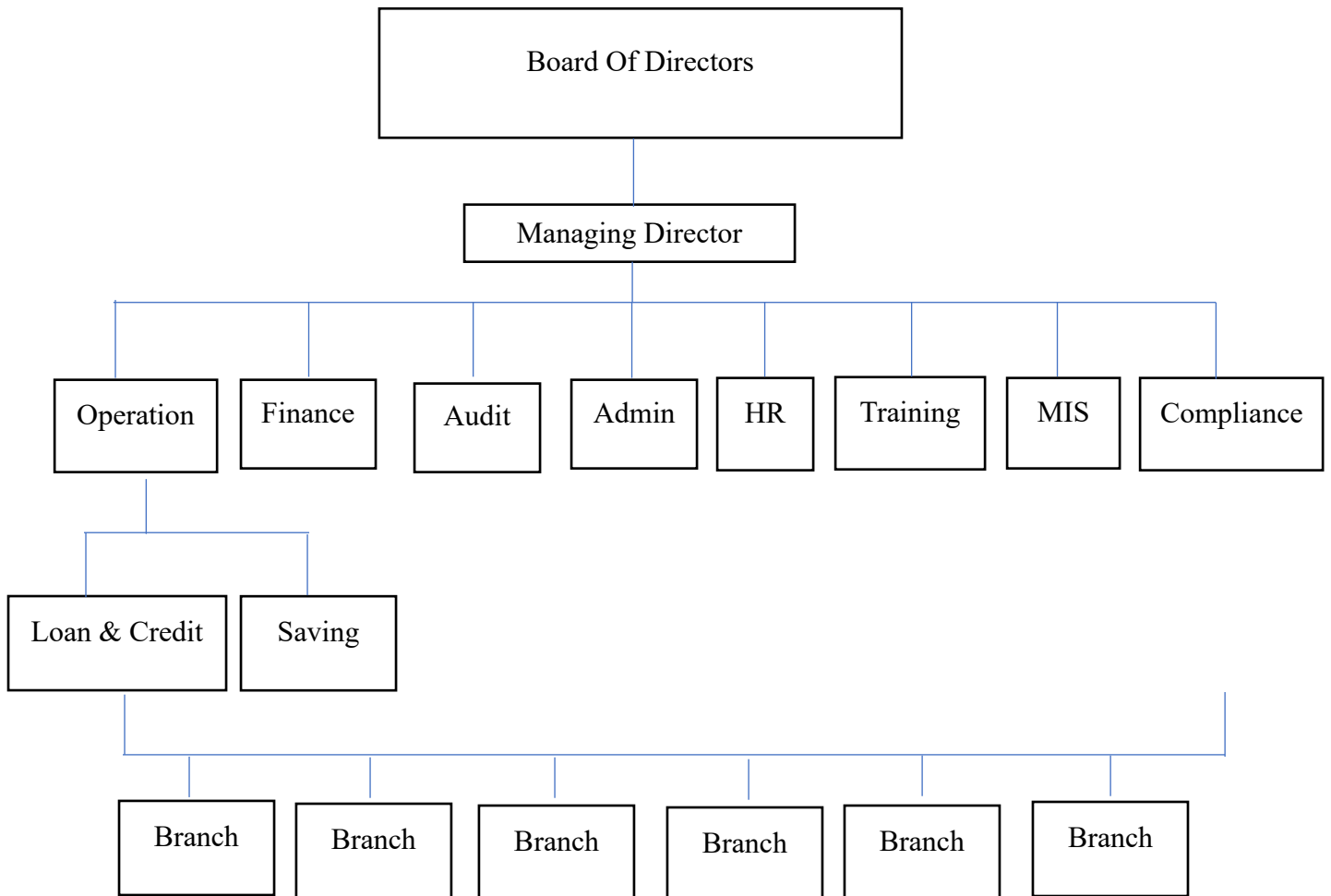
To operate a commercial microfinance company in Myanmar that

- To provide reliable and inclusive financial services
- To create transparent and innovative environment
- To achieve mutual sustainability in all responsible way
- To improve standard of living of economically active households (and individuals)
- To provide best service to clients and ensure their protection
- To fulfill all responsibilities and obligations to all stakeholders

3.3 Organization Structure of MFIL

The Organization chart visually maps the company's internal structure of MFIL, highlighting clear roles, lines and department relationship. The top is the Board of directors- representatives from Myanmar Finance Co., MIL, and Norfund- followed by the Managing Director. The chart features eight core departments: Finance, Internal Audit, Operation (Loan & Credit and Savings), Human Resources, Training, Admin, MIS and Compliance. This structure ensures transparent governance, effective financial and operational management, and strong accountability across MFIL's branches.

Figure (3.1) Organization Structure of Myanmar Finance International Limited



Source: Myanmar Finance International Limited (2025)

1. Operation Department

Operation Department plays mainly enforces disciplined lending and savings processes across branches, managing credit and portfolio risk while ensuring service standards and operational efficiency. Supports governance by safeguarding depositors and maintaining financial integrity.

2. Finance Department

Finance Department takes a role of ensures transparency and accuracy in financial reporting via SAP-supported systems, enhancing board oversight and stakeholder confidence. Establishes financial controls to meet regulatory expectations and supports external audit readiness.

3. Internal Audit Department

Internal Audit department especially acts as an independent evaluator of risk management, internal controls, and governance processes. Conducts assurance and consulting audits, reports directly to the Audit Committee or Board, and promotes a risk-aware, ethical culture.

4. Admin Department

Admin department maintains a well-controlled operational environment through effective office management, vendor oversight, and support services—ensuring compliance with policy, safety standards, and cost governance.

5. Human Resources Department

Human Resources department develops a robust ethical culture by recruiting qualified staff, enforcing a code of conduct, and administering performance systems aligned with anti-corruption and governance policies.

6. Training and Development Department

Training and development department enhances employee skills through regular training, workshops, and professional development programs. It promotes continuous learning, ensures alignment with governance and service standards, and supports both staff growth and institutional performance, contributing to MFIL's mission of delivering responsible, inclusive financial services.

7. MIS Department

MIS department generates reliable, timely management information to support governance decisions, enabling the board and audit committees to monitor performance and compliance effectively.

8. Compliance Department

Compliance department designs and implements internal policies and controls to meet regulatory requirements (e.g., AML-CFT), actively monitors compliance, handles incident resolution, and advises management—fortifying legal and ethical accountability.

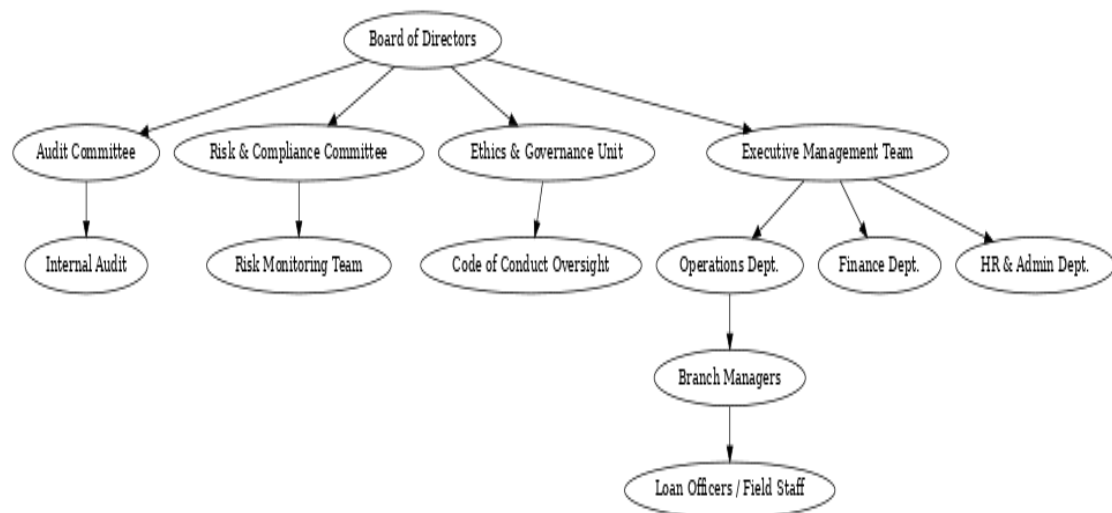
3.4 Corporate Governance Practices of Myanmar Finance International Limited

The governance structure of Myanmar Finance International Limited (MFIL) is designed to ensure strategic oversight, regulatory compliance, ethical integrity, and operational efficiency. At the top of the structure, the Board of Directors oversees the organization’s strategic direction and corporate governance framework. Three key committees—Audit, Risk & Compliance, and Ethics & Governance—support the board by ensuring financial transparency, risk mitigation, and ethical accountability.

These committees work closely with operational units such as Internal Audit, Risk Monitoring, and Code of Conduct Oversight, which provide technical verification and enforcement of policies. The Executive Management Team serves as the central coordinating body, translating strategic directives into departmental action across Operations, Finance, and HR & Administration.

At the field level, Branch Managers and Loan Officers engage directly with clients, reflecting MFIL’s commitment to social performance and responsible outreach. This structure ensures a balance between top-down governance and bottom-up accountability, aligning with MFIL’s ethical and performance goals.

Figure (3.2) Corporate Governance Flowchart of Myanmar Finance International Limited



Source: Myanmar Finance International Limited (2025)

Myanmar Finance International Limited (MFIL) demonstrates a steadily evolving corporate governance framework that supports its dual objectives of financial

sustainability and social impact. Grounded in the core principles of Responsibility, Accountability, Transparency, and Integrity (RATI), MFIL embeds these values across its internal operations and strategic planning. These governance practices are designed to enhance the organization's operational efficiency, stakeholder confidence, and long-term performance, which aligns with the primary objectives of this study: to identify the governance mechanisms at MFIL and assess their effect on the organization's operational outcomes.

(i) Responsibility

Responsibility at MFIL embedded within the organization's strategic framework and is integral to its leadership approach. The institution ensures that its leadership takes a proactive role in aligning both social and financial goals with organizational objectives. At Myanmar Finance International Limited (MFIL), responsibilities are clearly defined across all levels of the organization, ensuring that each employee understands their role in achieving the institution's dual goals of financial sustainability and social impact. Strategic leadership is provided by the Board of Directors and senior management, who align the organization's vision with its mission and ensure effective governance. On the operational front, branch managers oversee daily operations, while loan officers handle loan applications and assessments, ensuring clients are well-served. The finance and accounting team ensures financial health and regulatory compliance, while the risk management team proactively identifies and mitigates operational risks. Human resources and training ensure staff development, promoting continuous learning aligned with organizational goals. Furthermore, compliance officers and internal auditors uphold regulatory standards. MFIL also emphasizes customer trust and relationship management, with dedicated teams working to maintain positive relationships with clients and stakeholders. Ultimately, these responsibilities support MFIL's efficiency, accountability, and social mission, contributing to its success in the microfinance sector.

(ii) Accountability

MFIL ensures accountability through well-structured governance systems that define roles, reporting lines, and performance expectations. At Myanmar Finance

International Limited (MFIL), accountability is a cornerstone of its corporate governance framework, ensuring that all employees, from leadership to staff, are responsible for their actions and decisions. MFIL promotes accountability through clearly defined reporting lines, where every staff member understands their roles and responsibilities. These responsibilities are reinforced through regular performance evaluations that assess individual and team performance based on key metrics aligned with the organization's strategic goals. The Internal Audit function, operating under the Audit Committee, plays a crucial role in ensuring that MFIL's financial and operational activities are compliant with both internal policies and external regulations. The audits promote transparency and help identify areas for improvement. Additionally, MFIL's whistleblower policy provides employees with a safe channel to report unethical behavior, thereby ensuring that accountability extends to all levels of the organization. This policy encourages ethical conduct and promotes responsible reporting. Furthermore, segregation of duties within decision-making processes prevents the concentration of power in any one individual, reducing the risk of misuse of authority. The Board of Directors oversees the strategic direction of the organization, ensuring that leadership is held accountable for achieving operational and financial targets. These practices collectively ensure that accountability is embedded in all aspects of MFIL's operations, fostering a culture of responsibility and transparency.

(iii) Transparency

Transparency at MFIL is a key element of its corporate governance practices. Transparency is a critical element of its corporate governance framework, ensuring that all stakeholders, both internal and external, have access to accurate and timely information. MFIL fosters transparency through clear financial reporting, with external audits conducted by recognized national and international firms. These audits provide an independent assessment of the organization's financial health and ensure that its financial practices are compliant with industry regulations and ethical standards. In addition to financial transparency, MFIL ensures that its policies and procedures are communicated openly to both clients and employees. Clients are consistently informed about the terms and conditions of financial products, ensuring they can make informed decisions. Employees are kept updated on changes to organizational policies, with clear

communication channels that promote awareness and engagement. The organization also emphasizes transparency in decision-making, ensuring that key decisions are made in an open and accessible manner. MFIL's decision-making processes are clearly documented and communicated, allowing stakeholders to understand the rationale behind significant organizational moves. By embedding transparency into its governance practices, MFIL enhances stakeholder trust, improves decision-making, and strengthens its commitment to accountability and ethical behavior across all levels of the organization.

(iv) Integrity

Integrity at MFIL is deeply embedded in the institution's culture, guiding its leadership and employees to consistently uphold ethical standards. Integrity is embedded in the organization's culture, guiding both leadership and employees in maintaining high ethical standards. The institution promotes integrity through a strong code of conduct, which sets clear expectations for ethical behavior and decision-making across all levels. This code ensures that all employees, from leadership to staff, are aligned with MFIL's core values of honesty, fairness, and transparency. The leadership at MFIL plays a crucial role in modeling ethical conduct, ensuring that decisions are made with integrity and in the best interests of both the organization and its stakeholders. This is reinforced through regular training on ethical decision-making and compliance with regulatory standards, ensuring staff at all levels understand and adhere to ethical practices. MFIL also supports whistleblower protection, allowing employees to report unethical behavior without fear of retaliation. This ensures that any violations of ethical standards are addressed promptly and responsibly. Furthermore, the organization fosters honesty and fairness in its dealings with clients, partners, and employees, ensuring that commitments are honored and that decisions are made impartially. Through these practices, MFIL builds a strong culture of integrity, which underpins its organizational success and sustains trust among all stakeholders.

CHAPTER IV

CORPORATE GOVERNANCE PRACTICES AND ORGANIZATIONAL PERFORMANCE OF MYANMAR FINANCE INTERNATIONAL LIMITED

This study presents the profiles of respondents and the analysis of the corporate governance practices and organizational performance of Myanmar Finance International Limited.

4.1 Research Design

This study adopts a quantitative research design to explore the corporate governance practices and organizational performance in MFIL. The design is suitable for examining the influence of key governance dimensions—responsibility, accountability, transparency, and integrity—on both financial and social performance indicators.

The study utilized a quantitative research methodology. The total workforce at MFIL comprises 110 employees, with the target population consisting of 60 employees who are directly involved in corporate governance-related activities. To ensure a representative sample, a simple random sampling method employed. Based on this sampling method, the study selected 51 respondents as the sample size, ensuring a 95% confidence level and a 5% margin of error, in line with the calculation derived from Yamane's (1973) formula for sample size determination.

The formula is presented as follows:

$$n = \frac{N}{1 + N * (e)^2}, \quad \text{Where } n = \text{the sample size}$$

N = the population of the study

e = the margin error in the calculation

Applying the formula:

$$n = \frac{60}{1 + 60 * (0.05)^2} \approx 52.7$$

Both primary and secondary data were gathered for this study. Primary data were collected through a structured questionnaire developed to assess perceptions of governance practices and their effect on MFIL's performance. The questionnaire

included items related to responsibility, accountability, transparency, and integrity, and was rated using a five-point Likert scale. Additionally, face-to-face observations and informal discussions were conducted to validate and contextualize survey responses. Secondary data were gathered from a variety of credible sources, including academic journals, published theses, books, internal company reports, and relevant online publications. These sources were used to support theoretical concepts, validate findings, and enhance the overall depth of the analysis.

Quantitative data collected through the questionnaire are employed statistical tools such as descriptive statistics and regression analysis. Regression analysis was applied to determine the effect of each governance variable on organizational performance outcomes.

4.2 Demographic Characteristics of the Respondents

The demographic characteristics of 51 respondents, including gender, age, position, education level, working experiences of employees and stakeholders from Myanmar Finance International Limited are shown in the following table.

According to following Table 4.1, 51 respondents from the total work force were investigated for the demographic characteristics related to corporate governance practices and organizational performance of MFIL. Among them, 41.2% were female (21 respondents) and 58.8% were male (30 respondents). The number of respondents by age, 31 to 45 years was the biggest range, with 22 respondents, accounted for 43.1% of the total number of respondents. Regarding with their position, the highest rate of 38.9% of total respondents are senior staff in 21 respondents. The 52.9% of total respondents are University Degree and 7.8% are College Diploma. The working experience of respondent in accordance with survey result, one can see that 39.2% of total respondent are above 10 Years, 7.8% of total respondent are below 1 Year.

Table 4.1 Demographic Data of the Respondents

Sr. No	Demographic Characteristics		Number of Respondents	Percentage
1.	Gender	Male	30	58.8
		Female	21	41.2
2.	Age	21-30 (years)	12	23.5
		31-40 (years)	22	43.1
		41-50 (years)	14	27.5
		51-60 (years)	3	5.9
3.	Position	Director	4	7.8
		Sr. Manager	8	15.7
		Manager	11	21.6
		Asst. Manager	10	19.6
		Sr. Staff	21	35.3
4.	Education Level	College Diploma	4	7.8
		University Degree	27	52.9
		Post Graduate	13	25.6
		Master Degree	7	13.7
5.	Working Experience	Below 1 years	4	7.8
		1-5 years	11	21.6
		6-10 years	16	31.4
		Above 10 years	20	39.2
	Total		51	100.0

Source: Survey data, 2025

4.3 Reliability Test

Test reliability is consistency. Various reliability coefficients exist. One of the most common is Cronbach's Alpha, a correlation coefficient ranging from 0 to 1.

Table (4.2): Reliability Test

Items	No. of Items	Cronbach's Alpha
Responsibility	7	.907
Accountability	7	.895
Transparency	7	.915
Integrity	7	.942
Organizational performance	10	.884

Source: Survey data, 2025

According to Table, all the measured items demonstrate good reliability, as indicated by their Cronbach's Alpha values, which exceed the accepted range of at least 0.7. Specifically, the Cronbach's Alpha for Responsibility is 0.907, while Accountability has the value of 0.895. A reliability score of Transparency has 0.915 and Integrity is 0.942 while Organizational performance has 0.884. Among all the constructs, Integrity exhibits the highest reliability, with a Cronbach's Alpha of 0.942. These results indicate strong internal consistency across all factors, confirming their suitability for the corporate governance practices and organizational performance of Myanmar finance international limited.

4.4 Descriptive Statistics of Corporate Governance Practices and Organizational Performance of Myanmar Finance International Limited.

In this study, Responsibility, Accountability, Transparency, Integrity, and Organizational Performance are analyzed by using Five-point Likert scale.

Table (4.3): Mean Score Interpretation Range

Mean Score	Interpretation
1.00 – 1.80	Very Low
1.81 – 2.60	Low
2.61 – 3.20	Medium
3.21 – 4.20	High
4.21 – 5.00	Very High

Source: Moidunny's (2009)

4.4.1 Responsibility

This section presents the one of the corporate governance practices, Responsibility was indicated.

Table 4.4 Respondent Perception on Responsibility

Sr.	Items	Mean	Std Dev
1	Organization has the clearly state its strategic goals with social and financial objectives.	3.96	0.69
2	Organization aligns its strategic goals with social and financial objectives.	3.78	0.73
3	Management clearly defines responsibilities for all staff members.	4.02	0.76
4	Decisions made by leadership prioritize both client needs and financial sustainability.	3.98	0.73
5	The organization regularly reviews and updates its governance responsibilities.	3.80	0.63
6	MFIL considers stakeholder needs in decision-making.	3.75	0.66
7	The organization holds itself accountable to societal and environmental responsibilities.	4.39	0.57
Overall Mean		3.96	

Source: Survey data, 2025

The table presents mean scores related to corporate governance practices at MFIL. The highest mean score, 4.39, reflects the organization's strong commitment to societal and environmental responsibilities. This indicates a high level of ethical awareness among its leadership. The lowest mean score is 3.75, which relates to how MFIL considers stakeholder needs in decision-making. Although it is the lowest, it still falls within the high range, suggesting that most respondents agree with this statement. Overall, the mean score of 3.96 demonstrates that MFIL maintains a consistently high standard in responsible corporate governance practices. Overall, MFIL shows well-established responsible governance.

4.4.2 Accountability

This section presents the one of the corporate governance practices, Accountability was indicated.

Table 4.5 Respondent Perception on Accountability

Sr.	Items	Mean	Std Dev
1	Managers and staff are held accountable for their performances.	4.00	0.57
2	Clear reporting lines exist within MFIL to ensure accountability.	4.76	0.43
3	Financial decisions are reviewed and approved by accountable parties.	4.24	0.43
4	MFIL's audit committee independently verifies compliance with client protection policies.	4.86	0.35
5	The organization has a formal policy protecting whistle-blowers.	4.45	0.50
6	Decisions at MFIL are documented and explained to relevant stakeholders.	4.76	0.43
7	MFIL has mechanisms in place to prevent misuse of authority.	4.08	0.48
Overall Mean		4.34	

Source: Survey data, 2025

Regarding to this table, the overall mean score for the accountability of MFIL is 4.34, indicating that the whole MFIL has high level of accountability represented as a core value of corporate governance practices. The highest mean score of 4.86 is indicating that MFIL' audit committee independently verifies compliance of client protection policies, reflecting strong oversight. On the other hand, the lowest mean score of 4.00, relates to managers and staff are held accountable for their performances. Despite being the lowest, it still falls within the high range, showing consistent accountability across the organization.

4.4.3 Transparency

This section presents the one of the corporate governance practices, Transparency was indicated.

Table 4.6 Respondent Perception on Transparency

Sr.	Items	Mean	Std Dev
1	The external audit is performed by a recognized national/ international firm.	4.41	0.50
2	Clients are well-informed about terms and conditions of financial services.	4.20	0.40
3	MFIL communicates changes in policies or procedures openly.	4.31	0.47
4	The organization submits its financial reports to regulator and investors regular and periodic.	4.18	0.39
5	Employees feel they have access to the information they need to do their jobs.	4.33	0.48
6	Information on loan and savings services is clear and easy to understand.	4.12	0.33
7	The decision-making process in MFIL is visible and well-communicated.	4.35	0.48
Overall Mean		4.27	

Source: Survey data, 2025

According to this table, the results show the transparency of organization's policy, procedure and actions. The overall mean score of transparency is 4.27 and mean that the high level in transparency of information share to all stakeholder at MFIL. The highest mean score is 4.41, this highest number indicates that MFIL maintains strong financial controlled system and financial disclosure practice. The lowest score is the clarity of information on loan and savings services with the mean value 4.12. This indicator shows that the communication of MFIL's financial services requires review and updating.

4.4.4 Integrity

This section presents the one of the corporate governance practices, Integrity was indicated.

Table 4.7 Respondent Perception on Integrity

Sr.	Items	Mean	Std Dev
1	MFIL leaders act consistently with the organization's stated values.	3.96	0.60
2	Ethical considerations are a key part of MFIL's decision-making process.	3.90	0.57
3	MFIL has a strong code of conduct that guides employee behavior.	4.02	0.71
4	MFIL does not tolerate corruption or dishonest practices.	4.14	0.63
5	Employees are encouraged to report unethical behavior without fear.	4.00	0.66
6	MFIL treats all stakeholders fairly and without bias.	3.92	0.63
7	The organization keeps its promises to clients, employees, and partners.	4.00	0.66
Overall Mean		3.99	

Source: Survey data, 2025

In the analysis of Integrity in Myanmar finance International limited, the overall mean score of integrity is 3.99 and mean that high level of integrity in MFIL's state values, ethic and code of conduct. The highest mean score is 4.14, is the organization's rejection of corruption or dishonest practices. This indicates that MFIL strongly stand in honest practices and strong ethical standards. The lowest score relates to ethical considerations in decision-making with the mean value 3.90.

4.4.5 Organizational Performance

This section presents the one of the corporate governance practices, Organizational Performance was indicated.

Table 4.8 Respondent Perception on Organizational Performance

Sr.	Items	Mean	Std Dev
1	MFIL has consistently maintained financial stability and growth in recent years.	4.12	0.33
2	The organization effectively utilizes its resources to generate financial returns.	4.18	0.39
3	MFIL meets its financial obligations while ensuring service quality.	4.06	0.24
4	The organization has a positive impact on the financial well-being of its clients.	4.10	0.30
5	Loan repayment rates remain stable while preventing over-indebtedness.	4.10	0.30
6	MFIL's governance practices support both financial sustainability and social value.	4.08	0.27
7	Financial risk management enhances long-term client relationships.	4.14	0.35
8	Staff productivity metrics include social performance indicators.	4.08	0.27
9	Branch expansion prioritizes underserved areas without sacrificing sustainability.	4.12	0.33
10	Governance practices simultaneously improve ROA and client satisfaction.	4.14	0.35
Overall Mean		4.11	

Source: Survey data, 2025

In the analysis of MFIL' Organizational Performance, the overall mean score of Organizational Performance is 4.11 and mean that good in both of financial and non-financial performance of MFIL. The highest mean score is 4.18, relate to governance practices improving return on assets (ROA) and maintaining ethical lending and risk management. This indicates that MFIL effectively used the financial returns. At the same time, the lowest score concerns fulfilling financial obligations while ensuring service quality with the mean value 4.06 show that organization need to review and update the financial service as above the indicator of transparency.

Using respondents' impressions of their work environment, the following table shows the mean scores for important variables that affect organizational success.

Table (4.9) Overall Mean

Variable	Overall Mean
Responsibility	3.96
Accountability	4.34
Transparency	4.27
Integrity	3.99

Source: Survey data, 2025

Table 4.9 presents the overall mean scores for the four core corporate governance variables assessed in this study—Responsibility, Accountability, Transparency, and Integrity—based on respondents’ perceptions of governance practices at Myanmar Finance International Limited (MFIL). These variables reflect key dimensions of sound governance and their alignment with organizational performance.

Among the four variables, Accountability achieved the highest overall mean score of 4.34, indicating that MFIL has established strong accountability mechanisms. This suggests that clear reporting structures, independent oversight, and responsible decision-making processes are well-practiced within the organization. Transparency follows closely with a mean score of 4.27, highlighting the organization’s commitment to openly communicating financial and operational information to stakeholders, thereby fostering trust and informed engagement.

Integrity received a mean score of 3.99, suggesting a generally high ethical standard and adherence to organizational values among MFIL’s leadership and staff. While slightly lower than the other variables, this score still indicates that moral conduct and fairness are strongly present within the institution’s governance culture. Finally, Responsibility recorded the lowest overall score at 3.96, though it remains within the high-performance range. This reflects that MFIL’s efforts in aligning individual roles with strategic goals and considering stakeholder welfare are recognized but could benefit from further reinforcement.

Overall, the scores reveal that MFIL demonstrates a solid governance foundation, with accountability and transparency as its strongest dimensions, while

responsibility and integrity, although also positively rated, present opportunities for targeted improvement.

4.5 The Effect of Corporate Governance Practices on Organizational Performance

Responsibility, Accountability, Transparency, and Integrity influence this study. This study examines the link between influencing variables and dependent variable using correlation coefficient analysis. Multiple regression analysis examines how corporate governance affects Myanmar Finance International Limited's operations. Pearson correlation coefficient demonstrates bivariate association significance, direction, strength, and significance for interval or ratio-measured variables (Sekaran, 2000). $R = -1.0$ denotes a perfect negative linear connection, whereas $r = +1.0$ shows a perfect positive linear relationship. A 0 r value means the variables are unrelated.

Table (4.10) Correlation Coefficient of MFIL

	Correlation Coefficient	Sig
Responsibility	.799 ^{***}	0.000
Accountability	.874 ^{***}	0.000
Transparency	.823 ^{***}	0.000
Integrity	.782 ^{***}	0.000

Source: SPSS Outputs

*** = Significant at 1% level, ** = Significant at 5% level, * = Significant at 10% level

The correlation analysis explores the strength and direction of the relationships between the four key corporate governance dimensions—Responsibility, Accountability, Transparency, and Integrity—and the organizational performance of Myanmar Finance International Limited (MFIL). All variables exhibit positive and statistically significant correlations, indicating that as governance practices improve, organizational performance also increases.

Among these dimensions, Accountability has the highest positive correlation with organizational performance ($r = .874$, $p < .001$). This suggests that accountability mechanisms, such as internal audits, clear reporting lines, and responsibility for decision-making, contribute to improved organizational outcomes.

Transparency has also a significant positive correlation ($r = .823$, $p = 0.000$), indicating that clear and open communication of policies, procedures, and performance data plays a key role in enhancing MFIL's organizational effectiveness. Transparent governance facilitates stakeholder engagement and empowers decision-makers to make informed choices. This strong relationship highlights how transparency directly contributes to improved organizational performance.

Responsibility also demonstrates a high positive correlation ($r = .799$, $p = 0.000$), reflecting the importance of clear strategic goal-setting and ethical leadership in improving organizational outcomes. This result underscores the value of responsible decision-making, particularly in balancing social goals with financial objectives, while also considering stakeholder needs.

Although Integrity exhibits the lowest coefficient ($r = .782$, $p = 0.000$), it still shows a moderate positive and statistically significant relationship with performance. According to this finding that ethical behavior, honesty, and consistency in leadership actions are critical to improving MFIL's performance. A high level of integrity not only fosters internal trust and compliance but also enhances external stakeholder confidence, contributing to a more sustainable and reputable organization.

Overall, the correlation results confirm that strong governance practices in Responsibility, Accountability, Transparency, and Integrity are all positively linked to MFIL's organizational performance. Among them, Accountability and Transparency are particularly critical in driving high performance, highlighting the importance of fostering transparency in decision-making and holding individuals accountable for their actions, which collectively enhance organizational performance.

Table (4.11) Effect of the Corporate Governance Practices on Organizational Performance of Myanmar Finance International Limited

Variables	Unstandardized Coefficient		Standardized Coefficient	t	Sig.	VIF
	B	Std. Error	β			
(Constant)	0.630	.178		1.353	.034	
Integrity	.365***	.047	.443	7.724	.000	1.963
Transparency	.393***	.076	.426	5.193	.000	4.020
Accountability	.179**	.083	.196	2.173	.035	4.826
Responsibility	.059**	.066	.063	.893	.038	2.978
R Square	.959					
Adjusted R Square	.919					
D-W	1.288					
F value	137.044***					

Source: Survey data, 2025

Note: *** significance level at 1%, ** significance level at 5%, * significance level at 10%

Table 4.11 shows the results of a multiple regression study to determine how Integrity, Transparency, Accountability, and Responsibility affect Myanmar Finance International Limited's performance. The model explains 95.9% of organizational performance variation ($R^2 = 0.959$), with an Adjusted R Square of 0.919, indicating that the four governance variables explain 91.9% of the variance.

The Durbin-Watson (D-W) statistic of 1.288 suggests no serious autocorrelation concerns in the residuals, while the F-statistic of 137.044 is highly significant ($p < 0.001$), affirming the overall goodness-of-fit and relevance of the regression model.

Among the independent variables, Integrity emerges as the most significant predictor of performance, with a standardized beta coefficient (β) of 0.443 and a p-value < 0.001 . Therefore, Integrity is significance influence on Organizational Performance at 1% confidence level, demonstrating a strong and reliable positive effect.

Transparency also plays a significant role in influencing Organizational Performance, with a standardized beta coefficient (β) of 0.426 and a p-value of 0.000.

This result indicates that Transparency is a statistically significant predictor of performance at the 1% confidence level showing a positive effect.

While Accountability demonstrates a positive effect on Organizational Performance, it has the lowest standardized beta coefficient ($\beta = 0.196$) among the variables, with a p-value of 0.035, indicating statistical significance at the 5% confidence level.

Responsibility shows a positive relationship with Organizational Performance, with a standardized beta coefficient (β) of 0.063 and a p-value of 0.038, which is statistically significant at the 5% confidence level.

CHAPTER V

CONCLUSION

The findings on corporate governance procedures and organizational performance at Myanmar Finance International Limited are summarized in this chapter. It contains a full explanation of the data in respect to current literature and research conclusions. Last, it suggests ways to improve governance and future research.

5.1 Findings and Discussion

This chapter analyzes the study's conclusions on how Responsibility, Accountability, Transparency, and Integrity affect Myanmar Finance International Limited's performance. This debate examines how governance variables affect institutional effectiveness and performance using structured surveys and statistical methods.

The demographic characteristics of the 51 respondents who participated in the study were analyzed to better understand the composition of the sample. In terms of gender, the distribution reflects a slightly higher proportion of male respondents, 58.8%. The age distribution of the respondents shows that the majority fall within the 31-40 years category (43.1%). Regarding position, the largest group of respondents were Sr. Staff (35.3%). For the education level, the majority of respondents hold a University Degree (52.9%). The working experience of the respondents shows that 39.2% have more than 10 years of experience. The respondents represent a well-balanced and experienced workforce, with a strong presence of mid-career professionals and a highly educated background. Most respondents have significant experience, reflecting a knowledgeable sample for the study.

The Cronbach's Alpha values for all variables in the study are generally accepted threshold of 0.70, indicating good internal consistency and reliability. The results suggest that the constructs used to measure corporate governance and organizational performance are reliable for the study.

The overall mean scores indicate positive perceptions of MFIL's corporate governance. Overall mean values of all variables are Accountability- has the highest score, Transparency and Integrity follows closely, and Responsibility has the lowest mean. Overall, MFIL shows strong governance, with areas to enhance responsibility

alignment. The highest score of Accountability show that the majority of respondents agree that MFIL enforces accountability through clear reporting lines and internal controls. While the practices are effective, there is potential to improve bottom-up accountability and encourage greater involvement of staff in decision-making processes.

The mean score of transparency indicates that the respondents strongly agree that MFIL maintains effective transparency in its operations, particularly in communication and disclosure of information. Nonetheless, enhancing transparency around policy changes and keeping clients fully informed could further strengthen the organization's openness and stakeholder trust.

Mean value of responsibility show that the respondents generally agree that MFIL demonstrates a strong sense of responsibility in aligning its social and financial goals. However, there is room for improvement in ensuring clear communication and greater alignment between staff roles and strategic objectives. Specifically, MFIL may benefit from enhancing employee role clarity and involving staff more actively in organizational planning. Encouraging greater ownership of responsibilities across all levels could further strengthen MFIL's governance effectiveness.

The mean value of Integrity also shows the respondents agree on MFIL's Integrity practices that MFIL employees perceive strong adherence to ethical standards. Leadership consistency, fair stakeholder treatment, and encouragement of ethical behavior contribute to a trustworthy environment that supports organizational cohesion and reliable performance outcomes.

The findings of the Pearson correlation analysis reveal that all four Corporate Governance Practices—Responsibility, Accountability, Transparency, and Integrity—are positively and significantly correlated with Organizational Performance.

The findings provide that Integrity has the highest influence on Organizational Performance, suggesting that ethical leadership and consistent values significantly contribute to MFIL's performance. This finding highlights the role of trustworthiness and honesty in building both internal and external confidence, which are critical for sustainable growth. Similarly, Responsibility is also highest influence on Organizational Performance, showing a significant and strong positive effect. This highlights that when MFIL establishes clear strategic goals and ensures leadership alignment with these goals, the institution's overall success improves. The practice of Transparency also exerts a significant positive influence, highlights the critical role that

open communication and accessible information play in MFIL’s operations. Even though Accountability shows the weakest correlation, also exerts a positive influence. A strong accountability framework ensures that individuals are responsible for their actions, thereby enhancing overall performance despite its smaller impact.

These findings indicate that strengthening the practices of integrity, transparency, accountability, and responsibility can significantly enhance organizational performance, reinforce the study’s conceptual framework and validate its operational constructs.

5.2 Suggestions and Recommendations

Based on the findings, several actionable recommendations are proposed to further strengthen corporate governance practices and enhance organizational performance at Myanmar Finance International Limited (MFIL). These recommendations focus on deepening the integration of the four key governance dimensions—Responsibility, Accountability, Transparency, and Integrity—into the institution’s strategic and operational framework.

MFIL should enhance role clarity and alignment of responsibilities throughout the organization. While current practices indicate a positive perception of responsibility, there remains room to improve how individual roles contribute to broader strategic objectives. By conducting regular training, clarifying role expectations, and involving staff in goal-setting exercises, MFIL can promote stronger ownership and strategic alignment across all levels of the institution.

In terms of accountability, the organization has already established robust mechanisms; however, further improvements could be made by promoting a culture of shared responsibility. MFIL should introduce 360-degree performance evaluations and strengthening internal communication on ethical expectations will encourage transparency in reporting and decision-making. Moreover, greater visibility of the whistleblower policy and reinforcement of anonymous feedback mechanisms will foster an environment of trust and responsible behavior.

Transparency at MFIL is a notable strength, yet opportunities exist to improve communication clarity and stakeholder engagement. MFIL could simplify the presentation of policy updates and ensure that clients fully understand financial services will enhance stakeholder confidence. MFIL should use the briefings of regular internal

and external audits, supported by user-friendly digital tools or reports, could improve awareness and promote inclusive communication.

Integrity, as the most influential governance factor in this study, should be institutionalized across all organizational levels. MFIL could introduce periodic ethics training sessions, integrate ethics modules into professional development programs, and establish a dedicated ethics committee to oversee compliance and resolve concerns. Leadership should continue to model ethical behavior consistently, reinforcing values-based decision-making throughout the institution.

Furthermore, corporate governance should be formally integrated into MFIL's strategic planning processes. This involves embedding governance-related performance indicators into departmental objectives and evaluating them regularly. A governance scorecard could be developed to monitor implementation progress and assess the impact of governance initiatives. Periodic third-party governance audits can also provide objective feedback and ensure adherence to national and international standards.

Finally, fostering a bottom-up governance culture will reinforce inclusivity and responsiveness. Establishing cross-functional governance working groups and promoting open dialogue across departments can strengthen coordination, encourage innovation, and ensure that governance practices evolve in line with operational realities.

In conclusion, by systematically enhancing responsibility, accountability, transparency, and integrity, MFIL can reinforce its corporate governance framework and further improve organizational performance. These recommendations aim to support MFIL's dual mission of financial sustainability and social impact, ensuring that it continues to serve as a trusted and high-performing microfinance institution in Myanmar.

5.3 Needs for Further Study

This study examined how corporate governance, specifically the dimensions of Responsibility, Accountability, Transparency, and Integrity (RATI) effect the organizational performance of Myanmar Finance International Limited (MFIL). While the findings offer meaningful insights, several areas remain for further research. Future studies could explore additional governance dimensions such as board diversity, board independence, or external stakeholder influence. Investigating how these factors

interact with the current governance structure at MFIL could provide a more comprehensive picture.

As this study focused solely on MFIL, future research should explore how corporate governance is institutionalized across other microfinance institutions in Myanmar and the broader Asian region. Comparative studies could identify governance models suitable for different regulatory and cultural contexts. Also, external factors such as regulatory changes, economic instability, and market volatility also influence governance effectiveness. Investigating these influences would provide a more holistic view of governance resilience.

The growing role of digital transformation in microfinance warrants deeper study. Research could assess how technologies like mobile banking and digital platforms enhance transparency, accountability, and decision-making.

Expanding research in these areas will contribute to the development of more ethical, resilient, and high-performing microfinance institutions capable of achieving both financial sustainability and social impact in emerging economies.

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APPENDIX - A

QUESTIONNAIRE

Dear respondent,

The aim of the questionnaire is to collect information in part accomplishment of the requirements for my Master of Banking and Finance (MBF) degree at Yangon University of Economics.

Your response will be treated with the utmost confidentiality and used exclusively for academic purposes. Your identity will remain completely anonymous throughout the document, with no mention of your name whatsoever. This survey will require approximately 10 minutes to complete. Your participation would be greatly valued and sincerely appreciated. Thank you for taking the time to assist with this research.

Sincerely,

Pyae Phyo Wai

Section A

Demographic Profile of Respondents

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

1. Gender of Respondent

Male Female

2. Age of Respondent

21 to 30 years 31 to 40 years 41 to 50 years
 51 to 60 years

3. Position of Respondent

Director Senior Manager Manager Assistant Manager
 Senior Staff

4. Education of Respondent

- College Diploma University Degree Post-graduate
 Master Degree

5. Working Experiences of Respondent

- Below 1 year 1 to 5 years 6 to 10 years
 Above 10 years

Section -B

Analysis on Corporate Governance of MFIL

This questionnaire is designed to assess perceptions of corporate governance practices and their relationship with organizational performance at Myanmar Finance International Limited (MFIL). Please indicate your level of agreement with each statement using the following scale:

1 = Strongly Disagree

2 = Disagree

3 = Neutral

4 = Agree

5 = Strongly Agree

Section B: Responsibility

Focus: Ethical leadership, sound decision-making, strategic alignment, and stakeholder duty.

Sr.	Items	1	2	3	4	5
1	Organization has the clearly state its strategic goals with social and financial objectives.					
2	Organization aligns its strategic goals with social and financial objectives.					
3	Management clearly defines responsibilities for all staff members.					
4	Decisions made by leadership prioritize both client needs and financial sustainability.					
	The organization regularly reviews and updates its governance responsibilities.					

6	MFIL considers stakeholder needs in decision-making.					
7	The organization holds itself accountable to societal and environmental responsibilities.					

Section C: Accountability

Focus: Answerability, reporting, performance monitoring, and internal controls

Sr.	Items	1	2	3	4	5
1	Managers and staff are held accountable for their performances.					
2	Clear reporting lines exist within MFIL to ensure accountability.					
3	Financial decisions are reviewed and approved by accountable parties.					
4	MFIL's audit committee independently verifies compliance with client protection policies.					
5	The organization has a formal policy protecting whistle-blowers.					
6	Decisions at MFIL are documented and explained to relevant stakeholders.					
7	MFIL has mechanisms in place to prevent misuse of authority.					

Section D: Transparency

Focus: Information sharing, openness, communication, and trust

Sr.	Items	1	2	3	4	5
1	The external audit is performed by a recognized national/ international firm.					
2	Clients are well-informed about terms and conditions of financial services.					
3	MFIL communicates changes in policies or procedures openly.					
4	The organization submits its financial reports to regulator and investors regular and periodic.					

5	Employees feel they have access to the information they need to do their jobs.				
6	Information on loan and savings services is clear and easy to understand.				
7	The decision-making process in MFIL is visible and well-communicated.				

Section E: Integrity

Focus: Ethics, fairness, conflict of interest, and adherence to standards

Sr.	Items	1	2	3	4	5
1	MFIL leaders act consistently with the organization's stated values.					
2	Ethical considerations are a key part of MFIL's decision-making process.					
3	MFIL has a strong code of conduct that guides employee behavior.					
4	MFIL does not tolerate corruption or dishonest practices.					
5	Employees are encouraged to report unethical behavior without fear.					
6	MFIL treats all stakeholders fairly and without bias.					
7	The organization keeps its promises to clients, employees, and partners.					

Section F: Organizational Performance

Focus: Profitability, sustainability, efficiency, and resource use.

Sr.	Items	1	2	3	4	5
1	MFIL has consistently maintained financial stability and growth in recent years.					
2	The organization effectively utilizes its resources to generate financial returns.					
3	MFIL meets its financial obligations while ensuring service quality.					

4	The organization has a positive impact on the financial well-being of its clients.					
5	Loan repayment rates remain stable while preventing over-indebtedness.					
6	MFIL's governance practices support both financial sustainability and social value.					
7	Financial risk management enhances long-term client relationships.					
8	Staff productivity metrics include social performance indicators.					
9	Branch expansion prioritizes underserved areas without sacrificing sustainability.					
10	Governance practices simultaneously improve ROA and client satisfaction.					

APPENDIX B

Reliability Test

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
R	16.530838829442978	4.988	.816	.907
A	16.046567274314413	4.786	.876	.895
T	16.221436098067600	5.039	.773	.915
I	16.492270818808933	5.047	.656	.942
OP	16.382122072200083	4.855	.949	.884

Descriptive Statistics of the respondents

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	21	41.2	41.2	41.2
	Male	30	58.8	58.8	100.0
	Total	51	100.0	100.0	

Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	21-30 (years)	12	23.5	23.5	23.5
	31-40 (years)	22	43.1	43.1	66.6
	41-50 (years)	14	27.5	27.5	94.1
	51-60 (years)	3	5.9	5.9	100.0
	Total	51	100.0	100.0	

Position

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Assit Managers	10	19.6	19.6	19.6
	Directors	4	7.8	7.8	27.4
	Managers	11	21.6	21.6	49.0
	Senior Managers	8	15.7	15.7	64.7
	Sr. Staff	19	35.3	35.3	100.0
	Total	51	100.0	100.0	

Education Level Position

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	College Diploma	4	7.8	7.8	7.8
	Master Degree	7	13.7	13.7	21.5
	Post Graduate	13	25.6	25.6	47.1
	University Degree	27	52.9	52.9	100.0
	Total	51	100.0	100.0	

Working Experiences

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-5 years	11	21.6	21.6	21.6
	6-10 years	16	31.4	31.4	52.9
	Above 10 years	20	39.2	39.2	92.2
	Below 1 years	4	7.8	7.8	100.0
	Total	51	100.0	100.0	

Pearson's Correlation Analysis

Correlations

		R	A	T	I	OP
R	Pearson Correlation	1	.763***	.729***	.621***	.799***
	Sig. (2-tailed)		.000	.000	.000	.000
	N	51	51	51	51	51
A	Pearson Correlation	.763***	1	.839***	.614***	.874***
	Sig. (2-tailed)	.000		.000	.000	.000
	N	51	51	51	51	51
T	Pearson Correlation	.729***	.839***	1	.420***	.823***
	Sig. (2-tailed)	.000	.000		.002	.000
	N	51	51	51	51	51
I	Pearson Correlation	.621***	.614***	.420***	1	.782***
	Sig. (2-tailed)	.000	.000	.002		.000
	N	51	51	51	51	51
OP	Pearson Correlation	.799***	.874***	.823***	.782***	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	51	51	51	51	51

*. Correlation is significant at the 0.1 level (2-tailed).

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

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

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Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.959 ^a	.919	.913	.169365909411484	1.288

a. Predictors: (Constant), I, T, R, A

b. Dependent Variable: OP

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	15.724	4	3.931	137.044	.000 ^b
	Residual	1.377	48	.029		
	Total	17.101	52			

a. Dependent Variable: OP

b. Predictors: (Constant), I, T, R, A

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.063	.178		.353	.726		
	R	.059	.066	.063	.893	.038	.336	2.978
	A	.179	.083	.196	2.173	.035	.206	4.862
	T	.393	.076	.426	5.193	.000	.249	4.020
	I	.365	.047	.443	7.724	.000	.509	1.963

a. Dependent Variable: OP