

NEW REPORT: Flexible Firms Reduce Labor Market Impact of Chronic Diseases on Workers

Chronic health conditions worsen labor market outcomes, but firms' hiring and retention policies can reduce negative impacts on workers and families

A new [IZA World of Labor Report](#) shows that chronic diseases impact the labor market outcomes of those diagnosed and their families, with workers impacted facing reduced employment and lower earnings.

With the global prevalence of many chronic health conditions on the rise, what can firms do to retain and hire workers who are impacted? Firms can improve hiring by addressing biases against potential employees with chronic health conditions. Furthermore, companies can retain impacted workers by offering workplace flexibility such as partial sick leave, work hour flexibility, and part-time work options. New research summarized by Amanda Gaulke of Kansas State University, USA, suggests that firms that care about worker retention should focus on workplace flexibility instead of workplace wellness programs.

Health shocks such as the diagnosis of a childhood disease or cancer impact partners and parents as well as the patient themselves. The effect on workers supporting family members with chronic health conditions is highest for women, who suffer the largest percentage drop in income (both as mothers and spouses). Women are more likely to drop out of the workforce or to shift to more flexible jobs, for example in the public sector. Recent research has shown that the impact on parents is largest in the year of diagnosis and Gaulke suggests firms enabling short-term flexibility, such as part-time working, may be able to retain more workers, who may later return to full-time work.

For workers looking to return to the workforce, there can be additional barriers caused by disability discrimination in the hiring process. Research has shown that the unemployment rate can be twice as high for workers with a disability compared to those without a disability, with workers disclosing a disability 26% less likely to receive a callback. However, a recent experiment has shown that disclosing the reason for an employment gap due to a chronic health condition – where an applicant has taken time off to deal with a condition but since recovered – results in a significantly higher callback rate than candidates who had an unexplained gap. While newly recovered workers are less likely to progress in recruitment processes, they have more success if they disclose their experience.

Gaulke suggests that firms should see the opportunity in hiring talented workers with chronic health conditions and retain productive employees by focusing attention on anti-bullying policies and workplace flexibility. She concludes: *“Chronic health conditions often lead to reductions in both wages and employment. Parents and spouses of those with chronic health conditions are also impacted... Research finds that ... workplace wellness programs [are] an ineffective way for firms to improve worker health, productivity, or retention. However, reducing bullying can help firms as bullying is associated with increased long-term absenteeism and worker exits. Finally, workplace flexibility can be a way for firms to gain an advantage over their competitors by ensuring they retain their productive employees.”*

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Notes for editors:

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