

**YANGON UNIVERSITY OF ECONOMICS
DEPARTMENT OF ECONOMICS
MASTER OF ECONOMICS**

**A STUDY ON BENEFITS AND CHALLENGES OF
EMPLOYEES IN SMALL AND MEDIUM ENTERPRISES
(CASE STUDY: FOOD INDUSTRIES IN
HLAING THAR YAR INDUSTRIAL ZONE)**

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ABSTRACT

Small and medium enterprises play a significant role in the process of economic development, in employment creation, resource allocation and income generation. Small and medium enterprises are key aspects of economics growth and poverty alleviation considerably. The main purpose of the study is to identify the importance of SMEs in employment creation and to analyze condition of employees in the food industry of Hlaing Thar Yar Industrial Zone. Surveys were conducted on a total 150 randomly selected workers among three factories in food manufacturing in Hlaing Thar Yar Industrial Zones. Most employees will not desire to change their current job because they are happy at their current factory. Only a few employees desire to change for more salary. It is found that small and medium-sized enterprises suffer weak regulatory framework, limited access to finance, lack of supportive government activities. Government needs to assure more benefit for Myanmar workforce in such ways as quality of existing and new job, long-term perspectives for secure and well-paid employment. By promoting SMEs industry, international trade will increase economic benefits of Myanmar Economy.

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LIST OF ABBREVIATION

AEC	ASEAN Economic Community
OECD	Organization for Economic Co-Operation and Development
GDP	Gross Domestic Product
APO	Asian Productivity Organization
SLORC	State Law and Order Restoration Council
DHSHD	Human Settlement and Housing Development
LOL	Labor Organization Law
MMK	Myanmar Kyats
JICA	Japan International Cooperation Agency

CHAPTER I

INTRODUCTION

1.1 Rationale of the Study

Small and medium enterprises (SMEs) are major contributors to employment both developed and developing countries. It contributes greatly to the economics of all countries, regardless of their level of development. SMEs are recognized as the backbone of economic growth, contributing significantly to the GDP through job creation and income generation while reducing poverty and improving standard of living. In particular, by utilizing of local raw materials, create employment generations and development of entrepreneurship, accelerate of rural development and mobilization of local savings, linkages with biggest industries, provision of regional balance by spreading investments and more evenly, provision of avenue for self-employment and opportunity for training managers and semi-skilled workers. SMEs expansion boosts employment more than large firm growth because SMEs are more labor intensive.

The most common definition used is based on employment, but there is a variation in defining the upper and lower size, limit of an SME. In ASEAN, SMEs are major sources of job opportunities due to the labor incentive nature of their work. The development of SMEs is the backbone of the ASEAN Economic Community (AEC), which aims to enhance integration and competitiveness of ASEAN Economies, and viewed as contributing to narrowing the development gaps among the ASEAN Economies.

Small and medium enterprises play an essential role in the economy of a country. They represent a source of entrepreneurships abilities, innovation and creating of new jobs that are available to large number of population. Moreover, SMEs play a significant role in terms of number, contribution major sources of job opportunities due to labor incentive nature of work, output and investment. Myanmar economic is depend on the development of SMEs in private sector. Indeed, SMEs

accelerate the economic development and social progress of the country. In Myanmar, SMEs are considered important to the national economy. They create a lot of job opportunities for the population and contribute to employment and income generation, resource utilization, promotion of investment. For this reason, Myanmar government has special attention to the development of SMEs, support for existing SMEs to become larger industries and creating a conducive business environment for SMEs. SMEs contribute to about 90% of total enterprises and about 70% of total workforce is employed in SMEs.

SMEs still face a lot of difficulties in doing businesses such as lack of market information, working capital and difficult in financing and insufficient infrastructure. It also requires basic support for steady growth in terms of adequate capital, market access, technology adaptation and a skilled workforce. SMEs are a nursery for nurturing entrepreneurial talent, in addition to creating employment in economy. SMEs are alleviating poverty around the world as well as increasing the social and economics participation of women, youth and minorities. There are two types of SMEs in the economics reality, the small tradition enterprise the process of making goods being inherited from generation to generation and modern SMEs that use high technology by looking to maximize the efficiency of their activities.

The world population is increasing year by year, every country, nation, local promotes producing food and nutrition requirements. It has been widely recognized that SME in food industry including micro-enterprises and it involves a significant role in the process of economic growth, social and political roles in the employment creation, resource allocation and income generation, promotion of investment in Asia. The key component of the strategy towards depending on the country's industrial base as well as providing a nucleus of greater industrial complementation and linkage with large scale enterprise. It is considered that accelerate of industries is important to become modern notion in the near future.

Food gives the energy and nutrients to grow and develop, be healthy and active, to move, work, play and learn. Today, most of the food energy require by the increasing population of the world. Food sector is highly important source of employment for workers in developing countries. Hence, there is a need to encourage and promote the competitive of SMEs in food sector to greater employment opportunities of the country.

1.2 Objectives of the Study

The objectives of the study are to identify the importance of SMEs in employment creation and to analyze condition of employees in the food industry of Hlaing Thar Yar Industrial Zone.

1.3 Method of Study

This thesis is used descriptive method by using primary and secondary data which are collected by the SMEs Development center under Ministry of Industry, Management Committee of Hlaing Thar Yar Industrial Zone. Other available data and information are used from Internet websites for the required data of the study.

1.4 Scope and Limitations of the Study

This thesis focuses on manufacturing in SMEs in Yangon. Samples of 150 workers were selected with sample random sampling method. The primary data for relevant information are collected with survey questionnaires. In this study is examined working condition and employee's satisfaction of food industry in Hlaing Thar Yar Industrial Zone.

1.5 Organization of the study

This thesis is divided into five chapters. Chapter (1) comprises of introduction, Chapter (2) comprises of literature review including definitions of SMEs, characteristics of SMEs, importance of SMEs, contribution by SMEs, employment creation in SME development prospects and government role for SMEs development and reviews on previous study, Chapter (3) comprises overview of small and medium-sized enterprises (SMEs) in Myanmar, Chapter (4) is survey analysis and Chapter (5) is the conclusion with the findings and suggestions of the study.

CHAPTER II

LITERATURE REVIEW

2.1 Definition of Small and Medium Enterprises

Definition of what constitutes on SME vary quite widely from country to country depending on the business sector concerned such as agriculture, natural resources, manufacturing services and retailing. There is no a universal determinant of or criterion for on SME. Much depend on the character of the respective host country and the profile of its own particular corporate sector, from which a relative measure of an SME is then typically made, sometimes on a rather arbitrary basis.

Depending on the country, the size of the enterprise can be categorized based on the number of employees, annual sales, assets. It may also vary from industry to industry. The concerning SME is based on private sector which include employment, capital investment, annual production and power usage. SMEs represent over 92 percent of business establishments and account for 99 percent of total number of firms in the manufacturing sector (Narain, M.A).

Small and medium enterprises (SMEs) are non- subsidiary, independent firms which employ less than a given number of employees. The most frequent upper limit designating an SME is 250 employees, while the United States considers SMEs to include firms with fewer than 500 employees. Small firms are generally those with fewer than 50 employees while micro-enterprises at most 10 or in some cases 5 workers. (Agwu, M.O 2014)

Industry Canada uses the term SME to refer to businesses with fewer than 500 employees while classifying firms with 500 or more employees as large business. Breaking down the SME definition, industry Canada defines a small business as one that has fewer than 100 employees is classified as a medium enterprise.

According to the World Bank, there are more than 60 definitions of SMEs used in 75 countries. Some countries have used the number of employees as the sole criteria for determining where a business is an SME or not. Other countries use this same criterion, plus on additional one based on either the value of the firm's assets or

the size of revenue in local currency. In cases, where a currency value is cited any market inflation can pose a problem for the SMEs definition over time. Some countries recognize this issue and occasionally update their criteria for SMEs, but most do not (ESCAP, 2009a).

The three main parameters that have been generally applied to define SMEs are:

- (a) Number of employees,
- (b) Turnover of businesses and
- (c) Capital investment.

Table (2.1) SMEs Definitions Used by Multilateral

Asian Development Bank	SME	No definitions	None
European Union	Micro Small Medium	< 10 employees < 50 employees < 250 employees	Employment and turnover or balance sheet total
United Nations Development Program (UNDP)	SME	≤200 employees	Employment
United States of America	Micro Small Medium	< 20employees 20-99 employees 100-499 employees	Employment
World Bank	SME	≤ 300 employees	Employment, turnover and asset

Source: SMEs Development Agency (2011), European Union (2013)

2.2 Characteristics of Small and Medium Enterprises

Many least developed countries seek to provide employment opportunities for those who live below the poverty line. In this way, SMEs have an important role to play not only in the economic growth of the nation but also in the alleviation of poverty and strengthening of social safety nets (Yin Yin Aye, 2017). In the Asia-Pacific region, the definitions of SMEs varies from country to country and is usually based on the number of employees, values of sales, values of asset or capital or a

combination of these aforementioned factors(OECD, 2005a). The most commonly used variable probably due to the ease of collection of data is the number of employees. A large number of OECD countries, including those of European Union, and many developing countries set the upper limit of the employees for SMEs between 200 and 250. While Japan and United States, whose definition allows for up to 300 and 500 employees respectively, SME typically no more than 250 workers. (OECD, 2005a)

SMEs are more flexible and to adapt to changing business environments. In general, SMEs are able to avoid the rigidity and inertia common to established firms in their planning and strategy. They are an important source of innovation both in products and in processes (Narain, M.A). SMEs have a range of common characteristics are

- (a) Born out of individual initiatives, knowledge and skills – SME start-ups tend to evolve from a single entrepreneur or a small group of entrepreneurs – in many cases, leveraging a unique skill set;
- (b) Greater operational flexibility – the direct involvement of owner, coupled with flat organizational structures, ensure that there is greater operational flexibility. As a result, decision-making is faster;
- (c) Low cost of production – SMEs have lower overheads. This translates into lower production costs;
- (d) Specialization in niche markets – successful SMEs concentrate on small but profitable markets in order to avoid battles with large enterprises as well as to ensure effective investment and utilization of their resources and expertise;
- (e) A high propensity to adopt technology – SMEs show a propensity for adopting and internalizing new technology when given the proper incentives and learning;
- (f) A high capacity to innovate – SMEs’ capacity for innovation, improvisation and reverse engineering is extensive if the initial support is there;
- (g) High employment orientation – SMEs are usually the prime drivers of job creation, in some cases creating up to 80-90 per cent of the total jobs in a country. SMEs tend to be labor-intensive and are able to generate

more jobs for every unit of investment, compared with their larger counterparts;

- (h) Utilization of locally available human and material resources – SMEs mostly utilize skills, manpower and resources available locally. This brings prosperity to the area where they operate; and
- (i) Reduction of geographical imbalances – unlike large enterprises, SMEs can grow in developed and underdeveloped areas. This reduces geographical imbalances.

Most SMEs are one-person businesses in large employment category is working proprietors. This group makes up more than half the SME workforce in most developing countries, their families who tend to be unpaid but active in the enterprises. The remaining portion of the workforce is split between hired workers and trainees or apprentices. SMEs are more labor intensive than large firms and therefore have lower capital costs associated with job creation (AAMO, 2007). However, these characteristics of SME have also the downsides. SMEs typically suffer from:

- (a) Low bargaining power, both for sales and for procurement
- (b) Weak market access
- (c) Low technology adaptation
- (d) Lack of brand development
- (e) High debt structure
- (f) Weak management with less training
- (g) Weak human resource base with a low compensation
- (h) Inadequate institutional support

The classification of SMEs by size is relevant to sector. It may be appropriate to define size by the number of employees in some sectors. Across government, it is most usual to measure size according to the full-time employees or their equivalent. In reality, the common characteristic of SMEs is “not large”.

It has to be emphasized that the category “SMEs” typically comprises a very heterogeneous group of enterprises. The challenges of SMEs and their related need for policy support can vary quite significantly across the SMEs population of a country according to the following(Hamid, Z 2017).

Firstly, the category SMEs includes firms of quite different sizes.

Secondly, SMEs operate in a wide range of sectors, including agriculture, manufacturing, construction and services, and a large variety of industries within these sectors.

Third, SMEs are operating in different locations and in very different markets. The challenges and needs of SMEs operating in rural areas are quite different from those of SMEs operating in urban areas.

Finally, SMEs different levels of skills and capital, and show different levels of growth orientation. However, there are also a lot of characteristics that many SMEs have in common. Their operations are typically labor intensive and characterized by low investment requirements. There is often little separation between ownership and management and they tend to respond to market needs quickly with a flatter organizational structure and flexible operations that can readily adapt to a rapidly changing environment.

2.3 Importance of Small and Medium Enterprises

The SMEs plays an extremely important part in modern economy, providing to be the most attractive and tremendous innovative system. It has been widely accepted as the engine of economic growth and poverty reduction in the world. SMEs are the main source of innovation; furthermore they can create employment, reduce poverty, and enable entrepreneurship particularly for women, low skill workers and the youth (San San Yin, 2005) SMEs contribute to job creation, wealth creation, poverty alleviation and income generation. SMEs have made the main source of significant contribution to economic growth by assisting promoting entrepreneurships, advancing technology absorption, producing goods for particular manufactured products for boosting (Sato, 2015).

SMEs are crucial to promoting inclusive economic development and poverty reduction. They constitute a vast number of businesses and employ a large number of people in developing countries. In most developing countries, SMEs employ the highest percentage of the worker and some studies suggest that enterprises (those less than two years old), have the highest job creation rates. In some countries in Africa, micro and small enterprises employ twice as many people as large enterprises. Moreover, SMEs employment, especially in the informal sector, tends to increase, while employment in medium and large enterprises and also in the public sector declines (Yin Yin Aye, 2017). Thus, it is the main force for the development of a

country as it can steer the development during the period of economic instability. However, SMEs in developing countries face numerous impediments such as lack of finance, business skills, operating space. The support for SMEs by the local government, private sector and civil society should be enhanced in order to increase the contribution of SMEs to local economic development. Therefore, SMEs are main factors important in the country's economy.

The involvements of all sectors are also necessary in the establishment and substance of support for SMEs. SMEs make over 99 per cent of the total number of business across countries. The sizes of SME sector appear to be positively associated with Gross Domestic Product (GDP) per capita growth in many countries. But, every SME does not go through growth path. They are responsible for large contribution to value added and employment. Their capacity to develop and produce innovative products, processes and services varies depending on sector, size, resources and the business environment.

Every country over the world, food is substance which is consumed to provide nutritional support for body. There is noticeable increase in demand for various commodities including food. The food sector is mainly useful in our country. Myanmar is exporting primary products such as rice, beans, gas, rubber and teak, and mainly importing food, machinery and equipment. Moreover, encouraging private sector by the government supports to increase total number of industrial enterprises. Foods are the largest sector so high proportion of income spends on foods. From the food productions in SMEs have to improve GDP and have a job opportunity in the developing countries. But, there are a number of obstacles that need to be overcome to achieve these objectives. In general, individual nations can adapt them to their own industries while reflecting the various stages of economics development.

2.4 Contribution by SMEs

SMEs constitute an important segment of Asia-Pacific economies have made contribution of the economics development of various countries over the years. SME is mainly to create employment, to nature entrepreneurship, to increase outputs with value added. Thus, the developments of SMEs contribute to increased GDP and poverty alleviation. Asian developing countries have touted SMEs as the engine of economic growth and development, the backbone of national economies the greatest employment generator, a greater potential source of export growth and development

especially in the manufacturing sector, potential tool for poverty alleviation by creating self-employment and crucial support for alleviation by creating self-employment avenues.

In developing countries as well as developed economies, including those in Asia-Pacific economics, SMEs dominate the classification for enterprises constituting more than 99 percent of all enterprises. SMEs contribute to economic development of their sheer numbers and increasing in employment and Gross Domestic Product (GDP). The economic development requires structural change from low to high productivity activities that industrial sector is the key of growth in the development process. If the industrial sector increase worker can earn higher wages than rural sector. The result in an immediate increase in overall productivity and income per capita due to transfer of labor from low productivity agriculture to high productivity industry.

It is learned that rapid growth is generated in a limited number of economic activities, such as food products. Food industry is leading in the initial phase of industrialization of many countries in different periods of times. This leading role in food industry was significant in Myanmar. The food industries are formed a major part of manufacturing production, employment and trade in many developing countries. The food sector has played an important role in economic development. This sector absorbs large number of unskilled labor. Exporting is one of the major contributors made by SMEs to the national economy. This consists of not only high export volumes but also diversified export and technology and skill development. Export operations expand the base on the domestic enterprises, which gain the ability to compete globally.

The share of SMEs contribution varies widely among countries in the Asia-Pacific region. The ability if SMEs to export is an indication of how SMEs can compete in the global markets regional markets where specific support measure may be needed to improve performance (UNCTAD, 2002). SMEs contribution to export is higher in developed economies, such as those in European Union, than in the developing economies of Asia and the Pacific. The contribution of SMEs is vital to the well- being of various countries in the region as:

- (a) Constitute over 99 percent of all enterprises
- (b) Provide over 60 percent of the private sector jobs and
- (c) Share more than 20-30 percent of direct and indirect exports.

However, SMEs are underdeveloped in many developing countries in Asia-Pacific although they contributed to the economic development of the region. In particular, SMEs sectors remain relatively weak in Asia-Pacific developing countries, especially in least developed countries (LDCs), even though the importance of SMEs in the national economy is well-recognized in terms of their substantial shares, number of enterprises and their contribution to employment, income and exports.

2.5 Employment Creation in SME Development Prospects

Small and medium firms play an important role in employment and regional development, economic growth and reduction of unemployment. They have an impact on the national economies and contributing to the improvement of competitiveness. These are correlated between poverty alleviation, unemployment and standard of living. The development of SMEs is essential for the social and economic development of the country since they increased competitiveness and funds to productive aims (Neagu, C.2016). In most countries; SMEs occupy the greatest proportion of enterprises. Also, industrial zones provide opportunities to develop the food industry. Employees have tended to find work in the formal sector only in low-wage, low status jobs, whether in manufacturing or services of manufacturing work often reflects traditional food households tasks such as processing and producing food. Employees make a substantial contribution to output and value added of the manufacturing sector. Small and medium scale industries constitute one of the areas where employee's role is most pronounced. Moreover, in the labor-intensive textile and food processing factories, employee's participation in the urban labor force has increased significantly (Saw Nan Nwe, 2016).

In most developing countries, SMEs employ the highest percentage of the workforce and some studies that enterprises with fewer than 100 employees and small enterprises have the highest job creation rates. Moreover, SME employment, especially in the informal sector, tends to increase while employment in medium and large enterprises and also in the public sector declines. Employment generation by SMEs is sometimes especially pro-poor because such enterprises provide employment and income in regions and economic sectors where most of the poor live and where few other employment opportunities exist. (Yin Yin Aye, 2017)

The role of SMEs in economic development has occupied among government, policy makers, researchers and economists. The establishment of SMEs business

owners faced some obstacles but differ depending on businesses firms assist in economics growth. SMEs have ability to economics growth due to they create new jobs and innovation. The competition and entrepreneurship of firms have benefit on economy increased efficiency, innovation and aggregate productivity. (Dr. Ngui Thomas Katua, 2014)

The strategic importance of SMEs in overall economic development has been widely recognized in both developed and developing countries. The growths of SMEs are a number of cultural, behavioral and social factors need to be considered to obtain the desired output from development programs and initiatives.

The overall development of SME development is

- (a) Create jobs and generate income;
- (b) Improve SME performance and competitiveness;
- (c) Increase their participation in and contribution to the national economy.

Food industries are also classified into three groups according to their development stage. They are

- (a) Industries meant to product goods that can substitute the imported ones. (Import Substitution)
- (b) Industries relied mainly on local and national market. (Local Product)
- (c) Industries that manufacture value added basic goods for local use as well as to export. (Local and Export-Oriented) (Mya Thet Ni, 2008)

The majority of the industries are lowed which the level of technology and quality of products and the products are mainly for local and national markets. There are numbers of obstacles in industrial developments as follows.

Obstacles of SMEs to be solved-

The obstacles faced for the development of SMEs are as follows-

- (a) Difficulties in access to finance;
- (b) Difficulties in transfer of technology;
- (c) Weakness in access to domestic and foreign markets;
- (d) Low technology and skills;
- (e) Difficulties in access to information in timely manner;
- (f) Deficiencies in corporate governance;
- (g) Requirements of business development services;
- (h) Lack of appropriate taxation and incentives;
- (i) Lack of level playing fields;

- (j) Incomplete infrastructures;
- (k) Weakness in emergence of conducive business environment

Policies to support SMEs development is important for the business environment to be conducted for all businesses. A low barrier, well defined property rights and effective contract enforcement characterizes a business environment that is conducive and private commercial transaction. The economy grows and the quality of life improves, demand for daily needs such as household goods may expand as well. Entrepreneurs of the food products on the growing domestic goods. By increasing of the SMEs the creation of such linkages accelerates industrialization, creates employment and diversified economic activities. The linkages in local enterprises promote technology and bring market information to local enterprise (Yin Yin Mya, 2001).

2.6 Government Role for SMEs Development

To provide a favorable environment for SMEs to flourish, governmental policy interventions and supporting infrastructure play vital roles (World Bank, 2011a). Transparent policies and regulatory frameworks facilitate enterprises establishment, operation, promulgation, access to resource and markets, and the exist of failing firms. Sustainability of the policies and regulation- such as enterprises restrictions, corporate governance, fiscal incentives (tax exemptions, subsidies ad grants), anti-corruption labor laws and bankruptcy laws - heavily relied on the adequate judicial and efficient administrative framework. Policies and regulatory directives with clear vision and mission and adequate implementation of operation modalities result in building confidences among SMEs entrepreneurs. World Bank emphasized that the government should match its role to its institution capacity and concentrate on “Minimal Functions” until its institutional capacity is improved the development of environment.

(i) Business Enabling Environment

The availability of specialized and formal institutional resources for SMEs development is also pillar for creating a level playing field and facilitating their access to finance, skills and knowledge. Adequate and quality infrastructure enhances SME competitiveness. Infrastructure for businesses comprises basic physical and

organizational structures that are needed for the operation of enterprise, transportation, water supply and sewers, power grids. Telecommunication and training and research facilities. Viewed functionally, infrastructure facilitates the production of goods and the provision of services by enterprises. For example, roads enable the transportation of raw materials to factories and the distribution of finished products to markets. Power and water supplies are necessary for the operation of machinery and equipment. For entrepreneurs, access to infrastructure such as business incubators and industrial parks helps tremendously in reducing their entry and running costs by providing lower than market rates for rent and shared supporting services. The provision of such infrastructure, such as SME parks, will enhance their productivities and improve their competitiveness in the markets.

(ii) Promotion of Entrepreneurial Culture

According to Global Entrepreneurship Monitor (GEM) (2007), these conditions consist of macroeconomic stability, a strong regulatory and institutional framework, market openness, formal education, conducive cultural and social norms and technological readiness. The Asian Productivity Organization (APO) (2007) pointed out that government provisions that created a conducive environment for entrepreneurial culture might involve regulatory reform, entrepreneurial skill development, women and youth entrepreneurial programs, business incubation and raising public awareness. Technical knowledge for potential entrepreneurs should also be an integral part of overall entrepreneurship building. An extensive program for entrepreneurial development, with concomitant support through small business consulting services, would result in higher levels of entrepreneurial activities and thus the strengthening of existing SMEs. Increased donor support for enhancing entrepreneurial culture would also pay big dividends.

(iii) Financing a Business

Financing a business involves enhancing the degree to which financial services are available to all, through easy and affordable means. Well-functioning financial systems and markets are particularly important and critical in attracting private sector investment, and thereby fostering SME development. The ability of SMEs to grow and strengthen their competitiveness depends highly on their potential to invest in development, innovation, improvements and diversification over time. All

of these investments need short- and long-term capital; therefore, access to finance is a central issue.

SMEs continue to face constraints caused by many common factors, such as an ineffective financial sector, high interest rates, lack of information on capital availability, excessive red tape, lack of collateral, poor property right laws, lack of proper financial products, missing credit rating agencies and poor human resources in the financial sector (ESCAP, 2009a).

(iv) Innovation and Technology development and adaptation

One of the critical factors that influence the competitiveness of enterprises is the development and marketing of innovative products and services through effective marketing and enhanced technological capability (Drucker, 2008). Innovation is an essential process of change in order to maintain the development and growth of an SME. In times of rapid change, innovation has to be a priority ingrained into management for the firm's survival. It should be integrated into the existing enterprise systems and implemented as entrepreneurial strategies outside the SME in the marketplace (Drucker, 2008). SMEs should construct a policy of systematic innovation, analyze changes within and outside organizations at regular intervals, and regularly identify whether there are opportunities for innovation.

Technology development and adaptation play an important role in innovation. Technology comprises both hardware, in terms of the physical assets, and software, in terms of knowhow and skills. Technology development and adaptation encompass R&D, the dissemination of information and knowledge, the matching of technology with needs and the creative adaptation of technologies for new uses (ESCAP, 2007a). SMEs in developing countries often produce products and services of moderate quality, commonly due to outdated technologies.

To boost innovation, government assistance in technology policy and infrastructural build-up is crucial. However, donor assistance in technological capacity-building remains limited. This is particularly the case with regard to SMEs in the developing countries of Asia and the Pacific. The building of technology-related institutions and R&D facilities as well as increased assistance in widening skills development programs would bring tangible gains in enhancing SMEs' innovation.

(v) Business Development Services

Inadequate business development and support services or their relatively higher unit cost has hampered SMEs' efforts in improving their competitiveness. A lack of both information and accessibility to existing services by SMEs has also resulted in weak demand for such facilities. Obtaining information about the laws, taxation, customs regulations, market intelligence, business development, training opportunities and financing sources are generally expensive and time consuming, particularly in less developed countries. Service providers, particularly lawyers, accountants, and marketing and technical consultants, often do not possess cost-effective management solutions that SMEs require most. It is incumbent upon governments to provide such critical SME development services jointly with commercial service providers as well as with business and industry associations, such as chambers of commerce and federations of industries.

(vi) Market Access

The most domestic markets for SMEs in countries of Asia and the Pacific are saturated there is a need to encourage those SMEs to seek greater access to international markets through international production. The information about international markets and trade systems as well as incentives to promote linkages to global supply chains would prove beneficial. Traditional ways to facilitate local SME penetration of international markets involve various export promotion activities, such as participation in international trade fairs and exhibitions, organization of buyer-seller meetings, dispatching of trade missions and the establishment of national export promotion agencies.

2.7 Reviews on Previous Study

Literature review on previous studies regarding small and medium enterprise focus on found various points of view by scholars such as SMEs need a conducive business environment and regulation, skill development, obstacles such as lack of access to finance and lack of skill labor. This paper guided how to approach the illustration of Thesis topics and clarification with clear points and highlighted.

Myo Myat Mon (2010) studied pointed out the development of SMEs in Myanmar and ASEAN Countries (CLV). This study based on the secondary data and information from Ministry of Industry (1), Ministry of Industry (2), Myanmar

Association, UMFCCI and Reports to the ASEAN SMEs working Groups Meeting and central statistics organization (CSO) and Internet Websites, and Yangon Institute of Economics. This thesis is intended to find out the extent of success of national policies toward SMEs development in Myanmar and CLV.

May Thet Ni (2008) studied pointed out a study of SMEs in Myanmar. SMEs need a conducive business environment and regulation, adequate basic infrastructure services, access to finance, equity and venture capital and knowledge about market opportunities. This is studied current status of SMEs and identifies the role of SMEs in industrialization and reveals the prospects of SMEs in development of industrialization in Myanmar. It uses descriptive method based in secondary data and facts collected from different sources of literature, different book of industry. They typically refer from weak entrepreneurial skills as well as deficiencies in accounting, production and business planning. Private business institute and non-governmental organizational should promote training program, work shop and attending seminar in other countries.

Cibela NEAGU studied pointed out the importance and role of small and medium-sized business. Small business represents the main catalyst of economics development. Those small businesses contribute intensely to achieving the fundamental goals to any national economy, becoming the backbone of social-economic progress. SMEs from Romania have adopted behaviors that preserve their businesses, reducing their exposure to research-development investments. One of the potential factors that triggered such kinds of reaction resides by the lack of viable solutions for research development finance and innovative activities especially for SMEs.

Saw Nan Nwe (2016) analyzed employment opportunities and employee retention practices at steel product manufacturing enterprises in South Dagon Industrial Zones. The studied pointed out “A Study of Employment Opportunities and Employee Retention Practices at Steel Product Manufacturing Enterprises In South Dagon Industrial Zones”. It was found that domestic and foreign investment needed and it is requiring attracting foreign investments for the development of the industrial sectors.

Ohnmar Kyaw (2012) analyzed the employment opportunities and working condition of women in garment industry in Myanmar, in this thesis “A Study in Employment Opportunities and Working condition of Women in Garment Industry in

Myanmar (case study in Hlaing Thar Yar Industrial Zone)”. This thesis found that employment opportunities, job satisfaction, working conditions and textiles and clothing sectors is highly important source of employment for women in developing countries.

CHAPTER III

OVERVIEW OF SMALL AND MEDIUM-SIZED ENTERPRISES IN MYANMAR

3.1 Definition of SMEs in Myanmar

SMEs are most important engine for the development of a country. Definition of SMEs varies according to the countries. There is no precise definition of SMEs. SMEs can be defined widely according to the employment measure, capital and turnover. The development of an appropriate SME definition is critical for SMEs development policies and other supporting measurement such as training programs.

In Myanmar, the definition of SMEs was recently changed through the enactment of the 2015 SME Law. SMEs were defined on the basis of the criteria: power used number of employees, capital investment, and value of annual production. Myanmar has a vision to develop SMEs based on the policy to create regionally innovative and contribute to socio-economic development. SMEs estimate account for 50-59% of employment and 30-53% of the country's GDP. According to the SMEs development, small enterprises are defined as those with K50 to K500 million in capitals and medium enterprises as these with K500 to K1000 million in capital. In the definition, small firms were those with 10-50 workers, medium-sized firms those with 51-300 workers and large-enterprises those with over 300 employees.

In Myanmar, SMEs are considered important to the national economy. They create a lot of employment opportunities for the population and contribute to employment and income generation, resource utilization and promotion of investment. For these reason, Myanmar government has given special attention to the development of SMEs, supporting SMEs to become larger industries and creating a conducive business environment for SMEs (SMEs Development Centre, 2019).

Table (3.1) SMEs Definition in Myanmar

No	Categories	No. of employees	Capital (Kyats in million)	Turn-over (Kyats in million)
1.	Small Enterprise			
	(a) Manufacturing sector	Up to 50	Up to 500	-
	(b) Labor-intensive manufacturing sector	Up to 300	Up to 500	-
	(c) Wholesale Business	Up to 30	-	Up to 100
	(d) Retail Business	Up to 30	-	Up to 50
	(e) Service Business	Up to 30	-	Up to 100
	(f) Enterprise more than above mentioned	Up to 30	-	Up to 50
2.	Medium Enterprise			
	(a) Manufacturing sector	From 50- up to 300	From 500- up to 1000	
	(b) Labor-intensive manufacturing sector	From 300- up to 600	From 500- up to 1000	
	(c) Wholesale Business	From 30- up to 60	-	From 100- up to 300
	(d) Retail Business	From 30- up to 60	-	From 50- up to 100
	(e) Service Business	From 30- up to 100	-	From 100- up to 200
	(f) Enterprise more than above mentioned	From 30- up to 60	-	From 50- up to 100

Source: Ministry of Industry (2015)

3.2 Background of SMEs in Myanmar

Myanmar has adopted the market- oriented economic system in 1988. SMEs have a very contribution to the provision of goods and services to the society. Without SMEs, large companies may not be able the demand for goods and services in an

expanding consumer based. Myanmar has been implementing the National Development Plan with the aim to accelerate growth, achieve equitable and balance development and to reduce socio- economic development gap between rural and urban areas of the country. A country's economic development depends on the micro economics stability. The country would an increase in micro economic indicator, which generates more job opportunities, more exports and increase in balance of payment ratio. The traditional/ local enterprise involved in textile manufacturing, handicrafts, weaving, jewellery, goldsmiths and blacksmith have been existed in Myanmar village since the period of Myanmar Kingdom (Myo Myat Mon, 2010).

The four categories of SMEs are manufacturing sector, sale sector, service sector and others. The process of structural transformation and integration in global market is increasing the intensity of industrial activity, as well as the number of job in manufacturing. Between 1990 and 2015, industrial sector grew from 10 to 34 per cent of gross domestic product (GDP) agricultural sector fell from 60 to 27 per cent of GDP (CSO 2017). Private manufacturing activity has been identified as having a large potential for improving Myanmar's economic growth. SMEs are focused on the manufacturing enterprises in Myanmar and their employees.

To accurately the status of the private manufacturing sector were collected in 35 townships in all 14 regions and states of the country as well as Nay Pyi Taw Union Council in June and July 2017. The sample data comprises 2,496 enterprises and their 6,722 employees, which are statistically representative manufacturing firms in Myanmar. The analysis of several dimension and dynamics of enterprise performance and business environment in Myanmar: the regulatory framework, labor force, access to services such as finance, which are related aspects of firm performance, such as labor productivity, investment and sales. The enterprises shall be operated accordingly to the definition contained in SMEs Development Law-

- a. Manufacturing businesses;
- b. Labor-intensive businesses;
- c. Wholesale businesses;
- d. Retail businesses;
- e. Services businesses;
- f. Other businesses.

In recent years, SME sector has consistently registered higher growth rate compared to the industrial sector. There is a general agreement among policy makers

that the advantages of the sector are its employment potential at low capital cost. In Myanmar, small and medium enterprises are socially and economically important that they represent 99% of all enterprises. They provide jobs and contribute to entrepreneurship and innovation.

3.3 Current Status of SMEs in Myanmar

In Myanmar, the market-oriented economy was introduced since industries producing goods that can substitute imported ones have been developed. Then, the factories mainly produced ready-made food items, snacks, soft drinks, and purified drinking water using modern technology. Their products are highly quality and capable to compete imported goods. The industries would become potential exports product manufactures if they gave more incentive for export production. The level of technology and products are low in the majority of industries and the products are mainly for local and national markets (Myo Myat Mon, 2010).

SMEs are important for innovation and competition. The SMEs sector has remained very innovative and adaptable in order to survive the recent economic downturn and recession. The firms plays significant role in employment generation, innovation, economic growth and reduction of unemployment. There is a high correlation between the degree of poverty, unemployment, economic standard of living of the countries and the degree of the respective of SMEs.

The SMEs constitute over 90% of total enterprise in most of the economies and credited with generating the highest rate of employment growth and account for industrial production and exports. More than 90% of Myanmar job are currently low productivity, low-paid and in the agriculture sector, households enterprise or small firms. In recent economic reform has increased the contribution of the manufacturing and service sectors to GDP growth. The impacts of jobs are created by upgrading traditional sectors and increasing their productivity. Therefore, SMEs in job creation is stronger in sectors linked to the global economy. Additionally, Myanmar has necessary to create better jobs and skills of labor force should be upgraded (Yin Yin Aye, 2017).

In Myanmar, there are 48,090 registered small and medium scale industries operating nationwide but some are not registered with relevant institution. It operates as hidden economy which is producing goods for the local market. The state and union government and industrial- related department such as SMEs development

service center deal with the industries to support provide guidance and monitor performance (Saw Nan Nwe, 2016).

According to the SME Development Department, SMEs occupied an important role of the national economy and it is also a major force of the development. SMEs include farmers, growers, producers, wholesalers, retailers those who transport these produce and products and the ones who give service concerning these in their respective sectors. At the Department categorized into 13 sectors- foodstuff, textile, construction material, personal goods, household goods, printing, industrial raw material, metal and petroleum, agricultural equipment, machinery equipment, transport vehicles, electrical goods and miscellaneous. Among them, food industry shows that 58.91 per cent of all registered industries.

With regards to national law, the legal frameworks regulating employment, conservation and environment are either vastly complicated and currently significantly reform.

- Factory Act (1951, amended 2016)
- Labor Organization Law (2011)
- Settlement of Labor Disputes Law (2012)
- Minimum Wage Law (2013, final notification 2015)

The level of labor rights in Myanmar is mostly found in the Labor organization law (LOL). This 2011 law permits freedom of association, and the 2012 settlement of labor disputes law provides for dispute resolution institution as mechanisms. There are about 17 items related to the protection of labor rights in LOL 2012. According to these laws, labor organizational have right to send representatives to a conciliation body in settling a disputes between employers and workers (Moht Moht Swe, 2017).

Minimum wage law established the Myanmar National Minimum Wage Committee consisting of government and representative of both workers and employers with the mandate to set the minimum wage. The government enacted the minimum wage law on 22 March, 2013, an achievement for the actions of the workers. After over two years of deliberation, a provisional wage was set on 29 June, 2015 at 450 MMK per hours and 3600 MMK per day based on eight hour working day.

Table (3.2) Sectorial Distribution of Registered SMEs in Myanmar (2017)

No	Sub-Sector	Number of Enterprises				
		Small	Medium	Large	Total	Share%
1	Food & Beverages	19867	5143	3321	28331	58.91
2	Clothing & Wearing	2356	732	645	2633	5.48
3	Construction materials	1928	1241	954	4123	8.57
4	Personal Goods	347	552	589	1488	3.09
5	Households Goods	78	88	138	304	0.63
6	Printing & publishing	139	177	81	397	0.83
7	Industrial raw material	175	194	204	573	1.19
8	Metal & Petroleum	1941	635	345	2920	6.07
9	Agricultural Equipment	37	24	13	74	0.15
10	Machinery Equipment	33	33	24	90	0.19
11	Transport Vehicles	22	31	81	134	0.28
12	Electrical Goods	21	17	63	101	0.21
13	Miscellaneous	5701	995	225	6921	14.39
	Total	6683	9862	31545	48090	100%
	Share%	13.90	20.51	65.60	100.00	

Source: Ministry of Industry

In Myanmar, SMEs dominate every sector of the economy. The most reliable are available only for those SMEs that are registered with the Central Department of Small and Medium Enterprises which collects data on SMIs. The Ministry of Industry show food and beverages industry as the number of industry is 58.91 percent, clothing and wearing apparel industries with 5.48 percent and construction raw material industries with 8.57 percent. Among those, SMEs that are not involved in cottage industries, more than operate in the food sector. This includes rice mills, oil mills, powdering machines, sugar mills, bean and pulses processors, ice factories and confectionaries, which account for about 60% of food processing SMEs. The food processing industries are the largest share of total SMEs. Among them, food industries were the most important ones and they accounted for of the total number of food industry.

Table (3.3) Number of Registered Private Enterprises in States and Regions

No.	State and Region	Year (2016)			Year (2017)			Total	
		Large	Medium	Small	Large	Medium	Small	2016	2017
1.	Kachin State	46	160	1199	52	168	1314	1405	1534
2.	Kayah State	18	307	111	23	334	125	436	482
3.	Kayin State	88	112	738	88	141	760	938	989
4.	Chin State	5	12	697	5	19	736	714	760
5.	Sagaing Region	321	899	3078	351	982	3209	4298	4542
6.	Tanintheryi Region	158	130	1325	175	154	1336	1613	1665
7.	Bago Region	382	929	3306	468	990	3220	4617	4678
8.	Magway Region	172	393	2564	172	475	2672	3129	3319
9.	Mandalay Region	1198	2159	3287	1297	2629	3876	6644	7802
10.	Mon State	144	295	1853	165	319	1947	2292	2431
11.	Rakhine State	63	120	2059	69	133	2271	2242	2473
12.	Yangon Region	2518	1952	1858	2767	2052	1740	6328	6559
13.	Shan State	246	559	2999	266	679	3145	3804	4090
14.	Ayeyarwaddy Region	566	610	4841	648	612	4848	6017	6108
15.	Nay Pyi Taw	117	160	339	137	175	346	616	658
	Total	6042	8797	30254	6683	9862	31545	45093	48090

Source: Ministry of Industry

3.4 Growth of SMEs in Myanmar

Currently, most of SMEs are operated by private companies and only few as stated-owned industries. Also private owns 92% and the number of private industries increase. The growth of SMEs is synonymous with the growth of the private sector since SMEs represent large number of businesses in their private sector. The development of entrepreneurships is highly associated with the development of SMEs. Due to the private ownership nature, entrepreneur's spirit, and the ability to adapt changing environment, they contribute to sustainable growth and employment generation in a significant manner.

Table (3.4) Registered of SMEs in Myanmar (2011-2017)

Firms	2011- 2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
Large	4761	5047	5332	5407	6042	6683
	11%	12%	12%	12%	13%	14%
Medium	7273	7547	7891	8489	9157	9862
	17%	17%	18%	19%	20%	21%
Small	31177	30681	30146	30246	30752	31545
	72%	71%	70%	68%	67%	66%
Total	43211	43275	43359	44439	45951	48090
	100%	100%	100%	100%	100%	100%

Source: Ministry of Industry

The registered of the SMEs had changed within five years from 2011 to 2017. Currently, private industry has grown progressively and that can be seen in table (3.4). In 2011-2012 large enterprise contributed only 11% but it increased up to 14% in 2016-2017. At the same period, medium enterprises contributed increased from 17% to 21% and the share of small enterprises decreased from 72% to 66% due to general expense. Until 2017 there are 48,090 registered enterprises in Myanmar small enterprise accounted for 65.60 %, medium enterprise accounted for 20.51% and large enterprises accounted for 13.90%. There are 6,559 SMEs enterprises registered in Yangon.

3.5 Development of SMEs Policies and Financing

Myanmar is making effort with momentum for the transformation of political, social and economic sector in line with the current changing world and encouraging the development of the private sector. The policy for the SMEs development is laid down in order to get sustainable growth of SMEs which support to the social and economic development of the country to participate in ASEAN Economics Community in line with the free trade agreement to develop the country alike the ASEAN countries during the reform process from state led economy to private led economy.

The labor market is changed in the population, its growth, its age structure and regional distribution and is also dependence on the state of the economy and its

capacity to generate employment opportunities for the population of working ages. The function of labor market can contribute immensely to increasing living standard and enhancing economic development. If labor force is economically active population are employed and fully- utilized in well-paying job or other productive economic activities.

According to the Union of Myanmar SMEs Development Policy (2015) , the government carried the policies initiative: development of basic infrastructure including physical and for increasing facilitation of effective support for information and communication in cooperation with authorities, private sectors and development partners, to enable conducive business environment, enhancing for the development of business services, business training to improve the capacity of business enterprises and organization, technology development and innovation, availability of information, human resource to those who work in SMEs ranging from unskilled labor to management level are playing in crucial role for those businesses to be sustainable and proper, supporting for market financial resources appropriate taxation and procedures legal and regulatory framework development of rural economy and production.

Although banking sector provide funds to the private industries including SMEs in Myanmar, there are not sufficient for their requirement of funds. With an aim to improving the investment for SMEs, the government has considered allowing commercial banks to extend long-term loans for more than one year and to use wider range of collateral instruments. The expansion of micro finance program for entrepreneurs to improve access to capital, in order to reduce informal money lenders is underway by encouraging the establishment of private microfinance providers. State and the private borrowing firms should assist them lending money with guarantees by the business enterprises. As the small industries have no assets to mortgage for insurance it is difficult for them to borrow money from them banks. The employers cannot afford to lend money from private at high interests.

3.6 SMEs in Industrial Zones

Many developing countries have gained economic power in their respective region. Myanmar economic growth is totally dependent on the development of SMEs in the private sector. Therefore industrial sector is fundamental for economic development of the country. The majority of SMEs are located in Yangon and

Mandalay. Before 1988, SMEs in Myanmar scattered all over the country, both in urban and rural areas. In 1990, the State Law and Order Restoration Council (SLORC) relocated SMEs to the newly established industrial zones. The Department of Human Settlement and Housing Development (DHSHD) classified development of industrial zones which are started from areas of Yangon.

Industrial areas are further extended to other cities and towns throughout the country. Myanmar government has provided the industrial zones by managing inadequate infrastructure, environmental pollution and many other problems due to the number of industries increasing throughout the country. All industries are not producing specific kinds of products. Therefore, they are producing various kinds of products such as food and beverages, soft drink, wood based products, construction materials, textiles and heavy machine. (Myo Myat Mon, 2010). Among them, Mingalardon, Hlaing Thar Yar and Thanlyin - Kyauttan industrial zones were developed between foreigners and government. Currently, Myanmar has 19 industrial zones with a total of 6926 registered industries and occupies 25,425 of land in all states and regions. All of the industrial estates, 65 percent are located in Yangon region. Today, SMEs have become more vital in strengthening national competitive advantages and the speedy economic integration into the ASEAN region.

According to the conducted census, it found that 91% of industries are owned by private and most are small scale industries in these industrial zones. Large scale industries are government industries and some other industries which are associated or partnerships with foreign investors which are only about 5% overall industries in Myanmar. Those large scale industries had more systematic infrastructure, machines, equipment, management, production and process control, quality control and enterprises management compare with small scale industries.

However, SMEs have to deal with a number of constraints that hinder their development potential such as power supply, unavailability of long-term credit from external sources and many others. The government has identified food processing as priority areas for the country's economy diversification.

Table (3.5) Registered SMEs in Industrial Zones in Myanmar

No.	Name of Zones	No. of Enterprise			
		Small	Medium	Large	Total
1.	Mandalay	321	555	390	1258
2.	Myingyan	145	61	39	245
3.	Meikhtila	132	147	25	304
4.	Yangon (East)				
	1) South Dagon (1)	45	-	128	173
	2) South Dagon (2)	327	30	151	508
	3) South Dagon (3)	119	57	29	205
	4) Dagon Seikan	13	-	150	163
	5) Dagon East City	55	-	162	217
	6) North Okalapa	24	5	44	73
	7) ShwePaukkan	174	11	67	252
	8) South Okalapa	41	16	22	79
	9) Thakayta	11	4	38	53
	10) North Dagon	10	1	24	35
5.	Yangon (South)				
	1) Kyauktan			7	7
6.	Yangon (North)				
	1) Hlaing TharYar	92	4	733	829
	2) ShwePyithar	20	4	317	341
7.	Myaungmya	4	5	4	13
8.	Hintada	6	1	2	9
9.	Pathein	6	42	6	54
10.	Monywa	148	250	52	450
	1) Sub-zone of Monywa (Shwe Bo)	40	49	31	120
	2) Sub-zone of Monywa (Sagaing)	14	4	48	66
11.	Kalay	19	70	6	95
12.	Pyay	77	86	30	193
13.	Yannchaung	22	73	6	100
14.	Pakoku	69	131	28	228
15.	Mawlamyine	112	30	25	167
16.	Taunggyi	91	326	58	475
17.	Myeik	4	2	22	28
18.	Hpa-an	10	-	18	28
19.	Napyitaw	-	5	5	
	Total	2142	1964	2820	6926
	Share	30.93	28.36	40.72	100

Source: Ministry of Industry

3.7 Constraints in Growth and Development of SMEs in Myanmar

SMEs are main sources of economic growth and job creation in developing countries. It is paramount to determine the factors that hinder their growth. In Myanmar, SME's have many problems and constraints. The main constraints and potential that characterizes the business environment in Myanmar and the experiences of manufacturing enterprises operating within this environment. The financial constraints were the main obstacles for firms to grow. Moreover, high tax constraints were also identified as important obstacles for the smallest firms. Since then, the SMEs have faced difficulties in their chosen industries.

According to the SME development policies in Myanmar (2010), SME is constrained by various factors such as limited access to information and technological, lack of economies of scale, deficiencies in corporate governance and limitation in access to funds. SMEs industries will need to pay more attention. And then, government intervention has been required to create enabling environment for SMEs. SMEs help to achieve sustainable growth.

There are five most significant obstacles perceived by SMEs were identified as access to finance, tax rate, competition, electricity and political factors. Among those five obstacles access to finance appears the biggest barrier. The analysis of the internal factors affecting the access to finance of SMEs. Those factors can be grouped under the heading of term of financing. The external factors can be described to the imperfection of the financial system due to factors such as asymmetric information between banks and SMEs, financial markets fragmentation and a lack of specialized banking or high transaction costs. It shows more than half of SMEs did not need a loans which indicates that most of SMEs preferred internal financing, most constraints were high interest rates, complex application procedures and high collateral requirements. (JICA, 2013)

There is a vast amount that small size firms are more likely to experience financial constraints than large size firms, which in turn, may affect SME performance. SMEs comprise a dominant share of private sector in developing countries, accounting for over 50 percent of jobs in their respective economies. The growth of SMEs is important for employment and broader economic growth.

SMEs faced the following problems in Myanmar and other developing countries.

1. Lack of Sufficient Finance
2. Lack of managerial capability
3. Lack of skilled manpower
4. Low level of technology
5. Lack of subcontracting facilities
6. Insufficient market intelligence and marketing skill
7. Lack of modern machinery and equipment
8. Difficulty in procurement of raw materials
9. Insufficient infrastructure facilities including logistics problems
10. Environmental problem
11. Administrative procedures, rule and regulation
12. Energy and utilities shortages

Limited access to finance is cited as a significant constraint to the growth and performance of businesses in low and middle income countries. Firms in these countries, particularly small and medium enterprises (SMEs) experiences financial constraint due to high interest rate: complex application procedures, inability to meet collateral requirements and insufficient financial records. There is a vast that small sized firms are more likely to experience financial constraint than large firms, which in turn, may affect SME performance. SMEs comprise a dominant share of private sector in developing countries accounting for over 50 percent of jobs in their respective economies (Kumar 2017, Lorenz and Pommet, 2017). The growth of SMEs is important for employment and economic growth. Lack of financial management skills places significant constraint on SME growth. The various studies to insufficient human capital, which in turn can constraint firm growth and development. The study on SME finds that while technology is considered by enterprises respondents as essential for increased profitability and development of the business sector, access to appropriate technology remains a problem. Infrastructure such as roads, telecommunications, transport and electricity have an impact on the growth of businesses.

CHAPTER IV

ANALYSIS ON SURVEY DATA

4.1 Survey Profile

Hlaing Thar Yar industrial zone was established in 15 February 1995 and it is located along the bank of Pan Hlaing River and is bounded by Hlaing River in the East, Shwe Than Lwin industrial zone in the West, Pan Hlaing River in the South and Yangon-Pathein Highway Road in the North. Total area of Hlaing Thar Yar industrial zone is 1401.98 acres and industrial area is 1400.20 acres. Location of zones 1, 2, 3, 4 and 6 is on the southern part of Yangon- Pathein Highway road and location of zone 7 is near the Aung Zeya Bridge in the eastern part of Yangon–Pathein Highway road. Zone is the only zone located very close to the residential area.

Objectives of establishment of Hlaing Thar Yar Industrial Zone are as follows:

- (a) To accelerate the development of national economy, by promoting local and foreign investment and technology through industrial sector.
- (b) To further enhance the social and economic development of the region.

Hlaing Thar Yar industrial zone is one of the most prominent zones in Yangon region and was built by DHSHD (Department of Human Settlement and Housing Development). The basic infrastructure of Hlaing Thar Yar industrial zone includes concrete road (68,167) feet and tarred road (63,100) feet and drainage system for good flow of water and 8 feet higher embankment to contain the tide. Moreover the YESB (Yangon Electricity Supply Board) allows 30 MGW sub electric power plants for this industrial zone and the investors have to use 500 KVA own transformers.

Hlaing Thar Yar industrial zone management committee was formed in 24 July 1996 and industrial zone is carried out by such committee. Although maintenance fee is collected Ks-20000 for per acres/ month from local investors and foreign investors.

Table (4.1) Number of Factories in Hlaing Thar Yar Industrial Zone in 2018

No.	Particular	No. of Factories	Percent %
1.	Garment	89	12.28
2.	Food-Staff	80	11.03
3.	Toiletry	101	13.93
4.	Construction Material	47	6.48
5.	Electrical Goods	10	1.38
6.	Forest Products	19	2.62
7.	Chemical Products	24	3.31
8.	Press- Related	28	3.86
9.	Machinery Parts	20	2.76
10.	Cold-Storage	21	2.90
11.	Grain& Storage	251	34.62
12.	General	35	4.83
	Total	725	100.00

Source: Hlaing Thar Yar Township Labor Exchange Office (2018)

There have 12 lines of manufacture business and it is composed with seven zones. With respect to factories and lines of business, there are 725 factories in Hlaing Thar Yar Industrial Zone including 89 clothing and apparel, 80 food-staff, 101 toiletry, 47 construction material, 10 electrical goods, 19 forest products, 24 chemical products, 28 press, 20 machinery parts, 21 cold-storage, 251 grain and storage and 35 general. See table (4.1). Grain and storage factories are the most in Hlaing Thar Yar Industrial Zone. Food-staff is not largest only has 80 numbers of factories.

Htay Htay Win Oil Co., Ltd was established in 1999. The factory is located in No.43, Kanaung Min Thar Kyi Road, Hlaing Thar Yar industrial zone (1). The firm is a medium-sized enterprise and own business until over 15 years continue running. The main products are peanut oils and distribution in the market. Total workforce is 120 employees including female 70 numbers and male 50 numbers. (58.33% are female employees and only 41.67% are male employees). From the production side, the education level of the employees is basic education level and minimum education of the employees is graduate level. The problem in the factory is that workers come to work for a temporary because they resign from the factory if they are not happy.

A joker food factory was established in 1996. The factory is located in No, 4HlaingTharYar industrial zone (4). The firm is a medium-sized enterprise and family business only directed to local until over 20 years continue running. It is not member of private society concerned with Myanmar economy. The main products are biscuits, milk sugar, milk peanut, crisp food and etc they produce certain types of foods. Total workforce is 130 employees including female 100 numbers and male 30 numbers. (77% are female employees and 23% are male employees). From the production side, the education level 80% of the employees is basic education level. There is a little middle and high education level. The factory has made new packing designs and new technological change four years ago.

Ngwe Thazin Min Oil Co, Ltd was established in 1997. The factory was located in No.102, U Tun Nyo Road, Hlaing Thar Yar industrial zone (1). The firm is a medium-sized enterprise and own business until over 20 years continue running. The main products are peanut oils and distribution only local market. Total workforce is 100 employees including female 60 numbers and male 40 members (60% female and 40% male). From the production side, the basic education level is 75% of the employees. The small industries have to act as the supporting industries for the medium and large industries. The small scale repairing machines can be able to produce some parts they are produced by the medium and large industries if they have an opportunity.

4.2 Survey Design

Hlaing Thar Yar Industrial Zone has been chosen to study the condition of employees as sampling design in food factories in Yangon region. There are 80 food factories in Hlaing Thar Yar industrial zone in 2018. Out of 80 food factories in Hlaing Thar Yar industrial zone, three factories were random selected. And those 150 workers from these factories are proportionately selected by using simple random sampling and interview them. Most of those are operating as local company, among them three factories were randomly selected namely, Htay Htay Win Oil Factories, Joker Food factories and Ngwe Thazin Min Oil Factories. Total workers in survey factories the number of workers included each factories in the simple is shown in table (4.2).

Table (4.2) Number of Total Workers in Survey Factories

Factory	No. of Male	No. of Female	Total
Htay Htay Win Oil Factory	50	70	120
Ngwe Thazin Min Oil Factory	40	60	100
Joker Food Factory	30	100	130
Total	120	230	350

Source: Survey Data, 2019

Htay Htay Win oil factory has 50 numbers of male and 70 numbers of female. An Ngwe Thazin Min oil factory has 40 numbers of male and 60 numbers of female. A joker factory has 30 numbers of male and 100 numbers of female. Among three factories, the surveys were selected 150 numbers of workers in table (4.2).

Table (4.3) Number of Workers from Each Factory

Factory	No. of Workers	Sample Size
Htay Htay Win Oil Factory	120	50
Ngwe Thazin Min Oil Factory	100	55
Joker Food Factory	130	45
Total	350	150

Source: Survey Data, 2019

From those factories, Interviewing 50 workers from Htay Htay Win Oil Factory, 55 workers from Ngwe Thazin Min Oil Factory and 45 workers from Joker Food Factory (see table 4.3).

4.3 Workers of Industry in Hlaing Thar Yar Industrial Zone

There are 80 food factories and it is 11.03 % of total factories in Hlaing Thar Yar industrial zone in 2018. The fourth largest groups of 12 industries follows foodstuff factories are most of those are operating as local company.

Total employments of factories in Hlaing Thar Yar industrial zone are 82,815 including male 22,823 and female 59,992 in 2018. According to the table (4.4), it is seen that the number of workers increases with the increased number of factories. Male and female worker ratio 1:2 for all kinds of factories. It is observed the food workers are 9.66% of total workers (82,815) of Hlaing Thar Yar Industrial Zone.

Table (4.4) Number of Factories and Total Workers in Hlaing Thar Yar Industrial Zone

Year	No. of Factory	Male	Female	Total
2007	575	14584	29705	44289
2008	629	15243	29474	44717
2009	635	14850	30645	45495
2010	628	14803	33327	48130
2011	676	16420	39903	56323
2012	676	16420	39903	56323
2013	698	19590	45188	64778
2014	698	19590	45188	64778
2015	716	19596	45198	64794
2016	716	19596	45198	64794
2017	725	22823	59992	82815
2018	725	22823	59992	82815

Source: Hlaing Thar Yar Township Labor Management Committee (2019)

When considering for the food industry, the employment creation is greatly increased in food sector. As food industry is labor- intensive globalized, female workers are more dominated in food factory in Hlaing Thar Yar Industrial Zone. Number of food worker is 4,087 in 2011 and it gradually increases 7,921 in 2018.

Table (4.5) Number of Food Industry and Workers in Hlaing Thar Yar Industrial Zone

Year	No. of Factory	No. of Workers			Female (%)	Male (%)
		Female	Male	Total		
2011	71	2282	1805	4087	55.84	44.16
2012	71	2282	1805	4087	55.84	44.16
2013	82	3812	3386	7198	52.96	47.04
2014	82	3812	3386	7198	52.96	47.04
2015	78	3805	3385	7190	52.92	47.08
2016	78	3805	3385	7190	52.92	47.08
2017	80	4299	3622	7921	54.27	45.73
2018	80	4299	3622	7921	54.27	45.73

Source: Hlaing Thar Yar Township Labor Management Committee (2019)

Number of female workers is 2,282 and male workers is 1,805 in 2011 and it gradually increases to female workers is 4,299 and male workers is 3,622 in 2018. It is found that number of workers is increased from 4,087 in 2011 to 7,921 in 2018 of total food industry. According to table (4.5), employees increase from 4087 to 7921 from 2011-2018 when number of factories increases. It is found that SME in food industry increase as well as there are more vacant positions for SMEs workers.

4.4 Survey Result

The purpose of the survey is the job creating from Hlaing Thar Yar industry. The survey studied three factory industry zones. This is manufacturing industry, two factories are oil production and one factory is Joker Food product. Oil production industries include 220 employees and Joker food product includes 130 employees. In case, the survey is collected from employees 150 number of people.

4.4.1 Characteristics of Respondents

For the purposes of this study, survey conducts on 150 workers in Hlaing Thar Yar Industry Zone. Personal interviews are the main method of data collection. In this section, demographic factors such as age, education, marital status, salary, working department, level of skill, position are presented.

Table (4.6) Characteristics of Respondents

Statement	Number of Respondents	Percentage
Age Level (Years)		
<= 20 years	12	8
21-25 years	27	18
26-30 years	47	31
31-35 years	36	24
36-40 years	12	8
>=41 years	16	11
Total	150	100
Education Level		
Primary	65	44
Middle	60	40
High	14	9
Graduate	11	7
Total	150	100
Working Department		
Packing	22	14.33
Finishing	32	21.33
Quality Control	41	27.33
Warehouses	26	17.33
General	29	19.33
Total	150	100
Designation		
Supervisor	32	21.33
Skilled	75	50
Semi-skilled	38	25.33
Unskilled	5	3.33
Total	150	100
Marital Status		
Single	107	71
Married	43	29
Total	150	100

Source: Survey Data, 2019

In table (4.6) shows survey result on data presentation, six different age groups were taken as less than 20 year, 21 to 25 year, 26 to 30 year, 31 to 35 year, 36 to 40 year and finally for over 41 year. The characteristics factors of 150 respondents workers in Hlaing Thar Yar. 8% of age of respondents are young worker in age (less than 20 years), 18% are age between 21 and 25 years, 31 % are age between 26 and 30 years, 24% are age between 31 and 35 years, 8% in age between 36 and 45 years and 11% are age over 41 years respectively. Between the ages group of 26 to 30 years work mostly (31%).

Levels of education are varied and the employers do not expect high level of education among food workers. In table (4.6) shows among 150 respondents, most of the respondents 44% were primary education level and 40% were middle school level. Only 9% were high school level. It is found that the percentage of the graduate is just 7% of total survey. It is evident that the opportunity for workers to earn income serves as an incentive to leave school early and joining workforce to supplement the incomes of their families. Although, educational attainment is not directly increase wages but certain level of education is considered preferable and necessary for improving the capacity of workers to absorb technology.

According to the survey data, 27.33% are working in quality control department and 21.33% are from finishing department. There are relatively engaged in other department such as 17.33% are warehouses, 14.33% are packing and general workers are 19.33%. It is shown in table (4.6). Duties and responsibilities are varying according to the types of work.

Among the respondents of the survey food industry workforce, there are 50% skilled-workers including supervisor level 21.33%, semi-skilled level 25.33% and unskilled worker is only 3.33% respectively. Ultimately, they are not skilled workers steadily increase their salary when they worked this job long year. The assessments of the minimum wage law 4800 kyats per day have greater increase their salary. In table (4.6) shows the respondents position at work. Industry usually appoints the supervisor who is qualified and selected from the existing labors. Semi-skilled and unskilled-workers are helper at each section when they begin to work. If there are many low levels skilled workers there will be less than productive than others.

Marital status of respondents, 71% of the respondents are single and 29% of respondents are found to be married. According to the survey, there are more single workers than married workers.

4.4.2 Joining to Work, Reason for Working and Lengths of Career

Total workforce of three sample firms are 350 employees including female 230 numbers as 65.7% are female employees and 120 numbers as 34.3% are male employees. Food sector is particularly important source of employment for workers in Myanmar.

Table (4.7) Joining to Work, Reason for Working and Length of Career

Statement	Number of Respondents	Percentage
Nature of joining the work		
Through friends	99	66
Notice board	27	18
Contacted by company	24	16
Recruitment agency	-	-
Total	150	100
Reason for entering work		
Easy to work	101	67.33
Good salary	23	15.33
To gain experience	26	17.33
Total	150	100
Length of career		
1-5 years	67	45
6-10 years	68	45
11-15 years	6	4
16-20 years	8	6
Total	150	100
First employment		
Yes	101	68
No	48	32
Total	150	100

Source: Survey Data, 2019

Among 150 respondents of the surveyed food industry workforce, there are 66% that they found the information from their friends, 18% of the respondents applied notice board and 16% applied this job by contacting the company. And

67.33% of the respondents replied that the reason that they enter to this job is that it is easy to get the job, 15.33% are replied that they enter the job due to good salary and 17.33% are replied that enter the job to get experience for another job. It is shown in table (4.7). It is observed that from the data of three surveyed factories, duration in current job show that 45% is in 1-5 years, 45% is in 6-10 years, 4% is in 11-15 years and 6% is in 16-20 years. It is shown in table (4.7).

The old worker has more chance in current factory and no other food factory. If they move to another job they may not get the salary previous factory though they are experience in this field. Someone, they continue work over ten year's duration in food factory. Most of the workers 68% are first employment in this job. Only 32% are not first employment, they worked in footwear, food processing, agriculture, trading and others factories.

4.4.3 Income Level of the Respondents

A wage that provides for workers within regulated working hours (not including over time) and for some saving.

Table (4.8) Income Level per Month of the Respondents

Income Level (MMK)	No. of Respondents	Percentage
150000-200000	35	23.33
200001-250000	44	29.33
250001-300000	40	26.67
300001-350000	18	12
>350000	13	8.67
Total	150	100

Source: Survey Data, 2019

Table (4.8) shows survey result on the income level of 150 respondents, 23.33% of respondents earn between 150,000-200,000 kyats, 29.33% earn between 200,001-250,000 kyats per month and 26.67% earn between 250,001-300,000 kyats. The largest group of 12% earn 300,001-350,000 kyats while only 8.67% get over 350,000 kyats in month. According to the survey, the minimum wages for workers in those factories are starting from 145000-150000 kyats and maximum wages paid for supervisor is 300000-400000 kyats depending on the experience years. In general, the

wage rate for the temporary entry workers is found to be in compliance with the minimum wage.

Table (4.9) Range of Income per Month of the Respondents

Age (Years)	Income	Frequency	Percentage
<= 20	150000	12	8
21-25	150001-200000	27	18
26-30	200001-250000	47	31
31-35	250001-300000	36	24
36-40	300001-400000	12	8
>= 41	> 400001	16	11
Total		150	100
Education	Income	Frequency	Percentage
Primary	150000-200000	65	44
Middle	200001-250000	60	40
High	250001-300000	14	9
Graduate	>300000	11	7
Total		150	100

Source: Survey Data, 2019

According to the table (4.9), the income level of 150 respondents 8 percent earn 150000 kyats, 18% earn between 150001-200000 kyats, 31% earn between 200001-2500000 kyats, 24% earn between 250001-300000 kyats per month, 8% earn between 300001-400000 and 11% earn above 400001. Primary education 44 % earn 150000-200000 kyats, middle education 40 % earn between 200001-250000 kyats, high education 9 % earn 250001-300000 kyats and graduate level 7% earn above 300000.

Table (4.10) Salary and Bonus

Duration (Years)	Initial	Current	Bonus (Initial)	Bonus (Current)
1-5	100000- 50000	150000-200000	5000-8000	5000-10000
6-10	150001- 00000	200001-250000	8001-10000	10001-20000
11-15	200001- 50000	250001-300000	10001- 5000	20001-30000
16-20	250001- 00000	300001-400000	15001- 0000	30001-50000

Source: Survey Data, 2019

After the assessment of the minimum wage law, the workers of salary increases previous year. Ultimately, they are not skilled workers steadily increase their salary when they worked this job long year. The assessments of the minimum wage law 4800 kyats per day have greater increase their salary. If the worker is absent, make the food damage and other mistakes allowance are cut penalty. However, respondent's salary includes attendance bonus, productive bonus, efficiency bonus, allowance and pocket money. The employees want to work their jobs as long as in the food industry because they long- standing a place they become skilled-workers. They do not want to move other jobs and other factories.

All of the respondents have already increase their salary recently but basic salary is not much increased in only other allowance such as attend bonus, efficiency bonus, productive bonus, pocket money, performance annual bonus are increase. Low basic salary makes low wages if the employee is absent, make the food damage and employees are not testing expire date and other mistakes.

4.4.4 Health and Accident

Working hours is eight hours per day, six days per week. There are several health problem associated with their working environment and living condition. The main health problem most of the employees suffered is back strain. To care the employees there are clinics and all of workers use these clinics when they suffer sick. And then, they use to clean the factory area weekly. In generally, there are some mosquitoes and lightings are in good condition. They describes factories toilet and work environmental are clean and use the soaps are 90% of the respondents due to they produce food. Occupational accidents have faced only 24% of respondents and this is not major case.

Table (4.11) Health Problems of the Respondents

Types of Disease	No. of Respondents	Percentage
Back strain	49	32.67
Eye strain	36	24
Stomach ache	40	26.67
Blurred eye sight	17	11.33
Suffocated	8	5.33
Total	150	100
Types of Fear	No. of Respondents	Percentage
Electricity	32	21.33
Food debris	83	55.33
Faulty Machine	35	23.33
Total	150	100

Source: Primary Survey Data 2019

The result on the survey that type of illness are occur among the respondents are back strain 32.67% of respondents, eye strain 24% of respondents, stomach ache 26.67% of respondents, blurred eye sight 11.33% of respondents and suffocated 5.33% of respondents.

As shown in table (4.11) shows 21.33% of respondents are worried of electricity, 55.33% of respondents are worried of food debris and 23.33 % of respondents are worried of faulty machine. They do not worry about other fault because if they make mistake their wage will not be reduced.

4.4.5 Other Supporting

In addition, other supporting has included dormitory, transportation and meal arrangement and meal allowance supported by employers. Benefit provided for family are presented in the factory. According to the result, 80% are arranged for lunch and dinner. But Htay Htay Win oil factories are arranged three times for breakfast, lunch and dinner per day. The factories are arranged the provision and the nursery center. Training is not provided prior to taking the responsibility. After joining to work, career is progressed during one year. The SMEs contribution towards growth, job creation and social progress is valued highly and small business is essential for achieving for economic growth.

(i) Perception on Job of Respondents

As the respondents their working condition as they feel comfortable while they are working and they operate in a friendly working environment. The development of the industry increase the economically by providing the employees with large-scale employment opportunities.

This person is presented to transferring job and reason of respondents. It is shown in table (4.12).

Table (4.12) Transferring Job and Stay in Current Job

Types of Job Transfer	No. of Respondents	Percentage
Other food factories	7	14
Overseas employment	21	44
Go back hometown	20	42
Total	48	100
Types of Reason	No. of Respondent	Percentage
More income	15	31
Not happy	10	21
For future prospect	23	48
Total	48	100
Stay in Current Job	No. of Respondent	Percentage
Satisfy salary	45	44
Happy in workforce	23	23
Future Prospect	34	33
Total	102	100

Source: Survey Data, 2019

As the result, 23.33% of the respondents would like to change their job and 76.67% want to stay at current job. Among the respondents, 23.33% who want to change the job,14% who tend to move the other factory,44% want to join overseas employment and 42% are want to come back their home town. The reason of transfer the job is to get more incomes for 31% of them, not happiness in current job for 21% and for future prospect for 48% of them.

And them, workers who want to stay in current job due to satisfy in salary 44%, happy in workforce 23% and future prospects 33.33% respectively. It is shown in table (4.12).

(ii) Job Satisfaction of Food Industry Workers

The job satisfaction of workers was examined on the basics of 14 questions which are include in the questionnaire presented in Appendix A. Total scores for each of 150 respondents were calculated.

Table (4.13) Job Satisfaction of Respondents

Statement	Mean	Standard Deviation
My income is sufficient for family	3.32	0.73
Satisfied with working hours	3.56	0.65
Satisfied with overtime hours	3.48	0.64
Satisfied with public holidays	3.56	0.65
Satisfied with leave entitlement	3.56	0.65
Transport arrangement to go to work in convenient	3.57	0.63
Satisfied with meal arrangement	3.56	0.65
Satisfied with in training provided	3.28	0.78
I have good working relationships with my supervisors	3.48	0.64
I have good working relationships with my employers	3.48	0.64
I have good relationships with my colleagues	3.67	0.72
I am satisfied with the promotion	3.48	0.64
There is a healthy environment in the work place	3.57	0.63
I wish to continue working in my current job	3.76	0.61

Source: Survey Data, 2019

According to the table (4.13), the questionnaire design was to measure the respondents’ opinion upon the job satisfaction of respondents of Hlaing Thar Yar industrial zone. The data show employees wish to continue working in current job is

highest in which the mean score is 3.76 and standard deviation is 0.61. The second highest is employees have good relationships with colleagues which represents the mean score is 3.67 and standard deviation is 0.72. The third highest is transport arrangement to go to work in convenient which represents the mean score is 3.57 and standard deviation is 0.63. Satisfied with in training provided is the lowest mean level of 3.28 and standard deviation is 0.78. Employee's satisfaction can describe the level of happiness and working experience. It is important because it directly relates to the productivity of employees. Employees satisfied their working hours since they enjoy eight hours of working time per day and employers provided meal arrangement for three times per day. Working environment and factory toilet are clean and the soaps have been arranged in the factory. In some exceptional cases, workers can take two or three days leave per month. A discussion with respondents revealed that their working condition as they feel comfortable while they are working and they operate in a friendly working environment.

4.4.6 Benefits and Challenges on Employees in SME

Employee's benefits are provided to employees over and above salaries and wages. These employees' benefits packages may include health insurance, vacation, and profit sharing, sick leave, retirement plan including contribution, a well-being program that offers incentives for individuals and families, salary increase, bonus, flexible working hours and disability insurance. Offering benefit is important because employee's benefits can improve industry bottom line by engaging employees to participate in wellbeing programs. Employees with fewer health risks experience fewer sick days, fewer trips to the doctor, and spend more time working in organization. Depending on the type of organization and the job, employee's benefits may be quite different. Government employees benefit for full-time employees are very different from the part-time employees. A discussion with respondents revealed that employees value choice and the ability to personalize benefits. Employees benefits are one tool to make appreciate and loyal. For SMEs industries, finding the right mix of benefits to create positive return on investment is a challenges. To attract and retain employees, the types of benefits that employees truly value.

Employees are confronted with several challenges. To care employees the clinics are keeping in the factory but the insufficient production of key health providers due to the working population is growing like Doctors, Dental Surgeons,

Nurses and Public health Professional in health sector. The employers should enough keep the clinic for the employee suffer various community diseases. And employers should arrange yearly medical checkup and check the blood pressure and heart beat. The next challenges of employees suffer there is no training programs in the factory. Most industries in all of the countries prefer to train employees and there is no systematic training for entry into the food industries. Employees are want to have training programs from office out but factories have no wish to allow as they want to use work force in full.

These challenges stand as barriers against effective growth and development of SMEs. The factors can be categorized into eight and can have devastating impacts if not handled. The challenges of SMEs are lack of finance, lack of innovation, lack of managerial skills, political and religious, social and cultural, infrastructure facilities, the environment and economy. Due to lack of support, access to finance, access to modern technology and machinery, knowledge to foreign market, lack of information on standardization of local products, lack of resources for advertisement. Thus, the government organizations still consider that provide the loans to the SMEs. The challenges must be resolved in order to improve to existing system, so that the disadvantages and vulnerable people can get better access to basic health care services. The challenges faces by the health system are multifarious and varied. The existing inequity in the health system is too obvious to be ignored. It extremely difficult for the poor to access needed health care services.

CHAPTER 5

CONCLUSION

5.1 Findings

The development of SMEs is vitally important for all developing economics striving to achieve sustainable economic development. Domestic large and medium enterprises are important for economic of scale, efficiency productivity growth as well as the development of the overall economy. At present, SMEs are dominant in all sectors of the economy such as trade and services but the SMEs in the industrial sector play an important role in economics development as they provide employment to a wide range of skilled workers, contribute towards import substitution and export promotion, utilization of natural resources, increase the level of technology and assist in the growth of more SMEs in all economics sectors.

The key features of development of industries in our country, it estimates industrial zones need to strong infrastructure and technology requirement. By the encouragement of private sector participation, they accounted for 48,090 registered of total SMEs in Myanmar. Among the private owned industrial enterprises of SMEs the fourth largest percentage of SMEs (58.91) % for the year in 2017described which are producing food and beverages sector takes the fourth largest share lowest percentage of the nation's production of machinery, equipment and electrical goods. Food industries are also classified into three groups according to their nature and development stages. These are industrial meant to products groups that can substitute the import ones Myanmar food industries are mostly of small scale. They need capital investment to grow in size and to obtain new technology, modern machinery and equipment etc.

Hlaing TharYar industrial zone is one of the industrial zones which has diversified industrial concentration of the small enterprises sectors among all others. According to the SME development center, the enterprises have invested capital amount not more than Kyats 500 million. SMEs definition 2015, which said small

enterprises are the enterprises employ up to 50 employees and with the capital amount up to 500 million Kyats.

In Myanmar, development of industrial in food sector is not only economics development but also social development through job opportunities, new technologies, and foreign direct investment. If food sector develops people have a greater opportunity such as people save the time. And then, people can develop international technology and reduce unemployment. In industry the female workers are more than male workers. Although the education level of most of the respondents are primary level (44%) if who has only reading and writing skill can enter the food industry easily.

Their income is mostly between 20,000 and 250,000 Kyats and little percentage of the workers get the over 350,000 Kyats. Most of the workers are migrated from other various townships due to get job opportunities are emerging in food industry. Working hours is eight hours per day, six days per week. And there is some restriction on leave and the adequate holiday cannot be taken.

For the sustainable development of food industry, it has to be upgraded and expanded with improve working condition and human resource practices within the factories. According to the satisfaction of food industry workers job satisfaction of workers were not at high level. In Myanmar economy, the food sector plays important roles in employment creation in food industry have played a significant role in alleviating poverty and raising the profile of workers. The favorable investment and strong government industrial promotion policies are required in the food industry. And the level of productivity is main deal with the method of skills development. Therefore, development of skill employees becomes essential.

The food industry produces only local market, which is export-oriented industry that is comparable to international standard. The government needs to ensure more compliance with the existing policies, SMEs financing and labor law at the food factories. Employers need to upgrade the level of labor standards in which encourage for the forming of protecting the right of workers must be included. Moreover, labor inspections at factory level are essential.

Almost all of the respondents are satisfying their job because the employees want to work their jobs as long as in the food industry because they long-standing a place they become skilled-workers. They do not want to move other jobs and other

factories. Only other employees are not satisfying their job because they want to move overseas, other factories and come back their home.

The level of productivity is mainly deal with the methods of skills development. Therefore, skilled labor is essential in food industry. Trade and investment liberation is weak an integral part of globalization process. Some common problems faced by SMEs in food sector tend to be as follow.

1. Weakness in technology development and low productivity
2. Obsolete management style
3. Shortage of funds and lack of uses to credit
4. Excessive dependence on low cost labor
5. Lack of concern with quality control
6. Shortage of Labor
7. Weak marking competitiveness

Many policies are formulated to overcome these problems. But it is not easy to develop strong SMEs which can participate in more advancing manufacturing.

5.2 Suggestions

Currently, in Myanmar, small and medium-sized enterprises are suffering difficult including weakness in the regulatory and legal framework, limited access to finance and lack of SMEs support activities. To prosper, SMEs need a conducive business environment and regulations, adequate basic infrastructure services, equity and venture capital and market opportunities.

The food industries typically suffer weak entrepreneurial skills as well as production management, accounting and business planning. To expand Myanmar food industry export production and creating industrial goods one of the main problems is limited finance. Hence, to solve the problems government should support the funds for SMEs.

Private business and government organization should promote training programs, workshop, and seminar in food industry. If the government supporting lower technology and training programs, SME's employers can hire more workers for their jobs. The seeking workers can have greater job opportunities. And then, increase their income and living standards. Moreover, industrial zones are needed to attract foreign direct investment starting from export-oriented industries and gradually shift to more skill and capital incentive industry.

As small and medium enterprises of food industries grow, they increasingly need connectivity to export markets and the world economy. Government policy approaches are required to assist SMEs relating to employment creation, income distribution, and dispersion of industries, many government and specialized SMEs development agencies and institution have been engaged in providing assistances for the establishment of SMEs and for their growth and development.

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