



TSKB DEVELOPMENT INSIGHTS

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Labor Market Inclusion of People with Disability

Preface

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Together and Solo

The United Nation's 2030 Sustainability Agenda makes it absolutely clear that an individual's disability should not be a barrier to them when it comes to using their human rights. However, this is sadly not something borne out in our daily lives. This discrepancy mandates us - meaning the economists of development banks - with the responsibility of underlining the bitter fact: with around 15% of the world's population continuing to suffer daily difficulties stemming from some kind of disability, it is not realistic to expect the world to reach its development goals.

Noting that the visible and invisible disabilities people may suffer create a barrier to their own wellbeing as well as that of the society, one should confess that it is the consequence of not being able to build an inclusive social infrastructure. Such an infrastructure requires a multidimensional approach, with actions such as investing in wheelchair ramps and providing self-care services at home and/or enabling flexible working hours. First of all, though, building such an inclusive social infrastructure begins with building an inclusive mindset - and it would appear that this is where we have fallen short.

Indeed, the focal point of this foreword is to underline the core of such an inclusive mindset with the hope that if "we all" agree on it, we can proceed more rapidly towards our goal. But who are "we all"? I here let Kristalina Georgieva, the current managing director of the IMF, answer this on my behalf. Speaking about the World Bank Group's commitments to disability inclusion back in 2018, Kristalina Georgieva noted that

economic growth and reducing poverty depended on equal opportunities for all . I find this sentence crucial in underlining that inclusion matters for everyone, not just those who suffer exclusion.

Recognizing visible and invisible disabilities and investing in social capital to embrace these individuals is, without a doubt, the right thing to do - but it benefits us all, creating a social and economic leverage for society as a whole.

The World Bank highlights that "Persons with disabilities are more likely to experience adverse outcomes than persons without disabilities...", including but not limited to "less education, poorer health outcomes, fewer opportunities for employment and higher poverty" . The rest of this report sets out detailed figures exhibiting this inequality, both around the world but also in Türkiye. While we may have said enough to prove that our social setting needs to be improved, perhaps I can add that since "there is nothing so unequal as treating the unequal equally", building such a social capital around the principle of "togetherness" is the sine qua non.

Indeed, this report is our way of inviting all of our stakeholders to unite around the principle of embracing every individual without precondition and committing towards building our social capital in a way that allows every individual to be themselves, for by standing "solo"- with their uniqueness, they will also enable us to be stronger "together".

Dr. Burcu Ünüvar
Director - Chief Economist

Labor Market Inclusion of People With Disabilities For a Just Transition

It is estimated that 16% of the world's population, or approximately 1.3 billion people, currently suffer from some form of disability.¹ Although disability is a natural and important part of human life, people with disabilities face economic and social challenges in almost every region of the world, and they struggle to adapt to the society they live in.

While those with disabilities are more likely to experience problems such as asthma, diabetes and obesity as a result of their health situation, the design of community living spaces is another factor which inhibits their activities. Entry to the labor market stands out as a major area of inequality that multiplies the burden currently faced by individuals with disabilities. This report uses data to delve into the reasons and outcomes of the experiences that people with disabilities have had when entering the labor market, while also attempting to explain why this subject will play an important role in Turkey's sustainable development process.



A Clear Relationship Between Disability and Poverty

A growing number of studies demonstrate that disability is one of the primary causes of poverty throughout the world. Even though many people suffering from disabilities receive comprehensive social assistance, they face socioeconomic problems both individually and as a family as a result of a lack of employment. According to OECD data, by 2019, 24 of every 100 people with disabilities in member countries lived in a household with 60% less income than the median level of income. Given that this figure was 22 in every 100 in 2008, it appears that little progress has been achieved in this area in recent years.

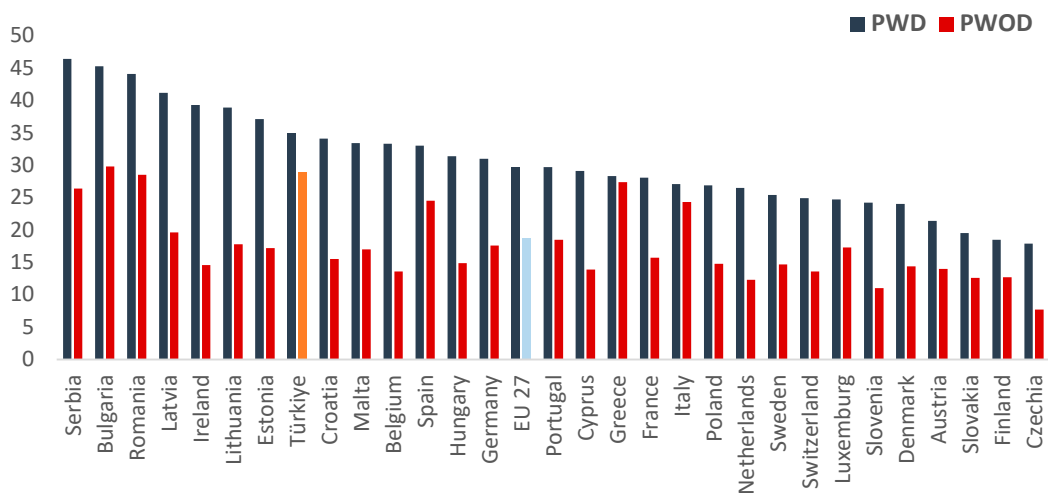
In both developed and developing countries, figures for those with disabilities (PWD) exhibit a negative distinction from the rest of society. According to 2021 figures, 29.7% of those suffering from disabilities over the age of 16 in EU member states face poverty and social exclusion (the inability to participate in economic, social, political, and cultural life²)(Figure 1). For people without a disability (PWOD), this rate is 18.8%. Those suffering from a disability in all 30 countries were found to suffer discrimination based on 2021 countries. In Turkey, 35% of PWD over the age of 16 were at risk, while others 6.1% less likely.

¹ OECD (2022). Disability, Work and Inclusion: Mainstreaming in All Policies and Practices

² UN (2016). Leaving no one behind: the imperative of inclusive development



Graph 1: Poverty and Risk of Social Exclusion (2021, %)



Source: Eurostat, TSKB Economic Research

Rates of Unemployment Remain High for People with Disabilities

Without a doubt, the main reason why those with disabilities experience poverty more frequently is the barrier to equal employment opportunities. The rate of unemployment for PWD is more than double that of PWOD, according to data collected from state groups that included 26 OECD member European countries (except Turkey) and Canada. The difference in employment rates, meanwhile, is more than 27 percentage points (Graph 2). Aside from the significant difference in the numbers, the consistency of these numbers is another interesting aspect. According to OECD calculations, there has been no positive transformation in favor of PWD when comparing averages in the 2012-2015 and 2016-2019 periods.

Graph 2: Employment Levels in OECD Countries (2019)



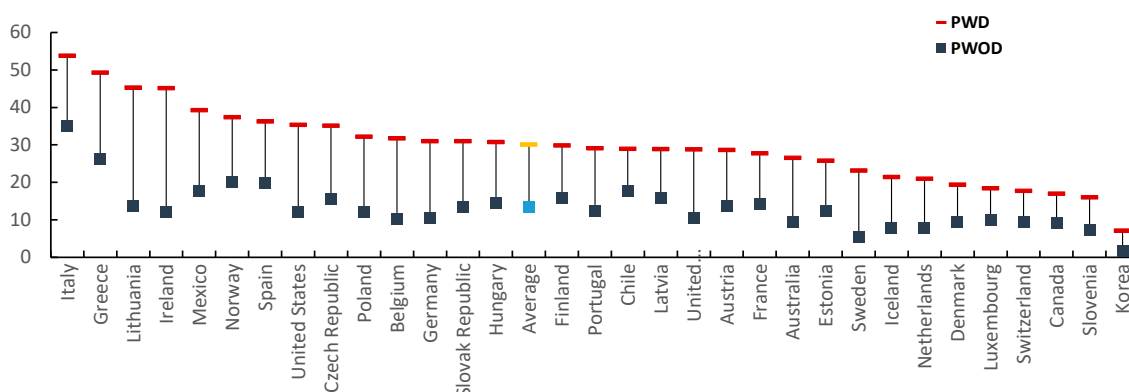
Source: OECD, TSKB Economic Research

The Issue of Work Opportunities Accessibility Begins with Educational Inequality

Although the "NEET" rate, which is used to measure the young population that is neither in education nor in employment, varies significantly between geographical regions, it clearly demonstrates the difficulties that PWD face when entering the labor market. PWD face a disadvantage in the transition from education to business life, according to data collected from all 32 countries in Graph 3. Looking at the average among 32 countries, the NEET rate increases from 13.3% in PWOD to 30.1% in PWD.

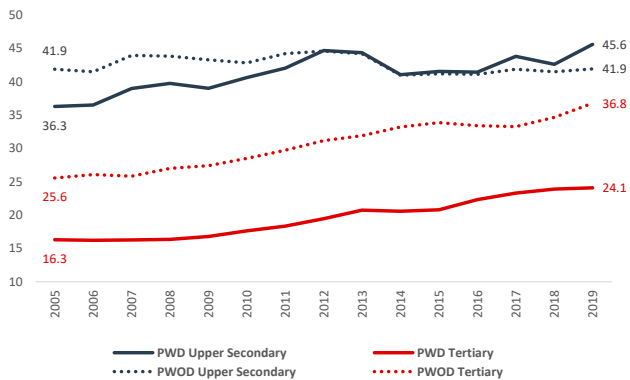


Graph 3: Share of NEETs in Young Population (% , 2016-2019 average)



Source: OECD, TSKB Economic Research

Graph 4: Share of Working Age Population by Education Attainment Level in OECD Countries



Source: OECD, TSKB Economic Research

Education systems are not sufficiently flexible to meet the needs of all children. Due to inadequate conditions and absenteeism caused by health issues, children with disability struggle to keep up with their peers. These conditions cause PWD to drop out of school prematurely. During the 2016-2019 period, while the rate of PWOD aged between 15-29 who

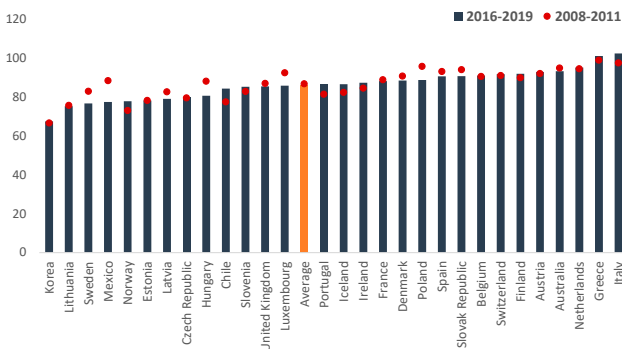
completed their education before graduating high school stood at 9% in OECD countries, on average, this rate was as high as 20% for PWD. Increasing one's level of education is critical to acquire and develop the skills required in the labor market.

Despite the disadvantages mentioned above, the proportion of PWD in secondary school or lower education dropped from 47.4% to 30.3% in 26 OECD member European countries between 2009 and 2019. Among PWOD, this rate fell from 32.6% to 21.3% during the same time period. Although this represents a step forward, the participation of young people with disabilities in higher education must increase. In fact, while the transition among PWOD has almost entirely been towards undergraduate and higher education levels, the transition among PWD is mostly towards high school education levels. (Graph 4). It could be argued that the recent limited improvements in education have only been sufficient to maintain the current level of access to labor markets for PWD.

The Need For a Healthy Work Culture

Inadequacy in educational opportunities is a major factor contributing to the problems associated with PWD employment. However, data on the working conditions of those in employment is required to see the big picture. PWD wages in OECD countries are, on average, 13.7% lower than PWOD wages, according to calculations based on data from 2016 to 2019 (Graph 5). Furthermore, the figures do not exhibit any improvement when compared to data from 8 years ago, indicating that the gap has widened by 0.5 percentage points.

Graph 5: Average annual full-time wage of PWD compared to PWOD (%)



Source: OECD, TSKB Economic Research

While salaries portray a negative picture, it would be difficult to claim anything different about work hours and job satisfaction.

For example, the proportion of people working more than 10 hours per week in the state group depicted in Graph 5 is 33.4% among PWOD and 35.1% among PWD. Similarly, the proportion of PWD working at night is 1.5 percentage points higher for than PWOD (21.0%), while the gap is as wide as 3.9 percentage points in the proportion of those who work on Sunday (33.8%).

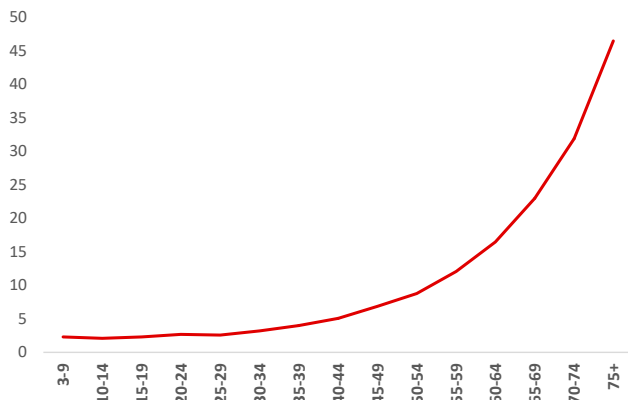
Moreover, PWD are more likely to work on a part-time basis. According to the data for all 32 OECD states, one in every five people with a disability works part-time, while only one in every ten non-disabled people work part-time. Considering the health needs of PWD, as long as the job market is safe, it could be considered a positive development that the market presents options such as working on a part-time basis. However, the wide disparity between PWD and PWOD can be attributed to the inequalities discussed in the remaining sections of the report and reflects the limited access PWD have to full-time job opportunities. Indeed, inequality of opportunity manifests itself in some indicators of job satisfaction. According to the findings of a 2015 survey conducted in 21 OECD member European countries and Canada, the rate of employees who consider themselves "overqualified" among PWD is 30.9%, compared to 26.4% among PWOD.³

³ OECD (2022). Disability, Work and Inclusion: Mainstreaming in All Policies and Practices

An aging Population in Turkey Requires New Policies

The prevalence of disability varies greatly between countries due to differences in cultural structure and levels of awareness. However, the undisputed fact remains that the rate of disability rises with age. (Graph 6)

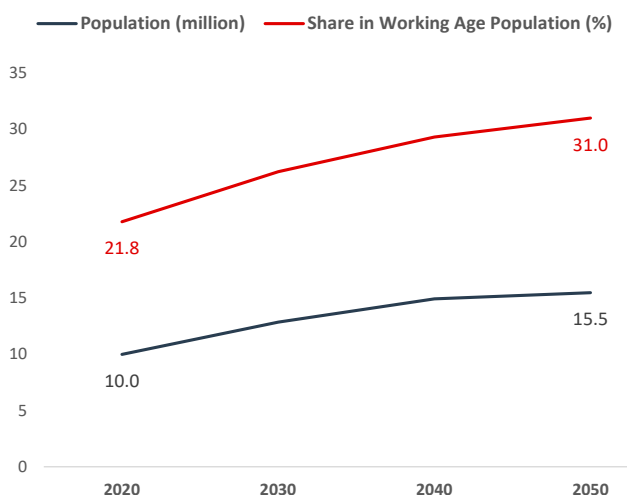
Graph 6: Share of PWD in Population by Age Groups (% , 2011)



Source: Turkstat, TSKB Economic Research

This situation is of particular concern to Turkey, which is undergoing a demographic transformation. The population's age structure is changing in line with global trends, as fertility and mortality rates decline. According to population projections, the population of those in the 50-64 age group in Turkey will grow from 10.0 million to 15.5 million between 2020 and 2050, while the share of this demographic in the total working-age population will grow from 21.8% to 31.0% during the same period. (Graph 7)

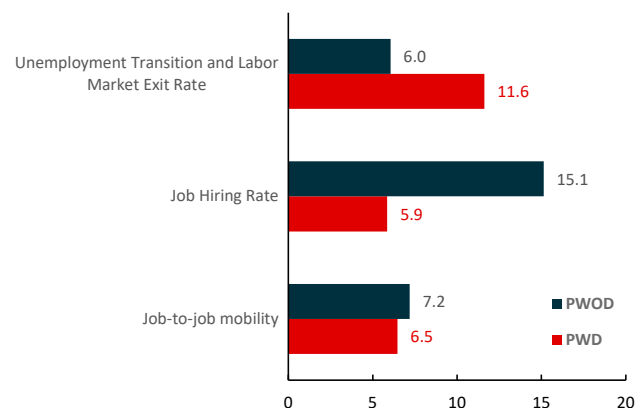
Graph 7: Population Projections for 50-64 Age Group



Source: World Bank, TSKB Economic Research

The European Union (EU) Income and Living Conditions Survey, conducted in 25 countries, highlights the negative consequences of the demographic change for PWD. As shown in Graph 8, there is no significant difference between PWD and PWOD in the rate of job changes for people employed in these countries within a year. However, it has been observed that the rate of resignation and exit from the labor market due to health issues is much higher among PWD. PWD who are unemployed have an only 5.9% chance of finding work within a year.

Graph 8: Labor Market Mobility (% , 2016-2019)



Source: OECD, TSKB Economic Research

The data shows that there are few mechanisms in place to help people with disabilities return to work. While businesses fail to provide a suitable working environment for these people, the large disparity in employment rates suggests the existence of prejudices and a lack of awareness.





Digital Skills Will Play a Key Role for Individuals with Disabilities

In recent years, technological advancements have paved the way for significant changes in business life. Following the COVID-19 pandemic, a much broader range of people began to take advantage of the opportunities provided by technology. Remote working, which has become more prevalent in our lives, particularly in the aftermath of the pandemic, stands out as a permanent feature of the business world. Remote working stands to significantly reduce the physical burden on business life while also positively contributing to the work-life balance. These factors combine to render remote working a valuable opportunity, particularly for those suffering from disabilities. During the same period, programs related to education and gaining skills have become available on the internet, bringing a significant benefit for these individuals.

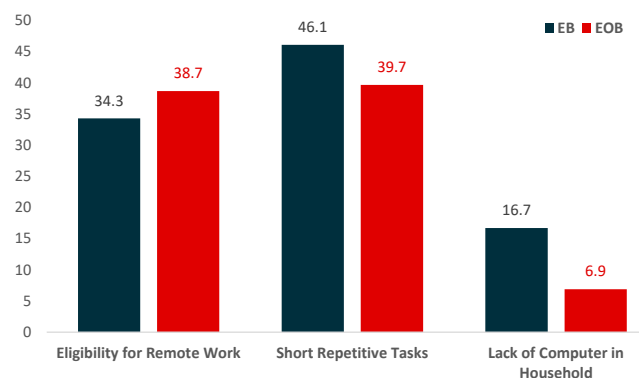
Despite their numerous benefits, technological advancements also have the potential to widen the disparities between different segments of society. Artificial intelligence and the trend towards rising automation could worsen the already fragile position of PWD in the labor market in areas lacking adequate digital readiness.

Data from OECD member European countries finds that PWD are more likely than PWOD to work in short, repetitive tasks (Graph 9).

PWD on the other hand, have fewer opportunities to work remotely. While the shorter average length of education can explain some of the digital divide, PWD' limited access to basic digital tools is also a factor; 16.7% of PWD households do not have a computer - a higher proportion than for PWOD.

As we have previously discussed in our reports, digital skills in Turkey remain far behind the average of EU countries.⁴ There are also substantial gaps in access to digital tools between regions and genders. In this regard, it is critical that Turkey expands its digital skills among disadvantaged groups, including those with disabilities.

Graph 9: Working Conditions and Access to Technology (%)



Source: OECD, TSKB Economic Research

⁴ TSKB (2021). Unlocking the Transformation: Digitalization & Green Tech

Employment of People With Disabilities is an Inseparable Part of Inclusive Growth

Disability is an inevitable reality of human life globally. People are very likely to experience temporary or permanent disability at some point in their lives, either directly or through a family member. Failure to provide disabled individuals with a healthy and stable business life threatens a significant loss for societies in this regard. The significance of the issue is now better understood, particularly in large economies, and research is gaining momentum.

We consider that it would be helpful to summarize the steps we believe should be taken based on the areas highlighted in the report. Education, which appears to be an area of development, appears to be the biggest step in inequity in the labor market. Preventing early school dropouts is the first step toward easing the transition of PWD into the labor market. In addition to improving physical conditions, providing disabled students with additional lesson time and guidance services may help them adapt to educational programs without dropping out.

We are also aware of how digital skills will represent an important complement to education in the coming years. It could be argued that disabled people who learn these skills will have be better able to adapt to jobs transformed by artificial intelligence, and the risk of automation that people face will be reduced. Facilitating access to digital tools will be critical in this regard.

Another area of struggle is breaking down prejudices and raising awareness about disability. Due to the relative difficulty that people with disabilities face in finding jobs that match their skills compared to other segments of society, they face inequalities in pay.



Social protection systems are critical in bridging the gap between disability and poverty. However, poorly designed systems can prevent people from returning to work and achieving self-sufficiency.⁶ It is important that policies should not be limited to social protection programs, with mechanisms which encourage employees and businesses to generate common solutions that ensure continuity of employment being required to address the causes for PWD being driven from the labor market.

Finally, there is a problem that should be addressed specifically for Turkey. Disasters may cause injury and disabilities, as well as negative environmental changes for those who suffer from disabilities.⁷ Located on active fault lines and vulnerable to extreme weather events as a result of climate change, Turkey has significant responsibilities for PWD. Rapid activation of social protection systems following disasters may prevent school-age PWD from being absent from school for extended periods of time due to financial concerns and, as a result, dropping out. Following a disaster, those with disabilities receive the health care they require quickly and effectively, allowing them to participate in economic life.

Employment of people with disabilities is an issue of human rights.⁸ Increasing their economic participation is one of the first steps towards achieving global sustainable development goals and improvements in this area would directly contribute to 3 of the 17 United Nations Sustainable Development Goals.



⁶ OECD (2022). Disability, Work and Inclusion: Mainstreaming in All Policies and Practices

⁷ WHO (2011). World Report on Disability

⁸ UN (1975). Declaration on the Rights of Disabled Persons



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