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## OECD High Level Policy Forum

### “Sickness and Disability Policy Challenges in OECD Countries”

May 14-15, 2009

Stockholm, Sweden

### BIAC Discussion Points

#### Introduction

The Business and Industry Advisory Committee to the OECD (BIAC) appreciates the opportunity to present the views of Employers to the OECD High Level Forum: “Sickness and Disability Policy Challenges in OECD Countries”.

Persons with disabilities, but who still have the capacity for work, must be seen as an important part of the workforce. While the extent of disability for each person to work is unique in its nature, it is important to foster a workforce in which people with disabilities are encouraged to work where they are able to do so.

Increasing and maintaining a high level of employment among disabled persons, however, also presents challenges for employers, as it can impact productivity and costs for firms. While there is no one size fits all policy for all countries, integration requires policies to provide the necessary supports and incentives to such persons and employers alike. This is a particular challenge in the face of economic downturn and will continue to be an important issue with aging populations.

The following note outlines views of Employers on issues concerning maintaining the employment of persons faced with sickness and disability challenges.

#### General Points

1. Those with disabilities, but who also have the capacity to work (for purposes of this paper called “the disabled”), represent an important source of labour and are often highly motivated and qualified for positions. However, for disabled persons and those

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with chronic illness, their connection to the labour market is often fragile. Once it has been broken, they run an increased risk of lapsing into long-term reliance upon disability pensions and other disability or unemployment benefits.

2. The guiding principle in measures to employ the disabled is to focus on ability rather than disability, on inclusion rather than exclusion, and on action rather than impassiveness.
3. Extended absence can lead to long term or permanent exclusion from the labour force with serious economic and social consequences for both individuals and society. Thus, special attention should be paid to institute strategies and measures to prevent long term absence from occurring, and generally to promote employment of the disabled who can work.
4. Early intervention in order to prevent long term absence is a key. Both government and employers have important roles to play in preventing such absences.
5. An action oriented approach is possible only by close co-operation between the key-actors, mainly individuals and employers but also the social benefit system including effective health care systems.
6. The conditions under which this co-operation takes place must be adapted to the desired outcome and have the support of active labour market policies.

For example:

- a. Ensuring more successful employment of the disabled requires a highly flexible labour market. Flexible labour markets are important in order to maximise job creation including the provision of job-opportunities to such groups as the disabled. Thus, legislative barriers to employment, not only of the disabled, must be identified and removed or reduced.
- b. Benefit systems must also be geared to providing strong incentives for the individual to enter and stay in the work-force. This is especially the case where benefits are generous. A generous benefit system is the hallmark of a caring and advanced society, but generous benefits are costly and are only possible with a high level of employment that includes the disabled. Benefit systems must be fair, competent and consistent over time with appropriate gate-keepers.
- c. Systems for keeping those with disabilities in work and for reintegrating them should also contain necessary incentives for employers. For example, support for the adjustment/adaptation of a workplace to the needs of disabled are essential in this respect.
- d. It is necessary to remove obstacles for hiring disabled workers. For example ensuring against high cost burdens for employers with respect to sick leave of disabled or chronically ill workers will serve to encourage employment.

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- e. Benefits systems must be monitored. Abuse of disability benefits system must be prevented. This includes that barriers between disability benefits and unemployment benefits must be strictly maintained. This is important in order to prevent persons on disability from disguising high levels of unemployment, or to create the opposite situation (to mask disability through unemployment).
7. Sickness is in essence temporary disability and experience has shown that if sick-leave is left uncontrolled there is a significant risk that it will eventually result in permanent disability. Two points should be highlighted in dealing with sick-leave: ensuring a rapid return to work and easily available effective medical services.
    - a. Maintaining contact of persons on sick leave with the work-place is essential, and employers should facilitate this by every reasonable means. All the actors involved in dealing with potentially complicated cases of sick-leave should have as their common goal to assist the individual in returning to work as soon as possible. It has been clearly shown that in cases of long-term sick leave it is often not the underlying medical condition that is the main obstacle to returning to work, but instead, the fact that the individual has been absent for such a long time. Absence is in itself a cause of further absence, and in addition, leads to loss of skills and reduced employability.
    - b. A well functioning health care system is crucial in preventing sick-leave from being unnecessarily prolonged. Long waiting times for doctors appointments, subsequent diagnostic procedures, treatments and procedures, are detrimental. Not only do they prolong the time during which the individual must rely on benefits, but they also substantially increase the risk of long-term sick-leave and the resultant exclusion from the work-force. They also lead to significant problems for the employer and the work-place.
  8. In addition to effective medical services, medical research is increasingly important in preventing disability. Regenerative medicine holds great promise in reducing the often serious disability that can result from neurological damage and new developments in the psychosocial sciences are improving the possibilities of early detection and prevention of harmful stress, a rapidly increasing cause of disability in some countries.
  9. In some instances individual adaptation of the work and the individual work-place may be justified. A new job, at a different work-place, can be the best solution in some cases. A flexible labour-market is of great importance in such instances.

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## Employers' Actions

10. Employers in private enterprises have a number of responsibilities in increasing the level of employment among the disabled. It must be recalled however, that they have to integrate these responsibilities into their main goal to sustain productive and profitable business activities. This is the basis for job creation as well as the private sector's ability to support social benefit systems.
11. Work place safety is a main priority for employers. Improved workplace occupational safety and health (OSH) performance in companies is a contributing factor to reduced work related injury and disease in many countries. Examples of measures taken by employers to improve OSH include: establishment of OHS policy that clearly defines the roles and responsibilities of everyone in the workplace; the provision of appropriate information and training to meet the needs of the workplace and employee participation; risk minimalisation in the workplace; ensuring that OHS and workers' compensation systems encourage early interventions.
12. Employers take an active role in prevention. These include measures to promote the health of their employees by trying to encourage a healthy lifestyle. For example, employers may offer access to sports activities, well being and fitness activities, as well as to sponsor prevention programmes such as regarding diet, and non-smoking campaigns. In addition, it should be said that many illnesses come from the behaviour of employees in their spare time, which is beyond the scope of influence of employers.
13. Attention to psychosocial factors and to encouraging the development of skills and job-training of the disabled.
14. For employees that may be on sick leave for an extended period, many employers provide an integration management programme. Such programmes are designed to confirm the reason for the sickness or disability, and design a work reintegration programme, for example starting with reduced hours to bring the employee successfully back into working life.
15. Many work places are now designed to support the disabled and include infrastructure. Companies also organise themselves into networks to exchange best practices on these issues.
16. In some countries, companies develop case management programmes to assist and follow the well being of employees with disabilities.
17. While companies do contribute significantly to employing the disabled, it must be recognised that placing too much burden on private enterprises may lead to a reduction of employment rather than increase, including of course the employment of the disabled. The possibility to adapt the workplace and design special support to disabled varies due to the size of a company.

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## **Government Actions**

18. Governments must recognise that while employers have a role to play in employment of the disabled, they cannot take over the responsibility of the State. It should be noted that the employment of chronically ill or disabled persons can have an impact on the productivity of a business, especially for a small company, where the capacity of employees is critically important.
19. Governments should discourage reliance upon income support by those who have capacity to work. Policies should focus on redirecting funding away from passive income support to rehabilitation and employment assistance.
20. Governments can assist companies in providing frameworks for the assessment of disabilities. For example, to provide information, and specific support regarding the nature and limitations of different types of disabilities.
21. Governments can also assist employers and partly disabled persons in facilitating the setting up of mobility centres for partly disabled, in order to facilitate finding a new job that fits the disability of the individual.
22. Wage subsidies or reductions of the wage taxes and assessments are in some countries used as incentives to increase employment of marginalized groups such as the disabled. The results have been varied and this type of incentive is most likely only part of the solution.
23. Economic incentives in order to prevent long term absence should be designed as encouragement of preventive and inclusive actions.
24. Governments can also support the disabled by supporting their mobility, which is also often limited. This may be done through transportation infrastructures, and other types of aid, that would also be incorporated into the work place.

## **Joint Action**

25. Integration of the disabled and chronically ill into the work place is best addressed through the joint action and support of employment agencies, insurance companies, the medical profession, community workers, and the support of efficient and effective government benefit systems, in cooperation with the employer. This is the best way to achieve an informed and balanced approach to designing policies to effectively engage persons with disabilities in the workplace.

## **Conclusion**

In summary, increasing employment among the disabled is a very complex undertaking. There is definitely no “quick fix”, not even in times of robust economic growth.

The most important element in reaching workable solutions to this issue is the close and effective interaction between many actors and a high degree of motivation in the individuals involved.