



# Psychiatric Disorders and Labor Market Outcomes

## Among Asian and Latino Americans

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### Objective

The objective of this paper is to investigate the effect of recent psychiatric disorders on three labor market outcomes (current employment status, the number of weeks worked in the past year, and any work absences in the past month) using a nationally representative sample of Latino and Asian Americans

### Background and Motivation

Almost nothing is known about disparities in the labor market consequences of mental disorders.

- Previous work indicates that a recent psychiatric disorder is associated with reductions in earnings, labor supply and employment (Frank & Gertler 1991; Ettner et al. 1997; Alexandre & French 2001)
- Most previous work is based on samples of English-speaking, US born populations – these samples generally include some Latinos but very few Asian-Americans
- Sample sizes have not allowed estimation in sub-samples by race/ethnicity and gender
- Between 1998 and 2008, US Census Bureau predicts that 25% of labor market entrants will be Latino or Asian – but we know almost nothing about how mental health impacts labor market outcomes for these groups

### Data

The National Latino and Asian American Study (NLAAS) is a national psychiatric epidemiologic study conducted to measure psychiatric disorders and mental health service usage in a nationally representative sample of Asians and Latinos

### Analysis Samples

Analysis samples include NLAAS respondents between 18 and 65 years old who are not in school and have complete survey information

- Male Latino sample (n = 997)
- Female Latino sample (n = 1,212)
- Male Asian sample (n = 851)
- Female Asian sample (n = 930)

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### Methods

#### Measures

##### Labor market outcomes:

1. *Employed*: dummy variable =1 if respondent is currently employed, 0 if respondent is unemployed or out of labor force
2. *Log of weeks worked*: among employed individuals, the log of the number of weeks worked in past year
3. *Any work absences*: among employed individuals, whether or not respondent missed at least one day of work in the past 30 days

##### Current Psychiatric Disorders:

Any DSM IV mental disorder in past 12 months (major depression, dysthymia, agoraphobia, panic disorder, social phobia, substance use disorder, generalized anxiety disorder, PTSD)

##### Other covariates:

Ethnicity, number of family members under 18, age, education, marital status, language proficiency, proportion of life spent in US, state unemployment rate

#### Model

$$L = b_0 + b_1 MH + b_2 X + u + e$$

- L: Labor market outcome
- MH: Mental health measure
- X: Observed personal characteristics
- u: Unobserved personal characteristics

Standard estimation methods such as OLS can lead to biased estimates:

- if a problem of reverse causality exists (e.g. labor market outcome affects mental health)
- if unobserved, personal characteristics (u) exist that influence both mental health and labor market outcomes

#### Estimation

Three empirical approaches –

1. Including past psychiatric disorder as an additional covariate
2. Instrumental variables (IV) methods, used for continuous dependent variables
3. Bivariate probit models, used for binary dependent variables

### Results

#### Employment

- Latino males: Disorder reduces employment probability by 13-15 percentage points, p-value<0.01
- Latino females: Disorder reduces employment probability by 19-30 percentage points, p-value<0.01
- Asian males and females: Negative effects but much smaller in size and not statistically significant at the 0.05 level

#### Labor Supply

- Employed Latino males: Disorder reduces weeks worked by about 10 percent – statistically significant at 0.10 level in 2 of 3 models
- Employed Latino females: Disorder reduces weeks worked by about 13 percent – statistically significant at 0.10 level in 2 of 3 models
- Employed Asian males and females: Negative effects but these effects generally are not statistically significant at the 0.05 level

#### Absenteeism

- Employed Latino males: Disorder increases absence probability by about 20 percentage points, p-value<0.01
- Employed Latino females: Disorder increases absence probability by about 17 percentage points, p-value<0.01
- Employed Asian males and females: Effects are inconsistent in sign and not statistically significant at the 0.05 level

### Conclusions

Results for Latinos are similar to estimates based on US nationally representative data.....

- Among Latinos, having any mental disorder in the past 12 months:
- Detracts appreciably from the probability of being currently employed
  - Reduces the number of weeks worked in the past year
  - Increases the probability of work absences in the past month

but results for Asians require further investigation.

Among Asians, although some of the findings are suggestive, we find only weak evidence that past year mental disorders detract from labor market outcomes