



Quota Systems for Disabled Persons: Parameters, Aspects, Effectivity

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I Introduction

The integration of disabled people in the labour market represents one of the biggest challenges for social and labour market policies. Health-impaired persons face a range of employment barriers, not least because recent changes in technology and globalisation trends have led to a shift towards highly-skilled jobs. Thus, there is a reduced demand for less qualified types of labour, in which disabled persons are over-represented. In addition, the recent economic crisis hit disadvantaged people hard and increased their inactivity- and unemployment rates.

The non-integration of disabled people in the labour market causes both costs for the economy and social disadvantages for the persons concerned. It reduces effective labour supply while at the same time increased expenditure for social transfers represents a burden for public finances. In 2009 incapacity-related spending amounted to 2.4% of GDP in the OECD countries on average (OECD Social Expenditure Database). Due to demographic changes and a stagnating labour force in most European countries in the coming years, strategies for improvement gain in importance. Persons with health impairments must be mobilised for labour supply, also to secure economic growth. From the individual point of view, employment is a central factor for the social status and the personal identity of persons in working age. For the guarantee of equal opportunities and full participation in economic, cultural and social life, employment is of crucial importance. However, disability expenditure is still distorted toward passive transfers. In OECD-countries at most 5% of the total budget is spent on occupational and rehabilitation programmes (BMASK 2012, 123f; OECD 2010).

On average, in working age women are confronted with disability more frequently than men. Disabled persons feature a higher age and a lower educational level than non-disabled persons. Disabled persons are employed to a lesser extent (around 30-40% less) and are unemployed twice as often. When employed, disabled people are more often in jobs which require low qualifications. They face worse career perspectives and are more often in part-time work than their non-disabled colleagues. Due to lower employment rates and a higher dependency on social transfers, persons with disabilities are more often at risk of poverty (Brennan/Conroy 2009, 12; EU-SILC 2009; Greve 2009, 15; OECD 2010, 10).

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From differences in employment rates, no clear recommendations for policy measures for disabled people can be derived empirically. Higher employment rates can be found in countries with employment quotas, other employer obligations and incentives, with widespread subsidised employment, etc., but also in countries where none of these measures are implemented. The limited empirical evidence suggests that most measures serve to secure working places of already employed persons, but contribute little to new occupations of disabled persons (OECD 2010, 50/135).

This Policy Brief looks at parameters, aspects and effectivity of quota systems in more detail. It will be followed by a Policy Brief on other integration measures for disabled persons. Both Policy Briefs are based on the project “Measures for the Labour Market Integration of Persons with Disabilities” funded by the Austrian Federal Ministry for Labour, Social Affairs and Consumer Protection.

2 Basic parameters and registration process

Quota systems for private and/or public enterprises or institutions can be found in the majority of EU countries. Their basic target is to stimulate labour demand by committing employers to employ a certain share of employees with disabilities.

Quota systems for private and/or public enterprises or institutions can be found in the majority of EU countries (the exceptions are DK, EE, FI, LV, NL, SE and UK). Their basic target is to stimulate labour demand by committing employers to employ a certain share of employees with disabilities. Typically, the stipulated share ranges between 2% (ES) and 7% (IT) of the workforce. Generally, quotas are only valid above a certain manpower threshold, which ranges between 15 (IT) and 50 employees (ES, EL, LT) (Applica/Cesep/European Centre 2007, 75ff; DeVos 2007, 48; OECD/Europäisches Zentrum 2003, 193; OECD 2010, 96). Alternatively, in some of the existing systems it is possible to conclude sub-contracts with organisations which feature a significant share of employees with disabilities, etc. (e.g. CZ, DE, ES, FR, SK) (OECD 2010, 79).

In case the commitments are not met by the employers, usually they have to pay a fee to special funds (AT, CZ, DE, EL, ES, FR, HU, IT, LT, LU, PL, SK, SI). Those funds distribute the resources to employees with disabilities, providers of special activities and employers with disabled employees (OECD 2010, 96). The spectrum of sanctions ranges from almost completely lacking fines in Spain, via small sanctions in most countries (additional payroll tax of approximately 0.5%, e.g. AT, DE) to relatively high sanctions (1 to 4% of the payroll, FR, IT, PL). In principle, the lack of sanctions or enforcement instruments represents a problem of quota systems. In some countries there is also a bonus for companies which employ more than the required number of disabled persons (e.g. CZ, ES, PL, SI) (OECD/Europäisches Zentrum 2003, 198; update European Centre).

Almost all countries with quota systems have implemented measures for the registration of disabled persons at public institutions. They should determine the entitlement to working places reserved for disabled persons. For the quota only those persons registered as disabled count who fulfil the stipulated criteria (OECD/Europäisches Zentrum 2003, 193/231; NDA 2007, 2). The legally registered status defines disability rather in a narrow way. Thus, for persons with less disabilities or health constraints quota systems are not relevant. However, a broad definition would not provide an adequate foundation, as quota systems have to be selective (Knöpfel 2011; NDA 2007, 2; OECD 2010, 143).

3 Quota systems and anti-discrimination legislation

Basically, quota systems and anti-discrimination legislation are contrary approaches for the labour market integration of disabled persons.

Basically, quota systems and anti-discrimination legislation are contrary approaches for the labour market integration of disabled persons (Eichhorst et al. 2010, 37; Greve 2009, 14). By trend, quota systems stress the concept of “limitation of abilities” and rely less on the concept of “capability”. They implicitly act on the assumption that disabled people are unable to compete for an occupation on the open labour market. A certain share of working places has to be reserved. Thus, quotas coincide only to a limited extent with the principle of equal access and equal chances for all or with the social model of disability.

Accordingly, the required registration and classification processes have been criticised as potentially representing a discriminating treatment themselves (Brennan/Conroy 2009, 3; Europäische Kommission 2002, 59ff; OECD 2010, 196). However, some of these social acts and problems

are also part of anti-discrimination approaches (Brennan/Conroy 2009, 5; Knöpfel 2011, 8; NDA 2007, 17). Furthermore, an exclusive anti-discrimination approach could be insufficiently directed towards clearly defined policy targets (ORC 2011).

The EU-Directive 2000/78/EG should guarantee equal treatment of all persons on the labour market and prevent discrimination *inter alia* related to disability (BMASK 2012, 123). The directive is inspired by a “civil rights”-approach and guarantees persons with disabilities individual rights for equal treatment with persons without disabilities. It considers reasonable workplace adaptations which do not represent an undue burden for employers (Brennan/Conroy 2009, 1). The directive also indicates that more far-reaching measures related to disability are permitted. Thus, it grants the option to Member States to continue with quota systems along the required anti-discrimination legislation. Also, disabilities are more or less the only reason for which Member States have implemented quota systems or similar measures (Brennan/Conroy 2009, 12; Eichhorst et al. 2010, 39).

In fact, in most EU countries the directive co-exists with other approaches which are embedded in employment and welfare measures already existing before, among them quota systems in 20 of 27 countries. Thus, the majority of EU countries has implemented approaches to prevent discrimination in addition to quota systems. However, the United Kingdom represents an exception, as it abolished its quota policies with the implementation of anti-discrimination legislation related to disability in the 1990s (even before the EU-Directive came into place) (Brennan/Conroy 2009, 2).

4 Perspective of employers and institutions

By many employers sanctions within quota systems are only considered as minor additional non-wage labour costs.

In many European countries the extent of incentives provided by quota systems is rather low. Many employers consider sanctions to be minor additional non-wage labour costs and partly as fundraising by the government (OECD/Europäisches Zentrum 2003, 231; OECD 2009, 25). According to company polls, the exclusive costs related to fees are not central for the decision pro or contra the employment of disabled persons. Costs due to modification measures, working place adaptations or other special arrangements are by far more significant (Diery et al. 1997; Fietz et al. 2011, 68).

Basically, for governments employment quotas represent relatively low priced programmes, which are easily to finance.

For employers, independently from the fulfilment of the quota, an economically profitable use of disabled persons as central decisive factor for an employment implies service capability and adequate qualification. Here, also potential supportive measures by public institutions play an important role. As a rule, the perception of cooperative collaboration with supporting institutions is a pre-condition for the success of the integration of disabled persons (Fietz et al. 2011, 68ff). Basically, for governments employment quotas represent relatively low priced programmes, which are easily to finance. The employment of disabled persons is either supported by the fulfilment of the quotas or by employment programmes financed by the fees (Doose 2003, 8; OECD/Europäisches Zentrum 2003, 231; Sywottek 2011, 24).

5 General evidence of quota systems

Obligatory employment quotas are generally better enforced than anti-discrimination legislation (OECD 2010, 135). In most countries the degree of fulfilment ranges between 30% and 70%. Countries with a relatively high fulfilment around 60% are for example Austria, Germany and France (OECD/Europäisches Zentrum 2003, 193; OECD 2010, 143). The employment effectivity of quota systems has been little analysed. In addition, in available evaluations as a rule the environment of social insurance and employment policies remains unconsidered. By no means the relative effects of employment quotas can be compared with those of other measures for the labour market integration of disabled persons (Lalive et al. 2009, 24; OECD/Europäisches Zentrum 2003, 227). In a cross-country perspective higher employment rates of persons with disabilities are not systematically correlated with employment quotas (neither positive nor negative) (OECD 2010, 50). It can be assumed that quotas (as employment subsidies in general) cause windfall gains, squeeze out- and substitutional effects.

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According to available empirical data quota systems only lead to small net employment gains and at times can only be justified for equity reasons. However, in the case of disabled persons this argument seems to be of special importance (OECD/Europäisches Zentrum 2003, 227f). Quota jobs tend to comprise low-qualified activities (Brennan/Conroy 2009, 3; Eichhorst et al. 2010, 8). Already employed persons who become disabled and can be included, are more likely to be employed continuously, while quota systems provide only small incentives to hire disabled people. However, this is also the case with measures directly targeted at employers (Greve 2009, 14; OECD/Europäisches Zentrum 2003, 195; OECD 2010, 135).

The demographic change points to the “inherent ambivalence” of quota systems.

Another differentiated judgement of employment quotas arises in light of demographic change. The workforce is ageing and this increases the number of (already employed) disabled employees, leading companies to fulfil employment quota without any effort on their part. In case support is offered for employed disabled persons via the collected fees in addition, windfall gains are caused, if these persons would not be dismissed anyway (OECD 2010, 135; Sywottek 2011, 23f). This points to the “inherent ambivalence of the quota system” (Deutscher Bundestag 2008, 12). If employees increasingly reach the disability status due to their age, employers have to pay fewer fees. As a consequence less money is available for the creation of new jobs for disabled people, while expenditures for permanent wage subsidies increase (Sywottek 2011, 25).

6 Conclusions

The integration of disabled people in the labour market represents one of the biggest challenges for both social and labour market policies. From differences in employment rates, no clear recommendations for certain measures for disabled people can be derived empirically. Higher employment rates can be found in countries with employment quotas, other employer obligations and incentives, with widespread subsidised employment, etc., but also in countries where none of these measures are implemented. According to available empirical data, quota systems only lead to small net employment gains. Already employed persons who become disabled and can be included are more likely to be employed continuously, while quota systems provide only small incentives to hire disabled people. However, this is also the case with measures directly targeted at employers.

In many European countries the extent of incentives provided by quota systems is rather low. Many employers consider sanctions only as minor additional nonwage labour costs and the exclusive costs related to fees are not central in hiring decisions of disabled persons. For governments employment quotas represent relatively low priced programmes, which are easily to finance. The employment of disabled persons is either supported by the fulfilment of the quotas or by employment programmes financed by the fees. However, the demographic change points to the “inherent ambivalence of the quota system”. If employees increasingly reach the disability status due to their age, employers have to pay fewer fees. As a consequence less money is available for the creation of new jobs for disabled people while expenditures for permanent wage subsidies increase.

Concepts related to age-adequate staff development, work organisation and workplace arrangement could be coordinated with integration measures for disabled persons in the labour market.

As a reaction to this development, concepts related to age-adequate staff development, work organisation and workplace arrangement, which are introduced in the framework of coping with demographic change, could be coordinated with integration measures for disabled persons in the labour market (Fietz et al. 2011, 67). According to a proposal by the OECD (2007, 163), the stipulated percentage of the quota could be adjusted to the prevalence of a certain degree of disability in the working age population (e.g. share of heavily disabled persons in each country). In addition, further efforts have to be undertaken to increase the share of disabled persons in the public sector, which is seen as innovative related to integration in most countries (OECD 2006, 159).

In principle, for the successful labour market integration of disabled persons, strategies have to be developed which enable a better coordination between the behaviour of employers, employees, involved institutions and political targets. For all stakeholders (disabled persons, employers, institutions and service providers) more incentives and support have to be created to keep disabled persons in employment, to enable new employment and to increase the employment efforts. This has to be combined with intensified employment expectations both on the side of employees with health problems and of the persons who support them and must be linked with mutual responsibilities. As such measures are not always popular, the responsibility has to be shared between governments, social partners, employers, employees and civil society (OECD 2010, 12/19).

Governments must provide a balanced setting of sanctions, incentives and support, which complement each other.

Governments must provide a balanced setting of sanctions, incentives and support, which complement each other. To prevent possible negative outcomes for the labour market and the social security system, a coordinated package of employment and other measures is required. For example, the insider/outsider-problem of the labour market regulation has to be mentioned. Increased obligations for employers could be a barrier for the employment of new employees. In this case additional mechanisms for the stimulation of labour demand (e.g. support for the adaptation of workplaces and working conditions) could be introduced (OECD 2010, 17).

Further reading

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