

The price of excluding people with disabilities from the workplace

Mainstreaming of women and men with disabilities in all aspects of society the economy and development efforts is crucial in helping to achieve the Millennium Development Goals. Yet, because of stigma and discrimination many disabled people live in poverty, dependence and exclusion. ILO Online interviews Sebastian Backup, author of the ILO study "The price of exclusion: The economic consequences of excluding people with disabilities from the world of work".

Your exploratory study examines the cost to societies of excluding people with disabilities from the world of work. What motivated you to examine this issue?

Sebastian Backup: Some 650 million people or one-tenth of the global population have a disability. Of these, approximately 470 million are of working age. People with disabilities face unjustifiable discrimination, and consequently exclusion from employment, skills training, education, health care services, and other key areas of development. Their exclusion not only prevents them from participating fully in society but also has economic implications for societies. The main objective of this study was to help place a price tag on the exclusion of people with disabilities from the world of work.

What exactly is being measured in the study, and how?

Sebastian Backup: The study develops and pilot-tests a new approach for quantifying the macroeconomic losses related to the exclusion of people with disabilities from the workplace. Building on previous research, it examines the factors underlying these losses. One factor is labour productivity losses due to disabling social and physical environments that makes people with disabilities less productive than they could be. A second is the gap between the potential and the actual productivity of disabled persons. A third, is the difference between unemployment and inactivity rates of non-disabled people and people with disabilities. Together, these factors help to highlight the cost of excluding people with disabilities from the workplace.

What are the main findings of this study?

Sebastian Backup: The approach developed in our study was tested using data from ten low and middle-income developing countries in Asia (China, Thailand, and Viet Nam) and in Africa (Ethiopia, Malawi, Namibia, South Africa, Tanzania, Zambia and Zimbabwe). We found that economic losses related to the exclusion of persons with disabilities from the labour force are large and measurable, ranging from between 3 and 7 per cent of Gross Domestic Product (GDP). More significantly, it shows that by combining certain assumptions and adequate modelling it is possible to generate data on the cost of exclusion, even for countries where reliable primary data are scarce.

How do your findings compare to the earlier study, more specifically, the Robert Metts report of 2000, on this particular issue?

Sebastian Backup: In the often-cited Metts report, calculations of worldwide losses related to exclusion and disadvantage of people with disabilities are based on unemployment rates and other country-level data for Canada, which are then extrapolated to the rest of the world. This leads to estimated losses of between 15 and 40 per cent of GDP, which seem unrealistically high. Contrary to this, our study uses country-level data in order to generate more precise and, most importantly, more country-sensitive statistical information¹.

What were some of the main challenges or limitations you encountered in carrying out this research?

Sebastian Backup: Measuring the economic consequences of excluding people with disabilities from the workplace requires information on the number of people with disabilities, the severity of their disability, as well as their labour market situation. While macroeconomic data and general labour market information are readily available for most countries, disability prevalence rates and labour market information on people with disabilities, or 'primary data', are much harder to find. Another challenge we came across is the comparability of this information as the definition of 'people with disabilities' varies across countries.

¹ Metts, R.L. 2000. Disability issues, trends and recommendations for the World Bank (Washington, World Bank).

How might the findings of the study be used by policymakers?

Sebastian Backup: Our study helps policymakers to frame the exclusion of people with disabilities not only as a social but also as an economic concern. This is particularly important in times of crisis when governments are forced to cut spending and rethink budget allocation. The message of our paper is very clear: promoting the inclusion of people with disabilities in the world of work is not only a matter of rights and social justice but also contributes to sustainable growth and development.

What are the next steps or recommendations for future work in this area?

Sebastian Backup: The most significant achievement of this study is that it managed to generate country-level data on the cost of excluding people with disabilities despite limited access to primary data. One recommendation for future work is to 'dive-deep' into the country-specific data to make better sense of the similarities and differences presented in the study, and to devise concrete next steps for action. Another would be to fine-tune the methodology of the study, specifically by seeking more evidence on the gap between actual and potential productivity. We also strongly recommend strengthening efforts to create a 'global stock of knowledge' on the labour market situation of people with disabilities. And finally, more country studies should be undertaken in regions that have not been included in our pilot group, such as in Europe, Latin America, and North America.

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