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LABOUR MARKET DISCRIMINATION, SORTING, AND THE PROPENSITY OF SEXUAL MINORITIES TOWARDS CHOOSING SELF-EMPLOYMENT (SUMMARY)

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≈ SUMMARY ≈

**LABOUR MARKET DISCRIMINATION, SORTING,
AND THE PROPENSITY OF SEXUAL MINORITIES
TOWARDS CHOOSING SELF-EMPLOYMENT**

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Principal Topic

An inspection of the literature on the propensity of sexual minorities (gays, lesbians and bisexuals) towards self-employment quickly reveals that there are no statistics on the self-employment rate of sexual minorities anywhere in the world, and that the extant evidence base on the relationship between sexual minorities and self-employment activity is extremely limited. This is no doubt because of a lack of data. In the absence of reliable empirical data, it is difficult to evaluate if sexual minorities are more prone to become self-employed because of human capital attributes or because it allows them to more easily assert their sexual orientation. We consider three main reasons why it is that sexual minorities may choose self-employment: labour market discrimination, occupational sorting and geographical sorting.

Method

We exploit a confidential dataset concerning sexual identity, self-employment status, and other individual-level variables (covering issues such as health, education, household, immigrant status, sector of activity, etc.). Data comes from the Integrated Household Survey undertaken by the Office of National Statistics (UK), and official experimental data relating to sexual identity, which contains questionnaire information on 449330 individuals.

ONS (2010) estimate that sexual minorities represent 1.4 per cent of the UK adult population (0.9 per cent gay/lesbian; 0.5 per cent bisexual). This is broadly in line with other UK measures of sexual minority status, but is lower than US State data.

To begin with, we present summary statistics and t-tests to highlight the differences in characteristics between gays and non-gays. Bearing in mind these differences, we proceed with propensity score matching for purposes of both pre-processing (prior to logit models) and estimation.

Results and Implications

Overall, there appear to be no major differences until we disaggregate by industry and find that gays are more likely to become self-employed in the services sectors. This seems to be primarily driven by males, with female gays more likely to become self-employed in the construction sector. In further robustness analysis we disaggregate according to different types of self-employment, as well as public sector employment.

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