

## **Political Factors that Influence the Development of Small and Medium Enterprises in Mawlamyine, Mon State, Myanmar**

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### **ABSTRACT**

This study utilized the descriptive method of research with the small and medium enterprises in Mawlamyine, Mon State, Myanmar. The instruments used were validated questionnaires. The data collected were processed, analyzed and interpreted as to the stated problems of the study. The statistical treatment used were percentage, mean and standard deviation and reliability test.

Findings revealed that more than fifty percent of the respondents has positive response to the improvement of Mon State SME sector, support to regional economic development, government policies impact on SMEs sector, political change and instabilities and internal pressure. However, almost 50% also of the respondents gave negative response in terms of awareness in the enactment of SME laws.

The study also showed that the SME agency and related departments cannot provide on time the necessary information such as regional economic related information, country-wide economic news, and international economic news, which are helpful in developing SMEs. Moreover, inter-departmental communication in the SME Agency cannot be said as good and strong.

Hence, the related departments involved in the SME Agency operations need to improve their public servicing by reviewing the organized structure to involve concerned departments, reviewing the internal procedures to be more easily accessible for SME owners, reviewing the information flow to produce and provide the necessary information for the development of SME on time, developing the capacity of government staff to fulfill their services to be more effective and satisfying, and finally, improving the decision-making process and coordination mechanism to take actions towards SME's development quickly.

***Keywords: SME agency, SME implementation body, political factors, information flow, leadership and management, small-medium enterprises***

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## 1. INTRODUCTION

Myanmar has adopted the market-oriented economic system since 1988 by reducing the centralization of Union Government, encouraging the private sector development and allowing the foreign direct investment (FDI) in order to achieve the economic development of the country. In the Military era, the private sector development was prohibited and restricted in engaging the economic activities according to the laws, orders, rules, and regulations of military government. As a result, the country economy down due to "Permit Economy" and it was a privilege only for one group of persons so-called "Crony" even though the military government tried to replace by enacting new laws and amending the rules and regulations to be in line with the global economic change and circumstances.

After 2010, the country political condition was totally changed and the newly elected government tries to encourage economic development. In 2013, the government formed the "Central Committee and Working Committee" for development of Small and Medium Size Enterprises.

In 2015, the Small and Medium Enterprise Development Law was enacted and a by-law was in 2016. The Union Government is implementing this law by forming the *SME implementing bodies* in the union level as well as regional level. This implementing body is called *SME Agency*. In the Union Level, the SME agency is led by the Deputy Minister of Chamber of Commerce and Industry, and the other members are Director Generals of other Ministries. The chairpersons of the business associations related to economic development are also included. In the regional level, the agency is led by Regional Chief Minister and Directors of other departments. The members are different from each region and based on regional government structure. The obligations of these agencies are to implement the SME policy that was enacted by the Union Government and to help the local SMEs according to the SME law section 14. Generally, the agencies have to provide the necessary support to the local SMEs in the registration process, coordination with government departments, facilitating the networking with foreign companies and legally protecting the local SMEs from the monopolizing and attacking of big corporations.

Mawlamyine is the capital and largest city of Mon State and also the hub for trading because it is located in the central area for the transportation and it is a seaport in the south-east part of Myanmar. According to its geographic location, Mawlamyine is the heartland of Mon State and it has a great opportunity for the economic development because of good transportation, many tourist attraction sites, good weather, very unique culture, and tradition, manufacturing zone to produce industrial products and handicrafts and plenty of natural resources. If the SME becomes well developed in this area, the whole region would be developed and sustainable.

## 2. LITERATURE REVIEW

Nowadays, SMEs play a critical role in the development of the national economy of every country. Not only in the developing countries and countries in transition stage but, also in the countries with developed economies, SMEs are becoming more and more an important matter of high consideration and also an engine of economic development in market economies. The governments are extending the various steps towards SMEs by providing not only political supports and but also infrastructure and technology supports (Hashi, 2017).

SMEs play a major role to contribute to the sustainable growth and development of economics and to the generation of employment, due to their private ownership, innovative, aspiration, flexibility, compliance along with the potential to react the challenges and environmental changes. They also play a crucial role in the national economy by providing numerous supports, goods and services, the creation of job opportunities for young adults, and also developing the regional private communities. They also help the market competition resulting in the innovation and own creations.

As the SMEs play a big role in the vitalization and development of national economies due to their contribution to create job opportunities, to increase stability and development of regional economies, and produce high value-added products, many people in the country, directly and indirectly, are dependent on the small and medium enterprises. SMEs can also generate increased income and revenue by creating employment opportunities and resulting in decreasing the poverty rate. According to these contributing factors and advantages, the SME sectors are become attentive by all stakeholders including governments, business associations, private sector institutions; academia and multinational corporation (UK Essays, 2017).

SMEs internationally have a very substantial contribution to the provision of goods and services to the public and society. Without SMEs, big companies may have a problem to meet the demand for goods and services in an expanding customer base.

The political condition of a region and country will have a greater impact on the growth and sustainability of SMEs. As the governments play a vital role as a planner, promoter and regulator of business firms, the form of government position is important from an aspect of political stability by influencing the growth and development of the business. The power of policy makers and implementers can influence the business practices to force like stand alone, joint venture, mergers, acquisition, business allowances, and outsourcing etc. between the SME firms all over the world (Rakesh, 2014).

The Myanmar government enacted the SME Development Law in 2015. The vision of the small and medium enterprises development law is the creation of regionally innovative and competitive SMEs across all sectors that enhance income generation and contribute to social-economic development. The mission of this policy is to stimulate the development of small and medium enterprises which has competitiveness and innovation (Myanmar SME Development Law (2015.))

Although Myanmar SME Development Law was enacted in 2015, By-Law was enacted until 2016. According to the By-Law, the SME Agencies are formed in every state and region to implement the law (The Working Committee shall form the agency comprising of the heads from concerned government departments, government organizations, and the

suitable representatives and experts from the associations with the approval of the Central Committee. Art .11, Chapter VII). The SME Agency has to carry out the following functions and duties: SMEs registration process, provision of financial assistance, market analysis and necessary information support, human resource development, submission of the quarterly and annual progress report of SMEs development activities, analysis and reduction of weaknesses and gaps faced by SMEs according to their nature, facilitation in providing non-financial services to SMEs to reach the financial assistance by coordinating with government departments, organizations, companies, and banks, collection of the data related to SMEs, checking it step by step, connecting with international financial institutions and development agencies, business associations, local and international non-government organizations, close collaboration and negotiation with financial institutions and obtaining advice for the development of SMEs.

According to the research done by National Enlightenment Institute (NEI, 2016), the government policies and procedures concerning the SME are not clear with many steps, the government officials are weak in cooperation and collaboration, weak in accountability and delayed decision-making process due to the centralized bureaucrat system. But then Mon SME Agency developed the action plan in September 2018 to provide the necessary support to the SMEs in Mon State.

### **3. CONCEPTUAL FRAMEWORK**

Figure 1 (Appendix 11) illustrates the political factors that influence the development of SMEs in Mawlamyine, Mon State, Myanmar. According to the Myanmar Small and Medium Enterprise Development Law, the regional government departments are involved in the SME Agency. This conceptual framework is constructed based on the duties and functions of the SME Agency that was enacted in the SME Law. For the development of SMEs in Mawlamyine, the SME Agency has the crucial role to get the expected outputs. The political factors include the SME implementation body, rules and regulation, public service and capacity, communication and information flow and leadership and management. The process concerned in the conceptual framework contributed to the desired outputs of the study which are the easy and quick registration process, ease of getting financial assistance, easy access to information, increased market share in SMEs in Mawlamyine.

### **4. RESEARCH DESIGN AND DATA COLLECTION**

This study was participated by 199 SMEs owners in Mawlamyine, Myanmar. As this study is about the political factors that influence the operations of SMEs and the different intervening variables that affect a dependent variable, descriptive method was used. Descriptive method was used to identify the level of influence of political factors such as the: SME implementation body, rules and regulation, public service and capacity, communication and information flow and, leadership and management.

The respondents who participated in the survey were the owners of SMEs whose businesses are based in Mawlamyine and have experienced engaging or dealing with local government departments in charge of SMEs establishment and operations.

The validated researcher-made instrument was developed based on the duties and responsibilities of the SME Agency that was described in the 2016 SME By-Law. It described the general information and demographic data of respondent, and measured

factors that politically influence the SMEs in Mawlamyane, role of local government departments in SME development, condition of the local government departments in SME development.

#### **4.1 Statistical Treatment of Data**

The following statistical tools were used in the study:

a. Frequency and Percentage Distribution was used to define the respondents according to demographic profile, and the proportion of the respondents with the same view with regard to factors that politically influence the SMEs, the current challenges and obstacles for SME. Percentage was also used to describe the importance of key government departments for SMEs in Mawlamyane.

b. Mean and standard deviation were used to determine the difference in perception of the respondents towards the influencing factors such as SME implementation body, rules and regulations for SMEs, information flow, capacity and services, leadership and management.

c. Reliability Test - was used to measure the internal consistency of the relationship among the implementation body, rules and regulations, information flow, capacity and service, leadership and management

### **5. RESULTS AND ANALYSIS**

#### **5.1 Demographics Data**

This study shows that out of 199 respondents, 57% or 113 are male and 43% or 86 are female.

As to Age, majority of the respondents belong to the 36 - 45 bracket with 33%, followed by age bracket between 26 and 35 with 26% score. Only 4% of the respondents belongs to 18 - 25 years old.

According to the size and type of business the respondents own, the following results were established: small enterprise has the highest percentage at 19%, followed by Grocery and Travel and Tour with 8% and 7%, respectively.

Findings also show that among the ten townships in Mon State, most of the businesses are located in Mawlamyine with the score of 57%, followed by Yae township with 14%

#### **5.2 General Factors that Politically Influence the SMEs**

Almost 69% of the respondents answered "Yes" in agreement to the improvement of Mon State SME development as compared 5 years ago, while twenty six percent said "No" and 5% " do not know"

With regards to the awareness of the SME laws that have been enacted by the state, 52% of the respondents are aware, 34% are not aware, and 13% answered " do not know."

Whether or not the enactment of SME laws support the regional economic development, majority of the respondents said Yes, with the score of 54%.

As to the direct impact of government policies to SMEs, 47% of the respondents said Yes, 22% said No and 31% are neutral or do not know.

With regard to the recent occurrence of political change, instabilities and international pressure, 53% of the respondents said that these have direct impact upon the SME sector in Mawlamyine, 29% said there is no direct impact and 19% is neutral.

### **5.3 Current Challenges and Obstacles for SMEs**

The result shows that the Market and Scarcity of Skilled labor has the highest frequency 20%, followed by Climate Change with the score of 14%, and Government management with 10% score. This is closely followed by Lack of electricity with 9.2% score.

### **5.4 Key Government Departments for SMEs**

The findings show that among the 13 important government departments for small and medium scale businesses in Mawlamyine, SME department is the most important with the score of 22%. The Customs Department comes next with the score of 14% and followed by the Ministry of Commerce with 12% score. Central statistical organization has the lowest frequency with 0.7%. These three are the most important government departments to deal in the development of SME in Mawlamyine, Myanmar.

### **5.5 Implementation Body for SME Development**

According to the result of this table, 40 % of respondents agree on the clearness of the structure of implementation body and nearly 60% of the respondents disagree. Whether the implementation body work according to government laws, rules and regulations, majority of the respondents said they "agree" having scored 42% and 32% said they "disagree". As to the impact of actions of implementation, majority disagreed, which scored to 44% and 9.1% said they are neutral.

### **5.6. Rules and Regulations**

According to these results, more than 40% of respondents disagree that SMEs rules and regulations are clear and addressed the current situations in business environment, while 43% said they agree that the SME rules and regulations are supportive of the development of the SME sector. Forty percent said that SME department staff do not clearly understand the enacted rules and regulations.

In terms of implementation in local SME businesses of these rules and regulations, 40% disagree when asked about the ease and clarity, and 38% said they agree that rules and regulations are clear and easy to apply.

Out of 199 respondents, 61 or 31% disagree that they are getting prompt response from SME departments regarding their concerns.

### **5.7 Information Flow**

Thirty five percent (35%) of the respondents agree that the SME department always releases the necessary information, while 36% disagree.

As to ease of access of regional economic related information, 38% of the respondents agree, 4.5% strongly agree, 42% disagree, 10% strongly agree and 5% said they neither agree nor disagree.

Fourteen percent of respondents strongly disagree that country-wide economic news is announced on time, while 47% disagree, 3.5% is neutral, 30% agree and 6% strongly agree.

In terms of *timely* announcement of international economic news, 27% of the respondents agree, 5% strongly agree, 6% is neutral, 47% disagree and 16% strongly disagree.

With regard to ease of, and immediate access to necessary and information for business, 32% of the respondents agree and 43% disagree, 5% agree and 17% disagree. Six percent neither agree nor disagree in this item.

Whether there is a good and strong communication between inter-departments, 45% of the respondents disagree, 23% agree, 20% disagree, 12% neither agree nor disagree and 8% strongly agree.

### **5.8 Capacity and Service**

In assessing whether SME and related departments staff can clearly explain SME rules and procedures, 49% of the respondents said they agree, 26% disagree, 13% strongly disagree, 9% strongly agree and 3.5% neither agree nor disagree.

Out of 199 respondents, 84 agree that SME department and related department staff are skillful and can perform their task effectively, while 61 disagree, 22 strongly disagree, 20 strongly agree and 12 neither agree nor disagree.

Forty two percent of the respondents agree that SME and related departments, regional SME businesses, and CSOs meet up frequently and discuss for development of SME sector; 32% disagree; 13% strongly disagree; 10% strongly agree and 4% neither agree or disagree.

Whether or not the information is shared among SME and related departments, regional SME businesses, and CSOs, 38% agree, 36% disagree, 12% strongly disagree, 10% strongly agree and 4% is neither agree nor disagree.

As to whether SME and related departments officials comprehend the need of regional SME development and provide supports, 39% of the respondents agree, 37% disagree, 12% strongly disagree, 8% strongly agree and 4% neither agree nor disagree.

### **5.9 Leadership and Management**

This test shows the different perspectives on leadership and management of the SME department among five components such as, responsibility and accountability, decision making, effective actions on request, strong cooperation, and better management and adequate labor force.

Forty two percent of the respondents agree that SME department staff takes responsibility and accountability while, 32% disagree, 10% strongly disagree, both strongly agree and neither agree nor disagree indicators got 9% score.

In terms of decision-making, 42% disagree that decision is made effectively, 32% agree 13% strongly disagree, 7% neither agree nor disagree and 6.5% strongly disagree.

Whether request by the SME businesses are acted effectively by the SME department and related departments, 39% of the respondents disagree, 35% agree, 12% strongly disagree, 9% strongly agree and 5% neither agree nor disagree.

As to cooperation among the SME department staff, 38% agree that there is a strong cooperation, 35% disagree, 13% neither agree nor disagree and only 7% strongly agree.

When it comes to management and labor force, 74 out of 199 or 37.2% of the respondents agree that management is better and the labor force is adequate in the SME and related departments. This result is almost with the same percentage of those who disagree (36.7% or 73 out of 199); 11% strongly disagree; 9% strongly agree and 6% neither agree nor disagree.

## 6. CONCLUSION

The following conclusions were made from the findings of the study:

**6.1** Majority of the small and medium enterprises owners belong to the age bracket between 36 and 60 years old, male, commonly own small scale business on agriculture, travel and tour and groceries.

**6.2** Most of the SMEs are located in Mawlamyine.

**6.3** More than fifty percent of the respondents has positive response to the improvement of Mon State SME sector, support to regional economic development, government policies impact on SMEs sector, political change and instabilities and internal pressure; negative response to enactment of laws.

**6.4** The market and scarcity of skilled labor are the most challenging obstacles for SMEs.

**6.5** The SME Department, Custom Department, Ministry of Commerce, Electrical Power Department and Municipal Department are the top 4 most important government departments for the SMEs sector.

**6.6** The five political factors influencing the development of SMEs sector in Mawlamyine. such as, SME implementation body, rules, and regulations, information flow, capacity and service, leadership and management are assessed as follows:

**6.6.1** The SME implementation body is not clearly organized and some key departments are missed out even though it can be supportive, work accordingly to the laws and policies and procedures enacted by the government and can directly impact on the development of SME in Mawlamyine.

**6.6.2** The rules and regulations, as well as the internal procedures, are not clear, difficult to assess and cannot get responses quickly upon request, and also not easy to practice thus, it is difficult to say whether rules and regulations are supportive to SMEs development.

**6.6.3** The SME department and related departments cannot provide the necessary information such as regional economic related information, country-wide economic news, and international economic news, which is supportive for the SME development. Moreover, inter-departmental communication in the SME Agency cannot be said as good and strong.

**6.6.4** The SME department and related departments have the capacity to explain the procedures when they are asked, they can perform the task very well, and are willing to meet up frequently with Civil Society Organizations, Business Associations, and SME owners.

**6.6.5** The decision-making process within departments are too long and cannot take action effectively, cooperation and collaboration within departments and among the departments are weak



## 7. RECOMMENDATION

**7.1** The SME Department should encourage more female to get involve in the SMEs business. Program on women entrepreneurship and leadership should be conducted in this Mawlamyine. The young adults are important to sustain the SMEs in this state; thus, youth entrepreneurship programs should be conducted to create employment opportunities for young adults.

**7.2** The SME Department should create the advocacy and launching program to understand the SME Law and should implement its action plan quickly to create a market, provide financial accessibility and technological transfer. Moreover, human resources should be developed for the skillful labors.

**7.3** The regional government has a crucial role as a regulator of business for the development of SME in Mawlamyine. Now the regional government formed the SME Department to provide necessary support to the small and medium-sized enterprises. But the government departments that involved in the SME Department needs to improve their public servicing by:

- a) Reviewing the organized structure to involve the necessary departments,
- b) Reviewing the internal procedures to be more easily accessible for SME owners,
- c) Reviewing the information flow to produce and provide the necessary information for the development of SME on time
- d) Developing the capacity of government staff to fulfill their services to be more effective and satisfying, and
- e) Finally, improving the decision-making process and coordination mechanism to take action quickly.

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## APPENDICES

**Appendix 1. Table 1 Frequency and Percentage Distribution of SMEs owners in terms of Gender**

Gender	Frequency	Percent	Cumulative Percent
Male	113	56.8	56.8
Female	86	43.2	100.0
Total	199	100.0	

**Appendix 1.2 Table 2 Frequency and Percentage Distribution of SMEs owners in terms of Age**

Age	Frequency	Percent	Cumulative Percent
18-25	8	4.0	4.0
26-35	51	25.6	29.7
36-45	66	33.2	62.8
46-60	60	30.2	92.9
>60	14	7.0	100.0
Total	199	100.0	

**Appendix 1.3 Table 3 Frequency and Percentage Distribution of SMEs owners in terms of Size and Types of Business**

Business Industry	Number of small enterprises	Percentage	Number of medium enterprises	Percentage
Small Scale Industrial business	39	18.8	2	0.9
Agriculture	15	7.2	–	–
Livestock	8	3.9	–	–
Fishery	3	1.4	–	–
Travel and Tour	14	6.7	4	1.9
Education	11	5.3	–	–
Loan Service	–	–	–	–
Construction	10	4.8	3	1.4
Restaurant	15	7.2	2	0.9
Agent	–	–	1	0.5
Art Gallery	2	0.9	–	–
Banking	–	–	–	–
Copier and Printing Service	5	2.4	–	–
Electronic and IT accessories	11	5.3	–	–

Fashion	10	4.8	–	–
Food and Snack	6	2.9	–	–
Gasoline station	–	–	2	0.9
Gold and Jewelry	3	1.4	–	–
Grocery	16	7.7	–	–
Guest House	1	0.5	–	–
Handy Craft	4	1.9	–	–
Health Service	1	0.5	–	–
Home business	5	2.4	–	–
Machine Service	3	1.4	–	–
Merchant	3	1.4	–	–
Real Estate	1	0.5	–	–
Trading (Rice, Rubber, Textile, Betel nut)	7	3.4	1	0.5
<b>Total</b>	<b>193</b>	<b>92.8</b>	<b>15</b>	<b>7.2</b>

**Appendix 1.4 Table 4 Frequency and Percentage Distribution of SMEs owners in terms of Location of Business**

<b>Township</b>	<b>Number</b>	<b>Percent</b>	<b>Cum.</b>
Mawlamyine	113	56.8	56.8
Thahtone	12	6.0	62.8
Kyaik Mayaw	1	0.5	63.3
Mudon	9	4.5	67.8
Kyaik Hto	10	5.0	72.9
Than Phyu Zayat	7	3.5	76.4
Yae	28	14.1	90.5
Paung	3	1.5	91.9
Chaung Sone	12	6.0	97.9
Bee Lin	4	2.0	100
<b>Total</b>	<b>199</b>	<b>100</b>	

**Appendix 2 Table 5 Percentage Distribution in terms of perception on General Factors that politically influence the SMEs development in Mawlamyine**

General Factors	Yes	No	Don't Know
Do you think Mon State SME sector has been improved than the previous 5 years?	137 (68.8%)	52 (26.1%)	10 (5.0%)
Do you know SME laws and procedures that have been enacted by State Government in 2016?	27 (13.6%)	104 (52.3%)	68 (34.2%)
Do you think the SME laws and policies enacted by the State government support regional economic development?	107 (53.8%)	27 (13.6%)	65 (32.7%)
Do you think State government's policies and actions have a direct impact on the SME sector in Mawlamyine?	95 (47.7%)	43 (21.6%)	61 (30.7%)
Do you think the recent occurrence of political change, instabilities and international pressure have a direct impact upon the SME sector in Mawlamyine?	105 (52.8%)	57 (28.6%)	37 (18.6%)

**Appendix 3 Table 6 Percentage Distribution of Current Challenges and Obstacles for SME development**

Challenges and Obstacles	Number	Percentage
Climate Change	80	13.7
Transportation	45	7.8
Land ownership procedures	40	6.9
Government management	60	10.4
Market	115	19.9
The scarcity of Skilled labor	113	19.6

Lack of electricity	53	9.2
Lack of Standardization	23	3.9
Departments' HR capacities	22	3.8
Not clearly understand upon Departmental procedures and processes	26	4.5
Total	577	100

**Appendix 4 Table 7 Percentage Distribution of Key Government Departments for SME development in Mawlamyane**

Government Departments	Number	Percent
SME Department	126	21.7
Department of Budget under the Ministry of Planning and Finance	16	2.8
Department of Agricultural Land Management and Statistics	32	5.5
Ministry of Commerce	70	12.0
Agricultural department	24	4.1
Livestock & Fishery department	8	1.4
Custom Department	79	13.6
Central Statistical Organization	4	0.7
Ministry of Planning	28	4.8
Municipal department	68	11.7
Transportation Department	16	2.8
Myanmar Economic Bank	40	6.9
Electrical Power Department	69	11.9
Total	580	100

**Appendix 5 Table 8 Mean and Standard Deviation of the Political Factors Influencing the development of SMEs in terms of services of the Implementing Body**

Description	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree	Mean	St. Dev
Implementing body for the development of the SME sector is clear	35 (17.6%)	67 (33.7%)	4 (2.1%)	80 (40.2%)	13 (6.5%)	2.844	1.2991
Implementing body is working according to the laws, policies, and procedures enacted by the government.	30 (15.1%)	65 (32.7%)	10 (5.0%)	84 (42.2%)	10 (5.0%)	2.894	1.2447
Some key departments were not included in the implementing team.	13 (6.5%)	69 (34.7%)	19 (9.6%)	78 (39.2%)	20 (10.1%)	3.115	1.1813
Newly formed SME Agency is a supportive organization.	20 (10.1%)	36 (18.1%)	21 (10.6%)	72 (36.2%)	50 (25.1%)	3.482	1.3136

**Appendix 6 Table 9 Mean and Standard Deviation of the Political Factors Influencing the development of SMEs in terms of Rules and Regulations**



Description	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree	Mean	St Dev
SME rules and regulations are clear and reflect the current actions.	33 (16.6%)	79 (39.7%)	12 (6.0%)	62 (31.2%)	13 (6.5%)	2.713	1.2485
SME currently acting rules and regulations are supportive for the development of the SME sector.	20 (10.1%)	65 (32.7%)	17 (8.5%)	85 (42.7%)	12 (6.0%)	3.020	1.1847
SME department staffs clearly understand the enacted rules and regulations and applying accordingly.	26 (13.1%)	84 (42.2%)	12 (6.0%)	63 (31.7%)	14 (7.0%)	2.773	1.2243
SME and other related departments' rules and regulations are clear and easy to practice for locale SME businesses.	26 (13.2%)	79 (39.7%)	9 (4.5%)	75 (37.7%)	10 (5.0%)	2.819	1.2133

Prompt response is found working with SME departments.	39 (19.6%)	61 (30.7%)	45 (22.6%)	41 (20.6%)	13 (6.5%)	2.638	1.1975
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**Appendix 7 Table 10 Mean and Standard Deviation of the Political Factors Influencing the development of SMEs in terms of Information Flow**

Description	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree	Mean	St. Dev
SME department always releases the necessary information.	30 (15.1%)	72 (36.2%)	7 (3.5%)	71 (35.7%)	19 (9.6%)	2.884	1.3033
Regional economic related information is easy to access.	20 (10.1%)	84 (42.2%)	10 (5.0%)	76 (38.2%)	9 (4.5%)	2.849	1.1709
Country-wide economic news was announced on time.	28 (14.1%)	93 (46.7%)	7 (3.5%)	60 (30.2%)	11 (5.5%)	2.663	1.2027
International economic news was announced on time.	31 (15.6%)	94 (47.2%)	11 (5.5%)	53 (26.6%)	10 (5.0%)	2.582	1.1814
Necessary information for your business is easy to access.	28 (14.6%)	86 (43.2%)	12 (6.0%)	63 (31.7%)	10 (5.0%)	2.703	1.1966

There is a good and strong communication between inter-departments.	35 (19.9%)	79 (44.9%)	23 (11.6)	46 (23.1%)	16 (8.0%)	2.643	1.2384
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**Appendix 8 Table 11 Mean and Standard Deviation of the Political Factors Influencing the development of SMEs in terms of Capacity and Services**

Description	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree	Mean	St. Dev
SME and related departments staffs can clearly explain SME rules and procedures.	26 (13.1%)	51 (25.6%)	7 (3.5%)	97 (48.7%)	18 (9.1%)	3.150	1.2702
SME and related department staffs are skillful and can operate their tasks effectively.	22 (11.1%)	61 (30.7%)	12 (6.0%)	84 (42.2%)	20 (10.1%)	3.095	1.2536
SME and related departments, regional SME businesses, and CSOs meet up frequently and discuss for	25 (12.6%)	63 (31.7%)	8 (4.0%)	83 (41.7%)	20 (10.1%)	3.050	1.2821

development of SME sector.							
Information is shared among SME, related departments, regional SME businesses, and CSOs.	23 (11.6%)	72 (36.2%)	8 (4.0%)	77 (38.7%)	19 (9.6%)	2.984	1.265 2
SME and related department officials comprehend the needs of regional SME development and provide supports.	24 (12.1%)	74 (37.2%)	8 (4.0%)	78 (39.2%)	15 (7.5%)	2.929	1.245 2

**Appendix 9 Table 11 Mean and Standard Deviation of the Political Factors Influencing the development of SMEs in terms of Leadership and Management**

Description	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree	Mean	St. Dev
SME department staff takes responsibility and accountability.	19 (9.5%)	63 (31.7%)	17 (8.5%)	83 (41.7%)	17 (8.5%)	3.080	1.2075

SME agency staff makes decision effectively.	25 (12.6%)	83 (41.7%)	14 (7.0%)	64 (32.2%)	13 (6.5%)	2.783	1.2096
SME agency and related department officials can effectively take actions requested by the SME business owners	24 (12.1%)	78 (39.2%)	10 (5.0%)	69 (34.7%)	18 (9.0%)	2.894	1.2568
SME department staff have strong cooperation among them.	16 (8.0%)	69 (34.7%)	26 (13.1%)	75 (37.7%)	13 (6.5%)	3	1.1459
Departments have better management and adequate labor force.	22 (11.1%)	73 (36.7%)	12 (6.0%)	74 (37.2%)	18 (9.1%)	2.964	1.2446

**Appendix 10 Table 12 Reliability Test among variables**

Variables	Number of components	Value of Cronbach's Alpha	Average Inter-item covariance
Implementation Body	5	0.669	.441

Rule and Regulation	5	0.833	.737
Information Flow	6	0.902	.898

**Appendix 11 Figure 1**

**Political Factors**

**Outputs**

