YANGON UNIVERSITY OF ECONOMICS

DEPARTMENT OF MANAGEMENT STUDIES

MBA PROGRAMME

ACCESS TO FINANCE AND PERFORMANCE OF SMES IN YANGON

HLAING MOE OO

MBA II – 56

MBA 23rd BATCH

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Associate Professor   MBA II – 56

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National Management Degree College   2017 – 2019

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A thesis submitted to the Board of Examiners in partial fulfillment of the requirements for the degree of Master of Business Administration (MBA)

Supervised by   **Submitted by**

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ACCEPTANCE

This is to certify that the thesis entitled **"Access to Finance and Performance of SMEs in Yangon"** has been accepted by the Examination Board for awarding Master of Business Administration (MBA) degree.

Board of Examiners

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(Chairperson)

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ABSTRACT

The purposes of this study are to analyze the effect of entrepreneurial characteristics and SMEs support environment on access to finance for SMEs in Yangon and to identify the effect of access to finance on performance of SMEs. Moreover, this study also aims to examine the moderating effect of investment behaviour on relationship between access to finance and performance of SMEs in Yangon. Based on the survey results, SME owners should have entrepreneurial mind-set and appropriate support environment for their businesses to get better experiences in access to finance. Moreover, the most of respondents have fairly level of access to finance at SMEs in Yangon which influence on performance of SMEs. It can be concluded that the performance of SMEs will be effective and efficient if SME owners can get easily access to finance. Investment behaviour has moderating effect on the relationship between access to finance and financial improvement and access to finance and non-financial improvement. Therefore, SME owners should have good investment behaviour for the development of SMEs' performance.

ACKNOWLEDGEMENTS

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LIST OF ABBREVIATIONS

AEC	-	*ASEAN* Economic Community
ASEAN	-	Association of Southeast Asian Nations
BOP	-	Balance of Payment
FIL	-	Foreign Investment Law
GDP	-	Gross Domestic Product
ICT	-	Information and Communication Technologies
ROA	-	Return on Assets
ROC	-	Return on Capital
ROE	-	Return on Equity
ROI	-	Return on Investment
ROS	-	Return on Sales
SDC	-	SMEs Development Centre
SEZs	-	Special Economic Zones
SLORC	-	State Law and Order Restoration Council
SME Bill	-	Small and Medium-Sized Enterprises Development Bill
SME	-	Small and Medium Enterprises
SMIs	-	Small and Medium Industries
UMFCCI	-	*Union of Myanmar Federation of Chambers of Commerce and Industry*
YCDC	-	*Yangon City Development Committee*

CHAPTER 1

INTRODUCTION

In many emerging markets, the Small and Medium Enterprises (SME) sector is one of the driving forces for economic growth and job creation. Indeed, in many developing countries as well as developed countries, small and medium enterprises are the focal point of growth and self-employment. In low-income countries, it is estimated that small and medium enterprises account for more than 60 percent of the GDP and provide over 70 percent of employment opportunities (Lukacs & Burnham, 2005).

Globally SME sector, however, has been reporting difficulties in access to finance (Bebczuk R. N., 2004), (Irwing & Scott, 2010), (Yongqiang, Armstrong, & Clarke, 2012). Access to finance is a precondition for financial performance of small and medium enterprises and has become an increasingly important development metric, as one of the factors which can drive widespread economic development (Cracknell , 2012). Access to finance to SMEs has become more costly and troublesome while their accessibility has sharply declined. SMEs financial constraints limit their investment opportunity and stagnant growth. Access to finance is widely perceived to an essential factor for firms, and especially SMEs to maintain their daily business operation as well as to achieve long term investment opportunities and development targets.

Access to finance is defined as availability of financial services in the forms of demand deposits, credit, payments, or insurance (Massa, 2013). Access to finance is the ease with which SMEs can get finance to undertake productive investments to expand their businesses and to acquire the latest technologies, thus ensuring their competitiveness and that of the nation as a whole. Access to finance allows SMEs to expand their businesses and to acquire the best management, thus ensuring their competitiveness and performance.

Access to finance also becomes a focal point to develop SMEs in Myanmar. Creating and maintaining the easiest way for access to finance has become a strategic goal for SMEs performance improvement. Government and other organizations in Myanmar are now increasingly taking steps to emphasize on SMEs performance

improvement because they realize that SMEs improvement is essential to economic growth. In this study, the effect of entrepreneurial characteristics and SMEs support environment on access to finance and the effect of access to finance on the performance of SMEs in Yangon are analyzed.

1.1   Rationale of the Study

Most of the studies have shown that SMEs are vital to job creation, innovation and economic growth. These findings have led to the implementation of different types of initiatives and policies designed to encourage SMEs, including the introduction of educational and training programs, the promotion of consulting support for SMEs, and the facilitation of access to finance.

Access to finance has been found to be the blood of small and medium enterprises and a key determinant of financial performance (Cracknell , 2012). Due to the short term nature of the financing needed by the SMEs in slums and in the rural areas, informal and semi-formal financial institutions respond relatively well compared to the formal financial institutions (Kashuliza, Hella, Magayane, & Mvena, 1998). The popularity of these unregulated informal and semi-formal financial intermediaries has presented both opportunities and challenges.

Various studies that have been carried out globally on the effect of financial accessibility on the performance of SMEs show conflicting results. Cressy and Ollofson (2006) in their study concluded that the growth and financial performance of firms was more constrained by managerial and psychological factors than it was by the availability of external finance (Cressy & Ollofsson, 2006). On the other hand, Schiffer & Weder (2001) in their paper on firm growth and business environment identified constraints on access to finance as the main factor hindering growth of firms (Schiffer & Weder, 2001).

Although Myanmar is now changing in political, social and economics, Myanmar's economic situation is still facing a lot of challenges. Most of the SMEs in Myanmar believe that the development of AEC is also a big challenge and they would not compete with the foreign SMEs even though most researchers said that SMEs are the major source of economic growth and employment and the private sector of Myanmar has received many attentions during Myanmar's opening and ongoing transition period because SMEs in Myanmar have relatively low levels of diversification and productivity

and therefore, they have been identified as having large potential for driving Myanmar's economic development and growth. Moreover, SMEs are the foundation of the country's economic development. Therefore, SMEs development and modernization is a priority for Myanmar and, hence, the quest for the requirements and limitation of starting a new business and factors influencing for the long term success of the business.

Therefore, the study sought to find out the effect access to finance through formal sources on performance of small and medium enterprises. It bridged the gap that existed in literature on access to finance and the performance of SMEs. The research answered the question; what is the effect of access to finance on the performance of small and medium enterprises in Yangon.

1.2   Objectives of the Study

The main objectives of the study are:

(1)   To analyze the influence of entrepreneurial characteristics on the SMEs' access to finance.

(2)   To explore the influence of SMEs support environment on SMEs' access to finance.

(3)   To investigate the effect of access to finance on the performance of small and medium enterprises.

(4)   To examine the moderating effect of investment behaviour on the relationship between access to finance and performance of SMEs.

1.3   Scope and Methods of the Study

This study focuses on the analysis of access to finance and performance of SMEs in Yangon. To achieve the objectives of this study, both primary and secondary data are used. Secondary data is collected from the records of Myanmar SME Development Agency, Central Department of SMEs Development, relevant textbooks, relevant articles, previous research papers, thesis papers, journals, websites and online sources.

The primary data are collected with structured questionnaires. Most of the questions in the questionnaire are Likert scale questions. Analytical method is used for this study. The sample size is 128 respondents. Stratified random sampling method is applied for the selection of respondents. It is a quantitative study where the structured

questionnaires are given out to the respondents. Linear regression analysis and simple moderation analysis are applied to evaluate the effect of access to finance on the performance of SMEs in Yangon.

1.4 Organization of the Study

This study is organized into five chapters. Chapter one provides introduction section that consists of rationale of the study, objectives of the study, scope and methods of the study, and organization of the study. Chapter two presents the theoretical background of this study. Chapter three explores background of SMEs in Myanmar, research design, reliability test and demographic profile of the respondents. Chapter four reveals the analysis on access to finance and the performance of SMEs in Yangon. Finally, chapter five is the conclusion of the study including findings and discussions, suggestions and recommendations, and needs for further research.

CHAPTER 2

THEORETICAL BACKGROUND

This chapter includes the theories and concepts that form the theoretical framework of the study and it can be classified into five parts. The first part includes the definitions of access to finance. The second part is about the factors affecting on access to finance which are entrepreneurial characteristics and SMEs support environment. The third part describes about investment behaviour as moderating factor. The performance of SMEs is shown in fourth part and the final part is the conceptual framework of the study.

2.1   Access to Finance

Access to finance can be defined as the availability of a supply of reasonable quality financial services at reasonable costs, where reasonable quality and reasonable cost have to be defined relative to some objective standard, with costs reflecting all pecuniary and non-pecuniary costs (Claessens , 2006). Theoreticians have argued that lack of access to finance generates persistent income inequality or poverty traps and limits financial performance of small firms. The inability of the formal financial sector to satisfy the demand for credit leads to the reliance on the informal and semiformal financial units for credit (Bouman & Bastiaansen, 1989). The authors also noted that innovative financing instruments can help facilitate SMEs' access to finance even in the absence of well-developed institutions. Similar to other studies, the authors have found a positive correlation between the overall economic development (measured by income per capita) and financial development (measured by the ratio of private credit to GDP), on the one hand, and the SMEs' financing level, on the other side. Moreover, the authors demonstrate that the financing level of SMEs depends also on the legal framework and therefore the overall business environment. SMEs play a pivotal role for the event of country and thus it's a priority that SMEs are rendered with support not only within the developing countries but also in developed countries. SMEs are, as a matter of fact, the backbone of the general public sector, the most source of innovation, and furthermore they will create job opportunities, reduce poverty, enable entrepreneurship and have a tendency to respond to entrepreneurship and market demand. Thus, it's actually the drive

for the event of a rustic because it can steer the event during the amount of economic instability

2.1.1 Availability of Sources of Financing

A SME has a few less options when finding financing than big corporate businesses with long histories. SME owners, however, do have some funding sources available from banks, investors and commercial finance companies. Sources of financing for small business can be divided into two parts: Equity Financing and Debt Financing. Some common source of financing business is Personal investment, business angels, assistant of government, and commercial bank loans. Debt financing comes from a bank or other financial institution.

2.1.2 Ease of Financing

SME owners report access to finance to be one of their toughest challenges. Therefore, ease of financing is the important factor for SME owners' access to finance process.

2.2 Factors Affecting on Access to Finance

Many studies investigate the factors affecting on access to finance. There are two factors affecting on access to finance: entrepreneurial characteristics and SMEs support environment. Entrepreneurial characteristics derive from drivers of future vision, ability to seize opportunities and management and many other factors. SMEs support environment are comprised of government support, social support network and other factors.

2.2.1 Entrepreneurial Characteristics

Characteristics of entrepreneur played an important role on ensuring the business success in SMEs. Entrepreneurial characteristics will be considered as a typical feature, or quality that someone or somebody has, such as being innovative, creative and open to change, and having the ability to identify opportunities and achieving stated goals. Other studies by (Nieuwenhuizen & Machado, 2004), (Nieman & Bennett, 2002), (Nieman, Hough, & Nieuwenhuizen, 2003), suggested that the characteristics of entrepreneurs, can be acquired by birth; through life experiences or through entrepreneurial processes. They emphasize that these characteristics should belong to all entrepreneurs, everywhere he/she

lives irrespective of his/her origin because the absence of any one of them could cause a critical weakness in an individual's ability to act entrepreneurially.

2.2.2 SMEs Support Environment

Governments all over the world have designed a number of support systems for SMEs which include the policy initiatives and support programs for the purpose of creating and developing the SME sector.

Government support refers to as policies and regulations that promote SMEs development. The assistance program encompasses easy availability and access to finance and also adoption of new technology. Legal and regulatory framework includes control of corruption and political stability to support SMEs. Social networks provide modern methods of collaboration in the innovation process between SMEs representatives and customers, partner companies, suppliers, academia representatives.

2.3 Investment Behaviour

Business investment behaviour is one of the areas of modern economic research that is being studied most intensively.

2.3.1 Financial Related Behaviour

Financial related behaviour for SME owners is the study of the influence of psychology on the behaviour of owners. It focuses on the fact that owners are not always rational, have limits to their self-control, and are influenced by their own biases. Traits of financial related behaviour are owners are treated as "normal" not "rational"; they actually have limits to their self-control; owners are influenced by their own biases and owners make cognitive errors that can lead to wrong decision.

2.3.2 Attitude towards Risks and Return

According to economic theory, SME owners who are risk averse might be willing to accept a lower return in exchange for less exposure to risk, while SME owners with more appetite for risk taking might receive compensation through higher expected profits.

2.3.3 Confidence Level of Financial Management

Financial management involves a wide spectrum of a company's financial decisions (Parkinson and Ogilvie, 1999). It covers areas such as:

(1)   Determining the source of finance and dividend policy.

(2)   Investment decisions including capital budgeting.

(3)   Assessing capital risk and cost of capital.

(4)   Working capital management.

(5)   Managing interest rate and exchange rate risks.

The nature of SMEs is all of the decisions are come from owners. Therefore, the confidence level of financial management is vital in improvement of the performance of SMEs.

2.4   Performance of the Firms

On the other hand, West and Fair (1996), defines performance as a function of an organization's ability to meet its goals and objectives by exploiting the available resources in an efficient and effective way. Performance would be looked at in terms of financial strength of the enterprise. Stoner (1996) reveals that profitability has been the most widely used measure of financial performance. Profitability is the excess of income and expenditure which can be expressed by ratios of Gross profit margin, net profit and return on equity. Other financial performance measures used include return on equity (ROE), return on investment (ROI), and return on assets (ROA), along with their variability as measures of risk. These include: Return on Investment (ROI), return on capital (ROC), return on assets (ROA), accounting rates of return and return on sales (ROS). The idea behind these measures is perhaps to evaluate financial performance-how well is a firm's management using the assets to generate accounting returns per unit of investment, assets or sales.

2.4.1   Financial Improvement

Quantitative measures of firm performance include profitability measures, cash flow measures, and revenue growth. Ideally, forward-looking measures such as expected profitability, cash flow and growth should be used to measure a firm's performance because the current operating conditions will influence future performance (Kumar, 2003).

2.4.2 Non-financial Improvement

A measurement of non-financial improvement adopted by many SME's is based on identifying what the business does in terms of levels of processes and attaching key performance indicators to those processes. The recording and analysis of the key performance indicators should significantly contribute to the achievement of business goals. Key performance indicators tell businesses how well they provide services, how long they take to process customer requests, their product delivery performance and how much time they spend for new product development.

2.5 Empirical Studies

The first paper reviewed in this study is "Factors Influencing SMEs Access to Finance: A Case Study of Westland Division, Kenya", written by Gabriel Kamau Kung'U, the Mount Kenya University in 2011. The objective of this study was to evaluate the influence of firm's characteristics on SMEs' access to finance, to evaluate the influence of financial characteristics on SMEs' funding and to evaluate the influence entrepreneurial characteristics have on the SMEs' access to funding. The conceptual framework of this study was shown in Figure (2.1).

Figure (2.1) Conceptual Framework of Gabriel Kamau Kung'U
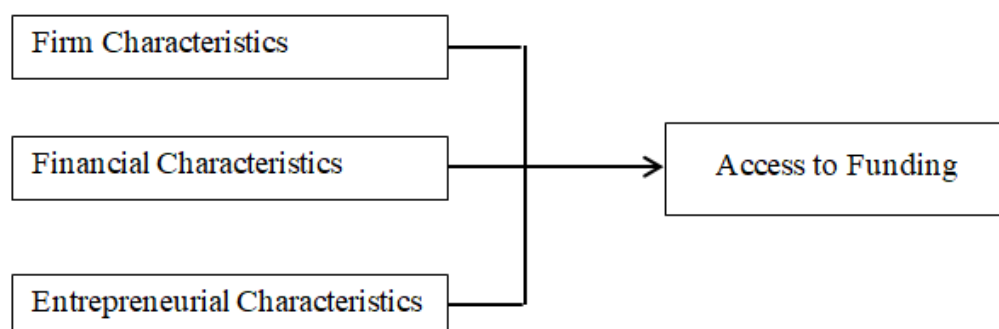
Source: Gabriel Kamau Kung'U (2011)

The research uses descriptive and analytical designs. For the purpose of this research, the population of SMEs in Westlands an urban town in Nairobi was chosen. The entire or target population comprises of 2,870 SMEs as according to the City Council of Nairobi human resource department, 2009. In this research, cluster sampling was used. From these 12 clusters, six were selected at random and the individual cases as shown by the sample size used as representative of all clusters and hence the entire target

population. The total number of sample size came to 115. This report contributes as a wakeup call to the financial system to be more and more SMEs' sensitive and offer financial services that are all inclusive. The financing gap, in the credit market, that exists between large and small companies need to be abridged. This can be achieved by creating an enabling environment for SME, formulating regulatory framework that is SMEs' friendly, segmenting NSE for SMEs' listing. SMEs are also called up to keep good financial report and to form linkages or associations to ease the burden of accessing funds.

The second paper reviewed in this study is "Study of Government Support System in SMEs: An Empirical Investigation", written by Hussain Bux Marri, Murlidhar Nebhwani and Riaz Ahmed Sohag, Mehran University of Engineering & Technology, Jamshoro in 2011. The objective of this study was to assess the increase in importance of SMEs in growing nations such as Pakistan and to highlight the importance of SMEs. 40 entrepreneurs practicing and growing in different sectors were contacted to collect the quality and authentic material to prepare this research paper. Enterprises were questioned regarding the level of satisfactions and dissatisfactions from government help and expectations which include; tax refund/rebate, technical help (backing), credit, loan facility, logistics and liberalisation. Business owners/entrepreneurs presented their views that government does not give any benefit to Small tax payers as whole and small and medium enterprises in general. However, government support is not noticed since SMEs has started shinning in the market. If they are provided assistance then SMEs have large proportion in country's GDP and GNI.

The third paper reviewed in this study is "Access to Finance and Performance of Small and Medium Enterprises: A Case Study of Selected SMEs in Wandegeya, Jiadefu Supermarket, Prime Supermarket", written by Mwangi Patrick Wangu, the Makerere University, College of Business and Management Science in 2011. The objective of this study was to establish the source of finance to SMEs, to determine factors that influence the performance of SMEs and to assess the relationship between access to finance and the performance of small and medium enterprises. The conceptual framework of this study was shown in Figure (2.2).

Figure (2.2)   Conceptual Framework of Mwangi Patrick Wangu
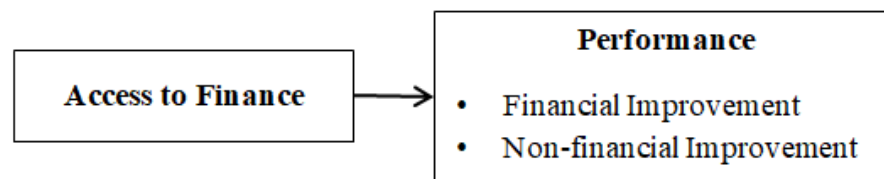
Source: Mwangi Patrick Wangu (2011)

The study adopted a mixed research design using both descriptive and analytical research designs. Within the population a sample 30 enterprise was selected as a representative of the whole population. The study used both secondary and primary data. Primary data was got through use of observation, questionnaires and interviews while secondary data was sourced from documented statements and reports on small and medium enterprises. Correlations method was used to generate reports. Based on the results, the study recommends that there is need for commercial banks to promote transparency by regularly publishing bank charges and interest rates in the print media. This is likely to increase competition and thus ultimate reduction in interest rates. Serious awareness programs have also been advocated to spread the knowhow on the policies of fund application. Introduction of small loaning programs for SMEs has also been advocated. Result revealed the significance positive responses relation between access to finance and performance of SMEs that is 0.386.This shows moderate relationship between access to finance and performance of SMEs. This reveals that if access to finance is adequate in small and medium enterprises there can be an increase in the performance of SMEs.

2.6   Conceptual Framework of the Study

According to the results from many previous studies, the following conceptual framework is developed for this study. The conceptual framework of this study shows how entrepreneurial characteristics and SMEs support environment effect on access to finance and how work access to finance on the performance of SME in Yangon. Investment behaviour is used as moderating factors between access to finance and the performance of SMEs. Entrepreneurial characteristics is defined with three factors and SMEs support environment is defined with two factors. Access to finance is defined with

two factors and the performance of the firms is defined with two factors. The conceptual framework of this study is shown in the Figure (2.3).

Figure (2.3)   Conceptual Framework of the Study
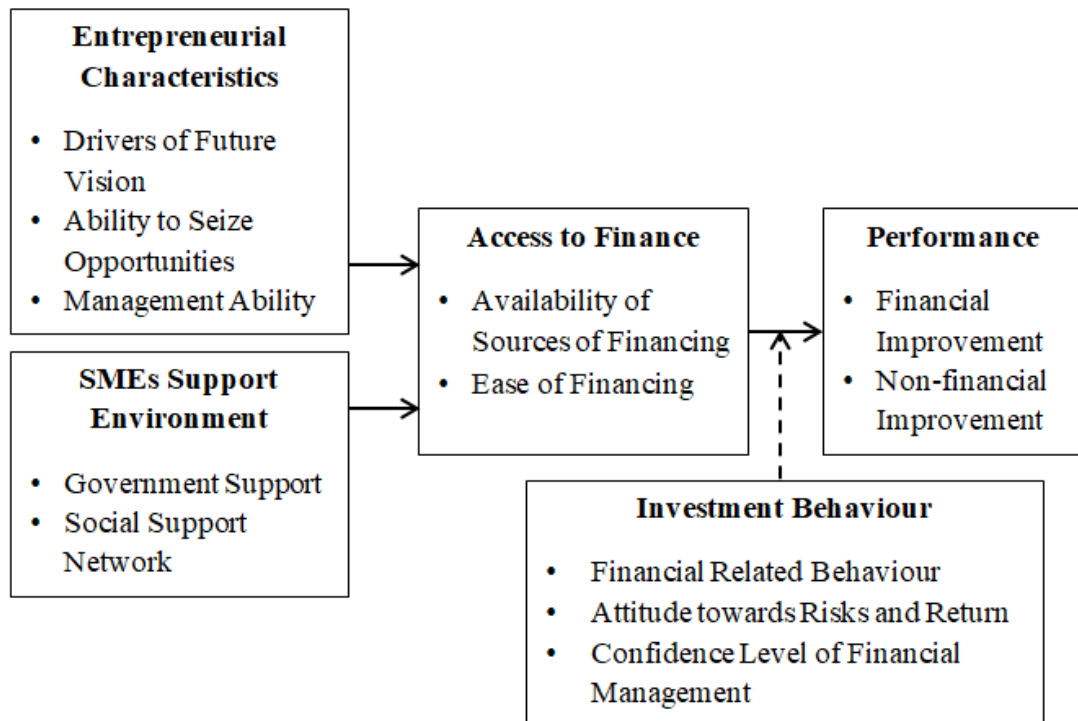
Source: Own Compilation (2019)

In the conceptual framework of this study, five major sections are involved. They are entrepreneurial characteristics, SMEs support environment, access to finance, investment behaviour and the performance of SMEs. To measure the effect of entrepreneurial characteristics, three factors are used to collect the data. They are drivers of future vision, ability to seize opportunities and management ability. Factors which are used to measure SMEs support environment are government support and social support network. There are two factors used to assess access to finance. They are availability of sources of financing and ease of financing. To measure investment behaviour as a moderating factor, three factors that are financial related behaviour, attitude towards risks and return and confident level of financial management are used. The two factors mainly used to assess the performance of SMEs are financial improvement and non-financial improvement. This framework describes how entrepreneurial characteristics and SMEs support environment impact on access to finance and how the performance of SMEs is effected by access to finance and how to provide investment behaviour as a moderating factor between access to finance and the performance of SMEs in Yangon.

CHAPTER 3

ENTREPRENEURIAL CHARACTERISTICS AND SMES SUPPORT ENVIRONMENT

Firstly, in this chapter, the definition of SMEs is presented. Then, the institutional framework of SMEs in Myanmar and development of small and medium enterprises are presented. Secondly, the research design, reliability test and the demographic profile of the respondents and surveyed firms are presented. Finally, in the last section of this chapter, it explores the descriptive explanation of the entrepreneurial characteristics and SMEs support environment in Yangon based on the questionnaire results.

3.1   Definition of SMEs

Myanmar has adopted the market-oriented economic system in 1988. Appropriate measures has been undertaken, the underlying aspect in doing so are decentralizing the central control, encouraging private sector development, allowing foreign direct investment, initiating institutional changes and promoting external trade by streamlining export and import producers. According to laws, orders, rules, regulations and notifications which had prohibited or restricted the private sector from engaging in economic activities were replaced and many laws and rules were amended to be in line with the change of time and circumstances.

The Union of Myanmar Foreign Investment Law (FIL) was enacted in November 1988 and the procedures prescribed in December 1988 encouraging foreign direct investment. Myanmar has opened the doors to foreign investment to participate actively in exploiting the natural resources thereby enhancing long-term mutually beneficial cooperation. Myanmar has been implementing the National Development Plan with the aim to accelerate growth, achieve equitable and balanced development and to reduce socio-economic development gap between rural and urban areas of the country. A country's economic development depends on microeconomic stability. The country would see an increase in microeconomic indicator, which generates more job opportunities, more exports and increase in balance of payment (BOP) ratio.

Myanmar has a vision to develop SMEs, based on the policy to create regionally innovative and competitive SMEs across all sectors, to stimulate income generation, and

contribute to socio-economic development. Various studies estimate that SMEs in Myanmar account for 50-95 percent of employment, and contribute 30-53 percent of the country's GDP. According to the Small and Medium-Sized Enterprises Development Bill (SME Bill), which was launched in January 2014, "small enterprises" are defined as those with K50 to K500 million in capital, or with 30-300 employees. "Medium-size" firms are defined as those with K50 million to K 1 billion in capital, or with 60-600 employees. As a result, 99.4 percent of business in Myanmar are approximately classified as SMEs, and there are now 50,694 SMEs altogether in the regions and states on Union territory. In Myanmar, SMEs are considered important to the national economy. They create a lot of job opportunities for the population and contribute to employment and income generation, resource utilization, and promotion of investment. For this reason, Myanmar government has given special attention to the development of SMEs, support for existing SMEs to become larger industries, and creating a conducive business environment for SMEs.

According to the Law on the Development of Small and Medium Businesses (Pyidaungsu Hluttaw Law No. 23/2015), Small and Medium Enterprises (SMEs) are defined based on their number of employees, type of activity, capital invested, or level of turnover. The classification is illustrated in following tables. Compared to the 1990 version of the law, the maximum number of employees has been increased for labour-intensive activities, as have the limit values for capital and turnover.

Table (3.1)   Definition of SME in Myanmar (1990 Revised Industry Law)

Categories	Small	Medium	Large
Power Used (horsepower)	3-25	25-50	Over 50
Number of Workers	10-50	50-100	Over 100
Capital Investment (million kyat)	Up to 1	1-5	Over 5
Annual Production (million kyat)	Up to 2.5	2.5-5	Over 5

Source: Ministry of Industry, Central Department of SMEs Development (2018)

Table (3.2)   Definition of SME in Myanmar (2011 Private Industry Law)

Categories	Small	Medium	Large
Power Used (horsepower)	Over 5 H.P	25-50 H.P	Over 50 H.P
Number of Workers	Over 10	50-100	Over 100
Capital Investment (million kyat)	Up to 1	1-5	Over 5
Annual Production (million kyat)	Up to 2.5	2.5-5	Over 5

Source: Ministry of Industry, Central Department of SMEs Development (2018)

Table (3.3)   Definition of SME in Myanmar (2012 Revised Law)

Sr.	Categories	Small and Medium Enterprises
1	Number of Workers	
	(a)Manufacturing Industry	10 to 150
	(b)Servicing Industry	10 to 100
2	Capital Investment(million kyats)	
	(a)Manufacturing Industry	Below1000
	(b)Servicing Industry	Below 500

Source: Ministry of Industry, Central Department of SMEs Development (2018)

Table (3.4)   Definition of SME in Myanmar (2015 SME Development Law)

Classification	Number of Employees	Capital Turnover (mil. Kyats)
SMALL		
Manufacturing	Up to 50	Up to 500
Labour-intensive Manufacturing	Up to 300	Up to 500
Wholesale	Up to 30	Up to 100
Retail	Up to 30	Up to 50
Service	Up to 30	Up to 100
Other	Up to 30	Up to 50
MEDIUM		
Manufacturing	51 – 300	500 – 1,000
Labour-intensive Manufacturing	301 – 600	500 – 1,000
Wholesale	31 – 60	100 – 300
Retail	31 – 60	50 – 100
Service	31 – 100	100 – 200
Other	31 – 60	50 – 100

Source: Ministry of Industry, Central Department of SMEs Development (2018)

Unlike the Myanmar SME Development Law, international definitions of SMEs also specify the characteristics of micro-sized enterprises. For instance, the World Bank's SME Department defines micro enterprises as those with 1–9 employees, small-scale enterprises as those with 10–49 employees, medium-sized enterprises as those with 50-

299 employees, and large enterprises as those with more than 300 employees. A common feature of various SME definitions is a recognition that number of employees is the simplest indicator of whether a business is an SME (Bowman 2017). In line with this recognition, we abstain from including the level of capital and turnover in the definition of enterprise size categories, and base them solely on the number of full-time and part-time workers, following the cut-off points proposed by the World Bank.

The development of an appropriate SME definition is of critical importance to guiding SME development policies and other supporting measures such as SME financing schemes and training programs. The definition could benefit from being more specific, either by the creation of categories divided by subsectors, as is the case in Thailand, or by including microenterprises, as in Indonesia and Malaysia. Such considerations would help in the design of more targeted SME support and promotion measures. SMEs in Myanmar also encounter several major physical and non-physical challenges relating to access to market and finance.

3.1.1 Institutional Framework of SMEs in Myanmar

Central Committee is the main policy making body. It gives guidelines for SME development. Working Committee is the second highest authority after the Central Committee. Its main responsibility is to implement the policy guidelines adopted by the Central Committee. Reviewing & Reporting Body is to be formed with suitable persons appointed by the Central Committee. Its main responsibility is to review all aspects SME developments. A fund management body shall be formed with suitable persons and the chairman appointed by the Central Committee. It will be the main body for SME-Finance.

The government is putting emphasis on the development of SMEs and has recently formed central and working committees for this purpose. However, the institutional framework in Myanmar is in an infancy stage and needs to have a more conducive environment for the development of SMEs. Moreover, the SMEs Development Centre (SDC) established in April 2012 under the Ministry of Industry is mainly responsible for SME policy formulation in coordination with stakeholder institutions. In addition, several institutions and agencies take part in implementation of SME related matters. Regarding the transformation of informal SMEs to the formal sector, the Directorate of Industrial Supervision and Inspection is mainly responsible for the registration of SMEs whereas the UMFCCI assists in this transformation process by

collecting the information of informal SMEs, assisting in registration procedures, sharing information and linking with trade associations. Registration shall be carried out in line with the following systems – (a) Easy, quick and effective registration system; (b) Mobile registration system reaching existing SMEs in their respective areas; (c) One-stop registration system where relevant department representatives gather in one place and register all different SMEs; (d) Online registration; (e) Exemption of licensing for enterprises except those that are required to do so according to the existing law.

Enterprises wanting to obtain a business registration certificate in Myanmar can expect to wait up to 10 days to 2 weeks. Before applying for the registration certificate, enterprises need to get approval/permit or license from the City Development Committee, General Administrative Department, Ministry of Energy, Ministry of Labour, and tax clearance document from the Internal Revenue and Tax Department and clearance from investigation from the Ministry of Home Affairs. The Directorate of Inspection and Supervision Department under the Ministry of Industry has the responsibility for the registration of SMEs.

3.1.3 Development of Small and Medium Enterprises

Before 1988, SMEs in Myanmar were spread all over the country but since 1990 the State Law and Order Restoration Council (SLORC) relocated SMEs to newly established industrial zones around towns and cities in order to facilitate effective industry agglomeration (Thein, 2012). At present, 19 industrial zones exist, with another seven in the pipeline. At present, major SMEs are located in the industrial zones, while micro-sized enterprises or "cottage industries" are located outside of industrial zones. In the industrial zones, small sized enterprises comprise 57.5 per cent of the tenants, medium-sized enterprises constitute 24.3 per cent and large-sized enterprises constitute 17.3 per cent (Kyaw, 2008). In order to spur industrial development and attract foreign investment, three special economic zones (SEZs) are being developed: (a) Dawei SEZ, located in the Tanintharyi region; (b) Kyauk Phyu SEZ, located in Rakhine State; and (c) Thilawa SEZ, located 20km south of Yangon. SMEs should be further encouraged to participate in services and manufacturing activities offered by the SEZs and industrial zones, while it will be necessary for the Government in general to enhance local capacities of officials to manage, regulate and monitor activities effectively in the SEZs and industrial zones. To this end, policy interventions can be made to support linking local SMEs, as suppliers, to larger enterprises in the SEZs and industrial zones.

Established under the Ministry of Industry in April 2012, the SME Development Department is the main institution to effectively support SMEs in the country. Based on the data of the Ministry of Industry, about 65016 firms of the establishments in 2018 were small and medium industries which are normally called "SMIs". Table (3.5) shows the structure of SMEs in Myanmar from 2015 to 2018.

Table (3.5)   Structure of SMEs in Myanmar

Size	2015	2016	2017	2018
Small	43798	50838	59329	62314
	98.53%	98.28%	98.17%	95.84%
Medium	652	890	1104	2702
	1.47%	1.72%	1.83%	4.16%
Total	44450	51728	60433	65016
	100.00%	100.00%	100.00%	100.00%

Source: Ministry of Industry, Central Department of SMEs Development (2018)

Figure (3.1)   Structure of SMEs
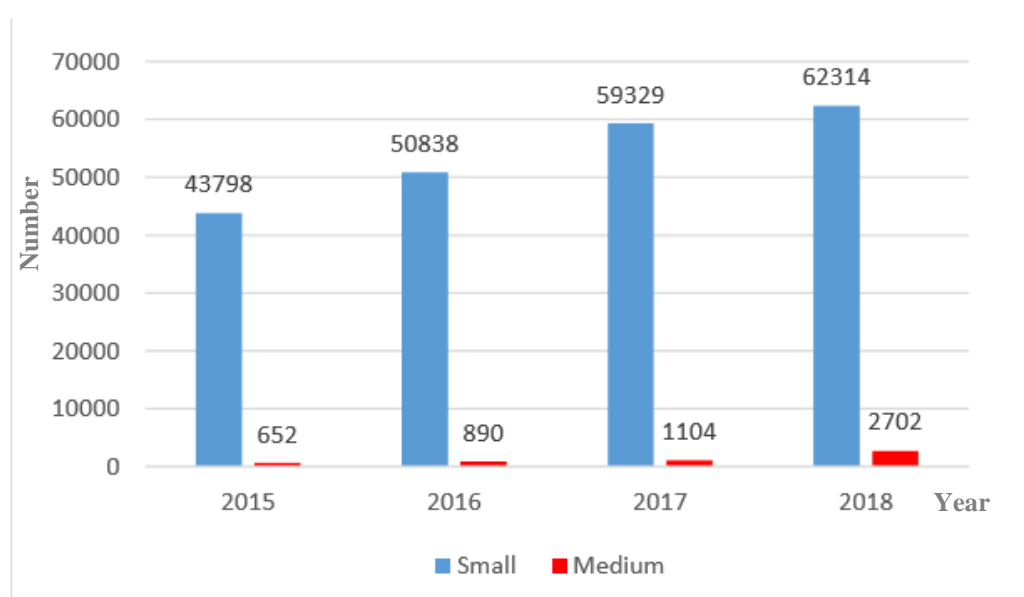
Source: Ministry of Industry, Central Department of SMEs Development (2018)

The following enterprises shall be operated according to the definition contained in SME Development Law – (a) Manufacturing businesses; (b) Labour-intensive businesses; (c) Wholesale businesses; (d) Retail businesses; (e) Service businesses; (f) Other businesses.

The following Table (3.6) shows how the total number of SMEs are broken down into small and medium enterprises; as well as across the sectors. Food and Beverages is the largest sector of the enterprises accounting for 57.54% in 2018. The small sector is the Farming and Agricultural Equipment manufacturing accounting for 0.16 percent.

Table (3.6)   Sector Distribution of SMEs in Myanmar

No	Sub-sector	Large	Small	Medium	Total	Share(%)
1	Food & Beverages	3641	5489	19662	28792	57.54
2	Clothing & Wearing Apparel	755	799	1346	2900	5.80
3	Constructions Raw Materials	1105	1408	1929	4442	8.88
4	Personal Goods	649	586	411	1646	3.29
5	Household Goods	140	89	86	315	0.63
6	Paper and Printing Products	93	203	136	432	0.86
7	Industrial Raw Materials	216	188	180	584	1.17
8	Mineral Process and Production	376	696	2194	3266	6.53
9	Farming and Agricultural Equipment	12	27	39	78	0.16
10	Machinery and Equipment	28	34	32	94	0.19
11	Vehicular Manufacturing	78	31	21	130	0.26
12	Electrical Equipment Production	65	16	17	98	0.20
13	Miscellaneous	234	1142	5882	7258	14.51
	Total	7392	10708	31935	7258	100.00
	Share (%)	14.80	21.40	63.80	100.00	

Source: Ministry of Industry, Central Department of SMEs Development (2018)

Figure (3.2)   Sector Distribution of SMEs in Myanmar
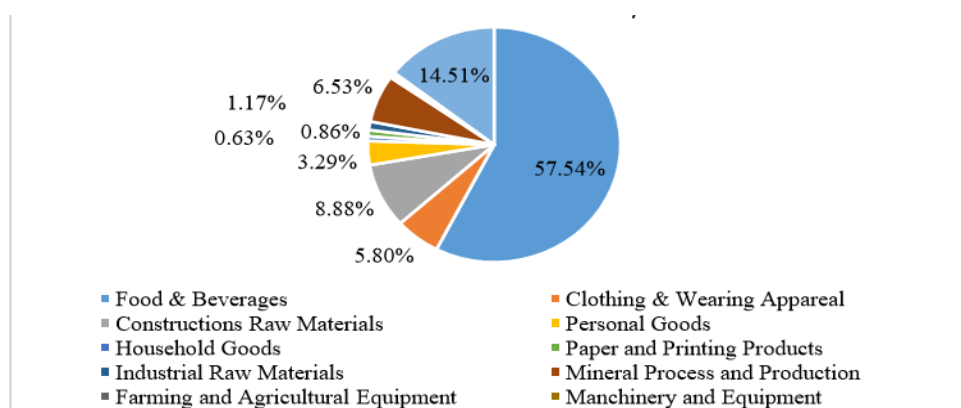
Source: Ministry of Industry, Central Department of SMEs Development (2018)

The number of small and medium enterprises registered in all states and division are shown in the following table (3.7) are mentioned all together as in 2018 updated.

Table (3.7)   Registered Private Industrial Enterprises in the State and Division

No	State/Division	Large	Medium	Small	Total	Share(%)
1	Kachin	65	182	1387	1634	3.27
2	Kayah	30	353	143	526	1.05
3	Kayin	99	173	799	1071	2.14
4	Chin	5	27	779	811	1.62
5	Sagaing	383	1152	3329	4864	9.72
6	Tanintharyi	214	175	1383	1772	3.54
7	Bago	548	1076	3099	4723	9.44
8	Magway	193	552	2778	3523	7.04
9	Mandalay	1396	2738	3909	8043	16.07
10	Mon	195	348	2004	2547	5.09
11	Rakhine	75	141	2372	2588	5.17
12	Yangon	3032	2186	1668	6886	13.76
13	Shan	297	787	3217	4301	8.60
14	Ayeyarwaddy	709	626	4735	6070	12.13
15	Naypyidaw	155	192	333	680	1.36
	Total	7396	10708	31935	50039	100.00
	Share (%)	14.80	21.40	63.80	100.00	

Source: Ministry of Industry, Central Department of SMEs Development (2018)

There are 19 industrial zones located across the country. The following Table (3.8) shows the distribution of SMEs and large enterprises in the industrial zones. The highest number of SMEs are located in Yangon Division and the majority of with are established in East Yangon. Among the industrial zones, Mandalay zone companies the highest number of SMEs while Naypyitaw is the lowest.

Table (3.8)   Distribution of SMEs and Large Enterprises in the Industrial Zones

No		Industrial Zone	No. of Industrial Enterprises			
			Large	Small	Medium	Total
1		Mandalay Industrial Zone	394	316	527	1237
2		Myin Chan Industrial Zone	39	140	62	241
3		Meiktila Industrial Zone	24	131	140	295
4		East Yangon Industrial Zone				
	a	No.1 South Dagon Industrial Zone	128	44		172
	b	No.2 South Dagon Industrial Zone	158	330	26	514
	c	No.3 South Dagon Industrial Zone	28	122	60	210
	d	Dagon Myo Thit (Seikan)	174	14		188
	e	Dagon Myo Thit (East)	171	59		230
	f	North Okkalapa	47	24	5	76
	g	Shwepoukkan	63	180	10	253
	h	South Okkalapa	22	41	16	79
	i	Tharkayta	37	9	4	50
	j	North Dagon	23	32	1	56
5		South Yangon Industrial Zone				
	a	Kyauktan	11			11

No	Industrial Zone		No. of Industrial Enterprises			
			Large	Small	Medium	Total
6	North Yangon Industrial Zone					
	a	Hlaing Thar Yar	802	87	5	894
	b	Shwe Pyi Thar	356	17	4	377
	c	Mingalardon	132	2		134
	d	Myaung Ta Kar	39			39
7	Myaung Mya Industrial Zone		4	3	6	13
8	Hin Tha Da Industrial Zone		2	7	1	10
9	Pathein Industrial Zone		7	5	42	54
10	Monywa Industrial Zone		56	149	242	447
	a	Monywa Sub-Industrial Zone (Shwebo)	36	50	49	135
	b	Monywa Sub-Industrial Zone (Sagaing)	61	15	3	79
11	Kalay		7	19	72	98
12	Pyay		30	77	79	186
13	Yenang Chaung		7	19	72	98
14	Pakoku		28	68	128	224
15	Mawlamyine		27	116	34	177
16	Taunggyi		60	93	334	487
17	Myeik		24	4	2	30
18	Hap-An		20	9		29
19	Naypyidaw (Dakkina)		6			6
	Total		3023	2189	1927	7139
	Share (%)		42.34	30.66	26.99	100.00

Source: Ministry of Industry, Central Department of SMEs Development (2018)

Under the present globalization era, regional integration, whose progress has been facilitated by increasing trade and investment liberalization and advancement of logistic systems and information and communication technologies (ICT), has changed SMEs' operational environment in a drastic way. Social and economic agents, both public and private, no longer operate at a strictly local or national-level, but a global one. Today, regional integration provides new opportunities for the expansion and growth of SMEs by taking advantage of international market potential. Such movements can unlock SMEs' growth-potential arising from increased trade and cross-border investment. In Myanmar, SMEs can, and should, particularly strengthen its ties with their counterparts in ASEAN and utilize their unique geographic position as a bridge between South and South-East Asia, which offers a range of new opportunities with the formation of the ASEAN Economic Community (AEC).

SMEs can become a strong tool in liberalizing the economy and promoting private enterprise and investment this and the government must take immediate steps to develop a comprehensive program to encourage the growth of SMEs. This includes the creation of infrastructure for coordinating SME support, SME financing mechanism, development of human resources, export development, technology transfer, and adoption of relevant best practices, networking, good governance, and commitment of key policy makers.

3.2 Research Design

The study focuses on the effect of entrepreneurial characteristics and SMEs support environment on access to finance and the effect of access to finance on the performance of SMEs in Yangon used investment behaviour as a moderating factor. The target population of this study focuses only on SMEs in Yangon. The size of this research is 128 respondents. The stratified sampling and simple random sampling are used for the selection of respondents from SMEs in Yangon's YCDC region. There are four districts in Yangon's YCDC region. From each district, four townships are randomly selected. From each township, eight SME businesses are randomly selected. The descriptive quantitative research method, linear regression method and model 1 in the PROCESS macro of Hayes (2013) are used in this study.

The questionnaire consists of six parts which are background information of respondents and businesses, entrepreneurial characteristics, SMEs support environment, access to finance, investment behaviour and the performance of SMEs. In this study,

entrepreneurial characteristics factor is accessed by using three factors which are drivers of future vision, ability to seize opportunities and management ability. SMEs support environment is accessed by using two factors which are government support and social support network. Access to finance is measured in two dimensions: availability of sources of finance and ease of financing. Investment behaviour is accessed by using three factors which are financial related behaviour, attitude towards risk and return and confidence level of financial management. The performance of SMEs is accessed with two dimensions: financial improvement and non-financial improvement.

The respondents are requested to rate each statement on five-point Likert scale depending on their level of agreement and disagreement to each statement (1=Strongly Disagree to 5=Strongly Agree). A total of 128 questionnaires are distributed among SMEs in Yangon's YCDC region. All the respondents fully answered questionnaires and those data are used for statistical analysis.

3.3   Reliability Test

Reliability refers to the extent to which it is a consistent measure of a concept of the study and the Cronbach's alpha (α) is one way of measuring the strength of that consistency. Cronbach's alpha (α) is used to assess the reliability and it indicates if the designed study is accurately measuring the variable of interest. It is most commonly used when Likert questions in a survey or questionnaire that form a scale are applied to the study.

The resulting α coefficient of reliability ranges from 0 to 1 in providing this overall assessment of a measure's reliability. If all of the scale items are entirely independent from one another (i.e., are not correlated or share no covariance), then α = 0 and, if all of the items have high covariance, then α will approach 1 as the number of items in the scale approaches infinity. Many methodologists recommend a minimum α coefficient between 0.65 and 0.8 (or higher in many cases); α coefficients that are less than 0.5 are usually unacceptable. Some indicates that the minimum acceptable value for Cronbach's alpha is 0.70.

Table (3.9)   Reliability Test

Scale	Number of Items	Cronbach's Alpha
Entrepreneurial Characteristics		
Drivers of Future Vision	4	0.830
Ability to Seize Opportunities	4	0.734
Management Ability	4	0.788
SMEs Support Environment		
Government Support	4	0.764
Social Support Network	4	0.836
Access to Finance		
Availability of Sources of Financing	4	0.840
Ease of Financing	4	0.746
Investment Behaviour		
Financial Related Behaviour	4	0.752
Attitude towards Risks & Return	4	0.800
Confidence Level of Financial Management	4	0.788
Performance		
Financial Improvement	4	0.808
Non-financial Improvement	4	0.796

Source: Survey Data (2019)

In this study, Cronbach's alpha is used to assess the reliability of 12 constructs of this study. Table (3.9) shows the outcomes of reliability test of the study. According to the results, the Cronbach's alpha of all constructs are above 0.7 and it indicates that the consistency or reliability of the constructs under this study is undoubtedly accepted.

3.4   Profile of the Respondents and Surveyed Firms

Before conducting the detail analysis, the demographic factors of the respondents and surveyed firms are viewed. The demographic factors for the respondents contain the gender, age, education, and years of experiences. The summarized data of demographic profile of respondents (SME owners) are shown in Table (3.10).

Table (3.10)   Profile of the Respondents (SME Owners)

No.	Demographic Factors	No. of Respondents	Percentage (%)
	Total Respondents	128	100.0
1	Gender		
	Male	78	60.9
	Female	50	39.1
2	Age Group		
	Below 20 years	4	3.1
	20 – 30 years	52	40.6
	31 – 40 years	36	28.1
	41 – 50 years	28	21.9
	Over 50 years	8	6.3
3	Education		
	Some College (Certificate/Diploma)	24	18.7
	University (Bachelor Degree)	72	56.3
	Post Graduate (Master/Doctorate Degree)	32	25.0
4	Years of Experiences		
	Below 1 year	8	6.3
	1 – 4 years	60	46.9
	5 – 8 years	48	37.5
	9 – 12 years	12	9.4

Source: Survey Data (2019)

According to Table (3.10), 60.9% of the respondents are male and 39.1% are female. Therefore, the respondents are not balanced in gender ration. Hence, it still concludes that both male and female are interested in working. The ratio of male and female in survey is obviously imbalanced. The SMEs industry has been traditionally male dominated partly because of the culture and nature of the industry. The table shows that there are fewer women than men at the top management level in all industrial sectors. The other sector employs the fewest women on average. Women are typically more prone to not having enough free time to develop their skills and gain experience due to many domestic chores and raising children. Women also tend to work for smaller firms as both

managers and workers. Overcoming these barriers will allow greater socioeconomic development in Myanmar, by empowering women and hence give them equal opportunities to support their families. Women's success could also be attributed to family support, educational attainment, supportive working environments, motivation to succeed or the need to sustain themselves and their families.

For the age group, the majority of respondents are between the age of 20 and 30 years (40.6% are the age between 20 and 30). The respondents who are between 31 and 40 years are 28.1%. According to the survey results, there are 21.9% of respondents who are between 41 and 50 years and 6.3% of respondents who are over 50 years. The lowest number of respondents of this study is 3.1% and their age is below 20 years. The results indicate that most of the SME owners are middle age. The age of respondent reflects the experience in doing business, while the chronological age is the age when a person starts entrepreneurial career. Most entrepreneurs start entrepreneurial career between the ages of 22 and 45 years.

As mentioned in Table (3.10), the respondents are categorized into three groups of education backgrounds. The results show that there are 25% postgraduates, 56.3% university (Bachelor Degree), and 18.7% some college (Certificate/Diploma). It indicates that most respondents are graduate bachelor degree. The second majority of respondents are postgraduates. Since a transformed economy will require a workforce with new skills, educational institutions must be able to adapt to the changing needs of the labour market. The importance of education is not only reflected in the level of education achieved, but also in the fact that education continues to play an important role in helping entrepreneurs overcoming the problems encountered.

When the service years of the respondents are conducted, 6.3% have the experience of less than one year, 46.9% of respondents have the working experience of one year to four years, and 37.5% of respondents have been wording for five years to eight years. Only 9.4% of the respondents have worked for nine years to twelve years. It indicates that only a few numbers of owners have between 9 years to twelve years because most of the owners' age is middle age so they have few working experiences.

The demographic factors for the surveyed firms contain the business types, number of employees, and industry types. The summarized data of demographic profile of surveyed firms (SMEs) are shown in Table (3.11).

Table (3.11) Profile of the Surveyed Firms

No.	Demographic Factors	No. of Surveyed Firms	Percentage (%)
	Total Surveyed Firms	128	100.0
1	Business Types		
	Sole Trader	62	48.4
	Partnership	22	17.2
	Private Limited Company	44	34.4
2	Number of Employees		
	1 – 10	36	28.1
	11 – 20	56	43.8
	21 – 30	10	7.8
	31 – 40	16	12.5
	41 – 50	10	7.8
3	Industry		
	Clothing Apparel & Wearing	10	7.8
	Construction Raw Materials	9	7.0
	Food & Beverages	26	20.3
	Personal Goods	23	18.0
	Household Goods	17	13.3
	Paper & Paper Products/Literature & Arts	13	10.2
	Industrial Raw Materials	8	6.3
	Machinery and Equipment	9	7.0
	Electrical Equipment Productions	9	7.0
	Vehicular Services	4	3.1

Source: Survey Data (2019)

Table (3.11) shows that 48.4% of the SMEs in this study are sole traders, while 17.2% of SMEs are partnership and 34.4% of SMEs are the limited company. This finding is obvious because the respondent chosen for the study were SMEs.

As mentioned in Table (3.11), the number of employees of the business is that 43.8% of the 11 – 20 in the firm while followed by 1 – 10 of no. of employees worked as 28.1% in the SMEs. Range 31 – 40 employees is approximately 12.5%, 21 – 30 of no. of

employees and 41 – 50 of no. of employees are approximately at 7.8%. In small and medium enterprises, a large majority of SMEs employ family members and relatives.

From Table (3.11), it is observed that out of the thirteen industry sectors from which the respondents came from, food and beverage industry is dominated 20.3% in the SMEs and personal goods and household goods with percentage 18% and 13.3% respectively.

3.5 Entrepreneurial Characteristics of SME Owners

In this study, entrepreneurial characteristics of SME owners are studied. For entrepreneurial characteristics, drivers of future vision, ability to seize opportunities and management ability are asked with total 12 questions to collect data. The questions are asked by five scale point (Strongly Agree, Agree, Neutral, Disagree and Strongly Disagree).

3.5.1 Drivers of Future Vision

In this study, the perception of SME owners for drivers of future vision is studied. Table (3.12) shows the results of data collected from SME owners regarding with drivers of future vision perception. The survey questionnaire comprises of four items.

Table (3.12) Drivers of Future Vision

No.	Items	Mean	Std. Deviation
1	Setting goals	3.30	0.807
2	Trying hard after fail at first time	3.31	0.920
3	Being open minded and quick learner	3.42	0.838
4	Anticipating changes and trends	3.13	0.896
	Overall Mean	**3.29**	

Source: Survey Data (2019)

The mean value of each question on drivers of future vision is presented in Table (3.12). The overall mean is above neutral. It shows that SME owners' future vision for their business is moderately good. The two highest mean scores indicate that SME owners' entrepreneurial mind-set recognizes the potential of business development and growth. The rest of mean values illustrate that SME owners have how much positive thinking and mind-set that lead to future trend catch up benefit.

According to the results, it can be interpreted that drivers of future vision of SME owners is good. In the work environment for SMEs, all the SME owners have to work in harmony with business environment changing. Moreover, the SME owners have to work long term vision and goals.

3.5.2 Ability to Seize Opportunities

To analyse the ability to seize opportunities of SME owners, the questions from Questionnaire on Section B are asked to 128 respondents.

Table (3.13) Ability to Seize Opportunities

No.	Items	Mean	Std. Deviation
1	Searching new experiences	3.78	0.913
2	Observing market drivers	3.76	0.791
3	Identifying fresh and innovative approaches	3.60	0.826
4	Enjoying the challenges of situations	3.41	0.808
	Overall Mean	**3.64**	

Source: Survey Data (2019)

Table (3.13) presents the mean values of ability to seize opportunities of SME owners. The overall mean value is well above neutral. Overall mean can be interpreted that most of the SME owners feel they have an ability to seize opportunities from ever changing market. The highest mean value shows that the SME owners in Yangon would like to work with the new area or new experience that are very helpful and that are easy to get along with new opportunities. The second highest mean value indicates that the SME owners have ability to analyse market opportunities. The third ranked mean score shows that the SME owners have ability to create new approach. Moreover, the SME owners in Yangon agree that they would like to work in challenges situation.

According to the results, it illustrates that the SME owners in Yangon are working with initiative and open-eyed characteristics. The SME owners in Yangon always need to have excellent teamwork to deal with many different, difficult and dynamic business environments. Without the ability to seize opportunities, the SME owners in Yangon cannot give right and appropriate decision in their management. Therefore, there is strong ability to seize opportunities SME owners among in Yangon.

3.5.3 Management Ability

To analyse the management ability of SME owners in Yangon, the questions are asked to 128 respondents with total 4 questions.

Table (3.14) Management Ability

No.	Items	Mean	Std. Deviation
1	Clear understanding of the key business drivers	3.66	0.891
2	Accepting both positive and negative consequences of decisions	3.32	0.748
3	Recognizing the importance of resource management	3.74	0.756
4	Building well management process system	3.26	0.816
	Overall Mean	**3.47**	

Source: Survey Data (2019)

According to Table (3.14), the overall mean points out that the respondents work their job with good management ability. The highest mean value shows that the SME owners concern that the resource management is the important issue. The second highest mean score indicate that SME owners can make a clear decision at critical point because of understanding the business thoroughly they operate. The two lowest mean score values show that SME owners can interrupt and resolve the problems arising in their work by themselves if they find there is necessary to do so and they create freedom workplace in carrying out their work activities.

Therefore, it can be interpreted that the SME owners in Yangon are working with over moderate level of management ability in their workplace. The SME owners always have to face many challenges on daily basis. They need to have some extent level of management ability to be able solve the problems on time. Thus, the management ability of SME owners is very important to develop the business and attract the new investment.

3.5.4 Entrepreneurial Characteristics of SME Owners

To analyse the entrepreneurial characteristics of SME owners, the three entrepreneurial characteristics factors are conducted among SME owners. The respondents are asked total 12 questions to measure the entrepreneurial characteristics. The results are shown in Table (3.15).

Table (3.15) Entrepreneurial Characteristics

No.	Items	Mean	Std. Deviation
1	Drivers of Future Vision	3.29	0.705
2	Ability to Seize Opportunities	3.64	0.623
3	Management Ability	3.47	0.629
	Overall Mean	**3.47**	

Source: Survey Data (2019)

According to the results, the respondents have highest mean value on ability to seize opportunities. It can interpret that the SME owners in Yangon have some level of ability to be able to solve and take upcoming opportunities from raising unexpected and emergency cases in their workplace. The second highest mean value is management ability and it indicates that the SME owners in Yangon have strong management ability. The lowest mean value for the SME owners under this study is drivers of future vision. The results can be interpreted as the respondents assume SME owners' future vision for their business is moderately strong.

3.6 SMEs Support Environment in Yangon

In this study, SMEs support environment in Yangon are studied. The two factors of SMEs support environment in Yangon: government support and social support network are conducted with total 8 questions to collect data. The questions are asked by 5 scale point (Strongly Agree, Agree, Neutral, Disagree and Strongly Disagree).

3.6.1 Government Support

To analyse government support for SMEs in Yangon, the questions are asked 128 SME owners with total 4 questions.

Table (3.16) Government Support

No.	Items	Mean	Std. Deviation
1	Development conditions with government support	3.70	0.892
2	The process of getting business permit for SMEs	3.48	0.803
3	Government policies for SMEs	3.53	0.709
4	Tax policies for SMEs	3.51	0.774
	Overall Mean	**3.55**	

Source: Survey Data (2019)

According to Table (3.16), overall mean is above neutral and it shows that the SME owners know how to solve the financial problems and difficulties which appears in their work with government help. The highest mean value points out that SMEs aid programs from government are helpful to develop SMEs' overall features. The second highest mean value indicates that the government's currently working system is confident that the system could deal the SMEs operation. The third highest mean value show that special tax policies for SMEs supported by government can be effective in further more investment for short term. The lowest mean value indicates that the process of getting business permit is quite easy. Therefore, investment in new business is somewhat attractive.

Hence, it can be interpreted as the respondents think government support systems for SMEs are well enough for attracting the small business investors. The SMEs industry in Yangon is a kind of business where there are lots of many different kinds of problems and difficulties. The SMEs owners who work at that kind of industry need to have support from government. Therefore, the results illustrate that SME owners in Yangon think they get some extent of support from government.

3.6.2 Social Support Network

To analyse the social support network for SMEs in Yangon, the questions are asked total 4 questions to 128 respondents.

Table (3.17)   Social Support Network

No.	Items	Mean	Std. Deviation
1	Financial knowledge sharing programs for SMEs	3.39	0.907
2	Social support organizations' access to finance programs for SMEs	3.35	0.809
3	SMEs support systems	3.54	0.674
4	The function of current support systems	3.55	0.840
	Overall Mean	**3.46**	

Source: Survey Data (2019)

According to survey results as shown in Table (3.17), the overall mean shows that the social support network for SMEs is above good. The highest mean value shows that the respondents think current support activities are well-functioning. The second highest mean score shows that there are enough support systems from non-government

organization for SMEs. The third highest mean indicates that the respondents think knowledge sharing programs really support the financial knowledge and how to find financing sources. The lowest mean scores show that the SME owners think that financing support programme provided by social support organizations in Yangon well support for SMEs and they have planned and they count on good things happening to them.

Therefore, it can be interpreted as SME owners think the social support network is slightly significant in Yangon. SME owners always have to handle the unexpected business environment and stressful activities for finding financing sources. Without social support network, it is difficult for SME owners to work at this kind of uncertain industry in the long term. The results show that SME owners in Yangon think social support network aids availability of sources of finance.

3.6.3 SMEs Support Environment

To analyse the SMEs support environment for SMEs in Yangon, the two SMEs support environment are conducted. The respondents are asked total 8 questions to measure SMEs support environment. The results are shown in Table (3.18).

Table (3.18) SMEs Support Environment

No.	Items	Mean	Std. Deviation
1	Government Support	3.55	0.609
2	Social Support Network	3.46	0.665
	Overall Mean	**3.50**	

Source: Survey Data (2019)

According to results, the respondents have positive perception on SMEs support environment because the overall mean value is obviously above neutral. Among the SMEs support environment, the highest mean value is government support. The result can be interpreted that government's programs are very supportive accessing in financing and developing the business for SMEs. The second mean value is social support network. The results can be interpreted that SME owners also have positive perception in social support network.

CHAPTER 4

ANALYSIS ON ACCESS TO FINANCE AND PERFORMANCE OF SMES IN YANGON

This chapter focuses on the analysis of access to finance on the performance of SMEs in Yangon. This chapter includes five parts. The first part explores about the access to finance of SMEs in Yangon. The second part is the analysis on the effect of entrepreneurial characteristics on access to finance and the third part is the analysis on the effect of SMEs support environment on access to finance of SMEs in Yangon. The fourth part is the analysis on the effect of access to finance on the performance of SMEs in Yangon. The last part is the analysis on the moderating effect of investment behaviour on the relationship between access to finance and the performance of SMEs in Yangon.

4.1   Access to Finance of SMEs

In this study, access to finance is measured on two dimensions which are availability of sources of financing and ease of financing. To analyze the access to finance for SMEs, the questions are asked total 8 questions to 128 respondents. The respondents are asked to rate themselves regarding access to finance. The results on access to finance for SMEs in Yangon are discussed with respective mean value tables from Table (4.1) and (4.2) accordingly.

4.1.1   Availability of Sources of Financing

In this study, access to finance for SMEs in Yangon is studied in availability of sources of financing dimension. Total four questions are involved to measure the level of availability of sources of financing in Yangon. The mean values are shown in Table (4.1).

Table (4.1)   Availability of Sources of Financing

No.	Items	Mean	Std. Deviation
1	Equity financing service providers	3.26	0.907
2	SME Loan services	3.44	0.750
3	Investors interest	3.37	0.912
4	Source of finance	3.45	0.792
	Overall Mean	**3.38**	

Source: Survey Data (2019)

Table (4.1) provides the results of the access to finance by analyzing the overall mean value score in availability of sources of financing perspective. Among the survey results, the highest mean from item number four mentions that the respondents think that sources of finance is not the major problems for their business for improvement. The second highest mean value points out that the respondents feel number of banks and other financing sources for loan borrowing are enough. The rest of the mean values indicate that investors of equity financing for SMEs is moderately good. According to the survey results, the lowest mean is item number one which shows that the respondents feel angle investors or venture capital investors are slightly interested in SME sector. Overall mean score is slightly above neutral.

Hence, the results show that the SME owners feel in the way that they have quite enough of sources of financing. One of the reasons is that in Myanmar banking sector is booming stage. Therefore, availability of sources of finance is slightly above neutral.

4.1.2 Ease of Financing

In this study, access to finance for SMEs in Yangon is studied in ease of financing dimension. There are four questions to test the level of ease of financing for SMEs in Yangon. The mean value results are shown in Table (4.2).

Table (4.2)   Ease of Financing

No.	Items	Mean	Std. Deviation
1	The amount of applying financing condition	3.57	0.867
2	The time taken of process of applying financing	3.40	0.917
3	The complexity of process of applying financing	3.35	0.884
4	The requirement documents	3.20	0.746
Overall Mean		**3.38**	

Source: Survey Data (2019)

Table (4.2) provides the mean results of the access to finance in ease of financing dimension. According to the highest mean value of survey results, the respondents think that they can get enough loan amounts. The second highest mean values are item number two and three which indicates that the process of applying the finance quite simple and short period of time. According to the lowest mean values, SME owners moderately believe that the requirement documents asked from lenders or investors are meaningful

and purposeful and they are needed for their decision. The overall mean value of ease of financing factor is well above neutral.

Therefore, it can be interpreted in the way that the SME owners in Yangon feel the sense of significance and challenge relating with their applying process. Government and other support organizations are currently focused on SMEs development. Therefore, present financing support for SMEs is better than past. The SME owners in Yangon are willing to work at this kind of industry for improvement because they have slightly high level of ease of financing in their applying process.

4.1.3   Access to Finance of SMEs

This section aims to identify the access to finance for SMEs in Yangon. Access to finance comprises of two items which are availability of sources of financing and ease of financing. The mean scores of respondents toward the level of access to finance are presented in Table (4.3) below.

Table (4.3)   Access to Finance

No.	Items	Mean	Std. Deviation
1	Availability of Sources of Financing	3.38	0.693
2	Ease of Financing	3.38	0.644
	Overall Mean	**3.38**	

Source: Survey Data (2019)

According to the survey results, access to finance in availability of sources of financing and ease of financing dimension has the same mean value. It shows that SMEs in Yangon are easy in the process of financing and represents that SME owners can easily find the investors or lenders. Overall mean score of access to finance in all two dimensions is above neutral and it can be interpreted as the condition of access to finance for SMEs in Yangon are quite well.

4.2   Analysis on the Effect of Entrepreneurial Characteristics on Access to Finance of SMEs in Yangon

In this study, the effect of entrepreneurial characteristics on access to finance is explored. The linear regression model is applied. The results are shown in Table (4.4).

Table (4.4)   The Effect of Entrepreneurial Characteristics on Access to Finance

Variable	Unstandardized Coefficients		Beta	t-value	Sig	VIF
	B	Std. Error				
(constant)	0.410	0.224		1.826	0.070	
Drivers of Future Vision	0.363***	0.063	0.403	5.741	0.000	1.571
Ability to Seize Opportunities	0.136*	0.088	0.133	1.551	0.100	2.363
Management Ability	0.369***	0.087	0.365	4.226	0.000	2.383
R	0.782					
R Square	0.612					
Adjusted R Square	0.602					
F-value	65.068***					
Durbin Watson	2.154					

Source: Survey Data (2019)

Note *** significance at 1% level, ** significant at 5% level, * significant at 10% level

According to the results shown in Table (4.4), R Square is 0.612 and Adjusted R Square is 0.602. This model can explain 61.2% about the variance of dependent variable (access to finance) and independent variables (drivers of future vision, ability to seize opportunities and management ability). R value is 0.782 and it indicates that the level of access to finance and entrepreneurial characteristics of SMEs are correlated. The value of F test, the overall significance of the model, is highly significant at 1 percent level. This specified model can be said valid. All VIFs (Variance Inflation Factor) of independent variables are less than 10. Hence, there is no problem of multi-collinearity (correlation between independent variables).

Drivers of future vision and management ability variables have the expected positive sign and significant coefficient variable at 1 percent level. Ability to seize opportunities variable have the expected positive sign and significant coefficient variable at 10 percent level. The Standardized Beta Coefficient indicates that all three variables have positive relationship with access to finance of this study. The positive relationship means that the increase in independent variables support to the better condition of access to finance for SMEs in Yangon.

A unit increase in drivers of future vision variable results in 0.363 increase in access to finance for SMEs. A unit increase in ability to seize opportunities variable lead to 0.136 increases in access to finance in SMEs. Similarly, a unit increase in management ability results in 0.369 increase in access to finance for SMEs in Yangon. When SME owners have more entrepreneurial characteristics, they can easily access the financing for their business improvement. The findings show that entrepreneurial characteristics have direct impact on access to finance in Yangon.

According to the results, it can be interpreted that if the relationship between access to finance and entrepreneurial characteristics is great enough. It makes SME owners must try to have entrepreneurial sense more because it creates the better experience in access to finance. Moreover, they should also have systematic future plan, great management skills, and superior in knowhow market trend of their businesses. Therefore, entrepreneurial characteristics create more access to finance chance and make SME owners to build the development of their business.

4.3 Analysis on the Effect of SMEs Support Environment on Access to Finance of SMEs in Yangon

In this study, the effect of SMEs support environment on access to finance is explored. The linear regression model is applied.

According to the results shown in following Table (4.5), R Square is 0.599 and Adjusted R Square is 0.593. This model can explain 59.9% about the variance of dependent variable (access to finance) and independent variables (government support and social support network). R value is 0.774 and it indicates that the level of access to finance and SMEs support environment for SMEs is correlated. The value of F test, the overall significance of the model, is highly significant at 1 percent level. This specified model can be said valid. All VIFs (Variance Inflation Factor) of independent variables are less than 10. Hence, there is no problem of multi-collinearity (correlation between independent variables).

Table (4.5)   The Effect of SMEs Support Environment on Access to Finance

Variable	Unstandardized Coefficients		Beta	t-value	Sig	VIF
	B	Std. Error				
(constant)	0.455	0.219		2.080	0.040	
Government Support	0.453***	0.086	0.434	5.235	0.000	2.146
Social Support Network	0.380***	0.079	0.398	4.795	0.000	2.146
R	0.774					
R Square	0.599					
Adjusted R Square	0.593					
F-value	93.457***					
Durbin Watson	2.091					

Source: Survey Data (2019)

Note *** significance at 1% level, ** significant at 5% level, * significant at 10% level

Government support variable and social support network variable have the expected positive sign and significant coefficient variable at 1 percent level. The Standardized Beta Coefficient indicates that all two variables have positive relationship with access to finance of this study. The positive relationship means that the increase in independent variables support to more access to finance for SMEs in Yangon.

According to the Table (4.5), a unit increase in government support variable results in 0.453 increase in access to finance for SMEs. A unit increase in social support network variable lead to 0.380 increase in access to finance for SMEs. The SME owners are more easily get access to finance when they experience the high level of social support network.

The results show that there is direct impact of SMEs support environment on access to finance for SMEs in Yangon. The government support and social support network are vital for SMEs in accessing sources of financing for their business development. The SME owners feel that they do not have thoroughly enough support over the situations whenever they face new situations or challenges in the business environment. Therefore, the higher SMEs support environment result higher access to finance for SMEs in Yangon.

4.4   Analysis on the Effect of Access to Finance on the Performance of SMEs in Yangon

In this study, the effect of access to finance on the performance of SMEs is explored. Regression model is used to estimate and test the effect of access to finance on the performance of SMEs (financial improvement and non-financial improvement) in Yangon.

4.4.1   The Performance of SMEs in Yangon

The performance of SMEs is measured with financial improvement and non-financial improvement factors. The results on performance of SMEs in Yangon are discussed with respective mean value tables from Table (4.6) and (4.7) accordingly.

(a)   Financial Improvement

In this study, financial improvement of SMEs in Yangon is studied. Total 4 questions are involved to measure the level of financial improvement of SMEs in Yangon. The mean value results are shown in Table (4.6).

Table (4.6)   Financial Improvement

No.	Items	Mean	Std. Deviation
1	Increased in sales revenue	3.40	0.917
2	Increased in profitability	3.20	0.746
3	Reduction in operation expenses	3.06	0.750
4	Improved cash flow	3.57	0.867
	Overall Mean	**3.31**	

Source: Survey Data (2019)

According to Table (4.6), the highest mean value shows that SMEs improve cash flow. The second greatest mean value indicates that SMEs perform well in the sales revenue by carrying out well managed operation. The third highest mean score shows that SMEs improve in profitability. The lowest mean value shows that operating expenses is reduced in business operation. The overall mean is slightly above good.

Therefore, the findings can be interpreted in the way that financial improvement for SMEs in Yangon is great. It means that SME owners are good at financial management. It indicates that the level of financial improvement in Yangon is high.

(b)   Non-financial Improvement

In this study, non-financial improvement in Yangon is studied. Total 4 questions are involved to measure the non-financial improvement. The mean value results are shown in Table (4.7).

Table (4.7)   Non-financial Improvement

No.	Items	Mean	Std. Deviation
1	Improved production/operation efficiency	3.31	0.962
2	New customers growth	3.27	0.818
3	Diversification of product and service contents	3.39	0.862
4	Creation of new market	3.30	0.757
	Overall Mean	**3.32**	

Source: Survey Data (2019)

According to Table (4.7), the highest mean value shows that SMEs are ready to diversified product and service contents when their investment gets easily. The second and third greatest mean score values indicate that the respondents think that SMEs are improved production/operation efficiency and creation of new market. The lowest mean score shows that when SMEs make innovative improvement in the overall quality of business, new customer growth is improved. The overall mean is slightly above agreed. Hence, it can be interpreted in the way that non-financial improvement for SMEs is great.

(c)   The Performance of SMEs in Yangon

In this study, the overall mean of performance of SMEs in Yangon in all two dimensions is shown in Table (4.8). There are totally 8 questions to test the level of performance of SMEs in Yangon.

Table (4.8)   The Performance of SMEs

No.	Items	Mean	Std. Deviation
1	Financial Improvement	3.31	0.655
2	Non-financial Improvement	3.32	0.671
	Overall Mean	**3.32**	

Source: Survey Data (2019)

Table (4.8) shows the overall mean value of performance of SMEs in Yangon. According to the survey results, the mean values of both dimensions of performance of

SMEs are above neutral. Therefore, it illustrates that both financial improvement and non-financial performance of SMEs in Yangon is good. Overall mean score of performance of SMEs in all is also above neutral and it can be interpreted as performance of SMEs in Yangon is great.

4.4.2 Analysis on the Effect of Access to Finance on Financial Improvement of SMEs in Yangon

In this study, the effect of access to finance on financial improvement of SMEs that is one of the two factors of performance of SMEs is explored.

According to the results shown in following Table (4.9), R Square is 0.881 and Adjusted R Square is 0.879. This model can explain 88.1% about the variance of dependent variable financial improvement and independent variables (availability of sources of financing and ease of financing). R value is 0.938 and it indicates that the level of access to finance and financial improvement of SMEs are correlated. The value of F test, the overall significance of the model, is highly significant at 1 percent level. This specified model can be said valid. All VIFs (Variance Inflation Factor) of independent variables are less than 10. Hence, there is no problem of multi-collinearity (correlation between independent variables).

Table (4.9) The Effect of Access to Finance on Financial Improvement

Variable	Unstandardized Coefficients		Beta	t-value	Sig	VIF
	B	Std. Error				
(constant)	0.123	0.110		1.113	0.268	
Availability of Sources of Financing	0.082*	0.049	0.086	1.651	0.100	2.861
Ease of Financing	1.024***	0.053	1.007	19.261	0.000	2.861
R	0.938					
R Square	0.881					
Adjusted R Square	0.879					
F-value	461.254***					
Durbin Watson	1.739					

Source: Survey Data (2019)

Note *** significance at 1% level, ** significant at 5% level, * significant at 10% level

Ease of financing variable has the expected positive sign and significant coefficient variable at 1 percent level. Availability of sources of financing variable has the expected positive sign and significant coefficient variable at 10 percent level. The Standardized Beta Coefficient indicates that all two variables have positive relationship with financial improvement of this study.   The positive relationship means that the increase in independent variables supports to higher financial improvement at business.

A unit increase in availability of sources of financing variable results in 0.082 increase in financial improvement of SMEs. A unit increase in ease of financing variable lead to 1.024 increase in financial improvement of medical staff. Therefore, the better condition in access to finance for SMEs is, the higher in financial performance at business. The findings show that there is direct impact of access to finance on financial improvement of SMEs in Yangon.

According to the results, it can be interpreted that high level of availability of sources of financing and ease of financing for SMEs in Yangon leads them to improve financial performance of SMEs. The majority of respondents choose good experience in access to finance because they have high number of banks and private equity firms and they face the not too much complicated procedures even though they don't get easier way of processing procedures. Therefore, the SME owners in Yangon can improve financial performance when they have high level of availability of sources of financing and ease of financing.

4.4.3   Analysis on the Effect of Access to Finance on Non-financial Improvement of SMEs in Yangon

In this study, the effect of access to finance on non-financial improvement of SMEs that is one of the two factors of performance of SMEs is explored.

According to the results shown in following Table (4.10), R Square is 0.540 and Adjusted R Square is 0.533. This model can explain 54% about the variance of dependent variable non-financial improvement and independent variables (availability of sources of financing and ease of financing). R value is 0.735 and it indicates that the level of access to finance and non-financial improvement of SMEs are correlated. The value of F test, the overall significance of the model, is highly significant at 1 percent level. This specified model can be said valid. All VIFs (Variance Inflation Factor) of independent variables are

less than 10. Hence, there is no problem of multi-collinearity (correlation between independent variables).

Table (4.10) The Effect of Access to Finance on Non-financial Improvement

Variable	Unstandardized Coefficients		Beta	t-value	Sig	VIF
	B	Std. Error				
(constant)	0.672	0.222		3.026	0.003	
Availability of Sources of Financing	0.225**	0.099	0.232	2.264	0.025	2.861
Ease of Financing	0.557***	0.107	0.535	5.213	0.000	2.861
R	0.735					
R Square	0.540					
Adjusted R Square	0.533					
F-value	73.442***					
Durbin Watson	2.154					

Source: Survey Data (2019)

Note *** significance at 1% level, ** significant at 5% level, * significant at 10% level

Ease of financing variable has the expected positive sign and significant coefficient variable at 1 percent level. Availability of sources of financing variable has the expected positive sign and significant coefficient variable at 5 percent level. The Standardized Beta Coefficient indicates that all two variables have positive relationship with non-financial improvement of this study. The positive relationship means that the increase in independent variables supports to higher non-financial improvement at business.

A unit increase in availability of sources of financing variable results in 0.225 increase in non-financial improvement of SMEs. A unit increase in ease of financing variable lead to 0.557 increase in non-financial improvement of SMEs. According to the results, there is direct impact of access to finance on non-financial improvement of SMEs in Yangon.

The results show that high availability of sources of financing and ease of financing for SMEs lead to high non-financial improvement. The main needed factor to upgrade SMEs is investment for valuable projects that must be captured in the dynamic

business environment. Without enough availability of sources of financing and ease of financing, it is difficult for SMEs to carry out the future development plan in challenging business environment. Therefore, the better condition in access to finance for SMEs, there is higher in non-financial improvement at business.

4.5 Moderating Effect of Investment Behaviour between Access to Finance and Performance of SMEs in Yangon

To examine the moderating effect of investment behaviour on relationship between access to finance and performance of SMEs, simple moderation analysis is used. It creates the interaction term by analyzing dependent variables (financial improvement and non-financial improvement) the product of levels of the access to finance and investment behaviour. If interaction term's effect on the endogenous variables (financial improvement and non-financial improvement) is significant, it can be concluded that the moderator (investment behaviour) has a significant moderating effect on the relationship between access to finance and performance of SMEs.

4.5.1 Investment Behaviour of SME Owners

In this study, selected 128 SMEs in Yangon are surveyed. It is including how to relate the access to finance on the performance of SMEs in Yangon, in term of financial related behaviour, attitude towards risks and return and confidence level of financial management which are analyzed. This factor is used as moderating factor in this study.

(a) Financial Related Behaviour

Financial related behaviour is a crucial one in investment behaviour. Respondents are required to respond 4 statements about how their behaviour affects on investment. The result shown in Table (4.11) based on survey findings.

Table (4.11) Financial Related Behaviour

No.	Items	Mean	Std. Deviation
1	Preparation before investment	3.06	0.750
2	Considering multiple times for investment	3.70	0.819
3	Tight control over his or her budget	3.45	0.751
4	Plan for how to handle financial risk	3.44	0.740
	Overall Mean	**3.41**	

Source: Survey Data (2019)

The mean value of each question on financial related behaviour is presented in Table (4.11). The overall mean is slightly above neutral. It shows that the financial related behaviour of SMEs in Yangon is moderately good. The two highest mean scores indicate that SME owners take too much time for considering investment. The rest of mean values illustrate that SME owners believe that proactive arrangements for investment needs.

According to the results, it can be interpreted that the financial related behaviour in Yangon is good. In the nature of SME owners in Yangon, all have very strict investment policies for themselves. Moreover, the SME owners have to do very well planning before doing investment.

(b)   Attitude towards Risks and Return

Attitude towards risks and return is one of the important investment behaviour factors. Respondents are required to respond 4 statements about how to balance risk and return. The results are shown in Table (4.12) based on survey findings.

Table (4.12)   Attitude towards Risks and Return

No.	Items	Mean	Std. Deviation
1	Willingness to take risk	3.63	0.762
2	Return of investment plan	3.55	0.751
3	Greater risk lead higher return	3.66	0.756
4	Ability to take risk	3.34	0.818
	Overall Mean	**3.55**	

Source: Survey Data (2019)

Table (4.12) presents the mean values of attitude towards risks and return of SMEs in Yangon. The overall mean value is well above neutral. Overall mean can be interpreted that most of SME owners in Yangon feel they have well moderately risk tolerance. The highest mean value shows that SMEs in Yangon think that greater risk can give the higher return. The second highest mean value indicates that the SME owners are willing to take risk. The third ranked mean score shows that the respondents do advance the return plan for their investment. Moreover, the SME owners in Yangon agree that they have ability to take risk.

According to the results, it illustrates that SME owners in Yangon understand the behaviour of risks and return. The SME owners have fairly risk tolerance. Therefore, there is strong attitude towards risks and return among SMEs in Yangon.

(c) **Confidence Level of Financial Management**

Confidence level of financial management is one of the most important factors in investment behaviour because investment behaviour highly depends on the skills of financial management. This particular element addresses the financial effectiveness in the business which is analyzed by addressing survey to 128 respondents with four different questions. The results from analysis on SME owners focus are shown in Table (4.13).

Table (4.13) Confidence Level of Financial Management

No.	Items	Mean	Std. Deviation
1	Long-term impact of financial choice	3.33	0.888
2	Talent in management	3.42	0.728
3	Confidence in making financial decision	3.27	0.970
4	Needed skills in managing money	3.15	0.906
	Overall Mean	**3.29**	

Source: Survey Data (2019)

According to Table (4.13), the overall mean points out that the respondents have skills in financial management. The highest mean value shows that the SME owners have to resolve the problems arising in their finance department by themselves. The second and third highest mean score indicate that the SME owners can carry out the decision about when investment must be made in their own and they can personally decide how much time they need for a specific activity. The lowest mean score value shows that the SME owners in Yangon can interrupt they accept financial management is very important and needed skills and they should have enough skills in carrying out their financial work.

Therefore, it can be interpreted that the SME owners in Yangon are working with moderate level of financial management in their workplace. In Yangon, each of SME owner has own level of financial skills at the workplace. The SME owners always have to face many managing money cases on daily basis. They need to have some extent level of skills in finance to be able solve the problems on time such as cash flow timing. Thus, the financial skills of SME owners at Yangon are to some extent according to their interests.

(d)   Investment Behaviour

To analyse the investment behaviour of SMEs in Yangon, the three personal resources are conducted. The respondents are asked total 12 questions to measure the investment behaviour. The results are shown in Table (4.14).

Table (4.14) Investment Behaviour

No.	Items	Mean	Std. Deviation
1	Financial Related Behaviour	3.41	0.579
2	Attitude towards Risks and Return	3.55	0.610
3	Confidence Level of Financial Management	3.29	0.685
	Overall Mean	**3.42**	

Source: Survey Data (2019)

According to the results, the respondents have highest mean value on attitude towards risks and return. It can interpret that the SME owners in Yangon have enough knowledge in risks and return trade-off and support to their investment nature. The second highest mean value is financial related behaviour and it indicates that the SME owners in Yangon are prepared some level of proactive activities to be able to solve the unexpected and emergency cash flow need in their business. The lowest mean value for SME owners under this study are confidence level of financial management. The results can be interpreted as the respondents assume the skills of financial management are moderately strong. The lowest mean value can be interpreted that the SME owners in Yangon need to provide with financial knowledge programs from the government or non-government organizations.

4.5.2 Moderating Effect of Investment Behaviour on Financial Improvement of SMEs

To examine the moderating effect of investment behaviour on relationship between access to finance and financial improvement of SMEs, Model 1 in the PROCESS Macro of Hayes (2013) is used. The conditional interactions on financial improvement are shown in Table (4.15).

Table (4.15) Conditional Interactions on Financial Improvement

	Coefficient	SE	T-value	Sig
Access to Finance	0.666***	0.1147	5.806	0.000
Investment Behaviour	0.675**	0.256	2.634	0.010
Interaction (Access to Finance * Investment Behaviour	0.719**	0.360	1.997	0.048

Source: Survey Data (2019)

Note *** significance at 1% level, ** significant at 5% level, * significant at 10% level

In this Table (4.15), It can be interpreted the effects of access to finance and investment behaviour. The effect of access to finance on financial improvement is positively significant at 1 percent level, conditional on investment behaviour is zero and the effect of investment behaviour on financial improvement is positively significant at 5 percent level, conditional on access to finance is zero. The positive sign reveals that a unit increase in access to finance will lead to 0.666 unit increase in effect of financial improvement. Moreover, the positive sign reveals that a unit increase in investment behaviour will lead to 0.675 unit increase in effect of financial improvement. The coefficient of moderating effect of investment behaviour on the relationship between access to finance and financial improvement has a positively significant effect at 5 percent level. The positive sign reveals that a unit increase in moderating effect of investment behaviour will lead to 0.719 unit increase in effect of financial improvement. It is clear that interaction term has significant effect on independent variable. Therefore, investment behaviour is the moderator between access to finance and financial improvement. The model is presented in Figure (4.1).

Figure (4.1) Moderating Effect of Investment Behaviour for Financial Improvement
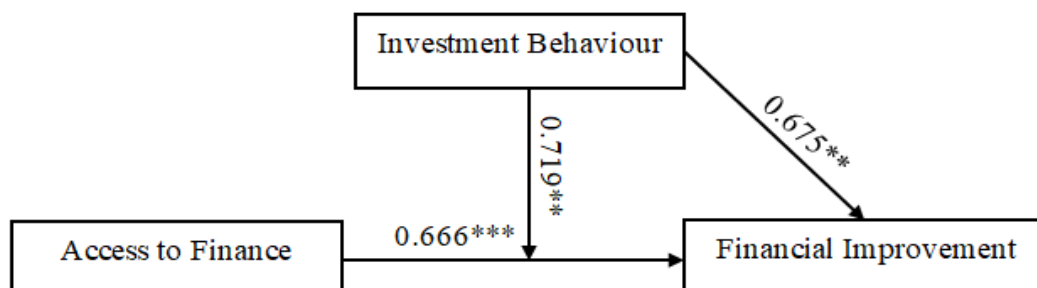
Note *** significance at 1% level, ** significant at 5% level, * significant at 10% level

Source: Survey Data (2019)

The results show that these two independent variables (access to finance and investment behaviour) have a positive impact on the financial improvement in the study. Therefore, if SMEs is well experiences in access to finance and investment behaviour will have better improvement in financial performance. It can also be concluded that it has moderating effect of investment behaviour between access to finance and financial improvement. If SME owners will well manage their investment behaviour, SMEs will get the most improvement in financial performance which will develop the whole business for SMEs. If investment behaviour is well managed, SME owners can set strategic investment more effectively and put efficient reducing in operation expenses. Financial improvement is also impacted by investment behaviour because SMEs owners understand their investment behaviour as creating right investment decision; they can try and respond to best investment behaviour for improvement in performance of SMEs. The conclusion is that access to finance cause financial improvement and the impact is moderated by third variable investment behaviour.

4.5.3 Moderating Effect of Investment Behaviour on Non-financial Improvement of SMEs

To examine the moderating effect of investment behaviour on relationship between access to finance and non-financial improvement of SMEs, Model 1 in the PROCESS Macro of Hayes (2013) is used. The conditional interactions on non-financial improvement are shown in Table (4.16).

**Table (4.16) Conditional Interactions on Non-financial Improvement**

|	Coefficient	SE	T-value	Sig
Access to Finance	0.658***	0.106	6.187	0.000
Investment Behaviour	0.762***	0.238	3.207	0.002
Interaction (Access to Finance * Investment Behaviour	0.827**	0.334	2.477	0.015

Source: Survey Data (2019)

Note *** significance at 1% level, ** significant at 5% level, * significant at 10% level

In this Table (4.16), it can be interpret the effects of access to finance and investment behaviour. The effect of access to finance on non-financial improvement is positively significant at 1 percent level, conditional on investment behaviour is zero and

the effect of investment behaviour on non-financial improvement is positively significant at 1 percent level, conditional on access to finance is zero. The positive sign reveals that a unit increase in access to finance will lead to 0.658 unit increase in effect of non-financial improvement. Moreover, the positive sign reveals that a unit increase in investment behaviour will lead to 0.762 unit increase in effect of non-financial improvement. The coefficient of moderating effect of investment behaviour on the relationship between access to finance and non-financial improvement has a positively significant effect at 5 percent level. The positive sign reveals that a unit increase in moderating effect of investment behaviour will lead to 0.827 unit increase in effect of non-financial improvement. It is clear that interaction term has significant effect on independent variable. Therefore, investment behaviour is the moderator between access to finance and non-financial improvement. The model is presented in Figure (4.2).

Figure (4.2)   Moderating Effect of Investment Behaviour for Non-financial Improvement
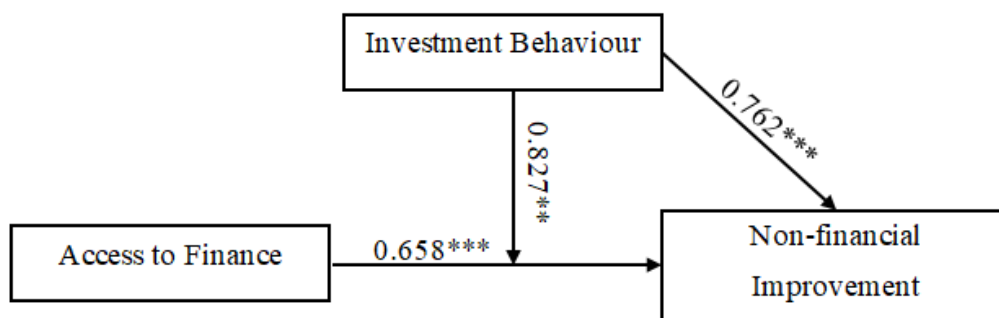
Note *** significance at 1% level, ** significant at 5% level, * significant at 10% level
Source: Survey Data (2019)

The results show that these two independent variables have a positive impact on the non-financial improvement in the study. Therefore, if SMEs is well experiences in access to finance and investment behaviour will have better improvement in non-financial performance. It can also be concluded that it is moderating effect of investment behaviour between access to finance and non-financial improvement. If SME owners will have good experience in access to finance, they will be more developed in their business and provide the best and new products/services to customers. Later, based on investment behaviour, SME owners recognize properly their investment behaviour about investment in their businesses so they can create the new market or expend their existing market with their business needs. Non-financial improvement is also impacted by investment behaviour

because SME owners understand investment behaviour as creating right investment decision; they can try and respond to best investment behaviour for improvement for performance of SMEs. The conclusion is that access to finance cause non-financial improvement and the impact is moderated by third variable investment behaviour.

CHAPTER 5

CONCLUSION

This chapter consists of the three main parts. The first part is findings and discussions from previous chapters. The second part is suggestions and recommendations according to the findings of the study. The third part is the limitations and needs for the further research of the access to finance.

5.1   Findings and Discussions

This study attempts to explore the entrepreneurial characteristics and SMEs support environment and to analyse the effect of access to finance on performance of SMEs in Yangon. To analyse the study, a sample of 128 SMEs in Yangon is randomly selected. Stratified sampling method and simple random sampling method are applied. Questionnaire method is applied to collect primary data. Secondary data is collected from the records of Myanmar SME Development Agency, Central Department of SME Development, relevant books, research paper and internet websites.

The first part of the study explores the entrepreneurial characteristics of SME owners in Yangon such as drivers of future vision, ability to seize opportunities, and management ability. According to the results, SME owners in Yangon have positive perception on all the three factors of entrepreneurial characteristics of SME owners in Yangon. Among the three entrepreneurial characteristics, the SME owners have highest perception on management ability. Moreover, the SMEs support environment is also analysed in the first part of the study. It is found that the SME owners have positive perceptions on all of the SMEs support environment factors. The factors of SMEs support environment include government support and social support network. Among these factors, the respondents have highest perception on social support network. According to the results, it is found that the SMEs owners are satisfied with their entrepreneurial characteristics and SMEs support environment for SMEs in Yangon.

The second part of the study shows the access to finance in two dimensions: availability of sources of financing and ease of financing. In this study, the conditions of access to finance for SMEs in Yangon are moderately good in all two dimensions. Among two dimensions, the respondents have the highest positive perception on ease of

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financing. The results show that the SME owners can get the financing easily in Yangon because of their high availability of sources of financing and ease of financing although the process is not thoroughly perfect.

As third part of the study, the results show that there are direct impacts of entrepreneurial characteristics and SMEs support environment on access to finance of SMEs in Yangon. Among the entrepreneurial characteristics factors, drivers of future vision and management ability variables have strongest relationship with access to finance in this study. For SMEs support environment, the results indicate that there is the strongest relationship between government support and access to finance.

The final part of the study shows that both of financial improvement and non-financial improvement are strongly related with access to finance of SMEs in Yangon. According to the results, there is a strong and positive relationship between access to finance and performance of SMEs in Yangon under this study. Thus, it can be concluded that the respondents of this study feel good conditions in access to finance and there is direct impact of access to finance on performance of SMEs in Yangon. Investment behaviour has the moderating effect between access to finance and performance of SMEs. All the performance of SMEs: financial improvement and non-financial improvement are moderated by investment behaviour. It can be concluded that the performance of SMEs will be effective and efficient if SMEs can easily get access to finance and have good behaviour in investment.

5.2 Suggestions and Recommendations

According to the findings of the study, the SME owners in Yangon feel that they are not enough in ability to seize opportunities. Therefore, the SME owners in Yangon should not only have the appropriate future vision but also they should know how to grab the opportunities from unexpected business world for their performance improvement. The SME owners should have management ability and competence which upgrade the SMEs development according to their performance improvement. Moreover, the respondents of this study feel in the way that they do not have thoroughly enough support over the situations whenever they face new situations or challenges in the business environment. Thus, the responsible authorized persons should provide the guidelines and training programs for SME owners how to face with new challenges and how to control new situations in the business world.

The results show that the government support and social support network are fairly good condition of their access to finance: availability of sources of financing and ease of financing are high. Although supportive programs for SMEs are not currently enough, they believe current condition of support environment is better than past because of government interest and policies. Not only the requirement is high but also their business environment is not stable. Therefore, to keep and motivate to do the business and start up SMEs in the long term, government and responsible authorized persons should provide appropriate programs and accurate regulations and procedures.

The results of this study indicate that access to finance of SMEs in Yangon has good condition and they have high performance in the business. The findings also confirm the previous studies. Good condition in access to finance for SMEs are enhanced and developed about their performance. The financial improvement and non-financial improvement of SMEs in Yangon is high. Therefore, SMEs should maintain these abilities by getting with both enough access to finance and supportive programs for them. The SME owners should have better entrepreneurial mind-set in the decision making process. Moreover, the government and other responsible authorized persons should always monitor the access to finance level of SMEs and should set the rules and regulations to improve access to finance of SMEs in Yangon and supportive programs for SMEs.

In addition, SME owners should have proper knowledge about investment because they are associated with how much develop in their businesses. The SME owners should analyze their behaviour themselves concerned about how to choose financing source and how to do investment in their businesses. To get high financial improvement, SME owners should have better experience in access to finance and great behaviour and mind-set in investment decisions. Furthermore, to have better experience in access to finance, SME owners should have excellent management skills, realistic future plan and outstanding know-how in market to ensure that they can manage their businesses properly and profitably. Moreover, the SME owners need to improve focusing on the individual strengths, encourage government support, and pay attention to improve regulation and procedure for the organization. Finally, the SME owners should consider the above facts to push up the performance of SMEs and to stay competitive in dynamic business environment.

Moreover, SME owners should emphasize on their investment behaviour whether they have proper attitude toward risks and return, and their financing activities. SME owners especially conservative and they do not want to take risk so they are always thinking in loss and afraid to loss. In addition, they have some luck of knowledge in investment decisions as they are not directly or indirectly working with proper investment procedure. The SME owners should train their financial knowledge and management for determining accurate investment decisions and take steps to eliminate or minimize the risks and develop a safety plan. The SME owners should check all business process and their weaknesses to ensure that they are well managed the businesses with new investment.

5.3   Needs for Further Research

This study has a few limitations. The first limitation is that the survey is done only to SMEs in Yangon and it does not represent the results of SMEs in other regions of Myanmar. Hence, the study can only represent the access to finance of SMEs in Yangon. Moreover, this study only focuses on SMEs in Yangon. Therefore, not only SMEs but also large businesses in Yangon as a whole should be analysed in the future. Although it is assumed that the respondents give accurate and reliable information, it is possible that they might provide incorrect or incomplete information. In fact, this is a common problem of every empirical study based on individual perceptions.

According to the results, this study only focuses on entrepreneurial characteristics, SMEs support environment, access to finance and performance of SMEs in Yangon. There are many other relevant articles and models which are presented about access to finance. In the future, if time, effort, data available are not limited, the larger research should be conducted by considering the limitations of this study. Moreover, the access to finance issue of SME sector in Myanmar should also be investigated in the future.

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YANGON UNIVERSITY OF ECONOMICS

DEPARTMENT OF MANAGEMENT STUDIES

MBA PROGRAMME

Survey questionnaire for Access to Finance for SMEs in Yangon

Dear Participant,

I am a MBA candidate from Yangon University of Economics. As part of the academic requirements for the Master of Business Administration (MBA) degree, students need to complete MBA thesis. The purpose of my thesis paper is to analyze the effect of access to finance on the performance of SMEs in Yangon. I would appreciate your help in completing my MBA thesis of filling out the following questionnaires.

Your answers will be handled strictly confidential and will exclusively be used for the purpose of this research. Your name will not be mentioned anywhere on the document so kindly answer the questions as honest and objective as possible in order to contribute to the success of this study.

Thank you so much for your time and support.

Sincerely,

Ma Hlaing Moe Oo

MBA II – 56

MBA 23rd Batch

QUESTIONNAIRE

This questionnaire is for the purpose of research only. Please tick (√) in the appropriate bracket or fill in the information of your response to the following question.

SECTION A: Background Information of the Respondent and Business

(A-1) Please indicate your gender

Gender	Tick
Male	
Female	
Other	

(A-2) Please tick the number in the box best describes the range in which your age falls range in years

Age	Tick
Below 20 years	
20 – 30 years	
31 – 40 years	
41 – 50 years	
Over 50 years	

(A-3) To date, what has been your highest formal qualification?

Education Level	Tick
Basic Education Level	
Some College (Certificate/ Diploma)	
University (Bachelor Degree-Level)	
Post graduate level (Masters/Doctorate Degree)	

(A-4) How many years of experience do you have in this firm?

Years of Experience	Tick
Below 1 year	
1 – 4 years	
5 – 8 years	
9 – 12 years	
Over 12 years	

(A-5) What is the legal structure of this firm?

Business Types	Tick
Sole Trader / Single Owner	
Partnership/ Jointly Owned	
Private Limited Company	
Other	

(If your answer is "Other" please specify --------------------------------------)

(A-6) How many persons are employed in this business? (Please indicate the number/s in the appropriate box)

Number of Employees	Tick
1 – 10	
11 – 20	
21 – 30	
31 – 40	
41 – 50	
Above 50	

(A-7) Where does generally classify your industry to belong?

Industry	Tick
Clothing apparel & wearing	
Construction raw materials	
Food & Beverages	
Personal goods	
Household goods	
Paper & paper products/Literature & arts	
Industrial raw materials	
Mineral process and production	
Farming and Agricultural equipment	
Machinery and equipment	
Electrical equipment productions	
Vehicular manufacturing	
Miscellaneous	

(If your answer is "Miscellaneous" please specify -------------------------------------)

(A-8) Have you ever applied for financing?

	Tick
Yes	
No	

If "Yes", please continue to the questions.

SECTION B: Entrepreneurial Characteristics

On a scale from 1 to 5 (1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree), please respond to the following questions by choosing the number that best describe you.

I	Drivers of Future Vision	1	2	3	4	5
1	Owner sets mind to achieve a goal in relation to a set of standards.					
2	Expect in cases of fraud and malpractice, people who start and fail at business deserve a second chance.					
3	Owner is open minded and a quick learner.					
4	Anticipate change and perceive trends before they become apparent to others.					
II	Ability to Seize Opportunities	1	2	3	4	5
1	Owner likes to work on the projects which give the opportunity of new experiences.					
2	Owner has an intimate knowledge of customers' needs and market drive.					
3	Owner has an ability to identify fresh and innovative approaches to existing situations.					
4	Owner enjoys the challenge of situations that may consider risk.					
III	Management Ability	1	2	3	4	5
1	Owner has a clear understanding of the key business drivers inside his/her organization, industry, market, and customer segment.					
2	Owner is willing to accept both positive and negative consequences of decisions and actions.					
3	Recognizing the money is an important factor and having the ability to correctly use this resource.					
4	Owner builds management process that makes it safe for people what is on their minds.					

SECTION C: SMEs Support Environment

On a scale from 1 to 5 (1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree), please respond to the following questions by choosing the number that best describe you.

I	Government Support	1	2	3	4	5
1	Government support for SME sector is enough to develop the firms					
2	The process of getting business permit for SMEs is easy.					
3	Government policies for SMEs provide well-functioning on business operations.					
4	Tax policies for SMEs well affect on business development.					
II	Social Support Network	1	2	3	4	5
1	There is enough financial knowledge sharing programs for SMEs.					
2	Social support organizations' (e.g., UMFCCI, etc.) programs are well supportive for SMEs to access financing.					
3	SMEs support systems (e.g., financing, operation, market creation) provided by non-government organization are enough.					
4	The current support systems are well functions and activities for SMEs.					

SECTION D: Access to Finance

On a scale from 1 to 5 (1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree), please respond to the following questions by choosing the number that best describe you.

I	Availability of Sources of Finance	1	2	3	4	5
1	There are enough service providers (e.g., Private equity firm, Venture capital investors) for financing.					
2	There are large ranges of SME Loan services (e.g., No, of Bank) in Yangon.					
3	Investors (e.g., Private Equity firms, venture capital) are more interested in SME businesses.					
4	Source of finance is not the problem of SME businesses in Yangon for development.					
II	Ease of Financing	1	2	3	4	5
1	When applying the financing, I cannot get the whole amount that I applied for.					
2	The process of applying the financing takes too much time.					
3	The process of applying the financing is too complex.					
4	The requirement documents (e.g., Financial statements, Business Plan) for applying the financing are too much.					

SECTION E: Investment Behavior

On a scale from 1 to 5 (1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree), please respond to the following questions by choosing the number that best describe you.

I	Financial Related Behavior	1	2	3	4	5
1	Before taking any investment, SME owners usually do a lot of financial research.					
2	Before SME owners make an investment decision, he or she would consider options multiple times.					
3	SME owners usually have tight control over his or her budget for the major spending in the coming year.					
4	SME owners have plan for how to handle financial risk compared to other people.					
II	Attitude towards Risk and Return	1	2	3	4	5
1	The amount of return has nothing to do with willingness to take risks.					
2	A high return investment plan sounds risky to business.					
3	SME owners agree with the idea that greater risk leads to a higher rate of return.					
4	SME owners can make taking risks beyond what he or she can handle.					
III	Confident Level of Financial Management	1	2	3	4	5
1	SME owners are constantly second guessing the long-term impact of financial choice.					
2	SME owners have the talent to manage my money investment.					
3	SME owners feel confident making financial decision.					
4	SME owners are more skilled in managing my money than other people.					

SECTION F: Firm's Performance

On a scale from 1 to 5 (1 = Extremely Poor, 2 = Slightly Poor, 3 = Neutral, 4 = Good, 5 = Extremely Good), please respond to the following questions by choosing the number that best describe you.

I	Financial Improvement	1	2	3	4	5
1	Increased in sales revenue					
2	Increased in profitability					
3	Reduction in operation expenses					
4	Improved cash flow					
II	Non-financial Improvement	1	2	3	4	5
1	Improved production/operation efficiency					
2	New customers growth					
3	Diversification of product and service contents					
4	Creation of new market					

Thank you very much for your cooperation!

APPENDIX B

STATISTICAL OUTPUTS

(1)   The Effect of Entrepreneurial Characteristics on Access to Finance of SMEs

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change	Durbin-Watson
1	.782[a]	.612	.602	.40093	.612	65.068	3	124	.000	2.154

a. Predictors: (Constant), Management Ability, Drivers of Future Vision, Ability to Seize Opportunities

b. Dependent Variable: Access to Finance

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	.410	.224		1.826	.070		
Drivers of Future Vision	.363	.063	.403	5.741	.000	.637	1.571
Ability to Seize Opportunities	.136	.088	.133	1.551	.100	.423	2.363
Management Ability	.369	.087	.365	4.226	.000	.420	2.383

a. Dependent Variable: Access to Finance

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	31.378	3	10.459	65.068	.000[b]
	Residual	19.932	124	.161		
	Total	51.311	127			

a. Dependent Variable: Access to Finance

b. Predictors: (Constant), Management Ability, Drivers of Future Vision, Ability to Seize Opportunities

(2)   The Effect of SMEs Support Environment on Access to Finance of SMEs

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change	Durbin-Watson
1	.774[a]	.599	.593	.40559	.599	93.457	2	125	.000	2.091

a. Predictors: (Constant), Social Support Network, Government Support

b. Dependent Variable: Access to Finance

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	.455	.219		2.080	.040		
Government Support	.453	.086	.434	5.235	.000	.466	2.146
Social Support Network	.380	.079	.398	4.795	.000	.466	2.146

a. Dependent Variable: Access to Finance

ANOVA[a]

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	30.748	2	15.374	93.457	.000[b]
Residual	20.563	125	.165		
Total	51.311	127			

a. Dependent Variable: Access to Finance

b. Predictors: (Constant), Social Support Network, Government Support

(3)   The Effect of Access to Finance on Financial Improvement

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change	Durbin-Watson
1	.938[a]	.881	.879	.22822	.881	461.254	2	125	.000	1.739

a. Predictors: (Constant), Ease of Financing, Availability of Sources of Financing

b. Dependent Variable: Financial Improvement

Coefficients[a]

Model	Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	Collinearity Statistics VIF
1 (Constant)	.123	.110		1.113	.268		
Availability of Sources of Financing	.082	.049	.086	1.651	.100	.350	2.861
Ease of Financing	1.024	.053	1.007	19.261	.000	.350	2.861

a. Dependent Variable: Financial Improvement

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	48.050	2	24.025	42.178	.000[b]
	Residual	6.511	125	.052		
	Total	54.561	127			

a. Dependent Variable: Financial Improvement

b. Predictors: (Constant), Ease of Financing, Availability of Source of Financing

(4) The Effect of Access to Finance on Non-financial Improvement

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics R Square Change	F Change	df1	df2	Sig. F Change	Durbin-Watson
1	.735[a]	.540	.533	.45912	.540	73.442	2	125	.000	2.154

a. Predictors: (Constant), Ease of Financing, Availability of Sources of Financing

b. Dependent Variable: Non-financial Improvement

Coefficients^a

Model	Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	VIF
1 (Constant)	.672	.222		3.026	.003		
Availability of Sources of Financing	.225	.099	.232	2.264	.025	.350	2.861
Ease of Financing	.557	.107	.535	5.213	.000	.350	2.861

a. Dependent Variable: Non-financial Improvement

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	30.962	2	15.481	73.442	.000[b]
	Residual	26.349	125	.211		
	Total	57.311	127			

a. Dependent Variable: Non-financial Improvement

b. Predictors: (Constant), Ease of Financing, Availability of Sources of Financing

(5) Moderating Effect of Investment Behaviour on Financial Improvement of SMEs

Model : 1
  Y : FIMean
  X : AFMean
  W : IBMean

Sample
Size: 128

****
OUTCOME VARIABLE:
 FIMean

Model Summary

R	R-sq	MSE	F	df1	df2	p
.4944	.2444	.4781	13.3726	3.0000	124.0000	.0000

Model

	coeff	se	t	p	LLCI	ULCI
constant	4.0006	.0616	64.9679	.0000	3.8787	4.1225
AFMean	.6662	.1147	5.8067	.0000	.4391	.8932
IBMean	.6747	.2561	2.6342	.0095	.1678	1.1817
Int_1	.7197	.3603	1.9972	.0480	.0064	1.4329

Product terms key:
 Int_1 :   AFMean x   IBMean

Test(s) of highest order unconditional interaction(s):

	R-sq change	F	df1	df2	p
X*W	.0243	3.9887	1.0000	124.0000	.0480

  Focal predict: AFMean (X)
    Mod var: IBMean (W)

Conditional effects of the focal predictor at values of the moderator(s):

IBMean	Effect	se	t	p	LLCI	ULCI
.3008	.4497	.1183	3.8025	.0002	.2156	.6838
.0000	.6662	.1147	5.8067	.0000	.4391	.8932
.3008	.8826	.1893	4.6627	.0000	.5080	1.2573

DATA LIST FREE/
  AFMean   IBMean   FIMean   .
BEGIN DATA.
   -.5994   -.3008   3.5281
   .0000   -.3008   3.7976
   .5994   -.3008   4.0672
   -.5994   .0000   3.6013
   .0000   .0000   4.0006
   .5994   .0000   4.3999
   -.5994   .3008   3.6745
   .0000   .3008   4.2036
   .5994   .3008   4.7327

END DATA.
GRAPH/SCATTERPLOT=
 AFMean   WITH   FIMean BY   IBMean .

*********************** ANALYSIS NOTES AND ERRORS ***********************

Level of confidence for all confidence intervals in output:
 95.0000

W values in conditional tables are the mean and +/- SD from the mean.

NOTE: The following variables were mean centered prior to analysis:
     IBMean   AFMean

------ END MATRIX -----

(6) Moderating Effect of Investment Behaviour on Non-financial Improvement of SMEs

Model : 1
   Y : NIMean
   X : AFMean
   W : IBMean

Sample
Size: 128

****
OUTCOME VARIABLE:
 NIMean

Model Summary

R	R-sq	MSE	F	df1	df2	p
.5218	.2723	.4110	1	3.0000	124.0000	.0000

Model

	coeff	se	t	p	LLCI	ULCI
constant	3.9964	.0571	69.9965	.0000	3.8834	4.1094
AFMean	.6582	.1064	6.1876	.0000	.4476	.8687
IBMean	.7617	.2375	3.2073	.0017	.2916	1.2318
Int_1	.8275	.3341	2.4769	.0146	.1663	1.4888

Product terms key:
 Int_1 :   AFMean x   IBMean

Test(s) of highest order unconditional interaction(s):

	R-sq change	F	df1	df2	p
X*W	.0360	6.1350	1.0000	124.0000	.0146

   Focal predict: AFMean   (X)
       Mod var: IBMean   (W)

Conditional effects of the focal predictor at values of the moderator(s):

IBMean	Effect	se	t	p	LLCI	ULCI
.3008	.4092	.1096	3.7323	.0003	.1922	.6263
.0000	.6582	.1064	6.1876	.0000	.4476	.8687
.3008	.9071	.1755	5.1681	.0000	.5597	1.2545

```
DATA LIST FREE/
  AFMean    IBMean    NIMean   .
BEGIN DATA.
   -.5994   -.3008    3.5220
    .0000   -.3008    3.7673
    .5994   -.3008    4.0126
   -.5994    .0000    3.6019
    .0000    .0000    3.9964
    .5994    .0000    4.3909
   -.5994    .3008    3.6818
    .0000    .3008    4.2255
    .5994    .3008    4.7693

END DATA.
GRAPH/SCATTERPLOT=
 AFMean   WITH    NIMean  BY     IBMean  .
```

********************** ANALYSIS NOTES AND ERRORS **********************

Level of confidence for all confidence intervals in output:
 95.0000

W values in conditional tables are the mean and +/- SD from the mean.

NOTE: The following variables were mean centered prior to analysis:
     IBMean   AFMean

------ END MATRIX -----