IMPACT OF GOVERNMENT SUPPORT FROM SMALL AND MEDIUM SIZED COOPERATIVE ENTERPRISE (FOCUSBING ON SME PERFORMANCE)

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Abstract
Small and medium enterprises are facing a lot of financial problems due to their specific nature and characteristics compared to large companies. Although these types of companies need less capital to start up and operate than large companies and in terms of type and scope of activities, they have great potential for developing business space, subject area of this study is small and medium cooperative companies and how to finance them. The present study examines the types of financial support from these small and medium-sized cooperative companies. The method of research is descriptive-causal and data collection method is field. The results of hypotheses test showed that at 95% confidence level, effects of variables were confirmed at least in statistical population.

Keywords: Small and Medium Enterprises, Financing, Government Support, Lack of Transparency, Investment

Introduction
In recent years, the importance and role of small and medium industries has risen in industrialized countries and developing countries. Over the past two decades, with the advent of new technologies in production and communications have emerged developments in the capabilities of industrial units, manufacturing methods and distribution, and organizational structure of firms which has generally increased the importance of small and medium units (Akhavein & et al, 2014). Increasing competition and focusing companies on core activities has led to the vertical segregation of firms, the expansion of contracting relationships with suppliers of raw materials and components, and strengthening relationships in the supply chain. All these developments have added to the importance of small units (Fadaei & et al, 2013). In addition, because the learning process in small and medium-sized enterprises leads to the training of capable executives, and the exit of these industries from the competitive landscape imposes less harm on society, Therefore, small and medium industries are considered as a suitable platform for creating competitive and capable industries and in most countries, it is emphasized on appropriate policy for these industries (Khafaei, 2009).

Small and medium enterprises are facing a lot of financial problems due to their specific nature and characteristics compared to large companies. Although these types of companies need less capital to start up and operate than large companies and in terms of type and scope of activities, they have great potential for developing business space. However, due to lack of audited financial statements and lack of transparency of information about covered economic activities, lack of sufficient collateral and low return on investment of covered projects, there are many problems with financing (Gilaninia & et al, 2016). Hence, in many countries, there are generally specific ways of financing these types of companies to improve their access to financial resources in comparison to large companies.
Statement of Problem

Despite small and medium size enterprises play an important role in national economies, but they are facing a lot of financial problems due to their specific nature and characteristics compared to large companies. These firms generally refrain from setting these financial statements because of the costly nature of auditing financial statements (Gilaninia & et al, 2017). Therefore, they will rely on their internal finances and then on some limited financial resources in the money market to provide the required financial resources. Hence, the lack of financial resources is as one of the major problems facing these firms and their activities will be confronted with numerous issues and bottlenecks. Nevertheless, different ways have been designed to solve the problem of non-transparency of SME's in most countries around the world and certain financial institutions are also introduced to apply these methods which play an effective role in encouraging and expanding the activities of SME's in the economy (Berger & et al, 2012).

The government is authorized to carry out the following actions in order to develop and disseminate technology and support knowledge-based companies:

(A) Financial support for demand-driven research on a common basis with universities and institutes of higher education, research and technology, and theological areas in cases of problem solving in country, provided that at least fifty percent (50%) of the costs is committed by the non-profit employer.

(B) Financial support and facilitation of the formation and development of small and medium-sized private and cooperative enterprise operating in the field of commercialization and technology, in particular the production of products based on advanced technologies and the export of technical and engineering services and also support the establishment of growth centers and science and technology parks through the non-governmental sector.

(C) Legislative support required to encourage foreign parties to conclude international agreements and foreign investments for the transfer of technical knowledge and part of domestic research and development activities, and do it with the participation of domestic companies.

(D) Financial support for the creation and development of ideas and technology markets in order to utilize scientific capacities to meet the needs of industry, agriculture and services sectors.

(E) Financial support from students' dissertations in order to improve productivity and solve problems of the country.

(F) Provision and payment of part of the cost of patents, the production of technical knowledge and financial support from producers for the purchase of technical knowledge and patent privileges.

Small and medium enterprises include a range of domestic activities to manufacturing and service activities (Gilaninia & et al, 2012). Therefore, it is not strange that there is no clear, single, yet comprehensive description of small and medium-sized activities. In addition, due to different goals pursued through different policies and projects, which are sometimes considered targets and supportive policies, and sometimes tax targets, etc., various definitions of these issues are presented. But what is generally known is the low number of employees, the small turnover and the informal structure governing small and medium enterprises (Bakker & et al, 2014). According to the stated content, the research model is presented as follows:
According to the presented model, the research hypotheses are expressed as follows:

**Main Hypothesis**

Different dimensions of government support affect financial performance of small and medium-sized cooperative enterprises.

**Sub-Hypotheses**

1. Administrative and legal support of government affects financial performance of small and medium-sized cooperative enterprises.

**Research Methodology**

Method of this study in term of objective is applied and in term of implementation is a description of causal type and finally method of data collecting is field. Questionnaire is considered as tools of data collection. The statistical population of study consisted of government-backed small and medium cooperative enterprise that used various dimensions of government support and Morgan table is used to determine sample size and sampling method in this study has been non-probability sampling and convenience. Statistical analysis tools are also statistical software, especially SPSS software.
Research Findings

The following table summarizes the results of one sample t test to examine research hypotheses:

Table 1. One sample t test for research hypotheses

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>t-value</th>
<th>Sig</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>First sub-hypothesis</td>
<td>61.40</td>
<td>0.000</td>
<td>Confirmed</td>
</tr>
<tr>
<td>second sub-hypothesis</td>
<td>78.52</td>
<td>0.000</td>
<td>Confirmed</td>
</tr>
<tr>
<td>Third sub-hypothesis</td>
<td>70.007</td>
<td>0.000</td>
<td>Confirmed</td>
</tr>
<tr>
<td>Fourth sub-hypothesis</td>
<td>58.71</td>
<td>0.000</td>
<td>Confirmed</td>
</tr>
<tr>
<td>Fifth sub-hypothesis</td>
<td>60.77</td>
<td>0.000</td>
<td>Confirmed</td>
</tr>
<tr>
<td>Sixth sub-hypothesis</td>
<td>71.78</td>
<td>0.000</td>
<td>Confirmed</td>
</tr>
</tbody>
</table>

Given the confirmation of the sub-hypotheses, it can state the following propositions:

1- Administrative and legal support of government affects financial performance of small and medium-sized cooperative enterprises.
2- Financial support of government affects financial performance of small and medium-sized cooperative enterprises.
3- Educational role of government affects financial performance of small and medium-sized cooperative enterprises.
4- Exploratory role of government affects financial performance of small and medium-sized cooperative enterprises.
5- Regulatory role of government affects financial performance of small and medium-sized cooperative enterprises.
6- Promotional role of government affects financial performance of small and medium-sized cooperative enterprises.

Reviewing Regression Model

To estimate hypotheses by regression equations, the following equation is estimated.

\[ A = \alpha + \beta_1 A_1 + \beta_2 A_2 + \beta_3 A_3 + \beta_4 A_4 + \beta_5 A_5 + \beta_6 A_6 + \varepsilon \]

The variables of this equation are as follows:

Table 2. Research variables

<table>
<thead>
<tr>
<th>variables</th>
<th>Symbol</th>
<th>Variable Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>financial performance of small and medium-sized cooperative enterprises</td>
<td>A</td>
<td>Dependent</td>
</tr>
<tr>
<td>Administrative and legal support of government</td>
<td>A1</td>
<td>Independent</td>
</tr>
<tr>
<td>Financial support of Government</td>
<td>A2</td>
<td>Independent</td>
</tr>
<tr>
<td>Educational role of Government</td>
<td>A3</td>
<td>Independent</td>
</tr>
<tr>
<td>Exploratory role of Government</td>
<td>A4</td>
<td>Independent</td>
</tr>
<tr>
<td>Regulatory role of Government</td>
<td>A5</td>
<td>Independent</td>
</tr>
<tr>
<td>Promotional role of Government</td>
<td>A6</td>
<td>Independent</td>
</tr>
</tbody>
</table>

In the table below, the result of model estimation is summarized.

Table 3. Results of fitting the regression model

<table>
<thead>
<tr>
<th>Independent variables</th>
<th>Regression coefficients</th>
<th>T value</th>
<th>sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>-0.10</td>
<td>-3.39</td>
<td>0.000</td>
</tr>
<tr>
<td>Administrative and legal support</td>
<td>0.16</td>
<td>31.29</td>
<td>0.03</td>
</tr>
<tr>
<td>Financial support of government</td>
<td>0.17</td>
<td>29.35</td>
<td>0.02</td>
</tr>
<tr>
<td>Educational role of government</td>
<td>0.17</td>
<td>29.79</td>
<td>0.000</td>
</tr>
<tr>
<td>Exploratory role of government</td>
<td>0.17</td>
<td>30.53</td>
<td>0.000</td>
</tr>
<tr>
<td>Regulatory role of government</td>
<td>0.17</td>
<td>32.59</td>
<td>0.000</td>
</tr>
<tr>
<td>Promotional role of government</td>
<td>0.16</td>
<td>29.90</td>
<td>0.000</td>
</tr>
</tbody>
</table>
The main hypothesis of the research is carried out according to F statistic:

Table 4. Review the main hypothesis

<table>
<thead>
<tr>
<th>F</th>
<th>Sig</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>3498.4</td>
<td>0.000</td>
<td>Confirmed</td>
</tr>
</tbody>
</table>

According to the F statistic, the main hypothesis of the research is confirmed.

Different dimensions of government support affect performance of small and medium-sized cooperative enterprises.

**Conclusion and Recommendations**

In recent years, the importance and role of small and medium industries has risen in industrialized countries and developing countries. These enterprises play an important role in national economies, but they are facing a lot of financial problems due to their specific nature and characteristics compared to large companies. The present study has examined types of government financial support from small and medium-sized cooperative enterprise. The results of research hypotheses test showed that at the 95% confidence level, the impact of administrative and legal support variables of government, government financial support, educational role of government, exploratory role of government, regulatory role of government and promotional role of government are confirmed at least in statistical population. Considering the significance of impact of various dimensions of government support on the financial performance of small and medium-sized cooperative enterprise, it is suggested that the government fully supports small and medium-sized cooperative enterprise so as the financial flourishing of these enterprises lead to an increase in production and economic growth and a reduction in unemployment and dependence on imports.

**References**

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