

 **MYANMAR-LUXEMBOURG** 
DEVELOPMENT COOPERATION

**A REVIEW OF MSMES IN THE HANDICRAFT
AND SOUVENIR SECTOR
(RESEARCH STRAND 9)**

**Myanmar Tourism Human Resource Development
Strategy & Action Plan
2017-2020**



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AND SOUVENIR SECTOR

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Strategy and Action Plan (2017-2020)

Ministry of Hotels & Tourism
2017

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- BIF | HamsaHub Organization

A REVIEW OF MSMES IN THE HANDICRAFT AND SOUVENIR SECTOR (RESEARCH STRAND 9)

Myanmar Ministry of Hotels and Tourism (MOHT),

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FOREWORD

This Human Resource Development Strategy and Action Plan (HRDSAP) is the outcome of wide-ranging national research on the capacity of Myanmar's tourism stakeholders, undertaken in 2015 and 2016. The study was conducted by the Ministry of Hotels and Tourism (MOHT), with valuable support Project MYA/001 – "Development of Human Resources in the Hotel and Tourism Sector and Capacity Development of the Ministry of Hotels and Tourism" implemented by LuxDev, the Luxembourg Development Cooperation Agency.

The strategy guides and informs future work programmes of Myanmar's tourism and hospitality industry in a wide range of areas. It identifies policy actions and emphasises the urgent need for effective capacity building across three important areas namely, public sector governance, education and training, and the private sector.

I want to thank all those individuals, companies and organizations from the private and public sectors, non-governmental organisations (NGOs) and development partners who contributed their time, energies and ideas to the Strategy. I also acknowledge the strong role of MOHT's Training and Education Department and our counterparts from LuxDev who carried out all field work in a professional and timely manner. I would also like to thank the Myanmar Tourism Federation (MTF) and industry associations for supporting and joining the many consultation workshops and meetings.

Tourism is a labour intensive activity that will likely provide more jobs in Myanmar than any other sector. The sector's diverse activities offer a wide range of employment embracing, for example, airport services, taxi drivers, hotel staff, tour guides, tour operators, travel agencies and transport services, restaurants, handicraft producers and suppliers, as well as government staff. People employed in each of these areas need training, and it is fundamentally important for the government and private sector to work closely together to develop quality training and education facilities, and deliver tourism and hospitality skills training. As part of this process, coordination and cooperation between the government, private sector and development partners is essential to build synergy and strengthen human resource planning and management across the sector.

It is with the intention of meeting these training, education and capacity building needs that the HRDSAP has been prepared, and it is my view that the Strategy is a major contribution to the human resource development of Myanmar's Tourism Industry.

Please continue to share your thoughts and ideas on tourism human resource development in Myanmar with my colleagues and myself at the MOHT. You can contact me through email at mo.moht@mptmail.net.mm

H.E. U Ohn Maung
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Nay Pyi Taw

Tourism is one of the most important economic activities in the world today. It directly generates services, products, employment and investments. In countries like Myanmar, where tourism is becoming a more and more flourishing service industry, the sector bears an important potential for gainful employment across the society and the country, but especially for young people.

Myanmar possesses great tourist potential and many attractions to be made further accessible in the future. In order for the possibly far-reaching economic and social impact on national development to materialize, human resources for the tourism and hospitality sector are essential.

Luxembourg's Development Cooperation has a solid track record in promoting skills development for tourism globally and in South East Asia, notably in Vietnam and in Lao PDR. We are proud to put the expertise acquired at the disposal of Myanmar.

The Government of the Grand Duchy of Luxembourg, through its Luxembourg Ministry of Foreign and European Affairs is therefore very pleased to support the Government of the Republic of the Union of Myanmar in the development and publication of the strategic plan for human resource development for tourism in Myanmar through its first bilateral project, entitled Development of Human Resources in the Hotel and Tourism Sector and Capacity Development of the Ministry of Hotels and Tourism, or MYA/001.

The Myanmar-Luxembourg cooperation will continue to expand its range of training and capacity development at all levels of the tourism and hospitality sector. On behalf of the Luxembourg Ministry of Foreign and European Affairs I wish to thank all those who participated in the data collection, focus groups and meetings, as well as the Ministry of Hotels and Tourism and the Myanmar Tourism Federation associations who contributed their time and expertise to coordinating and supporting the research which enabled the drafting of the present HRD Strategy and Action Plan.

We look forward to an on-going partnership with the Ministry of Hotels and Tourism and others to enable Myanmar to develop a professional and high quality tourism industry, and we believe that this strategy will lay strong foundations and directions for the future development of the sector, which will greatly contribute to Myanmar's striving economy. However, most importantly it will allow the next generations to fulfil their potential and to seek decent work and gainful employment.

Mr. Claude Jentgen

Chargé d'affaires a.i.,

Head of Development Cooperation Office in Vientiane, Laos

Ministry of Foreign and European Affairs

Luxembourg

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ACRONYMS

HR	Human Resources
HRD	Human Resources Development
IT	Information Technology (computing)
IRTC	Training Centre in Nyaungshwe
LTC	Bagan Lacquerware Technology College
LuxDev	Luxembourg Development Cooperation
MACA	Myanmar Arts and Crafts Association
MHA	Myanmar Hoteliers Association
MOHT	Myanmar Ministry of Hotels and Tourism
MSSA	Myanmar Souvenir Shops Association
MSME	Micro, Small and Medium Enterprises
MTF	Myanmar Tourism Federation
MTMP	Myanmar Tourism Master Plan
MYA/001	Development of Human Resources in the Hotel and Tourism Sector and Capacity Development of the Ministry of Hotels and Tourism
NGO	Non-Government Organisation
SPSS	Statistical Package for the Social Sciences
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organisation

Executive summary

There is a natural link between handicrafts and tourism. Tourists travel to personally experience a culture through encounters, stories and objects, and to purchase hand-crafted souvenirs to represent their memories of connecting with and participating in other cultures. The production and distribution of cultural handicrafts contribute to tourist satisfaction and experience within a destination region. Through the purchase of locally crafted items, tourists create and promote employment for sustainable economic development: without a market, many traditional skills could eventually fade due to lack of demand. The tourism market therefore provides an opportunity to create sustainable livelihoods and to preserve the traditions that comprise the fabric of Myanmar national and cultural heritage.¹

This focus group study collected the human resource (HR) views and opinions of micro, small and medium sized enterprises (MSMEs) in Myanmar's handicraft and souvenir sectors, specifically focusing on the HR challenges of artisanal MSMEs, and sought to determine how their human resource needs can best be met. The outcomes of the focus group discussions will contribute to the design of a Human Resource Development Strategy and Action Plan (HRDSAP) for Myanmar's tourism sector.

The focus group meetings were held in Yangon, Bagan, Mandalay and Inle Lake, and prepared in a collaborative effort between the MOHT, Myanmar Tourism Federation (MTF), Myanmar Souvenir Shops Association (MSSA) and LuxDev staff. In total, 79 participants attended the four focus group meetings during November and December 2015.

The primary human resource topics investigated during the focus group meetings included:

- HR in the handicraft souvenir value chain
- Recruitment
- Staff retention
- Succession planning
- Labour policies/contractual issues
- Career development
- Coaching/mentoring
- Training and development

The HR challenges encountered by artisanal MSME focus groups in Myanmar, and recommendations to correct them, include:

- (1) Low artisan incomes: Prepare and implement a national handicraft marketing strategy with the objective of sustainably increasing artisans' incomes.
- (2) Scarcity of skilled artisans (especially designers): Increase recruitment to the handicraft sectors by:
 - (a) Increasing incomes
 - (b) Offering formal vocational training programmes
 - (c) Offering government-approved and supported apprenticeship schemes
 - (d) Creating enthusiasm and interest amongst both the young and old generations
 - (e) Offering healthcare and social security programmes
 - (f) Offering decent subsidised accommodations, and
 - (g) Establishing a national worker migration scheme for artisans
- (3) Lack of formal vocational training: Establish vocational training in technical artisanal skills and general business skills at the four primary tourist destination areas in Myanmar.
- (4) Lack of youth enthusiasm and interest for the craft trades: These could be stimulated by developing:
 - (a) National recognition awards for artisans
 - (b) National and international promotion of Myanmar's traditional crafts at exhibitions, festivals and trade fairs, and
 - (c) Teaching of crafts in schools by genuine masters and artisans
- (5) Lack of adequate healthcare and social security for artisans: Develop and introduce affordable and practical healthcare and pension programmes for artisans and workshop owners.

¹ O'Connor 2006; Yunis 2008

- (6) Economic leakages from tour guide commissions of 20–35%: Decrease or abolish tour guide commissions, either by establishing common handicraft marketplaces in the primary Myanmar tourist destinations or by introducing legislation and policy in the agencies' conflict of interest policies and tour guides' codes of conduct.
- (7) Need for common handicraft markets in the primary tourist areas: Establish common handicraft marketplaces as tourist venues in Yangon, Bagan, Mandalay and Nyuangshwe.
- (8) No export market assistance for small quantity exporters: Government marketing strategies should include strategies for enterprises to reach regional and international export markets.
- (9) Loan schemes currently offered are only short term repayment plans: Establish small loan schemes, with longer term packages, specifically catering to artisan needs and affordability.
- (10) Government wood policies: These make it illegal for any artisan to obtain quality raw wood at a fair price. Improve the current forestry and timber policies and regulations by taking artisan livelihoods into consideration.

Without immediate assistance and support, it is highly likely that Myanmar's handicraft sectors will continue to decrease in size and eventually die out, taking with them 1,000 years of cultural heritage.

1. Introduction

1.1. Background

The Republic of the Union of Myanmar undergoing political, economic and social change. The tourism industry has been identified by the Government of Myanmar (GOM) as one of seven economic pillars to support reform processes, create jobs and stimulate the expansion of the wider economy. The 2013–18 Myanmar Tourism Master Plan (MTMP) produced by the Ministry of Hotels and Tourism (MOHT) sets out a framework for sector expansion, and calls for the design of a tourism human resource development strategy to both facilitate its implementation and capitalise on opportunities for the tourism sector to reduce poverty.

Tourism is a labour intensive industry, forecast in the MTMP's high-growth rate scenario to generate over a million new jobs by 2020. Most of these jobs are direct employment in the food and beverage, transport services and accommodation sectors. The industry also generates indirect and induced employment through a wide variety of supply chain activity, which in comparable economies is roughly equal to the direct employment generated. This suggests that total tourism industry-related employment, including direct, indirect and induced employment, could generate roughly two million new jobs by 2020.

This report, focusing upon micro, small and medium sized enterprises (MSMEs) in the Myanmar handicraft and souvenir sector, is one of ten research and training needs assessments taken to underpin the design of a tourism Human Resource Development Strategy and Action Plan (HRDSAP).

1.2. Definitions

Human resources are defined as the personnel or workforce of a business or organisation, especially when regarded as a significant asset to an enterprise. This report accepts that human resources are a capital asset to an organisation or nation but also recognises that people act as creative and social beings in productive businesses and should not be viewed simply as economic commodities. Human resources include all the knowledge, talents, skills, abilities, experience, intelligence, training, judgment, and wisdom possessed individually and collectively, the cumulative total of which represents a form of wealth available to nations and organisations to accomplish their goals.²

Micro, small and medium sized enterprises (MSMEs) are defined differently in different countries; some measure manufacturing investment, others annual turnover, but most measure by the size of the business's workforce. Micro enterprises consist primarily of family members working in the business from their place of residence. Small enterprises usually employ skilled staff from outside of the family circle, and are operated at the owner's residence, at purpose-built premises, or at rented facilities. Medium sized enterprises require levels of management and well-structured organisational skills to remain competitive and profitable, and they usually operate from stand-alone manufacturing/business premises.

Handicrafts are mostly defined as items made by hand, often with the use of simple tools, and are generally artistic and/or traditional in nature.³ They can be practical or aesthetic, often both.⁴ The individual artisanship is the most important criterion of a handicraft item; items made by mass production or machines are not handicraft goods.⁵ Traditional handicraft (or art) is learned from family or community members and passed down through generations, with each artist remaining true to the time-honoured methods or techniques yet free to add personal creativity to the process.⁶ Souvenirs can be described as anything that is kept as a reminder of a person, place, or event.⁷ A souvenir can be any memento that aids in recalling the experience of a place or event: an entrance ticket, fridge magnet, a postcard, or even a stone found on a beach.⁸ If handicrafts are purchased to transform intangible experiences into tangible memories, then they are also souvenir items.

The handicraft sector can have a major impact on national economies through foreign exchange earnings, employment creation, low per capita investment, high value addition and sustainable economic growth.⁹ GOM's 2014 census data states the "Crafts and Related Trade Workers" sector, employs over 2.4 million workers (11.7% of the working population).

² Encyclopedia Britannica 2016

³ ITC 2010, Nagori 2012

⁴ Handicrafts India 2016

⁵ Chang et.al. 2008, Cohen 1988, Wikipedia 2016

⁶ Littrell et. al. 1993, Clarke & Brackner 2016

⁷ Morgan & Pritchard 2005, Zauberan et. al. 2009, Oxford Dictionary 2016

⁸ Gordon 1986

⁹ O'Connor 2006, Tao & Wall 2009

While a clear definition of what sub-sectors are embraced under this definition is lacking, the report suggests the sector annually contributes between 3 and 4 US\$ billion per year to the national economy. Interviews with stakeholders further suggest 20-25% of the handicraft sector is linked to international tourism and this figure is a growing year by year. Moreover, the mythological, religious, social, historical and artistic expressions in crafts combine both utility and beauty, symbolising the strengths of a country's cultural heritage and making handicrafts one of the preferred sectors in the process of economic development.¹⁰ These factors make the Myanmar handicraft sector and its artisanal workforce an ideal industry to be targeted for sustainable development, as demonstrated by its inclusion in MOHT's MTMP under Aim 2: broad based local socio-economic development (Action Point 3). This aims to 'diversify the local economy via handicraft development and support the development of local artisan and handicraft shops, in particular involving women and youth'.

There is a natural link between handicrafts and tourism. Tourists travel to personally experience a culture through encounters, stories and objects.¹¹ They purchase hand-crafted souvenirs to represent their memories of connecting with and participating in other cultures. The production and distribution of cultural handicrafts contribute to tourist satisfaction and with a destination.¹² Through the purchase of locally made items, tourists create and promote employment and thus sustainable economic development¹³: without a market, many traditional skills could eventually fade due to lack of demand.¹⁴ The tourism market therefore provides an opportunity to create sustainable livelihoods and to preserve the traditions that comprise the fabric of Myanmar's cultural heritage.¹⁵

1.3. Aims and objectives

The aims of this study are to obtain, through a series of focus group meetings, the views and opinions of MSMEs on HRD-related issues affecting the handicraft and souvenir sector. The specific objectives of the focus group meetings were to:

- Review employment and training issues relevant to the Myanmar handicraft sector at tourist destinations across the country.
- Assess the extent to which employment conditions and training provisions meet the needs of staff and employers.
- Identify priority actions to improve employment, training and career progression conditions in the handicraft and souvenir sector.

The primary human resource topics investigated during the focus group meetings included:

- HR in the handicraft souvenir value chain
- Recruitment
- Staff retention
- Succession planning
- Labour policies/contractual issues
- Career development
- Coaching/mentoring
- Training and development

1.4. Methodology

This study is in the form of a deductive social science enquiry that applies qualitative focus group methods, with a quantitative self-administered questionnaire utilising Likert scales. Hosted by MOHT, the Myanmar Tourism Federation (MTF) and LuxDev, focus group meetings were used as the primary data source to achieve the objectives outlined above. Secondary data sources derived from relevant international and local literature were used to gain further insights and understanding of the HR needs and challenges in the handicraft and souvenir sector.

The dates and venues for each focus group meeting were:

- (1) **Bagan**: Silver Monastery Myinkaba, 30th November 2015, 8:00am to 12:35pm.
- (2) **Mandalay**: Best Western Hotel Shwe Pyi Thar, 5th December 2015, 9:00am to 1:15pm.
- (3) **Inle Lake**: Inle Speaks, Nyaungshwe, 9th December 2015, 8:00 am to 12:40pm.
- (4) **Yangon**: La Maison Restaurant, 11th December 2015, 9:00am to 1:20pm.

¹⁰ Bouchart 2004, Khan & Amir 2013

¹¹ Kim 1999

¹² Jansen-Verbeke 1990

¹³ Pye 1988, Richard 2007

¹⁴ ITC 2010

¹⁵ O'Connor 2006; Yunis 2008; Thirumaran 2014

The focus group meetings included slide presentations in English, which were interpreted by a professional translator and interpreter from Yangon.

Data collection included audio recording, short transcriptions, flip charts, written cards and a questionnaire-styled record sheet. The focus group meetings were audio recorded, with short transcriptions prepared and typed at a later date: these are found in Annex A. Flip charts were used to record points of discussion. Each participant was given coloured writing cards to write down their own key human resource and recruitment issues.

The participants were also given a human resource issue record sheet (Annex B), with a 7-point Likert scale on which each participant could rank their level of agreement or disagreement to a particular human resource issue. The record sheet also captured the length of time in which they felt each issue and solution should be completed: short term (within 1 year), medium term (1 to 3 years), long term (3 to 5 years), or never. At the end of each focus group meeting evaluations forms (in the Myanmar language) were distributed: all participants ranked the focus group meeting presentation and delivery very highly (Annex C). These were analysed immediately after each meeting to improve the delivery of future meetings.

The audio recordings were used to prepare the short transcriptions, with irrelevant audio discarded. Flip charts were retained to verify the content of short transcriptions, and written cards were used to ensure that no major points or issues were missed and that issues were properly interpreted in the final report. Record sheet data was entered into SPSS to determine the frequencies of agreement or disagreement for each issue, and is presented as statistical frequency tables and pie charts in several annexes.

While the small sample sizes of the focus groups do not statistically represent Myanmar's handicraft and souvenir stakeholders, they offer valuable insights into the primary human resource difficulties and challenges faced by many artisans within the country's craft industries.

2. Situational analysis: Bagan handicrafts and human resources

2.1. Bagan: artisanal background

Bagan is renowned for its traditional lacquerware products, which are unique in method, form and design.¹⁶ The traditional art of lacquerware (ran yun) is one of the ten ancient handicrafts of Myanmar – locally and affectionately known as the ‘ten flowers of Myanmar’.

Over the past 25 years, however, traditional Bagan lacquerware producers have restructured themselves within the shadows of the burgeoning tourism industry.¹⁷ Due to the heroic efforts of a handful of lacquerware masters and entrepreneurs, the traditions of Bagan lacquerware have been kept alive.¹⁸ It is estimated that over 4,000 people are involved in lacquerware production¹⁹ and, according to the local township administrator, there are over 900 households involved in production in Myinkaba alone, representing a large majority of Myanmar’s modern lacquerware industry.

2.2. The Bagan handicrafts human resources focus group

The Bagan focus group meeting engaged 16 MSME participants (Annex J), comprising:

- 4 Myinkaba ward leaders (all of them highly respected lacquerware masters), who jointly represented over 500 micro-household lacquerware producers in Myinkaba)
- 2 micro-household workshop owners
- 4 small workshop owners
- 4 medium sized workshop owners
- 1 spokesperson from the Bagan Lacquerware Technology College, and
- 1 official from the Myanmar Hoteliers Association (MHA)

2.3. Bagan lacquerware focus group results

2.3.1. Main human resource (HR) issues affecting handicrafts businesses in Bagan

The participants were asked to write down two or three of the primary human resource issues affecting their businesses.

Their responses are listed below in no particular order:

- Scarcity of skilled labour and professionals (repeated on 4 cards)
- Requiring investment to grow and employ more people
- Scarcity and price of raw materials (repeated 5 times)
- Necessity for new designs and training in design
- Etching – etchers are scarce and need higher incomes
- Lack of interest from youth (repeated 4 times)
- No support from government and feeling of helplessness (repeated 4 times)
- High staff turnover
- Higher costs of freight and transport
- The local Lacquerware Technical College is not effective in assisting lacquerware producers, and does not offer practical vocational training
- Local people are not very business minded
- 30% commissions given to tour guides (20%) and bus drivers (10%)

From this list, the participants were asked to prioritise the three main human resource issues they felt to be most important to their business. They agreed on the following three:

- (1) The need for loan schemes to invest and grow businesses
- (2) Lack of government support (financial loans, tourist promotions, accreditation and acknowledgment)
- (3) Low production worker salaries (excluding designers)

The record sheet data used in the following sections can be found in Annex F.

¹⁶ Bagan House 2016

¹⁷ Gritsenko 2013

¹⁸ UNIDO 2014

¹⁹ Ibid.

(1) Loan schemes

Focus group discussions about loan schemes centred on repayments and realistic interest rates. 12 out of 14 participants agreed they need loan schemes (government or private) to invest in human resources and to grow their business. One respondent stated, "We cannot get returns on investment quickly when it can take up to six months to produce our products. Trying to return the short term loans currently offered gets us into even more financial problems!" All participants agreed that longer-term loan schemes should be implemented in less than one year.

(2) Government support

Of the 14 participants, 13 indicated that they require government support. Discussions suggested that this assistance should come in the form of low interest loans, strategic promotions of lacquerware to the tourist and export markets, a lacquerware accreditation scheme and acknowledgement of their cultural contribution to Myanmar's artisanal traditions. All stated that this should be implemented in the short to medium (1 to 3 year) term.

(3) Low production worker salaries

Low salaries were a recurring theme throughout the focus group meetings. From the record sheet data in Annex F, 12 out of the 14 participants agreed that the low salaries paid to lacquerware workers are a deterrent to current and potential artisan workers. All attendees agreed that this needed to be corrected within the short to medium term.

2.3.2 Handicraft value chain human resource issues

(1) Raw material issues affecting staffing

An increasing scarcity of raw materials due to deforestation and rising prices was a major concern for the focus group. Eleven participants agreed that the rising cost was of concern to staffing salaries and should be addressed within the short to medium term. When the focus group was asked whether deforestation presents a problem to their human resources and if a decreasing raw material supply would lead to a decrease in staff, all but one participant agreed. The consensus was that this needs to be acted upon within the short term, but implemented over the longer (3–5 years) term. One participant stated, "It is very important to speak to the government about planting thitsi trees. Instead of planting rubber, it's better to plant thitsi."

(2) Production worker issues

The scarcity of designers and etchers was the focus group's largest concern regarding production worker issues. 12 out of 14 participants agreed that there is a lack of designers; one of them explained, "When tourists look at a piece, it is the art design that they like the most and that is design what gives the most value to the object ... we don't have enough designers, and we need more training for the designers we do have."

(3) Distribution and retailing factors affecting HR

The lacquerware retailing participants in the focus group usually make a margin of between 15–25% from the final price sold to tourists, but the tour guides who bring the tourists to shops receive commissions amounting to 30% from the total purchase price paid by the tourist. Those who originally argued that retailers should distribute earnings back to the producers and workers ended up agreeing that the margins made by retailers are actually fair, given the outlay and risk that they take. The consensus was that if they got rid of tour guide commissions they could get more money for artisans' salaries, but the majority also said that it was necessary to solicit the guides' help to ensure the flow of customers.

As a solution, a participant put forward the idea of a common handicraft marketplace, with government support and over 350 stalls, where tourists could visit. This idea was supported unanimously, and everyone agreed that it would help the micro-household workers to gain direct access to the tourist market, cut out tour guide commissions and directly increase their incomes.

(4) Tourism market factors affecting HR

13 out of 14 participants would be dramatically affected if tourist numbers dropped, and would have to seek government support. One participant said that, during 2007's political turmoil, "Tourists stopped coming: most of us stopped producing lacquerware and did other things to get by. We would need government support if it happened again."

2.3.3 Recruitment issues

(1) Key recruitment issues affecting the success and profitability of lacquerware producers and retailers

The focus group participants each listed two to three recruitment issues that affect their success and profitability. Their responses are shown below:

- Difficult to find skilled artisans (repeated on 12 cards)
- Low artisan salaries (repeated 3 times)
- Lack of interest (repeated twice)
- Lack of labour rights and benefits (repeated 4 times)
- Artisans changing career

From this list, the participants agreed their three most important recruitment issues to be:

- (1) Lack of skills and ability
- (2) Low salary and low interest in artisanal work as a career
- (3) No guarantees of work or social security

These cause the greatest problems in recruitment, especially when attempting to attract the younger generation.

The lack of skills and ability was raised by 13 out of 14 participants as a major concern, and is due to a very limited 'recruitment pipeline' for this particular industry. Most households primarily train their own family members, and some youths from these households do not wish to become lacquerware artisans. Adding to the problem, there is no formal vocational training for those who do not come from traditional lacquerware families.

As previously discussed, low incomes are seen as a primary reason for workers leaving or not entering the lacquerware sector, although many other factors do contribute to their decisions. With the increase in tourists visiting Bagan, demand for lacquerware has never been greater: it is expected to continue to grow, but the scarcity of workforce, especially designers and etchers, is affecting operations and profitability.

Participants voiced frustration that the Bagan Lacquerware Technology College (LTC) does not offer any vocational training. The LTC spokesperson in the focus group explained, "If the school is to offer vocational training, it will need government [Ministry of Cooperatives] approval and a budget." All participants agreed strongly that formal vocational lacquerware training, especially in design and etching, urgently needs to be offered by LTC to alleviate the lack of skills in these areas.

(2) Most important skill sets needed from staff upon recruitment

The most important thing needed from new staff is design and etching skills. "Comprehensive knowledge and skills on different designs, whether traditional or modern," – as one participant put it – are the most sought after skills from designers. When asked whether women would be accepted to become lacquerware designers (which may alleviate the scarcity), another participant responded, "According to the customs of our region, the women do the etching and the design is done by men. It is possible [for women to become designers], but it's our history and we don't think it will change." For etchers, the most sought after skills were aptitude and artistic talent. A focus group participant stated that the most important thing is to, "Develop their skills. Practice gives them experience, and they need talent for the work. The younger generation should be coached or mentored by the older generation on the job."

2.3.4. Staff retention and succession planning issues

(1) Staff turnover

11 out of 13 participants stated that they do not have a problem with staff turnover. This response could be due to the freelance/day worker situation in Bagan, whereby staff are employed on a day or per-piece rate and are found in the local community on an ad hoc and availability basis. Very few artisans or workers are employed full time by workshop owners: skilled workers frequently rotate (turnover) between different workshops.

(2) Succession planning strategies

When asked whether they conduct succession planning within their business, 11 out of 13 stated they do and that it is well communicated to all staff. "Usually the skills are passed on to the younger generation [in the household] by letting them get involved in managerial operations of the workshop." "We do not need assistance with this. This is actually passing along information from the parents to the children. No special assistance is necessary."

2.3.5 Labour policies and their effect on handicraft businesses

(1) Labour policies

Except the social security pension plan, all agreed that there are no problems with the government's labour policies. A participant explained, "If they [labour policies] were respected, then the policies in them would be really beneficial and advantageous – if people really followed the rules. The government specified that the minimum basic salary for the lowest basic worker should be 130,000 kyats per month. The daily salaries we give, plus benefits, add up to this, so we are following the law – others are not."

(2) Employment contracts

When the focus group was asked if employment contracts were used or needed, all the participants said that contracts are not necessary and that nobody wants them. Focus group discussions explained that work agreements are traditional and give the artisan independence, self-value and a sense of power over their own destiny. Contracts would bind them and then this tradition would be lost. All appeared to be happy and content with the traditional day rate or per-piece system of mutual verbal agreement.

2.3.6. Career development

(1) Career paths

The lacquerware artisan career path is simple: "There are no levels... You become a master and you do your work and you are paid by your ability." All participants are content with the way that the current, and traditional, career path is laid out for prospective lacquerware artisans.

Different members of the focus group explained that in the micro-household, children grow up surrounded by the community lacquerware production process. After their final year of schooling, and if the children are willing, their parents begin teaching them a specialised area in lacquerware. Some of these children come from the extended family. Depending on their ability, in six months to a year they become specialised in an area of lacquerware production. The more specialisations and skills, the more money they get paid, but pay always depends on their ability, not on time. Then after many years of practice, if the local community believes that their skills are worthy, they start calling them a 'master'. When their father and mother become too old or pass away, then they become the household's workshop owner. This is the way it has been done in Bagan for nearly a thousand years.

(2) Staff coaching and mentoring

When asked about staff coaching and mentoring, all agreed that they do not need any assistance. One participant summarised: "It is the responsibility of the owner to make a close inspection of the work and closely mentor individual workers. From generation to generation, this has been the way of coaching and mentoring in Bagan."

(3) Formal training opportunities currently available

When the audience was asked whether they would send their workers to LTC if it introduced vocational training, all agreed that they would. The LTC spokesperson replied that he would try to seek permission to deliver such training programmes and attempt to secure resources. 11 out of 12 participants concluded that they wanted to cooperate with LTC and the rest of the business community for the development of the lacquerware sector.

(4) Vocational and skill areas of growing importance to the handicrafts sector over the next three years

Discussions were held regarding skill areas of growing importance like administration (finance, record keeping, management, production scheduling etc), marketing and sales skills or technological and computing skills. All agreed that there is a shortage of all these business skills in Bagan.

(5) Best methods and approaches to deliver priority training

The focus group concluded that the best method is if LTC could arrange vocational training, delivered after work for 1 or 2 hours per session or in blocks of 3 to 4 days during the off-peak tourist season (June to October).

2.4. Other issues

2.4.1. Migrant workers

When the focus group was asked if there were any other issues that they would like to raise, one participant raised the possibility of the government sending migrant workers to work in the lacquerware industry in Bagan. 10 out of 11 participants expressed their willingness to accept migrants relocating to Bagan to work in lacquerware production.

2.4.2. Common marketplace

As described in Section 2.3.2 (3), the majority of participants expressed a strong interest in having a common marketplace where artisans could sell their products. During the discussion, they called for assistance from the Ministry of Hotels and Tourism to set aside an area and turn this dream into a reality. They added that, if they did have this common lacquerware marketplace, they would also require assistance in promoting it as a local destination and tourist attraction.

2.5. Conclusions

The Bagan lacquerware focus group raised many areas of concern and offered sound solutions to their human resources needs. The most pressing of these issues include:

(1) **Low incomes:** If artisans' salaries do not increase, more of them will leave lacquerware production. To increase artisan salaries, the tour guide/driver commissions of 30% need to be reduced or totally eliminated from the value chain. These commissions could be controlled by policy, or by creating a common marketplace so the guides/drivers could no longer obtain commissions from the tourists that they bring.

(2) **Lack of skilled artisans:** More skilled designers and etchers are required to keep up with increased tourist demand. If formal vocational training was offered by LTC, this would greatly assist the lacquerware communities in formalising their traditional coaching and mentoring practices.

In addition, a national migrant worker scheme could be created by encouraging people from regions with high unemployment to seek employment in regions which need workers, taking into consideration that Bagan is an ancient Buddhist centre of worship.

(3) **Need for vocational training:** Vocational training is not just needed in lacquerware production techniques, but also in administrative, managerial, marketing and IT skills. LTC can supply such vocational training programmes if mandated by the Ministry of Cooperatives and given the budget to do so.

(4) **Need for a common lacquerware marketplace:** This would offer artisans direct access to their markets instead of having to sell through retailers, thus bypassing the 30% commissions paid to tour guides and drivers and creating a new tourist attraction in Bagan.

(5) **Need for medium to long term loan schemes:** Government or private financial institutions should tailor longer term financial loan packages for the lacquerware producers.

(6) **Increasing cost of thitsi (lacquer sap) due to deforestation:** The solution suggested is to plant thitsi trees instead of rubber trees at the appropriate elevation in Shan State.

(7) **Need for assistance in establishing contingency plans:** If tourist arrivals are affected in Myanmar, the lacquerware producers will have difficulty keeping their businesses afloat.



Photo 1: Lacquerware masters in Myinkaba, Bagan

3. Situational analysis: Mandalay handicrafts and human resources

3.1. Mandalay: artisanal background

Mandalay is famous for its royal artisanal traditions: intricate tapestries, marionettes, woodcarvings, silverware and silver jewellery, bronze pouring of statues, gongs and vases, marble carved statues of Buddha, gold leaf beating and gilding, ceramics and cotton textile weaving – all heavily influenced by Buddhism. The city of Mandalay was built from empty lands in 1857 by King Mindon of the Konbaung Dynasty (1752–1885), and when the court and government were moved to it from Amarapura in 1861 they brought with them 150,000 subjects, a large proportion of whom were artisans. King Mindon encouraged the development of artisans' guilds, and over 150 years later many of these still exist and serve the trades responsible for the carving of alabaster, marble and wood, casting bronze and producing gold leaf (MOHT 1996). Today, Mandalay is the second largest city in Myanmar and continues to be the centre of the country's traditional arts and crafts.

3.2. The Mandalay handicrafts human resources focus group

The Mandalay focus group meeting included participants from the Ministry of Hotels and Tourism (Mandalay), 6 senior officials and staff, 9 MSME silver/jewellery workshops, and 3 marionettes workshops (Annex K: Mandalay participants list).

3.3. Mandalay focus group results

3.3.1. Main human resource (HR) issues affecting handicrafts businesses in Mandalay

The participants were asked to write down the key human resource issues affecting their businesses. Their responses are listed below in no particular order:

- Scarcity of apprentices and skilled labour (repeated on 10 cards out of 12)
- Workers moving to other businesses (turnover) (repeated 3 times)
- Workers changing jobs after marriage (repeated 2 times)
- No problems
- Drinking during work
- Absenteeism (repeated 2 times)
- Low salaries (repeated 3 times)
- Problems passing along the craft to the next generation
- No social security, pensions or healthcare
- Market is getting smaller
- Seasonality issues with workers tending agricultural lands
- Access to export markets
- 20% commissions to tour guides

When asked to prioritise their main human resource issues from this list, the participants agreed their greatest concerns to be:

- (1) Scarcity of apprentices/labour
- (2) A desperate need for export market assistance

The puppetry participants also raised the 20% commissions paid to tour guides as a major concern, although the silversmiths in the focus group disagreed that this was a problem.

The record sheet data used in the following sections can be found in Annex G.

(1) Scarcity of apprentices and skilled labour

12 out of 13 participants said the scarcity of apprentices and skilled labour was their largest HR concern. Participants agreed this problem should be addressed in the short term and carried through into the longer term. When asked why there is a scarcity of apprentices, a participant responded, "The youth get spoilt by drinking. They lack interest once they are addicted to alcohol, so they stop working. I think they get drunk because of low salaries and feelings of hopelessness – they see cheap alcohol as their only escape."

Furthermore, the export market to Thailand (via the Tachileik border) has drastically reduced over the last 3 years and with it have come reductions in staff and pay.

(2) Export market assistance

11 of the 13 participants agreed or strongly agreed that they need export market assistance. The focus group considered it a high priority issue to be implemented in the short term and expanded into longer term strategies.

One participant explained the export situation well: "The Thai market has shrunk. We have always relied on it, but because of the political situation in Thailand their tourist market is growing smaller and smaller. So we have a smaller and smaller market, and that affects us employing workers. That's why there are less jobs. It depends on the market – if the market grew, we would be more able to pay higher salaries."

Another responded, "Not only do we need foreign tourists, we need the foreign traders too!"

A third participant interjected, "But when dealers [foreign and local] do come to Mandalay, they only go to the very big businesses: just one, two or three places. We would like them to contact every small business and collect the items directly. When they come to get items from big businesses, they do not buy from the small ones. Small businesses are ignored by dealers."

Another participant added, "Also, the big businesses give tour guides and travel businesses 20% commissions."

(3) 20% commissions for tour guides

"Since Visit Myanmar Year in 1996, tour guide commissions have been firmly rooted here."

The focus group was divided – the marionette craftsmen argued that tour guide commissions were a problem, whilst the silversmiths did not see them as a problem.

A marionette participant commented that, "In my shop I never give commissions, since my shop is by the landmark of Monyaing. I always give a little present to tourists, whether they buy or not. It is my long term marketing plan that in the next 5 to 10 years I will make back what I have spent on these gifts, and maybe more besides. Paying commissions is just the shop owner's policy; instead of paying for marketing, they just give 20% commission. If they invested that money in marketing they would do better, I think."

A silversmith disagreed. "Our businesses are not the same as other handicrafts. Some people may not need to pay commissions, but for others it is a must! Even the travel agents have commission deals with the restaurants. To bring tourists to the restaurants, the restaurants have to pay the agents! Woodcarvers and silversmiths have no choice but to pay the commissions. The tour leaders from international countries take commissions too. The tour leaders from the source countries know very well that we have a commission system here, so I have a relationship with the tour guides and we share the money. It's just how it works."

In conclusion, four participants disagreed that commissions were a problem and three participants believed that they were a problem. Six participants neither agreed nor disagreed.

"Mostly, the tourists rely on the tour guide. If the tour guide tells them that the items are well made, guarantees their quality and recommends the workshop, then the tourists trust and follow them. But without the commissions, they will not bring customers."

3.3.2. Handicraft value chain human resource issues

(1) Raw material issues affecting staffing

After several probing questions, a marionette maker admitted, "Buying very small blocks of teak is illegal. We have to hide it from the police. It's ridiculous – I'm a woodcarver!" The silversmiths did not have any issues with wood, since they don't use it.

In discussions seeking solutions with the marionette masters, one explained, "The only solution we have right now is to avoid the police and not get caught with it."

Another marionette master explained in more detail: "According to the forestry policy, there are restrictions on that type of wood [teak]; you cannot sell it, because they say it's illegal materials. They should give permission to very small businesses to legally purchase licenses. Maybe it could be incorporated into some kind of association, government or forestry policy. If we are going to export the finished woodcarvings to foreign countries, we have to get permission from the Ministry of Commerce as well as the Ministry of Forestry. So those two ministries should cooperate with each other to bring the best benefits for the woodcarvers." Everyone present in the focus group (even the silversmiths) agreed.

(2) Production worker issues

(a) Social security and health schemes

A silversmith from a medium sized workshop explained that they pay government social security and healthcare, and when one of her older workers got sick and died the government really did pay for everything.

A marionette master countered, "Yes they do pay, but after 60 years of work then retirement, you only receive two months' worth of salary compensation. How can you live the rest of your life on that?" He continued, "The rules are just on paper. The other problem is that when an employee is sick, yes, they do pay, but you have to go see a specified doctor. They might send you to one in the northern part of Mandalay region, and you have to get there from the south. The travel costs more than the treatment, so it's just easier to go to the nearest clinic and pharmacy and pay for it yourself."

Even if social security was improved, it was agreed that production worker issues would still exist until salaries increased.

(b) Drinking at work

The issue of workers drinking during work was brought up several times by the silversmiths in the focus group. "The workshop closes at 5pm, but at 4.30 they all go to the liquor store together; then they will drink. In the morning before they come to work, they give the excuse that it's their 'medicine'." The speaker continued, "The situation is getting worse, because of the quality of the alcohol is very low and seriously affects their health. They cannot afford good quality liquor. The government should control this cheap, dangerous liquor with laws." Another participant said, "They know the negative consequences of their drinking deep in their hearts: they know that if they drink it they could die at any time. But it is still hard to change them."

The marionette masters did not have this problem, stating that most of their staff were female.

(3) Tourism market factors affecting HR

When the focus group were asked what would happen to their businesses if tourist numbers suddenly decreased, they were once more split between the opposing views of the marionette and silversmith masters. One silversmith said that, "During the low tourist season we can sell to local people, so I'm not reliant on the tourist market: I can keep my workers." Another said that, "It depends on if we have sufficient working capital. If we have enough, we can retain our workers even in the low season. During the low season we usually keep our workers on to make products for the high season." A marionette participant, however, said: "In the low season we have no choice but to reduce our worker numbers."

Record sheet results show that 6 participants disagreed that the tourism market directly affected their businesses, 6 stated that it does directly affect their businesses, and one neither agreed nor disagreed. But when asked how they would be affected if a major tourism disruption occurred, they all said that they would be directly affected.

3.3.3 Recruitment issues

(1) Key recruitment issues affecting the success of Mandalay's producers and retailers

The marionette participants claimed that the low salaries currently offered were the main issue with recruitment, but only 6 out of 12 participants agreed. The silversmiths argued that, "Artisans are not easily recruited. In silver, it takes 5 to 7 years to become an artisan; they're very hard to find and difficult to recruit." 6 out of 12 participants agreed, and 4 disagreed, that it takes a long time to train skilled artisans.

A marionette participant argued that, "Some people leave because even skilled artisans are only paid 2,500 kyats per day. A basic trainee only gets 1,000 kyats per day, so they are thinking that they will have to work for two or three more years to get wages that are still low. They want to earn more money, so they leave. So low salaries are the main problem."

Everyone present agreed with the following statement: "It is very difficult to control larger numbers of employees. Even when we get more or larger orders we just outsource them to other businesses. It's better than having more employees."

When the question on incomes was rephrased to ask the focus group whether low incomes affected handicraft workers, 9 participants agreed that low salaries affect their workers whilst 3 participants disagreed.

(2) Most important skill sets needed from staff upon recruitment

Artisanal skills are highly required and are the most difficult to recruit, whereas top level management are very easy to find – 9 participants agreed whilst 3 disagreed. A silversmith stated: “For any other business, skilled labour is easy to get but for handicrafts, where they don’t provide formal training, skilled labour is very difficult to find.”

When asked to describe the specific artisanal skills that they require upon recruitment, all of the participants agreed that the necessary skills are 1) experience, 2) creativity and 3) enthusiasm to be an artisan. When asked how the next generation could be made more enthusiastic about craft work, one participant answered, “The best way is to increase their income.” Another responded objected: “No they need to be naturally enthusiastic, not just in it for the money.” Yet another added, “We have vocational training at colleges and universities, but to get youth enthusiastic about our traditional arts, it would be better if they had a chance to learn them in high school.”

3.3.4 Staff retention and succession planning issues

(1) Staff turnover

12 out of 13 participants agreed that staff turnover is a major challenge for both marionette and silversmith businesses. “Owners are always paying for their workers; when they get sick, when they have a wedding, a funeral – things like that. So they can enjoy their work and maintain them for the long term,” the focus group agreed with this participant’s comment.

When asked for solutions to this problem, all participants acknowledged that first, incomes need to increase, and second, there is a need to increase their social security, healthcare and other benefits, with 10 out of 12 respondents agreeing to both methods.

(2) Succession planning strategies

10 out of 11 participants stated that they perform some succession planning in their business, and 9 out of 12 participants requested more assistance with succession planning.

3.3.5 Labour policies and its effects on handicraft business

(1) Labour policies

Generally, the focus group felt that there were no major problems with the labour policies, although some of the employers cannot afford to pay the minimum wage of 3,600 kyats per day.

“Most of us are family businesses, so no labour policy affects us because we are the owners, the employers, the employees and also the production managers; we are the same and want the same as any workers.”

(2) Employment contracts

When asked about employment contracts, everyone in the focus group agreed that it was not a issue and that there was no need to discuss it. The mood was summed up by a participant who said, “No one has contracts. As an employer, I like the contract system, but no-one will want to work for me if artisans are bonded like that.” Another agreed, “They will never practice the contract system here.”

3.3.6 Career development

(1) Career paths

It was confirmed in the focus group discussions that there are no career paths in handicrafts, but as an artist gains experience and skills they have more opportunities. A marionette master explained it like this, and others agreed: “We don’t have any specific courses, like level 1, level 2, level 3. It’s all according to our skills and experience as taught to us by our forefathers. It has been like this since the eleventh century – it is not like school and careers. It’s based on skills and creativity, things like that.”

When asked what could be done to improve career paths in a way that would benefit their businesses, a silversmith explained, “In every business, if you do not change your mindset you will do the same things over again until you die. But if you want to expand and build your business and production capacity... for example, one day you might make an elephant wood carving. Then next year you might make two, and then the following year more and more. Then you will reach the markets in Japan, China, England and Australia. Even the least-qualified artisans can become the top people in this business. So those are also the career development things that we need as artisans.”

(2) Staff coaching and mentoring

The focus group all agreed that they perform coaching and mentoring and that they do not need assistance with this. A participant explained, "We all do coaching and mentoring, but sometimes we don't know what to do: then we reference a book or ask other masters."

(3) Formal training opportunities currently available

The focus group was unaware of any formal training opportunities. A participant commented, "So far, there are no formal training opportunities, except at university or through a college diploma."

(4) Vocational and skill areas of growing importance to the handicrafts sector over the next three years

The focus group was asked to discuss the kinds of skills that workers are currently missing, that will be needed in the next three years, such as product design skills, production skills, administration (like finance, record keeping, management, production scheduling), marketing and sales skills, technological and computing skills. All participants agreed that they need training in all of these skill areas.

A participant commented, "It's a combination of all these skills that we want. We do need to try and train more of our staff with these skills."

When the focus group was asked, whether they would send their staff to such training if it were organised, one said, "Yes, we would send staff if such training were offered. It's a long term investment." All present agreed.

(5) Best methods of delivering priority trainings

When asked to discuss types of vocational training and how they would like training to be delivered, one participant explained that the training needs to incorporate both artisanal skills and the business skills needed to become a workshop owner. Another said, "It would be better to train at individual workshops, but that will not be easy because there are a lot of workers. Working hours are limited to a few hours every day because they cannot give so much time." The focus group agreed unanimously that training at the workshops for a few hours a day would be the best method of delivery.

3.4. Other issues

Other issues raised included strengthening the handicrafts association and creating a common handicraft marketplace.

3.4.1. Handicraft association to be strengthened and a common handicraft marketplace

A participant raised the issue of an association: "I would like to see a group or association gradually looking at these problems, arranging and fixing them with the right authorities." Another participant explained, agreeing that, "The handicraft association, consisting of ten types of crafts, is already established. It is not yet well established, but it is running. They should arrange a common marketplace to come and enjoy traditional crafts."

A final participant summed up the discussion, receiving total agreement from the focus group, in saying, "I want a real association that will bring me real benefits on the export market and a common marketplace, to tell me how many tourists are coming this year, and so on. Currently, when they get the news they need to pass it on but they don't. I need those information updates; information is very important for me. Rather than just talking about it, we need to develop a real, working association to update our business structure."

3.5. Conclusions

The Mandalay handicrafts focus group was not representative of all the craft sectors present in Mandalay, but it does offer excellent insights into the differing human resource needs and wants that can occur between two different handicraft sectors: namely, the marionette and silversmith crafts. The silversmiths and marionette masters discussed various areas of concern and offered solutions to their problems. The high priority issues include:

(1) **Increasing incomes:** This was seen as the biggest issue affecting human resources in Mandalay's handicraft sector.

Different strategies were put forward for increasing incomes:

- (a) Developing and expanding the export market
- (b) Reducing guide commissions

- (c) Having foreign and local handicraft dealers visit and purchase from the small workshops
- (d) Establishing a common handicraft market so that households can sell works directly to tourist with no middlemen

All these strategies appear to be viable methods for increasing artisans' incomes.

(2) **Export market assistance:** This is required by the Mandalay handicraft sector. It could be achieved through government restructuring of the export regulations to take small handicraft producers into consideration, with simple procedures and transparent documentation requirements. Lists and maps of handicraft producers should be produced for dealers and tourists, so they can easily access the small and micro producers' workshops. Assistance is also required in hosting and attending handicraft trade fairs and exhibitions.

(3) **More skilled artisans are required in Mandalay:** Inexpensive or free vocational training may assist in producing more skilled artisans, but unless salaries and conditions are improved the younger generation will still not be interested. There is a need to re-invigorate enthusiasm for Myanmar's traditional arts.

(4) **Vocational training:** This is needed in artisanal (primarily design), business administration, managerial, marketing and IT training skills. Technical skills and general business skills are not currently offered in Mandalay, but are desperately needed.

(5) **Social security and healthcare benefit schemes:** Providing these for artisans would offer greater security and stimulate interest to join or remain in the handicraft sector.

(6) **Strengthening the existing handicraft association:** Previous organisational structures have not benefited the micro and small producers, who seek an association which genuinely represents their issues, provides timely and relevant information, and would allow them to speak with one voice.

(7) **Creating a common marketplace:** This would allow tourists to come and enjoy Myanmar's traditional crafts, whilst also offering the local producers an avenue for generating direct incomes, a better and direct understanding of the tourists' needs and wants, and a venue to test new products. This common marketplace would add an additional tourist venue to Mandalay, helping to satisfy tourists' leisure and shopping experiences.



Photo 2: Marionettes vendor, Mandalay



Photo 3: Silversmith making a chain, Inle Lake

4. Situational analysis: Inle Lake handicrafts and human resources

4.1. Inle Lake: artisanal background

Inle Lake is famous for its handwoven traditional textiles, in particular its lotus fabric, which is made from the stems of the lotus flowers that grow on the lake. This material was traditionally used as robes for monks, and is famed for keeping one cool during hot days and warm on cold nights. It takes 4,000 lotus flower stems to make one over-the-shoulder shawl. Besides the lake's large textile weaving industry, other crafts found there include silversmiths, blacksmiths, potters, bamboo weavers, woodcarvers and painters. Estimates of artisan numbers were not readily available.

4.2. The Inle Lake handicrafts human resources focus group

The Inle Lake focus group meeting had 23 MSME participants (Annex 12: Inle Lake Participant List), comprising:

- 9 micro-household workshop owners
- 7 small workshop owners
- 5 medium sized workshops owners
- 2 tour guides

4.3. Inle Lake focus group results

4.3.1. Main human resource (HR) issues affecting handicrafts businesses in Inle Lake

The participants were asked to write down the top two or three primary human resource issues affecting their businesses.

Their responses (in no specific order) were:

- Scarcity of labour (repeated on 3 cards)
- Low salaries and salary disputes
- Frequent staff turnover
- Time required for training artisanal skills
- Absenteeism due to lack of accommodation and high rents (repeated twice)
- No problems
- Tourists are not buying
- Lack of enthusiasm (repeated twice)
- Employee and employer relationships due mainly to salary disputes

When asked to prioritise their main human resource issues from this list, the participants agreed their greatest concerns to be:

- (1) Low salaries
- (2) Need a handicraft zone (with accommodations)
- (3) Enthusiasm for craft work

The record sheet data used in the following sections can be found in Annex H.

(1) Low salaries

Low incomes were related to many of the issues discussed. Although 14 out of 20 participants agreed that it was a major problem, 4 disagreed and 2 neither agreed nor disagreed. For the participants that disagreed, it was not a problem since they are either self-employed or a micro-household that doesn't need to recruit or employ other workers.

Solutions put forward to increase salaries included:

- (1) Abolishing or reducing the 35% tour guide and driver commissions paid
- (2) Increasing demand for handicrafts by promotion; holding more free exhibitions so local artisans can show their products
- (3) Creating more export connections
- (4) Establishing a handicraft zone in Nyuangshwe for sales, training and providing subsidised accommodation for handicraft trainees and workers

(2) Need a handicraft zone (with accommodations)

Space is at a premium in and around Inle Lake. As one workshop owner stated, “The space is getting smaller. As tourism and other businesses expand, we are getting squeezed out.” 18 out of 20 participants agreed that a handicraft zone would alleviate many of their HR concerns. The two tour guides, who both slightly disagreed, were concerned that this proposed handicraft zone would decrease their incomes since tourists would have direct access to the artisans without tour guide accompaniment.

A participant stated, “All I want in life is to produce my own products and sell them by myself – this handicraft zone would be good for me.”

(3) Enthusiasm for the craft

“Fewer and fewer people are interested in handicrafts, and it is difficult to get young people to join”: this comment summed up the opinion of the focus group.

Discussions focused on the lack of interest in crafts due to low incomes, and how the education system could assist in inspiring the younger generation toward the traditional arts. It was explained that some schools do have craft subjects but as the teachers are not craftspeople they do not inspire their students. It was believed that craftspeople in the local community need to be directly involved with school arts subjects. 18 out of 20 participants agreed that enthusiasm for traditional handicrafts could be increased through the school education system.

4.3.2. Handicraft value chain human resource issues

(1) Raw material issues affecting staffing

The quality of imported equipment and raw materials was a major concern. A textile weaver explained: “The smell of the raw material we use for dyeing our cloth affects the health of our workers. Owners buy low-quality dye substitutes from China and India, and we can’t stand the smell.”

The silversmiths complained about using Chinese burners; they want German burners, but they can’t buy them anywhere.

The canvas painters explained that they need to order all their supplies from Yangon, and they have no choice but to use poor quality paints and equipment from China. “The brushes we have are practically disposable: once you use them, you throw them out.”

16 out of 20 participants agreed that they want the importers to supply quality equipment and products and the government to strictly control fake products. A participant summed up the focus group’s view: “We want to purchase our raw materials, tools and equipment, everything we need, at the right price, in good quality, when we need it.”

17 out of 20 participants said that the supply of wood has an effect on their business and workers, and that the current wood laws need to change. They need wood for work and for other things, but it’s illegal to purchase even the small quantities that they usually buy without being arrested.

(2) Production worker issues

The shortage of skilled craft workers in the Inle Lake area has primarily been caused by the low incomes offered and by a lack of young people entering the handicrafts sector. In addition, there is a lack of creative designers. One artisan explained, “Design is not a separate skill: generally, artisans need to know design. In every handicraft the design is extremely important; it is the lifeblood for artisans.” The focus group participants explained that they need more training in design and more designers. 17 out of 18 participants agreed that the scarcity of skilled labour and designers is a high priority human resource issue and needs to be resolved quickly.

(3) Distribution and retailing factors affecting HR

The issue of tour guides’ and drivers’ commissions (of up to 40%) was raised early in the focus group meeting. The focus group was divided on the issue: some argued that it was the owners who began this system and not the tour guides, while others said that it’s the same as spending money on marketing and that its purpose is to attract more customers. Still others felt trapped by the guides and drivers, explaining that they would rather pay for marketing than be at the mercy of tour guides and drivers all the time.

(4) Tourism market factors affecting HR

The focus group generally agreed that 80% of handicraft producers in the Inle Lake region were reliant on tourism for their livelihoods, and that any movements in tourist visitor numbers would directly affect their businesses and workers. Coping mechanisms were discussed in case of a sudden shock stopping tourist arrivals. It was explained that some handicrafts producers could get by selling to the local market: for example, longyi weavers would still be viable. The rest explained that they wouldn't go hungry, because they can grow plants to feed themselves. It was evident that better contingency planning is required.

4.3.3. Recruitment issues

(1) Key recruitment issues affecting the success of handicraft producers and retailers

The low incomes offered and the scarcity of artisans and designers, as previously discussed, make recruitment extremely difficult. As a solution to their skilled artisan shortage, participants explained that they already have agricultural migrant workers in the area and that they would be willing to accept more migrant workers from regions with low employment. There were issues about the racial backgrounds of these migrants: most wanted them to come from Buddhist backgrounds (central Myanmar), whilst others didn't mind their backgrounds so long as they are honest people. Therefore, the solution was recorded as 'willing to accept migrants to fill the skilled artisan void'; 9 agreed, 6 remained neutral and 5 disagreed. If it had been worded as 'migrants from central Myanmar', most may have agreed.

(2) Most important skill sets needed from staff upon recruitment

When recruiting new staff, the three most important traits that the focus group participants were seeking were artisanal skills (17 out of 20 agreed), capability in producing handicrafts (18 out of 20), and honesty (all 20 strongly agreed)

4.3.4. Staff retention and succession planning issues

(1) Staff turnover

All participants in the focus group stated that their business has a problem with staff turnover. As stated above, low incomes are seen as the primary reason why workers are leaving and are a priority issue which needs to be resolved to curtail staff turnover in the handicrafts sectors. Other methods of reducing staff turnover were discussed and include both establishing government apprenticeship schemes that support the youth (18 out of 18 agreed) and establishing proper health, social security and retirement plans specifically for handicraft sector workers (16 out of 17 participants agreed).

(2) Succession planning strategies

All the participants conduct succession planning within their enterprises. The focus group saw no need for training in succession planning, and all agreed to a participant's comment that, "The artisans can manage this for themselves. We have no need for training in this."

4.3.5. Labour policies and its effects on handicraft business

(1) Labour policies

The focus group participants explained that the labour policies don't affect them, as they are family-run businesses and the labour laws only affect big businesses. As a result, most handicraft producers do not contribute to the government tax for social security on behalf of their workers. Summarising the labour policies discussion, a participant stated that, "We do not follow the government's exact rules, but we have a mutual agreement of help and support between employers and employees."

(2) Employment contracts

The focus group explained that nobody uses employment contracts at Inle Lake. One participant explained, "Many of the workers do not want these contracts, and they cannot be forced to sign a contract. So there is no need for employment contract training. This is not a problem for us." All participants agreed with this comment, and nobody wanted to include the employment contracts as a primary human resource issue.

4.3.6. Career development

(1) Career paths

Discussions revealed that there are no levels of career development. Once they are well trained, an artisan's career is purely based on their experience and their abilities. The owner of a medium sized workshop explained, "Different levels of staff in my workshop are offered different levels of pay. They know how much each level is getting paid and what they have to do to attain that level of salary." The rest of the focus group remained silent, which may indicate that they do not have clear career progression within their workshops. Record sheet analysis shows that 7 out of the 16 participants who responded to the question agreed that they needed assistance in career development, 4 out of 16 disagreed, and 5 out of 16 neither agreed nor disagreed.

(2) Staff coaching and mentoring

"We are all coaching and mentoring our staff: there is no problem." The entire focus group agreed with this statement.

(3) Formal training opportunities currently available

In Taunggyi, there is a free government centre which provides one year of training for weavers. It has government support worth 18,000 kyats per month, but some interested employers still cannot afford to offer a whole year of training due to the loss of earnings for themselves and their families.

A training centre called IRTC in Nyuangshwe township provides free training in bamboo handicrafts and textile dying with professional, skilled teachers to train the classes. A small bamboo workshop owner said that different bamboo products demand different skill sets, but that if IRTC provided the right training, he would definitely send his staff there. A textile weaving workshop owner explained that the United Nations Development Programme (UNDP) provides a tailoring training programme free of charge.

The focus group felt cautious about international and local NGO training programmes. A participant summed up the general feeling thus: "Previously trainings were not provided for free. Now, there's even more training, but it's still only just starting and there will be more and more of it in a few years. I am worried that all this training may be just a waste of time." The issue of 'aid recipient fatigue' is discussed in Section 4.4.

The silversmiths in the focus group explained that it takes them 3 to 5 years to finish their apprenticeship training. They are looking for solutions on how to improve this training, while simultaneously reducing the time that it takes. The weavers explained that weaving only requires 6 months of training, but that designing and dying requires more time in training: however, they are happy with this.

(4) Vocational and skill areas of growing importance to the handicrafts sector over the next three years

As discussed in Sections 4.3.3 (1) and (2), the members of the focus group primarily require skilled artisans and designers, an issue which could be resolved by increasing salaries, health and social welfare schemes and by developing quality training programmes that are cost and time efficient. The focus group firmly believes that if these other two issues are not resolved then additional training will be futile due to a lack of interest from the younger generation.

When the focus group was asked about commercial business skills such as administration (in finance, record keeping, management, and production scheduling), marketing and sales skills and technological and computing skills, they all agreed that they need those commercial skills and training in addition to artisanal skills.

(5) Best methods and approaches to deliver priority trainings

Priority training is required in the 10 traditional handicraft skills, all with a special focus on design and commercial business training. The focus group concluded (12 out of 19 agreeing, 3 neither agreeing nor disagreeing, and 4 out of 19 disagreeing) that short intensive training programmes during the low tourist season would be the best method of delivering these trainings. Those who disagreed argued that, "During the day everything is crammed at work," and said that they need training for a few hours every day, after working hours. Others argued that it's not feasible to go to classes by boat after work every day.

4.4. Other issues

4.4.1. Ten Traditional Crafts Association

The Inle Lake region has a handicraft association called the Ten Traditional Crafts Association, but the consensus of the focus group was that it is defunct and that they gain no real benefits from it. They would like to see it taking a more active role in these issues.

4.4.2. Aid recipient fatigue

“Although I have been involved in many programmes, many times, not much happens. That’s why people here lose trust and don’t get involved in new projects or training.”

4.5. Conclusions

The Inle Lake focus group raised many areas of concern and offered various solutions to human resources needs. The most demanding issues and solutions include:

(1) **Increasing incomes:** The low salaries currently offered to artisan workers are considered to be the primary cause for the shortage of skilled labour, high staff turnover and lack of youth entering the craft professions. Solutions to increase incomes included reducing tour guide and driver commissions, more promotions and exhibitions, and improving access to export markets. The establishment of a handicraft zone with a permanent handicraft marketplace was also seen as a method of increasing sales and therefore offered good potential in increasing artisan incomes.

(2) **Lack of youth interest in becoming an artisan:** Without Myanmar’s youth getting involved in artisanal trades, the focus group see a bleak future for their traditional arts. The solutions suggested included:

- (a) Inspiring youth about the traditional arts in schools, with teachers who are skilled in craft
- (b) Increasing artisan incomes
- (c) Offering health and social security schemes
- (d) Subsidised accommodations
- (e) Excellent quality training that is cost and time effective

There is a belief that implementing these solutions will entice youth to enter traditional art professions.

(3) **Health and social security schemes:** Artisanal workers around Inle Lake desperately need a health and social security scheme that is effective and affordable for workers, employers and the government alike. All craft workers are concerned about health costs and their future retirement plans: if a scheme could be implemented, then this may offer future security and attract more workers to the various craft sectors.

(4) **More skilled artisans and designers:** In addition to increased incomes, accommodation, quality training, and health and social security schemes, the focus group suggested that a migration scheme from areas that have high unemployment (in particular from other Buddhist regions in Myanmar) would be an effective way of finding the skilled artisans who are required in workshops throughout Inle Lake. Specific vocational training is needed in artisanal and design skills, as well as in applicable commercial business skills, to increase skilled artisan numbers.

(5) **Inle Lake handicraft zone:** Space is a major issue for many handicraft workshops at Inle Lake, which has increasingly high rents and limited worker accommodations. The idea of establishing a handicraft zone in Nyuangshwe made all participants (except the tour guides) extremely excited, and they said that it would allow them to increase artisan incomes. This is because, by allowing producers direct access to tourists and export buyers, it would abolish the tour guide commissions. At the same time, such a zone would offer training facilities and accommodations for artisan workers. This would solve most of their human resource issues.

(6) **Raw materials:** Quality materials and equipment are needed in Inle Lake. Artisans fear prosecution for the small amounts of wood that they purchase. Timber and wood legislation in Myanmar appears to require changes to accommodate artisans’ livelihoods.

5. Situational analysis: Yangon handicrafts and human resources

5.1. Yangon: artisanal background

Yangon is the former capital city, and by far the largest city in Myanmar. With a population of 5.2 million inhabitants, representing nearly 10% of the total population, Yangon is the business centre of Myanmar. It is also where the majority of non-Asian tourists first enter Myanmar, via the Yangon International Airport. Having the largest volume of international visitors in the country, Yangon accommodates many varied artisans and handicraft retail outlets.

The handicrafts produced throughout Myanmar are sold in retail stores throughout Yangon. These items include hand-woven textiles from Chin State and Inle Lake, Mandalay marble statues, bronze bells, gongs, vases and statues, gem art, woodcarvings, silverware, Pathien umbrellas and Bagan lacquerware, to name but a few. At Bogyoke market, between 50 to 60 handicraft retailers can be found specifically targeting tourists: in addition, over 100 retailers and producers can be found in and around the Shwedagon Pagoda targeting local pilgrims and some tourists.

Darbien is a small woodcarving village located 55 kilometres north-east of Yangon city, and is the home of 300 woodcarvers. On visiting, it was found that less a dozen households were practicing woodcarving that day; the others were said to be working in Yangon, Mandalay, Bago and Thailand. Ceramics can be found being traditionally produced at Twantay (90 kilometres west of Yangon), with approximately 20 households involved.

Some craft retailers in Yangon attempt to pretend to tourists that they are 'genuine' traditional workshops, even though a majority of their hand-crafted stock is actually produced by micro and small workshops found elsewhere in Myanmar. As such, Yangon's craft retailers do not allow craft producers to put their brand or mark on any of their products.

5.2. The Yangon handicrafts human resources focus group

The Yangon focus group meeting was convened at 9am on 11 December 2015, and 23 participants attended (Annex M: Yangon Participant Lists). Micro, small and medium sized workshops and retailers from a variety of handicraft sectors were presented, comprising:

- 3 micro-household workshop owners
- 11 small workshop/retail owners
- 5 medium sized workshop/retail owners
- 2 tour guides
- 2 Myanmar Arts and Crafts Association officials

All the participants involved in running workshops had one or more retail outlets in Yangon.

5.3. Yangon focus group results

5.3.1. Main human resource (HR) issues affecting handicrafts businesses in Yangon

The focus group was asked to write their main human resources issues on a card. Their results are listed below in no particular order:

- Scarcity of labour: higher demand but lower capacity to supply
- Frequent staff turnover (repeated on 2 cards)
- Contractual knowledge of labour policy
- Low salaries leading to lower quality of work from employees (repeated on 2 cards)
- Higher price of raw materials
- Lack of interest (repeated 2 times)
- Employees do not feel valued
- Lack of social security services and health benefits
- Shrinking market
- Substitution of skilled artisans with unskilled labour
- Lack of product innovation
- Need for vocational training
- Time taken to produce increases prices
- Transportation and traffic congestion in Yangon

From this list, the participants were then asked to prioritise the main three human resource issues they felt to be most important to them and their business. They agreed that their three main HR issues were:

- (1) Scarcity of labour
- (2) Frequent staff turnover
- (3) Low salaries leading to low quality of work

The report card data used in the following sections can be found in Annex I.

(1) Scarcity of labour

Scarcity of labour was considered by the focus group to be the issue of greatest concern regarding handicraft human resources in Yangon, 10 out of 12 participants strongly agreed.

The primary reason given for the scarcity of artisans was low incomes. Many argued that, because they are small businesses, they cannot afford the higher wages and conditions offered by international foreign businesses, especially from Thailand and other bordering countries. All agreed that if they could generate more business, low incomes would cease to be a problem. A medium workshop owner said, "Due to scarcity of labour, I have to do the work sometimes!"

(2) Frequency of staff turnover

Most of the artisans in Yangon get paid on a daily or piece rate, and many do not attend work on a daily basis. This creates a large turnover of staff moving through the workshops. The situation was summed up by a participant: "Every morning I have to solve the same problems. Are all the workers present? How many are absent? With the labour we have, how are we going to finish our work today? There is no loyalty." 8 out of 12 participants agreed that frequent staff turnover is a problem for them. To combat the turnover rate, some participants have taken the artisans' national identity cards from them so that they can't leave permanently. Others believe that the only way to stop the turnover of artisans is by increasing their incomes and offering greater benefits.

(3) Low salaries producing low quality work

From the discussions, it was clear that artisans are being opportunistic and often switch to workshops (or even countries) that offer higher salaries and better conditions. 6 out of 12 participants argued that the low salaries are also producing low quality work, while 5 out of 12 stated that low salaries were one issue but quality of work was also dependent on other factors: for example, some workshops are using unskilled workers to complete skilled artisanal work. Also, different workers have different levels of creativity, skill and ability, due to training and experience, and there were also issues of poor raw material quality. All of these factors contribute to the low quality of goods presently being produced.

5.3.2. Handicraft value chain human resource issues

(1) Raw material issues affecting staffing

The supply of wood was the only raw material issue raised by the participants. A musical instruments craftswoman explained that one of the best timbers she uses for violins is sourced from Myitkyina: "The locals in Myitkyina do not understand its rarity and value. They use it for firewood, or else they sell it to Chinese traders for low prices and then I have to pay a lot of money to get it legally from China. I cannot go and get the wood directly without getting arrested."

The situation was summed up by the comment, "Raw wood cannot be purchased legally from the government. It's an illegal market. Sometimes we get arrested; other times we have the wood confiscated." The increasing cost of raw materials was not deemed a major issue for human resources: only 4 out of 12 participants slightly agreed that it was a problem.

(2) Production worker issues

The primary production worker issues discussed were absenteeism and the lack of artisan enthusiasm and interest.

All the participants agreed that absenteeism is a major HR issue for their businesses. Many said that they have difficulty completing orders on time due to absenteeism and staff permanently leaving. Some believed that their workers are aware of tight production deadlines, but are absent on purpose just to spite the owners of the workshop. It was explained by one participant that, "Myanmar people are really happy people and are easily satisfied. But if they have enough money from one day of work, they will stay home for the next three days."

As a solution to absenteeism, many stated that the artisans need to change their mindset; they need to be really enthusiastic about improving the handicraft sector and improving their own lives, and they need encouragement in enhancing their skills and techniques. Disagreeing that this kind of encouragement helps, one respondent stated that she had paid for foreign specialists to fly to Myanmar and train her staff, but only 5 of them turned up for the training. She still agreed that this was due to a lack of enthusiasm for the craft profession, however. All the participants agreed that lack of enthusiasm for handicrafts is a primary HR challenge.

(3) Distribution and retailing factors affecting HR

(a) Commissions for tour guides and drivers

Six participants paid commissions to tour bus companies and tour guides, and all of them agreed to the comment that, "We need them to bring the buses. If we cut commissions they will not bring us their business; they will just take their tourists to people who will pay the commission." 9 out of 12 participants agreed that the commissions paid to tour guides are an HR problem for them, and if they were removed from the value chain then artisans' incomes would increase.

When asked for possible solutions to the commission payments, a participant answered, "The government should create laws, rules and regulations to fix this. If that doesn't work, then we should establish a handicraft centre where everyone can come and enjoy our crafts in the same place. Like a common marketplace – every tourist would have to be taken there, and no commission would be necessary."

(b) Export regulations and customs support

Most of the Yangon participants are small order exporters (usually between 1 and 100 pieces), and the current export licensing procedures are making it difficult or even illegal for them to export their hand-crafted products. Some explained that nobody knows which handicrafts have duty tax and which ones do not, so tourists do not buy for fear of having to pay high taxes at the airport or having the item taken from them. 9 out of 12 participants agreed that the government needs to establish clear and simple export procedures for Myanmar handicraft products.

A participant argued that, "The government needs to classify handicrafts so that everyone knows which ones have duties on them and which ones do not – then tourists will buy more of the duty-free ones." Furthermore, the group said that they cannot use international parcel delivery services due to current government policies, and that these small-scale exports would greatly assist with improving human resource conditions.

(c) National distribution issues

Two participants claimed that previously goods had been able to be sent through the express bus companies, but recently the laws have been changed. It is now illegal to send goods by bus, unless they are accompanied by a passenger. This unnecessarily adds to their national distribution costs.

(d) Taxes

The medium-sized workshop participants explained that paying taxes at every stage of the value chain, and not getting any tax rebates, directly affects their workers' incomes. This only seemed to be an issue for larger enterprises, with 4 out of 8 participants agreeing it was an issue for their business and 3 participants strongly disagreeing.

(4) Tourism market factors affecting HR

The participants were divided on how reliant they were on the tourism industry. 4 out of 9 said that if tourist numbers were to decrease due to sudden shocks they could rely on the local market for their survival, claiming that their businesses were 40% tourists and 60% local. Interestingly, these participants included expat foreigners who live in Yangon as part of their 'local' market. 4 out of 9 disagreed, explaining that they are heavily dependent on the tourist market and a decrease in tourist numbers would cause them to reduce their workforce.

5.3.3. Recruitment issues

(1) Key recruitment issues affecting the success of handicraft producers and retailers

(a) Substituting unskilled labour with skilled artisans

The workshop owners explained that, due to a lack of artisans, they would hire anybody and then coach and mentor them to acquire the necessary skills. However, having many unskilled trainee workers performing artisanal tasks, plus the constant turnover of these unskilled workers, has led to low quality crafts being produced. 7 out of 9 participants agreed with this.

(b) Recruitment of migrants from other places in Myanmar

The idea of recruiting from other parts of Myanmar led to discussions about some unemployed people being lazy, and it was agreed that that it depends on the individual and the area they come from. 5 out of 9 participants said that they would employ people from other areas of Myanmar, even on a seasonal basis, but they would need assistance in supplying accommodations for them.

(2) Most important skill sets needed from staff upon recruitment

The workshop owners are desperate enough to recruit anybody who shows an interest in handicrafts, but keeping their newly-trained staff is proving difficult. They can offer basic training, but they need more support in training business and advanced artisanal and design skills, with 8 out of 9 participant agreeing that these skills are greatly needed. Furthermore, 6 out of 9 participants agreed that there was a lack of product innovation skills amongst artisans and that training in this area would be appreciated.

5.3.4. Staff retention and succession planning issues

(1) Staff turnover

Staff turnover is one of the greatest challenges faced by Yangon handicraft workshops and retailer participants. As discussed in Section 5.3.1(b), increasing salaries and offering greater benefits was offered as the best solution for staff retention.

Those that did not have an issue with staff retention (4 out of 12) explained their methods: "I provide accommodation for the worker and his whole family. For workers who want to buy land or assets, I give them the money and I keep the deed until they pay me back. This is all done for no interest. In this way, I maintain my staff for a long time. I cannot provide this for all my workers, only for those that are very promising and very skilled." Another stated, "I keep my staff by making them happy and fully satisfied, making them feel proud of themselves and respected for their work – I make them feel valued."

(2) Succession planning strategies

8 out of 9 participants practice some form of succession planning. Training in succession planning was not seen as important. Instead, the focus group highlighted their need for assistance and support in recruiting a new generation of artisans and offering training in the technical and commercial aspects of handicrafts. All participants viewed these as being the important issues that needed to be addressed, rather than succession planning training.

5.3.5. Labour policies and its effects on handicraft business

(1) Labour policies

The focus group unanimously agreed that it's not just the labour policies, but also other government policies, which affect their human resource conditions. It was argued that health and social security policies, export and customs rules, raw wood material regulations, and new national transportation laws all negatively affect human resources, and these all need to be addressed to improve the handicraft sector and its human resource issues.

(2) Employment contracts

The participants believed that employment contracts would further add to the scarcity of artisans: they don't want work contracts.

5.3.6. Career development

(1) Career paths and staff coaching and mentoring

Career paths in handicrafts were deemed to be restricted due to limited formal academic education for artisans and a lack of support from international academics and specialists.

Coaching and mentoring is well-practiced by the workshop owner participants, but they all agreed that they need formal training assistance in both artisanal skills and professional business skills.

(2) Formal training opportunities currently available

There are some fine arts institutions in Myanmar, but the participants need and want formal vocational educational facilities that are equipped and specialised to teach the various traditional crafts.

(3) Best methods and approaches to deliver priority trainings

The best method put forward by the focus group was to introduce vocational training courses, taught by fully paid experts, at schools during the summer vacation period when staff and school facilities are available. All indicated that the courses need to be both artisanal and entrepreneurial.

5.4. Other Issues

5.4.1. Professional managerial training

Interestingly, one participant said that, “Yangon is totally different than the other regions. In the other areas they really value the culture and tradition of their handicraft. Here [Yangon], what we really need is real academic institutions to teach us how to become professional business people; we want to be well-educated people here.” This statement hints at a disconnect between preserving traditional handicrafts and personal commercial interests. Furthermore, other participants claimed that they needed to industrialise their production with factories and machines to replace the scarce human labour, and by doing so they would also increase their production capacity for exports.

5.4.2. Aid seminar fatigue

This issue can be summed up by a participant’s comment: “We have participated many, many times in discussing enthusiasm for and problems in handicrafts. The government and NGOs collect all this information... we have sacrificed so much time and energy attending these meetings, but our hopes are rarely, rarely realised. We are waiting for our dreams to come true, and for our requirements and needs to be met, but we are still waiting.”

5.5. Conclusions

Human resource issues in the Yangon focus group are extremely complex. The participants appeared to mostly come from the retailer sections of the handicraft value chain, with most being more interested in their personal business advancement than the well-being of traditional Myanmar handicrafts and arts. The current retailer methods of managing Yangon’s artisans could be viewed as demoralising, contributing to the lack of interest and enthusiasm and to the eventual demise of the handicraft sectors. Any strategy development needs to carefully evaluate who the real benefactors and targets of such interventions will be.

The primary issues faced by the Yangon focus group include:

(1) **Low incomes and worker benefits:** These are considered to be the key factors driving a scarcity of artisans and frequent staff turnover. The solution was to improve market conditions and increase sales and exports, thus leading to greater salaries and better benefits for artisanal workers.

(2) **Lack of enthusiasm and interest:** Judging by the focus group discussions, artisanal workers appear to be frustrated with low incomes and poor working conditions and would prefer careers in cleaner occupations with greater potential for increased incomes and career progression. The younger generation is more demanding in their expectations of employment. Solutions included getting youth more interested in crafts and offering higher salaries and worker benefits.

(3) **Government regulations and policies:** Proper health and retirement plans, improving export and customs to favour small handicraft producers, new forestry and timber regulations for artisans, and allowing unaccompanied handicraft products to be transported on buses were all seen as ways to reduce the negative impact of government legislature on human resources in this sector.

(4) **Tour guide commissions:** Paying 20% commissions to tour companies and guides was seen to be a primary economic leakage from the handicraft sector, which needs to be reduced or completely stopped. Improving government policy and establishing a handicraft centre or common marketplace near the Yangon airport are both seen as possible solutions to these issues.

(5) **Lack of formal vocational training:** The lack of formal vocational training in both artisanal and business skills were seen as equally troublesome. Solutions included establishing vocational training programmes in schools when the local schools are closed for summer vacation: all present agreed that they would send staff to quality training programmes of this nature.

6. Summary of the handicraft human resources challenges

The primary human resource topics have been discussed with handicraft MSME focus groups from four major tourist destination areas in Myanmar. The results of these discussions highlight the main staffing needs and challenges encountered by MSMEs in the handicraft sectors. The focus groups shared similar human resource issues, as shown below:

- Low artisan incomes
- Scarcity of skilled artisans (especially designers)
- Lack of formal vocational training in technical artisanal skills and general business skills
- Lack of youth enthusiasm and interest for the craft trades
- Lack of adequate healthcare and social security for artisans
- Tour guide commissions (20–35%) are a major economic leakage from the handicraft sector
- Need for common handicraft markets in primary tourist areas
- Export market assistance needed for small quantity exporting
- The loan schemes currently offered are only short term repayment plans
- Government forestry and timber policies make it illegal for any artisan to obtain quality raw wood at a fair price

Although different locations and different handicraft types share many common HR issues and challenges, some HR needs are specific to an area or handicraft type. For example, Bagan’s lacquerware masters are having difficulties with the increasing costs of lacquer sap (thitsi), which their trade depends upon. Mandalay has problems with silversmiths drinking, and Inle Lake and Yangon both have problems with supplying adequate staff accommodations. Even though other regions may not be experiencing such difficulties, this does not necessarily mean that local artisanal HR issues should be ignored.



Figure 4: Inle Lake focus group



Figure 5: Mandalay focus group

7. Focus groups' HR solutions and recommendations

7.1. Need to increase artisanal incomes

7.1.1. Focus groups' solutions to increase artisanal incomes

- (1) Increase market demand for products by:
 - (a) Small quantity export regulations and assistance
 - (b) Assistance with trade fairs and exhibitions
 - (c) Promoting Myanmar handicrafts to tourists
 - (d) Improving vocational training to:
 - Improve on quality of products
 - Aid with new designs to match market needs
 - Educate, improve on skills and inspire the young generation
- (2) Decrease or abolish the 20–35% tour guide and driver commissions
- (3) Create a common handicraft marketplace

7.1.2. Recommendation 1: Prepare and implement a national handicraft marketing strategy

A national handicraft marketing strategy is needed to increase the profitability of handicraft enterprises, which would allow for increases in artisanal workers' incomes and conditions. To manage and implement this strategy, a national handicraft representative body such as the Myanmar Arts and Crafts Association (MACA), could be enabled.

The marketing strategy should include:

- (1) Product development strategies for specified target market segments
- (2) A vigorous method of measuring the outcomes
- (3) Linkages to local and international social enterprise development programmes
- (4) Distribution strategies to resolve tour guide and driver commission payment issues
- (5) Marketing and sales training programmes
- (6) Promotions to tourists, both local and international, specifically targeting the primary tourist areas of Yangon, Bagan, Inle Lake and Mandalay, and promotional linkages with the Myanmar tourism and travel industries' international promotional schemes
- (7) Export market strategies to focus on:
 - (a) Establishing national export regulations and documentation for the Myanmar handicraft sector, to help them export small shipments of handicrafts with ease
 - (b) Specifying the international target markets and determining strategies for each one
 - (c) Attending and hosting trade fairs and exhibitions, and the dissemination and promotion of such events

7.2. Scarcity of skilled artisans (especially designers)

7.2.1. Focus groups' solutions to increase the number of skilled artisans

- (1) Increase incomes
- (2) Formal vocational training programmes
- (3) Offer formal government-approved and -supported apprenticeship schemes
- (4) Create enthusiasm and interest amongst new and old generations (national awards)
- (5) Healthcare and social security programme, customised to artisan workers' needs
- (6) Offer decent subsidised accommodations
- (7) Establish a worker migration scheme for artisans

7.2.2. Recommendation 2: Increase the number of skilled artisans

The solutions put forward by the focus groups to increase the number of skilled artisans appear sound, realistic and implementable, if given the appropriate resources. Recommendations for increasing incomes, formal vocational training programmes, government approved apprenticeship schemes, creating enthusiasm and interest, and healthcare and social security programmes are further discussed in other recommendation sections.

The subsidised artisan accommodations and worker migration scheme recommendations are:

(1) Artisan worker accommodation support was called for by the Yangon and Inle Lake handicraft MSMEs. Land is at a premium in these locations, and therefore rents for local accommodations are also high and inhibiting. To improve the living conditions of artisanal workers, government assistance is required in either building accommodations located at the common handicraft marketplace (Section 7.7), or financially subsidising existing accommodations.

(2) The worker migration scheme was raised by participants in every focus group. Usually, migration is the last thing that a community wants but in the Myanmar handicraft sectors many of the enterprises are asking for it. This clearly indicates that there is a serious lack of skilled artisans in the primary tourist destination areas. Such a scheme could be comfortably funded by the government, due to the numbers involved being relatively small. The worker migration scheme should incorporate two programmes:

- (a) Seasonal migration for agricultural workers (up to 250 artisanal workers for each location per year)
- (b) Permanent resettlement for semi-skilled or skilled artisans (up to 100 artisanal workers per location per year)

7.3. Lack of formal vocational training

7.3.1. Focus groups' solutions to their vocational training needs

- (1) Establish professional vocational training programmes in:
 - (a) Technical artisanal skills
 - (b) General business skills (administration, finance, marketing and IT)
- (2) Training to be delivered:
 - (a) In blocks of 3–4 days during summer (off peak for tourists)
 - (b) During evenings after work (two hours per day)
 - (c) At locations close to work premises, i.e. local schools when not in use

7.3.2. Recommendation 3: Establish formal vocational programmes

Vocational training programmes are needed to teach crafting techniques and design in all handicraft specialisations and also to teach general business disciplines. Predominantly, the artisanal and business training programmes should be delivered by local masters and business experts specialised in the subject. If such skills are not available locally, then they need to be sourced nationally and internationally. Syllabi and venues should be determined in consultation with the local artisan communities in order to match programmes with localised craft specialisations and specific training needs.

7.4. Lack of new generation enthusiasm and interest

7.4.1. Focus groups' solutions for stimulating enthusiasm and interest

- (1) Increase trainee/apprentice incomes and benefits
- (2) Pay local handicraft masters to teach craft classes in local schools
- (3) Create national government awards that recognise the most talented artisans
- (4) Promote Myanmar's traditional arts as unique cultural treasures, both nationally and internationally

7.4.2. Recommendation 4: Stimulate interest in Myanmar's traditional arts

Myanmar's youth are presently not interested in handicrafts as a career, so measures must be taken to invigorate their interest and persuade them against leaving handicrafts production. Implementing the focus groups' solutions appears very plausible. National recognition awards for artisans could be enacted in the short term, with national and international promotions possibly coinciding with the national awards. Teaching crafts in schools could be an ongoing programme requiring ongoing funds, although outcomes may be difficult to measure.

7.5. Lack of adequate healthcare and social security for artisans

7.5.1. Focus groups' solutions for government healthcare and social security

- (1) Introduce affordable and practical healthcare and pension programmes for artisans and workshop owners
- (2) Develop a pension plan that adds up all the different workshop owners' contributions made for artisans throughout their career

7.5.2. Recommendation 5: Healthcare and social security schemes for artisans

Handicraft and souvenir associations have a major role to play in lobbying for healthcare and social security on behalf of their members and workers. To make the handicraft sector an attractive career choice, it is necessary to implement effective but cost-efficient healthcare and pension schemes for artisans working in the primary handicraft areas in Myanmar.

7.6. Tour guide commissions (20–35%)

7.6.1. Focus groups' solutions to the tour guide and driver commissions

- (1) Government legislation and policies on agents conflict of interest
- (2) MOHT to include not taking commissions from tourist purchases in the tour guides' code of conduct
- (3) Establish a common handicraft marketplace

7.6.2. Recommendation 6: Decrease or abolish tour guide commissions

The general feeling amongst focus group participants was that government legislation and code of conduct principles would not stop the practice of demanding commissions. As an alternative to regulations, the idea of a common marketplace (or zone) was seen as a perfect solution to the taking of commissions. Such a marketplace would positively impact upon micro and independent artisans in any given area, but may negatively affect the tour guides and larger retailers. Economically and socially, the positive impacts of having a common handicraft marketplace far outweigh the negatives.

7.7. Common handicraft marketplaces in primary tourist areas

7.7.1. Focus groups' hopes for a common marketplace

The focus groups believe that a common handicraft marketplace would:

- (1) Allow artisans direct access to tourists, which could increase artisan incomes
- (2) Abolish the tour guide commissions, stopping financial leakages to the local economy
- (3) Benefit the tourist destination area by creating a sought-after recreational and cultural tourist venue and shopping experience
- (4) Reduce retailers' value chain power over artisanal producers

7.7.2. Recommendation 7: Establish common marketplaces in Yangon, Bagan, Mandalay and Nyuangshwe

Establishing common handicraft marketplaces is a practical solution for many of the human resource issues currently faced by artisans in Myanmar. The largest hurdles to overcome in establishing such marketplaces are:

- (1) The land (where to build such a marketplace?)
- (2) The finances to build structures (where is the money coming from?)
- (3) The management and maintenance of the marketplace

7.8. Export market assistance for small quantity exporting

7.8.1. Focus groups' solutions to help them reach export markets

- (1) Export and customs officials should work with handicraft workshops to devise simple, cost-effective and transparent policies and regulations that would allow most of the handicraft workshops to export small quantities of handicrafts
- (2) Government policies should allow handicrafts to be easily dispatched using international parcel carriers
- (3) Assistance should be given in hosting and attending trade fairs and exhibitions
- (4) Support should be given in promoting Myanmar handicrafts to international markets

7.8.2. Recommendation 8: Develop marketing strategies for enterprises to reach export markets

As per Recommendation 1, Section 7.1.2 (7): a marketing strategy is needed for export markets, to:

- (1) Establish national export regulations and documentation for the Myanmar handicraft sector to export small quantity shipments of handicrafts with ease
- (2) Specify the international target markets and the strategies for each
- (3) Attend and host trade fairs and exhibitions, and help with the dissemination and promotion of such events

7.9. Need improved loan schemes for artisans

7.9.1. Focus groups' solutions for loan schemes

To help with loan schemes, the government and/or private financial institutions need to establish medium-to-longer term repayments at low interest rates.

7.9.2. Recommendation 9: Establish small loans in longer term packages specifically for artisans

Presently the artisans have access to short term micro-finance loans at various interest rates.

What they need is micro-finance and small loans over the medium term (2–3 years), not short term (less than one year), as is the present situation. Discussions with the relevant government, banking and financial institutions may be able to resolve the issue.

7.10. Improvement to government wood policies and regulations

7.10.1. Focus groups' solutions to the wood regulations

- (1) Amend the current wood policies to take into consideration the craftspeople who rely on wood for their livelihood and cultural heritage
- (2) Create reforestation programmes so artisans can be actively involved in the sustainable management of the local forest rejuvenation programmes

7.10.2. Recommendation 10: improve the current forestry and timber policies and regulations by taking artisans livelihoods into consideration

The government should be lobbied to change its current timber policies, and should enact regulations to allow artisans to purchase small amounts and comfortably export their finished products without excessive fees and documentation. For lacquerware enterprises, the Ministry of Forestry should be lobbied for reforestation programmes to include thitsi trees in the elevated regions of Shan.

7.11. Conclusion

The results, summary and recommendations presented in this report demonstrate a detailed review of the employment and training issues relevant to the Myanmar handicraft sector at four primary tourist destinations across the country. Analysis and assessments were conducted to determine the extent to which employment conditions and training provision meet the needs of staff and employers, and solutions were offered by focus group participants to improve employment, training and career progression conditions.

The handicraft MSMEs in Myanmar are struggling with some pertinent HR issues. As the tourist market continues to expand, it brings with it an increased demand for handicraft products but a decrease in human resources: artisanal workers view the tourism sector as a better career choice. Younger generations are not entering the craft professions and the older generations are seeking alternative employment, primarily due to low incomes and poor benefits and conditions.

The artisanal MSMEs are well aware of their greatest HR challenges, and the strongest recommendation of this report is that the solutions identified by the focus groups be fully supported by LuxDev, MOHT, other relevant Ministries and the international development community, rather than attempting to impose top-down ideas and foreign concepts. By adopting these local community-inspired recommendations, we would offer intervention strategies a greater chance of success as they would be fully supported by the local communities. If left to a later stage of Myanmar's economic development, it may be too late.

Without immediate assistance and support, it is likely that the handicraft sectors will continue to decrease in size and eventually die out, and with these artisans 1,000 years of Myanmar's precious cultural heritage will disappear.



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