Better Disability Hiring, Better Financial Performance?

Ava Regan | Faculty Sponsor: Abigail Hornstein
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Background

- In recent years U.S. firms have established disability employment programs
- Some companies have signed pledges to establish or strengthen disability employment policies
- Critics say that these disability inclusion practices are a type of "greenwashing" designed to improve corporate reputation
- Past literature has used small samples of firms and proprietary datasets to examine if firm performance is explained by disability employment policy, and has generated inconclusive results.

Corporate Disability Employment Pledges

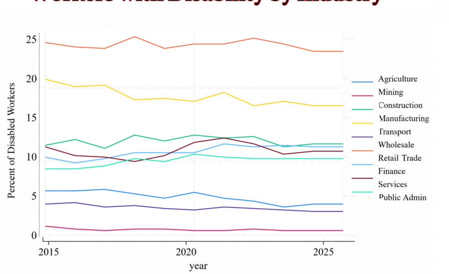
2019 statement (500 companies)

"I commit to putting disability inclusion on my board"

2024 statement (47 companies)

"As a business leader, I pledge to champion disability-inclusive sustainability practices by integrating disability inclusion into our company's strategy, governance, operations, and reporting, recognizing that the inclusion of persons with disabilities is both[1] a business imperative and a driver of sustainable development."

Workers with Disability by Industry



Empirical Approach

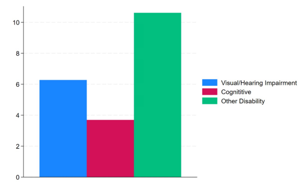
- Outcomes: Tobin's Q measures market value, and ROA captures firm performance
- Shift-share: changes in disability employment within an industry scaled by national changes in total employment in the industry
- Shock: whether a firm signed the 2019 or 2024 pledfges
- Question: What is the impact on firm outcomes?
- Model:

$$Q_{ic} = \beta_0 + \beta_1 \text{ShiftShare}_i + \beta_2 \text{Shock}_i + \beta_3 \text{BoardSign}_{ic} + \mathbf{X}_{ic}\boldsymbol{\Gamma} + \delta_i$$

Data

- Financial accounting data on S&P500 companies
- Bureau of Labor Statistics data on employment, total and of people with disabilities, by industry
- IPUMS self-reported survey data on whether individuals have disabilities
- The merged dataset is panel data for 2015-2025

Histogram of Disability Type



Year	Vision/Hearing Impairment	Cognitive disability	Other Disability	Total
2015	6.12	3.65	10.55	20.33
2016	6.22	3.69	10.60	20.51
2017	6.09	3.56	10.31	19.96
2018	6.07	3.56	10.22	19.85
2019	6.05	3.58	10.34	19.98
2020	6.24	3.95	10.76	20.96
2021	6.31	3.66	10.56	20.53
2022	6.44	3.75	10.87	21.06
2023	6.53	3.74	10.90	21.17
2024	6.64	3.82	11.02	21.49

Future Work

- Complete collection of data on corporate connections to disability advocacy groups
- Regression analysis of determinants of firm's market valuation, captured by Tobin's Q, and market performance, captured by ROA.

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