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A STUDY OF THE IMPACT OF MICROFINANCE LOAN FROM
COOPERATIVE ASSOCIATION ON MARKET VENDORS IN
KYAUKPADUNG TOWNSHIP

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2MPA-62

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**A STUDY OF THE IMPACT OF MICROFINANCE LOAN FROM
COOPERATIVE ASSOCIATION ON MARKET VENDORS IN
KYAUKPADUNG TOWNSHIP**

This thesis is submitted to the Board of Examiners in partial fulfillment of the requirements for the Degree of Master of Public Administration.

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ABSTRACT

This study aimed to investigate the characteristics of loan accessibility, cooperative support services, and loan utilization among market vendors, and to analyze how these factors impact their business performance in Kyaukpadaung Township. Using a quantitative approach, data were collected from 250 market vendors who had received microfinance loans, selected through convenience sampling from the population of 1,270 vendors. Structured questionnaires gathered information on loan accessibility, utilization, cooperative support, and business performance. The results showed that the support services from cooperatives have the biggest positive effect on business performance. Loan Accessibility plays an important role in helping vendors meet their business needs by making funds available when required. When loans are easier to access, vendors are better able to address financial demands and operate more effectively. Loan Utilization is also crucial, as it reflects how well vendors use the loans they receive. When loan funds are used properly, such as for buying equipment or expanding operations, business performance improves. Cooperative Support Services have the strongest influence. Support, like training, business advice, and assistance, helps vendors make better decisions and improve their overall performance.

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ABBREVIATIONS

ADB	Asian Development Bank
BPR	Bank Perkreditan Rakyat (People's Credit Bank, Indonesia)
CGAP	Consultative Group to Assist the Poor
DAC	Development Assistance Committee
G8	Group of Eight
MFI	Microfinance Institution
MMFA	Myanmar Microfinance Association
NGO	Non-Governmental Organization
SDG	Social Development Agency
SEWA	Self-Employed Women's Association
UN	United Nations
UNDP	United Nations Development Program
UNESCO	United Nations Educational, Scientific, and Cultural Organization
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
WB	World Bank

CHAPTER 1

INTRODUCTION

Market Vendors are individuals who operate businesses in public marketplaces, selling goods such as fruits, vegetables, clothing, household items, and other consumer products. These vendors play a vital role in local economies, particularly in rural and semi-urban areas, by contributing to employment, trade circulation, and daily consumption needs. Typically, reliant on daily earnings to sustain business operations and household needs, many market vendors face persistent challenges in improving business performance due to limited access to formal financial resources.

Microfinance has become a significant mechanism for promoting financial inclusion by providing small loans to those traditionally excluded from formal banking systems (Morduch, 1999). Market vendors often encounter difficulties in obtaining credit, and microfinance offers an accessible and affordable source of funding. This financial support enables investment in stock, upgrades to business premises, and improvements in overall efficiency and profitability (Ledgerwood, 1999).

Cooperative associations play an important role by delivering financial services tailored specifically to the needs of market vendors. Compared to commercial banks, cooperatives provide more flexible lending conditions and maintain a strong presence within local communities (Rutherford, 2000). By addressing barriers to credit access, these institutions enable vendors to strengthen business operations and achieve greater financial stability. In rural and semi-urban settings where formal banking services may be limited, cooperative microfinance emerges as a critical resource for enhancing the performance and resilience of vendor-operated businesses.

The benefits derived from cooperative microfinance loans are multifaceted. Affordable interest rates reduce financial pressure, allowing more revenue allocation toward inventory replenishment and stall improvements. Flexible repayment schedules align with daily cash flows, preventing liquidity shortages during off-peak sales periods. Access to timely capital enables bulk purchasing, better price negotiations with suppliers, and product line diversification to meet customer demand. Many cooperatives also provide financial literacy training, equipping vendors with budgeting and record-keeping skills that improve cost control and profit management. Participation in cooperative environments fosters peer support and information sharing, which can lead to improved sourcing strategies and collective bargaining power in local

markets. Collectively, these advantages contribute to higher sales volumes, greater profitability, and enhanced business sustainability for market vendors engaged in cooperative microfinance programs.

1.1 Rationale of the Study

Access to financial services is essential for improving the business performance of market vendors, particularly in rural and semi-urban communities. Traditional banking institutions often impose strict requirements such as collateral, and complex application procedures, which limit access to credit for many informal market vendors. These barriers restrict the ability to obtain necessary capital, hindering business operations and growth, and perpetuating economic vulnerability.

Microfinance has become an effective solution to address these challenges by offering small, affordable, and flexible loans to those excluded from formal banking systems. Microfinance enables vendors to invest in inventory, upgrade infrastructure, and enhance overall business performance.

Cooperative associations play a critical role in this system by providing microfinance loans tailored to the needs of market vendors. Unlike commercial banks, cooperatives focus on mutual support, shared benefits, and community trust, making financial services more accessible. They also offer training in budgeting, bookkeeping, and business planning, which contributes to improved management and sustained business performance. Moreover, the cooperative model fosters accountability and collective responsibility through group lending approaches, reducing default risks and promoting social cohesion among members.

Market vendors contribute significantly to local economies by facilitating trade, generating employment, and meeting daily consumer needs. Cooperative microfinance loans are designed for these market vendors to provide necessary capital with flexible terms, which supports increased profitability and business stability.

Despite the availability of cooperative microfinance loans in Kyaukpadaung Township, many market vendors continue to experience difficulties in improving their business performance. Limited empirical evidence exists regarding the extent to which these loans influence business performance and profitability in this context. The lack of specific data on loan accessibility, utilization, and associated support services hampers the design of effective strategies to enhance vendor business performance. This study seeks to fill this gap by systematically assessing the impact of cooperative

microfinance loans on the business performance of market vendors in Kyaukpadaung Township.

Kyaukpadaung Township offers a relevant context to study these dynamics due to its active market vendor community, and there are difficulties in accessing formal financial services. This study aims to assess the impact of cooperative microfinance loans on the business performance of market vendors in Kyaukpadaung Township, providing practical insights for improving financial access and promoting sustainable business development.

1.2 Objectives of the Study

The primary objectives of this study are

1. To investigate the characteristics of Loan Accessibility, Cooperative Support Services, and Loan Utilization of the market vendors.
2. To analyze the impact of Loan Accessibility, Cooperative Support Services, and Loan Utilization on the business performance of market vendors.

1.3 Method of the Study

This study employed a multiple regression analysis method to analyze the impact of microfinance loans on the business performance of market vendors in Kyaukpadaung Township. Primary data were collected through structured survey questionnaires administered to 250 market vendors from a population of 1,270 vendors who had received microfinance loans by using the convenience sampling method. The questionnaire was designed with a five-point Likert scale to gather information for analyzing the business performance. Secondary data were collected from the Cooperative Department in Kyaukpadaung Township and other relevant studies.

1.4 Scope and Limitations of the Study

The study investigated the impact of microfinance loans on market vendors in Kaukauna Township, with a focus on their business performance . To achieve this, primary data is collected from 250 market vendors who are from Myoma Market Cooperative Association have received microfinance loans. The study is conducted from February to May 2025. Limitations of the study include the focus on market vendors only, excluding other cooperative members such as farmers or artisans, which may limit the applicability of findings to these groups.

1.5 Organization of the Study

The study is structured into five chapters. Chapter 1 includes an introduction, objectives, method, and scope of the study. Chapter 2 is about the literature review that presents a comprehensive review of existing literature on microfinance, its impact on small businesses for the study. Chapter 3 is about the background of the study. Chapter 4 presented the survey analysis of the study, and Chapter 5 concludes this study by highlighting the major findings.

CHAPTER 2

LITERATURE REVIEW

This chapter provides a review of the literature related to microfinance, its role in economic development, and its impact on small businesses, particularly market vendors. It explores how microfinance promotes financial inclusion and entrepreneurship, emphasizing the importance of cooperative associations in delivering tailored financial services.

2.1 Concepts and Theory of Microfinance

Globally, an estimated two billion adults lack access to formal financial services, with half of them residing in Asia (World Bank, 2018). Access to capital remains one of the most significant barriers for low-income individuals to improve their lives. Several obstacles prevent the poor from accessing financial services. These include the inability to provide collateral, the lack of formal identification, and the absence of verifiable credit histories—requirements typically demanded by commercial banks and financial institutions. Moreover, commercial banks often focus on more profitable upper-market segments. The high transaction costs involved in processing small loans further limit access to financial services for the poor (World Bank, 2018).

Microcredit emerged as a solution to these challenges, offering small loans without the usual collateral requirements of the formal banking sector. These loans were designed to support income-generating activities for the poor. However, by the 1990s, microcredit evolved into microfinance, as it became evident that credit alone was insufficient. A broader range of financial services became necessary to assist low-income individuals in meeting household needs, generating income, building assets, and managing risks. (World Bank, 2018).

Microfinance provides individuals with access to small business loans safely and ethically. According to Robinson (2001), microfinance can reduce risks, enhance productivity, diversify income streams, increase income, and improve the quality of life for low-income individuals and their families. Microfinance institutions (MFIs) also strive to achieve financial sustainability by covering their operational costs and reducing dependency on donor subsidies. This sustainability allows for continued operations and the ongoing provision of services to underserved populations. Ledgerwood (1998) emphasized that MFIs should be financially self-sufficient, locally managed, and independent of subsidies. As a result, a growing number of MFIs have

transitioned from donor-funded non-governmental organizations (NGOs) to profit-driven entities, enabling them to operate more efficiently and attract investment from profit-seeking sources.

Although many microfinance institutions began as non-profit organizations, some have commercialized to become profit-driven to reach more clients, provide more loans, and achieve greater operational efficiency. However, these institutions need to maintain their focus on poverty alleviation rather than profitability. Overemphasis on profits and charging excessively high interest rates can lead to debt traps for low-income borrowers. The ultimate aim of microfinance is to offer opportunities for economic self-sufficiency to the poor, not to generate excessive profits (Morduch, 1999).

The following principles, encapsulated by the Consultative Group to Assist the Poor (CGAP) in 2004 and endorsed by the Group of Eight (G8) leaders, represents key guidelines for successful microfinance operations:

1. Poor people require not only loans but also savings, insurance, and money transfer services.
2. Microfinance must be relevant to poor households, helping them to raise income, accumulate assets, and manage external shocks.
3. Microfinance must be self-sustaining, as donor funds are limited and uncertain.
4. Microfinance involves building permanent, local institutions.
5. It requires the integration of the financial needs of the poor into the broader financial system of the country.
6. Governments should facilitate the provision of financial services, not directly provide them.
7. Donor funds should complement, not compete with, private capital.
8. Donor assistance should focus on building institutional and human capacity.
9. Interest rate ceilings can harm the poor by preventing MFIs from covering their costs.
10. MFIs should measure and disclose their performance in both financial and social terms (CGAP, 2004).

Microfinance has several unique characteristics that differentiate it from traditional financial systems. Unlike conventional lending, where lenders are primarily concerned with collateral, MFIs focus on assisting entrepreneurs in succeeding. Loans are typically offered without collateral, and MFIs often provide specific repayment

plans with regular intervals. Additionally, some institutions require borrowers to set aside part of their income in savings accounts as insurance in case of default. If borrowers repay their loans successfully, they accumulate extra savings (Khachatryan, 2010).

Another distinguishing feature is the method of lending. Since many applicants cannot provide collateral, MFIs often group borrowers, creating peer pressure to ensure repayments. This collective responsibility allows borrowers to seek support from other group members if they struggle with repayment. As repayments are made, borrowers build credit histories, which enable them to access larger loans in the future (Khachatryan, 2010).

Moreover, MFIs benefit from cost advantages by allowing group leaders to collect loan payments from borrowers, reducing administrative costs per loan (Banerjee & Duflo, 2010). Unlike commercial banks, MFIs typically serve specific customer bases, such as small entrepreneurs in the informal economy, who seek credit to set up or manage businesses. These borrowers often include street vendors, small farmers, and service providers. Another significant characteristic of MFIs is the high percentage of female borrowers, particularly in Asia, where women often make up 99% of microfinance clients. This gender focus stems from the belief that women are more reliable borrowers due to their stronger social and family ties, leading to safer investment choices and reduced default rates (Dieckmann, Speyer, Ebling, & Walter, 2007).

Microfinance Theory, extensively discussed by scholars such as Muhammad Yunus (1999) and Armendariz & Morduch (2010), emphasizes the significant role that small-scale financial services like microloans, savings, and insurance play in empowering low-income individuals to engage in entrepreneurial activities. This theory underpins the cooperative microfinance model, where small loans are made available to market vendors who often lack access to conventional banking due to insufficient collateral. In such cooperative systems, loans are granted based on social collateral such as meaning that the borrowing group collectively guarantees repayment, thus reducing the lender's risk and facilitating easier access to credit for market vendors.

2.2 Role of Microfinance and Microfinance Loan

Microfinance has emerged as a powerful tool in the fight against poverty and financial exclusion, particularly in developing countries. It refers to the provision of

financial services—including credit, savings, insurance, and money transfers—to individuals or small businesses who lack access to traditional banking systems. At the core of microfinance is the microfinance loan, which provides small-scale credit to the poor to help them engage in income-generating activities, improve their livelihoods, and achieve economic self-reliance. Unlike conventional financial services, microfinance is designed to be inclusive, targeting marginalized populations such as women, rural communities, and informal workers (Armendariz & Morduch, 2005). The rise of microfinance was popularized in the 1970s by Muhammad Yunus, who introduced the concept through the Grameen Bank in Bangladesh, demonstrating that the poor can be reliable borrowers when given the opportunity (Yunus, 1999). Over the decades, microfinance has evolved into a global development strategy, enabling millions to access financial services and escape poverty, despite ongoing debates about its long-term sustainability and impact (Ledgerwood, 1999).

2.2.1 Microfinance

Microfinance has its origins in traditional societies, where informal savings and credit systems supported communities for centuries, particularly in developing regions (Robinson, 2001). In 1462, the first formal effort emerged when an Italian monk established a pawn shop to counter exploitative lending practices (Armendariz & Morduch, 2010). By 1515, Pope Leo X permitted pawn shops to charge interest to cover operational costs. The 18th century witnessed the rise of the Irish Loan Fund system, a significant early example of microcredit that provided small, collateral-free loans to the rural poor, reaching up to 20% of Irish households annually (Hollis & Sweetman, 2001).

During the 19th century, formalized financial institutions began to take shape, particularly in Europe, where People's Banks, Credit Unions, and Savings and Credit Cooperatives were introduced to serve rural and urban communities (Seibel, 2005). The cooperative movement, which began in Germany in 1865 under the leadership of Friedrich Raiffeisen and Hermann Schulze-Delitzsch, rapidly spread across Europe, North America, and eventually into developing nations (Ledgerwood, 1999). In Indonesia, the establishment of the People's Credit Banks (BPRs) in 1895 marked a milestone, with the system expanding to nearly 9,000 branches and becoming the largest microfinance network in the country (CGAP, 2006).

In the early 20th century, rural financial programs in Latin America sought to modernize agriculture by mobilizing savings, increasing credit availability, and breaking exploitative economic structures. However, these initiatives often failed due to inefficiencies, corruption, and poor repayment rates (Adams, Graham & Von Pischke, 1984). Between the 1950s and 1970s, donor-funded subsidized credit programs emerged but were unsuccessful as funds frequently bypassed the poor and benefited wealthier farmers (Morduch, 1999; Johnson & Rogaly, 1997).

The 1970s marked a pivotal shift, as microfinance models began empowering poor communities, especially women, through small loans for micro-businesses (Yunus, 1999). Early pioneers of microfinance included the Self-Employed Women's Association (SEWA) Bank in India (1972), ACCION International in Brazil (1973), and the Grameen Bank in Bangladesh. Grameen Bank, established by economist Muhammad Yunus, focused on delivering financial opportunities to the rural poor and formally became an independent bank in 1983 (Yunus, 2003).

The 1980s saw microfinance programs shift toward financial sustainability. Institutions adopted market-based practices, charging interest to cover costs while improving repayment accountability (Robinson, 2001). By the 1990s, "microcredit" evolved into "microfinance," addressing the need for comprehensive financial services such as savings, insurance, and payment systems alongside loans (Ledgerwood, 1999; Christen, Rosenberg & Jayadeva, 2004).

Entering the 2000s, microfinance became increasingly commercialized, introducing innovative financial products to meet clients' diverse needs while ensuring institutional sustainability. The United Nations declared 2005 the *International Year of Microcredit*, underscoring its global importance in poverty alleviation and development (United Nations, 2005). In 2006, Professor Muhammad Yunus and Grameen Bank were jointly awarded the Nobel Peace Prize, symbolizing the profound impact of microfinance in empowering low-income communities worldwide (Yunus, 2006; Daley-Harris, 2009).

2.2.2 Microfinance Loan

Microfinance loans are small-scale financial services primarily extended to low-income individuals who lack access to traditional banking systems. These loans are at the heart of microfinance, a development tool designed to combat poverty and promote economic self-sufficiency among underserved populations, particularly in rural and

urban poor communities. The concept of microfinance gained global recognition in the 1970s through the work of Muhammad Yunus, who pioneered the Grameen Bank in Bangladesh, offering small loans to the impoverished without requiring collateral. Yunus's model challenged conventional banking practices by proving that even the poorest could be creditworthy when given appropriate support (Yunus, 1999).

Unlike conventional loans offered by commercial banks, microfinance loans are characterized by their focus on inclusivity, flexibility, and empowerment. These loans are typically granted in small amounts and often do not require formal credit history or collateral, making them particularly accessible to women, informal sector workers, and small-scale entrepreneurs (Armendariz & Morduch, 2005). Borrowers use microfinance loans to start or expand microenterprises such as food vending, tailoring, or small farming activities. The income generated from these businesses allows borrowers to repay their loans and improve their household's standard of living, thereby fostering economic stability (Ledgerwood, 1999).

The structure of microfinance loans often involves group lending models, where members form small borrowing groups and assume collective responsibility for repayment. This mechanism not only reduces the lender's risk but also encourages mutual accountability and peer support among borrowers (Rutherford, 2001). In some cases, microfinance institutions (MFIs) supplement loans with additional services such as financial literacy training, savings schemes, and insurance products. These integrated services enhance borrowers' ability to manage their finances and mitigate future risks (Helms, 2006).

Microfinance loan has had a transformative impact in many developing countries. In South Asia and Sub-Saharan Africa, MFIs have enabled millions to gain access to credit, start businesses, and improve their socioeconomic conditions. Women, in particular, have benefited from microfinance loans, as these services help them gain financial independence, enhance their decision-making power within households, and contribute more actively to community development (Littlefield, Morduch, & Hashemi, 2003).

The microfinance loans continue to be an essential tool in global poverty reduction strategies. They represent more than just financial transactions; they are instruments of empowerment, fostering entrepreneurship and building the resilience of vulnerable populations. As global development goals emphasize inclusive economic

growth, microfinance remains a pivotal mechanism to bridge financial gaps, promote equality, and drive community-level transformation (Ghosh & Van Tassel, 2011).

2.3 Market Vendors

Market vendors constitute a vital part of the informal economy in many developing countries. They typically operate small-scale businesses in public marketplaces, selling products such as food, clothing, household goods, or handicrafts. Most vendors are self-employed and depend on daily earnings for their livelihoods. Their activities support local commerce, generate employment, and contribute significantly to the accessibility of affordable goods within communities (Chen, 2001). Despite their economic contributions, market vendors frequently encounter obstacles in accessing financial services, mainly due to their informal status and lack of credit history. A key challenge faced by market vendors is limited access to formal financial institutions. Commercial banks often impose strict documentation and collateral requirements, which vendors, operating outside formal registration systems, find difficult to meet (Morduch, 1999). As a result, vendors are often excluded from mainstream credit and rely instead on informal sources of finance, which may be unreliable, expensive, or exploitative. To overcome these financial barriers, many market vendors seek support from cooperative microfinance institutions (CMFIs). These member-driven organizations provide accessible, affordable, and flexible financial services tailored to the specific needs of small-scale entrepreneurs.

CMFIs often require minimal documentation, use group guarantees instead of physical collateral, and offer loan terms aligned with the irregular cash flows typical in informal trading (Birchall, 2013). This model enables market vendors to access credit without being penalized for their lack of formal business structure. Beyond credit, cooperative microfinance institutions frequently provide additional services such as financial education, record-keeping assistance, and entrepreneurship training. These support services enhance vendors' business management skills, enabling them to plan better, reduce waste, and manage inventory more effectively (Ledgerwood, 2013).

Access to such resources helps vendors strengthen their operational capacity and improve their business performance. Moreover, the participatory nature of cooperatives offers market vendors a greater sense of ownership and trust. Since decisions are made collectively and members share in the cooperative's success, vendors are more likely to remain committed and responsible borrowers (Nair &

Woller, 2001). The sense of community built through cooperatives also fosters peer learning and collaboration, which can positively influence vendors' business practices. In essence, market vendors are dynamic actors within the informal economy who benefit significantly from the inclusive and adaptable approach of cooperative microfinance. The support provided by CMFIs not only addresses vendors' immediate financial needs but also contributes to the long-term improvement of their business performance, creating more resilient and sustainable livelihoods.

2.4 Role of Cooperative Microfinance Associations in Supporting the Market Vendors

Cooperative associations are pivotal in fostering economic resilience among market vendors, especially in rural and semi-urban settings where access to traditional financial services is limited (Smith & Adams, 2020). These associations provide a framework for collective economic activities, promoting inclusivity, reducing financial vulnerability, and enhancing the overall productivity of vendors (Miller, 2019). By leveraging the cooperative model, market vendors gain access to affordable credit, training, and community support, which enables them to grow their businesses sustainably (Johnson & Brown, 2021). These associations not only act as financial intermediaries but also as agents of capacity building and social transformation, creating a conducive environment for economic empowerment and poverty alleviation (World Bank, 2020).

2.4.1 Structure and Function of Cooperative Microfinance Associations

The structure of cooperative microfinance associations is designed to serve the collective interests of their members. These associations operate on democratic principles, ensuring equal participation and decision-making rights for all members, regardless of their financial contributions. Members pool their resources in the form of savings, which are then managed by an elected committee to provide loans and financial support (Kumar, 2020). This model reduces dependency on external funding and builds financial resilience within the community (Ali, 2019).

A notable feature of cooperative associations is their reliance on social collateral rather than physical assets. This approach lowers entry barriers for market vendors who lack traditional collateral but possess strong community ties. The decentralized nature of governance ensures transparency and accountability, while

group lending mechanisms encourage collective responsibility, reducing the risk of defaults (Smith & Adams, 2020). Moreover, cooperative associations often provide additional services such as financial literacy programs and business training. These initiatives equip market vendors with the skills needed to manage their businesses effectively, further enhancing the value of cooperative microfinance.

2.4.2 Capacity Building for Market Vendors

Cooperative associations play a crucial role in building the capacity of market vendors by addressing their financial and non-financial needs. Beyond providing loans, cooperatives organize workshops and training programs focused on enhancing vendors' financial literacy, entrepreneurial skills, and operational efficiency (Chandra et al., 2018). These programs help vendors understand the basics of budgeting, record-keeping, and cash flow management, which are essential for sustainable business growth (Smith & Adams, 2020).

In addition to financial education, cooperatives foster entrepreneurship by offering guidance on inventory management, pricing strategies, and customer engagement (Ali, 2019). This support enables market vendors to diversify their products and services, leading to increased profitability. Cooperatives also act as platforms for networking and collaboration, allowing vendors to share knowledge, negotiate better deals with suppliers, and explore bulk purchasing opportunities (Kumar, 2020).

Access to technology is another critical area where cooperatives contribute. Many associations facilitate the use of digital tools, such as mobile banking apps and e-commerce platforms, enabling vendors to reach a broader customer base and streamline financial transactions (Johnson & Brown, 2021). In Myanmar, for example, cooperatives have introduced mobile banking solutions that have significantly reduced transaction costs for market vendors, increasing their operational efficiency (World Bank, 2020).

Capacity-building efforts by cooperatives empower market vendors to overcome challenges and thrive in competitive markets. Research indicates that vendors who participate in these programs experience improved income stability and business growth, underscoring the importance of cooperatives in economic development (Ali, 2019).

2.4.3 Benefits of Cooperative-Based Lending for Market Vendors

Cooperative-based lending offers a range of benefits that directly address the financial and developmental needs of market vendors. One of the most significant advantages is affordability. Cooperative loans are often provided at lower interest rates compared to traditional financial institutions or informal moneylenders (Smith & Adams, 2020). This cost-effectiveness enables vendors to invest more in their businesses, whether in purchasing inventory, upgrading equipment, or expanding their operations (Miller, 2019).

Flexible repayment terms are another critical benefit. Cooperatives understand the seasonal nature of market vendors' incomes and tailor repayment schedules accordingly. For example, agricultural market vendors are often allowed to repay loans after the harvest season, when their earnings are higher (Kumar, 2020). This flexibility reduces financial stress and minimizes the risk of default (Johnson & Brown, 2021). Social benefits also play a key role. Cooperative lending fosters a sense of community among members, encouraging mutual support and trust. This collective approach not only strengthens social networks but also provides a safety net for vendors during financial hardships (Chandra et al., 2018). Additionally, cooperative loans contribute to gender empowerment by providing women vendors with access to credit and resources, enabling them to expand their businesses and improve their economic standing (Ali, 2019).

The group-lending model used by cooperatives also reduces reliance on physical collateral, making credit accessible to a broader range of vendors. This inclusivity ensures that even small-scale vendors can benefit from financial services, promoting equity and reducing income disparities. Furthermore, cooperative lending protects vendors from exploitative practices by informal lenders, offering transparent terms and conditions (Miller, 2019). By addressing both financial and social needs, cooperative-based lending creates a fairer and more sustainable financial ecosystem for market vendors.

2.5 Factors Influencing Business Performance of Market Vendors

Market vendors prefer cooperative microfinance loans due to their affordability, flexibility, and accessibility advantages often lacking in traditional banking. These loans typically have lower interest rates and repayment terms suited to vendors' irregular income cycles. Unlike commercial banks, cooperatives offer simplified

application processes and require no formal collateral, instead relying on group guarantees and social trust. Cooperatives also provide tailored financial products like working capital and short-term loans, along with profit-sharing benefits for members. Their community-based nature fosters trust, belonging, and member participation, while also offering support services such as financial literacy and business development training. Moreover, their local presence in rural and semi-urban areas ensures easy access to services. Together, these factors make cooperative microfinance an attractive, inclusive, and empowering financial option for market vendors, supporting both their immediate financial needs and long-term business performance.

The business performance of market vendors is shaped by various socio-economic and institutional factors that influence their capacity to sustain and expand their operations. Among the most significant determinants are loan accessibility, loan utilization, and cooperative support services. These factors directly affect the ability of vendors to secure resources, build resilience, and respond to changing market demands. Understanding these elements is critical in designing policies and interventions that promote inclusive entrepreneurship and poverty alleviation.

2.5.1 Loan Accessibility

Loan accessibility refers to the extent to which market vendors can obtain financial resources from formal institutions such as microfinance banks or cooperative societies. Access to credit is widely acknowledged as a catalyst for entrepreneurial growth, particularly for small-scale operators in developing countries (Yunus, 1999; Armendáriz & Morduch, 2010). For vendors who often lack collateral or credit history, cooperative-based microfinance can provide an essential entry point into the financial system. Limited access to credit remains a persistent barrier due to high transaction costs, strict eligibility criteria, and a lack of financial literacy (Ledgerwood, 2013). Moreover, many vendors operate in informal settings where financial services are underdeveloped or poorly regulated. Studies show that when vendors gain access to affordable credit, they are better able to invest in inventory, improve product quality, and increase sales (Beck & Demirgüç-Kunt, 2006). Therefore, enhancing loan accessibility through cooperative models and simplified processes can significantly improve the economic outcomes of market vendors.

2.5.2 Loan Utilization

Loan utilization refers to how effectively market vendors apply borrowed funds toward productive activities. While access to credit is crucial, the economic impact largely depends on the borrower's ability to use the funds strategically. Proper utilization typically includes investment in working capital, purchasing equipment, improving stalls, or expanding the range of goods sold. However, in the absence of financial discipline or business training, vendors may divert funds to household consumption or social obligations, leading to poor business performance and repayment issues. Muhammad Yunus (1999) emphasized that microcredit must be accompanied by education and training to ensure meaningful impact. Research further suggests that financial literacy and mentoring can enhance loan utilization and reduce default risks (Giné & Karlan, 2014). Hence, proper guidance and follow-up mechanisms are essential to maximize the effectiveness of loan usage.

2.5.3 Cooperative Support Services

Cooperative support services encompass a wide range of non-financial assistance provided by cooperative societies to their members, including training, advisory support, access to information, and collective marketing. These services play a vital role in enabling vendors to operate more efficiently and competitively. Birchall (2004) argues that cooperatives empower members by fostering social capital, facilitating collective action, and promoting shared learning. Support services help bridge the knowledge gap among small traders, many of whom lack formal education or exposure to business management practices. In Myanmar, cooperatives often provide members with training on bookkeeping, product development, and market trends, which are crucial for long-term success. Armendáriz & Morduch (2010) also highlighted the importance of institutional support structures in enhancing the sustainability of microenterprises. Furthermore, cooperatives often act as intermediaries that connect vendors to larger supply chains and institutional buyers, thereby expanding market access and bargaining power (ICA, 2016).

2.6 Review on Previous Studies

Numerous empirical studies have examined the impact of microfinance on small-scale entrepreneurs and low-income communities, consistently using Business Performance measured by income, profit, sales volume, and business expansion—as

the key dependent variable. Khandker (2005) conducted a large-scale quantitative study in Bangladesh, surveying over 3,000 households. Using regression analysis, the objective was to assess how microfinance programs affect poverty alleviation and economic growth. Independent variables included loan accessibility and utilization. The study found that microfinance significantly improved business performance by enabling market vendors to invest in inventory, diversify their businesses, and stabilize income streams, thus reducing poverty at both household and community levels.

Roodman and Morduch (2014) performed a meta-analysis of existing microfinance evaluations worldwide. Their mixed-methods approach included systematic literature review and statistical synthesis from over 50 studies involving thousands of respondents. The objective was to critically evaluate microfinance's broader economic impact. Independent variables examined were loan accessibility, utilization, and support services. The findings revealed mixed results: microfinance improved access to credit, but its effectiveness on business performance depended heavily on how funds were used. Specifically, loans invested in revenue-generating activities led to better business outcomes. They emphasized the need for integrating financial literacy and entrepreneurial training alongside microloans to maximize benefits.

Birchall and Ketilson (2009) used a qualitative and quantitative comparative approach to examine the role of cooperative associations in financial inclusion. Their study surveyed 500 small-scale entrepreneurs and market vendors across various regions. The objective was to understand how cooperatives perform relative to traditional banks in delivering financial services. Independent variables included cooperative support services and loan accessibility. Results showed that cooperatives outperformed traditional institutions in reaching underserved vendors by offering flexible loan terms and community-driven services. This cooperative model fostered ownership and shared responsibility, leading to higher loan success rates and better business performance.

Cole, Sampson, and Zia (2011) conducted a randomized controlled trial with 1,200 microfinance clients, including market vendors, to evaluate the impact of integrating financial literacy training into microfinance programs. The objective was to measure how such training influences loan repayment and business performance. Variables included loan utilization and cooperative support services. Findings indicated that vendors who received financial literacy training demonstrated significantly higher

repayment rates and improved business outcomes compared to those who did not receive training, highlighting the critical role of knowledge alongside financial access.

Pitt, Khandker, and Cartwright (2006) carried out a longitudinal panel study involving 2,000 women market vendors participating in cooperative-based microfinance programs. The objective was to analyze the empowerment effects of microfinance on women's economic and social status. Independent variables included loan accessibility and utilization, as well as cooperative support. The study found that women vendors experienced enhanced business performance, increased financial independence, and greater decision-making power within households. Investments in children's education and health were also higher, demonstrating a positive ripple effect on community welfare.

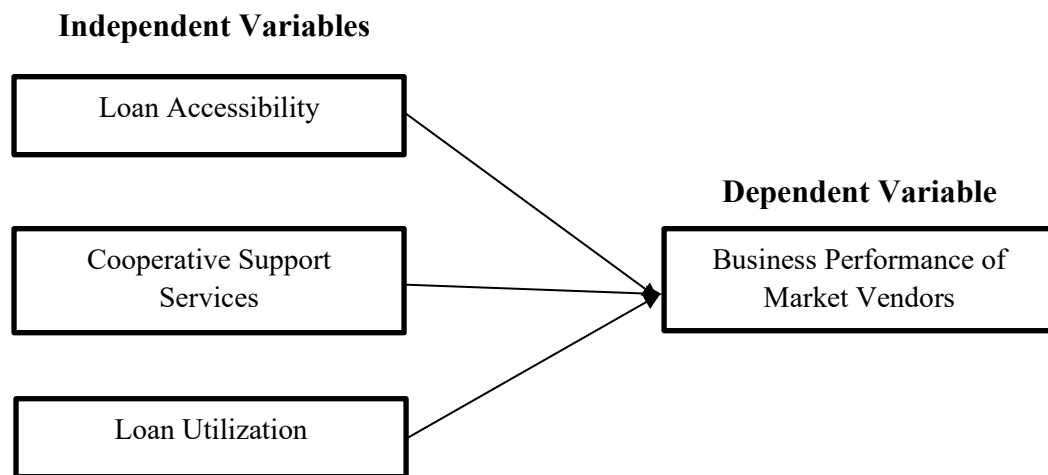
In Myanmar, Nyi Lwin (2018) performed a mixed-methods study with 400 microfinance clients from various cooperatives. The study's objective was to identify the factors contributing to overlapping loans and their impact on business performance. Independent variables involved loan accessibility, utilization, and client financial literacy. The findings suggested that limited loan sizes, rigid repayment schedules, and low financial literacy contributed to multiple borrowings, negatively affecting business performance. Recommendations included increasing loan amounts, flexible repayment terms, and enhanced financial education to improve sustainability and business outcomes.

Collectively, these studies underscore the transformative potential of microfinance and cooperative associations in enhancing market vendors' business performance. They highlight the importance of accessible loans, proper utilization of funds, and cooperative support services such as training and advisory.

2.7 Conceptual Framework

The conceptual framework serves as a guiding structure that illustrates the relationship between key variables in this study. It is designed to provide a clear understanding of how microfinance loan accessibility, cooperative support services, and loan utilization influence the business performance of market vendors.

Figure 2.1 Conceptual Framework of the Study



Source: Adopted from Muhammad Yunus (1999) and Armendariz & Morduch (2010)

This conceptual framework was developed based on the Microfinance Theory as described by Armendariz and Morduch (2010) and Morduch (1999). The theory emphasizes that small-scale financial services, such as microloans, savings, and insurance, can empower low-income individuals to start or expand businesses, thereby alleviating poverty. In cooperative microfinance systems, social collateral and group lending mechanisms reduce risks for lenders and increase access for underserved populations, especially those lacking traditional banking collateral.

Building on this theoretical foundation, the framework integrates empirical findings from key studies, including Khandker (2005), Roodman and Morduch (2014), Birchall and Ketilson (2009), Cole et al. (2011), Pitt et al. (2006), and Nyi Lwin (2018). These studies collectively demonstrate that microfinance loan accessibility, loan utilization, and cooperative support services significantly influence the business performance of market vendors, measured through income, profit, sales volume, and business expansion. Given the socio-economic context and microfinance landscape in Myanmar, this conceptual framework is particularly suitable for application within the country. It highlights how cooperative microfinance interventions can foster sustainable economic growth and poverty reduction in Myanmar's local markets.

CHAPTER 3

BACKGROUND OF THE STUDY

This chapter explores the structure, services, and financial activities of the Myoma Market Cooperative Association in Kyaukpadaung Township. It focuses on how the association supports its members through various savings schemes and loan programs designed to enhance financial security and economic development.

3.1 Overview of Co-Operatives in Myanmar

The cooperative movement in Myanmar dates back to the colonial era with the establishment of the Cooperative Commissioner's Office in Maymyo (now Pyin Oo Lwin) in December 1904. Since then, the cooperative structure in the country has undergone numerous reforms. On April 1, 1951, the Union of Burma's Ministry of Cooperatives and Trade Distribution was created, which was later merged with the Ministry of Supply in 1962. Following this, a series of organizational changes occurred, including the establishment of the Ministry of Trade and the renaming of the Ministry of Supply and Cooperatives to the Ministry of Cooperatives in 1965. Further milestones included the transfer of the Cottage Industries Corporation to the Ministry of Cooperatives in 1974, the formation of the Department of Cooperatives in 1991, and the launch of the Cooperative Export-Import Enterprise (CEME) in 1994, which was later restructured as the Cooperative Trade Promotion Department in 2014. In 2021, Cooperative Colleges in Thanlyin and Sagaing were upgraded to Cooperative Universities.

The Ministry was merged into the Ministry of Agriculture, Livestock, and Irrigation in 2016 but was re-established on June 17, 2021, as the Ministry of Cooperatives and Rural Development under SAC Order No. 140/2021, with oversight of the Departments of Cooperatives, Rural Development, and Cottage Industries. The overarching vision of the Ministry of Cooperatives and Rural Development is to foster sustainable rural socio-economic development through the promotion of cooperative systems and small-scale industries. The Ministry aims to support national development by strengthening cooperative production, services, and trade, alongside initiatives to improve rural infrastructure and family-based income generation activities.

The cooperative sector in Myanmar follows key objectives that guide its work to improve rural development, support cooperatives, and help communities grow economically.

1. To improve rural infrastructure and support livelihoods through income-generating activities.
2. To strengthen cooperative enterprises to enable joint production, trade, and service activities.
3. To enable producers to benefit directly from the sale of their cooperative products.
4. To support the development and expansion of quality products and broader market access.
5. To collaborate with local and international organizations, donors, and financial institutions to obtain technology and capital for cooperative and rural development.
6. To partner with government bodies, NGOs, INGOs, the private sector, and local communities to foster rural development and small-scale industry growth.

The Ministry carries out a wide range of responsibilities aimed at developing cooperatives and enhancing rural livelihoods. These duties include:

1. Promoting the development of cooperative societies involved in production, trade, and services.
2. Encouraging the growth of value-added production enterprises to enhance economic output.
3. Providing vocational and technical training courses to build human capital.
4. Constructing basic infrastructure in rural communities to improve living conditions.
5. Implementing income-generating projects for rural families to support poverty alleviation.

The Ministry of Cooperatives and Rural Development of Myanmar established the Co-operative Society Law in 1992 and the Co-operative Society Rules in 1998 to guide and regulate cooperative activities. These frameworks define the structure, responsibilities, registration procedures, and reporting requirements for cooperatives, aiming to ensure effective supervision and long-term development nationwide. The legal and regulatory framework governing cooperative societies in Myanmar is defined

by two major documents: the Co-operative Society Law of 1992 and the Co-operative Society Rules of 1998. The 1992 Co-operative Society Law outlines the basic structure and functions of cooperatives in the country. It establishes a four-tier structure consisting of Primary Societies, Syndicates, Unions, and the Central Co-operative Society (CCS). The law specifies the roles and responsibilities of cooperative members, allows cooperatives to receive support from the government, and grants the Ministry of Cooperatives the authority to oversee, regulate, and if necessary, dissolve cooperative societies. While the law provides a general framework for cooperative activities, it leaves significant regulatory power in the hands of the Ministry.

The Co-operative Society Rules of 1998 further detail the operational, regulatory, and supervisory functions of the Ministry of Cooperatives. These rules reinforce the four-tier structure and integrate it more deeply with governmental oversight. Cooperatives are required to register through specific commissions, submit detailed membership information, report monthly and annually on their operations, and conduct annual general meetings. Financial accountability is emphasized through requirements for audits and regular reporting of business activities. Additionally, the rules define the roles of unions and the apex society (CCS) in providing training, spreading cooperative knowledge, and fostering connections between local cooperatives and international partners. Cooperatives are permitted to operate across various sectors, including production, services, and trade, with support and guidance from the government.

3.2 Background History of Kyaukpadaung Township

Kyaukpadaung Township is located in the central part of Myanmar, within the Mandalay Region, at approximately latitude 20.80° North and longitude 95.20° East. Covering an area of around 1,066 square kilometers, the township is geographically situated in the country's dry zone and lies southwest of Mount Popa, a well-known natural and cultural landmark. Its position along regional trade routes has historically contributed to its role as a local economic center. The economy of Kyaukpadaung Township is predominantly based on agriculture and trading. Key agricultural products include sesame, groundnuts, onions, cotton, and a variety of pulses, which are well-suited to the semi-arid climate of the region. These crops are widely cultivated in rural areas and supplied to nearby markets for distribution. In addition to agriculture, trading activities in local markets form a major component of the township's economy. Small-

scale businesses and market vendors are actively involved in the exchange of goods such as food items, household products, clothing, and fresh produce. Marketplaces serve as key hubs for commercial activity and contribute to the township's economic vitality. The combination of agricultural productivity and local trading networks has established Kyaukpadaung Township as an important contributor to regional economic development within the central dry zone of Myanmar.

Table (3.1) Wards of Kyaukpadaung Township

Sr	Wards	Households	Population		
			Females	Males	Total
1	Myauk Pyit (Taw Thar)	1,018	2,729	2,496	5,225
2	Lut Lat Yay	906	2,298	1,772	4,070
3	Thar Yar Aye	1,827	4,310	3,992	8,302
4	Tan Pa Wa Di	667	1,726	1,432	3,158
5	Zay Kwet Thit	286	743	589	1,332
6	Myo Ma Kwet Thit	181	462	419	881
7	San Pya	1,030	2,603	2,228	4,831
8	Bu Tar	652	1,584	1,468	3,052
9	Aung Min Ga Lar	908	2,383	2,181	4,564
10	Myo Ma (South)	198	545	381	926
11	Myo Ma	461	1,166	1,011	2,177
Total		9,013	22,878	19,939	42,817

Source: General Administration Department in Kyaukpadaung Township

Table (3.1) presents the population distribution across the 11 urban wards of Kyaukpadaung Township, based on data from the General Administration Department. The township comprises a total of 9,013 households with an overall population of 42,817, consisting of 22,878 females and 19,939 males. Among the wards, Thar Yar Aye has the highest population with 8,302 residents, followed by San Pya with 4,831, and Aung Min Ga Lar with 4,564 individuals. In contrast, Myo Ma Kwet Thit and Myo Ma (South) have the smallest populations, with 881 and 926 people, respectively. The data highlights an uneven population distribution, with some wards being significantly more densely populated than others. The sex ratio of the township, calculated as the number of males per 100 females, stands at approximately 87 males per 100 females, indicating a higher number of females in the population. This trend is consistent across

most wards, where the female population exceeds the male population. Using the total area of Kyaukpadaung Township, which is approximately 1,066 square kilometers, the population density is estimated at 40 people per square kilometer. This relatively low population density reflects the semi-urban and rural nature of the township.

Table 3.2 Cooperative Associations in Kyaukpadaung Township (3-5-2025)

Sr.	Type of Association	Number of Associations	Members			Executives		
			Male	Female	Total	Male	Female	Total
	Production	258	11472	8102	19574	1223	10	1233
1	Crop Production Group	1	-	-	-	5	-	5
2	Crop/Production	46	2821	2003	4824	222	-	222
3	Agriculture/General	27	1329	1051	2380	126	-	126
4	Crop/General	181	7256	5041	12297	856	9	865
5	Seed Production	2	25	4	29	9	1	10
6	Livestock	1	41	3	44	5	-	5
	Services	7	933	1731	2664	45	-	45
1	Savings and Credit	5	395	970	1365	31	-	31
2	Market Cooperative	1	516	754	1270	9	-	9
3	Agricultural Services	1	22	7	29	5	-	5
	Trade Sector	15	1189	2661	3850	65	17	82
1	Township Union	1	-	-	-	7	-	7
2	GEC Association (Tsp)	1	15	6	21	3	-	3
3	Wholesale Cooperative	1	2	3	5	2	3	5
4	Trading	12	1172	2652	3824	53	14	67
	Grand Total	280	13594	12494	16088	1333	27	1360

Source: Cooperative Department of Kyaukpadaung Township

Kyaukpadaung Township's cooperative landscape as of May 3, 2025, is primarily driven by 258 production-focused associations, particularly in agriculture, which serve over 19,500 members. This highlights the vital role cooperatives play in the township's primary economic activities. While women constitute a significant portion of the membership (over 8,100 in production), their representation in executive leadership remains considerably lower, with only 27 female executives across all 280

cooperatives. Beyond production, a smaller but growing number of service and trade cooperatives exist, indicating diversification into areas like savings/credit and general trading. Overall, the data presented that an active cooperative movement essential to the local economy, though with room for enhanced gender balance in leadership.

3.3 Background History of Myoma Market Cooperative Association in Kyaukpadaung Township

The Myoma Market Cooperative Association in Kyaukpadaung Township has a rich history that reflects the resilience and collaborative spirit of the local community. It was founded decades ago during a time when small-scale farmers, artisans, and traders in the township faced significant challenges in accessing markets, securing fair prices, and obtaining financial support. Recognizing these difficulties, local leaders and community members united to establish a cooperative aimed at addressing these pressing issues and creating opportunities for collective growth.

Initially, the association started with a modest group of members, primarily farmers and small traders. Its early years focused on building trust within the community and establishing a cooperative framework. The founders tirelessly promoted the benefits of cooperation, emphasizing shared resources, collective bargaining, and mutual support. Through these efforts, the association gradually gained recognition and expanded its membership.

In its formative years, the cooperative concentrated on organizing local markets, facilitating the sale of agricultural products, and providing small loans to members. These initiatives empowered members to bypass exploitative middlemen and connect directly with buyers. Over time, the association broadened its scope to include artisans, small-scale manufacturers, and service providers, becoming a more inclusive and diverse organization.

Throughout its history, the Myoma Market Cooperative Association has adapted to changing economic conditions and challenges. During periods of hardship or natural disasters, it played a crucial role in supporting members through emergency assistance and maintaining local trade continuity. The association also embraced modernization by integrating new technologies and methods to enhance its services. This adaptability has been vital to its longevity and success.

A major milestone was the establishment of a physical market center, which became a focal point for economic activity in the township. This market not only

provided members a venue to sell goods but also attracted buyers from neighboring areas, stimulating the local economy. Over the years, the market center evolved into a vibrant commercial hub showcasing the talents and products of Kyaukpadaung's residents.

The association's commitment to education and capacity building is notable. From its early days, it organized training programs, workshops, and seminars to equip members with skills and knowledge needed for success. These initiatives have empowered generations of entrepreneurs and contributed to the overall development of the township.

Despite its achievements, the cooperative continues to face challenges such as limited access to broader markets, infrastructure needs, and the demand for advanced financial systems. Nevertheless, it remains steadfast in its mission, leveraging its strong foundation to overcome these obstacles.

Today, the Myoma Market Cooperative Association stands as a testament to the power of community-driven development. Its history is a source of pride for Kyaukpadaung, symbolizing what can be achieved through unity, determination, and collective effort. The association continues to foster economic growth, preserve cultural traditions, and promote social cohesion in the township.

3.3.1 Structure and Functions of Myoma Market Cooperative Association in Kyaukpadaung Township

The Myoma Market Cooperative Association in Kyaukpadaung Township is a vital financial organization that supports its members' economic and social well-being. Since its establishment, the association has developed a structured system prioritizing the needs of its members, ensuring financial discipline, and promoting a culture of savings and mutual assistance among the market traders. The association provides a wide range of financial services tailored to meet the diverse needs of its members, including loans for various purposes such as business expansion, education, health emergencies, and personal requirements. This variety ensures members can access the financial resources they need for long-term investments and immediate necessities.

The association operates a rigorous loan approval process to maintain transparency and fairness. Nine executive members carefully review loan applications from members during weekly meetings. This collective decision-making process ensures that loans are granted based on the merit of the application, the applicant's

financial need, and their ability to repay. By adhering to this system, the association fosters trust and accountability, ensuring that funds are used efficiently and effectively for the benefit of its members.

Daily loan collection is managed by a dedicated administrator and staff members who oversee repayments. These funds are allocated to approved members, and any excess is securely deposited into the township cooperative association's treasury. The association further safeguards its financial assets by maintaining accounts in several reputable banks, such as UAB Bank, AGD Bank, Yoma Bank, AYA Bank, MAB Bank, and FPB Bank. This approach ensures the security of the funds while generating interest income that strengthens the association's financial position.

In addition to providing loans, the association encourages its members to participate in voluntary savings. Members can deposit money into the association, fostering a habit of financial discipline and creating a reserve for future needs. This initiative not only supports individual financial growth but also strengthens the association's overall financial stability, allowing it to expand its services and better serve its members.

The association's operations are managed by nine executive members and a team of 12 staff members. The executive members are responsible for policy decisions, loan approvals, and overall governance, while the staff members handle daily operations, including loan collection and member support. This structured approach ensures the smooth functioning of the association and its ability to adapt to the evolving needs of its members.

Through its activities, the Myoma Market Cooperative Association plays a crucial role in empowering the community in Kyaukpadaung Township. By providing accessible financial services, promoting savings, and maintaining transparent management practices, the association has become a cornerstone of economic development for its members. Its commitment to supporting market traders has not only improved individual livelihoods but also enhanced the overall economic resilience of the community.

3.3.2 Saving and Loan Types Myoma Market Cooperative Association

The Myoma Market Cooperative Association in Kyaukpadaung Township serves as a cornerstone of financial support and development for its members, offering a blend of savings and loan services tailored to their diverse needs. Through innovative

financial programs, the association encourages members to build financial security while also providing access to funds for both personal and business endeavors. Its savings schemes inspire a culture of responsible money management, while its wide range of loan options addresses everything from entrepreneurial growth to urgent financial requirements. With a focus on sustainability and community welfare, the association continues to play a vital role in uplifting its members and fostering economic resilience.

Joint and Long-Term Savings

The association sets the value of joint funds at 4,000 kyats per unit, with members permitted to contribute up to 150 units, totaling 6,000,000 kyats. For executive committee members, the contribution cap is higher at 300 units, totaling 12,000,000 kyats. These funds are divided into joint funds (10,000 kyats) and long-term savings (30,000 kyats) per unit. Dividends on these funds are calculated annually based on the association's profits, providing members with a stable return on their investments.

Voluntary Savings

Voluntary savings offer members flexibility and monthly interest payments of 1 kyat. If members choose not to withdraw the interest, it is added to their savings, encouraging accumulation. The maximum limit for voluntary savings is set at 1,00 million kyats, making it a simple yet effective way for members to enhance their financial stability.

Main Loans

Main loans are available to shop owners in Myoma and Tammawaddy markets, with amounts ranging from 1,000,000 kyats to 10,000,000 kyats. These loans are repaid daily, with interest set at 1 kyat. Members can choose repayment terms ranging from 50 to 200 installments. Additionally, 2% of the loan amount is saved on behalf of the borrower. The loan amount may vary depending on the ownership of the property. The borrower must be a shop owner. Two members must act as guarantors for the loan. The main loans are provided to association members who are selling properties in Myoma and Tammawaddy markets, with loan amounts ranging from a minimum of 10 million kyats to a maximum of 80 million kyats at an interest rate of 1 kyat. The repayment term ranges from a minimum of 50 installments to a maximum of 200 installments, based on the member's preference. Additionally, 2% of the loan amount is accumulated as savings, and 1 kyat is paid back on those savings. This system

has been observed during audits. However, some members have failed to repay their loans after the repayment period ended, resulting in overdue debts. For those who have overdue debts, the executive committee has been actively working to prevent the loss of the association's funds by meeting with the members in person at their homes and collecting signed commitments. Despite these efforts, some overdue debts remain unresolved, and the collection process is ongoing.

Floating Loans

Floating loans are specifically for vendors at Myoma and Tammawaddy markets. Loans range from 100,000 kyats to 1,500,000 kyats, with repayment periods spanning 5 to 150 installments. A floating loss prevention fund is maintained by adding 2.5% of the loan amount, which is refunded to members annually. The association actively monitors overdue debts in this category, ensuring that funds are managed responsibly. However, some overdue debts have emerged from floating loans. The executive committee has taken action by meeting with the members who have overdue debts and working systematically to resolve these issues. They have engaged the members to ensure that the overdue debts are properly addressed and payments are made according to the established system. This effort has been confirmed through audits.

Education and Health Loans

These loans aim to assist members and their families with essential education and health-related expenses. Loan amounts range from 500,000 kyats to 1,000,000 kyats, depending on the member's financial needs and repayment capacity. The interest rate is 1.5% per month, and the repayment period is 10 months. Borrowers repay the loan in equal monthly installments, including both principal and interest. This scheme provides accessible financial support during critical times such as school enrollment, medical treatment, or emergency health situations.

Employee Loans

Employees serving within the association can access loans ranging from 300,000 kyats to 1,000,000 kyats, with interest rates of 1% to 1.25%. The repayment period is set at 10 months, with a monthly repayment system. This scheme underscores the association's dedication to supporting its internal workforce.

Table (3.3) List of Membership for Main and Floating Loans from Myoma Market Cooperative Association

Year	Loan Types (Members)		Total Member
	Main	Floating	
2019	829	428	1257
2020	865	458	1323
2021	876	533	1409
2022	837	445	1282
2023	865	446	1311
2024	789	481	1270

Source: Myoma Market Cooperative Association in Kyaukpadaung Township

The membership trends for main and floating loans offered by the Myoma Market Cooperative Association in Kyaukpadaung Township reflect the evolving financial needs of its members over the years. Table 3.2 provides an overview of the annual membership for both loan types from 2019 to 2024. In 2019, the association supported 829 members with main loans and 428 with floating loans, totaling 1,257 members. The numbers steadily increased in 2020, with 865 members utilizing main loans and 458 opting for floating loans, bringing the total to 1,323. The upward trend continued in 2021, where the highest total membership was recorded at 1,409, comprising 876 main loan members and 533 floating loan members. In 2022, there was a slight decrease, with main loans serving 837 members and floating loans supporting 445 members, totaling 1,282. By 2023, the numbers stabilized, with a total membership of 1,311, including 865 main loan members and 446 floating loan members. However, in 2024, a marginal decline was observed, with 789 members using main loans and 481 opting for floating loans, resulting in a total membership of 1,270. This data highlights the association's significant role in meeting the financial requirements of its members through diverse loan offerings. It also reflects variations in membership dynamics, influenced by factors such as economic conditions and the changing financial priorities of the community.

CHAPTER 4

SURVEY ANALYSIS

This chapter presents the analysis of the data collected from the market vendors in Kyaukpadaung Township. The chapter provides descriptive statistics and interpretative findings concerning the respondents' demographic profile, loan utilization, income changes, business expansion, repayment performance, and perception of the microfinance services.

4.1 Research Design

This study focused on market vendors in Kyaukpadaung Township, with primary data collected from 250 respondents selected from a total population of 1,270 market vendors, using the convenience sampling method, who have received microfinance loans. Data was gathered through structured questionnaires and supplemented by secondary data from the local cooperative department. The respondents represented diverse demographic characteristics, mostly aged between 24 and 33 years, with balanced gender distribution and varied educational backgrounds. They had been operating their businesses for 1 to 6 years, managing households of mostly 3 to 4 members. The vendors sold a variety of products, primarily agricultural goods and food items, sourcing stock from suppliers and wholesalers. Their business income and expenses reflected moderate levels, providing a clear profile to assess the impact of microfinance loans on business growth and profitability within the township. The survey questionnaire consisted of both closed-ended questions and Likert scale items to capture quantitative data on key variables: Loan Accessibility, Cooperative Support Services, Loan Utilization, and Business Performance. The closed-ended questions gathered specific demographic and business-related information, while the five-point Likert scale was used to measure respondents' perceptions and attitudes toward microfinance services and their impact. To analyze the impact of cooperative microfinance loan on vendor performance, multiple regression analysis was applied. This approach allowed for a comprehensive assessment of how microfinance loans influence the growth and profitability of market vendors in the township.

The determination of an appropriate sample size is crucial to ensure the reliability and validity of the study findings. According to Yamane (1967), the sample size can be calculated using the formula:

$$n = N / (1 + N * e^2)$$

Where:

N = Population Size

n = Sample Size

e = Margin of Error

$$n = 1270 / (1 + 1270 * 0.0567^2)$$

$$n = 1270 / (1 + 4.0828)$$

$$n = 1270 / 5.0828$$

$$n \approx 250$$

Therefore, the required sample size for this study is approximately 250 market vendors.

4.2 Characteristics of Respondents

This section presents the demographic profile of the market vendors who participated in the survey. Understanding the respondents' demographic characteristics, such as age, gender, education level, marital status, and household size, is essential for interpreting how different groups experience and benefit from microfinance loans. These characteristics provide context for analyzing the impact of microfinance services on various segments of the vendor population in Kyaukpadaung Township.

Table (4.1) Demographic Characteristics of Market Vendor in Kyaukpadaung Township

Sr.	Category	Items	Frequency	Percent
1	Gender	Male	72	28.80%
		Female	178	71.20%
Total			250	100.00%
2	Age	18-25	15	6.00%
		26-35	46	18.40%
		36-45	86	34.40%
		46 and above	103	41.20%
Total			250	100.00%

Table (4.1) Demographic Characteristics of Market Vendor in Kyaukpadaung Township (Continued)

3	Educational Level	No formal education	1	0.40%
		Primary school	23	9.20%
		Secondary school	137	54.80%
		Vocational/Technical training	42	16.80%
		University/College degree	47	18.80%
Total		250	100.00%	
4	Marital Status	Single	52	20.80%
		Married	181	72.40%
		Widowed	17	6.80%
Total		250	100.00%	
5	Household size	1-2 members	46	18.40%
		3-4 members	100	40.00%
		5-6 members	78	31.20%
		7 or more members	26	10.40%
Total		250	100.00%	
6	Sale Experience a market vendor	Less than 1 year	1	0.40%
		2-3years	51	20.40%
		4-5 years	98	39.20%
		6 years and above	100	40.00%
Total		250	100.00%	

Source: Researcher's survey data 2025

Table 4.1 presents the demographic profile of the 250 market vendors surveyed in Kyaukpadaung Township, offering valuable insights into the socio-economic background of respondents. Gender distribution shows that 71.2% of respondents are female, which may reflect the broader gender dynamics in microenterprises where women often engage in market-based trade. Male vendors represent 28.8%, indicating a significant but smaller presence in the marketplace.

Age distribution reveals that 41.2% of vendors are aged 46 and above, suggesting that a considerable portion of the market vendor population consists of more experienced individuals, potentially leveraging both formal and informal knowledge in

their business practices. This demographic is likely to be risk-averse, preferring stable, low-risk microfinance options that support established businesses.

The educational level data shows that 54.8% of vendors have secondary school education, while 18.8% hold university degrees, indicating a relatively high literacy level and access to skills that might enhance their ability to manage business operations effectively. The relatively low percentage of vendors without formal education (0.4%) suggests a population capable of understanding financial concepts and utilizing loans to improve business operations.

Marital status reveals that 72.4% of vendors are married, indicating that a large portion of respondents may have familial responsibilities that could influence both their spending and saving behaviors, as well as their approach to business. Married vendors might prioritize loan usage towards business stability and family welfare, such as supporting children's education or ensuring the family's well-being.

Regarding household size, 40% of vendors support families of 3-4 members, and 31.2% have 5-6 members, which aligns with typical family sizes in many developing economies. These households likely rely on the vendor's income as a primary source of sustenance, which may influence the vendor's attitude toward microfinance, as their business success directly affects household financial stability.

The experience duration of vendors reveals that 40% have been in the market for 6 years or more, and 39.2% have operated for 4-5 years, demonstrating significant market experience. This long tenure suggests that many respondents have established business models, potentially with stable customer bases, making them better candidates for microfinance loans aimed at expansion, working capital, or overcoming short-term liquidity constraints.

4.2.1 Product Types Sold by Market Vendors

This section explores the various product types sold by market vendors in Kyaukpadung Township, as identified through the survey.

Table (4.2) Product Types Sold by Market Vendors

No	Options	Frequency	Percent
1	Agricultural products (e.g., fruits, vegetables, grains)	71	28.40%
2	Household goods (e.g., kitchenware, cleaning products)	44	17.60%
3	Clothing and accessories	48	19.20%
4	Electronics and gadgets	16	6.40%
5	Food and beverages (e.g., cooked food, snacks, beverages)	48	19.20%
6	Health and beauty products	23	9.20%
	Total	250	100.00%

Source: Researcher's survey data 2025

Table 4.2 illustrates product types sold by market vendors in Kyaukpadaung Township, as reported by the survey respondents. Agricultural products, which include fruits, vegetables, and grains, make up the largest proportion, accounting for 28.4% of the total sales. This indicates that agriculture plays a dominant role in the market, with a significant portion of vendors relying on these products. Clothing and accessories, along with food and beverages, each account for 19.2%, showing that these product categories are also vital to the local market's economic activities. Household goods, including kitchenware and cleaning products, represent 17.6%, reflecting a steady demand for basic home items. Health and beauty products, comprising 9.2%, suggest a moderate interest in personal care, while electronics and gadgets make up the smallest share at 6.4%. This distribution highlights the diverse range of products available in the township's market, with essential goods like agricultural items, food, and household products being the most popular. The lower percentage for electronics and gadgets might reflect limited purchasing power or a preference for more basic necessities among the vendors' customer base. This data provides insight into consumer preferences, showing how the market is shaped by daily living needs, which may have implications for understanding the broader socio-economic environment and the role of microfinance loans in supporting vendors' businesses.

4.2.2 Income, Profit, and Main Business Expenses of Market Vendors in Kyaukpadung Township

This section presents an analysis of the income levels, profit margins, and primary business expenses reported by market vendors in Kyaukpadung Township. Understanding these financial aspects is essential to assess the economic condition of the vendors and how microfinance loans may contribute to their business sustainability. By examining income brackets, profit ranges, and key operational costs, this section aims to provide a clearer picture of the vendors' financial stability and the challenges they face in managing their businesses.

Table (4.3) Income, Profit, and Main Business Expenses of Market Vendors in Kyaukpadung Township

No	Question	Options	Frequency	Percent (%)
1	Average monthly income	Up to 100,000 MMK	17	6.80%
		100,000 - 500,000 MMK	70	28.00%
		500,000 - 1,000,000 MMK	78	31.20%
		Above 1,000,000 MMK	85	34.00%
Total			250	100.00%
2	Average monthly profit	Up to 50,000 MMK	33	13.20%
		50,000 - 200,000 MMK	69	27.60%
		200,000 - 500,000 MMK	89	35.60%
		Above 500,000 MMK	59	23.60%
Total			250	100.00%
3	Main expenses from Loan	Cost of goods sold (inventory)	33	13.20%
		Rent for stall/shop space	69	27.60%
		Labor/wages	89	35.60%
		Transportation costs	54	21.60%
		Utilities (e.g., electricity, water)	5	2.00%
Total			250	100.00%

Source: Researcher's survey data 2025

The data in Table 4.3 reflect the financial performance and expenditure patterns of market vendors in Kyaukpadung Township. Regarding monthly income, the majority of respondents (34.0%) reported earnings above 1,000,000 MMK, followed by 31.2% earning between 500,000 and 1,000,000 MMK, while only 6.8% earned up to 100,000 MMK. This suggests that a substantial number of vendors operate at a relatively profitable scale. In terms of monthly profit, 35.6% of the vendors indicated profits between 200,000 and 500,000 MMK, while 27.6% earned between 50,000 and 200,000 MMK, and 23.6% reported profits above 500,000 MMK. This pattern highlights a moderately strong profit margin relative to income levels. Concerning business expenses, the largest proportion (35.6%) is attributed to labor and wages, suggesting that many vendors depend on additional help in running their operations. Rent costs (27.6%) and transportation (21.6%) are also significant, while the cost of goods sold accounts for 13.2%. Only a small portion (2.0%) of expenses goes to utilities, implying that many vendors may operate in low-utility or shared environments. These findings provide important insights into how microfinance loans may support vendors by managing operational costs and enhancing income-generating capacity. Although there is a lot of burden in labor expenses, the rental fees should be solved by government organizations' interventions for the vendors.

4.2.3 Access to Loan Utilization Among Market Vendors in Kyaukpadung Township

This section examines the access to financial services, loan preferences, and the utilization of loans among market vendors in Kyaukpadung Township. By analyzing the repayment practices, reasons for borrowing, loan amounts, and primary uses of loans, the section provides insights into the role of the cooperative in supporting local vendors. The data highlights the vendors' motivations for choosing cooperative loans over other financial institutions, as well as how these loans contribute to business growth, debt management, and personal financial needs. Understanding these factors is crucial for assessing the broader impact of microfinance on the economic stability and development of market vendors in the township.

Table (4.4) Loan Repayment, Borrowing Motivations, Loan Amounts, and Utilization Among Market Vendors in Kyaukpadung Township

No.	Question	Options	Frequency	Percent
1	Loan Repayment	Daily	92	36.80%
		Monthly	158	63.20%
Total			250	100.00%
2	Reason to Borrow form Cooperative	Lower interest rates compared to other institutions	100	40.00%
		Easier and faster loan approval process	20	8.00%
		Flexible repayment terms	40	16.00%
		Trust and relationship with the cooperative	20	8.00%
		Access to larger loan amounts	50	20.00%
		Support for community development and shared growth	10	4.00%
		Better customer service and personalized attention	10	4.00%
Total			250	100.00%
3	Average Amount of Loan	Up to 50,000 MMK	36	14.40%
		50,000 – 200,000 MMK	89	35.60%
		200,001 – 350,000 MMK	71	28.40%
		350,001 – 500,000 MMK	34	13.60%
		More than 500,000 MMK	20	8.00%
Total			250	100.00%
4	Main Uses of the Loan	To purchase stock/inventory	100	40.00%
		To expand or upgrade business premises	50	20.00%
		To pay off other debts	60	24.00%
		To cover personal/family expenses (e.g., education, health)	40	16.00%
Total			250	100.00%

Source: Researcher's survey data 2025

Table 4.4 presents the responses from market vendors in Kyaukpadung Township regarding their engagement with financial services provided by the cooperative. The data shows that 63.2% of vendors repay their loans on a monthly basis, while 36.8% do so daily, reflecting the flexibility offered by the cooperative to accommodate different income cycles and business types. Regarding the reasons for

borrowing, the most frequently cited factor was lower interest rates compared to other institutions (40%), followed by access to larger loan amounts (20%) and flexible repayment terms (16%), suggesting that vendors are particularly motivated by affordability and loan conditions that suit their cash flow. Although a smaller proportion cited reasons such as better customer service (4%) and support for community development (4%), these responses indicate an appreciation for personalized and socially responsible financial services. In terms of loan size, a significant number of vendors (35.6%) received loans between 50,000 and 200,000 MMK, while 28.4% accessed amounts between 200,001 and 350,000 MMK, showing that most vendors depend on medium-sized loans to support their activities. Only 8% of vendors received loans exceeding 500,000 MMK, implying that very few have access to larger credit, possibly due to risk limitations or income level. As for loan utilization, the majority of respondents (40%) reported using the funds to purchase stock or inventory, which is essential for maintaining daily operations. Others used the loans to pay off existing debts (24%), expand or upgrade their business premises (20%), or meet personal and family-related expenses (16%). These findings highlight that microfinance loans from cooperatives are instrumental not only for sustaining and growing business activities but only 16% of households used this loan for personal affairs means they utilized the loan mostly in their business.

4.3 Factors Influencing on Market Vendors' Perceptions for Business Performance

This section presents the analysis of market vendors' perceptions regarding the accessibility, application process, utilization, and overall impact of cooperative microfinance loans on their business performance.

4.3.1 Market Vendors' Perceptions on Loan Accessibility

This section focuses on market vendors' perceptions of Loan Accessibility offered by the cooperative, examining how easily vendors can access loans when needed, the simplicity of the loan application process, and the suitability of loan products for their businesses.

Table (4.5): Market Vendors' Perceptions on Loan Accessibility for Business Performance

No	Statements	N	SD	D	N	A	SA
1	Loans are easily accessible when needed.	N	0	1	33	106	110
		%	0.0	0.4	13.2	42.4	44.0
2	The loan application process is simple and straightforward.	N	0	1	35	104	110
		%	0.0	0.4	14.0	41.6	44.0
3	Loan approvals are provided within a reasonable time frame.	N	1	1	30	108	110
		%	0.4	0.4	12.0	43.2	44.0
4	Terms and conditions of loans are clearly communicated.	N	0	1	34	105	110
		%	0.0	0.4	13.6	42.0	44.0
5	Loan products are suitable for small and growing businesses.	N	0	1	32	107	110
		%	0.0	0.4	12.8	42.8	44.0
Overall Mean		4.21					

Source: Researcher's survey data 2025

Table 4.5 shows the level of agreement among market vendors on various aspects of loan accessibility. The highest agreement level is 87.2%, indicating strong approval that loan approvals are provided within a reasonable time frame. This reflects the vendors' satisfaction with the efficiency of the approval process. Following that, 86.8% of respondents agreed that loan products are suitable for small and growing businesses, suggesting that the loan offerings align well with their operational needs. Similarly, 86.4% agreed that loans are easily accessible when needed, showing confidence in the availability of financial support. About 86.0% agreed that the terms and conditions of loans are clearly communicated, which highlights a good level of transparency. The lowest agreement level is still high at 85.6%, where vendors agreed that the loan application process is simple and straightforward. With an overall mean of 4.21, the responses reflect consistently positive perceptions of loan accessibility among market vendors.

4.3.2 Market Vendors' Perceptions on Loan Utilization

This section delves into market vendors' perceptions of how loans from the cooperative are utilized to support and grow their businesses. It explores the effectiveness of loans in expanding business operations, purchasing necessary equipment, improving product quality, managing cash flow, and ensuring that loan funds are allocated in line with business plans.

Table (4.6) Market Vendors' Perceptions on Loan Utilization for Business Performance

No	Statements	N	SD	D	N	A	SA
1	Loans are mainly used to expand or improve business performance.	N	0	1	33	106	110
		%	0	0.4	13.2	42.4	44
2	Loans are utilized for purchasing necessary business equipment and supplies.	N	1	1	34	104	110
		%	0.4	0.4	13.6	41.6	44
3	Loan usage leads to an increase in the quality of products or services offered.	N	0	1	28	111	110
		%	0	0.4	11.2	44.4	44
4	Loans help manage short-term cash flow needs within the business.	N	1	1	40	98	110
		%	0.4	0.4	16	39.2	44
5	Loan funds are allocated effectively according to business plans.	N	0	1	32	107	110
		%	0	0.4	12.8	42.8	44
Overall Mean		4.33					

Source: Researcher's survey data 2025

Table 4.6 shows market vendors' perceptions regarding loan utilization for business performance. A high agreement of 88.4% was recorded for the statement that loan usage leads to an increase in the quality of products or services, indicating a strong belief that financial resources enhance offerings. This is closely followed by 88.0% who agreed that loans are mainly used to expand or improve business operations. About 87.6% of vendors confirmed that loan funds are allocated effectively according to business plans, showing structured and strategic use. Meanwhile, 87.2% of respondents agreed that loans are utilized for purchasing necessary equipment and supplies. A total of 83.2% agreed that loans help manage short-term cash flow needs, which still reflects a strong acknowledgment of loans' practical benefits. The overall mean score of 4.33 highlights consistent and positive perceptions, suggesting that loan utilization is playing a vital role in supporting daily business functions and long-term outcomes.

4.3.3 Market Vendors' Perceptions on Cooperative Support Services

This section examines the various support services provided by the cooperative to market vendors, focusing on the effectiveness of these services in helping vendors address business challenges, improve operations, and enhance overall business success.

Table (4.7) Market Vendors' Perceptions on Cooperative Support Services for Business Performance

No	Statements	N	SD	D	N	A	SA
1	Loans are mainly used to expand or improve business performance.	N	0	1	33	106	110
		%	0.0	0.4	13.2	42.4	44.0
2	Loans are utilized for purchasing necessary business equipment and supplies.	N	0	1	34	105	110
		%	0.0	0.4	13.6	42.0	44.0
3	Loan usage leads to an increase in the quality of products or services offered.	N	1	1	28	110	110
		%	0.4	0.4	11.2	44.0	44.0
4	Loans help manage short-term cash flow needs within the business.	N	0	1	40	99	110
		%	0.0	0.4	16.0	39.6	44.0
5	Loan funds are allocated effectively according to business plans.	N	1	1	32	106	110
		%	0.4	0.4	12.8	42.4	44.0
Overall Mean		4.32					

Source: Researcher's survey data 2025

Table 4.7 shows how market vendors perceive cooperative support services for their business performance. The highest agreement (88.0%) is on loans helping to improve the quality of products and services, showing that cooperatives contribute to better production and customer satisfaction. Next, 86.4% agree that loans help expand and improve their business operations, indicating increased investment and growth potential. About 86.0% say loans are used for buying important business equipment and supplies, supporting smoother daily operations. Also, 85.2% agree that loan funds are used effectively according to their business plans, reflecting good financial planning. Finally, 83.6% see loans as useful for managing short-term cash flow, helping maintain business stability. The overall mean score of 4.32 reflects strong confidence in the cooperative's financial support and advice, which plays a key role in improving how vendors run their businesses.

4.3.4 The Impact of Cooperative Microfinance Loans on Business Performance

This section explores the impact of microfinance loans and the support services provided by the cooperative on the business performance of market vendors.

Table (4.8): The Impact of Cooperative Microfinance Loans for Business Performance

No	Statements	N	SD	D	N	A	SA
1	Microfinance loans have significantly contributed to the growth and expansion of my business.	N	0	1	30	110	109
		%	0.0	0.4	12.0	44.0	43.6
2	The financial services provided by the cooperative have improved my business's cash flow and liquidity.	N	0	1	33	106	110
		%	0.0	0.4	13.2	42.4	44.0
3	Microfinance loans have helped me to better manage business risks and uncertainties.	N	0	1	35	104	110
		%	0.0	0.4	14.0	41.6	44.0
4	Access to microfinance has enabled me to invest in business growth and development.	N	0	1	27	111	111
		%	0.0	0.4	10.8	44.4	44.4
5	The cooperative's financial services have helped me diversify my income streams and improve profitability.	N	0	1	32	107	110
		%	0.0	0.4	12.8	42.8	44.0
6	The cooperative's interest rates are fair and affordable for my business needs.	N	1	1	38	100	110
		%	0.4	0.4	15.2	40.0	44.0
7	The cooperative has provided valuable training that has improved my financial literacy and business management skills.	N	0	1	29	110	110
		%	0.0	0.4	11.6	44.0	44.0
8	The support from the cooperative has positively influenced my ability to make informed business decisions.	N	0	1	28	111	110
		%	0.0	0.4	11.2	44.4	44.0
9	I believe that cooperative microfinance institutions offer reliable and trustworthy financial services.	N	0	1	25	114	110
		%	0.0	0.4	10.0	45.6	44.0
10	I am highly satisfied with the support and services provided by the cooperative microfinance institution.	N	0	1	24	112	113
		%	0.0	0.4	9.6	44.8	45.2
Overall Mean		4.27					

Source: Researcher's survey data 2025

Table 4.8 shows that market vendors highly value the support and services provided by cooperative microfinance institutions, with 90.0% expressing strong satisfaction. Vendors also trust these cooperatives as reliable sources of financial services, with 89.6% recognizing their dependability. Access to microfinance has helped 88.8% of vendors invest in their businesses, showing the importance of credit

for buying equipment and expanding operations. Additionally, 86.4% agree that the cooperatives have improved their cash flow and liquidity, which helps vendors manage daily expenses better. On the other hand, 84.0% believe that the interest rates are fair and affordable, which affects how much vendors can borrow without too much cost. Overall, the average rating of 4.27 reflects that cooperative microfinance plays an important role in supporting vendors' business activities by providing access to funds, improving financial management, and helping them grow their enterprises.

4.4 Tests for Assumption of Multiple Regression Analysis

This section presents the diagnostic tests conducted to verify the underlying assumptions of the multiple regression analysis. These tests ensure the validity and reliability of the model by checking for issues such as normality, multicollinearity.

4.4.1 Reliability Test

The reliability test is a crucial step in ensuring the consistency and accuracy of the data collected for this study. It assesses the degree to which the measurement instruments used in the survey (i.e., the questionnaire items) consistently measure the intended constructs. In this study, the reliability of key factors influencing the business performance of market vendors, specifically Loan Accessibility, Loan Utilization, and Cooperative Support Services, was evaluated by using Cronbach's alpha value.

Table 4.9 Reliability Statistics of the Impact of Cooperative on the Market's Vendor Business Performance

Factors	No. of Items	Cronbach alpha
Loan Accessibility	5	0.815
Loan Utilization	5	0.832
Cooperative Support Services	5	0.780
Business Performance	10	0.882

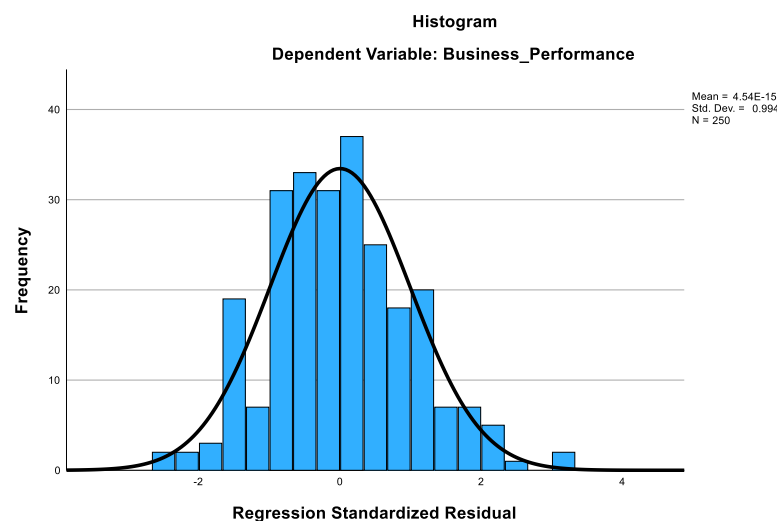
Source: Researcher's survey data 2025

Table 4.9 shows the reliability statistics of the key factors influencing the business performance of market vendors. The three primary factors assessed in this study—Loan Accessibility, Loan Utilization, and Cooperative Support Services—each have a high degree of internal consistency as indicated by their respective Cronbach alpha values. Loan Accessibility has a Cronbach's alpha of 0.815, which signifies good reliability and suggests that the items measuring this factor are highly consistent in

assessing how accessible loans are for market vendors. Loan Utilization has a Cronbach alpha of 0.832, indicating good reliability, suggesting that the items measuring the extent and effectiveness of loan use in the business are also well-aligned. Lastly, Cooperative Support Services has a Cronbach's alpha of 0.780, which is also acceptable. Business Performance demonstrates strong reliability with a Cronbach's alpha of 0.882, indicating that also highly consistent and reliable.

4.4.2 Normality Test

Figure (4.1) Histogram of Regression Standardized Residuals

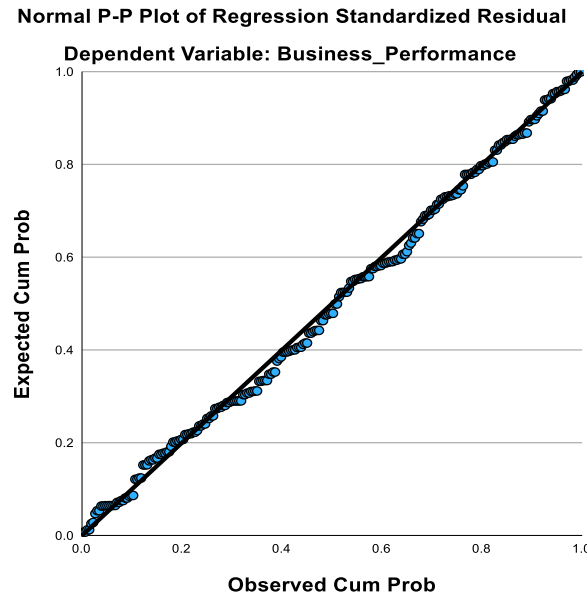


Source: Researcher's survey data 2025

The histogram of Regression Standardized Residuals for the "Business Performance" dependent variable presents an exceptionally positive and reassuring diagnostic for the underlying regression model. The visual representation clearly demonstrates that the residuals are remarkably well-approximated by a normal distribution, with the histogram bars closely aligning with the overlaid bell-shaped curve. This visual confirmation is robustly supported by the accompanying statistics: the mean of the standardized residuals is an infinitesimally small 4.69E-15, which is practically zero, indicating a complete absence of systematic bias in the model's predictions (i.e., the model is not consistently over- or under-predicting). Furthermore, the standard deviation of 0.994 is remarkably close to the ideal value of 1 for standardized residuals. These results collectively provide strong evidence that a crucial assumption of linear regression—the normality of residuals is comfortably met. This favorable outcome significantly bolsters the reliability and validity of the regression

analysis, ensuring that the parameter estimates, p-values, and confidence intervals derived from the model are robust and trustworthy for making inferences about the impact of your independent variables on Business Performance. In essence, this plot is a strong indicator of a well-specified and robust regression model.

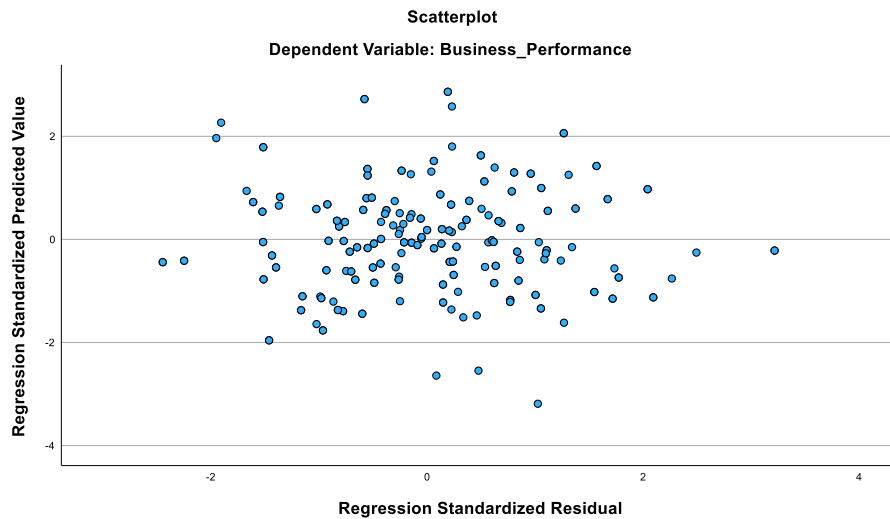
Figure (4.2) Normal P-P Plot of Regression Standardized Residuals



Source: Researcher's survey data 2025

The Normal P-P Plot of Regression Standardized Residuals demonstrates a strong alignment between the observed and expected cumulative probabilities, indicating that the residuals of the regression model are approximately normally distributed. This suggests that the regression analysis meets the key assumption of normality, reinforcing the reliability of the findings regarding the impact of microfinance services on business performance. The close adherence of the data points to the diagonal line reflects a well-specified model with minimal deviations, supporting the robustness of the statistical conclusions drawn from the study. This result enhances confidence in the validity of the regression analysis and its ability to accurately predict the relationship between loan accessibility, utilization, cooperative support, and vendor performance.

Figure (4.3) Residual Scatterplot



Source: Researcher's survey data 2025

The scatterplot of standardized residuals against standardized predicted values for Business Performance offers meaningful insight from a thesis perspective. The visual dispersion of data points appearing randomly around the center line suggests that the model's assumptions are reasonably met, indicating consistency in how external factors influence business outcomes. From a broader socio-economic viewpoint, the absence of strong patterns or clustering in the plot implies that household and cooperative-level factors impacting business performance are diverse and not dominated by a single variable. This supports the thesis argument that multiple interconnected elements, such as financial access, education, or decision-making participation, collectively shape performance, rather than any one factor alone.

4.4.3 Multicollinearity Test

Multicollinearity was assessed using Tolerance and Variance Inflation Factor (VIF) values. All tolerance values were above 0.1, and VIFs were below table 4.18.

Table (4.10) Results of Multicollinearity Analysis

Variable	Tolerance	VIF
Loan Accessibility	0.46	2.315
Loan Utilization	0.32	4.60
Cooperative Support Services	0.43	2.534

Source: Researcher's survey data 2025

In order to ensure the validity of the regression analysis, multicollinearity was examined using Tolerance and Variance Inflation Factor (VIF) values. As shown in

Table 4.10, all predictor variables, Loan Accessibility, Loan Utilization, and Cooperative Support Services, displayed Tolerance values well above the critical threshold of 0.1 and VIF values below the commonly accepted limit of 10. These results indicate that there is no severe multicollinearity among the independent variables included in the model. From a thesis standpoint, this suggests that each variable contributes uniquely to explaining business performance without overlapping excessively in their explanatory power. Therefore, the findings drawn from the regression model can be considered reliable and reflective of distinct factors influencing cooperative business outcomes.

4.5 Multiple Regression Analysis

This section presents the results of the multiple regression analysis conducted to examine the impact of Loan Accessibility, Loan Utilization, and Cooperative Support Services on the Business Performance of Market Vendors. The multiple regression model is used to determine the collective and individual contributions of these independent variables to market vendors' business growth and profitability. By evaluating the strength and significance of each predictor, the analysis aims to identify key factors that enhance market vendor performance in the cooperative framework. This approach not only highlights the effectiveness of financial and support services but also provides insights into how these mechanisms can be optimized for better economic outcomes among market vendors. The results are interpreted through coefficients, significance values (*p-values*), and model fit indicators (R^2 and *Adjusted R²*), offering a comprehensive understanding of the factors influencing business success.

The proposed model is:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon_i$$

Where:

Y = Business Performance

β_0 = Constant (Intercept)

$\beta_1, \beta_2, \beta_3, \beta_4$ = Regression Coefficients

X_1 = Loan Accessibility

X_2 = Loan Utilization

X_3 = Cooperative Support Services

ϵ_i = Random Error Term

Table (4.11) Multiple Regression Analysis Result for The Impact of Cooperative Market Vendor Business Performance

Variable	Unstandardized Coefficients		Standardized Coefficients	t	Sig	VIF
	B	Std Error	β			
Constant	.238	0.078		2.756	.005	
Loan Accessibility	0.498***	0.078	0.148	5.379	0.000	2.315
Loan Utilization	0.416***	0.035	0.154	5.687	0.000	4.60
Cooperative Support Services	0.452***	0.040	0.263	7.729	0.000	2.534
R Square	0.675					
Adj R Square	0.652					
F Value	58.324					

Source: Researcher's survey data 2025

*** = Significant at 1% level, ** = Significant at 5% level, * = Significant at 10% level

$$\hat{Y} = 0.238 + 0.498X_1 + 0.416X_2 + 0.452X_3$$

The multiple regression analysis was conducted to examine how different factors related to cooperative microfinance loans affect the business performance of market vendors.

Cooperative Support Service has the strongest impact on business performance among the three variables. The coefficient of 0.452 means that if the quality or level of support services from the cooperative increases by one unit (for example, better training, more business advice, or stronger community support), the business performance of market vendors improves by 0.452 units. This shows that when vendors receive more effective guidance and assistance, they can manage their businesses better, make smarter decisions, and ultimately grow faster.

Loan Utilization represents how well vendors use the loan funds they receive. With a coefficient of 0.416, it means that for every one-unit improvement in the effective use of loan money (such as investing properly in inventory, equipment, or

cash flow management), business performance increases by 0.416 units. This highlights the importance of not just getting a loan but using it wisely. Poor utilization would limit business growth despite loan access.

Loan Accessibility has the smallest effect; it still plays a significant role. Its coefficient of 0.498 indicates that if loan accessibility improves by one unit (for instance, loans become easier to obtain, faster approval, or simpler processes), business performance increases by 0.498 units. This suggests that when market vendors can quickly and easily access loans, they are better able to fund their business needs, but accessibility alone isn't enough without good utilization and support.

The adjusted R-square of 0.652 means that about 65.2% of the changes in business performance can be explained by these three factors combined. The strong F-value indicates the model is statistically significant. In summary, the results emphasize that improving cooperative support and how vendors use loans directly drives business success, while making loans more accessible helps but is less influential alone.

According to the multiple regression analysis result, loan accessibility, loan utilization, and cooperative support services are strongly on the business performance of Market Vendors. The analysis indicates that all three independent variables have significant positive impacts on business performance. Specifically, Loan Accessibility shows a strong relationship, suggesting that easier access to financial resources enables market vendors to invest in their businesses more effectively. This accessibility likely contributes to better inventory management, expansion opportunities, and resilience against market fluctuations. Loan Utilization also exhibits a substantial positive effect, reflecting that proper allocation and usage of loans for business needs significantly enhance business performance. Vendors who efficiently utilize their loans for stock purchases, equipment upgrades, or stall improvements tend to experience smoother operations and higher returns. Among the three variables, Cooperative Support Services demonstrates the strongest influence on business performance), highlighting the importance of continuous support, training, and guidance provided by cooperatives.

CHAPTER 5

CONCLUSION

This chapter presents the final components of the study by summarizing key findings, providing a comprehensive discussion of the results, and offering practical recommendations based on the research outcomes. It reflects the objectives of the study have been achieved and interprets the significance of the results in the context of existing literature and the realities of cooperative societies or market vendors. Additionally, suggestions are made for relevant stakeholders, including policymakers, cooperative leaders, and future researchers.

5.1 Findings and Discussion

This study analyzed the impact of cooperative microfinance loans and support services on the business performance of market vendors. The findings highlight the critical roles of loan accessibility, loan utilization, and cooperative support in improving how these vendors run their businesses.

Vendors showed the highest agreement with the positive impact of cooperative support services, particularly in enhancing the quality of their products and services. This suggests that cooperatives provide more than just financial assistance; they offer valuable training, advice, and resources that help vendors improve their operations. Such support enables vendors to make better decisions and manage their businesses more efficiently. However, some vendors indicated that cooperatives could improve their assistance in managing short-term cash flow, showing an area where financial planning support might be strengthened.

Effective loan utilization is another key factor influencing business performance. The study reveals that loans are mostly used for expanding business activities, purchasing equipment, and improving product quality. When vendors allocate loan funds according to their business plans, it directly contributes to improved business operations and better results. Misuse or ineffective use of loan money can hinder progress despite access to finance, emphasizing the importance of responsible loan management.

Loan accessibility also affects business performance, though its impact is slightly less than the other factors. Vendors agreed that loan products are generally suitable for their needs, but some experienced challenges with application procedures and loan approval times. Simplifying these processes would enable more vendors to

access funds quickly, helping them meet immediate business requirements. However, accessibility alone is not enough; it needs to be paired with effective loan use and strong cooperative support to truly enhance business outcomes.

Cooperative support services have the strongest influence by helping vendors develop skills and strategies, while loan utilization determines how well funds translate into better business activities. Loan accessibility ensures that financial resources are available when needed but does not guarantee success without proper use and support. The findings suggest cooperatives should focus on strengthening support services, particularly in financial management and training, to help vendors use loans effectively. Improving loan access procedures and clear communication about loan terms would increase satisfaction and participation among vendors. These improvements would make microfinance programs more effective in supporting market vendors to run their businesses more successfully.

In summary, cooperative microfinance loans combined with adequate support and responsible use have a substantial positive effect on market vendors' business performance. Ensuring easy access to loans, providing quality support services, and promoting proper loan utilization are essential for achieving better business results among vendors.

5.2 Suggestions and Recommendations

Based on the findings of the study, several suggestions and recommendations can be made to improve the effectiveness of microfinance services provided by cooperatives and enhance the business performance of market vendors in Kyaukpadaung Township.

Firstly, to further improve the accessibility of microfinance loans, cooperatives should consider expanding their loan offerings to accommodate vendors with varying financial needs. While the majority of vendors prefer loans in the range of 50,000 – 200,000 MMK, there remains a small group that seeks loans above 500,000 MMK. By revising the collateral requirements or providing additional support to vendors with lower creditworthiness, cooperatives could allow more vendors to access larger loans, thereby fostering business growth and enabling them to make more significant investments in their operations.

Secondly, cooperatives should continue to enhance their support services, particularly financial literacy and business management training. Although many

vendors expressed satisfaction with the cooperative's support services, there is still room for improvement. Offering advanced training programs that focus on scaling businesses, managing financial risks, and optimizing loan utilization could help vendors make better use of the funds they receive. Such training programs would equip vendors with the skills and knowledge necessary to sustain long-term business growth and reduce the likelihood of loan defaults.

In addition, cooperatives should continue offering flexible repayment terms to suit the diverse needs of market vendors. As the study indicated, a majority of vendors preferred monthly repayments, which align with their cash flow. However, it is crucial to maintain the option for daily repayments for those vendors whose income is more variable. By providing more customized repayment options, cooperatives can ensure that vendors are better able to meet their obligations without straining their finances.

Furthermore, cooperatives can strengthen their role in supporting vendors by offering personalized customer service. The study revealed that vendors appreciated the attention they received, which made them feel valued and supported in their business endeavors. By providing more individualized consultations, cooperatives can guide vendors on how to best utilize loans for expanding their businesses, improving product quality, or optimizing operational efficiency. Personalized support will also help vendors navigate any challenges they may encounter while growing their businesses, such as market fluctuations or cash flow issues.

Finally, it is recommended that cooperatives associations have to actively engage with vendors to assess their evolving needs and gather feedback on the effectiveness of their loan products and services. Regular surveys or feedback sessions could help cooperatives stay attuned to the changing dynamics of the market and ensure that their offerings remain relevant to the vendors' needs. They should add the special service plan for long experiences vendors. This could also foster a stronger sense of community between vendors and cooperatives, ultimately leading to improved business performance and a more sustainable impact on the local economy.

By implementing these recommendations, cooperatives can play an even more significant role in supporting market vendors and contributing to the economic development of Kyaukpadung Township. The provision of accessible loans, combined with effective training, personalized support, and flexible repayment terms, can lead to more sustainable business growth and enhance the livelihoods of market vendors.

5.3 Needs for Further Study

The findings of this study have provided important insights into the impact of microfinance loans and cooperative support services on the business performance of market vendors in Kyaukpadaung Township. However, there remain several areas that warrant further investigation to deepen the understanding of these impacts and to enhance the effectiveness of microfinance programs.

One area for further study is the long-term impact of microfinance loans and cooperative support on business growth and stability. While this research focused primarily on the immediate effects of loan accessibility, utilization, and support services, a longitudinal analysis would provide a clearer picture of how these factors contribute to business resilience and expansion over time. Understanding how vendors sustain growth, manage risks, and adapt to market changes with the support of microfinance services could yield valuable insights for improving financial inclusion strategies.

Additionally, the gender-based impact of microfinance services deserves closer examination. The influence of microfinance loans and cooperative support may vary significantly between male and female vendors due to different socio-economic challenges and opportunities. By analyzing the gender-specific experiences and outcomes, it would be possible to identify unique barriers faced by women in accessing and utilizing microfinance, which could help tailor support services more effectively to promote inclusive growth.

Comparative studies across different regions and economic settings would also be beneficial. Conducting research in other townships or rural areas with varying economic conditions would allow for a comparison of microfinance effectiveness. Such studies would help to identify best practices and region-specific challenges, enabling cooperatives to customize their financial services to better meet the needs of diverse communities.

Furthermore, with the increasing use of digital financial services, it would be valuable to study the impact of mobile banking and digital payment solutions on loan repayment and business growth. The integration of digital technologies in microfinance services has the potential to improve financial access, streamline loan processes, and enhance repayment efficiency. Exploring how digital solutions can be integrated with traditional

cooperative support services could open new pathways for business development and financial inclusion.

Lastly, while this study focused on loan accessibility and utilization, it would be insightful to explore the role of other financial support mechanisms such as business advisory services, networking opportunities, and market linkages. Understanding how non-financial support contributes to business growth and sustainability could help cooperatives design more holistic development programs that go beyond just financial assistance.

Overall, further study in these areas could significantly enhance the understanding of microfinance's role in supporting small businesses and contribute to the development of more targeted, effective financial inclusion strategies.

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APPENDIX

QUESTIONNAIRE

Section 1: Demographic Information

1.Age:

- ☐ Under 18
- ☐ 19-23
- ☐ 24-28
- ☐ 29-33
- ☐ 34 and above

2.Gender

- ☐ Male
- ☐ Female

3.Marital Status:

- ☐ Single
- ☐ Married
- ☐ Widowed

4.Educational Background:

- ☐ No formal education
- ☐ Primary school
- ☐ Secondary school
- ☐ Vocational/Technical training
- ☐ University/College degree

5.How long have you been operating as a market vendor?

- ☐ Less than 1 year
- ☐ 1-3 years
- ☐ 4-6 years
- ☐ 7 years and above

6.What is your household size?

- ☐ 1-2 members
- ☐ 3-4 members
- ☐ 5-6 members
- ☐ 7 or more members

Section 2: Type of Products Sold

7. What category best describes the products you primarily sell?

- ☐ Agricultural products (e.g., fruits, vegetables, grains)
- ☐ Household goods (e.g., kitchenware, cleaning products)
- ☐ Clothing and accessories
- ☐ Electronics and gadgets
- ☐ Food and beverages (e.g., cooked food, snacks, beverages)
- ☐ Health and beauty products
- ☐ Other (please specify): _____

8. How do you procure the products you sell?

- ☐ Directly from suppliers
- ☐ From wholesalers or distributors
- ☐ From other market vendors
- ☐ I produce or make the products myself

9. How often do you replenish your stock?

- ☐ Daily
- ☐ Weekly
- ☐ Bi-weekly
- ☐ Monthly

Section 3: Income and Profit

10. What is your average monthly income from your business?

- ☐ Up to 50000 MMK
- ☐ 50000 - 200,000 MMK
- ☐ 200,001 - 350,000 MMK
- ☐ 350,001 - 500,000 MMK
- ☐ More than 500,000 MMK

11. What is your average monthly profit?

- ☐ Up to 50000 MMK
- ☐ 50000 - 200,000 MMK
- ☐ 200,001 - 350,000 MMK
- ☐ 350,001 - 500,000 MMK
- ☐ More than 500,000 MMK

12. What are the main expenses of your business?

- ☐ Cost of goods sold (inventory)
- ☐ Rent for stall/shop space
- ☐ Labor/wages
- ☐ Transportation costs
- ☐ Utilities (e.g., electricity, water)
- ☐ Marketing and advertising
- ☐ Miscellaneous expenses (e.g., taxes, licensing fees)

Section 4: Access to Financial Services

13. How often do you repay loans to the cooperative?

- ☐ Daily
- ☐ Monthly

14. Why do you choose to borrow from the cooperative?

- ☐ Lower interest rates compared to other financial institutions
- ☐ Easier and faster loan approval process
- ☐ Flexible repayment terms
- ☐ Trust and relationship with the cooperative
- ☐ Access to larger loan amounts
- ☐ Support for community development and shared growth
- ☐ Better customer service and personalized attention
- ☐ No collateral required for the loan

15. What is the average amount of loan you receive from the cooperative?

- ☐ Up to 50000 MMK
- ☐ 50000 - 200,000 MMK
- ☐ 200,001 - 350,000 MMK
- ☐ 350,001 - 500,000 MMK
- ☐ More than 500,000 MMK

16. What are the primary uses of the loans you receive?

- ☐ To purchase stock/inventory
- ☐ To expand or upgrade my business premises
- ☐ To pay off other debts
- ☐ To cover personal or family expenses (e.g., education, health)

Instructions: Please indicate your level of agreement with the following statements by choosing:

1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree

Section 5: Loan Accessibility

Please indicate your level of agreement with each statement by selecting one of the five options: Strongly Disagree, Disagree, Neutral, Agree, or Strongly Agree. Choose the response that best reflects your experience with the cooperative association's support services.

No	Statement	1	2	3	4	5
1	Loans are easily accessible when needed.					
2	The loan application process is simple and straightforward.					
3	Loan approvals are provided within a reasonable time frame.					
4	Terms and conditions of loans are clearly communicated.					
5	Loan products are suitable for small and growing businesses.					

Section 6: Loan Utilization

Please indicate your level of agreement with each statement by selecting one of the five options: Strongly Disagree, Disagree, Neutral, Agree, or Strongly Agree. Choose the response that best reflects your experience with the cooperative association's support services.

No	Statement	1	2	3	4	5
1	Loans are mainly used to expand or improve business operations.					
2	Loans are utilized for purchasing necessary business equipment and supplies.					
3	Loan usage leads to an increase in the quality of products or services offered.					
4	Loans help manage short-term cash flow needs within the business.					

5	Loan funds are allocated effectively according to business plans.					
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Section 7: Cooperative Support Service

Please indicate your level of agreement with each statement by selecting one of the five options: Strongly Disagree, Disagree, Neutral, Agree, or Strongly Agree. Choose the response that best reflects your experience with the cooperative association's support services.

No	Statement	1	2	3	4	5
1	Cooperative support services are helpful in addressing business challenges faced by vendors.					
2	The cooperative provides valuable business advice and guidance.					
3	Cooperative staff are responsive and provide timely assistance when needed.					
4	The cooperative offers additional services, such as training and workshops, to improve business skills.					
5	The cooperative's support services enhance the overall success of my business.					

Section 8: Impact of Microfinance on Business Operations

Please indicate your level of agreement with each statement by selecting one of the five options: Strongly Disagree, Disagree, Neutral, Agree, or Strongly Agree. Choose the response that best reflects your experience with the cooperative association's support services.

No	Statement	1	2	3	4	5
1	Microfinance loans have significantly contributed to the growth and expansion of my business.					
2	The financial services provided by the cooperative have improved my business's cash flow and liquidity.					
3	Microfinance loans have helped me to better manage business risks and uncertainties.					

4	Access to microfinance has enabled me to invest in business growth and development.					
5	The cooperative's financial services have helped me diversify my income streams and improve profitability.					
6	The cooperative's interest rates are fair and affordable for my business needs.					
7	The cooperative has provided valuable training that has improved my financial literacy and business management skills.					
8	The support from the cooperative has positively influenced my ability to make informed business decisions.					
9	I believe that cooperative microfinance institutions offer reliable and trustworthy financial services.					
10	I am highly satisfied with the support and services provided by the cooperative microfinance institution.					