

## RESEARCH QUESTION

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What are the benefits and challenges of hiring disabled individuals? How to increase employment of disabled individuals in the U.S.?

## INTRODUCTION

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Having a diverse workforce is essential for a successful global economy.<sup>i</sup> A recent survey of national and multinational companies report that executives often identify disability as an area that needs improvement in their diversity and inclusion efforts.<sup>ii</sup> There are currently over 18 million working-age people with disabilities in the United States (US), representing a large pool of talent. Unfortunately, the employment rate is only 33% for working-age people with disabilities compared to 76% for those without disabilities.<sup>iii</sup> Most people with disabilities would like to work but often remain unemployed or underemployed and they represent one of the largest sources of untapped talent in the labor force.<sup>iv</sup> About two-thirds of unemployed persons with a disability are willing to work but cannot find employment.<sup>v</sup> Thus, efforts to improve the inclusion of people with disabilities are needed.

## BENEFITS

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Despite the challenges that exist, it has been found that a strong business case exists for hiring people with disabilities.<sup>vi</sup>

- 1) Employers have agreed that efforts to recruit people with disabilities help to expand their pool of available talent. Employers have also noted that a diverse workforce, including people with disabilities, helps to bring varied perspectives into a workplace, which can lead to innovation. A diverse workforce also provides a business the opportunity to differentiate itself from other companies, which can provide a competitive advantage in the global economy.
- 2) Approaches to hiring that include people with disabilities can foster good public relations and can help to strengthen a company's brand, both internally and externally. It has been observed that companies with inclusive hiring policies can experience a recruiting advantage, particularly with younger generation employees who value corporate social responsibility and have been raised with public school inclusion.

Finally, employers acknowledge that efforts to hire workers with disabilities are critical to ensuring that companies are compliant with the requirements for federal contractors.

## CHALLENGES

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In general, not only are individuals with disabilities less likely to participate in the labor force, but even when they do, the unemployment rate for individuals with disabilities is approximately 1.5 times higher than for those without.<sup>vii</sup> This is not attributed to a lack of desire to be in the labor force but the barriers to employment that exist on both the organizational and institutional level. Organizationally, employers are often reluctant to hire individuals with disabilities due to unconscious or conscious bias, negative attitudes, cost concerns, lack of accessibility, and a lack of accommodation measures.<sup>viii ix</sup> In addition, employers' resistance to providing employment to individuals with disabilities is exacerbated by institutional policies and structures. For instance, the U.S. is one of the few developed countries without specific legislation to encourage companies to hire individuals with disabilities (see Appendix 1).<sup>x</sup> While federal policies such as Social Security Disability Insurance (SSDI) aim to support disabled individuals, such policies emphasize income support and disincentivizes employment, with only approximately 1% of

federal and state expenditures on working-age individuals with disabilities going to education, training, and employment.<sup>xi</sup> In fact, between 2005 and 2015, the number of individuals receiving SSDI increased from 6.5 million to 8.9 million. However, over the last five years an average of only 33,000 have been removed because they earned higher salaries than the Substantial Gainful Activity (SGA) amount.<sup>xii</sup> Altogether, organizational and institutional barriers create a hostile job market for disabled individuals to obtain employment.

## **RECOMMENDATIONS**

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In the U.S., the employment rate for individuals with disabilities is only approximately 40%.<sup>xiii</sup> However, in other countries such as Sweden, the employment rate for the same group of individuals can be as high as 62%.<sup>xiv</sup> This difference demonstrates that there is significant opportunity for improvement to enable employment for individuals with disabilities in the U.S. However, overcoming the barriers identified earlier will also have to happen on both the organizational and institutional level:

### Organizational Level:

- **Training** for all levels of employees, including recruiters and managers, on eliminating unconscious bias towards individuals with disabilities would be essential to recruiting and retaining disabled employees.<sup>xv</sup>
- Employers need to offer appropriate **accommodation** measures for this group of employees. Research shows that in 58% of cases, there is no additional cost for making accommodations for diverse talent groups but can have a significant impact and no financial ramification for the employees and the employer.<sup>xvi</sup>

### Institutional Level:

An economic model demonstrates that by decreasing the gap between labor market participation rate and unemployment rate for individuals with and without disabilities by one third would result in a cumulative \$43 billion increase in a country's GDP.<sup>xvii</sup>

- One way to close the gap on unemployment for disabled individuals would be to **incentivize employers** to provide **private disability insurance** to allow employees to remain on the job while receiving partial wage replacement.<sup>xviii</sup>
- By replacing the cliff-like structure of the SSDI to one with a **phase-out region**, where benefits are reduced slowly when individuals become employed, disabled individuals would be rightly incentivized to seek out or remain in employment.<sup>xix</sup> In the long run, this will allow more individuals to return to work with decent pay while remaining off of SSDI, and thus reducing long term costs for the society and the government.<sup>xx</sup>

The additional readings section references material on how other countries, such as Sweden, have adopted different policies to support the employment of disabled individuals.

## **CONCLUSION**




























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Individuals with disabilities face many barriers in finding and maintaining employment. Bringing attention to the benefits of hiring people with disabilities may help build the case for employing them and providing them with proper accommodations.<sup>xxi</sup> Moreover, attitudes of society towards employees with disabilities are influenced by contact and knowledge with this group individuals.<sup>xxii</sup> Taking steps to make the transition of disabled individuals into the workforce would hopefully, lead to the increased integration of people with disabilities into the work environment and, ultimately, society as a whole.

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Country	Legislation	Description
Argentina 		▪ 4% for government owned companies, and incentives for private companies
Germany 		▪ 5% for companies with over 20 employees
Austria 		▪ 4% for companies established 25 or more years ago
Brazil 		▪ Starts at 2% for companies with over 100 employees
Belgium 		▪ 2.5% for government owned companies only
China 		▪ 1.5% to 2%, depending on municipality
Spain 		▪ 2% for companies with over 50 employees
US & Canada  		
France 		▪ 6% for companies with over 20 employees
Japan 		▪ 2% for companies with over 56 employees
Italy 		▪ 7% for companies with over 50 employees
Portugal 		▪ 2% for private companies and 5% for government owned
UK 		

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