

# Industrial relations and foreign direct investment

Promoting job creation and knowledge transfers in Myanmar

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## Executive summary

Healthy industrial relations is vital for promoting a stable economic and business environment. At the same time, it can increase the potential for increasing FDI inflows, increasing productivity, and improving the welfare of domestic workers. The purpose of this note is to briefly review three pieces of IGC research on issues related to industrial relations in the FDI sectors of Myanmar's economy. The report is structured under the following subheadings:

1. Workplace communication and industrial relations
2. Characteristics of union leaders in Myanmar
3. Language barriers and MNCs
4. Conclusions and policy recommendations

The first piece of research, which focuses on workplace communication and industrial relations in Myanmar's garment sector, suggests that Workplace Coordination Committees (WCCs) — which are a legally mandated platform for resolving workplace disputes between employers and employees in factories in Myanmar — can play a key role in promoting healthy labour relations and in resolving disputes before they escalate to a stage where they need external mediation. The researchers found evidence that the presence of worker-leaders, whether from labour unions or other loosely formed worker groups, in WCCs is, however, critically important for the platforms to be effective. This is clear from the following specific results, which they obtained:

- First, factories with worker-leaders recognized by management are less likely to have serious disputes that require external mediators.
- Second, when at least one worker-leader comes from the production side, or when the leader is selected by workers instead of the managers, the correlation between the presence of worker-leaders and the lower incidence of disputes is stronger.
- Third, wholly foreign-owned factories, which bring in more foreign workers, tend to encounter more serious disputes compared with local enterprises, which shows that language and cultural barriers are important for industrial relations.
- Fourth, broader management practices and workplace conditions do not have a strong correlation with the incidence of disputes. The evidence does suggest a correlation with size, however; the larger the company, the more difficult it is to manage the employees it recruits.

IGC's second piece of research on industrial relations, "Union Leaders: Experimental Evidence from Myanmar", explores the characteristics of union leaders to improve our understanding of how worker-leaders reach consensus over the group's objective and shared understanding and how they mobilize employees to participate in the labour movement. The researchers obtained three main findings:

- First, compared to other workers, elected union presidents and union executive committee members are more educated, experienced and intelligent, as per a standard measure.
- Second, the presence of union leaders in group discussions is found to improve workers' engagement in discussions and build consensus on the union's preferred minimum wage.
- The ability of labour leaders to mobilise workers in the interest of a common good when it is privately costly for workers to do so (such as engaging in a strike to

protest a common issue) hinges on their role as coordinators and on their ability to exert social pressure.

As already noted, cultural and language barriers can be an impediment to healthy labour relations. The third study discussed in this note, on language barriers in multinational companies (MNCs) in the Thilawa Special Economic Zone (SEZ), found that they can also be an obstacle to knowledge transfers between senior foreign managers (FMs) and domestic middle managers (DMs) in MNCs. In particular, the researchers found that:

- First, English language training not only improves the DMs' English language skills but also increases the frequency of their communications with FMs as well as their involvement in management tasks, regardless of the native language of the FM.
- Second, DMs who receive the language training are better at performing management tasks because they understand FMs' instructions better and are able to establish more meaningful interactions with FMs, which are more conducive to knowledge transfers.
- Third, the language skills and work experience acquired by domestic workers in multinational companies are highly valued in the domestic job market, suggesting that workers who benefit from knowledge transfers in the zone will be able to share those benefits with the wider economy later on in their careers.

Based on the findings from these three pieces of research, the IGC puts forward the following key policy recommendations for a civilian government of Myanmar to consider:

- To strengthen the WCC mechanism, it is important for employers to recognize and interact with worker groups formed in the factory. This suggests there is a ***need for greater enforcement of the law mandating WCCs in Myanmar, which is the Labour Dispute Law 2012.***
- Union leaders (or worker-leaders) face risks such as employers not recognizing their unions or of getting fired, and often have limited knowledge of labour laws. This shows that, in addition to monitoring the implementation of labour laws at the factory level, industrial relations in Myanmar may benefit from the government ***working with employers' organizations, basic trade unions, and labour rights groups to directly or indirectly improve the capabilities of worker-leaders in legal awareness, conflict mediation, and coordination.***
- The IGC's findings relating to Thilawa SEZ suggest that there may be a role for the government to ***subsidize English language training for workers in the zone to promote human capital development in the form of knowledge transfers of management skills from more experienced foreign managers to the domestic workforce.*** If the cost of such an intervention is deemed too high for the government, incentive schemes could be another option—for example, employers could enjoy tax relief for providing/subsidising language trainings to their domestic workers.

# 1. Introduction

Myanmar's economy has grown rapidly during the reform period from 2011 to 2020. Like many other countries, attracting foreign direct investment (FDI) has been one of the country's pillars of economic growth. Foreign direct investment brings capital inflows, creates jobs for blue-collar workers and encourages knowledge spillovers. To accommodate foreign investors, a number of economic reforms were implemented, including deregulation, providing incentives, and promoting workers' rights. According to DICA data, FDI inflow into Myanmar has annually increased in terms of the amount of funds and the number of projects—for example, FDI inflows amounted to \$USD 4.6 billion in 2011-2012 financial year, \$USD 9.4 billion in 2015-2016 financial year and \$USD 5.5 billion in 2019-2020 financial year, with Japan, Singapore, and Thailand as the largest investors. However, the COVID-19 pandemic and the military coup interrupted the ongoing economic reform process and plunged the country into a deep recession.

The purpose of this report is to briefly review the IGC's research on issues related to industrial relations in FDI-dominated sectors of the Myanmar economy and to provide potential policy guidance for resuming IGC's previous work with and in support of a democratically elected government of Myanmar. In particular, we will summarise the findings of three research papers, highlighting how healthy industrial relations in FDI-dominated sectors can reduce workplace disputes and potentially improve firms' productivity as well as how language barriers can prevent some of the productivity gains from FDI for the wider economy from being realised.

Manufacturing, especially the clothing industry, has become an important source of job creation for blue-collar workers, given the lack of other labour-intensive sectors in the country's export basket, and of export income in Myanmar. Generally speaking, foreign investors in manufacturing usually locate their businesses in places with higher productivity and lower labour costs. Myanmar is a country with an abundant young labour force, and the minimum wage for workers is relatively lower than that of neighbouring countries like Thailand, Vietnam and Bangladesh. This makes it an attractive destination for investors in labour-intensive manufacturing sectors.

Healthy labour relations are important because they have the potential to promote foreign direct investment, which can enhance human capital development and increase productivity among the native workforce, and improve worker welfare. According to the IGC's research on labour relations and workplace communication<sup>1</sup>, the country's garment industry has had an increasing number of labour disputes since Myanmar's opening up in 2011, especially in foreign-owned factories, where there are cultural and language barriers between foreign management and domestic workers. In this context, the IGC finds that worker-leaders in Workplace Coordination Committees (WCCs) play an important role in reducing disputes and improving workplace stability at the factory level, suggesting that greater enforcement is needed of the Dispute Settlement Law 2012, which mandates this mechanism. The second study, Trade Union Leaders: Experimental Evidence from Myanmar<sup>2</sup>, sheds light on the distinguishing characteristics of union leaders — namely, that union leaders tend to be more educated, experienced

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<sup>1</sup> We conducted this research in collaboration with the Centre for Economic and Social Development (CESD).

<sup>2</sup> This research was done in a collaboration with the CTUM.

and intelligent, according to a standard measure, which contributes to their ability to influence workers' decisions and mobilize workers as a collective labour movement.

In addition to creation of decent jobs, another purpose of attracting foreign direct investment is to encourage knowledge spillovers in the host country, with the aim of supporting human capital development and productivity gains in the wider economy. Multinational companies (MNCs) are larger, more productive, more advanced in technology, and better in management, so there is a potential for beneficial knowledge spillovers. However, knowledge transfers from these multinational companies can be hindered by factors such as language barriers between domestic staff and more senior foreign staff. IGC's research in the Thilawa Special Economic Zone (Thilawa SEZ) — Language Barriers in MNCs and Knowledge Transfers—suggests that reducing communication frictions in MNCs improve knowledge transfers and increases the productivity of domestic managers. Therefore, the researchers argue that subsidising language training can help with facilitating knowledge transfers from foreign investment in Myanmar and that this may lead to positive productivity spillovers in the wider economy.

This report discusses the findings of three papers, based on research conducted by the IGC in Myanmar during 2015-2021, and is organised under the following sub-headings:

1. Industrial relations and workplace communication
2. Characteristics of union leaders in Myanmar
3. Language barriers and MNCs
4. Conclusions and policy recommendations

## 2. Industrial relations and workplace communication

Industrial relations have been neglected for more than 60 years in Myanmar, as the establishment of labour organizations was prohibited for most of the country's independent history. As such, the U Thein Sein government gave significant attention to workers' rights as an integral part of its economic and political reforms. After that, U Thein Sein's government encountered increasing demands from workers, which led to more factory strikes than before the reform period. The incidence of worker strikes is high especially in the garment industry, among other labour-intensive industries (Thomas et al., 2017).

As part of the labour reforms, the new labour organization law passed in 2011 allows the establishment of basic labour unions in every factory that employs more than 30 workers, ensuring that employers recognize those basic worker organizations. According to data from the Ministry of Labour, Immigration and Population (MOLIP), there were approximately 635 basic trade union organizations in mid-2013, which increased to 950 in 2014 (Myo 2017), and as of mid-2020, this number had jumped to 2,851 basic unions. In 2015, the Confederation of Trade Unions in Myanmar (CTUM) was recognized as the official Myanmar federation of trade unions and an important step forward for the labour movement in Myanmar. However, in the early labour reform period, the formation of basic trade unions was not always a smooth process. Employers often resisted the formation of unions, dismissed union members and indirectly pressured workers not to join a union (Lin et al., 2019, p. 6). Undoubtedly, these behaviours of employers have prompted workers to strike, thus causing more instability in the workplace.

Under the U Thein Sein administration, low wages were the main cause of worker strikes following an extended period of low awareness of labour rights and the absence of a well-functioning dispute resolution mechanism. In response to these strikes, the regime promulgated the first minimum wage law in 2013, guaranteeing a minimum wage of 3,600 kyats per day for 8 working hours, which took effect on 1 September 2015. However, the minimum wage had a negligible impact on workers' disposable income, and employers had eliminated other benefits—for example, transportation, bonuses, fixed-term, etc.—that were entitled to workers before the law was passed (Betty et al., 2017). This also led to labour disputes in many factories and worker strikes demanding a wage increase. In fact, the minimum wage law requires that the national uniform rate be revised at least once every two years to reflect the changing living costs of workers and changing market conditions. In January 2018, under the leadership of the National League for Democracy government, after a series of consultations between worker representatives, employer representatives and independent experts, the minimum wage was raised to 4,800 kyats per day for the first time. There is no doubt that the workers' organizations played a vital role in achieving Myanmar's minimum wage increase and thus the promotion of healthy industrial relations.

### a. **The dispute settlement mechanism in Myanmar**

The Dispute Settlement Law was promulgated in 2012 and introduced an arbitration procedure for the resolution of disputes between employers and employees. When workplace issues arise, the first stage is to resolve the issue at the factory level through the factory's WCC, which is established in accordance with the law and is composed of equal numbers of workers and employers' representatives. The WCC is indeed a key step in seeking a collective agreement between all parties in a peaceful manner and at the lowest cost. However, disputes are not always resolved in WCC within five days as required by law. In addition, workers have limited legal capacity and experience in conflict mediation (Lin et al., 2019).

If the WCC fails to resolve the dispute, the second stage is to resolve the dispute with an external mediator at the Township Conciliation Body (TCB) within three days. TCB has three representatives of employers, workers and off-site mediators. The mediators can be government representatives or retired officials who help the government resolve disputes. If no solution is found by the TCB, the case is sent to the state/regional arbitration body, and finally to the National Arbitration Council in Nay Pyi Taw. The council is composed of five representatives from MOLIP, employers' organizations and labour groups. Given that Myanmar has a lack of labour courts and limited lawyers specializing in labour issues in Myanmar, the council is the highest authority to hear disputes. The decision of the council is the final ruling that employers and workers must abide by. Although the settlement mechanism aims to resolve disputes at as low a level as possible, due to weak implementation of collective agreements by employers, strikes still occur in practice, and many disputes are referred to the arbitration council (Betty et al, 2017).

The effectiveness of the WCC system alone is unknown because of limited data availability on the number of WCCs in the country. It is important in this context to distinguish between WCCs and basic trade unions. A basic trade union is a labour organization formed by workers in the same factory in accordance with the Labour Organization Law (2011) to work for the common interest of its members. On the other hand, a WCC is a factory-level dispute settlement committee formed in accordance with the Dispute Settlement Law (2012) which involves representatives from both the employer and employees for the purpose of resolving disputes in the factory. More specifically, a WCC can be formed without having a labour union in the factory.

#### **b. The role of worker-leaders**

In 2019, the IGC conducted research on industrial relations and workplace communication in Myanmar's garment industry, which, as already noted, has a high incidence of strikes. At the time, the garment industry was considered to be the most important industry for job creation in Myanmar and one of the most promising industries for attracting foreign direct investment. In addition, in a context where there is limited literature on Myanmar trade unions and labour relations in general, this study provided evidence on how basic trade unions play a key role in factory level dispute resolution. The study also investigated the role of basic labour unions in the arbitration process.

Both quantitative and qualitative research methods were used to reach the final empirical results and recommendations. For the quantitative analysis, the team used survey data from garment factories in Yangon in 2015. The garment survey obtained information on the company name, employment scale, exports, characteristics of management personnel, and working conditions of workers in 209 apparel factories. Next, the team obtained administrative data on all registered TCB dispute cases during 2016 in the Yangon Region from the MOLIP. This administrative data includes information about the name of the company, the name of the township, the needs of workers, and the status of whether the case is resolved at the TCB or submitted to a regional arbitration body. These two data sets were matched at the company level by taking the average of selected variables (company name, safety and health management and management practices), and finally a combined data set composed of 202 matched companies was created. For the qualitative analysis, the team conducted field interviews and case studies with employers and employees.

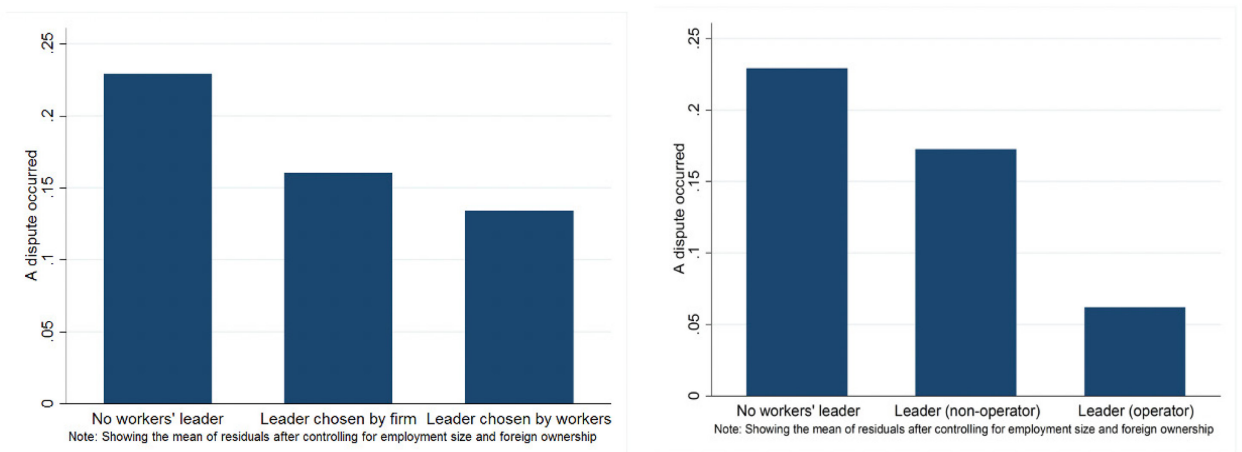
#### **Overview of findings and policy implications**

The research on industrial relations and workplace communications in the garment sector has four main findings with respect to the role of worker-leaders in reducing

disputes and promoting consensus in the Myanmar garment sector. These findings are summarised as follows:

- *First, if a factory has a worker-leader recognized by the management, then they are less likely to encounter serious disputes that require an external mediator.* The empirical results show that the presence of worker-leaders in a factory may reduce the disputes in the factory by 10%. One possible explanation is that worker-leaders play a key role in communicating between workers and employers, and it is through this channel that workplace disputes are resolved before they reach the Township Conciliation Body. In addition, it is worth noting that worker-leaders are not always union leaders or WCC representatives; some worker representatives are from religious or social groups loosely formed within the factory. These also play an important role in factory-level dispute resolution.
- *Second, if at least one worker-leader comes from the production floor or if the leader is selected by a worker rather than a manager, the presence of the worker-leader is more strongly correlated with a lower incidence of disputes (see figure-1).* This may be because those worker-leaders have closer ties with other operators and are supported by production workers who account for the majority of the labour force, so they can play a greater role in persuading workers. In addition, when the workers leaders are selected by the production workers, they are considered to best represent the needs of the workers when dealing with firm managers. Likewise, if the manager-selected worker-leaders come from the operation side, they may be better able to negotiate with managers as they may understand the production-side circumstances better.

Figure-1: Fraction of firms that experienced labour disputes, 2015



- *Third, foreign-owned factories, those that tend to bring more foreign workers and advanced technologies, tend to experience more serious disputes than locally-owned factories, which shows that language and cultural barriers are important.* The team's research shows that foreign-owned factories are more likely to encounter labour disputes in the workplace by 18.4%, compared with their domestically owned counterparts. This very likely reflects the different nature of the management and communication practices of foreign companies compared with domestic companies. There are also cases of disputes arising from misunderstanding between workers and foreign managers due to language barriers. It is also found that companies that recruit more foreign workers may encounter a higher incidence of disputes than local companies, lending support



to the hypothesis that it is communication and cultural issues that explain the higher incidence of labour disputes in foreign-owned factories.

- *Fourth, broader management practices and workplace conditions do not have a strong correlation with the incidence of disputes.* Management practices and workplace conditions, such as regular meetings between worker-leaders and the company, fixed working hours and the existence of a suggestions box for workers do not appear to reduce the occurrence of labour disputes. Rather, we find that it is the size of a company, in terms of employment numbers, that is more related to the incidence of disputes. This may be due to the difficulty of the company to coordinate as the company hires more workers and workplace issues become more challenging, once again suggesting that strengthening channels for effective workplace communication would help in reducing labour disputes.

The qualitative analysis focused on the factors surrounding labour disputes at the factory level, and how to resolve them at the factory, township, and national levels. The team found that, in firms with no basic union or WCC, the firm selects worker representatives to resolve disputes. These leaders often follow the instructions of the firm's management instead of reflecting the interests and demands of the workers. Therefore, strikes become the only way for workers to gain bargaining power. Common reasons for strikes around 2017 include firing workers for failing to meet production targets, communication problems, and proactively establishing labour unions in factories. Other reasons for strikes include not receiving the minimum wage, losing other benefits (e.g. bonus pay), and mismanagement by the human resources department in assigning workers based on skill levels. In particular, failure to comply with labour laws was considered by interviewees to be the main reason for cases reaching the TCB and the National Arbitration Council. Examples of specific labour law violations are: not issuing factory closure notices one month in advance; not giving workers their entitled leave; and not increasing wages even if the employee's skills improve. Finally, the qualitative analysis also found that workers' lack of legal awareness and inadequate dispute handling capabilities contribute to unsatisfactory results in dispute resolution, and workers are thus in a disadvantageous position vis-à-vis employers in the TCB or arbitration council.

### 3. Characteristics of union leaders in Myanmar

As discussed above, the existence of basic labour unions and their leaders in the workplace can benefit industrial relations by reducing workplace disputes. At the same time, union leaders often face pressure from employers for their initiative and leadership in forming basic trade unions. This raises the question of what characterises union leaders? How can they reach consensus over the group's objective and shared understanding? How do they mobilize employees to participate in the labour movement for the common good? To answer those questions, in 2019, the IGC funded research on union leaders in Myanmar's garment industry, titled "Union Leaders: Experimental Evidence from Myanmar", building on a collaboration with the CTUM. This empirical study helps policymakers and other key stakeholders understand the common attributes of union leaders, enabling them to better support the labour movement and industrial relations in Myanmar.

The team used a range of field experiments to carry out this research. 32 out of 41 trade unions affiliated with the CTUM participated in the study, bringing with them 1,105 garment workers, including 19 trade union executive members (i.e. president and secretary), 170 line-leaders (LLs), and 594 trade union members. In addition, there were 322 non-union members who participated in the study. Unfortunately, due to the COVID-19 pandemic, the researchers had to stop their data collection activities sooner than planned, having completed data collection activities for 17 trade unions completely, and only having partially completed data collection for 19 trade unions.

#### **Overview of findings and policy implications**

The team obtained three sets of empirical results on the distinguishing features of union leaders compared with union members and non-members.

- *First, they found that, compared to other workers, elected union presidents and union executive committee members are more educated, experienced and intelligent<sup>3</sup>. They also show: greater perseverance and passion for long-term goals; greater concern for others; a stronger belief that their life outcomes are a result of their own actions (and are therefore within their control); and greater emotional stability. These are traits which are normally associated by psychologists and organizational sociologists with charisma – that is, the ability to influence collective decisions.*
- *Second, the presence of such leaders in group discussions on the planned 2020 minimum wage revision is found to improve group engagement and consensus-building on the union's preferred minimum wage levels. Moreover, by experimentally varying whether a leader is assigned to a group with workers from their own or another factory, the team confirm that the leaders' ability to influence workers is not just because of their social connection with workers or their organizational affiliation with CTUM but their own attributes as leaders.*
- *Third, the ability of labour leaders to mobilise workers in the interest of a common good when it is privately costly for workers to do so (such as engaging in a strike to protest a common issue) hinges on their role as coordinators and on their ability to exert social pressure. The leaders' role as motivators alone was found to be insufficient for worker mobilisation, although it does enhance mobilisation when combined with their coordinating role. With regards to social pressure, the*

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<sup>3</sup> According to Raven's Progressive Matrices, which is a nonverbal test of general intelligence and abstract reasoning.

study suggests that workers are socially pressured by labour leaders to mobilise in pursuit of a common cause because of their own desire to improve their relationship and status with the leader, rather than fear of punishment from the leader for not participating.

## 4. Language barriers and MNCs

Compared to other companies, multinational companies are usually larger, more productive, and more export-oriented (Yeaple 2013). Multinational companies (MNCs) have production companies (i.e. affiliated companies) in countries other than their country of origin through foreign direct investment. In addition to creating jobs, there is evidence that MNCs have positive spillover effects on domestic firms that increase their productivity, especially through their interaction with domestic suppliers (Javorcik 2004). It was in this context that the IGC was requested by a senior member of the Thein Sein government to study the potential barriers to positive spillovers in the Thilawa SEZ. From surveys in the zone, the researchers found that supply chain linkages with the domestic economy were as yet underdeveloped but there seemed to be high potential for spillovers in the form of knowledge transfers between foreign senior managers (FMs) and domestic middle managers (DMs).

Generally speaking, the organizational structure of the affiliated company of a multinational company has a three-tier structure in which an experienced FM supervises one or more DMs, who in turn supervise domestic production workers. In this context, the communication between FM and DM is usually carried out in English, which is typically a non-native language for both parties. It was found from a baseline survey that a majority of DMs sought to work in the zone to gain new skills, with 41% of those DMs who sought new skills were looking to gain management skills in particular. However, it was also found that only 11.1% of DMs and 32.3% of FMs could be considered proficient in English, the implication being that much of the expected transmission of management skills between the more experienced FMs and the DMs working under them is prevented by a considerable language barrier. Indeed, it was found that 33.8% of communication time between DMs and FMs is lost due to translation and repetition and that average comprehension in meetings is between 60-80% for DMs. It is worth noting that this is a concern not just for the transfer of new skills between FMs and DMs but also the overall efficiency of these firms' operations.

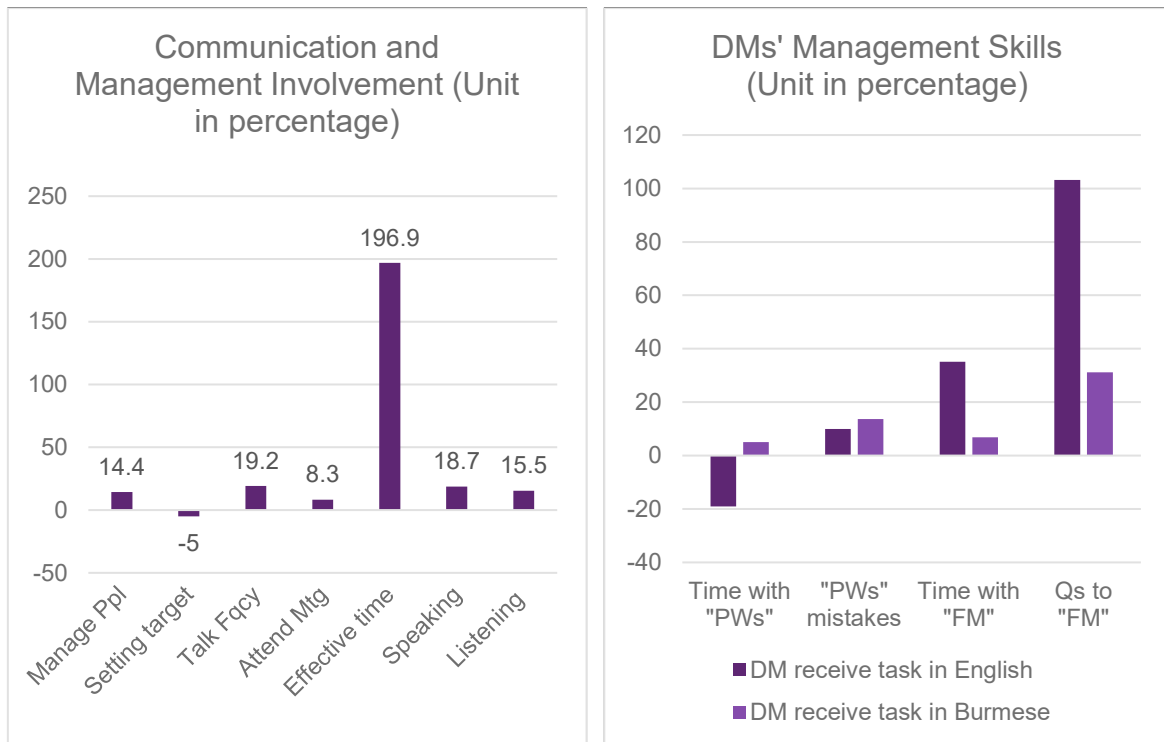
The baseline results were later compared with the results of a language training experiment, which the researchers conducted in collaboration with the Thilawa SEZ Management Committee on 298 domestic managers from 27 MNCs operating in the SEZ. The experiment involved randomly providing DMs 48 hours of free English training. Both during and after the training period, follow-up telephone surveys were conducted asking about DMs' interaction with FMs for both those that received the language training and those that didn't. The team also conducted an endline survey, which involved management simulation exercises. In these, enumerators with advanced English proficiency acted as pretend "FMs" and provided guidance to actual DMs so that they could, in turn, instruct production workers ("PWs"). The performance in this exercise of the DMs that received the language training and those that didn't was then compared.

The researchers obtained three key sets of results, which taken together suggest that the government should consider subsidising or otherwise incentivising English language training in Thilawa as well as in other special economic zones that become operational in the country:

- First, receiving English language training improves DM's English language skills and increases their frequency of communication with FMs. In particular, the researchers find that receiving language training causes DM's involvement in managing employees to increase by 14 percent (see Figure-2).

- Second, management simulation exercises showed that DMs who received the language training are more effective in managing “PWs” than DMs who did not. In particular, “PWs” whose DMs received the training completed the tasks which were assigned by “FMs” 19 minutes faster than the “PWs” under DMs who did not receive the training, corresponding to a 15% increase in the productivity if the DM receives English language training. In addition, the researchers recorded that, compared with DMs who did not receive the training, DMs who received English training spent more time asking FM questions when receiving instructions which help them improve their understanding of the tasks and establish a more meaningful interaction with FM.

Figure-2: Impact of English language training on DMs



- Third, the researchers conducted an additional experiment to show that the language skills and work experience acquired by domestic workers in multinational companies are highly valued in the domestic job market. In particular, they find that domestic recruitment managers will favour and offer higher salaries to candidates with higher levels of English proficiency and working experience in multinational companies. This suggests that DMs who benefit from subsidised/incentivised language training in the zone would not only become more effective managers but would very likely carry those skills into jobs that they subsequently take up outside the zone, where their experience is clearly valued.

As already noted, these results when taken together suggest that government support – whether by subsidising or incentivising, through tax reliefs or some other means – for English language training in the Thilawa SEZ would not only promote human capital development among Myanmar national management staff, in the form of gaining new and more effective management skills, and thereby contribute to greater productivity within the zone’s firms, but also enhance the benefits of developing and investing in the zone for the wider domestic economy.

## 5. Conclusions and policy recommendations

In conclusion, a stable working environment is not only important for the welfare of employees and employers, but also for promoting human capital development among the national population, improving productivity within firms and attracting more foreign investment, which carries with it the potential for transfers of more advanced technology and management practices to the domestic economy. This note reviews three pieces of IGC research conducted between 2015-2021 which speak to these issues and offer policy recommendations which are tailored to the Myanmar context.

First, in research published in 2019, an IGC-CESD team find that Workplace Coordination Committees (WCCs) — a legally mandated platform for resolving workplace disputes between employers and employees in factories in Myanmar — can play a key role in promoting healthy labour relations and in resolving disputes before they escalate to a stage where they need external mediation. More specifically, the results show that the presence of a worker-leader – whether they are a WCC representative, union representative or the representative of another, less formal grouping of workers within the factory – experience fewer workplace disputes, suggesting that strengthening of a mechanism such as WCCs would improve industrial relations in Myanmar. To strengthen the WCC mechanism, there is a ***need for greater enforcement of the law mandating WCCs in Myanmar, which is the Labour Dispute Law 2012.***

Second, in separate work that has not yet been published, IGC researchers find that union leaders in Myanmar's garment sector tend to be more educated, experienced and intelligent, according to a standard measure, which contributes to their ability to influence workers' decisions and mobilize workers as a collective labour movement. However, union leaders (or worker-leaders) face risks such as employers not recognizing their unions or of getting fired, and often have limited knowledge of labour laws. This shows that, in addition to monitoring the implementation of labour laws at the factory level, the government should consider ***working with employers' organizations, basic trade unions, and labour rights groups to directly or indirectly improve the capabilities of worker-leaders in legal awareness, conflict mediation, and coordination.***

Third, a series of studies in the Thilawa SEZ conducted by a team of IGC researchers find that there may be a role for the government to ***subsidize English language training for workers in the zone to promote human capital development in the form of knowledge transfers of management skills from more experienced foreign managers to the domestic workforce.*** If the cost of such an intervention is deemed too high for the government, incentive schemes could be another option—for example, employers could enjoy tax relief for providing/subsidising language trainings to their domestic workers.

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