

## **Spatio-temporal Changes of Gold and Jewellery Business in Downtown Yangon City in the Transformation Process**

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### **Introduction**

Since Myanmar changed from state control economy to market oriented economy in 1988, many changes have occurred in every sector. Rules and regulations were changed to make it possible to do business more freely for both foreign and local entrepreneurs. Transportation linkages were expanded between the national capital and other state and division capitals. In addition, existing towns were expanded while many New Towns were designated in suitable urban areas. The above-mentioned policy changes and infrastructure developments could make the structural changes of Yangon City. Some businesses, financial and commercial enterprises etc. concentrated in the downtown area were relocated to the peripheral area (Yin May 2005). Although considerable structural changes of Yangon City are taking place, there is limited research on this topic.

Of the obvious changes, gold and jewellery shops are a distinguished one. Since this business differs from the business of daily consumer goods and is related to the wealth of the people, distinguished structural changes are going on. Before 1988 the majority of gold and jewellery shops were concentrated in Shwe Bon Thar Street (formerly Magoh Street) as single agglomerate. During the transformation process, however, many sub-nodes emerged in the old suburban towns (such as Insein and South Okkalapa)<sup>1</sup>. In addition to wider area changes, we also witness micro-scale spatial changes of gold and jewellery shops in downtown Yangon.

### ***Problem***

Based on the above background, this paper tries to verify the following points:

- (1) Has there been any change in the spatial structure of gold and jewellery shops in downtown Yangon during the period of 1988 and 2005?
- (2) If so how has it changed?
- (3) What are the underlying processes of these changes?

### **Data and Method**

Since there are many difficulties to get official statistics about the gold and jewellery shops, all the data used in this study were derived from field surveys<sup>2</sup> and questionnaires. In addition, open interviews were conducted with some shops owners in order to be able to figure out the causes of spatial and temporal changes.

There are many shops selling gold and jewellery in the Bogyoke Market which is located on Bogyoke Road, just two blocks away from the gold and jewellery shop agglomeration. But they are confined to the market area and their spatial changes are worth to study in a separate case study. For that reason we did not consider Bogyoke Market in our study.

In the first round a field survey was conducted during March 2005. Location and names of the gold and jewellery shops, type of commodity, ownership, average floor space and number of workers were collected through this field survey. Then, a spatial database was developed by using GIS software (ArcView Version 3.3). In the second round a survey with questionnaires and personal interviews was conducted during August and September 2005. Background history and conditions of business were derived through this survey. Derived data were recorded in a database and linked to the spatial database for detail analysis. Figure 1 shows the number of gold and jewellery shops in downtown Yangon and the number of samples received from the questionnaires survey. It covers about 48% of the shopowners and can be assumed to be representative in regards to all types of shops.

	All shops	Sample	Percentage
Gold and jewellery shops	148	87	58.8
Precious stones	24	6	25.0
Silverware	24	7	29.2
Buying	61	22	36.1
<b>Total</b>	<b>257</b>	<b>122</b>	<b>47.5</b>

*Fig. 1: Number of gold and jewellery shops and sample size (Source: Based on field survey, August 2005)*

The second section of this paper discusses the development of gold and jewellery shops by means of type and ownership in downtown Yangon. Then, the spatial development of the business is examined in the third part before explaining the process of such spatial development.

## Development of Gold and Jewellery Shops in Downtown Yangon

The results of field and questionnaires surveys were used to trace back the development of gold and jewellery shops in downtown Yangon. Figure 2 shows the development of gold and jewellery shops in downtown Yangon by its ownership. Two points can be observed from this table. The first point is the gradual development of gold and jewellery shops after the implementation of a market-oriented economy in 1988. The development is more distinct during 1996-2005. The second point is the changes in ownership. Before 1988 the gold and jewellery business was mainly conducted by Myanmar nationals and Indian people. From the interviews it was found out that only ownership of Myanmar citizens was allowed under the State Economy. Then, other nationals like Chinese and Indian descendants had to do business un-officially or they had to use Myanmar nationals in their businesses as so-called owners<sup>3</sup>. After 1988, however, restrictions on the ownership were lifted. As a result, other nationalities, especially Chinese came to participate in the gold and jewellery business.

	Myanmar	Chinese	Myanmar-Chinese	Indian	Total
<b>Before 1988</b>	5 (38.5)	2 (15.4)	1 ( 7.7)	5 (38.5)	13 (100)
<b>Between 1988-1996</b>	6 (15.8)	11 (28.9)	10 (26.3)	11 (28.9)	38 (100)
<b>After 1996</b>	12 (16.9)	11 (15.5)	14 (19.7)	34 (47.9)	71 (100)
<b>Total</b>	<b>23 (18.9)</b>	<b>24 (19.7)</b>	<b>25 (20.5)</b>	<b>50 (41.0)</b>	<b>122 (100)</b>

*Fig. 2: Development of gold and jewellery shop by ethnic group (inbrackets: %) (Source: Questionnaires and field survey results, March and August 2005), Note: Chi-Squared analysis shows variations at 0.001 significant level*

The development of gold and jewellery business is also associated with business type and ownership. From figure 3 it becomes clear that Chinese and Myanmar-Chinese are mainly active in the gold and jewellery business while Indian and Myanmar nationals are participating in all businesses. One more significant point is that nearly all gold and jewellery buying businesses are conducted by Indian people. This is due to a spin-off of younger generations working in the gold and jewellery business. Many new entrepreneurs in the business have got their knowledge about gold and jewellery from the shops they worked in before. The nature of business is also contributing to this development since it needs only a very small amount of investment. The Chinese, on the other hand, generally have made big investments and are busy in the gold and jewellery business only.

	Myanmar	Chinese	Myanmar-Chinese	Indian	Total
Gold and jewellery	29	48	30	40	147
Precious stone	12	0	0	13	25
Silverware	11	2	0	19	32
Buying	5	0	0	56	61
Total	57	50	30	128	265

Fig. 3: Type of gold and jewellery shop by ownership (Source: Field survey results, March 2005)

## Spatial Development of Gold and Jewellery Shops

### Spatial Divisions of Downtown Yangon

Administratively the downtown area of Yangon includes 6 townships: Lanmadaw, Latha, Pabedan, Kyauktada, Botataung, and Pazundaung from west to east (Fig. 4). For our study purpose, however, Pazundaung Township was excluded since it has its own node of gold shop agglomeration. Some customers come from eastern parts of Yangon such as Tharkayta and Dawpone Townships, etc. buy gold and jewellery at Pazundaung Market. Therefore, it is more reasonable to consider Pazundaung Township as one separate node of gold shop agglomeration rather than as a part of downtown Yangon.

In the downtown area, gold and jewellery shops are only found in the specific area: between Lanmadaw Street to Sule Pagoda Road (Fig. 4). Administratively, gold and jewellery shops are mainly concentrated in Latha, Pabedan and Kyauktada Townships.

The kernel probability distribution method was used to represent the spatial distribution of newly established gold and jewellery shops in each period. The map

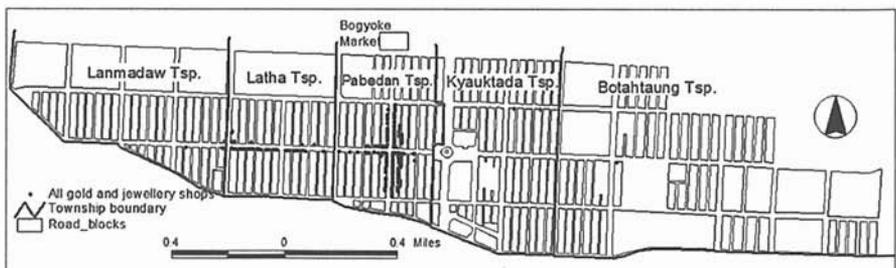


Fig. 4: Location of townships in downtown Yangon (Source: Department of Geography, Yangon University.)

resulted from the analysis shown in figure 5. It could be established that the distribution of gold and jewellery shops was mainly concentrated around Shwe Bon Thar Street before 1988, due to the fact that the business was mainly run by Indian people and their descendents. During 1988 and 1996, new gold and jewellery businesses were mainly opened in two places: along Maha Bandoola Road near Latha Street, and around the junction of Maha Bandoola Road and Shwe Bon Thar Street. The former place is located in the China Town of Yangon while the latter is within the Indian Community. Thus, this spatial development represents the entering of Indian and Chinese people into the business with the practicing of the market-oriented economic policy. After 1997, however, the development of the gold and jewellery business shifted again around Shwe Bon Thar Street, especially 29<sup>th</sup> Street. It was due to the fact that many small gold-buying businesses developed along Shwe Bon Thar Street and gold smith and jewellery shops along 29<sup>th</sup> Street. The former is mainly conducted by Indians while the latter belongs to Indian and Myanmar people.

Nearly all gold and jewellery businesses are run by four different ethnic groups: Chinese, Myanmar, Myanmar-Chinese, and Indians. They generally run their business in different territories of downtown Yangon. Figure 6 shows these variations. The Kernel Probability Distribution Method was used again to delineate the business boundaries of each ethnic group. Gold and jewellery shops owned

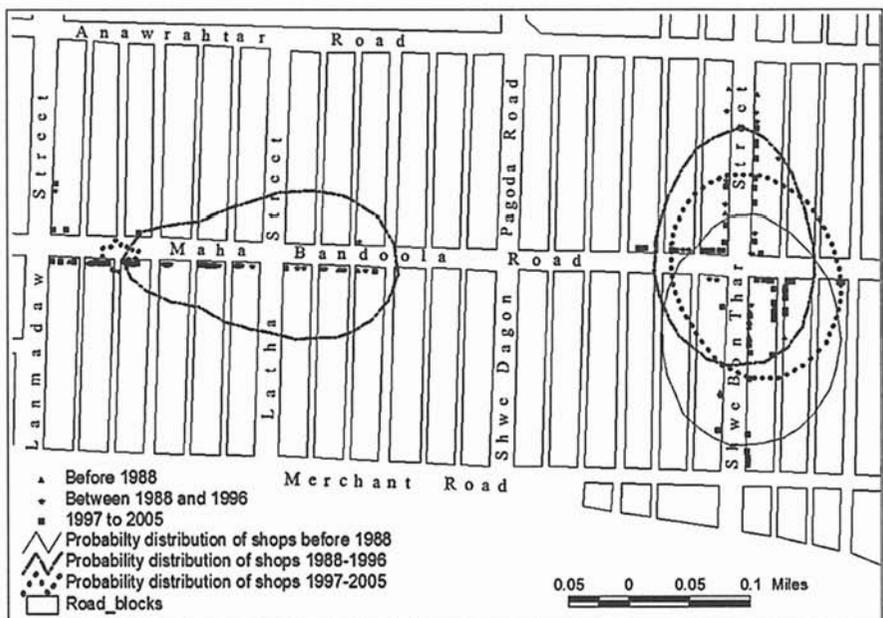


Fig. 5: Spatio-temporal changes of gold and jewellery shops in downtown Yangon (Source: Questionnaire survey, August 2005).

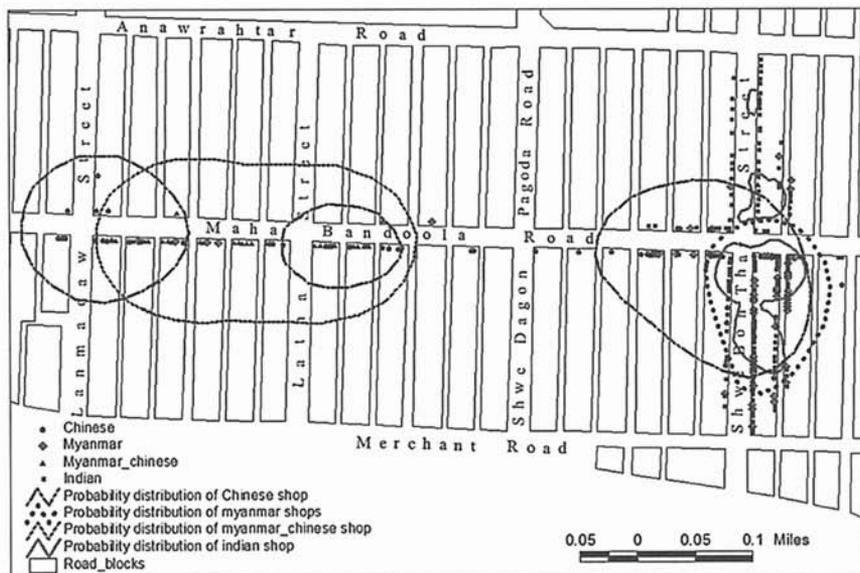


Fig. 6: Spatio-ethnic variation of gold shops in downtown Yangon (Source: Questionnaire survey, August 2005).

by Chinese are distributed in three places: around Maha Bandoola-Lanmadaw junction, on Maha Bandoola Road near Lathar Street, and around Maha Bandoola-Shwe Bon Thar junction. Shops owned by Myanmar nationals are distributed in Shwe Bon Thar Street and 29<sup>th</sup> Street. Myanmar-Chinese shops are located on Mah Bandoola Road between Lanmadaw and Shwedagon Pagoda Road. Indian shops are found near Maha Bandoola-Shwe Bon Thar Junction and on 29<sup>th</sup> Street.

Finally, it is necessary to analyze the spatial distribution pattern of gold and jewellery shops by type. Kernel probability distribution results show that all types of shop are concentrated around Maha Bandoola-Shwe Bon Thar Junction with slight spatial variations (Fig. 7). Gold and jewellery shops are distributed both on Manha Bandoola Road and Shwe Bon Thar Street. Silver shops are concentrated on 29<sup>th</sup> Street. Precious stone shops are also concentrated at the same location as silver shops. On the other hand, gold-buying shops are located along Shwe Bon Thar Street.

## Development Process of Gold and Jewellery Shops

To be able to explain the spatial development of gold and jewellery businesses it is necessary to examine the nature of new firm formation, transaction linkages and business conditions of the shops.

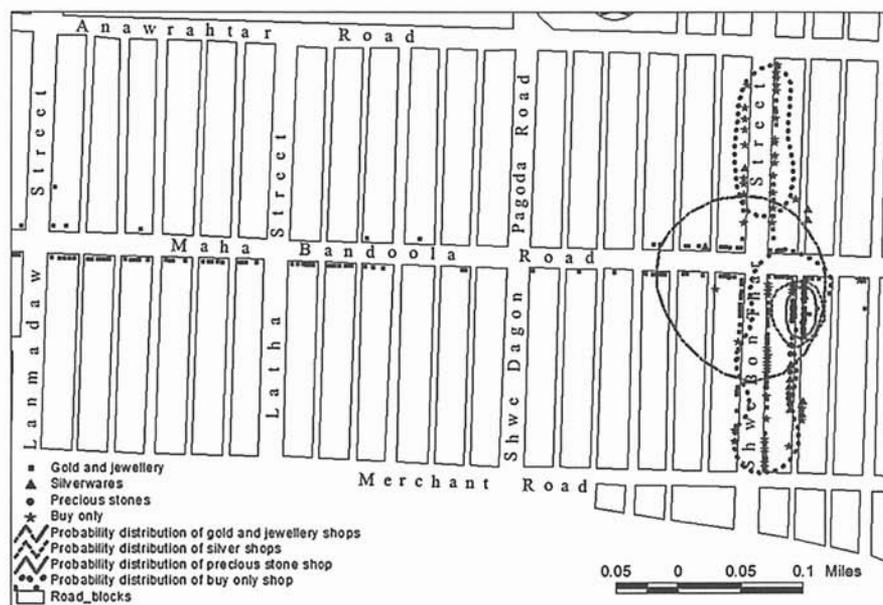


Fig. 7: Spatial variation of gold and jewellery shops by type in downtown Yangon (Source: Questionnaire survey, August 2005)

### New Firm Formation

The nature of newly established gold shops in the downtown area is shown in figure 8. The shops are divided into three categories: newly opened shops, extended shops, and relocated shops. Each of this type can reveal the development nature of the business. Newly opened shops are run by their owners who started their own gold and jewellery business in downtown Yangon. Extended shops represent the expansion of the market area from existing shops by means of opening a branch shop in the new place. Relocated shops reveal the spatial adjustment of the business to the relatively better or cheaper (rent) location.

	Number	Percentage
Newly opened shop	79	64.75
Extended shop	11	9.02
Relocated shop	32	26.23
All	122	100.00

Fig. 8: Nature of gold shops opened in the downtown area (Source: Questionnaires survey 2005)

The majority (65%) of gold shops are newly opened shop. Relocated and extended shops occupy 26% and 9%, respectively. The nature of the above three categories is necessary to make a detail analysis for the better understanding of the business process.

Nature and ownership of newly opened gold and jewellery businesses in downtown Yangon are shown in figure 9. The majority of these newly opened gold businesses are owned by Indian descendants. In addition, it is significant that the majority of businesses have emerged as totally new since only less than 10% were inherited from relatives. This point confirms the development of gold and jewellery business with the participation of new Indian and Chinese descendants in the business.

	Chinese	Indian	Myanmar	M-C	Total
<b>Inherited business</b>	2	2	1	2	7
<b>New Business</b>	13	30	14	12	69
<b>Total</b>	<b>15</b>	<b>33</b>	<b>14</b>	<b>14</b>	<b>76</b>

*Fig. 9: Emergence of new entrepreneurship by ethnic group (Source: Field survey and questionnaires survey)*

Then, the location of mother shops of extended shops was examined. Of the 11 extended shops, 6 have their mother shop in regional capitals and towns (especially Mandalay, Lashio, Zayyawadi, Sittwe). Four shops have their mother shop in downtown Yangon. It is also evident that some gold shop owners are running many gold and jewellery shops in downtown Yangon. The remaining shop has its mother shop in the periphery of Yangon. Generally, it is clear that due to the introduction of market economy, some entrepreneurs from regional capitals and towns came to Yangon to participate in the gold and jewellery business. In addition, some existing businesses extended new shops in the attractive places of downtown Yangon to become more competitive.

Again, the original location of relocated shops revealed that 86% (25 shops) came from downtown Yangon (Fig. 10). It means that many shops were changing their location from one place to another in downtown Yangon. These intra-downtown movements were based on the business conditions and locations of shops. Shops located in the strategic areas are always very expensive. Since the shop rental fee is based on a yearly contract, the owner of the house usually asks more and more rental fee year by year. If the business is doing well, the gold shop owner can pay a higher rent when the house owner asks for it. Otherwise they have to look for another cheaper place. According to the questionnaires survey result, only 47% of the shops own their shop and the rest are running in rented houses.

	Number
Regional Towns	3
Downtown Yangon	25
Other Yangon	1

Fig. 10: Original places of relocated shops (Note: Regional Towns include Mawlamyine, Aungpan and Patheingyi)

Therefore, the above-mentioned intra-downtown spatial dynamism of gold and jewellery businesses becomes intensified.

### **Business Linkages**

Many gold and jewellery shops (59.6% if the precious stone sellers and gold buy-only shops are not considered) own their own gold smith workshop. Figure 11 shows the location of these gold smith workshops. Nearly 60% of the workshops are located in downtown Yangon. In addition, another 38% of workshops are located in Yangon city other than the downtown area.

	Number (%)
Downtown Yangon	33 (58.9)
Other Yangon	21 (37.5)
Regional Towns	2 (3.5)
Total	56 (100)

Fig. 11: Location of owned gold smith workshops (Source: Questionnaire survey, August 2005)

In addition to producing gold and jewellery in their own workshop, they also buy gold and jewellery from other sources. Figure 12 shows the location of the most important backward linkages of the gold and jewellery business. Nearly 75% of their out-sourcing is located in downtown Yangon, especially in Shwe Bon Thar and 29<sup>th</sup> Street. Another 8% of out-sourcing is located in other townships of Yangon while 4% comes from regional towns. The rest (13.2%) is derived from direct buying at the shop. This is due to the fact that many gold-buying shops just buy the gold and jewellery directly at their shop.

Therefore, it is clear that the majority of the gold and jewellery shops do business with the goods produced in downtown Yangon. In other words, downtown Yangon is not simply a core area of gold shop and as well of gold smiths and recycling. To be able to trace the marketing linkages, the location of the most important customer was to be mentioned in the questionnaires. Gold and jewellery shops

	Number (%)
<b>Shwe Bon Thar</b>	58 (59.2)
<b>29th St.</b>	15 (15.3)
<b>Other Yangon</b>	8 (8.2)
<b>Regional towns</b>	4 (4.1)
<b>Buy at the shop</b>	13 (13.2)
<b>Total</b>	<b>98 (100)</b>

Fig. 12: Location of the most important backward linkages (Source: Questionnaire survey, August 2005)

generally distribute their goods by two ways: by assigning main resellers in the regional towns or by directly selling at their shops.

Figure 13 shows the location of assigned resellers who regularly buy gold and jewellery from the shops located in downtown Yangon and resell it in Yangon and regional towns. Many resellers (28%) come from the Ayeyarwady Division while others come from Yangon and other regional towns. Most of the reselling agents are located in Patheingyi, Pyawone, Hinthada, and Myaungmya and Lappotat Towns in the Ayeyarwaddy Division. The reselling system has mainly developed in the Ayeyarwady Division where transportation was relatively difficult until the late 1990s due to many rivers and streams. In addition it is the main paddy-producing area in Myanmar. When people earn money from paddy cultivation they generally collect gold and jewellery instead of money. The resellers take this opportunity and sell their goods in the towns distributed in the Division. Other resellers are located throughout the country from Sittwe in the west, Mandalay in the north, Loikaw in the east and Myeik in the south.

The percentage share of Yangon in the marketing of gold and jewellery in the downtown area is shown in figure 14. Although there are 13 shops that solely rely on Yangon as their market, other shops rely on the regional areas throughout the country to some percentage. Therefore, it is reasonable to conclude that gold

	No. of Shop (%)
<b>Yangon</b>	8 (32)
<b>Ayeyarwaddy Division</b>	7 (28)
<b>Other Regional Towns</b>	10 (40)
<b>Total</b>	<b>25 (100)</b>

Fig. 13: Location of assigned resellers (Source: Questionnaire survey, August 2005)

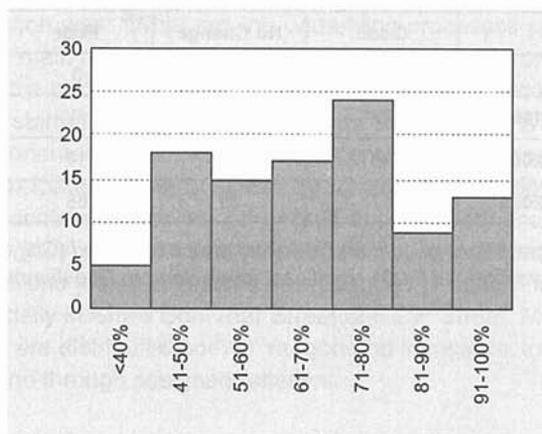


Fig. 14: Frequency distribution of percentage share of Yangon

and jewellery shops located in downtown Yangon depend on both Yangon and regional towns for their market.

### **Business Conditions**

Finally, it is necessary to study the business conditions of gold and jewellery shops in order to understand the process of spatio-temporal changes. Figure 15 shows the relative conditions of gold and jewellery businesses in four periods. Before 1988 the number of gold and jewellery shops was limited due to limitation in ownership and lower general economic conditions under the state economic policy. As the economic conditions were not very good the number of gold and jewellery shop was limited. As a result, the majority of gold shops had good business conditions. With the introduction of market economy in 1988, the number of gold and jewellery shops increased. However, the majority of businesses performed well and there were no changes in the conditions. Between 1995 and 2000 many new shops were opened. Due to the abrupt increase of supply (gold shops) compared to the saturated demand (general economic conditions), the businesses can be divided into two categories: good and poor conditions. However, many new entrepreneurs were still participating in the 2000-2005 period. As a consequence, the general business conditions turned to the poor very recently.

The above-mentioned business process reveals the general trend of business conditions under the transformation period. Although many newcomers participated, the business still remained in good condition in the early period of transformation. Then, an increasing number of gold and jewellery shops created distinctions between good business and poor business. Only more competitive shops could maintain their good business conditions. The participation of more and more shops finally created a declining of the whole business.

	Good	No Change	Poor	Sample
Before 1988	17	12	3	32
Between 1988 and 1995	22	22	9	53
Between 1995 and 2000	36	27	17	80
Between 2000 and 2005	17	31	68	116

Fig. 15: Business conditions of gold and jewellery shops by period (Chi\_Squared Analysis shows variation at 0.001 significant level. Source: Questionnaire survey)

## Conclusion

To understand the spatio-temporal changes of gold and jewellery businesses there critical questions are raised in the earlier part of this paper. The first question: "Has there been any change in the spatial structure of gold and jewellery shops in downtown Yangon during the period 1988 to 2005?" The answer should be "Yes". The gold and jewellery business has developed distinctly with the practicing of a market-oriented economy since 1988. The development process is associated with the type of business and ethnic origin. Before 1988, Myanmar and Indian descendants were mainly conducting the business. But participation of Chinese and Indian descendants in the business gradually increased after 1988. However, they have different ways of participation in the gold and jewellery business. Chinese and Myanmar-Chinese mainly participate in the selling of gold and jewellery while Indian descendants put their emphasis on gold and jewellery buying and selling. On the other hand, Myanmar people can be found in all types of business.

The second question is: "How has it been changing?". Before 1988, gold and jewellery shops were mainly concentrated around Shwe Bon Thar Street. However, new businesses were developed in two places during 1989-1996: along Maha Bandoola Road near Lathar Street, and around the junction of Maha Bandoola Road and Shwe Bon Thar Street. After 1997, the development of the gold and jewellery business shifted again around Shwe Bon Thar Street, especially 29<sup>th</sup> Street. The participation of Chinese and Indians in the business generated spatial changes of the business. The Chinese are running their businesses mainly in China Town and Maha Bandoola\_Shwe Bon Thar junction. Myanmar and Indian people are mainly conducting their business around Shwe Bon Thar Street. Myanmar-Chinese opened their shops between China Town and Shwe Bon Thar Street. The spatial structure of business types shows only minor variations. Gold and jewellery shops are concentrated around Maha Bandoola\_Shwe Bon Thar junction. Silver and precious stone shops are mainly located in 29<sup>th</sup> Street which is very close to Shwe Bon Thar Street. Gold-buying shops are mainly concentrated in Shwbon Thar Street.

The third question was: "What are the underlying processes of spatio-temporal change?". The main reason for the development of the gold and jewellery business is due to the participation of Chinese and Indian descendants. The majority of them have started their gold and jewellery businesses. With the practicing of the market oriented economy, some entrepreneurs from regional areas also came and participated in the business by means of relocation and extension. In addition, relocation and extension of gold and jewellery shops is also visible within the downtown area. An analysis of transaction linkages reveals that the majority of gold and jewellery articles are produced or bought in/from downtown Yangon, especially in Shwe Bon Thar Street and 29<sup>th</sup> Street. Marketing linkages show that they are distributed both in Yangon and in regional towns by means of direct selling and through assigned resellers.

An analysis of business conditions reveals that the abrupt development of the gold and jewellery business after the practicing of market economy made the distinction between good and poor business conditions. Some shops that have competitive advantages (in terms of location, market and investment) could maintain their business while other less competitive shops have poor business conditions. With the continuous participation of new entrepreneurs in the gold and jewellery business, the supply surpasses the demand. Competition becomes more severe. As a result, the general conditions of the gold and jewellery business have declined and only a small number of competitive shops can maintain good business conditions.

### *Reference*

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### *Endnotes*

- 1 Although there is no systematic proof so far for this statement, we witnessed it.
- 2 We only considered the shops open to the public during the survey period.
- 3 For this reason, there are some Indian and Chinese owned shops before 1988 in figure 2.