

► ILO Brief

July 2021

Employment in Myanmar since the military takeover: A rapid impact assessment

Key points

- Following the military takeover in Myanmar on 1 February 2021, the ensuing political crisis has paralyzed the economy – which was already weakened by the COVID-19 pandemic – with serious impacts on enterprises and workers.
- Estimates indicate that there has been a continuous deterioration in labour market conditions since the military takeover. In the first half of 2021, an estimated 14 per cent of working hours were lost, which is equivalent to the working time of at least 2.2 million full-time workers.
- Compared to the fourth quarter 2020, employment contracted by an estimated 6 per cent in the second quarter 2021, reflecting job losses of 1.2 million. Women have been more impacted by job losses than men.
- Critical sectors have been hard hit. In the first half of 2021, employment in construction, garments, and tourism and hospitality decreased by an estimated 35 per cent, 31 per cent and 25 per cent, respectively, with even higher relative losses in working hours.

► Background

On 1 February 2021, the Myanmar military seized control of the government, following a general election in November 2020. Consequently, nationwide political demonstrations and worker strikes over the military takeover have been met with violence, intimidation and harassment by security personnel.

The political crisis has extensively destabilized the economy and halted an expected economic recovery from the COVID-19 pandemic. The World Bank, on 26 March, downgraded its 2021 GDP growth forecasts for Myanmar from 5.9 per cent to a negative rate of –10 per

cent, citing such factors as the demonstrations, worker strikes, and military actions, as well as mobility restrictions, and the ongoing disruption of key public services, banking, logistics, and internet services.¹ Likewise, the Asian Development Bank, on 28 April, projected the economy to contract by 9.8 per cent in 2021.²

In this rapidly evolving context, and due to the lack of official employment statistics published after the first quarter 2020, this brief aims to estimate labour market trends since the military takeover. The rapid impact

¹ World Bank, *East Asia and the Pacific Economic Update April 2021: Uneven recovery, 2021*; “Myanmar’s economy to contract 10% this year amid turmoil - World Bank”, *Reuters*, 26 March 2021.

² Asian Development Bank, *Asian Development Outlook: Financing a green and inclusive recovery: April 2021*, 2021.

assessment includes an estimate of working-hour and employment losses, and also presents estimates of the impact on the three hardest hit sectors: construction, garments, and tourism and hospitality.

The estimation methodology, outlined in the Annex, extends on previous methodologies used by the ILO to

estimate labour market trends.³ It makes use of robust empirical relationships established on the basis of detailed, cross-country sentiment and mobility indicators. The estimates should nevertheless be interpreted as indicative and may not fully reflect the severity of the employment situation.

► What is the impact on working hours and employment?

Working hours have reduced by 14 per cent since the takeover

The overall number of hours worked in Myanmar is an important indicator to assess the impact on the labour market since the military takeover. Hours worked in an economy decrease not only when workers lose their job and work zero hours, but also when workers that remain in employment work fewer hours.

Millions of workers in Myanmar rely on labour income as their main income source, and hence cannot afford to be without work for extended periods. At the same time, the circumstances since 1 February 2021 might have forced or incentivized a large share of these workers to reduce their working hours, with associated income losses, adding to the adverse impacts on a labour market that had already come under severe strain as a result of the COVID-19 pandemic. Factors that might have played a role include curfews and other restrictions imposed by the military regime, fear of exposure to violence when going to and being at the workplace, electricity and internet cuts, greater security risks for businesses, a decrease in consumer demand, as well as large-scale worker strikes.

This brief estimates that 14 per cent of total working hours were lost between the fourth quarter 2020 and the second quarter 2021 (figure 1). While the number of weekly hours worked was 787 million in the fourth quarter 2020, the number dropped to 706 million in the first quarter 2021 and further to 680 million in the second quarter 2021, indicating a continuous deterioration in labour market conditions since the military takeover. The overall contraction in working

hours during this period is equivalent to the working time of 2.2 million full-time workers, assuming a 48-hour work week.⁴

► **Figure 1. Hours worked per week in Myanmar, millions**



Notes: See Annex for details about the estimation methodology. The red dots mark the point estimates for the fourth quarter 2020 and the second quarter 2021.

Source: ILO estimates based on Myanmar Labour Force Survey and ILO, ILOSTAT Database.

These working-hour losses come on top of the hours lost during the COVID-19 pandemic prior to this point. Relative to the fourth quarter 2019, the pre-pandemic baseline, working hours in the second quarter 2021 were significantly lower by 29 per cent, equivalent to the working time of 5.9 million full-time workers. All told, working hours have dramatically reduced since the military takeover, diverging from an expected recovery and making a bad situation worse.

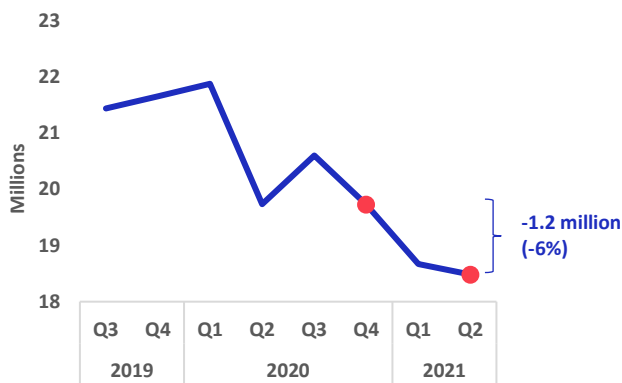
³ See, for example, Annexes of ILO, *ILO Monitor: COVID-19 and the World of Work, 7th edition*, 2021.

⁴ Under the assumption of a 40-hour instead of a 48-hour work week, the contraction of working hours between the fourth quarter 2020 and the second quarter 2021 is equivalent to the working time of 2.7 million full-time workers.

More than 1.2 million workers are no longer in employment

In the second quarter 2021, an estimated 18.5 million women and men were employed, which is 1.2 million (6 per cent) less than in the fourth quarter 2020 (figure 2). This sizeable contraction reflects a large share of workers that are no longer in employment since the military takeover. Relative to the fourth quarter 2019, 3.2 million or 15 per cent of all workers are no longer employed, following the onset of the pandemic and subsequent military control of the country.

► **Figure 2. Total employment in Myanmar, millions**



Notes: See Annex for details about the estimation methodology. The red dots mark the point estimates for the fourth quarter 2020 and the second quarter 2021.

Source: ILO estimates based on Myanmar Labour Force Survey and ILO, ILOSTAT Database.

The impact on women workers has been more pronounced

In terms of both working-hour and employment losses, women are estimated to have been impacted more than men since the military takeover. Female workers experienced working-hour losses of 15 per cent between the fourth quarter 2020 and the second quarter 2021, compared to 12 per cent for male

workers. During the same period, 580,000 women are estimated to have lost employment, with job losses of more than 7 per cent, compared to less than 6 per cent for men.

The impact in key sectors has been substantial

While the overall impact on employment and working hours following the military takeover has been immense, the consequences have been even more detrimental for enterprises and workers in critical sectors that drive the economy and could have stimulated recovery. Sectors concentrated in industrial and urban zones in particular have been hard hit by anti-military demonstrations, work stoppages, the introduction of martial law, violence and other factors.⁵ In addition, foreign direct investment has stagnated, further aggravating the employment situation in some sectors.⁶

Construction, which had been a key driver of job creation in the recent years leading up to the pandemic, has been among the most impacted industries (figure 3).⁷ Between the fourth quarter 2020 and the second quarter 2021, employment in the sector contracted by an estimated 35 per cent (approximately 400,000) and working hours decreased by 64 per cent. The construction sector has suffered from a collapse in foreign investments and the suspension of major building and internationally financed infrastructure projects.⁸

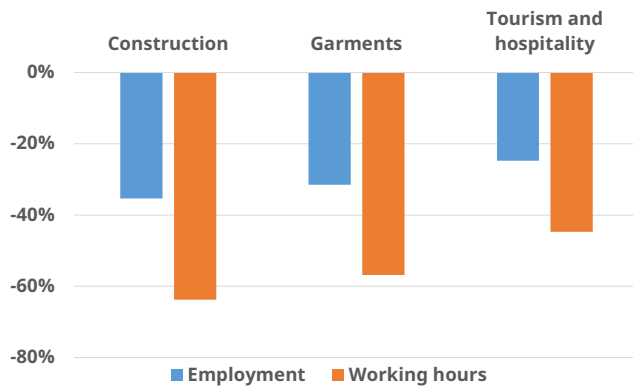
⁵ S. Mahtani and A. Nachemson, "As Myanmar unravels after military coup, people flee cities for rural backwaters", *Washington Post*, 15 April 2021; H. Thein and M. Gillan, "How the coup is destroying Myanmar's economy," *East Asia Forum*, 23 June 2021; "Thousands flee Myanmar industrial zone amid fears of more bloodshed", *Reuters*, 17 March 2021.

⁶ There was no reported foreign investment of permitted projects in April 2021. Source: Myanmar Directorate of Investment and Company Administration.

⁷ From 2015 to 2019, employment in construction grew by 20 per cent compared to overall employment growth of just 1.1 per cent. Source: ILO estimates from Myanmar Labour Force Survey and ILO, ILOSTAT Database.

⁸ Y. Muramatsu, "Myanmar coup grinds cross-border infrastructure projects to halt", *Nikkei Asia*, 3 March 2021; "Myanmar's economy in freefall under military regime", *The Irrawaddy*, 22 April 2021.

► **Figure 3. Decrease in employment and working hours in highly impacted sectors, Q2-2021 (percentage change from Q4-2020)**



Notes: See Annex for details about the estimation methodology. Garments refers to the manufacturing of wearing apparel (ISIC rev. 4, division 14). Tourism and hospitality refer to accommodation and food service activities (ISIC rev. 4, divisions 55 and 56). **Source:** ILO estimates based on Myanmar Labour Force Survey and ILO, ILOSTAT Database.

In the garment industry, which had emerged in recent years as a prominent supplier for international clothing retailers, an estimated 250,000 jobs (31 per cent) were lost during the first 6 months of 2021.⁹ Women accounted for approximately 86 per cent of these

estimated employment losses. Likewise, working hours contracted by an estimated 57 per cent during that same period. Factory production slowed considerably as numerous global apparel buyers halted orders due to tightening international pressure and other factors.¹⁰

Tourism and hospitality, still impacted from the slowdown in 2020 caused by COVID-19, has been unable to recover and in fact took a further hit since the military takeover. The majority of international flights and visa issuances have remained suspended due to COVID-19 and security concerns, and domestic travel has largely ceased. Employment in the sector decreased by an estimated 25 per cent (around 65,000) in the second quarter 2021 relative to the fourth quarter 2020, with women comprising more than three-fifths of job losses. During the same period, aggregate working-hour losses in the sector amounted to 45 per cent.

In addition, these estimated sectoral impacts do not fully capture the widespread work stoppages, demonstrations, and job suspensions and dismissals that have taken place in important service sectors. These involve hundreds of thousands of workers in public administration, banking, education and healthcare, among other industries.

► Conclusion

The military takeover on 1 February 2021 and consequent political crisis have exacerbated the severe impacts of COVID-19. Myanmar has quickly diverged from an anticipated economic and jobs recovery to a situation of economic paralysis and continued labour market deterioration. Employment trends during the first half of 2021 indicate considerable losses in both employment and working hours, which have negatively

affected millions of workers and women in particular. All sectors of the economy have been impacted, with construction, garments and tourism and hospitality among the hardest hit. While the rapid assessment provides indicative insights into the labour market situation, the estimates clearly reveal a deepening of pre-existing deficits in decent work in Myanmar.

⁹ Myanmar’s garment exports to the world recorded a six-fold increase in terms of value from 2015 to 2019. Source: ILO calculations based on UNCTADstat.

¹⁰ E. Paton, “Myanmar’s Defiant Garment Workers Demand That Fashion Pay Attention”, *The New York Times*, 12 March 2021.

► Annex: Methodology

This brief relies on an estimation procedure to assess the impact on employment and working hours in Myanmar since the military takeover. The definitions of employment and working hours applied in this brief are based on the international statistical standard which are also utilized in the Myanmar Labour Force Survey.¹¹ The details of the estimation methodology, which consist of two main steps, are outlined below.

Step 1: Estimates of the overall impact

The first step consists of a cross-country panel data regression analysis. The latest actual data points for employment and working hours, based on official labour force survey data for Myanmar, are available for the first quarter 2020. An ordinary least squared (OLS) regression with country fixed effects is run on an unbalanced quarterly panel dataset, including data from 69 countries for the period from the first quarter 2020 to the first quarter 2021, taken from official labour force and household surveys as compiled in the ILO's ILOSTAT Database.¹² Coefficients estimated in this regression are used to estimate employment and working hours in Myanmar for each quarter from the second quarter 2020 to the second quarter 2021. The regressions were run to estimate total as well as female working hours and employment.

As explanatory variables, the regression model includes three components:

- an indicator of mobility consisting of the average of workplace and retail mobility from Google Mobility reports;¹³
- an indicator of news sentiment, taken from the GDELT database, which tracks the sentiment across domestic and international news articles. The news articles considered in the analysis include the country name and either of the following terms: jobs, employment, employed, unemployment, unemployed, workers, labourers, laborers, working hours.¹⁴ A positive index value indicates that more positive than negative sentiment words are on average used in the news articles, while a negative index value indicates the reverse;¹⁵
- an indicator of the stringency of lockdown measures imposed by governments, taken from the COVID-19 Government Response Tracker Database compiled by the University of Oxford.¹⁶ It reflects the strictness of policies that restrict people's behaviour, such as workplace and public transportation closings, restrictions on gathering and mobility, travel restrictions and stay at home requirements. This indicator provides a normative metric to account for any additional impacts that these restrictions might have on working hours and employment, beyond the observed impact in workplace and retail mobility captured in the first component. The inclusion of this variable is also instrumental in estimating the labour market situation in 2020 and dynamics related to the COVID-19 crisis before the military takeover.

The estimated coefficients are as expected (table 1). Mobility and the sentiment of news articles are positively associated with hours worked and employment. In other words, the more people are mobile and the more positive is the sentiment

¹¹ Persons in employment include those aged 15 years and above who, during a reference period of 7 days, were engaged in any activity to produce goods or provide services for pay or profit. They comprise of employed person at work, i.e. who worked for at least one hour during the reference period and employed persons not at work due to temporary absence from a job or due to working-time arrangements (such as shift work, flexitime, and compensatory leave for overtime). See: Myanmar Ministry of Labour, Immigration and Population, Department of Labour, *Report on Labour Force Survey 2015, 2016*. Working hours have been calculated by multiplying the average weekly hours worked by total employment.

¹² ILO, ILOSTAT Database, <https://ilostat.ilo.org/>.

¹³ Google, COVID-19 Community Mobility Reports, <https://www.google.com/covid19/mobility/>.

¹⁴ The GDELT Project, <https://www.gdeltproject.org/data.html>.

¹⁵ For more details, see: ILO, *Preparing for the future of work: National policy responses in ASEAN+6*, 2019, Box 2.

¹⁶ Oxford COVID-19 Government Response Tracker, <https://www.bsg.ox.ac.uk/research/research-projects/covid-19-government-response-tracker>.

of newspaper articles on issues related to the labour market in a country, the more workers are in employment and the higher are the working hours. The stringency index has the expected statistically significant negative association, but with employment only, while there is no statistically significant association with hours worked, conditional on the other explanatory variables being part of the regression.

► **Table 1. Results of cross-country panel regressions used to estimate employment and working hours in Myanmar**

	Total		Female	
	Hours worked per week (log)	Employment (log)	Hours worked per week (log)	Employment (log)
Mobility (percentage change relative to the baseline)	0.0059***	0.0022***	0.0059***	0.0023***
Sentiment of news articles (index)	0.0404**	0.0236**	0.0552***	0.0306**
Stringency of lockdown measures (index)	0.0000	-0.0004**	-0.0001	-0.0006**
Country fixed effects	Yes	Yes	Yes	Yes
R2	0.46	0.39	0.48	0.41
Number of observations	228	269	223	263

Notes: *** and ** respectively indicate statistical significance at the 1 per cent and 5 per cent level. R2 indicates the share of within-group variation explained by the model.

Step 2: Estimates of the impact by economic sector

The second step of the methodology was to generate estimates of the impact since the military takeover on employment and working hours for 22 economic sectors.¹⁷ The procedure used to estimate the sectoral impacts is detailed below:

- Sector-level estimates on the contraction in employment since the military takeover in February 2021 were compiled from various sources. These include estimates of both the nominal and percentage decreases in employment provided primarily by industry-level trade unions that were reported in the news media and a published survey report of foreign business associations in Myanmar.¹⁸
- In cases where sectoral employment loss assessments are available from multiple sources, the average of the estimates from the different sources is taken. This is the case, for example, in such sectors as garment manufacturing, construction, public administration and education. In total, direct employment impact estimates from workers' and employers' organization are available for 11 of the 22 sectors, including the three most severely impacted industries highlighted in the brief.
- For the remaining sectors, a conservative approach is taken by applying the estimated percentage decrease in employment of similar industries that experienced a low impact since the military takeover.
- Reflecting numerous media reports of workers leaving jobs in urban and industrial zones to return to their families in rural areas, the procedure assumes that some employment losses are offset by comparatively small

¹⁷ The economic sectors are based on the 21 section-level groupings of the International Standard Industrial Classification of All Economic Activities (ISIC), revision 4. Additionally, the manufacturing of wearing apparel, which denotes ISIC division 14, is also included.

¹⁸ Foreign Chambers of Commerce in Myanmar, *Joint survey on the impact on businesses operating in Myanmar: Report and summary of findings*, 2021.

job gains in agriculture. It's worth noting, however, that the slight increase in farm employment would likely reflect a decrease in paid wage employment, an increase in unpaid contributing family workers and an overall decline in job quality especially in regard to earnings and productivity.

- To compute the sex-disaggregated share of employment losses, the percentage of female employment in each sector is computed from the baseline Myanmar labour force survey data in the first quarter 2020. The estimate for the female share of employment is applied to the overall nominal employment losses in each sector based on the assumption that the contraction in employment has impacted men and women proportionally to their respective share of employment in that industry before the military takeover.
- Next, the percentage change in sectoral working hours is computed by applying to the estimated percentage change in sectoral employment, a coefficient that reflects the ratio of the percentage declines in aggregate working-hour losses to aggregate employment losses, which is derived from the econometric exercise in step 1.
- Finally, nominal sectoral employment and aggregate working hours are then calculated for the second quarter 2021 by applying the sectoral percentage change estimates above to the baseline (or first quarter 2020) data from the official Myanmar labour force survey, after adjusting for pandemic-related impacts through the fourth quarter 2020. These nominal sectoral loss estimates are harmonized to ensure that the aggregate nominal changes in employment and working hours during the first and second quarters 2021 are equivalent to the loss estimates that resulted from the econometric procedure in step 1.

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