Disability Policies Across Europe: Reforms and Employment Outcomes for Workers Aged 50+

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Key Findings and Policy Implications

This paper examines the relationship between a country’s disability policy characteristics and the employment status of older workers. It uses data from Survey of Health, Aging, and Retirement in Europe (SHARE) from 2004 to 2013, combined with a set of indicator scores developed by OECD to classify disability policy characteristics. Among the key findings:

- As detailed in a companion study, the OECD indicators classify disability policy along two dimensions: compensation and integration. We find that the aggregate indicator scores are not especially useful in understanding employment effects, often because the underlying index components work in opposite directions.

- Policies that are designed to increase work among people with disabilities appear to require some time before their effects are visible in the labor market. For example, we estimate a negative association between work incentives and contemporaneous employment measures, but a positive association after a lag of three years. Many of our estimated coefficients are sensitive to the timing of the measurement.

- The length of the time-lags likely varies considerably across policy areas. For example, changes in eligibility criteria, screening and scope of programs and benefits can be expected to impact the target groups quickly. Other measures, such as those that aim at prevention, need more time to prove their effectiveness. As illustration, we obtain a mixed pattern for the indicator that describes employers’ obligations towards their workers, possibly because this policy approach is fairly new throughout the OECD and requiring time to change behavior.

- Counter-intuitively, we estimate a strong negative association between supported employment programs and the chances of being employed. This might be explained by the indirect or unintended effect of inducing firms to screen job applicants more rigorously for health problems. Also, supported employment programs are mainly targeted at people with special needs and severe illnesses

As disability policies have been reformed to encourage and facilitate work, and to involve employers to a greater degree in accommodating workers with disability, there is clear value to studying their impact on the employment status of those affected by these changes.
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