



Disability, structural inequality, and work: The influence of occupational segregation on earnings for people with different disabilities



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ABSTRACT

Occupational segregation is a fundamental cause of structural inequality within the labor market, but it remains under-researched in the case of disability status. Using 2011 American Community Survey data for working-age adults, we examine the representation of persons with different types of disabilities across occupations and industries. We find that employed workers with disabilities experience occupational segregation that limits their earnings potential. People with disabilities tend to work in lower-skilled jobs with limited educational and experience requirements. However, these disparities also vary by the nature of a person's disability, which perpetuates inequality by disability status. Although supply-side, human capital variables play a role in shaping earnings, we find that these broader, structural factors and occupational characteristics strongly influence the economic wellbeing of people with disabilities.

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1. Introduction

The 1990 Americans with Disabilities Act (ADA) aimed to improve employment and earnings opportunities for people with disabilities by removing barriers and outlawing discrimination on the basis of disability in the private sector. To this end, it extended many of the public sector antidiscrimination provisions found in the 1973 Rehabilitation Act. Although the Rehabilitation Act increased the number of employees with disabilities in the federal government, the overall employment rate for people with disabilities has declined and earnings have stagnated since the ADA has been in place (Burkhauser, Daly, Houtenville, &

Nargis, 2001; Burkhauser & Houtenville, 2006; Burkhauser & Stapleton, 2003; Houtenville & Adler, 2001; Lewis & Allee, 1992; Unger, 2002). In 2012, just 18 percent of working-age people with disabilities were employed compared to 64 percent of the population without disabilities, and large earnings gaps persist for employed workers with disabilities (U.S. Bureau of Labor Statistics [BLS], 2013).

Scholars have offered a variety of theories about the continued labor market disadvantages faced by people with disabilities. Explanations range from general criticisms of the capitalist system and economic downturns to institutional and policy failures (Acemoglu & Angrist, 2001; Colker & Milani, 2010; DeLeire, 1995; Lee, 2003; O'Brien, 2001; Russell, 2002). They also refer to workers' dependence on social welfare and disability benefits (Acemoglu & Angrist, 2001; Weidenbaum, 1994), the nature of work (Beegle & Stock, 2003; Jones & Sloane, 2010), and employer attitudes (Domzal, Houtenville, & Sharma, 2008; Hunt & Hunt, 2004;

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Unger, 2002). Despite these many explanations for labor market inequality, research on disability occupational segregation – that is, the unequal distribution of people with disabilities across occupations and industries – and the role of occupational characteristics in determining earnings for people with disabilities has been limited.¹

Ideally, studies seeking to explain employment and earnings gaps should link individual characteristics, such as work-limiting disabilities, human capital, and job preferences, to structural factors that include occupational requirements, as well as employer attitudes. With some exceptions, studies have fallen short in systematically bridging these supply- and demand-side factors when it comes to explaining the causes and consequences of disability occupational segregation. In addition, few researchers have examined the link between the nature of employment and type of disability, and even fewer have addressed this relationship within the context of occupations and industries. Not surprisingly, a recent Office of Disability Employment Policy (ODEP) report noted the dearth of studies comparing employment for people with disabilities across industries and occupations (Domzal et al., 2008).

This study addresses the gap between supply-and-demand perspectives of economic inequality by focusing on the role of occupational segregation in explaining disability earnings disparities. We investigate the distribution and earnings of persons with disabilities, given their specific type of disability, by occupation and industry using 2011 data from the American Community Survey (ACS). We concentrate on the following research questions: To what extent do people with different disabilities experience occupational segregation? Does occupational segregation contribute to earnings differences by disability status? Which occupational characteristics and requirements influence earnings outcomes for people with different types of disabilities? And, how do these outcomes vary with the nature of a person's disability?

In addressing these questions, we provide a framework for understanding structural inequality for people with disabilities, a group that is often overlooked within stratification research. Our approach speaks to several theoretical perspectives meant to explain the unequal representation of members from different minority groups in the labor market. These perspectives include statistical discrimination, queuing, and status characteristics theories that allude to low expectations among employers about performance and competence based on group generalizations (see Arrow, 1973; Reskin & Roos, 1990; Ridgeway, 1991, 1997). These broader expectations and stereotypes likely shape how employers interact with people with disabilities and their willingness to hire members of this group. In addition, employers' perceptions about work performance and productivity are often tied to the nature of a person's disability and the specific tasks involved within the occupation. This indicates that economic outcomes will vary by disability type and occupation. Thus, we also shed light

on whether different disabilities, as well as specific occupational characteristics and skill requirements, partially explain the continuing earnings gaps by disability status in the United States.

We begin by discussing key supply- and demand-side explanations for labor market inequality in relation to disability status. We then use these explanations to set up our expectations about the relationship between disability, occupation, industry, and earnings. After describing our data and methods, we show that people with disabilities commonly experience occupational segregation that negatively affects their earnings, but these outcomes vary for workers with different disabilities. Moreover, the earnings effects of this segregation depend on occupational characteristics and requirements, such as the demand for certain abilities and skill requirements. By incorporating disability type, as well as occupation and industry characteristics, we highlight discrepancies that cannot be accounted for simply through supply- or demand-side control variables.

2. Explanations for employment and income inequality

In order to investigate if and how occupational segregation shapes the economic wellbeing of people with disabilities, we focus on the relationship between characteristics and preferences of both employees and employers. We apply statistical discrimination, queuing, and status characteristics theories to highlight important connections between employers and workers that are especially relevant for understanding the uneven representation of people with disabilities across occupations and industries. Drawing from theories of labor market inequality, we first review general supply-side explanations related to differences in worker characteristics, human capital, and preferences, as well as demand-side explanations that include employer preferences and occupational characteristics within these common explanations. We then focus on extending these theories to explain variation in labor market outcomes by disability type, occupation, and industry. In particular, we discuss how structural-level explanations of occupational segregation intersect with a person's disability type to affect labor market outcomes.

2.1. Theories regarding disability labor market inequality

Supply-side characteristics, such as human capital and worker preferences, and demand-side factors, which include the role of policies, labor market conditions, and employer discrimination, work together to explain a substantial portion of the employment and earnings disadvantages created by disability (Yelin & Trupin, 2000). In terms of supply-side worker characteristics, researchers emphasize work experience and education as key human capital variables predicting labor market outcomes (Becker, 1962, 1964). The nature of disability also contributes to labor market inequality by limiting productivity, the ability to work, and other supply-side human capital factors, such as educational attainment and access to professional networks. For example, many people with disabilities require more time off from their jobs, and they

¹ In this paper, we use the term "occupational segregation" to refer to segregation by both occupation and by industry.

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