The Effect of Financial Access on Performance of SMEs in Myanmar

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Abstract- The aim of this study is to analyse the effect of financial access on performance of SMEs in Myanmar. According to the survey results, entrepreneurial characteristics and SMEs support environment have a positive and significantly influence on financial access. It means SMEs owners should have entrepreneurial mind-set and appropriate support environment for their businesses to get better experiences in financial access. Furthermore, financial access has a positive relationship with firm's performance. It can be concluded that performance of SMEs will be effective and efficient if SMEs owners can get easily access to finance. Therefore, SMEs owners should have better entrepreneurial mind-set in the decision making process. Moreover, government should always monitor the financial access level of SMEs and should set the rules and regulations to improve SMEs in Myanmar.

Index Terms- SMEs, Entrepreneurial characteristics, Financial access, Firm's performance

I. Introduction

The Small and Medium Enterprises (SMEs) sector is one of the driving forces for economic growth, innovation, regional development, create employment opportunity and reduce poverty in many developing countries. In low-income countries, it is estimated that SMEs account for more than 60 percent of the GDP and support over 70 percent of employment opportunities (Lukacs, 2005). Access to finance is a prerequisite for financial performance of SMEs and has become an increasingly important development metric, as one of the factors which can drive widespread economic development (Cracknell, 2012).

Financial access for SMEs has become more difficult and accessibility has precisely weakened. Inadequate fund is a main restriction to firm growth and it has been found that small firms deal with bigger challenges in obtaining finance as compared to larger firms (Schiffer and Weder, 2001 : Beck et al., 20002). SMEs financial constraints limit their investment opportunity and it becomes stagnant growth. Access to finance is defined as availability of financial services in the forms of demand deposits, credit, payments or insurance (Massa, 2013). SMEs with ease in financial access can get finance to undertake productive investments to expand their businesses and to acquire the latest technologies.

SMEs development is very important for all the countries. However, most of SMEs around the world are hindered by various factors such as limited access to stable energy service, skilled labour, management skill and access to finance for investment. Among these factors, financial access becomes crucial for developing SMEs not only in other countries but also in Myanmar. Therefore, 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 of the country. Creating and maintaining the easiest access way for finance has become a strategic goal for SMEs development in Myanmar.

A broad range of internal and external factors establishes the form, source and cost of finance to firms. The ability and expertise of firm managers, entrepreneurial characteristics, structured plan, support environment and risk analysis are essential for sourcing finance (Becks and Honohan, 2008). Although there are various factors influence the financial access, only two factors focus in this research paper, these are entrepreneurial characteristics and SMEs support environment. Therefore, the effect of entrepreneurial characteristics and SMEs support environment on financial access and the effect of financial access on the firm's performance of SMEs in Myanmar are analysed in this study.

II. Objectives of the Study

The main objectives of the study are:
 (1) To investigate the influence of entrepreneurial characteristics on SMEs' financial access.
 (2) To analyse the influence of SMEs support environment on SMEs' financial access.
 (3) To examine the effect of financial access on performance of SMEs in Myanmar.

III. Scope and Method of the Study

This study focuses on the analysis of financial access and firm's performance of SMEs in Myanmar. To achieve the objectives of this study, both primary and secondary data are used. Secondary data is collected from the records of Myanmar SMEs Development Agency, Central Department of SMEs Development, relevant textbooks and articles. The primary data are collected with structured questionnaires. Most of questions in the questionnaire are Likert scale questions. Descriptive and analytical methods are used for this study. The sample size is 300 respondents. Stratified random sampling method is applied for the selection of respondents. Stratification is based on the nature of business which includes manufacturing, services and trade. Linear

regression analysis is applied to evaluate the effect of financial on firm's performance of SMEs in Myanmar.

IV. LITERATURE REVIEW

Financial Access

Financial access 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). Beck and Demiguc Kunt (2006) highlights that financial access is an important growth constraint for SMEs so that financial and legal institutions play an important role in relaxing this constraint. The authors also noted that innovative financing instruments can help facilitate SMEs' access to finance even in the absence of well-developed institutions.

Availability of Sources of Financing

SMEs owners have some funding sources available from banks, investors and commercial finance companies. Sources of financing for SMEs can be divided into two parts: Equity Financing and Debt Financing. Some common source of financing is Personal investment, business angels, assistant of government and commercial bank loans. Debt financing comes from a bank or other lending institutions.

Ease of Financing

Access to financial services for SMEs remains severely constrained in many developing countries, restricting business growth. SMEs owners report access to finance to be one of their toughest challenges. Therefore, ease of financing is the important factor for SMEs owners' access to finance process.

Factors Affecting on Financial Access

Many studies investigate the factors on access to finance. There are two factors affecting on financial access : 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.

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 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, 2004; Nieman and Bennett, 2002; Nieman, et al., 2003), suggested that the characteristics of entrepreneurs can be acquired by birth; through life experience 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.

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. Support programs are designed to assist SMEs in order to link them to the larger developmental vision of the nation with the main focus being poverty reduction and growth of small firms (Charbonneau and Menon, 2013). 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 and academia representatives.

Performance of the Firm

According to Brown (1996), performance must focus on what makes, identifies and communicates the drives of success, support organization learning and provides a basis for assessment and rewards. On the other hand, West and Fair (1996), defines performance as a function of an organization' ability to meet its goals and objectives by exploiting the available resources in an efficient and effective way. Stoner (1996) reveals that profitability has been the most widely used measure of financial performance. Other financial performance measure used include return on equity (ROE), return on investment (ROI), and return on assets (ROA) along with their variability as measures of risk.

Financial Improvement

Financial performance is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. There are many different ways to measure firms' performance. Quantitative measures of firm performance include profitability measures, cash flow and growth should be used to measure a firm's performance because the current operating conditions will influence future performance (Kumar, 2003).

Non-Financial Improvement

A measurement of non-financial improvement adopted by many SMEs 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.

Several studies that have been conducted around the world on the effect of financial access on the performance of SMEs indicate various different results. Cressy and Ollofson (2006) concluded that the growth and financial performance of SMEs was more constrained by managerial and psychological factors than it was by the access of finance. On the other hand, firm's growth and business environment identified constraints on financial access as the main factor hindering growth of firms (Schiffer & Weder, 2001).

Lucas (2017) found that firm's characteristics, financial characteristics and entrepreneurial characteristics are positive relationship with the financial access and it can lead to improvement of firm's performance. Wangu (2011) pointed out government support system is crucial for SMEs development but government does not give any benefit to small tax payers as whole and SMEs in general. Mothibi (2015 recommended that if access to finance is adequate in small and medium enterprises there can be an increase in the performance of SMEs.

Conceptual Framework of the Study

According to the results from many literature and previous studies, the following conceptual framework is developed for this study.

Figure : Conceptual Framework of the Study
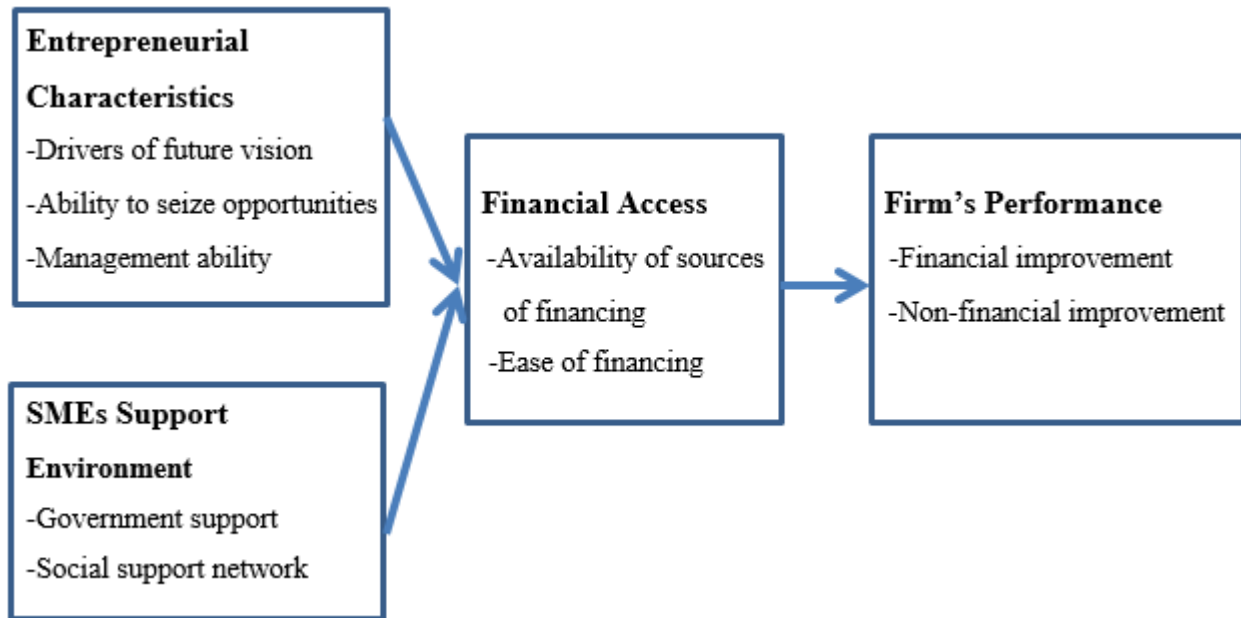
Source : Own Compilation (2020)

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 firm's performance of SMEs in Myanmar. To measure the effect of entrepreneurial characteristics, there 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 financial access that are availability of sources of financing and ease for financing. Financial improvement and non-financial performance are used to measure SMEs performance.

Definitions of SMEs in Myanmar

Myanmar has adopted the market-oriented economic system in 1988. Appropriate measures have been undertaken, the underlying aspect in doing so are decentralising the central control, encouraging private sector development, allowing foreign direct investment, initiating institutional changes and promoting external trade by streamlining export and import producers. 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 SMEs Development Bill which was launched in January 2014, "small enterprises" are defined as those with K 50 to K 500 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 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 (1) : Definition of SMEs in Myanmar (1990 Revised Industry Law)

Categories	Small	Medium	Large
Power used (horsepower)	3-25	25-50	Over 50
Number of workers	10-50	50-100	Over 100
Capital investment (million kyat)	Up to 1	1-5	Over 5
Annual production (million kyat)	Up to 2.5	2.5-5	Over 5

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

Table(2) : Definition of SMEs in Myanmar (2011 Private Industry Law)

Categories	Small	Medium	Large
Power used (horsepower)	Over 5	25-50	Over 50
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) : Definition of SMEs in Myanmar (2012 Revised Law)

Sr.	Categories	Small and Medium Enterprises
1.	**Number of workers**	
	(a) Manufacturing industry	10 to 150
	(b) Servicing industry	10 to 100
2.	**Capital investment (million kyat)**	
	(a) Manufacturing industry	Below 1,000
	(b) Servicing industry	Below 500

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

Table (4) : Definition of SMEs 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	500-1,00
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)

Development of SMEs in Myanmar

Before 1988, SMEs in Myanmar were spread 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 micro-sized enterprises of "cottage industries" are located outside of industrial zones. In the industrial zones, small sized enterprises comprise 57.5 percent of the tenants, medium sizd enterprises constitute 24.3 percent and large sized enterprises constitute 17.3 percent (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) Lyauk Phyu SEZ, located in Rakne State and (c) Thilawa SEZ, located 20km south of Yangon. Established under the Ministry of Industry in April 2012, the SMEs Development Department is the main institution to effectively support SMEs in Myanmar. Based on the data of the Ministry of Industry, about 65,016 firms of the establishments in 2018 were small and medium industries which are normally called "SMIs". Table shows the structure of SMEs in Myanmar from 2015 to 2018.

Table (5) : Structure of SMEs in Myanmar

Size	2015	2016	2017	2018
Small	43,798	50,838	59,329	62,314
	98.53%	98.28%	98.17%	95.84%
Medium	652	890	1,104	2,702
	1.47%	1.72%	1.83%	4.16%
Total	44,450	51,728	60,433	65,016
	100.00%	100.00%	100.00%	100.00%

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

The following Table 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 lagest 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(6) : Sector Distribution of SMEs in Myanmar

No.	Sub-sector	Large	Small	Medium	Total	(%)
1.	Food & Beverages	3,641	5,489	19,662	28,792	57.54
2.	Clothing & Wearing Apparel	755	799	1,346	2,900	5.80
3.	Constructions Raw Materials	1,105	1,408	1,929	4,442	8.88
4.	Personal Goods	649	586	411	1,646	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	2,194	3,266	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	1,142	5,882	7,258	14.51
	Total	7,392	10,708	31,935	50,035	100.00
	(%)	14.80	21.40	63.80	100.00	

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 are mentioned all together as in 2018 updated.

Table (7) : Registered Private Industrial Enterprises in the State and Division

No.	State/Division	Large	Medium	Small	Total	(%)
1.	Kachin	65	182	1,387	1,634	3.27
2.	Kayah	30	353	143	526	1.05
3.	Kayin	99	173	799	1,071	2.14
4.	Chin	5	27	119	811	1.62
5.	Sagaing	383	1,152	3,329	4,864	9.72
6.	Tanintharyi	214	175	1,383	1,772	3.54
7.	Bago	548	1,076	3,099	4,723	9.44
8.	Magway	193	552	2,778	3,523	7.04
9.	Mandalay	1,396	2,738	3,909	8,043	16.07
10.	Mon	195	348	2,004	2,547	5.09
11.	Rakhine	75	141	2,372	2,588	5.17
12.	Yangon	3,032	2,186	1,668	6,886	13.76
13.	Shan	297	787	3,217	4,301	8.60
14.	Ayeyarwaddy	709	626	4,735	6,070	12.13
15.	Naypyidaw	155	192	333	680	1.36
	Total	7,396	10,708	31,935	50,039	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 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 (8) : Distribution of SMEs and Large Enterprises in the Industrial Zones

No.	Industrial Zone	No. of Industrial Enterprises			
		Large	Small	Medium	Total
1.	Mandalay	394	316	527	1,237
2.	Myin Chan	39	140	62	241

3.	Meiktila	24	131	140	295
4.	East Yangon				
	No.1 South Dagon	128	44	-	172
	No.2 South Dagon	158	330	26	514
	No.3 South Dagon	28	122	60	210
	Dagon Myo Thit (Seikan)	174	14	-	188
	Dagon Myo Thit (East)	171	59	-	230
	North Okkalapa	47	24	5	76
	Shwepoukkan	63	180	10	253
	South Okkalapa	22	41	16	79
	Tharkayta	37	9	4	50
	North Dagon	23	32	1	56
5.	South Yangon	11	-	-	11
6.	North Yangon				
	Hlaing Thar Yar	802	87	5	894
	Shwe Pyi Thar	356	17	4	377
	Mingalardon	132	2	-	134
	Myaung Ta Kar	39	-	-	39
7.	Myaung Mya	4	3	6	13
8.	Hin Tha Da	2	7	1	10
9.	Pathein	7	5	42	54
10.	Monywa	56	149	242	447
	Shwebo	36	50	49	135
	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	0	-	29
19.	Naypyidaw (Dakkina)	6	-	-	6
	Total	3,023	2,189	1,927	7,139
	Share (%)	42.34	30.66	26.99	100.00

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

V. RESEARCH DESIGN

The target population of this study focuses only on SMEs in Myanmar. The size of this research is 300 respondents. The stratified sampling and simple random sampling are used for the selection of respondents from SMEs in Myanmar. There are 15 states and divisions and 19 industrial zones in Myanmar. From each state and division, 20 SMEs are randomly selected. The descriptive research method and linear regression method are used in this study. In this study, the data were collected using structured questionnaires and all the variables are measured by using five point Likert scale with level 1= strongly disagree, 2 = disagree, 3 = neutral, 4= agree and 5= strongly agree.

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 is one way of measuring the strength of that consistency. Cronbach's alpha 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.

Table (9) : Reliability Analysis

Description	Cronbach's Alpha	Number of Items
Entrepreneurial Characteristics		
-Drivers of future vision	0.830	4
-Ability to seize opportunities	0.734	4
-Management ability	0.788	4
SMEs Support Environment		

-Government support	0.764	4
-Social support network	0.836	4
Financial Access		
-Availability of sources of financing	0.840	4
-Ease of financing	0.836	4
Firm's Performance		
-Financial improvement	0.808	4
-Non-financial improvement	0.796	4

Source : Survey Data (2020)

Table shows the outcome 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. Therefore, it can be interpreted that the data is considered to be reliable and valid.

VI.   FINDINGS AND DISCUSSIONS

Before conducting the detail analysis, the demographic factors of surveyed firms are viewed. It contains the business types, number of employees and industry types.

Table (10) : Profile of the Surveyed Firms

No.	Demographic Factors	No. of Surveyed Firms	Percentage (%)
1.	**Business Types**		
	Sole trader	150	50.00
	Partnership	65	21.67
	Private Limited Company	85	28.33
2.	**Number of Employees**		
	1-20	143	47.67
	21-40	14	4.67
	41-60	57	19.00
	61-80	46	15.33
	81-100	40	13.33
3.2	**Industry**		
	Manufacturing	145	48.33
	Service	98	32.67
	Trade	57	19.00

Source : Survey Data (2020)

Table shows that 50% of the SMEs in this study are sole traders, while 21.67% are partnership and 28.33% are limited company. Sole traders are the highest in this study as most of the SMEs in Myanmar are individually operated. For number of employees, number of employees range between 1 and 20 is the highest with 47.67% in this study. Because of large majority of SMEs employ family members, relatives and a few employees. Viewing by industry, manufacturing industry is dominated 48.33% in the SMEs in Myanmar.

Entrepreneurial Characteristics of SMEs Owners

To analyse the entrepreneurial characteristics of SMEs owners, the three entrepreneurial characteristics factors are conducted among SMEs owners. The respondents are asked total 12 questions to measure the entrepreneurial characteristics.

Table (11) : 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 (2020)

According to the results, the respondents have highest mean value on ability to seize opportunities. It can interpret that SMEs owners in Myanmar 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 means that SMEs owners have strong management ability. The lowest mean value for the SMEs owners under this study is drivers of future vision. The results can be shown as the respondents assume SMEs owners' future vision for their business is moderately strong.

SMEs Support Environment

To analyse the SMEs support environment for SMEs in Myanmar, the two SMEs support environment are conducted. The respondents are asked total 8 questions to measure SMEs support environment.

Table (12) : 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 (2020)

According to the findings, the respondents have positive perception on SMEs support environment because the overall mean value is obviously above neutral. For SMEs support environment, government support is higher than social support network. The results can be interpreted that government's programs are very supportive accessing in financing and developing the business for SMEs.

Financial Access

In this section, financial access is measured on two dimensions which are availability of sources of financing and ease of financing. The results are shown in Table.

Table(13): Financial Access

No.	Items	Mean	Std. Deviation
1.	Availability of sources of financing	3.38	0.693
2.	Ease of financing	3.38	0.693
	Overall Mean	**3.38**	

Source : Survey Data (2020)

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

Firm's performance of SMEs in Myanmar in all two dimensions is shown in Table. There are totally 8 questions to test the level of performance of SMEs in Myanmar.

Table (14) : Firm's Performance

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 (2020)

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 Myanmar 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 Myanmar is great.

Analysis on the Effect of Entrepreneurial Characteristics on Financial access of SMEs in Myanmar

In this section, the linear regression model is applied to explore the effect of entrepreneurial characteristics on financial access of SMEs in Myanmar.

Table (15): The Effect of Entrepreneurial Characteristics on Financial Access

Variable	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.410	0.224		1.826	0.070
Drivers of future vision	0.363***	0.063	0.403	5.741	0.000
Ability to seize opportunities	0.136*	0.088	0.133	1.551	0.100
Management ability	0.369***	0.087	0.365	4.226	0.000
R	0.782				
R Square	0.612				
Adjusted R Square	0.602				
F- Value	65.068***				
Durbin Watson	2.154				

Source : Survey Data (2020)

According to the results shown in Table, R square is 0.612 and adjusted R square is 0.602. This model can explain 61.2% about the variance of dependent variable and independent variables. R values is 0.782 and it indicates that the level of financial access and characteristics of SMEs owners 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. 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. According to the findings, it can be said that the relationship between financial access and entrepreneurial characteristics is great enough. It makes SMEs owners must try to have entrepreneurial sense more because it creates the better experience in access to finance and build the development of their business.

Table (16) : The Effect of SMEs Support Environment on Financial Access

Variable	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.455	0.219		2.080	0.040
Government support	0.453***	0.086	0.434	5.235	0.000
Social support network	0.380***	0.079	0.398	4.795	0.000
R	0.774				
R Square	0.599				
Adjusted R Square	0.593				
F- Value	93.457***				
Durbin Watson	2.091				

Source : Survey Data (2020)

According to the results shown in Table, R square is 0.599 and adjusted R square is 0.593. This model can explain 59.9% about the variance of dependent variable and independent variables. R values is 0.774 and it indicates that the level of financial access and SMEs support environment 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. Government support and social support network have the expected positive sign and significant coefficient variable at 1 percent level. The results show that there is direct impact of SMEs support environment on financial access in Myanmar. The government support and social support network are vital for SMEs in financial access for their business development.

Table (17) : The Effect of Financial Access on Financial Improvement

Variable	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.123	0.110		1.113	0.268
Availability of sources of financing	0.082*	0.049	0.086	1,651	0.100
Ease of financing	1.024***	0.053	1.007	19.261	0.000
R	0.938				
R Square	0.881				
Adjusted R Square	0.879				
F- Value	461.254***				

Durbin Watson	1.739

Source : Survey Data (2020)

According to the results shown in Table, R square is 0.881 and adjusted R square is 0.879. This model can explain 88.1% about the variance of dependent variable and independent variables. R values is 0.938 and it indicates that the level of financial access 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. As the results, it can be said that high level of availability of sources of financing and ease of financing

for SMEs in Myanmar leads them to improve financial performance of SMEs. The majority of respondents choose good experience in financial access because they have high number of banks and private equity firms and they face not too much complicated procedures even though they do not get easier way of processing procedures. Therefore, the SMEs owners in Myanmar can improve financial performance when they have high level of availability of sources of financing and ease of financing.

Table (18): The Effect of Financial Access on Non-Financial Improvement

Variable	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.672	0.222		3.026	0.003
Availability of sources of financing	0.225**	0.099	0.232	2.264	0.025
Ease of financing	0.557***	0.107	0.535	5.213	0.000
R	0.735				
R Square	0.540				
Adjusted R Square	0.533				
F- Value	73.442***				
Durbin Watson	2.154				

Source : Survey Data (2020)

According to the results shown in Table, R square is 0.533 and adjusted R square is 0.540. This model can explain 54% about the variance of dependent variable and independent variables. R values is 0.735 and it indicates that the level of financial access and SMEs support environment 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. 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.

VII. CONCLUSION

This study attempts to explore the entrepreneurial characteristics and SMEs support environment and to analyse the effect of financial access to firm's performance of SMEs in Myanmar. The first part of the study explores the entrepreneurial characteristics of SMEs owners in Myanmar such as drivers of future vision, ability to seize opportunities and management ability. According to the results, SMEs owners in Myanmar have positive perception on all the three factors of entrepreneurial characteristics of SMEs owners in Myanmar. Among three entrepreneurial characteristics, SMEs owners have highest perception on ability to seize opportunities. Moreover, the SMEs support environment is also analysed in the first part of the study. It is found that the SMEs owners have positive perceptions on all

of the SMEs support environment factors. It includes government support and social support network. Government support is very important for SMEs development.

The second part of the study shows that the financial access in two dimensions: availability of sources of financing and ease of financing. In this study, the conditions of financial access for SMEs in Myanmar are moderately good in all two dimensions. The results show that SMEs owners can get the financing easily in Myanmar because of their high availability of sources of financing and ease of financing although the process is not thoroughly perfect. The final part of this study shows that both financial improvement and non-financial improvement are strongly related with financial access of SMEs in Myanmar. It can be said that the respondents of this study feel good conditions in financial access and there is direct impact of financial access on performance of SMEs in Myanmar.

VIII. SUGGESTIONS AND RECOMMENDATIONS

According to the findings of the study, the SMEs owners in Myanmar feel that they are rather enough in ability to seize opportunities. Therefore, the SMEs owners in Myanmar 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 SMEs 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 SMEs owners how to overcome 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 financial access. But 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 is not stable. Therefore, to keep and motivate to do the business and starts up SMEs in long time, government to responsible authorized persons should provide appropriate programs and accurate regulations and procedures.

Good condition in financial access for SMEs are enhanced and developed about their performance. The financial improvement and non-financial improvement of SMEs in Myanmar is high. Therefore, SMEs should maintain these abilities by getting with both enough financial access and supportive programs for them. The SMEs owners should have better entrepreneurial mind-set in the decision making process. Moreover, government should always monitor the financial access level of SMEs and should set the rules and regulations to improve SMEs.

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