

The Danish Fleksjob scheme

Employment Effects and Working Conditions

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Outline

- The Danish disability policy – in short
- The fleksjob scheme
- An evaluation of the scheme:
 - Working conditions of the fleksjob employees
 - Employment effects
- Discussion: problems with and future of the fleksjob scheme

The Danish Disability Policy – in short

Public cash benefit schemes for people with disabilities:

- Sickness benefit (benefit → 1 yr, employer period: 3 weeks)
- Social assistance (means tested benefit, no duration limit)
- Vocational rehabilitation (benefit = SB, → 5 yrs)
- Work injury (compensation for loss of earnings and sufferings)
- Disability benefit:
 - permanent reduction of working capacity
 - unable to work in ordinary or wage-subsidised employment
 - permanent benefit

The Danish Disability Policy – in short

- Public support to reduce barriers for the employment of disabled people:
 - Economic support for aids and workplace adaptations
 - Employment of personal assistant for severely disabled people
 - Permanent wage subsidy for disability beneficiaries
 - Sheltered employment for very severely disabled people
 - Exemption for employers' payment of sickness benefit
 - Fleksjob....-

The Danish Disability Policy – in short

Responsibilities for the employment of disabled people:

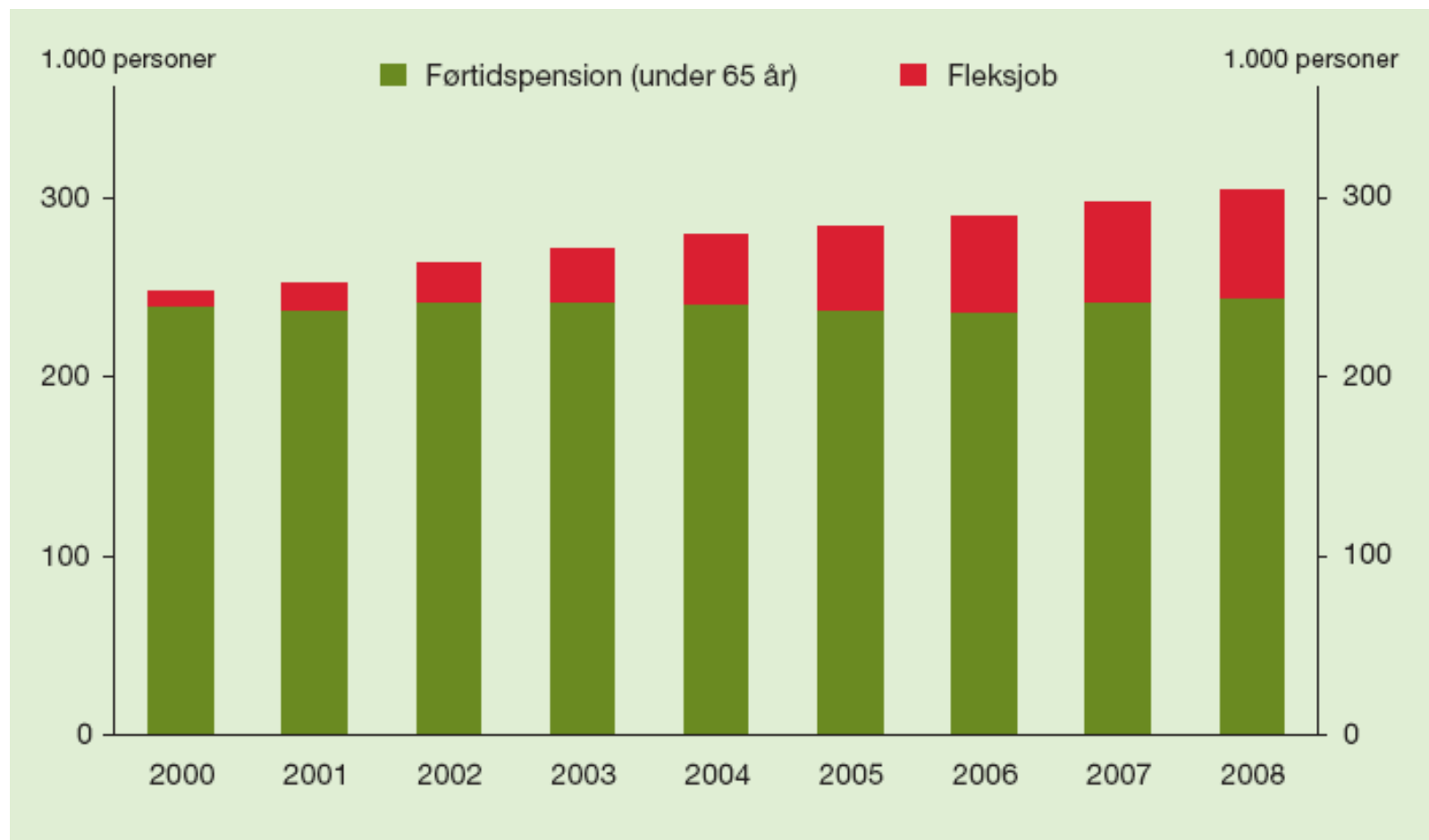
- Big responsibility for public authorities (municipalities)
- Relatively limited responsibility for employers:
 - No demand for workplace adaptations
 - Easy to dismiss (sick-listed) employees
 - Limited economically responsibility

The Fleksjob scheme

- Wage subsidised job at the open labour market
- Permanent job with reduced working hours and special job tasks
- Eligibility:
 - Work ability must be permanently reduced
 - Work ability cannot be improved
 - Unable to work in ordinary job
- Subsidy = $\frac{1}{2}$ or $\frac{2}{3}$ of the minimum wage in collective agreement (max 15 Euro/hour; 20 Euro/hour)
- Wage: at least according to minimum wage in collective agreement

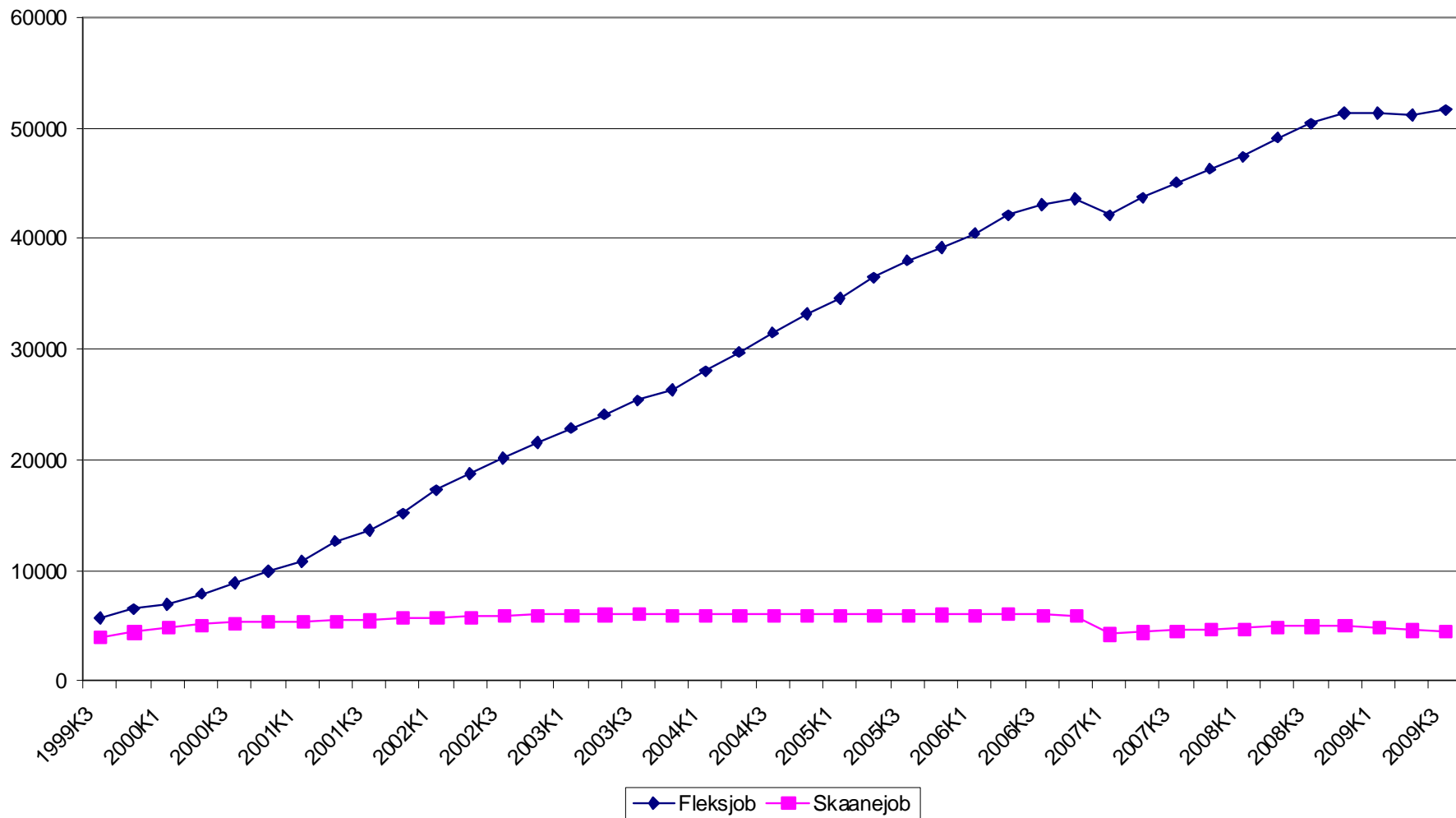
The Fleksjob scheme

- Started in 1998 (replacing existing wage subsidy scheme)
- Changed at several occasions, making it more attractive
- Political agreement in 2000 about disability benefit reform (taking effect in 2003). Aims included:
 - Reduce the inflow to the disability benefit scheme
 - Adjustments to fleksjob scheme (e.g. unemployment benefit for people entitled to fleksjob)
 - Expected development:
 - Number of new disability beneficiaries 2003-2006: 42,300 (51,700)
 - Total number of fleksjob employees, 2006: 26,400 (41,500)



Source: The Labour Market Commission (*Arbejdsmarkedskommissionen*)

Number of fleksjob and skaanejob employees



Two potential problems

1. The scheme is too attractive:
 - Municipalities get a high state refund
 - Employers get cheap labour
 - Employees: low job demands – high wage

➔ Fleksjobs replace ordinary jobs
2. The construction of the scheme yields conflicting demands:
 - employer and colleagues expect a productive employee
 - disability status necessary to qualify for job

➔ Harming the working conditions of fleksjobs

An evaluation of the scheme

Study comprising:

- 1,187 employed persons with self-rated disability or long-lasting health problem
- 420 fleksjob employees

45 minutes interview (phone / face-to-face) in 2006, including more than 100 questions about functional limitations.

Working conditions I

Working hours of disabled people working in:

- fleksjob: avg: **22 h.**; 58 % working less than 21 h.
- ordinary job, avg: **36 h.**; 8 % working less than 21 h.

Job demands (index of six questions, 0-24 points):

- fleksjob, avg: **7.1**; 48 % 0-6 points
- ordinary job, avg: **9.1**; 31 % 0-6 points

Gross income:

- fleksjob, avg: **33,500 Euro**
- ordinary job, avg: **37,412 Euro**

Working conditions II

Flexible work shedule:

- fleksjob: 55 %
- ordinary job: 52 %

Participated in further education within last year:

- fleksjob: 34 %
- ordinary job: 54 %

Influence and possibilities for development (index of 10 questions, 0-40 points):

- fleksjob, avg: 26.8
- ordinary job, avg: 26.5

Working conditions III

Job satisfaction, scale 1-10:

- fleksjob, avg: **8.5**
- ordinary job, avg: **8.0**

Conclusion:

- Fleksjobs employees' job demands and working hours are adjusted to their capacities
- In most areas, fleksjob employees experience the same working conditions as disabled people in ordinary jobs

Measurement of functional limitations. (questions for most severe limitations)

- Legs: Can you walk at all?
- Arms: Are you unable to use any of your arms to shake hands?
- Fingers: Are you unable to use any of your hands to take and to hold a mug with coffee?
- Vision: Are you able to see a window if the sun shines through the window?
- Hearing: Are you unable to hear any sounds
- Intellectual: Difficulties with reading, writing, calculating, remembering
- Mental: Does it happen that you hurt you selves or others because you are choleric

Example of functional limitations score (legs)

- Can you walk at all (23 points)
- Can you walk up and down of one step (19 p.)
- Can you walk up and down a flight of 12 steps by holding on or taking a rest (13 p.)
- Have you fallen 3 or more times within the last year (6 p.)
- Walk 350 meters without stopping or severe discomfort (1 p.)

Total functional limitations score

Total score = score of most important FL
+ $\frac{1}{2}$ *score of second most important FL

No limitations:	0 points
Minor limitations:	1-18 points
Severe limitations:	18.5 or more

Employment effects

Does the scheme increase the employment of disabled people?

Comparing three groups:

1. Disabled people in fleksjob
2. Disabled people in ordinary employment
3. Disabled people without employment

Employment effects

Distribution of score for functional limitations.

	Fleksjob	Ord. Job	Nojob	Total
No limitations	22.9	43.3	22.5	33.4
Minor limitations	49.2	44.8	41.8	43.6
Severe limitations	27.9	11.9	35.7	23.0
Total	100.0	100.0	100.0	100.0
Average score	10.1	5.1	11.6	8.1
Number of observations	396	1,082	724	2,202

Employment effects

- Fleksjob employees have much bigger limitations than disabled people in ordinary employment
- Fleksjob employees have almost same score for functional limitations as disabled people without employment
- This finding is robust to adjustment for sex, age, education.

Conclusion: Supports that fleksjob scheme has a positive employment effect

- But:
 - Employment is measured in one week
 - Some fleksjob employees might have worked in ordinary jobs?

Conclusion and discussion

Conclusion

- In general, fleksjob employees experience same working conditions as disabled people in ordinary jobs
- The fleksjob scheme has a positive employment effect

Discussion

- Is the fleksjob scheme “inefficient”?
 - Does fleksjobs replace ordinary jobs?
 - Does the scheme lock-in people in subsidised jobs?
 - Should the scheme be reformed?