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
• 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:

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

Whose functional form is

\[
\ln y = \ln y_0 + \beta_1\text{edu} + \beta_2\text{age} + \beta_3\text{expr} + \beta_4x_j^2 + u_i
\]
Worker’s earning differences

\[ \ln y_i = \sum_{j=0}^{k} \beta_j x_{ij} + \alpha_1 \text{indigenous} \]
It takes the no-indigenous pay structure as reference.

\[ \ln y_i = \sum_{i=0}^{n} \beta_j x_{ij} + \alpha_2 \text{black} \]
It takes the no-black pay structure as reference.

\[ \ln y_i = \sum_{i=0}^{n} \beta_j x_{ij} + \alpha_3 \text{female} \]
It takes the male pay structure as reference.
Worker’s earning difference decomposition

\[
\ln y_M - \ln y_m = b_M (\bar{X}_M - \bar{X}_m) + \bar{X}_m (b_M - b_m)
\]

\[
\ln y_M - \ln y_m = b_m (\bar{X}_M - \bar{X}_m) + \bar{X}_M (b_M - b_m)
\]

endowment

discrimination
### Monthly salary 2010-2018

<table>
<thead>
<tr>
<th>Year</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>760</td>
<td>850</td>
</tr>
<tr>
<td>2018</td>
<td>905</td>
<td>355</td>
</tr>
</tbody>
</table>

#### Monthly salary (US dollars)

- **2010**: Males 760, Females 850
- **2018**: Males 905, Females 355
## Earnings differential

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Females</td>
<td>-19.1</td>
<td>-13.6</td>
</tr>
<tr>
<td>Indigenous</td>
<td>-15.8</td>
<td>-22.3</td>
</tr>
<tr>
<td>Afro-Ecuadorian</td>
<td>-1.6</td>
<td>-8.8</td>
</tr>
<tr>
<td>Indigenous female</td>
<td>-36.4</td>
<td>-37.7</td>
</tr>
<tr>
<td>Afro-Ecuadorian female</td>
<td>-20.4</td>
<td>-22.2</td>
</tr>
</tbody>
</table>
Earnings gap decomposition

Female
- 2010: 86
- 2018: 95

Indigenous
- 2010: 29
- 2018: 72

Discrimination
- Female: 14
- Indigenous: 28

Endowment
- Female: 71
- Indigenous: 72