

# The Mandalay Region Chamber of Commerce and Industry

## CASE STUDY

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MRCCI



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# Acronyms

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<b>ADB</b>	<b>Asian Development Bank</b>
<b>ASEAN</b>	<b>Association of Southeast Asian Nations</b>
<b>BRC</b>	<b>Bangkok Research Center</b>
<b>CEC</b>	<b>Central Executive Committee</b>
<b>EC</b>	<b>Executive Committee</b>
<b>EU</b>	<b>European Union</b>
<b>FDI</b>	<b>Foreign Direct Investment</b>
<b>GoM</b>	<b>Government of Myanmar</b>
<b>JETRO</b>	<b>Japan External Trade Organization</b>
<b>JICA</b>	<b>Japan International Cooperation Agency</b>
<b>MRCCI</b>	<b>Mandalay Region Chamber of Commerce and Industry</b>
<b>TVET</b>	<b>Technical and Vocational Education and Training</b>
<b>UMFCCI</b>	<b>Union of Myanmar Federation of Chambers of Commerce and Industry</b>
<b>UMTA</b>	<b>Union of Myanmar Travel Association</b>
<b>UNESCO</b>	<b>United Nations Educational, Scientific and Cultural Organization</b>
<b>UTCC</b>	<b>University of the Thai Chamber of Commerce</b>
<b>WEF</b>	<b>World Economic Forum</b>

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# 1 Trade and commerce in Mandalay

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Mandalay is Myanmar's second largest city, a vibrant and bustling city of about one million people. It has over 20,000 registered businesses, and is a main trading centre and transit hub for jade, gems and agricultural products. Its strategic location in the north of the country gives the city a prosperous border trade with China, and India. In the financial year 2012-13 the volume of Myanmar-China trade was nearly \$4.96 billion and Myanmar-India trade was \$1.32 billion.<sup>1</sup> However, 75 per cent of businesses in Mandalay are still dependent on agriculture; main products include rice, sugar, and beans, and pulses, which companies generally trade to resellers in Yangon or export to China or India.

Mandalay is also an industrial hub. Mandalay's industrial zones house over 1,100 factories, with most of the companies involved in the production of agricultural products or heavy machinery. Another clear indication of the commercial importance of Mandalay is the fact that all of Myanmar's 14 private banks have branches in the city.

However, future growth is under threat by a shortage in skilled labour. Employers complain that workers are not prepared for work, and lack the vocational and technical skills needed. Given the increasing international attention on the country, growing FDI flows and a large pool of unemployed unskilled labour, business associations have taken on the responsibility to provide training to members and young entrepreneurs. This step is crucial to help address the existing skills gap and to prepare Myanmar businesses to take advantage to the new opportunities the opening up has brought to the country.

## 1.1 Objective

The objective of this report is to identify ways for the Mandalay Region Chamber of Commerce and Industry (MRCCI) to improve the quantity and quality of workforce skills in the Mandalay region, both independently and through collaboration with other stakeholders.

## 1.2 Methodology

The approach taken by this report included conducting a broad and relevant literature review and interviews with members of the association as well as a workshop.

### Literature review

The desk review included academic literature, research and technical papers, government reports and working papers on skills development in Myanmar. A certain amount of 'grey' literature was located through consultation with researchers and service providers, who identified sources outside the scholarly databases. More general searches were made using Google Scholar. Searches were limited to research in English.

### In-depth interviews

After completing the literature review, thirteen in-depth interviews were conducted with members of the Executive Committee (including the Chairman), regular members and the General Manager of MRCCI. Questions addressed the history and individual involvement in MRCCI, as well as the main challenges for skills provision in Mandalay. The questionnaire also sought to address some of the main lessons learnt from their experience.

### Workshop

A one day workshop was conducted in mid-March with members of MRCCI. The workshop provided an opportunity to members to voice their views about the issues of skills development and proposed ways in which the private sector could help. Over 70 MRCCI members participated in the event.

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1 In Myanmar, the fiscal year runs from April to March.

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# 2 Mandalay Region Chamber of Commerce & Industry

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The MRCCI was founded on June 26, 1991 by a group of 20 local business owners, although discussions about the creation of such an organisation began as early as 1981. Founding members were required to contribute 100,000 kyat each (\$15,936 at the official exchange rate, or \$1,429 at the parallel, black market rate) to support the operations of the newly formed organisation. One of the main motivations behind the founding of MRCCI was the establishment of a similar organisation, the Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI), in Yangon. This inspired Mandalay businesses to organise in a similar manner. Founding members envisioned that MRCCI would be an organisation that would help members meet counterparts in other countries and represent the wider business community. MRCCI's modern vision remains unchanged: to promote trade through foreign contacts, cooperate with international organisations and businesses and obtain training.

## 2.1 Structure of the organisation

The Executive Committee (EC) is comprised of 37 EC Members, and is the body responsible for the overall leadership and administration of the association. Of the 37 EC members, 22 are members of the Central Executive Committee (CEC), including the Chairman, five Vice-Chairmen a General Secretary and two Joint Secretary Generals. Other positions in the CEC include the Treasurer, Joint Treasurer, and two Auditors. The organization also has a Foreign Relations Department, which is responsible for liaising with international business and organizations.

Previously, the Chairman was appointed by the Chief Minister of Mandalay Region, while most

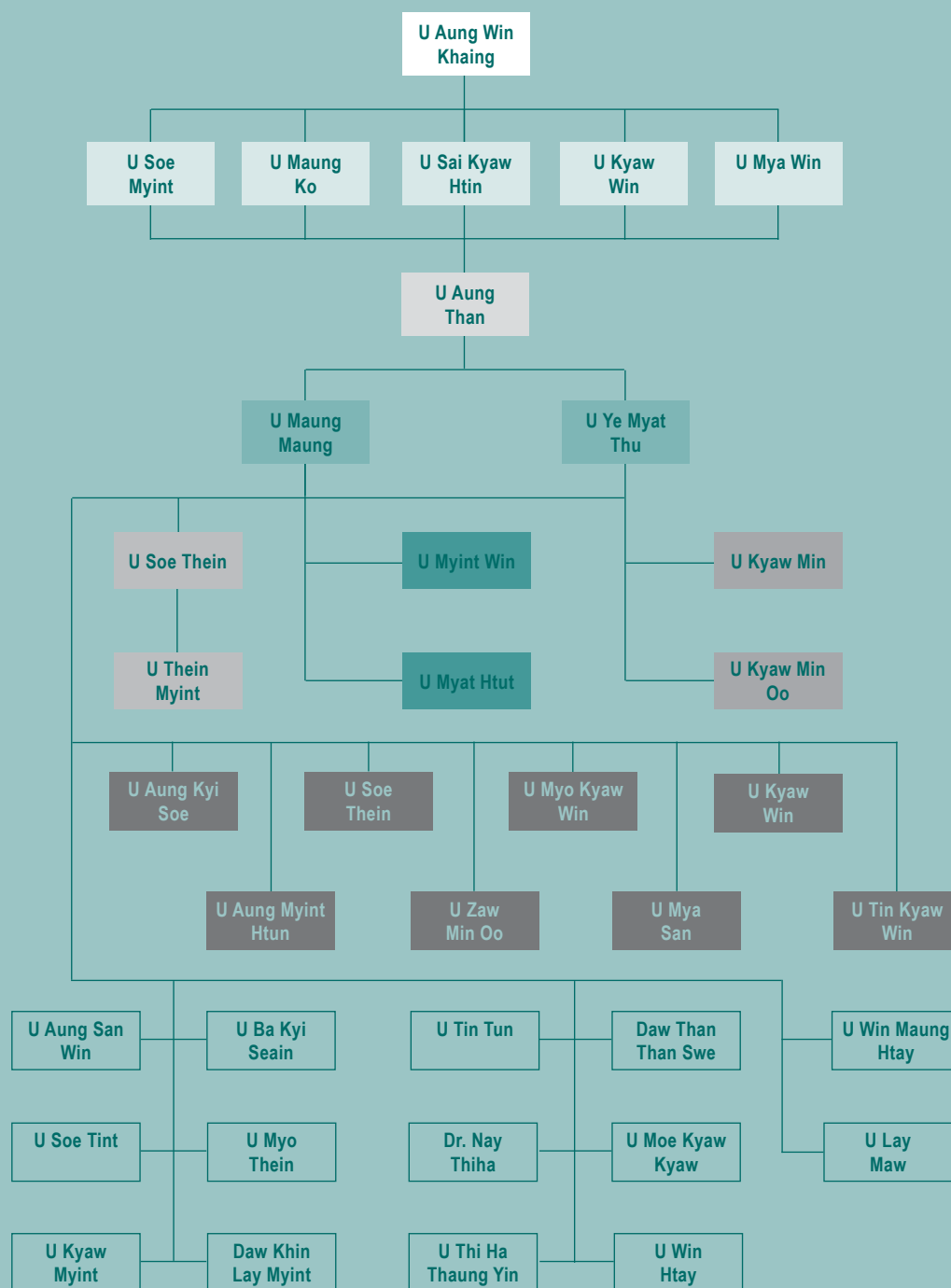
of the other EC members were elected. MRCCI selects new leaders every 3 years, and is in the midst of changing the process by which leadership is chosen. MRCCI is currently considering open elections, which may be held as early as March 2014.

The EC is supported by a series of committees that help to implement the aims and objectives of the association. Each committee is chaired by a member of the EC. Committee members have the opportunity to influence the decision making process and activities of the association. The present EC currently oversees the following committees:

- Foreign Relations Department Subcommittee: establishes and maintains relations with other international organisations;
- Information Technology Development Department Subcommittee: in charge of developing all aspects of IT for the association;
- Finance Subcommittee: in charge of the financial administration of the association;
- Management Subcommittee: concerned with the general management of the association and staff duties;

For the day to day operations MRCCI relies on nine permanent and two part time staff members, including a general manager, five clerical staff and three maintenance staff.

## Figure 1: MRCCI organisational chart



President	Secretary General	Joint Treasurer	Foreign Liaison Department	Executive Committee
Vice President	Joint Secretary General	Auditor	Central Executive Committee	



MRCCI acts as an umbrella association for the Mandalay region, with 22 different sub-associations falling under it. These sub-associations cover a wide range of industries and vary significantly in their level of functionality, number of members and activities. While some of these sub-associations are quite active and closely linked with MRCCI, others are inactive and have few relations with it. They include:

- Industrial Zone Management Committee
- Brokers and Traders Association
- Oil Trader Association
- Sugar and Sugar Mill Association
- Sugar Product Association
- Rice Trader Association
- Rice Mill Association
- Food Stuff Association
- Gem and Jewelry Trader Associations
- Publishers and Offset Owners Association
- India Origin Association
- Horticulture and Floriculture Association
- Zetzgyo Traders Association
- Electrical and Electronic Owners Association
- Orchard Association
- Vehicles Spare parts Shop Association
- Culinary Shop Owner Association
- Agricultural Producers Association
- Freight Forwarders Association
- Agricultural Tools and equipment Shop Owner Association
- Toiletry Product Shop Owner Association
- Mandalay Computer Entrepreneur Association

MRCCI is a regional member of the national Union of Myanmar Federation of Chambers of Commerce and Industry.

## 2.2 Membership and activities

Representing 1800 members, MRCCI is the largest regional business association in Myanmar.

Officially, MRCCI covers the Mandalay Region and its population of nearly 8 million people. However, the some members of the organization's leadership hope to expand the reach of MRCCI across northern Myanmar. Most members have a business background in sectors such as trading, agriculture, oil-seed dealers, computer industry, gems and jewellery and others. While most members are established business owners, MRCCI is interested in increasing the number of members who are young graduates and entrepreneurs. These younger members could benefit from networking in the organization, as well as the knowledge sharing opportunities that come from interacting with more experienced business owners. As one interviewee commented, *"the idea is that more young people join MRCCI, I try to promote MRCCI between the youth and help develop promising ones young members."*

The application procedure to become an association member is fairly straightforward. Applicants need to fill out an application form and include an immigration form (commonly known as the household list), along with two photographs and a biography. After the forms are submitted to the MRCCI Office and new members are approved by the EC.

Since MRCCI does not receive financial support from the government, members pay an annual fee to support the activities of the association. Fees are the same for all members, regardless of size or industry: 20,000 kyat upon joining and 10,000 kyat for annual fees thereafter. MRCCI also receives income from facilities usage fees, and through partnerships with international organizations.

Several members have highlighted the growing positive reputation of the association. One interviewee noted that *"MRCCI is becoming more and more popular and many people are joining."* This shift in popular opinion represents an important break with the past, when according to an interviewee, *"public opinion...was zero."* But now, they continued, *"the opinion is very good."* Part of the reason for this shift is that businesses are increasingly seeing that there is value in being a member of MRCCI. One interviewee commented that *"the public perception is that MRCCI is important in promoting trade and business so people think that MRCCI can help them fulfil their own business objectives"*. This is reflected in the comments of another member, who said that *"now the number of members of the association is increasing and this is an indicator that MRCCI can contribute to businesspeople."*



Meeting with MRCCI Executive Committee members (courtesy of Khin Maung Soe)

Part of the reason for MRCCI's increasingly positive reputation is that the organization is expanding the activities it offers to members. Some of the activities that MRCCI undertakes with members include:

- Dialogues between government and the private sector:** MRCCI often acts as a bridge to facilitate dialogue between businesses and the government, notably the Ministry of Commerce. The association provides members with information about changes in regulation and helps them interpret them. As one member noted, *"MRCCI works between the Ministry of Commerce and the businesses. If Commerce has an announcement or a new regulation, MRCCI can help explain that to members"*. The association has also proven useful in liaising between business and government for visa, permits and international trade fairs. One interviewee noted that *"when members go abroad under MRCCI they don't have to worry about dealing with government officials because of the sponsorship and link with MRCCI. They can go abroad and exhibit their goods and services without getting harassed by the government."* Membership in MRCCI serves as an unofficial endorsement of the businessperson and eases barriers to working internationally.
- Business matching:** The association many times acts as a liaison between local businesses and international organisations/companies requesting to meet local businesses. According to one interviewee *"MRCCI is trying to help*
- local investment and entrepreneurs, as well as help arrange meetings for foreign visitors and act as a bridge between foreign and local business communities."* MRCCI also provides information about particular types of businesses or individual businesses to foreign investors interested in doing business in the region. MRCCI does not charge extra to members for businesses deals that were brokered by the association.
- Foreign trade and affairs:** The association regularly organises trade missions to India, China and other destinations. Members interested in participating need to apply and if demand exceeds the number of allocated places, then members are selected to participate.
- Training:** MRCCI provides a range of training courses, seminars and workshops to its members. For the majority of these, it mainly acts as the 'host' for a training being provided by outside organisations, with the outside organization determining the content of the presentation. MRCCI has a number of these types of partnerships, with international organisations such as the University of the Thai Chamber of Commerce, Japan Myanmar Friendship Association and the Japan External Trade Organization (JETRO). The association also promotes training provided by its 22 sub-associations, extending invitations received by these sub-associations to members of MRCCI.
- While MRCCI does not have a regular training schedule, the association still offers frequent*

training activities, which are communicated to members via email, sub-associations, invitations or advertisements in the paper. Attendance depends on the topic. While some seminars can have 40 participants, other topics considered of relevance to members can get up to 300 participants. Usually, MRCCI bears the cost of training for members. However for some cases, especially lengthy or expensive training programmes, participants are required to pay a fee.

Some of the flagship training programmes provided by MRCCI in partnership with other organisations include:

- **MBA Programme – University of the Thai Chamber of Commerce (UTCC):** UTCC is the oldest private non-profit higher educational institution in Thailand, offering degrees in business administration, accounting, economics, humanities, science, communication, engineering and law. The university was founded by the Thai Chamber of Commerce in 1940 to provide education for business to Thai youth. UTCC has two programs in Myanmar, one in Yangon (in cooperation with UMFCCI) and another in Mandalay.

In Mandalay, UTCC offers the Master in Business Administration in Global Business, a two year programme conducted entirely in English. The main goal of the programme is to provide professional training for business people to enable them to solve problems and make effective decisions across a broad range of business topics, such as management, marketing, or finance. The programme offers majors in five different areas: International Business Management, Financial Management, Marketing Management, Tourism Management and Logistics Management. Currently the programme has 26 students, who pay a tuition fee of nearly US\$10,000 for the two year programme.

- **Government of Japan (GOJ):** Both the Japan International Cooperation Agency (JICA) and JETRO have organised training programmes in partnership with MRCCI. JICA recently organised a management training course, which attracted over 150 participants. In 2012, JETRO was the co-organizer along with MRCCI and other organisations of the seminar “Globalization and Development Strategy in Myanmar toward ASEAN Economic Integration” aimed at providing updated information and experiences on the

East Asia Region and Myanmar to policy makers, academia, and business associations by international and Myanmar’s experts. Also in 2012 the Economic Research Institute for ASEAN in partnership with MRCCI, Bangkok Research Center (BRC), JETRO Bangkok and JETRO Yangon organised a Capacity Building Seminar and Workshop, with a view to enhance capacity-building and human resource development in four main areas: (1) Agro-Business Group, (2) Effective Aid Management, (3) Improvement of Investment in Myanmar, (4) Foreign Exchange Management.

Training programmes provided by the GoJ benefit from a strong reputation in Myanmar. Often these programmes would be fully booked in Yangon, and people would travel to Mandalay to attend trainings. The partnership between MRCCI and JICA has helped strengthen the reputation of MRCCI and increase its presence in the public eye.

- **European Union (International Management Group) –** In August 2013, Consultants from International Management Group (an implementer for the European Union in Myanmar) presented about trade and the EU’s Generalized System of Preferences.

MRCCI has no structured way to receive feedback about the training they provide, however sometimes members are able to provide informal feedback to contacts at MRCCI at social and networking functions in Mandalay.

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# 3 The skills shortage

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There are widespread concerns among companies, both domestic and foreign, about the acute shortage of skilled labour in Myanmar. This shortage is a direct consequence of decades of isolation under socialist and military governments, which had a devastating effect on Myanmar's human resources and skills development. This has led to a workforce that suffers from a critical lack of technical and analytical skills. In 2010, only 5% of the workers had tertiary and higher education credentials, and only 15% had finished secondary education. According to the UNESCO Institute for Statistics and the World Economic Forum (WEF), Myanmar has East Asia's highest rate of children quitting formal education before secondary school. One in five children in the country do not receive education beyond the primary level, compared with about one in 10 in Indonesia and one in 100 in the Philippines.

The Government of Myanmar (GoM) has stepped up its efforts to strengthen and improve the education system, recognizing that an educated population (and therefore an educated workforce) is a prerequisite for sustained economic growth and poverty reduction. The WEF estimates that channelling resources into education will boost employability and help lift some 80-100 million people out of poverty in the ASEAN region. The GoM has established a long-term education development plan (2001–2030), comprised of six subsequent five-year plans, which sets out broad goals for improving access to and quality of post-primary education in order to meet the needs of a growing economy.

Data on technical and vocational education and training (TVET) remains scarce, but according to the ADB during the 2011-12 school year, approximately 96,000 students enrolled in 42 post-secondary TVET institutions. However, the TVET system requires deep structural reforms that would introduce curriculum that is more competency-based. These reforms would also need to address gaps in the relevance and quality of training provided, faculty qualifications and links to Myanmar's labour market needs in emerging sectors and in particular skills.

Technical skills, such as those that would come through an improved TVET system, were one of the most important types of skills that MRCCI members noted their workers lacked. In a March 2014 workshop in Mandalay, approximately 65 members were asked "What specific technical skills do workers need the most in your sector?" Besides technical skills, two other groups of skills – management and interpersonal – were cited in 20% or more of the responses. While these responses were derived from a non-random group of workshop participants, they provide rare and useful anecdotal evidence that businesses have demand for workers with both technical and soft skills.

The skill shortage is imposing significant constraints and raising costs for both local and international firms. In a recent interview with the Wall Street Journal, Don Lam, CEO Vietnam-based asset-management firm VinaCapital said, *"we have been looking to open an office in Myanmar for the past two years. We have a pipeline of deals and a certain amount of funding in place, but we can't find the right people."* He continued by stating that *"we would like to open a Myanmar country fund but we're missing that one piece."* Several companies, including Unilever, have opted to address this issue by repatriating workers from neighbouring countries such as Thailand to work in their new operations in Myanmar. Employment agencies report that especially foreign companies are willing to pay considerably more to hire returnees, mainly due to their language and technical skills. Repatriated workers are also popular with local companies. One business owner and interviewee noted *"I like to hire people who have worked elsewhere. When they go out and get experience, when they come back they tend to be more stable. If they come back they are likely to stay for a long time."*

The challenge of finding skilled workers is exacerbated by requirements in Myanmar's recent investment laws that limit the ability of companies to employ foreign workers. The laws mandate that all unskilled workers must be locals, and Myanmar nationals must constitute at least 75 percent of the skilled workforce of a company



by the end of the sixth year of operation. Given the current shortage of workforce skills in the country, these conditions could increase training costs significantly, and may even deter some businesses from investing at all. They also lead to escalating salaries for skilled workers.

Myanmar's workforce faces significant challenges, with employers complaining that workers are not prepared with the vocational and technical skills needed. There are severe issues with both the quality and quantity of skills development. When viewed in context of the existing shortage of skilled labour, this presents a significant challenge to Myanmar's future economic growth. Shortages of skilled workers could lead to increasing costs, making Myanmar less competitive with other destinations, economic activity, revenue and employment creation.

The development of appropriate workforce skills has been identified as an important economic and social issue for the country in general and for the industry in particular. Skills development and training is a sector where the potential role of the private sector is clear.

### 3.1 The Challenges of Skills Development in Mandalay Region

Interviews with MRCCI members have identified key issues in terms of human resources development which help provide a clearer and more complete image of the human resources situation in the region. Some of the key issues mentioned include:

#### Acute shortage of managers and skilled workers

A large proportion of the people interviewed for this report mentioned the difficulty in finding and retaining managers and skilled workers. This presents a significant obstacle for businesses that are trying to maintain or expand their operations. One interviewee evidenced this when he/she noted that *"skilled managers are tough to find."* Another interviewee said that they found *"marketing and general managers are the hardest to get."*

Finding and retaining skilled workers is also a challenge, a complaint that came from both industry and service companies. One interviewee, in the industrial sector, noted that *"it's quite difficult to find people for certain jobs, like technicians. Skilled labour is very important but hard to get."* Part of the problem is that

there is more demand for skilled workers than there is supply. Another interviewee said *"many companies just want staffs that are ready to work right away, and don't want to be patient and work with them."* However, select interviewees noted that in some areas, skilled workers weren't as difficult to find. One interviewee said that finding accounts tends *"not to be a problem, as accounting is a popular area of study in Myanmar."* However, he then noted that *"other professions are hard to get."*

The shortage of managers and skilled staff has led to increasing levels of industry poaching, especially by new local and international companies. Often these companies are willing to pay higher salaries in order to obtain skilled labour. One company noted that it was common for them to spend time and money training and employee, only to see them leave shortly thereafter. The business owner noted, *"we do a lot of training and then they go to work for other companies. Many people just go to Yangon to work for foreign companies who are paying more"* However, other owners were upbeat about the potential for training workers to take on more challenging roles. One interviewee noted that *"some people have potential to become a skilled manager but they need training and development."* Specific areas that were mentioned as needing increased middle manager training were marketing, sales and IT.

#### The brain drain

Businesses from a range of sectors complained about a brain drain, with more skilled workers frequently leaving for higher wages in Yangon or abroad. One interviewee said exactly that, stating: *"the brain drain is a big problem. We train people and then they go away"*. Another interviewee gave more details on the problem, stating that *"the major problem is neighbouring countries offer attractive salaries. Here, the maximum salary is 1.2 lakh per month (about US\$122) but in Thailand and Malaysia they can make 3 lakh or 4 lakh per month (US\$308 – US\$410)." Another interviewee in the agricultural sector said "those who have skills and knowledge have left the country. Those who are working here don't have much competency. One of the reasons for the brain drain is because employers can't pay well in Myanmar. Overseas employers can pay 10x more than local ones". One business owner mentioned "from my business four skilled workers left to go to a Malaysian business". Among participants at the workshop held at MRCCI, differences in salary between local and foreign businesses was cited as the most important reason why there was*

a shortage of skills in the participant businesses' sectors.

One of the positive labour market trends in the last two years is that a number of people with family connections are beginning to return to the country. However, these 'repats' are few, and not enough to address the current skills shortage in the market. One business owner noted that *"many architects and engineers left to Singapore but some are coming back now"*. A similar comment came from another individual who mentioned *"one encouraging thing is that these days I have noticed that many people who lived overseas have come back. Here they earn less money but they are happier to contribute to the development of the country"*.

Mandalay does face another challenge not faced by associations in Yangon – skilled workers tend to migrate from Mandalay to Yangon, but not in the other direction. This presents a significant challenge given that many of the country's best universities are in Yangon, as well as the majority of embassies, international organizations, and foreign companies. This results in an informal hierarchy within the country. Workers in Mandalay also tend to have fewer opportunities to engage with international individuals and businesses than people in Yangon.

## Poor quality of existing training programs

Business owners often express concern about the poor quality of available trainings, especially those delivered by government institutions. These shortcomings exist in both the government's university system and its modest vocational training program.

The most common complaint about both is that they are heavily theoretical and produce graduates that lack practical skills. One business owner said, *"government institutes can give training but cannot do it well because they emphasize on the theory but they don't have any practical knowledge"*. Another said, *"the problem with the VT schools is that they have only theoretical knowledge."* Similarly a third interviewee noted that *"there is no reliable and professional training from government institutions, government institutions are big and they focus on theory"*. The result was the production of graduates who were not qualified to do the jobs available in the market. One business owner mentioned that one of his biggest concerns is that *"there are many managers but they only have the university degree and*

*don't know how to actually manage"*. Another result is that graduates often lack the critical thinking skills and adaptability needed for the working world. One entrepreneur noted that *"the mentality of the people in Myanmar is that they are reluctant to change. So the ability to change and adapt are also important"*.

Currently, businesses are forced to adapt to these challenges. One interviewee noted that it was common for companies to *"have to train in house"* to compensate for poor quality vocational training. However, numerous businesses noted that they thought that private sector involvement could play a key role in addressing this gap. One entrepreneur noted that *"in my opinion, both theory and practice are important and the only way you get this is by combining government and private sector."* Another interviewee stated that *"entrepreneurs see the whole picture but the government institutions don't see the whole picture. If the training can be conducted by experienced entrepreneurs it can be very effective"*. Participants at the MRCCI workshop were asked the following question: "How do you currently train your staff?" Fully half of the responses were "on the job training," pointing to the dominance of self-reliance among private businesses.

However, numerous businesses noted that they thought that private sector involvement could play a key role in addressing this gap. One entrepreneur noted that *"in my opinion, both theory and practice are important and the only way you get this is by combining government and private sector."* Another interviewee stated that *"entrepreneurs see the whole picture but the government institutions don't see the whole picture. If the training can be conducted by experienced entrepreneurs it can be very effective"*. Some workshop participants did send employees to training schools, however among the limited sample of respondents this was uncommon. Just over 10% of the MRCCI members participating at the workshop sent staff to training schools, and this was clustered in the retail and trading group.

Numerous interviewees noted that they thought improved training would pay real dividends for the workforce and for private businesses in Myanmar. One interviewee said that *"business in Myanmar does not have any acceptable standards for skills. With proper training, seminars, etc., the skills of the workers will definitely be enhanced."* Another interviewee said that there was a need for *"effective training as a way to change people and improve their skills"*.



Outside Zaycho Market in  
Mandalay (courtesy of Jared Bissinger)

## Mismatch between supply and demand of skills

Myanmar's educational institutions are emerging from a half-century of socialist and military rule, in which the enrolment of students into disciplines was dictated by state quota or examination scores. The result is a mismatch between the graduates coming from the university and technical and vocational education system and the demands of the private sector. This was evidenced by the comments of multiple businesspeople interviewed for this report. One said simply, *"There is often a skills mismatch. People are traders but skills are needed in other areas."*

## Lack of good trainers

A common concern is also the absence of good local trainers. *"In Mandalay, the reliable and quality training providers are very rare. A few people can find quality trainers but for mass trainers there are no recommended trainers. Finding qualified trainers is a big problem"*, another person commented that *"generally local trainers have limited knowledge"*. Another interviewee mentioned that *"trainers are almost exclusively from foreign organisations"*, highlighting the constraints to access qualified

trainers in order to overcome the skills shortage. One positive example of the good reputation of foreign trainers is the UTCC MBA programme. *"The UTCC programme is completely different – lots of foreign professors can share their foreign experience and the teaching style is different. In the first two days of the programme you can already feel the difference. After 2-3 weeks you could already see the benefits of the programme. There are very different teaching methods and natural leadership methods"*.

## Lack of familiarity with training and modern business practices

A few interviewees noted that Mandalay faced a somewhat different set of challenges than Yangon given its history, and the fact that it has long been Myanmar's second city. One of the consequences of this is a greater reluctance among businesses and staff to develop their skills. One interviewee noted that, *"in Yangon, people are eager to attend trainings and workshops but in Mandalay people are not as eager to attend workshops. This has been changing over the last one or two years."* While it is positive that this is changing, it may also indicate that there are even greater needs among businesses in Mandalay than there are in Yangon.



# 4 Strategies and recommendations

While all options entail advantages and drawbacks, MRCCI should make this a strategic decision and work closely with members in order to adopt a model that will suit the needs of the association and the market. Working directly with members will ensure that whatever path MRCCI embarks on is one that addresses local needs and has local support, as well as promotes the broad participation of members.

**TABLE 1: POTENTIAL STRATEGIES TO IMPROVE QUANTITY AND QUALITY OF SKILLS TRAINING IN MANDALAY**

Model 1	Create partnerships with international institutions in order to develop tailored curricula for training and access experienced trainers
Model 2	Provide in-house training and develop a training of trainers (ToT) programme
Model 3	Develop into an industry body that facilitates relevant private sector organisations that build capacity in the Mandalay Region
Model 4	Focus on supporting sub-associations and developing as the coordinating body between them
Model 5	Engage with government to enhance existing programs and to found new programs based on member inputs and industry needs
Model 6	Hybrid Model: Provide training in-house while at the same time establishing partnerships with international organisations to provide training in areas where specific technical skills are required and local expertise is lacking

## **Model 1 – Create partnerships with international institutions in order to develop tailored curricula for training and access experienced trainers**

MRCCI can capitalise on the expertise and experience of international organisations by partnering to provide advice and guidance for the development of tailored curricula reflecting local needs, as well as assistance in accessing expert trainers. With many experienced organisations in the region, it would be interesting for MRCCI to consider partnerships with private training centres in neighbouring countries, centres which could easily operate in Myanmar.

Under this model, the biggest challenge will be strategically selecting partnerships, maintaining them, and growing them successfully. At a moment when foreign direct investment and donor money is flowing into the country, many organisations are overwhelmed with requests from international organisations. This model depends heavily on identifying partners that share the same goals and interests of MRCCI as well as aligned strategic priorities that focus on serving members. While maximising the number of partners could be seen as an attractive idea it is actually not important, and could be counterproductive.



While MRCCI already has certain experience in establishing this type of partnership, if the association decides to move in this direction, it will need to build its internal capacity to manage these partnerships and establish a mechanism for reviewing and evaluating partnerships based on their performance. Furthermore, MRCCI will have to come up with a transparent bidding system in which partnerships are established with the most qualified and experienced organisations, avoiding any kind of conflict of interest that could potentially tarnish the reputation of the association.

Under this model MRCCI should consider two different types of partnerships for training:

- *General training:* certain partnerships could be brokered in order to meet general needs of members, such as management skills, IT, sales and others. Expanding the skills capacity of all members will help professionalize the region and attract more investment opportunities.
- *Technical training:* MRCCI could help sub-associations identify specific partners for technical, specialized training. While these smaller organisations might not have the capacity or expertise to broker these partnerships on their own, the backing of an experienced body like MRCCI could be useful. This will also help address specific needs in each sector and also build the internal capacity and expertise of MRCCI.

## Model 2 – Provide in-house training and develop a training of trainers (ToT) programme

A different alternative will be for MRCCI provide in-house training. As a non-sectoral association, MRCCI should focus on providing general trainings that appeal to the vast majority of members as opposed to more specific, technical trainings that appeal to only a select group of members. These trainings should be left to sub-associations or to independent experts who liaise with MRCCI.

Developing an in-house training capacity could help on two fronts i) to generate income for the association and ii) train the next generation of trainers which could help overcome the existing shortage of trainers. While developing and providing in-house training can be a challenging task with high up-front costs and expertise needed, it could help strengthen the reputation and the sustainability of MRCCI

over time. Furthermore, training services will be seen as extremely valuable by members in need of qualified skilled workers. One interviewee highlighted the importance of coming up with a ToT scheme, *“I think trainer of trainers will be more effective than just bringing in foreigners to do the training. Maybe the Australian government can sponsor three MRCCI executives to be trained in Australia. If they conduct ToT then they will train others.”*

In-house training development should focus on skills that are in high demand by members, are applicable to a large number of businesses and staff (especially in high turnover positions), and for which training sessions can be held on a regular basis. Training in soft skills would meet these criteria. Engagement with international organisations could centre on highly technical training programmes that apply to a small number of staff, happen irregularly, and are not in high demand.

While MRCCI already provides a limited amount of training to members in different areas, most of this training is ad hoc, based on opportunities that arise, rather than a clear training programme developed along with the proper curriculum, making sure that recommendations from members about training are taken into account. As one individual mentioned *“MRCCI needs a master plan for training and for executing the work, unfortunately under the current leadership such a plan doesn’t exist.”*

If MRCCI decides to select this model it will need to take into consideration the need to design a curriculum that responds to different needs from different audiences. This will depend on the background of the students in the class. The range of possible backgrounds for these future trainers includes:

- current teachers/professors at government universities/schools
- teachers at private schools
- business owners/managers (private sector representatives)

The ToT programme should be designed to meet the different needs of different audiences. For example, while MRCCI may want to teach university professors how to bring practical lessons and hands-on stories into the classroom, it may want to teach business owners and managers how to develop curricula and teaching methods. When designing a training course, it

will be important to keep the curriculum short, focused and practical, providing trainers with a relevant and customised curriculum that brings value to the market place. MRCCI should also consider linking its training programmes to apprenticeships, internships or on-the-job-training opportunities for students. This would help not only to enhance their experience but also to reinforce the practical, hands-on side of the course.

### **Model 3 – Develop into an industry body that facilitates relevant private sector organisations that build capacity in the Mandalay Region**

Under this model, MRCCI would serve as an industry body providing public goods. Among the specific actions it could take are the following:

- Conduct research on the needs of MRCCI members through short annual surveys that are completed with the renewal of membership. Surveys could collect general information about the business and business owner, as well as specific information about the skills needs, salaries, and challenges in the labour market.

There are a wide range of benefits that could come from collecting more information about MRCCI members. Surveys could be a useful mechanism to communicate skills needs to MRCCI and private trainers. They could also be helpful for foreign businesses and organizations to learn more about the business community in Mandalay. They could also be used as a promotional tool for MRCCI, to help new members understand the organization and see the benefits of joining.

Some members have already noted the importance of MRCCI improving the data it collects on the membership. One member said that “MRCCI lacks reliable stats and data. Now MRCCI is receiving lots of foreign guests and they have no data or info to give them. We should collect data on MRCCI members.” Given internal capacity constraints, MRCCI could consider working with external firms to conduct market research.

- With the consent of members, provide information (anonymously) from market surveys to private sector training organisations. This could help convey needs and also generate a small revenue stream for MRCCI

- Develop a process in which MRCCI ‘recommends’ high quality local private sector training schools and trainers. To do this, MRCCI would work independently or with partners to develop a basic and straightforward set of criteria in order to determine if training schools and trainers meet specific standards. This process could help to improve quality and eliminate variability in private training while positioning MRCCI as the regional authority. Schools and trainers that meet the standards could be branded as ‘recommended by MRCCI’.
- Collect member feedback on the quality and value-for-money of private sector training schools and individual trainers. This information could be made available for public use.

If MRCCI adopts this strategy, it is very important that the organization is perceived as a neutral arbitrator that provides unbiased information to members. It would be important to convey this neutrality to both members and the business community more widely. Steps that could be taken to ensure this include:

- A requirement that no recommendations of training schools are given to businesses that are owned by EC members of MRCCI without disclosure of the ownership link.
- Recommendations are awarded by an independent group of members based on objective criteria.
- MRCCI members and EC cannot influence the recommendation of businesses, or use MRCCI as a way to link their businesses with foreign partners to the disadvantage of other members.

### **Model 4: Focus on supporting sub-associations and developing as the coordinating body between them**

MRCCI is an umbrella organization, under which there are 22 sub-associations. This presents MRCCI with a unique opportunity to focus on developing the training capacity of the sub-associations by linking them with another and serving as the chief facilitator of cross-association linkages. For example, one of the oft-cited areas of skills shortages is in IT skills. Given its natural expertise, the Mandalay Regional Computer Industry Association would be well placed to deliver training classes to members from

MRCCI and other sub-associations on a range of computer skills.

This model would require MRCCI to build stronger links with its sub-associations, as well as provide a venue for these sub-associations to interact with each other. Fortunately, MRCCI is the ideal organization to do this. As one member noted, *“trustworthiness is important – MRCCI has 18-19 sub-associations and these people only see MRCCI as a good association that can help them and keeping this will be a challenge in the future.”*

One of the great challenges will be integrating the leaders of these sub-associations into MRCCI. This was mentioned by one interviewee, who noted that *“leaders from sub-associations need to get more involved in MRCCI.”* The interviewee went on to state that *“because MRCCI has 18-19 sub-associations, each one has an expertise and you should have an EC from each one of those”*. Having one EC member from each sub-association would be an effective way of strengthening the bonds between MRCCI and the other sectoral associations in Mandalay.

### **Model 5: Engage with government to enhance existing programs and to found new programs based on member inputs and industry needs**

The Government continues to be the largest provider of training in Myanmar. Because of its regional importance, MRCCI is uniquely positioned to begin engaging with government to enhance the quality of training. Potential avenues for engagement include the following:

- Collecting feedback from members on specific aspects of government training, and recommendations for improvement.
- Developing a working group between the private sector and the Government. This group could meet on a regular basis with the defined objective of increasing the quality of government-provided training and the quantity of students who can access the training.
- Facilitating training of trainers for government teachers, preferably with significant involvement of industry representatives.

### **Model 6: Hybrid Model: Provide training in-house while at the same time establishing partnerships with international organisations to provide training in areas where specific technical skills are required and local expertise is lacking.**

The sixth strategic model for MRCCI is essentially a combination of the first two. This option would require building considerable internal capacity in order to manage both fronts.

The strategy allows MRCCI to develop the resources needed to meet the regular needs of members while also being able to access technical and highly skilled trainers from international partners. In-house resource development should focus on skills that are in high demand by members, are applicable to a large number of businesses and staff and for which training sessions can be held on a regular basis. Training in soft skills would meet these criteria. Engagement with international organisations could centre on highly technical training programmes that apply to a small number of staff, happen irregularly, and are not in high demand.

Under a hybrid model, short-term and long-term strategies could be useful.

- *Short-term:* Continue to work with established partners and increase the amount of training through these partners. Use these experiences to assess and learn about successful partnership models that work best for MRCCI.
- *Long-term:* Map regional organisations that provide the kind of training needed by MRCCI, and work to establish and implement partnerships to develop this training. At the same time, work with international partners to build the internal capacity of UMTA to effectively and successfully deliver in-house training programmes.

Depending on the model adopted, there are a number of other activities that MRCCI could consider conducting. However, the implementation of these may depend on the strategy adopted. Other suggested activities include the following:

*Technical assistance to private training schools:* MRCCI could consider providing specific technical assistance to selected private training



U Bein Bridge (courtesy of Jared Bissinger)

schools on a variety of issues. Potential avenues for engagement include the following:

- Collecting feedback from members on specific aspects of training, and recommendations for improvement.
- Developing a working group between the private sector and the training schools. This group could meet on a regular basis with the defined objective of increasing the quality of training and the quantity of students who can access the training.
- Facilitating training of trainers for teachers, preferably with significant involvement of industry representatives.
- Leveraging the resources of member businesses to expand the scope and reach of training and multiply the value for money proposition.
- Develop mobile training units to deliver training in remote areas. Given the difficulties of delivering training in remote and rural parts of Myanmar, some members suggested the creation of mobile training units. These could help better serve existing members who live

outside of Mandalay urban centre, and reach distant and isolated communities that need training in order to develop their regions and new products and services. Given the high costs of transportation, lodging and food, using mobile training teams would be more cost-effective than bringing participants to urban centres to receive training.



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# Conclusion

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The selection of an appropriate strategy is essential in helping to improve workforce skills in the Mandalay Region. However, the strategy alone is not enough to deliver real results. It must be complemented by a strong, supportive organization that is working to implement the strategy. There are a number of organizational characteristics that will be important for maximizing the benefit of these strategies.

First, it will be essential for MRCCI to improve communication with its members and sub-associations. MRCCI has already started to work towards this goal, and is not trying to move towards a digital system of communications through email. However, these moves are hindered because the organization lacks a database of member's email addresses. Given the number of members the organization has, this information could take some time to collect. MRCCI may also benefit from developing a system and regular communications plan. At present, communications happen irregularly and only when there is something specific to communicate. This undermines the image of the association and prevents a more active engagement with members, as many of them often go for months without having any news about MRCCI and/or any of the activities they are conducting. MRCCI could address this by sending out a regular newsletter or activity update to members. This could also be used as a promotional document which could help attract new members to the organization.

Another key element to the success of the selected strategy is the active and unified support of the leadership of the organization. Some of the EC members noted that there are divisions and rivalries within the EC at present. One interviewee noted that *"there is a lot of rivalry within the EC. There is lots of internal politics and jealousy because EC members are jealous of each other's businesses"*. While competition between businesses is normal, it will be important not to let these rivalries interfere with skills training, because that is an area that is beneficial for all members. Among interviewees, there is also a perception that it is important for both

members and the leadership to be actively involved in the association. As the interviewee said, *"active involvement of the members and the leadership are key to strengthening benefits."* Their active involvement will also be key to the success of any skills development strategy. The upcoming elections are an opportunity to promote engagement of the members and one that MRCCI should not miss. One interviewee said that *"in March 2014, there will be an election and all members should contribute more to the development of the association."*

Lastly, it is important for MRCCI to examine ways to open more opportunities to regular members. One interviewee described the problem, complaining that *"so far SMEs don't get any assistance from MRCCI and very few benefits. Ordinary members should get benefits and enjoy equal rights with senior members. Some ordinary members they get some benefits because they have connections to the EC members. So there are unequal benefits among the regular members – some get more benefits than others based on their connections."* It is essential that training programs or other resources developed to help improve workforce skills are open to all members of MRCCI, and are equally accessible. This means shifting the way that programs are accessed, allowing any member to sign up as opposed to having participants selected for training.

MRCCI is an organisation with an untapped potential which, due to the nature of its members and its strategic location, could become a game changer in the region and in the country. Skills development and training is an area where MRCCI could play a stronger role in addressing the needs of members and helping overcome the shortage in the sector. The six proposed models address the issue in different ways and have different implications for the strategic direction of the association. While there is no unique path to be followed, serious attention should be paid to the considerations each model implies in terms of building MRCCI's internal capacity and delivery capability.

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