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The Disability Pay Gap Within and Across Firms

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Objectives

We assess the extent to which the UK disability pay gap, the difference in hourly pay between disabled and non-disabled employees, is a consequence of the distribution of workers across firms (for example, if disabled employees are concentrated in low paying firms) and within-firm disability pay gaps, that is, among co-workers.

with more than 250 employees, which means the legislation would be targeted effectively.

Methods

We apply regression analysis and Oaxaca-Blinder (Oaxaca, 1973, Blinder, 1973) decomposition methods to newly-linked data which matches high quality information from employer payroll records from the Annual Survey of Hours and Earnings (ASHE) to Census data on disability. We use these to explore the extent to which the raw disability pay gap and disability-related pay inequality, which exists after accounting for disability-related differences in personal and job-related characteristics, is a within or between firm phenomenon.

Results

Our findings indicate that the distribution of disabled and non-disabled employees across firms acts to reinforce the within-firm disability pay gap and disability-related pay inequality in England and Wales. However, both the disability pay gap and unexplained disability pay gap predominately exist within rather than between firms, consistent with significant pay inequality among co-workers. In other words, disabled workers are disadvantaged both from working in lower paying firms and from receiving lower pay than their non-disabled co-workers within the same firm, but differences between co-workers are the main contributor to the overall disability pay gap.

Conclusion

Evidence of within firm disability pay gaps and disability-related pay inequality, support the proposed introduction of employer disability pay gap reporting in the UK. We also show that the within-firm disability pay gap is larger among firms



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