



**INTERNAL MIGRATION AND WAGE
DISCRIMINATION AMONG ETHNIC
MINORITIES IN MYANMAR**

BY

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THESIS

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ENTITLED

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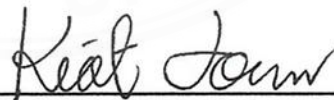
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ABSTRACT

This study investigates ethnic wage disparities in Myanmar, a country marked by deeply rooted ethnic diversity and a long history of structural inequality. Drawing on data from the 2017 Myanmar Living Conditions Survey and employing the Oaxaca–Blinder decomposition method, the analysis disaggregates wage differentials between the ethnic Bamar majority and minority groups including Kachin, Kayah, Karen, Chin, Mon, Rakhine, and Shan across national, regional, and generational cohorts (Generation X and above vs. Generations Y and Z).

Findings reveal that Bamar workers enjoy a persistent wage advantage, particularly in urban and Bamar-majority regions. In contrast, ethnic minorities, despite having equal or even superior observable characteristics such as education or skills, consistently receive lower wage returns. This indicates the presence of systematic labor market discrimination. In ethnic-minority-dominant areas, however, wage gaps tend to be narrower or even reversed, suggesting the existence of localized structural privileges.

To contextualize internal migration, the study incorporates the Human Capital Investment Model and the Harris–Todaro framework. Although ethnic minorities who migrate to urban centers gain limited improvements in digital access, they remain disadvantaged in literacy, numeracy, and mobile technology use. This challenges the assumption that urban migration automatically enhances human capital. Generational comparisons further show that younger ethnic minorities, despite being more educated and urbanized, face wider unexplained wage gaps. While older

minorities experience relative wage advantages in sectors such as mining and construction, younger cohorts remain concentrated in low-paid occupations, even those with tertiary education.

Proficiency in the Burmese language only marginally reduces the explained component of the wage gap and does not mitigate broader disadvantages. In several cases, language skills contribute negatively to the explained component especially among younger minorities, suggesting that linguistic assimilation fails to yield equitable labor market outcomes. Rather than being rewarded, language proficiency appears to reflect adaptation within a system that continues to undervalue ethnic minority labor.

In conclusion, ethnic wage inequality in Myanmar cannot be fully explained by human capital differences. Instead, it stems from entrenched structural exclusion and institutional bias. Moreover, language proficiency alone is insufficient to overcome persistent labor market discrimination. These findings highlight the urgent need for targeted policy interventions to address ethnic prejudice, eliminate language-based barriers, and reform informal labor practices to promote equitable and inclusive economic development.

Keywords: Ethnic Wage Discrimination; Internal Migration; Oaxaca-Blinder Decomposition; Rural-Urban Wage Gap; Myanmar Labor Market; Structural Discrimination

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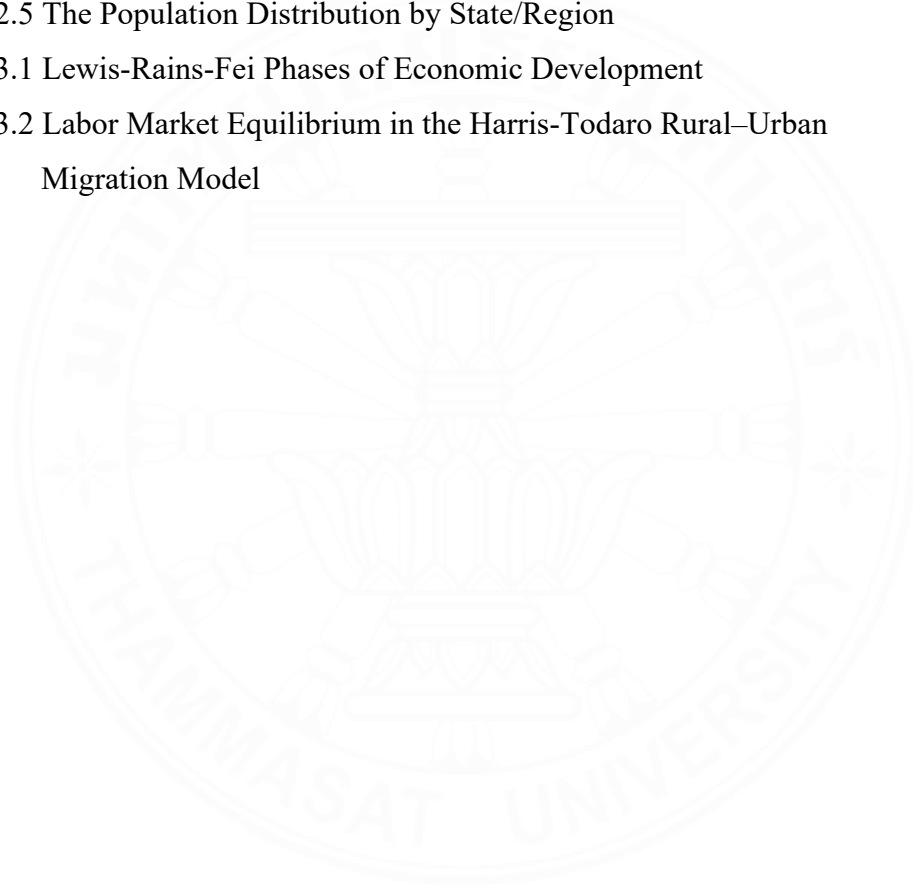


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CHAPTER 1

INTRODUCTION

1.1 Statement of the Problem

Myanmar, formerly known as Burma, is a nation in Southeast Asia with a complex history of ethnic diversity and political turmoil. It is located between India, China, and Thailand, covering an area of 678,500 square kilometers. With a population of approximately 53.8 million (2021 census), Myanmar is home to 135 officially recognized ethnic groups, including the Kachin, Kayah, Karen, Chin, Bamar, Mon, Rakhine, and Shan. Myanmar is the largest country in mainland Southeast Asia. Its strategic position connects South and East Asia with the Bay of Bengal to the south. The largest group, the Bamar (or Burman), constitutes around two-thirds of the population and dominates the central lowlands. In contrast, ethnic minorities predominantly inhabit the border regions, accounting for at least one-third of the population and occupying approximately half of the national territory (Minority Rights Group, 2020). With over 100 languages spoken and 135 officially recognized ethnic groups, the country's diversity is both its richness and a source of profound challenges. Despite its rich cultural tapestry, Myanmar faces significant challenges related to ethnic oppression, political instability, and economic disparities (South, 2011). Myanmar's diversity stems from centuries of migration and settlement patterns influenced by its location. As early as 1,500 years ago, Tibeto-Burman speakers such as the Pyu and Mon began settling the region. The Bamar arrived later in the 9th century, establishing the Bagan Kingdom and initiating Burman dominance (HART UK, 2021). British colonial rule (1886–1948) further formalized ethnic boundaries and governance, often exacerbating divisions by granting preferential treatment to certain groups, contributing to persistent inter-ethnic conflict post-independence.

Myanmar's ethnic diversity is among the most pronounced in Southeast Asia. For comparison, Indonesia, another multi-ethnic state, is home to over 600 ethnic groups, but the dominant Javanese constitute 40% of the population (Ananta et al., 2015). In contrast, Myanmar's dominant Bamar group is smaller proportionally, while

the collective presence of minority groups is more politically and territorially pronounced. This distinction renders Myanmar's ethnic landscape more fragmented and politically contentious than that of many neighboring countries. Myanmar's ethnic diversity stems from its historical position as a crossroads for migration and trade. However, the dominance of the Bamar ethnic group has led to systemic discrimination against others. The government's policies, rooted in Burmanization, suppress minority languages, cultures, and religions. Following independence in 1948, ethnic tensions escalated as the central government failed to address autonomy demands. Ethnic minorities face systemic disadvantages due to discriminatory policies and structural inequalities (Minority Rights Group, 2020). Other examples include restricted religious freedom in which minority religions like Christianity and Islam face persecution (Ling & Mang, 2004), ethnic languages are excluded from public education which leads to educational disadvantages, economic exploitation in which resource-rich ethnic areas are exploited without equitable benefit-sharing and forced assimilation in which policies promote Bamar culture while suppressing ethnic minorities (Steinberg, 2013).

Table 1.1

Wage, Contract Access, and Literacy Disparities Between Bamar and Ethnic Minority Workers in Myanmar

Wage Comparison	Bamar Workers	Ethnic Minority Workers
Average Daily Wage (USD)	5	2.5
Access to Formal Contracts	65%	25%
Literacy Rates (%)	85%	65%

Note. From *Myanmar's Urbanization: Creating Opportunities for All*, by World Bank Group, 2019, Washington, DC: World Bank, (<https://www.worldbank.org/en/country/myanmar/publication/myanmars-urbanization-creating-opportunities-for-all>)

Wage discrimination occurs when workers with similar productivity-related characteristics receive different wages based solely on group identity, such as ethnicity or gender (Borjas, 2016). In Myanmar, where ethnic identity is a salient marker of social and political status, such discrimination is both systemic and institutional. Reports of unequal pay, limited promotional opportunities, and workplace exclusion are common among ethnic minority workers in cities like Yangon and Mandalay (ILO, 2021). Although Myanmar undergoes economic liberalization and urban development, labor market outcomes remain unequally distributed across ethnic lines. Ethnic minority workers, despite internal migration to urban centers, often experience wage discrimination, occupational segregation, and limited social mobility (The World Bank, 2019). Although internal migration is typically associated with improved incomes and living conditions, the actual experiences of ethnic minorities suggest a more nuanced reality where benefits are not equally accrued. Ethnic workers in Myanmar often face systemic wage disparities. Labor-intensive industries, such as jade mining and agriculture, predominantly employ ethnic minorities under exploitative conditions. In recent decades, internal migration has emerged as a critical strategy for many individuals seeking improved livelihoods. Driven by factors such as armed conflict, economic instability, and environmental degradation, a significant portion of Myanmar's population has relocated from rural to urban areas. The United Nations Development Programme (UNDP) reports that approximately 20% of Myanmar's population are internal migrants, predominantly young adults moving to urban centers in search of better employment opportunities (UNDP, 2024). From Table 1.1, ethnic minority workers face wage disparities and lower access to formal contracts compared to the majority Bamar workers. For instance, ethnic minorities earn an average daily wage of \$2.50, compared to \$5.00 for Bamar workers (ILO, 2015; World Bank, 2019). From Table 1.2, literacy rates and poverty levels also reflect stark contrasts, with ethnic minority areas exhibiting lower literacy (78%) and higher poverty rates (40.2%) compared to Bamar majority areas (UNDP, 2020; Myanmar Census, 2014).

Table 1.2*Key Economic and Demographic Disparities in Myanmar*

Indicator	National Average	Bamar Majority Areas	Ethnic Minority Areas
Literacy Rate (%)	90	92	78
Poverty Rate (%)	24.8	17.3	40.2
Average Monthly Wage (USD)	150	180	90
Land Ownership (% of households)	65	75	45

Note. From *Myanmar Demographic and Statistical Profile 2024*, by Ministry of Immigration and Population, 2024, Nay Pyi Taw: Department of Population, (https://dop.gov.mm/sites/dop.gov.mm/files/publication_docs/2024_provisional_result_eng.pdf)

Thus, this study aims to identify the wage disparities and to analyze wage gaps between Bamar workers and ethnic minority workers in Myanmar. The Oaxaca-Blinder decomposition method is used to study ethnic wage discrimination in Myanmar by decomposing wage differentials between majority Bamar majority workers and ethnic minority workers into explained and unexplained components. The explained component accounts for differences in observable characteristics such as education, experience, industry, and occupation. The unexplained component which is often interpreted as discrimination reflects differences in returns to these characteristics or other unobserved factors. This method provides insights into how much of the wage gap stems from structural disparities versus unequal treatment, offering a foundation for policy interventions to address ethnic inequality.

1.2 The Objective of the Study

1.2.1 To examine the extent of wage differentials between Bamar workers and ethnic minority workers in Myanmar.

1.2.2 To identify the factors contributing to wage disparities, including demographic, educational, and occupational characteristics.

1.2.3 To decompose the wage gap into explained and unexplained components using the Oaxaca-Blinder method.



CHAPTER 2

REVIEW OF LITERATURE

2.1 Internal Migration of Ethnic Minorities in Myanmar

Internal migration in Myanmar is classified as inter-state/regional and intra-state/regional (UNFPA, 2015). Internal migration of ethnic groups into urban areas in Myanmar is driven by a complex combination of economic, security, and social factors. While rural-to-urban migration is a common feature of national development, the migration patterns in Myanmar are further intensified by political instability, armed conflict, and limited economic opportunities in ethnic-minority states (IFPRI, 2024). Rural-to-urban migration has intensified since economic liberalization in the 2010s (World Bank, 2019). Ethnic minorities working in low-wage sectors or informal employment often encounter barriers in accessing healthcare, education, and housing (HART UK, 2021). Nonetheless, internal migration also facilitates intercultural exchange, reshaping urban diversity and offering opportunities for economic integration.

The United Nations Development Programme (UNDP, 2024) presents compelling evidence that employment remains the dominant reason for migration, reported by 82% of internal migrants, while 18% cite conflict and security concerns as their main motivation. These figures underscore that even when economic reasons are formally cited, insecurity often plays an underlying role. The regions of Chin, Kayah, Kayin, Kachin, Mon, Rakhine, Sagaing, Shan, and Tanintharyi, home to many of Myanmar's ethnic minorities are more likely to experience intra-regional migration. However, when ethnic minorities migrate across regions, cities such as Yangon, Mandalay, and Nay Pyi Taw become key destinations due to their relative stability and economic concentration. For example, 65.8% of migrants from the Ayeyarwady region moved to Yangon, highlighting the city's role as a primary magnet for internal migrants (UNDP, 2024). The motivations behind this shift can be understood through a framework of "push" and "pull" factors. Push factors include armed conflict, lack of job security, climate vulnerability, and declining agricultural viability. For instance, 83% of migrants from Kayah cited conflict as the primary reason for migration. On the

other hand, urban areas offer pull factors such as better job prospects, year-round employment, access to health and education, and safety from ongoing conflict. Urban migration is also supported by existing social networks that reduce the costs and risks of resettlement (World Bank, 2014). One of the most evident causes of migration is economic hardship. According to the International Food Policy Research Institute (IFPRI), about 10% of Myanmar households migrated following the 2021 coup, driven by declining job opportunities and deteriorating livelihoods in rural areas. Myanmar's rural regions have traditionally faced chronic underdevelopment, weak infrastructure, and limited employment options. The People's Pulse Survey (PPS) conducted by UNDP (2023) reveals that sectors such as agriculture and construction in rural areas are characterized by precarious labor conditions, leading many, especially young individuals, to seek better opportunities in urban centers. In fact, 63% of internal migrants reported moving primarily for employment-related reasons.

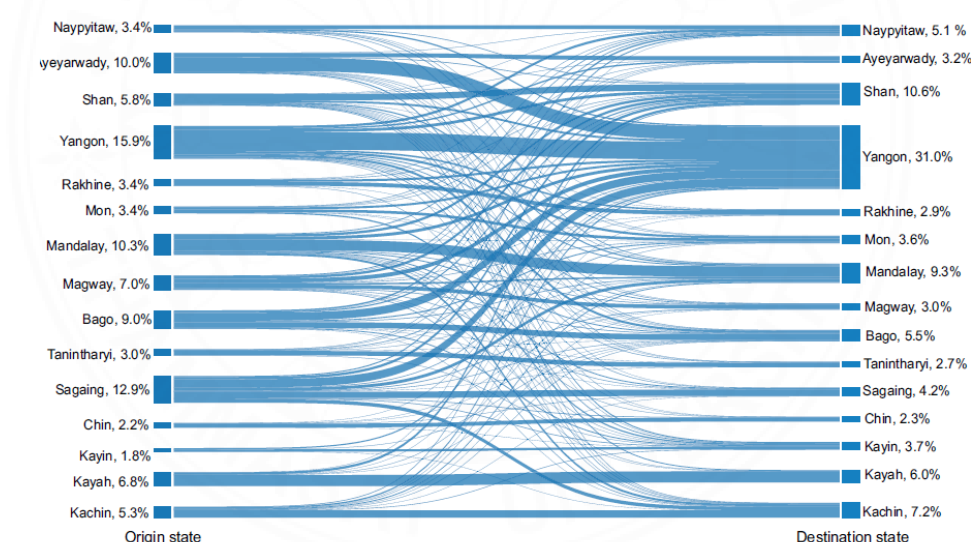
Gender and education further shape migration dynamics. For women, reasons such as marriage and family reunification are common, while young men are more likely to migrate for work. Female migrants, particularly in garment and domestic work sectors, often face exploitation, with 3.1% reporting gender discrimination and 4.1% facing job insecurity due to pregnancy (UNDP, 2023). Despite these challenges, cities still offer relatively better access to employment, healthcare, and education, acting as powerful "pull" factors (Lee, 1966). Furthermore, the education gap between urban and rural areas reinforces this trend. Young people seeking better educational opportunities migrate from villages to cities, especially as higher education institutions are concentrated in urban zones. This aligns with Thomas (2019), who found that student migration is one of the most prevalent forms of internal migration across developing countries.

Another driver of migration is access to essential services. Public healthcare services in rural Myanmar remain grossly inadequate due to a shrinking government budget, and political instability (World Bank, 2024). Migrants in urban centers, while still burdened by high out-of-pocket costs, have relatively greater access to private healthcare compared to rural communities. Nevertheless, more than one-third (36.5%) of internal migrants reported not seeking healthcare at all, a figure significantly higher than the national average (UNDP, 2023). According to UNDP (2024), the lack

of formal employment and social security coverage leaves most migrants to finance their healthcare independently, exacerbating their economic vulnerability. Besides, mental health stress is another overlooked yet significant consequence of migration. The emotional toll of economic insecurity, labor exploitation, and social displacement has resulted in elevated mental distress among internal migrants. The migration of ethnic groups to urban areas is also influenced by structural insecurity and armed conflict. Conflict-induced displacement is prevalent in ethnic minority regions, forcing many to flee not just for economic reasons but for safety. According to the (IOM et al., 2024), conflict remains a primary factor behind both internal and cross-border migration, disproportionately affecting minority communities.

Figure 2.1

Origin and Current Destination of Migrants



Note. From *Migration in Myanmar: Moving to Cope*, by United Nations Development Programme, 2024, New York: UNDP, (<https://www.undp.org/asia-pacific/publications/migration-myanmar-moving-cope>)

Figure 2.1 illustrates the internal migration flows in Myanmar by showing the share of migrants by origin and destination states. A prominent pattern emerges—Yangon, the economic and commercial hub of the country and a predominantly Bamar-majority region, draws the largest share of migrants from nearly every state across

Myanmar, 31.0% of all reported migrants have moved to Yangon. This suggests a strong centralizing migration dynamic, largely driven by employment and economic opportunity, as corroborated by the UNDP (2024). Notably, substantial migration into Bamar-dominated areas such as Yangon, Mandalay (9.3%), and Bago (5.5%) is observed even among populations originating from ethnic-minority and conflict-affected states such as Kayah, Chin, Kachin, and Sagaing. For instance, 30.4% of migrants from Sagaing, a region heavily affected by conflict, moved to Yangon (UNDP, 2024). Similarly, migrants from Kayah, Kayin, and Kachin exhibit mixed movement patterns. While many remain within their own region due to conflict-related mobility constraints, a notable share still relocates to central Bamar regions, seeking better economic conditions or safety. This movement underscores a dual pressure, on one hand, conflict and insecurity push ethnic minorities out of their home states, and on the other, economic aspiration and urban opportunity pull them toward Bamar-majority urban centers. These trends reflect how ethnic and economic inequalities intersect with geographic and conflict dynamics in shaping internal migration in Myanmar (UNDP, 2024).

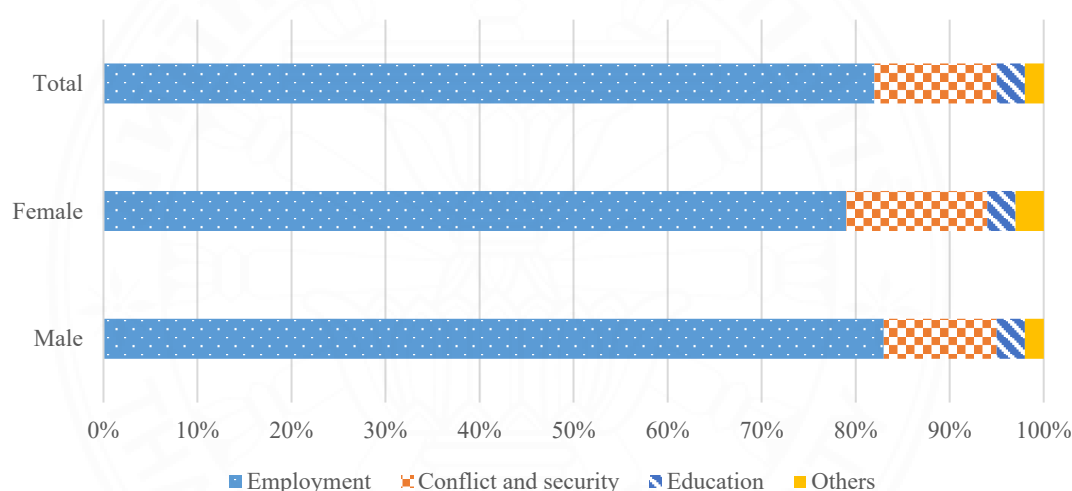
2.2 Drivers of Migration, Gender Differences and Employment Patterns

Internal migrants from ethnic minority regions in Myanmar, when moving into predominantly Bamar urban areas such as Yangon, face a complex combination of opportunities and vulnerabilities. While they may access better employment prospects, the evidence points toward significant wage and employment discrimination, particularly influenced by gender, education, sector of employment, and systemic marginalization. Figure 2.2 presents the main reasons for migration disaggregated by gender. Employment emerges as the overwhelmingly dominant driver for both males and females, 84.5% of males and 78.8% of females reported moving primarily for job-related reasons. Importantly, conflict and insecurity are cited as a migration driver by a larger proportion of women at 15.5% than men at 11.9%. Though the difference is modest, this suggests that women in conflict-affected ethnic regions such as Kayah, Chin, and Kayin may be more vulnerable to forced displacement due to insecurity, while men may be more likely to migrate proactively for work. These findings, alongside with Figure

2.1, highlight a pattern where ethnic minority populations are increasingly migrating to Bamar-majority urban centers like Yangon, which attracts 31% of all internal migrants (UNDP, 2024). While employment is the dominant reason for relocating, the underlying insecurity in ethnic regions continues to shape both migration timing and destination. This intersection between economic aspiration and conflict-induced displacement demonstrates the complex socio-political pressures that funnel ethnic minorities into Bamar-majority areas in search of stability and opportunity.

Figure 2.2

Reasons for Migration by Gender



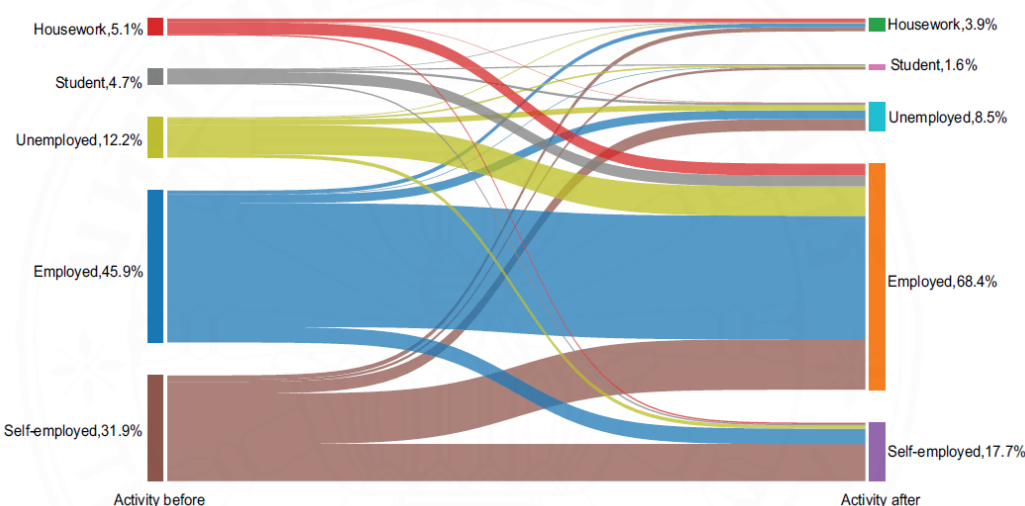
Note. From *Migration in Myanmar: Moving to Cope*, by United Nations Development Programme, 2024, New York: UNDP, (<https://www.undp.org/asia-pacific/publications/migration-myanmar-moving-cope>)

Figure 2.3 illustrates the pre and post-migration economic activities of internal migrants in Myanmar. The majority of migrants transitioned into improved employment situations following relocation, with 68.4% reporting being employed and 17.7% self-employed after migration. This marks a significant increase compared to pre-migration figures, where only 45.9% were employed and 31.9% were self-employed. Among those initially unemployed, a substantial 73.1% successfully transitioned into employment and 8.3% into self-employment, highlighting the economic motivation behind internal migration (UNDP, 2024). However, challenges

remain as 8.5% of migrants remained unemployed after migration, and 5.7% of previously employed individuals became unemployed. These figures may point to transitional difficulties, such as skill mismatch, legal barriers, or discrimination, particularly affecting conflict-displaced groups. This labor market integration pattern reinforces the role of Yangon and other Bamar-majority regions as economic magnets, drawing diverse ethnic groups from Myanmar's peripheries.

Figure 2.3

Migrants' Activities Pre- and Post-Migration



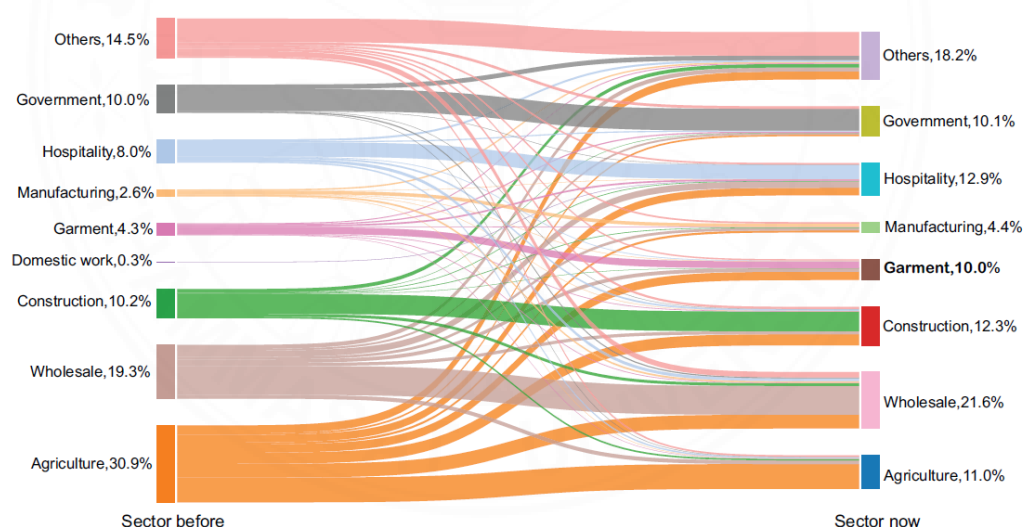
Note. From *Migration in Myanmar: Moving to Cope*, by United Nations Development Programme, 2024, New York: UNDP, (<https://www.undp.org/asia-pacific/publications/migration-myanmar-moving-cope>)

Figure 2.4 reveals a striking transition pattern among internal migrants in Myanmar, particularly from ethnic regions into economically dominant Bamar-majority states such as Yangon. Notably, the agricultural sector, which accounted for 30.9% of pre-migration employment, sees a steep decline to only 11.0% post-migration. Approximately 68% of agricultural workers shifted to other sectors, especially wholesale, construction, hospitality, and garment industries (UNDP, 2024). This movement signifies a larger trend: rural ethnic workers from peripheral states are abandoning farming jobs due to income instability and poor infrastructure, opting instead to migrate into urbanized Bamar areas offering more diversified employment

(LIFT Fund, 2014). Post-migration, 21.6% of migrants are found in wholesale trade, while sectors such as construction (12.3%), hospitality (12.9%), and garment work (10%) also exhibit substantial absorption. These shifts point to labor market restructuring, where migrants adapt to urban labor demands. For instance, many former agricultural workers have found roles in Yangon's rapidly growing garment sector, one that predominantly employs women while men disproportionately enter construction (UNDP, 2024). The gendered nature of these transitions reinforces broader social dynamics. Overall, the transition out of agriculture and into urban sectors, especially in Bamar-dominated economic centers such as Yangon illustrates how ethnic migrants are structurally integrating into Myanmar's urban economy, albeit often at the cost of labor vulnerability and occupational downgrading (UNDP, 2024).

Figure 2.4

Work Sectors Pre- and Post-Migration



Note. From *Migration in Myanmar: Moving to Cope*, by United Nations Development Programme, 2024, New York: UNDP,

(<https://www.undp.org/asia-pacific/publications/migration-myanmar-moving-cope>)

2.3 Urbanization in Myanmar

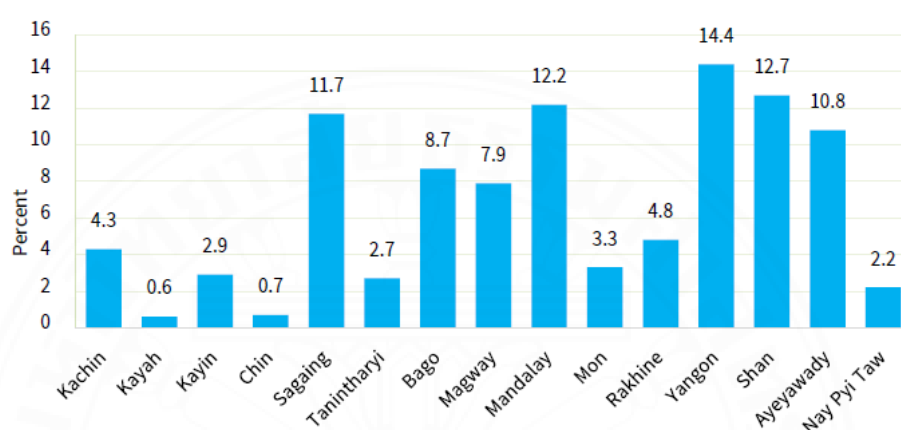
Myanmar's urbanization process has been relatively slow compared to neighboring Southeast Asian countries due to prolonged political isolation, underinvestment in infrastructure, and centralized governance structures (Steinberg & Hakim, 2016). Until the early 2010s, strict internal movement regulations under the military regime restricted migration, and the state heavily controlled urban planning and industrial activity. However, the liberalization process that began in 2011 spurred significant socio-economic changes. Economic reforms, the relaxation of travel restrictions, and foreign direct investment, particularly in Yangon and Mandalay, led to increased rural-to-urban migration (Turnell, 2011). As a result, Myanmar has witnessed growing urban populations and the expansion of peri-urban areas, although urbanization remains uneven and often unplanned (UN-Habitat, 2023). The spatial distribution of population density reinforces this rural orientation. Yangon Region, the country's commercial hub, is the most densely populated area with 717 people per square kilometer, followed by Mandalay (203) and Nay Pyi Taw (160). In stark contrast, Chin (10), Kayah (25), and Kachin (25) states, largely ethnic-minority regions have the lowest population densities (MOIP, 2024). These disparities reveal a sharp urban-rural divide, often aligned with ethnicity and geographic isolation. Myanmar's economic base is still heavily agricultural, particularly in rural states such as Ayeyawady, Sagaing, and Magway, where over 80% of the population lives in rural areas (MOIP, 2024). However, the country is undergoing a slow transition toward industrialization and a service-oriented economy, albeit with numerous obstacles. These include inadequate infrastructure, low investment levels, and political instability, all of which hinder the shift from agrarian livelihoods to formal sector employment (UNDP, 2023).

Yangon, the country's largest city, exemplifies the complex dynamics between migration, urbanization, and development. The city's population has grown significantly over the past two decades, not only due to natural population increase but also due to the influx of migrants from rural regions. According to the 2014 Myanmar Population and Housing Census, Yangon Region had a net migration rate of +15.6 per 1,000 persons, the highest in the country, while many rural and ethnic minority regions recorded negative net migration (Department of Population, 2015). This demographic

shift has strained urban infrastructure, particularly in housing, transportation, and sanitation, as large numbers of low-income migrants settle in informal or peri-urban settlements (UN-Habitat, 2023).

Figure 2.5

The Population Distribution by State/Region



Note. From *Myanmar Demographic and Statistical Profile 2024*, by Ministry of Immigration and Population, 2024, Nay Pyi Taw: Department of Population, (https://dop.gov.mm/sites/dop.gov.mm/files/publication_docs/2024_provisional_result_eng.pdf)

Figure 2.5 displays the distribution of Myanmar's population by state and region, revealing notable demographic concentrations. The three most populous areas, Yangon (14.4%), Shan (12.7%), and Mandalay (12.2%) together constitute nearly 40% of the national population, underscoring their central role in the country's socio-economic landscape (Ministry of Immigration and Population [MOIP], 2024). Notably, Yangon and Mandalay are Bamar-majority regions and serve as key economic hubs, attracting large numbers of internal migrants from less populous and conflict-affected ethnic states. Additionally, urban slum growth is a growing concern, especially in Yangon and Mandalay. Moreover, unregulated migration, limited affordable housing, and poor urban planning have contributed to informal settlements where basic services are lacking. Migrants, particularly those without formal documentation, often reside in these areas with limited access to healthcare, sanitation, and legal protection (MOIP, 2024).

Urbanization has not only economic but also socio-cultural implications in Myanmar. Migrants from rural and ethnic minority backgrounds often face challenges integrating into urban life, including language barriers, discrimination, and lack of access to public services. Social networks also play a crucial role in shaping migrants' experiences, with kinship and community ties influencing both migration decisions and settlement patterns (World Bank, 2019). However, the rapid pace of urbanization, combined with weak urban governance, has led to fragmented communities and heightened social tensions in some cases. For instance, land tenure insecurity is a pressing issue in urban Myanmar, particularly in informal settlements where many migrants reside without legal recognition. These settlements are vulnerable to eviction and lack access to basic services, contributing to urban poverty and exclusion (Forbes, 2019).

2.4 Minimum Wage and Employment Policy in Myanmar

Myanmar's employment policy framework has evolved through various legislative enactments, with the Minimum Wage Law 2013 forming the cornerstone of wage regulation. However, despite formal mechanisms for wage setting and labor protection, critical gaps remain in enforcement, coverage, and equity, particularly for ethnic minorities. The current labor policy regime reflects a hybrid system combining state intervention, weak enforcement, and structural exclusions that disproportionately affect workers in ethnic regions. Myanmar officially adopted a national minimum wage through the enactment of the Minimum Wage Law in 2013, which established the National Committee for Setting the Minimum Wage comprising representatives from the government, employer associations, and labor unions (Minimum Wage Law, 2013). The committee is legally mandated to review and revise the minimum wage at least every two years and must consider workers' needs, cost of living, average wages, national economic conditions, and employment prospects. As of August 1, 2024, the new minimum wage in Myanmar is MMK 6,800 per day for an eight-hour workday. This wage includes a base of MMK 4,800, unchanged since 2018, and an additional daily allowance of MMK 2,000 implemented through Notification No. 1/2024 (National Committee for Setting Minimum Wage, 2024). However, this policy

excludes small enterprises with fewer than 10 employees, as well as family-owned or self-managed businesses which is a major caveat that leaves many informal sector and rural workers unprotected (Library of Congress, 2024).

Myanmar's labor market remains largely informal, with most rural and ethnic minority workers not covered by minimum wage protections. The minimum wage law's exemption for small enterprises, which dominate rural ethnic economies, effectively excludes a large share of agricultural laborers, household workers, and seasonal migrants from wage regulation. This structural omission reflects a policy design that privileges formal urban-sector employment and marginalizes non-Bamar ethnic labor populations, many of whom work in family-run or subsistence enterprises. In addition, Myanmar lacks a national unemployment insurance system or universal labor standards for informal workers. Protections against wrongful termination, forced labor, or wage withholding are theoretically enshrined in labor laws but rarely enforced, especially in conflict-affected areas. Surveys show that 25% of internal migrants report exploitation or wage-related violations (UNDP, 2023), and forced labor is reported by 3.6% of workers, with wage withholding affecting 5.2%, often in construction, agriculture, and garment sectors.

Although Myanmar's minimum wage law is formally neutral in its legal language, its practical exclusions and systemic enforcement failures disproportionately disadvantage ethnic minority populations. Three principal pathways contribute to these discriminatory outcomes. First, geographic exclusion plays a significant role, as many ethnic minorities reside in remote, rural, and conflict-affected states such as Kayah, Chin, Shan, Kachin, and Rakhine. These regions experience limited access to labor inspections, judicial redress, and trade union representation, which facilitates de facto wage suppression and weak enforcement of labor protections. Second, enterprise-type exclusion exacerbates marginalization, as the Minimum Wage Law exempts businesses employing fewer than ten workers, an exemption that disproportionately affects ethnic workers engaged in small-scale agriculture, forest-based economies, and informal cottage industries. While this provision is ostensibly designed to alleviate regulatory burdens on micro-enterprises, it effectively entrenches economic precarity among ethnic communities. Third, linguistic, educational, and gender-based barriers further restrict access to equitable labor conditions. Many ethnic minority workers lack fluency

in Burmese, which impedes their ability to navigate complaint mechanisms, access legal support, or obtain higher-paying positions. Additionally, female ethnic workers, particularly in the garment and domestic sectors, are subjected to discriminatory hiring practices, pregnancy-based dismissals, and workplace harassment (UNDP, 2023). These structural inequities are compounded by conflict-induced displacement, which drives many ethnic individuals into insecure, informal labor markets with minimal legal protections. For example, the United Nations Development Programme (UNDP, 2023) reports that 83% of internal migrants from Kayah State were displaced by armed conflict and subsequently found themselves unemployed or working in informal urban sectors without access to minimum wage protections or social benefits. Collectively, these dynamics reveal how ostensibly neutral wage policies in Myanmar systematically reproduce ethnic inequalities in the labor market.

2.5 Empirical Studies

2.5.1 Racial Discrimination

The persistence of wage gaps across ethnic, racial, gender, and legal status lines continue to concern labor economists and policymakers. Recent studies emphasize the influence of language proficiency, racial and ethnic identity, immigration background, and institutional classifications such as China's hukou system on labor market outcomes. This section reviews empirical contributions that analyze these intersecting forms of wage inequality using robust econometric methodologies.

Numerous studies confirm that institutional barriers and structural discrimination are the fundamental drivers of wage disparities. In the Chinese context, multiple studies converge on the negative impact of the hukou (household registration) system on rural migrants' labor outcomes. Chen and Hoy (2008) investigate the wage differentials between rural and urban migrants in China using the Oaxaca-Blinder decomposition method. Their analysis reveals that rural migrants earn on average 44.4% less than urban workers, with discrimination accounting for approximately half of this wage gap. The study highlights how institutional factors linked to hukou status structurally limit migrants' labor market opportunities. Similarly, Wu and Zhang (2013) examine wage discrimination in urban China based on hukou (household registration)

status, a legal-institutional distinction that separates rural migrants from urban residents. Utilizing regression analysis and propensity score matching on nationally representative datasets, they find that occupational segregation accounts for a significant portion of wage disparities between rural hukou holders and their urban counterparts. The study concludes that institutionalized discrimination through the hukou system remains a key barrier to equitable labor market access. Building on this, Cui, Nahm, and Tani (2013) examine the impact of China's hukou system and self-employment on wage discrimination. Utilizing data from the Chinese Household Income Project (CHIP) and applying econometric regression techniques, the study finds that self-employment can serve as a mechanism to reduce wage discrimination, particularly among rural migrants. However, the hukou registration system continues to function as a structural barrier to wage equality, limiting access to formal employment and social protections for rural-origin workers.

In contrast, Forth, Theodoropoulos, and Bryson (2023) offer a more structural analysis by examining ethnic wage gaps across workplaces in Britain. Using linked data from the 2011 and 2018 Workplace Employment Relations Survey (WERS) and the Annual Survey of Hours and Earnings (ASHE), the authors employ multilevel modeling to investigate the extent to which workplace-level characteristics mediate ethnic wage disparities. Their findings indicate that a non-trivial proportion of ethnic wage differentials is driven by within-firm variation, with HR practices, union presence, and firm size playing significant roles. This study shifts the focus from individual characteristics to institutional factors in wage determination, echoing the findings of Ma and Komatsu (2024). They focus on the effectiveness of trade unions in reducing wage disparities for rural migrants in China. Drawing on data from the China Family Panel Studies (CFPS) and using Blinder-Oaxaca decomposition, the authors assess the extent to which union membership influences wage outcomes. Their results reveal that trade union participation significantly reduces wage gaps between rural migrants and urban workers, underscoring the potential of collective bargaining as a tool for equity in transitional labor markets. These studies consistently suggest that institutions whether legal systems, workplaces, or unions exert measurable effects on wage inequality. However, while unions mitigate wage gaps in some cases (Ma &

Komatsu, 2024; Forth et al., 2023), institutional systems such as hukou continue to entrench disparities (Cui et al., 2013; Wu & Zhang, 2013).

The gender wage gap remains a persistent concern, intersecting with migration and spatial dynamics. Wu, Pieters, and Heerink (2021) investigate the gender wage gap among rural-urban migrants in China using the Rural-Urban Migration in China (RUMiC) dataset and Blinder-Oaxaca decomposition. Their analysis reveals that occupational and industry sorting, alongside lower returns to education for female migrants, are major contributors to the observed wage disparities. The study suggests that gendered labor market segmentation and unequal valuation of human capital significantly perpetuate wage gaps among migrants. Xing, Yuan, and Zhang (2022) explore how urban scale affects the gender wage gap in China. Utilizing data from the Chinese Household Income Project (CHIP), the authors employ a spatial equilibrium model to examine the relationship between city size and gender-based pay differences. Their findings suggest that larger cities are associated with a smaller gender wage gap, likely due to higher productivity, better labor market matching, and reduced gender bias in urban environments. The contrast between these findings is notable. While rural migrant women face severe segmentation (Wu et al., 2021), urban scale seems to mitigate these inequalities (Xing et al., 2022). This suggests that the spatial context of labor markets is crucial, and that urbanization may offer opportunities for narrowing gender gaps although not uniformly across all migrant groups.

Asali and Gurashvili (2020) further reinforces the persistence of gender wage gaps in Georgia, focusing on disparities across gender and ethnicity. Using Oaxaca-Blinder decomposition combined with regression analysis, the study finds that ethnic wage gaps are sensitive to economic cycles, often widening during economic downturns. However, gender wage gaps persist across all periods, suggesting that gender-based discrimination is more structurally entrenched than ethnic disparities. Htun (2022) adds qualitative depth by exploring the gendered dimensions of labor and migration among Myanmar female workers in Thailand's seafood industry. Drawing on in-depth interviews and a case study methodology, the study documents the lived experiences of Myanmar migrants facing exploitative working conditions, wage discrimination, and limited legal protections. The research highlights how intersecting oppressions based on gender, nationality, and legal status compound migrant

vulnerabilities in informal labor markets. It provides crucial insight into the structural and institutional barriers that quantitative models may overlook. This aligns with the quantitative findings by Wu et al., Asali and Gurashvili while drawing attention to the lived realities behind statistical patterns.

While structural barriers dominate explanations of wage disparities, some studies identify labor market competition and institutional representation as mechanisms for reducing inequality. Fays et al. (2021) explore wage discrimination in Belgium based on workers' country of birth using a matched employer-employee panel dataset from 2006 to 2010, covering 13,631 private-sector firms. Their study employs pooled OLS, first-difference (FD), and GMM-IV techniques to estimate wage gaps and investigate whether tenure and industry-level competition moderate these disparities. The results indicate that non-EU15 migrants, especially those from Asia and Eastern Europe, face a substantial wage penalty of around 6.1%. Importantly, this penalty tends to decrease with job tenure and is less pronounced in highly competitive sectors, suggesting that both firm-specific experience and market dynamics play a role in reducing discriminatory wage practices. Similarly, Hirata and Soares (2016) examine the interplay between trade liberalization and racial wage gaps in Brazil using Mincer earnings regressions and tariff reduction as a natural experiment. Their findings suggest that increased competition from trade reduces employer discrimination against racial minorities but does not fully eliminate wage disparities, pointing to entrenched social and economic barriers.

In contrast, Kampelmann and Rycx (2016) examine wage discrimination against immigrants by integrating firm-level productivity measures into wage gap estimations. Using a combination of employer-employee matched data and firm productivity data from Belgian firms, they apply productivity-adjusted Oaxaca-Blinder decompositions. Their key contribution lies in isolating wage disparities that cannot be attributed to productivity differences. Their findings reveal persistent wage discrimination, particularly among immigrants employed in low-skilled manual occupations, where wage gaps exist despite comparable productivity levels to natives. These findings partially contradict the view that market forces alone can solve inequality. While Fays et al. (2019) and Hirata and Soares (2016) offer evidence of competition reducing discrimination, Kampelmann and Rycx (2016) demonstrate the

limits of this approach. The implication is that institutional safeguards may be necessary alongside competitive pressures.

A related stream of literature explores human capital related explanations for wage gaps, such as language proficiency, skill recognition, and cultural mismatch. These studies sometimes contradict the structural discrimination narrative by emphasizing individual-level deficits. Jain and Peter (2017) examine wage gaps between immigrants and native workers in Germany. Using data from the German Socio-Economic Panel (SOEP) and applying a doubly robust treatment effect estimator, they explore the role of skill transferability and discrimination.

The study concludes that wage disparities are largely driven by the limited transferability of immigrants' skills, and employer bias plays a minimal role after controlling for observable characteristics. This suggests that human capital mismatch, rather than discrimination, explains much of the observed wage gap. Similarly, Coulombe et al. (2014) highlight the importance of human capital quality in explaining wage disparities among immigrants in Canada. Utilizing data from the 2003 Skills and Transition Survey (STS) and the International Adult Literacy Survey (IALS), the authors apply OLS regression models to control for education and literacy skills. Their analysis reveals that the immigrant-native wage gap diminishes significantly once measures of literacy and numeracy are included, indicating that lower returns to education for immigrants may be driven by disparities in educational quality rather than labor market discrimination per se.

Moreover, Miranda and Zhu (2012) provide supporting evidence from the UK by investigating the role of English language proficiency in explaining immigrant wage gaps in the United Kingdom. Drawing on large-scale labor force survey data, they employ an instrumental variable (IV) strategy alongside standard regression analysis to isolate the causal impact of language skills. Their findings indicate that English proficiency significantly narrows the wage gap between immigrants and native-born workers, underscoring the importance of language acquisition in the labor market integration process. However, Ingwersen and Thomsen (2019) complicate this view by analyzing the immigrant-native wage gap in Germany utilizing unconditional quantile regression on data from the German Socio-Economic Panel (SOEP). Their results show that cultural distance between immigrants' countries

of origin and Germany, along with the non-recognition of foreign qualifications, significantly contribute to wage disparities, particularly at lower and median quantiles of the wage distribution, indicating that skill mismatch alone cannot explain all differences. These studies broadly agree that human capital mismatch is crucial, but differ in emphasis. Some see it as the primary driver (Jain & Peter, 2017; Coulombe et al., 2014), while others identify persistent structural barriers beyond skill recognition (Ingwersen & Thomsen, 2019).

In the United States and other developed economies, racial wage disparities remain entrenched despite human capital adjustments. Wilson and Darity (2022) analyze the Black–White wage disparities in the United States, a subject of longstanding academic and policy concern. The authors control for factors such as education, experience, and region by using regression-based analysis on national survey data. Nevertheless, their study finds that a large share of the racial wage gap remains unexplained, suggesting the persistence of structural and institutional racism in the U.S. labor market, even after accounting for human capital variables. Dias (2023) supports this by analyzing the racial wage discrimination in the United States over the period 2000–2021 using Ordinary Least Squares (OLS) regression on data from the Current Population Survey (CPS). The findings show that Black workers consistently experience wage discrimination, with little evidence of convergence over time. In contrast, wage gaps for Hispanic and Asian workers are more variable, indicating that patterns of racial inequality in the U.S. labor market are both persistent and racially differentiated.

Clark and Nolan (2021) assess ethnic wage differentials in Great Britain using data from a comprehensive workplace survey and applying quantile regression techniques to examine earnings across wage distribution. Their study reveals that ethnic wage gaps are most pronounced among Pakistani and Bangladeshi workers, especially at lower wage quantiles. These disparities persist even after controlling for education, occupation, and firm characteristics, highlighting the entrenchment of discrimination at the lower end of the labor market. This supports the notion of structural disadvantages. Moreover, Longhi (2020) provides a comparative perspective on racial wage gaps across multiple developed economies by applying Oaxaca decomposition techniques. The study concludes that structural discrimination, beyond

observable skill differences explain most of the persistent racial wage gaps, emphasizing systemic labor market exclusion mechanisms.

Several studies further illustrate geographic and social dynamics affecting racial wage disparities. Black et al. (2013) incorporate location fixed effects within a Mincer earnings framework to demonstrate that geographic disadvantages tend to exaggerate the convergence of racial wages in the US, meaning that spatial factors continue to reinforce racial inequality. Laouénan (2014) explores the role of customer discrimination through econometric analysis paired with self-reported prejudice data, finding that consumer biases substantially reinforce racial wage gaps, indicating that discrimination operates not only on the employer side but also through market demand channels. These findings add another layer to the discussion, revealing how labor market discrimination is also shaped by societal attitudes and spatial inequalities. Moreover, Avery (2003) offers a unique experimental contribution by exploring how racial identity influences responses to diversity recruitment advertising in the United States. Using experimental data from 187 African American and 191 White participants, the study employed a 2×2 between-subjects experimental design and ANOVA to assess reactions to job advertisements framed either as diversity-oriented or traditional. The findings reveal that African American participants responded significantly more positively to diversity recruitment messages, while White participants' reactions remained statistically unchanged across conditions. The study underscores the role of signaling in employer branding and its potential to influence the labor market behavior of minority job seekers.

García-Pérez, Muñoz-Bullón, and Prieto-Rodríguez (2014) investigate the wage disparities between foreign and native Spanish workers using matched employer–employee administrative data from Spain's National Social Security records. Employing Blinder–Oaxaca decomposition and panel data regression models, the study identifies a persistent wage gap, much of which cannot be explained by observable individual or firm-level characteristics. The authors find that foreign workers, particularly those from non-EU countries, are more likely to be employed in lower-paying and less productive firms, which partially account for their wage disadvantage. However, a significant unexplained portion of the gap suggests the presence of discrimination or institutional barriers in the Spanish labor market. Additionally, Zorlu

and Hartog (2005) examine the impact of immigration on native wages in the Netherlands, the United Kingdom, and Norway using an extended version of the Altonji and Card (1991) model that incorporates three skill levels. Employing administrative and labor force survey data from each country, the authors estimate reduced-form wage equations and conduct simulations to analyze immigrant-native labor substitution and complementarity. Their findings indicate that immigration has small or negligible effects on native wages across all three countries, with slight substitution effects for low-skilled natives in the Netherlands and complementary effects in Norway. No statistically significant effects are found in the UK. In contrast, immigrant wages are more adversely affected, though estimates are imprecise.

Table 2.1

Summary Table: Key Studies on Racial Wage Discrimination

Author	Focus of Study	Methodology	Key Findings
Cui, Nahm, & Tani (2013)	Hukou system and self-employment reducing wage discrimination	Econometric regression, CHIP dataset	Self-employment mitigates wage gap; hukou system remains a barrier
Wu, Pieters, & Heerink (2021)	Gender wage gap among rural-urban migrants in China	Blinder-Oaxaca decomposition, RUMiC dataset	Industry sorting and lower returns to education drive wage gaps
Dias (2023)	Racial wage discrimination in the US (2000-2021)	OLS regression, Current Population Survey	Wage discrimination against Black workers is persistent; Hispanic and Asian wage gaps fluctuate
Asali & Gurashvili (2020)	Gender and ethnic wage gaps in Georgia	Oaxaca-Blinder decomposition, regression analysis	Economic cycles influence ethnic wage gaps, gender wage gaps remain
Xing, Yuan, & Zhang (2022)	Impact of city size on gender wage gap in China	Spatial equilibrium model, CHIP	Larger cities reduce gender wage gaps
Fays et al. (2019)	Wage discrimination by country of birth in Belgium	OLS, FD estimates, GMM-IV on matched panel	Wage penalties for non-EU15 migrants; reduced with tenure/competition
Ma & Komatsu (2024)	Impact of trade unions on rural migrant wage disparities in China	Blinder-Oaxaca decomposition, CFPS data	Trade unions significantly lower rural migrant wage gaps

Table 2.1*Summary Table: Key Studies on Racial Wage Discrimination (Cont.)*

Author	Focus of Study	Methodology	Key Findings
Kampelmann and Rycx (2016)	Wage discrimination against immigrants: Measurement with firm-level productivity data.	Firm-level fixed effects, diff GMM-IV matched employer-employee panel data	Persistent gaps despite similar productivity
Jain & Peter (2017)	Immigrant-native wage gaps in Germany	Doubly robust treatment effect estimator	Skill mismatch, not employer bias, drives gaps
Miranda & Zhu (2012)	Role of English proficiency in immigrant wage gaps in UK	Instrumental variable strategy, regression analysis	English proficiency significantly reduces wage gaps
Wilson & Darity (2022)	Black-White wage disparities in the US	Regression-based analysis	Unexplained racial wage gaps remain high despite education controls
Clark & Nolan (2021)	Ethnic wage gaps in Great Britain	Quantile regression, workplace survey	Minority wage gaps persist, especially for Pakistanis and Bangladeshis
Wu & Zhang (2013)	Wage discrimination in China based on hukou status	Regression analysis, propensity score matching	Occupational segregation is a key driver of wage inequality
Chen & Hoy (2008)	Wage gaps between rural and urban migrants in China	Oaxaca-Blinder decomposition	Rural migrants earn 44.4% less than urban workers, discrimination accounts for half
Ingwersen & Thomsen (2019)	Immigrant-native wage gap in Germany	Unconditional quantile regression, SOEP data	Cultural distance and foreign qualifications drive wage disparities
Longhi (2020)	Racial wage gaps across multiple developed economies	Oaxaca decomposition	Structural discrimination explains persistent wage gaps
Hirata & Soares (2016)	Trade liberalization and racial wage gaps in Brazil	Mincer regressions, tariff reduction analysis	Trade competition reduces employer discrimination but does not eliminate it
Black et al. (2013)	Geographic factors affecting racial wage disparities in the US	Location fixed effects, Mincer earnings model	Geographic disadvantages overstate racial wage convergence

Table 2.1

Summary Table: Key Studies on Racial Wage Discrimination (Cont.)

Author	Focus of Study	Methodology	Key Findings
Laouénan (2014)	Customer discrimination in racial wage gaps	Econometric analysis, self-reported prejudice data	Consumer biases reinforce racial wage disparities

Note. Compiled by the author

2.5.2 Impact of the Internal Migration of Labors

Internal migration, which refers to the movement of people within national borders, has emerged as a pivotal force shaping economic development, labor markets, social welfare, and health outcomes across the globe. One area of broad consensus across studies is that internal migration is economically consequential, though the direction and distribution of these consequences differ markedly. For example, Xin Meng and Zhang (2010), who analyze China's large-scale rural-to-urban migration using panel census data and econometric techniques, find that migration does not adversely affect urban native employment or wages, which suggests that native workers are either insulated from or benefit modestly from inflows of migrant labor. This finding contrasts with Pholphirul (2012), who studies Thailand's migration using cost-benefit analysis and concludes that while international migration including cross-border movements positively affects GDP and stabilizes labor-intensive sectors, it also suppresses the wages of unskilled Thai workers. Both studies agree that migrant labor can be absorbed without disastrous effects yet differ on whether this comes at the cost of native workers' welfare which is an issue that may stem from differences in labor market segmentation and migration types.

Whereas the previous studies focus on aggregate labor market outcomes, other research accentuates the heterogeneous welfare effects of internal migration across demographic groups. For instance, Abu Hatab et al. (2022), who apply a two-stage Heckman selection model to Egyptian survey data, find that welfare gains from migration are not universal: while urban-to-urban migrants benefit significantly, rural-to-urban migrants, particularly younger individuals, often experience welfare losses. This finding contradicts neoclassical assumptions embedded in studies like Alecke et al. (2010), who examine German regional migration and suggest that labor

mobility smooths regional disparities by equilibrating unemployment and wages. Alecke et al., using a panel VAR model with GMM estimators, find that migration flows are largely responsive to wage and employment differentials, and that these flows reinforce convergence in regional labor markets. What distinguishes these two studies is not only their setting but also their conceptualization of “benefit”, while the German case emphasizes systemic labor market efficiency, the Egyptian study centers on household-level welfare.

Similarly, Adjei et al. (2017), who examine Ghana’s internal migrants using a mixed-methods design, observe that the destination context critically shapes migrant outcomes. Urban migrants tend to earn higher incomes, yet this advantage is offset by higher living costs and poor health conditions, meaning their overall well-being does not improve. Conversely, rural migrants report better housing and health outcomes despite earning less. This echoes West et al. (2022), whose cross-sectional study of internal migrants in Myanmar finds that migrants are more likely to work in precarious jobs and suffer from worse health and hygiene outcomes even when controlling for income and education. Both studies converge on the point that income is not a sufficient proxy for well-being, and that migration may reproduce or even deepen health and occupational inequalities.

Another axis of comparison concerns the role of migration policy and infrastructure. Moog (2024), studying the German minimum wage reform, finds that the policy unintentionally triggered higher out-migration among low-skilled migrant-background workers from areas heavily reliant on minimum wage jobs. Native-born workers, in contrast, showed limited migration response. By employing a difference-in-differences design with administrative data, Moog identifies how labor market institutions can influence spatial mobility differentially across subgroups. This insight aligns with the structural modeling of Bryan and Morten (2018), who explore internal migration in Indonesia through a general equilibrium lens. They argue that reducing migration frictions could boost national productivity by 22%, but that the gains would be uneven across provinces. While both studies endorse mobility-enhancing reforms, they also caution against uniform expectations of benefit.

A more macro-spatial view is provided by Rowe et al. (2020), who introduce the Index of Net Migration Impact to compare population redistribution across 27 European countries. Their findings show that although migration occurs extensively in many countries, its effectiveness in redistributing population is low, especially in nations where reciprocal flows cancel each other out. Interestingly, countries like Lithuania and Belarus exhibit disproportionately high redistributive effects, which suggests that migration flows can be intense without being transformative, or vice versa. This conclusion complicates the narrative found in studies like Zin Zin Shwe (2019), who analyzes Myanmar's internal migration and finds that it significantly reduces poverty, primarily through remittances, though at the cost of rising inequality especially in rural areas. While Rowe et al. focus on spatial equilibrium, Shwe emphasizes household welfare divergence, underlining the importance of scale in interpreting migration's impacts.

In Myanmar specifically, two studies provide nuanced and complementary insights. Moe (2023) explores who migrates and the reasons they migrate, using Probit regression on household survey data, and finds that young, rural, and married individuals are most likely to migrate. However, those who migrate for marriage or are primary earners tend not to intend future moves, revealing a pattern of selective, one-time migration. These findings provide a demographic backdrop to West et al. (2022), who focus on the post-migration outcomes, particularly related to health. Together, they underscore the importance of both migrant selection and destination experience in shaping outcomes which are the two dimensions often analyzed in isolation.

In terms of conceptual alignment, several studies, including those by Bryan and Morten (2018), Alecke et al. (2010), and Zin Zin Shwe (2019), support the neoclassical view that migration serves to reallocate labor efficiently and potentially increase welfare. However, studies such as Adjei et al. (2017), West et al. (2022), and Abu Hatab et al. (2022) challenge this view by revealing persistent structural constraints and inequities that reverse expected benefits. Furthermore, studies like Moog (2024) and Moe (2023) bring to light institutional and demographic mediators that determine who migrate, when, and with what outcomes.

Table 2.2*Summary Table: Impact of the Internal Migration of Labors*

Author	Focus of Study	Methodology	Key Findings
Xin Meng & Dandan Zhang (2010)	Effects of rural-urban migration on urban native workers in China	Pooled cross-city OLS, First-Difference, and IV regressions using census and labor data (1990–2005)	Migration has neutral to modestly positive effects on native employment and no wage suppression, even for unskilled workers, due to occupational segregation and task complementarity.
Pholphirul (2012)	Economic sustainability and labor migration in Thailand	Cost–benefit analysis, macroeconomic simulations, literature synthesis	Migration boosts GDP (up to 1.25%), supports labor-intensive sectors, and eases rural-urban imbalance, but may suppress wages for low-skilled Thais.
Abu Hatab et al. (2022)	Determinants and welfare outcomes of internal migration in Egypt	ELMPS 2012 & 2018 (63,909 obs); Two-stage Heckman selection model; OLS with correction for selection bias	Internal migration generally improves welfare but unevenly. Urban-to-urban migration yields the highest gains, while rural-to-urban leads to welfare losses for most groups. Women and older migrants benefit more, reflecting a feminization trend. Education shapes migration patterns.
Alecke, Mitze, & Untiedt (2010)	Regional labor market dynamics and internal migration in Germany (1991–2006)	Panel VAR with system GMM; impulse-response functions; labor and migration data	Internal migration reacts to wage and job gaps, helping balance labor markets by narrowing wage differences and raising unemployment in destination areas. Over time, early mismatches eased, but migration deepened skill imbalances, especially through brain drain from East Germany.

Table 2.2*Summary Table: Impact of the Internal Migration of Labors (Cont.)*

Author	Focus of Study	Methodology	Key Findings
Adjei, Serbeh, & Adjei (2017)	Impact of rural vs. urban migration on poverty and livelihoods in Ghana	Mixed methods; surveys and interviews with 180 migrants; analysis of income, housing, health, and well-being	Internal migration to rural areas improves well-being through lower living costs and better access to housing and healthcare, despite lower incomes. Urban migration increases income but worsens living conditions due to high costs and poor service access. Effects of internal migration show rural destinations offer more sustainable livelihoods for low-skilled migrants.
West et al. (2022)	Internal migration and its effects on occupational health and WASH in Myanmar	Cross-sectional survey (n=937) in Mandalay; logistic regression; stratified by migration status and occupation	Internal migrants had worse occupational health outcomes and limited access to WASH services, even with similar income and education. They were more likely to work in high-risk jobs like street vending or driving. Effects of internal migration include heightened exposure to environmental and health risks, showing migration as an independent social determinant of health.
Moog (2024)	Impact of Germany's 2015 minimum wage on internal migration and labor reallocation	2% administrative SIAB sample; Poisson difference-in-differences; Heckman correction	The minimum wage led to a 25% rise in out-migration among low-skilled migrant workers from high-bite districts, while native-born workers were unaffected. Both groups relocated workplaces, indicating spatial labor reallocation. Effects of internal migration show that migrants are more responsive to wage shocks, underscoring unequal mobility responses to labor policy changes.

Table 2.2*Summary Table: Impact of the Internal Migration of Labors (Cont.)*

Author	Focus of Study	Methodology	Key Findings
Bryan & Morten (2018)	Productivity effects of internal migration in Indonesia	Structural general equilibrium model; microdata on migration, wages, distance, and amenities; counterfactual simulations	Reducing migration costs boosts productivity and equity, with the biggest gains in lagging regions. High costs limit efficient worker-location matching.
Rowe et al. (2020)	Internal migration and population redistribution across Europe	IMAGE migration matrices (27 countries); Index of Net Migration Impact (INMI); decomposition into intensity and effectiveness	Internal migration has limited impact in most of Europe but drives significant change in the south/east, reshaping population patterns and reflecting uneven development.
Zin Zin Shwe (2019)	Spatial analysis of poverty, inequality, internal migration, and urbanization in Myanmar	Spatial and multivariate welfare analysis; Heckman selection model; OLS and fixed effects; counterfactual simulations	Internal migration boosts welfare and cuts poverty but raises inequality, benefiting urban areas while widening gaps in rural and poor regions.
Moe (2023)	Determinants of recent internal migration and future intentions in Myanmar	Descriptive statistics and Probit regression using MHWS Round 1 (2020–2021)	Internal migration is higher among young, rural, and married individuals, but lower for mid-educated and larger households. Marriage reduces future mobility, while regional instability, especially in conflict zones, drives migration.

Note. Compiled by the author.

2.6 Research Gap

Numerous studies have investigated wage discrimination based on gender, race, or rural-urban migration, predominantly concentrating on voluntary economic migration and labor market segmentation in stable settings such as China, the United States, and Europe (e.g., Wu et al., 2021; Dias, 2023). According to these studies, the main causes of wage disparities are differences in human capital, occupational sorting, and institutional restrictions. However, they often overlook the intersection of forced internal migration, ethnic conflict, and language exclusion within a developing country context. Existing literature rarely addresses how conflict-induced migration across ethnic backgrounds and states line within a single nation, particularly under authoritarian or post-conflict governance, influences labor market outcomes. This study fills a crucial gap by examining wage disparities between Bamar and ethnic minorities in Myanmar using Oaxaca-Blinder decomposition, revealing the impact of displacement, ethnic status, and language proficiency as simultaneous barriers to wage equality. Hence, this study distinctly enhances the literature by demonstrating that structural discrimination continues even if migrants migrate to urban areas, indicating that economic assimilation is not guaranteed by migration alone. This highlights the need for further research into labor market discrimination under conditions of ethnic marginalization, linguistic exclusion, and political instability.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Theoretical Framework

3.1.1 Economic Theories of Migration

Ethnic labor migration in Myanmar is predominantly rural-to-urban and driven by both economic and demographic factors. The migration of ethnic minorities, such as Shan, Karen, and Mon, into cities like Yangon or Mandalay is influenced by limited rural opportunities and the prospect of higher urban wages. The process can be analyzed using theories from demographic economics, development economics, and labor migration literature.

3.1.1.1 Push-Pull Theory

In Myanmar, there are numerous ethnic minority laborers who reside in rural or conflict-prone regions, including Shan, Kachin, Kayin, Chin, and Rakhine. These laborers are challenged by persistent push factors, including landlessness, armed conflict, underemployment, ethnic discrimination, low wages, poor infrastructure, and limited access to education or healthcare. These circumstances generate economic and socio-political pressure to migrate. Simultaneously, the pull factors from metropolitan centers such as Yangon, Mandalay, and regional capitals are as compelling, offering higher expected wages, more employment opportunities, particularly in informal or low-skilled urban sectors such as construction and services, as well as better educational and healthcare services. These urban hubs consequently provide a perceived path for social and economic development.

Lee (1996) categorizes the migration decision into four domains: (1) Factors at the Area of Origin, push factors such as poverty, poor living standards, land scarcity, and ethnic conflict stimulate departure, (2) Factors in the destination area, including better employment opportunities, higher earnings, and urban amenities, attract migrants, and (3) Intervening Obstacles, these include physical distance, travel expenses, legal restrictions, cultural barriers (language, religion, and the inability of the elderly to speak Burmese language due to their ethnic group), and

limited knowledge of the destination. Lastly, until it gets Personal factors encompass individual perspective, risk tolerance, and life cycle stage. The most probable reason for migration among young adults, particularly males, is their increased mobility, fewer familial obligations, and stronger motivation for economic gain. Moreover, Lee emphasizes that not only the objective conditions are significant, but also the way individuals interpret them. Even if the urban wage is higher, a migrant may stay if they fear discrimination or lack the network to integrate.

Moreover, Ravenstein's empirical laws offer early insights that substantiate Lee's theory that migration typically takes place over short distances, frequently in a stepwise manner from rural villages to nearby towns and subsequently to large cities. Additionally, urban growth is more influenced by migration than by natural increase, and females dominate short-distance (internal) migration, while males dominate long-distance (international) flows. Furthermore, the economic push-pull dynamic in Myanmar is consistent with the fact that migration is primarily motivated by economic factors. Additionally, each migration stream generates a counter-stream, which implies that certain ethnic migrants may return home or continue to follow circular migration patterns.

Migration decisions can be incorporated into a utility-maximization model, indicating that workers will migrate, as seen in equation 3.1.

$$U_d - C > U_o \quad (3.1)$$

Where U_d denotes expected utility from the destination (e.g., expected wage multiplied by employment probability and perceived non-monetary benefits), C is the total cost of migration (transportation, risk, and loss of social support), U_o explains utility of staying at origin (current earnings in addition to embedded social capital). According to Lee, migration occurs when a worker experiences certain conditions as shown in equation 3.2

$$(\text{Pull Factor}) - (\text{Intervening Obstacles}) > \text{Push Factors} \quad (3.2)$$

This shows migration as a rational choice under uncertainty, shaped by a subjective evaluation of benefits and costs. Internal migration among ethnic minorities in Myanmar is shaped by a complex interaction of push and pull factors that drive people from remote, conflict-prone, or economically stagnant regions toward more urbanized and centrally governed areas. This dynamic reflects both structural pressures in peripheral regions and the relative attractiveness of economic, social, and infrastructural opportunities in urban centers like Yangon and Mandalay. The internal migration of ethnic groups in Myanmar can be analyzed as a process influenced by insecurity, economic deprivation, and aspirations for upward mobility, as outlined in Everett Lee's (1966) foundational theory of migration, which differentiates between push factors (conditions that drive people away from their origin) and pull factors (conditions that attract people to a new location).

The COVID-19 pandemic significantly reshaped patterns of internal migration in Myanmar by acting simultaneously as a push and pull factor. While migration theories traditionally distinguish between push factors, conditions that drive individuals to leave their place of origin and pull factors, conditions that attract them to a new location (Lee, 1966), the pandemic blurred these distinctions through widespread socioeconomic disruptions and health-related fears. As a push factor, COVID-19 contributed to widespread economic instability, particularly in urban centers such as Yangon and Mandalay. Nationwide lockdowns, factory closures, and service sector shutdowns led to massive job losses, particularly among internal migrants employed in informal or low-skilled work. According to the International Organization for Migration (2021), a significant proportion of internal migrants were forced to return to their home villages after losing their employment in cities. The garment, hospitality, and construction industries—major employers of ethnic and rural-to-urban migrants—were especially hard-hit. Furthermore, the collapse of remittance flows and the inaccessibility of public services intensified the precarity of migrants, making urban residence untenable during the crisis.

Simultaneously, rural hometowns functioned as pull factors, attracting return migrants during the pandemic. Many internal migrants perceived rural areas as safer, not only in terms of lower infection rates but also because of stronger family networks and subsistence opportunities. UNDP (2021) reports that return migration

markedly escalated during the initial year of the COVID-19 pandemic, mostly attributable to the decline of urban employment prospects and the comparatively enhanced stability of rural, agriculture-driven economies. In the absence of formal employment opportunities, many families found that returning to their rural residences and farms was a crucial coping mechanism.

3.1.1.2 Lewis & Fei-Ranis - Dual Sector Model

The Lewis (1954) and Fei-Ranis (1964) models of economic development provide a theoretical framework for understanding rural-to-urban labor migration, especially concerning ethnic laborers from marginalized or agrarian areas, such as Myanmar.

These models are integral to the dual-sector theory of development, which states that the economy comprises a traditional (agricultural) sector and a modern (industrial or non-agricultural) sector. Labor migration from the former to the latter serves as the primary mechanism facilitating economic growth and structural transformation. This model explains structural transformation through labor migration from a traditional agricultural sector to a more modern industrial or urban sector.

The agricultural sector possesses surplus labor, resulting in a marginal productivity of labor equal to zero. Nonetheless, labor demand in the industrial sector is dictated by profit reinvestment. Lewis proposed a labor-surplus economy in which the traditional agricultural sector is defined by low productivity, underemployment (or disguised unemployment), and a subsistence wage system, while the modern industrial sector provides opportunities for capital accumulation, higher wages, and increased productivity. Within this framework, migration is fueled by wage disparities, as the non-agricultural sector provides higher wages than the agricultural sector. This facilitates a gradual migration of excess labor from rural areas to urban and industrial hubs. Lewis's model's fundamental insight is that economic expansion can occur without wage inflation as long as there is surplus labor in agriculture. He established fundamental assumptions that when surplus labor in agriculture possesses negligible or minimal marginal productivity, industrial employers can engage this labor at a fixed institutional wage (determined by average agricultural productivity), capitalists reinvest profits, thereby strengthening industrial output and employment,

and migration persists until surplus labor is depleted—this phenomenon is referred to as the Lewis turning point. In Figure 3.1, Fei and Ranis extended Lewis's model by introducing three phases of development and making the production side more explicit. They also incorporated Rostow's stages of growth into the model. Let $Q_A = f(L_A)$ is agricultural output as a function of agricultural labor. Therefore, the curve of Q_A against L_A is concave, indicating diminishing returns. Thus, the institutional wage initially remains unchanged, determined by average productivity rather than marginal productivity, leading to the stabilization of migration in the third phase. The three phases of migration are as follows:

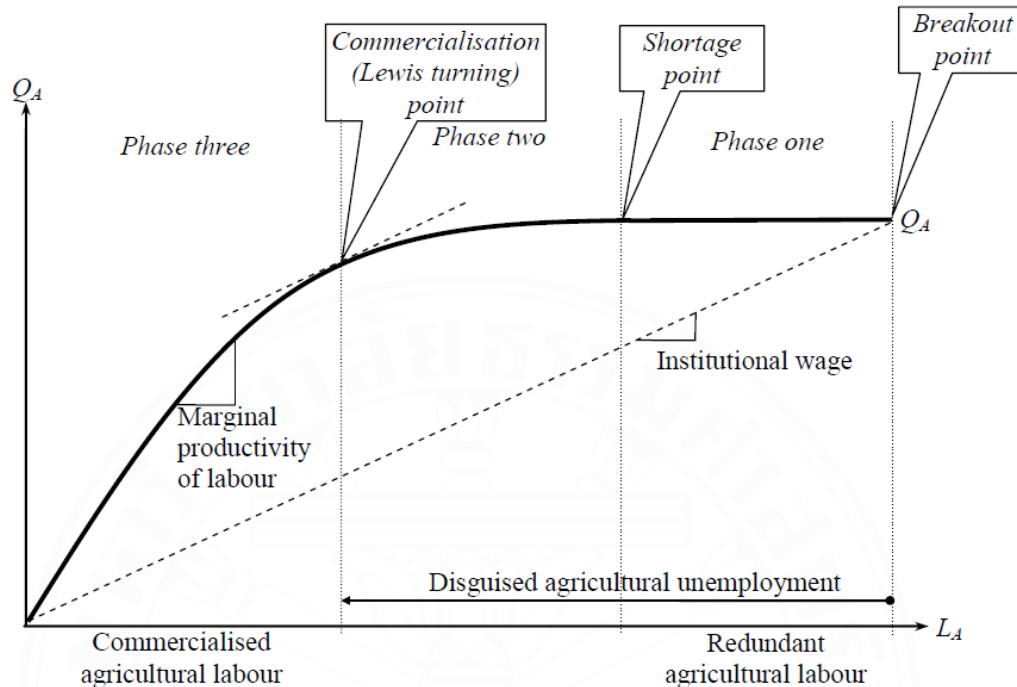
Phase 1 – Redundant Labor Stage where marginal productivity of agricultural labor is zero or near-zero, $\partial Q_A / \partial L_A \approx 0$, indicating surplus labor. Thus, migration to urban sector does not affect agricultural output, therefore, industrial expansion remains unaffected by labor shortages.

Phase 2 – Disguised Unemployment Stage—in the initial phases, the labor supply to industry is perfectly elastic. As the surplus labor diminishes, marginal productivity begins to increase, and the agricultural sector experiences a decline in output as labor migrates. Consequently, urban labor supply becomes less elastic, resulting in stable wages, although pressure for wage increases emerges. In summary, industrial employment grows as long as:

$$VMP_L > W_A \quad (3.3)$$

Where VMP_L denotes value of marginal product of labor in the industrial sector, and W_A denotes rural wage (agricultural wage).

Phase 3 – Commercialized Agriculture- The industrial wage is established above the average agricultural wage, which remains institutionally fixed until the surplus is absorbed and no surplus labor remains. Subsequent migration results in an increase in rural wages, continuing until the industrial wage is equal to agricultural wage. When economy enters a modern labor market equilibrium, agriculture has become commercialized, responding to market signals.

Figure 3.1*Lewis-Rains-Fei Phases of Economic Development*

Note. From “Economic Development with Unlimited Supplies of Labour,” by W. A. Lewis, 1954, *The Manchester School*, 22(2), p. 139, (<http://www.jstor.org/stable/4189482>)

Figure 3.1 illustrates that the agricultural marginal productivity curve is initially flat due to surplus labor. As labor departs from agriculture, marginal productivity starts to increase. Therefore, the turning point results in the absorption of all surplus labor, and any additional labor withdrawal leads to an increase in agricultural wages. Ethnic minorities are drawn to urban centers where industrial employers can employ them at comparatively low wages, yet higher than those offered in rural areas. This migration promotes growth without raising wages as long as the urban economy is growing and there is still excess labor in the rural areas. Once the surplus is depleted, labor becomes limited, causing an increase in wages and transitioning the development model to Phase 3.

3.1.1.3 Human Capital Investment Model

The Human Capital Investment Model, developed by Larry Sjaastad in 1962, offers a fundamental framework for comprehending labor migration—including ethnic labor migration to urban areas—as an economic investment decision. Sjaastad reframes migration as a decision about resource allocation, similar to investing in education or job training, rather than just as a social or demographic event. This concept is particularly relevant for ethnic minorities migrating from rural to urban areas, as it facilitates an understanding of how individuals assess the costs and benefits of relocation in pursuit of higher lifetime income, better living conditions, or increased social mobility. Sjaastad (1962) states that migration constitutes an investment in human capital, encompassing both monetary costs (e.g., transportation, relocation expenses) and non-monetary factors (e.g., psychological costs of departing from family, lost income during the transition), with returns displaying as future net income gains (increased wages, better employment prospects) and improved consumption efficiency (reduced cost of living, greater amenities).

Sjaastad presents migration as an investment decision using discounted net present value (*NPV*):

$$NPV = \sum_{t=0}^T \frac{(W_t^U - W_t^R)}{(1+r)^t} - C \quad (3.4)$$

Where, W_t^U denotes expected urban wage at time t , W_t^R denotes expected rural wage at time t , r denotes discount rate (reflecting time preference and risk), C denotes total costs of migration (money and opportunity and psychic). If the net present value (*NPV*) is greater than zero, a worker (e.g., a rural ethnic youth) will migrate to the urban area.

3.1.1.4 The Harris-Todaro Model - Expected Income Hypothesis

The Harris-Todaro Model provides an insightful framework for examining rural-to-urban migration, especially in developing nations such as Myanmar, where ethnic minorities frequently migrate in search of improved standard of living in urban settings. The Harris-Todaro model (Harris & Todaro, 1970) explains the reasons why individuals migrate from rural to urban areas, despite the high

unemployment rates in urban areas. It proposes that migration is determined by expected income differentials, rather than actual wages, specifically the probability-adjusted urban wage in comparison to the rural wage.

In Myanmar, ethnic minority workers such as the Karen, Kachin, and Shan migrate from rural or conflict-affected regions to cities like Yangon, Mandalay, and Naypyidaw not due to guaranteed employment, but because the expected urban income surpasses their current earnings in rural areas. This migration function can be represented mathematically as,

$$M_t = f(W_M - W_A) \quad (3.5)$$

Where M_t denotes number of migrants at time t , W_M denotes urban wage (formal sector, fixed), and W_A denotes rural wage. But migration decisions are not based on W_M (actual urban wage) alone. They are based on expected urban wage. Additionally, expected urban wage (W_M^*) is represent in equation 3.6 as follows,

$$W_M^* = p \cdot W_M \quad (3.6)$$

Where W_M^* denotes expected urban wage, p denotes probability of getting a job in the urban sector, W_M denotes wage in the urban (formal) sector. The probability is calculated based on urban employment conditions as in equation 3.7,

$$p = \frac{L_M}{L_{u_u} + L_M} \quad (3.7)$$

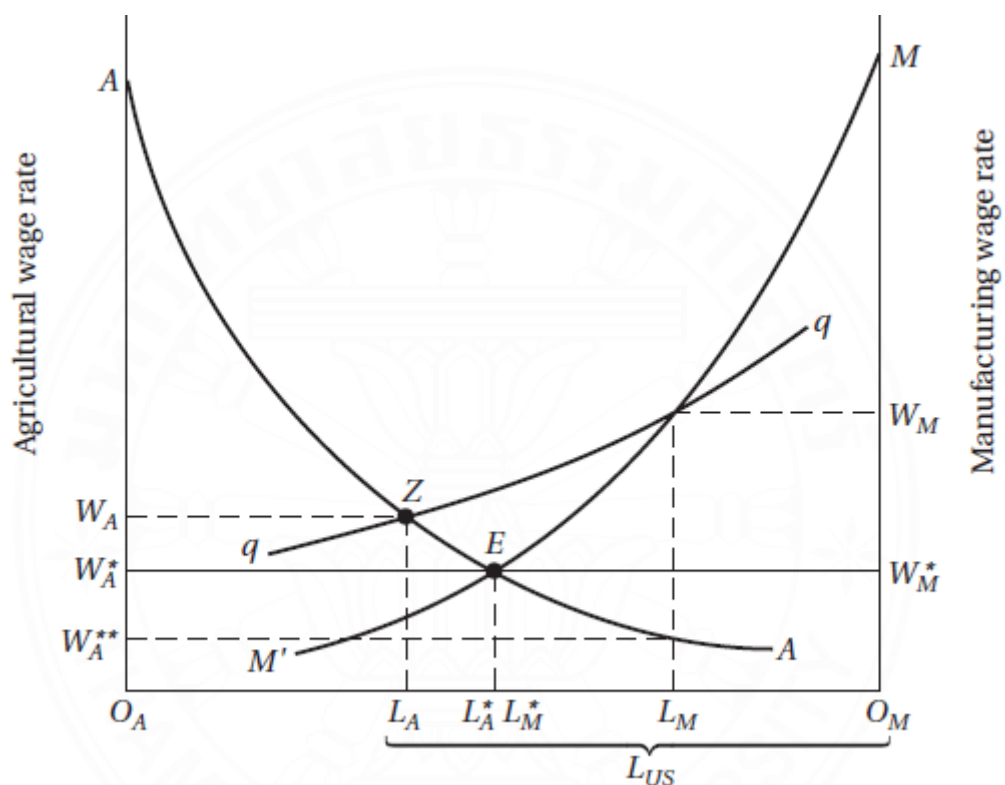
Where L_M denotes number of employed people in urban areas, L_{u_u} denotes number of unemployed people in urban areas. Therefore, final migration decision rule can be represented as shown in equation 3.8,

$$M_t = h(W_M^* - W_A) = h(pW_M - W_A) \quad (3.8)$$

Where h denotes migration responsiveness parameter, and migration continues as long as the expected urban wage is greater than that of rural wage.

Figure 3.2

Labor Market Equilibrium in the Harris-Todaro Rural–Urban Migration Model



Note. From “A Model of Labor Migration and Urban Unemployment in Less Developed Countries,” by M. P. Todaro, 1969, *American Economic Review*, 59(1), p. 138, (<https://www.scirp.org/journal/paperinformation?paperid=58694>)

Figure 3.2 illustrates the Todaro model of migration, which explains why individuals continue to migrate from rural to urban areas despite high urban unemployment rates. The model revolves around the idea of expected urban wages rather than actual wages. Horizontal axis (O_A to O_M) is a total labor force, and it is divided into O_A to L_A which shows rural (agricultural) labor, L_M to O_M that shows urban (manufacturing) labor, L_A to L_M is the segment that potentially migrates. Moreover, the vertical axis on the left is the agricultural wage rate and the vertical axis

on the right represents the manufacturing wage rate. AA on the left-side downward sloping denotes marginal product of labor in the agricultural sector, it decreases as more labor stays in rural areas, MM' which represents the right-side upward sloping denotes marginal product of labor in urban manufacturing, it increases as urban labor declines.

Besides, let L_M represent formal urban employment and L_{Us} denotes the total urban labor force. Initially, under the assumption of a free labor market with full employment, the economy achieves equilibrium at point E . At this point, rural labor extends from O_A to L_A^* , urban labor from L_M^* to O_M , and wages in both sectors are equal at W_A^* and there is equal to W_M^* . When wage rigidity is introduced by fixing the urban wage at W_M , which is higher than the rural wage W_A^* , only L_M workers can be employed at this wage, while the urban labor force expands to L_{Us} (from L_A to L_M), exceeding formal employment capacity. The expected urban wage is thus the product of the probability of obtaining formal employment and the fixed urban wage. Migration continues as long as this expected wage surpasses the rural wage, eventually stabilizing at point Z . At Z , the labor distribution consists of O_A to L_A workers remaining in agriculture, L_M to O_M workers employed in formal urban jobs at W_M , and L_A to L_M workers either unemployed or participating in the informal sector. Consequently, rural-to-urban migration halts due to the absence of expected wage advantages. In sum, migration occurs as long as the expected urban wage exceeds the rural wage, ceasing only when equilibrium is reached at point Z , where the expected urban wage equals the actual rural wage.

In Myanmar, ethnic minority groups including the Karen, Kachin, Mon, and Chin are frequently situated in rural, mountainous, and neglected regions. The economic opportunities in these regions are significantly reduced in comparison to those in urban centers, and they typically rely on subsistence agriculture. The rural wage rate (W_A) is consistently lower than the urban wage rate (W_M). Despite the absence of employment security in the city, the idea of higher earnings serves as an important motivation for migration. Migrants calculate expected income rather than actual income. The expected urban income is calculated by multiplying the probability of securing employment by the urban wage rate. According to Todaro's approach, when ethnic migrants migrate to cities such as Yangon, Mandalay, or Nay Pyi Taw, many of them do not immediately integrate into the modern urban labor market. Rather, they

frequently either remain unemployed or enter the urban informal sector, where they work in temporary jobs such as street vending, domestic labor, or delivery services. A new equilibrium is established at point Z in the model, where the expected urban income equals the actual rural income. This causes urban slum growth, ethnic minorities with severe job insecurity, and persistent urban unemployment or underemployment. Todaro's model offers a compelling explanation for the migration of ethnic minorities, despite their awareness of the high unemployment risks.

3.1.2 Wage Discrimination

In the field of labor economics, labor market discrimination is a critical and persistent factor that contributes to disparities in occupational segregation, income, and employment prospects between the majority and minority groups. Theoretical frameworks established by economists provide effective tools for comprehending the dynamics of discrimination, especially in situations where equally qualified individuals experience different treatment based purely on traits such as gender, race, or ethnicity.

3.1.2.1 Taste-based Discrimination

The fundamental concept of discrimination in labor economics was introduced by Gary Becker in 1971. Becker defined discrimination as stemming from individual preferences or "tastes" for working with specific groups. In his concept, employers, coworkers, or customers may possess biases that lead them to engage in discriminatory behavior, even at the expense of economic efficiency. This type of discrimination, known as taste-based discrimination, assumes that certain labor market players experience a psychological cost when engaging with members of a disfavored group and are ready to compromise profit or utility in order to avoid such interactions. For instance, a company might pay a less competent male employee at a higher rate solely due to the employer's preference against employing women, or customers may exhibit a preference for male employees and refrain from supporting women-owned businesses. While this model reflects the emotional and prejudiced origins of discrimination, it is restricted by its reliance on irrationality and the difficulties of objectively distinguishing taste-based motives. In addition to prejudice, discrimination may also stem from the dynamics of market power. In a monopsonistic labor market, where a single employer dominates employment, that employer has the ability to suppress wages without the influence of competitive market forces. This type of

monopsonistic or market power discrimination does not involve bias; rather, it occurs when workers, particularly those from marginalized groups, have limited bargaining power and few employment alternatives. Women, for example, may be disproportionately affected in industries with significant labor market concentration and limited institutional protections (Manning, 2003).

3.1.2.2 Statistical Discrimination

Statistical discrimination is a key concept in labor economics that explains how imperfect information can lead to group-based disparities in wages and employment outcomes. Statistical discrimination occurs when economic agents such as employers, lenders, or insurers use observable group characteristics (e.g., race, gender, ethnicity) as proxies for unobservable productivity-related traits to make decisions under uncertainty. Unlike taste-based discrimination, which stems from personal prejudice, statistical discrimination arises from rational expectations based on imperfect information (Phelps, 1972; Arrow, 1973). The theory suggests that when employers lack complete information about an individual's productivity, they rely on average group statistics to infer likely outcomes. For example, if a group is statistically observed to have lower average productivity or higher turnover rates, employers may discriminate against individuals from that group, even if the specific individual's productivity is high (Coate & Loury, 1993). This can lead to self-fulfilling prophecies, where members of a discriminated group have fewer opportunities to demonstrate their true abilities, perpetuating inequality (Aigner & Cain, 1977). Statistical discrimination has been widely studied in labor markets, education, and credit markets. Its implications are critical for understanding persistent wage gaps and employment disparities among social groups. Policies aimed at reducing information asymmetries and improving screening technologies can help mitigate statistical discrimination (Lang & Lehmann, 2012).

3.2 Methodology

This study applies the extended Oaxaca-Blinder decomposition framework to estimate wage differentials between Bamar majority and ethnic minority workers in Myanmar. The analysis follows a two-stage Heckman selection model correct for potential sample selection bias, as employed by Zhang et al. (2016).

3.2.1 Wage Equation

The main wage equation is based on the Mincer earnings function, where the dependent variable is the natural logarithm of monthly earnings. Separate regressions are estimated for the Bamar group and the ethnic minority group as in equation 3.9,

$$\ln(\text{wage}_g) = \beta_{0g} + \beta_{1g}X_g + \epsilon_g \quad \text{for } g = \text{Bamar, Ethnic} \quad (3.9)$$

where X_g is a vector of explanatory variables including demographic factors such as female, age, age squared, married, widowed, divorced, separated, education levels including dummy variable for primary school, dummy variable for secondary school, dummy variable for tertiary education, household and location such as being household head or not, working in urban or not. Moreover, it also includes occupation dummies, industry dummies as well as the Inverse Mills Ratio (IMR), derived from a probit model, to correct for sample selection bias due to non-random labor market participation.

3.2.2 Selection Equation (Probit Model)

To estimate the IMR, a first-stage probit model is specified, where the dependent variable is a binary indicator of employment status as shown in equation 3.10,

$$z_i^* = \delta_0 + \delta_1 H_i + u_i \quad (3.10)$$

$$z_i = \begin{cases} 1 & \text{if employed} \\ 0 & \text{otherwise} \end{cases} \quad (3.11)$$

Where H_i includes the following covariates such as age, age squared, number of dependent people in household, dummy for highest education, dummy of being household head, dummy of living in urban, dummy of being married, dummy of being widowed, dummy of being divorced, dummy of being separated, occupation and industry dummies. Using the estimated probit coefficients, the IMR is calculated as shown in equation 3.12,

$$\lambda_i = \frac{\phi(H_i \hat{\delta})}{\Phi(H_i \hat{\delta})} \quad (3.12)$$

This IMR term is then included as an additional regressor in the wage equation for the ethnic minority group to correct for selection bias.

3.2.3 Oaxaca-Blinder Decomposition

After estimating the wage equations, the extended Oaxaca-Blinder decomposition using the Jann (2008) pooled method is applied. The mean difference in log wages between Bamar and ethnic minority workers is decomposed as:

$$\begin{aligned} \Delta Y &= \bar{Y}_{\text{Bamar}} - \bar{Y}_{\text{Ethnic}} \\ &= \underbrace{\left[(\bar{X}_{\text{Bamar}} - \bar{X}_{\text{Ethnic}}) \hat{\beta}^* \right]}_{\text{Explained}} + \underbrace{\left[\bar{X}_{\text{Bamar}} (\hat{\beta}_{\text{Bamar}} - \hat{\beta}^*) + \bar{X}_{\text{Ethnic}} (\hat{\beta}^* - \hat{\beta}_{\text{Ethnic}}) \right]}_{\text{Unexplained}} \end{aligned} \quad (3.13)$$

The first term represents the explained part, or differences in endowments, and the last two terms represent the unexplained part, attributed to different returns to characteristics (i.e., potential discrimination). The explained component represents the portion of the gap that can be attributed to differences in observable characteristics such as education, occupation, age, etc. The unexplained components refer the remaining gap, typically interpreted as due to differences in

returns to those characteristics which are often associated with discrimination or unobservable factors.

Following the approach by Zhang et al. (2016), the IMR term is treated as an explanatory variable in the wage regression and is therefore included in the explained component of the Oaxaca-Blinder decomposition. It captures the impact of correcting for selection bias on wage outcomes, particularly for the ethnic minority group where employment participation may be non-random. In an extended Oaxaca-Blinder decomposition with a Heckman selection correction, the IMR term (λ) is treated like any other covariate (e.g., education or age). When the IMR is included in the wage equation and specified in the adjusted option, its contribution is assigned to the explained part of the wage gap. This is because the IMR captures the effect of sample selection (e.g., the likelihood of employment), which is a labor market participation characteristic, rather than how the labor market rewards characteristics (returns).

Furthermore, when the percentage of the difference is negative, it indicates that the component of the breakdown (whether explained or unexplained) moves in the opposite direction of the overall wage gap. A negative "explained percentage of gap" indicates that, on average, ethnic minorities possess better characteristics compared to the Bamar counterparts. If only characteristics were considered, the gap should advantage ethnic minorities rather than Burmese individuals.

3.3 Source of Data

The Myanmar Living Conditions Survey (MLCS) 2016/17, conducted by the Central Statistical Organization with support from the World Bank and UNDP, provides a comprehensive overview of socio-economic conditions across the country. Table 3.1 examines disparities in demographic, educational, occupational, and industrial characteristics across four population groups, classified by ethnicity (Bamar vs. ethnic minorities) and region of residence (Bamar-majority regions vs. ethnic states).

From Table 3.1, in Bamar-majority areas, females constitute 41.2% of the Bamar population and 45.4% of ethnic minorities. In contrast, only 31.2% of Bamar in ethnic states are female, suggesting male-dominated labor or military migration into these areas. Among ethnic minorities in ethnic states, 36.2% are female, higher than the Bamar share in the same regions, implying a more stable or community-rooted demographic.

Generational structures are dominated by Gen X and Gen Y, together comprising 70–80% of all subgroups. Notably, minorities in Bamar regions show a higher share of Baby Boomers (22.5%), indicating past migration or displacement. Gen Z shares are low across all groups (6.6%–9.8%), suggesting declining fertility or youth migration. Bamar in ethnic states tend to be younger, likely reflecting state postings, economic relocation, or military deployment.

Urbanization patterns vary significantly. In Bamar-majority regions, 40.9% of Bamar live in urban areas, compared to only 24% of ethnic minorities. In ethnic states, Bamar exhibit higher urban residence (52.3%) than minorities (35%). These figures reflect longstanding settlement patterns and urban development barriers in conflict-affected regions.

Marriage patterns indicate high rates of formal union among Bamar (over 72%), with low divorce and separation rates. Ethnic minorities in Bamar regions show the highest singlehood (25.8%) and slightly elevated divorce (2.8%), likely linked to urban migration and socio-economic pressures. In ethnic states, conflict and displacement may delay or suppress formal marriage.

Educational attainment reflects geographic rather than ethnic disparities. Bamar in Bamar regions show high secondary (70.1%) and tertiary (12.4%) attainment. Ethnic minorities in the same areas exhibit the highest tertiary attainment (22.3%), possibly reflecting selective migration. However, in ethnic states, both Bamar and minorities have lower tertiary attainment (7.8% and 7.5%, respectively) and a higher share with only primary education, particularly among minorities (33.7%). This highlights structural barriers to education in peripheral and conflict-affected regions.

Occupational structures display significant ethnic and spatial stratification. Bamar in Bamar regions occupy a balanced mix of high- and low-skill occupations, while minorities in the same areas are heavily concentrated in elementary jobs (51.5%), with minimal representation in managerial and technical roles. Bamar in ethnic states exhibit a rural-skewed profile, with higher engagement in agriculture and crafts. Ethnic minorities in ethnic states are the most disadvantaged, with 41.7% in elementary work and 22.8% in agriculture, and very limited access to skilled occupations.

Industrial sorting reveals structural inequality. Bamar in central regions are concentrated in diverse sectors including trade (24%), construction (16.5%), and transport (12.9%). Ethnic minorities in Bamar regions are clustered in agriculture and trade, with minimal participation in formal sectors like finance or public services. Bamar in ethnic states dominate capital-intensive sectors such as mining and utilities, reflecting strategic deployment. Meanwhile, minorities in ethnic states are overwhelmingly rural and agricultural (47%), with negligible representation in modern sectors, reinforcing systemic exclusion.

Labor force statistics further underscore unequal outcomes. Ethnic minorities in ethnic states face extremely high unemployment (70.1%), compared to 50.7% for Bamar in the same regions. Even in Bamar-majority areas, ethnic minorities experience higher unemployment than Bamar. These figures reflect dynamics consistent with the Harris-Todaro model of rural-urban migration: migrants may overestimate their chances of formal employment, leading to elevated urban unemployment or absorption into informal sectors.

From Table 3.2, migration patterns also suggest positive self-selection. Ethnic minorities who migrate to Bamar-majority regions earn more on average (MMK 226,582; log wage 12.33) than non-migrants (MMK 186,712; log wage 12.14) and Bamar workers (MMK 189,653; log wage 12.15). This wage premium exists despite lower average schooling among migrants (7.05 years) compared to Bamar (8.47 years) and non-migrant minorities (7.48 years). These findings align with Sjaastad's (1962) model of migration as human capital investment, where migrants are positively selected and possess higher unobserved productivity or integration capacity.

Language ability appears to be a key advantage. Ethnic migrants with Burmese proficiency are more likely to access urban labor markets and higher-paying jobs. Language fluency reduces transaction costs and improves job matching, contributing to higher observed earnings. However, even with similar or better characteristics, ethnic minorities still face substantial wage gaps, suggesting limited returns to skills and language in discriminatory labor markets.

From a methodological standpoint, the presence of sample selection bias which is due to differing employment probabilities across groups, necessitates correction. Using Heckman's two-step procedure, a selection equation estimates employment likelihood (probit model), generating the Inverse Mills Ratio, which adjusts wage regressions for non-random employment. This is corrected for the fact that observed wages reflect only those able to secure jobs, not the full working-age population.

Table 3.1

Frequency Table

Category	Bamar-majority states				Ethnic minority states			
	Bamar people		Ethnic people		Bamar people		Ethnic people	
	N	%	N	%	N	%	N	%
Sex								
Male	1,511.27	58.76%	147.35	54.57%	576.24	68.85%	744.88	63.83%
Female	1,060.73	41.24%	122.65	45.43%	260.76	31.15%	422.12	36.17%
Generation								
Silent Gen	8.43	0.33%	1.10	0.41%	8.67	1.04%	9.04	0.77%
Baby Boomer	364.16	14.16%	60.76	22.51%	88.03	10.52%	181.17	15.52%
Gen X	998.74	38.83%	101.01	37.41%	334.75	39.99%	378.93	32.47%
Gen Y	997.19	38.77%	89.39	33.11%	327.29	39.10%	483.45	41.43%
Gen Z	203.47	7.91%	17.73	6.57%	78.26	9.35%	114.42	9.80%
Location								
Rural	1,051.33	40.88%	64.83	24.01%	437.58	52.28%	758.80	65.02%
Urban	1,520.67	59.12%	205.17	75.99%	399.42	47.72%	408.20	34.98%
Marital Status								
Single	530.78	20.64%	69.69	25.81%	161.79	19.33%	279.48	23.95%
Married	1,861.04	72.36%	186.74	69.16%	630.54	75.33%	818.96	70.18%
Widowed	118.88	4.62%	4.91	1.82%	22.12	2.64%	47.78	4.09%
Divorced	27.59	1.07%	7.53	2.79%	14.92	1.78%	13.70	1.17%
Separated	33.71	1.31%	1.14	0.42%	7.63	0.91%	7.08	0.61%
Highest Education								
Less than Primary	18.57	0.72%	2.77	1.02%	0.04	0.00%	18.33	1.57%
Primary	432.52	16.82%	19.42	7.19%	227.37	27.16%	393.64	33.73%
Secondary	1,802.90	70.10%	187.61	69.48%	544.47	65.05%	668.12	57.25%
Tertiary	318.02	12.36%	60.21	22.30%	65.13	7.78%	86.91	7.45%

Table 3.1*Frequency Table (Cont.)*

Category	Bamar-majority states				Ethnic minority states			
	Bamar people		Ethnic people		Bamar people		Ethnic people	
	N	%	N	%	N	%	N	%
Occupation								
Managers	238.76	9.28%	36.83	13.64%	9.59	1.15%	26.69	2.29%
Professionals	97.35	3.78%	16.03	5.94%	28.89	3.45%	42.52	3.64%
Technicians and Associate Professionals	122.04	4.74%	5.83	2.16%	6.11	0.73%	18.87	1.62%
Clerical Support Workers	106.91	4.16%	9.55	3.54%	12.33	1.47%	16.36	1.40%
Services and Sales Workers	178.42	6.94%	33.96	12.58%	91.65	10.95%	87.56	7.50%
Skilled Agricultural, Forestry, and Fishery Workers	259.39	10.09%	19.31	7.15%	74.27	8.87%	266.54	22.84%
Craft and Related Trades Workers	351.43	13.66%	48.00	17.78%	148.93	17.79%	167.16	14.32%
Plant and Machine Operators and Assemblers	188.62	7.33%	14.74	5.46%	34.60	4.13%	53.97	4.62%
Elementary Occupations	1,029.07	40.01%	85.76	31.76%	430.63	51.45%	487.34	41.76%
Industry								
Agriculture	509.62	19.81%	40.35	14.95%	128.81	15.39%	545.57	46.75%
Mining	15.30	0.59%	3.58	1.33%	69.80	8.34%	29.27	2.51%
Construction	424.13	16.49%	39.55	14.65%	83.20	9.94%	57.94	4.96%
Manufacturing	7.58	0.29%	0.00	0.00%	4.21	0.50%	1.49	0.13%
Utilities	252.78	9.83%	17.54	6.49%	122.63	14.65%	92.76	7.95%
Trade	610.90	23.75%	85.57	31.69%	200.71	23.98%	208.02	17.82%
Transport and communications services	330.42	12.85%	36.61	13.56%	125.01	14.94%	92.43	7.92%
Financial and ICT services	29.56	1.15%	6.20	2.30%	2.84	0.34%	3.63	0.31%
Public administration services	76.92	2.99%	4.85	1.80%	8.77	1.05%	10.91	0.93%
Education services	59.02	2.29%	8.56	3.17%	17.17	2.05%	39.93	3.42%
Health services	25.15	0.98%	2.54	0.94%	8.27	0.99%	19.38	1.66%
Other services	230.63	8.97%	24.65	9.13%	65.57	7.83%	65.68	5.63%
Labor force participation								
Unemployed	1,294.70	50.34%	146.68	54.33%	424.48	50.71%	817.81	70.08%
Employed	1,277.30	49.66%	123.32	45.67%	412.52	49.29%	349.19	29.92%

Table 3.1*Frequency Table (Cont.)*

Category	Bamar-majority states				Ethnic minority states			
	Bamar people		Ethnic people		Bamar people		Ethnic people	
	N	%	N	%	N	%	N	%
Language used for interview								
Bamar	2,512.19	97.67%	253.13	93.75%	800.44	95.63%	786.95	67.43%
Kayah	0.93	0.04%	0.00	0.00%	0.00	0.00%	0.00	0.00%
Kayin	3.41	0.13%	0.00	0.00%	1.63	0.20%	8.16	0.70%
Kachin	0.00	0.00%	0.00	0.00%	4.98	0.60%	9.25	0.79%
Chin	0.00	0.00%	0.00	0.00%	2.52	0.30%	13.44	1.15%
Mon	0.00	0.00%	0.00	0.00%	4.31	0.52%	0.45	0.04%
Rakhine	0.00	0.00%	0.00	0.00%	21.03	2.51%	188.65	16.17%
Shan	0.00	0.00%	0.00	0.00%	2.08	0.25%	85.48	7.33%
Other	55.47	2.16%	16.87	6.25%	0.00	0.00%	74.61	6.39%

Note. From *Myanmar Living Conditions Survey: Socio-economic Report (2017)*, by Ministry of Planning, Finance and Industry of Myanmar; Central Statistical Organization. Calculated by author,

(<https://www.undp.org/sites/g/files/zskgke326/files/migration/mm/mlcs-2017-socio-economic-report.pdf>)

Table 3.2*Descriptive Statistics*

Variables	Bamar-majority states				Ethnic minority states			
	Bamar people		Ethnic people		Bamar people		Ethnic people	
	Mean	Std. dev.	Mean	Std. dev.	Mean	Std. dev.	Mean	Std. dev.
Dependent Variable								
Log of monthly earning	12.15	0.97	12.14	1.04	12.18	0.70	12.14	1.04
Explanatory variables								
Female	0.36	0.48	0.32	0.47	0.25	0.43	0.32	0.47
Education (Ref: Less than primary)								
Primary school	0.15	0.36	0.23	0.42	0.29	0.46	0.23	0.42
Secondary school	0.65	0.48	0.43	0.50	0.61	0.49	0.43	0.50
Tertiary education	0.16	0.36	0.11	0.32	0.08	0.27	0.11	0.32
Age	35.21	12.51	34.94	12.86	34.07	11.51	34.94	12.86
Age squared	1395.96	975.92	1385.60	996.66	1293.18	860.02	1385.60	996.66
Household head	0.36	0.48	0.38	0.49	0.37	0.48	0.38	0.49
Urban	0.64	0.48	0.39	0.49	0.49	0.50	0.39	0.49
Marital Status (Ref: Single)								
Married	0.69	0.46	0.66	0.47	0.74	0.44	0.66	0.47
Widowed	0.03	0.17	0.03	0.18	0.01	0.11	0.03	0.18
Divorced	0.01	0.10	0.02	0.15	0.01	0.08	0.02	0.15
Separated	0.01	0.10	0.01	0.11	0.01	0.11	0.01	0.11
Occupation (Ref: Managers)								
Professionals	0.05	0.22	0.09	0.29	0.06	0.23	0.09	0.29
Technicians and Associate Professionals	0.06	0.24	0.04	0.19	0.02	0.13	0.04	0.19
Clerical Support Workers	0.08	0.26	0.05	0.22	0.03	0.17	0.05	0.22
Services and Sales Workers	0.07	0.25	0.05	0.21	0.05	0.22	0.05	0.21
Skilled Agricultural, Forestry, and Fishery Workers	0.01	0.11	0.01	0.11	0.03	0.18	0.01	0.11
Craft and Related Trades Workers	0.17	0.38	0.10	0.30	0.11	0.32	0.10	0.30
Plant and Machine Operators and Assemblers	0.08	0.27	0.05	0.22	0.04	0.19	0.05	0.22
Elementary Occupations	0.45	0.50	0.61	0.49	0.66	0.47	0.61	0.49
Industry (Ref: Agriculture)								
Mining	0.01	0.10	0.04	0.19	0.13	0.33	0.04	0.19
Construction	0.17	0.37	0.20	0.40	0.26	0.44	0.20	0.40
Manufacturing	0.22	0.42	0.04	0.20	0.11	0.32	0.04	0.20
Utilities	0.00	0.07	0.00	0.03	0.01	0.09	0.00	0.03
Trade	0.13	0.34	0.04	0.20	0.11	0.32	0.04	0.20

Table 3.2*Descriptive Statistics (Cont.)*

Variables	Bamar-majority states				Ethnic minority states			
	Bamar people		Ethnic people		Bamar people		Ethnic people	
	Mean	Std. dev.	Mean	Std. dev.	Mean	Std. dev.	Mean	Std. dev.
Transport and communications services	0.08	0.27	0.09	0.29	0.11	0.32	0.09	0.29
Financial and ICT services	0.02	0.13	0.01	0.09	0.01	0.07	0.01	0.09
Public administration services	0.06	0.23	0.02	0.15	0.02	0.12	0.02	0.15
Education services	0.04	0.19	0.08	0.28	0.04	0.19	0.08	0.28
Health services	0.01	0.11	0.03	0.18	0.01	0.11	0.03	0.18
Other services	0.08	0.28	0.09	0.28	0.10	0.30	0.09	0.28
Burmese Language Proficiency	0.98	0.15	0.64	0.48	0.96	0.20	0.64	0.48

Note. From *Myanmar Living Conditions Survey: Socio-economic Report (2017)*, by Ministry of Planning, Finance and Industry of Myanmar; Central Statistical Organization. Calculated by author,
<https://www.undp.org/sites/g/files/zskgke326/files/migration/mm/mlcs-2017-socio-economic-report.pdf>

CHAPTER 4

RESULTS AND DISCUSSION

4.1 Soft Skills and the Limits of Human Capital Accumulation Among Ethnic Migrants

Sjaastad's (1962) Human Capital Investment Model states that migration results in enhanced skills and long-term advantages. Nevertheless, the data about ethnic minority migrants in Myanmar illustrates a more complex reality. Among the diverse indicators of soft skills such as literacy, numeracy, mobile phone usage, internet accessibility, and vocational training, only a limited number show significant enhancements for ethnic migrants, but the majority indicate lower skill levels relative to their non-migrant counterparts.

Table 4.1

Soft Skills and Basic Capabilities of Ethnic Minority Populations in Myanmar by Region

Soft Skills	Ethnic people		
	Ethnic minority states	Bamar-majority states	Total
Literacy: Able to read and write in any language			
Yes	1,688.12 (51.36%)	843.14 (25.65%)	2,531.26 (77.01%)
No	696.41 (21.19%)	59.33 (1.80%)	755.74 (22.99%)
Total	2,384.53 (72.54%)	902.47 (27.46%)	3,287.00 (100.00%)
Numeracy: Able to perform basic arithmetic operations, such as addition and subtraction			
Yes	1,836.17 (55.86%)	853.03 (25.95%)	2,689.20 (81.81%)
No	548.36 (16.68%)	49.44 (1.50%)	597.81 (18.19%)
Total	2,384.53 (72.54%)	902.47 (27.46%)	3,287.00 (100.00%)
Mobile phone usage: Has used a mobile phone			
Yes	1,135.37 (34.54%)	670.19 (20.39%)	1,805.56 (54.93%)
No	1,249.16 (38.00%)	232.28 (7.07%)	1,481.44 (45.07%)
Total	2,384.53 (72.54%)	902.47 (27.46%)	3,287.00 (100.00%)

Table 4.1

Soft Skills and Basic Capabilities of Ethnic Minority Populations in Myanmar by Region (Cont.)

Soft Skills	Ethnic people		
	Ethnic minority states	Bamar-majority states	Total
Internet usage: Has accessed the internet from any location			
Yes	370.99 (11.29%)	389.96 (11.86%)	760.95 (23.15%)
No	2,013.54 (61.26%)	512.51 (15.59%)	2,526.05 (76.85%)
Total	2,384.53 (72.54%)	902.47 (27.46%)	3,287.00 (100.00%)
Regular internet use: Typically uses the internet on a regular basis			
At least once a day	329.31 (41.79%)	362.82 (46.04%)	692.13 (87.83%)
At least once a week	49.22 (6.25%)	36.15 (4.59%)	85.38 (10.83%)
Less than once a week	5.65 (0.72%)	4.85 (0.62%)	10.50 (1.33%)
Total	384.18 (48.75%)	403.82 (51.25%)	788.00 (100.00%)
Computer usage: Has used a computer at any location			
Yes	25.35 (0.77%)	95.85 (2.92%)	121.20 (3.69%)
No	2,357.97 (71.79%)	805.49 (24.52%)	3,163.47 (96.31%)
Total	2,383.33 (72.56%)	901.35 (27.44%)	3,284.68 (100.00%)
Vocational training: Has attended any vocational training program for at least one week			
Yes	34.12 (1.04%)	46.24 (1.41%)	80.35 (2.44%)
No	2,350.41 (71.51%)	856.24 (26.05%)	3,206.65 (97.56%)
Total	2,384.53 (72.54%)	902.47 (27.46%)	3,287.00 (100.00%)

Note. From *Myanmar Living Conditions Survey: Socio-economic Report* (2017), by Ministry of Planning, Finance and Industry of Myanmar; Central Statistical Organization. Calculated by author,

(<https://www.undp.org/sites/g/files/zskgke326/files/migration/mm/mlcs-2017-socio-economic-report.pdf>)

From Table 4.1, ethnic migrants in Bamar-majority states have slightly higher rates of digital involvement in three areas. Computer usage in the past seven days was 2.92% for ethnic migrants compared to 0.77% for non-migrant ethnic minorities. Internet access over the past week is 11.86% compared to 11.29%, and participation in vocational training within the past year is 1.41% vs. 1.04%. These

disparities indicate that urban settings provide greater exposure to digital technologies and some access to training programs. Migrants may find opportunities to utilize computers in workplaces or public institutions and may get employment training through government or NGO initiatives aimed at urban poor areas. This somewhat corresponds with Sjaastad's model that migration may facilitate skill acquisition when the metropolitan environment offers supportive infrastructure. However, in most other soft skill indicators, ethnic migrants perform worse. For example, only 25.65% of ethnic migrants possess literacy skills, in contrast to 51.36% of non-migrant ethnic individuals, and only 25.95% are capable of basic mathematics, compared to 55.86% of those who remained in their ethnic regions. Mobile phone usage is comparatively lower among ethnic migrants 20.39% than among non-migrant ethnic individuals with 20.39% and 34.54%, respectively. This reversal is startling since it implies that migration does not always result in an improvement in human capital. It indicates that numerous migrants originate from underprivileged backgrounds or have substantial structural barriers post-relocation.

Migrants in Myanmar particularly ethnic minorities moving to Bamar-majority regions exhibit lower levels of literacy, numeracy, and digital access. These foundational skills are essential for labor market integration but remain underdeveloped due to language barriers, limited educational opportunities, and exclusion from digital infrastructure in urban informal settlements. Although some migrants gain exposure to training and digital tools, improvements are inconsistent and insufficient.

Statistical evidence shows that ethnic migrants have weaker soft skills than both Bamar individuals and non-migrant ethnic peers, contradicting the Human Capital Investment Model's assumption that migration enhances skills and long-term earnings. In Myanmar, migration is often driven by necessity rather than opportunity, with most migrants entering low-skilled, informal sectors that lack structured training and offer exploitative conditions. This severely limits their capacity to accumulate or apply human capital.

While Sjaastad's (1962) model and Borjas's (2016) framework emphasize future-oriented investment in skills to raise earnings, Myanmar's context reveals systemic barriers that prevent such returns. High discount rates among poor migrants, combined with exclusion from formal institutions, explain their low engagement in

vocational training and digital usage. Even when exposure exists, it rarely translates into skill gains or upward mobility due to weak institutional support.

4.2 Probit Regression Results on Employment Probability by Region

The marginal effects from the probit model presented in Table 4.2 estimate how various factors influence the probability of being employed in Myanmar, with results reported separately for all areas, Bamar-majority states, and ethnic minority states. In the Myanmar, age has a marginal but positive effect on employment overall (+0.15 percentage points), with stronger effects in Bamar-majority areas (+0.21). However, in ethnic minority regions, the effect turns slightly negative. This suggests that in less developed or marginalized areas, older individuals may face diminishing job prospects, likely due to a lack of stable or formal labor market opportunities. In contrast, Ma (2018) found that in 2002, younger migrants in China had a higher likelihood of entering the retail/wholesale sector, while by 2013, age ceased to be a significant predictor across sectors. This temporal shift may reflect broader labor market maturation or shrinking generational gaps in employment opportunities. While both studies reveal that age influences labor market access, they differ in how age advantages shift across contexts being modestly beneficial in Myanmar's dominant regions but largely neutralized in China's evolving urban economy.

In Myanmar, higher education does not consistently lead to greater employment, especially in ethnic minority areas. Secondary education is associated with a 3.48 percentage point decrease in employment probability in those regions which is an unexpected outcome that may reflect labor market saturation or credential inflation. Even tertiary education, while increasing employment probability by 4.4 percentage points overall, has no significant effect in ethnic areas. In contrast, Ma (2018) reports that in China, higher education significantly increases the likelihood of entering service and other advanced industries, especially for both migrants and local urban residents in 2013.

Being a household head significantly increases employment probability in Myanmar by 6.2 percentage points, uniformly across regions. This likely reflects economic necessity and household-level labor dynamics. Urban residence also raises employment chances, particularly in ethnic minority areas (+3.0 percentage points), consistent with the Harris-Todaro (1970) model that suggests migration is driven by expected wage differentials between rural and urban areas. Urban location, in this sense, acts as a gateway to both formal and informal economic opportunities. Ma (2018) finds a similar pattern of regional disparities in sectoral access, with sectoral entry skewed toward western and central regions of China, possibly due to policy-driven industrial relocation and historical inequalities.

In Myanmar, marital status appears to reduce employment probability, potentially due to social constraints, domestic responsibilities, or gender norms. This aligns with Ma's (2018) findings in China, where married urban residents, particularly women, had lower probabilities of entering the service sector. Gendered labor patterns are also evident. While our analysis does not isolate gender effects explicitly, the occupational breakdown suggests strong gender sorting, especially in education and caregiving roles. Similarly, Ma (2018) identifies that women are less likely to enter construction and more likely to be in services or retail sectors which are traditionally seen as female-appropriate.

Moreover, occupational category shows substantial influence in Myanmar: clerical jobs increase employment probability by 51.7 percentage points overall and 62.3 in ethnic regions. Workers in service, manufacturing, machine operation, and education are significantly more likely to be employed than managers, underscoring the dominance of low- to mid-skilled positions. Sectoral affiliation also matters. Workers in public administration and education have far higher employment probabilities compared to those in agriculture, while trade and transportation show negative associations. Ma (2018) similarly observes that industry entry varies by education and gender, though her model categorizes sectors rather than employment status itself. Finally, proficiency in the Burmese language increases employment likelihood by 4.1 percentage points in Myanmar, though this effect loses significance at the regional level likely due to reduced variance.

Table 4.2

Probit Regression Results on the Probability of Being Employed By Region

Variables	All region		Bamar-majority states		Ethnic minority states	
	Coeff.	Marginal effect	Coeff.	Marginal effect	Coeff.	Marginal effect
Age	0.0095 (0.0096)	0.0015 (0.0015)	0.0126 (0.0105)	0.0021 (0.0018)	-0.0029 (0.0186)	-0.0004 (0.0024)
Age squared	-0.0003*** (0.0001)	-0.0001*** (0.0000)	-0.0004*** (0.0001)	-0.0001*** (0.0000)	-0.0002 (0.0002)	-0.0000 (0.0000)
Number of dependents	0.0001 (0.0001)	0.0000 (0.0000)	0.0001 (0.0001)	0.0000 (0.0000)	0.0003 (0.0002)	0.0000 (0.0000)
Education (Ref.: Less than primary)						
Primary school	0.0409 (0.0983)	0.0066 (0.0158)	-0.1615 (0.1283)	-0.0268 (0.0213)	0.0814 (0.1516)	0.0104 (0.0193)
Secondary school	-0.0143 (0.0932)	-0.0023 (0.0149)	-0.1737 (0.1199)	-0.0288 (0.0198)	-0.2726* (0.1483)	-0.0348* (0.0190)
Tertiary education	0.2746* (0.1597)	0.0440* (0.0260)	0.1756 (0.1887)	0.0291 (0.0316)	-0.3362 (0.2807)	-0.0430 (0.0358)
Household head	0.3874*** (0.0690)	0.0621*** (0.0107)	0.3626*** (0.0851)	0.0601*** (0.0137)	0.5660*** (0.1114)	0.0723*** (0.0138)
Urban	0.1118** (0.0551)	0.0179** (0.0088)	0.0692 (0.0680)	0.0115 (0.0112)	0.2347** (0.0917)	0.0300*** (0.0116)
Marital Status (Ref.: Single)						
Married	-0.1431* (0.0783)	-0.0229* (0.0125)	-0.1749* (0.0905)	-0.0290* (0.0149)	-0.1074 (0.1362)	-0.0137 (0.0174)
Widowed	-0.3016* (0.1569)	-0.0483* (0.0251)	-0.2843 (0.1790)	-0.0472 (0.0297)	-0.4462* (0.2702)	-0.0570* (0.0345)
Divorced	-0.6090*** (0.2175)	-0.0976*** (0.0348)	-0.7548*** (0.2848)	-0.1252*** (0.0473)	-0.1819 (0.3351)	-0.0232 (0.0428)
Separated	-0.2575 (0.1597)	-0.0413 (0.0260)	-0.4331 (0.1483)	-0.0718 (0.0316)	0.5603 (0.1516)	0.0716 (0.0358)

Table 4.2

Probit Regression Results on the Probability of Being Employed By Region (Cont.)

Variables	All region		Bamar-majority states		Ethnic minority states	
	Coeff.	Marginal effect	Coeff.	Marginal effect	Coeff.	Marginal effect
Occupation (Ref.: Managers)						
Professionals	(0.3050) 1.4556*** (0.2591)	(0.0489) 0.2333*** (0.0395)	(0.3585) 1.2934*** (0.3050)	(0.0594) 0.2146*** (0.0481)	(0.3793) 2.9256*** (0.4846)	(0.0483) 0.3738*** (0.0617)
Technicians and Associate Professionals	2.0229*** (0.2139)	0.3243*** (0.0311)	1.9938*** (0.2402)	0.3308*** (0.0351)	3.3620*** (0.4532)	0.4295*** (0.0576)
Clerical Support Workers	3.2308*** (0.2518)	0.5179*** (0.0356)	3.1834*** (0.2795)	0.5281*** (0.0392)	4.8737*** (0.5464)	0.6226*** (0.0692)
Services and Sales Workers	2.1713*** (0.1912)	0.3480*** (0.0270)	2.4708*** (0.2267)	0.4099*** (0.0307)	1.7434*** (0.2991)	0.2227*** (0.0386)
Skilled Agricultural, Forestry, and Fishery Workers	0.6246*** (0.1430)	0.1001*** (0.0225)	0.5785*** (0.1786)	0.0960*** (0.0293)	1.1481*** (0.2661)	0.1467*** (0.0340)
Craft and Related Trades Workers	1.5271*** (0.1559)	0.2448*** (0.0227)	1.7223*** (0.1864)	0.2857*** (0.0270)	1.4297*** (0.2977)	0.1827*** (0.0386)
Plant and Machine Operators and Assemblers	2.2673*** (0.1789)	0.3634*** (0.0252)	2.4875*** (0.2155)	0.4127*** (0.0297)	2.0361*** (0.3500)	0.2601*** (0.0451)
Elementary Occupations	2.1940*** (0.1273)	0.3517*** (0.0161)	2.2777*** (0.1578)	0.3779*** (0.0192)	2.5482*** (0.2400)	0.3255*** (0.0311)
Industry (Ref.: Agriculture)						
Mining	0.9106*** (0.1892)	0.1460*** (0.0307)	1.3207** (0.5147)	0.2191** (0.0854)	1.1738*** (0.2036)	0.1500*** (0.0247)
Construction	1.5195*** (0.1271)	0.2436*** (0.0210)	1.2992*** (0.1615)	0.2155*** (0.0283)	2.1301*** (0.1965)	0.2721*** (0.0223)
Manufacturing	0.9649*** (0.1144)	0.1547*** (0.0188)	0.8236*** (0.1397)	0.1366*** (0.0243)	1.0832*** (0.2112)	0.1384*** (0.0265)

Table 4.2

Probit Regression Results on the Probability of Being Employed By Region (Cont.)

Variables	All region		Bamar-majority states		Ethnic minority states	
	Coeff.	Marginal effect	Coeff.	Marginal effect	Coeff.	Marginal effect
Utilities	0.8877* (0.5263)	0.1423* (0.0845)	0.9670 (0.7133)	0.1604 (0.1187)	1.2624 (0.8437)	0.1613 (0.1075)
Trade	-0.4311*** (0.1169)	-0.0691*** (0.0179)	-0.5530*** (0.1506)	-0.0917*** (0.0232)	-0.1590 (0.1527)	-0.0203 (0.0195)
Transport and communications services	-0.3771*** (0.1200)	-0.0604*** (0.0188)	-0.6723*** (0.1540)	-0.1115*** (0.0239)	0.5180*** (0.1855)	0.0662*** (0.0235)
Financial and ICT services	1.7987*** (0.4183)	0.2883*** (0.0663)	1.6893*** (0.4502)	0.2802*** (0.0737)	1.6273** (0.6330)	0.2079*** (0.0807)
Public administration services	2.6262*** (0.4963)	0.4210*** (0.0794)			2.3302*** (0.6760)	0.2977*** (0.0852)
Education services	1.8431*** (0.2809)	0.2954*** (0.0449)	1.5950*** (0.3097)	0.2646*** (0.0519)	2.9936*** (0.5774)	0.3824*** (0.0733)
Health services	0.7674*** (0.2574)	0.1230*** (0.0414)	0.5855* (0.3465)	0.0971* (0.0578)	0.8185** (0.4040)	0.1046** (0.0513)
Other services	0.3184** (0.1303)	0.0510** (0.0211)	0.0342 (0.1628)	0.0057 (0.0271)	1.0604*** (0.1827)	0.1355*** (0.0224)
Burmese Language Proficiency	0.2567*** (0.0727)	0.0411*** (0.0116)	0.0558 (0.1060)	0.0093 (0.0176)	0.1270 (0.1087)	0.0162 (0.0139)
Constant	-2.6081*** (0.2047)		-2.0712*** (0.2328)		-3.1473*** (0.3576)	
Observations	9,365		5,120		4,166	

Note. From *Myanmar Living Conditions Survey: Socio-economic Report (2017)*, by Ministry of Planning, Finance and Industry of Myanmar; Central Statistical Organization. Calculated by the author. Robust standard errors in parentheses. ***, **, and * denote significance at the 1%, 5%, and 10% levels, respectively. (<https://www.undp.org/sites/g/files/zskgke326/files/migration/mm/mlcs-2017-socio-economic-report.pdf>)

4.3 Oaxaca-Blinder Decomposition of Wage Disparities in Myanmar

From Table 4.3, at the national level, Bamar workers have higher mean log monthly earnings (12.06) than ethnic minorities (11.98), yielding a modest wage gap of 0.0757 log points. However, the Oaxaca-Blinder decomposition reveals that this gap is entirely unexplained. The explained component is negative (-0.0261), indicating that, based on observable characteristics, ethnic minorities should earn more. Instead, Bamar workers receive an unexplained premium of 0.1018 log points which is equivalent to 134.5% of the gap, suggesting structural advantage or discrimination. When disaggregated by generation, disparities become more pronounced. For Generation X and above, the wage gap widens to 0.2420 log points, with 147.6% unexplained and a negative explained component. Among Generation Y and Z, the gap nearly disappears (0.0108), with a large positive explained component (0.1047) and a negative unexplained component (-0.0939). This implies that younger minorities possess more favorable characteristics but still face undervaluation, though to a lesser extent. Factors such as increased educational attainment and urban migration may contribute to the partial reversal.

Moreover, explained components often reveal that ethnic minorities possess higher levels of human capital, including tertiary education and Burmese language proficiency, especially among younger cohorts across Myanmar. For example, tertiary education contributes -0.0120 log points (-15.85%) and language proficiency contributes -0.0681 (-89.96%) to the explained gap, both negatively, indicating that these advantages favor minorities. Yet these are not reflected in earnings, reinforcing the idea that returns to characteristics are unequal. Sectoral distribution also contributes to the wage gap. Bamar workers are disproportionately employed in higher-paying sectors such as manufacturing (0.0580 log points) and trade. Minorities, despite similar or better qualifications, remain concentrated in lower-return occupations; besides, among older generations, the explained gap reflects a complex interplay of age and education advantages offset by sectoral sorting. For younger cohorts, the pattern is clearer: minorities possess stronger characteristics but receive lower wage returns.

From Table 4.4, in Bamar-majority regions, the average wage gap across all generations is 0.0852 log points, with 75% of it explained by endowments, suggesting relatively limited discrimination at the aggregate level. Yet generational disaggregation reveals stark contrasts. Among Generation X and above, the wage gap rises sharply to 1.3198 log points, entirely unexplained, suggesting entrenched structural privilege. In contrast, Generation Y and Z show a reversed wage gap of -0.3961 log points favoring minorities, with a negative unexplained component (-0.5464), indicating that younger ethnic minorities are outperforming expectations. This may reflect shifting labor dynamics, urban exposure, or digital labor market access.

Furthermore, sectoral sorting and urban concentration explain most of the wage advantage. Manufacturing alone accounts for over 82% of the explained gap, particularly benefiting Bamar workers. Urban residence (0.0271) and age structures further contribute. Yet, tertiary education continues to negatively contribute in older cohorts (-0.0864), indicating that minorities possess higher qualifications but lack equivalent rewards. Among Gen Y and Z, explained components remain in favor of minorities, even as the overall wage gap narrows or reverses, pointing to structural persistence despite surface-level convergence.

From Table 4.5, in ethnic-minority-dominated regions, ethnic minorities earn more than Bamar workers on average, with a gap of -0.3254 log points. Most of this gap (71.5%) is unexplained, suggesting that Bamar workers face disadvantages in minority-dominated regions. However, among Generation X and above, the gap shifts in favor of Bamar (0.4991 log points), with over 100% unexplained, suggesting legacy privileges or favoritism. For younger generations, the gap is negligible, with both explained and unexplained components close to zero, pointing to generational convergence. Additionally, minorities generally earn more than Bamar workers, and the negative explained component implies superior endowments. Tertiary education (-0.0165) and secondary education (-0.0069) support this. Among Gen X and above, age structure plays a positive role (0.1490), though diminished by the nonlinear effects of age (-0.1703).

For Gen Y and Z, sectoral sorting again matters. Bamar workers' concentration in the trade sector yields a positive contribution of 0.0754, indicating sector-specific wage advantages even in minority areas. Meanwhile, Burmese language proficiency shows a strong negative effect (-0.1234), reiterating the pattern of undervalued integration. Even in professional roles, minorities are undercompensated. This suggests occupational downgrading or devaluation in labor markets dominated by ethnic hierarchies.

Across regions and generations, Burmese language proficiency consistently contributes negatively to the explained gap, especially for younger minorities. This suggests that language acquisition does not yield wage parity. Rather than integration, it appears to reflect adaptation to a system that continues to undervalue minority labor. These results point to institutional exclusion where cultural conformity fails to overcome economic disparity.

These findings support structural interpretations over human capital explanations. UNDP (2024) similarly notes that despite labor market access, minorities remain concentrated in low-wage, informal sectors, particularly garment work and construction which are the sectors driving wage disparities in this study. Even with equivalent or superior qualifications, ethnic minorities are relegated to lower-tier roles or insecure employment.

Our results mirror findings in China, where rural-urban migrants face unexplained wage penalties despite observable similarities (Chen & Hoy, 2008; Wu & Zhang, 2013). The unexplained portion of the gap often reflects institutional exclusion, akin to China's hukou system. Similar dynamics are seen in Georgia (Asali & Gurashvili, 2020) and Belgium (Kampelmann & Rycx, 2016), where migrants and ethnic minorities face wage suppression even when firm productivity is accounted for.

Crucially, our findings challenge the assumption that language proficiency alone can close wage gaps. Unlike Miranda and Zhu (2012) and Coulombe et al. (2014), who report substantial wage returns to language skills, our results reveal that in Myanmar, Burmese language proficiency does not translate into equitable labor market outcomes. Instead, our findings align with Ingwersen and Thomsen (2019), highlighting that cultural or linguistic assimilation fails to dismantle structural exclusion. Ethnic identity remains a persistent barrier to full inclusion, even when

linguistic integration is achieved. Where studies like Jain and Peter (2017) suggest that wage gaps among migrants result from human capital mismatch, our results point to the contrary that explained components are frequently negative. Minorities have the right characteristics, but institutions do not reward them. Thus, Myanmar's labor market inequality appear less about deficits in minority skills, and more about how institutions structure the returns to those skills.

Table 4.3

Oaxaca-Blinder Decomposition Results for All Region

Variables	All Generation		Gen X and Above		Gen Y and Z	
	log points	% of gap	log points	% of gap	log points	% of gap
Conditional Mean of Log Monthly Earnings						
Burma	12.0576***		12.0029***		12.0595***	
Ethnic minorities	11.9819***		11.7609***		12.0488***	
Difference	0.0757	100.00%	0.2420	100.00%	0.0108	100.00%
Explained	-0.0261	-34.48%	-0.1151*	-47.56%	0.1047	969.44%
Unexplained	0.1018	134.48%	0.3571	147.56%	-0.0939	-869.4%
Explained Parts						
Female	-0.0062	-8.19%	-0.0073	-3.02%	0.0202	187.04%
Primary school	0.0003	0.40%	-0.0048	-1.98%	0.0008	7.41%
Secondary school	0.0108	14.27%	0.0007	0.29%	-0.0004	-3.70%
Tertiary education	-0.0120	-15.85%	-0.0813*	-33.60%	-0.0105	-97.22%
Age	-0.0101	-13.34%	-0.0465	-19.21%	-0.0010	-9.26%
Age squared	0.0123	16.25%	0.0507	20.95%	0.0076	70.37%
Household head	-0.0001	-0.13%	0.0000	0.00%	0.0011	10.19%
Urban	0.0100	13.21%	-0.0064	-2.64%	-0.0010	-9.26%
Married	0.0043	5.68%	0.0118	4.88%	0.0014	12.96%
Widowed	-0.0008	-1.06%	0.0034	1.40%	-0.0085	-78.70%
Divorced	0.0002	0.26%	0.0011	0.45%	0.0017	15.74%
Separated	0.0005	0.66%	0.0019	0.79%	-0.0000	0.00%
Professionals	-0.0097	-12.81%	-0.0108	-4.46%	0.0015	13.89%
Technicians and Associate Professionals	-0.0056	-7.40%	0.0003	0.12%	0.0093	86.11%
Clerical Support Workers	-0.0059	-7.79%	0.0004	0.17%	0.0039	36.11%
Services and Sales Workers	0.0074	9.78%	-0.0411	-16.98%	-0.0012	-11.11%
Skilled Agricultural, Forestry, and Fishery Workers	-0.0015	-1.98%	-0.0015	-0.62%	-0.0041	-37.96%
Craft and Related Trades Workers	-0.0290	-38.31%	-0.0093	-3.84%	-0.0043	-39.81%
Plant and Machine Operators and Assemblers	-0.0065	-8.59%	-0.0002	-0.08%	0.0016	14.81%

Table 4.3*Oaxaca-Blinder Decomposition Results for All Region (Cont.)*

Variables	All Generation		Gen X and Above		Gen Y and Z	
	log points	% of gap	log points	% of gap	log points	% of gap
Elementary Occupations	0.0150	19.82%	-0.0296	-12.23%	-0.0075	-69.44%
Mining	-0.0053	-7.00%	-0.0062	-2.56%	0.0574**	531.48%
Construction	0.0004	0.53%	0.0212	8.76%	0.0543	502.78%
Manufacturing	0.0580**	76.62%	0.0290	11.98%	0.0447*	413.89%
Utilities	-0.0003	-0.40%	-0.0008	-0.33%	0.0041	37.96%
Trade	0.0003	0.40%	0.0078	3.22%	0.0272*	251.85%
Transport and communications services	-0.0039	-5.15%	-0.0013	-0.54%	0.0103	95.37%
Financial and ICT services	0.0001	0.13%	-0.0011	-0.45%	-0.0033	-30.56%
Public administration services	-0.0016	-2.11%	0.0000	0.00%	-0.0049	-45.37%
Education services	0.0212	28.01%	0.0163	6.74%	-0.0151	-
Health services	-0.0011	-1.45%	-0.0001	-0.04%	-0.0095	139.81%
Other services	0.0005	0.66%	0.0006	0.25%	0.0027	-87.96%
Burmese Language Proficiency	-0.0681**	-89.96%	-0.0120*	-4.96%	-0.0738	25.00%
						683.33%

Note. From *Myanmar Living Conditions Survey: Socio-economic Report (2017)*, by Ministry of Planning, Finance and Industry of Myanmar; Central Statistical Organization. Calculated by the author. ***, **, and * denote significance at the 1%, 5%, and 10% levels, respectively.

(<https://www.undp.org/sites/g/files/zskgke326/files/migration/mm/mlcs-2017-socio-economic-report.pdf>)

Table 4.4*Oaxaca-Blinder Decomposition Results for Bamar-Majority Region*

Variables	All Generation		Gen X and Above		Gen Y and Z	
	log points	% of gap	log points	% of gap	log points	% of gap
Conditional Mean of Log Monthly Earnings						
Burma	12.1073***		12.0455***		11.8176***	
Ethnic minorities	12.0221***		10.7257***		12.2136***	
Difference	0.0852	100.00%	1.3198	100.00%	-0.3961	100.00%
Explained	0.0639	75.00%	-0.2253*	-17.07%	0.1503*	-37.94%
Unexplained	0.0213	25.00%	1.5451	117.07%	-0.5464	137.94%
Explained Parts						
Female	0.0093	10.92%	-0.0293	-2.22%	-0.0075	1.89%
Primary school	0.0004	0.47%	-0.0202	-1.53%	0.0018	-0.45%
Secondary school	0.0294	34.51%	-0.0000	0.00%	0.0720*	-18.18%
Tertiary education	0.0096	11.27%	-0.0864	-6.55%	-0.0031	0.78%
Age	0.0285	33.45%	0.1449	10.98%	-0.1141	28.81%
Age squared	-0.0320	-37.56%	-0.1678	-12.71%	0.1324	-33.43%
Household head	-0.0022	-2.58%	-0.0023	-0.17%	-0.0002	0.05%
Urban	0.0271*	31.81%	0.0038	0.29%	0.0006	-0.15%
Married	0.0185	21.71%	0.0444	3.36%	0.0071	-1.79%
Widowed	-0.0037	-4.34%	-0.0011	-0.08%	-0.0098	2.47%
Divorced	-0.0016	-1.88%	0.0073	0.55%	-0.0070	1.77%
Separated	0.0009	1.06%	0.0044	0.33%	0.0011	-0.28%
Professionals	-0.0089	-10.45%	0.0022	0.17%	0.0047	-1.19%
Technicians and Associate	-0.0060	-7.04%	-0.0035	-0.27%	0.0051	-1.29%
Professionals						
Clerical Support Workers	-0.0101	-11.85%	-0.0051	-0.39%	0.0056	-1.41%
Services and Sales Workers	-0.0289	-33.92%	-0.1601	-12.13%	-0.0103	2.60%
Skilled						
Agricultural, Forestry, and Fishery Workers	0.0002	0.23%	-0.0005	-0.04%	-0.0118	2.98%
Craft and Related Trades Workers	-0.0108	-12.68%	-0.0045	-0.34%	-0.0082	2.07%
Plant and Machine Operators and Assemblers	-0.0035	-4.11%	0.0039	0.30%	-0.0030	0.76%
Elementary Occupations	0.0130	15.26%	-0.0054	-0.41%	0.0386	-9.75%
Mining	-0.0052	-6.10%	-0.0087	-0.66%	0.0150	-3.79%
Construction	0.0147	17.25%	0.0300	2.27%	0.0410	-10.35%
Manufacturing	0.0699**	82.04%	0.0621	4.71%	0.0278	-7.02%
Utilities	-0.0019	-2.23%	-0.0010	-0.08%	0.0006	-0.15%
Trade	0.0005	0.59%	-0.0005	-0.04%	0.0071	-1.79%
Transport and communications services	-0.0076	-8.92%	-0.0186	-1.41%	0.0240	-6.06%
Financial and ICT services	-0.0000	0.00%	0.0003	0.02%	-0.0010	0.25%

Table 4.4*Oaxaca-Blinder Decomposition Results for Bamar-Majority Region (Cont.)*

Variables	All Generation		Gen X and Above		Gen Y and Z	
	log points	% of gap	log points	% of gap	log points	% of gap
Public administration services	-0.0042	-4.93%	0.0000	0.00%	-0.0003	0.08%
Education services	0.0055	6.46%	0.0004	0.03%	-0.0046	1.16%
Health services	0.0019	2.23%	0.0021	0.16%	0.0018	-0.45%
Other services	0.0016	1.88%	0.0007	0.05%	-0.0132	3.33%
Burmese Language Proficiency	-0.0407	-47.77%	-0.0165	-1.25%	-0.0418	10.55%

Note. From Myanmar Living Conditions Survey: *Socio-economic Report* (2017), by Ministry of Planning, Finance and Industry of Myanmar; Central Statistical Organization. Calculated by the author. ***, **, and * denote significance at the 1%, 5%, and 10% levels, respectively.

(<https://www.undp.org/sites/g/files/zskgke326/files/migration/mm/mlcs-2017-socio-economic-report.pdf>)

Table 4.5*Oaxaca-Blinder Decomposition Results for Ethnic-Minority Region*

Variables	All Generation		Gen X and Above		Gen Y and Z	
	log points	% of gap	log points	% of gap	log points	% of gap
Conditional Mean of Log Monthly Earnings						
Burma	11.9084***		11.8982***		12.0959***	
Ethnic minorities	12.2339***		11.3990***		12.1083***	
Difference	-0.3254	100.00%	0.4991	100.00%	-0.0124	100.00%
Explained	-0.0928	28.52%	-0.0221	-4.43%	0.0593	-478.2%
Unexplained	-0.2326	71.48%	0.5213	104.45%	-0.0717	578.23%
Explained Parts						
Female	-0.0138	4.24%	0.0219	4.39%	0.0167	-134.6%
Primary school	-0.0041	1.26%	-0.0007	-0.14%	-0.0294	237.10%
Secondary school	-0.0069	2.12%	-0.0004	-0.08%	-0.0369	297.58%
Tertiary education	-0.0165	5.07%	-0.0510	-10.22%	-0.0275	221.77%
Age	0.0110	-3.38%	0.1490	29.85%	0.0017	-13.71%
Age squared	-0.0167	5.13%	-0.1703	-34.12%	-0.0000	0.00%
Household head	0.0010	-0.31%	0.0029	0.58%	0.0071	-57.26%
Urban	-0.0020	0.61%	0.0023	0.46%	0.0001	-0.81%
Married	-0.0006	0.18%	0.0011	0.22%	0.0051	-41.13%
Widowed	0.0013	-0.40%	0.0047	0.94%	-0.0143	115.32%
Divorced	0.0018	-0.55%	-0.0005	-0.10%	0.0020	-16.13%
Separated	-0.0001	0.03%	-0.0003	-0.06%	-0.0021	16.94%
Professionals	-0.0173	5.32%	-0.0307	-6.15%	0.0292	-235.4%
Technicians and Associate	0.0033	-1.01%	-0.0015	-0.30%	0.0785	-633.0%
Professionals						
Clerical Support Workers	-0.0005	0.15%	-0.0062	-1.24%	0.0099	-79.84%
Services and Sales Workers	0.0156	-4.79%	0.0051	1.02%	0.0053	-42.74%
Skilled						
Agricultural, Forestry, and Fishery Workers	-0.0029	0.89%	0.0022	0.44%	-0.0021	16.94%
Craft and Related Trades Workers	-0.0335	10.30%	-0.0036	-0.72%	0.0282	-227.4%
Plant and Machine Operators and Assemblers	-0.0072	2.21%	0.0009	0.18%	0.0158	-127.4%
Elementary Occupations	0.0028	-0.86%	-0.0268	-5.37%	-0.0899	725.00%
Mining	-0.0041	1.26%	0.0029	0.58%	0.0979*	-789.5%
Construction	-0.0157	4.82%	0.0131	2.62%	0.0372	-
						300.00%
Manufacturing	0.0373	-11.46%	0.0024	0.48%	0.0248	-200.0%
Utilities	0.0001	-0.03%	-0.0001	-0.02%	-0.0028	22.58%
Trade	0.0004	-0.12%	0.0124	2.48%	0.0754*	-608.0%

Table 4.5*Oaxaca-Blinder Decomposition Results for Ethnic-Minority Region (Cont.)*

Variables	All Generation		Gen X and Above		Gen Y and Z	
	log points	% of gap	log points	% of gap	log points	% of gap
Transport and communications services	0.0043	-1.32%	0.0172	3.45%	0.0098	-79.03%
Financial and ICT services	0.0001	-0.03%	0.0007	0.14%	0.0082	-66.13%
Public administration services	-0.0004	0.12%	0.0000	0.00%	-0.0058	46.77%
Education services	0.0542*	-16.66%	0.0437	8.76%	-0.0157	126.61%
Health services	-0.0033	1.01%	0.0000	0.00%	-0.0269	216.94%
Other services	0.0001	-0.03%	-0.0041	-0.82%	-0.0169	136.29%
Burmese Language Proficiency	-0.0805	24.74%	-0.0085	-1.70%	-0.1234	995.16%

Note. From *Myanmar Living Conditions Survey: Socio-economic Report (2017)*, by Ministry of Planning, Finance and Industry of Myanmar; Central Statistical Organization. Calculated by the author. ***, **, and * denote significance at the 1%, 5%, and 10% levels, respectively.

(<https://www.undp.org/sites/g/files/zskgke326/files/migration/mm/mlcs-2017-socio-economic-report.pdf>)

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusion

Wage disparities between dominant and marginalized ethnic groups continue to be one of the most persistent and complex issues in global labor markets. This study investigates ethnic wage discrimination in Myanmar, with a particular focus on wage differentials between Bamar and ethnic minority workers. Utilizing data from the 2016/2017 Myanmar Living Conditions Survey, the analysis explores the role of internal migration, human capital, and language proficiency in shaping labor market outcomes. With regard to soft skills, ethnic minority migrants exhibit slightly greater digital exposure than their non-migrant counterparts. For instance, 2.92% of ethnic migrants reported using a computer in the past week, compared to only 0.77% of non-migrant ethnic individuals. However, migrants perform notably worse in foundational skills: only 25.65% of migrant minorities demonstrate literacy proficiency, in contrast to 51.36% among non-migrants; numeracy proficiency shows a similar pattern (25.95% vs. 55.86%). These findings suggest that internal migration does not meaningfully enhance human capital and often leads to low-return employment in urban areas.

Probit regression estimates further indicate that age and household headship are positively associated with employment probabilities at the national level. Conversely, secondary education reduces the likelihood of employment by 3.48 percentage points in ethnic minority regions, and tertiary education exerts no statistically significant effect in these areas. Burmese language proficiency increases employment likelihood by 4.1 percentage points nationwide, yet its influence is not significant within ethnic regions.

Oaxaca-Blinder decomposition results reveal persistent and substantial ethnic wage disparities. Nationally, Bamar workers earn significantly more than ethnic minorities, with a log wage gap of 0.0757 points. The explained component of the gap is negative (−0.0261), indicating that, based on observable characteristics, ethnic minorities should earn more. The unexplained component, which accounts for 0.1018

log points or 134.5% of the total gap, reflects systemic disadvantage. Moreover, among Generation X and above cohorts, the wage gap widens considerably to 0.2420 log points, with the unexplained component comprising 147.6% of the gap. In contrast, the wage gap among younger generations (Y and Z) nearly disappears (0.0108), yet ethnic minorities continue to receive lower returns on superior endowments, as evidenced by a negative unexplained component (−0.0939).

Regional decomposition indicates that in Bamar-majority areas, the average wage gap is 0.0852 log points. For older cohorts, the gap intensifies dramatically to 1.3198 log points, entirely attributed to the unexplained component. Among younger cohorts, the gap reverses (−0.3961), yet ethnic minorities remain undercompensated despite higher endowments. In ethnic-dominated regions, minorities earn more on average (−0.3254); however, 71.5% of this gap is also unexplained. Sectoral concentration particularly in manufacturing contributes substantially to Bamar workers' wage advantage. Notably, tertiary education (−0.0120) and Burmese language proficiency (−0.0681) negatively contribute to the explained component, suggesting that ethnic minorities more often possess these qualifications yet do not benefit accordingly. In addition, language proficiency fails to bridge the wage gap. For example, among Generations Y and Z in ethnic areas, Burmese proficiency contributes −0.1234 to the explained component, reinforcing the notion that ethnic identity, rather than language ability, plays a decisive role in labor market outcomes.

These findings align with the framework of stratification economics, which emphasizes structural and institutional exclusion. Unlike contexts such as Canada or the United States, where language proficiency and education are associated with higher labor market returns, Myanmar's labor market systematically penalizes ethnic minorities despite their qualifications (Coulombe et al., 2014).

In conclusion, ethnic wage disparities in Myanmar appear to be structurally entrenched. The dominance of the unexplained component exceeding 130% nationally underscores the limited value placed on minority human capital. Hence, migration, education, and language skills do not ensure equitable treatment.

5.2 Policy Recommendations

Policy implications derived from the work of Wilson and Darity (2022) offer valuable insights for addressing labor inequality in Myanmar. Their emphasis on counterbalancing employer power through institutional mechanisms such as unionization, transparent wage-setting processes, and strong anti-discrimination enforcement is particularly relevant in the Myanmar context, where formal labor protections are weak and ethnic minority workers lack access to collective bargaining. In such an environment, civil society organizations and grassroots networks may serve as critical alternative platforms for labor advocacy. Furthermore, disaggregating labor force data by ethnicity is essential to establishing an empirical basis for inclusive employment policies and monitoring disparities over time. The recommendations align with broader international advocacy efforts which promotes living wages, secure working conditions, and anti-racist practices as foundational steps toward labor justice. Wilson and Darity extend these proposals by calling for structural reforms, including union representation, public sector leadership, and economic democracy approaches that could be adapted in Myanmar through community-based job guarantees, ethnic-inclusive hiring practices in NGOs and local government, and civil society-led data initiatives. Therefore, both Wilson and Darity's testimony and this study highlight that wage discrimination is not merely an economic inefficiency, but a feature of institutional systems designed to maintain social hierarchies. In both the U.S. and Myanmar, whether through racial capitalism or Burmanization, labor markets function as tools of political control. Therefore, achieving wage equality requires more than economic growth or human capital development, it demands a fundamental redistribution of power within labor institutions and a challenge to exclusionary socio-political structures.

5.3 Limitations of the Study

This study on racial and ethnic discrimination in Myanmar's labor market is subject to several limitations that must be acknowledged when interpreting its findings. These limitations pertain to the scope of the study, data constraints, methodological considerations, and analytical exclusions, each of which has implications for the generalizability and interpretive depth of the research outcomes. First, the scope of the analysis is restricted to domestic experiences of ethnic inequality within Myanmar. While the issue of ethnic discrimination is also relevant in transnational contexts such as among Burmese migrant workers in Thailand or Malaysia, this study relies solely on nationally collected data from within Myanmar. For example, Thailand's labor statistics categorize workers as Burmese nationals without distinguishing between ethnicities. Therefore, it is not possible to distinguish between Bamar, Shan, Karen, or other ethnic groups among Burmese migrants in these countries. In addition, it is likely that ethnic discrimination is less visible in foreign labor markets, where employers may view all Burmese workers as a single group based on nationality. Secondly, gender was not included as a main area of analysis. While gender and ethnicity often interact in complex ways, especially for ethnic minority women who may face more disadvantages in the workplace, this study chose to focus only on ethnicity. Including both gender and ethnicity would have required a much larger research design and more detailed data. As a result, the study may not fully capture the specific challenges faced by ethnic minority women, such as limited access to jobs, training, or leadership roles. Thirdly, the dataset used in this study lacks disaggregation by migration motivations and statuses. Although internal migration is captured in the data, it does not differentiate between voluntary migration and migration driven by conflict, persecution, or displacement. This limitation is particularly salient for ethnic minority regions such as Rakhine, Kachin, and Shan States, where forced migration due to armed conflict and socio-political marginalization is prevalent. As a result, the analysis is unable to isolate the effects of forced displacement, trauma, or statelessness on labor market outcomes. Additionally, the dataset underrepresents informal labor, particularly in sectors such as agriculture, domestic work, and informal trade where ethnic minorities are overrepresented. This

undercounting may lead to a systematic underestimation of ethnic wage disparities, particularly among workers in vulnerable or undocumented forms of employment.

Furthermore, while this study employs the Oaxaca-Blinder decomposition method to estimate ethnic wage disparities, the approach is inherently limited in its capacity to infer causation. The decomposition quantifies differences in wages attributable to observable characteristics such as education or experience and the unexplained part which is often interpreted as discrimination. However, it cannot establish causal pathways or account for unobserved variables. In this study, despite the use of Heckman selection correction to address labor force participation bias, there may still be unobserved heterogeneity such as the influence of ethnic networks, political affiliations, or local power dynamics that remains unmeasured and potentially biases the results. A further limitation pertains to the measurement of language proficiency. The study uses the interview language as a proxy for linguistic ability, which may not reflect an individual's actual fluency or competence in workplace settings. Language is a crucial determinant of labor market access and integration, especially for ethnic minorities whose native languages differ from Burmese language. Therefore, misclassification of language ability may mask the true extent of discrimination mediated through communication barriers. Lastly, the analysis is cross-sectional and does not incorporate a longitudinal or generational dimension. Therefore, it cannot assess how ethnic disparities have changed over time, nor whether inequalities persist across generations through mechanisms such as education, occupational inheritance, or intergenerational mobility. Structural patterns of exclusion, especially those rooted in the country's history of ethnic conflict, militarization, and regional marginalization require long-term study beyond the snapshot provided by a single dataset.

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APPENDIX

APPENDIX HECKMAN-MINCERIAN EQUATION

Table A.1

Mincerian Wage Equations for Bamar and Ethnic Minority Workers in Myanmar

Explanatory Variables	All region		Bamar-majority states		Ethnic minority states	
	Bamar people	Ethnic people	Bamar people	Ethnic people	Bamar people	Ethnic people
Female	-0.4362*** (0.0650)	-0.1535 (0.1435)	-0.4189*** (0.0706)	-0.1554 (0.1983)	-0.5000*** (0.1548)	-0.1212 (0.1778)
Education (Ref: Less than primary)						
Primary school	-0.0006 (0.1037)	0.0036 (0.2474)	-0.0602 (0.1057)	0.5211 (0.3534)	0.3023 (0.3271)	-0.0949 (0.2642)
Secondary school	0.0719 (0.1007)	0.2159 (0.3087)	0.0954 (0.1090)	0.2242 (0.3066)	-0.0624 (0.3075)	0.2275 (0.3864)
Tertiary education	0.5745*** (0.1868)	1.0351*** (0.3906)	0.6581*** (0.2209)	1.3505*** (0.4734)	0.1025 (0.3352)	0.5979 (0.4161)
Age	0.0061 (0.0190)	0.0338 (0.0217)	0.0044 (0.0210)	0.0966** (0.0379)	0.0088 (0.0344)	-0.0043 (0.0297)
Age squared	-0.0001 (0.0003)	-0.0005* (0.0003)	-0.0000 (0.0003)	-0.0013** (0.0005)	-0.0002 (0.0004)	-0.0000 (0.0004)
Household head	-0.0287 (0.0794)	-0.1446 (0.1328)	0.0061 (0.0892)	0.0108 (0.2051)	-0.0410 (0.1267)	-0.1499 (0.1857)
Urban	0.0700 (0.0587)	0.0836 (0.1312)	0.0732 (0.0637)	0.1829 (0.1966)	0.0129 (0.1056)	-0.0520 (0.1451)
Marital Status (Ref.: Single)						
Married	0.1402** (0.0607)	-0.1914 (0.1619)	0.1260** (0.0637)	-0.3467 (0.2902)	0.1298 (0.1867)	-0.0523 (0.2058)

Table A.1

Mincerian Wage Equations for Bamar and Ethnic Minority Workers in Myanmar (Cont.)

Explanatory Variables	All region		Bamar-majority states		Ethnic minority states	
	Bamar people	Ethnic people	Bamar people	Ethnic people	Bamar people	Ethnic people
Widowed	0.0948 (0.1193)	-0.0453 (0.2824)	0.0648 (0.1339)	-0.3765 (0.6686)	-0.1191 (0.3349)	0.3973 (0.2918)
Divorced	0.0681 (0.2053)	-0.3719 (0.2378)	0.1875 (0.2594)		-0.6770** (0.3070)	-0.0849 (0.2724)
Separated	0.2037 (0.1408)	-0.1560 (0.3626)	0.2024 (0.1757)		0.1933 (0.2361)	0.0053 (0.4639)
Occupation (Ref.: Managers)						
Professionals	0.6003 (0.6589)	-0.2510 (0.3742)	0.9071 (0.8532)	0.8959 (0.6119)	0.4964 (0.5882)	-0.4081 (0.8316)
Technicians and Associate Professionals	-0.1370 (0.4185)	-0.1064 (0.6381)	-0.0057 (0.5798)	1.6129** (0.6980)	0.1327 (0.6065)	-0.7243 (1.1093)
Clerical Support Workers	-0.2535 (0.4570)	-0.0252 (0.4716)	-0.0610 (0.6809)	1.0584 (0.6725)	-0.1598 (0.6625)	-0.2862 (0.9342)
Services and Sales Workers	-0.0846 (0.4951)	0.5064 (0.4774)	0.1366 (0.7657)	1.8971** (0.8191)	-0.3215 (0.4163)	-0.1963 (0.6658)
Skilled Agricultural, Forestry, and Fishery Workers	-0.5282** (0.2556)	-0.2615 (0.3777)	-0.4777 (0.3230)	0.0483 (0.5286)	-0.2560 (0.3404)	-0.3480 (0.5454)
Craft and Related Trades Workers	-0.4757 (0.3313)	-0.0908 (0.4372)	-0.3491 (0.5204)	0.9889 (0.6399)	-0.0169 (0.4451)	-0.6049 (0.6533)
Plant and Machine Operators and Assemblers	-0.3846 (0.4051)	0.2665 (0.4764)	-0.1973 (0.6316)	0.9916 (0.7701)	-0.5625 (0.5074)	0.0898 (0.7451)
Elementary Occupations	-0.4428 (0.4084)	0.2878 (0.4329)	-0.2935 (0.6194)	1.2763* (0.7526)	-0.2274 (0.4862)	-0.1042 (0.7636)

Table A.1

Mincerian Wage Equations for Bamar and Ethnic Minority Workers in Myanmar (Cont.)

Explanatory Variables	All region		Bamar-majority states		Ethnic minority states	
	Bamar people	Ethnic people	Bamar people	Ethnic people	Bamar people	Ethnic people
Industry (Ref.: Agriculture)						
Mining	0.3546** (0.1591)	0.7866*** (0.2662)	0.3473 (0.2726)	0.7801** (0.3456)	0.6242*** (0.2349)	0.8470** (0.4060)
Construction	0.4380** (0.1889)	1.0251*** (0.3281)	0.4476** (0.2164)	0.7603* (0.3852)	0.7029** (0.2723)	1.1913** (0.5276)
Manufacturing	0.4319** (0.1887)	0.8489*** (0.2615)	0.4290** (0.2124)	0.9349** (0.3947)	0.5516** (0.2348)	0.5540* (0.3166)
Utilities	-0.2096 (0.1668)	1.4752*** (0.2455)	-0.2471 (0.2368)		0.5846 (0.3666)	1.7326*** (0.3240)
Trade	-0.0247 (0.1296)	-0.1177 (0.2306)	-0.1283 (0.1825)	-0.7863** (0.3455)	0.4394*** (0.1666)	0.1321 (0.2488)
Transport and communications services	0.4055*** (0.1454)	0.1732 (0.2510)	0.2734 (0.1796)	0.0649 (0.4476)	1.0828*** (0.3639)	0.2086 (0.2760)
Financial and ICT services	0.0756 (0.2137)	0.5661** (0.2468)	-0.0084 (0.2242)	0.6320 (0.4709)	1.5313** (0.7073)	0.6069 (0.3952)
Public administration services	-0.1131 (0.1996)	0.1851 (0.2948)			0.6491** (0.2984)	0.4595 (0.4688)
Education services	-0.7471** (0.3055)	0.4035 (0.2602)	-0.9266** (0.3978)	0.0572 (0.6446)	0.1798 (0.2821)	0.4067 (0.3620)
Health services	0.0474 (0.2265)	0.1886 (0.3422)	0.0163 (0.2459)	-0.3355 (0.5044)	0.5435* (0.2847)	0.2138 (0.4305)
Other services	0.0512 (0.1007)	0.1757 (0.2748)	-0.0151 (0.0989)	0.2940 (0.5326)	0.5235** (0.2213)	0.0631 (0.3465)
Burmese Language Proficiency	-0.2582*** (0.0931)	-0.2816* (0.1642)	-0.3480*** (0.0878)	-0.2677 (0.1934)	-0.1052 (0.3153)	-0.2479 (0.1525)
Inverse Mills ratio	0.1620 (0.2532)	0.3466 (0.2967)	0.2526 (0.3640)	0.9584* (0.5221)	0.1977 (0.2446)	0.1315 (0.3476)

Table A.1

Mincerian Wage Equations for Bamar and Ethnic Minority Workers in Myanmar (Cont.)

Explanatory Variables	All region		Bamar-majority states		Ethnic minority states	
	Bamar people	Ethnic people	Bamar people	Ethnic people	Bamar people	Ethnic people
Constant	12.2074*** (0.6138)	11.0470*** (0.9842)	12.1247*** (0.8444)	8.6615*** (1.3669)	11.6664*** (1.0683)	12.1859*** (1.1882)
Observations	1,889	646	1,361	124	454	517
R-squared	0.2013	0.2475	0.2217	0.5226	0.2628	0.2669

Note. From *Myanmar Living Conditions Survey: Socio-economic Report* (2017), by Ministry of Planning, Finance and Industry of Myanmar; Central Statistical Organization. Calculated by the author. Robust standard errors in parentheses. ***, **, and * denote significance at the 1%, 5%, and 10% levels, respectively. (<https://www.undp.org/sites/g/files/zskgke326/files/migration/mm/mlcs-2017-socio-economic-report.pdf>)

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