

The Effect of Disability on Household Head's Earnings and Labor Supply: Evidence from KLIPS 2003-06 and Policy Implications

Ja Eun Shin (KDI School of Public Policy and Management, South Korea)

Sangho Moon (Sungkyunkwan University, South Korea)

Abstract

The purpose of this study is to estimate the effect of disability on Korean household head's earnings and hours-of-work. Household heads normally go along with deep responsibility than other family members both socially and financially in Korea. When the household heads are exposed to unwanted disease symptoms or disabilities, their earnings and labor outcomes would fall sharply driving the whole household members into poverty. In Korea such financial hardship due to household heads' disability often leads to painful conditions policy makers might be interested in. This paper investigates the impact of adverse health conditions on labor outcomes of household heads and examines household's economic well-being after the head's onset of disability-related conditions. Onset of disease symptoms may be captured by deteriorated health conditions of the heads. Both of the 5-scale self-evaluated or work disability measures from the Korean Labor and Income Panel Survey (KLIPS) 2003-2006 will be used. Traditional fixed-effects / random-effects panel regression methods will be employed to measure precise estimates avoiding heterogeneity bias. Preliminary Hausman test results over the KLIPS data revealed that the fixed-effects model were more appropriate for the project. A couple of papers delved into exploration of the nexus between disability and work in the context of western labor markets (Anderson et al., 1985; Bazzoli, 1985; Bound, 1991; Burkhauser et al., 1996, 1997, 2000; Ettner, 1996; Haveman and Wolfe, 1984, 1990, 2000; Dwyer and Mitchell, 1999; Stern, 1989). However, in-depth studies regarding the relationship of disability and work are rare particularly over the Korean workers. This research outcomes may provide meaningful bases for entrenching better social networks toward disabled workers in Korea.