

## Chapter 4 – Data Finding

This chapter presents the research findings and analysis of data in order to answer the research questions and hypothesis. This chapter is divided into two parts. The first part deals with the qualitative data and along with the relevant analysis, whereas second part details the quantitative findings and the analysis from the respondent's point of view.

### 4.1.1 Research Question one

*(What attitude to cooperation exists between the SME Entrepreneurs in Mandalay Region??)*

#### 4.1.1.1 Description

Most of the respondents (8 out of 10) agreed that there is lack of trust and faith between the SME firms, although most of them know each other. As one of the respondents who owns a large manufacturing firm,

“We do not co-operate with firms in the region, because we have no time to look after other parties. We do not share information on orders with other producers. If we share information there is much chance of losing our orders to our competitors”

During the research it was found that one of the main reason for the lack of cooperation, trust and faith is that most of the firms are owned by family members and they had rivalry between each other for many decades, they prefer to keep their business dealings secret in fear of losing clients to their competitors.

“SME firms work in closed group and share very little knowledge, sometimes its not easy to get information from them as they fear to lose data on sales, production and labour to their competitors”, confirmed by one of the governments.

During the research it was found that there were some small grouping between some firms and one of the main reasons was to have competitive advantage over their competitor. One of the respondents informed,

“I share some information with my close friends in the industry, three or four people. But I generally do not share secrets and its just shared with in our family members. Ours is a family business and we need to have trade secrets”.

Respondent with academic background informed that,

“Half of the problems of the SMEs is due to the lack of trust and faith between the firms, although they have cluster and also formed ceramic association. Every manufacturer is same, they want to find solution to their problem by themselves, not try to cooperate”.

#### 4.1.2 Research Question two

*(What are the problems faced by the SME entrepreneurs in Mandalay, Myanmar)*

Most of the respondents (10 out of 12) agreed that most of the SME firms have many problems which hinders their competitiveness and ability to sustain in the long term. Some of them problems which the SMEs face as informed by the respondents are availability of finance and credit, infrastructure and usage of technology, using marketing tool and quality of available human resource.

During the research it was found that still the ceramic firms uses the old technology and quality of available technology and related infrastructure is very minimal which was confirmed by one of the respondents.

“SME firms use same old technology and design to make their products. They have been slow to adapt new technology and there is almost no innovation which can be attributed to lack of capital along with the quality of human resource. Available technology and infrastructure don’t assist the SMEs as they are obsolete when compared to neighboring nations”, confirmed by one of the government officials.

One of the respondents informed,

“There is very less exchange between SMEs regarding technology or design and the business is done in secrecy. There should be some kind of program whereby the smaller firms can be more engaged which is crucial for their survival and understand the value of research and development in different parts of the business, production and service”.

During the research it was found that the quality of human resource is low and they lack motivation and there are not many supporting institution to provide training. Most of the respondent informed that labour output is less as most of the labour is unskilled with less education. They informed that the SMEs attracts mostly casual workers who work on daily wage basis and have little motivation to work or acquire traits of the job. Most of the highly qualified labour prefer to work in big companies as SME firms did not enjoy the goodwill of the population.

“Most of the labour lack motivation; they don’t like to learn new traits. They are happy with what they have, as most of them are villagers. This might be the culture of local people; we did try to provide them with training and assist them with education but most of them are not interested”.

#### 4.1.3. Research Question three.

*(What are the factors which hinders the competitiveness of SME in Mandalay in relation to the Entrepreneur?)*

##### **4.1.3.1 Description**

All of the respondents agreed that many SMEs conduct their business as unorganized or recognized as the legal procedural complexity and lack of express service are also the main reason for the problem as informed by the respondents.

“Most of the manufacturing firms find it difficult to go through the legal formalities required and it hinders their approach to look market. There are many documents involved and many processes which the SMEs with lack of knowledge or knowhow see as hassle. Some of my friends do not look for export market as they think as they cannot bear fixed and overhead costs”, respondent who owns a famous ceramic firm.

“Every business would like to export as the market seems to be lucrative but there are many hurdles which are legal documentation and more over there is lack of related industries which can assist and help us to move and look at international market.”, respondent answered.

Some of the respondent other than belonging to the manufacturing firms believed that the lack of technological knowhow, lack of modern marketing knowledge and availability of finance hinders the competitiveness of the SMEs.

“SME firms are having hard time due to the economic slowdown but it should also be attributed to the fact that they don’t have any long-term strategy. As most of the firms are operated by family members they don’t tend to focus on long term, moreover the new generation seem to be less interested in the business. Exporting to other countries can be a relevant for the survival of the business, assistance from

professionals and related industries can be a great tool for exporting to international market”.

It was also found that the lack of express service and their connection to the SMEs hinders their opportunity to export to another countries. One of the respondents who owned a college in Mandalay informed us,

“We have little knowledge of the logistics and other knowledge required to export our product to other countries. The relevant cost and the countries which are lucrative economy along with less legal paperwork are not known by us. If there is a center or a center with services related to logistics which can assist us it will be easier for us to target a market.”

Some of the respondents agreed that globalization is like a double-edged sword, it has definitely helped the big companies whereas it has hampered the SMEs. Myanmar being an underdeveloped economy, its SMEs are going through radical changes and thereby are no in the position to compete with opened market which has brought competition with companies from ASEAN nations, China and India.

#### **4.1.4 Research Question Four**

*(What solutions are supposed to counter or solve the problems faced by SME*

*Entrepreneur in Mandalay?)*

##### **4.1.4.1 Description**

Most of the respondents informed that assistance from the government, and encouraging the firms to use new technologies and innovation can assist the SMEs to be competitive. Most of the respondent viewed that the cost of production was high as due to usage of old technology and the firms lack capital to be invested in acquiring new technology.

“SME firms use outdated technology which is not only harmful for the employees, but it also ensure that the productivity remains low. Innovation should not only be limited to design or product but also to the process which would create a better working environment and hence attract skilled labour”, as viewed one of the government organization leader.

One of the Respondent who owned a small Ceramic firm informed that, “We are too small and with less capital to acquire new technology, we have been using same practices for decades. Government cares only for the big firms and we are usually left behind”.

Respondents informed that government can play a key role in assisting the firms to be more productive by right kind of policies encouraging the firms gain competitiveness.

“Government needs to have some good policy for us. There should be some assistance from the government to encourage firms and institute to encourage adapt new technologies and promote new design along with innovation in different process of production”.

One of the respondents said that,

“Export center along with training facilities on using internet, ecommerce and knowledge of logistics will be helpful and more for small companies in the cluster as they are the most vulnerable to barriers to exporting to international market. Export center which can help the SMEs in finding new design patterns and make eliminate the barriers in language problems”.

## 4.2 Quantitative Analysis

### Descriptive Statistics:

#### Raw material:

**Availability of raw material is a problem for SME Entrepreneurs in Mandalay region.**

	Frequency	Valid Percent
<b>Agree</b>	63	90
<b>Neutral</b>	7	10
<b>Total</b>	70	100.0

As we can see from the above table, most of the respondents agree and strongly agree that availability of raw materials and its proper distribution is a problem for SME Entrepreneurs in Mandalay Region.

#### **Proper distribution of Raw materials between firms in Mandalay Region.**

	Frequency	Valid Percent
Disagree	56	80
Disagree	7	10
Neutral	7	10
Total	70	100.0

Most of the respondents disagreed that SMEs get proper and equal distribution of available raw materials. 90% of the respondents disagreed which can relate to the fact that there is no proper organization of SMEs as Myanmar is a developing country.

#### **Cooperation between SMEs and trust and faith between them**

		Frequency	Valid Percent
Valid	Neutral	7	10
	Agree	42	60
	Strongly Agree	21	30
	Total	70	100.0

Lack of trust, faith and cooperation results in lack of sharing knowledge, which is a common in SME's being owned by small families and individuals. Most of the respondents agreed that there is very low level of mutual cooperation between SMEs in Mandalay region.

#### **Is there a healthy competition between firms in the cluster?**

		Frequency	Valid Percent
Valid	Strongly Disagree	21	30.0
	Disagree	28	40.0
	Neutral	14	20.0
	Agree	7	10.0
	Total	70	100.0

As we saw from the previous data that the competition between the SMEs is not healthy as most of the firms do focus on surviving as there is lack of trust and faith.

## **Infrastructure and Technology Investing in Innovation**

**Do the firms invest in innovation or new technologies?**

		<b>Frequency</b>	<b>Valid Percent</b>
<b>Valid</b>	<b>Disagree</b>	42	60.0
	<b>Neutral</b>	14	20.0
	<b>Agree</b>	7	10.0
	<b>Strongly Agree</b>	7	10.0
	<b>Total</b>	70	100.0

Investing in Innovation needs lots of capital and most of the SMEs have major drawback as they lack capital and they don't invest in new technologies. We can see from the above data that most of the respondents disagree on SME firms investing in innovation. There are some big well-known firms who do some innovation on the production and design of their product. 60% of the respondents disagreed that the firms invest in innovation to enhance product or production. Innovation plays a huge role for a region and a cluster to gain competitive advantage.

## **Finance and Credit**

**Insufficient R&D investments would work as a problem for SMEs Entrepreneurs**

		<b>Frequency</b>	<b>Valid Percent</b>
<b>Valid</b>	<b>Strongly Disagree</b>		
	<b>Disagree</b>	14	20.0
	<b>Neutral</b>	0	0
	<b>Agree</b>	21	30.0
	<b>Strongly Agree</b>	35	50.0
	<b>Total</b>	70	100.0

Most of the respondent agree that Insufficient R&D investments would work as a problem for SME Entrepreneurs in Mandalay region, 50% of the respondent strongly agreed and almost 30% agree with the above statement.

### **Globalization:**

#### **Globalization would work as a problem for SME Entrepreneurs of Mandalay region.**

	Frequency	Valid Percent
<b>Disagree</b>	14	20
<b>Neutral</b>	21	30
<b>Valid Agree</b>	35	50
<b>Total</b>	70	100.0

SMEs find it difficult to undergo and process the legal formalities related to export and this is one of the reasons which hinders and make them low motivated to look for market outside their boundary and safe zone. Almost 60% of the respondent agree that globalization is a problem due to the increase in competition from other countries.

#### **Competition has increased due to globalization and its affecting the local SMEs in a big way.**

	Frequency	Valid Percent
<b>Neutral</b>	7	10.0
<b>Valid Agree</b>	42	60.0
<b>Strongly Agree</b>	21	30.0
<b>Total</b>	70	100.0

It is not easy for the SMEs and the related firms to access and process documents required and needed for exporting to other country. More over most of the respondent agree almost 90 percent agree that getting documents for exporting to another countries is very complex and takes long



duration to get approved. Where as it has become easier for companies from other countries to sell in Myanmar. This has led to closing of many small businesses as the local SMEs are not competitive and cannot sustain when they have to compete with companies from neighboring countries.

### **Marketing:**

#### **SME Entrepreneur and related staff use proper marketing tools for sustainability.**

	Frequency	Valid Percent
Disagree	21	30.0
Neutral	28	40.0
Valid Agree	7	10.0
Strongly Agree	14	20.0
<b>Total</b>	<b>70</b>	<b>100.0</b>

Most of the SMEs don't use proper marketing tools due to varied reasons like lack of knowledge. Low quality of human resource, ownership of the SMEs are held by family members. Family members use old way of doing marketing rather than using the modern tools and ideas to market and become competitive. The same was confirmed by 70% respondents that there is low adaptability of modern marketing tools and concepts.

#### **There are competitive and high-quality logistics service suppliers in Mandalay region.**

	Frequency	Valid Percent
Strongly Disagree	21	30.0
Disagree	35	50.0
Valid Neutral	7	10.0
Agree	7	10.0
<b>Total</b>	<b>70</b>	<b>100.0</b>

Some SME firms engage in export market with neighboring countries like India, Thailand, China and other. Hence, they require number of logistics suppliers and related business services to

provide their clients with timely and good services. But there is lack of quality logistics suppliers and business service provider which can be confirmed by the above data whereby 80% of the respondents disagreed that there are quality Business services in the cluster.

**If the SME firms use better marketing tools, will the region will become competitive?**

	Frequency	Valid Percent
<b>Valid</b>		
Strongly Disagree		
Disagree	7	10.0
Neutral	35	50.0
Agree	28	40.0
<b>Total</b>	<b>70</b>	<b>100.0</b>

Most of the respondents were neutral and almost 40% agreed on being enquired about the region becoming more competitive if the SMEs use modern and better marketing tools.

Due to the opening of Myanmar market, more and more of local population will have access and availability to cash and credit. Hence, they will require, need and desire of more products which can provide them better value.

**Corruption in the Myanmar works as a problem for SME Entrepreneurs of Mandalay region**

	Frequency	Valid Percent
<b>Valid</b>		
Disagree	7	10
Neutral	14	20
Agree	49	70
<b>Total</b>	<b>70</b>	<b>100.0</b>

We can see from the above data that the Corruption in the home country works as a barrier for SMEs Entrepreneurs to become more competitive and be able to enter into foreign markets as per

the views of the respondent 10% of them disagree whereas 70% agreed that corruption is a problem for SME owners of Mandalay Region

### **Is the Human resource in the Mandalay region productive?**

		Frequency	Valid Percent
Valid	Strongly Disagree	14	20
	Disagree	42	60
	Neutral	14	20
	Total	70	100.0

SMEs in Mandalay region depends hugely on low cost labour, these labourers tend to be less productive and low on skills, knowledge and other production factors. As we can see from the above figure that 80% of the respondents agree that the SME firms are hugely depended on low cost labour. Productivity of labour is one of the key issues in the Mandalay region as the availability of equality education is quite less and hence the human resource is not well trained and qualified to work.

### **SME firms encourage the employees to enhance their skills.**

		Frequency	Valid Percent
Valid	Disagree	49	70
	Neutral	21	30
	Total	70	100.0

Quality of labour is a major issue as the respondents have pointed out in the previous data; still the firms do not take major steps in enhancing the skill of the labourers. We can see from the

above figure that 70 % of the respondents disagreed that the firms take steps to encourage the labourers to enhance their skills.

### Qualified education and training providers for labour in the cluster.

	Frequency	Valid Percent
Disagree	42	60
Neutral	14	20
Agree	14	20
Total	70	100.0

There is a lack of qualified training and education providers in the Mandalay region, which can be seen from the above data whereby 60% of the respondents disagreed and 20% were neutral as there are some well-known educational institutions. But the SMEs has no link with these research institutions which leads to low connection between graduates and the relevant industry.

## Research Result

### Data Findings using Research tools

Relationship between Entrepreneurship problems, availability of raw materials, finance and credit, infrastructure and technology in context to the SMEs in Mandalay Region.

	Problems	Raw Materials	Finance and Credit	Infrastructure and Technology
Problems	1	.050	.164	.303**
	70	.342	.088	.005
		70	70	70

	.050	1	.148	.169
Raw Materials	.342		.110	.081
	70	70	70	70
Finance and Credit	.164	.148	1	.238*
	.088	.110		.024
	70	70	70	70
Infrastructure and Technology	.303**	.169	.238*	1
	.005	.081	.024	
	70	70	70	70

\*\* . Correlation is significant at the .01 level (1-tailed).

Fig 3: Statistical data of Research Variables.

### Correlation Analysis

- a. Raw Materials is significantly related to Entrepreneurship problems with a relation of 0.303 at 0.01 level of significance.

Uneven distribution of raw materials acts as a major problem to the SMEs and their competitiveness in Mandalay Region.

- b. Finance and Credit facilities acts as a problem for SME entrepreneurs with a weak positive relation of .164 at 0.01 level of significance.

Banking sectors in Myanmar is under radical change but it will still take some time for it to be well developed. SMEs entrepreneurs find it hard to get loan or credit facility from Banks due to lack of awareness.

- c. Infrastructure and technology is seen as a major problem with a positive relation of .303 at 0.01 level of significance.

Most of the SMES use age old traditional techniques of production which hinders their competitiveness. Lack of proper infrastructure like electricity, road connectivity makes the SMEs less competitive and cost of product gets higher.

Relationship between Entrepreneurship problems, Globalization, Marketing, and Human Resource in context to the SMEs in Mandalay Region.

	Problems	Globalization	Marketing	Human Resource
	1	.193	.092	.027
Problems		.221	.225	.411
	70	70	70	70
	.193	1	.121	.117
Globalization	.221		.158	.167
	70	70	70	70
	.092	.121	1	.281**
Marketing	.225	.158		.009
	70	70	70	70
Human Resource	.027	.117	.281**	1

	.411	.167	.009	
	70	70	70	70

\*\* . Correlation is significant at the .01 level (1-tailed).

Fig 4: Statistical data of Research Variables.

- a. Globalization is seen as a double edge sword with a positive relation of .027 at 0.01 level of significance.

Globalization is seen as a double edge sword. Most of the SME entrepreneurs feel that local SMEs and their products cannot compete with the inflow of Chinese products and the ones coming from ASEAN countries especially Thailand.

- b. Marketing is seen as a minor problem for SME entrepreneurs with a weak relation of .117 at 0.01 level of significance.

Most of the local SMEs have their loyal customers and they engage in very less marketing or promotion activities. Whereas they give lots of importance to packaging of their products as they understand the needs and wants of their customers. They prefer to promote their products through word of mouth rather than using marketing tools to promote their products.

- c. Human Resource is significant problem related to Competitiveness with a positive relation of 0.281 at 0.01 level of significance.

Almost all of the Entrepreneurs agreed that there is a lack of quality human resource in Mandalay Region. There are very few technical colleges providing technical or skill-based training to the local population. Most of the staff gain skills after being hired and trained by the senior employees. This could be attributed to the fact that the scale of pay in Mandalay region is low compared to Yangon and most graduates prefer to work at Yangon.

### **Qualitative Analysis**

Myanmar's business environment is undergoing a lot of rapid changes. However, SMEs in Myanmar face many challenges during the period of political and economic transition. New trends

have to be taken into account continuously, such as growing demand and customers' expectations on flawless products and services. Moreover, SMEs are facing increasing global competition, the emergence of new technologies and impact on integrated supply chain and production systems among ASEAN member states. In Myanmar, challenges to SMEs are varied and complex, depending on the sector and level of development. Common challenges include financial access, human resource development, R&D in technology, management, and marketing. In conclusion, the development of SMEs is important for the country's economic development, as they are major contributors to the economy and job creation. However, SMEs are confronted with numerous challenges, including insufficient financial support, electric power supply and credit guarantee. Given that SMEs form the backbone of the country's economy, economists have called on the government to improve the banking sector, and encourage banks to provide more loans to SMEs at a reasonable interest rate.

a. What attitude to cooperation exists between the SME Entrepreneurs in Mandalay Region?

Most of the respondent informed that there are many barriers to collaboration and cooperation which are low trust, poor knowledge about cluster, different visions of the firms in the cluster and low trust between the firms in the cluster. There are many imperfections; leaders move around partly in isolation, possessing limited knowledge of each other, and there is limited or no dialogue on how to move forward

b. What are the problems faced by the SME entrepreneurs in Mandalay?

All of the respondent agreed that the globalization has had a big impact on the SME firms and they have been hit hard, therefore they don't invest much into R&D. Lack of long term strategy and capital is one of the main reason for not focusing on research and development.



Human Resource available of low quality with very low level of skill quality as most of the graduates prefer to work at Yangon division. Senior employees train the new recruits depending on their work experience. The involvement of the employees on technical level is too low.

c. What are the factors which hinders the competitiveness of SME in Mandalay in relation to the Entrepreneur?

During research it was found that the support system and related infrastructure were not proficient enough to provide assistance to the SMEs. One of the respondent who owned a Micro Enterprise said that, “export is admirable as it will generate good income for us and more important for firm like us as we employ underprivileged population. But we lack knowhow and there is lack of infrastructure to send products to other countries”.

One of the respondent who owned a medium firm informed us that, “Although the market is lucrative but there are lots of risk involved. Due to technology things have become a bit easier, but still Myanmar lacks support systems to help small firms like us to be able to export and find relevant market”.

d. What solutions are supposed to counter or solve the problems faced by SME Entrepreneur in Mandalay?

Most of the respondents informed that research and development, and assistance from the government can assist the cluster to be competitive. Research and development in design is seen as a key factor which can ensure the SMEs can thrive. Most of the respondent viewed that the cost of production was high as due to usage of old technology and the firms lack capital to be invested in acquiring new technology.

“SME firms use outdated technology which is not only harmful for the employees creating bad work environment, but it also ensures that the productivity remains less. Innovation should

not only be limited to design or product but also to the process which would create a better working environment and hence attract skilled labour”, as viewed by one of the respondents. Respondent informed that government can play a key role in assisting the firms to be more productive by right kind of policies encouraging the firms gain competitiveness. “Government need to have some good policy for us.