

Leadership Excellence and Gender in Organizations

Wage Discrimination against homosexuals: The role of skills

Miguel Sarzosa
msarzosa@purdue.edu

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Discrimination against sexual minorities has been a popular topic in the public debate during recent years. Media and political coverage of the advances in guaranteeing social rights to sexual minorities, like marriage and child adoption, contrasts with how little we know about discrimination in other areas, like the job market. This paper provides some evidence about income gaps faced by non-heterosexual workers. This paper overcomes several problems that have been pervasive in this literature. First, by using a novel longitudinal survey I am able to estimate the gaps with large enough samples that include single, married and cohabiting homosexuals under different definitions of homosexuality. Second, I use a semi-structural model that relies on the identification of unobserved skills to allow schooling choices, occupational choices and labor market outcomes to be endogenously determined and affected by the fact of belonging to a sexual minority. This way, I study the relationship between skills, choices and income gaps. The results show that difference in skills, observable characteristics, and tastes for tertiary education and type of occupation, contribute to at least half of the income gaps non-heterosexuals face.