

Disability and labor market outcomes

Disability is associated with labor market disadvantage; recent evidence points to a causal relationship

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ELEVATOR PITCH

In Europe, about one in eight people of working age report having a disability; that is, the presence of a long-term limiting health condition. Despite the introduction of a range of legislative and policy initiatives designed to eliminate discrimination and facilitate retention of and entry into work, disability is associated with substantial and enduring employment disadvantages. Identifying the reasons for this is complex, but critical to determine effective policy solutions that reduce the social and economic costs of disability disadvantage.

KEY FINDINGS

Pros

- + There is growing international body of evidence regarding the labor market experience of disabled individuals.
- + Part of the raw gaps in labor market indicators by disability are explained by factors other than disability, including age and educational attainment.
- + Longitudinal evidence highlights that for many individuals who experience disability onset, it is not permanent.

Cons

- There are limitations of using self-reported information on disability status from survey data.
- There is consistent evidence that disability is associated with substantial labor market disadvantage, particularly in terms of employment.
- Longitudinal analysis provides greater evidence of a causal influence of disability on labor market outcomes.
- Disability may affect work productivity and preferences for work, making it particularly difficult to identify discrimination.
- There is no consistent evidence that anti-discrimination legislation has improved the labor market outcomes of disabled individuals.

AUTHOR'S MAIN MESSAGE

The prevalence of disability, combined with its substantial labor market disadvantage, makes the design of effective policy critical for reducing its negative social and economic consequences. However, this process is complicated by difficulties in measuring disability and in distinguishing its influence on productivity and preferences for work from employer discrimination. Recognizing that the experience of disability varies by type, severity, and duration may nevertheless facilitate a more flexible and tailored approach to policy, which provides the necessary incentives and support to work for those who are able.

