

Abstract

Abstract of thesis entitled Labor Market Discrimination against Imported Labor in Macau, submitted by U U KWAN (M-A5-6804-3) for the degree of Master of Social Sciences in Economics at the University of Macau in November 2008.

Since the gaming market liberalization in 2002, there have been significant changes in Macau's economic structure and labor market. Under the expansion of gaming industry, the human resources have been reallocated, resulting in labor concentration in few specific sectors, such as the gaming sector. Another obvious consequence is the labor shortage found in other sectors, especially in the manufacturing industries. In order to solve the problem of labor shortage in the market, including the increasing need of highly technical professionals, the government has increased the amount of imported labor. In other words, it seems that the rapid growth of Macau economy has brought up the amount of the imported labor, whose role has become more and more important in Macau. In fact, nowadays, the proportion of the imported labor is large enough to potentially affect the local business and economic outlook and development.

Although the role of imported labor in Macau is increasingly important, it can be observed that there is a significant wage difference between the native and

imported labor (based on the data from the Census and Statistics Department of Macau, 2002, 2007). Such a phenomenon has been explored in terms of difference in labor productivity, and discriminations (Oaxaca 1973; Reimers,1983; Wang, 2003). It is therefore crucial to explore the possible reasons, if any, which account for the existing wage difference between local and imported labor in Macau. The key question of this thesis ask is: does discrimination affect and/or contribute to the existing wage difference between the native and imported labor in Macau? To answer this question, a survey is conducted and, through the application of Oaxaca's decomposition method, it can be concluded that the wage difference between local and imported labor is mainly due to discrimination.