

Disability, Health and Access to Training

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Providing disabled people with adequate training is one of the main objectives of recent legislative measures against discrimination in the labour market. In fact, when affirmative policies make it difficult for the employers to discriminate in terms of pay levels, firms could use poor access to training to substitute low current wages with low future wages.

Using linked employer-employee data from the 2004 British Workplace Employee Relations Survey, this paper analyses the determinants of training both at the individual and at the firm level. In particular, it sheds light on what the World Health Organisation calls “contextual factors” i.e. the characteristics of the environment where disabled people work.

We analyse the process of providing firm sponsored training by dividing the firm training decision in two parts. In the first stage the firm decides whether to give some positive amount of training to each worker, while in the second part it determines the length of training. We argue that the “training-no training decision” is mainly driven by institutional constraints (for example anti-discrimination policies) and by employers’ expectations on observed characteristics. On the contrary, the “training incidence decision” is more related to the personal characteristics of the worker. Such characteristics become known as long as new information is collected. As a consequence, workers receiving training are not a random sample of the total workforce, but are those who are expected to be a “safe investment”. We consider “safe” an investment guaranteeing a long expected stream of future revenues. In line with that, we distinguish between “unsafe” and “safe” disabled. The former have severe impairments, thus high probability of dropping out the labour force due to illness. The latter, whose disability is not severe, display lower job-to-job mobility due to poor outside options, higher matching and mobility costs. Employers’ decisions on training for disabled people are based on estimates of the severity of their impairment based on the available information.

By using random intercept and random coefficient multilevel models controlling for unobserved firm effects, we find that being disabled decreases the probability of being trained, but it has a negligible effect on the length of training. We also find that workers’ expected tenure influences the amount of the investment in human capital. The two phases of the process determining the investment in human capital are estimated separately for two reasons. First, we think that trained and no-trained workers differ along a set of dimensions including disability. Hence, pooling the data would hide important differences. The second reason relates to the strategy for the identification of causal effects. In fact, even controlling for observed firm and individual characteristics, there are still potential sources of endogeneity, given that the covariates can be correlated with unobserved effects. By comparing the two models, we can study the different impact a variable has in the two phases. Therefore, we do not need to assume complete exogeneity, but only that the potential endogeneity has a comparable effect across all the stages of the process.