

## **EMPLOYMENT ANALYSIS OF MYANMAR**

### **A STUDY ON URBAN AND RURAL LABOR FORCE**

### **POPULATION**

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#### **Abstract:**

The research focuses on Male and female labor force participation rate both in the urban and rural sector for a specific age group of 15 – 64 years. The paper reflects the Economic, Political and business conditions of Myanmar and the reasons for high unemployment rate in the country. The statistical technique used is ANOVA. F-test and p value are used to test the null hypothesis to find out the significance variation for employment and unemployment status between male and female.

**Keyword:** Economy of Myanmar, Labor Force participation, Political Conditions, Unemployment.

#### **Background of Study – Myanmar (Burma)**

Different ethnic Burmese and minority groups occupied the present borders through the 19<sup>th</sup> Century. Over a period of 62 years (1824- 1886) Britain conquered Burma and incorporated the country into its Indian Empire. In 1948, Burma attained independence from the British Commonwealth. From 1962 till 2011, the country was ruled by military junta with veto powers in the constitution of the country. Myanmar is a union of 135 ethnic groups with their own languages and dialects. Myanmar previously known as Burma was a subsistence economy, with

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the majority of the population involved in rice production and other forms of agriculture. Since the transition to a civilian government from military rule in 2011, Burma has attracted foreign investments and reintegrated into the world economy (RefTable 1.2). The economy has accelerated in 2012 and 2013 with its abundant natural resources, young labor force and proximity to other developed Asian countries which has attracted lot of foreign investment in recent times. The key indicators for economic progress include opening of the financial sector and accelerating agricultural and land reforms. Myanmar is one of the emerging economies in the world and one of the future powerful economies in Southeast Asia (Ref table 1.1)

Myanmar was going through a rough patch of military rule and civil war and was estranged from international community for almost eight decades. Myanmar was under military rule from 1962, although the liberalization process is slow but the power of the country still dominated by the military. Myanmar is a member of world trade organization from 1995 but because of its military veto power foreign trade hasn't been liberalized in reality. Myanmar coastline is up to 1930Km. The land boundaries are 6,222Km, the border countries are Bangladesh-271Km, China-2,129Km, India-1468Km, and Thailand 2,416Km. (CIA worldfactbook)

The visit of Indian Prime Minister on May 27<sup>th</sup> 2012 strengthened a cordial relation between India and Myanmar. The geographical location and proximity between the two countries has further strengthened the relations as both share a common religion that is Buddhism. Myanmar is located at the crossroads of China, India and South Asia. Myanmar was the status observer in SAARC in August 2008. Many Indian companies have shown considerable interest in trade with Myanmar in sectors like agricultural, tourism industry, and pharmaceuticals etc. (India – Myanmar relations July 2012)

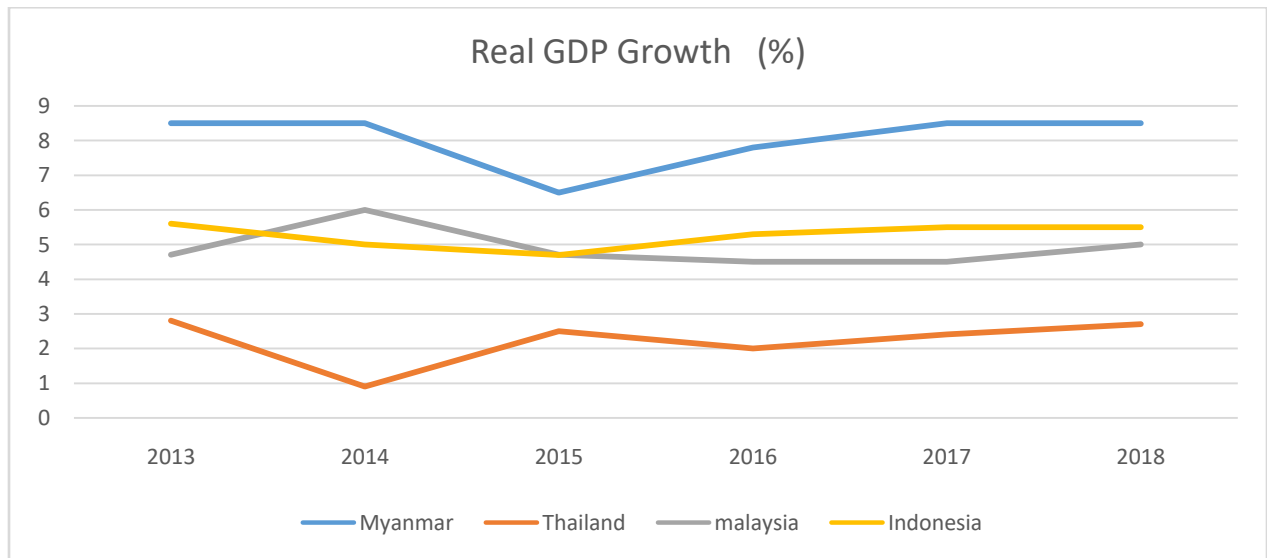
Myanmar has the potential to grow the size of its economy fourfold, but it fails to build a coercive growth plan and pursue it cogently. The ruling military regime changed the name of the country from Burma to Myanmar in 1989 without having any linguistic knowledge. The military regime still has the power to change the drafts and policies.

From 1990 to 2010, Myanmar's GDP grew at an average of 4.7% a year, which was slower than the annual average growth of nearly 6% posted by Asian neighbors. Myanmar economy grew at 8.5% in real terms in 2014/15 but growth is projected to be moderate due to slowing investments (table 1.1). The population as on 2014 was 53.4 million and the currency of the country is kyat. Myanmar has immense potential in manufacturing sector as the labor wage rate has increased in other Asian countries like Thailand, Singapore and Malaysia.

Since the transition to a civilian government in 2011, Burma has gone through an economic overhaul aimed at attracting foreign investment and reintegrating into the global economy. Economic reforms have included establishing a managed float of the Burmese kyat in 2012, re-writing the Foreign Investment Law in 2012 to allow more foreign investment participation, granting the Central Bank operational independence in July 2013, enacting a new Anti-Corruption Law in September 2013 and authorizing a small number of foreign banks to open branch offices for limited operations beginning in 2015. The government's commitment to reform, and the subsequent easing of most Western sanctions, has begun to pay dividends as growth accelerated in 2013 and 2014. In 2015, growth slowed because of political uncertainty in an election year, summer floods, and external factors, including China's slowdown and lower commodity prices. Burma's abundant natural resources, young labor force, and proximity to Asia's dynamic economies have attracted foreign investment in the energy sector, garment industry, information technology and food and beverages. Pledged foreign direct investment grew from \$1.4 billion in FY 2012 to \$4.1 billion in FY 2013.

**Table 1.1 Real GDP Growth (%)**

Country	2013	2014	2015	2016	2017	2018
Myanmar	8.5	8.5	6.5	7.8	8.5f	8.5f
Thailand	2.8	0.9	2.5	2	2.4	2.7
Malaysia	4.7	6	4.7	4.5	4.5	5
Indonesia	5.6	5	4.7	5.3	5.5	5.5



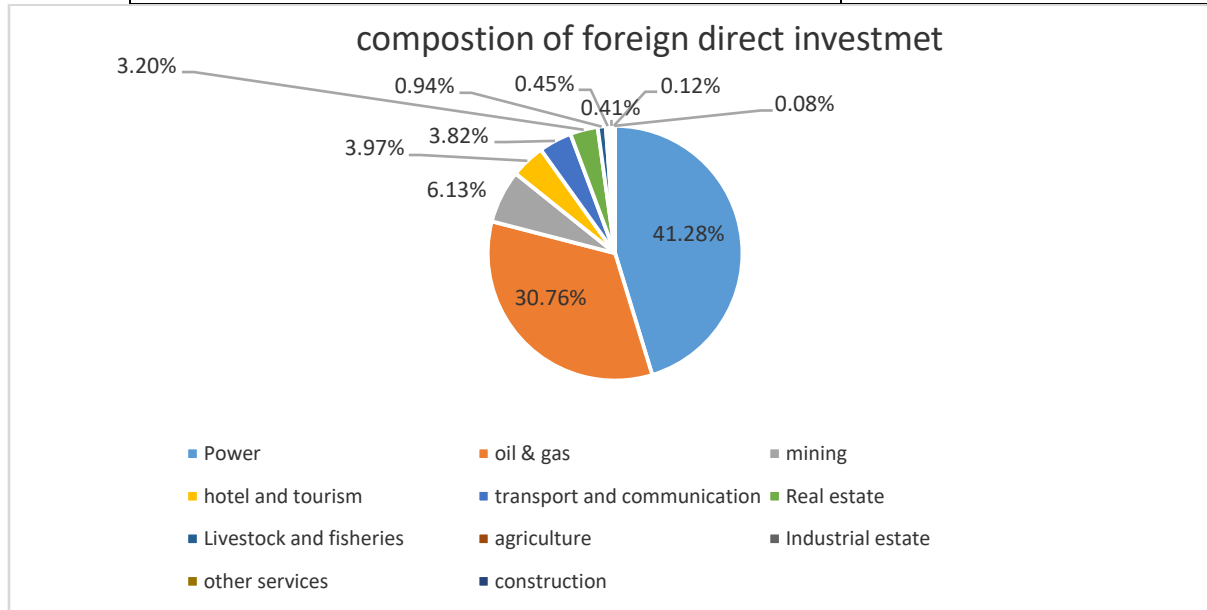
Source: -World Bank data from 2013 – 2018

As the political and economic reforms get back to normal, it will become much easier to do business in Myanmar. Myanmar is a country with a lot of unexplored natural resources. The European Union and United States have lifted most of their economic sanctions imposed on Myanmar. The United States remains firm on restrictions against individuals and activities that violate human rights. The relaxations of sanctions strike a shift in its foreign policy towards Myanmar. As Myanmar's reconciliation with the west gets under way, we expect greater participation from western MNC's leading to increased competition in trade and investment. Myanmar's continued Liberalization efforts is expected to encourage greater FDI inflows from western countries, while currently all of the major investors come from Asia.

#### **Composition of foreign direct investment Table 1.2**

<b>Sector</b>	<b>Percentage</b>
Power	41.28%
oil & gas	30.76%
Mining	6.13%
hotel and tourism	3.97%
transport and communication	3.82%
Real estate	3.20%

Livestock and fisheries	0.94%
Agriculture	0.45%
Industrial estate	0.41%
other services	0.12%
construction	0.08%



Source: - Directorate of Company and investment administration

Myanmar has the advantage as it is centrally located, surrounded by other major South-Asian countries. Myanmar has unexplored natural resources which has been the mainstay of the economy and will continue to act as a primary factor as and when the economy diversifies. Myanmar's development policies should be towards sustainable economic development as a whole. Many countries are focusing their economic relations and favorable foreign policies towards Myanmar. The labor force of Myanmar is young and talented. The labor rate compared to other major Asian economies is low but productivity is at par with Bangladesh and Vietnam. Low labor rate doesn't mean low productivity - this is a very wrong misconception many business groups have. High labor productivity and low labor costs can serve as a platform for manufacturing and service Industries. Myanmar has a rich cultural heritage due to which the country can promote tourism and support the country's development plan. Myanmar needs a rapid economic transition to increase the standard of living of the people and uplift the

population from poverty. With lot of Investment and mechanization from other countries, unemployment will increase in the long run. Despite these improvements, living standards have not improved for the majority of the people residing in rural areas. Burma remains one of the poorest countries in Asia – nearly one-third of the country's 51 million people live in poverty. The previous government's isolationist policies and economic mismanagement have left Burma with poor infrastructure, endemic corruption, underdeveloped human resources, and inadequate access to capital, which will require a major commitment to reverse. The Burmese government has been slow to address impediments to economic development such as insecure land rights, a restrictive trade licensing system, an opaque revenue collection system, and an antiquated banking system.

Most of labor force moving to the urban sector are migrants from nearby places as there is no skilled manpower for the manufacturing sector. The economy depends on agriculture and tourism development. The country lacks mechanization in agriculture and skilled manpower as there is no awareness created by the government of Myanmar. As the economy is depending on agriculture, most of the population resides in rural area as described in chart. Total labor force of Myanmar is 36.18 million (2015 est by CIA). Labor force by occupation are dependent on agriculture with 70%, Industry 7% and services 23% (2001 Est by CIA). The creation of an organized workforce is still in its infancy, with most workers engaged in various types of informal work and with a trade union movement that is only recently reviving after years of suppression. Labor disruptions due to strikes may pose a concern for foreigners seeking to invest and take advantage of low wages.

Internal migration and out-migration (of both economic migrants and displaced persons) are widespread in Myanmar, a consequence of the government's heavy-handed authoritarian rule. While the government of Myanmar has historically denied the existence of internal migration (Bosson 2007: 9-10), they have developed a policy to facilitate the out-migration of their nationals for employment abroad (World Bank 2006: 66). In 2003, internal labor migration in Myanmar was also occurring within a context that may be conducive to human trafficking and Labor exploitation (ILO). The 2011 economic and political reforms were expected to have consequences for internal migration as a result of the government's recent encouragement of new

FDI projects (Chantavanich 2012). It is not expected that the 2011 reforms will decrease migration to Thailand, as the wage differential remains large (McGann, 2013). Specifically, rapid economic growth areas, stagnant economies in rural areas, land tenure conflicts, reliance on informal recruitment mechanism and weak enforcement of labor laws all provide an environment in which exploitation of migrants and workers could take place.

### **Research Scope:**

The study focuses on Male and female population in urban and rural sector with a special focus on their employability for the age group from 15-64 years.

### **Research Objectives:**

1. To study Myanmar's labor workforce participation (Male and Female) in Urban and rural sector
2. To study the labor force participation rate for Males and female aged 15 – 64 years
3. To analyze Employment to Population ratio for Males and females aged 15- 64 years
4. To identify the reasons for high unemployment between males and females in Myanmar.
5. To identify the percentage of Myanmar population engaged in agriculture.

### **Hypothesis Testing**

Null Hypothesis (H0) There is no significant difference based on gender in labor force participation

Alternate Hypothesis (H1) There is significant difference based on gender in labor force participation

### **Research Methodology:**

1. The researcher has collected data from various reliable secondary sources for the purpose of research. Researcher used data from sources like World Bank, labor market assessment report and directorate of company and investment promotion.
2. The researcher has focused on Urban and rural population between the age group of 15 to 64 years.

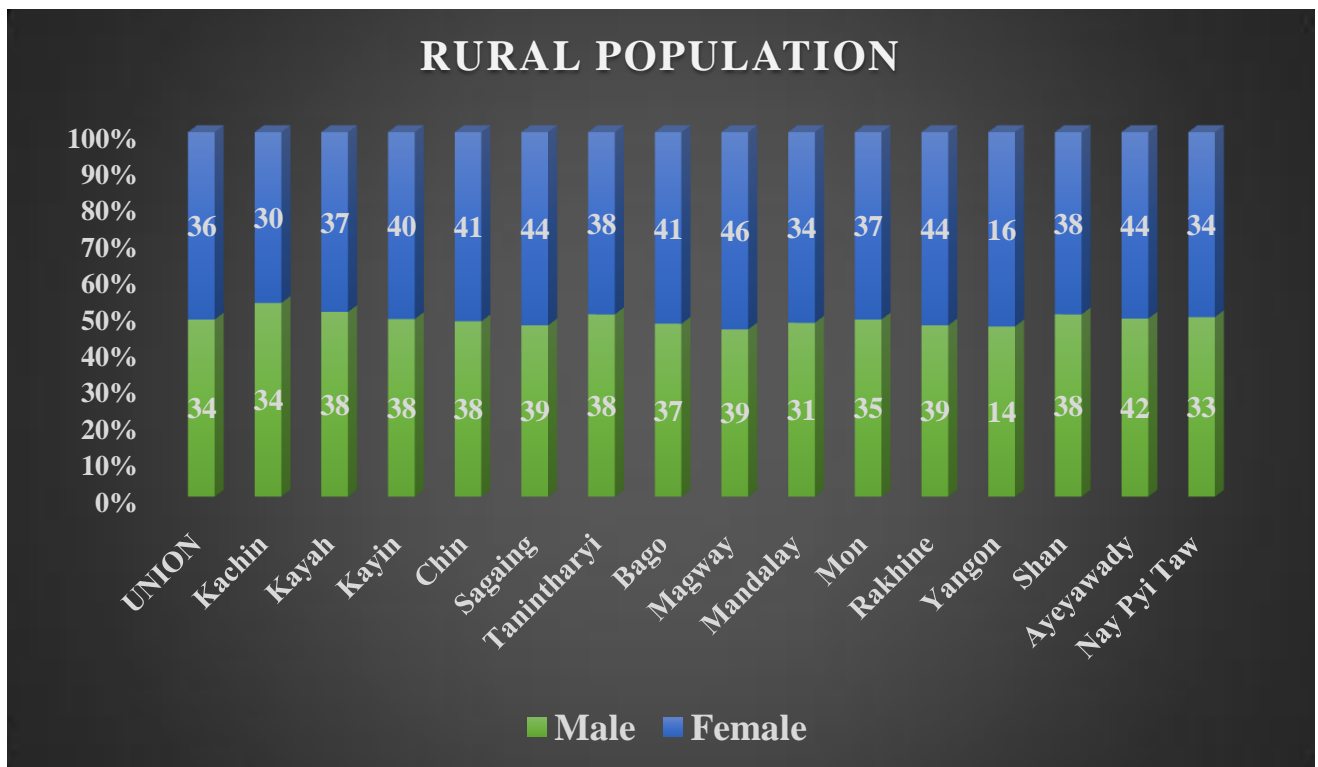
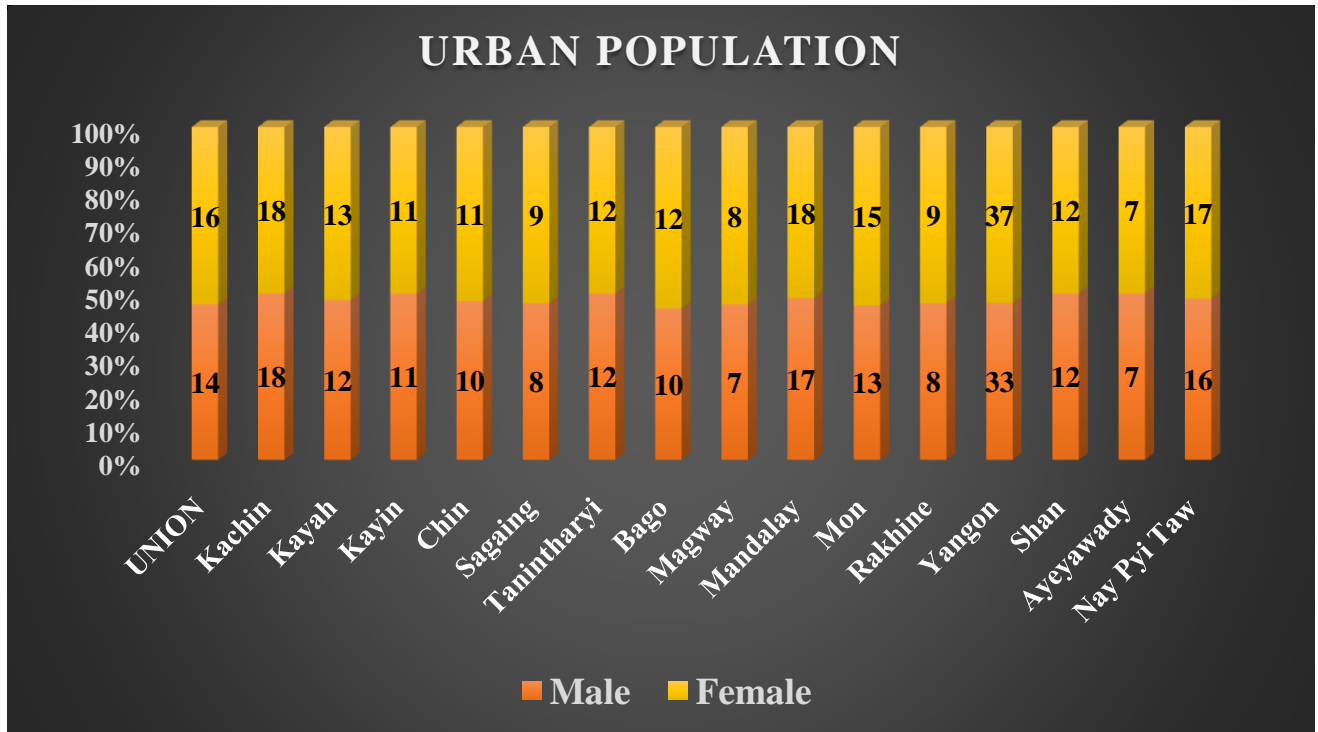
3. Will gauge with the help of Statistical analysis the labor force participation and unemployment rate between Males and females in the urban and rural sector.

**Analysis and Interpretation:**

**Table1.3 Urban Population and Rural Population**

State/Region	Urban Population		State/Region	Rural Population	
	Male	Female		Male	Female
UNION	14	16	UNION	34	36
Kachin	18	18	Kachin	34	30
Kayah	1/2	13	Kayah	38	37
Kayin	11	11	Kayin	38	40
Chin	10	11	Chin	38	41
Sagaing	8	9	Sagaing	39	44
Tanintharyi	12	12	Tanintharyi	38	38
Bago	10	12	Bago	37	41
Magway	7	8	Magway	39	46
Mandalay	17	18	Mandalay	31	34
Mon	13	15	Mon	35	37
Rakhine	8	9	Rakhine	39	44
Yangon	33	37	Yangon	14	16
Shan	12	12	Shan	38	38
Ayeyawady	7	7	Ayeyawady	42	44
Nay Pyi Taw	16	17	Nay Pyi Taw	33	34





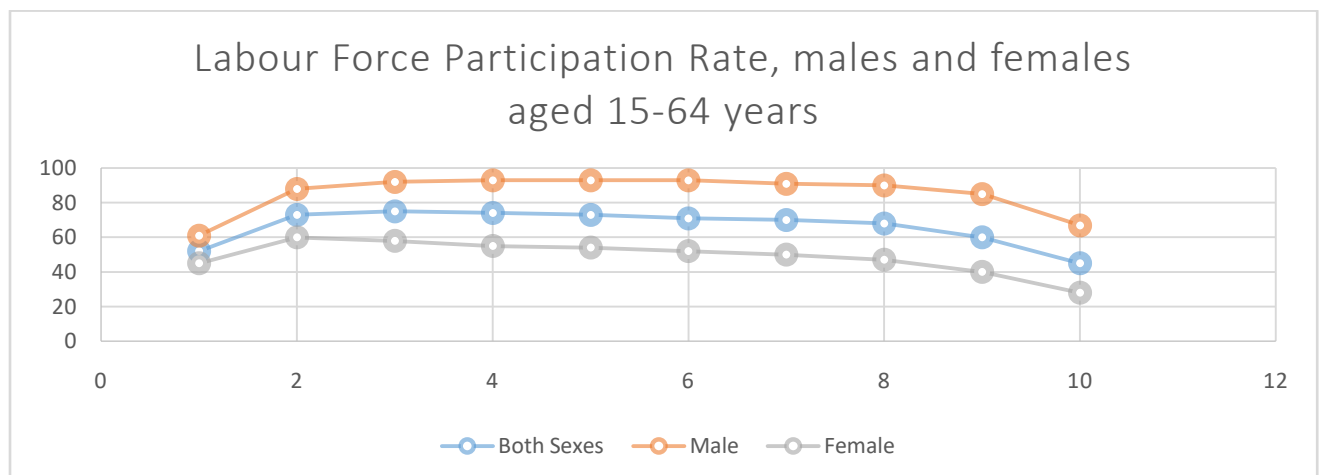
Source – World Bank Data

The above chart explains the urban and rural population of both males and females of different states and regions of Myanmar. All the calculations done are in percentages for both Male and female. Here, both male and female have an equal role in terms of population.

### **Labor Force Participation Rate, Males & females aged 15-64 years**

**Table 1.4**

Age	Both Sexes	Male	Female
15-19	52	61	45
20-24	73	88	60
25-29	75	92	58
30-34	74	93	55
35-39	73	93	54
40-44	71	93	52
45-49	70	91	50
50-54	68	90	47
55-59	60	85	40
60-64	45	67	28



*Source – Labor Assessment Report / World Bank Report – Development Indicators*

The above chart explains labor force participation rate for males and females for the age group of 15 – to 64 years. As seen in the table, Males are more participative in terms of employment as compared to females. We can also say that females are dependent on Males for employment.

Anova:

SingleFactor

#### SUMMARY

<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>
Male	10	853	85.3	134.4556
Female	10	489	48.9	90.54444

#### ANOVA

<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	6624.8	1	6624.8	58.88711	0.00	4.413873
Within Groups	2025	18	112.5			
Total	8649.8	19				

#### Interpretation:

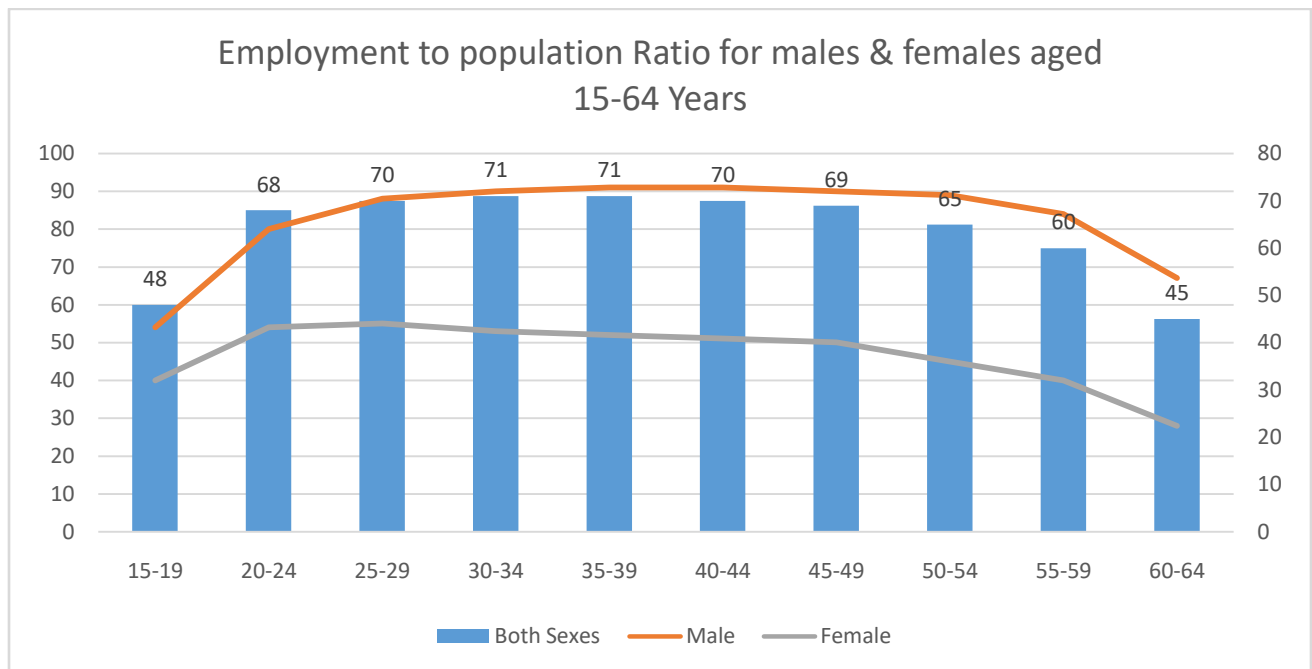
- Null Hypothesis (Ho) There is significant difference based on gender in labor force participation
- There is no significant difference of labor force between Male and female.

#### Employment to Population ratio for males & females aged 15-64 Years:

**Table 1.5**

<b>Age</b>	<b>Both Sexes</b>	<b>Male</b>	<b>Female</b>
15-19	48	54	40
20-24	68	80	54
25-29	70	88	55

30-34	71	90	53
35-39	71	91	52
40-44	70	91	51
45-49	69	90	50
50-54	65	89	45
55-59	60	84	40
60-64	45	67	28



*Source – World Bank Data – Development Indicators*

The above chart explains about employability to population ratio for males and females aged from 15 – 64 years. The male population are more desirable for work as compared to females. Females due to their household work and looking after family and children spent most of their time in these activities.

Anova: Single Factor

#### SUMMARY

<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>
Male	10	824	82.4	154.4889

Female	10	468	46.8	73.51111
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## ANOVA

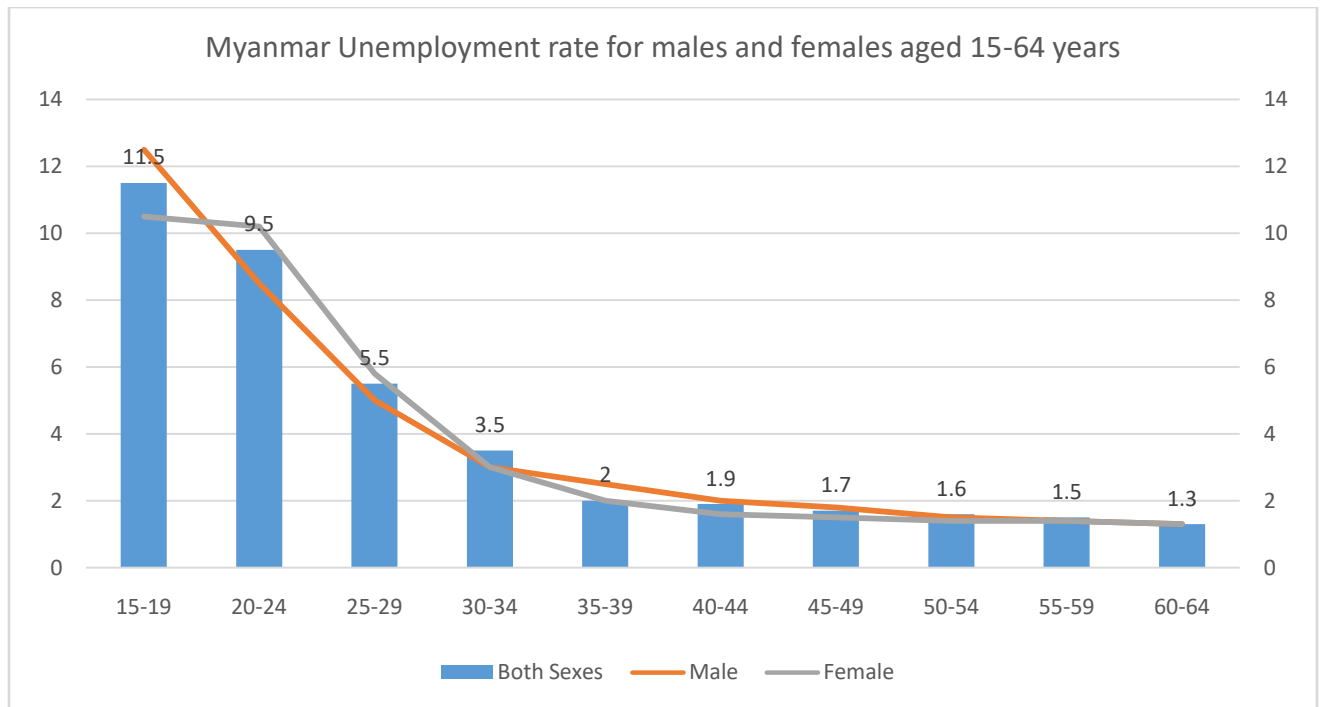
<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	6336.8	1	6336.8	55.58596	0.00	4.413873
Within Groups	2052	18	114			
Total	8388.8	19				

## Interpretation

- Null Hypothesis (Ho) There is no significant difference based on gender as per the employability factor.
- As p value is less than 0.5 the null hypothesis is rejected.

**Table 1.6 Unemployment rate for males & females aged 15-64 years**

Age	Both Sexes	Male	Female
15-19	11.5	12.5	10.5
20-24	9.5	8.5	10.2
25-29	5.5	5	5.8
30-34	3.5	3	3
35-39	2	2.5	2
40-44	1.9	2	1.6
45-49	1.7	1.8	1.5
50-54	1.6	1.5	1.4
55-59	1.5	1.4	1.4
60-64	1.3	1.3	1.3



*Source – Labor Market assessment report 2013 World Bank Report*

The above chart explains the unemployment factor for both Males and Females. Here, both the sexes are Unemployed but are eligible for employment in and out of Myanmar. The unemployment rate is taken between the age group of 15 – 64 years.

Anova: Single Factor

#### SUMMARY

<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>
Male	10	39.5	3.95	13.985
Female	10	38.7	3.87	13.509

#### ANOVA

<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	0.032	1	0.032	0.002328	0.962051	4.413873
Within Groups	247.446	18	13.747			

Total 247.478 19

### Interpretation

- Null Hypothesis (Ho) There is no significant difference based on gender in labor force participation
- As P value is close to 1 the null hypothesis is accepted.
- The above statistics says that both male and female are unemployed but male are eligible for jobs outside Myanmar.

### Male and Female population employed in agricultural sector –

Table 1.7

Age	Employed & Female	Male	% of population in Agriculture
15-19	59.5		40.5
20-24	77.5		22.5
25-29	75.5		24.5
30-34	74.5		25.5
35-39	73		27
40-44	71.9		28.1
45-49	70.7		29.3
50-54	66.6		33.4
55-59	61.5		38.5
60-64	46.3		53.7

Source – IOM and Author's Own Calculation for Agriculture

From the above table we, can say that the major population engaged in agriculture are from 50 to 64years as they find any other occupation for survival. Rest of the age group from 19 to 45years have migrated to other countries in search of livelihood and improved standard of living.

### Discussion:

There is a difference between male and female as per the number of people unemployed. The ratio of Employability between male and female is same but men are more eligible for jobs aboard from the age of 20 to 49 Years. Most of the population is in rural areas, so we see that

most of the people are employed in agriculture and rest have migrated from Myanmar. . The ease of doing business is fragile as most of the political and business decisions are under Military Junta.

The overall prospects of the economy varies depending on the pace and extent of political and economic reform. This involves the willingness of the ruling elite to progressively part with the high level of control that it exerts over the country's political and economic processes. At the current rate of reform, which seems the most likely scenario, GDP growth may be more than 5% annually over the next 5 years, increasing from 7% to 8 % by 2017.

The labor force participation rate is high for males as compared to females. Both the sexes are unemployed but male population are more prone to jobs in comparison with females , as females are mostly involved in household work and looking after their family. Most of the Myanmar population depend upon agriculture and fish trade for their daily needs. The Country has a good young workforce which is cheap and cost effective.

Myanmar with its abundant natural resources has attracted lot of investment from China which is making its presence strong in the Country. But the ethnic groups in Myanmar are blocking the way for development and growth of the country making a way for civil unrest. The Military junta of Myanmar has brought the country to standstill, and is the only country to have a long civil war that lasted for decades.

### **Suggestions to Increase Employment in Myanmar**

- The country should focus on improving its natural resources which improve the economic conditions of the country
- The Country has cheap labor force which can attract foreign manufacturing companies to establish their units in the country which will help increase the economies of scale.
- The national League Democratic Party led by Aung San Suu Kyi should focus on rebuilding the economy by focusing on its natural resources which will directly minimize migration to other countries.



- The new democratic party should try to improve bilateral relations with other neighboring countries, so that more investment from foreign partners.
- As major population resides in rural areas, internal labor migration from rural to urban areas should be minimized by creating employment opportunities in the rural areas.
- More stringent laws should be implemented to protect women interest, so that they are protected from prostitution and slavery.
- The new government should focus on improving the skills of young labor workforce within the country rather than depend only on agriculture and Tourism for its survival.
- Good Governance processes for progressive Rural Development strategy should be implemented.
- They should try to establish an economic system that can achieve and maintain positive development outcomes through the participation, innovation and efforts of all citizens.
- Create employment opportunities for all citizens including those returning from abroad, and give greater priority in the short term to economic enterprises that create many job opportunities.

### **Conclusion:**

As Myanmar economy opens up for trade and investment for foreign players, the standard as well as income capacity will increase for some period of time. But the population will not<sup>i</sup> benefit for the long run as mechanization will increase unemployment after a certain period of time. Although it is too early to comment on this as Myanmar is still at a very infant stage on development plan and policies. Myanmar can also be called as the next manufacturing hub in South – Asia. Once the country is fully liberalized from the military dominance, there will be flow of investments from the developed countries and the economy will grow day by day. The main opposition party National league for democracy has brought hopes in the minds of the people for a democratic country, free from military rule. The major flow of investments is from the Chinese as Myanmar has huge amount of untapped natural and mineral resources.

The Country should establish an economic model that balances agriculture and industry, and supports the holistic development of the agriculture, livestock and Industrial sectors, so as to enable rounded development, food security and increased exports. The Burmese government, in

an effort to align Myanmar's labor regulations with international standards and increase trade and investment in the country, set out to abolish all antiquated labor laws and to introduce new labor laws and regulations. The government passed a number of labor reforms in 2015 and 2016 and amended a range of labor –related laws, including those associated with factory labor, wage payments, and shops and establishments.

In a Nutshell, we can say that the new government should re-align the economic structure to create employment opportunities and improve the country's economic conditions, which will improve the standard of living of the people.

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