

End of project popular science description

Reintegration Through Active Labor Market Reforms (REALM)

Introduction

Reintegration Through Active Labor Market Reforms (REALM) was launched in January 2019 prior to outbreak COVID-19 in 2020 and the coup d'état in Myanmar in February 2021. The initial idea was to generate research that could help develop a roadmap for coordinating and implementing labor market reforms in Myanmar, especially with an aim to support inclusive development with a focus on vulnerable groups. Interest was expressed from various stakeholders to uncover the quantitative impacts and mechanisms behind the distributional consequences of recently implemented labor market regulations and laws. Collecting and utilizing nationally representative quantitative surveys at both the individual and firm level, REALM was able to provide an extra dimension to the debate about cultural diversity and ethnic disputes and their impact on social cohesion and economic development. But REALM was mainly designed to help advance implementation of a specific labor market reforms in Myanmar and to raise awareness of their distributional consequences.

Results

REALM has made several contributions to the academic literature on the impact of various labor market initiatives but was at the same time also able to inform contemporaneous development debates related to the COVID-19 crisis.

One example relates to the impact of managerial and workplace training initiatives in Myanmar's manufacturing sector. Using linked employer-worker panel data methods combined with state-of-the-art quantitative analytical methods the research documents a low prevalence of workforce training and limited application of traditional management practices in manufacturing enterprises in Myanmar. Even though workplace training often is only offered to a selective set of workers within firms, training of workers is shown to have a positive wage premium of about 8%. However, training impacts do not travel well between firms. Prior training (in other firms) or certified training courses do not lead to higher salaries, indicating that training impact is largely firm-specific. But, wage returns to training are particularly high for women and among the least educated workers. Firms adopting more business/management practices are shown to be more productive consistent with findings in similar contexts. Policies that promote and increase the use of business/management practices by 20-25% are found to have an expected impact of 8-10% on firm-level productivity. The research also shows that workers receive about half to two-thirds of the productivity gain through higher wages, suggesting that gains from government support to improving business/management practices in Myanmar are evenly divided among workers and managers.

REALM also analyzed the gender wage gap for workers in Myanmar and found that average wages for female workers are significantly lower than male average wages. Women have lower base wages even when they share similar characteristics to their male counterpart and establishing exact comparisons of female and male production workers with equal levels of education and experience, employed in the same enterprises, the research finds a gender wage gap of 13%.

A final example of research carried out under the REALM umbrella is more sector specific. Focusing on the forestry sector and the forest policies pursued in Myanmar (including a system of timber legality verification), the research evaluates the feasibility of policy reforms to achieve both economic and environmental upgrading in the timber value chain. Results indicate that the transformative capacity of current policy reforms is limited. It is not likely to meet the much-needed sustainability goals, as current policies create incentives and conditions for a race-to-the-bottom approach in the timber value chain, questioning the future role of the Myanmar timber industry for employment generation.

Conclusions and Recommendations

Policy implications from the research under REALM are clear. Government support to firm-specific workplace training programs of both managers and workers could help increase performance of the manufacturing sector in Myanmar and improve livelihoods of its employees significantly. Moreover, higher returns to training are found among women and the least educated workers indicating that such training programs could improve the overall income distribution in the economy thereby facilitating a more inclusive growth trajectory in Myanmar. However, significant discrimination against women in Myanmar's labor markets remain and gender wage gaps does not seem to be easily solved through traditional labor market initiatives. More broad based gender equality programs are needed in order to level the "gender-related " playing field in Myanmar labor markets.