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The Economics of Being LGBT. A Review: 2015-2020

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ABSTRACT

The Economics of Being LGBT.
A Review: 2015-2020

This paper reviews studies on LGBT workplace outcomes published between 2015 and 2020. In terms of earnings differences, in the US, Canada, Europe, and Australia, gay men were found to experience earnings penalties of 7% in comparison to heterosexual men, bisexual men experienced earnings penalties of 9% in comparison to heterosexual men, and bisexual women faced earnings penalties of 5% in comparison to heterosexual women. In the same regions, lesbian women experienced an earnings premium of 7% in comparison to heterosexual women. Trans women, in the US and Europe, faced earnings penalties ranging from 4% to 20%. In terms of job satisfaction, in the US, Canada, and Europe, gay men, and lesbian women experienced 15% and 12%, respectively lower job satisfaction than their heterosexual counterparts. Additionally, bullying against sexual minorities has persisted. In the UK, sexual minorities who experienced frequent school-age bullying faced a 32% chance of experiencing frequent workplace bullying. In relation to job exclusions, in OECD countries, gay men and lesbian women were found to experience 39% and 32%, respectively lower access to occupations than comparable heterosexual men and women. For trans men and women in Europe, comparable patterns are in evidence. Given these patterns, it is not of surprise that LGBT people in the US and the UK experience higher poverty rates than heterosexual and cis people. However, in these two regions, anti-discrimination laws and positive actions in the workplace helped reduce the earnings penalties for gay men, enhance trans people’s self-esteem, spur innovation and firms’ performance, and boost marketing capability, corporate profiles, and customer satisfaction. The evidence indicated that LGBT inclusion and positive economic outcomes mutually reinforced each other.

JEL Classification: C93, E24, J15, J16, J71

Keywords: sexual orientation, gender identity, discrimination, earnings, poverty, bullying, job satisfaction, inclusivity

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Introduction

The present paper offers a brief review of the economics of being LGBT based on studies published between 2015 and 2020. The study attempts to translate and synthesize the available findings in a systematic manner (Tranfield et al., 2003), in addition to offering a review of contemporary knowledge of the subject matter. Outcomes are grouped into nine thematic: (a) access to occupations based on sexual orientation and gender identity, (b) poverty rates based on sexual orientation and gender identity, (c) earnings differences based on sexual orientation, (d) earnings differences based on gender identity, (e) job satisfaction differences based on sexual orientation, (f) job satisfaction and gender identity, (g) family support and long-run outcomes for LGB people, (h) law and LGBT inclusivity and (i) workplace policies and LGBT inclusivity.

Currently, being gay or lesbian is illegal in approximately 70 countries (Human Rights Watch, 2020). At least nine countries have national laws that criminalize forms of gender expression and target trans people (Human Rights Watch, 2020). Surveys in the EU and OECD regions indicated that LGBT people experience societal biases (European Union Agency for Fundamental Rights, 2020; Valfort, 2017). The surveys found the persistence of discrimination in everyday life, such as at school, work, looking for housing, and accessing healthcare or social services (European Union Agency for Fundamental Rights, 2020; Valfort, 2017). In the EU, the proportion of gay and lesbian respondents who felt discriminated against at work in 2019 (21%) was higher than in 2012 (19%) (European Union Agency for Fundamental Rights, 2020). Furthermore, a higher proportion of trans respondents felt discriminated against at work in 2019 (36%) compared to 2012 (22%) (European Union Agency for Fundamental Rights, 2020).

Prior review studies illustrated that LGBT people reported more incidents of harassment and were more likely to report discriminatory treatments in the labor market. Additionally, they experienced lower life satisfaction level in comparison to heterosexual and cisgender people (Drydakis, 2019a; Valfort, 2017; Kollen, 2016; Ozeren, 2014). Moreover, sexual minorities experienced poorer physical and psychological well-being than their heterosexual peers (Meads, 2020; Semlyen et al., 2019; Hafeez et al., 2017; Lick et al., 2013). Sexual minorities’ poor well-being was primarily attributed to the negative consequences of sexual minority stigma (Meyer, 2003). Such stigma complicates sexual minorities’ lives. A 2018 national representative study in the UK found that 70% of respondents avoided being
open about their sexual orientation for fear of an adverse reaction, predominantly in the workplace. They scored their life satisfaction on average 6.48 out of 10, compared to 7.66 for the general UK population (Office for National Statistics, 2018).

Method

A systematic literature review (Ozeren, 2014) is conducted applying a multi-faceted approach including the planning, conducting, reporting, and dissemination of appropriate studies (Tranfield et al., 2003). In the initial stage of planning, the domain of the subject matter, namely, LGBT discrimination in the labor market, and the main data extraction source, Google Scholar, was identified. In the conducting phase of the systematic review, a four-stage approach was utilized. Aligning with Ozeren (2014), this study (a) identified keywords, defined selection criteria, and papers to be extracted, (b) evaluated abstracts to determine the papers’ relevance, (c) downloaded the screened papers, and (d) evaluated the downloaded papers. All the selected articles, published between 2015 and 2020, were required to contain at least one of the following keywords in their titles or abstracts: LGBT/sexual orientation/trans identity and workplace discrimination; labor discrimination; wages/income; poverty; unemployment; workplace bullying; workplace inclusivity, or positive actions. The recently reviewed research findings, the application of reproducible methods of selection and evaluation of related literature, and the grouping around the nine thematic represent the methodological strengths of the current study. Little evidence exists of any other recent literature review on being LGBT presenting simultaneous patterns of occupational barriers, income and poverty differences, job satisfaction, family support, and workplace bullying, as well as inclusivity’s payoffs.

Occupational access constraints based on sexual orientation and gender identity

Applicants who identified as gay men or lesbian women during the initial stage of the hiring process were discriminated against in favor of comparable heterosexual applicants (Drydakis, 2019a). Hiring discrimination potentially leads to increased rates of unemployment and poverty, which can adversely affect mental health and well-being (Drydakis, 2019a; Paul and Moser, 2009). A 2020 meta-analysis of field experiments (correspondence tests) in OECD countries, covering the period between 1981 and 2018, found that gay men
experienced 39% lower access to occupations than heterosexual men (Flage, 2020). Additionally, lesbian women were found to face 32% lower access to occupations than heterosexual women (Flage, 2020). Figure 1 presents the patterns. The meta-analysis indicated that if only studies that had been carried out in the last decade were considered, the penalties would still be of the same magnitude (Flage, 2020).

Moreover, Drydakis (2019a) conducted a literature review and found that the occupational access barriers varied for gay men between 3% and 40%, while for lesbian women the figure ranged from 6% to 27%. These patterns were experienced in the US, the UK, Cyprus, Austria, Greece, and Sweden (Drydakis and Zimmermann, 2020; Drydakis, 2019a). Biases during the hiring stage against sexual minorities might highlight firms’ preferences for sexual majorities and not be a result of uncertainty regarding the vocational behavior of sexual minorities (Drydakis, 2014). In addition, the occupational access constraints against gay men are potentially higher in male-dominated occupations, whereas occupational access constraints against lesbian women might be higher in female-dominated roles (Drydakis, 2015a). The discourse of gender might play critical roles in promoting and sustaining the sexual division of labour, the social definition of tasks as either men’s work or women’s work, and the exclusions for those who deviate from gender assumptions (Drydakis, 2015a).

In Sweden, Granberg (2020) presented the results of the first field experiment on trans peoples’ hiring prospects. A comparison of trans and cisgender people in male- and female-dominated occupations found patterns of discrimination. In Belgium, Van Borm et al. (2020) presented a scenario experiment aiming to evaluate the treatment of trans men during the selection and hiring process. The study uncovered evidence of distaste against trans men among co-employees and customers.

**Poverty rates based on sexual orientation and gender identity**

In relation to sexual orientation, Schneebaum and Badgett (2019) used data from the American Community Survey from 2010 to 2014. The study found that gay male couples were one percentage point more likely to be in poverty than heterosexual married couples. In addition, the study found that lesbian women were 2.4 percentage points more likely to be in
poverty than heterosexual married couples. The study indicated that prejudice against sexual minorities among social workers potentially generates barriers to accessing benefits for sexual minorities with low incomes. Additionally, in the US, Badgett (2018) used the National Health Interview Survey for the period 2013-2016, which found that bisexual men experienced a higher level of poverty by 5.3 percentage points than heterosexual men. Bisexual women were more likely to be in poverty by 5.4 percentage points than heterosexual women.

Moreover, in the UK, Uhrig (2015) employed the UK Household Longitudinal Study for the period 2011-2012. The findings show that gay men and bisexual men faced greater poverty compared to heterosexual men. Comparable patterns were found to be held for bisexual women compared to heterosexual women. Drydakis (2012) indicated that bisexuality is punished more than homosexuality. There is a belief that bisexual people are gay people who falsely declare a desire for the opposite sex to ‘improve’ their position in the society (Drydakis, 2012). It might be the case that, bisexual people face two penalties: one penalty for being attracted to same-sex partners and another penalty for being seen as lying about their attraction to the opposite sex (Drydakis, 2012).

In terms of gender identity, in the US, Carpenter et al. (2020) utilized the Behavioral Risk Factor Surveillance System from 2014 to 2017. The study found that trans women experienced higher poverty by 6.8% than cis men. Trans people’s poverty rates are potentially driven by high levels of unemployment (Leppel, 2020). A review study indicated dramatically higher trans unemployment rates than those for the general population in Australia, the USA, the UK, and Ireland (Leppel, 2020).

Earnings differences based on sexual orientation in the US

This research identified five US studies on earnings differences based on sexual orientation published between 2015 and 2020, covering the period 1991-2016 (Chai and Maroto, 2020; Jepsen and Jepsen, 2017; Carpenter and Eppink, 2017; Mize, 2016; Sabia, 2015).

Sabia (2015) used the National Longitudinal Study of Adolescent Health Survey covering the period 1994-2005, which found that gay men experienced earnings penalties of 30.6%. For bisexual men, the earnings penalties were 8.5%. Lesbian women faced earnings
premiums of 9.9%, while bisexual women faced earnings penalties of 0.9%. Mize (2016) used the General Social Survey between 1991 and 2014. The study found that bisexual men encountered earnings penalties of 12%. Bisexual women were found to face earnings penalties of 7%.

Carpenter and Eppink (2017) used the 2013–2015 National Health Interview Survey. The study estimated that gay men faced higher earnings (earnings premiums) of 9.7% than comparable heterosexual men. Bisexual men experienced lower earnings (earnings penalties) of 2.1% than comparable heterosexual men. Lesbian women were found to experience earnings premiums of 8.6%. Bisexual women experienced earnings penalties of 3.1%. Meanwhile, Jepsen and Jepsen (2017) utilized the American Community Survey from 2007 to 2011. The authors found that gay men faced earnings penalties of 20.4%. Lesbian women experienced earnings premiums of 21.2%. Additionally, Chai and Maroto (2020) utilized the General Social Survey for 1991-2016 and found that gay men faced earnings penalties of 2.8%. Bisexual men faced earnings penalties of 14.9%. Carpenter and Eppink (2017) suggested that gay men’s stronger earnings patterns might stem from the improvement in attitudes towards gay men over the past decade. It is indicated that an effective earnings response to legislative and attitude changes for sexual minorities proves more positive than what tends to be realized for the gender pay gap and ethnicity (Aksoy et al., 2018).

Two studies on intersectionality provided additional insights. Douglas and Steinberger (2015) utilized the 2000 US Census. White gay men experienced lower earnings than white heterosexual men, and black gay men experienced lower earnings than black heterosexual men. White lesbian women experienced earnings premiums in comparison to white heterosexual women, and black lesbian women experienced earnings premiums in comparison to black heterosexual women. Comparable patterns were found to be held for Hispanic and Asian population groups. Del Rio and Alonso-Villar (2019) utilized the American Community Survey for the period between 2010 and 2014. The study found that the racial penalty is larger for heterosexual men whereas the sexual orientation penalty is greater for white men. The sexual orientation wage premium of lesbian women is quite small for blacks and much higher for Hispanics and Asians than for whites.
Earnings differences based on sexual orientation in Canada

Four studies were identified from Canada encompassing the period 2001-2017 (Waite et al., 2020; Dilmaghani, 2018; Cerf, 2016; Waite, 2015).

Waite (2015) used the 2001 and 2006 Census, as well as the 2011 National Household Survey. It is found that in 2001, gay men experienced earnings penalties of 7.2%, in 2006 the earnings penalty was 6.3%, and in 2011 the earnings penalty was 6.7%. Lesbian women in 2001 experienced earnings premiums of 6.6%, in 2006 the earnings premium was 9.2%, and in 2011 the earnings premium was 6.9%. Cerf (2016) utilized the Canadian Community Health Survey for the period 2003-2009. Gay men experienced an earnings penalty of 9.0%. Lesbian women were found to experience an earnings premium of 2.7%.

Dilmaghani (2018) utilized the Canadian Alcohol and Drug Use Monitoring Survey over the period 2008-2012. Gay men were found to experience earnings premiums of 4.5%. Additionally, lesbian women were found to face earnings premiums of 11.6%. Moreover, Waite et al. (2020) utilized the Canadian Community Health Survey from 2007 to 2017. Gay men experienced earnings penalties of 5.2%. Bisexual men faced earnings penalties of 18.7%. Lesbian women were estimated to experience earnings premiums of 7.7%, while bisexual women faced earnings penalties of 8.2%.

Earnings differences based on sexual orientation in Europe

Six European studies captured the period 2007-2015 (Bridges and Mann, 2019; Wang et al., 2018; Aksoy et al., 2018; Bryson, 2017; Humpert, 2016; Hammarstedt et al., 2015).

In Sweden, Hammarstedt et al. (2015) used the Longitudinal Integrated Database for Health Insurance and Labour Market Studies data set from 2007. They found that gay men experienced earnings penalties of 18.6%. Lesbian women faced earnings premiums of 0.6%. In Germany, Humpert (2016) utilized the German Mikrozensus data for 2009. The study estimated that gay men experienced earnings penalties of 5.5%, while lesbian women experienced earnings premiums of 9.6%.

In Britain, Bryson (2017) utilized the Workplace Employment Relations Survey covering the period 2011-2012. The study found that gay men experienced earnings penalties of 1%. Bisexual men experienced earnings penalties of 14%. Lesbian women experienced earnings penalties of 5%. Bisexual women were found to experience earnings penalties of
Moreover, Aksoy et al. (2018) utilized the 2012 UK Integrated Household Survey. The study found that gay men experienced earnings penalties of 2.7%, while bisexual men faced earnings penalties of 14.9%. Lesbian women enjoyed earnings premiums of 5.4% and bisexual women faced earnings penalties of 3.6%.

Wang et al. (2018) utilized the British Workplace Employment Relations Study covering the period 2011-2012 and found that gay men faced earnings premiums of 8%. Lesbian women enjoyed earnings premiums of 7%. Furthermore, in Britain, Bridges and Mann (2019) utilized the Labour Force Survey over the period 2010 to 2015. The study found that gay men faced earnings penalties of 3.8%. Lesbian women experienced earnings premiums of 5.8% compared with heterosexual women.

**Earnings differences based on sexual orientation in Australia**

Three studies from Australia covered the period 2001-2017 (Preston et al., 2020; Sabia et al., 2017; La Nauze, 2015).

La Nauze (2015) used the Household Income and Labour Dynamics Survey over the period 2001-2010. The author found that gay men experienced earnings penalties of 13.6%. Lesbian women were found to experience earnings premiums of 12.8%. Sabia et al. (2017) utilized the Household Income and Labour Dynamics Survey in 2012. The study found that gay men experienced earnings that were 8.7% lower than heterosexual men. Lesbian women’s earnings were found to be 0.3% higher than heterosexual women. Bisexual men’s earnings were 2% lower than heterosexual men, while bisexual women experienced earnings that were 1.3% lower than heterosexual women.

Preston et al., (2020) utilized data from the Household Income and Labour Dynamics Survey in Australia covering the periods 2010-2012 and 2015-2017. The study estimated that in 2010-2012, gay men experienced earnings penalties of 3.4% and bisexual men experienced earnings premiums of 0.3%. In 2015-2017 gay men experienced earnings penalties of 0.1% and bisexual men faced earnings penalties of 6.1%.
Average earnings differences per sexual minority and period

Based on the presentation in the previous four sections between the period 2015 and 2020, 18 studies were published capturing the period spanning 1991 and 2017. Figure 2 reveals that, on average, gay men faced earnings penalties of 7.1%, bisexual men experienced earnings penalties of 9.2%, and bisexual women faced earnings penalties of 4.5%. Lesbian women were found to experience earnings premiums of 7.1%. Moreover, as shown in Figure 1, splitting the sample into studies utilizing data sets after 2010, revealed that gay men faced earnings penalties of 2.3%, bisexual men experienced earnings penalties of 7.3%, and bisexual women faced earnings penalties of 4.3%. Lesbian women experienced earnings premiums of 5.3%. The patterns from more recent data sets indicate a reduction in earnings penalties for gay men and bisexual people. However, these population groups continue to experience earnings penalties.

[Figure 2]

Earnings differences based on gender identity

Only two studies provide information on earnings differences based on gender identity (Carpenter et al., 2020; Geijtenbeek and Plug, 2018).

In the US, Carpenter et al. (2020) utilized the Behavioral Risk Factor Surveillance System from 2014 to 2017. The authors found that trans women experienced lower earnings of 20.1% than cis men. Trans men faced higher earnings of 4.1% than cis men.

In the Netherlands, Geijtenbeek and Plug (2018) used administrative registers held by Statistics Netherlands between 2003 and 2012. The study found that before transitioning, trans women faced earnings penalties of 4% compared with cis men, and that trans men experienced earning penalties of 53% in comparison to their cis men counterparts. The study indicated that the earnings patterns consistently aligned with a discriminating labor market in which trans people were paid less as both openly LGBT individuals and registered women. In addition, the study found that post-transition, trans women experienced a 20% fall in annual earnings as registered females, whereas trans men faced an 8% rise as registered males. The study found that after transitioning, trans women moved into lower-paid sectors that are more female-orientated. The study suggested that the transition penalty offsets the earnings gain of
trans men as registered men but amplifies the earnings loss of trans women as registered women.

**Job satisfaction differences based on sexual orientation**

Job satisfaction evaluates employees' self-evaluations in relation to their workplace opportunities, relationships with colleagues and supervisors, salary, progression and quality of working conditions (Drydakis, 2017a). The first review study on job satisfaction based on sexual orientation found that between 2007 and 2016, gay men and lesbian women in the US, Canada, and Europe reported lower job satisfaction than their heterosexual counterparts (Drydakis, 2019a). It was found that gay men’s job satisfaction was 14.8% lower compared to heterosexual men. Lesbian women, meanwhile, experienced 12.2% lower job satisfaction than heterosexual women. The patterns are presented in Figure 3 and indicate that the satisfaction sexual minorities derived from their jobs may reflect how they respond to characteristics of their role and workplace. The reason for the average job satisfaction gap against sexual minorities potentially stems from the disadvantaged position of sexual minorities in the labor market (Drydakis, 2019b). Gay and lesbian employees experience high levels of workplace bullying (i.e., unwelcome verbal or physical behavior) and experience inequality in terms of promotions. Such conditions may affect job satisfaction levels (Drydakis, 2019a; b; 2015b).

[Figure 3]

A study found a negative association between workplace bullying and job satisfaction experienced by sexual minorities (Drydakis, 2019b). If employees, due to their sexual orientation, experience elements such as ostracism by co-employees and supervisors, being humiliated in front of others, or psychological mistreatment, such experiences could negatively impact victims’ job satisfaction in relation to self-respect, opportunities for promotion, and managers’ perception of them (Drydakis, 2019b).

Bullying might be a chronic problem for gay and bisexual men and lesbian women, which could continue from school to the workplace (Drydakis, 2019b). Analyses found that school-age bullying experienced by both gay/bisexual men and lesbian/bisexual women bore a positive association with workplace bullying, and a negative association with job satisfaction (Drydakis, 2019b). In the UK, studies found that gay/bisexual men and lesbian/bisexual women who experienced frequent school-age bullying faced a 35% and 29% chance respectively of frequent workplace bullying (Drydakis, 2019a; 2019b). These findings
suggest that school-age bullying can extend into the workplace (Drydakis, 2019b). It is indicated that school-age and workplace bullying share common underlying principles: minority population groups attract societal discrimination and harassment (Drydakis, 2019b). Post-school-age bullying victims might exhibit characteristics of vulnerability, which make them attractive targets for unfavourable treatments in the workplace (Drydakis, 2019b).

It is indicated that gay men and lesbian women who disclosed their sexual orientation at the outset demonstrated greater satisfaction with their jobs than gay men and lesbian women who did not disclose their sexual orientation (Drydakis, 2015b). Such findings indicate that gay men and lesbian women who disclosed their sexual orientation to their colleagues could demonstrate positive work attitudes that enable them to foster a happier work environment (Drydakis, 2019a; 2015b). It is found that sexual orientation diversity in the workplace could boost sexual minorities’ self-esteem and workplace commitment (Drydakis, 2015b). In the UK, a positive association exists between the existence of an LGBT group in the workplace and job satisfaction (Drydakis, 2019b). Policies that support diversity could result in employees’ higher workplace evaluations through the reduction of disturbing and unfavorable experiences (Drydakis, 2015b). Firms with formal written statements barring inequalities based on sexual orientation and gender identity, and inclusive HR practices in relation to recruiting and retaining LGBT people could prompt positive outcomes concerning LGBT employees’ job satisfaction (Drydakis, 2015b).

**Job satisfaction and trans people**

A review (Drydakis, 2020) of trans people’s workplace outcomes and well-being indicated that transitioning positively created the beneficial ability to cope with stress, self-reported health, social relations, self-esteem, body image, job rewards, and relations with colleagues. The review study found that these relationships were positively affected by gender affirmation surgeries and support from family members, stigma prevention programs, and positive actions (Drydakis, 2017a; 2020). Moreover, trans peoples’ well-being bore a positive association with legislation, such as the ability to change one's sex on government identification documents without having to undergo sex reassignment surgery, high-quality surgical techniques, adequate preparation and mental health support before and during transitioning, accessible and affordable transitioning resources, hormone therapy, surgical treatments, and proper follow-up care (Drydakis, 2020). Equally, societal marginalization,
family rejection, violations of human and political rights in health care, employment, housing, legal systems, gendered spaces, and the internalization of stigma negatively affected trans people's well-being and integration in society (Drydakis, 2017a; 2020).

According to Drydakis (2017a), positive relationships between mental health, life satisfaction, and job satisfaction arise from changing one’s appearance to match gender identity, as shown through the so-called Trans Curve. This curve was created after evaluating relevant empirical patterns for employed trans people, during and after transitioning, in England, Wales, and Scotland (Drydakis, 2016; 2017b). The results indicate that post-transition, employees demonstrated stronger self-perception and could bring much more to their job, due to enhanced psychology, confidence, and emotion, than they did before transitioning (Drydakis, 2016; 2017a;). Areas of potential improvement included relationships with colleagues, self-organization, productivity, negotiation, and communication skills (Drydakis, 2016; 2017a; b).

Drydakis (2017b) estimated that post-transition, the relationship between job satisfaction and mental health was stronger than before transitioning. Since transitioning could enable individuals to address adverse mental health symptoms and body dysphoria, and as long as strong mental health traits boosted job satisfaction, the relationship between job satisfaction and mental health should be stronger post-transition. Moreover, according to Drydakis (2017b), after transitioning the relationship between job satisfaction and life satisfaction was stronger than before. The study evaluated that, since transitioning bore a relationship with life satisfaction, a stronger relationship between job satisfaction and life satisfaction could occur after transitioning (Drydakis, 2020; 2017a; b; 2016). The study indicated that increases in happiness and optimism could enable trans people to overcome stressful workplace conditions and become more productive and efficient (Drydakis, 2020). Additionally, as long as transitioning positively affected positive moods and self-esteem-oriented indicators, such changes can result in increased motivation and job satisfaction (Drydakis, 2020). The Trans Curve demonstrates that during and after transitioning trans people experience better mental health and higher life and job satisfaction than they do before transitioning (Figure 4).

[Figure 4]
Family support and long-run outcomes for LGB people

Sidiropoulou et al. (2020) found that supportive family environments surrounding LGB children can reduce bullying at school and in the workplace. The study indicated that warm family environments enabled LGB children to feel accepted and comfortable with their sexual orientation and that having family members support them during challenging times due to their sexuality can positively impact short-term and long-term experiences. The study suggested that if LGB children received effective aid and their parents were proactive in preventing and addressing adverse consequences due to homophobic experiences, a reduction in school bullying incidents can occur. Moreover, the study suggested that an accepted family environment for LBG children might ensure they do not internalize the adverse effect of homophobia, such as pessimism, loneliness, and shame (Sidiropoulou et al., 2020).

Supportive families can enable LGB children to meet developmental demands which can help tackle homophobic demonstrations (Sidiropoulou et al., 2020). If LGB children received support from their families which positively impacted their self-esteem, this feature could influence how adult LGB individuals prevent, avoid, and deal with victimization (Sidiropoulou et al., 2020). Furthermore, LGB individuals with a strong sense of self might reflect a culture of diversity and inclusivity in the workplace that does not allow harassment due to sexuality (Sidiropoulou et al., 2020). In addition, if LGB people were raised in supportive families, they might want to find accepting workplace environments that can, in turn, reduce victimization incidents (Sidiropoulou et al., 2020).

Law and LGBT inclusivity

In the US, Delhommer (2020) found that anti-discrimination laws reduced hourly earnings penalties by 11% for gay men relative to heterosexual men. Hossain et al. (2020) found that U.S. anti-discriminatory laws prohibiting discrimination in the workplace based on sexual orientation and gender identity can spur innovation, resulting in improved firm performance.

Badgett et al. (2020) found that the eight-point Global Index on Legal Recognition of Homosexual Orientation scale of legal rights for LGB persons was associated with an increased real Gross Domestic Product per capita of approximately $2,000 for 132 countries between 1966 and 2011. The study found that LGBT inclusion and economic development mutually reinforced one another. The exclusion of LGBT people can harm the economy,
while legal rights for LGBT people can result in higher levels of economic development (Badgett et al., 2020).

**Workplace policies and LGBT inclusivity**

Bozani et al. (2020), using UK data, found that trans people’s self-esteem and self-respect could be enhanced by policy-makers’ attempts to promote inclusivity in the workplace through national workplace guidance. Positive workplace behavior can make trans people feel more accepted, valued, and trusted. The study indicated that if a workplace policy recognizes trans people’s worth, such perceptions may be internalized and result in positive self-evaluations by trans people (Bozani et al., 2020). If trans people perceived positive workplace actions as an achievement of the trans community, positive self-esteem enhancements can result (Drydakis, 2017a). Positive governmental actions might positively impact trans people’s self-assessments because such actions aim to minimize transphobia in society (Bozani et al., 2020).

Moreover, Bozani et al. (2020) found that national workplace guidance for trans people positively affected the creation of a more inclusive workplace. These actions improved the corporate profiles of firms and staff organizational behaviors, such as achieving results, fostering collegiality, and reducing complaints, and addressed LGBT business and trans staff-members’ needs. The study found that firms adopting policy-makers’ positive and inclusive workplace policies can result in positive organizational outcomes (Bozani et al., 2020). Similarly, in Britain, Wang et al. (2018) found that working in a diverse organization with an equitable management policy positively affected the earnings of gay men.

In the U.S, Patel and Feng (2020) found that an LGBT workplace equality policy could positively influence customer satisfaction levels. The study also found positive relationships between LGBT workplace equality, firm performance, and marketing capability. Shan et al. (2016) found that US firms with a higher degree of corporate sexual equality experienced higher stock returns and market valuations.
Discussion

The current study offered a literature review of the economics of being LGBT based on studies published between 2015 and 2020. The outcomes of the study indicated that gay men and bisexual men and women experienced greater earnings penalties than comparable heterosexual people. The assigned patterns could be evaluated through theories of distaste against minority population groups (Becker, 1957) and/or uncertainties against the credentials of minority populations (Arrow, 1973). The labor market penalties against LGBT people should bear a direct connection to the strength of firms’ antipathy to minority populations (Drydakis, 2009; Charles and Guryan, 2008). The higher the level of bias experienced by LGBT people, the higher the workplace penalties (Charles and Guryan, 2008; Drydakis, 2014; Drydakis, 2009; Pager and Karafin, 2009). In addition, biases could exist if firms use sexual orientation and gender identity to infer job-related characteristics, productivity, and commitment (Arrow, 1973). If LGBT people do not conform to traditional gender roles, they might face negativity in the workplace (Drydakis, 2015a). Deviations from heteronormativity and cisnormativity potentially spur biased evaluations in relation to ones’ competitiveness (Drydakis, 2015a).

The review indicated that lesbian women experienced earnings premiums in comparison to heterosexual women. Studies indicated that a combination of factors, such as stereotypes, labor, and household specializations, might positively impact lesbian women’s earnings (Drydakis, 2011). Masculine traits, which stereotypically characterize lesbian women, could represent productivity characteristics that can boost lesbian women’s remuneration in the workplace (Drydakis, 2011; Clain and Leppel, 2001). Moreover, if lesbian women work longer hours due to household arrangements, they might earn higher incomes (Jepsen, 2007; Elmslie and Tebaldi, 2007; Black et al., 2003). Questions arise over lesbian women's earning premiums. The majority of qualitative studies indicated that lesbian women face prejudices in the labor market (Drydakis, 2011; 2019a). In addition, the field studies on occupational access indicated that lesbian women faced more adverse experiences (Flage, 2020) and lower job satisfaction than heterosexual women (Drydakis, 2019a). Whether biased treatment toward lesbian women at the hiring stage can lead to earnings premiums remains an open question (Drydakis, 2011; 2019a).

The earnings analysis found that although a reduction in earnings penalties for gay men and bisexual people might have occurred after 2010, these groups continue to experience
greater earnings penalties than comparable heterosexual people. Additionally, lesbian women have experienced lower earnings premiums since 2010. Although a potential improvement in gay and bisexual men and women’s earnings represents a positive outcome, generalized arguments may give erroneous signals in countries where socio-political changes have not yet been realized in favor of sexual minority groups (Drydakis and Zimmermann, 2020).

The evidence presented in recent data sets indicated that gay men and bisexual people continued to experience earnings penalties, provoking a call for law or policy responses. The case becomes more serious, especially when (a) in the EU the proportion of LGBT people who felt discriminated against at work in 2019 was higher than in 2012 (European Union Agency for Fundamental Rights, 2020), (b) LGBT people in recent data sets continued to face occupational access constraints (Flage, 2020; Drydakis, 2019a), and (c) LGBT people continued to experience higher poverty rates than heterosexual and cis people (Schneebaum and Badgett, 2019; Badgett, 2018).

Recent studies attempted to evaluate the reduction in gay men’s earnings penalties. For instance, Delhommer (2020), Aksoy et al. (2018), Carpenter and Eppink (2017), and Bryson (2017) indicated that the reduction in gay men’s earnings penalties can result from the improvement in public policies and attitudes toward LGBT people over the last decade. Moreover, Delhommer (2020) found that anti-discrimination laws reduced the earning premiums for lesbian women by 16% in relation to heterosexual women. These changes might stem from the fact that lesbian women began to have more children in response to the laws. Thus, a shift to a more heteronormative family structure might characterize contemporary lesbian households (Delhommer, 2020).

The present study indicated that gay and lesbian people experienced more persistent bullying and job dissatisfaction than their heterosexual counterparts (Sidiropoulou et al., 2020; Drydakis, 2019a; b; 2015b). The reason for the average job satisfaction gap against gay men and lesbian women might be the adverse workplace experiences in terms of lower earnings and bullying for gay men, and bullying for lesbian women. Evidence suggests that gay men and lesbian women who disclosed their sexual orientation to their colleagues experienced positive work attitudes, and might emphasize inclusivity’s positive payoffs (Drydakis, 2015b). The present study indicated that inclusivity and/or positive workplace actions can bring a range of positive outcomes at both micro and macro levels. Policymakers and firms should observe that inclusivity can reduce the earnings penalties for gay men, boost
trans people’s self-esteem, spur innovation, and enhance firms’ performance, marketing
capability, corporate profiles, customer satisfaction, and countries’ GDP (Badgett et al., 2020;
Bozani et al., 2020; Patel and Feng, 2020; Hossain et al., 2020; Shan et al., 2016). In addition,
because the majority of studies in the literature indicated that negative attitudes toward LGBT
people constituted the source of labor market prejudices, policymakers should try to influence
the public’s attitudes toward LGBT people and the positive effects of inclusivity (Drydakis
and Zimmermann, 2020).

The focus on families indicated the possible developmental benefits of family support
that include reducing future workplace bullying for sexual minority children by equipping
them with self-confidence, self-esteem and the ability to navigate their school environments
(Sidiropoulou et al., 2020). Given the increasing number of people self-identifying as LGBT,
the significant amounts of school and workplace bullying incidents, and the corresponding
negative effects on people’s lives, examining the benefits of family support can reduce school
and workplace victimization (Sidiropoulou et al., 2020).

Research should focus on trans people’s unique challenges. Trans people have
experienced extremely high levels of bias, violent assault, and even murder, just for being
who they are (Drydakis, 2020; 2017a; b). Additionally, trans people faced higher poverty,
unemployment, and lower incomes than non-trans people (Carpenter et al., 2020; Leppel,
2020). A vector of factors positively affects trans people’s transitioning and smooth
progression. Such factors include support from family, peers, schools, and workplaces,
socioeconomic conditions, anti-discrimination policies, the ability to change one’s sex on
government identification documents without having to undergo sex reassignment surgery,
accessible and affordable transitioning resources, adequate preparation and mental health
support before and during transitioning, and proper follow-up care (Drydakis, 2020).

It is important to connect future research to questions posed by past research. There
exists a need for representative longitudinal data on sexual orientation and gender identity in
order to examine the level of earnings differences, poverty, unemployment, and well-being
indicators, namely, health and mental health, per sexual orientation and gender identity
groups. Representative longitudinal data might allow policymakers to evaluate ‘what works’ in
reducing bias in the labor market. Prompt evaluations should determine how supportive
families, schools, law, anti-bullying policies, and social and workplace strategies might boost
LGBT peoples’ progression. Due to limited LGBT data sets, there exists a dearth of studies
on the topic. Without data, firm generalizations based on previous studies cannot be made for
countries that have not yet been examined (Drydakis, 2019a).
References


Figure 1. Meta-regression outcomes, occupational access constraints against gay men and lesbian women

Notes: N=18 studies. The studies covered the period between 1981 and 2018. Author’s own presentation of meta-analysis outcomes presenting in Flage (2020). For gay men the reference category is heterosexual men. For lesbian women the reference category is heterosexual women.
Figure 2. Average earnings differences per sexual minority group

Notes. N=18 studies. The studies covered the period between 1991 and 2017. Author's own calculations presenting earning on papers published between 2015-2020 (sections five to eight). For gay and bisexual men, the reference category is heterosexual men. For lesbian women and bisexual women, the reference category is heterosexual women.
**Figure 3. Average job satisfaction gaps against gay men and lesbian women**

Notes: N=4 studies. The studies covered the period between 2007 and 2016. Author’s own calculations presenting patterns in Drydakis (2019a). For gay men and bisexual men, the reference category is heterosexual men. For lesbian women and bisexual women, the reference category is heterosexual women.
Notes: Author’s own calculations presenting patterns in Dryakas (2016; 2017a; b; 2020). During and after transitioning trans people experience better mental health and higher life and job satisfaction than they do before transitioning.