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Health determines participation in SA labour force, UCT study finds

- The effect of health on labour force participation is more pronounced among men than women
- Poor psychological/mental health is associated with a decline in monthly wages, though the latter relationship is not as pronounced as the former
- While education and age are associated with increased labour force participation, grant receipt is associated with reduced participation in the labour force
- Study will provide South Africans with evidence on the relationship between health and the labour market and policy direction on a more holistic way to achieve increased participation in the South African labour market

There is a significant impact of health on labour force participation in South Africa, a University of Cape Town (UCT) study has found. This impact does not only exist in the immediate period but remains significant at least up to four years after a given health assessment. The effect of health on labour force participation is also more pronounced among men than women.

These are the findings of a recent Economics PhD dissertation by Dr Osinachi Nwosu, who graduated from UCT with his doctorate in June 2015. Dr Nwosu also noted in his study that while education and age are associated with increased labour force participation, grant receipt is associated with reduced participation in the labour force. "Among African and coloured employees, there is a positive and statistically significant relationship between better physical health conditions on earnings even after accounting for the association between earnings and education, occupational category and industry of employment. Also, poor psychological/mental health is associated with a decline in monthly wages, though the latter relationship is not as pronounced as the former," he said.

The study shows evidence of nontrivial impairment-related wage discrimination among Africans and coloureds in South Africa. This relationship obtains both at the average as well as at different portions of the wage schedule.

Dr Nwosu said this study was very important in that the labour market plays a vital role in determining economic growth. Also, evidence has shown (especially internationally) that health is an important determinant of key labour market outcomes such as labour force participation, earnings and wage discrimination. "Given declining labour force participation rates in South Africa in the recent past, as well as substantial disease burden in the country (mainly due to the HIV/AIDS pandemic, tuberculosis and lifestyle conditions such as inactivity), coupled with scant evidence on the potential role that health plays in determining wage discrimination, it is of policy interest to ascertain the role that health plays in determining these key labour market outcomes in South Africa," he said.

The study will provide South Africans with evidence on the relationship between health and the labour market and policy direction on a more holistic way to achieve increased participation in the South African labour market. It will also draw attention to the existence of wage discrimination based on health-related impairment (and not just race and gender) in South Africa. This has the potential for improving standards of living in the South African society. Many times, emphasis is placed on better education and targeting certain industries in order to increase earnings potential. Even when the role of health is acknowledged, the emphasis is largely on physical health.

"The firm acknowledgement of impairment as an important marker of earnings discrimination will complement efforts to eradicate race- and gender-related wage discrimination, thus helping to forge a better sense of justice and equality in South Africa, Dr Nwosu said.

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