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"Disabilities, Vocational Education and Employment."

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Abstract: "In this paper we model the employment outcomes that follow the completion of Vocational Education and Training (VET). We use the HILDA survey (2001-2007) to estimate a dynamic Random Effects probit model of employment for working age Australians controlling for initial conditions and introducing Mundlak corrections. We first ask whether the VET pathway may influence the employment outcomes of people with and without disabilities in a different way. We find that VET increases the probability of employment for all and that this effect is stronger for people with disabilities. We then ask whether not working can be a self-perpetuating labour market state, that is, whether there is state dependence or 'scarring' in not working, especially for those with a disability who wish to and can work. Our estimates confirm the presence of state dependence: currently not working causes the probability of not working in the future to rise, independent of all other individual characteristics. We find that state dependence is stronger for people with disabilities. The role of VET is shown to be benign in this context. VET completion reduces the chances of not working after completion for all VET graduates. The analysis then distinguishes between those who were employed or not in work before VET completion and between those with and without a disability. We find that VET completion increases the probability of retaining employment for both persons with and without a disability. The probability of retaining employment that can be attributed to VET completion is higher for people with disabilities by 4.5 percent. We find that VET completion reduces (increases) the probability of gaining employment for persons without (with) a disability. The probability of gaining employment that can be attributed to VET completion is higher for people with disabilities by 17.6 percent. We conclude with a discussion of the policy implications of our findings."