

Sex and ethnicity discrimination in the Ecuadorian labor market

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Definition

discriminatory attitudes, which we will call prejudice, discriminatory outcomes, which we will call discrimination.

- ***Prejudice***: dislike, distaste, or misperception based on innate characteristics such as race or sex.
- ***Discrimination*** occurs when equals are not being treated equally.
There is an impact on the individual so that the individual has greater difficulty getting a taxi, earns a lower wage, or is otherwise hurt by the action

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- Treating people differently on the basis on the basis of group membership.

Human capital theory

- wage determination based on ***the statistical earning function***: relates earnings with their underlying characteristics:

$$\text{earnings} = f(\text{education}, \text{age}, \text{experience}, \text{other})$$

Whose functional form is

$$\ln y = \ln y_0 + \beta_1 \text{edu} + \beta_2 \text{age} + \beta_3 \text{expr} + \beta_4 x_j^2 + u_i$$

Worker's earning differences

$$\ln y_i = \sum_{j=0}^k \beta_j x_{ij} + \alpha_1 \textit{indigenous}$$

It takes the no-indigenous pay structure as reference.

$$\ln y_i = \sum_{j=0}^n \beta_j x_{ij} + \alpha_2 \textit{black}$$

It takes the no-black pay structure as reference.

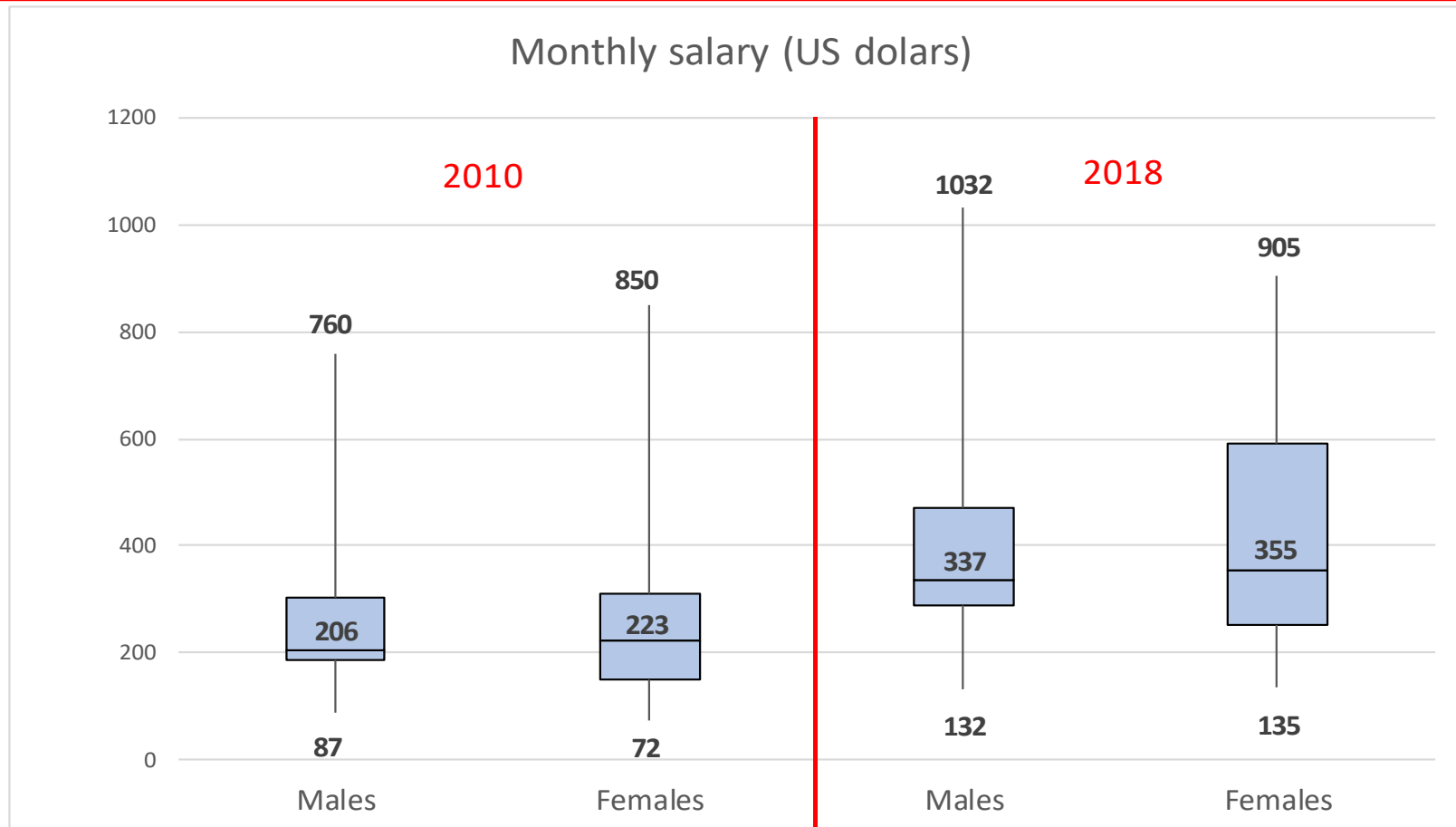
$$\ln y_i = \sum_{j=0}^n \beta_j x_{ij} + \alpha_3 \textit{female}$$

It takes the male pay structure as reference.

Worker's earning difference decomposition

$$\begin{aligned}\overline{\ln y_M} - \overline{\ln y_m} &= b_M(\bar{X}_M - \bar{X}_m) + \bar{X}_m(b_M - b_m) \\ \overline{\ln y_M} - \overline{\ln y_m} &= \underbrace{b_m(\bar{X}_M - \bar{X}_m)}_{\text{endowment}} + \underbrace{\bar{X}_M(b_M - b_m)}_{\text{discrimination}}\end{aligned}$$

Monthly salary 2010-2018



Earnings differential

| | 2010 | 2018 |
|------------------------|-------------|-------------|
| Females | -19.1 | -13.6 |
| Indigenous | -15.8 | -22.3 |
| Afro-Ecuadorian | -1.6 | -8.8 |
| | | |
| Indigenous female | -36.4 | -37.7 |
| Afro-Ecuadorian female | -20.4 | -22.2 |

Earnings gap decomposition

