

## Sexual Identity and Earnings: The role of Industry and Occupation

This paper makes use of data from Understanding Society (UKHLS) to examine the effect of sexual identity on earnings in the UK, as well as shedding new light on the role that industry and occupation play. Decomposition results show that sexual minorities earn less, that the size of wage differentials differ across the distribution of wages, and that the wage differential is not explainable by observable characteristics. Further analysis demonstrates that sexual minorities sort into industries where there are smaller earnings gaps and they receive greater returns to their observables. Furthermore, for some sexual identities there is evidence that they sort into industries to gain higher levels of job satisfaction, and for others working in these industries is associated with greater levels of life satisfaction. Finally, analysis indicates that sexual minorities face barriers to advancement in senior positions, or a glass ceiling, but this is less pronounced in the industries that sexual minorities sort into.