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RESEARCH BRIEFS

DO LABOR MARKETS IMPACT WHETHER SICK EMPLOYEES CALL IN SICK?

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RESEARCH QUESTIONS

Work absences as a result of illness impose a well-documented burden on firms and on the welfare of the state. As an illustration, the time lost because of sick leave is the same as having 155,000 people out of the labor force for a year in a country the size of Spain. And the costs associated with sick leave approach 5% of GDP in some European countries. Add in the increasingly aging population, which must be supported by a shrinking workforce, and the picture becomes even gloomier.

Though the burden of sick leave on the economy and society is clear, what is poorly understood are the factors that make people more or less prone to take sick leave. To some extent being absent from work because of illness is a choice—in many cases it is up to employees to interpret their situation and decide whether they are incapable of going to work. This means that although actual health clearly does play a role in sickness absence, the extent to which employees feel pressure to attend work despite not feeling well may also play a significant part. Given the fact that absence from work is partly a choice, economic theory explains what influences employees' decision to call in or not call in sick. Specifically, two routes guide people's decision to attend work even when they do not feel perfectly well (or, conversely, to call in sick when they feel fine). The first stems from the "employer selection" idea, which holds that when economic conditions are poor employers want the most reliable employees they can find. Hence, when few jobs are available, employees may feel more pressure to attend work to avoid appearing unreliable and putting their positions at risk.

The second route stems from the "worker-disciplinary effect," namely, that the costs of losing one's job are proportional to how difficult it is to find another job. Normally, the higher the unemployment the more difficult it is to find work and the more likely it is to stay out of work longer. Hence, if people perceive that finding alternative

employment is difficult, they will be more reluctant to call in sick. Though these two routes start from opposite directions they both lead to the same pattern—that people are less likely to call in sick when unemployment is high. Interestingly, this applies to both the case of employee illness as well as workplace accidents. So in periods of higher unemployment employees are also less likely to report a workplace accident.

Consequently, if calling in sick or reporting a workplace accident partly depend on whether people believe that doing so could cost them their jobs, then labor market characteristics should clearly influence sickness absence. For example, those with insecure employment (e.g., temp employees) must feel more pressure to attend work than people who have secure employment and feel less vulnerable to job loss.

However, the effects of job insecurity may be more complicated. On the one hand, as we have seen, job insecurity may reduce the chance of reporting illness. On the other hand, job insecurity can harm psychological and physical health, making people more likely to genuinely fall ill in the first place! Indeed, it is a fact that when people feel uncertainty and lack of control over the future they may develop psychological or physical disease. This means that when they are in insecure employment, workers may be more likely both to be absent from work in the first place and to stay away longer for genuine health reasons.

In brief, labor market flexibility (reflected in the proportions of people in temporary contracts or multiple jobs), the rate of unemployment, and the duration of unemployment (i.e., how long it takes to find a job once out of work) may influence sickness absence. How exactly, is unclear. This is what Ilias Livanos (Oxford Brooks University, UK) and Alexandros Zangelidis (University of Aberdeen, UK) attempted to answer. Livanos and Zangelidis also wanted to discover the effects of unemployment and job insecurity on so called "vulnerable" employee groups, which included women and

blue-collar and low-educated workers (all groups that tend to experience greater levels of unemployment and job insecurity than others).

STUDY DESIGN & METHOD

Livanos and Zangelidis utilized the EU-LFS database, which covers 17 years (1992-2008) and includes all EU of the European Union (EU) with the exception of Malta, plus Norway and Iceland. This database provided key advantages: (1) it covered all EU countries plus two affiliated countries; (2) data are reported and measured in the same way across all countries; and (3) though different in terms of unemployment rates, EU countries have common characteristics (e.g., they have to comply with certain EU-imposed legislative frameworks).

KEY FINDINGS

Confirming the assumption that in periods of higher unemployment people would be more reluctant to call in sick, Livanos and Zangelidis found that unemployment rate substantially reduced the rate of sickness absence. In addition, they found that the greater the long-term unemployment (measured as proportion of people out of work for more than one year) the shorter the duration of sickness absence.

What Livanos and Zangelidis also found was that difficult economic times apparently have a toll on the health of workers. In particular, increases in the unemployment rate led to a longer absence when sick, meaning that people's health problems were more serious under periods of greater unemployment, probably the effect of added stress and uncertainty. This effect was much more pronounced in men than in women.

The findings also supported the idea that flexibility in the labor market reduces sickness absence and the length of such absences. In contrast, people in temporary contracts enjoy less employment protection and security, which makes them more reluctant to report illness or to prolong their absence from work when they have health problems. Similarly, people choose to hold two jobs because of financial or employment uncertainty—which means they do not want to risk job loss by calling in sick or staying out of work for long. A rather surprising finding was that people in part-time work were in fact more likely to declare sickness and to stay out of work longer. One possible explanation offered by Livanos and Zangelidis is that people with health problems may be more likely to pursue part-time work in the first place or that

part-time work by itself tends to contain conditions (such as night work) that are more likely to harm health.

Livanos and Zangelidis' findings also suggest that unemployment has different effects on men's and women's decisions to stay away from work because of sickness. On the one hand, a poor job market made women more reluctant to call in sick (e.g., for every 1% increase in unemployment rate, sickness absence decreased by 10% in women but by "only" 3.5% in men). On the other hand, as seen earlier, Livanos and Zangelidis found that unemployment affected mostly men's health. These apparently perplexing findings can, however, be reconciled if we think of the types of jobs men and women tend to hold. Women are more likely to hold temporary jobs. This means they feel more vulnerable to job loss in a poor economy, which in turn makes them more reluctant to call in sick. On the other hand, women tend to have more domestic commitments. This may make them less attached to their jobs because they have alternative interests such as caring for their household or their children. In addition, women are less likely to be the main breadwinners in the family meaning less harm in their health due to anxiety caused by the threat of unemployment.

Finally, two noteworthy findings were that people with longer tenures were more likely both to call in sick and to stay away from work for long when sick. Livanos and Zangelidis speculated that people with longer tenures enjoy more job security, making them less reluctant to call in sick. The opposite was observed for people with more education. Less educated people may hold jobs that expose them to physical strain or hazard, which could make them more vulnerable to disease or accidents.

CONCLUSIONS AND IMPLICATIONS

Using a large, highly reliable dataset Livanos and Zangelidis have shown us how unemployment influences sick leave and health. Indeed, the unemployment rate seems to influence absence from work in rather complex ways. In the first place, high unemployment reduces the odds employees will call in sick because of worries that their jobs will be at risk. On the other hand, a weak economy appears to harm employee health due to the psychological strain caused by uncertainty and fear of job loss. This is corroborated by recent research showing that job insecurity worsens physical health (Chen, Huang, Lee, & Ren, 2012). In essence, Livanos and Zangelidis have found that in recessions employees are more likely to experience illness but also more likely to feel pressure not to report it because of fear

they could lose their jobs in an unforgiving labor market.

We also learned from Livanos and Zangelidis that flexible labor market conditions and the abundance of temporary work appears to reduce sickness absence by making employees reluctant to call in sick or stay away from work too long due to illness. Though this may seem positive at first glance (after all, it means fewer work hours lost), it may have negative longer term effects because it means that a weak economy worsens the health of the workforce. This would translate into large proportions of temporary workers or dual job holders who are in the

workplace despite experiencing real health problems or job-related accidents they do not report.

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