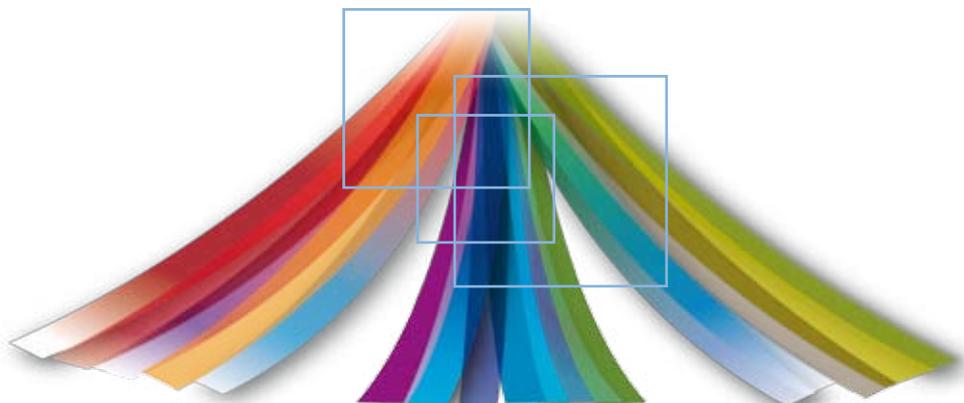


# GLOBAL JOBS PACT POLICY BRIEFS



International  
Labour  
Organization



## INCLUDING PEOPLE WITH DISABILITIES IN CRISIS RESPONSE

### 1. Executive summary

Even before the economic, social and jobs crisis, people with disabilities were less likely to be in employment than non-disabled persons and to count among the poorest in society. While there is scant data on how they have fared during the crisis, it is generally assumed that they have been disproportionately affected, directly or indirectly. Their potential to contribute to recovery needs to be recognized and tapped to ensure that they are not locked in greater poverty than before, that they can live independently and participate actively in society.

A twin track approach should be taken. First of all measures to stimulate employment and job retention, introduced for

the workforce as a whole, and for disadvantaged groups in general - such as insurance reduction and subsidies for new recruits - should also explicitly apply to workers and job-seekers with disabilities. Programmes to support developing countries to emerge from the crisis should explicitly target persons with disabilities among other groups. Then, specific measures that have been demonstrated to work effectively in promoting employment for this group - such as wage subsidies and supported employment programmes - should be maintained and extended, to enable them to overcome the disadvantages that many face. Public procurement should be more effectively used as a tool to promote job retention and recruitment of persons with disabilities.

### 2. Description of the policy challenges

People with disabilities make up an estimated ten per cent of the global population - 650 million people, with 470 million of working age.<sup>1</sup> Before the advent of the economic and social crisis, they were less likely than non-disabled persons to be in employment, more likely to be in low-paid jobs with poor promotional prospects and working conditions;<sup>2</sup> more likely to be economically inactive;<sup>3</sup> and more likely to be

[Accessed 02.12.2008: [http://www.ilr.cornell.edu/edi/disabilitystatistics/StatusReports/2007-PDF/2007-StatusReport\\_US.pdf?CFID=5896331&CFTOKEN=26891202&jsessionid=f03029491cbfa74916936186c162373a4c1a](http://www.ilr.cornell.edu/edi/disabilitystatistics/StatusReports/2007-PDF/2007-StatusReport_US.pdf?CFID=5896331&CFTOKEN=26891202&jsessionid=f03029491cbfa74916936186c162373a4c1a)]

Korea Ministry of Labour (MOL). 2007. Statistics on employment for persons with disabilities 2007 (Gwacheon-si)

<sup>3</sup> see, for example, Eurostat. 2002. Employment of people with disabilities (ad hoc module of the Labour Force Survey 2002). [Accessed 02.12.2008: <http://ec.europa.eu/eurostat>]; Korea Ministry of Labour (MOL). 2007. Statistics on employment for persons with disabilities 2007 (Gwacheon-si); Dirección General de Estadística Encuestas y Censos (DGEEC) (Paraguay). 2002. Censo Nacional de Población y Viviendas; Instituto Nacional de Estadística (INE Bolivia). 2001. Encuesta de Condiciones de Vida (Program for the Improvement of Surveys and the Measurement of Living Conditions in Latin America and the Caribbean (MECOVI))

<sup>1</sup> Based on the World Health Organization's estimate that 10 per cent of the world's population have a disability and United Nations World Population Prospects, 2006 Revision.

<sup>2</sup> see, for example, W. Erickson; C. Lee, 2008. 2007 Disability Status Report: United States. (Ithaca, NY, Cornell University Rehabilitation Research and Training Center on Disability Demographics and Statistics).

*The Global Jobs Pact policy brief series is intended to inform readers of the relevance of the ILO's technical areas of work in addressing economic downturns as well as assisting in sustainable economic recoveries. Each brief is an invitation to the reader to contact the ILO for additional information and support.*

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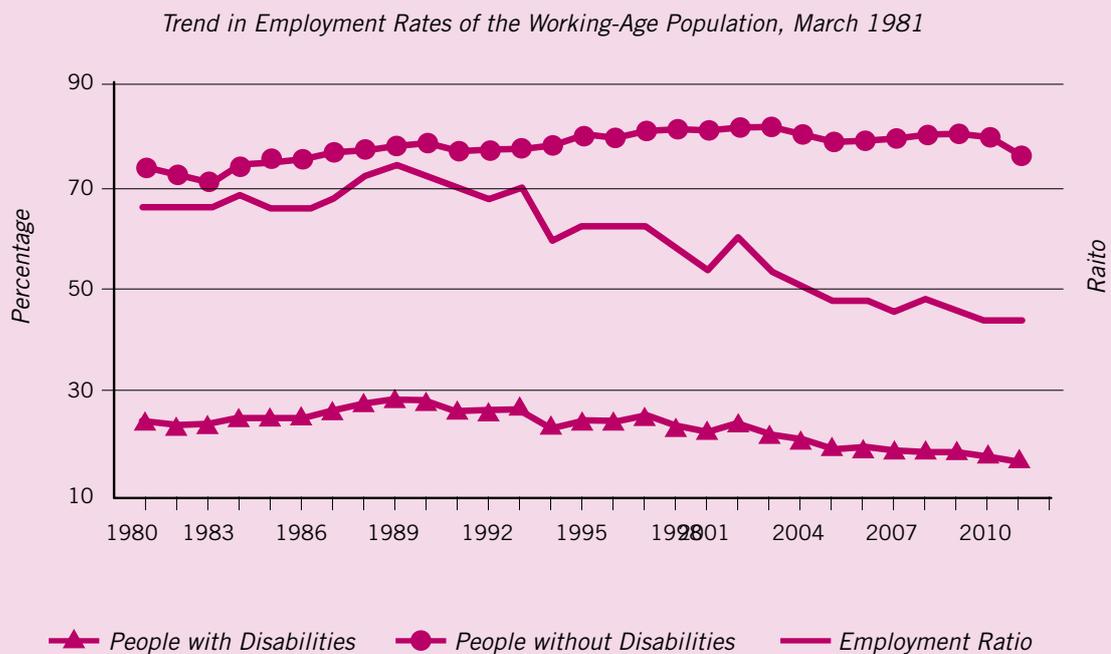
among the poorest in society,<sup>4</sup> with disabled women being less likely to have a decent job than either non-disabled women or men with disabilities.<sup>5</sup>

There are very few reliable global data about persons with disabilities in the crisis. An exception is the United States, where reliable comparable data over time indicates the impact that economic recessions have had on this group in the past. Data on employment rates over almost 30 years shows a widening gap between the employment rates of disabled persons and non-disabled persons, and the downward slope of the employment ratio indicates that once people with disabilities have lost their jobs, they have difficulty in returning to work (see Figure 1 below). Between October 2008 and October 2009, the number of employed working-age adults with disabilities declined by 13.6 per cent, more than three times the 4.2 per cent drop among working-age adults without disabilities,<sup>6</sup> with the unemployment rate for

people with disabilities rising to 17.2 per cent, compared to 9.2 per cent for non-disabled people.

- <sup>4</sup> see J. Braithwaite & D. Mont., *Disability and Poverty: A Survey of World Bank Poverty Assessments and Implications*, Social Protection and Labour Discussion Paper No. 0805, World Bank, 2009.
- <sup>5</sup> Eurostat. 2002. Employment of people with disabilities (ad hoc module of the Labour Force Survey 2002). [Accessed 02.12.2008 : <http://ec.europa.eu/eurostat/>]; M.J. Bjelland; W.A. Erickson; C.G. Lee, 2008. Disability Statistics from the American Community Survey (ACS). (Ithaca, NY, Cornell University Rehabilitation Research and Training Center on Disability Demographics and Statistics). [Accessed 02.12.2008: <http://www.ilr.cornell.edu/edi/DisabilityStatistics/>]; Korea Ministry of Labour (MOL). 2007. Statistics on employment for persons with disabilities 2007 (Gwacheon-si)
- <sup>6</sup> S. H. Kaye, 2009. *The Disproportionate Impact of the Great Recession on Workers with Disabilities* (San Francisco, CA, University of California, unpublished)

**Figure 1 United States data source Bjelland et al, 2009**





The conclusion arising from these trends is that recession periods have serious economic consequences for people with disabilities, who may be more likely than other workers to lose their jobs, be unable to find new jobs during a recession, and be the last to be hired when conditions improve.<sup>7</sup> Further research is required to establish whether this trend is to be found in other countries. Initial analysis of national employment statistics in the United Kingdom for example, suggest that disabled people have not suffered worse than non-disabled people from the increase in unemployment, though this may reflect the fact that their employment rate in the sectors worst hit was very low to start with.<sup>8</sup>

For other countries, news reports indicate that the number of disabled workers employed is being reduced, public expenditures on programmes relevant to their employability and employment are being squeezed and demand for products of enterprises employing disabled persons may be reduced. In Japan for example, it has been reported that companies cut nearly 2,800 jobs for disabled persons in 2008, the highest level in six years; while in Australia, the decline in GDP has led to massive cuts in federal spend-

ing on programmes that prepare people with disabilities for employment. A recent study on Social Security Disability Insurance in the United States shows that the number of disabled people applying for claims reached a high of more than 2.3 million in 2008, most likely reflecting their reduced income from employment.

More comprehensive information is available through the reports on the increase in poverty as a result of the crisis – since disabled people are disproportionately counted among the poor in society, the evidence on the increased poverty rates can also be taken to reflect their situation.

<sup>7</sup> M. Bjelland, S. Bruyere 2009 “Recession Time Economic Realities for People with Disabilities”; Bjelland, M. et al, 2009, *Progress Report on the Economic Well-Being of Working-Age People with Disabilities*, (Rehabilitation Research and Training Center on Employment Policy for Persons with Disabilities, Ithaca, NY, Cornell University)

<sup>8</sup> P. Purton, *People with Disabilities at Times of Economic Crisis*, Statement at Panel Discussion, Governing Body, 306 th Session, Geneva, Nov. 2009. Also available at: [http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/statement/wcms\\_117342.pdf](http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/statement/wcms_117342.pdf)

### 3. Policy options to address the challenges

The current economic crisis highlights the barriers faced by people with disabilities and brings into sharper focus the need for their inclusion in measures to stimulate economic recovery, including job-creation, training and job-placement initiatives, as well as the need for targeted measures focusing on this group if they are to be enabled to regain economic self-sufficiency and to contribute to the recovery.

#### **General stimulus measures need to be inclusive**

Considerable attention has been paid to the effectiveness of stimulus packages in protecting the jobs of workers in employment and in stimulating new recruitment. Job retention policies have shown to be very effective in times of crisis and recession and workers benefiting from such schemes are mostly skilled and employed in modern enterprises. Hiring subsidies appear to be more effective when used during periods of economic recovery and are aimed at improving the employability of unemployed and relatively low-skilled workers. When subsidies are aimed at disadvantaged groups, they introduce greater fairness by improving

their chances to be employed.<sup>9</sup> Wage subsidies to cover a shortfall in productivity are one of the most commonly-provided financial supports to employers in encouraging the employment of workers with disabilities, sometimes in combination with a grant for the initial period of employment.<sup>10</sup>

General active labour market measures, including those involving training, should be explicitly extended to include persons with disabilities, so as to enhance their employability in preparation for the upswing.

#### **Targeted measures are also required**

**Supported Employment (SE)**, in a variety of forms, has proved to be effective in promoting the employment of

<sup>9</sup> ILO: *Employment and social protection policies from crisis to recovery and beyond: A review of experience*. An ILO report to the G20 Labour and Employment Ministers Meeting, Washington, DC, 20–21 April 2010.

<sup>10</sup> A. O'Reilly, . *The right to decent work of persons with disabilities*, Geneva, ILO, 2007.



persons with disabilities. The most common form is the 'supported job' employment model, involving a 'place and train' approach, rather than the common practice in vocational rehabilitation facilities where the model is 'train and then place'.

The 'place, train and support' model for SE usually involves job coaches working with the potential employee to identify interests and skills. This is followed by job seeking, matching and placement. The employer might also be encouraged to make adaptations to a specific job in order to match it with the abilities and skills of the employee with a disability. In many cases the job coach might learn to do the job first, in order to subsequently teach the employee with the disability. In other circumstances, the employer might prefer for a regular staff member to teach the skill. This person may subsequently become a 'mentor' to the person with the disability, and become part of the 'natural' support for the person within the workplace.<sup>11</sup>

In Australia for example, Jobsupport, a service to stimulate the development of paid employment in integrated settings for people with disabilities, has achieved one of the best records in the country for supporting people with intellectual disabilities and high support needs. In the United Kingdom, where government policy places an increasing emphasis on employment for persons with disabilities in the open labour market, Shaw Trust a major Supported Employment service-provider, expects to place 20,000 persons with disabilities in jobs in 2010.<sup>12</sup>

Supported Employment programmes involve close collaboration with employers, often linked to corporate social responsibility policies. There is some evidence that such programmes have enabled many disabled workers to retain their jobs throughout the economic crisis,<sup>13</sup> although more comprehensive research is required to assess how widespread this positive impact has been.

**Employment targets** in the form of quota schemes have been widely used to promote employment opportunities for persons with disabilities in various countries. Frequently

backed by legislation or regulation, these affirmative action measures require employers to ensure that a specified percentage of their workforce is made up of people with disabilities. Employers who fail to meet this obligation are in many cases required to pay a compensatory amount into a national fund used, for example, to support adaptations to the workplace or provide other supports to employers who employ disabled persons, or to enhance the employability of job-seekers with disabilities through skills developments.<sup>14</sup> The existence of such schemes in countries around the world may have contributed to minimizing the impact of the crisis on the employment rate of persons with disabilities, although evidence on this has yet to be compiled.

In Germany for example, the Social Code, Book 9, of 2002 requires public and private employers with a workforce of at least 20 employees to ensure that five per cent of their workforce is made up of people with disabilities. Employers who do not meet their quota obligation are obliged to pay a fixed compensatory levy for every unfilled quota place. This levy is used exclusively to promote the rehabilitation and employment of people with disabilities and can be used for example, to provide grants to employers who exceed their quota obligations or to help employers meet any extra costs associated with the employment of a person with a disability, such as adaptations to buildings or the provision of extra training.<sup>15</sup>

<sup>11</sup> T. Parmenter. *Promoting training and employment opportunities for people with intellectual disabilities. International Experience*. Report to the ILO; O'Reilly, op cit, 2010

<sup>12</sup> B. Jones., *People with Disabilities at Times of Economic Crisis*, Statement at Panel Discussion, Governing Body, 306 th Session, Geneva, ILO, Nov. 2009. Also available at: [http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/statement/wcms\\_117341.pdf](http://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/statement/wcms_117341.pdf)

<sup>13</sup> B. Jones, op cit

<sup>14</sup> ILO: *Achieving Equal Employment Opportunities for People with Disabilities through Legislation*. Geneva, ILO, 2007.

<sup>15</sup> ILO., *Achieving Equal Employment Opportunities for People with Disabilities through Legislation*, Geneva, ILO, 2007.



## 4. Conclusions and recommendations

Society bears significant costs arising from the exclusion of people with disabilities from the active labour market. These arise from the opportunity cost of lost productivity; lower tax receipts; the cost of disability benefits; as well as reduced consumption. A recent ILO working paper estimated some of these costs for ten Asian and African countries, to range between two and seven per cent of GDP.<sup>16</sup> In OECD countries, the cost of disability benefits amounts to 1.23 per cent of GDP,<sup>17</sup> with many countries spending twice as much on these benefits than on unemployment benefits.<sup>18</sup>

While some disabled persons are unable to work and need social protection, many want to work. In the United Kingdom for example, 45.1 per cent of economically-inactive persons with permanent disabilities stated that they actually wanted to work,<sup>19</sup> while in the United States, a survey found that two out of three disabled persons who were not working preferred to be employed (NOD 2000). Many are locked in the “benefits trap”, a term used to describe the situation where the value of benefits and related health care entitlements exceed the income from what is often poorly paid work.

People with disabilities who are not working represent an under-utilized human resource. Increasingly, companies are realizing that hiring disabled persons brings benefits such as increased productivity, better attendance, and increased overall employee morale and team work. In addition to this ‘business case’ for employing workers with disabilities, employers are frequently motivated to hire disabled persons as part of their corporate social responsibility policies, and to enhance company image. A survey in the United States found that 92 per cent of respond-

ents were more positive about a company that hired disabled persons and 87 per cent were more likely to give their business to such companies.<sup>20</sup>

For the economy as a whole, having this significant number of people in employment as opposed to being inactive, will contribute to aggregate consumption, and act as a further stimulus to economic growth.

In conclusion, it is important for societies to include people with disabilities in measures to stimulate job growth, introduced in response to the economic and social crisis, not only for the reasons mentioned above. Failing to do so will mean that the commitments made by the world community in the Millennium Development Goals will be impossible to meet, in particular the goal of halving the number of people living in poverty by 2015.

<sup>16</sup> S. Backup, 2009: *The price of exclusion: the economic consequences of excluding people with disabilities from the world of work*, Skills & Employment Department, ILO, Geneva. Also available: [http://www.ilo.org/wcmsp5/groups/public/---ed\\_emp/---ifp\\_skills/documents/publication/wcms\\_119305.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---ifp_skills/documents/publication/wcms_119305.pdf)

<sup>17</sup> Organization for Economic Co-operation and Development (OECD), 2008. *Sickness, disability and work: Breaking the Barriers (Vol. 3). Denmark, Finland, Ireland and the Netherlands* (Paris).

<sup>18</sup> ISSA 2008 Disability benefits: Turing back the rising tide. Social policy Highlight 02. (<http://www.issa.int/aiiss/Topics/Disability#>)

<sup>19</sup> OECD 2007 *Sickness, disability and work: Breaking the barriers (Vol. 2)*. Australia, Luxembourg, Spain and the United Kingdom (Paris).

<sup>20</sup> A. Mohler, et al.: “A national survey of consumer attitudes towards companies that hire people with disabilities” in *Journal of Vocational Rehabilitation* (2006, Vol. 24, Issue 1) pp. 3-9.



## 5. Further reading and resources

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