

**YANGON UNIVERSITY OF ECONOMICS
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**The Effect of Human Resource Management Practices
on Labor Disputes in Myanmar
(Case Study: Garment Factories in Yangon)**

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EMDevS - 6 (17th Batch)**

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**The Effect of Human Resource Management Practices
on Labor Disputes in Myanmar**
(Case Study: Garment Factories in Yangon, Myanmar)

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Studies (MDevS) Degree

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This is to certify that the thesis entitled “**The Effect of Human Resource Management Practices on Labor Disputes in Myanmar (Case Study: Garment Factories in Yangon Region)**”, submitted in partial fulfillment towards the requirements for the degree of Executive Master of Development Studies has been accepted by the Board of Examiners.

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ABSTRACT

Labor disputes are an important issue for the labor-intensive industry and it creates workplace unstable and dissatisfaction between employers and employees. It is directly impacted the productivity of the industry and the country's economy. This study focuses on "the Effect of Human Resource Management Practices on Labor Disputes in Myanmar". The objectives of the study are to identify the factors that caused labor disputes in garment factories in the Yangon Region, to study the HRM practices, and to examine the effects of Human Resource Management practices on labor disputes in garment factories. This study applies a qualitative approach by using the Key Informant Interview (KII) method with selected 25 key informants. The study finds the most common disputes (conflicts) in the workplace were being demission or termination, factory shutdown and redundancy, and asking for increased wages. Most garment factories have a lack of HR Planning analysis, no specific HR Department, and no systematic HRM practices. As the suggestions, the factory should set up the full-fledged Human Resource Department with competent and relevant officials who have expertise related to various functions of the department and should apply systematic Human Resource Management practices. It might reduce labor disputes and support conflict resolution processes in the workplace.

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LIST OF ABBREVIATIONS

AB	- Arbitration Body
AC	- Arbitration Council
CBA	- Collective Bargaining Act
CMP	- Cutting, Making, Packing
COVID -19	- Coronavirus Disease – 2019
GDP	- Gross Domestic Product
HIR	- Harmonious Industrial Relations
HR	- Human Resources
HRCI	- HR Certification Institute
HRM	- Human Resource Management
IE	- Industrial Engineering
ILO	- International Labor Organization
KAIZEN	- A Tool of Continuous Improvement (KAIZEN - Japanese Usage)
KII	- Key Informants Interview
LU	- Labor Union
MGMA	- Myanmar Garment Manufacturers Association
MWB	- Minimum Wage Board
NRC	- National Identification Card
OJT	- On-the-job Training
OSHA	- the Occupational Safety and Health Act
RMG	- Readymade Garment Sector
SDGs	- Sustainable Development Goals
SHRM	- Society for Human Resource Management
SLDC	- Settlement of Labor Disputes Council
TLO	- Township Labor Officer
TCB	- Township Conciliation Body
WCC	- Workplace Coordinating Committee

CHAPTER I

INTRODUCTION

From 2010 to 2020, Myanmar was undergoing a rapid transformation. As Myanmar undergoes fast socio-economic and political transformation, the country's ability to foster business growth will rely in part on how it acknowledges and defends the rights of both employees and employers. After some decades of isolation, change has come quickly to the political and economic environment, including the country's labor market. As investors evaluated their alternatives and risks, a dispute resolution system that helped to address employer-worker conflicts promptly and effectively was required to build confidence in long-term business prospects, particularly for industries that rely on a large workforce.

In 2020, Myanmar also suffered from the third wave of the COVID -19 pandemic, whose adverse effects were felt by all types of business sectors. Labor-intensive businesses especially suffered, and its impact caused a standstill for garment sectors, with most factories facing reduced numbers of staff and cuts in salaries while some were in danger of shutting down. This explained why the unemployment rate had shot up. Socio-economic impact on business sectors rendered almost all businesses no longer in workable condition and most of the business owners could not afford to bear this situation. Countless employees became jobless by unnoticed factory shutdowns and restrictions of travel arrangements as the impact of social-economic problems during these periods. There were several reasons for labor disputes, with the most common problems being termination, inconvenience relating to the workplace, transferring to another department, requesting wages, requesting salary increments allowances, and discrimination issues. In these situations, Human resource management practice, sound labor relations, or peaceful negotiations between employers and employees building on a mutual benefit is the main factor in overcoming that kind of economic instability and disputes in the workplace.

The legal rights and obligations of Myanmar's workers and employers have altered dramatically in recent years, with significant adjustments and additions made to prior labor laws and regulations. The most important thing is to practice how to use and protect these new rights not only for the Ministry of Labor (MOL), but for emerging labor organizations,

employer organizations, industry associations, and local and international labor rights organizations. Employers and workers are still learning about their rights and obligations under the new labor laws. Sometimes disputes emerge due to a lack of understanding of applicable laws, and as labor laws continue to undergo revision and new provisions are instated, disputes frequently arise when new requirements are implemented with the growth of Trade Unions and labor rights. While institutions have helped to increase workers' awareness of their rights as well as their capacity to communicate and negotiate with employers, true collective bargaining agreements as defined by international best practices are still rare. As labor organizations grow in size and scope, there is an ever-rising need for both employers and workers to have access to a comprehensive and effective dispute-resolution process that can offer timely and equitable outcomes (Thurein Aung (ALR) and researchers, project staff and volunteers at Action Labor Rights (ALR), March 2016).

The effect of these labor disputes is detrimental to the employers as well as to the workers. The employers are affected as their production is hampered, machines and equipment are damaged, more time is wasted while sending goods to buyers, and their image in the international market is diminished. The workers are affected as they lose their wages and jobs, which also impacted their social life. All these effects hamper the economic growth and development of the country needed to attain the “Sustainable Development Goals (SDGs)” by alleviating poverty, hunger, and inequality by ensuring decent work, peace, and justice by 2030.

1.1 Rationale of the Study

According to rapid changes in the political situation, as well as the consequences resulting from the socio-economic conditions, it is of great importance to establish a cooperative relationship between employers and workers to succeed in the competitive business world. During this time, the employer and employee have to support each other. The employer and employee can achieve two goals at once: increase productivity and improve the quality of work life. Empirical studies suggest that productivity and quality of work life go hand in hand.

Many qualified human resources are urgently needed in various sectors; political, economic, and social fields for the development of a country. In addition to formal education, skills development training is needed to prepare for the emergence of qualified human resources. Better on-site human resources can be created by arranging for on-the-

job training to be provided by HRM officials in the relevant industries upon arrival at the workplace. As well as the need for vocational training, there is a great need for technical training in each field.

Human Resource Management (HRM) is essential in all economic and social spheres in terms of workplace requirements. Systematic application of Human Resource Management practices in the relevant work is essential to manage workplace happiness and well-being. In addition to increasing productivity, it is also essential for reducing workplace conflicts. The most common problems in various sectors of the economy in Myanmar are a lack of skilled labor, ineffective employer-employee relations, lack of systematic management of workplace problems, workplace rules, poor compliance with rules, weak policies, and very poor adherence to labor laws. These incidents are most often caused by poor Human Resource Management practices in the workplace and employers' and workers' disputes due to poor management of workplace issues. Employer-employee disputes can affect not only the progress of the workplace but also the family life of each employee. Businesses are affected by mass disputes, not just individuals. In addition to declining workplace productivity, these could hurt the productivity of the country itself, disrupting its GDP growth, and even affecting per capita income.

However, the garment sector is facing some common issues: the lack of skilled-labor is a major challenge, and turnover is significant; neither workers nor employers have significant experience in social dialogue and factory-level engagement. There is a lack of awareness of Labor Laws and Human Resource Management practices by employers and employees alike, and compliance with Labor Laws and Rights is not properly practiced. There is both the issue of lack of enforcement of factory rules and regulations as well as the dismissal process which is improper in many cases.

These points are specific issues related to employers and employees in the garment industry, which have been sources of conflict, many of which have gone unnoticed because of socio-economic impacts. Garment factories are facing many issues in the workplace, such as low productivity, high expenses, and more conflicts. Regulations concerning Employment Contracts (EC) with fixed terms are difficult in principle, and labor strikes have occurred, affecting several employers who failed to follow the factory's rules and regulations. Moreover, it has been found that there are many problems with HRM practices, or even a complete lack thereof.

Consequently, this study needs to examine the causes of labor dispute problems and HRM practices in garment factories. Therefore, this study investigates the effect of Human Resource Management practices on labor disputes in garment factories in Yangon.

1.2 Objectives of the Study

The objectives are to identify the factors that caused labor disputes in garment factories in the Yangon Region, to study the HRM practices, and to examine the effect of Human Resource Management practices on labor disputes in garment factories.

1.3 Method of Study

In this study, the qualitative methods were applied by conducting Key Informant Interviews (KII). Face-to-Face Interviews technique is used in key informant interviews. The study consisted of 25 key informants in face-to-face interviews including the factory owners and HR executives of certain garment factories, Human Resource Management practitioners, members of the Myanmar Garment Manufacturers Associations (MGMA), the mediators from Township Conciliation Body, the Arbitrators of Labor Dispute Settlement Arbitration Body and Council, and the officials from the Ministry of Labor, to collect primary data on real situations through their particular knowledge and understanding related with the interview topics. Existing data are also gathered and received from books, research articles, reports, newspaper articles, and other documents from official websites, and the Ministry of Labor to determine what additional information needs to be collected from key informants.

1.4 Scope and Limitation of the Study

The study is based on the garment factories located in the Yangon Region, where a Face-to-Face interview with 25 key informants is indicated in paragraph 1.3. It is conducted in the period of July and August 2022. Due to the time limitation in this survey, the study may not represent the entire labor force in Myanmar; it can, however, still give some significant consideration to the labor dispute problems related to HRM practices in Myanmar.

1.5 Organization of the Study

This study consists of five chapters. Chapter (1) focuses on the introduction, which includes the research rationale, the objectives of the study, the method of study, the scope and limitation, and the organization of the study. The literature review is clarified in Chapter (2), and the overview of Human Resource Management practices on labor disputes in Yangon is described in Chapter (3). Chapter (4) then emphasizes the data analysis. Finally, Chapter (5) covers the conclusion with some recommendations to develop standards and guidance in the design of deducing the labor dispute settlement for Myanmar.

CHAPTER II

LITERATURE REVIEW

2.1 The Role of Human Resource Management (HRM)

Human Resource Management (HRM) deals with people who are working in an organization by designing and coordinating different employee management activities. HRM is a critical aspect of every organization's long-term competitive edge and success (Khan, 2010). HRM strategies assist businesses to achieve resource optimization and ongoing product improvement. A firm's productivity and the quality of its services largely depend on the quality of Human Resources in the respective organization (Taylor, 2008).

The role of HRM is well recognized to be strategic and the HR practices have a direct connection with employees and organizational performance (Huselid, 1995). There are several reasons behind this positive relationship between HRM practices and a firm's productivity. Firstly, the firm's investment in human capital may increase workers' productivity. The resulting job enlargement and increasing autonomy of workers will decrease the amount of wastage and the inefficiency rate in production, as the firm takes advantage of unused skills from non-managerial workers (Batt, 2002). Second, good HRM policies reduce the rate of job turnover, lowering the cost of recruiting and selection and enhancing the benefits of human capital expenditures. To enhance job happiness, increased emphasis is placed on high-performance HRM practices with "excellent" HRM policies (Appelbaum, 2000).

Thirdly, good HRM practices increase the motivation of workers due to increased job satisfaction; higher employee motivation will raise the tendency among workers to do a better job and also increase their commitment to the organization (Casey Ichniowski, 1997). Thus, HRM practices bring about positive changes in workers' attitudes to increase a firm's productivity. Compensation, promotion, and performance evaluation all have a positive impact on overall organizational performance (Huselid, 1995).

Job dissatisfaction can be caused by a variety of factors, including inadequate pay and advancement, a lack of training and development, a lack of effective performance appraisal, a heavy workload, a poor relationship between employees and managers, an unsuitable working environment, hiring the wrong people, and a lack of a psychological contract (Birdi, K., Clegg, C., Patterson, M. et al, 2008). Labor-intensive manufacturing enterprises in developing nations such as Bangladesh are confronting a labor shortage and significant job turnover due to a lack of adequate HR rules and processes (Mahmood, 2004). Manufacturers are always focused on cutting manufacturing costs by limiting compensation to a minimum rate, which increases worker unhappiness.

At the same time, the organization faces high job turnover, voluntary absenteeism, and tentative lateness due to lower pay and benefits (Samad, 2006). Besides, the poorly functioning Human Resource Department reflects the uncompetitive position of the organization in the marketplace (Becker, B.A. and Huselid, M.A, 1998). Poor HR planning and management are one of the main reasons for the labor shortage, and it indicates that human resource strategy is not aligned with organizational goals and objectives. The labor shortage disrupts business operations by creating a higher workload for existing workers, which increases work stress and reduces employee motivation (Casey Ichniowski, 1997). Apart from job dissatisfaction and turnover, poor HRM practices result in many other problems in the organization (Guest, D., 2007).

In the HRM role, negotiation skill is very important for the firms. HRM's role includes wage and other term negotiation, which may include health benefits, vacation compensation, cost of living raises, and grievance procedures. Labor conflicts between an organization and its employees frequently involve squabbles about compensation and benefits that accrue to employees as a result of their employment for the organization. HR managers, as a result, take the lead in resolving such issues within a firm.

According to (Dévényi, 2016), effective HR negotiations are required completely in HR management situations such as employment discussions, corporate team building, labor and management talks, contracts, managing disputes, and employee compensation. Based on unique social interactions, negotiations can be of extraordinary types, and business negotiations are one of the most regularly met sorts of negotiation practice. Business negotiations also vary relying on the sorts of transactions that they serve. HR negotiations are sorts of business negotiations. Therefore, Human Resource Management plays an important role. Labor relations are the term used to define processes between employers and employees, and management and trade unions make decisions within an

organization. The decisions made refer to wages, working conditions, working hours, workplace safety, and complaints. For organizations/industries without unions, disputes involve direct negotiations between employers and employees. (Ana-Maria Bercu and Ana Iolanda Vodă, 2017).

In undertaking the negotiations, the HRM team plays an important role in attracting fresh talent and guaranteeing employee satisfaction. HRM can utilize a cooperative strategy to resolve the labor issue, which is more integrative and non-conflictual. This strategy's focus is on goal achievement, in which both sides communicate information and collaborate to achieve common goals. In this scenario, HRM not only tries to settle the disputes but also goes out to the employee to create a middle ground where both the employer and the employee can achieve a symbiotic agreement. As a result, HRM negotiates wages and benefits with new employees. It also talks with current employees about raises, promotions, transfers, and terminations.

Furthermore, the role of HR stretches to negotiations that involve bringing in new talent, particularly those discovered by headhunters. To get the talent that has been found to join the organization, negotiation skills and strategies like the integrative approach to negotiations are needed. For this method to work, an offer to new, old, and headhunted talent must include a full package of issues. An integrative approach to negotiations permits a better prospect for joint gain than conducting numerous negotiations handling an issue at a time because packaging accords the opportunity for concessions and beneficial trade-offs across a diverse range of issues (Dévényi, 2016).

An additional, HR role in labor disputes is conflict resolution. Most of the time, the HR department acts as a mediator between the employer and the employees. It creates quick responses to conflicts and ensures that the employer does not violate employee rights. In their capacity as mediators, HR managers act the labor relations disputes through the interpretation of organizational policies, employment, and labor laws.

HR's role in dispute resolution involves balancing a confluence of issues, including labor relations, allegations, and workplace injuries. As a mediator, HR acts as a bridge between the management and labor unions/employees in resolving issues that may lead to strikes or layoffs of employees as well as litigation (Mask, R. & Osnat Adler, M.A, 2018). Furthermore, allegations of discrimination, harassment, and unfair treatment are also included within the boundaries of HRM. Whether the allegations include the management or coworkers, The HRM is responsible for investigating complaints, determining their legitimacy, and interpreting anti-discrimination laws and equal opportunities to ensure

organizational compliance while dealing with employee complaints. Moreover, it is the responsibility of HRM as dispute resolution professionals to avoid litigation in cases of on-the-job injuries (Mask, R. & Osnat Adler, M.A, 2018).

Similar to HRM like the procedure on justice within the workplace, HRM also ensures that there is a compensation mechanism for such cases. When an injury occurs as a result of employer negligence, HRM must ensure that it mitigates potential claims by providing compensation and medical treatment for the lost income and injuries (Roni Mash, 2018).

2.2 Functions of Human Resource Management

Human Resource Management is an important function in a company. The fact that organizations have employees makes it a necessity within a firm. The involvement of individuals in the organization means that conflicts are unavoidable among employees, and between employers and employees. HRM plays an important role in labor relations disputes within organizations. The department acts as a mediator and a liaison between the employers and the workers either directly or through labor unions. The role of HRM extends beyond wage negotiations to conflict management and negotiation in bargaining.

HRM concerns with policies and practices that assure the best use of human resources for achieving the organizational objectives as well as individuals' goals by providing them with enough motivation to remain committed, qualified, and flexible. The HRM practice is defined and split into the following groups as the functions of Human Resource Management in the organization.

2.2.1 HR Planning and Analysis

The first step in the HRM process is human resource planning, often known as manpower planning prior. It is the process of examining and recognizing the organization's requirement for, and availability of, human resources to achieve its goals. The focus of Human Resource Planning is to ensure that the organization has got the right number of human resources, with the right capabilities, at the right time, and in the right place. In human resource planning, an organization must consider the availability and work assignments of people over the long term, not just next month or even next year. Additionally, as part of the analyses, HR strategies may include several methodologies. Actions may include transferring

employees to other jobs in the organization, firing employees, or otherwise reducing the number of employees, retraining existing employees, and/or increasing the number of employees in certain areas. Factors to consider include the knowledge, skills, and abilities of current employees and the expected vacancies resulting from retirements, promotions, transfers, and firings (George, 2019).

2.2.2 Recruitment and Selection

Effective recruitment and selection have always been the most pivotal for organizations in the educational sector because of not having an absolute methodology for attracting, screening, and finally finding the right person for the right job in an organization. From the human resource management perspective, the first most crucial, and difficult human resource management strategy for achieving organizational goals is recruitment and selection strategies. The outcome of the recruitment and selection strategy can be very productive for the organization if selected right person in terms of appropriate skills mix and also very non-productive if the wrong one was selected which can lead to organizational failure (Catano. V.M., Wiesner. W.H., Hackett. R.D., & Methot. L., 2004). Effective recruitment and selection have always been one of the most critical for organizations in the educational sector because of not having an absolute methodology for attracting, screening, and finally finding the right person for the right job in an organization (Pounder, 1996).

Today economic and demographic trends (recall the diminishing workforce participation rate and aging population, for instance) make it more difficult to find, hire, and motivate employees, while higher tech and service jobs require employers to excel at managing employees' knowledge, skills, and expertise (human capital) through aptly renamed human resource management departments. Furthermore, as we've seen, technological trends including mobile and social media are changing how employers recruit, select, train, appraise and motivate employees. (Dessler, 1999).

2.2.3 Training and Development

The orientation and training programs are normally designed by the Human Resources Department, but the supervisor does most of the day-to-day orienting and training. As a result, every manager should well understand how to orient and

train employees. The Manager will start with orientation. Directly after orientation, training should begin. Training means giving new or current employees the skills that they need to perform their jobs, such as showing new employees how to do work. Training might involve having the current employee explain the job to the new employees, or everyday on-the-job training and multi-week classroom training.

The employer's strategic plans should govern its training goals. In essence, the task is to identify the employee behaviors that the firm will need to implement its strategy and deduce what competencies (instance, skills, and knowledge) employees will need. Then, establish training objectives and programs to instill these competencies. Most training is still in-person and interpersonal, as on-the-job training notably illustrates. On-the-job training (OJT) means having a person learn a job by actually doing it. Every employee, for unskilled labor, should get on-the-job training when he or she joins a firm. In many firms at the management level, OJT is the only way to learn (Dessler, 1999).

2.2.4 Compensation and Benefits

Workers' compensation laws are intended to provide safe and prompt income and medical benefits to workers' injury victims or their families, regardless of fault. Every state has its own workers' compensation law and commission, and some run their insurance plans. However, most require employers to carry workers' compensation insurance with private, state-approved insurance companies. Neither the state nor the federal government contributes any funds for workers' compensation. **Benefits** - the financial and non-financial perks that employees receive for continuing to work with the company that is a sign of just about everyone's compensation. They consist of benefits including paid time off, health and life insurance, pensions, and child-care assistance. Firms should address several holidays, and vacation-related policy issues, such as how many vacation days employees are entitled to, and which days (if any) are paid holidays. Other vacation policy issues include whether or not employees are compensated for earned vacation time if they quit before taking their vacations.? Will you pay employees for a holiday if they don't come to work the day before and the day after the holiday? And, should we pay employees extra when they have to work on holidays, such as time and a half (Dessler, 1999)?

2.2.5 Employee Health, Security, and Safety

Health and Safety programs are concerned with protecting employees and other people affected by what the industry produces and does against the hazards arising from their employment or their links with the business. Industry safety and health management deal with actions that managers/ supervisors at all levels can take to create an industrial setting in which workers will be trained and motivated to perform safe and productive work. The system should delineate responsibilities and accountabilities (Armstrong, 2010).

Both employers and employees have responsibilities and rights under the Occupational Safety and Health Act. Employers are responsible for providing “a workplace free from recognized hazards,” being aware of the OSHA regulations that must be followed, and checking the workplace to ensure that it complies with those regulations. Some employers have the right to seek external advice and advice from OSHA, request and obtain appropriate identification from an OSHA compliance officer before inspection, and be advised by the compliance officer of the reason for an inspection.

Retaliating employees for reporting injuries or safety problems is illegal. Although employees have rights and obligations as well, OSHA is unable to issue citations for failure to uphold such obligations. Employee responsibilities include complying with all applicable OSHA requirements, owing all employer safety and health policies, and reporting dangerous conditions to the supervisor. They have the right to demand workplace safety and health without fear of repercussions.

2.2.6 Employee Relations

Employee Relations is the managerial activity that involves establishing and maintaining positive employee-employer relationships that contribute to satisfactory productivity, motivation, morale, and discipline, as well as the maintenance of a positive, productive, and cohesive work environment. It makes sense to have employees “on your side”, whether you are recruiting employees, managing union organizing campaigns, asking employees to work overtime, or doing some other duty. As a result, many employers strive to foster positive employee relationships, assuming that doing so is preferable to cultivating bad ones. Managing employee relations is usually assigned to HR, and is a topic that both the

SHRM and HRCI exams address. There are several things employers can do to foster good working relationships. Some examples include providing good training, fair appraisals, and competitive compensation and benefits. To preserve good employee relations, the majority of firms also implement specialized “employee relations programs.” These include implementing employee recognition and relationship programs, having fair and predictable disciplinary processes, and strengthening employee relations through enhanced communication.

Anyone who has been treated unfairly at work knows that this is demoralizing. Unfair treatment reduces morale, poisons trust, and negatively impacts employee relationships and performance. Employees of abusive supervisors are more likely to quit and report lower job and life satisfaction and experience greater stress. The consequences of such abusiveness on employees are particularly pronounced where the abusive supervisors seem to have support from higher-ups. Even just witnessing supervisory abuse, such as seeing a colleague being bullied, causes negative reactions, including further unethical behavior. At work, fair treatment reflects concrete actions such as “employees are treated with respect” and “employees are treated fairly.”

2.3 Review of Previous Studies

According to the (Rahman, 2020), “Effects of Human Resource Management Practices on Labor Dispute of Readymade Garment Sector of Bangladesh”, the labor dispute was regarded as the most critical issue that the Bangladesh readymade garment sector was facing. Labor dispute (LD) created a lose-lose situation and harmed the interest of both the employees and employers, hence posing challenges to obtaining sustainable development goals (SDGs) by impeding the country’s economic development. This study investigated the “Effects of Human Resource Management Practices on Labor Dispute of Readymade Garment Sector of Bangladesh”, to meet SDGs on schedule, Harmonious Industrial Relations (HIR) is needed in the readymade garment industry. both the employers and workers change their mindsets and build an environment of mutual understanding and trust. Highly motivated and committed workers consider the interests of their employers as their own and always try to avoid disputes. As Labor Disputes highly occur in the readymade garment manufacturing sector, it is

important to know how HRM practices are activated in this sector and whether these practices are responsible for labor disputes or not. In this study, a questionnaire survey was conducted on 384 workers in four major districts. Eight key informant interviews and Five focus group discussions were also conducted to analyze the data. The results show that Human Resources Management practices have not been properly exercised in this sector. Among these practices, irregularity in paying wages unexpected dismissal, inadequate wages, using slang language and misbehavior, and inadequate scope for negotiation are important factors.

In conclusion, the data regarding HRM practices indicate that workers are very much dissatisfied with the HR policies and practices. HRM practices do not satisfy them, but rather de-motivate them and they do not consider themselves as an integral part of the organization -

- (a) No proper HR planning to meet emergency labor needs,
- (b) No formal procedure to recruit and select skilled-person or to promote them,
- (c) No skill-enhancing formal training, no social training,
- (d) Inadequate wages and benefits, delay in payments of wages and overtime payments,
- (e) High work pressure, compulsory night duty,
- (f) Non-compliance in case of leaves and holidays,
- (g) No social security programs, no security of jobs.

As per “Recent Unrest in the RMG Sector of Bangladesh: Is this an Outcome of Poor Labor Practices”, there have been experiences disputes and violent protests by workers in the RMG sector of Bangladesh in recent years. This study looks into why there have been occurred disputes in the garment industry recently. Since managers are mainly responsible for applying human resource practices, this paper has focused on what they think about how workers’ attitudes have changed recently. The results show that there is no mutual understanding among workers and managers in the RMG sector. This study also states that high job turnover and social unrest are caused by a large amount of work, poor behavior of line managers, a lack of skills, and low wages. The main cause of conflict is the poor relationships between workers and supervisors. This study finds that people who work in the RMG sector want a better work life balance.

According to (Lulu ZHOU, Meng Xi, Xafun ZHANG, and Shuming ZHAO, 2017) “Labor Relations Conflict in the Workplace: Scale Development, Consequences, and Solutions”, in terms of employers and employees are frequently inharmonious, conflicts are inevitable and an essential part of organizational life. The three studies reported in this paper addressed issues related to aspects of workplace conflict in organizations and found suitable conflict resolution methods. The first study linked and developed three aspects of conflict in labor relations, including interest-based, rights-based, and emotion-based conflicts. The second study examined two sets of individual outcomes of labor relations conflicts and discovered that labor relations conflicts harmed employee job satisfaction and affective commitment and had positive effects on employee turnover intention and counterproductive work behavior. The third study examined the efficacy of partnership practices as an alternate approach to settling labor disputes. Future study ideas on the dimensions of labor relations dispute, as well as its results and solutions, are provided in these papers.

(Cassoni, Adriana, Labadie, and Gaston J., 2012) “The impact of human resources practices and labor relations on organizational performance in Uruguay: an empirical test”, this paper looks at the effects of Human Resources Management Practices on Organizational Performance in Uruguay since 2005. It does this by looking at the different ways that industrial relations have changed. It is used in the CRANET Survey. The CRANET Survey is used to assess the impacts of union variables on performance in the different sectors by multivariate models, as well as the effects and interactions of calculative or collaborative HRM practices on the performance of the firm, as measured by gross benefits, productivity, and quality. Last, the different effects of these HRM practices under different levels of union influence are looked at. The results show that there are many different plans (bundles) and different complementarities under different regimes, as well as the importance of introducing the destination between calculative and collaborative practices.

According to “Industrial Relations and Workplace Communication in Myanmar Garment Sector”, (Mari Tanaka, Virginia Minni, Hanh Nguyem, and Rocco, 2019) this study looks at how labor disputes are settled in the Myanmar garment industry by gathering data from many different sources. It uses data from surveys of garment firms and administrative records of disputes. The empirical findings show four things. First, a workers’ leader who is acknowledged by the factory management is not as much to experience serious dispute that needs outside mediators. Second, the correlation between the presence of a workers’ leader and the lower rate of disputes is stronger when at least one of the workers’ leaders comes from the manufacturing sector or when the workers choose the leader instead of managers. Third, foreign-owned factories with more foreign workers and more advanced technology tend to experience more severe conflicts than locally-owned factories. This suggests that language and cultural barriers are very important. Fourth, it finds that management practices and workplace conditions do not have a strong relationship with the number of disputes. The addition of empirical findings to the qualitative analysis is based on in-depth field interviews and case studies. Overall, the evidence shows that more research requires to be done on how the structure of workplace communication affects how quickly problems are solved and how much productivity grows.

CHAPTER III

THE OVERVIEW OF THE GARMENT INDUSTRY AND THE LABOR DISPUTES SETTLEMENT PROCESSES IN MYANMAR

3.1 Overview of the Garment Industry

In Myanmar, almost garment manufacturing is woven products. The majority of garment factories can still take place in the domestic market and need to improve efficiency, processes, quality, and compliance. The main garment export markets are Japan, Korea, Spain, Germany, the United Kingdom, and Turkey. They all are the main sources of total garment exports. Myanmar has the potential to attract businesses from neighboring countries where production costs are high. Ensuring transparency of laws and regulations, improving the infrastructure, efficient transportation, developing a skilled workforce, increasing productivity, economical and reliable energy, and telecommunications will automatically accelerate the growth of the garment industry. Before 2020, the garment industry of Myanmar was rapidly developing. It was at a juncture where it had the opportunity to develop and transform itself into a leading garment manufacturing hub in the world.

But unfortunately, the garment factories and their workers have been put in extremely challenging circumstances, and it has brought socio-economic repercussions to the country. The majority of Myanmar's population lives under the poverty line, and the poverty rate is estimated to have doubled since March 2020, according to the World Bank. Myanmar's garment and footwear industry are highly affected by the political conditions as well. According to a Myanmar Garment Manufacturers Association (MGMA) snapshot in September 2021, about 134 factories have closed down due the pandemic and political crisis resulting in 157,000 workers losing their jobs (MGMA, 2022).

The Myanmar Garment Manufacturers Association (MGMA) reports that their mainly foreign-invested garment manufacturing membership grew by 65 companies in 2014 and that, as of October 2015, MGMA membership included 335 companies operating more than 300 garment factories (less than half of the Korean-owned companies initially approached for this study were members of MGMA). This rapid growth has not been

attended by adequate labor rights protections. Business for Social Responsibility (BSR) contends that “labor, health, safety, and environmental standards do not yet consistently meet the levels expected by responsible buyers, local and international civil society, and an increasing sustainability conscious global consumer base.”

MGMA and other industry-based initiatives are working to establish benchmarks and standards designed to improve the conditions of workers apparently; recognizing those good labor standards and health and safety practices will prove key in ultimately building a garment industry in Myanmar that can compete well on the global stage. For the time being, 543 factories are actively involved. Most of Yangon Industrial Zones provide for the agro-based industries, wood-based industries, textiles and garment industries, food production industries, machine tools and spare parts industries, and porcelain and chemical industries. These zones contain a mixture of domestic and foreign investment. Many workers in the garment sector live in the related industrial zones. In 2005, the Myanmar government introduced a scheme of industrial zones to encourage increased investment in manufacturing. In 2012, there were over 20 designated industrial zones around the country.

Table 3.1 - Numbers of Factories in Yangon (Membership in MGMA)

Sr. No.	Region	Industrial Zone	No. of Factories	Total
1	Yangon	East Yangon	90	476
2		West Yangon	6	
3		South Yangon	4	
4		North Yangon	376	

(Source: MGMA)

In the Yangon region, there are four main zones, many of which factories: **East Yangon Industrial Zone** (comprising South Dagon Industrial Zones 1, 2, and 3, Shwepaukkan Industrial Zone, North Okkalarpa Industrial Zone, Dagon Seikkan Industrial Zone, Tharketa Industrial Zone, and East Dagon Industrial Zone); **West Yangon Industrial Zone**; **South Yangon Industrial Zone**; and **North Yangon Industrial Zone** (Hlaing Thar Yar Industrial Zone, Shwe Pyi Thar Industrial Zone, and Mingalardon Industrial Zone). The 376 factories are located in the North Industrial Zone. Among them, 192 factories are located in the Hlaing Thar Yar Township. (Detail factories list in APPENDIX II)

The garment sector is one of the main driving forces for economic development in any developing country. The enhancement of conditions in garment factories is a key factor due to the vital role they play in export earnings, the labor market, job opportunities, and sustainable business development in terms of GDP. Therefore, it can support GDP growth as well as job opportunities through labor-intensive operations. The garment industry thus performs best when employers, workers, and other stakeholders work together. (Ministry of Labor, 2022)

3.1.1 Challenges in Garment Factories

The garment industry is the main source of domestic employment in Myanmar. It has created job opportunities for citizens. The garment industry of Myanmar has a huge potential to contribute to national economic growth as a significant source of employment and attracting foreign investment. To achieve its full potentials success, the garment industry needs to overcome some major challenges, such as poor infrastructure, lack of management skills, a weak banking system, a lack of skilled labor, lack of training and development, lack of technology, economy and political stability, low productivity, an underdeveloped supply chains, laws enforcement, and regulations. It needs a comprehensive strategy and government support to overcome these challenges.

3.2 Causes of Labor Disputes and Types

In general terms, a dispute is a disagreement or conflict between two persons or parties for a particular interest. The causes of labor disputes are related to the variables consisting of interest disputes. As per data from MOL, the most common disputes in the workplace of the Garment Sector can be classified the types of disputes as follows;

- Termination issue,
- Wages for skillful,
- Annual bonus, attendance bonus, bonus for productivity,
- Asking for an increase in wages,
- Factory shutdown,
- Redundancy,
- Asking for basic salary increment and allowance, and
- Discrimination issues.

This refers to the socio-economic impact and lack of Human Resource Management practices that affect labor disputes in the organization. Lack of management and poor procedures affect industrial peace to a large extent. Most labor disputes occurred in Yangon where so many factories were located and including local and international garment factories. Among labor disputes, the termination cases are the most occurred in between employees and employers.

3.2.1 Types of Disputes Mediated by TCB, and Resolved by AB and AC

In terms of cases resolution, as experience with the labor dispute resolution process, number of disputes was 2,680 cases officially received from 2020 up to August 2022 by TCBs, 465 cases are handled by AB, and 296 cases by AC. At the township level, the Township Conciliation Bodies (TCBs) seem to be relatively effective at resolving disputes, with a successful resolution rate consistently around 80 percent. From 2020 up to August 2022, just 20 percent of cases from Township Conciliation Bodies (TCBs) were referred to the Arbitration Body (AB) in Yangon Region. In contrast, the other regions and states Arbitration Bodies (ABs) have had much lower rates of resolving disputes. Over 60 percent of decisions of the Arbitration Bodies (ABs) were appealed to the Arbitration Council (AC) in 2020 up to August 2022. (Ministry of Labor, 2022)

Table 3.2 - Types of Disputes Mediated by Township Conciliation Bodies (TCBs) from 2020 to August 2022

Sr. No.	Year	Termination of Employment	Redundancy	Factory Shutdown	Job relocation	Demotion	Want to get a Bonus	Discrimination in the Workplace	Asking for an increase in Wages	Other Requests	Total Types of Disputes (Received)	Interest Disputes (Mediated)	Rights Disputes (Court)	Remark
1	2020	1539	66	86	46	21	74	6	169	85	2097	2007	90	
2	2021	377	23	26	9	5	16	0	4	17	477	460	17	
3	2022 (From Jan to Aug)	186	8	6	5	1	3	0	4	8	221	213	8	
Total		2102	97	118	60	27	93	6	177	110	2795	2680	115	

(Source – Ministry of Labor)

Table (3.2) shows the number of different types of labor disputes received by the Township Conciliation Bodies (TCBs) from the year 2020 to August 2022 and the causes of the disputes are explained. There have been 2680 cases received by the Township Conciliation Body (TCB). The causes of these disputes and the number of cases each year are as such. In the year 2020, there were more than 2000 cases, 377 cases in the following year, and 186 cases from the start of 2022 until August of the year. Nearly 2700 cases occurred during two and a half years, and approximately 80% of disputes are due to termination of employment. The other main reason for these arguments is from employees demanding a basic salary increment, contributing to around 7% of the total cases and roughly 5% of it was from factories being forced to completely factories shut down. In terms of discrimination among co-workers, there have only been 6 reported cases which is also the lowest category.

Table 3.3 - Types of disputes resolved by Arbitration Bodies (Abs) as of 2020 August 2022

Sr. No.	Year	Termination of Employment	Wages for Skillful, Annual Bonus, Attendance Bonus, Bonus for Productive	Asking for a Salary Increase	Asking for Meal Allowance/Ferry	Total Types of Disputes	Remark
1	2020	318	14	1	0	333	
2	2021	89	2	0	2	93	
3	2022 (From January to August)	35	3	0	1	39	
Total		442	19	1	3	465	

(Source – Ministry of Labor)

Table (3.3) represents the same information as before but to a different body. From 2020 to August 2022, the Arbitration Bodies (ABs) received a total of 465 cases. The causes of these disputes and the number of cases each year are explained. In 2020, the Arbitration Body was presented with 333 cases, in 2021 there were 93 cases of them and in 2022 until August there were 39 cases only. During the two and a half years, 442 cases were resolved by the Arbitration Bodies (ABs) related to termination, which is 95% of the types of dispute. The second highest type of case is about workers' demands such as wages for skill, annual bonuses, attendance bonuses, and bonuses for productivity, and these all add to approximately 4% of the total cases. Other miscellaneous reasons such as asking for meal allowance/ferry are only as much as about 0.6%. There was only one case of labor asking for a salary increment which suffices to say the category with the least number of disputes.

Table 3.4 -Types of disputes resolved by Arbitration Council (AC) as of 2020 August 2022

Sr. No.	Year	Termination of Employment	Compensation for Factory Shutdown	Wages for Skillful, Annual Bonus, Attendance Bonus, Bonus for Productive	Asking for a Salary Increase	Asking for Meal Allowance/Ferry	Total Types of Disputes	Remark
1	2020	195	-	11	-	-	206	
2	2021	51	2	-	-	2	55	
3	2022 (From Jan to Aug)	32	-	2	1	-	35	
	Total	278	2	13	1	2	296	

(Source – Ministry of Labor)

Table (3.4) shows the number of different types of labor disputes received by the Arbitration Council from the year 2020 to August 2022 and the causes is elaborated below. From 2020 to August 2022, the Arbitration Council (AC) resolved a total number of 296 cases of labor disputes. The yearly number of reports as well as the most and least common causes of these disputes are presented in detail. There were 206, 55, and 35 cases reported to the council in the years 2020, 2021, and 2022 until August respectively. During this time, 278 or 93% of cases are terminations of employment as the highest category. The second highest category is the same as that of the Arbitration Body, the demands of the employees but at a slightly higher percentage of 4.3% more or less. Other miscellaneous reasons such as asking for meal allowance and ferry are only as much as about 0.6%. A single case of asking for salary increments is presented to the Arbitration Council (AC), being the least problematic issue.

The increase in the number of labor disputes in the year 2020 stems from the surging COVID -19 waves, having a significant negative effect on garment factories which is a labor-intensive industry. Throughout this global pandemic, clients from all over the world completely stopped doing business which in turn caused difficulties and inconveniences for garment factories, categorized as a CMP Industry, forcing them to slow down their operations. The factories were facing cancellation of the orders and demands decreased dramatically. Due to this, employees were either forced to stop working, reduced in manpower, or factories shut down. At the same time, the price of stocks increased and some employees did not have enough income for their living costs which became pressure for the employees to ask for salary increments all these reasons, the number of disputes in 2020 alone contributed to a large portion of the recorded period COVID -19 was still in full force in 2021 with ongoing health and safety restrictions, it has changed in terms of the lifestyle, travel arrangement and re-schedule of operations in factories. Not only did the businesses have trouble running, but also the number of unemployed people was a worry some amount. To put insult to injury, at the start of the year, political issues arose which also had a huge effect on businesses. Some factories temporarily stopped operating and some factories with foreign investments even completely shut down.

Despite of several labor disputes on the ground, there were restrictions to respective departments to negotiating these disputes due to ongoing socio-economic issues in the country. This caused the number of disputes to be put forward to the Township Conciliation Bodies (TCBs) from the start of 2021 to August 2022 to only show as little as 700, not showing the actual number. If there was a group consisting of employers and employees' representatives, there would be much fewer disputes, WCC meetings should be more functioning such as organizing regular meetings and discussions in terms of potential dispute prevention. As result, the communication channel will open between employees and employers, the disputes will also decrease in the future. Its impact on factor production will be increased by the labor force who are willing to work in a stable workplace. Effect of productivity, the employee will get benefits from their hard and smart work which is a win-win situation for all. If unfortunately, disputes occurred, employers and employees need more room to negotiate for getting peaceful conditions.

Table 3.5 - Honorarium for Arbitrators (from 2020 to August 2022)

Sr. No.	Member	Types of Disputes in Total	Honorarium Rate (Per pax)	Total Honorarium (MMK/Million)	Paid Honorarium (MMK/Million)	Remark
1	Member of Township Conciliation Body	2680	40,000	321.600	121.880	3 members in each group for a case mediation
2	Member of Arbitration Body	465	60,000	83.700	76.020	3 members in each group for a case resolution
3	Member of the Arbitration Council	296	100,000	88.800	88.800	3 members in each group for a case resolution
	Total			494.100	286.700	Some members do not receive the honorarium, just voluntary.

(Source – Ministry of Labor)

Table (3.5), describe the honorarium for Arbitrators' support by the Ministry Budget. In every mediation and arbitration, there are dedicated 3 members to discuss and solve a case presented to Township Conciliation Body, Arbitration Body, and Arbitration Council. In Township Conciliation Body, a member has received 40,000 Kyats which accumulates to 120,000 Kyats for 3 members per case. For the Arbitration Body, each member receives 60,000 Kyats, for 3 members per case is 180,000 Kyats, and lastly, for the Arbitration Council, an amount of 100,000 Kyats is given to a member which is 300,000 Kyats for 3 members per case: all this coming from the Ministry budget. The honorarium as per case is also shown in the table, a whopping total of over 121 million Kyats was given to the Township Conciliation Body for 2680 cases, over 76 million Kyats to the Arbitration Body for 465 cases, and over 88 million Kyats to the Arbitration Council for 296 cases respectively from 2020 to August 2022 (Ministry of Labor, 2022).

To solve these various disputes related to employee affairs, the Ministry of Labor has formed the Township Conciliation Bodies (ACs), Arbitration Bodies (ABs), and Arbitration Council (AC) for Labor Dispute Settlement Arbitration Mechanism. Each of these three groups are responsible to solve affairs regarding different labor disputes respectively. The members of these groups are provided an honorarium by the department from a portion of the Ministry budget that they receive. The Ministry has to spend a lot of the extra budget depending on the number of labor disputes; therefore, the more disputes occur, the more budget will be higher according to the secondary data results.

3.2.2 Workplace Coordinating Committee (WCC)

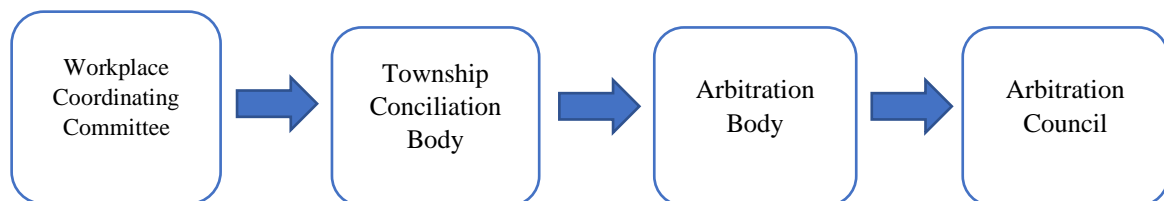
Workplace Coordinating Committee (WCC) in dispute settlement processes, when grievances arise between management and labor, the first attempt at resolution is through direct negotiation between management and labor. Under the Settlement of Labor Dispute Law (SLDL), employers with more than 30 workers are required to establish a Workplace Coordinating Committee (WCC) to negotiate collective agreements and address any grievances. The WCC consists of four members: two representatives of the employer and two representatives of the workers. Workers' representatives must be from labor organizations or elected by workers if there is no union majority. The WCC is the first step of the dispute resolution process, and several stakeholders on both the worker and employer side expressed the hope that, if these bodies operate effectively and in good faith,

particularly all disputes would be settled at the Workplace Coordinating Committee.

3.3 The Process of Labor Dispute Settlement

The International Labor Organization (ILO) in their Guide to Myanmar Labor Law defines labor disputes as ‘disagreements between workers or Labor Organizations and one or more employers or their organizations concerning workplace issues such as employment, working, termination(s), all forms of compensation and benefits, health and safety issues, injuries, accidents or deaths as well as leave and holiday issues’ (Checkley, Jason Judd and Janet C., 2017). Therefore, disputes are considered to be a component of labor relations. Myanmar’s Settlement of Labor Dispute Law (2012), or SLDL, and the dispute resolution system have been in place in Myanmar for a decade. Numerous disputes have been submitted to the Township Conciliation Bodies, and some disputes have progressed from the township level to Region or State Arbitration Bodies, and then to the Arbitration Council. Workers and employers agree that having this mechanism is helpful as a channel for negotiation and expert intervention outside of the courts, but they also express irritation and difficulty with how decisions are made and carried out. (Pyidaungsu Hluttaw, Myanmar, 2012). The SLDL outlines a process with mechanisms for resolution at the workplace, township, regional and national levels through which parties can bring interest disputes of both parties, and receive inputs and support from knowledgeable parties to reach an agreement.

Figure 3.1 - The Steps of Labor Dispute Settlement



Source – Ministry of Labor

When grievances arise between labor and management, the first attempt at resolution is through direct negotiation between management and labor. Under the SLDL, the employer with more than 30 workers requires to establish a Workplace Coordinating Committee (WCC) to negotiate collective agreements and resolve grievances.

Under the Settlement of Labor Disputes Law (SLDL), disputes that are not resolved through the WCC can then be brought to Township Conciliation Bodies (TCBs) for a hearing. The TCB is composed of 11 members—3 from the government, 3 from employers, 3 from trade unions, and 2 are “reputable persons” —who serve two-year terms. Disputes are to be heard by a four-person panel consisting of one representative from each group (government, employers, trade unions, and reputable persons). For more challenging cases, eight people may be asked to participate (two representatives from each group). Invitations to participate rotate among the members. In practice, many issues and disputes are brought directly to the Township Labor Officers (TLOs) rather than via the WCCs. This may happen in cases where WCCs do not exist (whether on paper or in practice), or in instances where workers do not trust WCCs to represent their interests and instead contact TLOs directly. TLOs are MOL’s staff based in the local township offices of MOL, and they serve as the primary point of contact for any labor questions or issues that arise. They are also responsible for receiving disputes and serving as secretaries of the TCB.

Disputes that are not resolved at the Township Conciliation Body (TCB) level can be brought to the relevant Arbitration Body (AB). An Arbitration Body (AB) is established in each region or state; a total of 15, including one for Nay Pyi Taw. Similar to TCBs, ABs are composed of 11 members; 3 from the government, 3 nominated by employer organizations, 3 nominated by labor organizations, and 2 distinguished persons who serve three-year terms. Upon receiving a case, the AB conducts hearings that are typically attended by three members (one from each group of government, employer, and labor). Then all 11 members convene to discuss the case and make a decision, based on a majority vote. At Yangon AB, the busiest location (due to the 5,000 estimated factories in all sectors, in Yangon), the 11 members group meets at least once per week. Decisions are to be made within seven days from when the case is received and then sent to the parties within two days. At the AB level, it is common for both parties to have legal assistance or representation. The decisions of the AB are binding, but if either party is not satisfied with the decision, they have seven days to submit their dispute to the Arbitration Council (AC). On occasion, the AB can decide to send a case on to the AC without making a decision, but all 11 AB members must agree on taking this action.

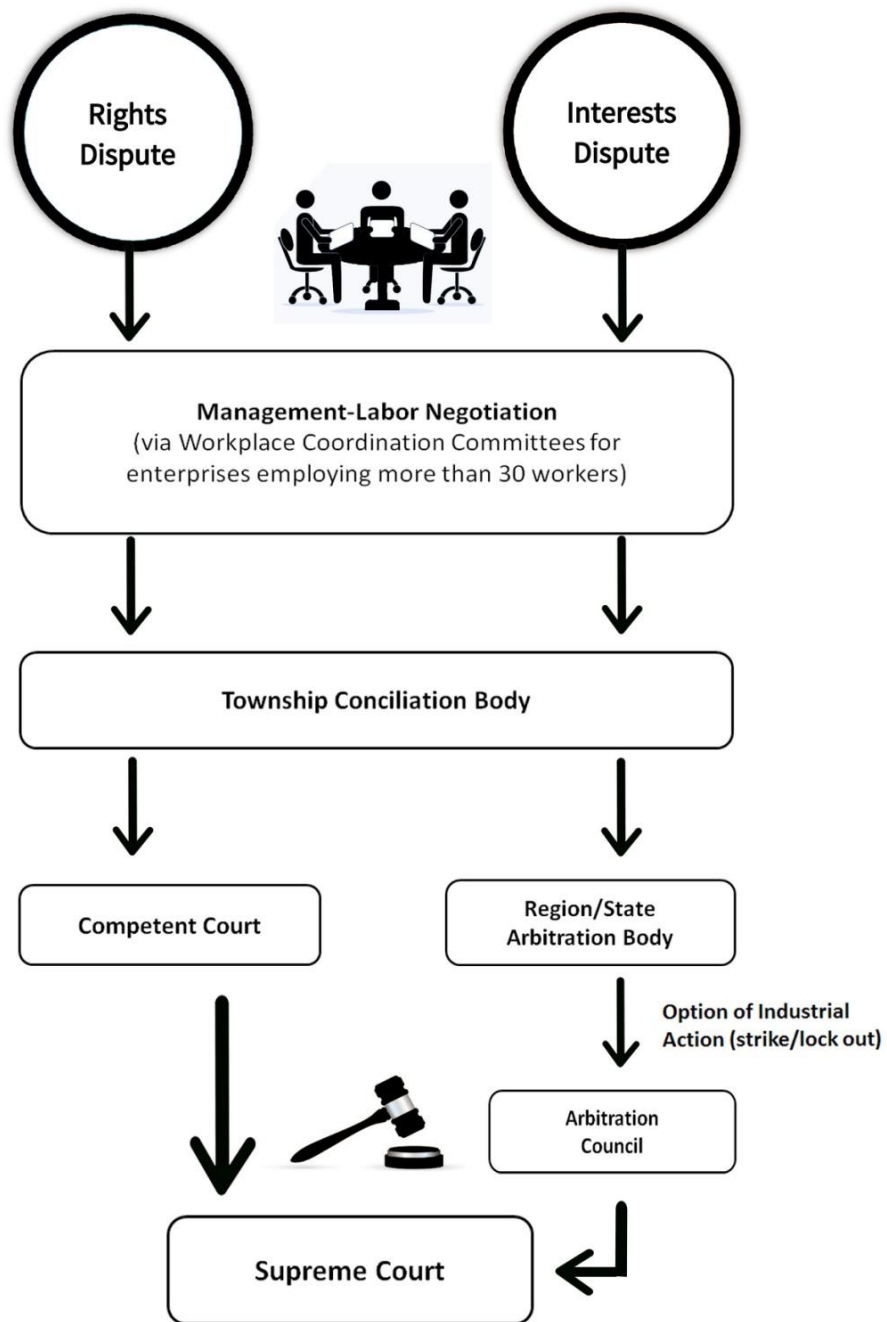
The Arbitration Council is the highest level in the arbitration process. It consists of 15 members - 5 selected by MOL (typically retired Officials of Ministry) 5 nominated by employer organizations, and 5 nominated by labor organizations. Members are appointed to three-year terms. When a case is received by the AC, a Tribunal of three members (one

from each group) is formed to hear the case. The parties to the dispute are allowed to select the AC member who they want to act on the Tribunal (the worker selects a labor organization member and the employer party selects an employer organization member, and then those two members select the government representative). Unlike the Arbitration Bodies, the Tribunal has the authority to make the final decision and the full Arbitration Council does not review or sign each case. However, the full AC does meet at least once per month to consider whether to approve sending cases of noncompliance to court. (Laura Ediger and Chris Fletcher, May 2017)

The Settlement of Labor Dispute Law was enacted in 2012; Pyidaungsu Hluttaw hereby enacts this Law for safeguarding the rights of workers, maintaining a good relationship between workers and their employers, preserving a peaceful workplace, and obtaining their rights fairly, rightfully, and quickly by settling disputes between employers and workers in a just manner. The Settlement of Labor Dispute Law (SLDL) was enacted in 2012, with a stated purpose that includes safeguarding workers' rights, peaceful workplaces, and "obtaining rights fairly, rightfully, and quickly by settling the dispute of the employer and worker justly." Historically, disputes between employers and workers were covered under the 1929 Trade Dispute Act, with a case moving up through several levels to a Trade Dispute Settlement Tribunal of legal experts. After 1962, this system was amended labor unions were not allowed, and any conflict between workers and employers was resolved through a series of Worker Committees, with governmental oversight. The 1929 Trade Dispute Act was repealed under the 2012 SLDL, which replaces that system.

The law describes that a **right dispute** means any dispute related to the rights of employers or workers under Labor Laws. **Interest dispute** means disputes related to the collective agreement, the benefits which should be entitled to the majority of workers despite excluding rights under the labor law, and the relationship of the workplace. In terms of labor dispute settlement processes, while some disputes occur between the employer and employee, Labor dispute settlement committees have to define whether the right dispute and interest dispute are clear, and whether those disputes are under settlement processes or not. The above-mentioned (figure -3.2) is the process of dispute settlement through WCC to Arbitration Council. (Pyidaungsu Hluttaw, Myanmar, 2012)

Figure 3.2 - The Process of Dispute Settlement by SLDL



Source - (Fletcher, Laura Ediger and Chris, May 2017)

CHAPTER IV

ANALYSIS ON RESEARCH RESULTS

4.1 Research Profile

This chapter mainly focuses on the data analysis and finding from 25 Key Informants as respondents who are related to Garment Industry by using Key Informant Interviews (KII). This section discusses one analysis of the interviewing questions to examine the effect of Human Resource Management Practices on Labor Disputes in Garment Factors, in Yangon. The 25 Key Informants participate in the Face-to-Face interviews; 7 are garment factory owners, 3 are HR executives from garment factories, 3 are Human Resources Practitioners, 3 are officials from the Myanmar Garment Manufacturers Association (MGMA), 6 are Arbitrators who resolve labor disputes, and 3 are officials from the Ministry of Labor. Why those 25 Key Informants are selected in this study, all the Key Informants link with the research topic and they have specific backgrounds to support the idea and information for every single questions of the study. The following addressed the information about each respondent by group and the reasons why they involve in this study.

Table 4.1 - No. of Respondents by Group for Key Informant Interviews (KII)

No.	Types of Respondents	No. of Respondents
1	Factories Owners	7
2	Authorized Person from Myanmar Garment Manufacturers Association (MGMA)	3
3	Human Resource Executive from Garment Factories	3
4	Human Resource Expert/ Practitioner	3
5	The officials of the Ministry of Labor	3
6	Members of Labor Disputes Settlement	6

(Source – Author’s contribution)

According to Table 5, Qualitative questionnaires for Key Informant Interviews (KII) with stakeholder groups are prepared and are also presented by narrative description. The key informants are garment factory owners, members of MGMA, HR practitioners, Members of the Arbitration Body and Council, and officials from the concerned ministry. The numbers of respondents are 25 persons from different representation groups, they join in Key Informant Interviews (KII). The data have included the responses from each key informant through each Key Informants Interview (KII) – 29 questions are prepared according to the (Robat, Morocco, 2009), and a summary of key answers is presented in the following respectively.

Factory Owners – The factory owners’ discussions and responses are important for this study as primary sources. They are the ones who can explain in detail how the garment factory operates, how it is managed to run the business, and what types of disputes occur in the workplace occasionally, how? And, why?

Members of MGMA - The Myanmar Garment Manufacturers Association (MGMA) was formed to provide valuable technical support for development such as training and to support in finding business opportunities for the garment industry. The MGMA facilitates responsible foreign investment in the sector and is well-positioned to provide expert advice regarding business development plans. The MGMA is also to be aware of the garment industry to comply with Laws, Rules, and Procedures promulgated by the government. Those who gave the interview are the Central Executive Committee (CEC) members of the association, and they are also garment entrepreneurs (factory owners). They know the main factors that are important for the operation of the business. Moreover, they are the ones who know the strength, weaknesses, opportunities, and threats of the garment industry as a whole.

HR executives - HR executives in garment factories are the ones who managed the employees’ affairs in the factory. HR Managers from various factories are interviewed to find out how to practice Human Resource Management in the garment industry.

Human Resource Practitioners - HR Practitioners train and consult with the business or HR executives to apply proper Human Resources Management in the workplace either through self-participation or consultation with the officials of business or HR executives.

The officials from the Ministry of Labor – These officials who participated in this survey can negotiate and direct to resolve this by the law whether the employer or the employee if problems arise in the workplace. They are the ones also who are issuing the directives to the garment factory owners to enforce and comply with the promulgated Laws, Rules, and Regulations. Those are to get the employers and employees the awareness of laws, to reduce disputes, or not to occur disputes in the workplace through training or seminar. These officials are the people who have to manage to resolve the issues related to labor disputes and labor relations that come to their department every day.

Members of Labor Disputes Settlement - The arbitrators act to resolve labor disputes by mediation and arbitration after hearing their reasons and analyzing the evident documents. There are three levels of mediation and arbitration processes; the township level (TCB), region and state level (AB), and union level (AC). When a dispute arises in factory operations, the disputants can apply step-by-step to the relevant stages of mediation and arbitration. The members of TCB from the township level were mediating between employer and employee for disputes. The members of AB from regional/state levels and the members of AC from the Union level were arbitrating the disputes. These arbitrators interviewed with 2 each at each level. The arbitrators know about the types of disputes very well as per their experiences. So, the arbitrators were interviewed to understand "What are the common disputes that are faced in factories?" and to get supportive information for the study.

4.2 Research Design

The study is designed with the use of both quantitative and qualitative data collection tools. The quantitative method is used from secondary data sources to study the Garment Factories in Yangon and the labor dispute settlement processes. In this study, the KII method is used for primary data analysis for human Resource Management Practice and also got the secondary data source (reviewed books, Laws, journal articles, reports, and data from the Myanmar Garment Manufacturers Association (MGMA) and Ministry of Labor (MOL) which are collected to be reviewed to reflect and meet with the objectives of the study.

4.2.1 Purpose of Key Informants Interviews

Key Informants Interviews were qualitative in-depth interviews with Garment Factory Owners, Human Resource Executives from Garment Factories, Human Resource Experts/Practitioners, Members of Myanmar Garment Manufacturers Association (MGMA), Members of Township Conciliation Bodies (TCBs), Arbitration Bodies (ABs) and arbitration Council (AC), and authorized person from Ministry of Labor. All of the key informants are the ones who know about the Human Resource Management Practices in the garment factory. The purpose of the key informant's interviews was to collect data about the effect of human resource management practices on labor disputes in Garment Factories through their knowledge and understanding to get insight information.

4.2.2 Planning the Key Informant Interviews

According to the (UCLA Center for Health Policy Research), key steps of KII interviews such as planning, implementing data collections, and reviewing the results accordingly of key informants are as the following steps.

i. Gathering and Reviewing Existing Data

There were collected and reviewed on the existing data and reports to determine what additional information needs to collect from key informants. The necessary information was gathered for grouping together collected information about Human Resource Management Practices in garment factories, and causes of Labor Disputes in Garment Factories.

ii. Determining on Required Information

There were prepared for the key informant interviews to identify what kinds of information wanted to gather and how to prepare for the best and formulate primary questions to get the answers. After drafting the primary questions, there were determined what types of data is needed which helped to identify the best informants to interview.

iii. Determining on Target Representation and Brainstorming Possible Key Informants

Before selecting key informants, it is mapped out of the targeted representatives related with the research who are from garment industry, HR Experts, arbitration processes, and concerned Ministry.

iv. Choosing Key Informants

Key Informants are carefully selected who are linked with the research-targeted representatives from the garment industry and who can provide relevant knowledge and information related with the research topic “The Effect of Human Resource Management Practices on Labor Disputes in Garment Factories”. Selection processes are done step by step. Firstly, it created a list of potential key informants such as factory owners, HR executives, the officials of MGMA, Arbitrators, and the officials from the concerned Ministry who would be involved in this study as targeted persons. Secondly, it is narrowed down the list by specific representatives related to research and identified who could provide the necessary information to ensure the different perspectives. Finally, it is set 25 key informants who are linked with this study topic and who have relevant knowledge and understanding about it.

v. Choosing the Type of Interview

In this study, only the Face-to-Face interview was used with specific scheduling and as per the key informants’ availability. This option was chosen as per the preference of respondents. During the interview, informants were willing to discuss for longer times and most Face-to-Face interviews took an hour to one and a half hours. Only 2 to 3 informants are made an appointment in a day.

vi. Developing an Interview Tool

Relevant open-ended questions were prepared for making sure to get the needed answers. Easy questions were prepared in the first part of the questions, and then the technical questions that related to Human Resource Management practices and labor dispute issues in Garment Factories were

followed, and opinions and extra comments are the last part of the questions. During the interview, it followed the main components of the interview tools accordingly. The introduction session was conducted for explaining the purpose of the study, who are the key informants, also explained about the key informants' cooperation are very important for getting results and what kind of benefits could be found from this study to individual, business, community, and country.

vii. Determining Documentation Method

There is compiled interview information to ensure data collection efficiency, quality, and consistency through interviews. The interviewer used to record the interview responses for all necessary information by using two methods as a note-taking and recording the per informants' permission. It took brief notes while interviewing with a key informant and at the same time also used a recorder to fill in information details. At the end of the day, the interviewer immediately wrote and organized notes while all necessary information was still fresh in order to avoid losing a lot of valuable interview information.

viii. Selecting Designated Interviewer(s)

In order to conduct the interviews, only two interviewers involved who have the skills and backgrounds for conducting the interviews. One was designated as the main interviewer and the rest was a note taker in order to cover all necessary information, and ideas, and to avoid missing insight information.

ix. Conducting Key Informant Interviews (KII)

The interviewer could practice and familiarize with the script and questions before meeting the Key Informants. The interview tool is developed carefully for ensuring the questions to be consequence during the interview. The interviewer began the interview by thanking and appreciating the Key Informants and explaining the purpose of the interview. During the interviewing processes, the interviewers listened carefully and took notes for highlighting important points, and tried to get answers to certain key

questions from every key informant. At the end of the interviewing process, the interviewers asked to the Key Informants for their additional comments and about they have any questions or any clarifications?” for better results. After that, interviewer explained about all these interview answers very supported for this study, and concluded by saying thank you to key Informants.

x. Compiling and Organizing Key Informant Interviews Data

After the interviewing processes was done, the interviewer organized all the qualitative data to be categorized as per questions accordingly and all data were kept as confidential information. Also, let the Key Informants know during the interview about the confidential issues: only focused on the content of the discussion rather than identifying who said what and how.

4.3 Analysis on Key Informants Interviews – KII results

The study approached the qualitative method for data collection in order to meet the objectives. The data included information about HRM practices, the number of labor disputes in garment factories from 2020 to 2022 August, the causes of the labor dispute, and HRM practices in garment factories, in Yangon. In this study, qualitative data are gathered from the key informants interviewed in the purpose of examining the effect of Human Resources Management Practices on labor disputes in garment factories in Yangon, Myanmar.

The results present a qualitative analysis of the open-ended questions as well as descriptive statistics for support/opposition types of questions. It has included direct quotes that represent the various perspectives voiced by key informants. The followings are question-by-question summary and characteristic quotes from the Key Informants and the perspective of different types of Key Informants. And also, it was accompanied by a narrative for more detail about the respondents’ answers on different questions’ types.

4.3.1 Identifying the factors that caused labor disputes in Garment Factories

In order to meet for the objective “to identify the factors that caused labor disputes in garment factories”, questions (1) to (8) are asking for getting results.

Most of the disputes have occurred related with not complying with the workplace disciplines, lack of awareness on labor laws, violation of the Employment Contract (EC) and unwillingness to fully provide labor rights. The most common disputes in the workplace are dismissing or termination, factory shutdown and redundancy, and asking for increased wages. And other common disputes are claiming to get wages for a skillful, annual bonus, attendance bonuses, bonuses for productivity, discrimination in the workplace, asking for basic salary increments and allowance, and being transferred to workplace from one section to other section without employees’ concern, being demoted and violation of the rules.

As per respondents’ answers, labor disputes often occur due to many issues such as the lack of legal knowledge, violate the Employment Contracts (EC), and not obey the workplace disciplines, the employers’ unwillingness to fully provide the employees’ rights. Some employers want to increase the working hours for increasing the production. But they did not want to pay the overtime wages. Vice visa, the employees did not work to finish their responsible tasks during working hours and they want more time to get the overtime. As results, the causes of disputes were relating with lack of HRM practices and the weakness of proper procedures.

Concerned with difficulties of operation management, most of the respondents mainly discussed lack of compliance on workplace disciplines by the employees. The main issue is a lack of understanding of the disciplines stipulated in the workplace because most of the employees are lack of rational thinking and reasoning abilities according to their low level of education. Although some of the employees understand rules and regulations, but they did not follow accordingly which was usually encountered by the factory owners and management in the workplace. The results show that lack of management capacity and lack of HRM practices are the main weaknesses to handle those kinds of situations.

Table 4.2 - KII result for Whether the cause of disputes is related to lack of HRM practices, and weakness of proper HR procedures or not.

No.	Types of Respondents	Support	Oppose	Don't Know
1	Factories Owners	7	0	0
2	Members of Township Conciliation Body, Arbitration Body and Council	5	0	1
3	Human Resource Expert/ Practitioner	3	0	0
4	Human Resource Executive from Garment Factories	3	0	0
5	Authorized Person from Ministry of Labor	3	0	0
6	Authorized Person from Myanmar Garment Manufacturers Association (MGMA)	3	0	0
7	Total	24	0	1

(Source - Author's Contribution)

There were many causes to occur the disputes in the workplace, but most of the causes of the disputes were relating with lack of HRM practices and weakness of proper HR procedures. All the respondents were supported for these perspectives, although they have some more factors that causes the disputes in the workplace.

“Support”

"HR can be managed for the right person to the right place with the systematic rule, and it supports the stability and peace of the workplace because it can be managed effectively with rules."

"It is important to have competent HR in the workplace for Human Resource Development. The HR department can be managed on behalf of the employer to employee and their affairs. HR should be as a bridge between employer and employee in terms of balancing for both parties' interest."

“Don't Know”

"I don't know how to do systematic recruitment and selection processes exactly."

4.3.2 Studying about HRM Practices in Garment Factories

In order to meet for the objective “to study the HRM practice in Garment factories”, questions (9) to (19) are asking for getting results.

Identifying HRM practices in Garment factories, although a few factories have specific Human Resource Department and some have only small unit with two or more staffs who care about employee affairs. In almost Chinese-owned factories, the interpreter is appointed to communicate in daily operations and sometimes factory owners assign the interpreter to manage employee affairs, although the interpreter has the lack of Human Resource Management knowledge and no awareness of the proper Human Resource Management practice because they are not HR professionals. Also, the interpreter involves in factory operation management on behalf of factory owners. Moreover, most of the factories only have Administrative Department to manage the daily operations, tasks, and employee affairs, it means that all the Human Resource Management functions are run by the Administrative Department or interpreter. According to these results, what we found that most of the factories have no proper HRM practices and only formed HR Department just for showing up as in organizational units and pretend to be followed in line with promulgated laws. In some factories, but it has specific HR department and run Human Resource Management functions in proper way.

The respondents mention about all the garment factories should have Human Resource Department, it is very important for applying effective Human Resources Management practices in order to support the requirements of an individual employee depending on specific their strengths and weakness. Human Resources Department can manage on behalf of the factory owner to be fair and justice for the employees’ and employer’s benefits and balancing for their interests. There are differences obviously between forming or not forming the HR department in factories. A factory that has a specific Human Resource Department, it can be managed employee affairs effectively. Its impact becomes to be stable workplace and also it can be provided to get more productivity.

Some of the respondents identify that “the Human Resource Department is not necessary as a specific department; it can be attached with the Administrative Department just as a unit”. But they were not clearly understanding the differences of HR and Admin, also about HRM functions and Administrative functions. Most

of the factories, HR and Admin department were managed together by General Manager of factory. The management formed the HR Department as a joint unit with the Administrative Department for office tasks and employees' affairs instead of a separate Department in a factory. So, the HRM functions would not run effectively and efficiently. Most of the respondents are not understanding about the functions of HR and Admin, and also their differences.

Regarding with the factory HR planning and recruitment procedure, if a vacancy occurs, the announcement is posted on the factory notice board and in front of the factory entrance. But factory often use employee referrals as a source of Recruiting and it means that most factories used to recruit internally. When the Employees want to move from one factory to another for compensation and benefits, they were also neglecting the current factory's Employment Contract (EC). Some factory owners also accepted employees who want to move from another factory, without following the Recruitment and Selection procedures. This situation shows why the employees' turnover rate is so high and the evidence of un-follow proper HR Planning, Recruitment and selection processes by the employers and employees.

Some respondents conduct that factory should have a systematic interviewing processes and should select the person have relevant skills for specific tasks. Although all the factories should appoint the right person with relevant skills after making practical tests for all levels of employee, in reality only the supervisors, managers, and above level are recruited through the proper Recruitment and Selection procedures. The lower-level employees are appointed by checking their personal information and documentation evidence. Only a few persons have done practical tests for specific skills for the applied position. Moreover, some respondents do not know about HR procedures and how to conduct the Recruitment and Selection processes properly. A respondent said that some employees used to claim to work overtime rather than finishing their responsible tasks during working hours by giving the reason for overload tasks, they are doing personal things during working hours without trying to finish their specific tasks. These situations are too difficult to handle by employers and factory management. Therefore, according to the respondents' interviewing results, most of the factories have no proper HR planning, Recruitment and Selection processes for every vacant posts. Most of

employees and employers are lack of follow by the Employment Contract (EC) and their practices are also lack of compliance with the promulgated law.

As the labor-intensive industry, the orientation for the lower-level employees is used to in group rather than individual. During the orientation, inform and explain clearly the information about the workplace where the operations related with individual works, the rights of employees, the information about the Employment Contract (EC), working conditions, rules and regulations which were stipulated by the factory's management. All the information was answered by respondents, although, the proper practices were not fully operated, almost respondents answered that the Employment Contract (EC) should be signed because it was very important for both of the employers and employees to be reference when the disputes occurred.

According to the Employment and Skills Development Law 2013, the employer and employee must sign the Employment Contract (EC) within 30 days after appointed an employee. It is also necessary to read carefully and obey the facts of the contract. Employment Contract contains mutually contractual binding terms and conditions which were followed by both the employers and the employees. (The Employment and Skills Development Law_Pyidaungsu Hluttaw, 2013)

In some factories, the employer and factories management used to dismiss or terminate, without any prior notice in accordance with legal compliance, an employee who does not follow the workplace disciplines, or who is less responsible for specific tasks. Moreover, those employees who create to be unstable conditions in workplace and also organizes to the other employees as a group in order to create problems or to ask for some claims related with their Rights and Interests. In this situation, some of the employers dismiss or terminate an employee who is a potential risk for the operation by paying compensation according to the stipulated law.

Some employers who practice Human Resource Management follow step by step termination processes according to the Employment Contract (EC); as an ordinary offense, a verbal warning for the first-time workplace disciplines violation, and the written warning for the second time and if the employee still create problems and violate disciplines in workplace, those employees need to sign a confession for the third time warning. If employee create some more workplace violation and break the rules, the management will be dismissed by law. If the

employee commits the serious crime, the employer can terminate the worker by paying the balance of wages for the days actually worked without having to pay severance pay. In these two situations, the first case was not compliance with the law even the employee breaks the rules of the workplace. If the employer decides and manage without any prior notice, that situation will support to occur the labor dispute in workplace.

Regarding the Training and Development; the employees should have a chance to attend the relevant training programs to improve their skills and performances or on-the-Job training. The employers must arrange relevant training program for the employee in terms of job nature and necessity. As results, employees will become skillful to fit with their specific jobs and responsible tasks. It can be help to improve the productivity through their performance and also can reduce the problems in workplace. Even though, all the respondents agreed to do training program regularly and on-the-Job training for the employees because it is very important for productivity and support for the operation.

Most of the respondents said that monitoring and evaluation of the employee's performance should be done regularly and systematically through HRM practices. Some factories take an evaluation process with IE (Industrial Engineering) and use IE grading systems (like Grade A, B, C) according to the nature of businesses. Interesting things are happened, in Japanese client's preference factories use the KHIZEN method which is a continuous improvement tool for motivating and evaluating the employees' performances. However, most of the factories did not evaluate the employees' performance systematically, as per interviewing results.

Health, security, and safety issue; respondents mentioned about facilities for the health care system, security and the safety of workplace, it should be supported and created by the authorities of the factories compliance with the stipulated law. In some factories have the clinic for employees' health care and have a reserved-car for any emergency as like ambulance. According to directives of Department of Factories investigation and monitoring, must have a doctor in the factory clinic which have more than 500 employees in the factory and must have a nurse in factory clinic at least if there less than 500 employees.

Factory provided the clean water, managed for clean workplace and enough numbers of private toilets which are clean and hygienic. Also provided COVID –

19 prevention materials in order to protect infection of disease. Occasionally, the factory arranged the workplace safety training such as fire safety training, guiding training for machinery and workplace emergency protection training. Also provided the necessary materials and equipment to the employees for the purpose of prevention and precaution. But, most of the employees did not use to follow the precaution guidelines and regulations. From the employers' side, also lack of enforcement for using safety equipment by employees, and weak in management for precaution.

According to interviewing results, most of the factories have not specific organizational objectives concerned with Human Resource Management practices for ensuring to get the right number of human resources, with the relevant skills, at the right times, and in the right places.

Table 4.3 - KII results for whether HR department in garment factories should have or not.

No.	Types of Respondents	Support	Oppose	Don't Know
1	Factories Owners	6	1	0
2	Members of Township Conciliation Body, Arbitration Body and Council	6	0	0
3	Human Resource Expert/ Practitioner	3	0	0
4	Human Resource Executive from Garment Factories	2	1	0
5	The officials from Ministry of Labor	3	0	0
6	Authorized Person from Myanmar Garment Manufacturers Association (MGMA)	3	0	0
7	Total	23	2	0

(Source - Author's Contribution)

Most of the respondents supported for “It should have the HR department in garment factories” because they agreed absolutely HR Department is to be supportive to develop employees’ skills and performance, to increase productivities, and to get workplace stability and peaceful.

Some respondents principally agreed for strengthen Human Resources Management, but they additionally discuss that disputes are occurred by not only lack of Human Resource Management Practices but also other factors are needed to consider. Although they also principally accept that Human Resource Management Practices are important to reduce the disputes and to prevent for potential disputes occurrences in workplace, the other issues also include as the consideration factors such as financial support, technologies, infrastructures, effective operational management, moreover rules and regulations, directives, law enforcement by concerned Ministry which still needed to be more streamlined and supportive, especially for the labor intensive organization.

“Support”

“If we can manage full of capacity in our factory, yes of course, HR Department should have in factories. But, for the time being we are not yet operating with specific HR department for employee affair and only manage through admin department.”

“I would like to say agree on that each and every factory should have HR department or unit for daily employee affairs. In our factory, we have HR manager and two staffs, they were managing the whole factory’s employee affairs according to the management instructions. Although we don’t have a specific HR department, we could manage as much as we can for employee affairs.”

“Oppose”

“It is not necessary to form HR Department separately, it can be managed by General Manager together with Admin and HR.”

“The nature of garment sector is not the same as others, therefore HR department did not need to form separately.”

Although most of respondents supported for HR Department should be formed in garment factories, actually most of the factories did not have specific HR Department and not have proper HR practices.

4.3.3 Examining HRM Practices on Labor Disputes in Garment Factories

In order to meet for the objective “to examine HRM practices on Labor disputes in garment factories”, questions (20) to (28) are asking for getting results.

Human Resource Management practice is one of the main actions to create a happy and successful business environment through HR functions such as HR Planning, Recruitment and Selections, Training and Development, Compensation and Benefits, Health, Security and Safety for the workplace, Performance Appraisal, etc. HR Department must hold some internal events occasionally, conduct training that is suitable for specific jobs and tasks, and reward annually as per employees’ performance in accordance with the factory management rules. HR Department has the responsibility for ensuring job security and social security for all employees and also has the responsibility to educate for Labor Laws, workplace rules and regulations all the employees.

HR Department has to create an open communication channel which is very important to mutual-trust building and good relations for the employers and employees. Actually, in many factories, there were no specific Human Resource Department the reason why factories could not operate systematic HRM practice in workplace. Especially, in foreign-owned factories, the interpreter was appointed to manage the employees’ affairs instead of HR Department.

In some local-owned factories also only have HR executive and staffs who manage the whole employees’ affairs according to the direct supervision of factory owner and it means that HR management are not proper functioning. In some factories, although there were no proper HRM practice, the employers and management organized for workplace happiness such as annual staff party, vacation, seasonal events and some entertainment in terms of communication, cooperation and trust building each other’s.

The studies found that the HR department can manage the right person to the right place systematically, it can be supported the stability and peaceful

workplace. HR can run as a bridge between employers and employees. If the HR Department is running with the full of capability, it can be created a habit for good communication and negotiation processes in the factories. Therefore, if the Human Resource Management practices are operated in systematically, it is believed that labor disputes can be definitely reduced. Otherwise, the labor disputes will still occur and sometime it might be more disputes continuously.

If had any disputes, it can be solved by the Employment Contract EC as the initial agreements. But, one respondent answered that the appointment letter is more important than the Employment Contract (EC) because some terms and conditions are not mentioned in Employment Contract (EC). Another respondent said that the Employment Contract (EC) is relevant only for the manufacturing sector and not fully compliance for other sectors (especially for service sector). Therefore, HR department should prepare not only Employment Contract (EC) but also the new hand-book in order to control and manage effectively to all the office operations. As per KII results, Employment Contract (EC) is important for disputes settlement processes as official reference document and it could be protecting the rights and interest of employer and employee.

The respondents mentioned about the disputes can be classified as the rights dispute or interest dispute. When the dispute related about rights, employer or worker, may apply to the relevant department or the competent court about their rights dispute by themselves or by their legal representatives. However, when the dispute related about interest, it can be solved through the dispute settlement arbitration mechanism. Most of the respondents answered that, if there occur disputes concerned with interests, the disputes can be firstly negotiated in the WCC as much as possible. But, most of the disputes have not been solved by WCC, and most disputants go to the Township Conciliation Bodies (TCBs), the dispute is mediated by TCB. If the disputant(s) do not accept the resolution through the TCB, then continue to the Region/State Arbitration Body (AB). the dispute is resolved by AB. If the dispute has not been resolved by AB, the employer or employee who does not satisfy with the resolution can take the decisions of the Arbitration Council (AC) as the final stage of the arbitration process.

Table 4.4 – KII Results for Whether HRM practices are one of the main factors to reduce labor disputes or not.

No.	Types of Respondents	Support	Oppose	Don't Know
1	Factories Owners	7	0	0
2	Members of Township Conciliation Body, Arbitration Body and Council	6	0	0
3	Human Resource Expert/ Practitioner	3	0	0
4	Human Resource Executive from Garment Factories	3	0	0
5	Authorized Person from Ministry of Labor	3	0	0
6	Authorized Person from Myanmar Garment Manufacturers Association (MGMA)	3	0	0
7	Total	25	0	0

(Source - Author's Contribution)

“Support”

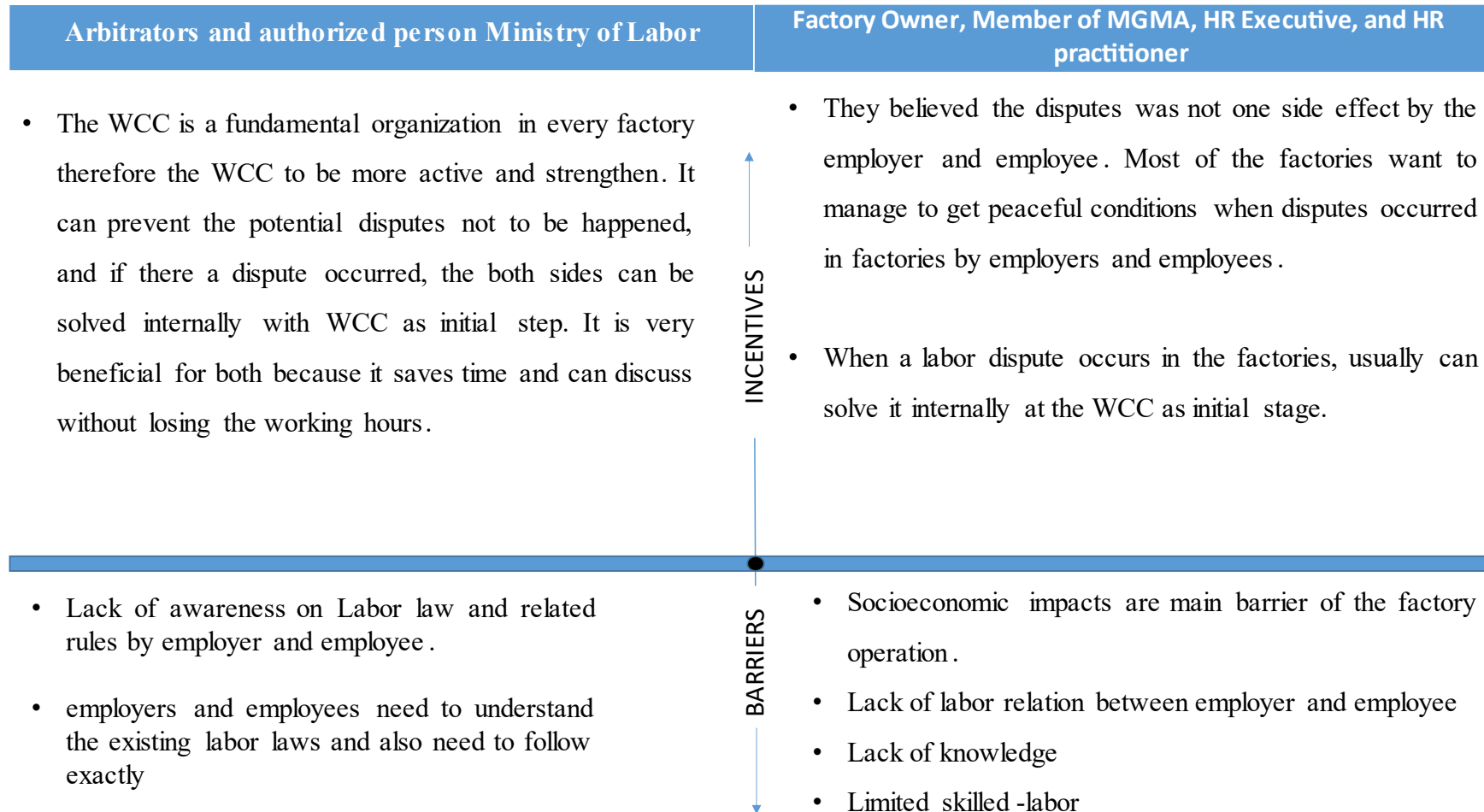
“Yes, I agree for HRM practices are one of the main helping factors for labor disputes reduction, but if HR executives needed their performance to be clever and smart while they managed employee affairs.”

“It is very important that HR need to manage for human resource development. As the HR role is important and the HR staff also needs to be clever for employee affair management. If HR is smart which is know how to act in a diplomatic manner, HR staff can manage to get unity among employee by working to improve employer-employee relations, its impact the workplace will be stable and peaceful, and labor disputes will be eased.”

"Employers need to conduct awareness training for the employees in order to understand the law. In fact, both employers and employee need to know and understand the rules.”

"When the WCC is formed, it is necessary to form member representatives who are capable of resolving the problem, and HR must be able to make it a habit to solve the problem at the WCC level."

Figure 4.1 - Mixed feelings of Key Informants about HRM practices



(Source - Author's Contribution)

As figure (4.1), the most significant things related with WCC in factories. All the respondents agreed that factories should have a Work Coordination Committee (WCC). By having WCC, it is beneficial for both of employees and employers because the needs of both sides can be discussed and negotiated through the representatives by the meeting regularly. The WCC is not for arguments, it is for conflict resolutions in respect of both sides' representation. In some factories, employers construct the WCC with the employees who follow and implement the instructions of the employers in terms of controlling and influencing, consequently, the employees did not trust the WCC in those kinds of factories. On the other hand, some employees create WCC to threaten organizing units to employers backing by outside labor organizations. Sometimes, employees are manipulated their mandate in WCC by pretending to request for something that the others' employees actually did not request it. Also, employers did not believe the claims of the employees, therefore employers take too long to fulfill the employees' requirements and requests. As above the mentioned points and situations reflect the factors that caused labor disputes in Garments Factories. On the other hand, WCC was being also not well functioning for conflicts resolution system. Therefore, almost disputes reach to Township Conciliation Bodies (TCBs), Arbitration Bodies (ABs) and Arbitration Council (AC) for the better satisfied results and resolutions through the Disputes Settlement of Arbitration Mechanism.

When a labor dispute occurs in the factories, usually can solve it internally at the WCC as initial stage. If it cannot be solved, the employer or employee went to the township labor office and MGMA office for counselling. Then they prepared to solve with legal compliance for disputes. Some of the respondents' comments when the disputes occur, most of the employers did not want to let outside people know about their dispute and want to try to solve internally. They were trying to be fair and justice for resolutions, but the resolutions were dissatisfied by the most of employees because some are solved by force. These were usually occurred in ground.

The most significant barriers are related with labor law awareness by the employers and employees. Ministry also need to support the employer to conduct law awareness training in workplace in terms of number of disputes reduction. Lack of labor relations between employer and employee were also important in order to reduce workplace disputes. Some employees have lack of awareness about labor laws and not well understanding the basic principles of workplace. So, they do not follow the factories rules stipulated by the employers. Lack of collaboration and communication creates misunderstandings and conflicts (Disputes) between employers and employees. It can be a

negative impact on internal relationships and trust building among employees and employers. Moreover, only informal ways are workable in factories and grouping cultures are active in factories. Some employers did not understand the employee's rights and interests, and some employees also violate the factories rules and focus for personal benefits. At the end, common interest did not match between employee and employer, the disputes are occurred. At the same time, cooperation and collaboration mechanism are not active any more, all the disputes could not negotiate and solve at WCC level and, most of the cases reach out to the Arbitration process.

CHAPTER V

CONCLUSION

This research paper is mainly focus on the Human Resources Management practices in the garment sector how effect on labor disputes. The main objectives of the paper are to identify the HRM practices and the factors that cause labor disputes in garment factories in Yangon, and to examine the effect of Human Resource Management practices on labor disputes in garment factories, in Yangon. This paper concerned about HRM practices were very important for the garment sector in terms of to get high productivity of factories through HRM practices in factory and to reduce labor disputes in garment factory.

The most common problems in various sectors of the economy in Myanmar are lack of skilled labor; Ineffective employer-employee relations; lack of systematic management of workplace disputes; workplace rules are very poor in legal compliance; weak policies and very poor adherence to labor laws. These incidents are most often caused by lack of Human Resource Management practices in the workplace, and the disputes between employers and employees due to lack of management on workplace issues.

In order to meet the workplace requirements, Human Resource Management is very important in all economic and social spheres. Employer-employee disputes can affect the progress of the workplace, and affect the family life of each employee and employers as well. In addition, for the purpose of increasing of productivity, reducing workplace disputes are importance and HRM practices are essentials. Systematic application of Human Resources Management practices in the relevant workplaces is essential to be happiness in the workplace and well-being.

Businesses are negatively affected by mass disputes occurring in day-to-day operations, it could not only effect to individual's employer, or employee, also impact productivity declining, but it could also hurt and disrupt the country's GDP growth, and even affect per capita income. The Ministry also spends a lot the extra budget for labor disputes. These data indicate that there is no HR planning in the garment factories and there is a problem in the implementation of HR practices as well. It means that there is a lacking of HR planning and analysis in this sector.

5.1 Findings

In garment factories, Human Resource Planning is not operating properly because there has no specific HR Department in most of the factories. They only have so-called manpower planning as a part of the HRM practices. All the employee affairs are handled by the Administrative Department, which impacts the factories could not analyzing and identifying the needs of Human Resources and availability of human resources. Also, most factories are lack performance appraisal practices, very weak in job analysis in internal transfer processes, and have no proper Human Resource Development Processes in most factory although most respondents agree that HR Department should be formed specifically, and HRM practices also should be applied in factories. Some factories pretend to have the role of HR in the workplace because they want to show up their factories how are smart even though they have no specific HR Department and HRM practice systematically.

There are used practices to do internal recruitment processes in almost garment factories. While demand occurs in factories as per requirement at a difference level, the factory authorized person announces to internal workers who have a connection with outsiders. So, internal employees become a referral for new workers. Sometimes, a vacancy announcement is sent to Township Labor Officer (TLO) and is posted at the entrance of the factory as well. For the executive-level positions, the factory took applicants from employment agencies. In recruitment and selection processes, most factories did not follow the proper selection procedures and only just appointed workers the vacant post based on CV form and the required documents, instead of formally interviewing for individuals, they only focus on checking identity documents (NRC card, Labor Card and Recommendation) and they usually only carry out group checks. They just recruit the numbers of employees what they demanded as per factory operation requirements, and then arrange the orientation program for the newly recruited employees. Most workers who joined this industry are unskilled-labor in starting jobs. On-the-Job training is conducted as per skills requirements after the orientation program.

When the workplace needs replacement with someone who has the relevant skills for any vacancy, there is difficult to find out at the internal operation level because of weakness in data analysis of Human Resource Planning. If there have some demands in a unit, they just transfer an employee from the existing unit to another unit without any job analysis. The employee who has no relevant skills to run in the transferred workplace could not continue to run the operation smoothly because the transferred employee is not fit for new tasks. After recruiting workers, the selection process is needed to appoint the best candidate.

Factories' HR authorized persons to use to take oral interviews with the workers as group checks before selection to them for specific jobs. However, from this interviewing process, the factory cannot ensure getting employees with the technical skills required. As the workers who were unskilled and had no working experience were appointed in the factory without proper testing, it may cause chaotic situations in the factory. Therefore, training is needed regularly for all levels of workers in factories because of the lack of recruitment and selection processes.

According to the interview result, all the respondents concern with training which is very important for the productivity of factories. The skilled-labors are needed at all levels of factories' operations to workplace effective and efficient. The factories have orientation programs for the employees as in an On-the-Job training conducted for lower-level employees in every unit of the factories. A few numbers of supervisors and above level only have a chance to join in Skills Development Training, Management Training, and other relevant training. Those training is conducted in the factory occasionally and sometimes outside by MGMA and by other professionals. But, all of the employees at every level do have no access to the training and only a few people who are supervisors and above level can get the chance to join. It also has no sufficient training facilities in factories. Some factories conducted workplace safety training, fire safety training, and another job-related training program if necessary, but not much.

Most factory owners follow the minimum wage policy and pay basic salaries and benefits according to promulgated laws. Although employees get the basic salary and benefits as per law and regulation, employees are still struggling for their survival and work-life balance as well as inflation. In Yangon, living costs are very high. Some factories provide lunch and others allowance for employees, but not much at all. In terms of a happy working environment, some factory owners arrange

special bonuses and yearly retreat programs, and entrainment programs for the employees for stress reduction. There were some compensation and benefits programs practiced for the employees according to the factory's rules and regulations. But, not much fully provide at all levels.

Security, Health, and Safety issues are very important for all Garment Factories. Most Garment factories have factory clinics for workers. Every garment factory is following the rules and regulations related to workplace safety and security morally and legally. The workplace must be equipped with all safety equipment and materials for all workers to be safe. All garment factory owners have responsibility for the sake of security, health, and safety. But, most of the employees are not follow the workplace disciplines related to health and safety in their safety and precaution practices.

Although most of the local-owned factories' management have engaged with employees while observing in the workplace, they could not meet regularly as scheduled meetings. When the WCC representative informs management about employee affairs and other workplace requirements, the management team contacts WCC as much as possible in respect of coordination processes. Those kinds of practices occur in some factories and it is good practice for employers and employees' relations. Also, discriminations in the workplace are very rare, it is good for employers' and employees' reputations and images.

WCC has to coordinate the disputes for getting peaceful conditions between employees and employers. But there is a very rare satisfied issue at the WCC level and most disputes continue with Township Conciliation Bodies (TCBs) for better results. Every one-fourth of disputes go to the Arbitration Bodies (ABs) because whether employee or employer are not satisfying on the mediation result in Township Conciliation Bodies (TCBs). Over 60 percent of disputes also conduct by the Arbitration Council (AC), if not satisfy the decisions of (ABs), the employer or employee can get the decisions of the Arbitration Council as the final stage of the arbitration process. The dispute should take a good resolution at the WCC level if the issues are not much difficult as ever. It concerns only the way how employees and employers approach disputes, their negotiation skills, and the role of HR a vital role for getting results and satisfaction.

These all findings demonstrate that some of the garment factory owners have well knowledge and understanding of Human Resource Management practices, but they do not want to apply yet in the business for the reason of expenses and the controversy of Human Resource Management functions. They interest more in business profits through productivity rather than to activate Human Resource Management functions. And also, they assume that Human Resource Management functions are merely one of the factors for factory operation. The reason why the role of Human Resource Management is not functioning at all in the garment industry.

5.2 Suggestions

Based on this study, we would like to suggest to the garment industry that they should set up the full-fledged Human Resource Department with competent and relevant local personnel who have expertise related to various functions of the department instead of appointing an international expert who did not know local contents and traditional norms, particularly recruitment and selection so that organizations will be able to conduct full scale of job analysis and prepare the updated job descriptions and specifications.

Communication mechanisms are a vital role in the factories in terms of a successful working environment. This mechanism can be formed through HRM practices as a liaison office for the factories. These common issues can usually be overcome by better communication and compromise as part of those who are involved. Employer and employee relations is the managerial activity that involves establishing and maintaining positive employee-employer relationships, also contributes to satisfactory productivity, motivation, morale, and discipline, and to maintaining a positive attitude, productivity, and a happy and cohesive work environment. However, sometimes these problems get out of hand and require professionals to untangle the mess. For communication to go smoothly between every employee and employer in the workplace, there should be a Human Resource Department for every factory that serves as a bridge between the two parties without being biased. HR Department can negotiate between the employer and employee related to their rights and interest to support the factory to be a safe, healthy, and productive environment.

In the worst-case scenario, if internal conflicts and disputes do happen to occur, HR's guidelines and procedures will be there to solve or negotiate for any problem imaginable. As stated before, due to a friendlier connection between employees and

employers, problem-solving will become easier as mutual trust and respect have already been gained. To avoid and minimize the occurrence of the mentioned issues as much as possible, it can be solved through the application of Human Resource Management Practices, factories should arrange for activating these good practices in the workplace.

Employees who worked in garment factories are the backbone of the factories, and they are a vital role in increasing productivity through their workforce. All the employees should take the responsibilities and accountabilities related to their specific duties, should obey all the rules and regulations stipulated by the factory, should create good communication channels with factories management and employers, and should conduct the relevant training program such as on-the-job training, skills development training, workplace safety training, and labor laws awareness training, etc.

The role of HR in a business should be as a bridge between the employers and employees to be a harmonious and peaceful workplace. HR needs to be clever and intelligent in their day-to-day management, especially in problems solving and decision-making. It can prevent disputes from occurring. If the integrative conflict management style could emphasize the maintenance of proper interpersonal relationships and effective communications, there will be more channeling of conflicts towards more positive discussions, initiating immediate and open discussions, assumption of responsibility for the resolution of conflicts, and promoting discourse regarding agreements and understandings. The best conflict resolution processes not only resolve current issues but help guard against the same problem happening in the future. The factory management and employers need to handle problems as soon as possible to keep them from simmering and giving birth to recurring conflicts. While they try to solve the disputes in the first step, WCC is a very important role. The representatives of WCC have to participate in conflict resolution and function with good faith.

The factory owners, management, and HR team need to understand well the legal obligations, and the implementation of labor-management procedures. Therefore, the factory should arrange awareness training on the existing labor laws for the management and employees.

Employers and employees should work with trade unions to raise awareness of existing labor laws and workers' rights and to revise the standard Employment Contract to make it workable for business sectors. It improved the dispute resolution process by cooperating more closely with labor organizations and civil society organizations to resolve labor disputes promptly.

The lack of applying the proper HRM Practices in the workplace will lead to an increasing number of disputes. If it occurs a labor dispute, employer and employee relations are affected. Consequently, it can be a negative impact on employers, which means that the factory's productivity will be reduced. As the employees, their income can decrease and also will have risk in employment. If those conditions are repeated, the factory also can be a negative impact on workplace stability.

Moreover, to reduce the labor disputes in garment factories, the employees and employers need to practice the following points, as well as the other concerned persons and the departments of the Ministry respectively.

The Ministry of Labor has an essential role to play as the agency responsible for the design and implementation of the dispute resolution process. The Ministry of Labor (MOL) should issue a directive to the employer for providing a recommendation letter (Certificate) to the good worker who resigns officially from the job as a mandatory labor management procedure of the factory. Apart from that MOL also needs to support the employer to conduct law awareness training in the workplace in terms of several dispute reduction.

If all the factories run Human Resource Management Practices effectively, it can provide the employees with skills development and knowledge enhancement through training and development, get promotion opportunities for higher level jobs, and give the workers deeper and more frequent opportunities to exercise discretion in their workplace through employee involvement practices, such as problem-solving processes and continuous improvement processes. To accomplish tasks properly, the factory should apply Human Resources Management Practices systematically in recruitment and selection processes for getting competent and skillful employees.

Employers are responsible for not only appointing workers' jobs with relevant skills but also need to give employees proper guidance to become even more useful and skillful workers in their workplace. HR executives should be appointed especially the Myanmar citizen who know well the local culture and are concerned with Laws rather than foreigners, it means that those persons could be managed effectively. By supervising workers keenly, HR can support to employees to get promotions, benefits, and other opportunities according to their performance. HR also can manage the workplace to become effective and efficient by applying HRM practices. Employers should maintain the registers and records of employees, *i.e.*, the work performed by such employees, the wages paid to them, the deductions made from their wages, the receipts given by them, and any other particulars. Also, as per legal compliance, the employer will enter into a written Employment Contract

(EC) with an employee within 30 days of employment, and the employer should apply with the standard Employment Contract issued by the Government. The employer and employee need to follow the Employment Contract (EC).

After the appointment, the employers should provide not only the identity card but also the appointment letter to the workers. However, some employers show negligence in providing appointment letters to the workers. The identity card and appointment letter are the proof of employment for the workers which could be used for compensation; as the recognition when the workers promote or transfer to a better position on the basis, in case of dismissal/termination from the workplace in compliance with the law by the employers, and some incidents occurred. It should be formal practice with HR Recruitment and Selection processes to prevent potential labor disputes in the future.

Sometimes, problems are not directly caused by employer and employee defaults, it is related to the weakness of the HR management mechanism. One more important thing is not to neglect factors, its Employment Contract (EC) which was an official reference document in any situation and issue that occurred in the workplace at any time. Employees also needed to follow the rules of workplace etiquette. Employers need to pay wages according to the market price and should provide full rights. It is also necessary to protect the employees from being overloaded. Employees also need to obey the workplace disciplines and must take responsibility and accountability for their respective tasks and duties. Moreover, labor disputes are occurred for neglecting the labor laws stipulated by the government. Therefore, employers and employees need to understand the existing labor laws and also need to follow them exactly. The employer should provide the training regularly and get awareness about labor laws for the workers.

Therefore, the purpose of this study is to show that applying systematic Human Resource Management practices can reduce disputes in the workplace. If there are HR Executives/ professionals who have knowledge and understanding about HR Management and practices, the HR department should take as a bridge between the employers and employees in the workplace, not as a wall. The HR department can approach to get the information related to what all the employers' needs and employees' desires for understanding among them by compromising.

To reduce labor disputes, employers needed to engage regularly with employees to understand the real situation of the workplace and to know their requirements at the operation level, in that case, HR can also provide necessary information to the employers. If mutual understandings are active in the workplace as corporate culture, information flow will be systematically operated and its impact that workplace disputes will be reduced definitely.

If both sides commit and follow accordingly as per their responsible, all the actions are an approach to all person well-being, and the workplace will become full of happiness and success. All concerned persons need to take the lessons learned from the disputes that have occurred in the workplace and should prepare for the prevention of potential disputes in the future. Mutual understanding, good relations, and trust-building mechanisms should be activated between employees, employers, and factory management. These all practices might be supportive of conflict resolution processes and reduce labor disputes in the workplace.

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APPENDIX – I

No. of Factories in Yangon (Membership in MGMA, Oct 2022)

No.	District	Township	No. of factories	Industrial Zone	No. of factories
1	East District	Dagon Seikkan	14	Dagon Seikkan Industrial (1)	6
				Dagon Seikkan Industrial (2)	3
				Kyi Su Industrial Zone	2
				Out of Zone	3
		East Dagon Myo Thit	25	Dagon Myothit Industrial Zone	16
				Out of Zone	8
		North Dagon	1		1
		North Okkalapa	21	North Okkalapa Industrial Zone	6
				Shwe Pauk Kan Industrial Zone	12
				Out of Zone	3
		South Dagon	18	South Dagon Industrial Zone (1)	8
				South Dagon Industrial Zone (2)	1
				South Dagon Industrial Zone (3)	1
				Kyan Sittthar Housing Industrial Zone	6
				South Dagon Extend Industrial Zone	1
Ywar Thar Gyi Industrial Zone	1				
South Okkalapa	2	South Okkalapa Industrial Zone	1		
		Out of Zone	1		
Thanhylin	9	Thailwa Special Economic zone	5		
		Out of Zone	4		
2	West District	Bahan	1		1

		Dagon (Downtown)	1		1
		Latha	1		1
3	Southern District	Daepone	1		1
		Tharkayta	2	Tharkayta Industrial Zone	2
		Yankin	1		1
4	North District	Hlaing	1		1
		Hlaing Tharyar	192	Anawrahta Industrial Zone	7
				Hlaing Tharyar Industrial Zone (1)	9
				Hlaing Tharyar Industrial Zone (2)	27
				Hlaing Tharyar Industrial Zone (3)	16
				Hlaing Tharyar Industrial Zone (4)	13
				Hlaing Tharyar Industrial Zone (5)	14
				Hlaing Tharyar Industrial Zone (7)	1
				Mya Sein Yaung Industrial Zone	7
				Ngwe Pin Lae Industrial Zone	12
				Shwe Lin Ban Industrial Zone	62
				Shwe Than Lwin Industrial Zone	23
		Out of Zone	1		
		Htan Ta Pin	3		3
		Hlegu	4		4
		Hmawbi	20	Myaung Takar Industrial Zone	10
		Insein	8		8
	10	Out of Zone	10		

		Kamayut	1		1
		Mayangone	2		2
		Mingalardon	40	Mingalardon Industrial Park	13
				Pyinmabin Industrial Zone	6
				Yangon Industrial Zone	17
				Out of Zone	4
		Shwe Pyi Thar	107	Shwe Pyi Thar Industrial Zone (1)	24
				Shwe Pyi Thar Industrial Zone (2)	8
				Shwe Pyi Thar Industrial Zone (3)	11
				Shwe Pyi Thar Industrial Zone (4)	12
				Thardu Kan Industrial Zone	23
				War Ta Yar Industrial Zone	22
				Out of Zone	7
		Taik Kyi	1		1
	Total		476		476

APPENDIX - II

A questionnaire was collected for the study of "The Effect of Human Resource Management Practices on Labor Dispute in Myanmar (Case Study: Garment Factories in Yangon Region)"

This thesis is a part of the Master of Development Studies (EMDevS) Programme. Your responses are very supportive and important for this paper. Your responses will only be used for the subject study, and the responses to each question will be kept securely.

Section (A) – Demographic data of Key Informant

1. Name
2. Occupation/Position
3. Organization
4. Contact Ph.
5. Email

Section (B) - The qualitative part is composed of different sections identifying the factors that caused labor disputes, studying Human Resources Management practices, and examining the effect of Human Resource Management practices on labor disputes.

Objective (1) - To identify the factors that caused labor disputes in garment factories in the Yangon Region.

1. How do you understand the labor dispute?
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2. When will be occurred labor disputes?
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3. What causes are influencing to occur labor disputes in the workplace?

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4. What are the causes of common disputes in the workplace?

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5. If a labor dispute occurs, do you know how legal action can be taken? Please explain in brief,

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6. How should you prepare to prevent labor dispute issues from occurring in the workplace?

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7. Should factories have a Workplace Coordinating Committee (WCC)? If it is yes, why?

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8. Would you support or oppose the causes of disputes relating to the lack of HRM practices? Please explain why?

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Objective (2) - To study the HRM practices in garment factories.

9. What factors are important for the proper operation of businesses/factories?

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10. Would you support or oppose the HR department should have in garment factories?
Please explain in brief.

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11. Please tell us about the main/common difficulties faced by the employees in the
factory (manufacturing industry).

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12. What methods should be used when recruiting new employees? Briefly discuss
issues related to recruitment and selection.

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13. What should do if you want to dismiss/terminate an employee who is not
comfortable in the workplace or who no longer wants to be in the workplace?
Briefly discuss issues related to dismissal/termination.

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14. Should we sign an Employment Contract (EC) when hiring employees? If so, please
explain why?

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15. Should there be programs to develop employee performance? If so, please explain how it should be processed.

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16. Should employee performance evaluation be conducted? If so, please explain how it should be processed.

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17. How should employee compensation and benefits be managed in factories? Please explain in briefly.

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18. What should be managed for health, security, and occupational safety in the workplace?

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19. How important do you think HR management is to the workplace?

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Objective (3) - To examine the effect of Human Resource Management practices on labor disputes

20. Do you think businesses should have separate HR departments? If yes, why should there be?

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21. Is the HR department considered to be supportive of increasing productivity? Please explain in brief,

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22. Do you think the HR department supports developing employee capacity? Please explain in brief,

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23. If a labor dispute arises, how do factories usually resolve it?

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24. Do you think the HR department is contributing to workplace stability? Please explain in brief,

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25. How should manage to reduce labor disputes?

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26. Do you think labor disputes can be reduced by streamlining HR management?
Please explain why,

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27. Would you support or oppose HRM practices are one of the main factors to reduce labor disputes or not? Please explain why?

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28. How to be a happy working environment?

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.....
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29. For any additional comments or suggestions

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.....
.....

Thanks for your Time.