

DOES POOR HEALTH AFFECT EMPLOYMENT TRANSITIONS?

Poor health is associated with low levels of participation in paid employment, and therefore increased risk of poverty. But the work experiences of people with poor health have been the subject of limited quantitative research. This report explores the relationships between health, skills, employment type and employment propensity using quantitative techniques, following the same individuals over time.

Key points

- Self-reported poor health tends to mean people are less likely to be employed, to remain in employment, or to move from unemployment to employment, especially full-time employment. Those reporting poor health are also less likely to move from economic inactivity to activity, and more likely to make the reverse transition.
- In terms of entering work and remaining in work, those reporting poor mental health or drug and alcohol problems face greater disadvantage compared to those reporting poor physical health. However, the latter are still disadvantaged compared to those reporting good health.
- Those reporting problems with alcohol or drugs are the least likely to enter employment or remain in employment.
- When in employment, people reporting poor physical or mental health are more likely to move from permanent to temporary work or into a low-paid job from a better-paying job.
- Those reporting poor mental health are significantly more likely to move from full-time to part-time work, and less likely to move out of low pay.
- Qualifications can mitigate the negative impact of poor health on labour market transitions, but they cannot overcome them altogether. Qualifications are particularly important with regard to moving into work, and reducing the likelihood of moving into low pay from a better-paid job.

The research

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BACKGROUND

This study investigates the relationships between health status, employment propensity, employment status and skills. It explores whether being in poor health affects the probabilities of being in different employment types and whether the possession of skills – measured by education qualifications – mitigates any adverse effects associated with poor health.

The issue

Assessment of data at a single point in time reveals that people who state that they are in poor health are more likely to be unemployed than those stating they have good health. However, less is known about the transitions people make between different employment states over time.

To better understand these transitions, it is important to identify whether poor health affects people's likelihood of moving between different types of employment. It is also important to identify whether being in poor health affects the quality of work that individuals undertake; for example, whether they are more likely to experience low pay or an insecure contract.

This study uses a longitudinal dataset – one that follows data for the same group of people over time – which permits a detailed examination of the differences in labour market transitions between people reporting good and poor health. This makes it possible to answer the following question: given an individual's employment state in a particular time period, what is the probability they will be in a specific employment state in the next time period and how does this probability differ between people reporting good and poor health?

The impact of health on employment

The longitudinal nature of the British Household Panel Survey (BHPS) permits analysis of the extent to which different groups move between different employment statuses (employment transitions). This is an important indicator of labour market status that is more dynamic than the static indicators typically used in this type of analysis. This report demonstrates that an individual's self-reported health status is strongly and – in many cases – significantly associated with key indicators of labour market transitions, including the likelihood of moving into employment, between employment status (full/part time; permanent/temporary) and across wage levels. It looks at the labour market transitions of those reporting poor general health, physical health, mental health, mental and physical health, or drug and alcohol problems, compared to those that do not report these problems.

People who report poor health are significantly less likely than those in good health to remain in employment. They are also less likely to move from unemployment into employment, especially full-time and/or permanent employment. They are also less likely to move from economic inactivity to activity, and more likely to make the reverse transition.

There are also strong indications from our analysis that employed people with poor health are likely to work in – and to move into – jobs that are generally considered to be of lower status (in terms of pay, conditions and job security). Once in employment, people reporting poor health are more likely to move from permanent to temporary work and from full-time to part-time work than if they report good health. However, the significance of these findings reduces, and in some cases disappears, when other individual characteristics are factored in. Nonetheless, even when these wider factors are taken into account, those reporting poor physical or mental health are significantly more likely to go from permanent to temporary work, and those reporting poor mental or mental and physical health are significantly more likely to move from full-time to part-time work.

Those reporting poor mental and/or physical health are also more likely to go into low-pay employment, even when the analysis controls for other variables that are known to affect labour market status such as education and skills.

While there is evidence from other studies that some people with poor health deliberately choose to enter part-time or temporary employment contracts rather than enter full-time work, these findings suggest that there is a policy challenge to help at least some of these people to enter more secure career paths with greater development opportunities.

The study found differences for individuals reporting different types of poor health. Those reporting poor physical health, while disadvantaged in the labour market in many respects, are more likely than other groups reporting poor health to enter and remain in employment. However, they remain significantly disadvantaged compared to those reporting good health.

Reporting poor mental health emerges as a key factor associated with labour market disadvantage in this study. Those reporting poor mental health are more likely to have lower wages, lower levels of educational attainment, a greater likelihood of having no qualifications, and a greater likelihood of being out of work when compared to people reporting good mental health. The gaps between those reporting good and poor mental health are particularly stark in some areas, most notably a greatly reduced likelihood of moving from unemployment to employment, increased likelihood of moving from full-time to part-time work, and significantly reduced likelihood of moving out of low pay.

Although the number of people in the sample with poor alcohol and/or drugs status was low, the results also illustrate that these individuals experience a much lower propensity to move into better types of contract. This is particularly the case for their transitions into permanent or full-time employment, and, more generally, from unemployment into employment.

Initial analysis conducted as part of this study also suggests qualifications can play an important role in mitigating the negative impact of poor health on labour market transitions. But they cannot overcome them altogether. Qualifications are particularly important with regard to moving into work and reducing the likelihood of moving into low pay from a better-paid job. However, while education is important, it appears that it is not sufficient on its own to address negative employment transitions. Poor health has a strong association with poorer employment outcomes, even when educational qualifications are taken into account.

These findings suggest that poor health is associated with the labour market status of individuals in many areas, even after other factors such as age, gender and qualifications have been taken into account. Policies designed to improve the labour market status of people with poor health must address the wider issues related to individuals' poor health status *per se* as well as applying other more conventional interventions, such as training or job search support.

Conclusions

This report highlights important differences in typical employment transitions between people in poor health and in good health. Many of these gaps remain even after other individual characteristics have been factored into the analysis. This suggests policy interventions aimed at addressing the relationship between health, unemployment and in-work poverty are not proving effective in practice. A higher rate of worklessness and a greater likelihood of taking low-paid, insecure work when in employment places people reporting poor health at greater risk of poverty. Policies that focus solely on the individual are unlikely to make a major impact on the disadvantages identified in this study, especially among people with poor mental health.

Given the association between people reporting poor health and negative labour market experiences outlined above, policy that simply focuses on shifting people with poor health from unemployment and inactivity into activity and employment is likely to be insufficient. This report recommends that individuals with poor health are offered relevant training to help them succeed in the labour market, and that welfare to work agencies have the capacity to identify and support people with poor physical – and especially mental – health to secure sustained and good-quality jobs. It also recommends that support is available to employers to make adjustments and implement flexible working, to help people to remain in work while experiencing poor health wherever possible.

About the project

This research was undertaken by Prof Don J Webber, Dr Dominic Page and Dr Michail Veliziotis of the University of the West of England, Bristol, and Prof Steve Johnson of the University of Hull. It uses data drawn from the 1991-2008 waves of the British Household Panel Survey to produce an original quantitative analysis. The data corresponds to self-reported health status information for 15,859 people over the sample time period, with each person observed on average for more than eight years.

FOR FURTHER INFORMATION

This summary is part of JRF's research and development programme. The views are those of the authors and not necessarily those of JRF. The main report, **Does poor health affect employment transitions?** by Don Webber, Dominic Page, Michail Veliziotis, is available as a free download at www.jrf.org.uk

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