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EFFECT OF FINANCIAL ACCOUNTABILITY ON THE PERFORMANCE OF NON-GOVENMENTAL ORGANIZATIONS

(A Case Study of NGOs in LIFT Project)

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EFFECT OF FINANCIAL ACCOUNTABILITY ON THE PERFORMANCE OF NON-GOVERNMENTAL ORGANIZATIONS

(A case study of NGOs in LIFT Project)

A thesis submitted as a practical fulfilment towards the requirement for the Degree of Executive of Banking and Finance (EMBF).

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ABSTRACT

The objective of the study is to examine the effect of financial accountability on the financial performance and non-financial performance of non-governmental organizations. In this study, the primary data is analyzed by descriptive method and multiple linear regression techniques. Simple random sampling is used to select respondents from 20 local non-governmental organizations and international non-governmental organizations collaborating for the LIFT project. Of each organization, 3 respondents working in the management role of the organization and therefore 60 in total to conduct the survey. The range of questionnaires is used for the method for data collection. Based on the survey results, the financial and non-financial performance of NGOs have been related to financial accountability. Timely reporting is statistically significant for both the financial performance and non-financial performance of organizations out of three sets of financial accounting considerations. Other factors may have an impact on the performance of NGOs, such as internal control, auditing practices and other accountability mechanisms. This study focused solely on reporting and linked to the financial performance and non-financial performance of NGOs. Most NGOs have upheld financial accountability to a great extent particular by timely reporting of their organizations appears as a challenge. As the conclusion of the study, the financial accountability factors affect on the financial performance and non-financial performance of NGOs.

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LIST OF ABBREVIATIONS

ACCA	- Association of Chartered Certified Accountants
CSO	- Civil Society Organizations
DAC	- Development Assistance Committee
DFID	- Department of International Development
EU	- European Union
INGOs	- International Non-Governmental Organizations
IP	- Implementation Partners
LIFT	- Livelihoods and Food Security Fund
MIMU	- Myanmar Information Management Unit
NGOs	- Non-Governmental Organizations
OECD	- Organization for Economic Co-operation and Development
UKAID	- The Department for International Development (DFID) is a UK Government department responsible for administering oversea aid.
UN	- United Nations Intergovernmental Organization
UNDP	- United Nations Development Programme
UNICEF	- United Nations International Children's Emergency Fund
UNOPS	- United Nations Office for Project Services

CHAPTER I

INTRODUCTION

Accountability is the obligation of an individual or organization to account for its activities, accept responsibility for them, and to disclose the results in a transparent manner. Financial accountability is ultimately about promoting and reporting public and performance. Financial accountability requires that organization manage finance prudently; that they integrate their financial and non-financial reporting, control, budgeting and performance; that they report comprehensively on what they achieved with their expenditure of funds, and that stakeholders behave ethically. Any organization (public or private) that manages and reports on its finance, mitigates the risk of malfeasance, builds good quality and openness into its financial and non-financial analyses, monitors the sustainability of benefits that accrue from its investments, and fulfils its performance reporting and fiduciary obligations to its constituents reflects sound financial accountability. Manifesting financial accountability is therefore much more than building and maintaining accounting and auditing systems. It represents more than just the technical capability of financial managers. Accountability is not complete until it encompasses the wide - ranging activities, attitudes and reporting between stakeholders (Osho, Matthew, 2014).

Financial accountability as the requirement to provide information to parties both inside and outside the organization. It is the process of identifying, measuring and communicating economic information to permit informed and rational decisions to be made. Accountability refers to the final responsibility for the success or failures of an organization. Any organizations (governmental or non-governmental organization) must be accountable to the public and to their institutional stakeholders. Since, Non-Governmental Organizations (NGOs) get most of their funding from donors, accountability for NGOs is usually to the donors, the beneficiaries, the employees and other stakeholders (Wells, 2003).

In Myanmar, most of the non- government organizations had founded in 2008 as Cyclone Nargis brought a significant shift in aid programming in May 2008. International response involved a large influx of INGOs into the country, initially responding to the humanitarian crisis in the Irrawaddy Delta. Although prominent INGOs, such as Save the Children and CARE, were already established in the country, many more had joined. In 2008, the number of INGOs increased from around

40 to 100. At a conservative estimate (Myanmar Management Unit), there are now 87 INGOs operating in the country excluding those providing assistance from the Thai side of the border (Natalie Hicks and Jay Lamey, 2013).

There were so many needs for community after relief distributions and the experiences people from middle management organized nonprofit organizations to full fill the poor health system, livelihood, lack of knowledge in agriculture. Most of the organizations had no time to think about their organization's development and sustainability and mostly emphasized to help venerable people in programme activities but never think about to measure accountability and transparency for their stakeholders, including donors. Also, donors provide funds to various organizations with a sole believe that the funds will be utilized towards the achievement of organizational objective as laid out in the detailed implementation plan and annual work plan. NGOs are required to manage and evaluate their performance from multiple perspectives, considering the projects/programs performance, the agenda of donors, the needs of beneficiaries and the internal effectiveness (Mwaura, Paul Mbugua. 2013).

Myanmar today is one of the world's largest recipients of international development assistance. A history of underinvestment has left the country with the highest poverty rate in the region and critical deficits in infrastructure and social services, making it a priority for many development agencies. Myanmar was the seventh-largest recipient of international aid in 2015, and it is now the third-largest recipient per capita in the Asia region behind only Cambodia and Laos. The recent political changes have resulted in many new bilateral and multilateral donors including the World Bank and Asian Development Bank, initiating or expanding work in Myanmar (Carr, Thomas. 2018).

1.1 Rationale of the Study

Performance management is of growing importance to NGOs in developing countries due to funding insecurity, multiple stakeholders' requirement and demand for effectiveness and accountability (Olujide, 2005). In the past five years, political shifts in Myanmar have created some openings for civil society efforts. Myanmar is at a decisive moment in its transition from a military dictatorship to a democracy, from decades of conflict to peace, and from a closed to an open and inclusive economy. Successful elections in 2015 led to a partially democratic government.

Myanmar's aim is to harness its potential to help create a better governed, more peaceful and prosperous Myanmar that uses its increased wealth to improve education and health services and reduce poverty. The business and private investment climate is rated only above Somalia for corruption by Transparency International. The banking system requires reform; interest rates charged on loans are prohibitively high, making credit virtually unavailable. Lack of access to credit and inputs has an impact on food security, livelihoods and the rural economy.

The Department for International Development (DFID) is one of the largest donors in Myanmar, investing USD 200 million a year in 93% of Myanmar's township. According to the Organization for Economic Co-operation and Development's (OECD) report, in 2016, 30 countries in Development Assistance Committee (DAC) contributed a total of $142.6 billion as financial assistance to poorer countries, with the United States, Germany, the United Kingdom, Japan and France giving the largest foreign aid (Wang, Chaorong.2018). DFID Myanmar's aim is to help Myanmar to harness this potential – to help create a better governed, more peaceful and prosperous Myanmar that uses its increased wealth to reduce poverty. Through its network of offices throughout the world, DFID works with governments of developing countries, charities, non-government organizations, businesses and international organizations, like the United Nations, European Commission and the World Bank, to eliminate global poverty and its causes. Partnerships are key to DFID's effectiveness in Myanmar. DFID seeks to leverage additional donor resources for key development priorities. DFID helped provide the leadership to construct multi-donor funding mechanisms into which others have contributed. Examples include the Three MDG Fund in health, and the Livelihoods and Food Security Trust Fund (LIFT) (Gov.UK).

LIFT is a multi-donor fund established in 2009 with the overall aim of reducing by half the number of people living in poverty. Fourteen Donors contributed more than USD 505 million to LIFT between 2009 and the end of 2018. The focus of LIFT Project on strengthening the resilience of the people of Myanmar through its work on livelihoods, food security and nutrition. The United Nations Office for Project Services (UNOPS) is contracted as the Fund Manager to administer the funds and provide monitoring and oversight to fifty-six implementation partners. The LIFT Fund is the most prominent donor vehicle for the alleviation of rural poverty. Aside from financing 183 projects to date, LIFT provides technical expertise, targeted research and its position of oversight to improve programme design and cohesion for better overall impact. LIFT employs a number of mechanisms to ensure that LIFT-funded partners are accountable to the Fund Manager and to the donors of LIFT. However, less attention has been given to encouraging accountability to local partners and to beneficiaries at community level (www.lift-fund.org).

Financial accountability has been one of the most problematic and prevalent issues for business worldwide for a long time. Financial accountability gives NGOs legitimacy and credibility, contribution to their reputation and adds to their sustainability. Good financial accountability limits fraud and mismanagement (Viswesvaran, 2006). So far, only few researches papers were founded for analyze on financial accountability on the performance of NGOs. This study will be analyzed the effects of financial accountability on the performance of NGOs from LIFT Project. This study will analyze the relation of financial performance management on the donor funding and programme performance of non-government organizations in Myanmar and the effects of financial accountability relation with target group beneficiaries based on the performance management of organizations.

1.2 Objectives of the Study

The main objectives of this dstudy are as follows:

1. To identify the extent of financial accountability of non-governmental organizations.
2. To analyze the effect of financial accountability on performance of non-governmental organizations.

1.3 Scope and Method of the Study

This study mainly emphasizes on the financial accountability and performance of NGOs which enjoyed LIFT project during the period from 2014-2019. The primary data and secondary data are used in this study. The primary data is collected by sending the emails with the use of structured questionnaires. The questions are prepared to analyze the extent of their financial accountability by using five-point Likert scales to check the financial accountability of the sampled NGOs. The sample size is 20 NGOs organizations under the control of the LIFT project which are selected using random sampling method. Respondents are from the senior level of the organizations; at least three person from each NGO are interviewed by using structured questionnaires. Descriptive statistics and regression methods are used. Secondary data is collected from DFID Myanmar's profile, Development Tracker, audited financial statements, internet, websites and various books, references, reports, publications, documentation.

1.4 Organization of the Study

This study is constructed with five different chapters. Chapter one is introductions for the study which involves rationale of study, objectives of the study, scope and method of the study and organization of the study. In chapter two, the theoretical background of financial accountability and performance of NGOs are discussed. Chapter three discusses on the role of NGO organizations in Myanmar and their financial accountability. Chapter four includes the analysis of accountability from primary data information. Finally, conclusion, finding and recommendation for non-government organizations in Myanmar are presented in chapter five.

CHAPTER II
THEORETICAL BACKGROUND

This chapter discusses the theories and concern on the financial accountability of the NGOs and their performances. There are five sections which are concept of financial accountability and its importance, dimension of financial accountability, previous studies and the conceptual framework of the study.

2.1 Concept of Financial Accountability and its Importance

The concept of accountability has a long convention in both political theory and financial accounting, however just later noticeable quality in public organization and international development. In accounting, the idea's long custom is carefully restricted to financial prudence and accounting in accordance with regulations (e.g. Barton, 2006; Normanton, 1966). The basic principle of delegating some authority, applying sanctions and evaluating performance, and is basically equivalent to in its long custom in political theory. The central idea is: when decision-making power is moved from a principal (for example the donors) to an agent (for example NGOs), there must be an instrument set up for considering the agent accountable for their decisions and tools for sanction.

In the last 10 to 15 years, the concept of accountability has become fashionable. Viswesvaran (2006), alludes to financial accountability is the prerequisite to give data to parties both inside and outside the organization. It is the process of identifying, measuring and communicating economic information to permit informed and rational decisions to be made. Accountability refers to the final responsibility for the failures or success of an organization. An institution or an organization is accountable to the individuals who will be affected by its activities or decisions.

Koh and Woo (2008) contend that financial accountability is the monetary or financial trustworthiness and avoidance of fraud that makes sure that money is spent and recorded as agreed and according to appropriate rules and that accurate reports are given to stake holders in a timely manner. Financial accountability is made by planning and circulating financial statements or reports to stakeholders.

According to Kanyinga and Mitullah, (2007) financial transparency includes; financial reporting and analysis the nature extent and objective of financial reporting, auditing, assessment and understanding of financial performance; non-financial and financial accountability for asset acquisition quantitative methods for capital project appraisal, investment planning.

Kingoro and Bujra (2009) noticed that financial accountability has been one of the most prevalent and problematic issues for business worldwide for a long time. Increase in financial misappropriation and number of corporate scandals has an important impact on understanding and analyzing financial accountability and in turn on audit of the same and its regulation. Since NGOs get the greater part of their financing from donors, accountability for NGOs is usually to the donors, the beneficiaries, the employees and other stakeholders (Wells, 2003).

There has been development in financial misappropriation cases among NGOs showing the requirement for research on approaches that can better enable investigators and auditors to detect and prevent potential misappropriation in NGOs. NGOs spend relatively more on charitable activities since they are less concerned with collecting private donation through fundraising efforts (Nunnenkamp and Ohler, 2010).

NGOs organizations are difficult to stay only focusing on the mission and measuring performance due to multiple and, at times, conflicting objectives as members and donors of these organizations often have far more diverse interests than shareholders in for-profit organizations. This means that development of systems and measure to evaluate performance in NGOs can be a challenging process (Epstein and Buhovac, 2009).

Today, NGOs are facing increasing pressure for organizational accountability. This open interest for non-profit accountability is combined with the steady growth of the non-profit sector and the rapid progress in information technologies. Subsequently, it is vital, that everybody being associated with a NGO requests accountability, not only to donors and clients, but also to employees and the overall organizational community. In addition, other than accountability, additionally trust and transparency are essential issues in the NGOs sector. Moreover accountability, Non-profit administration focuses among others on issues of transparency and trust.

Uddin and Belal (2019) addressed the importance of establishing a balance between donors and intended beneficiaries. Previous research has shown how donor interests have been working against the development of beneficiary accountability (Agyemang et al., 2017; Ebrahim, 2003; O'Leary, 2017; Uddin and Belal, 2019). Beneficiary accounting has been recognized as a form of accounting that performs several critical accounting functions including stakeholder engagement, donor accounting, management and evidence of achievement for purposes. The Reachers observed that donors have directly influenced NGOs by managing critical resources to make accountability and accounting more effective. There was evidence in these organizations of the development of enhanced accountability for the needs of a wide variety of stakeholders (Lehman, 2007).

However, the potential contribution of well-designed and implemented regulations comprehensive and audited financial reports, supplemented by comprehensive relevant voluntary disclosures. All accounting and accountability procedures must be evaluated and understood in reference to the NGO's original purpose, value or mission, either regulated or otherwise. Safeguards for the protection of humanitarian independence by donors and INGOs require internal and external audits monitoring of aid recipients and compliance with transparency and protocols for procurement.

2.2 The Importance of Reporting

Financial reporting is also very importing role to show evidence for the financial accountability. It also empowers beneficiaries and other stakeholders since information is power. According to the Moyeset al (2006), financial reports must exhibit certain qualities that make them useful to the stakeholders and these include relevance, reliability, understandability and timeliness.

International Accounting Standards (IAS) do not have specific guidelines for NGOs. But in 1995 September, the Accounting Standards Board (ASB) has offered an opinion for Accounting Standards to NGOs, that "The Institute must provide Accounting Standards for use in the reporting of the general purpose financial statements can be provided to the public by such private, manufacturing or business organizations as may be defined by the Institute from time to time and subject to the attest role of its members". According to Borman (1991), the poor quality of financial reporting greatly diminishes the quality of NGOs. Quality information is readable, reliable, comparable, consistent, accurate, timely, open-ended and cost-effective. The reputation of the non-profit sector is best served if NGOs are accountable.

Reporting is also a very important role for evidence of transparency. It also facilitates beneficiaries and other stakeholders as awareness is strength. The financial reports, as indicated by the Moyeset al., (2006), must show those characteristics which render them valuable to the partners and which include importance, transparency, comprehensibility and timeliness.

Donors' selection procedures can vary as per the local context, measure of financing included and the urgency of delivering aid, which may restrict the possibility of conducting in-depth and costly financial reviews. However, it is great practice to practice due diligence and conduct minimum background checks for new partners, including reviewing past performance on projects financed by other donors and a set of internal control and accountability systems (Marie, 2013).

2.3 Dimension of Financial Accountability

Most INGOs are regulated by guidelines for assessing accountability (i.e., handling of complaints conflicts of interest, official expenses, financial management, records keeping, appointment and accountability to organizations ' senior management teams), followed by arrangements with the donor and the beneficiaries.

The parameters of financial accountability include financial amount, allocation criteria, allocation frequency, and allocation strategy. The three dimension (source of control, quality of control, and direction of relationship) captures all the existing varying types of accountability. The resulting typology additionally explains that changing subtypes have not only different actors and characteristics, but also to maintain changing qualities and are facing different challenges.

Jordan, 2005 stated that there are three fundamental areas of accountability for which NGOs can be considered responsible by their stakeholders relating to their effectiveness, their organizational reliability and their legitimacy. Effectiveness of NGOs can be considered accountable for the effectiveness in fulfilling their mandate and the quality, quantity, impact and value for moneys of their operations, as well responsiveness to the beneficiaries. NGOs' organizational reliability can also be considered accountable for the independence and reliability of their organizational structures, with criteria such as the role and composition of the board, financial and management structures, human resource management policies and practices. Legitimacy is last but not least, they additionally need to answer legitimacy issues, for example, their constituency, adherence to their mission, to the general population/beneficiaries.

NGOs are playing an increasingly important role in the delivery of healthcare, education and other welfare services in many developing countries. A normal requirement attached to the funding provided to these NGOs is that the privately based NGO needs to account to the donor government or INGO for the manner in which their funds have been used. Although this requirement can help to ensure that funding is not being misused or spent on undesignated projects, it has likewise been appeared to have tricky outcomes. For instance, there is some proof that the accountability mechanisms employed (or required) by INGOs to address this requirement for supposed upward accountability to donors can demonstrate counterproductive by damaging the effectiveness of service delivery to the NGOs' beneficiaries (Dixon et al. 2006; Goddard and Assad 2006).

2.4 Previous Studies

There have been earlier studies conducted which aimed for looking at the effects of financial accountability on the performance of non-governmental organizations.

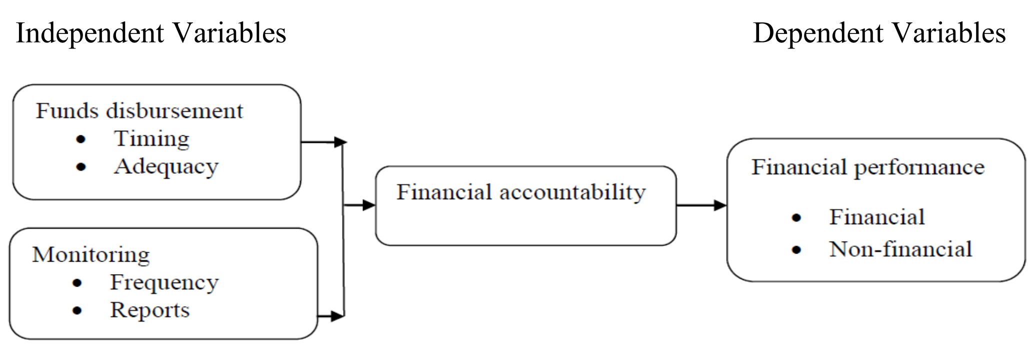
One of the scholars, Mwaura, Paul Mbugua (2013), from "The School of Business, University of Nairobi," studied the effect of financial accountability on the financial performance of NGOs in Kenya. Researcher in the fifth global economic crime study, studied multinational non-profit organizations and listed scandals including Enron, WorldCom and the findings of PwC (2009) that fraud is a general corporate concern and almost any organization is vulnerable to daily workplace fraud, leading to huge losses for business and society.

The researcher also focused at international organizations and alluded to the scandals in the fifth global economic crime index, e.g. Enron, WorldCom and the findings of PwC (2009), that fraud appears to be an inescapable organizational risk and that almost any organization is reliant on word-related occupational fraud at day-to-day activity, resulting business and community losses," However, work has shown that the growth of financial misappropriation and the amount of corporate scandals have had a significant impact on awareness and assessment of financial accountability and, moreover, on the evaluation of the equivalent and its guidance.

The researcher also mentioned that the growth and number of corporate scandals in financial misappropriation had a significant impact on the perception and evaluation of financial accountability and the financial reporting of financial accounting and its regulations. The researcher investigated the adequacy and timeliness of the funding, adequate management and accountability processes, the financial performance and the definition of the researcher in the area of financial accountabilities, timing and adequacy funds, and tracking and reporting frequency in a manner which is independent of the financial performance of the NGO as the subject differs. The researchers ' conceptual framework is as outlined in the figure 2.1.

Figure 2.1

Conceptual Framework of previous study



Source: Mwaura, Paul Mbugua, (2013)

Also, another researchers, Lee and Ali (2008) carried out a research on the relationship between financial accountability and financial performance and concluded that the correlation between financial accountability and financial performance is strongly positive. The reasons given for these findings were the development of financial accountability the purpose of financial accountability was to improve performance, not to fault and punishment The study found that budget reporting systems were developed for NGO expenditure accounting and accountability information to be used by implementers, managers and 22 politicians Mismanagement and mix-up of the funds by NGO officials have resulted to the poor performance of NGOs.

Another scholars Moyes, Landary and Vicdan (2006) stated that, financial reports will demonstrate certain qualities that are beneficial to the stakeholders, including relevance, reliability, understandability and timeliness. The Australian Accounting Research Foundation (1990) stated that it is important for financial reports to be relevant. These must have value in making decisions and evaluating the allocation of scarce resources and in considering the accountability of providers. The reports must also be adequate, reliable and accurate because these are used by stakeholder to make decisions. Reliability ensures the information is reasonably free from error and bias and faithful to what it tends to be. Understanding is the ability of users to comprehend financial reports. This depends partly on their own expertise and partly on the way the information is presented. The timeliness of financial reports is very critical as relevant and reliable reports may become meaningless if there is undue delay in presenting.

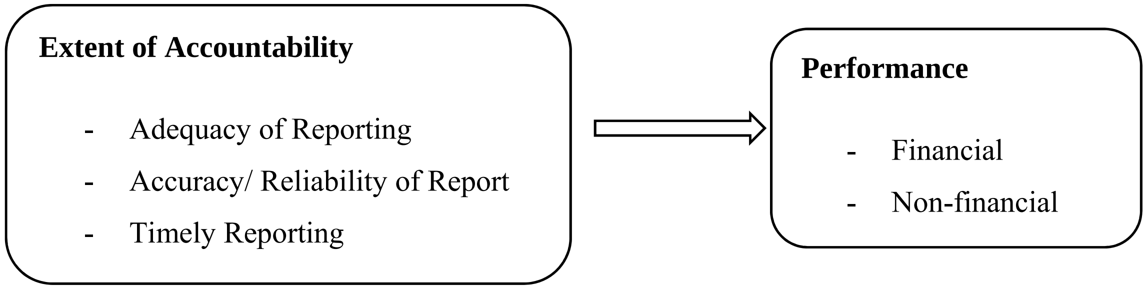
2.5 Conceptual Framework of the Study

A conceptual framework is an interactive research tool designed to help the researchers to develop and express their knowledge and understanding of the situation under examination. For analysis a conceptual framework is used to define possible courses of action or to offer a preferred approach to an idea or perception. A collection of specific ideas and principles originating from relevant fields of research can be identified and used to structure a corresponding presentation. The integration of these frameworks completes the structure for certain expected outcomes. Researcher Paul Mbugua analyzed and directly correlated the intense relationship between financial accountability and financial performance.

The presumption of NGOs which use financial and non-financial accountability as transparency to comply with rules, regulations, policies and donor guidelines. Financial reporting is also very important for organizations ' financial reporting. The independent variable is expected to affect or evaluate a dependent variable. It can be updated if desired, and its principles are not a concern that an interpretation needs clarification but are taken simply as given. The independent variables in the study will be: financial accountability. If one of the fact is failure, it will be negative effect on financial accountability of NGOs.

Figure (2.2) Conceptual Framework of the Study

Independent Variables **Dependent Variables**



Source: Own Compilation,2019

The independent variable in Figure (2.2) is expected to influence or evaluate a dependent variable. It can be modified as appropriate, and its values are not a problem that needs clarification in study but are simply taken as given Independent variables in this analysis are: extent of accountability including adequacy of reporting, accuracy/reliability of report and timely reporting. A dependent variable is the assessed variable in the experiment and the influenced variable responds to the independent variable. The dependent variables in the analysis are financial performance and non-financial performance.

Based on the above mentioned two scholars and another interpretation in the ACCA's NGO Accountability and Aid Delivery research report. This conceptual framework has established three categories: adequacy of reporting, accuracy/reliability of report and timely reporting. In line with the system the purpose of transparency and accountability is to enhance the organization's performance, where the management and reporting practices of non-profit organizations for these charitable resources will concentrate on stewardship.

CHAPTER III

OVERVIEW OF FINANCIAL ACCOUNTABILITILITY OF NGOS

The current practice of NGOs is discussed in this chapter. The first section contains general background on NGOs in Myanmar. The second section addresses NGO practice and the last portion examines Myanmar Organizations administration.

3.1 Role of Non-Government Organizations in Myanmar

The terms, non-governmental organization or NGO came into utilization in 1945 considering the requirement for the UN to differentiate in its Charter between participation rights for inter-governmental specialized offices and those for worldwide private organizations. At the UN, basically a wide range of private bodies can be perceived as NGOs. They only must be independent from government control, not trying to challenge governments either as a political party or by a narrow focus on human rights, non-benefit making and non-criminal.

Non-governmental Organization (NGO) alludes to an association, society, foundation, non-profit corporation, charitable trust, or other juridical individual that is not respected under the specific legitimate framework as part of the governmental sector and that is not operated for profit, if any profit is earned, they are not and cannot be dispersed accordingly. It ordinarily does exclude political parties, trade unions, political parties, profit-distributing cooperatives, or churches, which are usually regulated under separate legislation, (The International Journal of Not-for-Profit Law, 2009).

One of the reasons for the NGO appear in Myanmar was that international sanctions imposed upon Myanmar after 1990. International sanctions were constrained levels of foreign aid. Some INGOs and donors desired to donate for Myanmar residents in each part of economy, education, health, natural disaster and environments. INGOs and some UN offices are in partnering with local NGOs implementing their projects and programs and this opportunity has given the Myanmar NGOs to become more developed and experienced.

Cyclone Nargis brought a significant move aid programming in May 2008. International response to the event involved an enormous influx of INGOs into the country, initially responding to the humanitarian emergency in the Irrawaddy Delta. Although prominent INGOs, for example, Save the Children and CARE, were at that point set up in the country, many progressively joined their ranks. In 2008, the number of INGOs increased from around 40 to 100.

Myanmar's shift from military dictatorship to democracy, from decades of conflict to peace and from an open and inclusive market at a decisive moment. Successful elections in 2015 lead to a government that was partially democratic. The political moves in Myanmar have also made a few openings for civil society efforts. According to the “Overview of August 2019 3W" survey from the Myanmar Information Management unit (MIMU), there are 224 Organizations operating in Myanmar. These include 116 INGOs, 77LNGOs, 22 UN&IGOs and 9 Red Cross. Activities in 22 sectors and 155 sub-sectors are listed. The international donor architecture in Myanmar is comprised of the UN system, bilateral donors and multilateral funds.

3.2 Background Study on UKAID Funding to Myanmar

The United Kingdom Department for International Development (DFID) also known as UKAID was established in 1997 with a mandate to address the many challenges of tackling global poverty. International development or global development is a broad concept which refers to the idea that societies and countries have different levels of international development. Development has historically often been largely synonymous with economic growth. International Development Agency, the DFID is a government department of the United Kingdom that is in charge of providing overseas aid.

The department's mission is "to foster sustainable development and eliminate global poverty. The aim of DFID Myanmar is to help Myanmar strive to be a better fairer and more peaceful society. Now is not the time to turn back on the people who have endured decades of military dictatorship. One third of the population remains in conflict zones, many of which are beyond the control of the state of Myanmar. The peace process is slow and could reverse, putting more people in danger of living peacefully.

The Department for International Development (DFID) is collaborating with other UK government departments such as the Foreign and Commonwealth Office, International Trade Department and Ministry of defense to achieve the UK's objectives in Myanmar. It involves efforts to support the peace process, mitigate conflict impacts counter corruption and explore shared prosperity opportunities.

Bilateral programs funded by UKAID are implemented by UN agencies (includes UNDP, UNICEF, World Health Organization, World Food Programme), development banks (World Bank Group, Asia Development Bank), local and international non-governmental organizations and commercial partners. All of UKAID is provided through agreements with delivery partners that allow us to cut or modify funds according to performance and political context and maximise value for money for taxpayers.

UKAID support selected multilateral organizations by multi-donor trust funds designed to reduce or stop payments and to promote further participation by international development banks and other donors alongside DFID funding. These include the Three Millennium Development Goals Framework for Education and the Livelihoods and Food Security Trust Fund and the United Nations Unified Peace Program, which facilitates the peace process and the implementation of peace agreements.

UKAID is obligated to provide and demonstrate value for every pound of taxpayers ' money spent in helping the people of Myanmar. UKAID will only proceed working with local and international partners who have validated monitoring mechanisms to ensure that aid funding reaches those who most need it. UKAID must continue to make our aid transparent, both for citizens in the United Kingdom and in Myanmar: how UKAID improve the lives of some of Asia's poorest people. UKAID published the revised operating plan for DFID Myanmar, which has translated into Burmese. Encourage UKAID partners to cooperate with International Aid Transparency Initiative requirements and publish information of the projects we support. Enhance funding for local Myanmar organizations to promote greater accountability.

3.3 Basic Requirements for UKAID Funding

The issues of NGO accountability are complicated, mostly because of the ambiguous situation in which NGOs operate. Mainly intermediary organizations approach various stakeholders with a range of requests (Jordan and van Tuijl 2006; O'Dwyer 2007). Governments and fund-raising NGOs from developed countries also provide funding and other support for local NGOs. Similarly, other international NGOs obtain and distribute mostly in developed countries through their local operations in developing countries. Thus, local NGOs and INGO field activities function as an intermediary between international donors and local beneficiaries.

The policy of UKAID is to allow grant holders, where appropriate, flexibility in their own financial management and to place responsibility for the policies implemented by the grant holders themselves. However, budgeting and reporting throughout the fund must be consistent This guidance provides information on the basis and observations based on experience of where confusion can occur.

In general, grant holders must fulfill their responsibilities to UKAID in order to remain eligible to receive UKAID Funds. Grant holders have an obligation to ensure the proper accountability of Project Funds ensure proper financial accounting, keep all invoices, receipts and accounting records and other related d) in accordance with Financial Policy, maintain effective financial management (including but not limited to adequate control, accountability mechanisms and reporting procedures), The Fund manager will make these information available at a reasonable request to the Fund manager during the lifetime of the grant agreements, keep the Fund manager constantly aware of the forecast for lifetime of the grant agreement, insure that the Project Fund is not used and complies with any relevant UN conventions UN Security Council resolutions or law.

3.4 Financial Accountability Practices in NGOs

Financial accountability can be defined as the financial management of the organization with a view to achieving the financial objectives of the organization (Tooley and Hooks 2009). This includes two aspects: financial planning, which is a plan to ensure that sufficient funds are given at the appropriate time in order to fulfil the organization's short, medium or long-term needs. The accountability mechanisms and financial accountabilities generally used by non-governmental organizations include budgetary assessments and financial reporting, and financial management (Wilks and Zimbelman 2004).

The evaluation or interpretation of accounting and accountability practices by NGOs includes considering a variety of contextual factors. NGO accounting and accountability practices are related to fulfilling different expectations, and regulations are often required in general, to meet the requirement of' profit organizations' and public sectors, to achieve enhanced levels of accountability. In consideration of this, contextual factors frequently intersect to create additional obligations, to which NGOs respond through the development of social accounting practices.

The Department of International Development (DFID) is accountable for and responsible for its international humanitarian response policies and programmes. As in all policy areas, different and overlapping types of accountability apply to a range of policy making, allocation of resources, programming and service delivery.

LIFT, a multi-donor fund founded in 2009, aims to improve the resilience and sustainability of poor households by helping people reach their full economic potential. The project can be done by increasing income, improving the nutrition of women and children, and decreasing vulnerabilities to shocks, stresses and adverse trends. LIFT is a significant player in the development of Myanmar. To date, more than 11.6 million residents have benefited from LIFT programmes in 75% of Myanmar's townships. Since its establishment LIFT has received funding from a total of 15 international donors. The main donors include the Department for International Development (UKAID), the EU, Japan, Sweden, the United States, Canada and Ireland.

LIFT is much more than a funding body. In addition to funding 183 projects up to now, LIFT provides technical expertise, targeted research and oversight to improve the design and cohesion of the programs and boost their overall impact. LIFT also works closely with Myanmar's government to promote pro-poor policies.

LIFT employs a range of mechanisms to ensure that LIFT-funded partners remain accountable to the Fund Manager and LIFT donors including (a) regular field trips by the Fund Manager and the Fund Board; (b) twice yearly reporting to the Fund Manager; and external auditing firms However the emphasis on ensuring accountability of local partners and community beneficiaries has been weakened. The objectives of LIFT donors, which are motivated by the Paris Declaration and Accra Agenda for Action, are to address this gap and to call on donors and partners to be collectively accountable for the result of development.

The accountability framework carries out a set of principles and mechanisms for increasing accountability for the power and influence of people and organizations on the periphery of the control and management of LIFT funds. This framework has been established by reviewing global standards, by researching current frameworks in Myanmar and by interviewing about 50 percent of LIFT local partners. Consultations will be held before the draught mechanism is implemented.

The primary objective of the new accountability system is to ensure LIFT's local stakeholders ' accountability. The second objective is to strengthen local partners and communities ' ability to express their opinions / concerns and seek responses where appropriate. There are four Accountability fields are loosely based on the dimensions of other international accountability mechanism. Transparency-key information about LIFT and the projects it funds should be presented to stakeholders in languages, formats and media that are accessible, comprehensible and useful to them. Consent - LIFT should ensure that stakeholders consent to their participation in projects, and that they are satisfied with their representation in project design, implementation, monitoring and evaluation. Feedback/grievance that all local LIFT stakeholders should be aware of their right to express feedback/grievance and of the channels for doing so, including direct access to the LIFT Fund Board and the Fund Manager. And finally Competence that LIFT representatives who interact with stakeholders should always behave professionally, should be trained and skilled in participatory approaches, and should promote and apply the LIFT Accountability Framework.

The above principles or areas of accountability should be applied to all relations between the donors and LIFT and the ultimate beneficiaries within the chain. This chain normally involves Fund Board (appointed by the donors to LIFT), Fund Manager (UNOPS), Contracted implementing partners (IPs), Local partners of contracted LIFT IPs (at national, regional, community levels, depending on the project) and beneficiaries of LIFT-funded activities at community level.

CHAPTER IV

ANALYSIS THE EFFECT OF FINANCIAL ACCOUNTABILITY ON PERFORMANCE OF NGOs

This chapter presents analysis on the effect of financial accountability on financial performance of Non-Government organization. There are five sections; which will present analysis about dependent variables and independent variable to measure the effect of financial accountability on the performance of NGOs.

4.1 Research Design

There are two types of data primary data and secondary data were used in this research. The primary data collection method is used to obtain information and opinions directly and specifically from the sampled respondents. Self-administered questionnaire method has been used to obtain data. The study adapts the questionnaires from various past studied related to the topic and mainly used "Likert" scale measurement for all the variables constructed in the proposed theoretical framework. The questionnaire has been dividing into five sections which are general information of organization and the respondents, project experience of organizations, organizational performance and measurements on accountability.

Analytical descriptive research method is used in this study. The study used simple random sampling to select samples to participate. The target population is employee of the twenty organizations and sampled at three staff from each organization. Interviewee are in the top management, middle management and junior level for financial, operational and programme management. The sample is reasonable as the financial accountability is required for all level of staff. After collecting and encoding the data, frequency and descriptive measure, Cronbach alpha for checking internal consistency, and multiple linear regression model to analyze the research objective as a statistical tool are used in this study.

4.2 Demographic Information of Respondents

Demographic information will be compared between sub-groups of respondents how vary the responses are. The study sampled sixty participants who are working with international organization, local organizations and others CSOs organization. Sixty out of which fifty-two responded to the questionnaire while eight did not respond. Therefore, response rate has been presented as 87 percent. Demographic profile includes five factors such as gender, age, education level, management level, working experiences in twenty NGOs. Each characteristic has been analyzed in terms of frequency and percentage. The summary of demographic profile data is presented as follows sections.

Gender

The first analysis of the demographic profile of respondents is gender. Table (4.1) shows the result of gender demographic profile data of the respondents.

Table 4.1 Gender of Respondents

Gender	Number	Percentage
Female	30	57.7
Male	22	42.3
Total	52	100.0

Source: Survey Data, (Dec, 2019)

By the information of gender composition in Table (4.1), it was found that 30 number of female and 22 number of male in the study. In term of percentage, male respondents have been 42.3 percent while female respondents cover 57.7 percent in the study. It is found that gender balance and there has no influential between male staff and female staff perception on the study.

Age

Age of the respondent will determine the knowledge with the focus of the study. Therefore, age is one of the demographic profile factors asked in the survey. In this study, ages are grouping into four: 20-30 years old, 31-40 years old, 41-50 years old, and above 50 years old. Table (4.2) summarizes on the result of age of the respondent employees.

Table 4.2 Age Group of Respondents

Age	Number	Percentage
20-30	4	7.7
31-40	35	67.3
41-50	11	21.2
Above 50	2	3.8
Total	52	100

Source: Survey Data, 2019

According to the analysis of age of the respondents, it is found that the age group 20-30 years includes 4 respondents, 31-40 years includes 35 respondents, 41-50 years includes 11 respondents and above 50 years includes 2 respondents. The respondents were asked to indicate their age 67.3 % who were the majority were between the age of 31-40 and 20-30 years' age group shares the smallest with 7.7 percent. From that age analysis, matured age group of between 31 and 40 years old employees who are responding with their views on extent of financial accountability, the financial performance and non-financial performance practices in the organizations well.

Education Level of Respondents

Education is one of factor in demographic profile data, which influence on the responses of the study. In the analysis of education level, there have been grouped into five: high school level (pass the matriculation exam), university degree, post graduated, master degree holder and Ph.D holder. Respondents are asking for their highest education level in this study. Table 4.3 summarized the results from the respondents as follows.

Table 4.3 Education Level of Respondents

Education	Number	Percentage
High school level	3	5.8
University Degree	22	42.3
Post Graduated	9	17.3
Master Degree	18	34.6
Total	52	100

Source: Survey Data, 2019

According to the results of the analysis, it is found that 22 respondents are University degree holders, 18 respondents are Master degree holders, 9 are post graduated, 3 are passed the matriculation exam /high school level. In term of percentage, University degree holders are account for the largest portion with 42.3 percent and Master degree holders are the second largest with 34.6 percent. From that education level analysis, all participants have strong educational background as International organizations' staff. Thus, their reactions to the extent of their organizations ' financial responsibility and their relevant stakeholders are well thought out.

Job Positions of Respondents

Position of the respondents is another key factor of demographic profile data in survey. Perspective on the policy, procedures and practices will vary upon the position level. In the analysis of position level of respondents, there are four categories based on management level as senior management, middle management, junior level and others from twenty organizations but who are daily in touch with the extent of financial accountability. Table 4.4 summarized the result on the position of respondents as follows.

Table 4.4 Position level of Respondents

Position level	Number	Percentage
Senior management	19	36.5
Middle management	25	48.1
Junior level	7	13.5
Others	1	1.9
Total	52	100.0

Source: Survey Data, 2019

Regarding to summary of Table 4.4, it is found that out of 52 respondents, 19 are from senior management level, 25 from middle management, 7 from junior level and 1 consultant as others. In the term of percentage, middle management shares the largest portion with 48.1 percent, senior management level included 36.5 percent with the second largest portion. From the survey result, the responses on the survey questions for extent of financial accountability with financial performance and non-financial performance of organizations from the point of senior management and middle management view as well as the point of programme and operation management level view.

Working Experiences of Respondents

Asking for working experiences in their organizations focus on the relevant working experiences in their field and having understandable on the survey objectives. In the analysis of working experiences, it was grouped into four: less than 5 years, 5-10 years, 11-15 years and above 15 years. Table 4.5 reports on the results of the analysis on the working experiences of the respondents as follows.

Table 4.5 Working Experiences of Respondents in the organization

Experiences	Number	Percentage
Less than 5 years	5	9.6
5 – 10 Years	21	40.4
11 – 15 Years	15	28.8
Above 15	11	21.2
Total	52	100

Source: Survey Data 2019

Table 4.5 shows the result of 52 respondents. Among them, 5 respondents have less than 5 years of experience, 21 have 5 to 10 years' experiences, 15 have 11 to 15 years' experiences and remaining 11 have above 15 years' experiences. In term of percentage, majority groups are 5 -10 years and 11-15 years experiences with 40.4 and 28.8 percent. Eleven respondents who have above 15 years' experiences are long-term service in twenty non-governmental organizations. Longer working experiences employee responses more on the survey questions on extent of financial accountability and financial performance and non-financial performance of the organization.

4.3 Assessment of Reliability of the Factors

The research used scales of Likert and its reliability must be controlled. The reliability of a scale shall be defined as its ability to measure the phenomenon consistently. The investigator may decide which element in the evaluation of the phenomenon under review does not meet the internal consistency of the study. The goal is to eliminate the inconsistent items and to enhance the test's internal consistency. The Cronbach alpha value is used in this analysis as an indicator of the internal consistency of the scales used in the survey. Alpha of Cronbach is an estimate of the mean of all the coefficients of correlations of the things in a study. It shows that all things are accurate if the alpha value is strong, and that the entire check consists internally. At least one of the objects is unstable and must be detected by the item analysis process if alpha is weak. However, the alpha value of Cronbach should ideally be above 0.7 in accordance with (DeVellis 2003).

Table 4.6 Results of Cronbach's Alpha Value

Practices	No. of Items	Cronbach's Alpha Value
Adequacy of Reporting	5	0.820
Accuracy/Reliability of Reporting	5	0.854
Timely Reporting	5	0.821
Financial Performance	6	0.833
Non-Financial Performance	6	0.817

Source: Survey Results, 2019

The results from the Cronbach alpha value are 0.817 to 0.854, showing that the scales with this sample are very consistent internally and accurate.

4.4 Analysis on Effect of Financial Accountability on the Performance of NGOs

The effect of financial Accountability on the performance of NGOs is analyzed by measuring extent of accountability on adequacy of reporting, accuracy/reliability of reports and timely reporting. The financial and non-financial performance of NGOs is based on three different variables of extent of accountability (1) adequacy of reporting, (2) accuracy/ reliability of report and (3) timely reporting by organizations. The extent of accountability level is evaluated based on the mean value. The findings are presented and discussed as follows.

4.4.1 Adequacy of Reporting

In this section, the understanding and practice on adequacy of reporting of organization were analyzed by using five statements such as: the main score of each element is shown in table 4.7.

Table 4.7 Adequacy of Reporting

Statement	Mean	Standard Deviation
Financial statements and management reports are relevant to the decision making and planning.	4.25	0.62

Annual report is a valuable source of information for stakeholders.	4.29	0.67
Explanatory notes are attached with financial statements released by organization.	4.19	0.66
Annual financial reports demonstrate financial accountability and stewardship themselves.	4.31	0.64
The financial reports are understandable to the stakeholders.	4.31	0.58
Overall Mean	**4.27**	

Source: Survey Data (Dec, 2019)

In the analysis on adequacy of reporting, Table 4.7 reports that the mean score for adequacy of reporting in the seventeen organization is 4.27, indicating the good extent in accountability of the seventeen organizations as a core value of adequacy of reporting.

The highest mean score is 4.31 (standard deviations are 0.64 and 0.58). This highest numbers indicates that annual financial reports are demonstrate financial accountability and stewardship themselves and the financial reports of the organizations are understandable by the stakeholders.

The lowest score is found that explanatory notes are weak to attach with financial statements released by organization and the indication is showing with the mean value 4.19 (standard deviation 0.66). All this organizations are showed the great extent of adequacy of reporting to verify the good financial performance.

4.4.2 Accuracy/Reliability of Reporting

In this section, the understanding and practice on accuracy/reliability of reporting of organization were analyzed by using five statements such as: the main score of each element is shown in table 4.8.

Table 4.8 Accuracy/Reliability of Reporting System

Statement	Mean	Standard Deviation
Financial Statements are prepared in accordance with standardize Accounting practices.	4.35	0.68
Budget monitoring reports are prepared with notes, expenses and comments.	4.29	0.70

My organization set-up well-defined financial management policies.	4.38	0.75
The variances against budget vs actual expenses are also clearly described.	4.25	0.62
Information about expenditures are accurate.	4.33	0.47
Overall Mean	**4.32**	

Source: Survey Data (Dec, 2019)

In the analysis on accuracy/reliability of reporting system, Table 4.8 reports that the overall mean score for accuracy/reliability of reporting in seventeen organization is 4.32, indicating that good extent in accountability of the seventeen organizations as a core value of accuracy/reliability of reporting.

The highest mean score is 4.38 (standard deviations 0.75). This highest number indicates that the organization have set-up well-defined financial management policies. The lowest score is found that the variances against budget vs actual expenses are needed to describe clearly. The indication is showing with the mean value 4.25 (standard deviation 0.62). As overall all the organizations are showed the good extent of accuracy/reliability of reporting to verify the good financial performance.

4.4.3 Timely Reporting

In this section, the understanding and practice on timely reporting system of organization were analyzed by using five statements such as: the main score of each element is shown in table 4.9.

Table 4.9 Timely Reporting

Statement	Mean	Standard Deviation
Management meets the information needs of the stakeholders on a regular basis.	4.21	0.61
My organization prepares regular financial reports for the benefit of stakeholders.	4.37	0.60
The staff submit reports for business advances in a timely manner.	4.17	0.73
Financial statements and management reports are timely and reliable.	4.31	0.61
Financial reporting is done at the end of every financial year.	4.44	0.50

Overall Mean	**4.30**	

Source: Survey Data (Dec, 2019)

In the analysis on timely reporting system, Table 4.9 reports that the overall mean score for timely reporting system in seventeen organization is 4.3, indicating that good extent in accountability of the seventeen organizations as a core value of timely reporting.

The highest mean score is 4.44 (standard deviations 0.50). This highest number indicates that the organizations prepared financial reporting at the end of every financial year. The lowest score is found that the staff submit reports for business advances in a timely manner. The indication is showing with the mean value 4.17 (standard deviation 0.73). As overall all the organizations are showed the good extent of timely reporting to verify the good financial performance.

4.5 Analysis on Performance of NGOs

To analyze the NGOs' performance, this section is divided into two of financial performance and non-financial performance.

Financial Performance

The understanding and practice of organization on financial performance of organization were analyzed by using five statements such as: the main score of each element is shown in table 4.10.

Table 4.10 Financial Performance

Statement	Mean	Standard Deviation
Expenditures are incurred within the acceptable variance.	4.10	0.57
Financial reports contain all relevant facts and figures.	4.31	0.54
All financial transactions are audited by third party.	4.38	0.60
Various sources of funding are available for our organization.	3.87	1.01
The financial reports produced are clearly understood by the donors and meeting with requirement.	4.29	0.50
My organization has a formal policy protecting whistle-blowers.	4.12	0.96
Overall Mean	**4.18**	

Source: Survey Data (Dec, 2019)

In the analysis on financial performance, Table 4.10 reports that the overall mean score for financial performance of NGOs in seventeen organization is 4.18, indicating that good extent in accountability of the seventeen organizations as a core value of financial performance.

The highest mean score is 4.38 (standard deviations 0.60). This highest number indicates that all financial transactions are audited by third party. The lowest score is found that various sources of funding are available for our organization. The indication is showing with the mean value 3.87 (standard deviation 1.01). As overall all the organizations are showed the good extent of financial performance.

Non-Financial Performance

In this section, the understanding and practice of organization on non-financial performance of organization were analyzed by using five statements such as: the main score of each element is shown in table 4.11.

Table 4.11 Non-Financial Performance

Statement	Mean	Standard Deviation
My organization has good reputation in the community.	4.46	0.67
My organization meet the vision, mission of the organization.	4.54	0.54
Management of organization provide the policy to be effective and efficient.	4.46	0.61
Staff retention in my organization is satisfactory.	4.15	0.72
The performances of the organization are having good impact for future growth.	4.38	0.49
Mostly, beneficiaries are satisfied with the services deliver by organization.	4.48	0.50
Overall Mean	**4.41**	

Source: Survey Data (Dec, 2019)

In the analysis on non-financial performance, Table 4.11 reports that the overall mean score for financial performance of NGOs in seventeen organization is

4.41, indicating that good extent in accountability of the seventeen organizations as a core value of non-financial performance.

The highest mean score is 4.54 (standard deviations 0.54). This highest number indicates that the organizations meet the vision, mission of the organization. The lowest score is found that staff retention in my organization is satisfactory. The indication is showing with the mean value 4.15 (standard deviation 0.72). As overall all the organizations are showed the good extent of non-financial performance.

4.6 Effect of Financial Accountability on Financial Performance

This section will analyze the effect of financial accountability on financial performance of NGOs. To analyze the effect of financial accountability on financial performance, the multiple linear regression model is applied. The output from generating multiple linear regression model is shown in below table 4.12.

Table 4.12 Effect of Financial Accountability on Financial Performance

Model	Unstandardized Coefficient		Standardized Coefficient	t value	Sig	VIF
	B	Std. Error	Beta (β)			
Constant	0.631	0.427		1.477	0.146	
Adequacy of Reporting	0.121	0.170	0.124	0.713	0.479	3.650
Accuracy/Reliability of Reporting	0.024	0.193	0.024	0.126	0.900	4.372
Timely Reporting	0.680 ***	0.171	0.655	3.976	0.000	3.271
R Square						0.602
Adjusted R Square						0.577
F value						24.174(0.000) ***

Source: Survey Data (Dec, 2019)

Note: *** Significant at 1% Level, ** Significant at 5% Level, * Significant at 10% Level

The results of the analysis are presented in Table (4.12) and shows the power of the models is considered relationship between other influencing factors on financial performance as values of adjusted R square 0.577. The model explains 58% of the variation on extent of financial accountability namely adequacy of reporting, accuracy/reliability of reporting and timely reporting system is explained by financial performance. If the organization do not have extent of accountability (adequacy of reporting, accuracy/reliability of reporting and timely reporting), the financial performance would have been 0.631. One unit of timely reporting increased 0.68 times in financial performance. Among the other factors of extent of accountability, timely reporting is more supported financial performance than other factors.

The Variance Inflation Factor (VIF) measures the impact of multicollinearity among the variables in a regression model in Table (4.12). As the result, since the value of VIF for all independent variables are less than 10, the multicollinearity does not exist.

The value of F-test, the overall significance of the models and which came out highly significant at 1 % level. According to the result, timely reporting is statistically significant on financial performance out of three factors of extent of financial accountability. Timely reporting is significant at 1 % level since the resulted p value is less than 0.01. The magnitude of each coefficient indicates that if the score of quality input goes up 1 unit, while other factors are constant, the financial performance will increase by 0.68 units.

Thus it is concluded that, there is only one influencing factor timely reporting system is key determinant to increase financial performance.

4.7 Effect of Financial Accountability on Non-Financial Performance

This section will analyze the effect of financial accountability on non-financial performance of NGOs. To analyze the effect of financial accountability on non-financial performance, the multiple linear regression model is applied. The output from generating multiple linear regression model is shown in below table 4.13.

Table 4.13 Effect of Financial Accountability on Non-Financial Performance

Model	Unstandardized Coefficient		Standardized Coefficient	t value	Sig	VIF
	B	Std. Error	Beta (β)			
Constant	1.663	0.422		3.943	0.000	
Adequacy of Reporting	0.194	0.168	0.228	1.154	0.254	3.650
Accuracy/Reliability of Reporting	-0.090	0.190	-0.102	-0.475	0.637	4.372
Timely Reporting	0.538***	0.169	0.595	3.189	0.003	3.271
R Square						0.488
Adjusted R Square						0.456
F value						15.272(0.000) ***

Source: Survey Data (Dec, 2019)

Note: *** Significant at 1% Level, ** Significant at 5% Level, * Significant at 10% Level

The results of the analysis are presented in Table (4.12) shows the power of the models is considered relationship between other influencing factor on non-financial performance as values of adjusted R square 0.456. The model explains 46% of the variation on extent of financial accountability namely adequacy of reporting, accuracy/reliability of reporting, timely reporting is explained by non-financial performance. The value of F-test, the overall significance of the models, came out highly significant at 1 % level. It can be clearly seen that all the coefficients on extent of financial accountability such adequacy of reporting, accuracy/reliability of reporting, timely reporting in the models are jointly significant at 1 % level on financial performance.

The Variance Inflation Factor (VIF) measures the impact of multicollinearity among the variables in a regression model in Table (4.12). As the result, the value of VIF for all independent variables are less than 10, the multicollinearity does not does not exist.

Out of three extents of financial accountability factors, timely reporting is statistically significance of the non-financial performance as well and other two factors are not significant of the non-financial performance. In addition, timely reporting is significant at 1 % level since the resulted p value is less than 0.01. The magnitude of each coefficient indicates that if the score of quality input goes up 1 unit, while other things are constant, the non-financial performance will effective by 0.538 unit. One of the independent variables, accuracy/reliability of reporting's beta is -0.102 which is negative relationship it could be the respondents who are non-financial and management but it is not significant. Thus it is concluded that, there is only one influencing factor timely reporting system is key determinant to increase non-financial performance as well. For the beta coefficient is negative, the interpretation is that for every 1-unit increase in the predictor variable, the outcome variable will decrease by the beta coefficient value.

CHAPTER V
CONCLUSION

This chapter summarizes the conclusions from chapter four and provides the conclusions and recommendations of the study based on the research objectives. The research specifically targeted to examine the effect of financial accountability on the performance of NGOs in Myanmar. There are three section to expresses findings and discussions on the survey data, suggestions to the findings of the study and final section is the needs for further studies.

5.1 Findings

The study found that majority of the respondents were from middle management and senior management of organizations, the findings show that the targeted organizations were well presented in the study. Majority of the respondents were female. The findings show that gender parity was observed in the study. Majority of the respondents were between the age of 31 to 40 years, this shows that the respondents were mature and could answer to the study appropriately. Majority of the respondents had university degree and second largest is master degree; this shows that the respondents were well educated. Majority of the respondents had worked for a period between 5 to10 years, a clear indication that all the respondents had stayed in their respective NGOs for a period of time hence they were conversant with how the NGOs operated.

The study also found that the NGOs applied financial standards in ensuring accountability of finances in the organizations. The financial management system is in place. The extent of financial accountability was found to be to a great extent and the respondents could describe their organization in terms of financial accountability, it was found that quality of financial reports was determined by the NGOs internal controls, sampling techniques used in accounting, audit evidence through internal and external sources and emphasis employed by the organization on the truth and fairness of financial statements.

The study further found that most NGOS have formal policy protecting whistle-blowers that can prevent potential fraud and corruption. Majority indicated that their organizations had set measures of detecting and controlling fraud and corruption. Those who had set measures of detecting and controlling fraud indicated that it was a mandate given by the donors and had to be implemented and monitored regularly and hence had to be adopted while those who did not have measure of controlling fraud cited that they did not see any importance since the finances are well accounted for and they have never received any complaints nor had issues with accounting to their financial use.

Finally, the study analyzed on financial performance of the NGOs on the effect of financial accountability. In terms of the standardized coefficient, there is only one influencing factor such as timely reporting is key determinant of the financial performance of borrowing non-governmental organizations in LIFT Project. The other two factors are not significant on the performance of organization in this study, that may be because the study was only focused on reporting and others factors were not take into account. Regarding to the negative association of accuracy/reliability of reporting with non-financial performance may be because of there is no specific guideline in reporting standard for non-profit and there is no enforcement by law to follow correctly.

5.2 Suggestions

In light of the research findings, the following recommendations were made:

The study also recommends that it is the primary responsibility of senior management and middle management to ensure that the NGOs are accountable for their programs and finances to the donors, members, the public and government regulators. Accountability requires that the organization comply with all applicable laws and ethical standards; adhere to the organization's mission; create and adhere to conflict of interest, ethics, personnel and accounting policies; protect the rights of members; prepare and file its annual financial report with the NGOs Coordination Board and appropriate state regulatory authorities and make the report available to all members of the board and any member of the public who requests it. The development and maintenance of the organization's internal controls will help to ensure accountability.

The study recommends that the senior management and middle management of those NGOs should be responsible for managing and preserving the charitable assets that benefit all stakeholders. The study recommends the following guidelines to assist senior management and middle management and others in carrying out their oversight of NGOs financials. All NGOs should have policies and procedures established so that; all level of staff understand their fiduciary responsibilities, financials are managed properly whatever their mission or size, and the charitable purposes of the organization are carried out. A failure to meet these obligations is a breach of fiduciary duty and can result in financial and other liability for the management and staff. Effective internal controls should be encouraged to protect an organization's financials and assist in their proper management.

Regarding to financial reporting practice, budget monitoring report and project base financial report could be affected on both financial and non-financial performance. The suggestion would be that better to be having financial report of the whole organization can show the overall situations and can be prepared for sustainability of organizations. The other suggestion is the management should always look on financial recording system and prepare to complete all registers as international accounting standards.

In conclusion, NGOs have upheld financial accountability to a great extent however annual financial reporting of their organizations still appears as a challenge and conflicts of interest policy" that clearly states the procedures to be followed if a senior management's personal or financial interests may be advanced by an action of the decision. The extent of financial accountability factors affect on the financial performance of non-governmental organizations and if the organizations have greater extent the organization will have higher accountability.

5.3 Needs for Further Studies

The study has analyzed the effects of financial accountability on financial performance of 20 non-governmental organizations who participating in LIFT project in Myanmar. However, there are numerous other sectors that vary in management and all have different settings. This suggests the need for another research which would allow generalization of the study findings for other local NGOs and international NGOs from other sectors. And to study for others factors which can affect to organizational performance.

In fact, it is proposed that a further study be carried out with the objective of exploring the impact of overall accountability on the accountability on the performance of local NGOs or international NGOs. This kind of study will also conduct to examine the effects of financial accountability on the performance of the public sector efficiency in Myanmar.

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SECTION A: GENERAL INFORMATION ABOUT ORGANIZATION

1. Name of NGO ……………………………………

2. Type of NGO

☐ Local ☐ Foreign

SECTION B: GENERAL INFORMATION ABOUT THE RESPONDENT

3. Gender of the respondent ☐ Male ☐ Female

4. Age of respondent (years)

5. Please indicate your highest level of education attained

☐ Pass the Matriculation Exam

☐ University Degree

☐ Post Graduate

☐ Master Degree

☐ Ph.D

6. Level of job position of respondent (tick as appropriate and (optional) give the position name)

☐ Senior Management ☐ Middle Management ☐ Junior Level

7. How many years have you worked in an NGO sector?

☐ Less than 5yrs ☐ 5 to 10yrs

☐ 11 to 15yrs ☐ Above 15yrs

SECTION C: BACKGROUND INFORMATION ABOUT THE NGO

8. Major activities/programs being implemented by your organization are

☐ Livelihood ☐ Microfinance ☐ Shelter/Housing

☐ Health ☐ WASH ☐ Social

☐ Education ☐ Land & Property ☐ Others (Specific)

9. How many grants/project/programmes have your organization involve until now? (…………..)

10. How many times did you receive the funding from DFID? And how many donors do you have?

(…………times.) (…………donors)

11. How long have your organization been working for LIFT project? (…………years)

SECTION D: ORGANIZATIONAL PERFORMANCE

12. How well the organization has performed in the last five years. Meeting organizational objectives

☐ Fully meets its objectives ☐ Partly meets its objective

☐ Does not meet its objectives

13. In general, does your organization provide the related information of the programme to following stakeholders;

	Yes	No
- Donors' organizations	☐	☐
- Beneficiaries	☐	☐
- Partners organizations	☐	☐
- Government organizations	☐	☐
- Staff	☐	☐

SECTION E: FINANCIAL PERFORMANCE AND NON-FINANCIAL PERFORMANCE

To what extent does your organization ensure the given in relation to financial performance. Use a scale of 1-5 where 5 Very great extent, 4 Great extent, 3 Moderate extent, 2 Little extent and 1 No extent

Sr.	Statement	1	2	3	4	5
	Adequacy of Reporting System of your organization					
14	Financial statements and management reports are relevant to the decision making and planning.					
15	Annual report is a valuable source of information for stakeholders.					
16	Explanatory notes are attached with financial statements					

		1	2	3	4	5
	released by organization.					
17	Annual financial reports demonstrate financial accountability and stewardship themselves.					
18	The financial reports are understandable to the stakeholders.					
	Accuracy/Reliability Reporting System of your organization					
19	Financial Statements are prepared in accordance with standardize Accounting practices.					
20	Budget monitoring reports are prepared with notes, expenses and comments.					
21	My organization set-up well-defined financial management policies.					
22	The variances against budget vs actual expenses are also clearly described.					
23	Information about expenditures are accurate.					
	Timely Reporting of your organization					
24	Management meets the information needs of the stakeholders on a regular basis.					
25	My organization prepares regular financial reports for the benefit of stakeholders.					
26	The staff submit reports for business advances in a timely manner.					
27	Financial statements and management reports are timely and reliable.					
28	Financial reporting is done at the end of every financial year.					

FINANCIAL PERFORMANCE OF YOUR ORGANIZAITON

Sr	Statement	1	2	3	4	5
29	Expenditures are incurred within the acceptable variance.					
30	Financial reports contain all relevant facts and figures.					
31	All financial transactions are audited by third party.					
32	Various sources of funding are available for our organization.					
33	The financial reports produced are clearly understood by the donors and meeting with requirement.					
34	My organization has a formal policy protecting whistle-blowers.					

NON - FINANCIAL PERFORMANCE OF YOUR ORGANIZATION

Please indicate to what extent financial accountability affects the following aspects of Non - financial performance. [5- most effect, 4-some effect, 3-minimal effect, 2 no effect, 1- not sure]

	Statement	1	2	3	4	5
35	My organization has good reputation in the community.					
36	My organization meet the vision, mission of the organization.					
37	Management of organization provide the policy to be effective and efficient.					

38	Staff retention in my organization is satisfactory.					
39	The performances of the organization are having good impact for future growth.					
40	Mostly, beneficiaries are satisfied with the services deliver by organization.					