

PROMOTING THE DEVELOPMENT OF INNOVATIVE SMES IN MYANMAR

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Abstract- Small and medium-sized enterprises are a very heterogeneous group. They are major contributors to country's economy and serve as the backbone for the economic growth of the country. The number of SMEs in Myanmar has rapidly increased soon after the economy was opened to private sectors. However, they are facing a number of constraints that deter their further growth. So, Myanmar needs to create a facilitating environment for its SMEs.

This study will only focus on the activities of providing services to the SMEs in servicing business sector. The objective of the research is to study how to enhance effective support required for SMEs and to fulfill the basic requirements for National Economic Development by way of promoting more development of SMEs. In this research, qualitative method is used for data collection.

The findings indicate that SMEs in Myanmar have limited access to financial resources and lack skills in HR. The most needs of SMEs are skill development in business, finance, marketing, and human resources. Skill development and enhancement through advisory services and mentoring are in high demand. Raising awareness of AEC and its potential benefits to SMEs, how SMEs can obtain such benefits, and how SMEs should prepare themselves for increased competition are essential. The Department of SMEs Development could develop into a one-stop shop providing training, advisory and mentoring services to SMEs.

Keywords: SMEs, Economic growth, HR.

I. INTRODUCTION

Small and medium-sized enterprises (SMEs) are a very heterogeneous group. Small and medium enterprises (SMEs) or small and medium-sized businesses (SMBs) are companies whose personnel numbers fall below certain limits.

Currently, the Myanmar government pays special attention in developing SMEs and nurturing existing SMEs to become large industries and sustainable development in which social, economy and environment development. To enable to become a sustainable development, it is necessary to create an environment in which enterprises, including SMEs could growth, survive and prosper. Hence the government has emended the existing policy, encompassing following important main pillars for strengthening the development of environment for SMEs to growth such as:

(a) To support and nurture the development of important main resources, namely:

- (1) Human resource development,
- (2) Technology development and innovation encouragement,
- (3) Provision of financial support.

(b) To implement facilitating measures, namely:

- (1) To develop basic infrastructure,
- (2) To assist in market development modernization of enterprises,
- (3) To provide favorable taxation system and good working practices.

For promoting SMEs in Myanmar, on 4th April 2012, Small and Medium Enterprises Development Center (SMEs

Development Center), under the Ministry of Industry has been established in Yangon to support SMEs in addressing challenges in the training in which market information and business opportunities as business development services provider. Central Department of SMEs Development has been taken to promote linkages between local enterprises and foreign investors as cooperation with Republic of the Union of Myanmar Federation of Chamber of Commerce and Industry (UMFCCI) and Myanmar Industrial Association (MIA). It has been making seminar, workshop to expand market and benefit of business as well as support to SMEs in Myanmar and also training the local enterprise to competitiveness in ASEAN and regional market who participating can do their business more effectively and improve their skill. Small and Medium Development Center has been taking to show the knowledge and technical know-how and also organized various local enterprises to form export consortia and to play more business capacity.

II. DEFINITION OF SMES IN MYANMAR

In Myanmar, SMEs represent over 95% of overall economy, 92% of the manufacturing sector, and 70% of employment overall. Thus, the study of SMEs in Myanmar can explore businesses and the operational and financial difficulties faced by the major part of the private sector businesses environment in Myanmar.

The official definition of SMEs defined in the Private Industrial Enterprise Law (1990) focuses on the industrial sector only. Private Enterprise Law (1990) classifies the industries into small, medium, and Large scale industries. Criteria for definition of SMEs vary according to the country economic situation. Four measures or criteria for classification, namely electrical usage, number of employees, capital investment, and production value per year are applied to distinguish different sizes of Myanmar private firms. The smaller micro industries are included in the cottage industries law (1991) which concern are those industries employing less than 10 workers and using less than 3 H.P motor.

(a) The Private Industrial Enterprise Law, which classified the size of Small, Medium and Large Enterprises. (1990)

(b) The Cottage Industries Promotion Law, which classified the size of Cottage Industries. (1991)

Official definition of SMIs

Criteria	Micro	Small	Medium
Power (H.P) used	Less than 3 H.P	3 to 25	26 to 50
No. of workers	Less than 10	10 to 50	51 to 100
Capital outlay (Million Kyat)		Up to 1	Over 1 to 5
Production value per year (Million Kyat)		Up to 2.5	Over 2.5 to 10

Source: Ministry of Industry (2014)

Although, the definition of SMIs is uniformly applied in government programs and policies throughout the country, nowadays, it has been widely criticized due to containing many self contradictory dimensions and no distinction in size for enterprises under the manufacturing and service sectors. In addition, the amount of money in term of sales and capital investment stated in the definition is no longer relevant in today. As a result, the new definition of SMEs is proposed under SME law and now in the process to be approved by the Parliament.

Proposed definition of SMEs

	Categories	Small	Medium
1.	No. of employee	Number	
	(a) Manufacturing sector, Mining sector, Construction sector	Up to 50	Up to 300
	(b) Labor intensive manufacturing sector	Up to 300	Up to 600
	(c) Wholesale business	Up to 30	Up to 60
	(d) Retail business	Up to 30	Up to 60
	(e) Servicing business	Up to 50	Up to 100
	(f) Except from above business	Up to 30	Up to 60
2.	Capital	Million Kyats	
	(a) Manufacturing sector, Mining sector, Construction sector	Up to 500	Up to 1000
	(b) Labor intensive manufacturing sector	Up to 500	Up to 1000
3.	Turn Over/Last Year	Million Kyats	
	(c) Wholesale business	Up to 100	Up to 300
	(d) Retail business	Up to 50	Up to 100
	(e) Servicing business	Up to 100	Up to 300
	(f) Except from above business	Up to 50	Up to 100

Source: SMEs Development Center (2014)

III. STATEMENT OF THE PROBLEMS

In Myanmar, the SMEs represent 95% of the overall economy and 92% of the manufacturing sector. Furthermore, 70% of employment overall was accounted from SMEs, which with the opening of the economy now offer augmented opportunities for taking advantage of working in major resource sectors as part of cross-border supply chains and value chains. (SMEs Development Center, 2013) However, there are some important problems relating to the operation of SMEs in Myanmar as other developing countries. SMEs face problems with respect to access to finance and to modern technology, the low capacity of available human resources, the limited application of information communications and technology (ICT), market access and the problems with limited infrastructure and utilities. There is also the overall problem of potential and actual political instability. A variety of state-level organizations exist to administer SMEs. The SMEs in Myanmar are facing the following problems like other developing countries. The sequences of problems about SMEs in Myanmar are as follows:

- Lack of sufficient finance;
- Lack of skilled manpower (HR);
- Stakeholders participation;
- Low quality services in servicing business sector;
- Low competitiveness for market penetration/entry;

IV. RATIONAL OF RESEARCH

Why the researcher need to do this research is that small and medium-sized enterprises (SMEs) represent vital elements within any country, particularly in developing economy such as Myanmar. So, the researcher needs to study and identify business opportunities and challenges, innovative concepts,

strength and limitation of problems encountering facing SMEs in servicing business sector of Myanmar. After that the researcher needs to decide and recommend what kinds of support will solve these barriers and can help for the development of SMEs in servicing business sector of Myanmar by stakeholders.

V. RESEARCH OBJECTIVES

The objectives of this research are;

(a) To study how to enhance effective support required resources to the SMEs in service business sector and to fulfill the basic requirements for National Economic Development by way of promoting more development of SMEs.

(b) To study and identify business opportunities and challenges, innovative concepts, strength and limitation of problems encountering facing SMEs in service business sector in Myanmar.

(c) To study the way of innovation ideas or what kinds of innovative need for SMEs in services business sector to penetrate the market.

(d) To study the strategy of development of SMEs in service business sector of Myanmar and recommends.

VI. REVIEW OF LITERATURE

This literature review is intended to provide a concept for this research by focusing mainly on different factors that have effect on development of SMEs. There are many academic journal, articles, and books written on the development of SMEs. The literature review will examine some key elements of the discussion in the effectiveness of the development of SMEs. These issues include status and concept of promoting development, and innovative SMEs in developed and developing countries.

VII. RESEARCH METHODOLOGY

The methodology employed in this research entailed of in-depth interview. The researcher constructed four sets of in-depth interview questions. These in-depth interview questions are for Department of SMEs Development (Ministry of Industry), SMIDB, NGOs, and entrepreneurs of SMEs in servicing business sector. Interview questions for SMIDB are expected to know the SMEs loans or specialized loans for SMEs and how to innovate the way of giving loan or financial assistant effectively to SMEs in Myanmar. The other set of interview questions are expected to know current situation of challenges and barriers for SMEs in servicing business sector development and to think and consider the way to promote development of that sector.

The interviews will be mainly done with key personnel involved with existing initiatives in SMEs development program from public and private sectors. The prime objectives of interview method are:

(a) To obtain opinions and views about the challenges and issues in promoting development of SMEs in servicing business sector process and the way to effectively support to them.

(b) To analyze the various opinions and views from both the policy and implementation level officers, especially in the context of operational status of the existing supporting activities for the development of SMEs in servicing business sector of Myanmar.

In this study, the researcher selects the Yangon region as the main target area because Yangon is the most economic developed region in Myanmar. This study will only focus on the activities of the Department of SMEs Development for the development of SMEs in servicing business sector. The reason for selecting the Department of SMEs Development as a research area is that it is a government department which

provides a good number of services to the SMEs entrepreneurs at all levels and most importantly some of the vital services are delivered through this office. Department of SMEs Development office acts as the representative of the central government and has the responsibility for promoting development of SMEs in Myanmar.

VIII. FINDINGS

In April 2012, SMEs Development Center (SDC) was established under the Ministry of Industry for getting higher competitiveness and strengthening SMEs. The situation of SMEs Development Center is No. 35(B)/15, New University Avenue Road, Bahan Township, Yangon, Myanmar. So far the name of SMEs Development Center is changed into Department of SMEs Development and is recognized and extended in April 2014 under the Directorate of Industrial Supervision and Inspection (DISI), Ministry of Industry. Now, 15 SMEs development department branches are newly organized in 14 states/divisions and Nay Pyi Taw. Also, 35 newly branches are established in related district throughout the country. Department of SMEs Development is mainly responsible for SME policy formulation by coordinating with relation organization, agencies, and departments. The main responsibilities of Department of SMEs Development are:

- (1) To provide requirements through setting up data-based on SMEs.
- (2) Provision of advisory service and information for business start-up through coordination and cooperation.
- (3) To cooperate the technology transfer for SMEs requirement.
- (4) To cooperate with the regional and international organization for holding workshop, meeting, and training courses.
- (5) To hold SME festivals and trade fairs in cooperation with partners.
- (6) To give online servicing with linking ASEAN SMEs Portal.
- (7) To implement the ASEAN strategic action plan for SMEs development in time.
- (8) To distribution SME knowledge publication for improving their competency.

According to the proposed definition of SMEs, there are six different kinds of business sectors. They are:

- (1) Manufacturing sector, Mining sector, Construction sector.
- (2) Labor intensive manufacturing sector.
- (3) Whole sale business.
- (4) Retail business.
- (5) Servicing business.
- (6) Except form above business.

Among them, the contribution of GDP by service sector is accounted 37.1% at 2011-2012 while agriculture sector accounted 41.2% and manufacturing sector accounted 21.7%.

The main groups of industries in the servicing businesses are:

- (1) Electricity, water, and oil & gas supply
- (2) Hotels and restaurants (tourism)
- (3) Transportation, storage, trading, and communication
- (4) Financial intermediation
- (5) Real estate, renting and business activities
- (6) Other services, such as education, health etc.

The service sector is difficult to define and to encompass. There are a number of ways to identify the sector, its divisions, its industries, and the types of jobs within them. The general category of the service division includes a wide variety of industries, but can be categorized into primarily consumer-oriented (providing a service directly to a consumer), primarily business-oriented (providing a service directly to another business) or mixed (providing services to both businesses and individual consumers). Alternately, the services division activities can be described by their economic activities as

physical, intellectual, aesthetic, and other experiential activities. Physical activities involve working with objects: examples include repairing cars, landscaping, cutting hair, or preparing a meal. Intellectual activities involve providing education or training, such as at a university or trade school. The aesthetic activities entail providing consumers with artistic or visual experiences: example include museums, theater performances, art shows, and musical performances. Finally, other experiential activities involve providing customers with recreation, such as in amusement and theme parks, zoos, or campgrounds.

Recently, Department of SMEs Development, SMEs Development Committee under UMFCCL, and Myanmar Engineering Society (MES) take the responsibility for SME supporting services with the guideline of Central Committee and Working Committee for SMEs Development.

There are three levels of supporting services in the proposed model of SME supporting services such as National, Regional, and Local. At the national level, Central Committee and Working Committee for Development of SMEs take in charge and provide guideline for SME supporting services. Policy Making Council is aimed to set up with Ministers, Deputy Ministers, experts and stakeholders from private sector. It is mainly responsible for establishment of SME promotion plan, establishment and clarification of concrete responsibilities and budgets for related executive board, proposed SME promotion policies and plans to the Cabinet, submit SME current status report to the cabinet and make public the results at least once a year, and guide the implementation of related agencies. At the regional level, Department of SMEs Development, National Research & Business Assistant Center, Financial Institution, UMFCCL, National Center of Patent and Information Technology, Credit Guarantee Corporation, and National Information Center are mainly responsible for SME supporting services. At the local level, SME Service Centers (branches of the Department of SMEs Development) is comprised of representatives of regional authority, officers of related Ministries including Industry, Agriculture, Cooperative, Education, Health, and Energy, experts and related stakeholders.

There is no one-stop business development centers for SMEs in Myanmar. Recently, one-stop service center for investment has been established in April 2013 in Yangon with the aim to facilitate both foreign and domestic investors to go through all the required administrative and legal steps at one location. Officials from all relevant ministries and departments will be at the center to support the investors. Department and sections located at the center are from the Ministry of National Planning and Economic Development, Ministry of Commerce, Ministry of Inland Revenue, the Central Bank of Myanmar, Customs Department, Department of Immigration and National Registration, Ministry of Labour, Employment and Social Security, Ministry of Industry, Directorate of Investment and Company Administration, and the Myanmar Investment Commission. However, it seems to be limited services provided for SMEs.

While Human resources development plays a critical role in development of SMEs, Myanmar is still facing several challenges in this regard. Weak linkage between education and industry sector, mismatch in demand and supply of labor market, improvement in skill and know-how of trainers and instructors in technical and vocational schools are main issues that to be tackled for human resources development in Myanmar.

Technology development has become a critical activity for promoting SMEs in the country. Regarding business and technological incubators, 22 technological incubators have been already established under the Ministry of Science and Technology. However, the business incubators to nurture local entrepreneurs of any kind have not been established so far. At present, technological incubators provide technology development, product improvement and development, quality testing and other services. But the availability of their services from SMEs in the private sector is still quite limited since they are operating their inner circle to support the work of their Ministry. There is no vital incubator in term of concept and reality in Myanmar at present. Regarding the research capacity, although the Department of SMEs Development does not have own Research Department, Ministry of Industry and UMFCFI have research departments. These organizations provide supports and assistance to SMEs. The Myanmar Science and Technology Research Department under the Ministry of Science and Technology conduct researches for various industries and provides technical service such as sample analysis and issuing of certificate, and testing. At present, the Department of SMEs Development intends to conduct research on value chain process in Shan State in cooperation with GIZ (German Federal Enterprise for International Cooperation). Although UMFCFI and Ministry of Industry collects researches from various sources and undertake simple and qualitative research, a few the numbers of researches has been done on SME development in Myanmar.

Innovation activities are generally lacking in Myanmar due to inefficient support by the government, low level of education, lack of encouragement and incentive, and insufficient capital to invest in R&D. There is no strategic innovation policy in Myanmar and also not yet ready to prepare up to now to prepare simulate, initiate and coordinate innovations in the coherent and consistent manner in the country. Although, there are some ideas and activities that are aimed at to promote innovative activities are found. For example, the Department of SMEs Development annually requests the UMFCFI to nominate the most innovative firms among its members during the year. After getting these nominees, they are awarded for their innovated activities. In fact, these prizes are awarded by an international agency through the Department of SMEs Development. There is neither coordinate approach nor annual budget allotted for innovation activities and programs in the country as there are no objective criteria to isolate innovative one.

For information and innovation, the Department of SMEs Development is now designing an information portal for providing SMEs related information to all stakeholders and when it is completed, some information on innovation supporting services can probably be provided. For intellectual property right (IPR), Myanmar has legislations on protecting intellectual property right (IPR) although enforcement in this area is still weakened at present. Patent office is established with the aim to protect trademark and copy rights. Violations of intellectual rights can be sued under newly enacted intellectual right law although enforcement is not effective and legal process is normally delayed. There is no specialized support centre for protecting IPR. One can hire attorney with service fee for this purpose. The services available from attorney are IPR information, application procedures, licensing and legal protection of trademark and patent rights. But the availability of such kind of legal service is limited only in major cities like Yangon and Mandalay.

The Department of SMEs Development, under the Ministry of Industry was established with main objectives such as: to effectively assist SMEs, to create and develop competent SMEs in the country, and to attain a sustainable economic development by transforming small and medium industries to heavy one. Thus, the Department of SMEs Development gives financial assistance to SMEs. This department scrutinizes loans proposals of SMEs and recommends viable SMEs to the Small and Medium Industrial Development Bank (SMIDB), the only SME bank in the country for financing. The bank rechecks the loan proposals and determines the amount and duration of loan. The bank usually takes collateral i.e. landed property for a loan and it extends up to 50% of the forced sale value (FSV) of the collateral. At present, the SMIDB bank can only give loan for production sector according to the old SMEs Definition. Therefore, trade and service enterprises are not able to get loan from SMIDB.

Borrower's reputation and viability of his business are the two most important factors to take into consideration for extending loans to SMEs. Viability of a business means that the business will grow with the bank's financial assistance and it assures the bank that the loan can be repaid within the mutually agreed term of loans. In this regards, systematic appraisals of feasibility studies of the project loans are needed to assess viability of the businesses. The process includes, depending on the nature of the business, technical appraisal, financial appraisal, market appraisal, management appraisal etc. To be able to make these appraisals or feasibility studies properly, need expertise in various sectors.

Department of SMEs Development has also been servicing financial institution for SMEs connected with Small and Medium Industrial Development Bank (SMIDB), under the Ministry of Industry. There are twelve branches of SMIDB in Myanmar. If SMEs need financial assistant, they have to apply to the Department of SMEs Development. Department of SMEs Development checking the credit of SMEs and then they submit application of potential SMEs to SMIDB. And then SMIDB pay loan to SMEs and SMEs have to loan repayment. Firstly, bank interest rate changed from 17% to 15% on 1st September, 2011. Secondly, bank interest rate changed from 15% to 12% started from 1st January, 2012 and now interest rate reduced to 8.5% started from 1st December, 2012. This is the special loan for SMEs. Commercial loans need to pay 12% interest rate. At present, SMEs loan extended 3 years duration with 8.5% interest rate to specialize for SMEs loan.

Concerning creditor rights, it is common in Myanmar that if the borrower unable to pay regularly either principal or interest on the loan, the bank officer firstly negotiates with the borrower to recover the loans and if it does not succeed brings the case to the court. The lawsuit is based on civil law based on the reason of contravening the contract between the bank and the borrower. There are no other separate regulations for secured transaction and any reorganization plan or bankruptcy proceeding is provided in Myanmar. The court interprets on the case and if it is found that the borrow defaults his/her part of contract, approves the bank right to seize the collateralized property. After that the liquidation officer of the bank tenders that property covered in the loan covenant. After deducting the amount receivable to the bank for its principal and loan amount including legal costs form sales revenues, the remaining amount, if anything left, has been refunded to the borrower. The time taken to finish legal procedure may range from 3 to 6 months depending on the number of court cases and efficiency of concerned court.

In the fact of credit guarantee scheme, there is no credit guarantee scheme either in government or private sector in Myanmar until now although it is now involved as one of the activities to be prioritized in the SME development policy framework that is being drafted and still amending at the parliament. Currently, the Department of SMEs Development has conducted credit screening scheme that screens the eligibility of local SME for loan with the discounted interest rate (8.5% per annum). This loan is particularly targeted to promote local SMEs. The loans are being made by Small and Medium Industrial Development Bank (SMIDB) which was transformed from Myanmar Industrial Development Bank (MIDB) in 2012. Normal loan interest rate by the bank is 12% per annum in Myanmar. But, local SMEs with the recommendation of the Department of SMEs Development can be available with discounted rate of 8.5% per annum from SMIDB. Up to end 2013, loans have been already given to 62 SMEs with discounted interest rate. 10 billions Kyats are lending to SMEs during the period. Only SMEs in the manufacturing sector (so called SMI) are being given the loans so far. As interest rate for bank deposit is 8% in Myanmar, there is no possibility to provide discounted rate below current level i.e. 8.5% (0.5% is for the cost of bank transaction) at present without subsidized by the government. There is no specialized bureau for preparing and distribution credit information either in government or private up to now. There is also not legal provision for operating venture capital as well as other forms of risk capital so that they cannot be existed in operation. Such forms of capital arrangements cannot be available and even hardly to be heard by the owners of SMEs.

In this part, study results of the findings have been presented. The findings of the study have provided interesting results for promoting the development of innovative SMEs. There are many challenges and difficulties for SMEs especially in financing, technology, and human resources. To overcome such challenges, some measures have to be urgently put into action for the development of SMEs in Myanmar.

IX. DISCUSSION

As expressed in the previous part of findings, the SMEs in Myanmar have weak in skill labor and qualified HR, weak technology and innovation encouragement, and limited SME financing resulting in limited SMEs' growth. This calls for the need for a more efficient and professional government services to SMEs to enhance their competitiveness. The recommendations are described in the following sections based on the findings of this study.

The government is putting emphasis on development of SMEs and has formed central and working committees for further development of the SMEs. However, the institution framework in Myanmar is in infancy stage and need to create more conducive environment for development of SMEs. An enabling policy and institutional environment matters are the important issue for the development of SMEs. Because of their limited scale of operations, the costs of participation and capacity building are relatively more disproportionate on SMEs, compared to those shouldered by the large firms. At the same time, by default or accident, changes and adjustments in the policy, regulatory and institutional framework have not always empowered SMEs. The sector and its entrepreneurs are often constrained by opaque discretion, over-bearing regulations and expensive delays. A compounding factor operates at the same time -- namely the well-known "perverse incentive syndrome" facing most SMEs. A one-stop agency for the promotion of SME development would prove helpful, just like its counterpart in the promotion of foreign direct

investment. There has been some centralization of responsibilities in a number of countries, including Thailand, where the main concern is to ensure better coordination and greater coherence and consistency of policies and regulation impinging on SMEs. However, other important functions include advocacy, outreach (especially in capacity building and information dissemination), and policy performance and impact evaluation. Apart from them, to enforce established the Department of SMEs Development with staffs, adequate budget, and a system of consultation and coordination among stakeholder organizations and agencies in strategy formulation, to institute single implementation entity with systematic structure and specifically defined responsibility, clear reporting system, and a recognized advocacy and policy advice role, and to be well-funded and wide reaching entity, and to establish a sound system for transformation from informal to formal sector through inter-ministerial and stakeholder consultation with effective monitoring systems are needed to become a sound institutional framework for the development of SMEs.

According to the research, the summarizing of responses are suggested that highest demands is in general business training such as HR development and management. In Myanmar, promotion of entrepreneurial education has yet to specifically mention in national education policy even though the government recognizes the importance of entrepreneurial education which are articulated in drafted SME policy, industrial policy and national economic development plan. As mentioned above findings, vocational training courses are offer from Ministry of Science and Technology as well as entrepreneurship and business subjects are offer from Institutes of Economics. Apart from that, private training schools also offer a number of courses supporting entrepreneurial education and SME management. However, these programs can be accessed only at the major cities. Ministry of Industry and Ministry of Labor also establish the training schools to provide non-formal entrepreneurial education to those who has no chance to access in formal channel. However the services seem to be limited and some issues are needed to tackle for promoting HR capacity.

The Department of SME Development could develop into a one-stop service department for training and advisory and mentoring services for SMEs. Services should include promoting enterprise start-up and providing business development advice on topics such as production, management and marketing technologies. The Department of SME Development (SME enabler) itself also need to promote their capacity. SME enablers are agents of change that play a crucial role in increasing local ownership and long-term sustainability, and in fostering the inclusive development and internationalization of SMEs. The weakness of SME enabler includes information and knowledge, business management and planning, and technology. The deficit in SME enablers' capabilities in basic business subject matters is particularly significant, as is their lack of awareness and understanding of foreign markets. Such weaknesses have prevented the effective and timely transfer of skills and technology as well as provision of services to SMEs. There are two groups of enablers for recommendation: those that would build the institutional capacity of enablers and those that would facilitate services to SMEs, such as providing them with specific information. On the former, there was a noticeable deficit in associations' abilities to understand, interpret, and advise on foreign markets. Associations lack access to market information, and more specifically, the ability to understand

what trade information may be most useful to SMEs and how to present that information. Capacity building for SME enablers will provide opportunities for collaboration and other positive externalities. The need for such capacity building is more pressing among SME enablers in the smaller and more recently opened economies of Myanmar. The most direct example of need is the establishment of the Myanmar Association of Innovation and Incubation Center for SMEs. In this regard, access to information is of great significance, and this leads to the technology development and innovation encouragement recommendation of this report.

Financing is an absolute requirement for SMEs development since without adequate finance no investment can be made. Everyone who wishes to promote SMEs in the country understands the importance of financing for their development. However, the provision of SMEs financing is quite limited in terms of both coverage and amount. Almost all stakeholders agree financing should be provided not only to manufacturing enterprises but also to service and trading business since financing is one of the limiting factors for their future development. At present, majority of SMEs cannot easily access even conventional form of bank loan. Improving lending infrastructure is the first thing to be done for this purpose which requires the ease of lending money to SMEs and enhancing creditors' right. In order to improve access to financing for SMEs, the criteria for getting loan need to be reduced reflecting to the real situation. Unnecessary steps and documents need to be discarded. To ease the loan application process to the banks with regards to the title of land ownership, the provision of loan only available to the borrower who titled the land should be removed if the borrower can prove he/she actually owns the land because most of the land ownerships are not formally titled in Myanmar. And also need to set up credit information bureau or database that share credit information to all lending institutions, and need to set up credit guarantee and insurance system with mainly used of funds supported by government (Government should reserve a credit guarantee fund for SMEs. It should be considered the possibility to use a two tier guarantee system in which loans for SMEs are guaranteed by private insurance firms and they are again guaranteed by the government to share the risk). The above recommendations may be exhaustive but they have to be done in order to ease finance available to SMEs for helping their survival and growth as well as improved competitiveness.

X. CONCLUSION

SMEs are major contributor to country's economy and serve as the backbone for the economic growth of the country especially for newly emerging countries like Myanmar. SMEs play a significant role in country's economic, social and political development through employment creation, resource utilization, income generation, and promotion of investment from local and abroad. With an increased economic integration, both competition and cooperation among nations are much more intense than ever, both inside and outside the ASEAN region. In order to take advantage of speedy economic integration to achieve economic progress and to sharpen the nation's competitiveness, countries rely more on private sector. Since SMEs represent the lion's shares in the private sector in a country, governments focus on promoting their SMEs in all aspects. Their efforts are more apparent in recent years.

SMEs in Myanmar have long been in existence, and they had survived for a long time. Right now, the number of SMEs in Myanmar has rapidly increased soon after the economic was

opened to private sector. However, they are facing a number of constraints that deter their future growth. Inadequate financing, availability of skill labor, and less technology development are only a few problems SMEs have to hurdle. Myanmar needs to create an enabling environment for its SMEs. For this purpose, it needs to stress human resources development for SMEs, technology and innovation encouragement for SMEs, and financing infrastructural for SMEs.

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