

2021 02

Volume 8 No 1

The Myanmar JOURNAL

A STUDY ON COMPETITIVE FORCES OF PRIVATE
HAEMODIALYSIS CENTRES IN MANDALAY BEFORE COVID
19 PERIOD **Than Than Win · Khin Ohnmar · Pa Pa Naing**

Adaptation of Online Learning with Zoom Application
during COVID-19 Pandemic : A Case Study of MBF, MMM
and MHTM Programmes of Yangon University of Economics
Daw Soe Thu · Phu Pwint Nyo Win Aung

Volunteer Management, Volunteer Motivation and
Volunteer Retention in Myanmar: Case Study on "We Love
Yangon" Volunteer Group **Myint Myint Kyi**

Analyzing the Process of Urbanization in Myanmar
ZIN ZIN SHWE

AN ANALYSIS OF CAUSALITY BETWEEN TOURISM AND
NATIONAL INCOME OF MYANMAR **CING DO NEM**

Determinants of Human Development Index: An Empirical
Analysis of the ASEAN Plus Two **Maw Maw Khin**

Age at First Marriage of Women in Myanmar: A Statistical
Analysis on the Role of Socio-economic and Demographic
Factors **Mya Thandar · Hlaing Hlaing Moe**

Effect of EWOM, Perceived Risk, Destination Image on Travel
Intention : Case Study of Kalaw Township **Sandar Htwe · Atar
Thaung htet**

Satisfaction and Loyalty of Honda Motorcycle Customers in
Mandalay **Aye Thu Htun**

Compensation Practices and Employee Satisfaction of No.
(1) Cement Factory of Myanmar Economic Corporation
(MEC) **Khin Thet Htwe · Zaw Htet Pine**

Factors Affecting the Poverty Levels of Tea Farmers in Rural
Area of Pinlaung Township **Daw Chaw Ei Ei Tun**

Factors Affecting Gross Domestic Product (GDP) Growth in
Myanmar **Daw Ei Ei Aye**

The Impact of Behavioral Finance on Investment Decisions of
Investors in Yangon Stock Exchange **Daw Tin Nyunt**

Factors Influencing Approval of Organic Tea Farming among
Tea Farmers in Southern Shan State, Myanmar **Daw Yin Mon
Thant**

Determinants of Social Entrepreneurial Intention of BBA
Students in YUeco **Atar Thaung Htet**

Resources and Competitive Advantage of Weaving Firms in
Wundwin Township **Kyi Kyi Thant**

Determinants of Subcontracting in Weaving Firms, Amarapura
Township **Thiha Htun**

ENTERPRISE RISK MANAGEMENT OF SMALL AND MEDIUM
ENTERPRISES IN NAY PYI TAW **Than Thu Zar**

Factors Affecting the Buying Decision Process of Smartphone
Users at Shwe Za Loke Quarter **Myint Myint Naing**

Establishment of Insurance Professional Functions for the
Development of Myanmar Insurance Industry Reflecting
Experiences in South Korea
Changsoo Lee · May Lwin Khaing · Tin Tin Khine

Letter from the Editor-in-Chief

Myanmar and Korea have many similarities and are complementary relationship. Therefore, we believe that research exchange will expand mutual understanding between Myanmar and Korea, and will be the cornerstone for mutual development.

KOMYRA and YUE have co-published The Myanmar Journal since August 2014. So far, many scholars have published numerous papers through the journal, and We are sure that this journal has helped many people understand Myanmar and Korea more clearly and closely.

The Myanmar Journal covers various issues in Myanmar and Korea. It covers various topics that can promote bilateral development and mutual understanding, not limited to specific topics such as economy, industry, society, education, welfare, culture, energy, engineering, healthcare, and agriculture.

We hope that this journal will continue to promote understanding of the current status and potential capabilities of Myanmar and South Korea and promote in-depth international exchange and cooperation.

We would like to express our deepest gratitude to the editorial board and YUE and KOMYRA for their valuable support in The Myanmar Journal publication.

February 28, 2021

Youngjun Choi *yj choi*

Editor-in-Chief of THE MYANMAR JOURNAL
Vice-President of KOMYRA
Email: yjchoi@khu.ac.kr
Office: +82-2-961-0485
Web address: komyra.com/doc/scope.php

EDITORIAL BOARD

EDITOR-IN-CHIEF (Yangon University of Economics)

Prof. Ni Lar Myint Htoo, Ph.D. (YUE, Myanmar)

EDITOR-IN-CHIEF (Korea Myanmar Research Association)

Prof. Youngjun Choi, Ph.D. (KHU, Korea)

ASSOCIATE EDITOR-IN-CHIEF

Hyejin Park (KOMYRA, USA)

Nu Nu Lwin (YUE, Myanmar)

Jiyeon Chun, Ph.D. (SCNU, Korea)

Shinwon Kang, Ph.D. (SCNU, Korea)

Journal Managing EDITOR

Kyuyoung Cho (KOMYRA, Timebee, Korea)

Sector EDITOR

Communication and Energy sector EDITOR, Shinwon Kang (SCNU, Korea)

Economic & Management sector EDITOR, John Walsh (SIU RC, Thailand)

Food Engineering sector EDITOR, Jiyeon Chun (SCNU, Korea)

International Law sector, Jeremy Sarkin (University of South Africa, South Africa)

Social Welfare sector EDITOR, Shinsook Lee & Sunghee Kim (SCNU, Korea)

Statistics & Survey statistics sector EDITOR, Jungwha Do (ReLab, Korea)

Technology Management sector EDITOR, Taeho Park (SJSU, USA)

Tourism and Leisure sector EDITOR, Osung Gwon (JNUE, Korea)

Trade & Education sector EDITOR, Youngjun Choi (KHU, Korea)

Language, Literature & Culture Sector EDITOR, Santosh Kumar Ranjan (JNU, India)

Business and Industry sector EDITOR, Myint Moe Chit (U of Nottingham, Malaysia)

Tax accounting sector EDITOR, Hyunwoo Cho (SCNU, Korea)

ADVISORY BOARD

Prof. Taeho Park, Ph.D. (SJSU, USA)

Prof. Tun Aung, Ph.D. (Meiktila University of Economics, Myanmar)

INFORMATION ABOUT The Myanmar Journal

The Myanmar Journal (ISSN 2383-6563) is the official international journal co-published by Yangon University of Economics (YUE) and Korea Myanmar Research Institute (KOMYRA).

This journal aims to promote the mutual cooperation and development of Myanmar and Korea through intensive researches in the entire field of society, economy, culture, and industry.

It will cover all general academic and industrial issues, and share ideas, problems and solution for development of Myanmar.

Articles for publication will be on-line released twice a year at the end of February and August every year on the Myanmar Journal webpage (http://www.komyra.com/bbs/board.php?bo_table=articles).

The Myanmar Journal 2021 Vol. 8, No. 1.

- 1 A STUDY ON COMPETITIVE FORCES OF PRIVATE HAEMODIALYSIS CENTRES IN MANDALAY BEFORE COVID 19 PERIOD
Than Than Win · Khin Ohnmar Pa Pa Naing
- 12 Adaptation of Online Learning with Zoom Application during COVID-19 Pandemic : A Case Study of MBF, MMM and MHTM Programmes of Yangon University of Economics
Daw Soe Thu · Phu Pwint Nyo Win Aung
- 27 Volunteer Management, Volunteer Motivation and Volunteer Retention in Myanmar: Case Study on "We Love Yangon" Volunteer Group
Myint Myint Kyi
- 41 Analyzing the Process of Urbanization in Myanmar
ZIN ZIN SHWE
- 61 AN ANALYSIS OF CAUSALITY BETWEEN TOURISM AND NATIONAL INCOME OF MYANMAR
CING DO NEM
- 75 Determinants of Human Development Index: An Empirical Analysis of the ASEAN Plus Two
Maw Maw Khin
- 87 Age at First Marriage of Women in Myanmar: A Statistical Analysis on the Role of Socio-economic and Demographic Factors
Mya Thandar · Hlaing Hlaing Moe
- 101 Effect of EWOM, Perceived Risk, Destination Image on Travel Intention : Case Study of Kalaw Township
Sandar Htwe · Atar Thaung htet
- 112 Satisfaction and Loyalty of Honda Motorcycle Customers in Mandalay
Aye Thu Htun
- 123 Compensation Practices and Employee Satisfaction of No. (1) Cement Factory of Myanmar Economic Corporation (MEC)
Khin Thet Htwe · Zaw Htet Pine
- 136 Factors Affecting the Poverty Levels of Tea Farmers in Rural Area of Pinlaung Township
Daw Chaw Ei Ei Tun

- 152 Factors Affecting Gross Domestic Product (GDP) Growth in Myanmar
Daw Ei Ei Aye
- 168 The Impact of Behavioral Finance on Investment Decisions of Investors
in Yangon Stock Exchange
Daw Tin Nyunt
- 187 Factors Influencing Approval of Organic Tea Farming among Tea
Farmers in Southern Shan State, Myanmar
Daw Yin Mon Thant
- 204 Determinants of Social Entrepreneurial Intention of BBA Students in
YUeco
Atar Thaung Htet
- 214 Resources and Competitive Advantage of Weaving Firms in Wundwin
Township
Kyi Kyi Thant
- 224 Determinants of Subcontracting in Weaving Firms, Amarapura Township
Thiha Htun
- 234 ENTERPRISE RISK MANAGEMENT OF SMALL AND MEDIUM
ENTERPRISES IN NAY PYI TAW
Than Thu Zar
- 248 Factors Affecting the Buying Decision Process of Smartphone Users at
Shwe Za Loke Quarter
Myint Myint Naing
- 258 Establishment of Insurance Professional Functions for the Development
of Myanmar Insurance Industry Reflecting Experiences in South Korea
Changsoo Lee · May Lwin Khaing · Tin Tin Khine

ENTERPRISE RISK MANAGEMENT OF SMALL AND MEDIUM ENTERPRISES IN NAY PYI TAW

Than Thu Zar*

Meiktila University of Economics

Abstract: This study aims about enterprise risk management of Small and Medium Enterprises (SMEs) in Nay Pyi Taw. The objectives of the study are to identify enterprise risk management practices and to analyze the effects of enterprises risk management practices on organizational performance of SMEs in Nay Pyi Taw. Primary and secondary data are used in this study. Primary data are collected from the owners of 61 firms among 247 SMEs (25%) by using simple random sampling methods. These data are gathered by using structured questionnaire with Five Point Likert scale. Secondary data are obtained from documents of SMEs, relevant text books, previous research papers and Internet Web sites. The primary data were collected in May, 2020 which is the pandemic period announced by World Health Organization. Descriptive statistics, correlation analysis and multiple regression analysis are used to analyze the collected data. The research found that communication is the maximum mean value and management support is the minimum mean value. There are positive and significant relationship between enterprise risk management practices and organizational performance. According to multiple regression analysis, communication has only significant and positive effect on organizational performance. The other practices do not have effects on organizational performance. Therefore, SMEs should manage risk by creating open and honest communication within their stakeholders to improve the organizational performance.

Key words: *Enterprise risk management, Organizational performance, Pandemic period*

* Associate professor, Dr., Department of Management Studies, Meiktila University of Economics, Myanmar.

I. Introduction

Organizational performance is critical to sustainable success of every business. In today's world of globalization, businesses are facing challenges concerned with the ever-changing nature of political, economic, socio-cultural, technological and environmental factors. A business can contribute to the well-being of its society by retaining its internal and external customers, connecting with suppliers and constantly increasing its efficiency. Kaplan and Norton (2001) viewed organizational performance as a multidimensional concept, and all aspects of performance are related to the success of the organization. Several researchers use organizational performance extensively.

Enterprise Risk Management (ERM) is a process, effected by an entity's board of directors, management and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives (Fraser & Simkins, 2010). Making good decisions in the face of uncertainty and danger may well have been the earliest form of human life. These humans have to be creative in using their experience and mind to reduce the uncertainty of warmth and protection. ERM has become a top priority for management. The current pandemic period highlights the devastating consequences if strategic risks are ignored and not addressed effectively. There are numerous demands for the development of a comprehensive overview focusing on the management of business risks emerging from the economic crisis.

The challenges and opportunities for organizations are explicitly incorporating risk thinking and risk management into their activities. Expectations are growing that small and medium-sized businesses will be able to effectively manage the risks facing businesses. The ongoing Covid-19 crisis, which began at the end of 2019, is now a major highlight of the owners' business venture management process. There are now a lot of calls for huge advances in risk management. More specific risks need to be considered when businesses owners are managing the implementation of an organization's specific strategic plans. The shift to higher expectations for risk management oversight, which affects the business as a whole, is also compounded by the increasing amount and complexity of risks that can affect a business. The complexity and increased competition of business transactions encourage the identification and response of potential risks. It is more difficult for business owners to monitor the ongoing complex risks. The threats and pitfalls of a business are difficult to manage. Many dangers are not known, but they have similar effects. Managers or owners are increasingly responsible for considering the potential

possibilities and impacts associated with their business operations for unforeseen events.

In 2015, Myanmar adopted the Small and Medium Enterprises Development Law. There is controversy over the need for legislation for small and medium-sized businesses. Small and medium enterprises (SMEs) play a key role in the development of the country. In fact, small and medium enterprises (SMEs) are the mainstay of the private sector. It is the source of all creativity. In addition, they help creating job opportunities and reducing poverty. It can respond to entrepreneurship and market demand. Therefore, the real driving force for economic development can lead to development during times of economic instability. The Republic of the Union of Myanmar is trying to get industrialized from an agricultural country. In addition, the policy on the development of small and medium-sized enterprises is aimed at achieving development that supports the social and economic development of the country. It also aims to participate in the ASEAN Economic Community in accordance with the Free Trade Agreement.

Nay Pyi Taw is the capital and third largest city of Myanmar. It was located in the center of Nay Pyi Taw Union Territory. It is unusual among Myanmar's cities, as it is an entirely planned city outside of any state or region. In 2006, Yangon was officially replaced as the administrative capital of Myanmar. As the seat of the government of Myanmar, Nay Pyi Taw is the site of the Union Parliament, the Supreme Court, the Presidential Palace, the official residences of the Cabinet of Myanmar and the headquarters of government ministries and military. Nay Pyi Taw is notable for its unusual size and low population density. In Nay Pyi Taw, small and medium enterprises are thriving over time, but they face serious risks during Covid-19 pandemic period.

Enterprises risk management is about: identifying the potential risks, assessing and rating the likelihood of those risks happening, assessing the consequences and rating the impact on the organization if those risks occur, developing plans for dealing with the consequences and impacts, reporting to decision-makers about the risks, monitoring the risk potential and status throughout the operations, and implementing contingency plans. Before identifying a risk, it is necessary to know what the real risks are. The objectives of risk management in relation to the organization are defined and criteria, resources and authorities for the treatment of risks are determined. It allows the status of organization in several forms such as resource usage, equipment requirements, budget availability, stakeholder involvement, contract deliverables, strategic goals and schedule (Ahmed et al., 2007). Cooper et al. (2005) said that the opportunity identification process is similar to that used to identify threats. However, the organization needs to understand and agree on the meaning of the term danger. Opportunities often need to be identified and managed by the

same decision as threats as part of the same process.

There are tools that companies can use to guide them in risky periods. The key to any business venture is to manage the risks and recover the profits. Experts, management and other stakeholders can identify risks. Everyone has a different perspective, knowledge and experience that will help ERM significantly. In addition, the company intends to continue to monitor the risks to its operations and ensure that decision-makers are fully aware of the risks and impacts associated with them. There are three main ways to respond the risks; avoidance, postponement and reduction. Organizations can avoid certain risks by entering or not entering the market. They can wait and not make decisions or take any action. Finally, they reduce their work on protective equipment.

Management support is one of the most popular variables in ERM studies that discusses the effectiveness of ERM extensively. Management support can be defined as the commitment of senior management within the organization. This is because they are associated with a desire to allocate valuable organizational resources (Holland & Light, 1999). Commitments from management support and top management are essential for a variety of organizations and are one of the key factors in managing risk effectively. The entire risk management process requires the support of healthy stakeholders within the organization (Ahmed et al., 2007).

Consultation and communication are key components of risk management process that is critical to the success of any business. Organizations need to develop appropriate communication strategies to support effective communication and consultation. In addition, the focus should be on counseling. Therefore, it is important to communicate with stakeholders throughout the risk management process.

Organizational culture has been recognized as an influential factor in analyzing organizations in various contexts. Culture is essential because acting without knowing cultural forces might have unpredicted and unwanted outcomes (Ahmady, et al., 2016). Organizational culture can be defined as a complex set of values, beliefs, assumptions, and symbols that define the way that a firm conducts its business (Barney, 1986). Therefore, it is crucial to the organization to manage organizational culture because the individual in the organization responds to shared values and other aspects of organizational culture. Also, their action can have a significant impact on organizational effectiveness (Tsai et al., 2017). Moreover, knowing culture helps managers to implement suitable strategies to overcome the organization weaknesses.

Before looking at a case for a possible relationship between ERM and organizational performance, it is important to capture the concept of organizational performance that has a significant practical impact on ERM. An organizational performance is defined as the capacity of an organization through the efficient and

effective use of resources (Daft, 2015). Several researchers design an organizational performance in many ways to determine how best to measure a concept. However, it has been criticized that the traditional organizational performance measurement system based on cost accounting is not sufficient to measure the full organizational performance standard (Heys & Cler, 1988).

Many publications have shown how ERM practices affect an organizational performance. Andersen (2009) states that ERM is ultimately leading to better financial performance, such as retained earnings, return on assets and growth in market value. These results also in line with Teoh (2009) who found ERM implementation significantly has an impact on the organizational financial and non-financial aspects. In addition, Gates et al. (2012) investigated the impact of organizational performance on ERM implementation. Moreover, the implementation of ERM has a significant positive impact on the organizational performance and business strategy (Sara Soltanizadeha et al., 2014). The findings make it clear that ERM improves the management of the organization by better informed decision-making and increased accountability. Based on the above literature review, the objectives of the research are to identify enterprise risk management practices of Small and Medium Enterprises in Nay Pyi Taw and to analyze the effects of enterprise risk management practices on organizational performance of Small and Medium Enterprises in Nay Pyi Taw. The conceptual framework based on previous research studies is shown in Figure.

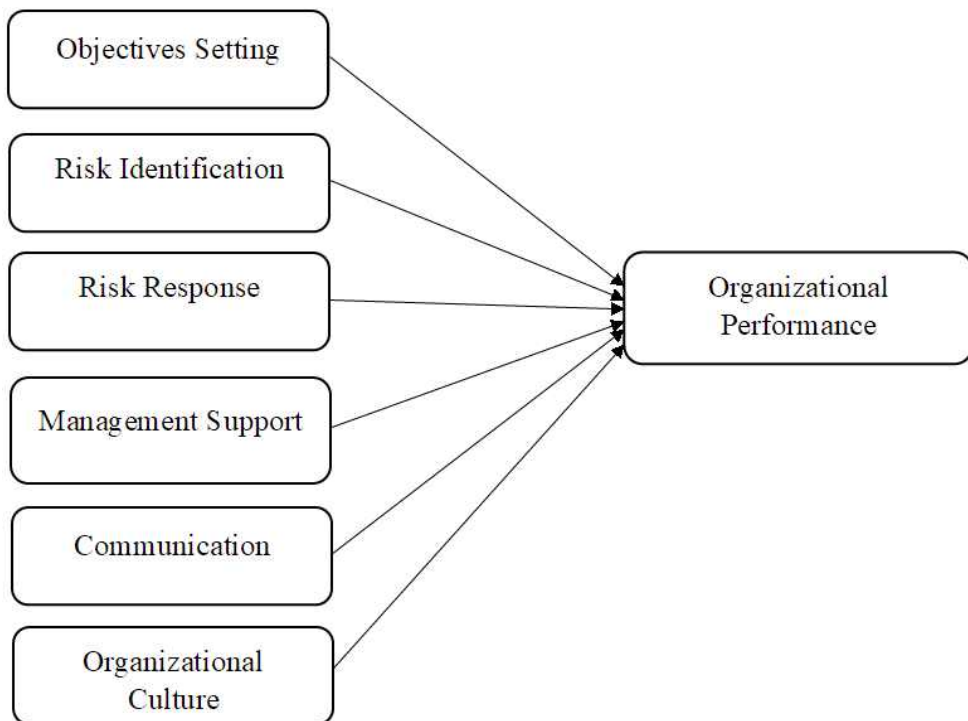


Figure 1: Conceptual Framework of the Study: Enterprise Risk Management Practices

Figure shows that enterprise risk management practices (objectives setting, risk identification, risk response, management support, communication and organizational culture) are independent variables and organizational performance is dependent variable. It is proposed that enterprise risk management practices will have positive effect on organizational performance.

II. Methods of the Study

This study focuses on enterprise risk management practices and organizational performance of SMEs in Nay Pyi Taw. According to Nay Pyi Taw Association of Micro, Small and Medium Enterprises (MSMEs) (2020), the total numbers of registration firms are 480 micro, small and medium enterprises. Among them 247 are small and medium enterprises. In this research, 61 out of 247 firms (25% of total population) are selected as the sample of this study. It uses both primary and secondary data. Primary data are collected from the owners of the selected firms by

using simple random sampling method. Structured questionnaires are distributed to these respondents via the Internet. Items of the questionnaire are measured with five-point Likert scale. Primary data are also collected by making in-depth interview with the selected owners. Secondary data are gathered from MSME's documents, relevant text books and Internet web site. Descriptive statistics, correlation and multiple regression analysis are used to analyze the collected data. Data collection period was during May, 2020 which is the period during Covid-19 pandemic periods announced by World Health Organization.

III. Analysis and Results

In order to meet the objective of identifying enterprise risk management practices, the respondent perception towards enterprise risk management practices and organizational performance are analyzed by descriptive statistics (mean and standard deviation). The standard deviation is commonly used to measure confidence in statistical conclusions. Standard deviation (S.D) is perhaps the most valuable index of spread or dispersion. A low standard deviation indicates that the data points tend to be close to the mean (also called the expected value) of the set, while a high standard deviation indicates that the data points are spread out over a wide range of values. If standard deviation is greater than 1, it means that the respondent has quite different opinion about the questions. It is very important to test reliability of the dimensions in the questionnaire before analyzing the data. Generally, the reliabilities (Alpha Value) of variables are adequate if the values are around 0.70 (Zikmund, et al., 2010). The numbers of items and the Alpha values are described to check the internal consistency among variables.

As described in Table (1), the alpha values of all variables are more than 0.60 and prove the reliability of the items. These items direct towards one dimension. The alpha values of all variables have the acceptable levels. Thus, the results of the questionnaire are suitable for further analysis.

Table 1. Descriptive Statistics and Reliability Test of the Variables

Sr. No.	Variables	Mean	SD	Numbers of Items	Cronbach's Alpha
1	Objective Setting	3.70	0.536	5	0.617
2	Risk Identification	3.75	0.492	5	0.692
3	Risk Response	3.77	0.433	5	0.650
4	Management Support	3.69	0.425	6	0.791
5	Communication	3.82	0.547	5	0.807
6	Organizational Culture	3.78	0.536	11	0.797
7	Organizational Performance	3.74	0.452	7	0.863

Source: Survey data (May, 2020)

According to Table (1), descriptive statistics are depicted before going to correlation and multiple regression Analysis. In this study, the values of standard deviation are below 1 which means that it does not deviate from the mean value of each variable. The above Table (1) shows that respondent perception on all the enterprise risk management practices are at the agree levels of the respondents. The mean value of respondent perception towards objective setting is 3.70 which is the agree level. It means that the owners are setting the objectives to manage their risks. They are awareness to manage the risks and trying to prevent the severe conditions. Risk identification has the mean value, 3.75 that is at the agree level. It implied that the owners are identifying the potential risks and opportunities during the crisis. The owners are meeting with the experts within and outside the organizations. They are trying to set the smart objectives and identify the risks and opportunities simultaneously. The mean value of risk response is 3.77 which is also at the agreement level. It can be said that the owners of SMEs are selecting the risk response carefully. At first, they are trying to avoid the risk for the covid-19 disease by closing their businesses and instructing employees to stay at home. After that they wait and see the severe situation by working from home. Finally, they mitigate the risk as possible as they can reduce not for causing the disease in their businesses while they are working both the business and home.

The mean value of respondent perception towards management support is 3.69 which is the minimum mean value. It has also still at the agree level. It can be seen that respondents think management support is good for risk management. They are trying to support their employees as much as they can. The mean value of communication gets 3.82 which is the maximum mean value among the ERM practices. It can be said that the respondents believe that communication is essential in risk management. Communication is critical during the risky period like the pandemic period. Employees are feeling afraid and don't want to come the work because they want to avoid the disease. They are waiting and listening the news from the government, the world news and the news from their employers. At that time, employees are necessary to give clear and concise information about the jobs and their arrangement.

Organizational culture gets the mean value, 3.78 which is the agree level. The owners are creating the organizational culture to mitigate the risks. Respondents perception towards organizational performance is also the agree level. It can be concluded that organizational performance is growing by managing risk. Therefore, SMEs are using large extent of ERM practices during the pandemic period. In order to meet the objective of analyzing the effects of enterprise risk management practices on organizational performance of SMEs in Nay Pyi Taw, the collected data

are analyzed by correlation analysis and multiple regression analysis. Correlation analysis of the variables is shown in Table (2).

Table 2. Correlation Analysis Among Variables

Sr. No.	Variables	1	2	3	4	5	6	7
1	Objective Setting	1						
2	Risk Identification	0.639***	1					
3	Risk Response	0.629***	0.589***	1				
4	Management Support	0.680***	0.597***	0.619***	1			
5	Communication	0.640***	0.622***	0.694***	0.839***	1		
6	Organizational Culture	0.545***	0.633***	0.697***	0.714***	0.690***	1	
7	Organizational Performance	0.564***	0.581***	0.655***	0.631***	0.733***	0.666***	1

Source: Survey data (May, 2020)

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

Dependent variable: Organizational Performance

According to Table (2), the correlation results reveals that risk management is positively correlated with organizational performance at the 0.01 significant level. Correlation coefficient of objective setting, risk identification, risk response, management support and organizational culture are 0.564, 0.581, 0.655, 0.631 and 0.666. They are moderately and positively correlated with organizational performance. Communication is strongly and positively correlated with organizational performance because the value is 0.733. It can be concluded that SMEs are applying enterprise risk management practices increasingly, their organization can improve the financial and non-financial performance. Multiple Regression analysis is shown in Table (3).

Table 3. Multiple Regression Analysis of Risk Management and Organizational Performance

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	-0.022	0.456		-0.048	0.962		
Objective Setting	0.082	0.144	0.075	0.569	0.571	0.413	2.422
Risk Identification	0.093	0.155	0.075	0.603	0.549	0.461	2.170

Risk Response	0.180	0.174	0.142	1.035	0.305	0.381	2.626
Management Support	-0.124	0.173	-0.127	-0.717	0.477	0.231	4.326
Communication	0.485	0.173	0.484	2.796	0.007	0.240	4.162
Organizational Culture	0.278	0.170	0.234	1.638	0.107	0.353	2.833
R	0.781						
R square	0.611						
Adjusted R square	0.567						
F	14.119***						

Notes: ***= Significant at 1% level

Source: Survey data (May, 2020)

Dependent variable: Organizational Performance

According to Table (3), the power of the model to explain organizational performance of SMEs in Nay Pyi Taw is good as the value of adjusted R² is more than 50 percent. The value of F-test, the overall significant of the models, comes out highly significant at 1 percent level. The model of organizational performance is a good descriptor of the relationship between the dependent and independent variables. Thus, the independent variables significantly explain the variance in organizational performance of SMEs in Nay Pyi Taw.

According to the Multiple Regression result, organizational performance will decrease 0.022 if SMEs are not using ERM practices. Communication has positive and significant effects on organizational performance at 1 % level. It can be said that SMEs which manage risks properly have effect on organizational performance. However, objective setting, risk identification, risk response, management support and organizational culture do not show significant effects on organizational performance. Therefore, SMEs can increase organizational performance by properly managing their risks. Among them, communication is the contributing factor to improve organizational performance.

IV. Discussion

This study analyzes the extent of enterprise risk management practices and the impact of enterprise risk management practices on organizational performance of small and medium enterprises in Nay Pyi Taw. Small and medium enterprises focus on ERM practices at the agreement level. Communication is the highest agreement level in ERM practices. Most small and medium business owners apply proper communications for their company's risk management. Open communication during

an epidemic crisis is critical for businesses. Their employees are afraid of the disease in their working conditions. They do not want to work in unsafe environment. Therefore, owners consider telecommunications to be the most important factor in risk management practices. Management support is the lowest mean value among ERM practices, but still at the agreement level. Owners believe that their support is needed to deal with the risk of infection because employees are feeling afraid of the covid-19 disease.

The correlation analysis shows that there are positive and significant relationship between ERM practices and organizational performance. Therefore, the more ERM practices are applied in SMEs, the more increase their performance. The owners should recognize and manage these risks during the crisis. Enterprise Risk Management (ERM) has been identified as an organized and systematic way of managing risk throughout an organization and recent research results have shown ERM implementation has positive significance on the businesses' financial and non-financial performance (Ibrahim, 2017).

According to the multiple regression analysis, communication has only significant effects on organizational performance among ERM practices. This finding agrees with the finding of Alawattegama (2018). He found that risk assessment and control activities have a negative impact on the firm performance. Information communication and monitoring functions indicate a significant impact on firm performance. Nevertheless, monitoring function shows a negative impact on the firm performance. The researcher believes this negative impact is attributable to the increased cost of monitoring activities that is crucial for a diversified business setup. This empirical evidence induces the researcher to conclude that, except for communication and monitoring, the adoption of ERM has no significant impact on the firm performance.

The model of the research is positively significant. Thus, ERM practices can improve organizational performance. This result agrees with the previous research studies. Ranong & Phuenngam (2009) found that a set of seven critical success factors which can be used as a guideline on how to increase the effectiveness of risk management procedures. These factors are commitment and support from top management, communication, culture, information technology (IT), organization structure, training and trust. Saleem and Zain-Ul-Abideen (2008) proved that risk management practices are not widely used by the organizations, moreover most of the organizations do not have documented risk management policy properly. Therefore, these organizations cannot deal with the risks systematically and sometimes face negative consequences for the non-systematic approaches. However, few companies have implemented certain risk management techniques and are enjoying high performance. Shatnawi (2020) found that Enterprise Risk Management (ERM) has now become an ultimate concern and a robust risk management approach

in all financial and non-financial industries and other sectors throughout the globe.

V. Conclusion

ERM practices are used in small and medium enterprises in Nay Pyi Taw. The owners set specific goals for their business and get advice from their employees on how to work during a crisis. They also identify the potential dangers and threats facing their operations. They look forward to the pandemic period and the critical success of overcoming this crisis. Owners need to avoid the disease for their employees to be safe. The owners choose to avoid the disease, mitigate and reduce the risks as possible as they can by working from home, working with social distancing and working through digital technology. They help their employees manage the risks. Most employees receive a salary during their stay at home. Small and medium enterprises are creating an organizational culture to take risks during the pandemic period. Therefore, they should continue to work on post-pandemic ERM practices to gain competitive advantage. The ERM practices they use encourage organizational performance. They should establish ERM practices in this organizational structure. Regarding ERM practices, owners should pay more attention to communication than other practices. Open communication is very important in doing business. Owners should more try to talk openly with their employees, especially during times of crisis. Inviting employees to participate in decision-making and using two-way communication are very useful in their businesses.

If ERM practices are increasingly used in business, the performance of the organization will increase during the crisis. Since uncertainty and risks in Small and Medium Enterprises are increasing over time, risk taking is a common practice in all companies. Small and medium enterprises should adopt ERM practices to effectively manage all risks to protect the value of organizations and stakeholders. The practical application of ERM is only effective and efficient by identifying factors that influence the company's performance to improve its performance. In order to fully strengthen ERM practices, small and medium enterprises should first set a smart goal to prevent risk. They should identify potential risks and be prepared to respond to serious and priority risks. Owners should set up risk response procedures with the cooperation of employees. Owners should support ERM practices to establish a culture of risk management in their organizations.

Among ERM practices, communication is the contributing factor to get the organizational performance. Management should create an open and honest communication program in their organization. This program should implement by

making staff meeting, distributing newsletters, presenting documents on the notice board, and coaching and mentoring employees. The framework for effective communication management can be used by practitioners in all organizations for successful risk management. In the future, the face of risk communications should be widened between their internal communications. Therefore, small and medium enterprises (SMEs) can increase their performance by practicing ERM practices.

ACKNOWLEDGEMENTS

I would like to express my deep gratitude and thanks to Professor Dr. Tun Aung, Rector, Meiktila University of Economics, and Professor Dr. Thids Kyu, Pro-rector of Meiktila University of Economics for their kind permission to submit this paper. I would like to give special thanks to Dr. Khine Mar Hlaing, Professor and Head of Department of Management Studies and Dr. Nge, Professor, Department of Management Studies, Meiktila University of Economics, for all their kind support and encouragement which enabled me to complete my paper. I would like to express my grateful thanks to Dr. Phyu Phyu Khaing, Professor and Head of the Department of Statistics, Meiktila University of Economics, for her sound advice and suggestions concerning statistical tools and methods to improve and complete this paper.

REFERENCES

- Ahmady, G. A., A. Nikooravesh, & M. Mehrpour, (2016). Effect of Organizational Culture on Knowledge Management Based on Denison Model. *Procedia - Social and Behavioral Sciences*, 230 (1), 387–395.
- Ahmed A., B. Kayis, & S. Amornsawadwatana (2007) A Review of Techniques for Risk Management in Projects, Benchmarking. *An International Journal*, 14 (3), 22-36.
- Alawattegama (2017). The Effect of Enterprise Risk Management (ERM) on Firm Performance: Evidence from the Diversified Industry of Sri Lanka. *Journal of Management Research*, 10 (2), 74-93.
- Andersen, T. J. (2009). Effective Risk Management Outcomes: Exploring Effects of Innovation and Capital Structure. *Journal of Strategy and Management*, 2(4), 352–379.
- Barney, J. B. (1986). Organizational Culture: Can It Be a Source of Sustained Competitive Advantage? *The Academy of Management Review*, 11(3), 656–665.
- Cooper, D. Grey, S. Raymond, Geoffrey, Walker & Phil. (2004). *Project Risk Management Guidelines: Managing Risk in Large Projects and Complex Procurements*. NewYork: Wiley.
- Daft, R. L. (2015). *Organization Theory and Design*, 12th ed., South-Western, Cengage

Learning.

- Fraser, J. & B. J. Simkins (2010). *Enterprise Risk Management*, Newjersey, John Wiley & Sons.
- Gates, S., J.-L. Nicolas & P. L. Walker (2012). *Enterprise Risk Management: A Process for Enhanced Management and Improved Performance*. *Management Accounting Quarterly*, 13(13).
- Hayes, R.H., & K. B. Clark (1988). *Dynamic Manufacturing: Creating the Learning Organization*. New York: Free Press.
- Holland, C. P., & B. Light (1999). A Critical Success Factors Model for Enterprise Resource Planning Implementation. *Proceedings of the Seventh European Conference on Information Systems*.
- Ibrahim, F. S. & M. Esa (2017). A Study on Enterprise Risk Management and Organizational Performance: Developers' Perspective. *International Journal of Civil Engineering and Technology (IJCIET)*, 8 (10), 183-196.
- Kaplan, R.S., & D. P. Norton (2001), *The Strategy-Focused Organization: How Balanced Scorecard Companies Thrive in the New Business Environment*, Harvard Business School Press, Boston, Ma.
- Rajhans, K. (2018). Effective Communication Management: A Key to Stakeholder Relationship Management in Project-Based Organizations. *The IUP Journal of Soft Skills*, 8, pp (4). 47-67.
- Sara Soltanizadeha, A. R. Siti Zaleha, G. Nargess, Q. Farzana & B. Rohaida (2014). *Enterprise Risk Management Practices among Malaysian Firms*. *International Conference on Accounting Studies 2014*, Kuala Lumpur, Malaysia.
- Ranong, P. N. & W. Phuenngam (2009). *Critical Success Factors for Effective Risk Management Procedures in Financial Industries*. Master Thesis, Umeå University, Thailand.
- Shatnawi, S. A., M. M. Hanefah, N. A. B. M. Anwar & M. Eldaia (2020). The Factors Influencing the Enterprise Risk Management Practices and Firm Performance in Jordan and Malaysia. *International Journal of Recent Technology and Engineering (IJRTE)*, 8, 687-702.
- Saleem, S. & Zain-UI-Abideen (2008). Do Effective Risk Management Affect Organizational Performance? *European Journal of Business and Management*, 3, 257-268.
- Teoh, A. P. (2009). *Enterprise Risk Management and Firm Performance: Role of Quality of Internal Audit Function As Moderator*. *Universiti Sains Malaysia, Malaysia. Procedia - Social and Behavioral Science*, 164, 332 – 337.
- Tsai, W.-H., H-U Chen, J-C Chang, & H-L Lee, (2017). The Internal Audit Performance: the Effectiveness of ERM and It Environments. *Proceedings of the 50th Hawaii International Conference on System Sciences*, 4898–490.

The Myanmar JOURNAL

– Volume 8 Number 1 February 2021

28 February 2021

Yangon University of Economics (Myanmar)
Korea Myanmar Research Association (Korea)
2014~, Semiannual
ISSN : 2383-6563(Online)

Co-published with **Yangon University of Economics (YUE)** and
Korea Myanmar Research Association (KOMYRA)
<http://www.komyra.com/doc/submission.php>