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EFFECT OF EARNING MANAGEMENT PRACTICES ON FINANCIAL PERFORMANCE IN iMYANMAR HOUSE COMPANY LIMITED

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EFFECT OF EARNING MANAGEMENT PRACTICES ON FINANCIAL PERFORMANCE IN iMYANMAR HOUSE COMPANY LIMITED

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ACCEPTANCE

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ABSTRACT

The research aims to explore the impact of earning management methods on financial performance and investigate the moderating influence of corporate governance on financial performance in Myanmar House Company Limited. The basic data were obtained from a sample of 80 workers selected using a simple random sampling approach out of a total of 100 respondents. The secondary data were obtained from many sources like textbooks, journals, articles, reports, websites, and research papers that were previously conducted. Earning management strategies include the use of accruals, business sizes, and financial leverage. The analysis revealed that both accruals and business size had a strong favorable impact on the financial performance of iMyanmar House Company Limited. Furthermore, corporate governance does not have a moderating influence on the links between earning management techniques and financial performance. Therefore, iMyanmar House should integrate accrual accounting insights into strategic planning and performance management. By analyzing accrual data, the company can gain deeper insights into revenue trends, cost management, and profitability.

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CHAPTER I

INTRODUCTION

Myanmar's economic landscape has undergone significant transformation in recent years, marking a period of transition and growth. As one of the fastest-growing economies in Southeast Asia, Myanmar has attracted attention from investors and businesses seeking opportunities in a market with vast untapped potential.

Due to its influence on stakeholder decision-making and the accuracy of financial statements, earnings management has drawn a lot of attention in the field of financial research. In order to create a desirable picture of a company's financial health, it entails the deliberate alteration of financial data. This method may deceive creditors, investors, and regulators, even if it is sometimes lawful. It also presents ethical questions. There are many ways in which earnings management affects financial success. In the near run, it may improve reported profits, which might raise stock prices and improve market views. On the other hand, it may lead to long-term negative consequences, including reduced market confidence and increased regulatory scrutiny. Research on the effect of earnings management on financial success has produced contradictory findings. Some researchers argue that it provides management with the flexibility to smooth earnings and meet benchmarks, potentially stabilizing stock prices (Healy & Wahlen, 1999). Others suggest that excessive earnings manipulation can harm a firm's reputation and lead to financial distress (Dechow, Ge, & Schrand, 2010).

In the context of Myanmar, a country undergoing economic development and attracting increasing foreign investment, the relevance of financial reporting is particularly significant. For local and foreign investors evaluating the stability and appeal of the economic climate in Myanmar, accurate financial data is essential. Furthermore, several prior studies have shown that nations with lax legal protections are more vulnerable to issues with earnings management than nations with robust legal protections, particularly when it comes to financial issues (Dyreng, Hanlon & Maydew, 2012). It is common knowledge that stakeholders use an organization's financial reports as a mirror to assess the success of the company; for this reason, the quality of the reports is crucial.

The financial performance of a firm is a critical measure of its overall health and sustainability. It is influenced by a myriad of factors, among which firm size, accruals, and financial leverage play pivotal roles. Firm size has been traditionally linked to advantages such as economies of scale, better access to capital, and greater market power, which can contribute to superior financial outcomes. Accruals, representing adjustments for revenues and expenses not yet realized in cash, are central to the quality of financial reporting and earnings management. Meanwhile, financial leverage, the extent to which a firm utilizes debt to finance its operations, can significantly impact profitability and risk. In order to make choices that promote sustainable company development, stakeholders—including investors, managers, and policymakers—must comprehend how these aspects interact.

The real estate sector, in particular, has become a key driver of economic activity. Rising demand for residential and commercial spaces, fueled by urbanization and a growing middle class, has led to increased investments in real estate projects. iMyanmar House Company, operating in Yangon, likely capitalizes on these trends. iMyanmar House Company, likely contributes significantly to the city's real estate development. This may include residential complexes, commercial spaces, and mixed-use developments that cater to the evolving needs of the urban population. Consequently, the objective of this research study was to ascertain the extent to which the financial performance of iMyanmar House Company Limited and the management of its profits are connected to one another. In addition, the purpose of this study is to analyze the intricate relationship that exists between financial performance and earnings management methods, with a specific focus on the implications that these tactics have on the market value of a company, the confidence of investors, and the stability of the company's finances. Through an analysis of several businesses and circumstances, this study aims to enhance comprehension of the moral and economic ramifications of earnings management.

1.2   Rationale of the Study

The focus on earnings management practices within iMyanmar Housing Company offers valuable insights into the financial strategies employed by firms in emerging markets. As Myanmar's economy continues to develop, understanding how local companies manage earnings is crucial for assessing their financial health and market behavior.

This study stems from the need to deepen our understanding of how firm size, accruals, and financial leverage collectively influence financial performance. Despite extensive research in corporate finance, there remains a gap in comprehensively examining these factors within a unified framework. Larger firms are often perceived to have better financial performance due to their market advantages and resource availability. However, the quality of accruals can significantly alter this perception by providing a more accurate reflection of a firm's economic reality. Additionally, the role of financial leverage in enhancing or impairing financial performance, depending on its level and management, warrants further exploration.

Earnings management is defined by Akers, Giacomino, and Bellovary (2007) as the managers' attempts to manipulate or influence reported earnings through the use of specific accounting methods (or modifications to them), acknowledging one-time non-recurring events, speeding up or delaying the events related to revenue and expenses, or through other practices intended to influence the earnings in the near term. There are several methods for calculating earnings management. However, discretionary accruals are a widely utilized method of assessing earnings management. Discretionary accruals were employed by Jesus and Emma (2013) to compute earnings management. The discretionary accruals technique was also used by Iraya, Mwangi, and Muchoki (2015) to estimate earnings management. When an organization's performance is affected, or when reported accounting information has an influence on authoritative outcomes, earnings management takes place (Chapman, 2008). Based on the idea that a company's profits play a crucial role in its financial success, Barako (2007) proposed that boards should decide how best to distribute the company's accumulated retained earnings as well as its periodically gained earnings.

Consequently, at the conclusion of each fiscal year, publicly traded corporations are required to provide their audited financial reports. The financial performance of a firm is an indication of its financial health and is examined using financial analysis methods to reveal either the company's poor financial health or its accomplishments over a certain time frame. The financial performance of the firm is also referred to as a determination that assesses the company's terrible job accomplishment and can be seen from its financial state over a certain time period. The quality and openness of financial reporting are significantly impacted by earnings management techniques. These tactics are often used by businesses to boost stock prices, meet budgetary goals, and enhance their perceived

financial stability. It's unknown, however, how much of an influence these tactics have on a company's financial success.

Understanding how profits management impacts a company's long-term financial health and market confidence is the crux of the issue. Investigating the complex link between financial performance and profits management strategies, this research aims to identify possible drawbacks as well as advantages. Corporate governance refers to the company's attempts to enhance performance management by concentrating control more on observing manager conduct and holding managers responsible to the stakeholders who have an interest in the business. According to Warsono et al. (2010), the five kinds of participants in the company that are responsible for the five essential principles of corporate governance are the Board of Directors, the Board of Executives, the Board of Commissioners/Committees, Auditors, and Stakeholders. There are five guiding principles that should be adhered to: transparency, accountability and responsibility, responsiveness, independence, and fairness.

In this study, base presented the real estate industry especially iMyanmar House Co Ltd. In recent year, real estate firms play a crucial role in the economic development of Myanmar, contributing significantly to the country's growth and stability. One of the primary contributions of real estate firms in Myanmar is the development of house projects, addressing the rising demand for quality and affordable homes. With a growing population and urban migration, these firms play a pivotal role in constructing residential complexes that cater to diverse socio-economic segments, fostering inclusive and sustainable communities. Moreover, real estate development contributes significantly to job creation, as construction projects require a skilled workforce in various trades. This lowers unemployment while simultaneously boosting the local economy as the money made from these jobs stays in the community and helps both companies and people.

By investigating these dimensions, this study aims to provide a nuanced perspective that can inform effective financial strategies and policies. This research will contribute to the existing literature by integrating these critical elements and examining their combined effect on financial performance, thereby offering valuable insights for optimizing financial management practices. Moreover, this study is crucial for several reasons. First, being aware of how earnings management affects financial performance may assist investors in making better choices. It also provides insights for regulators and

policymakers to develop strategies that ensure financial transparency and protect stakeholders. Previous studies have offered mixed results, with some indicating short-term benefits and others pointing to long-term negative consequences (Beneish, 2001; Dechow & Skinner, 2000). The purpose of this research is to add to the current body of literature on financial ethics and corporate governance by serving as a bridge between existing gaps and offering a complete analysis that encompasses a variety of sectors. As a result, the objective of this research was to ascertain the extent to which the financial performance of iMyanmar House Company Limited and the management of its profits are related to one another.

1.3. Objectives of the Study

The purpose of this study was to analyze empirically the influence of earning management on financial performance and corporate governance as moderating:

1. To analyze the earning management practices on financial performance of iMyanmar House Company.

2. To analyze the moderating effect of corporate governance on relationship between earning management practices and financial performance.

1.4. Scope and Method of the Study

Descriptive and quantitative research approaches were used in this study. This research is limited to iMyanmar House Company Limited; with population size of 100 as of March 2024. The sample size was selected 80 employees used Yamane (1973) formula with simple random sampling method in iMyanmar House Company Limited. Additionally, primary and secondary data were used. For primary data, used questionnaires survey method with 5-point Likert scale. For secondary data was used relevant text books, journal, and thesis by internet website, and company data. Data collection period has March to May in 2024.

1.5. Organization of the Study

This research includes five chapters. The reason for the research, its goals, its methodology, its scope, and its structure are all included in the introduction of chapter (1).

The conceptual framework and theoretical underpinnings of the research are covered in Chapter 2. iMyanmar House Company's profile is shown in Chapter 3. The elements influencing financial success are examined in Chapter 4, and the conclusion is provided in Chapter 5.

CHAPTER II
THEORITICAL BACKGROUND

The ideas and concepts that make up the study's theoretical framework are included in this chapter, which is connected to the review of the literature. This chapter covers the idea of financial performance as well as the variables that affect it. Additionally, earlier research was discussed, and the study's conceptual framework was included in the last part.

2.1 Earning Management

Earnings are the net income or profit that a firm has made during a certain period of time, such as a fiscal quarter or year. Either of these might be considered earnings. Through the use of earnings management, organizations are able to demonstrate more consistent profits on a monthly, quarterly, or annual basis by lowering the volatility of their earnings. On the other hand, investors who would prefer see growth and stability may get frightened by the changes in revenue and expenses, despite the fact that big swings in revenue and costs may be anticipated in the operations of a corporation. Following the release of a firm's earnings report, the stock price of the company will often rise or fall depending on whether the results align with or surpass the expectations of analysts. The purposeful manipulation of financial statements by business management in order to obtain certain financial outcomes is referred to as earnings management.

This technique involves modifying estimations or accounting rules to affect reported results, often in order to satisfy external or internal expectations. Earnings management may deceive stakeholders and hide a company's real financial performance, even if it's not necessarily unlawful. Earning management, according to Healy and Wahlen (1999), is the process by which managers manipulate financial reports by transaction structure and financial reporting judgment in order to deceive stakeholders about the company's financial performance or to affect contractual outcomes. Dechow and Skinner (2000) further described it as an area where accounting rules allow flexibility, enabling companies to present results that may not reflect economic reality.

Financial reports are manipulated as part of earnings management in order to obtain certain financial results. This practice can include altering accruals, adjusting

revenues and expenses, and using financial leverage strategically. While sometimes legal, earnings management raises ethical concerns as it can distort the true financial health of a company, affecting investor trust and market stability (Dechow et al., 2010).

2.2   Concept of Financial Performance

Financial performance is an all-encompassing evaluation of how well a business generates money and adds value for its stakeholders. This assessment includes a number of financial measurements and indicators that provide light on the business's profitability, liquidity, and general financial health. Key components of financial performance include net income, return on investment, cash flow, and a multitude of financial ratios. These measures are used by creditors and investors to assess the company's capacity to control risks, manage resources, and maintain growth. A robust financial performance reflects effective management and a sound business strategy, while a weaker performance may indicate challenges that require strategic attention. To make wise judgments and keep stakeholders' confidence, it is essential to keep an eye on financial performance (Brigham & Houston, 2018).

A company's capacity to create value for shareholders and its general state of financial health are both gauged by its financial performance. It includes a range of metrics, such as profitability, liquidity, solvency, and efficiency, which taken as a whole provide information about the operational efficiency and financial health of a company. Comprehending the financial performance is essential for several parties. For investors, it indicates the potential for returns and the risks involved. For management, it provides feedback on strategic decisions and operational practices, guiding future actions. For creditors, it signals the firm's ability to meet its debt obligations. Additionally, regulators and policymakers use financial performance metrics to assess the overall health of the financial system and the economy. Penman (2013) highlighted the importance of financial statement analysis in understanding a firm's economic condition and predicting future performance. By synthesizing these diverse perspectives, financial performance emerges as a multifaceted concept that is integral to effective financial management and strategic planning.

2.3 Earning Management Practices on Financial Performance

Earnings management practices play a crucial role in shaping the financial performance of organizations. These practices involve strategic decision-making to influence financial reports, aligning them with business goals and market expectations. By managing earnings, companies can present a stable and favorable financial outlook, potentially enhancing investor confidence and market valuation. However, it is essential for organizations to balance these practices with transparency and ethical standards to ensure long-term sustainability and trust. Effective earnings management can lead to improved resource allocation, risk management, and ultimately, stronger financial performance. In this study, earning management practices include firm size, accruals, and financial leverage.

2.3.1 Firm Size

The effect of firm size, accruals, and financial leverage on financial performance is a multifaceted area of study in corporate finance. Firm size is often considered a significant determinant of financial performance, with larger firms typically enjoying economies of scale, greater market power, and access to capital, which can lead to enhanced profitability and financial stability. Studies, such as those by Amato and Burson (2007), indicated that larger firms often have more diversified operations and can better absorb economic shocks, leading to more consistent financial performance over time.

2.3.2 Accruals

Accruals, representing the accounting adjustments for revenues earned and expenses incurred but not yet realized in cash, also play a crucial role. The quality of accruals is a critical aspect of earnings management, and high-quality accruals are indicative of transparent and reliable financial reporting. As Dechow, Ge, and Schrand (2010) discussed, poor quality accruals can distort financial performance measures and mislead stakeholders about a firm's true economic condition. Therefore, firms with high-quality accruals are generally perceived as having better financial health and more sustainable performance.

2.3.3 Financial Leverage

The use of debt to fund a company's activities is known as financial leverage, and it may affect financial performance in a number of ways. Moderate leverage may, on the one hand, raise returns on equity since interest costs are tax deductible and there is more capital available for expansion (Modigliani and Miller, 1958). On the other hand, excessive leverage increases financial risk, as higher interest obligations can strain cash flows and potentially lead to financial distress or bankruptcy during economic downturns. Research by Myers (1977) and Jensen (1986) highlighted the delicate balance firms must maintain in leveraging debt to optimize financial performance without incurring undue risk.

Thus, a business's financial performance is influenced by a number of interrelated elements, including firm size, accrual quality, and financial leverage. Understanding the nuances of each factor and their interplay is essential for stakeholders to accurately assess a firm's financial health and make informed investment decisions.

2.4 Related Theory of the Study

The study's underlying theory is presented in this section. These are earning management practices, financial performance, agency theory, and resource dependency theory.

(a) Agency Theory

The Economic Theory serves as the basis for the Agency theory, as shown by Alchian and Demsetz (1972) and further bolstered by Jensen and Meckling (1976). The agency theory is essential for elucidating behavior when one person assigns tasks to another with the hope that the agent would make choices that serve the principal's best interests. Due to the size of the company, the large number of shareholders, and the professional nature of the industry, modern businesses are unable to have their owners manage the day-to-day operations.

As a result, they hire managers to handle the business on their behalf. As to Daily et al. (2003), there are two primary factors that impact the efficacy of the agency theory. The first, more straightforward option keeps management and shareholders in charge of

the company, whereas the second one dehumanizes managers and staff members. To resolve agency concerns in corporate governance, management and shareholders must have comparable interests. Thus, by making sure that executives mitigate their risks as much as possible, the agency theory attempts to explain why corporate governance has a primary obligation to make compliance simpler (Daily et al, 2003).

(b) Resource Dependency Theory

Pfeffer (1973) and Pfeffer and Salancik (1978) are the ones who developed the resource dependency theory. This theory places an emphasis on the responsibilities of the board of directors (BODs) in ensuring that resources are conveniently available, which ultimately leads to the effective functioning of firms. The board ensures that buffers are formed against hostile external developments and enhances organizational performance by providing simple access to natural resources and the environment (Daily et al., 2003). According to Farooqi and Ngo (2014), a company's directors can be divided into four categories: insiders, who are executives who advise the company's directors; experts in business, who advise on business strategies; specialists in support systems, who represent insurance companies, lawyers, and other professionals in their respective fields; and members of the community at large, who include members of the clergy, political leaders, and university faculty.

2.5   Previous Studies

Specifically, Ngunjiri (2017) provided an analysis of the influence that earnings management has on the financial performance of Kenyan publicly traded companies. One of the key objectives of this research was to investigate whether or not there is a correlation between earnings management and the financial success of companies that are listed on the Nairobi Securities Exchange. For the purpose of this study, a descriptive research approach was used. It was determined that the population of the research consisted of the 66 companies that were listed on the Nairobi Securities Exchange as of the 31st of December in 2016. Figure 2.1 presents the major variables and conceptual framework of the investigation. The study was conducted in the United States.

Figure (2.1) Effect of Earning Management on Employee Performance
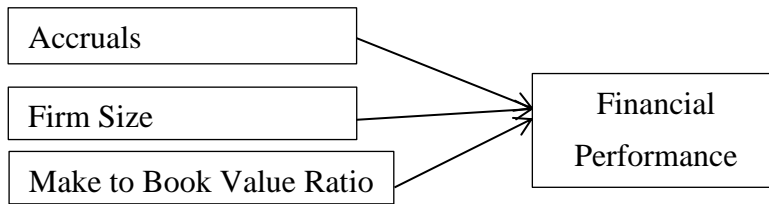
Source : Ngunjiri, G. G. (2017)

According to the findings of the study, the market to book value ratio, the size of the business, and earnings management all had a positive and significant influence on the financial performance of Kenyan companies that were listed on the Nairobi Securities Exchange when they were evaluated. Over the course of 2018, Echesa investigated the ways in which earnings management influenced the reported financial performance of firms that were listed on the Kenyan Stock Exchange (NSE).

The independent variable in this study was earnings management, whereas the dependent variable was financial performance. The control variables were business size, financial leverage, and stock price. The study's descriptive research methodology assisted in explaining how one variable's distinctive behavior was caused by another. All 65 of the NSE's listed companies were included in the analysis. Figure (2.2) displayed the primary conceptual framework for this investigation.

Figure (2. 2) Effect of Earning Management on Firm Financial Performance
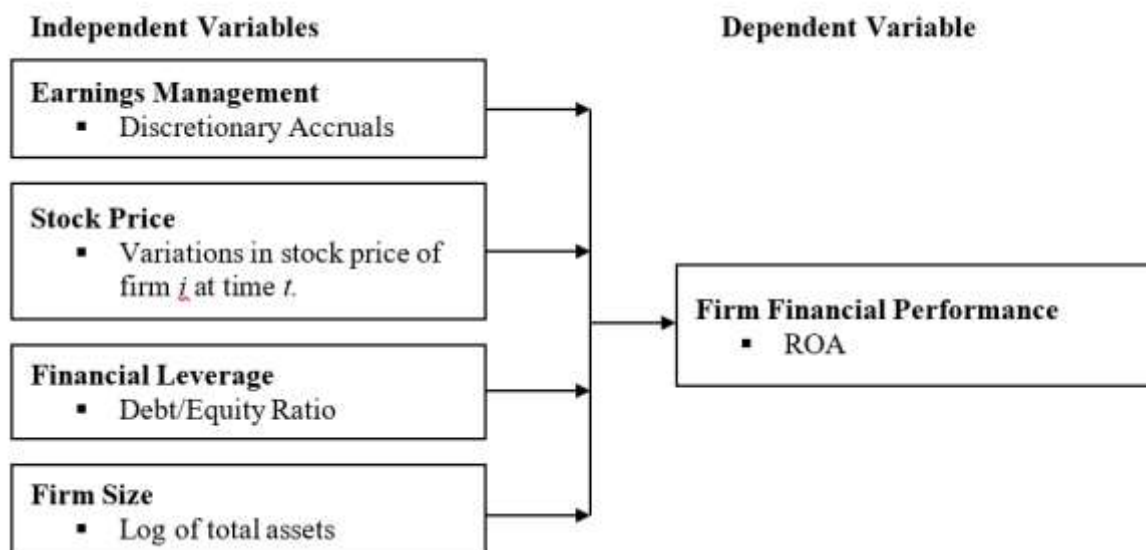
Source: Echesa, D. W. (2018)

According to the aforementioned research, there is a considerable positive connection and influence between stock price, business size, financial success, and earnings management. Nonetheless, the stated financial performance was positively and marginally impacted by financial leverage. In Asshiddiq's (2014) study, the impact of earnings management on firm value was investigated, along with the possibility that the corporate governance mechanism acts as a moderating factor in the relationship between earnings management and firm value. The study's conceptual framework is shown in Figure (2.3).

Figure (2.3) Effect of Earning Management on Financial Performance
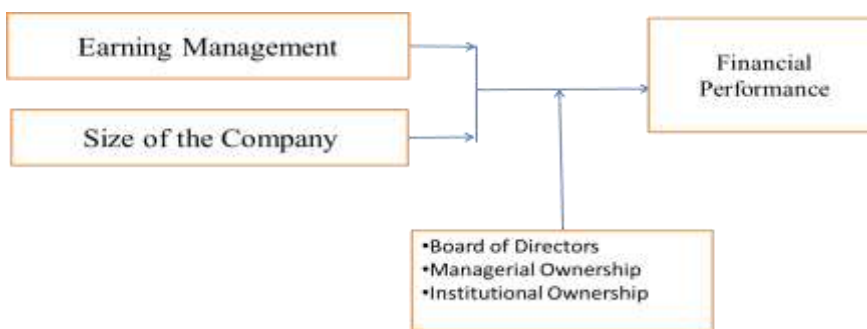
Source: Asshiddiq (2014)

Earnings management, the size of the business and the board of directors, managerial ownership institutional, and ownership as moderating factors on earnings management all have the potential to affect the firm value concurrently or collectively, according to the findings of this study. In addition to institutional ownership, management ownership, and board of directors' ownership, there is also institutional ownership. In addition to that, the findings suggest that the size of the business has a considerable impact, in a favorable direction, on the value of the firm. Important factors that have a detrimental impact on the value of a company include the board of directors, management ownership, and institutional ownership. There are no other factors that have a substantial impact on the value of the company.

2.6   Conceptual Framework of the Study

This section described the conceptual framework of the study. These are based on the three previous studies. The conceptual framework figure is shown in Figure (2.4).

Figure (2.4) Conceptual Framework of the Study
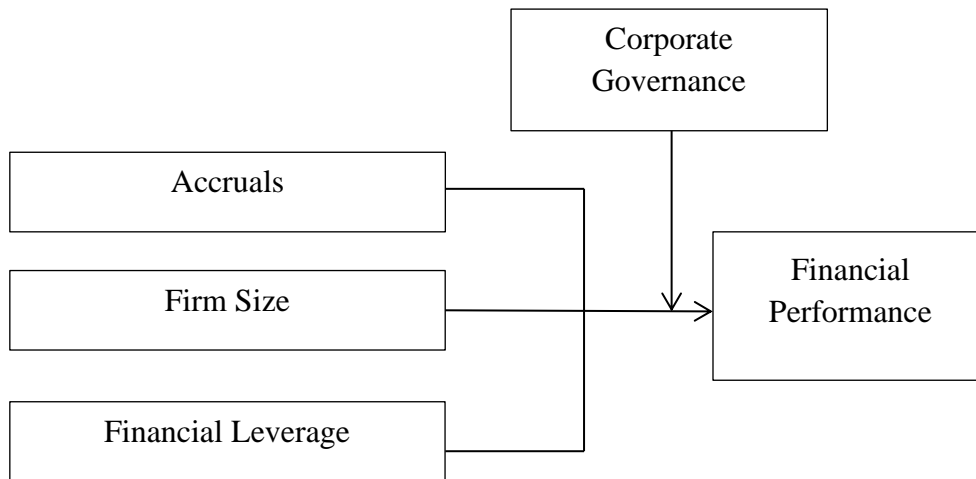
Source: Own Compilation, 2024

Working Definitions

Accruals: Accruals are accounting adjustments made within a particular accounting period to represent revenues and costs that have been earned or incurred but not yet collected or paid in cash. The accrual basis of accounting, which seeks to provide a more realistic picture of a company's financial status and performance than cash basis accounting, is based on this fundamental idea.

Firm Size: Firm size refers to the measure of a company's magnitude or scale relative to its industry peers. Firm size can be ascertained using a variety of criteria, such as revenue, market capitalization, total assets, and personnel count, among others.

Financial Leverage: The use of debt or borrowed money to finance a company's operations and investments is known as financial leverage.

Corporate Governance: Corporate governance refers to the comprehensive system by which an organization communicates, manages, and monitors its risk-related activities and control efforts.

Financial Performance: Financial performance is a gauge of a business's general financial well-being as well as its capacity for resource management and profit-making.

CHAPTER III

PROFILE AND EARNING MANAGEEMNT PRACTICES IN iMYANMAR HOUSE COMPANY

This chapter presented the profile of iMyanmar House Company Limited. Moreover, service provided from iMyanmar House Company Limited and factors influencing financial performance on iMyanmar House Company Limited is also presented.

3.1   Background of iMyanmar House Company

iMyanmar House Company is a leading real estate firm in Myanmar, renowned for its comprehensive services in property sales, rentals, and real estate development. Established with the mission to revolutionize the real estate market in Myanmar, iMyanmar House has become a trusted name among both local and international clients. The company offers a wide array of properties, including residential, commercial, and industrial spaces, catering to diverse customer needs.

One of the key strengths of iMyanmar House is its innovative use of technology. The company operates an extensive online platform, imyanmarhouse.com, which is the largest real estate portal in Myanmar. This platform provides users with detailed property listings, complete with high-quality images, virtual tours, and in-depth descriptions, making it easier for buyers and renters to find their ideal properties. The website also offers valuable market insights, including price trends and investment opportunities, helping clients make informed decisions.

iMyanmar House is committed to transparency and customer satisfaction. The company employs a team of experienced real estate professionals who provide personalized services, from property search and valuation to legal assistance and transaction management. Their expertise ensures that clients receive reliable advice and support throughout the buying or renting process.

In addition to its online presence, iMyanmar House actively engages in offline marketing and promotional activities. The company regularly hosts property expos and seminars, creating a platform for direct interaction between property developers, agents, and potential buyers. These events contribute to greater market visibility and foster a deeper understanding of the real estate landscape in Myanmar.

Overall, iMyanmar House Company stands out for its dedication to innovation, transparency, and customer-centric services, making it a pivotal player in Myanmar's real estate industry.

3.2   Services of iMyanmar House Company Limited

iMyanmar House Company Limited offers a comprehensive range of services designed to meet the diverse needs of the real estate market in Myanmar. One of their primary services is property listing and advertising, facilitated through their extensive online platform, imyanmarhouse.com. This platform is the largest real estate portal in Myanmar, featuring a vast array of residential, commercial, and industrial property listings. Users can easily search for properties based on various criteria, view high-quality images, take virtual tours, and access detailed property descriptions, making the property search process seamless and efficient.

In addition to online listings, iMyanmar House provides personalized property brokerage services. Their team of experienced real estate agents assists clients in buying, selling, and renting properties. These professionals offer expert advice on property valuation, market trends, and investment opportunities, ensuring clients make informed decisions. They also handle negotiations and transaction management, providing a smooth and hassle-free experience for all parties involved.

iMyanmar House also offers property management services, catering to property owners who need assistance with maintaining and managing their real estate investments. This includes tenant management, rent collection, property maintenance, and repairs, ensuring that properties are well-maintained and generate consistent returns.

Moreover, the company conducts property expos and seminars, creating opportunities for direct interaction between property developers, real estate agents, and potential buyers or investors. These events provide valuable insights into the real estate market, showcase new property developments, and offer networking opportunities for industry professionals.

To enhance transparency and trust, iMyanmar House provides legal assistance services, helping clients navigate the complexities of real estate transactions. This includes assistance with legal documentation, compliance with local regulations, and resolving any

legal issues that may arise during the buying or selling process. Therefore, iMyanmar House Company Limited stands out for its wide range of services, innovative use of technology, and commitment to customer satisfaction, making it a leading player in Myanmar's real estate market.

3.3 Earning Management Practices of iMyanmar House Company Limited

Earnings management practices like firm size, accruals, and financial leverage play crucial roles in shaping the financial performance of iMyanmar House Company Limited. The financial performance of iMyanmar House Company Limited in the real estate sector of Myanmar is influenced by several critical factors, including firm size, accruals, and financial leverage. As one of the largest real estate companies in Myanmar, iMyanmar House benefits from its significant firm size, this provides economies of scale, greater market visibility, and enhanced bargaining power. This enables the company to secure better deals, optimize operational costs, and expand its market reach, ultimately contributing to its robust financial performance. Moreover, firm size can influence the ability to manage earnings, as larger firms often have more resources and opportunities to engage in strategic financial reporting. Larger companies might use their market power to influence financial outcomes positively.

Accruals, representing the adjustments for revenues and expenses not yet realized in cash, play a pivotal role in the company's financial health. High-quality accruals ensure accurate and transparent financial reporting, which is crucial for maintaining investor confidence and regulatory compliance. By managing accruals effectively, iMyanmar House can present a clear picture of its financial position, enabling better strategic planning and decision-making. Moreover, effective use of accruals can improve perceived profitability in the short term but may mask underlying financial issues.

Financial leverage, or the extent to which the company utilizes debt to finance its operations, also significantly impacts its financial performance. iMyanmar House leverages financial instruments to fuel its growth and development projects. While moderate leverage can enhance returns on equity by providing additional capital for expansion, it also increases the company's financial risk. Therefore, maintaining an optimal balance of debt is essential to ensure that the company can meet its obligations without compromising financial stability. Effective leverage management helps iMyanmar

House capitalize on growth opportunities while safeguarding against potential financial distress.

Understanding how these factors interact within iMyanmar House Company provides insights into the complex strategies used to influence financial outcomes. By examining these elements, the study sheds light on the ethical and practical implications of earnings management in emerging markets, contributing to a more nuanced understanding of corporate financial practices. Therefore, the financial performance of iMyanmar House Company Limited is shaped by its firm size, the quality of its accruals, and its approach to financial leverage. By strategically managing these factors, the company can sustain its growth and continue to thrive in Myanmar's dynamic real estate market.

CHAPTER IV

ANALYSIS ON THE EFFECT OF EARNING MANAGEMENT PRACTICES ON FINANCIAL PERFORMANCE IN iMYANMAR HOUSE COMPANY LIMITED

This chapter provides the information analyzed from the data gathered for the research, with a particular emphasis on the impact of earning management strategies on iMyanmar House Company Limited's financial performance. By using a sample random sampling approach, 80 (one-fourth) of the employees of iMyanmar House Company Limited are chosen, and they are then given structured questionnaires. Based on the data, a study of the respondents' demographic makeup, a reliability test that examines the factors influencing earning management methods, and the connection between factors and iMyanmar House Company Limited's financial success will all be conducted.

4.1 Research Design

The purpose of this study was to investigate the effectiveness of earning management strategies with regard to the financial performance of iMyanmar House Company Limited, which is located in Yangon. Multiple linear regressions are three of the key components that make up research design. The other four components are research design, research variables used in the study, analytical tools and techniques employed in the investigation, and research design. This investigation makes use of both primary and secondary sources of information. This study particularly used a survey research methodology. The survey questionnaires are crucial to the study's research methodology and to the examination of how Myanmar House Company Limited's financial performance is affected by its accounting methods. Three sections made up the questionnaire. Respondent profiles were included in the first section, earning management techniques were covered in the second, and financial performance was covered in the third. The primary data gathering method used to assess the financial performance of iMyanmar House Company Limited in Yangon consisted of in-person and online surveys with structured questions. A sample size of 80 respondents is collected from the total population of 100 in iMyanmar House Company Limited by using simple random sampling method

with Yamane (1973) formula. $n = 1/ 1 + N * (e)^2 = 100/ 1+ 100* (0.05)^2 = 80$. Where, n =the sample size, N= population size, e= acceptable sampling error which is assumed that 95% confidence level and e = 5%

Local and international research papers, pertinent journals, published textbooks, survey reports, articles, and websites were the sources of the secondary data. The survey questionnaire uses a five-point Likert scale to gauge how strongly respondents feel about a topic. which are rated on a 5-point scale (strongly disagree = 1, disagree = 2, neutral = 3, agree = 4, and strongly agree = 5). The ratings range from strongly disagree to strongly agree. Table (4.1) displays the interpretation of the Likert Scale.

Table (4.1) Likert Scale Score Interpretation

No.	Mean Score between	Interpretation
1	1.00 -1.80	Strongly disagree
2	1.81 – 2.60	Disagree
3	2.61 – 3.40	Neutral
4	3.41 – 4.20	Agree
5	4.21 – 5.00	Strongly agree

Source: Best (1977)

The results of the respondents' responses were used to get the mean values. Three levels are applied to the mean value. According to Best (1977), a mean value of less than two indicates a low degree of perception, a mean value between two and less than 3.5 indicates a moderate level, and a mean value of 3.5 or above indicates a high level of perception towards a given variable.

Based on the data, an analysis of the respondents' demographic makeup, a validity and reliability test that examines the factors influencing earning management methods, and a link between the factors and the financial performance of iMyanmar House Company Limited will all be conducted. The data obtained from the questionnaire is used to compute the mean values, standard deviation, and coefficient of correlation. The SPSS statistical program was then used to evaluate the gathered data. The association between iMyanmar House Company Limited's financial performance and its earning management techniques was examined using multiple regression analysis in Yangon.

4.2   Demographic Characteristics of Respondents

Table (4.2)   Profile of Respondents

Items	Demographic	No. of Respondents	Percent
Gender	Male Female	21 46	31.3 68.7
	Total	**80**	**100.0**
Age (Year)	Less than 35 36 to 45 46 to 55 Above 55	9 16 23 19	13.4 23.9 34.3 28.4
	Total	**80**	**100.0**
Education	Under Graduate Bachelor Degree Master Degree Ph. D	43 16 8	64.2 23.9 11.9
	Total	**80**	**100.0**
Income	Less than 500,000 Ks 500,001 – 1,000,000 Ks 1,000,001 – 1,500,000 Ks More than 1,500,000 Ks	28 12 20 7	41.8 17.9 29.9 10.4
	Total	**80**	
Working Experience	Less than 1 year 2-3years 3-5 years Above 5 years	28 14 19 6	41.8 20.9 28.4 9.0
	Total	**80**	**100.0**
Position	Supervisor Assistant Manager Manager Directors CEO	25 14 21 6 1	37.3 20.9 31.3 9.0 1.5
	Total	**80**	**100.0**

Source: Survey data (2024)

Finding the characteristics of the research participants, as shown in Table (4.2), is the first step in the analytic process. Based on background data and personal traits related to the employee of iMyanmar House Company Limited, a profile of the responders is created. Out of the whole population, 80 respondents provided basic information about themselves, including their gender, age, education, income, experience, and position. The demographic characteristics summary table is used to more clearly present the data after each feature has been assessed in terms of absolute value and percentage.

With a response rate of 68.7%, female workers make up the bulk of the workforce, as seen in Table (4.2), with male respondents making up the remaining 31.3 percent. The respondents' ages were split into four categories based on age: 13.4% were under 30, 23.9 percent were between 31 and 40 years old, 34.3 percent were between 31 and 50 years old, and 28.4% were over 50. Based on the results of the respondents' educational attainment, 64.2 percent of respondents have a bachelor's degree, 23.9 percent have a master's degree, and 11.9 percent have a PhD. The number of respondents by years of experience in the selected respondents are shown in Table (4.2). Therefore, it found out that most of the respondents are less than 1 year experience (41.8%). From the result, 41.8 percent of respondents got less than 500,000Kyats in a month, 20.9 percent got 500,001 – 1,000,000 Kyats income. In selected respondents, supervisor level includes 37.3 percent, assistant manager level includes 20.9 percent, manager level includes 31.3 percent, directors include 9.0 percent and owner includes 1.5 percent.

4.3   Reliability Test of the Study

The accuracy of the reliability test is essential for the analysis of the research. Zikmund (1997) defines reliability as the degree to which measurements are free from random error and yield consistent conclusions. This definition is based on the study of reliability. The statistic that measures the study's internal consistency is called Cronbach's Alpha. According to Sekaran (2003), Cronbach's Alpha is a dependability coefficient that indicates the degree to which a collection of elements is positively connected with one another. Table (4.3) presents the rules that govern the outcomes of the Combach's Alpha Coefficient.

Table (4.3)   Rule of Thumb on Cronbach's Alpha

Alpha Coefficient Range	Strength of Association
< 0.6	Poor
0.6 to < 0.7	Moderate
0.7 to < 0.8	Good
0.8 to < 0.9	Very Good
0.9	Excellent

Source: Sekaran, 2003

Cronbach's alpha was used to assess the internal consistency or reliability of the variables based on the survey data. Table (4.4) displays the findings of Cornbrash's alpha coefficient in the survey investigation.

Table (4.4)   Reliability Test for Earning Management Practices and Financial Performance

Sr. No.	Factors	No. of items	Cronbach's Alpha
1	Accruals	7	0.963
2	Firm Size	6	0.964
3	Financial Leverage	6	0.949
4	Corporate Governance	6	0.848
5	Financial Performance	10	0.957

Source : Survey data (2024)

In this analysis, each 6 items of firm size, financial leverage and corporate governance, 7 items of accruals and 10 items of financial performance were tested. Based on Table (4.4) results, all alpha values fall between 0.8 and 0.9. Mugenda & Mugenda (2009) proposed a value of 0.70, although this number is higher, showing excellent internal consistency across the constructions. As a result, this survey's study data are excellent and trustworthy. The aforementioned findings showed high internal accuracy, and this sample was trustworthy given its size.

4.4 Descriptive Analysis of the Study

This section's results aim to quantify the impact of each variable on iMyanmar House Company Limited's, Yangon, financial performance.

4.4.1 Employee Perception on Accruals

One of the earning management techniques that affects the bottom line is this one. There are seven things in this factor's analysis. Table (4.5) displays the mean and standard deviation for every assertion in the risk identification findings.

Table (4.5)   Mean Score of Accruals

Sr. No.	Items	Mean	Standard Deviation
1	iMyanmar House Company uses accruals to smooth out earnings over time.	4.11	.318
2	The use of accruals improves the timeliness of company's financial information.	4.13	.333
3	Accrual accounting provides a more comprehensive view of company's financial performance.	4.11	.356
4	Accrual-based adjustments are often used to meet financial targets.	4.09	.326
5	iMyanmar House company has a formal policy for accruals.	4.10	.341
6	The amount of revenue to be recognized is determined based on reliable methods (e.g., contracts, historical data).	4.13	.369
7	iMyanmar House Company recognizes expenses when they are incurred.	4.09	.363
Overall Mean		**4.11**	

Source : Survey data (2024)

The individual mean score for each of the seven questions on accruals was presented in Table (4.5). For the issue "iMyanmar House Company recognizes expenses when they are incurred," the lowest mean score is 4.09, which is greater than the neutral

value of 3. The questions "The amount of revenue to be recognized is determined based on reliable methods (e.g., contracts, historical data)" and "The use of accruals improves the timeliness of company's financial information" have the highest mean scores—4.13, which is higher than the neutral value of 3 and indicates that the majority of employees agree that accruals have an impact on financial performance. The accruals are successful, however, since the aggregate mean score of 4.10 is greater than the strongly agree level 3. When the standard deviation is less than 1, the data are considered more trustworthy.

4.4.2 Employee Perception on Firm Size

Regarding the size of the company, workers must answer a total of six questions. Table (4.6) displays the mean and standard deviation of each statement in the risk analysis and assessment findings.

Table (4.6) Mean Score of Firm Size

No.	Factors	Mean	Std. Deviation
1	Having a sufficient number of employees to handle the operations effectively.	4.10	.302
2	Generating a significant amount of annual revenue.	4.11	.318
3	Holding a substantial share of the market in our industry.	4.13	.369
4	Operating in multiple geographic regions or countries.	4.09	.326
5	Offering a wide range of products or services.	4.09	.363
6	The size of iMyanmar House leads to increased operational efficiency.	4.09	.326
Overall Mean		**4.10**	

Source: Survey data (2024)

The firm size individual mean score for each of the six items was presented in Table (4.6). Each item's mean is more than three, and the standard deviations are less than or close to one, according the analysis's findings. The questions "iMyanmar House Company operates in multiple geographic regions or countries," "iMyanmar House Company offers a wide range of products or services," and "The size of iMyanmar House leads to increased operational efficiency" have the lowest mean score of 4.09, which is

higher than the neutral value of 3. The highest mean score is the question relating to "iMyanmar House Company holds a substantial share of the market in our industry" and the value is 4.13 which is higher than neutral value 3. The conclusion that the company size is effective may be drawn from the overall mean of 4.10, which is greater than the neutral value of 3. When the standard deviation is less than 1, the data are considered more trustworthy.

4.4.3 Employee Perception on Financial Leverage

Regarding with the financial leverage factors, employees are required to respond total six questions. Current employee perception on the financial leverage factors is shown in the following table.

Table (4.7)   Mean Score of Financial Leverage

Sr. No.	Items	Mean	Standard Deviation
1	Financial leverage has contributed to the growth of company's assets.	4.13	.369
2	iMyanmar House Company capital structure is optimized to take advantage of financial leverage.	4.09	.363
3	iMyanmar House Company balances debt and equity effectively to maximize shareholder value.	4.14	.347
4	iMyanmar House Company's capital structure is optimized to take advantage of financial leverage.	4.11	.356
5	The use of leverage allows the company to invest in new projects and opportunities.	4.10	.341
6	iMyanmar House Company's productivity has increased due to effective use of financial leverage.	4.09	.326
Overall Mean		4.11	

Source : Survey data (2024)

The financial leverage variables' individual mean score for each of the six questions is shown in Table (4.7). The questions "iMyanmar House Company's capital

structure is optimized to take advantage of financial leverage" and "iMyanmar House Company's productivity has increased due to effective use of financial leverage" have the lowest mean score, 4.09, which is higher than the neutral value of 3. The highest mean score is the question relating to "iMyanmar House Company balances debt and equity effectively to maximize shareholder value" and the value is 4.14 which is higher than neutral value 3. However, the overall mean score is 4.11. Thus, it can be concluded the financial leverage is effective.

Regarding with the earning management practices, summary of current employee perception is shown in Table (4.8).

Table (4.8)   Mean Score Summary for Earning Management Practices

Sr. No.	Earning Management Practices	Overall Mean
1	Accruals	4.11
2	Firm Size	4.10
3	Financial Leverage	4.11

Source : Survey data (2024)

4.4.4 Financial Performance

The workers must answer 10 questions in total about financial performance variables. Data about current employee perceptions of the financial performance are shown under Table (4.9).

Table (4.9)   Financial Performance

No.	Items	Mean	Std. Dev.
1	Having experienced consistent revenue growth over the past three years.	4.06	.368
2	Maintaining a healthy profit margin.	4.13	.333
3	Managing costs effectively to maximize profits.	4.11	.356
4	Having stable and predictable cash flows.	4.09	.326
5	The firm size leads to higher profitability for iMyanmar House company.	4.05	.386
6	The size of iMyanmar House Company contributes to better access to capital markets.	4.13	.369
7	Larger firms have a competitive advantage in Housing industry	4.11	.390
8	Accruals help in providing a more accurate picture of iMyanmar House Company's profitability.	4.10	.341
9	Higher financial leverage leads to higher profitability for the company.	4.10	.302
10	Corporate governance practices have positively impacted company financial performance.	4.10	.439
Overall Mean		**4.10**	

Source : Survey data (2024)

According to Table (4.9) the lowest mean score is .05 and the question is "The firm size leads to higher profitability for iMyanmar House company". The highest mean score is 4.13 and the question are "iMyanmar House maintains a healthy profit margin" and "The size of iMyanmar House Company contributes to better access to capital markets". According to the result, overall mean score is 4.09 described that the employee perception on financial performance are very good.

4.5 Relationship between Earning Management Practices and Financial Performance

The correlation coefficient provides a statistical value (-1 to 1) for determining the direction and strength of a linear connection between two variables. Correlation is a measure of the link between two variables. The link between each component, including business size, accruals, financial leverage, and financial performance, is examined in this research. Additionally, this part examines the moderate corporate governance variable and its relationship to financial success. To undertake the research, identify the examined aim, and calculate the correlation coefficient for each set of variables, the average scale scores for each scale were ascertained. The association between average utilization ratings of earning management practices components and financial success is shown in Table (4.10).

Table (4.10) Correlation between Earning Management Practices Factors, Moderate Factors and Financial Performance

No.	Factors	Correlation Coefficient	P-value
1	Firm Size	0.975	0.000
2	Accruals	0.983	0.000
3	Financial Leverage	0.946	0.000
4	Corporate Governance	0.931	0.000
** Correction is significant at the 0.01 level (2 tailed)			

Source: Survey data (2024)

The correlation coefficient between moderating variables, influencing factors, and financial performance and its determining factors is shown in Table (4.10). Financial performance and business size have a connection value of 0.975, while corporate governance and accruals have a correlation coefficient of 0.983, 0.946, and 0.936, respectively. Every component has a 1% significance threshold. The correlation analysis findings show that there is a positive correlation between all of the variables. As per the findings, accruals exhibit the strongest association out of the four determining criteria.

4.6 Analysis on the Effect of Earning Management Practices on Financial Performances

After completing the multiple regression analysis, which examined the impact of earning management practices elements on financial performance, the findings are shown in Table (4.11).

Table (4.11) Regression Analysis of the Earning Management Practices Factors on Financial Performance

Dependent Variable: Financial Performance	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	VIF
	B	SE	Beta			
Constant	.058	.081		.722	.472	
Firm Size	.387***	.148	.385	2.607	.011	6.949
Accruals	.671***	.097	.677	6.886	.000	5.275
Financial Leverage	-.073	.095	-.074	-.764	.447	4.349
R^2	0.971					
Adjusted R^2	0.970					
F statistics	846.740***					
Statistically significant indicate ***at 1%						

Source: SPSS Output,2024

The value of R square in the table reflects that 97.1% of the total variation of financial performance can be explained by the three variables, firm size, accruals, and financial leverage. The results for the multiple regression analysis indicate a good fit of the model as illustrated in Table (4.11). The Table (4.11), represents the results of the F-test and its p-value. It shows that the F-test is significant as the p-value of 0.000 is below the alpha level of 0.05. This means that at least one of the independent variables can be used for explaining the financial performance. The above results show that the firm size (p=0.000 <0.05), and accruals (p=0.000 <0.05) are statistically significant in influencing the financial performance. Additionally, as indicated by the Beta-coefficient, financial leverage has a negative effect on financial performance which is – 0.74.

4.7   Analysis on the Moderating Role of Corporate Governance

Employees must answer a total of six questions on corporate governance issues. Data about current employee perceptions of corporate government aspects are shown under Table (4.12).

Table (4.12)   Corporate Government

Sr. No.	Items	Mean	Standard Deviation
1	The organization has a corporate-wide common language for communicating risk-type exposures, control activities, and monitoring efforts.	4.05	.571
2	There is a regular brief to the board and executive committee on risk management issues.	4.06	.401
3	The organization has incorporated responsibility for risk management into the position description of all managers.	4.11	.390
4	The organization has communicated a risk management mission statement, value proposition, and benefits statement to senior managers.	4.09	.326
5	Employees receive regular training on compliance policies, procedures, and regulations	4.08	.382
6	The insurance company provides clear and transparent policy terms and conditions.	4.10	.377
Overall Mean		4.08	

Source : Survey data (2024)

The mean score for each of the six corporate governance factor questions was shown in the above table. The question "The organization has a corporate-wide common language for communicating risk-type exposures, control activities, and monitoring efforts" had the lowest mean score (4.05). The question is, "The organization has incorporated responsibility for risk management into the position description of all managers," and the highest mean score is 4.11.

The aggregate mean score of 4.0816 indicates that, in accordance with the results, the employee agreed that corporate governance is crucial for iMyanmar House Company

Limited. The multiple regression analysis is completed in order to examine the moderating impact of corporate governance on the link between earning management practices components and financial performance. The findings are shown in Table (4.13).

Table (4.13) Moderating Effect of Corporate Governance on Relationship of Earning Management Practices Factors and Financial Performance

Variables	Model 1				Model 2			
	Unstandardized Coefficients		Standardized Coefficients (Beta)	Sig.	Unstandardized Coefficients		Standardized Coefficients (Beta)	Sig.
	B	Std. Error			B	Std. Error		
(Constant)	.053	.082		.518	-4.780	2.220		.035
Firm Size	.356**	.154	.354	.023	.580***	.182	.577	.002
Accruals	.666***	.098	.672	.000	.654***	.096	.659	.000
Financial Leverage	-.083	.097	-.084	.391	.880	.452	.890	.056
CG	.048	.062	.048	.447	1.062**	.470	1.074	.027
CG*FL					-.245**	.113	-2.175	.033
R Square Change	0.000							
R Square	0.971				0.971			
Adj R Square	0.970				0.969			
F value	631.729***				531.559***			

Source: SPSS Output,2024

The results show that corporate governance has not a moderating effect on financial performance due to the R square change value which is 0.0 (0%). In model 2, R square value is 0.971 and adjusted R square value is 0.969, indicating that the model can explain the 96.9% of the variance of the moderating effect of corporate governance on financial performance. F value also indicates that the overall model is highly significant at 1% level meaning the observed relationships are meaningful and are not subjected to random chances. It is found that, corporate governance have negative moderating effect on financial leverage and their relationships with the financial performance in iMyanmar House Company Limited.

CHAPTER V

CONCLUSION

This last chapter is devoted to drawing conclusions about the study's findings based on the data analysis results. The results of the investigation into the variables affecting the financial performance of the iMyanmar House Company in Yangon are provided in this chapter. The first section discusses the findings from the investigation into the variables affecting financial success. Suggestions and suggestions are then made. The study's input and recommendations are then made public.

5.1. Finding and Discussion

Analyzing the variables affecting iMyanmar House Company Limited's financial performance is the primary goal of the research. To accomplish the study's goal, 80 respondents from among the whole workforce of iMyanmar House Company Limited are polled. With regard to the demographics of the participants, the most of the respondents in this research are married women between the ages of 46 and 56. The majority of responders have graduate degrees and get a respectable monthly income ranging from 500,001 to 1,000,000 MMK.

The analysis reveals a positive and significant effect of firm size on the financial performance of iMyanmar House Company Limited. Larger firms, such as iMyanmar House, benefit from economies of scale, which allow them to reduce per-unit costs through bulk purchasing, optimized production processes, and more efficient resource allocation. This cost efficiency directly enhances profitability, contributing to better financial performance.

Additionally, the substantial market presence of larger firms translates into greater market power and influence. iMyanmar House, with its extensive portfolio and recognized brand, can negotiate favorable terms with suppliers and attract a wider customer base. This market dominance not only boosts revenue but also helps in mitigating risks associated with market volatility. The ability to spread fixed costs over a larger revenue base further strengthens financial stability. Therefore, the significant positive effect of firm size on the financial performance of iMyanmar House Company Limited highlights the strategic

importance of scaling operations and leveraging market position. The ability to achieve cost efficiencies, secure favorable financial terms, and utilize substantial resources effectively has proven crucial for enhancing profitability and ensuring sustained financial health. These findings emphasize the need for continuous strategic management and operational efficiency to maintain and capitalize on the benefits of firm size in the competitive real estate industry.

The findings reveal a positive and significant effect of accruals on the financial performance of iMyanmar House Company Limited. Accruals, which represent the adjustments for revenues earned and expenses incurred that have not yet been realized in cash, play a crucial role in presenting a more accurate and comprehensive picture of a company's financial health. High-quality accruals indicate robust financial management and transparent reporting practices, which are vital for maintaining stakeholder confidence and making informed business decisions.

The findings highlight the role of accruals in aligning the interests of management with those of shareholders. By ensuring that reported earnings reflect the company's actual performance, high-quality accruals mitigate the risks associated with earnings management and opportunistic behavior by management. This alignment of interests supports long-term value creation and sustainability, which are essential for maintaining competitive advantage in the real estate market. Therefore, the significant positive effect of accruals on the financial performance of iMyanmar House Company Limited underscores the importance of maintaining high-quality financial reporting practices. Accurate and reliable accruals not only enhance transparency and stakeholder trust but also support effective decision-making and strategic management, leading to improved financial outcomes. This finding reinforces the need for continuous improvement in financial reporting standards and practices to sustain the company's growth and success in the competitive real estate industry.

The analysis reveals not significant effect of financial leverage on the financial performance of iMyanmar House Company Limited. Financial leverage, measured by the ratio of debt to equity, is often used by firms to amplify returns on investment by using borrowed funds. However, in the case of iMyanmar House, the data suggests that increased financial leverage does not translate into improved financial performance and may, in fact, have a slight negative impact.

One reason for this finding could be the heightened financial risk associated with higher levels of debt. While leveraging can enhance returns when the investments financed

by debt generate sufficient returns, it also increases the firm's financial obligations. The requirement to meet regular interest payments and repay principal amounts can strain the company's cash flows, particularly during periods of economic downturn or reduced revenue. This financial burden can offset any potential gains from leveraging, leading to negligible or negative effects on overall financial performance.

Additionally, the real estate sector, characterized by significant capital requirements and long-term investment horizons, can exacerbate the risks associated with high financial leverage. Property markets can be volatile, and any downturn can significantly impact the ability to service debt, thus affecting financial stability. In the case of iMyanmar House, this inherent volatility may make the use of excessive leverage particularly detrimental.

Moreover, the negative and not significant relationship may also indicate that iMyanmar House has not effectively utilized its borrowed funds to generate adequate returns. This could be due to suboptimal investment decisions or external market conditions that have limited the profitability of leveraged investments. Consequently, the anticipated benefits of leveraging are not realized, and financial performance does not improve as expected.

In conclusion, the findings describe that financial leverage has not significant effect on the financial performance of iMyanmar House Company Limited. While leveraging can offer potential benefits, the associated risks and financial burdens can outweigh these advantages, particularly in a volatile sector like real estate. Therefore, it is crucial for the company to maintain a cautious approach towards leveraging, ensuring that debt levels are manageable and that borrowed funds are invested in high-return projects. This strategic approach can help mitigate the risks of leveraging and safeguard the firm's financial health.

5.2.   Suggestions and Recommendations

Based on the finding that firm size has a positive and significant effect on the financial performance of iMyanmar House Company Limited, several strategic suggestions and recommendations can be made to further capitalize on this advantage.

Firstly, it is recommended that iMyanmar House continues to pursue growth strategies that enhance its size and market presence. This can be achieved through organic growth initiatives such as expanding its property portfolio, increasing market penetration,

and entering new geographic markets. Additionally, strategic acquisitions and mergers with other real estate firms can be considered to rapidly scale operations and consolidate market position.

Second, in order to continue reaping the advantages of growing business size, iMyanmar House needs to make investments in cutting-edge technology and infrastructure that significantly improve the effectiveness of its operations. It is possible to improve decision-making, simplify operations, and provide better customer service by using cutting-edge property management systems, customer relationship management (CRM) software, and data analytics tools. Such investments will ensure that the company leverages its scale effectively to drive performance.

Thirdly, fostering a culture of innovation and agility within the organization is crucial. While larger firms may face challenges related to bureaucratic complexities and slower decision-making processes, promoting an agile organizational structure can mitigate these issues. Encouraging cross-functional collaboration, reducing hierarchical barriers, and empowering employees to make decisions can help maintain organizational flexibility and responsiveness.

Furthermore, iMyanmar House should focus on building and maintaining strong relationships with key stakeholders, including suppliers, customers, investors, and regulatory bodies. Leveraging its size to negotiate favorable terms, secure better financing options, and ensure regulatory compliance will further strengthen its financial performance. Effective stakeholder management can also enhance the company's reputation and brand value, attracting more business opportunities.

Lastly, continuous monitoring and evaluation of financial performance metrics are essential. By regularly assessing key performance indicators (KPIs) related to profitability, efficiency, and market share, iMyanmar House can identify areas for improvement and adjust its strategies accordingly. This proactive approach to performance management will ensure that the benefits of firm size are sustained and maximized.

Therefore, by pursuing growth strategies, investing in technology, fostering innovation, managing stakeholder relationships effectively, and continuously monitoring performance, iMyanmar House Company Limited can further enhance the positive impact of its firm size on financial performance. These recommendations will help the company

maintain its competitive edge and achieve long-term financial success in the real estate market.

Given the finding that accruals have a positive and significant effect on the financial performance of iMyanmar House Company Limited, several strategic suggestions and recommendations can be made to further optimize this impact.

Firstly, it is recommended that iMyanmar House continue to prioritize high-quality financial reporting and maintain rigorous accrual accounting practices. Ensuring that revenues and expenses are accurately recorded in the appropriate periods will provide a true and fair view of the company's financial health. This transparency is critical for building and maintaining investor confidence, securing better financing terms, and complying with regulatory standards.

Secondly, the company should invest in advanced accounting and financial management systems. Fulfilling strong enterprise resource planning (ERP) systems and financial software can enhance the accuracy and efficiency of accrual accounting. These systems can automate complex accounting processes, reduce the risk of errors, and provide real-time financial data for better decision-making.

Moreover, continuous training and development for the accounting and finance team are essential. Keeping the team updated with the latest accounting standards, best practices, and technological advancements will ensure the highest standards of financial reporting. This can be achieved through regular workshops, professional certifications, and training programs.

Additionally, iMyanmar House should integrate accrual accounting insights into strategic planning and performance management. By analyzing accrual data, the company can gain deeper insights into revenue trends, cost management, and profitability. These insights can inform strategic decisions, such as pricing strategies, cost optimization initiatives, and investment planning, leading to improved financial performance.

Another recommendation is to enhance internal controls and audit processes. Applying stringent internal controls will ensure the integrity of financial data and prevent inaccuracies or fraudulent activities. Regular internal audits and reviews of accrual accounting practices can help identify and rectify any discrepancies, further strengthening financial management.

In conclusion, it is of the utmost importance to cultivate a culture inside the business that emphasizes responsibility and openness. A culture of accountability may be fostered by highlighting the need of open communication on financial performance and by holding departments accountable for the outcomes of their financial operations. This cultural shift can lead to more accurate financial reporting and better overall performance.

Therefore, by maintaining high-quality accrual accounting practices, investing in advanced financial management systems, providing continuous training, integrating financial insights into strategic planning, enhancing internal controls, and fostering a culture of transparency and accountability, iMyanmar House Company Limited can maximize the positive impact of accruals on its financial performance. These recommendations will help the company achieve sustained financial success and maintain its competitive edge in the real estate market.

The finding that corporate governance does not have a significant moderating effect on the relationship between earning management practices factors (such as firm size, accruals, and financial leverage) and financial performance at iMyanmar House Company Limited suggests several areas for improvement and strategic adjustments.

Firstly, it is recommended that iMyanmar House conduct a thorough assessment of its corporate governance practices to identify any gaps or weaknesses. This assessment should include an evaluation of the effectiveness of the board of directors, the robustness of internal controls, the transparency of financial reporting, and the overall governance framework. By identifying areas for enhancement, the company can strengthen its governance structures and processes.

Secondly, improving board effectiveness is crucial. iMyanmar House should ensure that its board comprises individuals with diverse expertise and experience relevant to the real estate industry. Additionally, providing regular training and development programs for board members can enhance their understanding of corporate governance best practices and emerging industry trends. An effective board can provide better oversight and strategic guidance, potentially improving the company's financial performance.

Furthermore, one of the most important recommendations is to improve accountability and openness. It is imperative that iMyanmar House makes every effort to enhance the quality and regularity of its financial disclosures. This will guarantee that all

stakeholders have access to information that is both accurate and up to date. It is possible for this openness to foster confidence among investors, regulators, and consumers, which in turn contributes to a more favorable climate for doing business.

Moreover, strengthening internal controls and audit functions is essential. Implementing rigorous internal audit processes can help detect and address any discrepancies or inefficiencies in the company's operations. Regular audits and reviews of financial processes can ensure compliance with governance standards and enhance the reliability of financial reporting.

To foster a culture of ethical behavior and integrity, iMyanmar House should appliance comprehensive ethics and compliance programs. These programs should include clear policies and procedures, regular training for employees at all levels, and mechanisms for reporting and addressing unethical behavior. A strong ethical culture can enhance overall corporate governance and positively influence financial performance.

Additionally, engaging with external stakeholders, including investors, regulators, and industry experts, can provide valuable insights and feedback on governance practices. By actively seeking input and collaborating with these stakeholders, iMyanmar House can continuously improve its governance framework and align it with best practices.

Therefore, while corporate governance has not currently have a significant moderating effect on the relationship between earning management practices factors and financial performance at iMyanmar House Company Limited, several strategic initiatives can be undertaken to enhance its impact. By conducting a thorough assessment, improving board effectiveness, enhancing transparency, strengthening internal controls, fostering an ethical culture, and engaging with external stakeholders, the company can reinforce its corporate governance practices and potentially improve its financial outcomes.

5.3   Need for Further Study

Several areas that need additional examination are brought to light by the conclusions of this study on the variables that influence the financial performance of iMyanmar House Company Limited. While the current research provides valuable insights into the positive effects of firm size and accruals, as well as the negative and not significant impact of financial leverage, the complexities and dynamics of these relationships suggest the need for deeper exploration.

The inconclusive moderating effect of corporate governance also suggests a need for further investigation. Future research should explore the specific governance mechanisms that could potentially enhance the relationship between earning management practices factors and financial performance. Comparative studies across different firms and sectors can identify best practices in governance that are most effective in improving financial outcomes.

Finally, longitudinal studies that track the financial performance of iMyanmar House over an extended period can provide insights into how changes in firm size, accrual practices, financial leverage, and corporate governance impact long-term performance. This longitudinal approach can help identify trends, patterns, and causal relationships that are not apparent in cross-sectional studies.

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Appendix-1

Questionnaire

Survey Questionnaire for Employees

I'm a candidate of Executive Master of Banking and Finance Program at Yangon University of Economics. I'm currently doing my research with carries the title "Effect of Earning Management Practices on Financial Performance of iMyanmar House Company Limited". Your co-operation to answer the following questions is very important helping in my research. All the information collected is used for this research purpose only and the answers provided by you are confidential and anonymous. Thank you in advance for your participation in this research.

Thank You Very Much

Lin Htat Aung

PART (A)

Employee Related Information

Make the selected point with (√).

(မေးခွန်းများအား (√) ခြစ်၍ ဖြေဆိုပါ။)

1. Gender: What is your gender?

    ☐ Male   ☐ Female

2. Age: What is your age? *

    ☐ Less than 35 years   ☐ 36 – 45 years   ☐ 46 – 5 years   ☐ above 55 Years

3. What is your education level? *

    ☐ Under graduate   ☐ Bachelor Degree   ☐ Master Degree   ☐ Ph.D

4. What is your approximate monthly income? *

    ☐ Less than 500,000 Ks   ☐ 500,001 – 1000,000 Ks   ☐ 1000,001 – 1500,000 Ks   ☐ More than 1500,000 Ks

5. How long have you worked for iMyanmar House Company?
   ☐ Less than 1 years
   ☐ 1 year – 3 years
   ☐ 3years – 5years
   ☐ 5 years and above years

6. What is your job position in iMyanmar House Company?

   ………………………………………….

PART (B)

Earnings Management Practices

Please indicate the degree for each statement by making a choice the scale below.

1 = strongly disagreed (လွန်စွာသဘောမတူပါ)   2 = disagrees (သဘောမတူပါ)

3 = neutral (သေချာမသိပါ)   4 = agree (ထောက်ခံသည်)

5 = strongly agreed (လွန်စွာထောက်ခံသည်)

(1) Firm Size

No	Statement	1	2	3	4	5
1.	iMyanmar House Company has a sufficient number of employees to handle our operations effectively.					
2.	iMyanmar House Company generates a significant amount of annual revenue.					
3.	iMyanmar House Company holds a substantial share of the market in our industry.					
4.	iMyanmar House Company operates in multiple geographic regions or countries.					
5.	iMyanmar House Company offers a wide range of products or services.					
6.	The size of iMyanmar House leads to increased operational efficiency.					

(2) Accruals

No	Statement	1	2	3	4	5
1.	iMyanamr House Company uses accruals to smooth out earnings over time.					
2.	The use of accruals improves the timeliness of company's financial information.					
3.	Accrual accounting provides a more comprehensive view of company's financial performance.					
4.	Accrual-based adjustments are often used to meet financial targets.					
5.	iMyanmar House company has a formal policy for accruals.					
6	The amount of revenue to be recognized is determined based on reliable methods (e.g., contracts, historical data).					
7.	iMyanamr House Company recognizes expenses when they are incurred.					

(3) Financial Leverage

No	Statement	1	2	3	4	5
1.	Financial leverage has contributed to the growth of company's assets.					
2.	iMyanmar House Company capital structure is optimized to take advantage of financial leverage.					
3.	iMyanamr House Company balances debt and equity effectively to maximize shareholder value.					
4.	iMyanmar House Company's capital structure is optimized to take advantage of financial leverage.					
5.	The use of leverage allows the company to invest in new projects and opportunities.					
6.	iMyanmar House Company's productivity has increased due to effective use of financial leverage.					

(4) Moderating Role of Corporate Governance

No	Statement	1	2	3	4	5
1.	Corporate governance has moderated the impact of external market conditions on company financial performance.					
2.	Corporate governance practices have reduced the volatility of company financial results.					
3.	iMyanmar House Company's resilience to economic downturns has improved due to strong corporate governance.					
4.	iMyanmar House Company has a well-defined corporate governance structure.					
5.	iMyanmar House Company regularly conducts internal and external audits to ensure compliance.					
6.	The relationship between iMyanmar House Company's size, accruals, and financial leverage and financial performance is strengthened by corporate governance.					

PART (C)

Financial Performance

Please indicate the degree for each statement by making a choice the scale below.

1 = strongly disagreed (လွန်စွာသဘောမတူပါ)   2 = disagrees (သဘောမတူပါ)

3 = neutral (သေချာမသိပါ)   4 = agree (ထောက်ခံသည်)

5 = strongly agreed (လွန်စွာထောက်ခံသည်)

Financial Performance

No	Statement	1	2	3	4	5
1.	iMyanmar House has experienced consistent revenue growth over the past three years.					
2.	iMyanmar House maintains a healthy profit margin.					
3.	iMyanmar House manages costs effectively to maximize profits.					
4.	iMyanmar House has stable and predictable cash flows.					
5.	The firm size leads to higher profitability for iMyanmar House company.					
6.	The size of iMyanmar House Company contributes to better access to capital markets.					
7.	Larger firms have a competitive advantage in Housing industry					
8.	Accruals help in providing a more accurate picture of iMyanmar House Company's profitability.					
9.	Higher financial leverage leads to higher profitability for our company.					
10.	Corporate governance practices have positively impacted company financial performance.					

Thanks for taking of your time to complete the questionnaires

Appendix-2

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
G1	80	0	5	4.05	.571
G2	80	3	5	4.06	.401
G3	80	3	5	4.11	.390
G4	80	3	5	4.09	.326
G5	80	3	5	4.08	.382
G6	80	3	5	4.10	.377
Valid N (listwise)	80				

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
F1	80	4	5	4.10	.302
F2	80	4	5	4.11	.318
F3	80	3	5	4.13	.369
F4	80	3	5	4.09	.326
F5	80	3	5	4.09	.363
F6	80	3	5	4.09	.326
Valid N (listwise)	80				

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
A1	80	4	5	4.11	.318
A2	80	4	5	4.13	.333
A3	80	3	5	4.11	.356
A4	80	3	5	4.09	.326
A5	80	3	5	4.10	.341
A6	80	3	5	4.13	.369
A7	80	3	5	4.09	.363
Valid N (listwise)	80				

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
FL1	80	3	5	4.13	.369
FL2	80	3	5	4.09	.363
FL3	80	4	5	4.14	.347
FL4	80	3	5	4.11	.356
FL5	80	3	5	4.10	.341
FL6	80	3	5	4.09	.326
Valid N (listwise)	80				

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
FP1	80	3	5	4.06	.368
FP2	80	4	5	4.13	.333
FP3	80	3	5	4.11	.356
FP4	80	3	5	4.09	.326
FP5	80	3	5	4.05	.386
FP6	80	3	5	4.13	.369
FP7	80	3	5	4.11	.390
FP8	80	3	5	4.10	.341
FP9	80	4	5	4.10	.302
FP10	80	2	5	4.10	.439
Valid N (listwise)	80				

Reliability Statistics

Cronbach's Alpha	N of Items
.963	6

Reliability Statistics

Cronbach's Alpha	N of Items
.964	7

Reliability Statistics

Cronbach's Alpha	N of Items
.949	6

Reliability Statistics

Cronbach's Alpha	N of Items
.848	6

Reliability Statistics

Cronbach's Alpha	N of Items
.957	10

Correlations

		F	A	FL	C	FP
F	Pearson Correlation	1	.979**	.979**	.949**	.975**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	80	80	80	80	80
A	Pearson Correlation	.979**	1	.951**	.932**	.983**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	80	80	80	80	80
FL	Pearson Correlation	.979**	.951**	1	.937**	.946**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	80	80	80	80	80
C	Pearson Correlation	.949**	.932**	.937**	1	.931**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	80	80	80	80	80
FP	Pearson Correlation	.975**	.983**	.946**	.931**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	80	80	80	80	80

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

Regression Analysis

Effect of Earning Management Practices on Financial Performance

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.985[a]	.971	.970	.05376	2.009

a. Predictors: (Constant), FL, A, F

b. Dependent Variable: FP

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.340	3	2.447	846.740	.000[b]
	Residual	.220	76	.003		
	Total	7.560	79			

a. Dependent Variable: FP

b. Predictors: (Constant), FL, A, F

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.058	.081		.722	.472		
	F	.387	.148	.385	2.607	.011	.018	6.949
	A	.671	.097	.677	6.886	.000	.040	5.275
	FL	-.073	.095	-.074	-.764	.447	.041	4.349

a. Dependent Variable: FP

Moderating Effect of Corporate Governance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.985[a]	.971	.970	.05376	.971	631.729	3	76	.000
2	.985[b]	.971	.969	.05405	.000	.184	1	75	.669

a. Predictors: (Constant), FL, A, F

b. Predictors: (Constant), FL, A, F, C_F

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.340	3	2.447	631.729	.000[b]
	Residual	.220	76	.003		
	Total	7.560	79			
2	Regression	7.341	4	1.835	531.559	.000[c]
	Residual	.219	75	.003		
	Total	7.560	79			

a. Dependent Variable: FP

b. Predictors: (Constant), FL, A, F

c. Predictors: (Constant), FL, A, F, C_F

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.053	.082		.649	.518
	F	.356	.154	.354	2.315	.023
	A	.666	.098	.672	6.800	.000
	FL	-.083	.097	-.084	-.863	.391
2	(Constant)	-4.780	2.220		-2.153	.035
	F	.580	.182	.577	3.188	.002
	A	.654	.096	.659	6.829	.000
	FL	.880	.452	.890	1.946	.056
	C	1.062	.470	1.074	2.261	.027
	C_F	-.245	.113	-2.175	-2.178	.033

a. Dependent Variable: FP

Excluded Variables[a]

Model		Beta In	t	Sig.	Partial Correlation	Collinearity Statistics Tolerance
1	C_F	.056[b]	.429	.669	.049	.022
	C_A	.051[b]	.383	.703	.044	.022
	C_FL	.064[b]	.482	.631	.056	.022
2	C_A	-32.899[c]	-3.641	.001	-.390	4.068E-6
	C_FL	11.398[c]	2.192	.032	.247	1.360E-5

a. Dependent Variable: FP

b. Predictors in the Model: (Constant), FL, A, F

c. Predictors in the Model: (Constant), FL, A, F, C_F

OR

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.985[a]	.971	.970	.05390	2.020

a. Predictors: (Constant), C, A, FL, F

b. Dependent Variable: FP

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.342	4	1.836	631.729	.000[b]
	Residual	.218	75	.003		
	Total	7.560	79			

a. Dependent Variable: FP

b. Predictors: (Constant), C, A, FL, F

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.053	.082		.649	.518		
	F	.356	.154	.354	2.315	.023	.016	61.002
	A	.666	.098	.672	6.800	.000	.039	25.391
	FL	-.083	.097	-.084	-.863	.391	.040	24.856
	C	.048	.062	.048	.765	.447	.097	10.283

a. Dependent Variable: FP

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.986[a]	.973	.971	.05261	1.901

a. Predictors: (Constant), C_FL, A, C, F, FL

b. Dependent Variable: FP

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.355	5	1.471	531.559	.000[b]
	Residual	.205	74	.003		
	Total	7.560	79			

a. Dependent Variable: FP

b. Predictors: (Constant), C_FL, A, C, F, FL

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-4.780	2.220		-2.153	.035		
	F	.580	.182	.577	3.188	.002	.011	89.595
	A	.654	.096	.659	6.829	.000	.039	25.478
	FL	.880	.452	.890	1.946	.056	.002	571.318
	C	1.062	.470	1.074	2.261	.027	.002	615.944
	C_FL	-.245	.113	-2.175	-2.178	.033	.000	2724.963

a. Dependent Variable: FP