



## The Labour Market Situation of People with Disabilities in EU25

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This Policy Brief presents some findings of the research project “Study of the Compilation of the Disability Data from the Administrative Registers of the EU Member States” (commissioned by the European Commission, DG Employment, Social Affairs and Equal Opportunities; coordinated by Applica, Brussels)

### Background

This study provides both a qualitative and a quantitative overview of the situation of people with disabilities on the labour market. The major labour market integration policies implemented in each EU Member State are presented together with the latest available figures on employment (either in an ordinary or sheltered environment), unemployment and inactivity using statistical data coming from the administrative registers.

The key challenges that countries of the European Union are facing with respect to people with disabilities are low employment rates among the people concerned but also a high dependency on benefits, high and increasing public spending on sickness and/or disability benefits as well as an increased poverty risk among those with disabilities.

The revised Lisbon Strategy with respect to the new employment guidelines emphasizes the achievement of a general employment rate of 70% by 2010 and the new EU directives also refer explicitly to a greater employment amongst people with disabilities.

**In moving away from passive to active measures, EU Member States have put in place various kinds of legislative measures as well as labour market policies**

In the last decade, an increasing emphasis has indeed been placed in the EU Member States to reinforce the social and labour market inclusion of people with disabilities. The approaches followed can be divided into two types of measures: the contributory benefits transfer programmes (the passive measures) and employability and integrate persons with disabilities into the labour market (the active measures).

These legislative measures and labour market policies are targeted towards the employment promotion of people with disabilities. More explicitly the movement away from passive to active measures has been achieved by the implementation of legislative instruments (such as obligatory employment quota schemes, anti-discrimination legislation, job protection rights) and targeted active labour market policies, which aim to support the participation of people with disabilities.

In addition, the experience of the EU Member States has been characterized by discrete efforts and changes with respect to the employment measures for people with disabilities. In some countries the dominating approach is the “Mainstreaming disability model” which implies not just special employment services but employment measures for persons with disabilities in all policy domains. Other approaches are “Special and separate employment” like in sheltered workshops and the “dual and multi-model system” which is a combination of the two previous approaches.

Furthermore, targeted active labour market policies are implemented in most countries in order to further the social integration of the people concerned, partly through financial incentives to employers hiring persons with disabilities and through vocational rehabilitation programmes. For example in Finland, since 1 October 2005 a number of changes have been introduced affecting the award and delivery of rehabilitation benefits. The matching between working ability and earning capacity is considered in case a person has difficulty in meeting job demands and the working ability has declined by about 40%.

Another country that has been going through important reforms concerning the labour market integration of people with disabilities is the United Kingdom. The Unit Strategy of 2005, by a pilot programme called “Pathways to work”, aims to help the sick and people with disabilities to manage the process from switching off receiving benefits to returning to work.

In the case of Latvia, the Law on social integration of people with disabilities entered into force in July 2005, bringing their system closer to the EU model. This law pays particular attention to the professional rehabilitation and abilities of people with disabilities to participate in the labour market. In 2007, the improvement of the disability determination system and the disability umbrella law were among the priorities of the government.

<sup>1</sup> Data Source: Authors' calculation based on collected administrative data of EU MS, 2000-2006.

## Key Findings<sup>1</sup>

This analysis is based on administrative register statistics of EU Member States concerning the employment status of people with disabilities (excluding Bulgaria and Romania which are not covered in this study).

It has to be noted that the diversity of recording methods in administrative registers between countries complicates direct cross-country comparisons across the EU, and the results presented here may consequently be affected.

The countries which have applied quota schemes both in the public and private sector are: Austria, the Czech Republic, France, Germany, Greece, Hungary, Italy, Lithuania, Luxemburg, Malta, the Netherlands, Poland, Portugal, Slovakia, and Spain. In Belgium, Cyprus, Ireland, and Slovenia only partial quota schemes apply in either private or public employment. The countries where no quota system is in force are: Denmark, Estonia, Finland, Latvia, Sweden, and the United Kingdom.

Sheltered employment consists of different workshops where people with diverse levels of disability are offered employment opportunities. The statistics show that since 2000, the number of people with disabilities participating in sheltered employment increased in Austria, Germany, Finland, Italy, Luxembourg and Portugal. In other countries, such as Poland and Sweden, statistics show a decreasing trend of employment in sheltered workshops.

### Employment, unemployment and inactivity shares among people with disabilities

**Employment shares among people with disabilities are the highest in Austria (54%) and Slovakia (42%)**

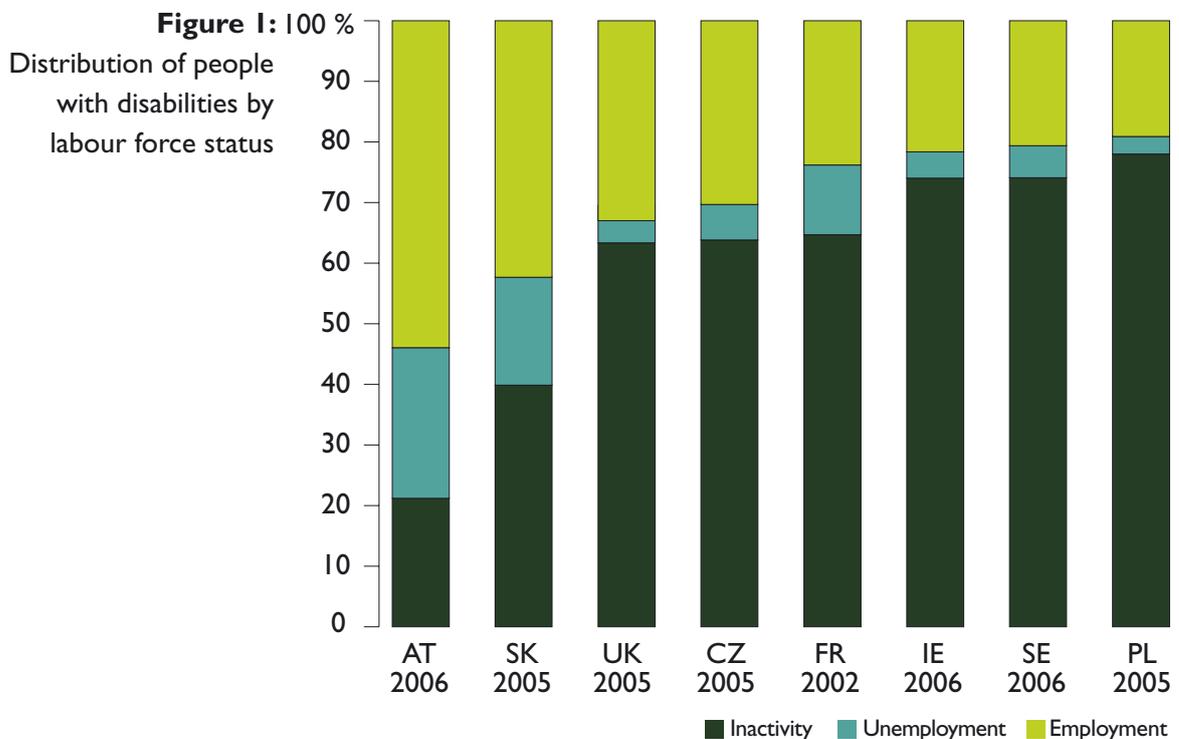
Figure 1 below shows the distribution of people with disabilities by their labour force status. In countries for which data on employment, unemployment and inactivity status are available, we find low employment shares and relatively high unemployment or inactivity shares for people with disabilities.

**The proportion of those with disabilities who are inactive is relatively high in most countries**

Inactivity status ranges from 21% in Austria to 78% in the United Kingdom, the Czech Republic, France, Ireland and Sweden. In addition, in these countries, the unemployment share is 5% or below. In contrast, in Austria, while the unemployment share is above 20%, the inactivity share is relatively low. This reflects that whether someone is recorded as unemployed or inactive may partly be a consequence of national procedures in recording data in the administrative registers.

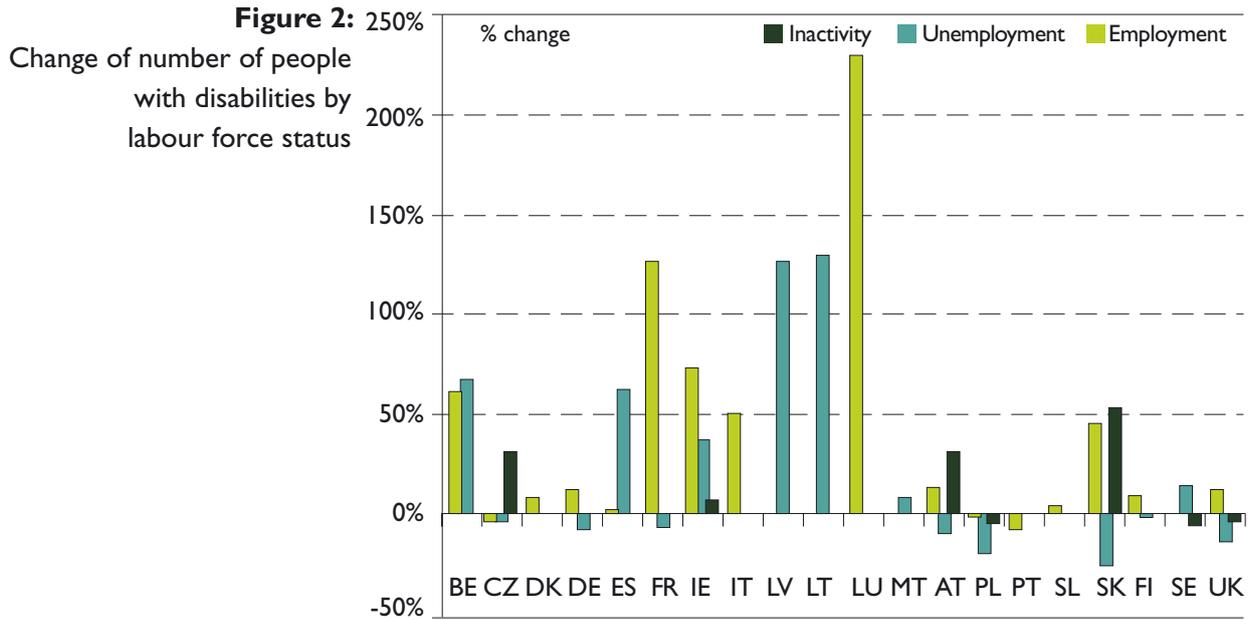
**The unemployment share is moderately low for those countries where the inactivity share is high and amount to more than 50%**

Nevertheless, these figures highlight the actual challenging situation of integrating people with disabilities into the labour market in most if not all Member States.



### Recent changes in labour market status of people with disabilities

Figure 2 below shows the changes in the total number of people with disabilities registered as employed, unemployed or inactive between 2000 and 2006.



**The number of people with disabilities registered as unemployed or employed has increased in some countries and decreased in others**

Statistics from administrative registers show that in most countries, the employment of people with disabilities has increased, though this was not the case in two Eastern European countries: Poland and the Czech Republic. At the same time, unemployment declined in a number of countries (the Czech Republic, Germany, France, Austria, Poland, Slovakia and the United Kingdom) but rose in Belgium, Ireland, Spain, Latvia, Lithuania, Malta and Sweden. Inactivity increased in the Czech Republic, Ireland, Austria and Slovakia, as a counterpart of the decline in employment, and fell in Poland, Sweden and the United Kingdom.

In Luxembourg, employment rose markedly as it did in France, primarily because of sheltered employment schemes. In Luxembourg, the rehabilitation programme for people with disabilities consists of training courses, and granting a monthly allowance, which covers preparation for return to work. Disabled workers are entitled to an extra six days of annual paid

leave financed by the State. Self-employed workers who meet the conditions are entitled to a reduction in social security contributions.

In the United Kingdom, there has been an increase in employment and a decline in both unemployment and inactivity (of respectively +12%, -14% and -4%). Hence, the UK is a country with a satisfactory scenario concerning the integration of people with disabilities into the labour market<sup>2</sup>. As shown in Figure 2, in Sweden, though inactivity fell (by 6%), unemployment increased (by 14%), as did employment (by only 1%). In Slovakia, there was a significant increase in employment (of 45%), but a bigger rise in inactivity (53%). In Poland, employment (-35%), unemployment (-20%) and inactivity (-5%) all fell, reflecting a reduction in the number of people recorded as being disabled.

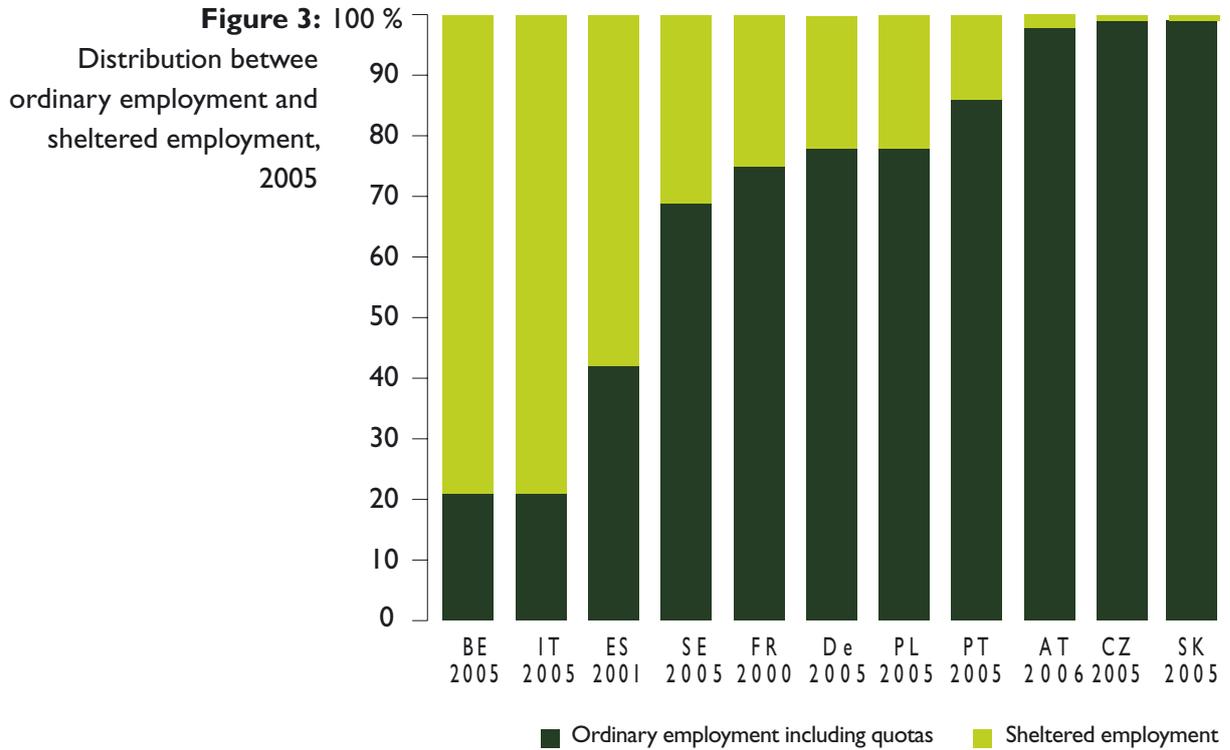
<sup>2</sup>It is worth mentioning the UK pilot programme “Pathways to work”, which aims to facilitate the process from switching off receiving benefits and returning to work.

### Ordinary and sheltered employment

**The highest share of people with disabilities in ordinary employment is found in Slovakia, the Czech Republic and Austria**

People with disabilities can be employed in regular or subsidised employment, in the context of a quota scheme or in a sheltered environment. Figure 3 on the next page shows the distribution between ordinary employment (including those employed under quota schemes) and sheltered employment. The former accounts for by far the largest share of employment in all countries apart from Belgium, Italy and Spain.

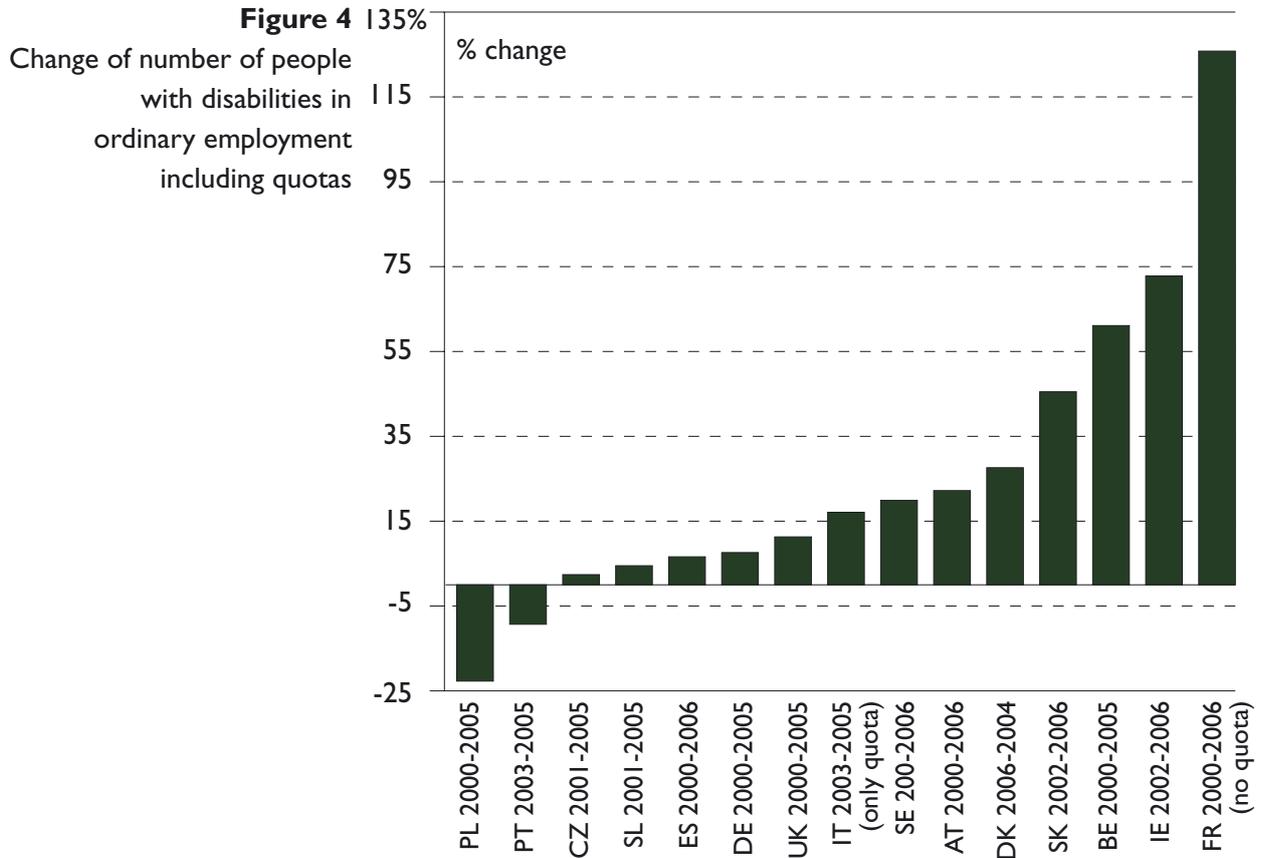
Concerning sheltered employment the highest share is found in Belgium and Italy. Most people with disabilities therefore participate in the open labour market and work in normal jobs. A number of people, however, are employed under quota schemes, which vary across countries in terms of the approach adopted. In some Member States, schemes apply only in the public sector; in others, they are also extended to the private sector, and in yet others, they are not applied at all.



### Ordinary employment

**The highest increase in ordinary employment of people with disabilities is in France, Ireland and Belgium**

Figure 4 on the next page indicates the change in ordinary employment of people with disabilities in EU MS. As specified in Figure 3 and Figure 4, the countries with the highest share of people with disabilities in ordinary employment are Slovakia, the Czech Republic, Austria and Germany, while those showing the largest increases are France, Ireland, Belgium and Slovakia. By contrast, ordinary employment declined in Poland and Portugal. Some of these differences seem to be explicable in terms of the labour market measures applied in different Member States.



### Age and gender breakdown

**There tend to be more men with disabilities in ordinary employment than women**

Slovenia is the only exception having more women with disabilities in ordinary employment than men. In Poland, the Czech Republic, Ireland and Slovenia, most people with disabilities employed in ordinary jobs are aged 45 or over. However, in Portugal, France and Spain most people with disabilities employed in ordinary jobs are aged below 45 (below 55 in Portugal and below 50 in France).

### Type of disability

In a few countries, data are available by type or severity of disability. Systems of classification differ across countries, which makes comparison problematic. Table I on the next page shows different classifications by degree of disability for countries like the Czech Republic, Latvia and Poland while for Ireland the distribution by types of disability is provided. The distribution of people with disabilities in ordinary employment by degree of disability indicates that those with a relatively moderate and minor degree of disability are normally working in ordinary employment, and with the decrease of “reduced capacity of work” the share in ordinary employment increases, as is the case for Poland, Latvia and the Czech Republic.

**Table I**  
Type and degree  
of disability

		Type of disability	
<b>CZ</b>			Year 2005
Degree of disability		Total	87,221
Group I.	Heavily handicapped	18%	15,303
Group II.	Not heavily handicapped	82%	71,918
<b>IE</b>			Year 2006
Type of disability		Total	133,933
Type I.	Blindness/deafness or severe hearing/vision impairment	12%	15,805
Type II.	Substantially limited physically	14%	18,171
Type III.	Learning/remembering or concentration difficulties	10%	13,595
Type IV.	Difficulty in dressing, bathing or getting around the house	3%	3,871
Type V.	Difficulty in going outside the home alone	4%	4,953
Type VI.	Difficulty in working at a job or business	9%	11,501
Others	Other, including chronic illness	49%	66,037
<b>LV</b>			Year 2005
Degree of disability		Total	8,493
Group I.	Incapacity and need for care from another	4%	338
Group II.	High degree of incapacity	45%	3,852
Group III.	Medium degree of disability	51%	4,303
<b>PL</b>			Year 2005
Degree of disability		Total	515,000
Group I.	Severe disability	7%	38,000
Group II.	Moderate disability	29%	150,000
Group III.	Minor disability	63%	327,000

**The data indicate that in the Czech Republic, the highest share in ordinary employment is among those who are “not heavily handicapped”**

The data in Table I above also indicate that in Latvia, the highest share is among those with a medium degree of disability and in Poland among those with a minor disability. Differently, in Ireland the highest share is among those being physically substantially limited as well as among those with severe hearing or vision impairment.

### **Sheltered employment**

Changes in the number of people with disabilities employed in sheltered workshops are demonstrated in Figure 5 below.

Sheltered employment is used in a number of countries to accommodate people who have encountered problems in the regular labour market or those with severe disabilities.

Figure 5 on the next page shows that in some countries there is a relevant increase in the number of people with disabilities hired in sheltered workshops while some other countries sign decreases.

**Sheltered employment, since 2000, rose in Austria, Germany, Italy, Luxembourg, Finland and Portugal while it declined in Spain, Poland, Sweden and the Czech Republic**

In countries like Spain, Poland, Sweden and the Czech Republic the sheltered employment is characterized by declines. According to the data available, which were also shown in Figure 3, the highest share of employment in sheltered workshops was observed in Belgium, Italy and Spain while Figure 5 points out that for Spain there is a decrease in the number of people employed in sheltered workshops by 5%.

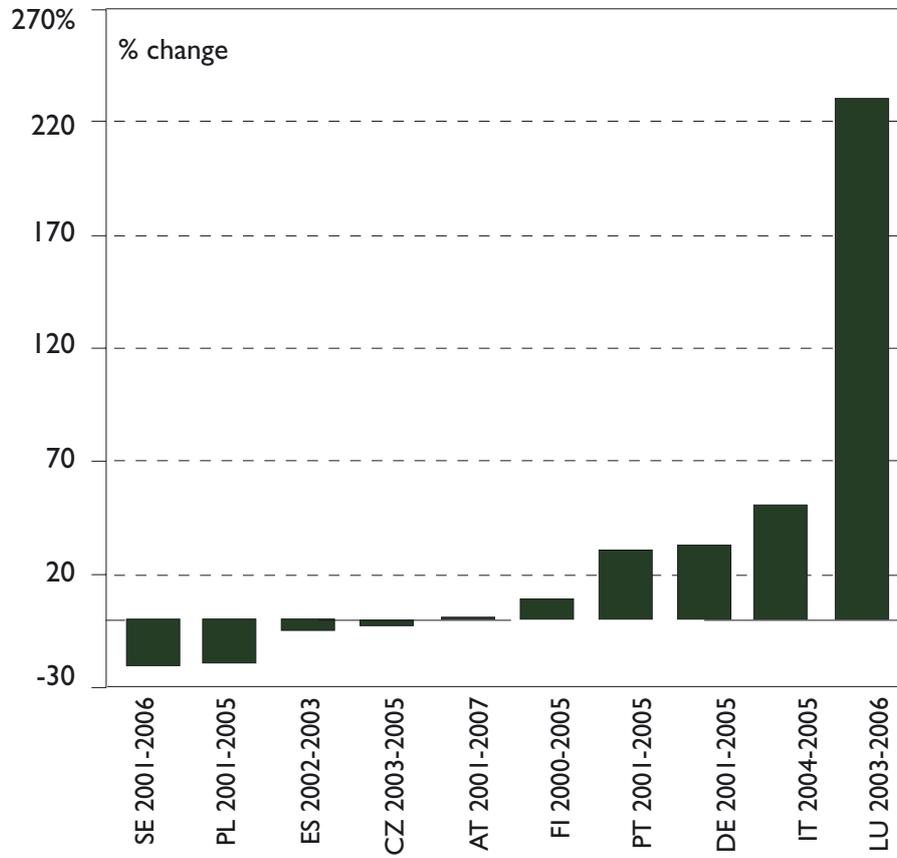
### **Age and gender breakdowns**

Concerning the distribution by age and gender of people with disabilities hired in sheltered workshops, we find that most of the people working in sheltered employment are aged 25-44, except in Poland, where almost 60% of those employed in sheltered workshops are aged over 45, and Portugal where 60% are under 25.

The number of males in sheltered employment is generally much higher than the number of females, the only exceptions being Slovakia and Slovenia.

Concerning employment in sheltered workshops and its distribution by type of disability, we only had information for Germany: a rate of 81% is found for those pertaining to the Type III of disability, which includes those with intellectual disabilities.

**Figure 5**  
Change of number of people  
with disabilities in  
ordinary employment  
including quotas



## Unemployed and inactive people with disabilities

**Low unemployment rates, for countries such as the United Kingdom, Ireland or Poland, are accompanied by high inactivity rates** Initially, Figure 1 demonstrated that in several countries for which data were available on unemployment and inactivity status, relatively high unemployment or inactivity shares prevailed.

### Unemployment

#### *Age and gender breakdowns*

The breakdown by age and gender for those registered as unemployed shows that the share of the group aged “above 45” is highest in the Czech Republic, Latvia, Germany and Belgium, while for other countries like Ireland, Austria, Spain, Slovenia and France the highest share is with the age group 24/50. The distribution of unemployed people with disabilities by age is demonstrated in Figure 6 on the next page.

**Males constitute the highest share among unemployed people with disabilities and they are in the age group of above 45, for most of the countries** The distribution by gender shows that males constitute the highest share for most of the listed countries, the only exceptions being the Czech Republic, Latvia, Germany and Belgium.

Concerning age, the highest share among unemployed people with disabilities is in the age group of above 45. The breakdown by degree or type of disability, for countries like Ireland, Spain and Poland, indicates that the unemployed are mostly those with mental and intellectual handicaps. For Spain and Poland, the breakdown by degree of disability shows the highest shares for Groups IV and III, respectively. Group IV for Spain includes those with “Less than 33% loss of working capacity” and for Poland Group III includes those with a “Minor disability”.

The available data on duration of unemployment for Belgium, France and Slovenia shows that for France the majority of unemployed people with disabilities are amongst those who have been unemployed less than 6 months. For Belgium and Slovenia, the highest share is found amongst those who have been “unemployed for long term”.

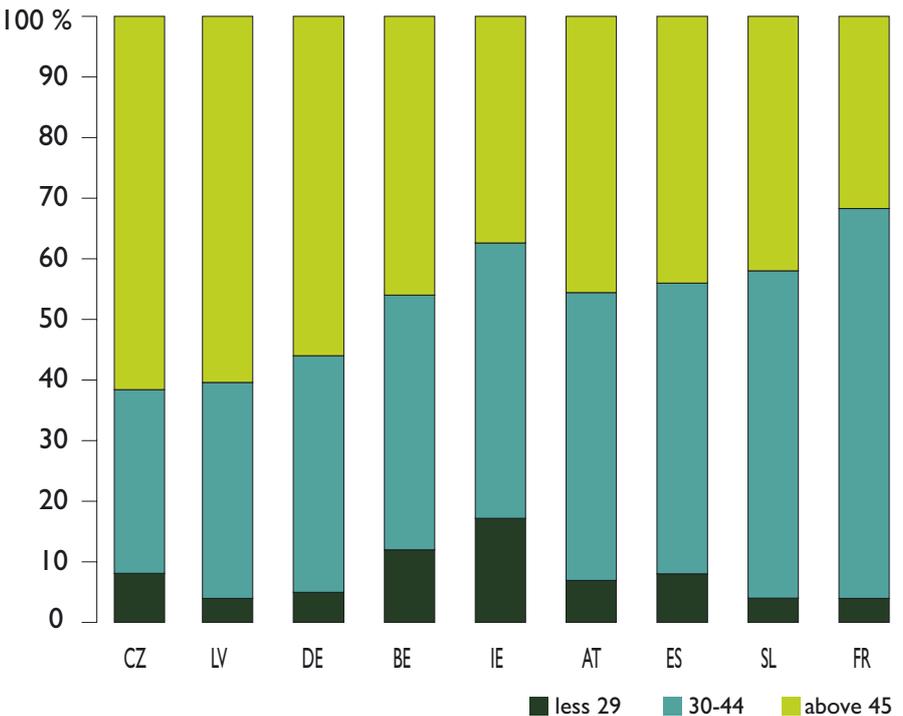
#### Inactive people with disabilities

The distribution of inactive people with disabilities by age indicates that the highest share is found among those aged “above 45”, indicating that with the increase in age, the status of inactivity comes to dominate among this category of people with disabilities.

Concerning gender differences for countries like the Czech Republic, Ireland and Poland, the highest shares are found among females and for France and the United Kingdom, the highest shares are found among males.

The breakdown of inactive people with disabilities by level of disability points out that, for Poland, the share is higher among those with moderate and medium levels of disability. For Sweden, the highest rate of inactivity is found among those of Group II, at 82%, which represents those individuals that are disabled but do not have a relevant reduction of productivity due to their disability.

**Figure 6** Unemployed people with disabilities by age



### Methodological Remarks

The main sources of information are statistics made available by the administrative register data from national records. As is widely recognised, the diversity of administrative data record methods concerning people with disabilities between EU Member States creates some complications when making direct cross-country comparisons for all 25 EU Member States. Countries like the Czech Republic and Poland report data from LFS and Ireland reports data from the Census of the Population. Out of the 20 EU Member States for which we have data, only 14 have provided information on definitions and/or on conditions of eligibility for the different employment schemes available for people with disabilities. Therefore, for cross-country comparability it is important to provide an explicit description of the definitions and eligibility criteria for sheltered employment, ordinary employment and unemployed people with disabilities. Also, countries have different definitions and classification systems for types and degrees of disabilities, which complicate the comparison between countries as well as drawing common conclusions for the represented EU Member States.

## Innovative Vocational Rehabilitation Programmes

**Labour market measures facilitating the matching process between people with disabilities and employers have been introduced**

New vocational training and rehabilitation programmes have been put into practice with the purpose of assisting people with disabilities to enter the labour market. Different funds and subsidies are offered to employers to encourage the employment of people with disabilities and to adapt the infrastructure at the place of work for this purpose.

In Finland, since October 2005, the eligibility conditions have been redefined so that an individual who is expected to face the risk of unemployment within the next 5 years, as a result of a declining level of working ability/earning capacity, may receive the benefit. The matching between working ability and earning capacity is considered in case a person has difficulty in meeting job demands and the working ability has declined by about 40%.

In the United Kingdom, the introduction of the Green Paper “A New Deal for Welfare – Empowering People to Work” will replace, by 2008, the “Strategy Unit 2005” and will also replace incapability benefits and income support (additional means-tested benefits) by a new employment and support allowance.

In Germany, the rehabilitation legislation, along with the legislation on people having severe disability, was re consolidated and further developed in the new Social Code IX for all branches of rehabilitation and rehabilitation institutions. The new Social Code came into force on 1 January 2001, and aimed to create a common “platform” which enables to synchronize rehabilitation practices and disability policy through coordination, cooperation and convergence.

## Infrastructure, workplace development and incentives to employers

EU Member States have also taken action toward the adaptation of the infrastructure at the place of work through different funds and incentives providing subsidies to employers that offer a job to people with disabilities.

For example in the Czech Republic, the Labour Office provides a one-off contribution to employers who create jobs reserved for people with disabilities in sheltered workshops or other sheltered workplaces. There are also contributions for operational costs and public authorities offer tax advantages.

In Slovenia, further general tax incentives are offered under certain conditions to entities providing work for trainees or persons with disabilities which amount to 50-70% of the salaries of persons with disabilities but not exceeding the amount of the taxable base.

### Findings, conclusions and policy agenda

The peculiarity of this analysis is that, differently from other studies, it is performed using the statistics of the employment status of people with disabilities drawn from administrative registers of the Member States. Nevertheless, there are difficulties in the analysis concerning the different

methods of recording of information on persons with disabilities in the administrative registers.

For instance, in some countries, inactive persons who do not have any formal contact with the benefit system (and/or are not required to report on their disability status) will not be included in the count of inactive persons with disabilities. In addition, different disability determination systems make comparability not a straightforward issue. Therefore, the present study reports in general the main changes in the labour force status for people with disabilities only for those countries where data were available.

### Findings

Nevertheless, the change in the number of people with disabilities by labour market status indicates that:

- Most of the countries have been characterized by an increase in the employment status of people with disabilities with the exception of Poland and the Czech Republic.
- The unemployment level has signed decreases among several countries like France, Austria, Slovakia and the UK while it has increased in countries like Belgium, Ireland, Spain, Latvia, Lithuania and Sweden.
- As regards the inactivity level, the change has been positive in the Czech Republic and Austria, contrary to a decrease in Poland, Finland and the UK.

Also statistics from administrative registers show that the number of people with disabilities in ordinary employment has increased and that sheltered employment varies among the Member States.

### Conclusions

The EU Member States have been going through a shift from passive measures towards (active) labour market integration policies. In addition to more traditional approaches (such as sheltered employment, regulation and employment quota obligations), several new types of measures have been put into practice with the purpose of assisting people with disabilities to enter the labour market. They include new vocational training and rehabilitation programmes as well as labour market measures facilitating the matching process between people with disabilities and

employers, such as funds for the adaptation of infrastructures and workplaces, wage subsidies, tax incentives, etc.

### **Future directions and policy agenda**

The demographic trends and the resulting future shrinking of the labour force emphasize the importance of shifting from a passive compensation system to an active integration programme and making best use of the available workforce.

Active labour market policies should have as their core element an appropriate definition of target groups and labour market programmes, both at national and EU level. They should seek to:

- Improve national and regional strategies.
- Modernize social protection systems.
- Attract and retain more people with disabilities into employment.
- Increase investment in human capital through better education and skills.
- Improve the matching process between employer and employee according to the market needs.
- Improve the adaptability of workers and enterprises.
- Mobilize local communities.

People with disabilities can represent a significant addition to the labour force and thus contribute to economic production. Many EU Member States have made an effort to break down the discrimination barriers with respect to disability and to consider these people as an integral part of society and the workforce, but more integrative measures and programmes are needed.

### **Sources**

The main sources of data were:

- National Statistical Offices.
- The Eurostat Labour Market Policy Database (LMP)



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