

Sexual orientation and earnings appear to be linked, patterns differ for NZ men and women

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New Zealand has made substantial progress on promoting LGBTQ+ rights over the past 20 years, including legalizing same-sex civil unions

in 2004, [legalizing same-sex marriage](#) in 2013, and [banning conversion practices](#) in 2022.

One thing missing, however, is a clear view of the employment prospects and experiences of the LGBTQ+ population.

[Most studies](#) from overseas show varying income patterns, with gay men generally earning less than [heterosexual men](#), and [lesbian women](#) paid more than [heterosexual women](#).

Our new research provides the [first empirical evidence](#) of the relationship between minority [sexual orientation](#) and the labor market earnings of New Zealand adults. And it looks like the patterns seen overseas are being replicated locally.

Identifying LGBTQ+ couples

One of the biggest challenges for [empirical research](#) such as ours is the lack of relevant data on the LGBTQ+ population. Barring a few [nationally representative surveys](#), there aren't many sources of economic data that allow identification of individuals belonging to the Rainbow+ community.

To address this information gap, we used various administrative data sets in Stats NZ's [Integrated Data Infrastructure](#). Specifically, we used data from the 2013 and 2018 Censuses, which included a household roster with detailed information on relationships among individuals.

This allowed us to identify households with two adults of the same sex, where the second adult is described as the spouse or de-facto partner of the person completing the forms. We compared this with individuals in different-sex relationships (as opposed to heterosexual, as some partners may identify as bisexual).

Additionally, our analysis focused on [full-time](#) working adults aged between 25 and 64, who were unlikely to be pursuing further education during the period of our analysis.

Earning profile by sexual orientation

We linked our sample to the Inland Revenue's individual tax records, which have detailed information on labor market earnings.

Individuals in same-sex couples appeared to be younger, more likely to have a bachelor's degree, more likely to live in the urban areas of Auckland or Wellington, and less likely to be married than individuals in different-sex couples. We accounted for these differences in our main analysis.

We found that women in same-sex couples earn 6%–7% more than similarly situated women in different-sex couples. For men, the opposite pattern emerged. Men in same-sex couples earned significantly less than otherwise similar men in different-sex couples by an average difference of 6%–7%.

We also looked into different sub-groups, such as the marital status of the [couple](#), the duration of cohabitation, or the location of residence and so on.

Importantly, there was no meaningful change in the earnings differences from 2013 to 2018, despite continued improvement in societal attitudes toward sexual minorities.

We also found the earnings differences were larger for married individuals than for people in de-facto relationships for both men and women in same-sex couples.

The earnings differences were smaller for younger individuals (under 45 years old) for both men and women in same-sex couples, compared to their counterparts in different-sex couples. The earnings deficit for men in same-sex couples was also significantly smaller in major cities like Auckland and Wellington, than in the rest of the country.

Gaps in the data

The gaps in available data mean our study has some limitations. Firstly, we do not have direct information about people's sexual orientation.

Also, we were unable to identify single or non-partnered sexual minorities whose labor market experiences may differ. Hopefully, results from the 2023 Census will provide new insights. For the first time, this year's census included questions about gender and sexual identity.

Finally, the data used to identify [same-sex couples](#) depends on individuals reporting they are in a same-sex romantic relationship, which may be under-reported due to stigma.

The road ahead

Empirical research documenting the well-being of Aotearoa's LGBTQ+ population is important from a policy perspective. For example, there is [ample evidence](#) of significant disparities in the mental health and well-being of Aotearoa's Rainbow+ youth. There have been [recent efforts](#) to address the common data-related challenges that will help inform these policies.

Our study is part of a much wider ongoing international collaboration with the [LGBTQ+ Policy Lab](#) at Vanderbilt University.

The aim is to understand the experiences and life outcomes of individuals belonging to the Rainbow+ community. We hope to develop a knowledge base that taps into the social, economic, physical and mental well-being of sexual and gender minorities in Aotearoa New Zealand.

Understanding the experiences of this community will help us build on the progress of the past two decades to create a more inclusive Aotearoa New Zealand.

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