

Internal Migration and Wage Discrimination among Ethnic Minorities in Myanmar

Lwin May May Aung

Abstract— This study investigates internal migration and wage discrimination between the Bamar majority and ethnic minorities in Myanmar's urban labor markets. Drawing on the Myanmar Living Conditions Survey (2016/2017), it applies the Oaxaca-Blinder decomposition technique to quantify wage differentials and identify structural discrimination. The analysis is grounded in internal migration theories, including Push-Pull Theory and the Harris-Todaro model, to contextualize ethnic minority migration from rural, conflict-affected areas to cities such as Yangon and Mandalay. While economic opportunity motivates migration, expected income, not actual wages, guides decisions, particularly under conditions of urban unemployment. Results indicate that ethnic minorities face significant unexplained wage gaps, especially in Bamar-majority states, highlighting the role of systemic discrimination. Even when minorities possess equal or better qualifications, returns to education and experience remain unequal. The study contributes to the understanding of how internal migration intersects with labor market inequality and offers policy implications for promoting equitable economic participation across ethnic groups.

Keywords— Ethnic discrimination, internal migration, Oaxaca-Blinder decomposition, rural-urban wage gap, Myanmar labor market

I. INTRODUCTION

Myanmar, located in Southeast Asia, is home to 135 ethnic groups, including the Kachin, Kayah, Karen, Chin, Bamar, Mon, Rakhine and Shan. With a population of 53.8 million, Myanmar connects South and East Asia. 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. Despite its rich cultural tapestry, Myanmar faces challenges like ethnic oppression, political instability, and economic disparities Karen Human Rights Group (2020). Myanmar's ethnic workers face wage disparities due to exploitative conditions in labor-intensive industries like jade mining and agriculture. Factors driving these disparities include lack of access to resources, exclusion from decision-making, conflict zones, and informal employment. Discrimination encourages ethnic minorities to migrate to cities for better opportunities, education, infrastructure, and safety.

Lwin May May Aung, Graduate student, Faculty of Economics, Thammasat University, Thailand

However, many choose not to migrate due to cultural ties, land-based livelihoods, or lack of resources. Over 9 million internal migrants, accounting for 20% of the total population, are driven by employment, education, and safety concerns. Regions like Chin State, Shan State, Kayah State, and Kachin State exhibit varying migration patterns.

This study aims to identify wage disparities between Burmese and ethnic minority workers in Myanmar using the Oaxaca-Blinder decomposition method. The method decomposes wage differentials into explained and unexplained components, revealing structural disparities and unequal treatment. This research can help policymakers, businesses, and civil organizations collaborate to build a more equitable economy and ensure equal opportunities for all ethnic groups.

The objective of the study

1. To examine the extent of wage differentials between Burmese workers and ethnic minority workers in Myanmar's main cities.
2. To identify the factors contributing to wage disparities, including demographic, educational, and occupational characteristics.
3. To decompose the wage gap into explained and unexplained components using the Oaxaca-Blinder method.

II. LITERATURE REVIEW

A. Related Studies

Racial wage discrimination remains a persistent global issue, shaping labor markets in both developed and developing economies. Numerous studies have examined the determinants and implications of wage disparities, utilizing diverse methodologies and theoretical frameworks. This section evaluates consistencies and contradictions in research on the wage gap among rural-urban migrants in China and racial wage discrimination during economic downturns. Furthermore, it assesses how these patterns differ between developed and developing countries. While these studies generally agree that institutional and structural barriers are primary drivers of wage disparities, they diverge in their emphasis on economic fluctuations, human capital constraints, and the effectiveness of labor market interventions.

Some studies emphasize economic fluctuations; others highlight systemic discrimination. Cui, Nahm, & Tani (2013):

household and location such as being household head or not, working in urban or not. Moreover, it also includes occupation dummies, industry dummies and includes the Inverse Mills Ratio (IMR), derived from a probit model, to correct for sample selection bias due to non-random labor market participation.

E. Oaxaca-Blinder Decomposition

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

$$\begin{aligned} \Delta Y &= \bar{Y}_{\text{Bamar}} - \bar{Y}_{\text{Ethnic}} \\ &= \underbrace{(\bar{X}_{\text{Bamar}} - \bar{X}_{\text{Ethnic}})\hat{\beta}^*}_{\text{Explained}} \\ &+ \underbrace{[\bar{X}_{\text{Bamar}}(\hat{\beta}_{\text{Bamar}} - \hat{\beta}^*) + \bar{X}_{\text{Ethnic}}(\hat{\beta}^* - \hat{\beta}_{\text{Ethnic}})]}_{\text{Unexplained}} \end{aligned} \tag{3.6}$$

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 is often associated with discrimination or unobservable factors.

F. Source of data

The Myanmar Living Conditions Survey (MLCS) 2016/2017 represents a pivotal effort in understanding the socio-economic landscape of Myanmar, reflecting comprehensive data on living conditions. The survey was conducted by the Central Statistical Organization (CSO) of Myanmar’s Ministry of Planning, Finance, and Industry with support from the World Bank and the United Nations Development Programme (UNDP). This survey integrates elements from previous household surveys such as the Integrated Household Living Conditions Assessment, the Household Income and Expenditure Survey, and the Myanmar Poverty and Living Conditions Survey. The MLCS is designed to provide a nuanced picture of the living conditions across Myanmar, addressing various dimensions including demographic, household, and employment status data.

IV. RESULTS AND DISCUSSION

TABLE I: DISCRIMINATION AND THE DECOMPOSITION OF THE EARNINGS GAP

Variables	All		Ethnic minority states		Bamar-majority states	
	log points	% of gap	log points	% of gap	log points	% of gap
Conditional mean of log monthly earnings						
Burma	12.0642***		11.9320***		12.0627***	
Ethnic minorities	11.8836***		11.8836***		11.8483***	
Difference	0.1806	100.00%	0.0483	100.00%	0.2144	100.00%
Explained	0.0382	21.15%	0.1709**	353.83%	-0.1110*	-51.77%
Unexplained	0.1423	78.79%	-0.1225	-253.62%	0.3254	151.77%

Table 1 indicates the wage differential between Burmese and ethnic minority workers can be analyzed through the Blinder–Oaxaca decomposition, which divides the gap into explained and unexplained components. Across the full sample, the earnings gap between Burmese and ethnic minority individuals is primarily unexplained (78.79%), suggesting the presence of discrimination or differences in returns to characteristics such as education and experience that are not due to observable traits. In ethnic minority states, the unexplained component is highly negative (-253.62%). The explained part is very large and positive, meaning ethnic minorities in these regions have more favorable characteristics than Burmese, which should give them higher wages, but the actual gap is small with only 0.0483, and the unexplained part is negative. This is likely due to unequal treatment or returns to those characteristics. In contrast, in Bamar-majority states, the unexplained component accounts for 151.77% of the gap, strongly suggesting that discrimination is most pronounced in Bamar-dominated areas, where ethnic minorities earn significantly less than similarly qualified Bamar individuals.

The explained part of the wage gap reflects differences in average characteristics (endowments) between the two groups. The relative contribution of each factor varies by region. In

ethnic minority states, gender accounts for 44.10% of the gap, suggesting that the higher proportion of female workers among minorities, who typically earn less, partly explains the wage gap. However, in Bamar-majority areas, the effect of gender is negligible with -0.37%. Tertiary education has a negative contribution across all regions, especially in Bamar-majority states with -36.05%. This suggests unequal returns to education where ethnic minorities with higher education still earn less. In ethnic minority states, education contributes -30.02%, further supporting this view. Labor characteristics such as marital status and urban residence positively explain the gap in all regions, with the highest contribution of 8.31% and Bamar-majority states with 5.74%. Moreover, occupation explains a significant negative share of the gap, particularly in Bamar-majority states with -43.24%. This may indicate occupational segregation, where ethnic minorities are overrepresented in low-paying occupations despite comparable qualifications. Industry differences contribute strongly and positively to the explained gap, especially in ethnic minority states whereas mining and construction contribute over 250% of the gap together. Moreover, manufacturing adds another 107%. This implies the over-concentration of ethnic workers in undervalued sectors. The results suggest that while ethnic

disadvantage in minority states is structural and linked to observable gaps, in Bamar-majority areas, ethnic minorities face a deeper, systemic form of labor market discrimination, where even equal qualifications do not yield equal rewards.

V. CONCLUSION AND RECOMMENDATIONS

The purpose of this study is to examine wage disparity between “the ethnic minority” and “Bamar majority” who are employed in urban labor market in Myanmar. This study applies Jann (2008) pooled method to the estimation of log monthly wages controlling for distribution of demographic factors, occupations, and industries and correct for the selection

bias of employment probability. The findings support the conclusion that discrimination unexplained differences), especially in Bamar-majority states, is a key factor behind ethnic wage disparities. Policy efforts should aim to reduce occupational and industry segregation, ensure equal returns to education and experience across ethnic groups and address structural discrimination, particularly in central regions where ethnic inequality is most severe. Ultimately, a dual strategy that ensures both fairness of opportunity and fairness of treatment is essential for achieving equality of outcomes—an imperative for sustainable peace, economic development, and social justice in Myanmar.

APPENDIX

TABLE II DESCRIPTIVE STATISTICS

Variables	Burma				Ethnic minorities			
	Being employed		Being unemployed		Being employed		Being unemployed	
	Mean	Std.	Mean	Std.	Mean	Std.	Mean	Std.
Dependent Variable								
Log of monthly earning	12.156	0.947			12.206	0.964		
Explanatory variables								
Female	0.348	0.476	0.603	0.489	0.332	0.471	0.567	0.496
Education (Base group: Less than primary)								
Primary school	0.168	0.374	0.186	0.389	0.174	0.379	0.227	0.419
Secondary school	0.647	0.478	0.645	0.479	0.504	0.500	0.497	0.500
Tertiary education	0.149	0.356	0.081	0.273	0.168	0.374	0.047	0.211
Age	35.095	12.416	40.195	19.774	35.821	13.371	38.659	21.241
Age squared	1385.753	965.353	2006.543	1690.166	1461.676	1083.026	1945.522	1820.348
Household head	0.362	0.481	0.261	0.439	0.361	0.481	0.249	0.433
Urban	0.630	0.483	0.598	0.490	0.498	0.500	0.449	0.498
Marital Status (Base group: Single)								
Married	0.690	0.462	0.620	0.485	0.622	0.485	0.558	0.497
Widowed	0.690	0.462	0.096	0.295	0.043	0.204	0.089	0.285
Divorced	0.690	0.462	0.008	0.092	0.014	0.117	0.013	0.113
Separated	0.690	0.462	0.010	0.098	0.008	0.088	0.004	0.063
Occupation (Base group: Managers)								
Professionals	0.050	0.218	0.010	0.097	0.088	0.284	0.005	0.069
Technicians and Associate Professionals	0.055	0.229	0.014	0.119	0.036	0.186	0.003	0.054
Clerical Support Workers	0.071	0.258	0.003	0.056	0.057	0.232	0.000	0.000
Services and Sales Workers	0.067	0.251	0.031	0.173	0.120	0.325	0.026	0.160
Skilled Agricultural, Forestry, and Fishery Workers	0.014	0.117	0.074	0.262	0.011	0.103	0.121	0.326
Craft and Related Trades Workers	0.167	0.373	0.044	0.205	0.114	0.318	0.062	0.241
Plant and Machine Operators and Assemblers	0.075	0.264	0.024	0.154	0.060	0.237	0.012	0.107
Elementary Occupations	0.467	0.499	0.149	0.356	0.500	0.500	0.171	0.376
Industry (Base group: Agriculture)								
Mining	0.022	0.147	0.003	0.051	0.034	0.181	0.003	0.058
Construction	0.177	0.381	0.009	0.093	0.176	0.381	0.002	0.050

TABLE II (Conti.)

Variables	Burma				Ethnic minorities			
	Being employed		Being unemployed		Being employed		Being unemployed	
	Mean	Std.	Mean	Std.	Mean	Std.	Mean	Std.
Manufacturing	0.211	0.408	0.038	0.191	0.086	0.281	0.025	0.158
Utilities	0.005	0.069	0.000	0.022	0.001	0.024	0.000	0.018
Trade	0.128	0.334	0.138	0.345	0.092	0.290	0.102	0.303
Transport and communications services	0.080	0.271	0.072	0.258	0.090	0.286	0.031	0.173
Financial and ICT services	0.017	0.129	0.001	0.037	0.016	0.127	0.001	0.034
Public administration services	0.052	0.222	0.000	0.015	0.028	0.164	0.000	0.000
Education services	0.038	0.191	0.002	0.045	0.075	0.263	0.001	0.023
Health services	0.013	0.111	0.002	0.049	0.027	0.163	0.001	0.035
Other services	0.086	0.281	0.036	0.185	0.078	0.269	0.020	0.140
Total	1,891		4,155		646		2,679	

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