Snapshot of Market Actors' Perspectives: Rakhine State Construction Workers (July 2021)

Mercy Corps - Market Analysis Unit

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During July 1-4, 2021, Mercy Corps' Market Analysis Unit (MAU) conducted phone interviews with workers in Rakhine State's construction sector. The questions focused on labor conditions, worker skills, challenges and more. Data are based on interviews with 43 respondents located primarily in Sittwe Township. This snapshot is meant to complement the MAU's April 28, 2021 snapshot of employers in the construction sector.

Key Highlights

- **Most respondents had more difficulty finding wage work in early-2021 than in 2020,** according to those who worked for wages in both years;
- **The median wage received by respondents fell from 10,000 to 8,000 MMK/day** between 2020 and 2021, and one-third of respondents felt their current pay is too low;
- **Respondents said construction delays and inadequate hours were large challenges** in the construction sector in the first half of 2021;
- **Poor weather was a major source of difficulty in the 2021 season**, although political developments and Covid-19 were also problematic;
- **Most respondents continue seeking construction work in the monsoon season,** although 47% expected there to be insufficient work opportunities in the next thirty days;
- **Many respondents expect to face the greatest economic hardship in August,** and few expect labor demand to increase before September;
- **Respondents interested in skills development are most keen to boost existing skills** (e.g., masonry, carpentry), although some are also keen to learn metalworking.

I. Background

The most common skills among respondents included masonry and carpentry, and two-thirds work as team-leaders within their field of expertise. Seventy percent of respondents identified as "team leaders" who oversee work—much like a foreman—and are typically paid a commission on each project, while the remainder are workers who receive day wages. Among respondents, 81% had masonry skills and 41% had carpentry skills, while just 9% were skilled in welding or metalworking. Some respondents are new to the sector, but most have worked in construction for years. Respondents have worked a median of 15 years in construction, although one-quarter of respondents have worked in the sector for fewer than five years.

Most respondents work on constructing residential buildings and find work opportunities through friends or family. The great majority of respondents (86%) work on building construction, while some work on roads (19%) or other infrastructure like water and electricity (16%). Generally, these projects are commissioned by homeowners (72%) or private businesses (44%), while projects for the Union or Rakhine State government were fairly rare (9% and 6%, respectively). Respondents typically source work opportunities through family or friend networks (86%) rather than through professional agents (14%), and just one respondent reported finding work through a labor office.

In Rakhine State's construction sector, peak demand for labor occurs outside of the monsoon season, although in 2021 work was intermittent even during peak-season. According to respondents, demand is strongest between August and April, while May through July generally affords few work opportunities. More than half of respondents said they can usually find work between October and March. In the first six months of 2021—roughly the second half of the 2020-2021 construction season—respondents said they worked on average about four or five days per week in construction. However, work was often broken up by periods of unemployment, and respondents reported a median of 95 days of work in the sector since January 2021 (i.e., an overall average of about 3.7 days per week).

Wage Workers – Respondents who worked for wages in 2021 said they mostly worked in the construction sector, and they work year-round for a variety of employers. Among the respondents who work for wages, the great majority (86%) work primarily in the construction sector, and virtually all do it throughout the year, including during monsoon season (see Section III). Respondents' employers were divided roughly equally between private businesses, households and state enterprises or government offices. Two-thirds of wage workers interviewed were employed at the time of interview (though not necessarily in construction), but most said they were unsure how long the work would last.

II. Challenges and Impacts (2020-2021 Season)

Challenges – Delays in construction and insufficient work opportunities were major concerns for construction workers in early-2021, and many attributed their difficulties to poor weather. Seventy percent of respondents said there was not enough construction work available in the first half of 2021, and 58% said construction delays caused major challenges. More than one-third of respondents also said their pay was too low (see wage discussion below). Relatively few voiced concerns about worker safety (9%) or transportation difficulties (4%). With respect to the perceived source of the challenges workers face, 72% said weather was to blame, while 19% cited Covid-related factors and 19% cited political events (none cited armed-conflict).[1]

Impact in Income – Compared to the 2020 construction season, respondents reported lower wages and income in 2021 and more difficulty finding work opportunities. Seventy-one percent of respondents who worked in the sector in both 2020 and 2021 said finding work opportunities was harder in 2021, although a sizeable minority (24%) said they found the job search easier. Sixty-three percent of respondents said their earnings in the sector were lower in 2021, while 24% said their income increased in 2021.[2] Respondents who received wage-pay in the construction sector in both 2020 and 2021 reported a lower median daily wage of 8,000 MMK in 2021 compared to 10,000 MMK in 2020.[3]

III. Future Outlook

[1] The MAU's MAS Snapshot—based on employers' perspectives—suggests that cash access may have exacerbated difficulties related to weather, but pushing construction later in the season.

[2] Unclear why this would be

[3] These workers reported a median of 95 work days in the past month, which would amount to roughly 126,000 MMK/month.

Most respondents intend to continue working in construction throughout the rainy season—often relying on it as their primary source of household income—despite reduced demand for their labor. Nearly all respondents (92%) said they will continue to work in the construction sector during the monsoon season. That said, 47% of respondents said there would not be enough work available in the construction sector during the next thirty days to satisfy supply, and the remainder said they were unsure (none said demand for labor would be adequate). Two-thirds said that their construction-related work will provide their household's primary source of income during the monsoon season (even though it is the low-season for the sector), while 13% said agricultural labor will be their primary income source and 7% said they will rely largely on remittances.

Respondents say the economic hardships of the monsoon season could begin to abate in September, and most hope to find work in the construction sector again during the 2021-2022 season. Respondents generally said the monsoon season is the most economically difficult time of year for their household, with economic strains peaking in August. Seventy-three percent of respondents said they expect fewer work opportunities for their household in the next thirty days (i.e., July and early-August), and two-thirds say they expect to sell or pawn an asset to make ends meet financially. However, 80% of respondents say they intend to work in the construction sector during the 2021-2022 season, which begins around the fourth quarter of 2021.

Skills development – Respondents appeared more interested in advancing their skills within their current expertise than picking up new skills entirely. Several respondents expressed interest in progressing from carpenter to master carpenter, but few said they wanted to switch to masonry, for instance. Fewer than one-quarter expressed interest in shifting skills, but among those who did, most expressed interest in welding and metalworking (a few others mentioned more unique trades such as air-conditioning maintenance or civil engineering).

IV. Implications

Economic Strain on Households – Rakhine State workers who rely on the construction sector to manage the economically difficult monsoon months may find themselves more vulnerable in late-monsoon. Workers without adequate income could turn to asset-sales and other negative coping mechanisms, or unsafe work opportunities, to get through difficult periods, particularly in August when work is scarce and the Covid-19 pandemic is worsening.

Market Functionality – If troubles in the construction sector persist into late-2021, they could contribute to even greater instability for the sector in the 2021-2022 season. Workers unable to rely on the construction sector for reliable income may increasingly look for livelihood opportunities in other locations or sectors, possibly leading to labor shortages or further delays in construction.

Skills Development – Support for skills development in the sector may attract the broadest interest by focusing on both upgrading workers' existing skills and introducing new ones. New skills training (e.g., metalworking) should probably be linked to specific employment opportunities, particularly given current market uncertainties in Rakhine State and Myanmar generally.

Box 1. Respondent Characteristics

Data in this report are based on interviews with 43 workers in the construction sector. Additional characteristics of these individuals and their households are as follows:

- **Age, gender, education –** Eighty-eight percent of respondents were male, and ages ranged from 18 to 59, with a median age of 42. Eighty-eight percent of respondents had not advanced beyond grade nine, and one-quarter had not advanced beyond grade five (two had no formal education).

- **Household size and income –** The median household size is five. Forty-four percent of respondent households currently have debt, and 47% of households have savings of some kind (35% have no savings, and 19% did not respond).

- **Household income –** Many respondent households have one primary source of income, and for many this is their work in the construction sector. Forty percent of respondents' households rely heavily on income from wage labor (this includes other members of their household). One quarter of respondent households also draw significant income from other sources such as agricultural work, trade in goods, service (e.g., taxi) or remittances.

Mercy Corps' Market Analysis Unit (MAU)

The Market Analysis Unit provides humanitarian and development practitioners, policymakers and private sector actors in Myanmar with data and analysis to better understand the present and potential impacts of Covid-19, conflict and other crises on:

- **Household purchasing power,** including coping mechanisms, safety nets and access to basic needs;
- **Supply chains**, including trade, cross-border dynamics and market functionality (particularly as it relates to food systems);
- **Financial services**, including financial services providers, household and business access to finance and remittances; and
- **Labor markets** (formal and informal), with a focus on agricultural labor and low-wage sectors (e.g. construction, food service).

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