

**YANGON UNIVERSITY OF ECONOMICS
MASTER OF PUBLIC ADMINISTRATION PROGRAMME**

**CHALLENGES FOR MICRO, SMALL AND MEDIUM
ENTERPRISES DEVELOPMENT IN YANGON EAST
DISTRICT**

(A Case Study of Food and Beverage Enterprises)

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EMPA – 58 (16th Batch)**

AUGUST, 2019

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(A Case Study of Food and Beverage Enterprises)

A thesis submitted in partial fulfillment of the requirements for the
Master of Public Administration (MPA) Degree

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ABSTRACT

To achieve the development of Micro, Small and Medium Enterprises (MSMEs) in Myanmar, it is important to analyze the main factors for the challenges of their development. So, this study analyzes to the ground challenges for the development of food and beverages enterprises through survey data of 135 food and beverages MSMEs in Yangon East District. Food and beverage enterprises groups were selected for particular attention of the region in Yangon East District. Focused group discussion interviews were selected with a total 23 people from the experts of each field. The questionnaire was based on the OECD standard questionnaire and other literature review about MSME development. Fourteen indicators were used to assess the come out for major challenges of food and beverage enterprises. Data has been collected by questionnaires to food and beverages MSMEs owners/managers. According to the survey data analysis, the limited expand production, weak specific work plan and management system, the government tax, no advanced technology and skilled innovative idea, the high price of land, the insufficient amount of investment, the requirement of skilled labor and technician for further production, the government loan/grant for more productivity, the low enforcement in law and protection, the insufficient electricity, the less of training programs, the importation of machines, equipment, raw materials and packaging materials from foreign country, the inabilities of export market and the delay official processes were found to be the major factors for the challenges of MSMEs' development.

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LIST OF ABBREVIATIONS

ADB	Asian Development Bank
<i>AEC</i>	ASEAN Economic Community
<i>ASEAN</i>	Association of Southeast Asian Nations
BIMSTEC	Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation
CESD	Centre for Economic and Social Development
<i>DICA</i>	<i>Directorate of Investment and Company Administration</i>
DISI	Directorate of Industrial Supervision and Inspection
DEval	German Institute for Development Evaluation
EU	European Commission
FDA	Food and Drug Administration
FDI	Foreign Direct Investment
<i>FIL</i>	Foreign Investment Law
GEDI	Global Entrepreneurship Development Index
GEI	Global Entrepreneurship Index
IFC	International Finance Cooperation
<i>ILO</i>	International Labor Organization
IMF	International Monetary Fund
JICA	Japan International Cooperation Agency
<i>MIC</i>	Myanmar Investment Commission
<i>MIL</i>	Myanmar Investment Law
<i>MSMEs</i>	Micro, Small and Medium Enterprises
<i>MONREC</i>	Ministry of Natural Resources and Environmental Conservation
MPF	Ministry of Planning and Finance
MOI	Ministry of Industry
OECD	Organization for Economic Cooperation and Development
SIYB	Start and Improve Your Business
SMIDB	Small and Medium Industrial Development Bank
SIMs	Small and Medium Industries

SSA	Sub-Saharan Africa
SSID	Small Scale Industrial Department
YCDC	Yangon City Development Committee
UNDP	United Nations Development Programme
UMFCCI	Union of Myanmar Federation of Chambers of Commerce and Industry
UNESCAP	United Nations Economic and Social Commission in Asia and Pacific
UNIDO	United Nations Industrial Development Organization

CHAPTER I

INTRODUCTION

1.1 Rationale of the Study

Micro, Small and medium-sized enterprises (MSMEs) account for 99% of all enterprises in the Myanmar. With 70% of the total workforce in the country employed by MSMEs, they play an important role in the socio-economic development of Myanmar. The SMEs Development Law of 2015 has redefined the SMEs sector, which has led to the development of several committees to promote the development of SMEs. But till date, SMEs face multiple challenges on all front's weak infrastructure, lack of skilled manpower, cumbersome bureaucratic processes, and limited access to finance. It is estimated that MSMEs employ 22% of the adult population in developing countries. There are currently in Myanmar around: 31,873 (68.2%) micro and small enterprises, 11,425 (22.7%) medium enterprises 7,999 (15.59%) large enterprises. Among these enterprises 56.9% is food manufacturing SMEs (Ministry of Industry, 2019).

Yangon region is also the most populous and commercial business capital in Myanmar that mainly connects with local and foreign businesses. Yangon region is considered a market where MSMEs' trade, service and manufacturing were interlinked. In addition to being strategically placed, Yangon region is where there is an international airport and a port where sea going ships dock and thus have better transportation, energy, basic infrastructures, have more opportunities to connect with local and foreign businesses and many job opportunities.

As MSMEs are major contributors to the economy and job creation, they are confronted with numerous challenges, including insufficient financial support, electric power supply and credit guarantee. Thus, the development of MSMEs in Myanmar requires a concerted effort by government, banks, and private sector that can provide training, to help MSMEs reach their full potential in contributing towards Myanmar's economic development. In 2015, the Myanmar government formulated the Small and

Medium Enterprise Development Policy to stimulate the development of SMEs (Myanmar, Small and Medium Enterprise Development Policy, 2015). In addition, the 12-point economic policy which was released by the government in July 2016 includes SME support. Elements of the SMEs strategy are embedded into National Comprehensive Development Plan (2015) and Myanmar Comprehensive Development Vision (2013). Myanmar MSMEs people, stakeholders and government are to strive together towards becoming a MSMEs community that provide good products and services required by the market, support economic and social development and maintain the environment. In Myanmar, challenges to MSMEs are varied and complex, depending on the sector and level of development (Myanmar Micro, Small, and Medium Enterprise Survey, 2018).

Therefore, this study aims to find out the real challenges of MSMEs development in food and beverages manufacturing industry in Yangon East District.

1.2 Objective of the Study

The objective of the study is to identify the challenges of micro, small and medium-sized enterprises (MSMEs) in food and beverages productions and aims to improve understanding for the development of MSMEs in Myanmar.

1.3 Method of the Study

Cross-sectional survey data and descriptive method are used to analyze the challenges of 135 food and beverages enterprises in Yangon East District. Focus group discussion interviews were selected with a total 23 people from the experts of each field. Food and beverage enterprises groups were selected for particular attention of the region in Yangon East District. They were identified through Central Department of Small and Medium Enterprises Development registered by their location. Data has been collected by Questionnaires to food and beverages MSMEs owners/managers. The secondary data were collected from related journal papers, books, thesis, documents and reports received from government, INGO and from the Internet.

1.4 Scope and Limitations of the Study

This study focuses only on development for food and beverage industry in MSMEs sector of Yangon East District by investigating on their ground challenges. Therefore, this study may not be represented the whole country MSMEs food and beverage industry. Further studies need for whole country MSMEs in various sectors to develop the strategy of MSMEs development in Myanmar.

1.5 Organization of the Study

This study is composed of five chapters. The first chapter is introduction of the study and it has five subtitles; Rationale of the Study, Objective of the Study, Study Design, Scope and Limitation of the study and Organization of the Study. The second chapter outlines the Literature Review in which related international studies of micro, small and medium enterprises development examples are included. In chapter three, Overview of Myanmar SMEs definitions and concepts, background information of MSMEs policy and development are described. The survey is conducted in chapter four with respondents' socio-demographic data and the enterprises productivity practices, management, skill labor, finance, legislation and tax, environmental and social sustainability, market expanding and business development. The chapter four also explores the analysis of main challenging factors on the development of MSMEs food and beverages enterprises. Chapter five is the findings of survey analysis, conclusion of the study and also presents the discussion and recommendation of the study.

CHAPTER II

LITERATURE REVIEW

The chapter is organized into themes relevant to the SMEs in literature worldwide.

2.1 Definition and Concepts of SMEs

No agreed definition of SMEs exists internationally. The most common criterion to distinguish between large and small enterprise is the number of employees (Hatten, 2011). One of the first attempts to provide a definition of SMEs is that of the Bolton Report 1971 (Carter & Jones, 2006).

The OECD estimates that small and medium business account for 90% of firms and employee 63% of the workforce in the world (Munro, 2013). Small and medium enterprises account for that amount of businesses that it is senseless the arbitrariness with which they are defined. Language mainly used for definition is numbers, but it is difficult to find two institutions, statistical agencies or countries who speak the same language in terms of small and medium enterprises. Academics, authors, policy makers apply SMEs definitions in terms of dichotomy between universality and standardization of a unique definition and relativity and sector specialization. Although qualitative criteria characteristics of SMEs easily distinguish them from large businesses, quantitative criteria are mainly used for their dimensional classification.

A number of efforts aim to streamline and harmonize SMEs definitions, although the heterogeneity of SMEs themselves and the nature of the economy they operate in might mean that establishing a global definition is not feasible. The most common definitions of SME used by regulators are based on the number of employees, sales and loan size. The most common among the three is the number of employees' criterion. Sixty-eight countries provided information on the SMEs definition criteria used by the financial regulator. Number of employees and sale

volumes are probably the most accurate parameters to define SMEs, but these data are not always available from lenders. Banks may collect SME information at the time of evaluating loan applications, however often they do not keep it in their systems and as a result they are not able to report lending volumes based on these criteria. As a result, some countries choose to rely on loan size as a proxy when collecting information on SMEs finance from financial institutions. Extracting information on loans to firms below a certain size and loans to individual entrepreneurs can be a reasonable approximation for SMEs lending volume. In financial access 2010 only 15 countries stated that they use loan size as a proxy for defining a SMEs. Based on the number of employees and sales, there is a substantial amount of variation among countries. Data availability and quality for SMEs lending depend on the way financial institutions and credit registries handle firm level data from loan applications, as they are the primary data collectors. The financial regulators collect these data from institutions and aggregate that information. In this respect, there seems to be a need to harmonize SMEs definitions within each country even though such a task might be unfeasible across countries. In the long run, encouraging financial institutions to collect and maintain information on the number of employees and sale volumes in their systems will allow for more accurate monitoring of SMEs lending in line with the existing official definition. These data may also be useful to banks themselves for client segmentation and development of SMEs scoring models. In the short run, collecting data using loan size criteria as a proxy may serve as a reasonable proxy of SMEs volumes for regulators (OECD, 2005).

The European Commission, the executive body of the European Union, with a recommendation of May 2003 has standardized the definition of micro, small and medium enterprises (European Commission, 2003). This definition is appropriated beyond the geographical scope that falls under the jurisdiction of the European Union. European Commission at the request of the Council of Industry has proposed in 1992 “limiting addition of the definition of small and medium enterprises that commission uses. The first recommendation that marked the beginnings of a unique definition of SMEs was that of April 1996, European Commission: 1996. It was based on the idea that the existence of different definitions at Community level and at national level could create inconsistencies”.

Small and medium-sized enterprises (SMEs) represent 99% of all businesses in the European Union. The definition of a SME is important for access to finance and EU support programs targeted specifically at these enterprises. The SMEs definition takes into account the following three criteria: a staff headcount an annual turnover an annual balance sheet total.

The category of micro, small and medium-sized enterprises consists of enterprises, shown in table 2.1, “an employ fewer than 250 persons; and a have either an annual turnover not exceeding EURO 50 million or an annual balance sheet total not exceeding EURO 43 million. By comparing its data with the thresholds for the three criteria, an enterprise can determine whether it is a micro, small or medium-sized enterprise. Micro-enterprises are defined as enterprises that employ fewer than 10 persons and whose annual turnover or annual balance sheet total does not exceed EURO 2 million. Small enterprises are defined as enterprises that employ fewer than 50 persons and whose annual turnover or annual balance sheet total does not exceed EURO 10 million. A medium-sized enterprise is defined as enterprises that employ fewer than 250 persons and either have an annual turnover that does not exceed EURO 50 million, or an annual balance sheet not exceeding EURO 43 million” (Eurostat, 2011).

Table 2.1 Definition of Small and Medium Enterprises with European Union Standards

Enterprise	Annual headcount work unit	Total annual turnover	Total annual balance
Medium sized	< 250	≤ EURO 50 million	≤ EURO 43 million
Small sized	< 50	≤ EURO 10 million	≤ EURO 10 million
Micro sized	< 10	≤ EURO 2 million	≤ EURO 2 million

Source: Eurostat, 2011

SMEs and entrepreneurs play a major role in national economies around the world, generating employment and income, contributing to innovation and knowledge diffusion, responding to new or niched demands and social needs, and enhancing social inclusion. However, small and medium enterprises are often more affected by business environment conditions and structural policies than larger business. The comparative evidence on SMEs performance and trends and on a broad range of

policy areas and business environment conditions are important for small businesses (OECD, 2017).

A SME is often defined as an enterprise with less than a certain number of employees. The upper limit of 250 employees is widely used as a cut off as that is the limit applied in European Union countries. However, there are many exceptions to this definition, for example in the United States, which sets a cut-off of 500 employees as its limit in defining a business as a SME. In addition to the number of employees, another frequently used criterion for SMEs definition is financial assets. Some countries continuously used the numbers of employee and the financial criteria (OECD, 2005)

An enterprise qualifies as a micro, small or medium enterprise if it meets two out of three criteria of the IFC MSMEs definition (shown in table 2.2 as employees, assets and sales), or if the loan to it falls within the relevant MSMEs loan size proxy (IFC, 2016).

Table 2.2 Definitions of SMEs by International Finance Cooperation

IFC MSME Definition				MSME Loan Size Proxy
Enterprise	No of Employees	Total Assets of US \$	Annual Sale US\$	Loan
Micro	< 10	<\$100,000	<\$100,000	<\$10,000
Small	10-49	\$100,000 - < \$3 million	\$100,000 - < \$3 million	<\$100,000
Medium	50-300	\$3 -\$15 million	\$3 -\$15 million	<\$1 or \$2 million

Source: (International Finance Cooperation, 2016)

United States applies the differing criteria for different business sectors. Table 2.3 gives the definitions of SMEs in various sectors as set out by the small business. It was setting out by means of employees and average annual receipts.

Administration of the USA, while table 2.4 shows the definition in South Africa as set out in the National Small Business Amendment Act of 2003. In South Africa, small businesses are classified as micro, very small, small and medium enterprises.

Table 2.3 Definitions of SMEs by United States

Sector	Definition
Manufacturing firms	<= 500 employees
Wholesale trade firms	<= 100 employees
Agriculture	Maximum \$750,000 in average annual receipts
Retail trade and most service firms	Maximum \$6.5 million in average annual receipts
General and heavy construction (except dredging)	Average annual receipts of maximum \$31 million

Source: (Senderovitz, 2008)

The size of a business in South Africa is chiefly defined by its number of employees: Micro: 0 to 4 employees; Very small: 5 to 9 employees; Small: 10 to 49 employees; Medium: 50 to 200 employees. The criteria vary depending on the sector (of which the National Small Business Amendment Act of 2003 prescribes 11 different ones: agriculture; mining and quarrying; manufacturing; electricity, gas and water; construction; retail and motor trade and repair services; wholesale trade, commercial agents and allied services; catering, accommodation and other trade; Transport, storage and communications; finance and business services; community, social and personal services).

Table 2.4 Definitions of SMEs by South Africa

Sector	Employees (full time equivalents)	Total annual turnover (million)	Total gross asset value (without fixed property)
Agriculture	<= 100	R5m	R5m
Mining and quarrying	<= 200	R39m	R23m
Manufacturing	<= 200	R51m	R19m
Electricity, gas and water	<= 200	R51m	R19m
Construction	<= 200	R26m	R5m
Retail, motor trade and repair services	<= 200	R39m	R6m
Wholesale trade, commercial agents and allied services	<= 200	R64m	R10m

Catering, accommodation and other trades	<= 200	R13m	R3m
Transport, storage and communications	<= 200	R26m	R6m
Finance & business services	<= 200	R26m	R5m
Community, social and personal services	<= 200	R13m	R6m

Source: South African Institute of Public Accountants, 2004

The classification distinguishes between different sectors, and takes full-time equivalents, annual turnover and total gross asset value into account. National criteria for defining SMEs are useful at the local level and are often used for policy purposes. Most economies have some data on the distribution of firms measured by size of enterprise. These differing SMEs definitions and the somewhat patchy and inconsistent national data render international comparisons problematic. The challenge is exacerbated by exchange rate variations and the distortions from inflation over time. Many comparisons, therefore, are reduced to simple ‘enterprise size’ classifications and in some cases even these are difficult to develop with confidence.

2.2 Growth of SMEs in Developing Countries

Small and medium-sized enterprises (SMEs) play an important role in the world economy and contribute substantially to income, output and employment. They make a huge contribution to gross domestic product (GDP) and employment.

There are a number of studies in development of country SMEs that highlight the importance of SMEs towards economic growth, employment opportunities, and poverty reduction around the country. Chenail. *et.,al* states that SMEs account for 60% of South Africa’s GDP and 80% of private sector jobs are created by SMEs. It is estimated that SMEs employ 22% of the adult population in developing countries. The small and medium-sized enterprises with fewer than 300 employees are the unsung heroes that bring stability to the national economy. They help buffer the shocks that come with the boom and bust of economic cycles. The role of SMEs in Asian economies, particularly relative to their large-enterprise counter- parts, has been the subject of intense interest in recent years. The United Nations Industrial Development Organization (UNIDO) study indicates that SMEs represent over 90%

of private sector business and contribute to more than 60% of employment and gross domestic product (GDP) in most African countries (UNIDO, 2014).

Vandenberg indicates that poverty reduction among developing nations and Sub-Saharan Africa can be achieved through investments in and promotion of SMEs (Vandenberg, 2006). Despite the role played by SMEs, there are a number of challenges that inhibit the growth and development of SMEs and hence their ability to fulfill the dreams of entrepreneurs that invest in SMEs. Very little empirical evidence exists that is linked to research on the development and sustainability of SMEs (Scheela, 2008). The economic growth and development in developed countries is linked with a class of SMEs called gazelles due to their ability to create jobs in the developed world (Acs & Virgill, 2010). However, little is known about the role, if any, played by gazelles in Ghana, Gambia and other countries in Sub-Saharan Africa (SSA). Miliaras states that gazelles might be a key resource in generating jobs in developing countries, and the ability to identify gazelles in those countries may be a key to solving their jobs crises (Miliaras, 2012).

In Sub-Saharan Africa (SSA), like in other developing nations in Asia, South America, the Caribbean, and the Middle East, SMEs face problems such as lack of infrastructural development, lack of access to capital, poor management, and problems associated with human capital development (Vandenberg, 2006) (Yahie, 2000).

Small and Medium Retail Enterprises are a source of employment opportunities and economic growth throughout the world (United Nations Development Program, 2014). Challenges of retail enterprises in SSA were: (a) government policies, (b) business funding sources, (c) organizational leadership, and (d) entrepreneurship. Findings may assist policy makers in designing meaningful SMEs policies and could help SMEs leaders identify funding sources, adopt appropriate leadership styles and acquire entrepreneurial skills that promote SMEs growth in SSA (Kamara, 2018). SMEs are critical drivers of national economies across the world yet suffer from poor management, inadequate finances, and inadequate organizational leadership, hence the high rate of business failure and low performances from SMEs in Africa (Ayinde & Olawale, 2011).

The majority of SMEs do not participate in the formal business sector in Ghana and Gambia which makes it difficult to access formal sector opportunities like bank loans, public electricity, water and sanitary services (Fjose, et al., 2010). Despite

the contribution SMEs made towards economic growth and development in SSA in the past decade, their high failure rate may result in a slowdown or lack of economic growth if this trend is not reversed (Pinto, et al., 2010).

2.3 Growth of SMEs in Developed Countries

Small and medium enterprises contribute towards economic growth, economic development, and poverty alleviation across the world. In countries such as Korea, China and India issues that hinder the development and success of SMEs include difficulty navigating bureaucracy to obtain loans, high interest loans, lack of human capital, the high cost of a professional and competent workforce, and a lack of access to the latest technology. The role of SMEs in Asian economies, particularly relative to their large enterprise counterparts, has been the subject of intense interest in recent years. The role of SMEs leadership is critical in improving the performance of these organizations but that SMEs should not rely too much on government for performance improvement assistance (Bhasin & Venkataramany, 2010). SMEs that employ successful strategies are often not recognized by unsuccessful organizations or by authorities in terms of best practices and strategies adopted by their leaders (Cant, 2013).

Korea is often contrasted with countries such as Japan and Taiwan for being much more large-enterprise oriented. But Korea has also been developing SMEs for decades. SMEs in Korea have played a key role in transforming the Korean economy through increased exports, foreign investments, and productivity. MSMEs continue to play a very important and vital role in the country economy where the twin problems of unemployment and poverty constitute a major development challenge. Despite the progress, Korean SMEs still face challenges. With increasing wage rates in Korea and the emergence of other low wage Asian markets, Korean SMEs are under pressure to compete on technology (Taghizadeh Hesary, 2016).

China's economic structure is changing rapidly since 1997. It was estimated that more than half of Chinese economic activity stemmed from the private or household sector and this share could have reached two thirds of economic activity. Small scale private enterprises (those with fewer than 100 employees) in particular are driving the Chinese restructuring and reform process. The key is employment with small and medium sized private enterprises being a policy cornerstone in soaking up unemployment generated by lay-offs in state owned enterprises and displacement of

rural workers. There are other very important roles for the small to medium enterprise private sector. These include: provision of business service infrastructure required by larger firms China's traditional main stay rapidly expanding and bringing China's services sector into the new millennium acting as a source of innovation and being an important vehicle for getting new products or services to market and building a broader base for the economy allowing it to rely less on key enterprises in key industries in particular regions. While the number of small enterprises in China is growing, there are significant impediments to establishing and developing a small private business; three key themes are bureaucratic obstacles, lack of business skills, and difficulties in accessing finance (IFC, 2010).

Also known as the India SMEs, this sector is growing at a rapid pace and has, in fact, emerged as one of the fastest growing in the past decade. The MSMEs sector is called the backbone of the Indian economy. There is a report from the Ministry of Micro, Small and Medium Enterprises stated that “the sector accounts for 45% of manufacturing output, contributes more than 40% to exports and is responsible for 8% of India’s GDP”. Those make impressive statistics, but the MSMEs were doing much more. India ranks very low in World Bank’s Ease of Doing Business Index and a lot of works helped to small businesses to achieve their full potential. At some of the opportunities that have cropped up for the benefit of SMEs finance in India. There are several challenges in the sector of MSMEs in India. If the Government, Bank and Financial Institutions will take proper initiatives in the sector of MSMEs and they will take pride while servicing the MSMEs, these challenges can be solved and the economic growth rate of India will be 8- 10% for the next decades. India MSMEs also faced a number of problems such as absence of adequate and timely banking finance, limited capital and knowledge, non-availability of suitable technology, low production capacity, high cost of credit, ineffective marketing strategy, lack of skilled man power for manufacturing, services, marketing, lack of access to global markets, constraints on modernization of expansion, problems of storage, designing, packing and product display, in adequate infrastructure facilities, including power, water, roads (Neha Singh & Daniel, 2017).

The summarized opportunities of India MSMEs are; less capital intensive, most important employment generating sector, effective tool for promotion of balanced regional development, it is extensively promoted and supported by the Government, finance and subsidies are provided by the government, produced goods

are purchased by the Government, 40% exports in India are through MSMEs channel, procurement of machinery and raw material, globalization has offered new opportunities for the MSMEs, trade fares and exhibitions played a vital role in the economic growth of the countries (Mehta, 2013).

Government policies in India is given the enormous contribution of the SMEs sector towards the Indian economy, the government has taken some steps to give the sector a boost. Various schemes have been announced by the government that offers fiscal incentives for small businesses to grow and flourish. Case in point is the credit guarantee fund scheme in which the goal is to make available MSMEs loan without collateral. Priority sector lending is an initiative taken up by the Reserve Bank of India to promote all round development of the economy. Under this, commercial banks (public and private) are directed to lend at least 40% of their net bank credit and foreign banks are required to lend 32% of their net bank credit to the priority sectors.

If the banks fail to meet this requirement, then the shortfall is deposited in small enterprise development Fund that is maintained with small industries development bank of India. Small businesses can make use of this opportunity to get loans from banks. Digital India was an initiative taken by the India Government. It sets an ambitious target of bringing digitalization to aspect of business. This moving was expected to benefit small businesses by enabling cashless transactions and e-commerce especially those businesses that were in remote areas. Connectivity will help those businesses in remote areas to get benefit of government subsidies effectively and instantly. It will also help SMEs reach out to customers online and build their brand across the country, and not just locally. Small firms have no need to worry about getting access to credit. The SMEs business loans are tailor-made to match your diverse requirements. It was offered loans up to 30 lakhs without the need for any collateral (Siliconindia, 2017).

2.4 Growing Global Economy through SMEs

Globalization describes the process of national and regional economies have been integrated and inter-dependent through global trade, immigration, communication, network and transportation (Samad, 2007). Globalization has brought about many advantages as well as challenges. Globalization can make the firms' search for foreign market opportunities necessary in order to survive (Brenes, 2000)

and create a knowledge-intensive economy (Terjesen, et al., 2013). As part of the growth strategy, many firms go global and orient themselves more and more internationally in the era of globalization (Paul&Gupta, 2014). SMEs are more relevant in the face of globalization which has become increasingly an influential force in global trade. Global SMEs are challenged with issues of funding, management, and effective leadership (Cant, 2013). There is a high rate of business failure among SMEs across the globe, and the rate of SMEs failure is more acute in developing nations (Slavica Singer, et al., 2014). SMEs faces many challenges in globalization era including absence of adequate and timely finances, limited capital as well as access to international market and knowledge (Anand, 2015).

Globalization has also forced SMEs to change business models to include innovative capabilities. The factors influencing the internationalization of SMEs within the context of foreign market knowledge and network ties are need to examine growing global economy by country SMEs (Musteen, et al.,2014).

The relevant issues of internationalization of SMEs have not been sufficiently researched in the past due to several constraints and limitations. For example, there was a little theoretical literature analyzing a business's export intensity (Schlegelmilch & Crook, 1988). There is a considerable gap in theory and framework development to explain and discuss the phenomenon of internationalization of SMEs. The available models and theories were explained this phenomenon to expand (Paul & Dikova 2016). There are opportunities to develop frame works and measures to analyze the path, process, potential, problems, place and pattern of MSMEs market for export. Understanding antecedents, decision characteristics such as foreign market entry modes, and exporting challenges are critical for the survival and success of SMEs. There are opportunities to establish theoretical relationship between pertinent managerial characteristics, different measures of export performance and internationalization. The typologies and useful paradigms can help the decision makers to better understand the challenges of internationalization liability of foreignness, resource constraints or cognitive biases, among others (Acs & Preston 1997).

2.5 Overview the Previous Studies

Review on previous studies of SMEs in Myanmar was carried out for more understanding of gaps concern with Myanmar SMEs' challenges. It is useful to examine each elements of the study during analysis.

The role of SMEs in the market-oriented economy was examined by San San Yin (2006) that the current status of SMEs financing in Myanmar and ASEAN countries, government programmes for SMEs financing, banking sector financing, weakness of SMEs financing in Myanmar and the activities and to enhance of skill development of SMEs. The government needs to create a comprehensive SMEs development plan and to upgrade supportive physical infrastructure and the business environment can improve through the amendment of certain rules as import restrictions, export tax and restrictions on foreign currency remittance, which hindered full-scale trade and investment.

Mya Thet Ni (2008) studied that the current situation of SMEs and identifies the strength of SMEs in industrialization in term of development in Myanmar. It can be found that to attain the sustainable growth in export production, the existing usual exchange rate system should be abolished and adopted the foreign currency exchange rate that would be acceptable internationally. She also showed the main weakness of SMEs, that is low investment and lack of organization or institutes that supply the necessary investment for SMEs.

Kyaw Min Tun (2012) studied on the perception of SMEs on the E-Government system and found that the e-government system can improve the quality and effectiveness of the delivery of public services. This study finds out SMEs realized the importance of public services from the e-government system which could help to SMEs in administration system, payment system and registration system.

Kyu Kyu Aung (2016) studied on SME Cluster in Myanmar through a case Study of Weaving Industry in Meikhtila District. This study analyzed the investment criteria, production criteria, labor employment criteria and horse power criteria, skill labor, market access and machine efficiency. It was found to be that the clusters create the improvement of processing and production of the products so it can enhanced to be stronger in accessing market, advanced technology, product and process innovation, buying power, selling power and research and development center.

Yin Yin Aye (2017) studied that all types of industries in Industrial Zone-2 South Dagon to know the key factors for small and medium enterprises development in Myanmar. It was found to be that the keys factors for SMEs development are lack of reliable power supply, difficult access to financial assistance and raw materials, lack of skilled labor, high labor turnover, high market competition especially with neighboring countries and FDI entry.

CHAPTER III

OVERVIEW OF MSMEs IN MYANMAR

This chapter reviews the history of country definitions of SMEs, Myanmar MSMEs development, current situation of MSMEs, international organizations support in SMEs sector and ASEAN action plan on development of SMEs.

3.1 Definitions of SMEs in Myanmar

According to the definition of SMEs defined by the Private Industrial Enterprise Law 1990, the definition of SMEs in Myanmar can be described as Table 3.1. The official definition of a SME in Myanmar dates back to the revised Private Industrial Enterprises Law of 1990.

Table 3.1 Legal Definition of SMEs by the 1990 Revised Industry Law

Definition of SMEs in Myanmar, 1990 revised industry law			
Categories	Small	Medium	Large
Power used (horsepower)	3-25	25-50	Over 50
Number of workers	10-50	50-100	Over 100
Capital investment (million kyat)	Up to 1	1-5	Over 5
Annual production (million kyat)	Up to 2.5	2.5-5	Over 5

Source: Ministry of Industry (2), 2010

As shown in table 3.1, four measures or criteria for classification, namely number of employees, capital investment, production volume and electrical usages are applied to distinguish different sizes of Myanmar private firms. No distinction in size is made for enterprises under the trade and service sectors or cottage and handicraft industries.

A small enterprise is defined as a business that: i) employs more than 10 and less than 50 workers, ii) uses more than three and less than 25 horse power of energy,

iii) invests up to 1 million kyat as a capital, iv) has a production turnover of up to 2.5 million kyat annually and v) produces finished goods from raw materials in any building in Myanmar.

Table 3.2 Legal Definition of SMEs by the 2011 Private Industrial Law

Definition of SMEs in Myanmar, private industry law 2011			
Categories	Small	Medium	Large
Power used (hp)	Over 5	25-50	Over 50
Number of workers	Over 10	50-100	Over 100
Capital investment (kyat)	Up to 1 m	1-5 m	Over 5 m
Annual production (kyat)	Up to 2.5 m	2.5-5 m	Over 5 m

Source: Ministry of Industry (2), 2011

The official definition of SMEs in Myanmar on 2011 revised law are given in the table 3.2 tends to focus on the industrial sector only, change on the horse power and number of workers in the revised SMEs definition.

Table 3.3 Legal Definition of SMEs by the 2012 SMEs Revised Law

Definition of SMEs in Myanmar, 2012 revised law		
Sr.	Categories	Small and Medium Enterprises
1	Number of workers	
	(a)Manufacturing Industry	10 to 150
	(b)Servicing Industry	10 to 100
2	Capital investment (kyats)	
	(a)Manufacturing Industry	Below 1000 m
	(b)Servicing Industry	Below 500 m

Source: Ministry of Industry (2), 2012

There was a revision on revised law 2012 and the definition was developed according to employee and capital investment, shown in table 3.3.

As in July 2012, there was a revision on SMEs definition and it was developed according to employee and capital investment of small and medium enterprises respectively, shown in table 3.4.

Table 3.4 Legal Definition of SMEs by the 2012 SMEs Revised Law

Definition of SMEs in Myanmar, as at July, 2012			
Sr.	Description	Small	Medium
1	Employees		
	(a)Manufacturing Industry	10 to 70	70 to 150
	(b)Servicing Industry	10 to 50	50 to 100
2	Capital investment (million kyats)		
	(a)Manufacturing Industry	<500	500 -1000
	(b)Servicing Industry	<200	200 - 500

Source: Ministry of Industry (2), 2012

While the definition was uniformly applied in governmental programmes and policies throughout the country, it was strongly criticized because of its limited coverage and application. For example, it did not take into account other types of enterprises which have gained increasing economic importance in recent years due to economic development and sector diversification in Myanmar.

According to the Law on the Development of Small and Medium Businesses (Pyidaungsu Hluttaw Law No. 23/2015), small and medium enterprises (SMEs) are defined based on their number of employees, type of activity, capital invested, or level of turnover. The classification is illustrated in Table 3.5. Compared to the 1990 version of the law, the maximum number of employees has been increased for labor-intensive activities, as have the limit values for capital and turnover. Unlike the Myanmar SMEs Development Law, international definitions of SMEs also specify the characteristics of micro-sized enterprises. For instance, the World Bank's SMEs Department defines micro enterprises as those with 1–9 employees, small-scale enterprises as those with 10–49 employees, medium sized enterprises as those with 50–299 employees, and large enterprises as those with more than 300 employees. A common feature of various SMEs definitions is a recognition that number of employees is the simplest indicator of whether a business is a SME (Bowman, 2017).

Even though, it was called micro enterprises for 1 – 9 employees in Myanmar, the definition of micro enterprise is not been set up in Myanmar. The definition will be revised soon by Ministry of Industry.

Table 3.5 Legal Definition of SMEs by the SMEs Development Law (2015)

Classification	No of Employees	Capital (Kyats)	Turnover (Kyats)
Small		Million	Million
Manufacturing	Up to 50	Up to 500	
Labor-intensive manufacturing	Up to 300	Up to 500	
Wholesale	Up to 30		Up to 100
Retail	Up to 30		Up to 50
Service	Up to 30		Up to 100
Other	Up to 30		Up to 50
Medium			
Manufacturing	51-300	500- 1000	
Labor-intensive manufacturing	301-600	500- 1000	
Retail	31-60		100 – 300
Wholesale	31-60		50 – 100
Service	31-100		100 – 200
Other	31- 60		50 – 100

Source: 2015 SMEs Development Law, Government of Myanmar, 2015

Lastly on 2015 SMEs development law, the SMEs definition was legally finalized for Myanmar by mean of number of employees, capital investment and turnover of enterprises.

3.2 Small and Medium Enterprises Development Policies in Myanmar (2015)

Ministry of industry developed the policy for SMEs development and going to reach those policies goals for country development. Those policies are “Encouraging supporting enterprises that can create linkage to the domestic and foreign markets, Carrying out the transfer of technology and knowledge and investment promotion in cooperation with local and international organizations, Encouraging human resource development and employment opportunities, Encouraging the promotion of information and research activities and to make the smooth processes by eliminating obstacles, Undertaking the development of entrepreneurial businesses, Undertaking

the development of business development services, Enabling the participation of entrepreneurs and SMEs in regional business activities” (Ministry of Industry, 2015).

The mission of this policy is to stimulate the development of small and medium enterprises which has competitiveness and innovation. In order to achieve above mentioned statement, the issues shall be supported; human resource, technology development and innovation, financial resource, infrastructure development, market access, appropriate taxation and procedures and conducive business environment (Small and Medium Enterprise Development Policy, 2015).

3.3 Current Status of Small and Medium Enterprises in Myanmar

Between 1990 and 2017, the Myanmar industrial sector grew from 10 to 34 percent of GDP, while the agricultural sector fell from 60 to 27 percent of GDP (Myanmar Statistical Year Book, 2017). The government has been active in developing its own policy framework, institutions and linkage with SMEs and entrepreneurs. In addition, non-government organization like, UNESCAP and the Mekong Institute have played an essential role in guiding and supporting for Myanmar SMEs development.

The special attention has been expressed by the government to protect and promote domestic SMEs as a key player for industrialization, income generation and job creation. The key ministries involved in SMEs development are the ministries of industry, cooperatives, commerce, finance, national planning and economic development, agriculture and irrigation, and education (science and technology). The SMEs Development Central Committee, which was chaired by President, was established as a coordinating mechanism among line ministries. The committee was composed of both government officials, non- government organizations and business representatives. A new SMEs law, which was drafted by the committee's working group, is at the final stage of its development. To support SMEs and enable smooth participation in the ASEAN Economic Community (AEC) 2015, the Government also created the Central Department of SMEs Development in 2012, which operates under the Ministry of Industry. In order to promote the development of SMEs clusters, the Government is aiming to link industrial estates and economic zones with research and training institutions.

The improvement of access to finance for SMEs and the supportive business and the technical incubations, the Small and Medium Industrial Development Bank (SMIDB) has been operating (11) branches throughout the country since 1996. SMIDB plans to offer low interest three-year loans at 8.5 per cent (as opposed to the standard 13 per cent, which incidentally, is much lower than typical interest rates for SMEs in developing countries) (IFC, 2010). The aim to improving the investment climate for SMEs, the Myanmar government has also considered allowing commercial banks to extend long term loans for more than one year and to use a wide range of collateral instruments. There was also considering the establishment of public credit guarantee schemes and also a credit bureau. The expansion of microfinance schemes for entrepreneur including for women and youth to improve access to capital, in order to reduce reliance on informal money lenders, is underway by encouraging the establishment of private microfinance providers. Planning of expand trade finance schemes, particularly for internalization of manufactured goods, are also being appraised (OECD, 2013a).

SMEs data are typically collected by the National Statistical Offices drawing from the statistical business registers or business surveys that are available, such as on innovation activities, ICT usage, access to finance, and outsourcing activities. Encouraging supporting enterprises that can create linkage to the domestic and foreign markets, carrying out the transfer of technology and knowledge and investment promotion in corporation with local and international organizations, encouraging human resource development and employment opportunities, encouraging the promotion of information and research activities and to make the smooth processes by eliminating obstacles, undertaking the development of entrepreneurial businesses, undertaking the development of business development services, enabling the participation of entrepreneurs and SMEs in regional business activities, enabling the economic development pattern that creates the sustainability and the capacity of SMEs, focusing the shift from import substitution to export oriented system.

There are barriers for improving the SMEs in Myanmar; a large number of firms are currently unregistered and operating in the informal sector. Result is that government cannot collect the proper statistics to support, the most of the data are incorrect and lack of information i.e they do not have Balance Sheet, Profit and Loss account and Tri-balance in order to decide the finance policy making, lack of skilled

workers and scarcity of labor is in everywhere, using the lack of ICT based Info Tech, modern technology and methods, complexity of SMEs laws and financing loan program.

In order to less degrade the environment is to improve their living standard and to find job opportunities by means of MSMEs in poverty regions. To accelerate growth and reduce poverty, international aid agencies provide assistance targeted to MSMEs, at present JICA is helping hands to all SMEs firms. Not only that, the Myanmar Economic Bank announced to MSMEs loans with lending norms. In doing so, the poverty will reduce and as a result environment will sustain for a long-term plan. But, some economists debate on loan program from the government to the MSMEs. They suggested that rather than directly subsidizing SMEs, policy makers should focus on creating a business environment that allows easy entry and exit for firms and assure entrepreneurs and financiers that property rights and contracts will be enforced. As per World Bank 2017, Myanmar poverty rate from 48.2 percent in 2004/05 to 42.4 percent in 2009/10 and 32.1 percent in 2015 and for the urban it is also reducing from 42.1% (2004) to 19.2% (2015) (World Bank, 2017).

Private banks are rendering assistance for loan with following criteria a) characteristic of SMEs owner b) repayment plan c) purpose of loan d) security. It means, the government is promoting the SMEs industry with possible tools to improve the SMEs sector, at present, if one SMEs is well organized.

In practice, municipal offices are the dominant authorities conducting the registration of industrial enterprises. According to the SMEs law, all SMEs with total private capital investment must register; this, in turn, brings benefits such as possibilities for submitting grievances, access to business knowledge, training courses, applying for loans, etc. (OECD, 2016). The issue of business registration in Myanmar is not straight forward due to the unclear distribution of responsibilities among governmental organizations. Companies to be classified as SMEs may be registered with any of the following authorities: the Directorate of Investment and Company Administration (DICA), the Small Scale Industrial Department (SSID), or the Directorate of Industrial Supervision and Inspection (DISI).

According to DISI, the process of registration starts by filing an application to the respective state or regional office, for example for an Electrical Inspection Sector permit, Boiler certificate, Saw Mill license, Good Manufacturing Practice certificate, etc. Table 3.6 shows the registered private industrial enterprises in Yangon East

District as of 31.3.2019, total 51297. The largest enterprise in Yangon is food and beverage sector, 56.99%.

Table 3.6 Registered Private Industrial Enterprises in Yangon

Sr No.	Commodity Sectors	Number of Industrial Enterprises				%
		Large	Medium	Small	Total	
1	Food and Beverages	3957	5848	19427	29232	56.99
2	Clothing's Apparel	859	872	1337	3068	5.98
3	Construction Materials	1191	1523	1906	4620	9.01
4	Personal Goods	687	665	458	1810	3.53
5	Household Goods	147	90	88	325	0.63
6	Printing & Publishing	106	214	132	452	0.88
7	Industrial Raw Materials	231	190	181	602	1.17
8	Mineral & Petroleum	397	721	2322	3440	6.71
9	Agricultural Equipment	12	29	38	79	0.15
10	Machinery & Equipment	29	37	30	96	0.19
11	Transport Vehicles	75	30	14	119	0.23
12	Electrical Goods	66	16	17	99	0.19
13	Miscellaneous	242	1190	5923	7355	14.34
	Total	7999	11425	31873	51297	100.00
	%	15.59	22.27	62.13	100.00	

Source: Central Department of SMEs development, Yangon, 2019

After the site is inspected, the state or regional officer-in-charge, with the approval of the Director General, grants or refuses registration. The enterprises approved for registration pay the fee and obtain the registration certificate.

Table 3.7 Registered Private Industrial Enterprises in Yangon East Industrial Zone

No	Industrial Sector	Number of Enterprises				Share %
		Large	Medium	Small	Total	
1	South Dagon (1)	129	43	-	172	9.1
2	South Dagon (1)	161	245	24	530	28.04
3	South Dagon (1)	28	122	58	208	11.01
4	East Dagon Zone (2)	2	-	-	2	18.42
5	Dagon Seikkan	186	14	-	200	10.58
6	Dagon East	187	60	-	247	13.07
7	North Okkalapa	47	25	6	78	4.13
8	ShwePaukKan	67	185	13	265	14.02
9	South Okkalapa	22	43	16	81	4.29
10	Thakata	36	9	4	49	2.59
11	North Dagon	23	34	1	58	3.07
		888	880	122	1890	100%

Source: Central Department of SMEs development, Yangon, 2019

The advantage of having a single purpose statistical business register, maintained by a statistical office, is twofold: it ensures the access to harmonized company figures, while at the same time providing for a high level of co-ordination between decentralized units responsible for data collection. As a result, it can prevent unintentional duplication or unnecessary shortage of coverage (OECD, 2002). While on-going reforms create an enabling environment for SMEs, the fact that different definitions are used by several ministries still hinders the design of policies targeting SMEs as well as lack of co-ordination to collect statistics among the data collectors. Ministries, such as Industry, Cooperatives, and National Planning and Economic Development, have varying SMEs definitions based on different laws. Currently, there is no integrated approach to collecting SMEs statistics.

The choice of registration option depends on the type of activity. The enterprises operating in mining and quarrying, manufacturing, electricity, gas, steam,

and air conditioning supply are required to register with the DISI, while non-industrial enterprises must apply for their licenses to city and township development committees, which only cover a limited number of sectors (OECD, 2016)

Table 3.7 shows that registered private industrial enterprises in Yangon East Industrial Zone. There are 1890 of enterprises in those different townships area.

An enterprise can, in principle, register with multiple governmental agencies, and duplicate registrations sometimes cannot be avoided. Duplicate registrations happen for specific purposes. For example, enterprises need to register with the DISI for the main benefit of being eligible to obtain an SMEs loan, implying that a company that has already registered, for example with the DICA, would still need to re-register to be able to apply for a loan.

3.4 Distribution of SMEs by the Commodity Group in Yangon

The establishment of new SMEs increased dramatically since year 1989. At present, Myanmar is the member of the Association of South – East Asian Nations (ASEAN) and this has opened up greater possibilities for more extensive business links with other member countries. In addition, there may also be greater investments coming into Myanmar with its very favorable conditions. In as much as Myanmar business people can come abreast of the situation and work well together with those in the more developed member countries of ASEAN to their mutual benefit, the market-oriented economy in Myanmar will further develop well and bring greater benefits to the business sector and the people in general of the Union of Myanmar

The formation of Committee for Industrial Development headed by the Prime Minister, the formation of Myanmar Industrial Development Committee, the formation of Working Committee and its accompanying objectives may be referred to as the policy guidelines for development of SMEs (Small and Medium Enterprise Development Policy, 2015).

The commodity group distribution of SMEs in Yangon is shown in table 3.8. There are 2294 enterprises in food and beverages sector of total 7146 enterprises, share 32.1 % in all sectors.

Table 3.8 Distribution of SMEs by the Commodity Group in Yangon

No	Commodity Group	Number				Share %
		Large	Medium	Small	Total	
1	Food and Beverage	1016	562	716	2294	32.10
2	Clothing & wearing apparel	676	265	44	985	13.78
3	Construction materials	389	253	147	789	11.04
4	Personal goods	443	382	86	908	12.71
5	Household goods	98	50	50	198	2.77
6	Printing	75	180	75	330	4.62
7	Industrial raw material	96	47	15	158	2.21
8	Mineral & Petroleum	195	279	122	596	8.34
9	Agricultural equipment	3	4	3	10	0.14
10	Machinery & equipment	20	8	5	33	0.46
11	Transport vehicles	30	8	3	41	0.57
12	Electrical goods	55	7	0	62	0.87
13	Miscellaneous	120	300	322	742	10.38
	Total	3216	2345	1588	7146	
	Sharing %	45.00	32.82	22.22	100	

Source: Central Department of SMEs development, Yangon, 2019

Based on the data of the Ministry of Industry (1), about 55.1 percent of the establishments in April, 2019 were small and medium industries in Myanmar which are normally called “SMIs”. According to the Central Department of Small and Medium Enterprises, for example, as of April 2019 there are 39,062 firms that have registered as small and medium industries under the Private Industrial Enterprise Law. However, while these surveys have helped to improve the availability of information on Myanmar’s business sector, they differ in surveying methods, sample sizes, and topics covered. This means that the data produced by these surveys are not always fully comparable and this also explains why these surveys, in some cases, have

produced divergent findings. UNDP's "One Pager Business Census" has probably been the most comprehensive exercise, and based on the most representative sample, covering over 31,000 firms drawn from different business registries. Meanwhile, the DEval survey focuses purely on SMEs, and also just on SMEs that are privately owned and that operate in cities and in the manufacturing and services sectors. The OECD-UMFCCI-UNESCAP survey, on the other hand, did not only cover SMEs but also larger firms and also included agricultural and state-owned firms (DEval, 2015).

3.5 Role and Development of MSMEs Myanmar

To achieve economic growth, it needs to be more broad-based with strong linkages to the local economy. The business sector, in particular small and medium enterprises, or SMEs, can be critical in promoting more equitable growth. SMEs have good potential for creating employment, including for young people. Looking to the future, the SMEs sector will also be an important factor as Myanmar moves towards achieving the Sustainable Development Goals by 2030, in particular Goal 1 on "No Poverty" and Goal 8 on "Decent Work and Economic Growth". The creations of decent employment are likely to be key challenges. The findings from the Myanmar Business Survey suggest that the SMEs sector represents a great opportunity for creating more inclusive and equitable growth and thereby helping the country achieve the SDGs (Kring, 2017).

The Secretary of the Central Committee for the Development of SMEs explained that in order to promote the skills of employees in SMEs, annual courses, such as mobile vocational training courses, have been arranged and extended to rural areas. To narrow the development gap among regions and states, 53 branch offices to support SMEs development have been opened in 15 regions and states, including Nay Pyi Taw. In addition, Kasikorn Bank (K Bank) of Thailand also signed a MoU with the Central Department of Small and Medium Enterprises Development under the Ministry of Industry, to educate MSMEs in financial management, with a focus on business plans and accounting, starting in 2017. The training seeks to strengthen MSMEs in market competitiveness, technology, financial management, and market compliance on their products (H.Thant, 2017).

It has been held the regional products exhibitions and competitions, those can increase import substitute products, connect the manufacturing and trading sectors of the regions, MSMEs transforming from traditional family businesses to innovative

businesses and to expand markets and cooperate in the global value chain. MSMEs are the market forces as well as productive forces and are a service link. As such regional products exhibitions and competitions are to promote MSMEs and create opportunities for further progress. Myanmar MSMEs people exhibited their products at the 15th China-ASEAN Expo in Nanning and the 15th China International SMEs Fair in Guangzhou during 2018 and there were many orders from China enabling increase in the production of products. Government not only arranged for regional products exhibitions and competitions but also arranged to participate in ASEAN MSMEs exhibitions. The development projects for MSMEs in ASEAN region proposed, implemented, reviewed, matters relating to increasing production capability, technology and innovation, policies required to expand market, amendment legal frameworks, development of entrepreneurship and human resources are discussed for development of MSMEs in ASEAN. Myanmar also tried to harmonize with ASEAN guideline. SMEs in Myanmar are facing such obstacles: poor infrastructure, inadequate access to finance, limited market access, outdated technology, low skill and productivity levels and a lack of business development services. Such factors are hindering SMEs in Myanmar from reaching their full potential and bringing the widespread benefits of socioeconomic development to its people (OECD, 2013a).

3.5.1 Strategies for MSMEs Development

The government goes through development of MSMEs with its strategies; encouragement to be official MSMEs member, development of basic infrastructures, enabling conducive business environment, private business associations and financial access for them.

The government shall, for the development of physical infrastructures and for increasing facilitation of effective support for information and communication, carry out the following means in cooperation with the local authorities, private sector and development partners; cooperation with the developers for the infrastructure development, implementing by means of private-public partnership, implementing by means of joint venture system. The following shall be carried out to enable conducive business environment for SMEs development in Myanmar; “assisting and supporting the banks and money lender enterprises to get capital investment, arranging workshops, seminars, management and production related trainings, vocational

trainings and technical trainings with the support of local and international organizations, arraigning for the development of research institutions, incubation centers, intellectual property certification centers and facilitating increased cooperation, encourage for the development of cottage industry, assist in development of education, health, and social, availability of electricity, energy and transportation in rural areas.

3.5.2 Institution and Cluster Development

To become having strength of supporting institutions and clusters for SMEs development, the government pushes the followings;

- (a) Establishing national level, regional or state level and local level institutions that are delegated with clear regulatory framework and authority
- (b) Cooperating with existing government and private institutions

3.5.3 Legal and Regulatory Framework

It may be facilitated in order to apply easy and simple procedures and systems for the operation of SMEs which are related to government departments and for convenient; “simplifying the procedures and practices, facilitating businesses by providing One Stop Service Centre in regional level, facilitating for the availability of necessary information through online service and information centers, providing mobile services for the convenience of the enterprises, supporting innovative SMEs by laying down patent rights, intellectual property rights, laying down laws and regulations for the registration of trademark (Ministry of Industry, 2015).

The development of Myanmar SMEs is mainly run by SMEs development Department under Ministry of Industry. SMEs Development Department has three main responsibility such as policies and international affairs function, technology and market promotion function, investment and cooperation function. For technology and market promotion unit is organized by three main branches including Technology and Training Branch and Market Promotion Branch. That unit closely related with local MSMEs people for their development. The main responsibilities of technology and training branch are; liaison with international organization for conducting surveys, providing technical assistance in upgrading technologies and machineries, appropriate necessary solution for technical problems and other constraints for the survival of

SMEs in Myanmar. Transferring technologies and sharing knowledge on entrepreneurship, communication and customer service, financing, management etc. from local and international experts to SMEs in collaboration with international organization and business development service providers by organizing workshop, seminar and trainings and organizing capacity building training for the staff members of Ministry of Industry in cooperation with international organization.

The main responsibilities of market promotion branch are : disseminating necessary information such as SMEs product's price, market information, international standardization for the competitiveness in local and global market and research and survey in cooperation with local and international organization, cooperation with local and international organization and enterprises to organize trade fairs and trade promotion events to enter international market and introduce new products and to arrange for the participating international trade fairs and products show.

3.5.4 Innovation and Use of Technology in Myanmar SMEs

According to the World Bank Enterprise Survey, the level of technology usage and technological sophistication is quite low among Myanmar SMEs (see Table 3.9). Only about 1.5% of small firms and 0.5% of medium-sized firms have an internationally recognized quality certification. Among medium-sized firms, only 2.8% uses technology licensed from foreign companies while licensing of foreign technology is almost non-existent among small Myanmar firms. Usage of modern communication technology is also not very common among small Myanmar firms. Only 7% of them have their own website and just 20% of them use emailing to interact with clients or suppliers. Among medium-sized firms, these percentages are considerably higher (at 29% and 46%, respectively) but still fall short of those for large enterprises. Finally, usage of external business services is not very widespread among SMEs in Myanmar. Interestingly, the survey also suggested that email use and having a website tended to be more likely for larger firms, likely reflecting the lower diffusion and higher costs of ICT in Myanmar. It is also likely that the benefits of adopting such technologies would differ across sectors, with the relatively low use of technology, such as online purchasing, by domestic consumers making ICT adoption less worthwhile for firms supplying the domestic market, such as those in the food manufacturing sector. Although the small uptake of ICT by SMEs in Myanmar is

somewhat unsurprising given Myanmar’s relatively recent efforts to engage in reforms in the telecommunications sector, it does illustrate the potential space SMEs may have to improve efficiency and access expanded markets through ICT (World Bank, 2015).

Table 3.9 Innovation and Use of Technology among Myanmar Firms

Company Size	Percent of firms with an internationally recognized quality certification	Percent of firms using technology licensed from foreign companies	Percent of firms having their own website	Percent of firms using mail to interact with clients-suppliers	Percent of firms with an annual financial statement reviewed by external auditors
Small (5-19)	1.5	0.2	7.0	20.2	8.5
Medium (20-99)	0.5	2.8	29.0	46.2	42.1
Large (100+)	9.3	28.3	52.6	87.7	71.9

Source: World Bank, 2015

The findings from the OECD-UMFCCI-UNESCAP survey where more than 60% of all respondents are reported having made zero investment in R & D and innovation (Soans & Abe, 2015). SMEs were more common than large enterprises to report investing in innovation and technology efforts in all. The observation echoes the finding that food manufacturers have invested more in R&D and other innovation efforts than apparel producers. It may equally be a reflection of rather rapid changes in the tastes and preferences of food consumers, to which food manufacturers have to respond with new offerings, as well as low requirements on innovativeness of apparel firms (Thomas, et al., 2016).

Entrepreneurial ecosystems support innovative, productive, and rapidly growing new ventures. Entrepreneurships are considered as an important mechanism that can promote economic development through employment, innovation, and welfare. The Global Entrepreneurship Index (GEI) rank of all countries strives to

measure only productive entrepreneurship that both creates wealth and is scalable. This consists of multiple interactive elements, all of which needed to be in sync in order to innovative and high growth firms to success. SMEs firms also need skilled employees, technology, a well-functioning infrastructure, specialized advice and support, access to finance, business premises and a supportive regulatory framework. The GEI, 2018 showed the rank of Myanmar is 127 in out of 137 and score is 13.6. The GEDI scores for Myanmar is very low compared to developed nations like the United States and Germany (GEI, 2018).

3.6 Financial Resources for MSMEs in Myanmar

The financial requirements of SMEs may be carried out as the following. They are shown in the SME development policy in Myanmar; “Enable the loan with low interest rate required by SMEs, Encouraging the establishment of business that is regarding to venture capital, Providing recommendation to the banks which give out the loan with loan stipulation system, Identifying insurance related facts with the establishment of Insurance Corporation and facilitating necessary insurance services, Providing awareness training of loan accessing and evaluating the financial management, Evaluating and educating the use of loan correctly” (Small and Medium Enterprise Development Policy, 2015).

SMEs service center has been taken to issue the credit guarantee for SMEs loans. If SMEs want to get loan, they submit the application form to SMEs Service Center. It has taking to issue the credit guarantee for SMEs Loans to SMIDB Bank through inspection of business situation and believe the abilities of their business growth. The contribution of SMEs to economic fundamentals nonetheless varies substantially across countries: from 16% of GDP in low-income countries (where the sector is typically large but informal) to 51% of GDP in high-income countries (DEval, 2015).

3.7 International Organization Involvement for MSMEs Development

From 2014-2017, the ILO carried out two projects to support entrepreneurship and MSMEs development in Myanmar with funding from the Norwegian Agency for Development Cooperation and the Swiss State Secretariat for Economic Affairs. These projects aimed to support MSMEs in both urban and rural areas to start-up and grow through business management trainings. By their completion in October 2017,

these projects had trained a network of 1000+ trainers via 400+ partners' organizations and over 20,000 entrepreneurs. The ILO continued to support partner institutions, business development service providers and larger private companies or financial institutions that assist MSMEs in Myanmar. In addition, it supported the policy makers in the design of a suitable MSMEs regulatory and structural framework. Specifically, the project focus on developing the following services for MSMEs:

The start and improve your business (SIYB) is one of the largest global management training programs for start-ups and entrepreneurs. The programs focus on action learning and provide practical business skills to entrepreneurs which they can apply in their business right away. All SIYB training materials have been adapted to the Myanmar context and translated into Myanmar language. SCORE (SIYB Training of Trainers and Entrepreneurs) is a global enterprise training programme that teaches cutting-edge practices to increase product quality and production efficiency, reduce costs and improve delivery to customers. The global SCORE programme has been adapted to meet the needs of SMEs in the food processing industry in Myanmar. The training process combines classroom training with on-site consulting, to meet the individual needs of each company. The ILO has also developed a version of SCORE which is tailored to the needs of hotels and restaurants in the tourism sector. This training combines classroom training with on-site consultancy to improve their productivity, competitiveness and sustainability.

The tailored business trainings project looks for opportunities to partner with large companies or business associations to organize and train entrepreneurs in their supply chain or sector. One example is the Coca Cola "Leht Li" Business Skills Training curriculum. This is a training programme which the ILO has developed for SMEs in Coca Cola's retailer network. The programme trains these retailers in essential skills for managing a small business effectively, including marketing, accounting and inventory management. After basic training, participants can keep learning more advanced skills. In total 15 short training modules have been developed.

The business start-up campaign project carries out business start-up campaigns, in collaboration with partners and local business communities. Promising young entrepreneurs are identified and supported through a rigorous preparation

process to successfully launch their business. The support includes coaching and feedback on their business plans by successful entrepreneurs from the private sector.

The value chain development project carries out activities to develop selected value chains with high potential for generating MSMEs growth. In the seafood sector, the project is working to develop multicultural value chains around Myeik. The project is now working to promote the development of these value chains with an emphasis on supporting hatcheries to increase their production capacity and productivity, and facilitating the development of training and advisory services for out-growers. In the tourism sector, the project applies a highly participatory form of value chain analysis. This involves supporting key stakeholders from the sector to carry out a rapid assessment of the target value chain.

To promote effective collaboration with government counterparts and private sector stakeholders, the project is guided by a project advisory committee, which meets twice a year. The project advisory committee provides a platform for informing key stakeholders about the project's recent activities and future plans, gives stakeholders an opportunity to provide guidance about the future strategy of the project and acts as a key forum for dialogue about policies related to SMEs development (ILO, 2017).

CHAPTER IV

SURVEY ANALYSIS

This study aims to find the challenges for micro, small, medium food and beverage enterprises that effect on their development. To meet the objectives of this study, survey questionnaires were organized to take into account the challenges for their development. This study was able to explore the survey analysis about demographic information of enterprises, their production, registration process, finical investment, technological and innovation usage, labor skill, marketing, management, entrepreneurship skill, social and environmental concern and the cross-sectional survey was conducted among government officials and private sector officials who are working for MSMEs development in Myanmar. Before presenting survey results, the profile and design of the survey were described below.

4.1 Survey Profile

The total number of small and medium enterprises in Yangon East District is 1002 of total 1890 all enterprises including large enterprises according to the data of registered private industrial enterprises in the Yangon East District on 30.9.2018. The total number of food and beverage micro, small and medium enterprises are (150 in total 1002 of in SMEs) the Yangon East District. Yangon East District includes the South and North Dagon Township, North and South-okkalapa Township, Tharkayta Township, Dagon Myothit (Seikkan), East Dagon Township, those are including industrial zones.

The MSMEs registered addresses were collected by small and medium enterprise department, Directorate of Industrial Supervision and Inspection, Ministry of industry, Myanmar. The population of food and beverage MSMEs is 150 in Yangon East District. Sample size estimation was done using the single population proportion formula developed by Yamane that provides a simplified formula to calculate sample sizes. This formula was used to calculate the sample sizes as shown

below. A 95% confidence level and $P = 0.5$ are assumed for Equation (Yamane, 1967). The resulting sample size is demonstrated in Equation

$$n = N/1+N (e)^2= 150/1+150(0.05)^2=109$$

Therefore, $n = 109$ where,

n = minimum sample size required

e = level of precision (5%)

N =Food and Beverage MSMEs population in Yangon East District

Table 4.1 Number of Registered SMEs Food and Beverages Enterprises by Sampled Area Covered in the Survey

No	Township	No. of Registered MSMEs (Food and beverages)	No. of Sample Size
1	North Dagon	36	36
2	South Dagon	28	28
3	East Dagon	21	21
4	Dagon Seikkan	12	12
5	North Okkalapa + Shwepaukkan	2	17
6	South Okkalapa	11	7
7	Tharkayta + Tarmhwe	15	14
	Total	150	135

Source: Results of surveys and SMEs department data, 2019

Table 4.1 shows the total number of MSMEs (Food and beverages), the sample size and its population. The total number of MSMEs in selected areas are 150 and total sample MSMEs for this study is 135 which represent 98% of the total population of food and beverages enterprises at that area. The sample size for this study was 135 MSMEs owners, 36 from North Dagon Township, 28 MSMEs owners from South Dagon Township, 21 MSMEs owners from East Dagon Industrial Zone and Township, 12 MSMEs owners from Dagon Seikan Industrial Zone and Township, 24 MSMEs owners from Shwepaukkan, North and South Okkalapa Township and 14 MSMEs owners from Tharkayta and Tar-Mhwe Township. The interviews were transcribed and analyzed using SPSS quantitative data analysis software to classify and arrange survey data and unstructured information (QSR, 2012).

4.2 Survey Design

In this study, cross sectional survey and descriptive method are used to analyze the real challenges of MSMEs in Yangon East District. The survey was conducted for four weeks during May and June 2019. A total of 135 respondents were available during the study period. The interview of the participants including owners and officials was conducted at Yangon East District and concern departments using a well-structured validated questionnaire and well-structured personal interviews.

The draft questionnaire was based on the OECD standard questionnaire and other literature review about MSMEs development. The English version of the questionnaire was translated into Myanmar. Questionnaire consists of thirteen sections; personal and enterprise demographic data, main challenges for business development, manufacturing practices, financial factors, market and internalization, industrial framework, entrepreneurial skill and education, legislation, regulation and tax, environmental policies for MSMEs, their development in enterprises and profits. The questionnaires used in this study is presented in Appendix. The survey employed quantitative technique collecting questionnaires information.

4.3 Survey Findings

Regarding on main challenges on the MSMEs development in the case study of food and beverage manufacturing was assessed through questions mainly with degree of agree and disagreement options, covering number of labor, investment, market plan, manufacturing practices, management, loan/grant, government subsidy, legislation, tax, land price and use of technology and innovation. The survey findings of the study are based on the structured questionnaire and these contain some basic quantitative data accompanied by tables and figures. In this survey, the following sectors about respondents and their working conditions were carried out and results were presented.

- i. Socio-demographic Data
- ii. Challenges for Business Development
- iii. Manufacturing, Technology and Innovation
- iv. Financial Factors
- v. Market and Internalization
- vi. Industrial Framework
- vii. Entrepreneurial skill and Education

- viii. Legislation, Regulation and Tax
- ix. Environmental policies for MSMEs
- x. Social sustainability and inclusive MSMEs
- xi. Financial Factors
- xii. Development
- xiii. Profit

(i) Socio-demographic Characteristics of Respondents

In this study, social and demographic factors can be classified as, age, education, gender, marital status, occupation. The total 135 MSMEs owners participated in this survey. Demographic factors of MSMEs owners generally impact on business expansion of enterprise.

Table 4.2 Socio-demographic Characteristics of Respondents

	Variable	No. of Respondents	Percentage (%)
Gender	Female	80	59.3
	Male	55	40.7
	Total	135	100.0
Age (Years)	30-40	60	44.4
	41-50	20	14.8
	51-60	55	40.7
	Total	135	100.0
Marital Status	Single	10	7.4
	Married	125	92.6
	Total	135	100.0
Education	High School	20	14.8
	Diploma	10	7.4
	Graduate	90	66.7
	Others	15	11.1
	Total	135	100.0
Occupation	Owner + Manager	40	29.6
	Owner	90	66.7
	Officer	5	3.7
	Total	135	100.0

Source: Survey Data, 2019

Table 4.2 shows survey result on demographic factors age, education, gender, marital status and occupation. Female (80 out of 135 respondents) are high population in the leading role of food and beverage industry sector. It is due to the nature of industry that can easily lead by women. Most MSMEs leaders are within the age of 30

to 40 years old and also 51 to 60 years old. It can be concluded that most MSMEs are the growing with young people who wants to start their business. The age between 51 to 60 years old are (40.7 % of 135 respondents) being led by mature group of people who have business operation experiences for certain amount of time and some must have been operating the same business many years ago.

Education level processed by the owners is one of the significant characteristics of business operators. In this survey, most respondents are graduated level (66.7%) and high school level education (14.8 %). This means that most business leaders possess high education level in this survey and they understand their business management, labour control and market accessment.

(ii) Characteristics of MSMEs Enterprises

To understand the enterprise type, period of running, investment type, investment amount and number of workers on food and beverage enterprises, surveys were carried out with 135 enterprises.

Table 4.3 Characteristics of MSMEs Enterprises

Variable	No. of Respondents	Percentage (%)
Type of Business		
Production	130	96.3
Services	5	3.7
Total	135	100.0
Enterprise Start Year		
2000-2005	5	3.7
2006 - 2011	25	18.5
2012 - 2017	90	66.7
2018 - 2019	15	11.1
Total	135	100.0
Amount of Investment (Lakh, Kyats)		
5 – 50	5	3.7
50 -500	90	66.7
500 - 1000	40	29.6
Total	135	100.0

Investment Type		
Own	105	77.8
Own+ Private Bank Loan	15	11.1
Own+ Government Loan	15	11.1
Total	135	100.0
No. of Workers		
1-5	35	25.9
6 -10	70	51.9
11- 15	15	11.1
16 - 20	15	11.1
Total	135	100.0

Source: Survey Data, 2019

Table 4.3 shows the enterprises type, the starting year, the type of investment, investment amount and number of workers. There are production type of business with (96.3%) and services with (3.7%). Almost all of enterprises are production business and individual own enterprise (family business 81.5%) run business either newly founded or inherited from older generation.

Most food and beverage enterprises in this area started within 2102 to 2017 (66.7 % of enterprises), it was found that those enterprises operated with short period of time, have been operating between 7 to 5 years. Most enterprises have been running the same single business in the beginning and only a few high investment type enterprises expand their products.

Investment amount of enterprises with 50-500 lakh kyats are (66.7%) and 500-1000 lakh kyats are (29.6%). Food and beverages in that area are larger amount in small enterprises and medium enterprises in term of investment amount. 77.8% are own investment, 11.1% are operating with their own investment and loan from private banks and 11.1% are operating with their own investment and government loan. Most of those enterprises run by their own investment and it means that family business.

Medium level labor intensive with 6-10 workers are 51.9 % and 25.9% is not labor intensive. Only few enterprises require the large amount of labor 16-20 workers (11.1%). It means that most enterprises are micro and small levels in term of labor

usage in their business. Number of employees is the key parameter for MSMEs definition.

(iii) Manufacturing Practices in Food and Beverage Enterprises

To get confident analysis of the MSMEs production, it needs especially to survey about their manufacturing, the productivity, usage of technology and own innovation ability for their business.

Table 4.4 Factors Influencing on Manufacturing Practices in Food and Beverage Enterprises

Statement	1*	2*	3*	4*	5*	Average Score
My production is relevant with market demand.	0	0	3.7	74.1	22.2	4.2
I prefer to produce food product with food safety criteria.	0	0	11.1	29.6	59.3	4.5
I import machines from foreign country.	33.3	0	11.1	44.4	11.1	3.3
I import raw materials and packaging materials from foreign country.	3.7	22.2	14.8	51.9	7.4	3.4
I use my own technology in my work.	0	0	22.2	51.9	25.9	4.0
I can produce new innovative products.	0	0	11.1	44.4	44.4	4.3
I attend the training program for expansion of my work.	0	0	3.7	59.3	37.0	4.3
I can produce smoothly if I get market for my product.	0	0	14.8	51.9	33.3	4.2
I can produce more if I get loan or grant.	0	0	0	63.0	37.0	4.4
If I get the support such a productivity analyst or technology or management, I can produce more.	0	0	0	44.4	55.6	4.6

Source: Survey Data, 2019

(1* = Totally Disagree (%), 2* = Disagree (%), 3* = Agree nor Disagree (%), 4* = Agree (%), 5* = Totally Agree (%))

According to the table 4.4, the total 96.3% of food enterprises' average score is 4.2 (between totally agree and agree) and they are compatible with market demand. Their products are conduct with food safety issues for human being, average score of food and beverage enterprises is 4.5 (between totally agree and agree), they are operating their products with food safety criteria. Half of 135 respondents, 55.5%, depend on imported machine and other respondents 33.3% are using local made machine and instruments, the food and beverage enterprises' score 3.4 means that they depend the import raw materials and packaging materials.

For business development, the technology and new innovative idea are really important for product competition in the market, 77.8% and 88.8 % of enterprises have their own technology and new innovative idea for present work. They attend the training program for expansion of their work, 96.3 % of respondents get various types of training programs from government and non- government organizations. They (85.3% of respondents) can produce their products smoothly if they get market for their product, it means that they have enough investment, other facilities, they need market demand and the market expansion is the requirement for their development. The most respondents can produce more if they get loan or grant, it can be concluded that opportunity of grant and loan is one of major factor for their development. If most of respondents get the support such as productivity analyst or technology or management, they can produce more.

A lower Likert score 3.3 and 3.4 reflects a lower level of agreement on local made machine, raw and packaging materials. Those two facts are barriers for MSMEs manufacturing.

(iv) Financing Factors in Food and Beverage Enterprises

The measurement of financing factors for food and beverage enterprises are carried out and it is shown in table 4.5.

Table 4.5 shows that the average score 3.8 means that the respondents nearly agree on running of their business with own budget, however average score of Likert scale 2.6 means that the enterprises do not have enough own budget for further expansion of their business, only 18.5 % of respondents have got grant from

organizations. Only 3.7% of enterprises answered that the grant is same as their required amount.

Table 4.5 Factors Influencing on Financing in Food and Beverage Enterprises

Statement	1*	2*	3*	4*	5*	Average Score
I run my business with my own budget.	14.8	0	7.4	59.3	18.5	3.8
I have enough own budget for further expansion of my business.	33.3	11.1	22.2	33.3	0	2.6
I have got grant from organization.	18.5	33.3	29.6	7.4	11.1	2.6
The grant is same as my required amount.	22.2	37.0	37.0	3.7	0	2.2
Due to less amount of the grant even I applied with my required amount it is difficult to expand my business.	11.1	14.8	37.0	18.5	18.5	3.2
I can manage the budget for my business.	0	0	0	40.7	59.3	4.6

Source: Survey Data, 2019

(1* = Totally Disagree (%), 2* = Disagree (%), 3* = Agree nor Disagree (%), 4* = Agree (%), 5* = Totally Agree (%))

Due to less amount of the grant even they applied with their required amount, 37 % of enterprises are difficult to expand their business. The Likert scale 4.6 (between totally agree and agree) shows that the enterprises can do budget management of their business.

(v) Internal and International Market in Food and Beverage Enterprises

To understand about MSEMES enterprises' internal and international market, it has been survey to respondents with correspondence statements which are shown in table 4.6. According to the Likert average score, the MSMEs owners can run their

business with the market sustainability as a family business and most of responds can produce for local market and want to get export market.

Table 4.6 Factors Influencing on Internal and Internalization Market in Food and Beverage Enterprises

Statement	1*	2*	3*	4*	5*	Average Score
My business has the market sustainability.	14.8	0	0	55.6	29.6	4.0
I produce for local market and want to get export market.	3.7	0	7.4	40.7	48.1	4.3
I use traditional way to get market.	0	3.7	11.1	40.7	44.4	4.2
I use to advertise with digitalized technology improve product quality change packaging quality.	18.5	0	0	37.0	44.4	3.9
I use Facebook website to get market.	18.5	3.7	18.5	22.2	37.0	3.6
My product is for export market.	59.3	0	40.7	0	0	2.4
I have a plan to connect with foreign country to get market for my product.	44.4	0	0	25.9	29.6	3.4
Although I have to get market expand it is very slow to grow market due to I do not know how to do.	11.1	3.7	63.0	22.2	0	3.0
I showed my products in local trade fair to get market.	25.9	0	22.2	11.1	40.7	3.7
I expect that my product market will be growing.	0	0	3.7	51.9	44.4	4.4

Source: Survey Data, 2019

(1* = Totally Disagree (%), 2* = Disagree (%), 3* = Agree nor Disagree (%), 4* = Agree (%), 5* = Totally Agree (%))

The respondents use traditional way to get market, it means that they need advance market plan. The average score 3.9 means that the most enterprises are using to advertise with digitalized technology to improve product quality and change packaging quality. The 59.2% of enterprises can use Facebook website to get their market. The rest enterprises need to use digital advertisement and digital marketing system for their development.

For export market analysis, 59.3% respondents have no export market, 40.7 % respondents are no idea for export market. The total 55.4 % of respondents represent to plan export market if they get, however 44.4 % of respondents do not have idea for export market even they get export market. The 63.0% of respondents answered that although they have to get market expand, it is very slow to grow market due to they do not know how to do for it. They showed my products in local trade fair to get market. They expect that their product market will be growing. According to the Likert scale of MSMEs on market, it is sure that there is no export market for food and beverage enterprises in Yangon East District.

(vi) Institutional Framework in Food and Beverage Enterprises

In order to analyze the MSMEs framework, the management system, organization system, behavior of team and relationship with others are carried out in food and beverage enterprises.

Table 4.7 Factors Influencing on Industrial Framework in Food and Beverage Enterprises

Statement	1*	2*	3*	4*	5*	Average Score
My work has management team, finance team, manufacturing team, market team, planning team.	7.4	0	29.6	63.0	0	3.6
My team has future organization plan.	7.4	0	3.7	74.1	14.8	4.0
My team obey the return procedure of loan.	7.4	18.5	22.2	43.7	7.4	3.3
My team connects with other related teams to get market access.	7.4	0	14.8	70.4	7.4	3.8
My team has good relationship with businessman, professionals' government organization and other companies.	0	0	7.4	66.7	25.9	4.2

Source: Survey Data, 2019

(1* = Totally Disagree (%), 2* = Disagree (%), 3* = Agree nor Disagree (%), 4* = Agree (%), 5* = Totally Agree (%))

Table 4.7 shows that the 63.0 % of enterprises have the management team, finance team, manufacturing team market team and planning team, the 88.9 % of

enterprises can do future organization plan. However only total 51.3% (only score with 3.3) of enterprises obey there turn procedure of loan, the rest enterprises have not gotten the loan or grant. So that they donot agree. The total 77.8% (average score 3.8) respondents know how to connect with other related teams to get market access. Most enterprises have good relationship with business man, professionals, government organization and other companies. Those statements can be concluded about the enterprise organizational characteristics.

(vii) Entrepreneurial Skill and Education in Food and Beverage Enterprises

In accordance with MSMEs development, the leader entrepreneurial skill and their education are important for business success. In order to get this issue, it was carried out to get the survey of owners’ ability in leading of business.

Table 4.8 Factors Influencing on Entrepreneurial Skill and Education in Food and Beverage Enterprises

Statement	1*	2*	3*	4*	5*	Average Score
I do my work with my ability for success.	0	0	0	66.7	33.3	4.3
I can solve difficulties by using different ways.	0	0	11.1	44.4	44.4	4.3
My work has well trained management people.	0	0	18.5	74.1	7.4	3.9
My staffs can do innovation and they are invited as a professional for seminars.	0	0	3.7	77.8	18.5	4.1
I have an ability to lay down the future plan of my business.	0	0	3.7	74.1	22.2	4.2
I have an ability to decide the future plan of my business.	0	0	0	74.1	25.9	4.3
I always create the staffs’ efficiency trainings for development.	0	0	3.7	92.6	3.7	4.0

Source: Survey Data, 2019

(1*=Totally Disagree (%), 2*= Disagree (%), 3*= Agree nor Disagree (%), 4*= Agree (%), 5*= Totally Agree (%))

Table 4.8 shows that 100 % of respondents do their work with their ability for success and 88.8% (average score 4.3) of respondents can solve the difficulties by using different ways. The total 81.5% (average score 3.9) of enterprises has well trained management people. The total 96.3% of respondents have the innovative staffs and they are invited as a professional for seminars.

According to the Likert scale of MSMEs on entrepreneurial skill and education, it is sure that they have an ability to lay down the future plan of their business. They have also the ability to decide the future plan of their business and always create the staffs 'efficiency trainings for development.

(viii) Legislation, Regulation and Tax in Food and Beverage Enterprises

These measures include matters such as: rule of tax, payment, technology protection, counterfeit, business rules and regulations, FDA regulation, loan payment and tax regulation.

Table 4.9 shows that total 100 % of respondents follow the local tax payment and rules, 77.8% of respondents want to protect for their technology, 51.8% of respondents are enough to protect their business trade mark with current regulation.

The Likert scale of 3 means either agree nor disagree on "Although their production faced on counterfeit but it is difficult to solve". It means that there is enough regulation system for counterfeit in Myanmar. The most respondents are needed rules and regulations for safe of their business by showing average score of 3.8. Because of their business is MSMEs food production, they want to reduce FDA regulations and food safety for MSMEs.

The few respondents are agreed on the statement of repayment of loan's rule and regulation for loan remittance, the respondents answered the average score 3.2 on this statement.

**Table 4.9 Factors Influencing on Legislation, Regulation and Tax
in Food and Beverage Enterprises**

Statement	1*	2*	3*	4*	5*	Average Score
I follow the local tax payment and rules.	0	0	0	77.8	22.2	4.2
It is needed to protect for my technology.	0	0	22.2	51.9	25.9	4.0
It is enough to protect my business trademark with current regulation.	0	0	48.1	48.1	3.7	3.6
Although my production faced on counterfeit but it is difficult to solve.	29.6	0	48.1	18.5	3.7	3.0
It is needed rules and regulations for safe of my business.	0	0	37.0	44.4	18.5	3.8
Because of my business is MSMEs food production, I want to reduce FDA regulations and food safety for MSMEs.	0	7.4	14.8	44.4	33.3	4.0
The payment of loan's rule and regulation is a barrier for loan remittance.	11.1	0	59.3	25.9	3.7	3.2
Because of my business is MSMEs food production, i want to reduce tax regulations for MSMEs.	3.7	0	22.2	63.0	11.1	3.8

Source: Survey Data, 2019

(1* = Totally Disagree (%), 2* = Disagree (%), 3* = Agree nor Disagree (%), 4* = Agree (%), 5* = Totally Agree (%))

Because of their business is micro and small food production, they want to reduce tax regulations (average score with 3.8) for MSMEs, the rest 22.2% do not agree or disagrees for this statement.

(ix) Participation in Environmental Protection of Food and Beverage Enterprises

The statements allow MSMEs people to incorporate with environment protection of their workplace, the protection cost and the environmental protection policies may be a barrier or not for their development. The survey data analysis shows in the table 4.10.

Table 4.10 shows that 81.5% of respondents are disagree that their working conditions caused environmental pollution by air or water or smell or noisy. Only average score of Likert scale is 1.6 on this statement. The total 59.2% of respondents can manage well the production process systematically to protect pollution, 33.3% of respondents agree nor disagree for their working condition pollutants due to they are doing food and beverage service, their works do not effect to the public too much. The total 66.6% of enterprises have been tried to reduce the usage of energy for their workplace. The rest enterprises do not try to reduce the usage of energy. In term of water usage, there is only 48% of enterprises tried to consider the water usage reduction, 33.3% of enterprises do not agree or disagree to reduce the usage of water in their workplace.

Table 4.10 Factors Influencing on Environmental Policies for MSMEs in Food and Beverage Enterprises

Statement	1*	2*	3*	4*	5*	Average Score
My work causes environmental pollution by air or water or smell or noisy.	66.7	14.8	14.8	3.7	0	1.6
I manage the production process systematically to protect pollution.	7.4	0	33.3	40.7	18.5	3.7
My work has been tried to reduce the usage of energy.	18.5	0	14.8	48.1	18.5	3.7
My work has been tried to reduce the usage of water.	18.5	0	33.3	29.6	18.5	3.5
My work has computer record system to reduce the usage of paper.	29.6	0	25.9	25.9	18.5	3.3
My work runs with low energy applied process.	18.5	0	33.3	29.6	18.5	3.5

Source: Survey Data, 2019

(1* = Totally Disagree (%), 2* = Disagree (%), 3* = Agree nor Disagree (%), 4* = Agree (%), 5* = Totally Agree (%))

Some enterprises deeply concern about paper usage that causes the high consumption of wood from world. So that they are trying to reduce the cutting wood problem and use a lot of money to save our world. According to the survey, total 44% of respondents have computer record system to reduce paper waste.

The respondents 29.6% do not agree to use computer for their data record. The 25.9% of respondents answered “agree nor disagree” that’s means they do not have any systematic record system in their work place.

The total 48.1% of enterprises run with low energy applied process, 18.5% of enterprises depend on the electricity and 33.3% of enterprises do not know about low energy applied process or they used only electricity in their workplace.

According to the Likert scale of MSMEs on environmental protection, it is sure that they can protect their surrounding environment.

(x) Social Sustainability of MSMEs in Food and Beverage Enterprises

Specific measures which are incorporated with social sustainability of MSMEs in their workplace were carried out. The answers can consider as a challenge or not for their development, when enterprises operate their work with the consideration of social welfare of employee.

Table 4.11 Factors Influencing on Social Sustainability of MSMEs in Food and Beverage Enterprises

Statement	1*	2*	3*	4*	5*	Average Score
I accept the all necessities for development of my business in line with social sustainability.	0	0	0	81.5	18.5	4.2
There is a safety and healthy environment for employee.	0	0	0	81.5	18.5	4.2
My work always involves in social activities.	0	0	0	92.6	7.4	4.1
There is an equal situation with working and family life for employees.	0	0	0	92.6	7.4	4.1
It takes care for development of employees' professional and development.	0	0	0	81.5	18.5	4.2
It has a workers' social welfare program.	0	0	7.4	74.1	18.5	4.1

Source: Survey Data, 2019

(1* = Totally Disagree (%), 2* = Disagree (%), 3* = Agree nor Disagree (%), 4* = Agree (%), 5* = Totally Agree (%))

Table 4.11 described that the total most of respondents (average score with 4.2) care for the all necessities for development of their business in line with social sustainability. The most of respondents also take a safety and healthy environment for staffs in their workplace. All of respondents always involve in social activities. The all of enterprises responded average score with 4.1 on the equilibrium situation with working and family life for staffs in their workplace. The enterprises take care for development of staffs' professional and personal development in their workplace. Most enterprises generate the workers' social welfare program in their workplace.

As a result of this analysis, there is a routine system for social welfare in every enterprise and they are very aware on the social sustainability of their workplace.

(xi) Government Official Process in Food and Beverage Enterprises

MSMEs development requires the existence of institutions and support structures and the participation of a broad range of stakeholders.

Table 4.12 Government Official Process in Food and Beverage Enterprises

Statement	1*	2*	3*	4*	5*	Average Score
There is a barrier to apply the government documentation for my business establishment.	7.4	0	33.3	55.6	3.7	3.5
It is easy to apply official SMEs member.	0	0	44.4	51.9	3.7	3.6
It has the government supportive trainings for my work.	18.5	7.4	17.0	53.3	3.7	3.2
I got government loan for my business.	55.6	18.5	14.8	11.1	0	1.8
I got a chance for tax reduction due to my business is for MSMEs.	7.4	66.7	25.9	0	0	2.2
There is special consideration for importation of machine for MSMEs people.	66.7	0	25.9	0	7.4	2.5
There is the special system for FDA food safety regulation for MSMEs business.	7.4	66.7	25.9	0	0	2.2
When I request the special training program for food related issue to respective department, they give me	18.5	0	14.8	48.1	18.5	3.7

training.						
I got international market by matching of government organization.	7.4	59.3	33.3	0	0	2.3

Source: Survey Data, 2019

(1*=Totally Disagree (%), 2*= Disagree (%), 3*= Agree nor Disagree (%), 4* = Agree (%), 5* = Totally Agree (%))

A proper MSME should link government departments, private business community, educational and technological institutions. It should also act as a conduit between MSMEs and local and international lending institutions.

To assure all challenges are involved in this analysis, official processes are needed to survey for MSMEs. The food and beverage related government organizations are mainly focused for questionnaires.

Table 4.12 described as average Likert score that the most respondents faced a barrier to apply the government documentation for their business establishment, 33.3 % of respondents do not agree nor disagree for this statement. It means 33.3% of respondents do not face any trouble when they apply official documentation for their business establishment. The respondents answered average score 3.6 that it is easy to apply official SMEs member, other 44.4% of respondents do not option for this statement.

The total 57.0 % (53.3+3.7%) of respondents have the government supportive trainings for their works and the total 74.1 % (55.6+18.5%) of respondents answered they do not get government loan for their business, only 11.1% of enterprises got government loan for their business. The most respondents do not get a chance for tax reduction as a MSMEs member, there is no enterprises to get the tax reduction for MSMEs.

The total 66.7 % of enterprises have the special consideration for importation of machine for MSMEs people, it means that government need to support MSMEs people to easy to do for their manufacturing and finding out the ways for low investment.

For special system for FDA food safety regulation for MSMEs, the respondents do not agree with the average score of 2.2 on this statement, 25.9% of respondents answered that there is no option for that statements due to they are not concerned with production business and no need to apply FDA processing.

The most respondents got the trainings from the related departments. They do not get the international market by matching of government organization (average score is 2.3 for that statement). From this analysis, it is found to be some government processing need to reform for public comfortability and some facts like taxing for MSMEs and loan information require to change the awareness system for easy accessibility.

(xii) Business Development in Food and Beverage Enterprises

The economic growth and improved employment rates in the food and beverages sector would have served as a means to reduce poverty, shown in table 4.13.

Table 4.13 General Business Development in Food and Beverage Enterprises

Statement	1*	2*	3*	4*	5*	Average Score
I have business development.	7.4	0	3.7	85.2	3.7	3.8
The profit is increased yearly.	3.7	0	3.7	81.5	11.1	3.7
Employees are increased.	0	0	3.7	70.4	22.2	3.7
Investment is increased.	5	0	7.4	85.2	2.4	4.0

Source: Survey Data, 2019

(1* = Totally Disagree (%), 2* = Disagree (%), 3* = Agree nor Disagree (%), 4* = Agree (%), 5* = Totally Agree (%))

The development of business in term of investment, number of employee and profit by yearly were carried out in general and detail. In this general current business development survey, the food and beverage enterprises with average score of 3.7 to 4 showed business development, increased investment early, increased employee yearly. Their business can achieve the increasing profit in yearly. It can be generally found out that it has business development in their present work, they are operating as original enterprise, and they do not become a higher-level enterprise.

(xiii) **Major Factors for the Challenges of MSMEs Development**

To find out the main challenges' development of MSMEs in food and beverages enterprises in Yangon east district, fourteen influence factors are carried out to get the real conditions for development. These factors are shown in the table 4.14.

Table 4.14 Major Factors for the Challenges of MSMEs Development in Food and Beverages Enterprises

Statement	1*	2*	3*	4*	5*	Average Score
Cannot expand further production	7.4	0	14.8	37.0	40.7	4.0
Specific work plan and management system	0	0	0	66.7	33.3	4.3
No reduction of government tax	0	11.1	25.9	51.9	11.1	3.6
No own technology and innovative Idea	0	3.7	0	55.6	40.7	4.3
High price of land	0	18.5	3.7	44.4	33.3	3.9
Insufficient amount of investment	0	0	3.7	51.9	44.4	4.4
Difficult to get skill labor and technician	0	3.7	0	77.8	18.5	4.1
Not enough government loan	0	3.7	14.8	48.1	33.3	4.1
Low enforcement in law and protection	0	3.7	25.9	55.6	14.8	3.8
Insufficient electricity	0	0	3.7	55.6	40.7	4.4
Training program	0	0	3.7	66.7	29.6	4.3
Raw materials and packaging materials import	3.7	0	18.5	40.7	37.0	4.1
Machines and equipment import	3.7	0	18.5	55.6	22.2	3.9
Environmental and social welfare	11.1	33.3	44.4	0	11.1	2.7

Source: Survey Data, 2019

(1* = Totally Disagree (%), 2* = Disagree (%), 3* = Agree nor Disagree (%), 4* = Agree (%), 5* = Totally Agree (%))

All respondents 135 were giving the answer for the survey questions. The survey data of agree and totally agree are combined as an agreement result to find out the positive result in this analysis.

Table 4.14 shows the survey result of main factors on the challenges for MSMEs development that included fourteen statements such as expand production, specific work plan and management system, reduction of government tax, own technology and innovative idea, high land price, insufficient amount of investment, difficult to get skill labor and technician, government loan/grant, low enforcement in law and protection, insufficient electricity, training program, raw materials and packaging materials import, machines and equipment import, environmental and social welfare.

The average score of respondents are 4.3 that is between agree and totally agree that they cannot effort to expand further production in their workplace. So, it is one of barriers for their development. The 100% of respondents are agree that they cannot effort to do specific work plan and management system in their workplace is a barrier for development. It means that they can do business as normal way but do not affect for further development.

For government tax, total 63 % of respondents are “agree” that no special reduction of government tax is a barrier for development. The 96.3% of respondents are agree that not having own technology and innovative idea in workplace is a barrier for development. The 77.7% of respondents are agree the high price of land in Yangon is a barrier for development. The most of respondent are agree on insufficient amount of investment in their workplace is a barrier for development. The total 96.3% of respondent are positive answer for the difficult to get skill labor and technician in their workplace, so that it is a barrier for their development. The total 84.4% of respondents are agree that there needs government loan grant support in their workplace and this requirement is a barrier for their development. It would be found that 55.6% and 14.8% of respondents are agree that low enforcement in law and protection for MSMEs is a barrier for development. The survey data found to be that the 55.6% and 40.7% of respondents are agree for the insufficient electricity in their workplace as a barrier for their development. The average score 4.3 by the respondents are agree that there is not enough training program in their workplace is a barrier for their development. The result with the 40.7% and 37.0% of respondents are

agree that the raw materials and packaging materials importation from foreign country is a barrier for development. The average score 4.1 (between agree and totally agree) on the machines and equipment importation from foreign country is a barrier for development.

According to the Likert scale of MSMEs on challenges of their development, it is sure that the environmental and social welfare in their workplace are not barriers for their development. It may be with two possibilities; one possibility is they operate their business with own knowledges of environmental and social welfare and the second is they do not concentrate about international or regional standard of them.

CHAPTER V

CONCLUSION

This chapter offers important findings and discussion through a careful overview on the chapters previously presented and key informants' interview at related organizations. In this study, an attempt has been made to assess the challenges for development of MSMEs by representing of food and beverages enterprises in Yangon East District. Recommendations for future research are addressed in the last part of this chapter.

5.1 Findings

The survey result on demographic factors of respondents that reflects the personality, leading power and entrepreneur skill on the business success. Female are high population in the leading role of food and beverage enterprises sector. It is due to the nature of enterprises that can easily lead by women. No gender discrimination occurs in the MSMEs environment.

The age of owners are 30 to 40 years old and also 51 to 60 years old in biggest amount. It can be found that most MSMEs are the growing with young people who wants to start their business, the age between 51 to 60 years old are (40.7 % of 135 respondents) being led by mature group of people who have business operation experiences for certain amount of time and some must have been operating the same business many years ago. Education level of owners are graduated with (66.7%) and high school level education (14.8 %). This means that most business leaders possess high education level in this survey and they can understand their business management, labour control and market accessment.

Almost all of enterprises are production business and family own business. Most of them started their business within 2102 to 2017 (66.7 % of enterprises) and lasted 7 to 5 years only. Most enterprises have been running the same single business in the beginning and only a few high investment type enterprises expand their products. Investment amount of most enterprises are with 50-500 lakh kyats and

500-5000 lakh kyats are a smaller number of enterprises. There are larger number in small enterprises and medium enterprises in term of investment amount. Those investments are own. Only small number of enterprises are getting loan or grant for their investment. Survey found to be that most enterprises are micro and small levels in term of labor usage in their business.

In the accordance of productivity, technology and innovation of MSMEs, the most of enterprises' products are compatible with market demand. Due to their products are food and beverage, they also conduct with food safety issues for consumer. However, some MSMEs people depend on the imported machine and import raw materials and packaging materials. Other MSMEs people (about 30%) are using local made machine, instruments and raw materials. It can be concluded that there is needed to get local made machine, raw material sufficiency, and packaging technology for MSMEs. If Myanmar MSMEs do not depend on those matters from foreign country, the investment cost will be definitely decreased and their product can improve by different ways of investment type for consumers.

The enterprises insisted that they have their own technology 77.8% and new innovative idea 88.8 %. The owners are aware of the innovative methods of production in current condition. If they get advanced technology and new innovative idea, they will be transferred to next step enterprise.

Concern with this issue, the officer from productivity center, UMFCCI suggested that the nature of technological application had been the major problem in their manufacturing for further development. The government must recognize, through both competition and inter-company cooperation, that MSMEs promote technology, innovation and skill levels in an economy. Lack of advanced technology, the owners of MSMEs are not aware of advanced technologies of production. Their methodology of production is outdated. Outdated technology is a big impediment coming in the way of growth for small businesses. Most MSMEs still operate using old technology and are ill-equipped on the modernization front. Outdated production methods limit their capacity for growth and prevent them from serving new markets. It is needed to support for strengthening the existing capacity programs for promotion of expanding of technologies towards micro, small enterprises and capacities of small enterprises to identify, select and adjust technologies. Invest in cooperation and exchange in the field of technology between enterprises of varying size and develop

more efficient research programs for commercial application of knowledge and technologies, and develop and adjust systems of quality and certification for MSMEs.

According to survey analysis, 96.3 % of respondents get various types of training programs from government and non- government organizations. The effectiveness of training programs needs to be analyzed for application in work place. Most of MSMEs can produce more productivity if they get market and loan or grant. They also need market demand, market expansion techniques and specialists for their productivity and management.

The interviewee, director general from DISI, MOI suggested that the training and development programs in respect of MSMEs' development concern is very low. So, skilled manpower is not being available to MSMEs. The skill developmental schemes conducted by the government are not sufficient. The SMEs development center also provided assistance and organize seminars, workshops and exhibitions at home and abroad to facilitate the interaction of its own MSMEs with their regional counterparts, suppliers and potential clients. She also gave some comments for challenges for MSMEs development that MSMEs have a greater risk of failure particularly because the company directors have less experience, business experience. In addition, future development of MSMEs and their contribution in the national economy is closely related to globalization and its effects. Globalization, aided by rapid developments in information and communication technologies, improved transport facilities, behind the border regulatory reform, and tariff reductions affect MSMEs and large multinational enterprises differently. MSMEs participation in global value chains can bring stability to development and allow them to increase productivity and to expand their business. However, MSMEs' involvement in value chains usually entails greater demands on their managerial and financial resources, and pressures on their ability to upgrade, to innovate and to protect in-house technology. MSMEs may be limited by their inability to undertake R&D activities and training of personnel, and to comply with the growing number of requirements of product quality standards demanded by others.

The interviewee from SMEs advisory group also gave some suggestions that lack of distribution of marketing channels of MSMEs in Myanmar, the MSMEs are not adopting the innovative channels of marketing. Their advertisement and sales promotion are comparatively weaker than the multinational companies. The ineffective advertisement and poor marketing channels lead to a very poor selling.

It was also suggested that skilled labors are needed for businesses operation, and getting them at affordable rates has become very difficult. The void of skilled people in various levels of the organization gives rise to issues such as managerial incompetence, lack of proper planning and absence of adequate staff training.

According to survey analysis, all enterprises follow the local tax payment and rules. Most of respondents want to protect for their technology even the protection of trademark is enough with current regulation. It is found to be that their production faced on counterfeit, the regulation system can solve. However, it needs to revise the rules and regulations to consider for future when they enter to global value chain. Because of their business is food production, most respondents want to reduce FDA regulations and food safety for MSMEs.

Only few respondents are agreed on the current statement of repayment on loan's rule and regulation for loan remittance. Most of micro and small level food production want to reduce tax regulations for MSMEs. The total 77.8 % of respondents can run their business with own budget, a few enterprises have got grant from organizations. Only 3.7% of enterprises answered that the grant is same as their required amount. Due to less amount of the loan/grant even they applied with their required amount, 37 % of enterprises are difficult to expand their business.

In accordance with loan, a key informant interviewee said that government regulations which are designed for big corporations cannot be fit to the small corporations therefore limiting their ability to follow and implement them. MSMEs are significantly under financed mainly caused by the logistical difficulties related to lending money to small business. Banks tend to offer loans to MSMEs at unfavorable terms because of high fix costs related to transactions. Tedious loan procedures, huge paperwork, long disbursement periods, collateral requirement and high interest rates are some of the factors that make banks a difficult option for MSMEs loans in Myanmar. The MSMEs are presently facing the problems of credit from the banks. The banks are not providing the adequate amount of loan to the MSMEs. The loan providing process of the banks is very long and formalistic. The owners of the MSMEs has to produce different types of documents to prove their worthiness.

The 85.2% of owners can run their business with the market sustainability as a family business and produce for local market and want to get export market. They used traditional way to get market. The 81.4 % of enterprises used and advertised to

get their market. The rest enterprises need to use digital advertisement and digital marketing system for their development.

For export market analysis, all enterprises have no export market and also, they have less idea for export market. It has been suggested from interviewee, director of SMEs development center, DISI, MOI that the tandem with export market, the government must introduce policies and legislation in relation to management best practices and corporate market which reflect international and regional trade for MSMEs.

In term of institutional framework analysis for MSMEs, the 63.0 % of enterprises have systematic teams for management, financing and planning. Those teams can do future organization plan, connection with other related teams to get market access. Most enterprises have good relationship with business man, professionals, government organization and other companies. Food and beverage enterprises in Yangon East District have the good organizational characteristics.

In term of analysis on entrepreneurial skill and education in MSMEs, 100 % of respondents can do with their ability for success and can solve the difficulties by using different ways. Most enterprises have well trained management people, the innovative staffs and an ability to lay down the future plan of their business. It can be concluded that MSMEs have enough entrepreneurial skill for local production. It needs to further analysis on entrepreneurial skill for export production and competition with other countries.

On the analysis of measure on legislation, regulation and taxation in MSMEs, total 100 % of enterprises can follow the local tax payment and rules, however they want to protect for their existing technology and to protect their business for future. There is enough regulation system for counterfeit in Myanmar.

Because of their business is MSMEs food and beverages production, most MSMEs want to reduce FDA registration regulations and food safety issue. However, the interviewee, the director from FDA department, discussed for this MSMEs' claims that there is no mandatory issue to registration of every food and beverage manufacturing expect purified water manufacturing to FDA. According to current food law, food and beverages manufacturers can run business without registration to FDA, if it is passed their products when FDA checked every food and beverages in the market temporally. If there is found any fault concerned with health issues in those foods, FDA do not allow these products to distribute to the market. So that,

MSMEs can operate their business with good manufacturing practice and good hygiene practices. He said that if food or beverage is not passed FDA investigation for health concern, it should not go to market.

Due to their business is micro and small food production, MSMEs want to reduce tax regulations. For this matter, the officer from internal revenue department, ministry of planning and finance responded that government consider the tax reduction for SMEs based on machine dependent in the Union Tax Law 2018-19. However, it has limitations on SMEs. The taxation system should be adjusted so that it rewards success, encourages setting-up and expanding of small enterprises and creating of new jobs, and facilitates creating and succession of small enterprises.

Analysis on participation of MSMEs in environmental protection, food and beverage enterprises from Yangon East District can manage well the production process systematically to protect pollution to environment, their works do not effect to the public too much. It was also found to be that the most enterprises have been tried to reduce the usage of energy and usage of water for their workplace. Some enterprises deeply concern about paper usage that causes the high consumption of wood from world. So that they are trying to reduce the cutting wood problem and use a lot of money to save our world. It still needs to awareness to give the computer record system for reduction of paper waste and operate with low energy applied process at their workplaces.

There is no more factor of challenges for social sustainability of MSMEs in food and beverage enterprises according to survey analysis. All enterprises aware on a safety and healthy environment for staffs in their workplace and also take social activities and held the development of staffs' professional and personal development in their workplace.

It was to be found that there are some challenges on government official process of MSMEs in food and beverage enterprises. Most enterprises faced barriers on the application of government documentation for their business establishment, the government supportive trainings, government loan and the tax reduction for MSMEs. Even the respondents do not have difficulties to apply official SMEs member, they want to get smoother processing and time reduce processing. Most MSMEs are refused to coordinate with government organizations. Majority of MSMEs refuse to utilize the organization's environment standards because of inadequate support, time

consuming, paper work burdens and general distrust of external intrusion. So that, it is found to be some government processing need to reform for public comfortability.

Other challenges found to be from analysis, the importation of machine and raw materials were come out. For MSMEs required raw material skilled work force and other inputs, which are not available in the market. Due to unavailability of these essentials, it is very difficult to produce the products at affordable prices.

The international market and FAD processing are also challenging for MSMEs from this survey analysis. For the development of food and beverages enterprises in term of investment, staff increment and profit, it can be concluded according to analysis that food and beverage enterprises found the distinct development compare with starting situation. However, they require to study about the development process on regional enterprises how to success and increased in the country economy.

Government tax is not also a challenge for MSMEs development, government is already reducing the tax for small and medium enterprises based on machine operate. It is included in the 2018-2019 Union Tax Law, Statement No.29, according to the interview with officer from Tax Department, Internal Revenue Department. MSMEs people require to get information on Union Tax Law.

According the analysis on the main factors on the challenges for MSMEs development, the respondents agree on all statements expect on environmental and social statements.

So, it can be concluded on the analysis of survey data, the no more expansion for further production, the weak specific work plan and management system, the limited government tax, the advanced own technology and skilled innovative idea, the high price of land, the insufficient amount of investment, the scare of skilled labor and technician, the insufficient amount of government loan/grant, the need of enforcement in law and protection, the insufficient electricity, the less of training programs, the exportation of machines, equipment, raw materials and packaging materials, the lack of international market and the delay of government official processes are the challenges for MSMEs development in Myanmar.

5.2 Recommendations

It needs to establish MSMEs consultation center and technology incubation center around the country. They think about traditional technology is enough for enterprises. There is needed to be awareness to them about important of technology

and advance machine are major roles in their development. There is also needed to upgrade technology and managerial skill through technical cooperation and transfer to reach among the MSMEs people. Sometimes, MSMEs people do not clarify their requirement for the development. They cannot identify what is the main things they needed. So, they need to get better understanding for business development. It also needs to promote finance for MSMEs and establishment of credit facilities and promotion of cooperation and linkage among stakeholders. In accordance with product development, sharing of experience and building up one village one product concept in Myanmar. Appropriate HRD programs are required to conduct the training and supporting measures for capacity building.

MSMEs in our country need to strive towards going along with the transformation and to use digital technology in their manufacturing, service and trading. It is important that any initiative to promote MSMEs development is formed as part of a wider private sector development strategy. An important element to consider in the development of MSMEs supporting policies will be the definition of MSMEs. To enforcement a sound MSMEs development policy and a basis law this could provide comprehensive and clear guidelines.

For the better direction in the future, the need of more interaction and coordination between government agencies and private sector (Public, Private Partnership). The need to give more awareness to the private sector action plans and time lines. Several MSMEs agencies in Myanmar need to give adequate attention to the needs and problems of MSMEs in their work programs. MSMEs face barriers to participation on international markets. However, further substantial efforts are needed to eliminate the remaining obstacles to MSMEs' access to development, particularly through reduction of the requirements.

To assist MSMEs in particular, policymakers' attention has focused on supporting working capital, easing access to finance, implementing a better regulation agenda, and encouraging MSMEs investment in new technologies or markets. When MSMEs become internationalized, particularly when they start exporting to foreign markets, their contribution to their home economy increased. For this to happen, substantial barriers need to be overcome. MSMEs can face difficulties in financing international activity, identifying opportunities and making appropriate contacts in their target markets. So, government must adjust public policy instruments to the needs of MSMEs. For MSMEs to address the market failure that follows them during

their existence, they must make a better use of opportunities offered to them by state aid regulations for supporting start-ups and providing incentives for MSMEs.

Myanmar government will seek in the forthcoming period to improve legislative framework for MSMEs development and its consistent enforcement, improve the training systems, establish an online register system, establish a one-stop shop for collecting the documents needed in registration procedure, improve procedural framework for higher participation of MSMEs in international fair, offer an opportunity to introduce joint ventures for the purpose of higher collaboration of MSMEs, statement of businesses, strengthen cooperation between the public agency and other government authorities aimed at exchange of information, continuous monitoring of MSMEs' reform. Finally, the major policy recommendations are summarized below:

- a) Export oriented food and beverage manufacturing must be created
- b) Market internationalization practices for Myanmar MSMEs would be upgrade
- c) Establish a private MSME development funding agency to enhance MSMEs' access to financing, in collaboration with financial institutions
- d) Establish a MSME technology incubation center and technology transfer center for business concern
- (e) Awareness to MSME people to concentrate technology research and development investment, then how to protect their existing technology
- (f) Consistent MSMEs data are needed for Myanmar to link with regional involvement
- (g) Promotion and awareness for innovation idea business in MSMEs, especially in grassroots level innovators development and go into business with their idea
- (h) Establish a one stop MSME government service centers in each capital of States and Regions of Myanmar
- (i) Establish a private association of MSMEs development agency to aware and enforce existing legal and regulatory regime for MSMEs.

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APPENDIX

Survey

Questionnaires

Date ____/____/2019

Name of Questioner - Ma Thazin Han

Section (1)

Description of Work

1. Name of Business _____

2. Start Year _____

3. Type of Business _____

Production

Raw Production

Service

4. Investment Amount

Below 5 Lakh (Kyats)	
5 Lakh- 50 Lakh (Kyats)	
50 Lakh- 500 Lakh (Kyats)	
500 Lakh- 1000 Lakh (Kyats)	

5. Type of Investment

Own	
Own+ Private Bank	
Own+ Government Bank	
Own+ NGO Grant	
Grant/Loan Only	

6. Number of Employee _____

Demographic Condition of Interviewee

7. Name of Interviewee _____

8. Age _____

9. Gender Male Female

10. Marital Status

Married	
Single	
Others	

11. Nationality _____

12. Education

High School	
Diploma	
Bachelor	
Postgraduate/ Ph.D/Others	

13. Position

Owner+ Manager	
Owner	
Officer	
Others	

14. Address of Business _____ Township _____
District _____

Section (2). Facts on Productivity, Technology and Innovation of Business
Kindly answer your opinion by using mark (√).

No	Statement	Totally Disagree	Disagree	Agree Nor Disagree	Agree	Totally Agree
1	My production is relevant with market demand.					
2	I prefer to produce food product with food safety criteria.					
3	I import machines from foreign country.					
4	I import raw materials and packaging materials from foreign country.					
5	I use my own technology in my work.					
6	I can produce new innovative products.					
7	I attend the training program for expansion of my work.					
8	I can produce smoothly if I get market for my product.					
9	I can produce more if I get loan or grant.					
10	If I get the support such a productivity analyst or technology or management, I can produce more.					

Section (3). Facts on Access to Finance

No	Statement	Totally Disagree	Disagree	Agree Nor Disagree	Agree	Totally Agree
1	I run my business with my own budget.					
2	I have enough own budget for further expansion of my business.					

3	I have got grant from organization.					
4	The grant is same as my required amount.					
5	Due to less amount of the grant even I applied with my required amount it is difficult to expand my business.					
6	I can manage the budget for my business.					

Section (4). Facts on Access to Market and Internationalisation

No	Statement	Totally Disagree	Disagree	Agree Nor Disagree	Agree	Totally Agree
1	My business has the market sustainability.					
2	I produce for local market and want to get export market.					
3	I use traditional way to get market.					
4	I use to advertise with digitalized technology improve product quality change packaging quality.					
5	I use Facebook website to get market.					
6	My product is for export market.					
7	I have a plan to connect with foreign country to get market for my product.					
8	Although I have to get market expand it is very slow to grow market due to I do not know how to do.					
9	I showed my products in local trade fair to get market.					
10	I expect that my product market will be growing.					

Section (5). Facts on Industrial Framework of Enterprises

No	Statement	Totally Disagree	Disagree	Agree Nor Disagree	Agree	Totally Agree
1	My work has management team, finance team, manufacturing team, market team, planning team.					
2	My team has future organization plan.					
3	My team obey the return procedure of loan.					

4	My team connects with other related teams to get market access.					
5	My team has good relationship with businessman, professionals' government organization and other companies.					

Section (6). Facts on Entrepreneurial Skills and Education of Enterprise

No	Statement	Totally Disagree	Disagree	Agree Nor Disagree	Agree	Totally Agree
1	I do my work with my ability for success.					
2	I can solve difficulties by using different ways.					
3	My work has well trained management people.					
4	My staffs can do innovation and they are invited as a professional for seminars.					
5	I have an ability to lay down the future plan of my business.					
6	I have an ability to decide the future plan of my business.					
7	I always create the staffs' efficiency trainings for development.					

Section (7). Facts on Legislation, Regulation and Tax of Business

No	Statement	Totally Disagree	Disagree	Agree Nor Disagree	Agree	Totally Agree
1	I follow the local tax payment and rules.					
2	It is needed to protect for my technology.					
3	It is enough to protect my business trademark with current regulation.					
4	Although my production faced on counterfeit but it is difficult to solve.					
5	It is needed rules and regulations for safe of my business.					
6	Because of my business is MSMEs food production, I want to reduce FDA regulations and food safety for MSMEs.					

7	The payment of loan's rule and regulation is a barrier for loan remittance.					
8	Because of my business is MSMEs food production, i want to reduce tax regulations for MSMEs.					

Section (8). Facts on Environmental Policies for MSMEs

No	Statement	Totally Disagree	Disagree	Agree Nor Disagree	Agree	Totally Agree
1	My work causes environmental pollution by air or water or smell or noisy.					
2	I manage the production process systematically to protect pollution.					
3	My work has been tried to reduce the usage of energy.					
4	My work has been tried to reduce the usage of water.					
5	My work has computer record system to reduce the usage of paper.					
6	My work runs with low energy applied process.					

Section (9). The Condition of Social sustainabilityof MSMEs

No	Statement	Totally Disagree	Disagree	Agree Nor Disagree	Agree	Totally Agree
1	I accept the all necessities for development of my business in line with social sustainability.					
2	There is a safety and healthy environment for employee.					
3	My work always involves in social activities.					
4	There is an equal situation with working and family life for employees.					
5	It takes care for development of employees' professional and development.					
6	It has a workers' social welfare program.					

Section (10). Concerns on Government Supports

No	Statement	Totally Disagree	Disagree	Agree Nor Disagree	Agree	Totally Agree
1	There is a barrier to apply the government documentation for my business establishment.					
2	It is easy to apply official SMEs member.					
3	It has the government supportive trainings for my work.					
4	I got government loan for my business.					
5	I got a chance for tax reduction due to my business is for MSMEs.					
6	There is special consideration for importation of machine for MSMEs people.					
7	There is the special system for FDA food safety regulation for MSMEs business.					
8	When I request the special training program for food related issue to respective department they give me training.					
9	I got international market by matching of government organization.					

Section (11). Business Deployment Facts

No	Statement	Totally Disagree	Disagree	Agree Nor Disagree	Agree	Totally Agree
	From 2014 to 2018 Business Development Conditions					
1	I have business development.					
2	The profit is increased yearly.					
3	Employees are increased.					
4	Investment is increased.					

Section (12). The Factors for Challenges of Development of Business

No	Statement	Totally Disagree	Disagree	Agree Nor Disagree	Agree	Totally Agree
1	Cannot effort to expand further production in my workplace is a barrier for development					
2	Cannot effort to do specific work plan and management system in my workplace is a barrier for development					
3	Do not reduce the government tax in MSMEs is a barrier for development					
4	Do not have own technology and innovative idea in my workplace is a barrier for development					
5	High price of land in Yangon is a barrier for development					
6	Insufficient amount of investment in my workplace is a barrier for development					
7	Difficult to get skill labor and technician in my workplace is a barrier for development					
8	No government loan grant support in my workplace is a barrier for development					
9	Low enforcement in law and protection for MSMEs is a barrier for development					
10	Insufficient electricity in my workplace is a barrier for development					
11	Do not get training program in my workplace is a barrier for development					
12	Raw materials and packaging materials import from foreign country is a barrier for development					
13	Machines and equipment's import from foreign country is a barrier for development					
14	Doing environmental and social welfare in my workplace is a barrier for development					

The Condition of Business between 2014 and 2018

Year	Investment Amount (Kyats)	No of Employee
2014		
2015		
2016		
2017		
2018		
2019		

Profit Condition

According to Investment, it is described by percentage of profit.

Please select percentage accordance with your condition of business with mark (✓).

% Yrs	0 %	10%	20%	30%	40%	50%	60%	70%	80%	90%	100 %
2014											
2015											
2016											
2017											
2018											
2019											

Thank you so much for your cooperation!