



## ▶ ILO Brief

August 2023

# Survey on employment termination and income security in Myanmar

## Summary of findings

### Key points

- ▶ This brief reports on the findings of a survey of former wage employees in Myanmar whose employment was terminated or temporarily suspended between 1 March 2020 and 28 February 2022.
- ▶ Seventy per cent of employment terminations were voluntary resignations and 28 per cent were dismissals. The largest share of workers whose employment was terminated either voluntarily or involuntarily was in the wholesale and retail trade sector, followed by the textiles, apparel, leather and related manufacturing sector, and the construction sector.
- ▶ Following the military takeover on 1 February 2021, employment terminations increased by 23.5 per cent – dismissals increased by 41 per cent while resignations increased by 22 per cent. Employment terminations increased more significantly among workers with formal employment. Public sector terminations increased by 392 per cent following the military takeover, with most occurring in the education sector.
- ▶ Only 29.5 per cent of dismissed workers received severance pay. Workers in formal employment with written contracts, fixed-term contracts, social insurance coverage, in larger enterprises and in the textiles, apparel, leather, and related manufacturing sector were more likely to receive severance pay.
- ▶ Among workers who returned to work after their employment terminations, 70 per cent found waged jobs again and 30 per cent chose to become self-employed. On average it took workers 167 days to return to wage employment.
- ▶ Many workers experienced a deterioration in income for a variety of reasons, including temporary suspensions of work initiated by their employer, delays in the payment of wages, wage cuts, reductions in regular working hours and reductions in overtime.
- ▶ Most workers reported increases in expenditure on food and healthcare.

## ► Background

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Since 2020, the COVID-19 pandemic, the 2021 military takeover and surging global commodity prices have significantly impacted the lives of the people of Myanmar. Despite a slight recovery in jobs in the first half of 2022, the ILO has estimated that employment levels were still well below those found at the beginning of 2020.<sup>1</sup>

The ILO conducted a survey of 1,500 former waged employees to understand the nature of employment terminations<sup>2</sup> and temporary job suspensions between 1

March 2020 and 28 February 2022. Using the survey data, the study assessed whose jobs were terminated; the reasons for termination; and whether workers were compensated for involuntary termination of employment. The survey also explored how temporary suspensions of work affected workers; how they coped with these employment shocks; and whether they returned to work.

This brief summarizes the results of the survey.

## ► Key findings

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### Employment terminations increased significantly

Voluntary and involuntary terminations of employment increased by 23.5 per cent after the military takeover on 1 February 2021, particularly among workers in formal employment<sup>3</sup> and with higher levels of education.

Following the military takeover, the average monthly incidence of employment terminations increased by 48 per cent for workers with higher education levels and by 18 per cent for workers with lower education levels. Terminations were also more prevalent in knowledge-intensive sectors after the takeover, with increases of 323 per cent among respondents in the finance and insurance sector and 314 per cent for the education sector.

### Most employment terminations were voluntary resignations

Voluntary resignation (70 per cent) was the most common reason for employment termination, followed by dismissal (28 per cent). Most dismissals (78 per cent) were for lawful

reasons including ordinary misconduct (1 per cent), liquidation of business (28 per cent) and suspension of business due to unforeseeable events (49 per cent).

The share of resignation is lower and the share of dismissals is higher among workers who are older or have lower education levels. Likewise, workers with formal employment and employed in formal sector enterprises are less likely to resign. The share of resignations was relatively lower among workers with written contracts, with social insurance or private insurance, or employed in medium-to-large enterprises.

### However, dismissals dramatically increased after 1 February 2021

The average number of dismissals per month rose 41 per cent following the military takeover. In addition, dismissals for “non-standard” reasons<sup>4</sup> that are outside of national labour laws rose by 690 per cent.

One-third of the non-standard reasons given for dismissal were related to factors arising from the military takeover, such as participation in the Civil Disobedience Movement

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<sup>1</sup> ILO, “Employment in Myanmar in the First Half of 2022: A Rapid Assessment”, ILO Brief, August 2022.

<sup>2</sup> Unless specified otherwise, this study uses variations of the terms “employment termination” and “job loss” interchangeably to refer to the ending of the employment relationship between an employer and employee, regardless of whether the relationship ended due to resignation, dismissal or mutual agreement.

<sup>3</sup> The survey does not rigorously define formal employment according to the definition adopted by the 17th International Conference for Labour

Statisticians, but instead refers to proxy indicators such as written contracts and social security coverage.

<sup>4</sup> These non-standard reasons represent instances where respondents chose “other reasons” and were then asked to provide additional details. The reasons provided included: the employee’s participation in the Civil Disobedience Movement (CDM), participation in other political activities, refusal to come to work due to security concerns, absence with or without leave entitlement, and the employer not resuming business or relocating the workplace.

(CDM), participated in other political activities, or refusals to come to work due to security concerns. These combined results may suggest the military takeover and related actions like the CDM contributed to increasing employment termination in the country.

## There was a sharp increase in resignations in the public sector

In the public sector the number of workers whose jobs were terminated increased by 392 per cent after the military takeover, with a large number of terminations in the education sector. A majority of terminations (80 per cent) were resignations.

## Wholesale and retail trade had the largest share of employment terminations

The service and industry sectors accounted for two-thirds and one-third of employment terminations, respectively, while the agriculture sector lost few jobs. The wholesale and retail trade sector had the largest share of employment terminations (24.5 per cent), followed by the textiles, apparel, leather and related manufacturing sector (14.6 per cent), the construction sector (8.5 per cent), the other manufacturing sector (8.4 per cent).

Following the military takeover, incidence of employment termination due to liquidation of business rose by 13 per cent and employment termination stemming from suspension of business due to unforeseeable events rose by 11 per cent.

## Basic employment rights were often not granted when employment was terminated

When terminating the employment relationship, employees and employers are in most circumstances required to give 30-days' notice prior to resignation or dismissal. However, only a third of workers and employers complied with this requirement, and nearly half of workers and employers provided no advance notice to the other party prior to terminating the employment relationship via resignation/dismissal.

Many employers appear to consider it an option to choose whether to notify their employees and continue paying

their salary for 30 days or to make a payment in lieu of notice. Fifty-seven per cent of workers received no compensation at all or only a proportion of the wages they were entitled to in the last month before dismissal.

Dismissed workers are generally entitled to statutory severance pay, but overall only 29.5 per cent of dismissed workers received this entitlement. Among the dismissed workers who had eligible reasons for severance pay, 55 per cent who were dismissed due to liquidation of business and 27 per cent who were dismissed because of the suspension of business due to unforeseeable events received severance pay. Workers in formal employment with written contracts, fixed-term contracts, social insurance coverage, in large enterprises and in the textiles, apparel, leather, and related manufacturing sector were more likely to receive severance pay.

Severance pay, by its nature, tends to be more favourable for workers with stable and long-term employment and receiving high wages. Among workers who received severance pay, the average severance was 329,072 kyat, or equivalent to 1.9 months of the average monthly wage.

Women and youth (ages 15–24) were more likely to receive lower severance pay than men and more senior workers (ages 25+). The average severance pay for men and senior workers was 42 per cent and 68 per cent higher than their counterparts, respectively, and income replacement relative to monthly wage followed the same trend. Workers who served for 30 months and more with their employer received 483,930 kyat or 2.9 months of salary on average, while workers with less than 30 months service received 149,318 kyat, or 0.9 months of salary on average.

During the survey period, some former wage employees returned to work. Among these, 70 per cent found wage jobs again, and 30 per cent chose self-employment. Workers who returned to waged employment spent 167 days on average from the day of employment termination to find their new jobs. Most of the workers who returned to wage employment relied on informal sources of information to find their new jobs. Among workers who found wage employment through a formal approach, almost all used online platforms to find their new jobs. Moreover, self-employment appears to be an option for making a living instead of being unemployed. In particular, it is notable that most former government employees who returned to work became self-employed.

## Workers still in employment also reported income losses

Many workers lost income from work even while they were still employed. In cases where there was a temporary suspension of work by the employer, 60 per cent of workers did not receive any salary at all, 18 per cent received a reduced salary, and only 22 per cent received their full salary. Moreover, 26 per cent of workers who participated in the survey experienced wage payment delays or reductions. Fifty-two per cent of the workers experienced a reduction in regular hours of work or overtime, of whom 64 per cent reported that as a result their income was reduced.

Reductions in working hours may not only be at the initiative of the employer, but also due to employees' decisions to avoid exposure to health risks due to COVID-19 pandemic or security risks due to the military takeover and related violence. Fifty-three per cent of workers reported being absent from work due to health concerns, and 28 per cent of workers had been absent from work due to security concerns.

## Households fulfilled increased expenditures through unsustainable coping strategies

The survey concluded by asking workers which expenditure components of their households had increased since the beginning of the pandemic, possibly due to multiple shocks including the rise in global prices, and how they fulfilled increased needs for household consumption. Most workers reported an increase in food expenditure and healthcare expenditure. Eighty-nine per cent of workers relied on income from work to fulfil their increasing household needs as the most reliable source of income. However, many workers had to make use of unsustainable coping strategies, including withdrawing their bank savings, lending or borrowing money, and selling assets such as houses, land, stocks and bonds. Only a few relied on public support or severance pay.

## ► Conclusion

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Who paid the price of the multiple shocks faced by Myanmar? It is evident that workers struggled securing income upon unemployment. Workers experienced income loss because of job loss, temporary suspensions of work and reductions in working hours, while their household expenditures simultaneously increased. Almost no public schemes or statutory employer liability schemes effectively helped workers secure income to cope with the multiple

shocks they faced, and workers themselves had to find solutions to make a living without such support. In the absence of an unemployment insurance scheme in Myanmar, severance pay is only the statutory scheme for addressing income security during unemployment spells but it demonstrated a limited ability to protect workers in need.

## ► Appendix

In order to get a survey sample that was representative of the population, we follow the sample size formula by Lind, Marchal, and Wathen<sup>5</sup>, which is as follows:

$$n = \pi(1 - \pi) \left( \frac{z}{E} \right)^2$$

Where  $n$  is the size of the sample;  $z$  is the standard normal  $z$ -value corresponding to the desired level of confidence;  $\pi$  is the population proportion; and  $E$  is the maximum allowable error or the margin of error.

In this case, the population benchmark was based on the labour force participation rate in Myanmar in 2020, which was about 60.1 per cent in 2020. We selected a confidence level of 95 per cent (with corresponding  $z$ -value of 1.96) and set the margin of error of 2.5 per cent. We concluded that 1,500 respondents would be sufficient to meet the research objective.

Respondents were randomly selected and asked four filtering questions to participate in the survey. The 1,500 survey respondents in the sample represent the final set of workers who met all the filtering criteria including:

- i. Being employed on 29 February 2020;
- ii. Being 15 years old or above on 29 February 2020;
- iii. Being an employee on 29 February 2020; and
- iv. Having experienced employment termination, temporary suspension of work while being employed, or both between 1 March 2020 and 28 February 2022.

For this survey, a pre-existing panel of 281,173 registered phone numbers was used as the sample frame for the recruitment and selection of respondents. Both urban and rural households were included in this panel, which

represents the diverse nature of Myanmar. The panel is constantly being updated and more households added to it to ensure that households do not experience research fatigue and that a larger database of potential respondents is available.

The sample selection was done by using systematic random sampling from the panel data. A multi-stage random sampling method was applied to achieve a sample of respondents that is representative of the national population.

The systematic random sampling was conducted over the following stages:

- The panel was sorted by state and regions;
- The panel then sorted by urban and rural; and
- The total sample frame for each location was divided by the sample size required, and every  $n^{\text{th}}$  number was selected to be attempted for interviewing.

The final distribution of the sample obtained from the survey across states and regions was roughly proportional to the population aged 18 years and above, even if not proportional to the urban and rural population of each state and region.

As a result of the survey, we obtained three separate datasets for analysis. Among the 1,500 respondents, 772 experienced temporary suspension of work without breaking the employment relationship with their employer; 397 experienced employment termination but did not experience temporary suspension of work; and 331 respondents (22.1 per cent) experienced both employment termination and temporary suspension of work.

<sup>5</sup> Douglas Lind, William Marchal, and Samuel Wathen. 2018. *Statistical Techniques in Business and Economics*, 18th edition (New York: McGraw Hill, 2018).

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DOI: 10.54394/RVIO6962 (Web PDF)

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