

# ***ILL HEALTH, DISABILITY, BENEFIT AND WORK: A SUMMARY OF RECENT RESEARCH***

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## **Abstract**

The Ministry of Social Development's Centre for Social Research and Evaluation has a programme of research and evaluation that explores issues related to employment and benefit receipt for people with ill health and disability. This paper summarises findings from research carried out since 2003 that explores people's attitudes to work and the challenges that they face moving into and sustaining employment. The paper proposes that while people with ill health and disability have positive attitudes to work, their capacity to work is limited by multiple and often mutually reinforcing barriers.

## **INTRODUCTION**

In recent decades there has been a steady rise throughout the developed world in the proportion of working-aged people receiving social assistance for ill health or disability-related reasons. In many countries these groups now constitute the majority of welfare recipients, with disability benefit costs being higher than unemployment benefit costs in 17 out of 18 OECD countries (OECD 2003:17). The situation is no different in New Zealand.

Sickness Benefit (SB<sup>2</sup>) and Invalid's Benefit (IB) are forms of income support provided in New Zealand to people who cannot work for health- or disability-related reasons. IB is for people with permanent and severe conditions,<sup>3</sup> SB is for people with less severe or temporary conditions.

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### **1 Acknowledgments**

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2 Unless otherwise stated, SB includes recipients of Sickness Benefit and Sickness Benefit Hardship.

3 A severe condition is one that restricts a person from working 15 hours or more per week in open employment. A permanent condition is one that is expected to last at least two years (or where a person is terminally ill and not expected to live for more than two years).

Since 2003 the service delivered through Work and Income to people receiving SB or IB has been redesigned, and the focus is now broader than administration of benefits. Known as the New Service for SB/IB, its overarching goal is to assist people with ill health or disability into sustainable employment, where appropriate, so they can participate and contribute socially, economically and culturally, as other New Zealanders do. Key reasons for this change include:

- growth in the numbers of people receiving SB/IB
- indications that many people receiving SB/IB wanted to work and could work with the right assistance or conditions
- indication of a commitment from Government to assist people with disability associated with physical or mental impairment or ill health to participate in all areas of life (evidenced by the Ministry of Health's publication of the *New Zealand Disability Strategy* in 2001)
- a prolonged period of economic growth and a buoyant labour market, which has generated labour shortages in some industries and occupations.

Until recently there has been limited evidence from the New Zealand context to inform policy and service development relating to SB/IB. An element of the New Service has been a programme of research designed to understand the characteristics and reasons for growth of the SB/IB population and to identify approaches and interventions that support socioeconomic wellbeing and employment participation for this group. Evaluation research has also contributed knowledge in these areas.

Under the New Service, Work and Income assists people towards employment where that is their goal. As such, employment is a key focus of research and evaluation activity. Policymakers and service developers ultimately want to know: what works for whom in which circumstances? This question can be unbundled into four questions:

- Is work a goal that SB/IB recipients aim for?
- What are the barriers to work for SB/IB recipients?
- What assistance will address those barriers?
- Can the appropriate assistance be provided, and is it practical and cost effective to provide it?

This paper synthesises findings from recent research, including evaluation research, to explore the first three of these questions. In particular, the paper draws on data from research and evaluation activity carried out or commissioned by the Centre for Social Research and Evaluation. Analysis of two surveys is augmented with qualitative data collected through semi-structured interviews with SB/IB recipients to explore their work goals and challenges to entering and sustaining employment. Four studies discussed in the paper (Barriers Survey, New Zealand Health Survey, interviews with SB/IB recipients, and interviews with participants in an employment

trial initiative) are described in Appendix 1 and other studies are described in footnotes throughout the paper. The fourth of these questions is not addressed in this paper and requires ongoing research and evaluation to answer it.

### IS WORK A GOAL FOR SB/IB RECIPIENTS?

An underlying assumption of the New Service is that SB/IB recipients want to work. We have examined SB/IB recipients' attitudes to work by using quantitative and qualitative research and evaluation data in order to understand this assumption more fully. Research suggests that while some SB/IB recipients do have positive attitudes to work, their expectations of and capacity to undertake work is limited by a range of barriers.

The Barriers Survey found that 66% of respondents receiving SB and 45% of those receiving IB were interested or very interested in looking for work.<sup>4</sup> The survey also investigated respondents' expectations of entering work, and found that 17% of SB respondents and 15% of IB respondents were already engaged in some form of paid work. An additional 30% of SB and 13% of IB said they were likely to be in some form of paid work in a year's time. This leaves 53% of SB and 72% of IB respondents neither in work nor expecting to move into work in the near future.<sup>5</sup> Sample selection and non-response bias means we might expect this survey to overestimate the proportion of SB/IB recipients who expect to work at some time.

Of the respondents who reported being interested or very interested in finding work, 11% of SB respondents and 16% of IB did not expect to be in any paid work ever. Having an interest in working is a necessary factor to enter employment. However, as survey responses show, interest in working may not be a good predictor of work readiness or capacity for work. This raises the question, what do people mean when they report being interested in finding work?

Employment functions in myriad ways in a person's life. The most obvious function is to generate income, which enables an individual to have a certain lifestyle, maintain and expand social relationships and have a sense of power and control over their lives. Employment also functions in less obvious ways to impose routine, define aspects of an individuals' status and identity, link individuals to shared goals, enforce activity and create opportunity for regularly shared experiences (Rantakeisu et al. 1999:878). Following this logic, an interest in finding work may in fact be an expression of a desire for changes across a range of factors considered important in a person's life.

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4 Low survey response rates mean that these findings do not provide reliable estimates for the entire SB/IB population.

5 Respondents were asked to respond on a scale of 0 to 10, where 0 is not likely at all and 10 is very likely. Responses from 7 to 10 were categorised as "likely" to move into work.

Q-Methodology research<sup>6</sup> carried out to investigate SB/IB recipients' perceptions of wellbeing, employment and independence (Centre for Social Research and Evaluation 2004a) found that participants' perceptions could be grouped into five distinct sets of views. One group expressed views that indicated a "sense of being ready for work". Participants who reported that their sense of wellbeing was "happy" or "pretty happy" tended to be associated with this group. Their views converged around the idea that work is more important than being on benefit, with work contributing to a sense of freedom and identity. Where people constitute wellbeing at least in part through employment, then employment-related policy initiatives may be more successful.

Interviewees who took part in the employment trial initiative<sup>7</sup> also spoke of the social and emotional value of being in employment. They identified motivation to keep living, emotional wellbeing, distraction from illness, being part of the community and friendships as important benefits of working. Their comments included:

"I got bi-polar, and I suffer from boredom and anxiety all the time. Even now, like I struggle to stay there [in work], but it gives me a purpose to get out of bed in the morning. I'd be dead if it wasn't for that job."

Oh, I feel better about myself. You can answer questions on what you do for a crust and that sort of thing a lot better. You just feel ...'in society' and you have workmates automatically rather than trying to find relationships and things like that, so general wellbeing."

Comments made during interviews with SB/IB recipients indicated a desire to be in work. They said they "would love to be out working" or "ached to get back to work". Around half of these interviewees said they would like to work, but most went on to say they could not work because of their health condition. It may be that for some interviewees, saying they wanted to work was a way of expressing the hope or dream that their situation would change, that one day they would get well, be off the benefit and back to a "normal life". Even so, their desire to work would seem to indicate that SB/IB recipients valued the contribution that work could make to their lives and the contribution they could make to society through working.

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6 The research sought to uncover the subjective points of view of SB/IB recipients on wellbeing, employment and independence, as well as clarify and synthesise the complex world views of these populations. The rationale for the study was to understand the motivations and aspirations of SB/IB recipients in relation to their experience of the benefit and their willingness to seek employment. The research used Q-methodology, which gauges individual views on the basis that people respond to questions of personal or social importance from a position of self-reference. The research condensed approximately 400 statements about wellbeing, employment and independence, gathered through various data sources, into 43 representative statements. Participants were asked to respond along a scale of -4 to +4, indicating how strongly they felt about each statement.

7 See Appendix 1 for details of the employment trial initiative.

## WHAT ARE THE BARRIERS TO EMPLOYMENT FOR SB/IB RECIPIENTS?

As the data suggest, people who receive benefits because of ill health or disability can have positive attitudes to work. However, this may be an expression of a wish to have improved outcomes across a range of areas in their lives, and work may contribute to these desired improvements. The reality is that, often, people who receive benefits for reasons of ill health or disability are restricted in the work they can do by multiple and often mutually reinforcing barriers.

Looking at the position of SB/IB recipients from a social exclusion<sup>8</sup> perspective provides an understanding of the multiple challenges that people face in getting back to work and the benefits, such as better income and the development of human capital, that are expected to accrue through gaining employment. Social exclusion may be triggered by life events such as the onset of ill health. There are also life transition points where the risk of social exclusion is heightened. For adults, a key transition point is moving in and out of work (ODPM 2004:27). This alerts us to the challenges that people who have left work and taken up SB/IB face.

Multiple barriers are associated with employment instability (Singley 2003:40) and increased risk of social exclusion. The more factors associated with labour market disadvantage, the higher the chance of being out of work. Such factors have been found to include being a lone parent or single person, having low qualifications or skills, having a physical impairment, being aged over 50, being from an ethnic minority group and living in a region of high unemployment (ODPM 2004:24).

While health status is the most important factor affecting the ability to return to or enter work, other factors combine with health status to determine employment outcomes for people with ill health and disability. Such determinants include demographic characteristics, levels of human capital such as education and work experience and economic incentives (Baldwin and Johnson 2001:16).

In transitioning to SB/IB, recipients have either:

- a recently acquired condition that has led to job loss or reduced hours, or
- a previously existing condition that prevents them from working, combined with a change in circumstances that makes them eligible for SB/IB (e.g. turning 16 years old, separating from their partner, losing their job).

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<sup>8</sup> Social exclusion is a concept that is the focus of research and policy development from the UK Office of the Deputy Prime Minister (ODPM) and "is a shorthand term for what can happen when people or areas face a combination of linked problems such as unemployment, discrimination, poor skills, low incomes, poor housing, high crime, bad health and family breakdown. These problems are linked and mutually reinforcing so that they can create a vicious cycle in people's lives." Social exclusion can pass from one generation to the next (ODPM 2004:3).

The Barriers Survey investigated the challenges for people moving off benefit and into work. It did this by asking people to respond to 41 barrier statements<sup>9</sup> and answer whether or not the situation represented in the statement made it harder for them to get a job or do more paid work.

The 41 barrier statements were aggregated into 11 classes of barriers and the survey found that barriers in every class (except for “caring responsibilities”) affected at least 40% of respondents, illustrating the idea of multiple barriers. The four classes of barriers most commonly experienced by survey respondents receiving Unemployment Benefit were also experienced by 68% of SB and 83% of IB respondents. These related to “Employer preferences”, “Availability of suitable jobs”, “Financial concerns” and “Work history and skills”.

Interviews with SB/IB recipients and focus groups with case managers confirmed the range of barriers that SB/IB recipients experience, including:

- getting older and facing discrimination from employers, including age discrimination
- having reduced mental and physical fitness and fearing worsening health
- fearing financial insecurity
- deteriorating skills and diminishing human capital such as recent work experience, a network of employment contacts, knowledge of changing technology, up-to-date licences, daily discipline or work habits, and confidence and self-esteem.

These types of barriers reflect the fact that many SB/IB recipients have experienced unemployment and long-term benefit receipt. Singley (2003:39) notes that clusters of barriers and a history of disadvantage or negative life events distinguish long-term beneficiaries from others. The SB/IB Client Clustering research (McLeod and Beynon 2006) shows that a substantial proportion of SB/IB recipients have received other benefits for an extended period before coming onto SB/IB. This includes 38% who received Unemployment Benefit in the eight years prior to moving onto SB/IB and 12% who received the Domestic Purposes Benefit or the Widow’s Benefit over the same period.

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9 The barrier statements were compiled by the market research company contracted to carry out the survey in consultation with a working group and following a literature review. Prior to the survey being carried out, qualitative interviews were undertaken with 20 benefit recipients to test the barrier statements and further inform their development. Cognitive testing and piloting of the survey was also undertaken. The barrier statements are listed in Appendix 2.

It is clear that health- and disability-related conditions are important barriers to employment for SB/IB recipients, and that non-health-related barriers to employment also exist. The range of barriers to employment experienced by SB/IB recipients are explored in the following sections:

- physical and mental health and functioning
- financial concerns
- education, skills and work history
- employer attitudes and labour market opportunities.

## PHYSICAL AND MENTAL HEALTH AND FUNCTIONING

SB/IB recipients experience a broad range of health- and disability-related conditions that prevent them from working. These include conditions that are acquired or congenital; permanent, temporary or intermittent; and related to physical, intellectual or mental health. Common to SB/IB recipients is a high proportion whose primary incapacity is a psychological or psychiatric condition (35% of SB and 27% of IB). SB recipients are more likely to experience a musculoskeletal system disorder (16%) and IB recipients have high rates of intellectual disability (15%). More than a quarter have more than one condition recorded in benefit administration systems. Evidence from client interviews suggests that the actual number of SB/IB recipients experiencing co-morbidity is considerably higher.

Analysis of the 2002/2003 New Zealand Health Survey provides a detailed breakdown of the prevalence of specific health conditions in the SB/IB population compared with the working-age population overall. The study found that, unsurprisingly, SB/IB recipients had poor health compared with the overall working-age population. In particular, the research found:

- SB/IB recipients were much more likely to suffer from a major mental health disorder (bipolar, depression and schizophrenia) than the general working-age population
- musculoskeletal disorders were relatively common, affecting 30% of the working-age population and over 43% of those receiving SB/IB. Back and neck problems were the most common of these, followed by arthritis
- cardiovascular disease affected a similar proportion of men and women of working age, but in those receiving SB/IB it was significantly more common in men compared with women. This gender difference was due almost entirely to a higher prevalence of heart disease in men on SB/IB
- diabetes and nervous system disorders were two to three times more common in SB/IB recipients compared with the total working-age population
- men and women on SB/IB have significantly worse self-perceived health status than the general working-age population. This is true for all eight health scales of the SF-36 health status questionnaire, but particularly notable in the areas of physical and emotional role for women and physical role and general health for men.

## Poor Health, Disability and Employment

The Disability and Work Participation study found that (after controlling for demographic and other characteristics) disability had an impact on employment and benefit outcomes (Jensen et al. 2005). Disability reduced participation in any employment by one-fifth and full-time employment by more than one-half. The rate of benefit receipt was more than double what would have been expected in the absence of disability. The study also found that type and severity of disability impacted on employment and benefit levels. Further analysis found that severity and number of disabilities (co-morbidity) related strongly to adverse employment outcomes for people with disability.

These findings were in keeping with a Saskatchewan survey of people with disabilities that found they were less likely to be employed if they had a disability associated with mobility, flexibility and chronic pain, had multiple disabilities, had lower levels of education or were of first nations ancestry (Saskatchewan Social Services and Office for Disability Issues 2003:14).

The Barriers Survey also investigated how disability and poor health affected movement into employment. It found that "An illness, injury or disability that will probably always be there" was a barrier to employment for 93% of IB and 74% of SB respondents. Interviews with SB/IB recipients confirmed that a health condition is their primary barrier to taking up work. Many had a chronic or permanent condition and accepted that it was unlikely they would work again. Others thought they may work in the future, but only if and when their health improved. Social exclusion work also notes that "Poor health lowers peoples' ability to get and retain jobs" (ODPM 2004:19).

Perhaps more surprising was the low proportion of SB respondents (38%) who reported having "An illness or injury that will probably get better" as a barrier to employment. It is widely believed that SB recipients have temporary conditions that will improve over time, allowing them to return to full-time work. However, the Barriers Survey suggests that SB recipients may be more likely to have permanent conditions that are not severe enough to qualify them for IB, rather than conditions from which they will recover. If this is correct, part-time work may be a more appropriate goal for many SB/IB recipients and highlights long-term management of health and disability issues as an important factor for SB/IB recipients in entering and sustaining employment.



## How Do Health and Disability Influence Employment?

There are many ways that health- or disability-related conditions can impact on employment. Interviews with SB/IB recipients provided examples of how their physical and mental health affected their ability to work and find employment settings that were appropriate to their health needs. For example, interviewees talked about being unable to lift heavy objects, stand or sit for long periods, get out of bed on “bad” days, concentrate on specific tasks, learn new tasks, and work with more than one other person.

“Suffering from brain damage puts me in a no-win situation. No matter what the body can do, the mind is thinking of other things.”

“I didn’t even tell them. I ... you know, what can you say about schizophrenia? ... It’s unbearable. ... Like I said, I’ve been on medication the last year and the doctor sort of relayed to me that it’s more or less going to take two to three years before I’m actually fit and well and be able to take on responsibilities such as work, and it is really frustrating.”

Interviewees also discussed how their health status affected the number of hours and the type of work that they were able to do. Dealing with the realities of their illness, such as keeping specialist appointments, the effects of new drugs, and the unpredictability of their illness, also determined what would be suitable work conditions.

“Over the time I’ve been on the SB, I’ve worked in blocks for a publisher and I’ve arranged part-time café work but even this is too much for me. Employers need to understand I’m unreliable and need time off. I can’t concentrate [due to pain] or use my arm properly so it needs to be suitable, i.e. not manual lifting, and it needs to be contract or block work to fit in with my hospital visits.”

Interviews with SB/IB recipients and focus groups with case managers illustrated that fear about aggravating a health- or disability-related condition can also act as a barrier to employment. However, comments from interviewees also showed that they were generally skilled at self-managing their condition in order to maintain a positive health/life balance and most were active in promoting and protecting their own health.

## FINANCIAL CONCERNS

Concern about financial security was found to prevent SB/IB recipients from trying to work, even if they were otherwise able, and could influence their ability to sustain work. Worry about the impact of moving off and on benefit may have been related to the type of work that benefit recipients often move into, in that they are more likely to be underemployed or self-employed or have jobs that are temporary and/or part-time (Singley 2003:40).

Financial concerns were commonly reported as barriers to employment by SB/IB respondents. In particular:

- 65% of SB and 56% of IB respondents reported that “Money worries if the new job didn’t last” was a barrier to employment
- 56% of SB respondents reported that “Getting work that pays much more than the benefit” was a barrier to employment
- 51% of IB respondents reported that “Getting enough hours for the job to be worthwhile” was a barrier to employment.

The first of these barriers, “Money worries if the new job didn’t last”, was also reported as difficult to overcome by 36% of IB respondents and 40% of SB respondents.

The Work Readiness research (Centre for Social Research and Evaluation 2004b) explored case managers’ perceptions of SB/IB recipients’ barriers to work.<sup>10</sup> The research found that case managers perceived that fear of losing income and aggravating health issues were the primary barriers to employment for SB/IB recipients. Case managers who participated in focus groups agreed that these factors played an important part in individuals’ willingness to take up work. They noted that:

“There’s a fear amongst IB clients, especially those with mental health problems that if they go off benefit and then get ill, they won’t be able to go back on benefit. We need to change people’s expectations about how the system will treat them.”

Some interviewees who had participated in the employment trial initiative claimed that when working part-time, they felt pressure to increase their hours to maintain their financial security and also in response to pressure from employers. In many cases, this was unsustainable because it jeopardised their health.

The majority of employment trial participants felt the financial benefit from engaging in full-time work was marginal and some were either worse off or, once abatements were taken into account, working for only two to three dollars an hour. This was also a concern for other SB/IB recipient interviewees, one of whom commented:

“I’ve only been working for two or three dollars an hour. So it sort of seems crazy to even try and work. I mean, that’s why I can understand why a lot of people won’t. They won’t even try.”

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10 This research used focus groups with Work and Income staff to find out what factors they felt were associated with SB/IB recipients’ readiness to move into employment and what may prevent people from being “work ready” or being assisted towards this. The research also investigated whether individuals could be categorised or placed on a spectrum of work readiness and what type of assistance case managers perceived would be most appropriate according to level of work readiness. A total of five focus groups were conducted throughout New Zealand: Auckland, Lower Hutt, Wellington, Christchurch and Dunedin. Participants were drawn from service centres throughout these regions.

These fears were sometimes exacerbated by confusion over rules and policies relating to SB/IB receipt. They affected a person's willingness to exit benefit to employment, as well as their willingness to work part-time, engage in training and access other services offered through Work and Income.

Interviews with SB/IB recipients indicated that some were concerned that wage rates were too low to sustain a reasonable life in the types of jobs that they were looking for. Baldwin and Johnson note that higher expected wages increase the probability of return to work, whereas the probability of return to work lessens as the ratio of wage to benefit rates decreases (2001:17). Arulampalam (2001) looked at the effects of an interruption of employment on post-interruption wages in Britain and found that an unemployed individual returning to work faced a wage penalty of about 5.7% in the first year of employment (increasing to about 13.5% during the next three years before coming down to 11.4% thereafter). Similarly, recent research published by Statistics New Zealand used the Linked Employer–Employee Database (LEED)<sup>11</sup> to investigate the long-term effects of injury on employment and earnings. It found that injuries resulting in receipt of more than two months' earnings-related compensation had negative effects on future labour market outcomes. "The magnitude of these effects increases with injury duration; individuals who receive 10–12 months of compensation have 10–15% lower employment rates, 3–4% higher benefit receipt rates, and \$345–\$540 lower monthly incomes." The study also found that "...longer-duration injuries have a greater impact on women, older workers, and workers with lower earnings or with less stable employment histories" (Crichton et al. 2005:2).

## EDUCATION, SKILLS AND WORK HISTORY

In the Barriers Survey, 53% of SB respondents and 53% of IB respondents identified "Having been out of the workforce too long" as a barrier to employment. A quarter of SB respondents and a third of IB respondents reported that this was a difficult barrier to overcome.

Cluster analysis (McLeod and Beynon 2006) showed that most SB/IB recipients had some history of working full-time or part-time, but for many this work was a long time ago. For some, their health or disability status limited the benefit of their work experience in gaining further employment because they did not expect to be able to continue to work in the same field.

Some of the SB/IB recipients interviewed had not worked at all; others had not worked for up to 20 years, while a third group had worked only in casual unskilled jobs. The

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11 A database managed by Statistics New Zealand that contains monthly information on benefit receipts, earnings and accident earnings-related compensation for all New Zealanders over a five-year period from 1999.

same was true for interviewees who had participated in the employment trial initiative – for many, employment was transient, and started and stopped because of the state of their health. SB/IB recipient interviewees who had been unemployed for a length of time noted that this posed a challenge when looking for work. As Singley notes (2003:42), long-term benefit receipt is itself seen as a barrier to finding employment due to skill deterioration and “negative signals” sent to employers about an individual’s employability and productivity. Interviewees perceived that employers were reluctant to hire someone with a history of illness and/or disability. Interviewees also said they lacked knowledge of current practices, had a limited understanding of the current labour market and the range of jobs that might be available to suit their needs. They did not always recognise that jobs they considered suitable might be difficult to find.

“I’m going to ask Work and Income if they can get me a job at home – I can do that. I would be very happy for that, like sewing or packing.”

“I’d want a job that I’d enjoy. I wouldn’t reconsider labouring – as I’d had an injury and couldn’t do it. Also I need part-time work and I need to take a job locally so I can get there easily. I want part-time or evening work because I have family commitments to my girlfriend and her kids during the day.”

“I want to be a self-employed driver but it would need to be different from furniture removals [due to health]. It also couldn’t be dusty conditions.”

Interviewees who had worked in the recent past believed that, with a few exceptions, they would not be able to return to the kind of work they did before. Heavy lifting or manual work was no longer an option for some; others could not drive because of their medical condition and some could not maintain jobs that required high levels of concentration. None of the 110 SB/IB recipient interviewees had an arrangement or understanding with a former employer that they could return to their old job once their health improved. All were dependent on finding a new job with a new employer.

“I would like to go back nursing, but realistically I can’t do that. I could possibly do a couple of hours a day. I’m going to try that. I want to do meaningful work – satisfying, not shop work etc.”

“I’m not actively looking right now. It depends what I can do. Other jobs seem very menial after security. I will have to lower my sights. To go out and do something I would have to catch the bus at a certain time and get back. I can’t rely on my body to do that. I would need to have work at home.”

“I was thinking, well, hey I’m feeling a lot better now and I’d like to get back into the workforce, but when you’ve been off work for such a long time it’s really hard, and I applied, and people [employers] just said to me, “oh if you’ve been sick that long”, you know, they didn’t say it in so many words, but they implied, we’re not going to take on somebody who’s had that much time off sick. ... I applied for 67 jobs ... Yep, I’ve got copies of every one of them.”

Work skills are not only gained through training or paid employment, and the flexibility of voluntary work offered a more manageable alternative to employment for some SB/IB recipients who were interviewed. Many had established strong social networks and found ways to participate in their community through volunteering in sporting, art, cultural or educational activities, and in health or welfare organisations (especially related to their health condition). One woman described her routine, which included taking her granddaughter to playschool twice a week, caring for her grandchildren after school twice a week, attending Senior Citizens and Country Women's Institute events, and doing two sessions of four hours each a week as a volunteer at the local community centre. Another commented:

"I'm doing voluntary work when I can. I was caring for my grandmother till she died. I'm doing a lot for my parents. I volunteered at the hospice for a while but it was too much for me psychologically. I helped out at a local 'zoo' for a short period but I couldn't afford the travel and my body didn't hold up. I help the 87 year-old next door. It suits someone like me who has functional times. I do that for my own self-worth and to me that justifies getting the benefit."

Even those with a strong history of work sometimes found that skills and experience devalued over time, especially as technology evolved. While lack of relevant skills and educational qualifications were barriers to employment for many people receiving SB/IB, the same factors that presented barriers to employment also presented barriers to retraining, so that people's ability to upskill was limited. People's ability to retrain was limited by their health, financial position and family responsibilities. Singley (2003:43) discusses the idea of "reciprocal causation" where a particular barrier may have a role in limiting employment, but unemployment plays a role in creating or worsening that and other barriers.

Analysis of the 2002/2003 Health Survey found that SB/IB recipients had generally lower educational achievement than the working-age population in general. SB/IB recipients were more than twice as likely to have no formal qualifications, and much less likely to have university qualifications.

This finding was supported by the Disability and Work Participation research (Jensen et al. 2005) and 2001 census data. The former found 35% of working-age people who experience disability reported no formal qualifications (compared with 19% of the non-disabled population) and only 31% had a post-school qualification (compared with 56%) (Jensen et al. 2005:20). Data from the 2001 census show that 39% of SB and 50% of IB recipients have no formal qualifications compared with 23% of the total population.<sup>12</sup>

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12 Source: Statistics NZ, customised tables supplied to the Ministry of Social Development.

These findings suggest that educational qualifications can act as a protective factor against receipt of SB/IB, and that poor health and disability can act as barriers to gaining educational qualifications for SB/IB recipients.

## EMPLOYER ATTITUDES AND LABOUR MARKET OPPORTUNITIES

It was widely believed by SB/IB recipient interviewees and case managers who participated in focus groups that many employers were reluctant to employ people with poor health or disability even in the current favourable labour market. Interviewees thought that employers would be reluctant to employ them and would choose other applicants where possible. People described being thought of as “the bottom of the barrel”, “the last resort” and “the scrap heap”.

Interviewees considered that employers’ reluctance was due to their health conditions, and the accommodations they might require (e.g. flexible hours), as well as non-health-related factors that worked against them. These included age, poor work history and having a criminal record. Also, 57% of SB and 51% of IB recipients in the Barriers Survey said that “Not being the right age for the jobs on offer” was a barrier to employment for them.

Research commissioned by Workbridge<sup>13</sup> in 2004 reviewed employers’ experiences of and barriers to using Workbridge services. The research also explored employers’ attitudes to employing people who experience disability, and found that underlying barriers to such employment included:

- perceptions of a person with a disability as not having the right skills
- not having a suitable role for a disabled person
- not understanding how a person’s disability may impact on their ability to do their job
- health and safety concerns
- perceptions that extra time was required to integrate them into their role and the workforce.

The research also found that “smaller organisations seem to have greater concerns about employing a person with a disability due to not having the infrastructure to absorb perceived additional costs or potential downtime.” In February 2005, 29.2% of employees in New Zealand worked in businesses with 19 or fewer employees and

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13 Workbridge is a service contracted by Work and Income to assist people with disabilities to enter the labour market. It aims to meet the aspirations of clients for participation and equal activity in the labour market. Services provided by Workbridge include goal setting, assisting access to training and further education, employment placement and support, coordination of workplace modifications and wage subsidies.

96.3% of employers in New Zealand employed 19 or fewer employees. This suggests that there is a large pool of businesses in New Zealand who perceive they would have difficulty employing somebody with a disability (Ministry of Economic Development 2005).

The findings of the Workbridge-commissioned research were largely supported by research undertaken with employers under the United Kingdom's New Deal for Disabled People policy (Aston et al. 2005). The report noted employers' perceptions of the advantages and disadvantages of employing someone with ill health or disability. The advantages were considered less tangible but included:

- diverse perspectives and better understanding of customer needs
- loyalty and commitment
- a reflection of community diversity
- organisational learning opportunities
- increases to the labour pool.

Employers perceived disadvantages were more immediate and included:

- financial costs of adjustments including physical adjustments and role changes
- sickness absence and the unpredictability
- diminished productivity.

#### WHAT ASSISTANCE WILL ADDRESS BARRIERS FOR SB/IB RECIPIENTS?

The Barriers Survey gauged respondents' perspectives on how useful 15 forms of assistance (all traditionally provided by Work and Income to unemployment and sole-parent beneficiaries, and not including any health-related services) would be in helping them towards employment. The four forms of assistance reported as useful by a majority of SB/IB recipients were:

- making it easier to go back onto benefit if the new job does not work out (reported as useful by 63% of SB and 54% of IB respondents)
- financial assistance with training related to a specific job (63% SB and 51% IB)
- financial assistance with further education (58% SB and 51% IB)
- training on how to use new technology (58% SB and 50% IB).

These findings emphasise the importance of financial concerns and upskilling for SB/IB respondents. Interviewee SB/IB recipients and participants in the employment trial initiative also stated that they needed a wage that was both sufficient to live on and enough to compensate for additional costs associated with work and the loss of Special Benefits and other supplementary assistance.

These interviewees had a good understanding of their own limitations regarding employment and sought types and conditions of work that would enable them to function as well as possible. For example, most thought that part-time or casual work would be appropriate, especially when they were easing their way back into employment. They needed to be able to prove their reliability, both to themselves and to the employer. Some acknowledged that they would only be able to work two to three hours on one day, and only a few days a week, and that they would need support and understanding.

The importance of part-time work for SB/IB respondents is further emphasised in the Barriers Survey. It found that while 30% of SB respondents and 13% of IB respondents expected to be in some form of paid work within in a year, only 4% of SB respondents and 1% of IB respondents expected to be in full-time work within a year.

Interviews with SB/IB recipients found that to take up or return to employment, they would need an “appropriate” job, an employer who understood their health condition and adapted their expectations accordingly, and a supportive work and home environment. An “appropriate” job included:

- part-time work, ranging from “a few hours a week” to “a couple of hours a day” and up to 20 hours a week
- flexible hours and working conditions that can be adapted to suit changing health needs
- contract work or blocks of work to fit in with health care
- low stress work with clean work environments
- accessible work, e.g. close to public transport
- meaningful and satisfying work
- financially rewarding work.

SB/IB interviewees who had been looking for work had found it was difficult to find jobs to fit their needs. Their responses reflect research undertaken by Baldwin and Johnson, which notes that job accommodations, such as reduced hours, lighter workloads and modified equipment, reduced the incidence of multiple spells off work (2001:17). The Barriers Survey also highlighted the “lack of fit” between SB/IB respondents’ work needs and the local labour market: 56% of SB respondents and 54% of IB respondents selected “Not enough jobs in your local area that would suit you” as a barrier to employment. This may not be surprising given the complex needs of individuals illustrated in the following quotes from interviews with SB/IB recipients.



“I have been looking in the paper for work. I think I'll have a go but none of the jobs are suitable – they're too far away or too physically demanding. I would like a go at something I'm pretty good at. I don't want to be bossed around. I would want part-time work. With my health, if I did go to work, something will always crop up. I have so many health appointments; I would soon be out the door.”

“I'm interested in working a few hours a week. I know what I'm like after one shift. I'm thinking of seeking voluntary work at a local design shop; I can sew a few hours a day. I suffer terrible insomnia, so I don't know from one day to the next how I'll be.”

The Barriers Survey and interviews with SB/IB recipients highlight that people with ill health or disabilities have complex and individual needs, yet there are common themes in the assistance that they require to enable them to work. These include financial security, assistance with retraining and building vocational skills and experience, and flexible and appropriate work conditions. A recently published literature review (Miller 2006) identifies the key components and effective outcomes of programmes that help move people off incapacity and sickness benefits in three broad areas: employment and health interventions, case management models and social assistance frameworks.

A range of employment and health interventions that provide assistance around retraining, vocational skill development and workplace changes were reviewed. Those reported to be the most effective included:

- initiatives with a holistic and individualised approach and a basic skills training component
- initiatives with a focus on early intervention and maintaining links with employers during rehabilitation
- job accommodations including physical adaptations and changes to employment roles
- supported employment that uses a “place and train” or mentoring approach
- work trials and therapeutic and voluntary work to increase work skills
- wage subsidies for employers.

Case management was effective when it provided an individual approach and a range of interventions and strategies. Continuity between case management, work brokerage and post-placement support was seen as important in providing a seamless approach to assessing and responding to people's barriers to employment.

In addition to interventions and strategies used to support people into work, the literature review also discusses the structure of social assistance frameworks that can act as incentives or disincentives to individuals moving off benefit and into employment. Some of these initiatives try to lessen the financial insecurity that people face as they

move off benefit into employment, create incentives to work and give a person some attachment to the labour market and improve their skills and confidence. Examples in use include partial benefits, tax reductions, tax credits, lump sum payments for start-up expenses and eligibility and benefit extensions.

## CONCLUSION

This paper began by posing four questions in an effort to break down the ultimate puzzle of what works for whom in which circumstances.

- Is work a goal for SB/IB recipients?
- What are the barriers to work for SB/IB recipients?
- What assistance will address those barriers?
- Can the appropriate assistance be provided, and is it practical and/or cost effective to provide it?

We have argued that work is a goal for those SB/IB recipients who want to work in meaningful jobs that are appropriate for their physical and mental wellbeing. Employment plays an important role in people's lives; it is not only a source of income and independence, it also provides opportunity for social interaction and for individuals to make a contribution to society. "Appropriate" employment will differ from person to person depending on their background, current circumstances and work needs. However, qualitative and quantitative research indicates that for many people, participation in part-time work may be a more achievable outcome than full-time employment.

The barriers SB/IB recipients face are many and complex. Health- and disability-related conditions are key factors that lead to unemployment and make it difficult to enter work for SB/IB recipients. But these are usually not the only factors that contribute. Other reported barriers to employment closely resemble those that affect people who are unemployed, however health- and disability-related conditions can make these more difficult to address. SB/IB recipients see themselves as being at the back of the queue for available jobs, such is the complexity of the barriers they face.

Given this, interventions that are more likely to be effective are those that tackle the multiple barriers to employment that SB/IB recipients face. It is more likely that people will benefit from an individualised approach that considers their particular needs and goals. We have limited information about which interventions are effective, or how to target interventions to the correct people at the correct time. More research in this area is particularly important as SB/IB numbers continue to increase and as Government agencies shift to a more proactive style of case management with this client group.

As we learn more about the effectiveness of interventions, we will have better evidence to inform policymakers as they make decisions in this area. It is clear, however, that the potential gains of intervention – social and fiscal – are considerable.

## APPENDIX 1: DATA SOURCES

### The Barriers Survey

The Barriers Survey canvassed 1,233 people in receipt of SB, IB, the Domestic Purposes Benefit and Unemployment Benefit to investigate respondents' perceptions of their barriers to paid employment. The research also sought to uncover respondents' perceptions of how difficult it is to overcome their barriers, understand the incidence of multiple barriers, explore relationships between barriers and beneficiaries' characteristics and find out what people think is most helpful in overcoming barriers to employment.

Benefit recipients were selected for the sample using Ministry of Social Development administrative data and included those on benefit at a particular point in time who were aged 16–64 years and had been on benefit for at least six months. The Barriers Survey received responses from 625 SB/IB recipients.

Low survey response rates mean that these findings do not provide reliable estimates for the entire SB/IB population. While 53% of those contacted agreed to participate in the survey, once people who were unable to be contacted are incorporated, the true response rate is only 22%. Furthermore, there is bias in the sample as beneficiaries who were not accessible by telephone, who have a hearing impairment and those who have an intellectual disability that requires them to be represented by an agent in their dealings with Work and Income were excluded from the sample. People could also exclude themselves from the sample if they reported having health conditions restricting them from ever working or they were too ill to participate in the survey. The sample of respondents is therefore likely to over-represent the population of SB/IB recipients who will move into employment.

### Analysis of Data from the 2002/2003 New Zealand Health Survey

Data from the 2002/2003 Health Survey undertaken by Statistics New Zealand was analysed to determine characteristics of SB/IB recipients and to examine relationships between various individual characteristics and receipt of SB/IB. This research is ongoing. To date it has identified people aged 25–64 years who are receiving SB/IB and compared them with the overall working-age population in terms of their socio-demographic profile, their health-related behaviours and their health status. The independent relationship between specific socio-demographic characteristics and the likelihood of SB/IB receipt was examined through multivariate regression analyses.

## Interviews with SB/IB Recipients

Evaluation research with SB/IB recipients has provided an opportunity to explore people's attitudes to work, employment goals and barriers to employment and their experiences of Work and Income and the service they have received. Semi-structured, in-depth interviews were conducted with 110 SB/IB recipients drawn from three Work and Income regions: Counties Manukau, Wellington and Nelson. Interviews were conducted mainly in people's homes and lasted up to two hours.

SB/IB recipients were selected for the sample if they had an employment-related journal,<sup>14</sup> as this was assumed to indicate some form of employment-related service from Work and Income. This indicator was not as meaningful as anticipated because employment-related journals were also prepared for some SB/IB recipients who had no interest in working or were unable to work. The interview sample included a cross-section of working-age SB/IB recipients with physical and mental health conditions, a range of ethnicities and ages, and a gender balance. People over 60, and those with terminal conditions were excluded from the interview sample as they were less likely to be seeking work. In many cases, potential interviewees were unable to be contacted because phones were disconnected or people did not respond to messages. Reasons for refusing to participate in the interviews included negative feeling towards Work and Income, language difficulties or other commitments.

A thematic analysis of the interview data was undertaken. In addition to interviews with SB/IB recipients, focus groups were conducted with case managers and work brokers to provide another perspective regarding SB/IB recipients attitudes to work, their barriers to employment and their responses to the service provided by Work and Income. Case managers and work brokers with a majority of SB/IB recipients in their caseloads were chosen from service centres in the Counties Manukau, Wellington and Nelson regions. Between eight and 10 people participated in each of the five focus groups.

## Employment Trial Initiative

Interviews were conducted with 20 IB recipients who had participated in an employment trial initiative where they could try working for more than the 15 hours previously permitted. IB recipients could still receive benefit or maintain their eligibility for benefit while participating in the initiative. The interview sample was drawn from Work and Income records of those participating in the initiative. People were excluded from the sample if they were recorded in MSD administrative data as having a hearing

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14 Journals are a tool used by Work and Income case managers to record their engagement and discussions with clients. Journals may include details relating to employment, finance, accommodation and health.

impairment, an intellectual disability or schizophrenia. The interview sample was heterogeneous with respect to age (18–55 years), length of time on IB, health and disability conditions, work history and living with dependants. Eleven of the participants were male. Interviews were conducted in four North Island and three South Island locations. The interviews were semi-structured and a thematic analysis of the interview data was undertaken.

## APPENDIX 2: BARRIER STATEMENTS AND CLASSES

### **Class 1: Caring responsibilities**

- Preferring to look after the children yourself rather than use childcare
- Suitable childcare is not available
- Family and friends not being able to help you with your children

### **Class 2: Transport**

- Not owning a vehicle or having access to one
- Not having a drivers' license
- Having physical limitations that make driving difficult
- No suitable public transport in your area
- Not wanting to travel long distances to work

### **Class 3: Health or disability**

- An illness, injury or disability that will probably always be there
- An illness or injury that will probably get better
- Having to keep doctors appointments
- Suffering side effects from medication

### **Class 4: Financial concerns**

- Losing too much of your benefit if you work extra hours
- Money worries if the new job didn't last
- Getting enough hours for the job to be worthwhile
- Getting work that pays much more than the benefit
- Having the right clothes for an interview

### **Class 5: Educational achievements**

- A lack of educational qualifications to get a job
- Not being good at reading and/or writing
- Not being good with numbers

**Class 6: Work history and skills**

- Not having the right skills or experience for the jobs that are on offer
- Interview skills
- Having been out of the workforce too long
- Previous work history
- Having skills that employers don't recognise

**Class 7: Motivation and self-esteem**

- Having difficulty staying motivated
- Not being a very confident person

**Class 8: Anxiety and/or depression**

- Often feeling very depressed
- Worrying a lot about the future

**Class 9: Employer preferences**

- Not being the right age for the jobs on offer
- The way employers seem to view people who have been on a benefit
- Needing special equipment or flexible hours
- Having a criminal record
- The way employers react to the way you look

**Class 10: Availability of suitable jobs**

- Not enough jobs in your local area that would suit you
- Only wanting to work in jobs you already know how to do
- Not wanting to take a job in a beginner or junior position
- Work and Income expecting you to go for jobs that aren't right for you

**Class 11: Support networks**

- Not getting any support from your friends and family to find work
- Lack of support from case manager to find work
- Lack of helpful training from Work and Income

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