

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

**A STUDY ON THE ORGANIZATIONAL PERFORMANCE OF
MYANMA AGRICULTURAL DEVELOPMENT BANK**

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ABSTRACT

This study mainly focused on organization performance of Myanmar Agricultural Development Bank (MADB). The major objectives of the study were to identify the organizational performance management practices and to evaluate the organizational performance of Myanmar Agricultural Development Bank. In this study, organizational performance of MADB was evaluated with financial and non-financial perspective measurement. Descriptive research method was used in research study. Secondary data was collected from the financial statement from (2015-2016) to (2020-2021) to analyze financial ratio, the solvency, liquidity and profitability of MADB for financial perspective measurement. This research was conducted with learning and growth perspective, internal business process perspective and customer perspective measurement in non-financial perspective measurement. Non-financial analysis was done by collecting primary data source through the surveyed questionnaires with 5 point Likert scale. Sample of 130 employees and 150 customers were chosen from the MADB's Head Office, Yangon. The study indicated that MADB' performance in customer point of view has good in condition. MADB is providing loans with the lowest interest rate, reasonable charges and enough time limitation for repaying the principle and interest to the farmers for the welfare of public sector. And also this study revealed that performance of MADB in the employee perspective of learning and growth has the favorable situation. Bank considers training program can support for the employees to do their job well and to improve the organization performance. Performance of bank is good in internal business process perspective. MADB is under performance in monitoring for the performance of organization. After spreading the disease of Covid-19, the financial situation of MABD was declining because of increasing the non-performing loan due to the impact of Covid-19 crisis on the economy of farmers. Management needs to control on financial performance by setting the loan policy and procedures to recover the non-performing loan.

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LISTS OF ABBREVIATIONS

ATM	Automatic Teller Machines
BSC	Balanced Scorecard
CAR	Capital Adequacy Ratio
CBM	Central Bank of Myanmar
CERP	COVID-19 Economics Released Plan
DTL	Development Term Loans
E-service	Electronic service
GDP	Gross Domestic Product
HR	Human Resource
IFRS	International Financial Reporting Standard
IT	Information Technology
MADB	Myanma Agricultural Development Bank
NPL	Non-Performing Loan
QRS	Quick Response System
ROA	Return On Assets
SCPL	Seasonal Crop Production Loans

CHAPTER I

INTRODUCTION

In the dynamic environment of 21st Century, organizations which operate in every business industries or sectors face and touch with the challenges and opportunities due to the impact of globalization, rapid development of technology, changing the trend of customers, market mobility and market liberalization. Moreover, competitions are wide in this decade for every organization. Therefore, organizations strive to be long term survival, in other way, to be sustainable in the market by competing with the local and global competitors (Itigi, 2015). Managing the organization performance plays a critical role in well-organized and effective management to overcome the challenges, to get opportunities and to survive in the midst of competition. Thus, organizations need to have better organizational performance by setting effective and efficient performance management system.

Myanmar is trying to develop in country economy. The financial sector is the backbone of a country's economy. Restructure of Myanmar's banking sector began in 2011 when the government permitted private banks to conduct foreign exchange transactions and set up Automatic Teller Machines (ATMs) across the country. In 2012, the government stated the Foreign Exchange Management Law. In 2013, Foreign Exchange Management Law was revised by the Central Bank of Myanmar (CBM) Law to reduce country border's restriction. CBM is given central authorities and responsibility for implementation in country monetary and exchange policies as well as regulating and supervising the Myanmar banking sector (GIZ report, 2018).

The Financial Institution Law of Myanmar, passed in January 2016, represented a major step towards modernizing the sector. The law established governing regulations for both domestic and foreign financial institutions. It also achieved to level the playing field between private and State-owned banks and confirmed the CBM's regulatory powers over the banking sector. Today, there are 28 domestic banks operating in Myanmar. This number includes four state-owned banks in which three banks are owned by municipal governments, 10 semi-private banks that trade privately but are partially owned by, or closely associated with, government agencies, and 14 privately owned banks. Therefore, there are a lot of competitions

among the banks. Banks strive to survival in the economy by operating better performance among the competitors (GIZ report, 2018).

Nowadays, Myanmar country's economy has been negatively affected by the Coronavirus disease (COVID-19). Especially, Myanmar country's financial and economic sectors suffer the negative impact of COVID -19. Thus, Myanmar government released the COVID-19 Economics Released Plan (CERP) in April 2020 to mitigate the impact of corona crisis. According to the CERP, several relaxations in the banking law and regulations have been announced to prevent the banking industry from suffering the negative impacts of COVID-19. To have speed recovery in the banking industry, performance management is needed to carry out effectively and efficiently (GIZ report, 2020).

Performance Management is a practice of developing ways to evaluate performance in order to enhance it in terms of organization (Den Hartog et.al, 2004). Performance management system is becoming essential in the banking industry because it benefits on continuous improvement and acquires competitive advantages. (Velnampy et.al, 2010). The effectiveness of performance management is measured in term of the achievement of financial and non- financial goals, ability and skill development of employees, improvement of customer service and quality of internal process.

Agriculture plays in the important role in CERP to release COVID-19's negative impact of Myanmar's economy because Myanmar is an agriculture based country. Moreover, it is estimated that 35 to 40 percent of Myanmar country's gross domestic product (GDP) come from agriculture based organization. Employment opportunities are provided more by the agricultural based organization. Therefore, financial institutions that provide agricultural loans is becoming more important for Myanmar's financial sector. Among the financial institutions supporting the agriculture sector, the Myanma Agricultural Development Bank (MADB) plays an important role. MADB was established by the Myanmar's Government to support public welfare. MADB is currently the largest financial institution which is serving the rural areas and financing agriculture activities. As the plan of CERP, financial institutions need to enhance organization performance to achieve the targeted organizational objective, desire level of productivity and to enhance their revenue and profitability in term of organization growth although they have been facing COVID - 19 Pandemic Crisis.

1.1 Rationale of the Study

Myanmar banking sector is improving but still needs to go a long way to become competitive with international foreign banks. Structures for banking sector are still under developed. Local banks are upgrading and modernizing IT infrastructures and adopting CORE banking solutions. Some banks had launched internet banking and installed ATMs in most of commercial sites. Banks need to perform international standards and best practices. Therefore, there are many challenges among local banks and also foreign banks in Myanmar banking Sector. The Central Bank of Myanmar is currently updating the rules and regulations in accordance with the international standards not only operations of banks but also accounting standards (GIZ report, 2020).

Banking sector is accepted to make strides forward this year as fierce competition forces banks in Myanmar to level up. In any country, financial services sector occupies a unique place among all business sectors. It plays a vital role for overall economic development seeding groups in other sectors by providing the necessary fund to various economic agents, namely private individuals and corporation. It is also in itself a key business sector contributing a large number of well qualified and high sectors in the world in terms of revenues.

Myanmar is an agricultural based country and the majority of people are working in the agricultural sector, especially for the majority of poor people in rural areas. A key challenge for the majority of these farmers is access to finance. And then, agricultural area is the main straggled area for recovering the COVID-19 crisis in Myanmar economy. Lack access of finance in agricultural sector is impediment to farmers in improving the efficiency of their productions and adopting better technologies. The development of agriculture requires financial services that can support larger agricultural investments and agriculture related infrastructure that require long-term funding.

Agricultural finance and investments are strategically important for eradicating extreme poverty and boosting shared prosperity globally. The rural and agricultural credit in Myanmar is supported by formal government financial institutions, Myanma Agricultural Development Bank, Myanmar Livestock and Fishery Development Bank, The Central Cooperatives Association and Semi-Formal Financial Institutions (such as Microfinance). Among the government institutions supporting the agriculture sector, Myanma Agricultural Development Bank, MADB,

is the only State-owned bank under the Ministry of Planning and Finance and plays a key role in Myanmar Financial sector by focusing the public well fare and interest. It is the largest provider of credit to rural households engaged in agricultural activities and is critical role supporting to farmers in the agricultural sector. It was built as State Agricultural Bank in 1953 (MADB report, 2019).

Myanma Agricultural Development Bank provides the loan service to rural households by serving two million customers in 2019. It serves the financial services to the customers with the network of 226 branches in all over the country of Myanmar. Head Office of MADB which is situated in Yangon is controlling the operation process of these branches. Its Head Office is operating the daily operation activities with 260 total numbers of employees. Head Office of bank organizes, presents and controls the financial information and operating procedures which are submitted by all branches of MADB to the responsible person of each department.

MADB bank' loan products typically cover working capital for farmers to purchase of seeds, fertilizer and pesticides, pay salaries for farm workers and lease or buy of agricultural equipment. Most of the farmers of the country depend on MADB's lending and operation process. Modernization of the agriculture sector is a critical element for poverty alleviation and shared prosperity in Myanmar. Managing the performance is the key for upgrading and developing of this bank. which can contribute to achieve the success of organization. Only measuring the financial performance is not enough while reviewing the organization performance. Kaplan and Norton 1992 introduced Balanced Score Card (BSC) which is a performance metric used in strategic management to identify and improve various internal functions of a business and their resulting external outcomes. It is also used to measure and provide feedback to organizations. It basically is a strategic management system that helps organizations to identify strategies and make it executable (Braam & Nijssen,2004).

This study aims to evaluate the MADB's bank performance by using BSC method. There has not yet any research paper conducted by BSC method to evaluate the MADB's operations. This study points out the strengths and weakness of organization's operation from financial and non-financial point of views and provides the positive suggestion to improve the MADB's performance for future years.

1.2 Objectives of the Study

The major objectives of this study are as follows;

1. To identify the performance management practices of Myanmar Agricultural Development Bank (MADB).
2. To analyze the performance of Myanmar Agricultural Development Bank (MADB).

1.3 The Scope and Method of the Study

This study focuses on organization performance of Myanmar Agricultural Development Bank (MADB). In this study, both qualitative and quantitative method were used in this study. Primary data and secondary data were applied in this study. Primary data was collected from the responsible persons and employees of MADB and MADB's customers by interviewing and surveyed questionnaires. Surveyed questionnaires were distributed to fifty percent of two hundred and sixty total employees and three hundred customers of MADB's Head Office. They were selected by using simple random sampling method. Surveyed data were collected by using face to face interview with the respondents.

This study also used the secondary data based on financial statement of the year 2015 to 2020 to assess the financial perspective. This included statement of financial position and some extract financial data of statement of profit and loss. Financial performance indicator for solvency, liquidity and profitability were used to identify the financial perspective of the MADB bank. This study used the previous research papers, relevant text books, articles and internet websites.

1.4 Organization of the Study

This study is organized by five chapters. The first chapter discussed with introduction, rational of the study, objective of the study, scope and method of the study. Theoretical background of performance measurement and theory of Balanced Scorecard were presented in chapter two. Chapter three described background study on Myanmar Agricultural Development Bank and identified the current performance management practices of MADB. Chapter four evaluated the organizational performance of Myanmar Agricultural Development Bank based on Balanced Scorecard theory. Chapter five pointed out the conclusion of the study including findings, suggestions and recommendations from the result of the study.

CHAPTER II

THEORETICAL BACKGROUND OF THE STUDY

This chapter highlights the theoretical review on organizational performance management theories and Balanced Scorecard theory which was explored by Kaplan and Norton. Moreover, this chapter includes concepts of organization performance, definitions of performance management, the purpose of managing organization performance, measuring organization performance on BSC, basis concept of Balanced Scorecard and financial and non-financial perspective of BSC.

2.1 Definitions of Performance Management

Performance management is a process to establish for shared understanding about what needs to be achieved and how it is to be get, and an approach for managing and developing individual, team and organizational performance (Armstrong, 2006). Performance measurement is a heart of indicator for performance management (Neely et. al, 1995). PM is a powerful practice to enhance the targeted person or group' performance with ultimate alignment with organizational performance. PM is systematic approach to improve targeted individual or team performance by achieving organizational goals. This aims to continuously improve strategic and organizational effectiveness through secured improvement in the performance of individuals and teams (Hendry, Bradley & Perkins, 1997).

Concept of Armstrong and Baron, performance management is defined as a strategic and integrated approach for moving sustainable success for every organization by developing the performance of workers who work in workplace and by developing the capabilities of teams and individual contributors. (Armstong & Baron, 1998). While trying to clarify in the differences between of performance measurement and performance management, Speckbacher describes performance measurement as a specific definition of the organization's primary objectives and performance management as a specification of how management decisions can control organizational performance (Speckbacher, 2003). Competitive ability and capacity of organization can be upgraded by building talented people and effectively controlling and developing resources. This ability come from performance management (Armstrong, 2006).

Performance management (PM) is a systematic process for improving organization performance by developing individual and team's performance. This concept values on ethical principle of respect, individual, mutual respect, fairness procedure and transparency-based management system. It should be an evidence based process. Performance management is defined as a strategic approach to sustain the success of organizations that focus on performance improvement and employee growth (Denisi & Pritchard, 2006). Performance management is the continuous or life time process to improve performance by targeting or setting individual and team goals that are aligned with the organization goals strategically (Armstrong, 2009). The main objective of performance management is to transform the raw potential of finance, materials, process, methods and human resources into targeted results or desire levels which was set by management level by removing intermediate barriers as well as motivating and rejuvenating the human resource and effective utilization of resources.

2.2 Concepts of Organization Performance

There are different views on how to define the "Performance". It can be defined as simply record of outcomes achieved. Performance is driver to behavior which should be parted from the results or outcomes because they can be forced with system factor. Performance is enclosing both results and behavior in the dimension of comprehensive view (Campbell, 1990). On individual basis, performance may be defined as the accomplishment of the person (Bates and Holton, 1995). According to Hansen and Wernerfelt (1989), organization performance is considered with the two dimensions which are economic model and organizational model. In economic model, organization performance bases on organization profit, organization's position among competitor in industry and quality of firm resource. Organization performance mainly depends on leadership style and environment, organizational culture, job design, customer satisfaction, model of motive and human resource policies.

The term of productivity was sometimes confused with the performance. According to Ricardo and Wade (2001), a difference between concept of performance and concept of productivity may be seen. Productivity was a ratio volume relating to completion of work in a given amount of time. Performance was a broader indicator which could consider as productivity, consistency, quality, and other existential factors. In result oriented measurement, productivity measures will be considered. Performance relates with attributes which drive beyond the task competence and

behavior and that enhance the climate and effectiveness of the organization (Fletcher, 2001).

Performance concerns with outcome of work because it provides the most powerful linkage to strategic goal of the organization, satisfaction of customer and economic contributions (Bernardin et.al, 2003). Organization performance concerns with organizations' ability to achieve its goals and objectives (Frink.et.al, 2003). Guest highlights the performance that it is about the outcomes and about the concepts of performance linked to the idea of Balanced Scorecard (Evans, 2005). Organization performance can be supported by the effective managing on individual and team performance of the organization (Armstrong, 2006). Performance should be viewed as over outcome, it is the defined as embracing both behavior and outcomes (Esu et.al, 2009). Organization performance can be described as the extent at which an employee accomplishes the goals and aspirations of an organization. Organization performance determines the degree of effectiveness and efficiency against the stipulated performance indicators of an organization (Cascio, 2006).

Organization performance is prior or critical for both service provided organization and product produced organizations (Ahmed et.al, 2014). Organizational performance means that the organization's ability which to attain organizational goals and objectives aligned with the organization' mission and strategies by using resources in an efficient and effective manner. Organization performance is seen as one of the majority concepts in management and most managerial tasks are centered on organization performance. Organization performance can be described as achievements realized by a business or departmental unit. The concept of organization performance associates with the growth and development of an organization (Ahmed and Shafiq, 2014).

2.3 The Purposes for Managing Organization Performance

Organization means an organized group of people by working together for a specific or targeted purpose. The term of Performance" refers to the action of performing a specific task or variety of tasks and will measure on how successfully an individual or group performed such tasks. Organization Performance refers to the analysis of an organization's performance against its objectives and goals or comparing the intended results vs the actual results. The purposes of managing organization performance include the following; strategic purpose, administrative

purpose, informational purpose, documentation purpose, developmental purpose and organizational maintenance purpose (Aguinis, 2019).

The first purpose of managing organization performance is to help management for achieving strategic business objective by linking the organization's goal with the individual and team goal. Managing organization performance reinforces behavior consistent with the attainment of organization goal. The second is administrative purpose; it furnishes the useful information for decision making for employees. This decision includes day to day decision of organization, salary adjustment, promotion, employee retention, recognition of superior or poor individual and team performance and identification of high potential employees. Implementation of reward system is provided by managing organization performance in administrative purpose. The most important component of managing organization performance is providing feedback. Feedback should be support for the developmental manner of individual, team and organization. Management considers the result of feedback to coach employee and improve performance ongoing basis (Aguinis, 2019).

According to communication purpose, it can provide about how people are doing, what kind of information needs to support on specific area that need to improve and whether strategic objectives of organization are achieved or not achieved. One of the purposes of measuring organization performance is documentational purpose. It can support for the administrative decision. Keeping record with the documents shows easily what are the previous results and how can solve the errors and operation activities of organization. It can support for future decision by looking backward of the previous performance results (Aguinis, 2019).

Developmental purpose identifies the training and developmental need' of individual and organization. Developmental approach involves disciplinary action to change the negative behavior, current action. Managing organization performance is continuous management of performance by which organization's activities are monitored and assessed in order to assess whether organization is achieving its goals in term of providing value to stakeholders. Organizational purpose serves assessing the future training needs, evaluating the performance achievement at the organizational level and evaluating the intervention of human resources (Aguinis, 2019).

2.4 Basic Concepts of Balanced Scorecard

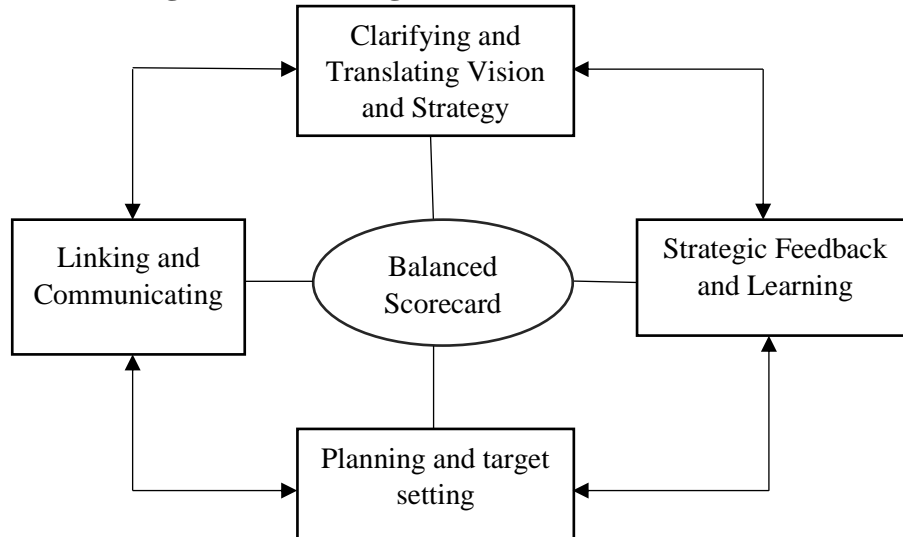
Balanced Scorecard is a business framework used for tracking and managing organization's strategies. The aim of Balanced Scorecard concept is to provide a comprehensive view to managers by complementing financial measures and non-financial measure. When used in Balanced Scorecard, key indicators provide how to accomplish the desired goals and how to point out the right track for the future goals' accomplishment (Kaplan and Norton, 1992). Balanced Scorecard is the strategic performance management framework utilized by organization to align daily operation with the vision, mission and core value of organization. Balanced Scorecard concept uses financial and non-financial indicator to describe the degree of alignment with the desired and to make the corrective action if it is necessary.

Balanced Scorecard (BSC) aims to set, monitor and change in supported long term strategy. Highest level of scorecard aims to the corporate level. The BSC concept is used to apply the approach for four perspectives: financial performance, learning and growth, customers and internal business process. BSC puts the strategy as the main driver for measuring the result in the center of management process. In the first generation of BSC, BSC is seen as the measurement system. This mean is not just the financial perspective but also non-financial perspectives. The organization did not produce proper financial results for future when organization analyzed the performance from only financial perspective. Other perspectives are needed based on the time concepts of short, middle, and long term. BSC is a more powerful and balanced with system for strategic management that drives for the implementation of strategy by using as an measurement to ensure that corporate vision and strategy are implemented and achieved (Kaplan & Norton, 1996). Strategy framework helps the enterprise to monitor and measures progress towards strategic objectives (Kaplan, 2009).

Organizations paid attention to non-financial performance in their activities saw the positive effects on their future financial performance (Weerasooriya, R. 2013). BSC began to be utilized as a strategy management system that enabled an organization to implement strategy by setting indicators to determine organizational performance in the second generation of BSC (Weerasooriya, R. 2013). Organization develops the strategy and lets the employee to implement it as a facilitator for developing strategy focused more on the process as an effective framework for action which is shown in Figure (2.1). Organization needs to align individual activities with

the strategy by having adopted with the strategy and all employees to improve organization performance. Every member needs to involve in the process of formulating and developing strategy.

Figure (2.1) Strategic Framework for Action



Source: Weerasooriya, R. (2013)

It is strategy-focused in third generation of BSC. The Balanced Scorecard tries to cover a wide area of the entire management system. In this concept, changing the organization by improving the communication efficiency is seen in BSC as the Strategy Map. BSC helps the enterprises as the measurement system, strategic management system and strategy map. It is the measurement for performance as financial and non-financial metric. And then, strategy map provides a clear, concise way to communicate priorities and goals to stakeholders.

2.5 Measuring Organization Performance with Balanced Scorecard

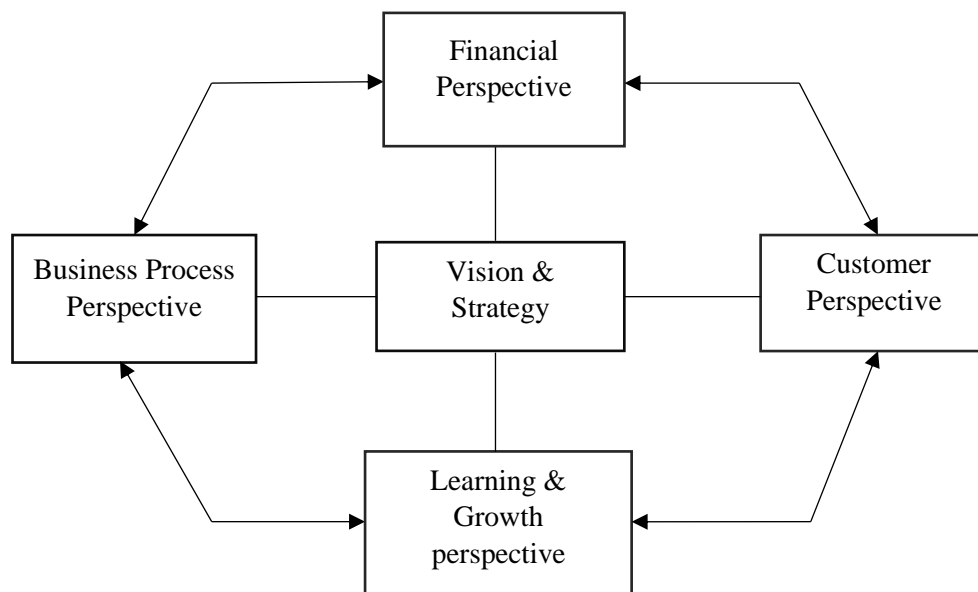
The model of Balanced Scorecard was first conveyed by Kaplan and Norton in 1992. The core goal of the model is to give the comprehensive view as only measuring the financial accounting is not adequate when evaluating the performance of organization. The balanced scorecard is a strategic management system based upon measuring key performance indicators on the critical area: financial, customers, internal operation process and learning and growth of the organization.

Traditionally, performance measurement of organization had been through the usage of mainly financial indicators. Financial measures such as returns on investment and earnings per share are historical in nature and therefore show the little

prediction to management of an organization. Financial measures become insufficient for decision making regarding the future performance of the organization. Measuring performance has included both efficiency related measures and effectiveness related measure. Efficiency related measures relate to the resources/outcomes relationship. Effectiveness related measures deal with issues and facts especially in growth of business and employee satisfaction. Additionally, performance has also been described by using financial and nonfinancial measures from both objective and perceptual sources. Objective measures deal with secondary source of financial measures for example return on assets, return on investment, and profit growth. These measures are reliable for industry studies due to uniformity in measurement across all organizations as the sample. Perceptual sources connect with employee evaluations for organizational effectiveness (Venkatraman & Ramunujam, 1986).

The model of BSC concept arises out a recognized need to measure success on more just financial statements. Only the financial results don't provide an organization that it needs to prosper in today changing environment. BSC presents a mixture of financial and non-financial measures each compared to a target strategic goals from not just one but a range of perspective. Financial and non-financial measures are the critical part in measuring organization performance. The model of BSC is shown in Figure (2.2).

Figure (2.2) The Model of Balanced Scorecard



Source: Kaplan & Norton, 1992

According to Kaplan & Norton (1992), the three core financial themes that can support the organization strategy are: revenue growth, cost reduction and asset utilization of organization. Organization performance consists of financial and non-financial measures and assesses how getting thing is done in terms of cost, quality and time (Ringim, Razalli & Hasnan, 2012). Financial performance indicates the contribution of bottom-line progress on firm's policy. Measuring the financial performance focus on the profitability related measures on shareholders' return on investment. Financial performance objective anticipated from pursuing the organizational strategy.

2.6 Non-Financial and Financial Perspectives of Balanced Scorecard

Balanced Scorecard can be comprised of four dimensions relating to financial, customer, internal business process and learning and growth perspective for measuring the performance of organization. It covered that organization are responsible to different stakeholder groups, such as employees, suppliers, customers and shareholders. The balanced scorecard shows performance of organization in meeting the objectives related to stakeholders. The BSC measures how well the organization is doing in the view of stakeholder wants. BSC relies on financial and non-financial perspective which includes customer, internal business process and learning and growth for employees to monitor the organization's efficiency and wealth.

2.6.1 Non-Financial Perspective

Kaplan and Norton (2004) concluded that financial calculation alone is insufficient to success for the organization. Comprehensive focus is to measure both the financial and non-financial perspectives to identify their vision and strategy and to transform vision and strategy into specific activities. BSC points out to measure by adding the traditional achievement measurement system with three perspectives including: Customers, Internal Business Process, Learning and Growth.

(i) Learning and Growth Perspective

The measurement of Learning and Growth describes the sustainable investment for future. This aspect concerns with the professional development of employees and organization. It provides the development opportunities to improve

skills. Kaplan and Norton have categorized their learning and development into three major categories. These categories examine employee ability (skills, training, talents and knowledge), the quality of information systems (databases, networks and systems,) and organizational alignment (alignment, teamwork culture and leadership,), to facilitate organizational objectives. Moreover, Kaplan & Norton (1992) identified two major driving factors for this perspective which are to increase employee's capabilities and increase employee motivation, commitment and alignment with the organization's mission and goals.

This perspective highly concerned with the intangible assets of an organization, mainly with the internal skills, knowledge and capabilities which are required to support the value-creating internal processes. The primary focus of this perspective was laid on investing for future such as new equipment and product research and development (Kaplan & Norton, 1996). Indicators of training and development show the organization's investment in human resources, which is majority core competency for sustainable development in future. This aspect is also a support factor for achieving results in three remaining aspects. The contents of this aspect are indicators such as employee participation in the organization's training programs, employee satisfaction, the number of trained employees, and compliance with the regulations of organization.

Wood & Sangster (2002) further looked at employee relations, technological and general systems infrastructure in this perspective. According to Etim & Agara (2011), this consider as the change management in which flexibility of a firm and its adaptability to change in the business environment, total firm capabilities, innovativeness and new technology are enforced for the chance in business environment. a company's innovative ability, improvement of knowledge and skills directly related to the company's goodwill and growth.

(ii) Internal Business Process Perspective

Internal process measurement describes the performance in distributing the value to customers. It can include both short term and long-term objectives. The internal value chain model divided into four main groups: process improvement, operational process, customer management process, and social process management. Measuring the process has stated the clauses of time, quality and expense of additional materials (Kaplan & Norton, 1996). Kaplan & Norton (1996) also defined

the three processes in this perspectives. They are innovation process, operations process and post-sales service process. In planning session, there is a chance to look at the strengths and weaknesses of the internal organization and take advantages from opportunities and overcome the identified threats.

Wood & Sangster (2002) described valuable measures in quality control to reduce rejection rate, reduce production idle times, and to increase level of capacity utilization. This is the most critical perspective for road to success of the organization. Internal business processes consider to be ensure in the highest quality on products and services (Pandey, 2005). Etim & Agara (2011) conveyed the measurement under this perspective regarded with reject rate, response to complaints, post sales service quality, bureaucracy in internal process, completion time, talent of staff and their level of motivation. Success of an organization will depend on how to apply the strength, opportunities and how to overcome weakness and threats that are the conceptual factors for internal business processes for the success of every organization.

These processes provide organization with the ways by which expected performance may be achieved or accomplished. The major idea on this perspective is that outcomes of the internal business processes communicates with financial success and satisfactory for customers. Typically, the measures of this perspective are based on producing goods and services in the most efficient and effective methods. Cost quality, time saving, cost of non-conformance and process innovation are measured in this perspective (Al-Najjar & Kalaf, 2012).

(iii) Customer Perspective

Many organizations consider the role of customers as a corporate mission that focuses on customers. Therefore, a company's performance from its customers' perspective has become a priority for top management (Kaplan and Norton, 1992). The majority goals of this perspective are to increase the market share, customer retention, customer acquisition and customer satisfaction. Overview of this perspective pointed out that a customer is king and heart of the organization. Customer should be treated and handled with respect and care because firm cannot survive without having loyal customers.

Organization considers to satisfy customers who could lead to market share expansion because they will be as promoters or advertisers for organization's product and in vise and visa customers will decrease brand positioning when feel dissatisfied

(Wood & Sangster, 2002). Market share, customer acquisition, customer retention, customer profitability and customer satisfaction are more visible measures of customer value outcomes. Measuring the Customer Perspective in the Balanced Scorecard theory lies on customer preference and the value that the organization can provides it to them (Niven, 2002).

Customer attributes is the important role in customer satisfaction. Organizations consider that four specific ideals on product or service attributes concerned with users of product and service: (i) product's price, (ii) the product's quality, (iii) the service quality and (iv) the product's delivery time (the shorter the better). When consider the attributes of customer, the usefulness of products and relationship with the price and product quality are not neglected. Usefulness of the products include the functionality, quality and timeliness of the products. Customer relationship attributes consist of the elements of service, convenience, and quick response. Image attributes and reputation consider invisible factors that attract customers to the organization, how these attributes describe the organization in the eyes of customers by means of advertising, professional qualification for the process of carrying out (Kaplan & Norton, 2004).

Customers' concerns tend to fall into four categories that are time, quality, performance and service, and cost. Satisfied customers purchase product more and more, talk about the product favorably to others by providing good word of mouth and pay less attention to other competitors' brand and advertising (Armstrong, 2009). According to Kairu et.al (2013), this perspective associated with the ability of the organization on quality of goods and services, quality of delivery, customer service and satisfaction. This come from the driver of selection, price, availability, quality, functionality, partnerships, service and brand value propositions, which will point out to increase acquisition and retention on customer.

2.6.2 Financial Perspective

Organization must have strong and solid understanding on their financial situation. According to Kaplan & Norton (1992), strategy can be driven from the three core financial criteria in this perspective. Three core activities are growth of income, cost saving and usage of assets. Financial performance has set as one of the master key elements in measuring performance and effectiveness of non-profits organization and profit organization. (Speckbacher, 2003). Kaplan and Norton acknowledged that

the accurate and timely financial data are necessary to provide direction for the organization smoothly and efficiently. The provision to support acceptable and timeliness financial data for the authorized and responsible person in the organization helps decision making in the right time at right moment.

And also there is consideration on the need to include additional financial-related data, such as risk assessment and cost-benefit data in this category. This perspective organized objective of financial performance driven from pursuing the organizational strategy. It also communicates with the achievement specified objectives of other perspectives (Kaplan & Norton, 2004). The most common performance indicators in this perspective are liquidity, solvency and profitability. Therefore, this perspective highlights return on investment(ROI), cash flow, operating income, revenue growth etc. The financial perspective sees to look at how the investors or the shareholders view the organization in form of dividen sharing, structuring the cost, profit after tax, return on capital employed (ROCE) and growth in the sales volume (Etim & Agara, 2011).

This perspective also view that accounting has long been associated with measurement of solvency, liquidity and profitability. Examples of such measures are: return on capital employed, return on net assets, reduction of administrative expenses, reduction in bad debts, reduction in debtor days, and reduction in gearing. Emphasize only on the financial data may be unbalanced situation with regard o other perspectives. A revenue growth deals with every action/activity that can increase the profitability. Cost reduction focuses on how to reduce production, operation and administration cost. Asset utilization measures the financial performance such as return on investment, return on asset and economic value added. According to Al-Najjar & Kalaf (2012), Financial indicator measures the economic consequences for the actions already gone by the organization, and focus on the Shareholders' profitability. Under this perspective, organizations require to measure how organization appears the shareholders to get fully success financially in organization.

2.7 Previous Studies

Yahaya, A. (2009) presented the importance of Balance Scorecard to assess the performance of banks in Ghana. The methodologies adopted for this research was a combination of quantitative, qualitative methods and personally reflective research methods. The population size was all 24 universal banks in Ghana, the sample size

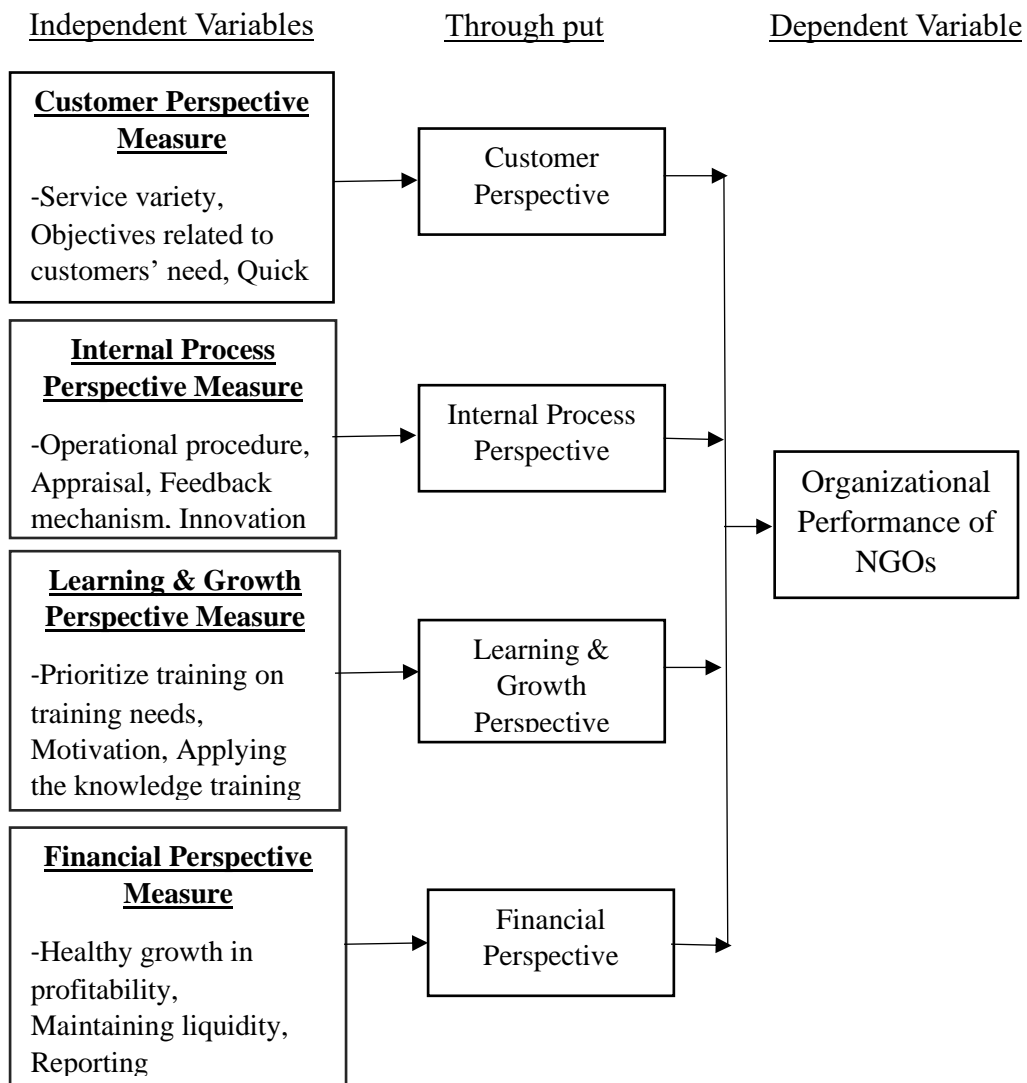
was chosen 3 universal banks which was Eco bank, Barclays bank and UBA bank. The total of 9 in senior management staffs and 30 in employees of each bank were selected in sample size of respondents. The analyzed banks showed only marginally the impact of non-financial perspectives on financial performance. Analysis also showed that customer satisfaction was critical in non-financial perspective. Efficient internal processes and the quality of staff play a crucial role to support customer perspective. More than, the study also revealed that the BSC framework indeed provided additional information when use to assess the performance of banks in Ghana. This study concluded that the success of bank mainly sights on customer's satisfaction level at provided service and product of bank and internal business process of banking operation. Therefore, effective managing of internal business process perspective and customer perspective will point to the success of banks which was concluded in this study.

Alshammari, A. M. (2011) conducted a research on the impact of Balanced Scorecard on strategic performance in small and medium enterprises. In this research study, the qualitative as well as the quantitative research methods were used. 34 enterprises were chosen in this study in which 14 are small enterprises and 20 are medium enterprises. Selection of respondents from these enterprises was 20 numbers in each who are managers, supervisors and owners. The BSC (Balanced Scorecard) helped in enhancing the financial aspects of the organizations by increasing profitability, added economic value, and increase sales growth. This study pointed out in attaining the customer satisfaction by customer retention, customer acquisition, market share increments, and lead-time occurs, and on time delivery. After analysis of this study, it could prove that the performance of the organizations and employees can be improved by implementing the BSC model in the organizations.

Ouko, N. A. (2013) researched the effectiveness of Balanced Scorecard on the performance of non-governmental organization in Kisumu County. In this research, pilot testing and cross-sectional study design were adopted. Six non-government organizations where near 2086 Km² of each organization. Sample population of the study was 90 numbers of managers and supervisors of each targeted organization. This study pointed out honesty, transparency and courtesy are very important in customer service chater. Organization need to well design and develop working standard procedure, communication mechanism. Prioritizing training and development procedure are very extremely importance in employee participation and

employee growth. Financials report to managers and financial auditing are closely related to improve in financial performance. This study concluded that BSC is the effective management framework for measuring the organization performance from the side of non-financial and financial measure.

Figure (2.3) Previous Conceptual Framework for Measuring Organization Performance



Source: Nasline Akinyi Ouko, 2013

Oshode, et.al, (2014) studied performance appraisal with the individual and joint variable analyses of Balanced Scorecard from the study conducted in Nigerian with 195 targeted respondents from the 24 banks. The choice of respondents was covered from the full time staff of researched banks. Data analysis was done by using regression and F-testing in hypothesis. They found that sound management of

Performance Appraisal (PA) system will guarantee good employee productivity and very strong and positive relationship between performance appraisal and non-financial indicators of performance. This study revealed that continuous effort on performance appraisal system is needed for Nigerian Banks to earn goods performance.

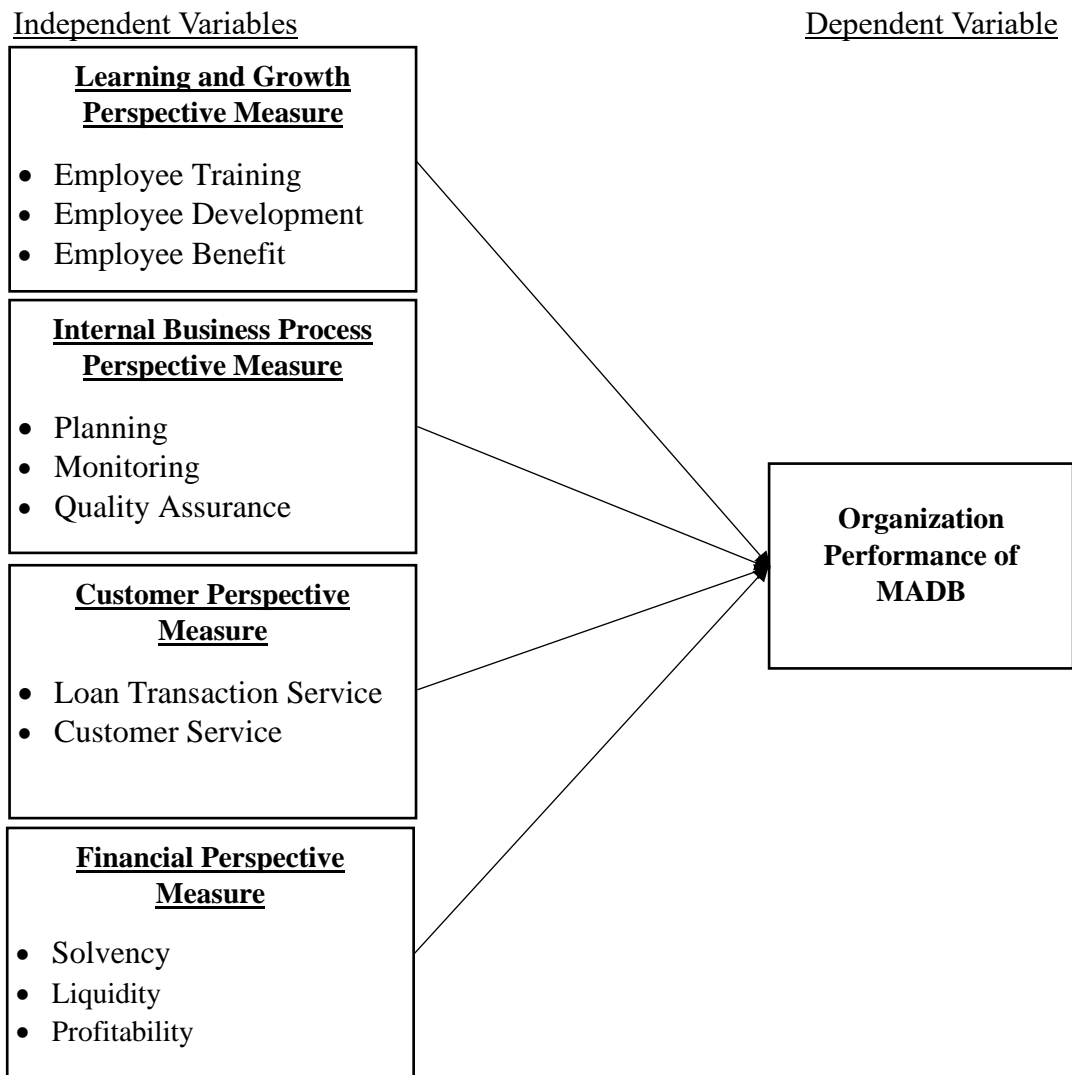
Gupta, et.al, (2018) conducted a research study to evaluate the performance using with Balanced Scorecard Model in banking industry. HDFC bank was taken as a sample bank in the private sector banks. The targeted populations were chosen 50 in white collar level and 85 in blue collar level from HDFC bank. They discovered that product and process innovation are significant impact on performance of bank. Capacity building of employees is necessary for HDFC. Therefore, training and development was very important for employee's capacity building. This study suggested that more studies are needed on comparative studies for the bank based on Balanced Scorecard. This study concluded that employee capacity building is mostly related to the success of organization. Moreover, innovation on product and service of banks is a major sector to keep the customer in the delighted level. This study pointed out non-financial perspective is also important like the financial perspective in the banking sector development.

Osewe, J O., (2019) presented the evidence that Balanced Scorecard adoption are good predictors for organizational performance of state corporations in Kenya with the research tittle of "Balanced Scorecard Adoption Rationale and Organizational Performance of State Corporations in Keny". In this study, the target population of this study was 96 top leaders in 32 state corporations in Kenya with emphasis on the top management. The data obtained were analyzed by using descriptive, regression analysis and F-statistics used for hypothesis testing. This indicated that Management ideas or practices is a solution to problems and employ methodical evaluation linked positively with organization performance. In internal perspective, the study of culture was a significant moderator of the relationship between rational choice for BSC adoption and organizational performance. However, traditional culture was not significant in social environment testing that drives an organization to adopt BSC. This study concluded that the success of state corporation mainly depends on effective managing of financial and internal operation management of state corporation.

2.8 Conceptual Framework for Organization Performance of MADB

The previous studies revealed that Balanced Scorecard is the effective indicators to measure the organization performance. Therefore, Balanced Scorecard theory is chosen to use when the MADB's actual performance results measures. MADB's performance is evaluated with the four perspectives which included in Balanced Scorecard Theory. In the conceptual framework of the study, financial perspective, learning and growth, internal business process and customer perspective is used to measure the strength and weakness of MADB's performance. Figure (2.4) is revealed to show the conceptual framework for organization performance of MADB.

Figure (2.4) Conceptual Framework for Measuring Organization Performance of MADB



Source: Own Compilation

CHAPTER III

PERFORMANCE MANAGEMENT PRACTICES OF MYANMA AGRICULTURAL DEVELOPMENT BANK

This chapter presents background information of MADB Bank. It includes profile of MADB Bank, mission, guideline and objectives of MADB, branches network of MADB, product and service of MADB, organization structure of MADB and performance management practice of MADB Bank.

3.1 Profile of Myanmar Agricultural Development Bank

Myanmar Agricultural Development Bank is one of the state-owned banks founded by Myanmar's government to support the agriculture, livestock and rural enterprises in Myanmar according to the law of agricultural law of Myanmar (1990). There are four state-owned banks, three banks owned by municipal governments, ten semi-private banks and fourteen privately owned banks. Four state-owned banks include the central bank of Myanmar, Myanmar Economic Bank, Myanmar Investment and Commercial Bank, Myanmar Foreign Trade Bank and Myanmar Agricultural Development Bank. Among all banks, the second largest number of branches is MADB. Moreover, MADB is currently the largest provider of credit to the rural households engaged in agricultural activities and plays the critical role supporting to the farmers in the agricultural sector.

MADB bank was set up in June 1953 as the State Agricultural Bank according to Agricultural Development Law 1953. In 1967, it was called Agricultural Finance Division. Furthermore, it was renamed to Myanmar Agricultural Bank in 1975. The government of Myanmar announced to call the MADB as Myanmar Agricultural and Rural Development Bank in 1990. MADB was redefined as the Myanmar Agricultural and Development Bank from 1997 to current year. MADB has residency more than 68 years giving a wide scope of banking administrations in country of Myanmar.

Under the rules and disciplines of Ministry of Planning and Finance and Central bank of Myanmar, MADB bank is providing financial service to the public successfully by collaborating with Myanmar Economic Bank. Myanmar Agricultural Development Bank's Head Office is situated in Yangon. MADB is offering the service to the public with 226 branches. MADB bank is providing the financial

services with the total numbers of employees 2577 including 237 officers and 2340 staff in the year of 2022. According to the MADB Law (1990), the goal of MADB is to effectively provide development of agricultural, livestock and rural socio-economic enterprise in the country by supporting banking service.

(a) Mission, Vision and Objectives of MADB Bank

MADB Bank pursues the development of citizens in the rural and agricultural sector. MADB' mission statement is “to effectively support the development of agricultural, livestock and rural socio-economic enterprises in the country by providing banking services”.

Vissions of MADB Bank are “to supply credit adequately to the client farmer, to deliver credit timely, to seek full recovery of loans, to enable farmers' investment through savings, to help farmers to become debt free and to make MADB bank self-relying”.

The objectives of MADB Bank are “to provide loans for the development of agricultural, livestock and rural socio economic enterprises in a simple procedure, to promote rural banking, to encourage saving habit in order to bring about self-help spirit among rural population, to support rural socio-economic development in rural areas, to cultivate habit of using banking services and to develop banking services”.

(b) Organization Structure of MADB Bank

Information and communication flows of the levels of organization is described and determined by structure of organization. MADB Bank organize and set up the rules and discipline in working procedures, control with the authority, delegate the duties, responsibilities and the limit of authority to enhance operation activities. Departmental directors are delegated authority with accountability and transparency to perform the departmental and organizational decision. MADB Bank mainly organize six functional areas for effectively performing the banking process and operations.

Main six functional area of MADB Bank are as follows:

- 1) Human Resource Department
- 2) Finance and Account Department
- 3) Loan Department
- 4) IT Department

5) Saving Department and

6) Audit Department

Human resources (HR) Department is responsible to conduct recording employee data, update organization HR policies and procedures, assess the performance of employees, operate the hiring talented human resource and support with the training and development program to employees. Compensation and benefit package and system of MADB is controlled by the HR department. Estimating manpower gap of MADB's is presented by the MADB to the Union Civil Service Board. Developing the training need of employees of MADB is always appraised by the HR Department. HR Department is main responsible to attract, develop and retain of skillful employees to provide the satisfied banking service to customers.

Finance and account department plays in the vital role to carry out within and outside of the organization. The performance and success of organization is depended on how well the organization manages and handle the finance of the organization. Finance and account department provides the need of the other department such as office materials. Accurate report of the recorded results of operations is provided and handled by Finance and Admin department. Finance and account department supports the cost and expenditure budgets and prevents the loss of assets and capital due to frauds and illegal acts by recording the financial information and transactions. Finance and admin department is duty for recording and reporting statement of financial position, cash flow and profit or loss. Controlling account payable and account receivable, reporting to the management level and maintaining financial controls are provided by finance and admin department.

Loan department offers the client by supporting customer decisions. It may be in-touch with the communication with the customers. When customer compliance arrives, this department quickly and patiently solves the customer problems. Risk assessment on the client especially the liquidity risk and inflation rate risk is mainly handled by this department. Loan department is responsible for advancing annual, short-term and long-term loans to state-owned agricultural organizations, livestock organizations, cooperative societies, private persons, village banks, farmers, entrepreneurs and laborers on such terms and conditions as may be necessary, converting the loan to the level of deposits, selling and buying drafts and remittances and borrowing money in or outside of the country.

Information Technology (IT) department in MADB is accountable for hardware, software and networking of computers. Updating IT related products like Mobile Banking, installing ATM, installing Electronic service (E-service) system for easy to use of customers are trying to provide by MADB's IT team. This department provides the employees and customers for accessibility to use computer system.

The main responsibilities of saving department are to execute daily operations and system needed on the Deposit Operations, coordinate the development of operational workflows for maximum efficiency, handle debit card and credit card matters including reviewing daily reports and necessary maintenance and create the new deposit account, fixed account, saving account and current account maintenance reviews to ensure compliance with Bank policy. Saving and loan department need to report their financial and operational activities to the managements of MADB Bank and Central Bank of Myanmar.

Audit department is one of the controlling departments of the internal working process. Audit department' main responsibilities are to review the effective and efficiency of internal control system, plan and monitor on the banking process and operation process and then report to the head of audit and top management, conduct an analytical review on the financial statement, implement effective auditing procedure to evaluate accounting system and make the track record on fraud and error of internal process.

3.2 Products Offered by MADB Bank

MADB supports variety of deposits and loans service to the farmers for developing the agricultural sectors in Myanmar. Variety of deposits are saving deposit, current deposit and fixed deposit. Two type of loan, seasonal crop production loans (SCPL) and development term loans (DTL), are provided by MADB Bank. They are described as follow;

(i) Deposits

Banking service of MADB includes the deposit products such as saving deposit account, current deposit account and fixed deposit account. Interest rate's rating system is adjusted on these deposit accounts by Central Bank of Myanmar. MADB serves the saving deposit account by opening individual account, joint account and corporate account. All transactions such as deposits, withdraw and

transfer can be processed from any branches of MADB Bank. Saving deposits can be opened with Myanmar currency 10,000 Kyats for minimum amounts. Withdraw transactions on saving deposit accounts can be started in next month of opening account date. Interest rate for saving account is 5% per annum.

MADB's non-interest bearing current account can be opened for individuals and organizations. Cheque is issued to the current account. Current account can be linked to other interest bearing account such as saving account. Current account can be used with minimum one lakhs. Withdrawal transaction can be used after one year of deposit.

Fixed deposit account can be also available in MADB. Fixed deposit account can be created as form of individual, joint and corporate account. Minimum ten thousand kyats need to open the fixed deposit account. Withdrawals can be made after one month of deposits start up. Interest rate for fixed deposit is 5% per annum. Interest only principle plus interest can be set up in fixed deposit account.

(ii) Loans

There are two types of loan provided by MADB to its customers in nationwide. They are seasonal crop production loans (SCPL) and development term loans (DTL). Seasonal crop production loans are provided for farmers to cover the working capital needs at the beginning of the agriculture season. Loans are divided into three categories: monsoon, winter, and pre-monsoon loans. These loans are first being important type of loan for MADB. Loan maturity is up to one year and full repayment is guided at harvest time. The loan amount varies according to the number of acres owned or leased by the farmer and the intended crop.

Term loans are divided into three sub-categories: short-term loan, farm machinery loan, and special project loan. Collateralized system is applied in these types of Loans. The short-term loan is supported to finance for sugarcane and other economic fruits plantations, tea processing, and solar salt production. The farm machinery loan is granted to purchase of machinery for agricultural purposes. Three-year maturity period is provided for this loan. The repayment is allowed to farmers into three installments to repay with the compulsory deposit at the end of each year. The last is the special project loan that is a loan supported by MADB to finance rubber plantations under the Government's controlled area for development projects of Government. Loan limitation period of MADB is 1 year for seasonal crop

production loans (SCPL) and development term loans (DTL). MADB considers the loans which doesn't pay back over 180 days at the due date as the non-performing loan (NPL).

MADB operate the financial management from the three sources: (1) Capital reserve fund (2) Saving Deposits of farmers and other depositors and (3) Borrowing from the Myanmar Economic Banks to support the need of framers by providing Loan payments with the low interest rate for developing the agricultural sectors. MADB interest rates are rated within the margin of Central Bank rate. In 2022, lending rate per annum for Seasonal Loans is 5%. Development Term Loans are rated with 7.5% per annum by MADB.

3.3 Performance Management Practices of MADB

MADB Bank uses financial and non-financial performance measurement to evaluate organization performance. Board of Directors set as the policy makers and manager and supervisors take the responsibility to supervise the daily operation of organization performance and banking activities.

3.3.1 Non-Financial Perspective

Non-Financial Perspective indicators include customer perspective, learning and growth perspective and internal business perspective. Customer perspective concern with the quality of products and services offered by MADB and how MADB connect with customers in long term for sustainability. Learning and growth perspective is concerned with training and development programme, development of skills and capabilities that are required to support the organization for core value among the competitors. Internal process perspective points out to improve internal process, enhance technology, reduce the human resource errors and operation deficiency.

(i) Learning and Growth Perspective

Monitoring the intangible assets such as employees' skills, abilities and capabilities is considered an important part of MADB. MADB's Training program is offered to the employee based on the training needs. Most of the training program is conducted to understand the updated system which are using in banking operation, to understand and apply the benefit of technology and to effectively operate the

departmental functions of MADB. Types of training offered by MADB includes on the job training, off the job training, conference program and abroad training program offered by external experts. MADB conducts the analysis of training's need based on the employee rating system, management by objectives, appraisal system by the management level on the overall organizational system. Selection the employees for development program is conducted by MADB with fairly and ethically.

(ii) Internal Business Process Perspective

MADB's mission, guideline and objectives are clearly stated to know every employee in the organizations. MADB holds weekly meeting with the management and lower level of operation employees to known the situation of operation process. Performance of MADB is developed and adjusted based on the environmental changes. MADB looks at and points out the internal processes like operations and serving to borrowers and depositors and sets the goals related to quality of service, cost efficiency, reducing the operation error quickly response to customer and in time services. MADB explores and develops the ways of improving internal systems and functions. Internal process perspective of MADB highlights innovative ideas and innovative processes. MADB operates to improve the employee behavior and attitude with management by objective system. MADB provides the 24 hours internet facilities and information technologies to easily and quickly operate the banking process. Internal business process of MADB set and operate based on organization structure of communication and information flow, management style, working behavior and employee' attitude and value of organization.

(iii) Customer Perspective

MADB considers the customers' satisfaction as an important part to fulfill the need and want of customers who are working in agricultural sectors especially for farmers and depositors. Customer complaint officers' of MADB solve the customer compliant and get the recommendations from the customer. MADB performs Quick Response System (QRS) to solve customers' bad complaint quickly and actively customer to improve operation and communication with customer. Reducing on service waiting line is performing in MADB as one of the main objectives. MADB' employees are trained to be valuable on customers. Bank performs customer-oriented work by paying respect. Bank covers the customer information for security of

customer to obtain the mutual trust between organization and customers. Customers are provided reliable and relevant information by MADB.

3.3.2 Financial Perspective

MADB Bank assess the financial soundness and transparency from the MADB' audited financial report and statement published in bank' annual report. MADB fully applies the rules and standards of Myanmar Financial Reporting Standards (MFRS) and trying to be serve with International Financial Reporting Standards (IFRS). Moreover, presentation of financial information is based on the rules and regulations of Central Bank of Myanmar. Therefore, financial information presents with MFRS to reliable, transparent, consistent and timely reporting on financial performance to enhance stakeholders and shareholders' interest. Financial perspective is measured by MADB with the ratio linked profitability, liquidity, assets management, return on investment and return on equity. And then, MADB's financial performance is reviewed by arranging with conference meeting to meet the targeted income, cost effective in operational expenses as the budgeted finance. Internal audit team and external audit team controls and checks the financial condition of MADB yearly. This perspective shows where the money and finance is expected to generate and how it gets the valuable results by aligning with MADB's mission and guidelines.

CHAPTER IV
ANALYSIS ON ORGANIZATION PERFORMANCE OF MYANMA
AGRICULTURAL DEVELOPMENT BANK

This chapter deals with the analysis on the financial and non-financial performance's measurement of MADB Bank. Financial and non-financial performance indicators are independently presented with sequences of financial perspective, learning and growth perspective, internal business process perspective and customer perspective. Financial performance evaluation is conducted with financial statement from (2015-2016) to (2020-2021).

4.1 Research Design

This study intends to evaluate the organization performance of MADB by using balance scorecard. This study is performed by using with appropriate financial ratio and non-financial indicators based on balanced scorecard of organization performance in Myanmar Agricultural Development Bank. Descriptive research method is used in this study. The required data collected from the two sources: primary and secondary data source. Systematic five point likert scale questionnaires were used for collecting primary data. Sample of respondents which was the 50% were collected from 150 customers out of total 300 customers and 130 employees out of total 260 employees of the MADB's head office. Survey questionnaires were applied for learning and growth perspective, internal business process perspective and customer perspective among from the four perspective of balanced scorecard.

Selection the sample of respondents was used with the simple random sampling method. These questionnaires are designed to answer by using with the indicators such as 1 =Strongly Disagree, 2 =Disagree, 3 = Neutral, 4= Agree and 5=Strongly Agree. Mean scores are calculated and discussed for each question with minimum, moderate and maximum mean value of 1, 3 and 5. Mean value is higher than 3, it will be assumed that MADB is well performance and mean value is lower than 3, it will be concluded that MADB is under performance. The aim of questionnaires' design intends to evaluate performance on the non-financial perspective of MADB Bank.

4.2 Demographic Profile of Respondents

This section covered the demographic profile of respondents. In this section, gender, age, education level, monthly income, occupation and relationship with MADB are shown based on the result of surveyed data. All the data obtained from the surveyed questionnaires are summarized and interpreted in frequency table is shown to count of frequency and percentage distribution. Respondents of employees is shown in Table (4.1) and respondents of customers is shown in Table (4.2).

Table (4.1) Demographic Profile of Respondents (Employees)

Gender	No. of Respondents	Percentage (%)
Male	29	22
Female	101	78
Total	130	100
Age (in Year)		
Below 35	36	28
Between 35 – 55	63	49
Above 55	31	23
Total	130	100
Education		
Bachelor	116	89
Master	14	11
Total	130	100
Income Level (Ks)		
Below 300,000	90	69
Between 300,000-400,000	30	23
Above 400,000	10	8
Total	130	100
Working Experience (in Year)		
Less than 1	12	9
Between 1 to 3	67	52
Between 3 to 6	23	17
Above 6	28	22
Total	130	100
Occupational Status		
Executive	10	8
Manager	30	23
Supervisor	90	69
Total	130	100

Source: Surveyed data, 2022

According to Table (4.1), 22% of employees are male and 78% of employees are female. According to the result, most of the age group of employees are between 35 and 55. It is found that 89% of employees are bachelor degree holders and 11% of employees are master degree holders. The result shows that 69% of employees are

supervisor level and 23% are manager level. The remaining 8% of Bank' employees are executive level. The least percentage of employees' service is for under 1 year and the most percentage of employees' service is for between 1 year and 3 years. This indicates that respondents are familiar with their organization's operation.

Table (4.2) Demographic Profile of Respondents (Customers)

Gender	No. of Respondents	Percentage (%)
Male	71	47
Female	79	53
Total	150	100
Age Group(in Year)		
Below 35	12	8
Between 35 – 55	90	60
Above 55	48	32
Total	150	100
Usage service in Bank		
Loan	86	57
Deposit	29	19
Transfer and Loan	20	14
Transfer	15	10
Total	150	100
Income Level (Ks)		
Under 200,000	27	18
Between 200,000-400,000	115	77
Above 400,000	8	5
Total	150	100
Occupational Status		
Business owner (Farmers)	106	71
Government employees	36	24
Company employees	8	5
Total	150	100
Relationship with Bank		
Under 1year	23	15
1years-2years	53	35
2years-3years	22	15
Above 3years	52	35
Total	150	100

Source: Surveyed data, 2022

According to Table (4.2), 47% of MADB's customers are male and 53% of customers are female. In the total of 150 respondents of customers, 90 respondents are between the age range of 35 to 55 years. Most of customer use MADB's loan service. Monthly income levels of customers are mostly occurred in between 2 to 4 lakhs. Farmers' consumption rate is highest in MADB with 71 percentages. The result of

relationship in above 4 years with customers is at the percentage with 35%. Therefore, most of customers consume MADB’s service in long time relationship.

4.3 Analysis on Non-Financial Perspective of MADB Bank

Non-financial indicator can be very useful guide to financial performance indicator. Non-financial performance indicators are consisting customer perspective measurement, learning and growth perspective measurement and internal business perspective measurement.

4.3.1 Analysis on Learning and Growth Perspective

This perspective mentions on the employees within the organization. This perspective points out whether the organization supports to the employees with the opportunities of learning and growth. The measure for this perspective used employees’ satisfaction on training, development and benefits offered by MADB.

(i) Employee Training

Employee Training’s objective is to improve employee’ knowledge, skills, attitude and social behavior. Expectations from training, usefulness of training, applicable result on training are highlighted in the evaluation of training. Table (4.3) shows the employee satisfaction on training of MADB.

Table (4.3) Employee Training of MADB

No.	Item	Mean	Standard deviation
1	Meet with training needs and expectations	2.28	.453
2	Be relevant with job position and support to do job well	4.85	.362
3	Provide good and fair training for employees	4.82	.383
4	Provide effective on-job trainings for duties	4.79	.426
5	Provide off-job trainings related with responsibility	2.41	.784
Overall Mean		3.83	

Source: Survey data, 2022

Table (4.3) shows employee attitude on training practices carried out by MADB. Respondents though that MADB’s training program doesn’t meet expectation of their training needs with the mean score of 2.28. According to the mean score result of 4.85, respondents believed that received training from MADB can support to

do job well and is relevant with job position and responsibilities. MADB consider that providing training is important to improve performance which mean score result is 3.83.

(ii) Employee Development

This deals with the professional development on career path, moral, physical and psychological development of employees. Advanced knowledge to support job responsibilities, motivation on development and consideration on professional development training program are considered in this section. Employee satisfaction on development practices of MADB is shown in Table (4.4).

Table (4.4) Employee Development of MADB

No.	Item	Mean	Standard deviation
1	Support skills training needed to improve in career path	4.15	.355
2	Sufficient training period on course requirements	2.07	.254
3	Offer the rewards and recognition to actively participate	4.05	.349
4	Support individual and organization development from IT, accounting, and auditing training.	4.51	.574
5	Provide up to date skills and knowledge trainings	2.04	.193
Overall Mean		3.36	

Source: Survey data, 2022

According to Table (4.4), the average mean score is 3.36. It is assumed that MADB is performing employee development naturally. MADB are providing IT, accounting and auditing training for employees to do the daily banking operation with the mean score of 4.51. MADB can't provide up to date training which are related with changing environment. This is shown with the mean score result of 2.04.

(iii) Employee Benefit

Employees' satisfaction on benefit of MADB is shown in Table (4.5). Benefit package, promotion, chance to study updated technology, care for employee are analyzed.

Table (4.5) Employee Benefit of MADB

No.	Item	Mean	Standard deviation
1	Consider the benefit package and salaries based on employee performance	2.06	.241
2	Choose the outstanding employees from the training	4.05	.326
3	Relate the level of job performance as a result of the attending training	3.85	.577
4	Provide the chance to study abroad for talented person	3.98	.249
5.	Highlight updated training and clear instructions to perform the job well	2.06	.241
6.	Give health care benefit, vacation, sick leave, housing benefit and transportation benefit	4.99	.088
Overall Mean		3.50	

Source: Survey data, 2022

Regarding the above table. MADB is well performing in the sense of employees because the men score result is nearly 4 which is 3.50. Maximum mean score of 4.99 from the question of “health care benefit, sick leaves, housing benefit and transportation benefit supported by MADB” assumed that bank is supporting the service to employees for motivation and commitment in their job.

The minimum mean score of 2.06 from the question of “relevant, updated training and clear instructions can be provided for employees to perform the job well in MADB” assumed that MADB’s instruction isn’t clear and updated training can’t be supported by MADB. And also, mean score result of 2.06 in question number one pointed that promotion package and provided salaries for employees does not depend on employee performance. This may be the cause of less in hardworking of employees.

(iv) Analysis on Overall Mean of Learning and Growth Perspective

Table (4.6) is described to show the result of learning and growth perspective of MADB. In the following table, the mean sore results of employee training, employee development and employee benefit of MADB. And the overall mean score result of learning and growth perspective are shown in Table (4.6).

Table (4.6) Overall Mean of Learning and Growth Perspective

No.	Item	Mean
1	Employee Training of MADB	3.83
2	Employee Development of MADB	3.36
3	Employee Benefit of MADB	3.50
	Average Mean	3.75

Source: Survey data, 2022

Respondents of employees like and desire provided trainings from MADB. And respondents think that provided training from MADB is benefit to do the jobs well with the mean score result of 3.83 which is nearly 4. Respondents believed that provided benefit from MADB can support to commit in their job with mean score of 3.5 that nearly to 4. However, provided benefit form MADB cannot be compared with the private banks. There is weakness in MADB performance on the situation of employee development. According to overall mean score result of learning and growth perspective; performance of MADB is good conditions with the result of 3.75.

4.3.2 Analysis on Internal Business Process Perspective

This perspective links with financial success, customer satisfaction and employee satisfaction by efficiently and effectively managing in internal business operation. MADB' performance is evaluated over planning, monitoring and quality assurance in organization operation.

(i) Planning

Planning is an important part for implementation in Organization's day to day procedure. Regarding with the employee satisfaction on planning section of MADB is shown in Table (4.7).

Table (4.7) Planning of MADB

No.	Item	Mean	Standard deviation
1	Provide 24 hours internet facilities in the office	4.95	.211
2	Support reliable and accurate information in time	4.75	.467
3	Consider updated technologies usage in MADB	2.18	.383
4	Guide with Covid-19 prevention plan	4.93	.255
5	Apply adequate loan limitation, credit & IFRS accounting policy	2.41	.567
	Overall Mean	3.84	

Source: Survey data, 2022

As the table (4.7), respondents' result on updated technology usage in MADB operation process is weak as the mean score of 2.18. Respondents believed that MADB's internet facility in office to perform the job well is efficient with the mean score result of 4.95 The over mean score of this section is 3.84, bank is well operating in the planning activities with the mean score result is 3.84 nearly to 4.

(ii) Monitoring

Monitoring is the feedback section or appraisal section to make the corrective action when necessary. Analysis on MADB's monitoring practices is presented in Table (4.8).

Table (4.8) Monitoring of MADB

No.	Item	Mean	Standard deviation
1	Appraise staff on performance by managers regularly	2.13	.338
2	Use HRM method to assess employees performance	2.98	.473
3	Feedback farmer performance on late payment	2.07	.255
4	Monitor competitor and customers especially farmers.	2.33	.472
5	Controls frauds and errors of operation with auditing standards	4.53	.501
Overall Mean		2.81	

Source: Survey data, 2022

Table (4.8) explained that MADB is a little necessary on performance of monitoring section because the mean value of 2.81 which is nearly to 3 point. Therefore, MADB control system is needed to change. The highest mean score of this section is 4.53 which points out MADB controls errors and frauds by monitoring with internal audit and government audit team. The lowest mean score is 2.07. It is assumed that MADB is weak in controlling the farmer performance whether they can repay their loan credit to MADB. As the result in financial analysis of non-performing loan, the study found non-performing loan is increase, this may be due to the lack of systematic monitoring in collection of loan.

(iii) Quality Assurance

Assessment on MADB' quality assurance is explained in Table (4.9). solving on customer problems, easily utilization on banking service, security on personal data, providing reliable and relevant information, creativity and using information technology are mainly concentrated to assess the quality assurance of MADB.

Table (4.9) Quality Assurance of MADB

No.	Item	Mean	Standard deviation
1	Response to customer's problem quickly	2.14	.389
2	Operate to easily access on MADB loan credit	4.11	.320
3	Provide trustful Information to employees	4.70	.460
4	Encourage creativity and innovation for employees	2.43	.497
5.	Try to improve the techniques of banking processes and services by management	2.73	.445
Overall Mean		3.22	

Source: Survey data, 2022

According to table (4.9), the highest mean score level is 4.70. This result shows that MADB' provide reliable and valuable information to perform the job well among the level of employee. Therefore, open communication is occurred in MADB. The least mean score is 2.14 which described that MADB cannot solve customer's problem quickly because of weakness in accountability to solve problem. Only management level controls when need to solve customer problem. The overall mean result of this section is 3.22 which is nearly to 3 point. This showed that quality assurance section is neutrally agreed. But this result cannot show well performance. Therefore, MADB need to make changing in internal business operation.

(iv) Analysis on overall mean of Internal Business Process Perspective

Table (4.10) is shown to present the result of internal business process perspective of MADB. In the following table, the mean sore results of planning, monitoring and quality assurance of MADB are presented.

Table (4.10) Overall Mean of Internal Business Process Perspective

No.	Item	Mean
1	Planning of MADB	3.84
2	Monitoring of MADB	2.81
3	Quality assurance of MADB	3.22
	Average Mean	3.29

Source: Survey data, 2022

According to the above table, MADB is well performing and operating the planning section to perform the daily banking operation process as the result of 3.84 mean value which is nearly to 4. However, performance of MADB is weak in the monitoring section with the mean score of 2.81. Management level of MADB need to consider how to develop the important of monitoring section on organization and employee performance based on monthly and yearly. And if it is possible, monitoring on organization and employee performance daily. There may be weak in quality assurance section cause of weakness in monitoring section with the mean score of 3.22. According to the surveyed result, MADB performance is neutral with the mean score of 3.29. MADB need to be better performance at internal business process of bank.

4.3.3 Analysis on Customer Perspective

Customer perspective identifies the customer satisfaction on overall product and service quality of organization. Satisfaction on loan outstanding transaction and customer service quality are used to measure MADB' performance on customer perspective.

(i) Loan Transaction Service of MADB

Amount on loan payment to customer, fee and interest rate on loan payment and loan limitation time line and customer relationship of employee are highly considered to evaluate on the loan transaction service of this bank. MADB have received interest income from the outstanding loan to farmers. Farmers' satisfaction on MADB' service is very important for MADB's operation process. These results are shown in Table (4.11).

Table (4.11) Loan Transaction Service of MADB

No.	Item	Mean	Standard deviation
1	Sufficient Loan payment amount is sufficient for farming works.	2.09	.292
2	Serve fair loan interest rates to farmers	4.98	.115
3	Provide reasonable charges for loan transaction	4.95	.278
4	Support needed loan to farmers in time	4.01	.217
5	Provide enough loan duration period to farmers	4.03	.162
6	Announce reliable and relevant information to farmers for loan borrowing in advance.	3.97	.199
7	Set the reasonable Fine and penalty for late repayment.	3.91	.282
8	Explains about the procedures of loan received and payment to framers by staffs	2.95	.314
9	Use bank's Loan service in next time by farmers	3.03	.230
Overall Mean		3.77	

Source: Survey data, 2022

Table (4.11) covered the mean value of loan transaction practices performed by MADB. Total average mean score of respondents was 3.77. Respondents think that MADB can provide loan transaction service to farmers by performing well. the mean score result is 4.98 and 4.95 for loan interest rate and reasonable charges for loan received showed that respondent can get fair loan interest rate and reasonable charge for received loan. Time limitation for loan outstanding is enough for farmers with 4.03 in mean score result. Therefore, payback period is cover for the respondents. Respondents show that MADB' loan transaction service will be used in next time with 3.03 in the mean score result.

(ii) Customer Service of MADB

Table (4.12) presents the customer service of MADB. Organization's performance depends on whether organization supports satisfied service to the customers. Accessibility for providing service to customers, provided facility, security of banking service for customers are covered when analyze the supporting service of MADB.

Table (4.12) Customer Service of MADB

No.	Item	Mean	Standard deviation
1	Server the variety of loan and deposits services like other private banks.	2.09	.292
2	Accept Fast and convenient services from MADB	2.82	.454
3	Provide the farmers furniture, branches, clean drinking water and clean toilet to take the rest.	2.47	.501
4	Keep confidential information and transactions security	4.93	.250
5	Build good relationship with customers and employees	2.18	.386
Overall Mean		2.90	

Source: Survey data, 2022

According to Table (4.12), the average mean score was 2.90 which show that performance of MADB on customer service is a little necessary to reform for providing better performance. The highest mean score was 4.93 which showed that MADB is keeping customers' confidential information to build trustful relationship with customers. The smallest or least mean score was 2.09. The respondents comment that they can't get variety of loan and deposit services like other private banks.

(iii) Analysis on overall mean of Customer Perspective

Table (4.13) is shown to present the result of customer perspective of MADB. The mean sore results of loan transaction service and supporting customer service are described in the following table.

Table (4.13) Overall Mean of Customer Perspective

No.	Item	Mean
1	Loan Transaction Service of MADB	3.77
2	Customer Service of MADB	2.90
Average Mean		3.54

Source: Survey data, 2022

According to the Table (4.13), MADB is well performing and serving to the customers as the result of 3.54 mean value which is nearly to 4. Performance of MADB on loan transaction service is well perform on providing loan. However, supporting service performance of MADB is not reach to good recommended level. There is weakness in customer service because there in not enough budget for providing facilities and outstanding service.

4.4 Analysis on Financial Perspective of MADB Bank

The second objective of this study is to evaluate the organization performance of MADB by using Balanced Scorecard with financial perspective and non-financial perspective. Financial measures provide the economic consequences for the actions that already taken in financial condition by the organization and focuses on profitability related measures on the organization capital investment.

The effectiveness of financial performance is measured how MADB manages to meet the expectations of financial aims and goals and builds the reputation of this bank. Under this perspective, financial performance of MADB is analyzed by the extracted financial statements from (2015-2016) to (2019-2020). The financial measurements were considered for MADB's financial performance with solvency, liquidity and profitability.

(1) Solvency

This area is very important when the performances of financial institutions are measured. Solvency status indicates that whether the financial institutions meet their liabilities with their capacity and cover the occurrence for operational risk and credit risk. Therefore, Capital Adequacy Ratio (CAR) and Equity to deposit ratio were used to measure the solvency of MADB.

(i) Capital Adequacy Ratio (CAR)

CAR is used to measure the solvency of banking organization. CAR or capital to risk weighted asset ratio is the ratio which determines the bank' capacity to meet with liabilities and to covers the risk such as credit risk and operational risk etc. A bank with high capital adequacy ratio is regarded for safety and sufficiently covering for financial obligations. According to the instruction of Central Bank of Myanmar

(CBM), bank needs to meet at the minimum 7% of CAR. MADB' CAR ratio is shown in Table (4.14). The formula of solvency ratio is expressed in as follow;

$$\text{Capital Adequacy Ratio} = \frac{\text{Equity Capital}}{\text{Risk Weighted Assets}} \times 100$$

Table (4.14) Capital Adequacy Ratio (CAR)

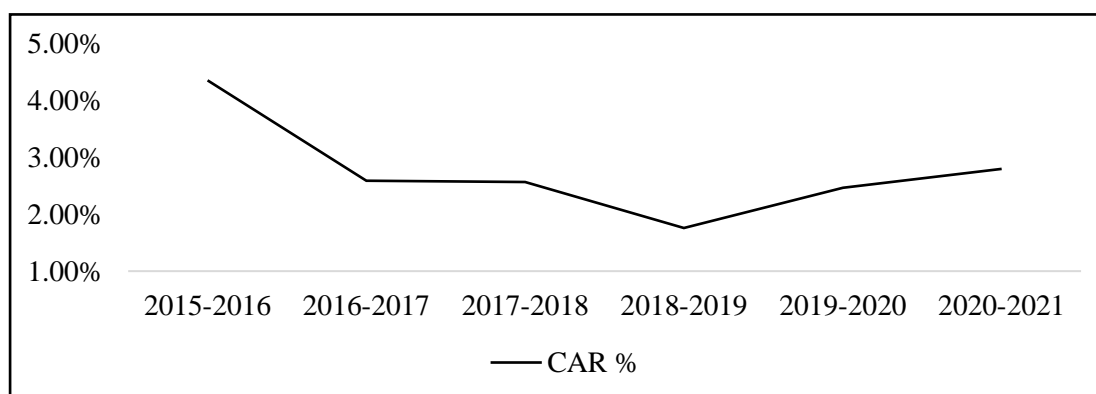
Financial Year	Equity Capital (Kyats in Million)	Risk Weighted Assets (Kyats in Million)	CAR (%)
2015-2016	15313.00	351598.91	4.36
2016-2017	15313.00	589670.69	2.59
2017-2018	18907.00	734765.18	2.57
2018-2019	18907.00	1073651.30	1.76
2019-2020	18907.00	766673.79	2.47
2020-2021	18907.00	673412.02	2.80

Source: MADB' finance data, 2022

Capital adequacy ratio results of MADB are less than the rule of CBM from the financial year of (2015-2016) to (2020 to 2021). The worst result is occurred in the financial year of (2018-2019). The result in financial year of (2020-2021) is more increase than financial year of (2018-2019). However, this didn't cover the standard criteria set by CBM. The situation to add the additional capital for investment was not occurred in MADB because the amounts of equity capital were same from the financial year of (2017 to 2018) to (2020 to 2021). This bad condition based on economic problems and difficulties of Covid-19 Pandemic.

Figure (4.1) is presented based on the result of CAR ratio which is shown in Table (4.14).

Figure (4.1) Capital Adequacy Ratio (CAR)



Source: MADB' finance data, 2022

According to Figure (4.1) capital adequacy ratio of MADB was gradually decrease annually at the studied periods. This result shows that the solvency level of MADB is gangrenous condition to struggle during the difficulties of Covid-19 crisis.

(ii) Equity to Deposit Ratio

Equity to deposit ratio is sub parameter ratio for capital adequacy to measure the solvency of banking organization. This ratio points out whether the bank have sufficient amount to protect the depositors. The minimum rate for 7% is risk for banks. 23% and above 23 % point out the risk free result for protecting the depositors as the rule of CBM. Table (4.15) is presented to show whether the financial condition of MADB is strong or weak.

$$\text{Equity to Deposit Ratio} = \frac{\text{Equaity Capital}}{\text{Total Deposit}} \times 100$$

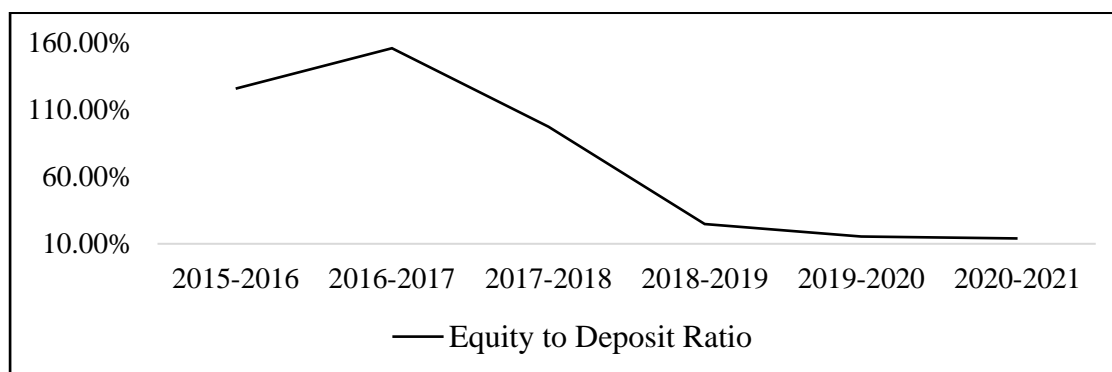
Table (4.15) Equity to Deposit Ratio

Financial Year	Equity Capital (Kyats in Million)	Total Deposit (Kyats in Million)	Equity to Deposit Ratio (%)
2015-2016	15313.00	12204.24	125.47
2016-2017	15313.00	12153.98	125.99
2017-2018	18907.00	19454.16	97.18
2018-2019	18907.00	76432.71	24.74
2019-2020	18907.00	123039.52	15.37
2020-2021	18907.00	135223.53	13.98

Source: MADB’ Finance data, 2022

As shown in Table (4.15), equity to deposit ratio at the surveyed financial period from (2015-2016) and (2017-2018) are sufficient to meet the standard guided by CBM. The results of this ratio are falling at the periods after the Covid-19 disease began to spread. This occurs due to bad situation in running the business. Figure (4.2) is presented based on the finding results of Table (4.15).

Figure (4.2) Equity to Deposit Ratio



Source: MADB’ Finance data, 2022

According to Figure (4.2), MADB' financial performance is stable as the result of equity to deposit ratio. Although it is stable, this ratio of the bank is more declining that is near to 10% at the financial statement of (2020-2021). Therefore, MADB did not introduced additional capital due to the economic recession.

(2) Liquidity Ratio

Liquidity ratio indicates that financial institutions have the ability of payment for short term obligations. This measures the ability that can cover anticipated and contingent cash needs evoked from the withdrawal of saving and current deposits, liability maturities and loan disbursements. Current ratio and loan to deposit ratio are used to measure the liquidity status of bank.

(i) Current Ratio

This ratio shows whether the bank's current assets are sufficient to meet the bank's obligation when they need to pay back or become due. Current ratio which is less than 1 that can't able for paying on short term obligation from the guideline of CBM and international accounting standard. Current liabilities are compared with liquid or current assets in the determinants of current ratio. Current ratio formula is expressed in the following. Table (4.16) is recorded to express the liquidity condition of bank.

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}} \text{ (shown in time)}$$

Table (4.16) Current Ratio

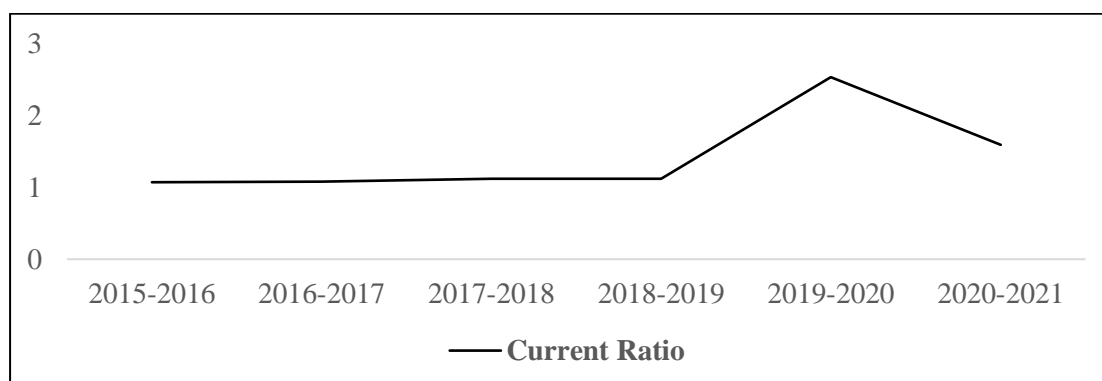
Financial Year	Current Assets (Kyats in Million)	Current liabilities (Kyats in Million)	Current Ratio (Time)
2015-2016	662168.78	618266.05	1.07
2016-2017	1117543.06	1035097.07	1.08
2017-2018	1302288.04	1161620.18	1.12
2018-2019	1834960.03	1543281.66	1.12
2019-2020	800796.79	316429.26	2.53
2020-2021	215667.73	135223.53	1.59

Source: MADB' finance data, 2022

The liquidity condition results of MADB can overcome the rule of CBM at the studied periods. However, these results are not strong results causes of nearly to 1.

The amount of current assets at the period of (2020-2021) is least between the studied period. Figure (4.3) is recorded based on the result of Table (4.16).

Figure (4.3) Current Ratio



Source: MADB' finance data, 2022

This Figure (4.3) pointed that this ratio can be seen with decreasing significantly at the period of (2020-2021). The financial period of (2020-2021) is the period of struggle to escape from the difficult situation and to achieve good financial performance in the following financial period.

(ii) Loan to Deposit Ratio

Loan to deposit ratio is the ratio to evaluate the liquidity of a bank by analyzing a bank's total loan to total deposit in the same period. The bank has enough liquidity to cover the requirement of fund when the ratio is high. If the deposits of bank are arising, credit loan can be offered more. Other way, this ratio can help investors to determine whether the bank can manage properly. The result of MADB's loan to deposit ratio is shown in Table (4.17). Calculating for the formula of loan to deposit ratio is described in follow;

$$\text{Loan to Deposit Ratio} = \frac{\text{Total Loan}}{\text{Total Deposit}} \times 100$$

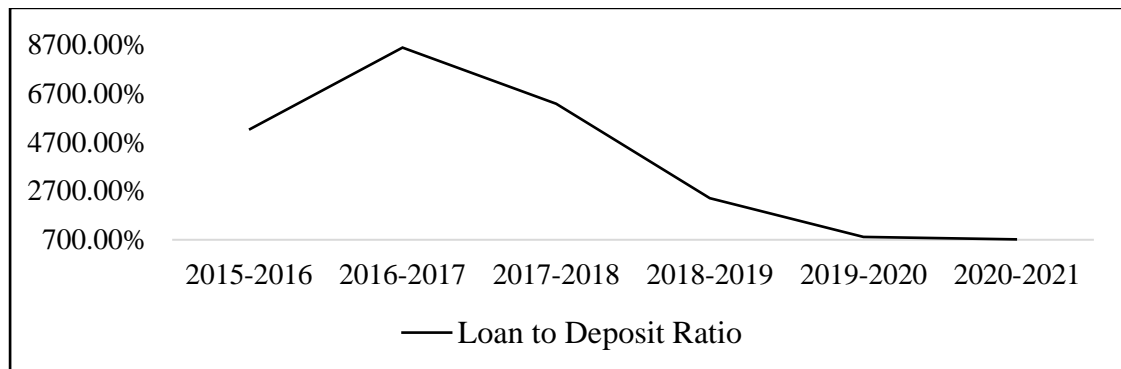
Table (4.17) Loan to Deposit Ratio

Financial Year	Total Loan (Kyats in Million)	Total Deposit (Kyats in Million)	Loan to Deposit Ratio (%)
2015-2016	636054.26	12204.24	5211.75
2016-2017	1043364.40	12153.98	8584.55
2017-2018	1220960.35	19454.16	6276.08
2018-2019	1836467.20	76432.71	2402.72
2019-2020	1005402.17	123039.52	817.13
2020-2021	969218.41	135223.53	716.75

Source: MADB' finance data, 2022

Table (4.17) shows that the condition of outstanding loan is higher than the deposit amount of customers. loan credit operation is effectively and efficiently to achieve interest income for MADB. Figure (4.4) is presented according to the outcome data of Table (4.17).

Figure (4.4) Loan to Deposit Ratio



Source: MADB' finance data, 2022

Large amount of outstanding loan is seen in the operation process of MADB. The more outstanding loans, the bank will earn more interest income. The more deposit in the bank, the bank will give more interest to depositors. If the bank has more outstanding loans, bank's liquidity levels are fall because of doubtful debt or NPL loans. This is the dangerous condition for the bank.

(3) Profitability

Profitability measurement of financial institutions shows whether they are effective in managing on the capital investment and the condition of financial performance. This is the important indicators in the measurement of financial condition. Therefore, net profit margin ratio, non-performing loan ratio and return on assets ratio are used to measure the MADB's performance.

(i) Net Profit Margin

Net profit margin ratio is used to measure the profitability condition which is generated as the revenue's percentage. Bank' net profit margin ratio is the ratio of net profit to revenue from outstanding loan especially interest from loan. The amount of net profit ratio is 20% is considered as an acceptable result which is shown in CBM guideline. Table (4.18) show the result of net profit margin. Formula for Net-Profit Margin is shown below;

$$\text{Net Profit Margin Ratio} = \frac{\text{Net profit}}{\text{Interest from Loan}} \times 100$$

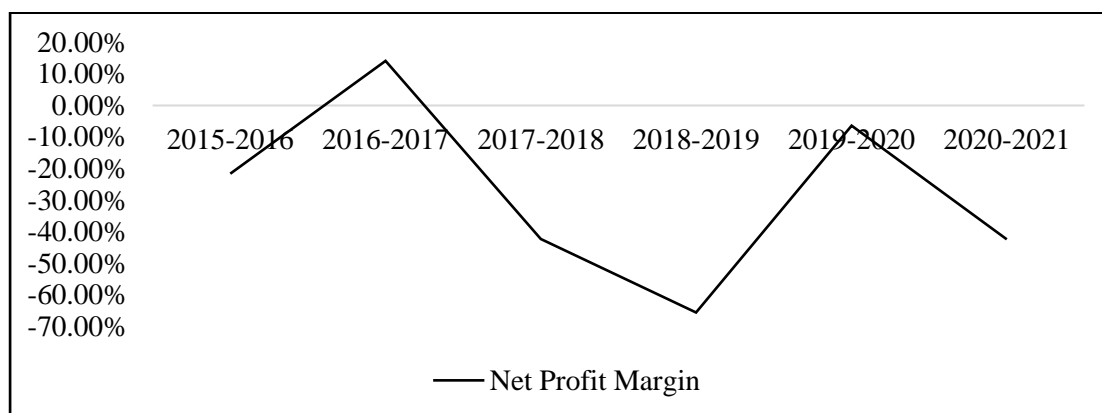
Table (4.18) Net Profit Margin Ratio

Financial Year	Net Profit (Kyats in Million)	Interest from loan (Kyats in Million)	ROA (%)
2015-2016	(10823.56)	50126.10	(21.59)%
2016-2017	14376.96	101940.39	14.10%
2017-2018	(53447.26)	126528.67	(42.24)%
2018-2019	(63596.24)	97075.23	(65.51)%
2019-2020	(8069.32)	126714.99	(6.36)%
2020-2021	(53636.47)	126701.89	(42.33)%

Source: MADB' finance data, 2022

The highest net profit margin is 14.10% in the financial year (2016-2017) and the lowest net profit margin is 65.51% in (2018-2019). The net profit margin in (2019-2020) and (2020-2021) are still negative result even though these years have the higher revenue income than the financial year (2018-2019) which had the lowest net profit margin rate by analyzing the result of Table (4.18). Figure (4.5) is recorded upon the results of Table (4.18).

Figure (4.5) Net Profit Margin Ratio



Source: MADB' finance data, 2022

Net profit of bank is gradually decreasing. This may be dangerous condition. The reason of decreasing net profit is increasing the non-performing loan. Borrowers from bank is facing difficulties in their firms and business because of Covid-19 and economic conditions of Myanmar.

(ii) Non-Performing Loan (NPL) Ratio

Non-Performing Loan ratio is the ratio to measure the efficiency of outstanding loan and the level of credit risk. A high ratio in NPL means that the bank bears a greater risk of loss in the owed amounts, while a low ratio means that there is

low risk to the bank in outstanding loan. NPL is a loan in which the borrower cannot make any scheduled payments in principal or interest for a certain period of time. In MADB, nonperforming loan are considered if the borrower is 90 days past due. The condition of outstanding loan of MADB is presented in Table (4.19).

$$\text{Non-Performing Loan Ratio} = \frac{\text{Doubtful Debt} + \text{Bad Debt}}{\text{Total Loan}} \times 100$$

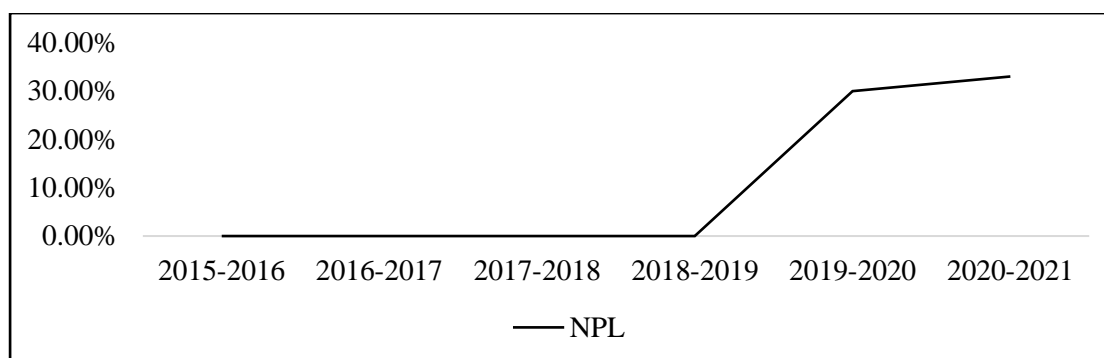
Table (4.19) Non-Performing Loan Ratio

Financial Year	Doubtful Debt (Kyats in Million)	Bad Debt (Kyats in Million)	Total Loan (Kyats in Million)	NPL (%)
2015-2016	-	-	636054.26	-
2016-2017	-	-	1043364.40	-
2017-2018	-	-	1220960.35	-
2018-2019	126159.32	202658.46	1836467.20	18%
2019-2020	45542.12	260306.70	1005402.17	30%
2020-2021	73919.73	253151.27	969218.408	33%

Source: MADB' finance data, 2022

As the result shown in Table (4.19), percentage of non-performing loan is increasing year by year. In the previous financial year of (2018-2019), there is no bad debt and doubtful debt in MADB in loan operation process. However, the condition of bad debt is occurred at the financial year of (2018-2019) to (2020-2021). The highest percentage of non-forming loan is 33% in outstanding loan at the financial year of (2020-2021). Figure (4.6) is drawn as the outcome of Table (4.19).

Figure (4.6) Non-Performing Loan Ratio



Source: MADB' Finance data, 2022

Therefore, non-performing loans are gradually increasing. This result found that management level of MADB has weak point in controlling to outstanding loan holders. If the bank cannot control non-performing loan, the bank will face dangerous financial problems.

(iii) Return on Assets Ratio

Return on equity ratio measure the profitability of bank by net income or earning assets produced by total assets. It compares with net income to average total assets. Return on assets ratio is known as ROA. Above the 5 percentage of ROA is generally considered as a good result. Table (4.20) is presented to show the outcome result

$$\text{Return on Assets Ratio} = \frac{\text{Net profit}}{\text{Total Assets}} \times 100$$

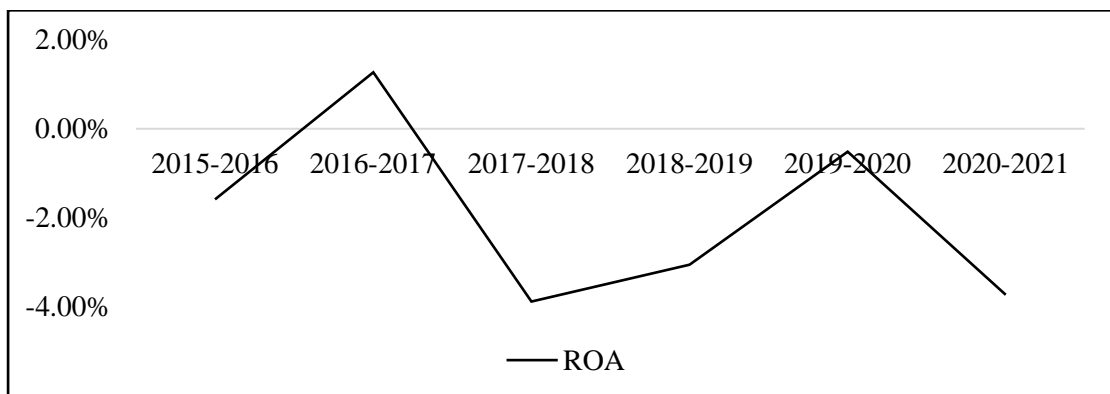
Table (4.20) Return on Assets (ROA) Ratio

Financial Year	Net Profit (Kyats in Million)	Total Assets (Kyats in	ROA (%)
2015-2016	(10823.56)	677023.51	(1.59)
2016-2017	14376.96	1132400.55	1.27
2017-2018	(53447.26)	1372699.68	(3.89)
2018-2019	(63596.24)	2079337.49	(3.06)
2019-2020	(8069.32)	1559156.32	(0.52)
2020-2021	(53636.47)	1432783.81	(3.74)

Source: MADB’ finance data, 2022

Most of the result of Return on assets ratio shows the negative result in percentage in Table (4.20). In the studied previous, the positive result is shown in financial year (2016 to 2017). However, the positive result which is 1.27% is lower than minimum percentage of ROA. When MADB’s net profits during the studies year are emphasized, loss amounts are seen in Table (4.15). Presentation of Figure (4.7) is rooted on Table (4.20).

Figure (4.7) Return on Assets (ROA) Ratio



Source: MADB’ finance data, 2022

The condition of measuring MADB’s profitability is declining in studied financial period as shown in Figure (4.7). This occurs due to economic decline of the country due to Covid-19 pandemic. Due to the consequences of economic decline, the

farmers who are the borrowers of bank cannot repay the principles and interests in which NPL are high.

4.5 Overall Non-Financial Analysis of MADB Bank

The overall result on learning and growth perspective, internal business perspective and customer perspective of MADB is shown in Table (4.21).

Table (4.21) Overall Mean of Non-financial perspective

No.	Item	Overall Mean
1	Analysis on Learning and Growth Perspective	3.75
2	Analysis on Internal Business Process Perspective	3.29
3	Analysis on Customer Perspective	3.54

Source: Survey data, 2022

According to the customer perspectives of above table (4.21), MADB is performing well as the mean score result of nearly 4. MADB need to emphasize in the capacity building and motivation of employees. Fair performance management system is conducting in MADB in the result of learning and growth perspective. The condition of planning, monitoring and quality assurance of internal business process is not under performance according to the surveyed results. However, MADB needs to try and change in some area of weakness to be better performance.

According to the study on the organization performance of MADB, profit of MADB is declining in surveyed year by year. Non-performing loan is increasing year by year. Financial situation of MADB can be seen as the negative result because MADB's solvency level doesn't meet the minimum criteria of Central Bank of Myanmar. This bank needs to feedback on customers to control NPL loans. Relationship with customers and employees is needed to monitor for providing banking service to customers. As the result of this analysis, MADB performance does not reach to the good result and has some of the weakness. Therefore, MADB needs to consider to take corrective action and to make strategic decision to overcome this problem of MADB.

4.6 Overall Financial Analysis of MADB Bank

Solvency of MADB is poor condition in MADB because bank' CAR ratio does not meet the safety margin criteria of CBM. The amount of payment for depositors are less in MADB. The liquidity result of MADB is not reach to risk less level because of nearly to 1. According to the outstanding loan are very large in MADB, good opportunities for interest earning are found as a chance in MADB. However, negative result for profitability in MABD is occurring because of higher in the rate of non-performing loan in analyzed financial period form (2018-2019) to (2020-2021). Therefore, the accrued income form outstanding loans are not received because of loan holders does not repay principle due to the impact of economic crisis result of Covid-19. According to solvency and profitability measurement, financial performance of MADB is in dangerous condition. The situation of liquidity condition is not under performance because this results are above 1. After the financial year of spreading the deceases of Covid-19, the result of liquidity ratio is falling. Management level of MADB need to notice this condition for making strategic decision to control this situation. MADB needs to control non-performing loan to overcome the weak point of financial condition.

CHAPTER V

CONCLUSION

This chapter presents the surveyed results according to the main objectives of the study. Furthermore, findings, recommendation and needs for further study are presented in this chapter based on aim of the study. The conclusion is described by evaluating the current organization performance of MADB by using Balanced Scorecard.

5.1 Findings and Discussions

Organization performance of MADB was measured with the non-financial and financial perspective. The analyzed period of financial performance was the financial year from (2015-2016) to (2020-2021). Audited financial statement and dates achieved from the statement of profit and loss was used in assessment of financial condition.

From the learning and growth perspective, the conditions for training and development program and consideration benefit package were analyzed. Implementing training for capacity building of employees reaches in satisfactory level. The results of survey reveals that on the job trainings meet the duty and responsibility of employees than off the job trainings. Training opportunities are fair and supports to do the job well. Sometime, implemented training program doesn't meet the need and expectation of employees. MADB's career development opportunities are fair. Intrinsic and extrinsic reward provides for employee's involvement in organization operation. MADB considers employees' development by improving organization development. MADB is weak and late for offering up to date skills and knowledge training for the employees and operation efficiency. Assessing the performance of employees is performed at the year for decisions in promotion and demotion. Monthly and yearly appraisal method is not used MADB regularly.

Planning section, monitoring section and quality assurance sections are mainly concentrated in the internal process perspective. 24 hours internet facilities are supported by MADB. Reliable and relevant information is used in operation process and information flow is not limited to every level of organization. Covid-19 prevention plan is used in operation process to safe for customers and employees. MADB is unfavorable performance on controlling to the farmers for late repayment

and condition of doubtful debt. Innovative and product development of MADB is weak in operation process. There is weak performance on the condition for limitation on loan credit, system for responded customer in MADB. Advanced technologies usage does not occur in assessing the organization performance from the perspective of internal business process.

According to the results from customer perspective on MADB performance, loan transaction services and provided services from the bank was mainly covered. Farmers can receive the needed loan amounts in time. However, they cannot get sufficient loan amount because MADB profit is declining in analyzed year by year. The relationship of bank staff with farmers and depositors is weak although MADB' staff provide the reliable and relevant information to farmers and depositors because MADB' bank staff does not explain the procedures of loan received and payment patiently. MADB cannot support the variety of banking service such as Automatic Teller Machines (ATMs) and updated IT banking software such as mobile banking to be easy in transaction process. MADB can't support fast and convenient service to farmers. Supporting environmental condition is not good for farmers and depositors. However, farmers use MADB's loan service because MADB supports low interest rate and reasonable fees for outstanding loan than other private banks and keep confidential information for safety of customers.

Regarding with the financial perspective among the BSC, profitability of MADB is measured with solvency ratios, liquidity ratios and profitability ratio were used to explore the actual financial condition of bank. According to the result of profitability, return on assets ratio and net profits are continuously decreasing in the analyzed periods. If a bank can support outstanding loan, earning assets or interest received from loan will be more for the bank. On the other hand, if a bank can get more deposits form the depositors, bank will have more liabilities or will need to payback the interests to depositors. Although MADB' outstanding loans are more than the deposits from the depositors as the ratio of loan to deposit ratio, profitability of MADB shows the negative results. This results arise because of increasing or maximizing in Non-Performing Loan (NPL) in MADB. The condition of NPL was shown in Non-Performing Loan ratio.

In the measurement of liquidity condition of MADB, current ration and loan to deposit ratio was used. MADB liquidity condition was measured by comparing with current assets and current liability. When analyzed the current ratio of MADB, the

result of current ratio is nearly to 1. Indication that MADB's liquidity condition will be the dangerous condition for the following financial year of (2021-2022). From the point of loan to deposit ratio, bank can get more interest income when bank have more outstanding loan. The negative perspective of this situation will have more bad debt and doubtful debt when bank has more outstanding loan. There are more outstanding loans in MADB. Therefore, management level need to control the farmers to repay the outstanding loan in due date or in time.

Equity to deposit ratio was used to measure the solvency of MADB. According to this results, deposits from depositors are less in MADB. Equity capital of MADB is enough to repay the principle and interest for depositors. However, solvency ratio of MADB is gradually declining in the studied financial period from (2019-2020) to (2020-2021). On the other side, MADB stands with the supporting fund of Myanma Economic Bank rather than the efforts of depositors. This result may be challenges whether the MADB stands or doesn't stands without the helping and supporting of Myanma economic bank and government. CAR ratio was used to measure the solvency of MADB as the guidance of CBM. According to this result, MADB does not have in safety margin for depositors.

5.2 Suggestions and Recommendations

As the result of financial perspective, although number of outstanding loan is increasing in MADB, earning assets or profitability of MADB shows the negative results. Therefore, management level should control and monitor to minimize the operation cost and non-performing loan. Bank receives interest income from the outstanding loans. MADB should perform other banking service to get earning or incomes like outstanding loans. MADB should provide payroll service as an agent for the organization should support service for transfer from MADB to other private and public banks for getting service fees. MADB should provide housing loan and car loan. MADB should arrange mortgage loan and strong credit policy to control the non-performing loan. Although the liquidity of MADB meets the standard financial ratio, it needs contingencies plan, monitors and controls liquidity risk management. When comparing the loan amounts and deposit amounts, deposit amounts are lowers than loan outstanding amounts. Therefore, bank need to attract the depositors with the compatible interest rate, benefit and margin of safety. Updated technologies usage

software such ATMs and mobile banking need to use to attract depositors by providing accessibility service.

MADB should perform customer service program to be better relationship with customers and bank's officers. Customer complain committee should organize within the organization to know the customer suggestion and inconvenient situation of customers. There is long time in waiting to get service in MADB. Therefore, time management and satisfied facilities should be provided by MADB. MADB officers should explain MADB process and procedure clearly.

Employees are critical for developing banking institution. Management level should reveal the research and appraisal who need what type of training. Bank needs to continuously improve performance by attracting customers and cost conscious. Annual and semi performance appraisal method should be used to motivate employees. Skills and knowledge of updated technologies usage of employees within MADB is less than the employees of private organization. Therefore, updated training should be performed by MADB for the capacity building of employees. MADB should perform research and development program to offer the right training to employees.

Bank should do the market research for opening new branches and producing the variety of product and service based on changing customers' needs and wants. MADB should encourage generating more profits from the branches. Farmers' feedback system, limitation on credit policy and weakness of operation system should be appraised regularly. MADB should monitors and compare the situation of competitors. Advanced technology should be applied in the operating process of banking service and day to day operation of bank. Strong internal and external audit procedures should perform to reduce the fraud and error of operation.

5.3 Needs for further Study

This study is served on organization performance of MADB by using the Balance Scorecard. This study is not sufficiently covered all the performance conditions and practices of banking industry. This is only emphasized on the financial period from (2015-2016) to (2020-2021). Because of time and resource limitation, this study cannot compare with the organization performance of other banking institution and financial institution. It does not represent the whole figure of financial institution within the country of Myanmar.

Further analysis should be performed on the expanded period on year by year and based on more effective indicators. Further research needs to be done for assessing the organization performance by comparing some private banks and foreign banks. Furthermore, research should conduct on MADB' other area such as risk management practices, customer relationship management practices, liabilities management and leadership and management style. If there is a chance to undertake a survey, other areas of MADB are wanted to conduct.

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APPENDIX-I

Employee Survey Questionnaire

This questionnaire will support to indicate and measure about the “Organizational Performance” on “Learning and Growth Perspective and Internal Process Perspective” according to the perception of Employees to submit for Master of Banking and Finance Programme, Department of Commerce. This respond of respondents will hide and keep confidential for security and will use academic purpose only. Thanks for your corporations.

Section (A)

Demographic Background

1. Gender

- Male
- Female

1. Age (in Year)

- Below 35
- Between 35-55
- Above 55

2. Education

- Bachelor’s Degree
- Master’s Degree

3. Income Level

- Below 300,000 Ks
- Between 300,000 – 400,000 Ks
- Above 400,000 Ks

4. Working Experience (in Year)

- Less than one year
- Between One to three years
- Between three to six years
- Above six years

5. Occupational Status

- Executive
- Manager
- Supervisor

Section (B)

Please tick (Å) the statement form 5 indicators which point out your opinions on performance of MADB.

Indicators: 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree,
5 = Strongly Agree.

(1) Learning and Growth Perspective Measure

No.	Particular	1	2	3	4	5
Employee Training of MADB						
1	The trainings I received on the job meet my needs and expectation.					
2	The training I received is relevant to my job position and support to do job well.					
3	I believe that providing for MADB training is good and fair for employees.					
4	On job trainings of MADB are effective for my duties.					
5	Off-job trainings of MADB are related with my responsibility.					
Employee Development of MADB						
1	I gained the knowledge and skills needed to improve in my career path from this training.					
2	The duration period of training course covers the course requirements.					
3	MADB motivates rewards and recognition in training and development program to actively participate more.					
4	I feel that MADB supports individual development and organization development from IT, accounting, auditing training.					
5	The trainings provided from MADB are enough for employees' development in up to date skills and knowledge.					
Employee Benefit of MADB						
1	The benefit package and salaries are raised according to the employee performance in MADB.					
2	I get pay raise, promotions and career development based on MADB's the result of training programme.					
3	I feel that my job performance level will rise as a result of the attending of MADB provided training.					

4	Outstanding employees can get the promotion and can get the chance to study abroad.					
5.	Relevant, updated training and clear instructions can be provided for employees to perform the job well in MADB.					
6.	I get health care benefit, vacation, sick leave, housing benefit and transportation benefit supported by MADB.					

(2) Internal business process perspective Measure

No.	Particular	1	2	3	4	5
Planning of MADB						
1	I feel that bank provides 24 hours internet facilities in the office to perform job well.					
2	I feel that bank supports reliable and accurate information in time to support in operation process.					
3	I think that updated technologies usage in MADB is weak in operation process.					
4	I get Covid-19 prevention plan supported by bank for wearing mask, cleaning hand and seating plan.					
5	I think that MADB's loan limitation policy and credit policy & IFRS accounting policy are adequate and auditing procedures are sufficient.					
Monitoring of MADB						
1	I feel that managers always appraise staff on performance regularly.					
2	MADB Bank uses human resources management method for employees to assess performance.					
3	MADB is efficient for providing feedback on farmer performance in late payment on loan credit.					
4	MADB always monitors the competitor's situation and relationship with customers especially farmers.					
5	MADB controls the accounts with auditing and accounting procedures to avoid frauds and errors of operation.					
Quality Assurance of MADB						
1	I think that MADB can response to customer's problem quickly.					
2	Farmers could access MADB loan credit easily.					
3	Management of MADB provides reliability and trustful Information for employees.					

4	I feel that MADB encourages creativity and innovation for employees					
5.	Management person from MADB always try to improve the techniques of banking processes and services.					

Comments or additional information

Please use the space below for any comment or additional information

Thank a lot for your kindly cooperation and giving time for answering.

APPENDIX-II

Customer Survey Questionnaire

This Questionnaire will point out to measure about customer's perception on the product and service of Myanmar Agriculture Development Bank for studying on "Organization Performance of MADB" by using the Balanced Scorecard Concept. This response will use and keep confidential for academic study purpose only. Your cooperation and response on the questionnaire are kindly appreciated.

Please tick (Å) on the appropriate box that suits your opinions for the following questions.

Section (A)

Demographic Background

1. Gender

- Male
- Female

2. Age

- Below 35 years
- Between 35-55 years
- Above 55 years

3. Usage Service in Bank

- Loan
- Deposit
- Transfer and Loan
- Transfer

4. Income level

- Under 200,000 Ks
- Between 200,000 – 400,000 Ks
- Above 400,000 Ks

6. Occupational Status

- Business owners (Farmers)
- Government Employee
- Company Employee

7. Relationship Year with MADB

- Under 1year
- 1years-2years
- 2years-3years
- Above 3years

Section (B)

Please tick (✓) the statement from 5 indicators which can reflect your perception on the products and services of MADB (HO, Yangon).

Indicators: 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree,
5 = Strongly Agree.

Customer Perspective Measure

No.	Particular	1	2	3	4	5
Loan Transaction Service of MADB						
1	I feel that Loan payment amount is sufficiently and enough for my farming works.					
2	I feel that loan interest rates are fair for received loan.					
3	I feel that other fees for loan transaction are					
4	I think that bank provided needed in time to cultivate the crops.					
5	I think that loan duration period covers my farming work.					
6	Loan officers announced reliable and relevant information to farmers for loan borrowing in advance.					
7	I think that fine and penalty are reasonable for late repayment.					
8	Bank staff explains the farmers about the procedures of loan received and payment.					
9	I will use next time MADB Bank's Loan service.					
Customer Service of MADB						
1	I get the variety of loan and deposits services like other private banks.					
2	I get fast and convenient services from MADB.					
3	I feel that MADB provides the farmers furniture, branches, clean drinking water and clean toilet to take the rest.					

4	I feel that MADB supports my transactions and confidential information for trustful relationship.					
5	I feel that customers' relationship of employees to their customers are satisfactory.					

Comments or additional information

Please use the space below for any comment or additional information

Thanks You for Your Participation

APPENDIX –III
MYANMA AGRICULTURAL DEVELOPMENT BANK
BALANCE SHEET FROM (2015-2016) TO (2020-2021)

(Kyats in Million)

No	Particulars	(2015-2016)	(2016-2017)	(2017-2018)	(2018-2019)	(2019-2020)	(2020-2021)
	<u>Current Assets</u>						
	Cash	8250.02	21926.35	35127.15	49246.96	193754.68	219724.431
	Foreign exchange						
	Demanded Bills						
	Bills Purchased and discounted						
1	Loans and Advances	636054.26	1043364.41	1605512.48	1836467.20	2548599.96	969218.408
	Investment in Myanmar	0.52	0.52	0.52	0.52	0.52	0.52
	Non-Banking Assets	808.63	775.99	1362.51	3253.34	4512.21	5231.192
	Other Assets	53643.88	96022.43	157660.27	154560.53	224019.99	187756.57
	Adjustment Account	18.98	1000.00	851.20	35602.02	31030.09	852.618
	Total	698776.29	1163089.70	1800514.03	2079130.57	3001917.55	1432783.813

2	<u>Current Liabilities</u>						
	Paid up Capital	9500.00	9500.00	9500.00	9500.00	9500.00	9500.00
	Reserve Fund	5813.00	5813.00	9407.00	9407.00	9407.00	9407.00
	Provision	16957.29	39910.54	170951.08	245470.03	355656.83	445302.151
	Saving Deposit	675.42	698.61	653.95	685.95	814.35	989.561
	Demand Deposit	188.03	188.28	215.36	161.57	238.15	304.702
	Time Deposit	Nil	Nil				
	Other Deposit	11340.79	11337.09	28680.30	75585.19	121987.02	133929.262
	Borrowing	607144.76	1024019.10	1501760.42	1606302.23	2363883.04	777553.443
	Bills Payable	0.00					
	Other Liabilities	47156.46	71693.08	79345.92	129005.01	127394.56	9316.120
	Adjustment Account	0.00			3013.59	30136.60	46481.574
	Profit and Loss Account	0.54					
Total	698776.29	1163089.70	1800514.03	2079130.57	3001917.55	1432783.813	

Source: Annual Report of MADB

APPENDIX –IV
MYANMA AGRICULTURAL DEVELOPMENT BANK
FINANCIAL DATA FOR STUDYING FINANCIAL PERFORMANCE

(Kyats in Million)

No	Financial Year	Equity Capital	Risk Weighted Assets	Total Deposits	Total Loan	Current Assets	Current Liabilities	Net Profit	Total Assets	Doubtful Debt	Bad Debt
1	(2015-2016)	15313.00	351598.91	351598.91	636054.26	662168.78	618266.05	(10823.56)	677023.51		
2	(2016-2017)	15313.00	589670.69	589670.69	1043364.40	1117543.06	1035097.07	14376.96	1132400.55		
3	(2017-2018)	18907.00	734765.18	734765.18	1220960.35	1302288.04	1161620.18	(53447.26)	1372699.68		
4	(2018-2019)	18907.00	1073651.30	1073651.30	1836467.20	1834960.03	1543281.66	(63596.24)	2079337.49	126159.32	202658.46
5	(2019-2020)	18907.00	766673.79	766673.79	1005402.17	800796.79	316429.26	(8069.32)	1559156.32	45542.12	260306.70
6	(2020-2021)	18907.00	673412.02	673412.02	969218.408	215667.73	135223.53	(53646.47)	1432783.81	73919.73	253151.27

Source: Annual Report of MADB