

# **ILL-HEALTH AND LABOUR MARKET OUTCOMES IN UGANDA**

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# Introduction

The role health plays in reducing poverty and economic development particularly in developing countries is undisputable in the economic literature (Audibert, 2009) Health of the population is a key factor for labor productivity, poverty reduction and overall economic development. Healthier workers are physically and mentally more energetic and robust; productive and tend to earn higher wages; and they are also less likely to be absent from work because of illness (or illness in their family) (Bloom *et al*, 2004). Most recently, the links between population health and economic productivity have become a significant policy concern (Tompa, 2002).

In Uganda, although the national health indicators look good, ill health is a growing problem in both rural and urban areas, particularly among the poor. The improvement health indicators have been largely brought about by efficiency gains rather than big increases in overall health sector resource envelope. Therefore, there is feeling among policy makers and researchers that if spending in the health sector is increased, the 75% preventable disease burden can be reduced enormously.

Nevertheless, research demonstrates that a healthy population is an engine for economic growth (WHO, 2002) and that poor labour outcomes due to ill-health undermine economic growth and poverty reduction. Indeed, evidence shows that ill-health affects labour market outcomes at the individual level (Suhrcke *et al*, 2008). However, there is limited evidence on the link between ill-health and labour market outcomes in Uganda. The paucity of analytical work on the subject in Uganda imply that the empirical understanding that is necessary for designing and evaluating the cost effectiveness of policy interventions relating to the prevention and cure of disease is lacking in country where the productivity consequences of poor health are worse. The consequences are worse because in Uganda, physical labour is the critical input, the majority of population live in rural areas, engage in non formal wage labor, and most work is directly or indirectly related to agriculture and is reliant on strength and stamina.

## Methods

We measured the cost of work absenteeism due to illness; reduced labour force participation; and days absent from productive work using descriptive analysis. We calculated the cost of absenteeism, reduced labour force participation and days absent from productive work using the questions:

“During the past 30 days, did you suffer from any illness or injury? “How many days did you suffer due to illness or injury during the past 30 days? How many days did you have to stop doing your usual activities due to illness or injury during the past 30 days? For how many days did you have to stop doing your usual activities caring for other member of the household who were sick during the past six months?

Structural analysis was used to examine the impact of ill health on Labour force participation; Labour productivity; and Labour supply.

## Key findings

- 39% of respondents reported having been sick or injured in the past 30 days and malaria/fever is major illness reported by 48% of respondents.
- 14.2 % of individuals reporting illness 30 days prior to the survey lost 8 or more working days.
- The annual average number of days worked falls as health state deteriorates.
- Males reported significantly higher number of days lost than females.
- Individuals in urban areas reported significantly higher number of days lost.
- This implies that the productive capacity of males and people living in urban areas was more adversely affected by illness.

- Approximately UGX 6.4 billion per year (equivalent to US\$ 3. 5 million per year or 0.04% of GDP in 2005) economic output was lost due to ill health.

## Policy implications

Despite government efforts to address illness particularly preventable illness such as like Malaria continue to a major sickness contributing to ill-health. The fact that health sector resource envelope is still low and stagnant amidst increasing population, new efforts are required to mobilise resources so as to address major preventable illness like malaria, diarrhoea, cough, among others.

Results revealed that poor health negatively impacts economic growth through reduced economic output due to work absenteeism and reduced number of days worked as health deteriorates. Therefore, government efforts to increase economic growth and reduce poverty and inequality will not successful if health problems and factors associated with illness are not addressed.

## Key Policy recommendations

It is visible that economic impact of adult working ill-health runs via the labour market, government must pay most attention to this mechanism. This is because efforts to improve the health of people have economic worth. Therefore, this study recommends mechanisms that have worked elsewhere in improving health status of people such as Health Insurance Schemes. For example, efforts to establish National Insurance Scheme, Community Based health financing schemes and other micro insurance initiatives should be supported so as to improve access and availability of health services that meet the health needs of population.

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