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CORPORATE GOVERNANCE PRACTICES, EMPLOYEE JOB SATISFACTION AND ORGANIZATIONAL PERFORMANCE AT AYA BANK

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MBF II - 14

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CORPORATE GOVERNANCE PRACTICES, EMPLOYEE JOB SATISFACTION AND ORGANIZATIONAL PERFORMANCE AT AYA BANK

"This thesis is submitted to the Board of Examiners in partial fulfillment of the requirements for the degree of Master of Banking and Finance (MBF)."

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ABSTRACT

The main purposes of this study are to examine the effect of corporate governance practices on employee job satisfaction and to analyze the effect of employee job satisfaction on organizational performance at AYA Bank. Both descriptive and quantitative research methods were utilized in this study. There are 479 employees who are working at the different levels at AYA Bank, Riverview head office. In this study, 218 employees from AYA Bank were chosen by using simple random sampling method. Corporate governance practices which include transparency, equality, accountability and fairness have positive and significant effect on employee job satisfaction. Moreover, employee job satisfaction has positive and significant effect on organizational performance at AYA Bank. The findings indicate that fairness pointed out that there are some concerns or perceived conflicts in how fair practices are implemented within the bank. They also indicate that job satisfaction explains a considerable portion of the variance in organizational performance. It points out the interrelation of employee satisfaction and organizational success, highlighting that improving job satisfaction can lead to better organizational performance for the bank.

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ESCAP	The Economic and Social Communication for Asia and the Pacific
FRC	Financial Reporting Council
OECD	Organization for Economic Co-operation and Development
NPAs	Non-Performing Assets
ROA	Return on Assets
ROE	Return on Equity

CHAPTER (1)
INTRODUCTION

Corporate governance in banks is an essential framework that directs, manages, and oversees financial institutions to ensure their stability, integrity, and accountability. It includes a set of principles, processes, and regulations aimed at safeguarding the interests of various stakeholders, including depositors, customers, regulators, and the broader community. The Organization for Economic Co-operation and Development (OECD) described that corporate governance involves a network of relationships between a bank's management, board of directors, shareholders, and other stakeholders in 1999. It sets the structure through which the bank's objectives are defined, strategies are formulated, and performance is monitored, ensuring alignment with both economic and social goals.

The World Bank Group (2013) defined corporate governance in banks as the mechanisms, processes, and relations by which these institutions are controlled and directed. In the dynamic environment of contemporary banking, the role of corporate governance practices has emerged as a critical determinant of organizational success. The Financial Reporting Council (FRC) of the UK, in 2018, highlighted the critical role of boards of directors in bank governance. Directors are tasked with supervising the bank's operations, managing risks, and ensuring adherence to regulatory requirements. Shareholders, in turn, play a critical role in appointing directors and auditors and ensuring the effectiveness of the governance structure.

Corporate governance practices encompass a wide array of mechanisms and principles aimed at ensuring effective oversight, transparency, accountability, equality and fairness within the organizations. Key practices include the composition and independence of the board of directors, which serves as the primary governing body responsible for setting strategic direction and overseeing management. Boards establish specialized committees, such as audit and risk committees, to provide focused attention on key areas including financial reporting, risk management, and compliance. Continuous evaluation and improvement are also integral, with companies regularly assessing their governance practices and adapting to changes in regulatory requirements, market conditions, and stakeholder expectations. Effective corporate governance practices are essential for maintaining trust, stability, and sustainability in today's business environment.

Transparency in corporate governance practices is important for promoting trust and accountability between a company and its stakeholders. Transparency refers to the extent to which a company openly shares relevant and reliable information about its financial performance, operational strategies, and governance practices. This disclosure enables shareholders, employees, customers, and other stakeholders to make informed decisions and hold the company accountable for its actions. Transparency helps to mitigate the asymmetry of information between the company's management and its shareholders, thereby lessening potential conflicts of interest and developing the alignment of managerial actions with shareholder interests (Jensen & Meckling, 1976). The transparent corporate governance practices acknowledge the diverse interests of all stakeholders, promoting ethical behavior and sustainable business practices (Freeman, 1984).

Equality of corporate governance practices is essential for developing a fair and transparent organizational culture, which ultimately enhances the overall performance and sustainability of a company. According to the OECD (2015), equitable treatment of employees is a fundamental aspect of good governance, promoting fair decision-making processes and equal opportunities for career advancement. Kluyver (2012), emphasized that governance frameworks must include clear policies to ensure all employees are treated with fairness and respect, which helps in mitigating conflicts and enhancing employee satisfaction. Similarly, the Cadbury (1992) underlined the importance of fairness and transparency in corporate governance, advocating for practices that prevent discrimination and favoritism. Tricker (2012), also highlighted that effective governance involves implementing mechanisms that guarantee equitable treatment and protection for all employees, ensuring that their rights are supported and their contributions are recognized. This alignment of corporate governance with equitable treatment of employees not only enhances a positive workplace environment but also drives organizational integrity and trust, which are crucial for long-term success.

Accountability is also important for ensuring that directors are responsible not only to shareholders but also to employees, developing a culture of transparency, trust, and ethical behavior within the organization. According to the OECD (2015), effective governance structures must include mechanisms for the board to be accountable to all stakeholders, including employees, ensuring that their interests are safe and their contributions recognized. Tricker (2012) highlighted the importance of the board's role in establishing clear policies and performance evaluations that hold management and the board itself accountable for their treatment of employees, ensuring fairness and ethical standards. This comprehensive accountability framework ensures that employees feel valued and respected, which is critical for maintaining morale and productivity, ultimately contributing in achieving organizational goals.

Fairness means treating all stakeholders in a corporation equally, encompassing shareholders, employees, customers, and the broader community. This concept is based on the principles of justice, integrity, and ethical conduct within the governance framework. Fair corporate governance practices aim to ensure that decision making processes are transparent, accountable, and inclusive, taking into consideration the interests and rights of all stakeholders. Freeman (1984) argued that fairness is central to the stakeholders of the firm, which suggests that corporations have a responsibility to balance the interests of various stakeholders, rather than focusing on maximizing shareholder value. Fair corporate governance practices foster trust and legitimacy, enhancing the corporation's reputation and long-term capability.

Employee job satisfaction is significantly influenced by corporate governance practices, which includes the structures and processes that govern how an organization is directed and controlled. Fair and transparent corporate governance practices, such as employee involvement in decision-making, equitable compensation, and opportunities for career advancement, positively impact employee morale and satisfaction (Meckling, 1976). When employees perceive that their interests are aligned with those of the organization, they are more likely to feel valued, motivated, and committed to their work. Moreover, effective governance mechanisms that promote accountability and ethical behavior can create a positive organizational culture, developing trust and confidence among employees.

Organizational performance relates to how effectively and efficiently an organization accomplishes its objectives and goals. Corporate governance practices are crucial in influencing organizational performance by offering the structures, processes, and incentives required for efficient management and supervision. According to Shleifer and Vishny (1997), strong corporate governance practices such as independent board oversight, transparent disclosure, and alignment of managerial incentives with stakeholder interests, are associated with improved organizational performance. These practices help mitigate agency conflicts, enhance decision-making processes, and develop accountability, ultimately leading to better financial results, increased stakeholder trust, and long-term sustainability.

AYA Bank, officially known as Ayeyarwady Bank, is one of Myanmar's leading commercial banks, established in 2010. AYA Bank, headquartered in Yangon, provides a comprehensive range of financial services, such as retail banking, corporate banking, trade finance, and treasury services. It has quickly grown its presence throughout Myanmar, establishing multiple branches and ATMs, with the goal of offering convenient banking services to both individuals and businesses nationwide. AYA Bank has been recognized for its innovation and contribution to Myanmar's banking sector, playing a significant role in the country's economic development. This study intends to emphasize the importance of corporate governance practices for AYA to be competitive in the market.

1.1 Rationale of the Study

AYA Bank's transition to a publicly owned bank underlines the critical importance of strong corporate governance practices in ensuring transparency, accountability, and stakeholder trust. As AYA Bank embarks on this transformational journey, effective corporate governance mechanisms will play a pivotal role in guiding the bank's strategic direction, safeguarding shareholder interests, and developing sustainable growth. By adhering to the principles of good governance, such as independent board oversight, transparent disclosure, and ethical conduct, AYA Bank can enhance investors' confidence and attract capital from a broader base of stakeholders. Moreover, strong corporate governance practices will enable AYA Bank to navigate regulatory complexities effectively, mitigate risks, and support its commitment to regulatory compliance and financial integrity. As the bank transitions to a publicly owned entity, transparent decision-making processes, equitable treatment of shareholders, and effective risk management will be essential pillars of its corporate governance framework, ensuring alignment with the interests of all stakeholders and promoting long-term value creation.

Furthermore, AYA Bank's evolution into a publicly owned institution presents an opportunity to strengthen its corporate governance practices to better serve the needs of its diverse stakeholders and contribute to broader societal development. By prioritizing stakeholder engagement and incorporating stakeholder perspectives into decision-making processes, AYA Bank can enhance its responsiveness to the expectations and concerns of customers, employees, regulators, and the community at large. Moreover, as a publicly owned bank, AYA Bank has a heightened responsibility to promote financial inclusion, support small and medium-sized enterprises (SMEs), and drive economic growth. Effective corporate governance practices, grounded in principles of social responsibility and sustainability, will enable AYA Bank to align its business strategies with the socioeconomic development goals of Myanmar, supporting inclusive prosperity and resilience. Through transparent reporting, ethical behavior, and proactive risk management, AYA Bank can demonstrate its commitment to responsible banking practices, earning the trust and confidence of stakeholders and positioning itself as a catalyst for positive change in the financial sector and beyond.

Employee satisfaction, crucial for organizational success, pertains to the degree of happiness and fulfillment employees feel in their workplace. It includes various factors, including job security, work-life balance, compensation, career advancement opportunities and overall organizational culture. Hackman and Oldham (1976) highlighted the significance of intrinsic motivators, such as challenging work and recognition, in enhancing employee satisfaction and engagement. Organizations that prioritize employee satisfaction not only progress a positive workplace environment but also benefits in increased productivity, reduced turnover, and enhanced employee loyalty. Moreover, satisfied employees are more likely to go above and beyond their job responsibilities, contribute to innovation, and deliver exceptional customer service, ultimately driving organizational success and competitive advantage.

Organizational performance, characterized by how effectively and efficiently an organization accomplishes its objectives and goals, is crucial for banks because of several significant factors. The financial stability and profitability of a bank are directly linked to its organizational performance. Banks, as financial intermediaries, are entrusted with safeguarding deposits and providing essential financial services to individuals and businesses. Therefore, strong organizational performance, efficient operations, and careful lending decisions are critical for ensuring the safety and security of depositor funds and maintaining the confidence of stakeholders. Moreover, a bank's ability to generate sustainable profits depends on its organizational performance, as it enables the institution to reinvest in technology, talent, and infrastructure, thereby enhancing its competitiveness and capacity to serve the needs of its customers effectively (Shleifer & Vishny, 1997).

Moreover, organizational performance is critical for banks in fulfilling their broader societal roles and contributing to economic development. Banks have a crucial role in distributing capital, enabling investments, and promoting economic development. A well-performing bank is better positioned to allocate resources efficiently. Furthermore, banks that demonstrate strong organizational performance are more prepared to endure economic downturns and financial crises, thereby bolstering the resilience of the financial system and fostering overall stability. The importance of organizational performance for banks extends beyond financial metrics and it is intrinsically tied to their ability to fulfill their social responsibility, provide sustainable development, and contribute to the well-being of the communities.

1.2 Objectives of the Study

The objectives of the study are;

(1) To identify the corporate governance practices of AYA Bank.

(2) To examine how corporate governance practices effect job satisfaction among employees at AYA Bank.

(3) To analyze the effect of employee job satisfaction on organizational performance of AYA Bank.

1.3 Scope and Method of the Study

This study focuses corporate governance practices, employee job satisfaction and organizational performance of the employees who are working at AYA Bank, Riverview head office. Descriptive and quantitative research methods were applied in this study. Simple random sampling method was used to choose respondents for data collection. There are 479 employees at various levels in AYA Bank, Riverview Head Office. For 479 total employees, by using Taro Yamane's sample size method, the sample size is 218. Both primary and secondary data were used to achieve the objectives of the study. Primary data were collected by online survey method through structured questionnaires with five-point Likert scale. Secondary data were used from text books, reference books, websites and annual reports of AYA Bank.

1.4 Organization of the Study

This study is organized by five chapters. Chapter (1) is the introduction, covering the rationale of the study, objectives of the study, scope and method of the study and organization of the study. Chapter (2) shows the theoretical background of corporate governance practices, employee job satisfaction and organizational performance, previous studies and conceptual framework of the study. Chapter (3) presents the demographic characteristic of the respondents, the profile of AYA Bank and the corporate governance practices applied by it. Chapter (4) describes the survey data for the effect of corporate governance practices on employee job satisfaction and the effect of employee satisfaction on organizational performance at AYA Bank. Chapter (5) is conclusion. It includes findings and discussions, suggestions and recommendation and need for further research.

CHAPTER (2)
THEORETICAL BACKGROUND

In this chapter, theoretical background of corporate governance and its related practices and concepts are described. The chapter also includes concept of corporate governance, previous studies on corporate governance, employee job satisfaction and organizational performance and conceptual framework of the study.

2.1 Concept of Corporate Governance

Corporate governance is a complex and expansive concept that is challenging to define precisely. Different researchers may interpret it in various ways. Cadbury (1992) provided a fundamental definition of corporate governance as the mechanism through which companies are guided and managed. According to the OECD (1999), it defined the rights and responsibilities among different participants in an organization, such as the board, managers, shareholders, and other stakeholders, and outlined the rules and procedures for making corporate decisions.

Heenetigala (2011) described that definitions of corporate governance often fell into two categories of value creation and value protection. Value creation focuses on achieving long-term sustainable performance by prioritizing the interests of the company's shareholders. Value protection involves holding managers accountable and safeguarding the interests of both shareholders and stakeholders (Rezaee, 2009). Stone et al. (1998) argued that establishing a set of regulations and incentives helps manage and guide a company to maximize profits, ultimately benefiting both shareholders and management.

Lee (2008) highlighted that corporate governance includes managing organizational resources fairly while considering the interests of all stakeholders. An employer, whether an individual or an institution, hires workers and compensates them with wages or a salary in return for their labor. Wages cover all hours worked, including overtime, whereas salaries generally do not rise with extra hours worked beyond the minimum requirement. Employers can range from individuals hiring a babysitter to large entities like governments and corporations employing thousands. In numerous Western countries, governments are the primary employers, yet the majority of the workforce is employed by small and medium-sized enterprises within the private sector. Personnel from the board of directors, managers, employees, regulators, customers, and, most importantly, shareholders play a key role and hold responsibility in establishing effective corporate governance (Gitau, 2015). Achieving success in setting corporate governance codes and standards for a company requires accountability, fairness, transparency, assurance, leadership, and effective stakeholder management.

2.2 Corporate Governance Practices

Corporate governance practices include the structures, policies, and protocols that direct the administration and supervision of a company, ensuring responsibility, openness, and alignment of interests among stakeholders like shareholders, management, and boards of directors. These practices aim to develop ethical decision-making, protect shareholder rights, and enhance corporate performance by establishing clear roles and responsibilities, implementing effective controls, and promoting stakeholder engagement. Effective corporate governance is crucial for maintaining investor confidence, achieving sustainable growth, and mitigating risks associated with management and operational activities. Corporate governance practices which are focused in this study are transparency, equality, accountability and fairness.

(i) Transparency

Transparency in corporate governance is vital for enhancing trust and accountability within organizations. According to the OECD (2004), transparency involves making policies, goals, frameworks, choices, and relevant data available to the public in an understandable and timely manner. This principle is essential in ensuring that stakeholders have access to related information about the company's operations, goals, and risks, aligning with the business strategy. Transparency in banking refers to the disclosure of accurate and timely information about a bank's financial health, risk management practices, governance structure, and operational performance to stakeholders. This practice aims to foster trust, accountability, and informed decision-making among stakeholders, including customers, investors, regulators, and the public (Cornett & Tehranian, 2012).

Smith (2004) emphasized that transparency is influenced by the legal and political context, reflecting the overall quality of corporate governance. Transparency ensures that a company's activities can be scrutinized by both internal and external observers, promoting accuracy, timeliness, and relevance in decision-making processes. Moreover, it enhances employee engagement by providing clarity on business regulations and individual roles, thereby improving job satisfaction. This robust transparency framework plays and important role for maintaining investor confidence and achieving sustainable corporate growth.

Transparency in business is shaped by the legal and political environment (Srinivasan, 2004). Therefore, the extent of corporate disclosure and transparency also indicates the quality of the corporate governance framework. Transparency represents a management philosophy that focuses on informing stakeholders about the company's operations, objectives, and risks in alignment with its business strategy. It signifies the company's commitment to providing stakeholders with clear information. Corporate governance principles encompass a set of agreements and structures that ensure all stakeholders' financial and non-financial information needs are effectively met (Perez et al., 2019).

In essence, transparency is a fundamental element of corporate governance, ensuring that all company activities can be scrutinized by internal or external observers at any time. This corporate governance approach guarantees the accuracy and relevance of decision-making information and the transparency of daily operations. Additionally, it benefits employees by providing access to information, familiarizes them with relevant business regulations, and clarifies their specific roles, thereby enhancing job satisfaction.

(ii) Equality

Equality plays a vital role in promoting fairness, diversity, and inclusivity within organizations. Adams (2016) underlined the importance of gender equality on boards and in leadership positions, highlighting its positive effects on corporate performance and decision-making. Zingales (2003) emphasized the significance of equal voting rights for shareholders in ensuring democratic corporate governance structures. Equality initiatives not only contribute to social justice but also enhance the overall effectiveness and legitimacy of corporate governance systems. By promoting equal opportunities for all stakeholders, corporate governance practices help build trust, mitigate conflicts, and establish sustainable business practices, aligning with broader societal expectations and ethical principles.

As per ESCAP UN (2009), societal well-being centers on ensuring every member's inclusion and sense of belonging, particularly among the most vulnerable, by offering opportunities to enhance their welfare. Equality for all stakeholders in corporate activities and decisions, is vital, aligning with research of OECD linking trustworthiness to fairness. Furthermore, equal treatment for employees is integral for developing their commitment to the company, for instance, promoting individuals based on merit, credentials, and expertise is critical for effective governance.

(iii) Accountability

An essential component of effective governance is accountability. The public and their institutions must all be held accountable by business, government, and civil society organizations. According to Natalya (2014), despite the fact that accountability is the foundation of corporate governance, no consistent philosophy exists regarding what accountability entails. The obligation and requirement to disclose a company's activities and transactions is known as corporate accountability.

According to Monks and Minow (2011), accountability involves individuals and entities taking responsibility for their actions and decisions. This concept emphasizes the importance of clear reporting structures, oversight mechanisms, and ethical standards to hold executives and directors accountable for their stewardship of corporate resources. Effective accountability mechanisms not only provide trust among stakeholders but also serve as a defense against misconduct and malpractice, ultimately contributing to the long-term sustainability and success of the organization.

In order to provide a fair, balanced, and understandable evaluation of the company's achievement of its corporate objectives, the board should to engage with stakeholders on a regular basis. The practices for corporate governance should acknowledge the legal rights of stakeholders and encourage companies and stakeholders to actively collaborate in the creation of wealth and employment in financially sound businesses. Mohamad (2004) explained that a number of well-established businesses now go above and beyond their legal obligations to provide health care, retirement benefits, and financial support for education in order to increase employee job satisfaction.

(iv) Fairness

According to Adams (2016), fairness includes ensuring equal opportunities for all stakeholders, particularly in leadership roles, regardless of gender or background, which has been shown to positively affect corporate performance and decision-making. Rajan and Zingales (2003) highlighted the significance of fair treatment in terms of shareholder rights, emphasizing equal voting privileges to uphold democratic governance structures. Fairness principles are integral to the framework of corporate governance, safeguarding the interests of shareholders and ensuring ethical conduct in all business activities (Davies, 2011).

In addition to providing an overview of the enhancement of the market economy in the age of globalization, efforts are made to improve transparency in business management, fairness in market transactions, and corporate governance (Shailer & Greg, 2004). Reasonableness refers to rise to treatment, for instance, all investors ought to get equivalent thought for anything about the shares they hold. However, some businesses would rather have a shareholder agreement, which may include minority protection that is more extensive and efficient (Donaldson & Davis**,** 1991). Aside investors, there ought to likewise be reasonableness in the treatment of all partners including representatives, networks and public authorities. The more pleasant the substance appears to partners, the more probable it is that it can endure the tension of closely involved individuals. Treating all stakeholders, including minorities, reasonably, equitably, and providing effective redress for violations.

2.3 Theories of Corporate Governance

Theories of corporate governance offer conceptual frameworks for understanding the dynamics of power, accountability, and decision-making within organizations. The most common corporate governance theories, which cover various perspectives, include agency theory, stewardship theory, stakeholder theory, and resource dependency theory, provide insights into the relationships between key corporate actors, including shareholders, managers, directors, and other stakeholders.

2.3.1 Agency Theory

Agency theory, introduced by Stephen Ross (1973), examined the conflicts that arise when principals (shareholders) hire agents (managers) to run a company. The theory highlighted the potential for agency problems due to differing goals and information asymmetry, where agents possess more information about their actions and intentions than principals. This imbalance can lead to agents pursuing their own interests over those of the principals, necessitating mechanisms to align these interests.

Jensen and Meckling (1976) further developed agency theory in which they identified agency costs, which include monitoring costs (expenses incurred by principals to oversee agent behavior), bonding costs (expenses agents incur to commit to acting in principals' interests), and residual loss (the cost from agents' decisions diverging from principals' best interests). They argued that reducing these costs is critical for maximizing a firm's value, proposing solutions like performance-based incentives and ownership stakes for managers to align their interests with those of shareholders.

Building on agency theory, Eisenhardt (1989) provided a comprehensive review that connected agency theory with other organizational theories such as transaction cost theory and behavioral theory. Transaction cost theory, developed by Williamson (1979), complemented agency theory by examining the costs of transactions within firms and markets. It suggests that firms should internalize activities when the costs of transacting in the market are high, which often aligns with minimizing agency costs.

2.3.2 Stakeholder Theory

The stakeholder theory suggests that a corporate entity inherently aims to strike a balance among the interests of its diverse stakeholders, ensuring each group experiences some degree of satisfaction (Abrams, 1951). This theory highlights the importance of managers being accountable to stakeholders rather than solely to shareholders. Stakeholders are any group or individual that can impact or be impacted by the corporation's objectives (Freeman, 1984). Donaldson and Preston (1995) further defined stakeholders as identified groups or individuals with inherent interests in the firm. The theory focuses on how managerial decision-making affects all stakeholders, advocating against any single interest dominating others.

Therefore, the stakeholder theory emerges as a more comprehensive explanation of corporate governance by highlighting the various constituents of a firm. Hence, creditors, customers, employees, banks, governments, and society are all deemed relevant stakeholders. John and Senbet (1998) conducted an extensive review of stakeholder theory in Corporate Governance, emphasizing the presence of numerous parties with competing interests in the firm's operations. They also underscore the significance of non-market mechanisms such as the size of the board and committee structure for firm performance.

Stakeholder theory has gained prominence as many researchers recognize that corporate activities impact the external environment, necessitating accountability to a broader audience beyond stakeholders alone (McDonald & Puxty, 1979). They argued that companies are no longer solely instruments of shareholders but exist within society and, therefore, have responsibilities to that society. However, it's worth noting that widespread recognition of this fact has been a relatively recent phenomenon.

It has been recognized that economic value arises when individuals voluntarily collaborate to enhance everyone's positions (Freeman et al., 2004). Despite its positive intentions, the theory has faced criticism for overburdening managers by making them responsible to numerous stakeholders without providing clear guidelines to address conflicts of interest. According to Jensen (2001), this has granted managers the discretion to choose which interests to prioritize and managers should focus on objectives that increase the firm's long-term value, as this goal necessitates considering the interests of all stakeholders.

2.4 Employee Job Satisfaction

Employee job satisfaction pertains to the extent of happiness and favorable emotions employees experience regarding their jobs. Edwin (1976) described job satisfaction as a positive emotional condition arising from how one evaluates their job or job-related experiences, with a focus on its emotional dimension. Further, Smith et al. (1969) defined job satisfaction as the feelings a worker has about their job, shaped by the job's characteristics and the worker's own values and expectations. It involves their overall emotional response to various aspects of their work, including their specific roles and responsibilities. Satisfaction is influenced by factors such as the nature of the work itself, the level of challenge and interest it provides, the support and recognition received from management, and the sense of achievement and advancement opportunities available.

Cullen et al. (2014) stated that job satisfaction is a proportion of how really the work environment conveys those things that are critical for employees, like their own feelings of progress and the pleasant impression. According to Abbott (2003), a person's emotional response to their job based on anticipated individual consequences is what defines job satisfaction. It underlined the satisfaction of individuals' necessities, creates clear thoughts from committed specialists (Yadav & Dabhade, 2014).

Consequently, satisfied employees put in more effort toward job efficiency. According to Hill (2000), job satisfaction can be referred to as a mixture of emotions and faiths about one's current employment. People gain inner happiness from job satisfaction in addition to financial gain and revenue, and employers must be pleased to retain their best employees (Mustapha, 2013). High job satisfaction is important for organizational success as it leads to numerous positive outcomes. Satisfied employees are typically more motivated, productive, and engaged, which enhances their performance and contributes to achieving organizational goals. On the other hand, low job satisfaction can result in disconnection, reduced efficiency, and increased rates of absenteeism and turnover. This can negatively impact the organization's efficiency, morale, and overall performance.

Chiang and Chia (2005) presented the connection between parts of corporate administration, the discoveries showed that corporate governance had a positive relationship with functional execution. As a result, the majority of the factors that contribute to employee job satisfaction are salary and compensation packages, training and development, and performance evaluations.

2.5 Organizational Performance

Organizational performance at a bank can be defined as the effectiveness and efficiency with which the bank achieves its objectives and fulfills its responsibilities to stakeholders (Bikker & Spierdijk, 2023). Molyneux (1995) defined organizational performance in banking as the ability to generate profits while managing risks prudently, maintaining liquidity, and satisfying regulatory requirements. This definition highlighted the complicated nature of performance in banking, which encompasses financial metrics such as profitability, return on assets (ROA) and return on equity (ROE), as well as non-financial indicators like customer satisfaction, operational efficiency, and risk management practices.

Clark (1992) emphasized the importance of aligning organizational goals with customer needs and market demands to achieve superior performance in banking. It stated that successful banks continuously innovate their products, services, and delivery channels to meet evolving customer expectations and maintain competitiveness in the industry. Thus, organizational performance in banking extends beyond financial metrics to include customer-centricity, innovation, and adaptability to market dynamics. In summary, organizational performance in a bank is the holistic evaluation of its ability to achieve financial profitability, manage risks, satisfy regulatory requirements, and meet customer needs through effective operations, innovation, and customer service practices.

The financial performance of banks serves as an essential thing for economic stability and growth, making it a subject of continuous scholarly inquiry and strategic importance. From the quality of assets to capital adequacy, profitability, risk management, technological innovation, and regulatory compliance, each element plays a critical role in shaping the resilience and success of banking institutions. The evaluation of asset quality serves as the foundation of understanding a bank's financial strength. Non-Performing Assets (NPAs) and the overall health of a bank's loan portfolio are indicative of its ability to predict economic uncertainties.

While financial metrics are unquestionably important for assessing a bank's performance, the area of evaluation of performance has expanded to encompass non-financial indicators. Financial indicators offer a quantitative assessment of a bank's fiscal health, but non-financial metrics provide valuable insights into the intangible assets that contribute to long-term sustainability. In the dynamic business environment like banking sector, where intangible assets are increasingly recognized as key drivers of success, understanding non-financial performance is imperative. Lynch and Gabriel (2015) defined non-financial performance as the measurement of organizational effectiveness using indicators such as customer satisfaction, employee engagement, product quality, and innovation. Their definition emphasized the multi-dimensional nature of non-financial performance and its significance in providing a holistic assessment of organizational success beyond financial metrics. Simultaneously, corporate reputation serves as a valuable intangible asset that influences customer trust, investor confidence, and overall market perception. Reputation influences customer loyalty, attracts top talent, and impacts the bank's ability to navigate crises.

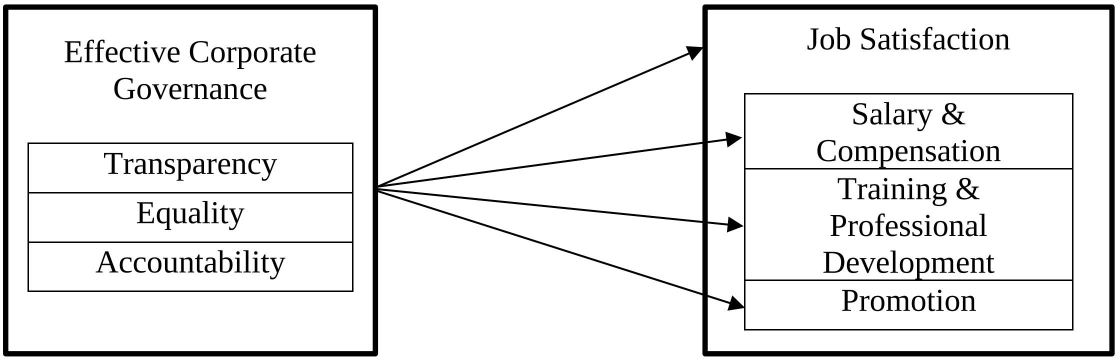
Hopwood (2009) provided a comprehensive definition of non-financial performance as the evaluation of organizational effectiveness using qualitative and quantitative indicators beyond financial data. This definition includes various dimensions of organizational activity, including social and environmental impact, innovation, corporate governance, and stakeholder relationships, reflecting the growing recognition of the importance of non-financial factors in assessing organizational performance in the modern businesses. The significance of non-financial performance metrics, specifically employee commitment and corporate reputation, in shaping the overall performance of banks. By recognizing these intangible assets as strategic imperatives, banks can adopt proactive measures to enhance employee commitment, strengthen corporate reputation, and ultimately achieve sustained success in the competitive financial landscape.

2.6 Previous Studies

This section is to construct the concept for this study which analyzes the corporate governance practices, job satisfaction and job performance at AYA Bank. For that reason, the related variables were used in the previous research papers are applied for the analysis.

The first previous study is corporate governance factors influencing job satisfaction among banking sector employees in China, the research conducted by Yufei (2022). The research explored the relationship between the effective corporate governance such as transparency, equality and accountability and job satisfaction as shown in figure (2.1), the variables used for job satisfaction are salary and compensation, training and professional development and promotion. This study was conducted to 271 respondents from stateowned commercial banks of China. The research found out that the higher the effective corporate governance practices were conducted, the higher the job satisfaction of employees obtained. And this study explored the probability of achieving employee job satisfaction if an organization practices effective corporate governance.

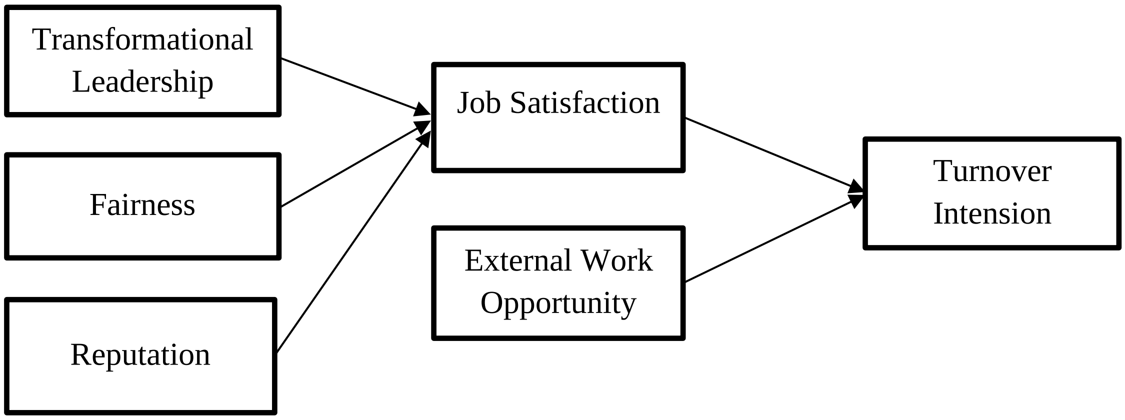
Figure 2.1 Corporate Governance Factors Influencing Job Satisfaction Among Banking Sector Employees in China



Source: Yufei, 2022

The second study is the impact of corporate governance factors on job satisfaction and turnover intention in the IT industry from a Malaysian perspective conducted by Mei in 2022. In this, transformational leadership, fairness and reputation were used as corporate governance factors which have impacted on job satisfaction as shown in Figure (2.2). Then, job satisfaction and external work opportunity were defined as independent variables for the dependent variable of turnover intention. This study was conducted to 77 respondents among the IT industry of Malaysia. The findings of the research showed all independent variables have a positive relationship with the dependent variable, where transformational leadership, fairness and reputation have a significant relationship with the job satisfaction of the employee.

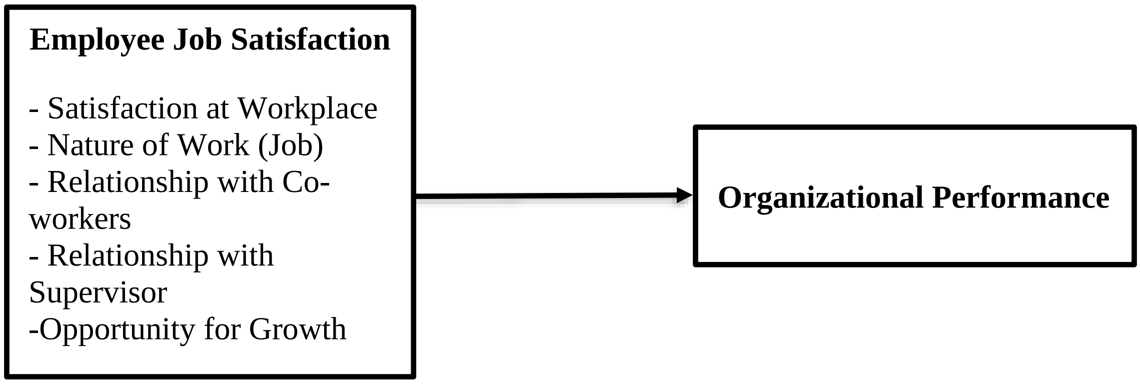
Figure 2.2 The Impact of Corporate Governance Factors on Job Satisfaction and Turnover Intention in the IT Industry from a Malaysian Perspective



Source: Mei, 2022

The third study of the previous studies is employee job satisfaction and performance (case study of NIB international bank S.C) by Wakanda (2021). The framework of the study includes satisfaction at workplace, nature of work, relationship with co-worker, relationship with supervisor and opportunities for growth as independent variables and organizational performance as dependent variable. This research is focused on the employees from Nib International Bank of North West Addis Ababa and the 149 respondents were participated in this study. This study highlighted the considerable influence of job satisfaction on organizational performance and financial outcomes, emphasizing the critical role of rewards, promotions, and benefits in employee satisfaction, retention, and recruitment.

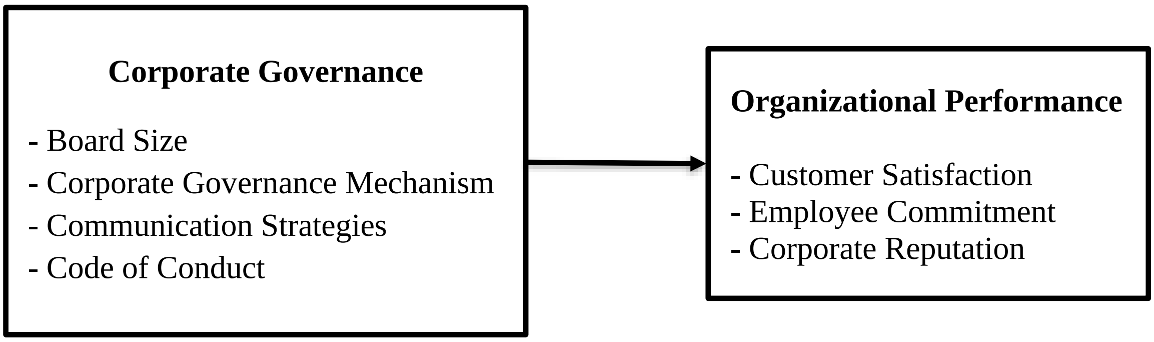
Figure 2.3 Employee Job Satisfaction and Performance (Case Study of NIB International Bank S.C)



Source: Wakanda, 2021

The fourth previous paper of the study is impact of corporate governance on organizational performance by Delima (2017). According to its conceptual framework, corporate governance such as board size, corporate governance mechanism, communication strategies and code of conduct were described as independent variables. This study was conducted to 115 management respondents and 115 customers from whole financial institutions in Batticaloa district of Sri Lanka. The dependent variables of the study are customer satisfaction, employee commitment and corporate reputation which were used to measure the organizational performance. The finding of this study showed that corporate governance had the positive and significant effect on the dependent variable of organizational performance.

Figure 2.4 Impact of Corporate Governance on Organizational Performance

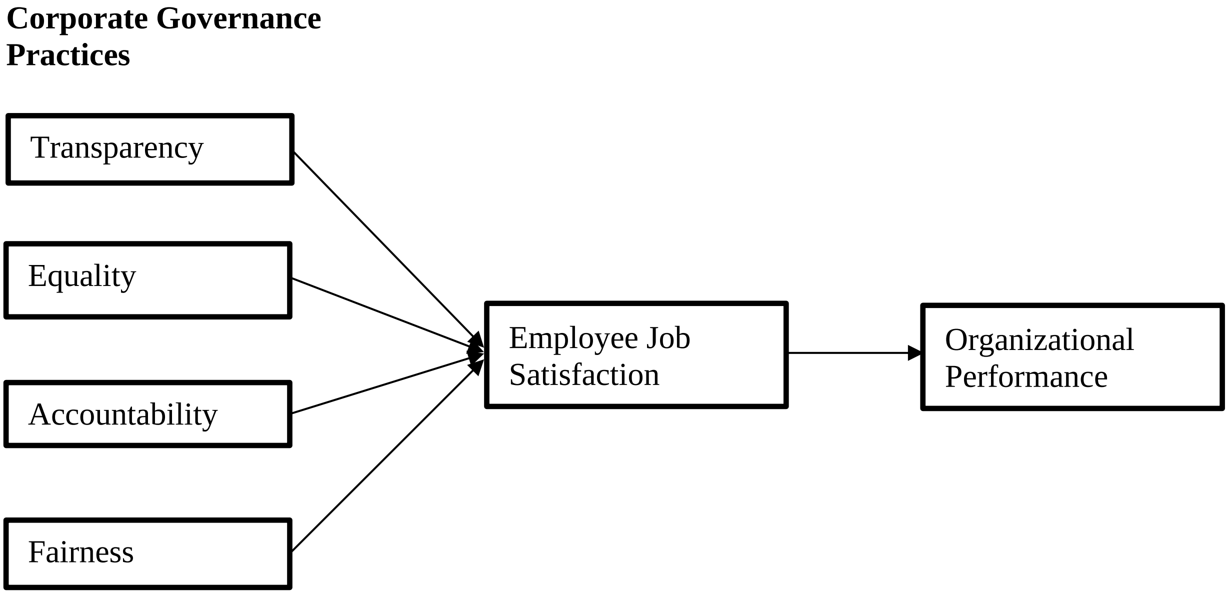


Source: Delima, 2017

2.7 Conceptual Framework of the Study

Based on above previous studies of corporate governance, employee job satisfaction and organizational performance, this study emphasized the effect of corporate governance practices on employee job satisfaction and organizational performance of AYA Bank. The independent variables of transparency, equality, accountability and fairness are used to examine the effect of corporate governance practices on employee job satisfaction at AYA Bank. Moreover, employee job satisfaction is used as independent variable to analyze the effect of employee job satisfaction on organizational performance at AYA Bank.

Figure 2.5 Conceptual Framework of the Study



Source: Own Compilation, 2024

The framework of the study is developed by the combination of Corporate Governance Factors Influencing Job Satisfaction Among Banking Sector Employees in China by Yufei (2022) for corporate governance and employee job satisfaction and impact of corporate governance on organizational performance conducted by Delima (2017). The conceptual framework of the study is intended to find out the effect of corporate governance practices on employee job satisfaction and the effect of employee job satisfaction on organizational performance at AYA Bank.

Working Definitions

Transparency:	Transparency practice involves the open and clear disclosure of relevant information regarding the bank's financial health, strategic decisions, and operational performance to enhance trust and informed decision-making among employees.
Equality:	Equality is the principle of ensuring that all individuals receive equal respect, rights, and opportunities, regardless of their background or characteristics.
Accountability:	Accountability means that employees at AYA Bank are held responsible for their actions and decisions, with clear mechanisms for oversight and enforcement.

Fairness:	Fairness is the impartial and just treatment of all stakeholders, ensuring decisions are made without favoritism or bias.
Employee Job Satisfaction:	Employee job satisfaction refers to the level of contentment and fulfillment employees feel regarding their work, environment, and conditions within AYA Bank.
Organizational Performance:	Organizational performance in banks is the measure of AYA Bank’s effectiveness in achieving its financial, operational, and strategic goals, reflected in its profitability, customer satisfaction, and risk management.

CHAPTER (3)
PROFILE AND CORPORATE GOVERNANCE PRACTICES OF AYA BANK

In this chapter, background history and profile of AYA Bank, vision and mission statements of the bank, its organization structure and types of service are presented. Moreover, the corporate governance practices currently applied by the bank and demographic characteristics of respondents of the study are also described in this chapter.

3.1 Profile of AYA Bank

Ayeyarwady Bank Limited, widely known as AYA Bank, has emerged as a critical player in Myanmar’s banking sector since its establishment in 2010. As the country began to liberalize its economy and integrate with global markets, AYA Bank seized the opportunity to establish itself as a modern, reliable financial institution. The bank’s launch aligned with broader national reforms aimed at revitalizing Myanmar's financial sector.

In its early years, AYA Bank concentrated on creating a solid operational foundation and expanded quickly its presence across Myanmar. By adopting advanced banking technologies and implementing core banking systems, AYA Bank distinguished itself from traditional banks in the country. The advent of mobile banking and internet banking services represented a notable transition towards contemporary banking methods in Myanmar. This early focus on technological innovation enabled AYA Bank to provide efficient and customer-friendly services, developing trust and reliability among its growing clients.

The bank has steadily expanded since its inception, with branch numbers slowly increasing to 260 and customer deposits experiencing healthy growth, reaching 7 trillion MMK with about 2.5 million customers as of now. Shareholder equity stood at 334 billion MMK during the same period. The bank also established 650 ATM machines and 162 currency exchange counters through the country. AYA Bank, as a participant in the UN Global Compact (UNGC), pledges to uphold international norms of corporate governance and implement best practices in its management and business activities. Notably, since 2014-15, AYA Bank has been the sole bank in Myanmar to adhere to IFRS and undergo auditing by a major international firm according to International Standards of Auditing (ISA).

The growth of AYA Bank has been marked by strategic initiatives that underscore its commitment to supporting economic development. The bank has played at an important role in financing various sectors, including agriculture, manufacturing, and trade, which are vital to Myanmar's economy. Moreover, AYA Bank has played a crucial role in advancing financial inclusivity by ensuring that banking services are accessible to underserved populations in urban as well as rural areas. Through customized financial products and services, AYA Bank has addressed the needs of small and medium-sized enterprises (SMEs), thus contributing to job creation and economic growth.

Currently, AYA Bank is in the midst of a significant transition towards becoming a publicly owned entity, a move that indicates its commitment to greater transparency, governance, and expansion. This transition process involves precise regulatory compliance, restructuring of corporate governance, and preparations for an initial public offering (IPO). By transitioning to public ownership, AYA Bank aims to enhance its capital base, diversify its shareholder profile, and position itself for sustainable long-term growth. This shift is expected to reinforce investor confidence and attract new investments, further solidifying AYA Bank's role as a leading financial institution in Myanmar. Despite the complexities and challenges of this transformation, AYA Bank remains committed to its strategic objectives, striving to uphold its reputation for innovation, customer service, and support for the economic growth of the country.

3.2 Vision, Mission and Brand Promises of AYA Bank

The bank has gathered various compliments, including recognition as the best private bank, top banking group, and most sustainable bank. In addition to its growth ambitions, AYA Bank is committed to environmental responsibility, aiming to reduce paper usage and employ fuel-efficient vehicles to minimize pollutants. As a rapidly expanding institution, AYA Bank seeks talented individuals to drive its growth and aspirations of becoming Myanmar's leading bank, aligning with principles of sustainable, long-term growth shared by the bank and its stakeholders.

The bank's core values emphasize excellence in pursuing objectives, collaborative teamwork, honesty in thought and action, integrity in all transactions, care for customers and colleagues, and sincerity in all activities. AYA Bank maintains correspondent relationships with banks in Sweden, Germany, China, Korea, India, Thailand, Vietnam, Malaysia, Singapore, Indonesia, and Japan, facilitating international connections. AYA Bank plans to expand its branch network nationwide, prioritizing customer relationships, excellent service, and technological advancements to strengthen its customer base. Concurrently, the bank is committed to enhancing governance, risk management, and enforcement structures for balanced, sustainable growth. Aspiring to lead the banking sector in Myanmar, AYA Bank seeks highly motivated individuals who share its vision for success and offer opportunities for career advancement, fostering a culture of learning and rewarding high performance.

The mission of the bank is to achieve recognition as the leading financial institution in Myanmar by excellent and sustainable long-term growth for both the bank and its stakeholders. With a focus on honesty, security, and efficiency, AYA Bank provides a comprehensive range of retail and commercial banking products and services, adhering to both local customs and international standards. Positioned as a trusted partner for long-term banking needs, AYA Bank prioritizes customer satisfaction through honest, efficient, and considerate service, accessible delivery channels, and developing technology for enhanced customer experiences.

3.3 Organization Structure of AYA Bank

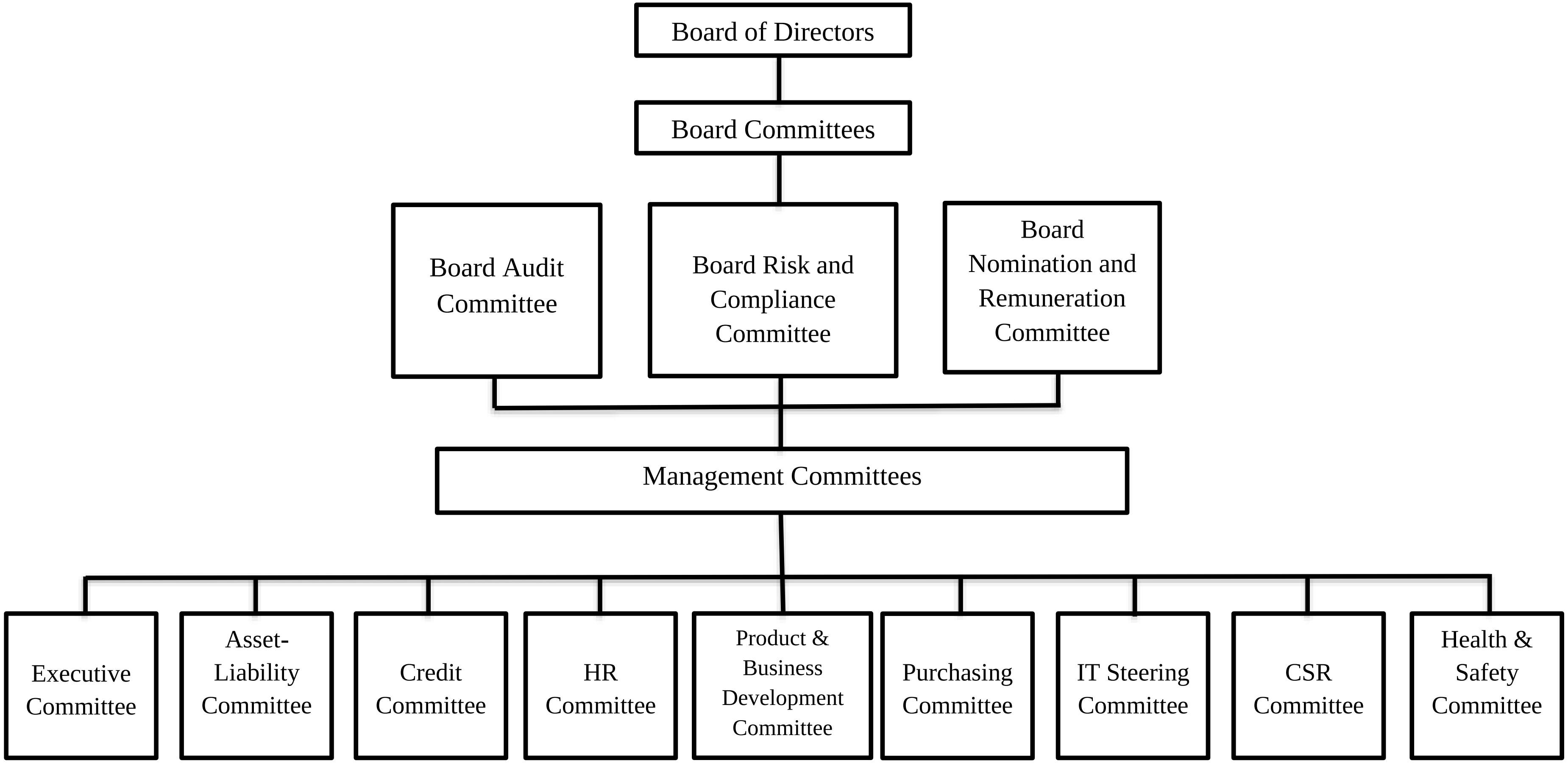
AYA Bank's organizational structure is designed to ensure efficient management and strategic oversight, enabling the bank to achieve its goals and maintain its position as a leading financial institution in Myanmar. The Board comprises experienced professionals from various sectors, bringing diverse expertise to guide the bank's long-term vision and policy formulation. The Board's leadership is important in ensuring that AYA Bank adheres to regulatory requirements, ethical standards, and best practices in corporate governance.

AYA Bank’s organizational structure is led by the Board of Directors, which sets the strategic direction and ensures governance at the highest level. Directly beneath the Board are the Board Committees, which include the Board Audit Committee, Board Risk and Compliance Committee, and Board Nomination and Remuneration Committee, all responsible for overseeing financial integrity, risk management, compliance, and executive appointments. Under these Board Committees are the Management Committees, which execute the bank’s strategies and manage daily operations. These include nine specialized committees such as Executive Committee, Asset-Liability Committee, Credit Committee, HR Committee, Product & Business Development Committee, Purchasing Committee, IT Steering Committee, CSR Committee, and Health & Safety Committee, each focusing on specific operational areas to ensure the bank’s efficient and effective functioning.

The bank’s organizational structure also includes various functional and regional divisions to manage its extensive network and diverse range of services. Functional divisions, such as Retail Banking, Corporate Banking, and Treasury, focus on specific customer segments and financial services, ensuring tailored product offerings and high-quality customer service. Regional divisions manage the bank's operations across different geographic areas, ensuring that AYA Bank's services are accessible to customers nationwide. This decentralized approach allows for greater responsiveness to local market conditions and customer needs. Additionally, specialized departments like Compliance, Internal Audit, and Human Resources support the bank’s overall operations by ensuring regulatory compliance, risk management, and staff development.

These elements create a unified organizational framework that allows AYA Bank to operate effectively, respond to evolving market dynamics, and fulfill the varied requirements of its clients. The clear delineation of roles and responsibilities, combined with strong leadership and specialized expertise, allows AYA Bank to maintain its growth trajectory and uphold its commitment to be the best in the financial sector.

Fig (3.1) Organization Structure of AYA Bank



Source: AYA Bank, 2024

3.4 Products and Services of AYA Bank

AYA Bank provides a wide array of products and services tailored to fulfill the varied financial requirements of its customers, ranging from individuals to large corporations. The bank's portfolio is structured to serve various segments of the market, ensuring that every customer finds suitable financial solutions. This strategic diversification highlights AYA Bank's commitment for developing financial inclusion, economic development, and customer satisfaction.

The core of AYA Bank's offerings are its deposit products, which include savings accounts, current accounts, and fixed deposits. These products are tailored to provide flexibility and convenience, accommodating the varying needs of its customers. Savings accounts provide attractive interest rates and convenient accessibility to funds, encouraging customers to save regularly. Current accounts primarily are for businesses and professionals, facilitating smooth transaction flows with features like overdraft facilities and cheque services. Fixed deposits, on the other hand, provide higher interest rates for customers willing to lock in their funds for specific periods, thus encouraging longer-term savings.

In addition to deposit products, AYA Bank provides a wide array of lending solutions. These include personal loans, home loans, auto loans, and business loans. Personal loans are designed to meet the immediate financial needs of individuals, whether for education, medical expenses, or personal projects. Home loans offer attractive terms for those looking to purchase or renovate properties, supporting the real estate market and home ownership. Auto loans provide flexible financing options for purchasing vehicles, enhancing mobility for individuals and businesses. Business loans, including SME financing, are vital for supporting entrepreneurial ventures and corporate growth, offering customized solutions to meet the unique needs of different business sectors.

Furthermore, AYA Bank has embraced digital transformation to enhance its service delivery. The bank's mobile banking application and internet banking facilities offer customers the convenience of managing their finances from anywhere, at any time. These digital services include features like fund transfers, bill payments and account monitoring, all accessible through user-friendly interfaces. The integration of digital wallets and QR code payments has further streamlined transactions promoting cashless payments and contributing to the modernization of Myanmar's financial institution.

3.5 Corporate Governance Practices of AYA Bank

AYA Bank implements a strong framework of corporate governance practices designed to enhance accountability, transparency, and sustainability in its operations. The bank's governance structure includes a well-composed board of directors, featuring a mix of independent and non-independent members, supported by specialized committees such as Audit, Risk, and Nominations. AYA Bank emphasizes precise risk management practices, integrating comprehensive risk assessment and mitigation strategies developing a risk-aware culture. By adhering to these principles, AYA Bank not only complies with regulatory standards but also develops trust and confidence among its stakeholders, paving the way for sustainable growth and resilience. The most common practices of corporate governance are transparency, equality, accountability and fairness.

(i) Transparency

AYA Bank places a high emphasis on transparency of its corporate governance practices, particularly for its employees. This commitment to transparency begins with clear communication of the bank's vision, mission, and strategic objectives. By ensuring that employees at all levels understand the overall direction and goals of the bank, AYA Bank develops a sense of inclusion and shared purpose. Regular meetings within respective departments, internal announcements, and dissemination of updates via all possible channels are utilized to keep employees informed about key decisions, performance metrics, and strategic initiatives. This open communication policy not only enhances employees' understanding of the bank's operations but also encourages their active participation and feedback.

Another critical aspect of AYA Bank's transparency is its approach to financial reporting and performance metrics. The bank ensures that its financial health and performance indicators are communicated clearly to its employees. This is achieved through quarterly and annual reports that are shared internally, highlighting key financial outcomes, risks, and opportunities. Additionally, the bank conducts training sessions and workshops to help employees interpret these reports and understand their implications. This financial transparency helps employees see how their roles and efforts contribute to the bank's overall success, thereby enhancing their job satisfaction, engagement and performance.

Moreover, AYA Bank has instituted comprehensive ethical guidelines and compliance programs to maintain high standards of conduct. The bank's code of conduct is readily accessible to all employees and includes detailed policies on ethical behavior, conflict of interest, and anti-corruption measures. To ensure these guidelines are understood and adhered, AYA Bank provides regular training and establishes clear reporting mechanisms for ethical concerns and breaches. The whistleblower policy is also applied by the bank, allowing employees to report unethical or illegal activities anonymously without fear of retaliation. By creating a transparent and supportive environment, AYA Bank empowers its employees to uphold the highest standards of integrity, thereby reinforcing the bank's commitment to transparent and responsible corporate governance.

(ii) Equality

AYA Bank is deeply committed to ensuring equality of its corporate governance practices, promoting an inclusive and equitable workplace for all employees. This commitment begins with a well-defined diversity and inclusion policy that emphasizes the importance of equal opportunities regardless of gender, race, ethnicity, religion and age. Regular training sessions focused on unconscious bias and diversity awareness reinforce this effort, fostering a culture that values respect and inclusivity. One of the bases of AYA Bank's approach to equality is its focus on creating a balanced and inclusive leadership team. The bank is committed to enhancing the presence of women and minority groups in top executive and board roles.

In addition to fostering diversity throughout the organization, AYA Bank ensures that every employee has equal access to opportunities for career growth and professional development. The bank offers comprehensive training and development programs that are designed to support individual employees' needs by helping them gain new skills and progress in their careers. Performance evaluations are conducted fairly and transparently, with clear criteria and regular feedback sessions. This ensures that promotions and rewards are based on merit and performance, rather than any form of favoritism or bias.

Performance management at AYA Bank is another area where equality is strongly practiced. The bank has developed a transparent and objective performance evaluation system that is based on clearly defined criteria and measurable outcomes. Managers are trained to conduct evaluations fairly, providing constructive feedback and achievable goals for all employees. This system not only ensures that promotions and rewards are based on merit but also helps to identify and address any potential biases that may arise in the evaluation process. By supporting a culture of continuous development and fair assessment, AYA Bank ensures that all employees have an equal opportunity to succeed.

AYA Bank promotes work-life balance as a key aspect of its equality strategy. Acknowledging that employees have various personal needs and commitments beyond their job, the bank provides flexible work options such as remote work opportunities, adaptable schedules, and generous leave policies. These initiatives are designed to accommodate the different needs of employees, ensuring that everyone can keep a decent balance between their professional and personal lives. By supporting employees in this way, AYA Bank not only enhances their well-being and job satisfaction but also demonstrates its commitment to treating all employees with fairness and respect.

(iii) Accountability

AYA Bank demonstrates its obligation to accountability through a comprehensive framework that ensures responsible decision-making and transparent operations. The board of directors, senior management, and employees each have defined duties that align with the bank's strategic objectives. The Board, consisting of experienced and independent members, is accountable for setting the overall path and overseeing management's execution of the bank's strategy. This separation of governance and management roles develops a system of checks and balances, ensuring that no single entity has unchecked power.

To reinforce accountability, AYA Bank implements strong internal controls and auditing processes. The bank's internal audit function operates independently from management, providing objective evaluations of the effectiveness of internal controls, risk management, and governance processes. Consistent audits are done to assess the compliance with regulatory requirements and internal policies. The findings from these audits are reported directly to the audit committee of the board, which is tasked with overseeing the integrity of the financial reporting process and ensuring that corrective actions are taken when necessary. This precise auditing process helps to identify and mitigate risks, promoting a culture of accountability throughout the organization.

Accuracy in financial reporting is another key aspect of AYA Bank's accountability practices. The bank adheres to international accounting standards and provides timely, accurate, and comprehensive financial reports. These reports are made available to stakeholders, including shareholders, employees, regulators, and the public, ensuring that the bank's financial position and performance are clearly communicated. Regular disclosure of financial results, along with detailed explanations of the bank's strategic initiatives and risk exposures, helps to build trust and confidence among stakeholders. Additionally, AYA Bank conducts earnings calls and investor meetings to further clarify its financial health and strategic direction, fostering open and honest communication.

AYA Bank also promotes accountability through a strong ethical framework supported by a comprehensive code of conduct. This code outlines the ethical principles and standards of behavior expected from all employees, including honesty, integrity, and transparency in their professional duties. The bank provides regular training on ethical issues and has established clear procedures for reporting unethical behavior. By clearly defining roles and responsibilities, ensuring independent oversight, maintaining transparency, and developing an ethical culture, AYA Bank holds itself accountable to its stakeholders and ensures responsible governance.

(iv) Fairness

AYA Bank is dedicated to develop fairness in its corporate governance practices, ensuring that all employees and stakeholders are treated with equity and respect. The most important factor to this commitment is the bank's comprehensive diversity and inclusion policy. This policy is supported by unbiased recruitment and selection processes, which ensure that hiring decisions are based on merit and qualifications alone. By implementing effective training programs to reduce unconscious bias, AYA Bank encourages an environment where diverse perspectives are valued and all employees have an equal chance to succeed.

Fairness in compensation and career advancement is another way of AYA Bank's corporate governance. The bank has established transparent and equitable compensation structures that are regularly reviewed to ensure they remain competitive and fair. Employees are rewarded based on their performance, contributions, and adherence to the bank's values, with clear criteria and processes for performance evaluations. This merit-based system ensures that promotions and rewards are distributed fairly, developing a sense of trust and motivation among employees. Additionally, AYA Bank provides equal access to professional development opportunities, enabling all employees to improve their skills and advance their careers regardless of their starting position within the company.

Employees are encouraged to feedback their concerns and report any instances of unfair treatment or discrimination through clearly defined channels. The bank has established a confidential and impartial process for handling complaints, ensuring that all concerns are addressed promptly and fairly. Regular reviews of these processes combined with feedback from employees, help to continually improve the system and reinforce the bank's dedication to fairness. Through these measures, AYA Bank not only supports the principles of equity and justice within its organization but also builds a culture of trust and integrity that is essential for long-term success.

CHAPTER (4)

ANALYSIS ON CORPORATE GOVERNANCE PRACTICES, EMPLOYEE JOB SATISFACTION AND ORGANIZATIONAL PERFORMANCE AT AYA BANK

This chapter includes research design of the study, demographic profile of respondents and analysis on compliance of corporate Governance practices of AYA Bank with four main factors. Practices applied for the analysis are transparency, equality, accountability and fairness. Employee perceptions on corporate governance practices, employee job satisfaction and organizational performance are also presented. The effect of corporate governance practices on employee job satisfaction and the effect of employee job satisfaction on organizational performance are described in this chapter.

4.1 Research Design

This study focuses on the effect of corporate governance practices on employee job satisfaction and the effect of employee job satisfaction on organizational performance at AYA Bank through questionnaires. The questionnaires include important variables of corporate governance practices and this study is related to employee job satisfaction and organizational performance, therefore, targeted population to collect data is employees of AYA Bank. Both primary and secondary data are used for this study. The primary data are collected by using structured questionnaire with five-point likert scale for the necessary information of the study. Structured questionnaires are disseminated to 218 employees of 479 employees at AYA Bank, Riverview head office. The results are presented by mean and standard deviation scores and if the mean score is higher than 3.0, the respondents have a positive perception with the questions.

Taro Yamane's formula for sample size calculation; $n = \frac{N}{1+N(e)^2}$

n = the sample size

N = the population size

e = the acceptable sampling error (95% confidence level and e = 0.05)

N = 479

e = 0.05

$$n = \frac{479}{1 + 479(0.05)^2}$$

$$n = \frac{479}{1 + 1.1975}$$

n = 218

According to above calculation from the population size of 479 by using Taro Yamane's sample size formula, the sample size was 218.

4.2 Reliability Test

A reliability test according to Cronbach's Alpha evaluates the internal consistency of a research factors determining how closely related a set of items are as a group. A Cronbach's Alpha value above 0.7 generally indicates acceptable reliability, implying that the variables consistently reflect the concept in which it aims to measure. Ensuring high Cronbach's Alpha is essential for the validity and credibility of the research findings as shown in Table (4.1).

Table (4.1) Reliability Test

Sr. No.	Variable	No. of Items	Cronbach's Alpha
1.	Transparency	5	0.902
2.	Equality	5	0.877
3.	Accountability	5	0.887
4.	Fairness	5	0.822
5.	Employee Job Satisfaction	8	0.923
6.	Organizational Performance	8	0.883

Source: Survey Data, 2024

According to the result of reliability test, all the values of Cronbach's Alpha of the variables are above 0.7 and the queries in the structured questionnaires can be said consistent as an Alpha value of 0.9 or above is considered excellent, that of 0.8 to 0.9 refers good, the score of 0.7 to 0.8 is indicated as acceptable, the score of Alpha between 0.6 to 0.7 is regarded as questionable, from 0.5 to 0.6 is recognized as poor and less than 0.5 is classified as unacceptable (Cronbach, 1951).

4.3 Demographic Profile of Respondents

The demographic profile of respondents who are currently working at AYA bank including gender, age, occupation, level of education and years of experience are described in Table (4.2).

Table (4.2) Demographic Profile of Respondents

Sr. No.	Particular		No. of Respondents	Percentage
	Total		**218**	**100**
1.	Gender:	Male	58	26.6
		Female	160	73.4
2.	Age: (Years)	20-30	116	53.2
		31-40	72	33.0
		41-50	27	12.4
		51-60	3	1.4
3.	Occupation:	General Manager	4	1.8
		Assistant General Manager	14	6.4
		Manager	43	19.7
		Assistant Manager	54	24.8
		Operational Level	103	47.3
4.	Education: Level	High School Graduate	13	6.0
		Bachelor's Degree	162	74.3
		Master's Degree	43	19.7
5.	Experience: (Years)	< 1	24	11.0
		1 - 5	94	43.1
		6 - 10	73	33.5
		11 - 15	27	12.4

Source: Survey Data, 2024

The demographic profile of respondents at AYA Bank presents a detailed overview of its workforce in terms of gender, age, occupation, education level, and experience. This data provides valuable insights into the composition and diversity of the employees, which can influence various organizational policies and strategies.

In term of gender, the distribution shows a significant amount towards female employees, who comprise 73.4% of the workforce with 160 respondents. Male employees account for only 26.6%, with 58 respondents. This marked gender difference might suggest a gender-specific hiring trend or reflect broader societal trends in the banking industry. Such a high proportion of female employees can have implications for nature of job, workplace policies and gender diversity initiatives. For the data regarding age, the largest group of respondents falls within the 20-30 years of age range, accounting for 53.2% of the workforce. The second largest group is 31-40, making up with 33.0%. Those aged 41-50 years constitute 12.4%, while the smallest group, those aged 51-60, comprises just 1.4%. This youthful demographic indicates a potentially vibrant and dynamic workforce, though it also suggests a need for strategies to retain employees as they gain experience and move into older age brackets. Ensuring career development opportunities could be key to maintaining this young workforce's engagement and productivity.

Occupational data reveals that a significant portion of the workforce is at the operational level, with 47.2% of respondents. This is followed by assistant managers at 24.8%, and managers at 19.7%. Higher managerial positions such as assistant general managers and general managers are less common, accounting for 6.4% and 1.8% respectively. Regarding education, a majority of the workforce, 74.3%, hold a Bachelor’s degree, while 19.7% have a Master’s degree. High school graduates account for 6.0%, and there are no respondents with a Doctorate degree. This indicates a highly educated workforce, with a strong emphasis on higher education qualifications.

Examining the experience levels, the largest group of employees has 1-5 years of experience, making up 43.1% of the respondents. This is followed by those with 6-10 years of experience at 33.5%. Employees with less than 1 year of experience account for 11.0%, and those with 11-15 years of experience comprise 12.4%. There are no respondents with more than 15 years of experience as AYA Bank started running its business since 2010. This mix of experience levels indicates a balance between fresh workforce and a moderate level of experienced employees within the bank. This balance can be advantageous for developing innovation while maintaining operational stability.

4.4 Employee Perception on Corporate Governance Practices

The questionnaire of the study is structured with five-point Likert scales and the analysis is made based on the scores ranging from 1 which represents as strongly disagree to 5 which is strongly agree. The questionnaires are classified into four parts measuring the agreeable level of each of the variables relating the corporate governance practices such as transparency, equality, accountability and fairness. The respondents are requested to contribute their rating on each statement of the survey. The ratings show the level of effectiveness of corporate governance practices within AYA Bank as shown in Table (4.3). The higher scale demonstrates how well the existing practices of AYA Bank are recognized and applied.

Table (4.3) Rating Scale

Score	Interpretation
1.00-1.80	Lowest
1.81-2.60	Low
2.61-3.40	Moderate
3.41-4.20	High
4.21-5.00	Very High

Source: Best, 1997

4.4.1 Employee Perception on Transparency Practices

Analysis on transparency practices of the board of directors is constructed with five questions to determine the transparency of corporate governance as described in Table (4.4). The higher mean score shows the greater compliance that the board of directors are practicing.

Table (4.4) Mean Scores of Transparency Practices

No.	Statement	Mean	Std. Dev
1.	Setting and participating employees about the foundations and rules for decision-making process.	3.83	0.68
2.	Publishing information of the bank's future plans and projects.	3.77	0.66
3.	Providing maximum information about the organizational structure, rules and regulations.	3.80	0.65
4.	Disclosure the policy for awarding bonuses, overtime compensation and other incentives.	3.67	0.72
5.	Being clear and unambiguous of the bank's regulations and instructions.	3.62	0.61
Overall Mean		**3.74**	

Source: Survey Data, 2024

The mean scores for transparency practices at AYA Bank, measured on a five-point Likert scale, indicate generally favorable perceptions among employees, with overall mean score with 3.74. The highest mean score of 3.83 describes that employees feel well-informed about the decision-making foundations and rules. Information about the organizational structure, rules, and regulations is similarly well-regarded, reflected in a mean score of 3.80. The bank's communication regarding future plans and projects is also positively perceived, with a mean of 3.77. Slightly less than above two statements but still at high-level score for the disclosure of bonuses and incentives is the mean score of 3.67 and the clarity of regulations and instructions scores 3.62 indicates the need for improvement in these areas but it is still at high level. According to overall mean score for transparency practices at AYA Bank, it can generally be said that employees believe in the practices applied by the bank.

4.4.2 Employee Perception on Equality Practices

Analysis on equality practices of the board of directors also includes five questions to determine equality practices as shown in Table (4.5). The higher mean score of equality practices shows the greater compliance of it by the board.

Table (4.5) Mean Scores of Equality Practices

No.	Statement	Mean	Std. Dev
1.	Encouraging employees to claim the rights based on the laws, regulations and instructions.	3.56	0.77
2.	Being set of all application of laws, regulations and instructions to all employees without any discrimination.	3.61	0.76
3.	Making usual announcement for vacancies internally.	3.84	0.65
4.	Being fair and public basis of remunerations and other benefits for employees.	3.68	0.69
5.	Being fair at carrying out of bank's promotions system, procedures and practices.	3.62	0.71
Overall Mean		**3.66**	

Source: Survey Data, 2024

The mean scores for equality practices of corporate governance at AYA Bank indicate a generally positive perception among employees with overall mean score of 3.66. The highest mean score of 3.84 suggests that employees feel strong that vacancies are announced for internal filling, promoting internal flexibility. Fairness in remuneration and benefits is also perceived highly, with the mean score of 3.68. The application of laws and regulations without discrimination and the fairness of the promotion system are similarly regarded with the scores of 3.61 and 3.62, respectively. Encouragement for employees to claim their rights scored slightly lower, with a mean of 3.56 indicating the bank should emphasize on this area.

4.4.3 Employee Perception on Accountability Practices

The analysis on accountability practices for employees is composed of five questions as shown in Table (4.6).

Table (4.6) Mean Scores of Accountability Practices

No.	Statement	Mean	Std. Dev
1.	Clearly describing the lines of authority, responsibility and powers of employees according to the corporate structure of the bank.	3.68	0.72
2.	Being complete and specific of description for each job.	3.73	0.62
3.	Employees have a full understanding about their roles and responsibilities.	3.80	0.67
4.	Having systems and guidelines for individuals' accountability at the bank.	3.72	0.66
5.	Clarifications of the provisions for penalty, duties and responsibilities for employees.	3.75	0.72
Overall Mean		**3.73**	

Source: Survey Data, 2024

The mean scores for accountability practices at AYA Bank, measured on a five-point Likert scale, indicate a positive perception among employees, with an overall mean of 3.73. Employees recognize that their roles and responsibilities are clearly defined, reflected in the highest mean score of 3.80, indicating strong understanding of their duties. The corporate structure's clarity in showing lines of authority and responsibility is also positively viewed with a mean score of 3.68. The existence of complete and specific job descriptions and systems for individual accountability are appreciated with mean scores of 3.73 and 3.72 respectively. Additionally, the bank's provisions for defining penalties and departmental duties and responsibilities are seen as clear, with a mean score of 3.75. In common, employees feel comfortable with the practices of accountability of AYA Bank.

4.4.4 Employee Perception on Fairness Practices

Table (4.7) presents the analysis on fairness practices for employees and this section is composed of five questions.

Table (4.7) Mean Scores of Fairness Practices

No.	Statement	Mean	Std. Dev
1.	Having access of employees to their records.	3.61	0.77
2.	Availability of all necessary information about appraisal criteria before evaluation.	3.55	0.79
3.	Being easy to participate in making criticism or suggestions by employees.	3.57	0.75
4.	Having no questions over the bank's transparency report by employees.	3.54	0.68
5.	Reporting employees' equality by head of department to CEO or the board members.	3.64	0.67
Overall Mean		**3.58**	

Source: Survey Data, 2024

The mean scores for fairness at AYA Bank indicate a generally favorable perception among employees, with an overall mean of 3.58. The highest mean score of 3.64 suggests that there is a strong sense of accountability for fairness as department heads report to the CEO or board members regarding employee equality. Access to personal records is also positively viewed, with a mean score of 3.61. The ability for employees to provide criticism or suggestions and the availability of appraisal criteria prior to evaluation both scored similarly, with means of 3.57 and 3.55 respectively indicating a acceptable level of openness and transparency in the appraisal process. The slightly lower score of 3.54, but at agreed level, regarding the absence of questions over the bank's transparency report expresses there is a need for improvement in this area. Generally, fairness practices by AYA Bank are also positively perceived by employees as the overall mean score stands at high-level according to Best (1997).

Table (4.8) presents the overall mean scores of employee perception on corporate governance practices such as transparency, equality, accountability and fairness at AYA Bank.

Table (4.8) Overall Mean Values of Corporate Governance Practices

No.	Particular	Mean
1.	Transparency	3.74
2.	Equality	3.66
3.	Accountability	3.73
4.	Fairness	3.58

Source: Survey Data, 2024

The overall mean scores of employee perceptions on corporate governance practices at AYA Bank suggest a generally positive, evaluation of the bank's practices in transparency, equality, accountability, and fairness. Transparency receives the highest score of 3.74 indicating that employees largely feel well-informed about the bank’s operations, policies, and decision-making processes. Accountability follows closely with 3.73 reflecting employees' confidence that responsibilities and roles within the bank are clearly defined and that individuals are held accountable for their actions. Equality, with a mean score of 3.66, suggests that while employees perceive a fair degree of equitable treatment. Fairness, scoring the lowest at 3.58 indicates that there may be some concerns or variability in how employees perceive the fair treatment in terms of evaluations, promotions, and feedback mechanisms. Generally, these scores highlight that AYA Bank has good corporate governance practices as overall mean scores stand at high-level.

4.5 Employee Perception on Job Satisfaction

This section of analysis on employee job satisfaction composes of eight questions with five-point Likert scales. Employees’ perception on job satisfaction with their mean scores is presented in Table (4.9).

Table (4.9) Mean Scores of Employee Job Satisfaction

No.	Statement	Mean	Std. Dev
1.	Being satisfied with receiving the chance to use ability of the employees.	3.64	0.67
2.	Being satisfied with the opportunity, promotion and advancement provided by the bank.	3.56	0.77
3.	Being satisfied with a better work atmosphere at the bank.	3.57	0.64
4.	Being satisfied with good working conditions provided by the bank.	3.55	0.71
5.	Being enjoy working and co-operation with the co-workers.	3.71	0.60
6.	Being satisfied with team spirit to get the work done at the bank.	3.83	0.60
7.	Being satisfied with the fairness on performance evaluation by supervisor.	3.54	0.71
8.	Being satisfied with the fairness of selection criteria for employee training.	3.53	0.65
Overall Mean		**3.61**	

Source: Survey Data ,2024

The mean scores for employee job satisfaction at AYA Bank, evaluated on a 5-point Likert scale, indicate generally positive thoughts among employees, with an overall mean of 3.61. The highest satisfaction is found in the area of team spirit, with a mean score of 3.83 revealing strong collaboration and companionship among employees. Enjoyment in working with co-workers also scores highly, with a mean of 3.71, reinforcing the positive interpersonal relationships within the bank. Satisfaction with the opportunity to use abilities, the work atmosphere, and the conditions provided by the bank all show favorable responses, with mean scores ranging from 3.55 to 3.64. Promotion opportunities, performance evaluations, and training selection criteria received slightly lower, yet still positive, scores, with means around 3.53 to 3.56, indicating some areas for potential improvement. In general, the overall mean score indicates that employees from AYA Bank feel satisfied by the corporate governance practices applied by the bank.

4.6 Employee Perception on Organizational Performance

The analysis on the perception of organizational performance also includes eight questions and they are described in Table (4.10) along with their mean scores.

Table (4.10) Mean Scores of Organizational Performance

No.	Statement	Mean	Std. Dev
1.	Being above average level of the return on investment of the bank.	3.52	0.65
2.	Being above average level of the return on asset of the bank.	3.61	0.63
3.	Being above average of value added per employee at the bank.	3.66	0.60
4.	Being trusted to leaders by the employees at the bank.	3.68	0.80
5.	Being comparatively better in risk taking ability of the bank than its competitors.	3.78	0.67
6.	Being faster in handling customer complaints by the bank.	3.86	0.55
7.	Doing everything by the bank to retain existing clients and making them delighted.	3.86	0.55
8.	Getting excellent goodwill of the bank in the market.	3.96	0.53
Overall Mean		**3.61**	

Source: Survey Data, 2024

The mean scores for organizational performance at AYA Bank reflect a positive perception of the bank's performance with an overall mean of 3.61. The highest mean score of 3.96 indicates that employees believe the bank has excellent goodwill in the market and similarly another high score of 3.86 expresses that the bank at its best in handling customer complaints quickly and in efforts to retain and delight existing clients. The bank's risk-taking ability is also rated favorably with a mean of 3.78 highlighting a competitive edge of the bank. Employees' trust in their leaders scores the mean value of 3.68 reflecting confidence in their leadership. Financial performance measures such as return on investment and return on assets score slightly lower with means of 3.52 and 3.61 respectively but, they are still at above average. The value added per employee is perceived positively, with a mean score of 3.66. Therefore, employees at AYA Bank are very confident with their performance as the analysis indicates the mean values are at high level.

4.7 Analysis on the Effect of Corporate Governance Practices on Employee Job Satisfaction

This section reveals the relationship between corporate governance practices applied by the bank and employee job satisfaction at AYA Bank. Transparency, equality, accountability and fairness are used as the independent variables and employee job satisfaction is considered as dependent variable. The questionnaires used in this study are structured with five-points Likert scale to analyze the dependent and independent variables. Pearson’s correlation of analyzing the relationship between the variables are described in below Table (4.11).

Table (4.11) Correlation of Corporate Governance Practices on Employee Job Satisfaction

No.	Factor	Correlation Coefficient	P-Value
1.	Transparency	.725**	.000
2.	Equality	.730**	.000
3.	Accountability	.752**	.000
4.	Fairness	.718**	.000

Source: Survey Data, 2024

** Statistically significant at 1% level (2-tailed)

The correlation results between corporate governance practices and employee job satisfaction at AYA Bank as shown in Table (4.10) reveal strong and statistically significant relationships across all evaluated dimensions such as transparency, equality, accountability and fairness. Accountability shows the highest Pearson's correlation coefficient at .752, indicating a very strong positive association with job satisfaction, suggesting that employees feel most satisfied when clear roles and responsibilities are well-defined.

Equality follows closely with a correlation of .730, expressing the importance of equitable treatment and fair access to opportunities in enhancing job satisfaction. Transparency and fairness also exhibit strong positive correlations of .725 and .718 respectively, representing that open communication and equitable evaluations are important components in maintaining high levels of employee satisfaction. All p-values are .000 indicating that these correlations are highly significant.

To examine how corporate governance practices impact employee job satisfaction at AYA Bank, a regression analysis was performed using survey data. The results from the regression are described in Table (4.12).

Table (4.12) Effect of Corporate Governance Practices on Employee Job Satisfaction

Variable	Unstandardized Coefficients		Standardized Coefficient	t	Sig.	VIF
	B	Std. Error	Beta			
(Constant)	0.272	0.153		1.778	0.077	
Transparency	0.187**	0.064	0.195	2.900	0.004	3.187
Equality	0.183**	0.061	0.197	2.991	0.003	3.062
Accountability	0.226**	0.066	0.236	3.410	0.001	3.371
Fairness	0.316***	0.050	0.327	6.363	0.000	1.857
R	.835					
R Square	.697					
Adjusted R Square	.692					
F Value	122.752***					
Durbin-Watson	1.547					

Source: Survey Data (2024)

*** Correlation is significant at the 0.01 level (1%) (2-tailed).

** Correlation is significant at the 0.05 level (5%) (2-tailed).

The regression results indicate a strong model fit for the effect of corporate governance practices on employee job satisfaction at AYA Bank, with an adjusted R square value of 0.692. This points out that approximately 69.2% of the variance in employee job satisfaction can be explained by the model's predictors of transparency, equality, accountability and fairness. The adjusted R square value demonstrates that the model is acceptable and these governance practices collectively have a significant explanation regarding employee job satisfaction.

The VIF values for all predictors are below 10, with fairness having the lowest VIF value of 1.857, indicating no multicollinearity effect among the predictors. This shows that each variable contributes unique information to the model. Additionally, the Durbin-Watson statistic of 1.547 points out that there is no significant autocorrelation in the regression model, indicating that the model's assumptions are well-met and the results are reliable.

Among the corporate governance practices analyzed in this study, fairness is found as the most significant factor influencing job satisfaction, with the highest standardized coefficient, Beta, of 0.327 and a t-value of 6.363, which is statistically significant at 1% level. Accountability follows as second most significant factor with Beta of 0.236 and t-value of 3.410 at 1% significant level. Equality which has Beta of 0.197, t value with 2.991 and significant at 1% level. Transparency in which Beta is 0.195 is also significant predictors with 1% level but with a slightly lesser figure compared with another variables. This ranking indicates that while all these factors are important, fairness has the strongest influence on job satisfaction, followed by accountability, equality, and transparency.

The VIF values for all predictors are below 10, with fairness having the lowest VIF value of 1.857, indicating no multicollinearity effect among the predictors. This shows that each variable contributes unique information to the model. Additionally, the Durbin-Watson statistic of 1.547 points out that there is no significant autocorrelation in the regression model, indicating that the model's assumptions are well-met and the results are reliable.

4.8 Analysis on the Effect of Employee Job Satisfaction on Organizational Performance

To analyze the effect of employee job satisfaction on organizational performance at AYA Bank, another regression analysis is conducted from the survey data and the results from this regression are presented in Table (4.13).

Table (4.13) Effect of Employee Job Satisfaction on Organizational Performance

Variable	Unstandardized Coefficients		Standardized Coefficient	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.374	0.140		9.809	0.000
Employee Job Satisfaction	0.662***	0.038	0.762	17.288	0.000
R	.762				
R Square	.580				
F Value	298.890***				

Source: Survey Data, 2024

*** Correlation is significant at the 0.01 level (1%) (2-tailed).

In this model, employee job satisfaction is an important factor and is shown to be highly significant. The unstandardized coefficient for job satisfaction is 0.662 with a standardized coefficient, Beta of 0.762 indicating a strong positive relationship with organizational performance. The t-value of 17.288 and a p-value of 0.000 confirm the statistical significance of this relationship. This result indicates that improvements in job satisfaction are strongly associated with enhancements in organizational performance, making it a critical area of focus for the bank's management. The overall F value of 298.890, which is highly significant at 1% level, further verifies the reliability of the model. These results collectively highlight the important role of employee job satisfaction in enhancing organizational performance at AYA Bank.

CHAPTER (5)
CONCLUSION

This chapter describes the conclusions of the study on corporate governance practices which is divided into three parts of findings, suggestions and needs for further research. The research is based on both quantitative and qualitative analyses of corporate governance practices at AYA Bank.

5.1 Findings and Discussions

The objectives of the study are to examine the effect of corporate governance practices on employee job satisfaction and to analyze the effect of employee job satisfaction on organizational performance of AYA Bank. To achieve these objectives, 218 employees from different levels of occupation from AYA Bank are requested to respond the structured questionnaires with five-points Likert scale. The following discussions are described in accordance with the findings of the study.

Overall mean scores of corporate governance practices of AYA Bank highlight AYA Bank's strengths in transparency and accountability while indicating potential areas for improvement in ensuring fairness. It was found that employee perception for corporate governance practices at AYA Bank, it is evident that transparency is the highest-rated aspect indicating that employees feel that the bank is quite open in its operations and decision-making processes. Accountability follows closely revealing that a strong sense of responsibility according to the different roles is created within the organization. Equality also scores relatively high reflecting a positive perception of fair treatment and opportunities among employees. However, fairness, while still rated positively, has the lowest score among the four categories finding out that there may be some concerns or perceived conflicts in how fair practices are implemented within the bank.

The overall mean score of employee perception on job satisfaction indicates AYA Bank employees generally have a positive satisfaction at their jobs. The highest satisfaction is with team spirit, representing strong collaboration. Enjoyment in working with co-workers also scores highly showing a supportive workplace culture. Satisfaction with opportunities to use abilities and the work atmosphere are notable, reflecting personal growth and a pleasant environment. However, fairness in performance evaluation and selection criteria for training receive the lowest scores. This indicates potential areas for improvement in ensuring transparent and fair processes.

The employee perceptions of organizational performance at AYA Bank are notably positive by overall mean score. The highest satisfaction areas include customer complaint handling and client retention reflecting the bank's strong commitment to customer service and loyalty. The bank's strong reputation in the market is also highlighted as a significant positive factor. Employees express substantial trust in their leaders indicating strong leadership. Despite some areas receiving slightly lower scores, the overall positive ratings across various dimensions reflect a well-performing organization with notable strengths in customer relations, leadership, and market reputation.

The regression analysis further highlights the importance of these governance practices. Transparency, equality, accountability, and fairness all significantly impact employee job satisfaction. Transparency ensures that decisions are made openly, fostering trust and alignment among employees. Equality promotes a workplace where all employees feel valued and respected, contributing to a positive work environment. Accountability ensures that individuals and teams are held accountable for their actions, fostering a culture of reliability and performance. Fairness ensures that policies and procedures are applied consistently, promoting a sense of justice and equity among employees.

Notably, fairness has the strongest effect, followed by accountability, transparency, and equality. As AYA Bank's commitment to fairness ensures that employees perceive equal treatment in decision-making processes, promotions, and rewards. Implementing fairness enhances a workplace environment where employees feel appreciated and esteemed, resulting in increased morale, motivation, and ultimately, greater job satisfaction. These results show that while all these factors are important, fairness is the most crucial determinant of job satisfaction. The regression also indicates that these factors together explain a substantial portion of the variance in job satisfaction demonstrating the critical role of corporate governance practices in shaping employee satisfaction levels.

Moreover, the analysis reveals a significant positive relationship between employee job satisfaction and organizational performance. The findings indicate that job satisfaction explains a considerable portion of the variance in organizational performance. Satisfied employees at AYA Bank are more likely to present higher levels of productivity, creativity, and collaboration, leading to improved efficiency in operations and customer satisfaction. This points out the interrelation of employee satisfaction and organizational success, highlighting that improving job satisfaction can lead to better organizational performance for the bank. Overall, the findings express the necessity for AYA Bank to enhance its corporate governance practices to foster a more satisfied and productive workforce.

5.2 Suggestions and Recommendations

Based on the findings, it is clear that AYA Bank has a strong foundation in corporate governance practices, but there are specific areas where improvements can be created to further enhance employee job satisfaction and organizational performance. Firstly, the bank should focus on enhancing fairness in its processes, particularly in performance evaluation and selection criteria for training. This could involve implementing more transparent and standardized procedures, providing clear guidelines and criteria, and ensuring that these processes are consistently applied across all levels of the organization. Additionally, regular training for managers on unbiased evaluation techniques and the importance of fairness can help reinforce these practices. By addressing concerns around fairness, the bank can significantly enhance employee morale and satisfaction, which in turn can positively impact overall organizational performance.

Secondly, given the youthful demographic profile and the high percentage of operational roles among employees, AYA Bank should consider developing targeted retention strategies and career development programs. Offering well-designed career progression plans, continuous professional development opportunities and mentorship programs can help retain young talent and formulate them for upcoming leadership roles. Additionally, developing a more inclusive environment that addresses the sole needs of both male and female employees can further enhance job satisfaction. Promoting initiatives that support work-life balance, offering flexible work options, and fostering a culture of appreciation and incentives can enhance employee engagement and motivation.

Moreover, AYA Bank should prioritize enhancing the core of fairness in its corporate governance practices to further enhancement of employee job satisfaction. Fairness has to be identified as the most important determinant of job satisfaction and it can be improved by implementing more transparent and standardized performance evaluations and training selection processes. This might include developing clear guidelines and criteria that are consistently applied across all levels of the organization, certifying that all employees comprehend how decisions are made. Additionally, creating feedback mechanisms where employees can contribute their concerns or suggestions regarding the practices can help the bank to identify and address potential issues.

On the other hand, offering personalized career progression plans and continuous professional development opportunities can help retain young talent and prepare them for future leadership roles. Initiatives aimed at enhancing work-life balance, such as flexible scheduling and acknowledgment initiatives, can increase employee engagement, satisfaction, and motivation. By addressing these areas, AYA Bank can be benefited on its strengths in transparency and accountability ensuring a more satisfied and high-performing workforce.

5.3 Needs for Further Study

This study focuses to observe the effect of corporate governance practices such as further research on the influence of corporate governance practices such as transparency, equality, accountability, and fairness on employee job satisfaction and organizational performance at AYA Bank. In addition to these practices, further research should explore the practices of risk management, board diversity, and corporate social responsibility within corporate governance practices. This study focuses only on corporate governance practices of AYA Bank. Therefore, further researches for corporate governance practices of other private banks should be studied.

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APPENDICES

Appendix I

Introduction to the respondents

May 2024

Dear Respected Sir/Madam,

I am Ei Ei Saw Phyu, a student who is studying the Master of Banking and Finance at Yangon University of Economics. I am now conducting my thesis in order to complete my MBF programme.

My study is about "**Corporate Governance Practices, Employee Job Satisfaction and Organizational Performance at AYA Bank**", when our organization has been transformed to achieve employee job satisfaction and organizational performance. Your input is so important to this study as it will configure an overall picture of how AYA's corporate governance practices can work towards having satisfied and committed employees.

These questionnaires are developed to gather information for the purpose of the study. It will take an average of 5 to 10 minutes to fill it out. Your valuable answers will be handled strictly confidential and will exclusively be used only for the academic purposes. Therefore, I do request to answer the questions as honest and objective as possible in order to contribute to the success of this study.

I would be very grateful for your kind cooperation in answering the questionnaires.

Yours Sincerely,

Ei Ei Saw Phyu

Below are some questions to get a better overall view of the respondent. Please note that all data remains anonymous.

Respondent's Details:

1. What is your gender?

   ☐ Male

   ☐ Female

2. What is your current job category?

   ☐ General Manager

   ☐ Assistant General Manager

   ☐ Manager

   ☐ Assistant Manager

   ☐ Operational

3. What is your age range?

   ☐ 20 – 30

   ☐ 31 – 40

   ☐ 41 – 50

   ☐ 51 – 60

4. What is the highest level of education you have completed?

   ☐ High School graduate

   ☐ Bachelor's degree

   ☐ Master's Degree

   ☐ Doctorate degree

5. Which range indicates the number of years you are employed within your organization?

☐ < 1 year

☐ 1 – 5 years

☐ 6 – 10 years

☐ 11 – 15 years

☐ > 15 years

Appendix II

Part I. Corporate Governance Practices

This part of the questionnaire is to describe the

1 = strongly disagree

2 = disagree

3 = can't decide

4 = agree

5 = strongly agree

No.	**Transparency**	**Scale**				
		1	2	3	4	5
1.	Our bank sets the foundations and rules for the decision-making process and employees are informed of this.					
2.	Our bank publishes information related to its future plans and projects.					
3.	Our bank provides maximum information about the organizational structure, rules and regulations.					
4.	Our bank discloses the policy for awarding bonuses, overtime compensation and other incentives.					
5.	The regulations and instructions applied in our bank are clear and unambiguous.					
No.	**Equality**	**Scale**				
		1	2	3	4	5
1.	Our bank encourages employees to claim their rights based on the laws, regulations, and instructions.					
2.	Our bank applies laws, regulations, and instructions to all employees without any discrimination.					
3.	Vacancies are announced in our bank to be filled internally.					

4.	Remunerations and other benefits of our bank are granted to employees on a fair and public basis.					
5.	Promotions system, procedures and practices at our bank are carried out on a fair basis.					
No.	**Accountability**	**Scale**				
		1	2	3	4	5
1.	The corporate structure of our bank clearly shows the lines of authority, responsibility, and powers for managers and employees.					
2.	There is a complete and specific description of each job in our bank.					
3.	Employees in our bank are familiarized with their roles and responsibilities.					
4.	Our bank has systems and guidelines for individual accountability.					
5.	Our bank clarifies the provisions that define the penalty, duties and responsibilities of departments and members.					
No.	**Fairness**	**Scale**				
		1	2	3	4	5
1.	All the employees have access to their records.					
2.	All necessary information for appraisal criteria is made available prior to evaluation.					
3.	Criticism or suggestions are easily given by employees.					
4.	There have been no questions over if bank is issued transparency report.					
5.	The head of department reports to either CEO or board member concerning employees' equality.					

Part III. Employee Job Satisfaction

This part of the questionnaire is to describe the

1 = strongly disagree

2 = disagree

3 = can't decide

4 = agree

5 = strongly agree

No.	Statement	Scale				
		1	2	3	4	5
1.	I am satisfied with giving me a chance that makes me to use my ability.					
2.	I am satisfied with the opportunity, promotion and advancement provided by my bank.					
3.	I am satisfied with a better work atmosphere at my bank.					
4.	I am satisfied with good working conditions provided by my bank.					
5.	I enjoy working and co-operation with my co-workers.					
6.	I am satisfied with a team spirit to get the work done at my bank.					
7.	I am satisfied with the fairness on performance evaluation of my supervisor.					
8.	I am satisfied with the fairness of selection criteria for employee training.					

Part IV. Organizational Performance

This part of the questionnaire is to describe the

1 = strongly disagree

2 = disagree

3 = can’t decide

4 = agree

5 = strongly agree

No.	Statement	Scale				
		1	2	3	4	5
1.	The return on investment of our bank is above the average level.					
2.	The return on asset of our bank is above the average level.					
3.	Value added per employee in our bank is above average.					
4.	Employees trust leaders of our bank.					
5.	Risk taking ability of our bank is comparatively better than its competitors.					
6.	Customer complaints of our bank are handled at the faster pace.					
7.	Our bank does everything to retain their existing clients and make them delighted.					
8.	Our bank has got excellent goodwill in the market.					

Appendix V

Corporate Governance Practices

No.	Transparency	Mean	Standard Deviation
1.	Our bank sets the foundations and rules for the decision-making process and employees are informed of this.	3.83	0.68
2.	Our bank publishes information related to its future plans and projects.	3.77	0.66
3.	Our bank provides maximum information about the organizational structure, rules and regulations.	3.80	0.65
4.	Our bank discloses the policy for awarding bonuses, overtime compensation and other incentives.	3.67	0.72
5.	The regulations and instructions applied in our bank are clear and unambiguous.	3.62	0.61
Overall Mean		**3.74**	
Sr. No.	**Equality**	**Mean**	**Standard Deviation**
1.	Our bank encourages employees to claim their rights based on the laws, regulations, and instructions.	3.56	0.77
2.	Our bank applies laws, regulations, and instructions to all employees without any discrimination.	3.61	0.76
3.	Vacancies are announced in our bank to be filled internally.	3.84	0.65
4.	Remunerations and other benefits of our bank are granted to employees on a fair and public basis.	3.68	0.69
5.	Promotions system, procedures and practices at our bank are carried out on a fair basis.	3.62	0.71
Overall Mean		**3.66**	
No.	**Accountability**	**Mean**	**Standard Deviation**

1.	The corporate structure of our bank clearly shows the lines of authority, responsibility, and powers for managers and employees.	3.68	0.72
2.	There is a complete and specific description of each job in our bank.	3.73	0.62
3.	Employees in our bank are familiarized with their roles and responsibilities.	3.80	0.67
4.	Our bank has systems and guidelines for individual accountability.	3.72	0.66
5.	Our bank clarifies the provisions that define the penalty, duties and responsibilities of departments and members.	3.75	0.72
Overall Mean		**3.73**	
No.	**Fairness**	**Mean**	**Standard Deviation**
1.	All the employees have access to their records.	3.61	0.77
2.	All necessary information for appraisal criteria is made available prior to evaluation.	3.55	0.79
3.	Criticism or suggestions are easily given by employees.	3.57	0.75
4.	There have been no questions over if bank is issued transparency report.	3.54	0.68
5.	The head of department reports to either CEO or board member concerning employees' equality.	3.64	0.67
Overall Mean		**3.58**	
Total Overall Mean		**3.67**	

Survey Data, 2024

Employee Job Satisfaction

No.	Statement	Mean	Standard Deviation
1	I am satisfied with giving me a chance that makes me to use my ability.	3.64	0.67
2.	I am satisfied with the opportunity, promotion and advancement provided by my bank.	3.56	0.77
3.	I am satisfied with a better work atmosphere at my bank.	3.57	0.64
4.	I am satisfied with good working conditions provided by my bank.	3.55	0.71
5.	I enjoy working and co-operation with my co-workers.	3.71	0.60
6.	I am satisfied with a team spirit to get the work done at my bank.	3.83	0.60
7.	I am satisfied with the fairness on performance evaluation of my supervisor.	3.54	0.71
8.	I am satisfied with the fairness of selection criteria for employee training.	3.53	0.65
Overall Mean		**3.61**	

Survey Data, 2024

Organizational Performance

No.	Statement	Mean	Standard Deviation
1.	The return on investment of our bank is above the average level.	3.52	0.65
2.	The return on asset of our bank is above the average level.	3.61	0.63
3.	Value added per employee in our bank is above average.	3.66	0.60
4.	Employees trust leaders of our bank.	3.68	0.80
5.	Risk taking ability of our bank is comparatively better than its competitors.	3.78	0.67

6.	Customer complaints of our bank are handled at the faster pace.	3.86	0.55
7.	Our bank does everything to retain their existing clients and make them delighted.	3.86	0.53
8.	Our bank has got excellent goodwill in the market.	3.96	0.53
Overall Mean		**3.61**	

Survey Data, 2024

Model Summary (Employee Job Satisfaction)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				Sig. F Change	Durbin-Watson
					R Square Change	F Change	df1	df2		
1	.835a	.697	.692	0.30289	.697	122.752	4	213	.000	1.547

ANOVA (Employee Engagement)

Model		Sum of Squares	df	Mean Square	F	Sig
1	Regression	45.046	4	11.261	122.752	.000b
	Residual	19.541	213	.092		
	Total	64.587	217			

Model Summary (Organizational Performance)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				Sig. F Change	Durbin-Watson
					R Square Change	F Change	df1	df2		
1	.762a	.580	.579	.30764	.580	298.890	1	216	.000	2.093

ANOVA (Job Performance)

Model		Sum of Squares	df	Mean Square	F	Sig
1	Regression	28.287	1	28.287	172.540	.000b
	Residual	20.442	216	.095		
	Total	48.730	217			

Coefficients

Model		Unstandardized Coefficients		Unstandardized Coefficients	T	Sig.	95% Confidence Interval for B		Correlations		
1		B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part
	(Constant)	.272	.153		1.778	.077	-.030	.573			
	Tran	.187	.064	.195	2.900	.004	.060	.314	.725	.195	.109
	Equa	.183	.061	.197	2.991	.003	.062	.303	.730	.201	.113
	Acct	.226	.066	.236	3.410	.001	.095	.357	.752	.228	.129
	Fair	.316	.050	.327	6.363	.000	.218	.414	.718	.400	.240

Coefficients

Model		Unstandardized Coefficients		Unstandardized Coefficients	T	Sig.	95% Confidence Interval for B		Correlations		
1		B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part
	(Constant)	1.374	.140		9.809	.000	1.098	1.650			
	EJS	.662	.038	.762	17.288	.000	.586	.737	.762	.762	.762