

Research in Brief



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Sickness Absence and Sickness Presenteeism in Korea: Implications for the Introduction of a New Sick Pay Scheme

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Introduction

With covid-19 widespread, the need for a culture of taking sick leave has gained increasing social attention. However, the institutional framework is not strong enough to promote such a culture. Korea's Centers for Disease Control and Prevention suggested in March this year that the working conditions of workplaces must change to foster a workplace culture that supports taking days off when sick. Recent public health guidelines published by the government recommends first and foremost to "stay home from work or school when ill." The Infectious Disease Control and Prevention Act stipulates that the employer can give a hospitalized or quarantined employee a paid leave of absence, although by no means does this mean that the employer is required by law to grant the employee the right to take paid days off for rest.

The National Assembly on July 2nd this year held a forum for discussing the "Introduction of Sickness Benefits and Paid Sick Leave". As it revealed its comprehensive plan for the Korean New Deal on July 14, the government confirmed that it would, as part of its plan to strengthen social safety nets, introduce a sickness benefit scheme, conduct a research project next year on sickness benefits, and embark on a pilot project in 2022 for low-income groups.

The potential introduction of sickness benefits has thus been put for discussion and debate, but data are not readily available on sick leave plans provided by employers or on people who come to work even when sick. This brief aims to examine the current status of sick leave and the incidence of workers who come to work even when ill (presenteeism), with a view to contributing to the introduction of a sick pay scheme that helps ill workers take rest and recover their health before coming back to work.

This brief examined private-sector employment regulations to get a grip on the current status of sick leave plans in employers of different sizes. The employment regulations included no legal provisions concerning sick leave for non-work-related illness or injury, although Article 93 of the Labor Standards Act requires employers with 10 or more employees to have in their rules of employment a set of provisions pertaining to holidays and leave arrangements. Data from the Korea Labor and Income Panel Survey provided an understanding of whether the participants (urban residents aged 15 and older) have at their workplace a sick leave plan and whether or not they are eligible to use it. Data from the Korean Working Conditions Survey (5th wave) enabled a comparison of the incidence of “sickness absence” and the incidence of sickness presenteeism among workers of different occupational status and sectors.

Sickness absence and sick leave at private-sector employers in Korea

This study looked at the employment regulations of 493 private-sector employers with 10 or more permanent workers. Although 42 percent of these firms had in their employment regulations some provisions concerning sick leave, as few as 7.3 percent had a paid sick leave plan in place. While 47.9 percent of employers in the manufacturing and construction sectors had a sick plan in place, the proportion with a paid sick leave plan in place was only 3.0 percent (0.8 percent in the case of employers with fewer than 100 workers). Among employers in the service sector, 63.0 percent had a sick leave plan and 9.6 percent a paid sick leave plan. Those with a paid sick leave plan accounted for 7.5 percent of service-sector employers with fewer than 100 employees. Workers at employers with a sick leave plan in place were found eligible for a maximum leave of 1.66 months on average. In the manufacturing and construction sectors, employers with a sick leave plan in place offered to their employees an average maximum period of 1.47 months in sick leave. The figure was 1.74 months for the service sector.

[Table 1] The status of sick leave concerning non-work-related illness or injury, based on employment regulations, by employer size, by sector

	All (N)	Paid or unpaid sick leave (%)	Paid sick leave (5)	Average maximum sick leave in months
All	493	42.2	7.3	1.66
Manufacturing & construction sectors	169	47.9	3.0	1.47
10-99 employees	123	49.6	0.8	1.58
100-299 employees	23	52.2	13.0	0.94
300 and more employees	23	34.8	4.3	1.41
Service sector	324	63.0	9.6	1.74
10-99 employees	228	65.8	7.5	1.70
100-299 employees	51	51.0	7.8	1.65
300 and more employees	45	62.2	22.2	2.07

Note: Authors' calculations using the employment regulations of 493 private-sector employers

This study examined the Korea Labor and Income Panel Survey (2016~2018) in order to determine the extent to which individual workers use sick leave. While 46.4 percent of those surveyed on average were affiliated with a firm with a sick leave plan in effect, 42.5 percent said they could use sick leave if ill. The findings revealed that 59.6 percent of permanent workers, 19.3 percent of temporary workers, 63.8 percent of regular workers and 20.4 percent of non-regular workers working for an employer with a sick leave plan in place. Those who said they could use sick leave if ill accounted for 55.8 percent of permanent workers, 12.0 percent of temporary workers, 1.1 percent of daily workers, 60.7 percent of regular workers and 14.2 percent of non-regular workers. The comparable proportions were higher for employees working for larger employers. Among those working at a firm with 300 or more employees, 84.3 percent of permanent workers, 51.3 percent of temporary workers, 17.8 percent of daily workers, 87.0 percent of regular workers and 54.4 percent of non-regular workers were found eligible for workplace sick leave. Those who said they could take a sick leave when ill accounted for 77.7 percent of permanent workers, 29.1 percent of temporary workers, 6.0 percent of daily workers, 82.1 percent of regular workers, and 33.9 percent of non-regular workers. The figures would be much lower if only paid sick leave was considered.

[Table 2] % of employers with a sick leave plan, by employer size, by worker's occupational status

	%	% of employers with a sick leave plan in place						% of employees who said they could take sick leave when ill					
		All	P	T	D	R	NR	All	P	T	D	R	NR
%	100		77.2	15.9	6.9	65.6	34.4		77.2	15.9	6.9	65.6	34.4
All		46.4	59.6	19.3	3.5	63.8	20.4	42.5	55.8	12.0	1.1	60.7	14.2
1-9 employees	32.1	16.5	25.2	5.7	1.6	28.6	6.2	15.7	24.7	4.3	0.2	28.2	5.0
10-99 employees	36.1	46.3	52.1	24.5	8.8	55.6	25.3	42.5	49.1	16.6	3.7	53.2	18.6
100-299 employees	9.9	66.9	70.9	36.5	8.6	71.9	46.8	61.1	65.8	23.7	0.0	67.0	37.4
300 or more employees	22.0	81.0	84.3	51.3	17.8	87.0	54.4	73.2	77.7	29.1	6.0	82.1	33.9

Note: P-permanent; T-temporary; D-daily; R-regular; NR-non-regular

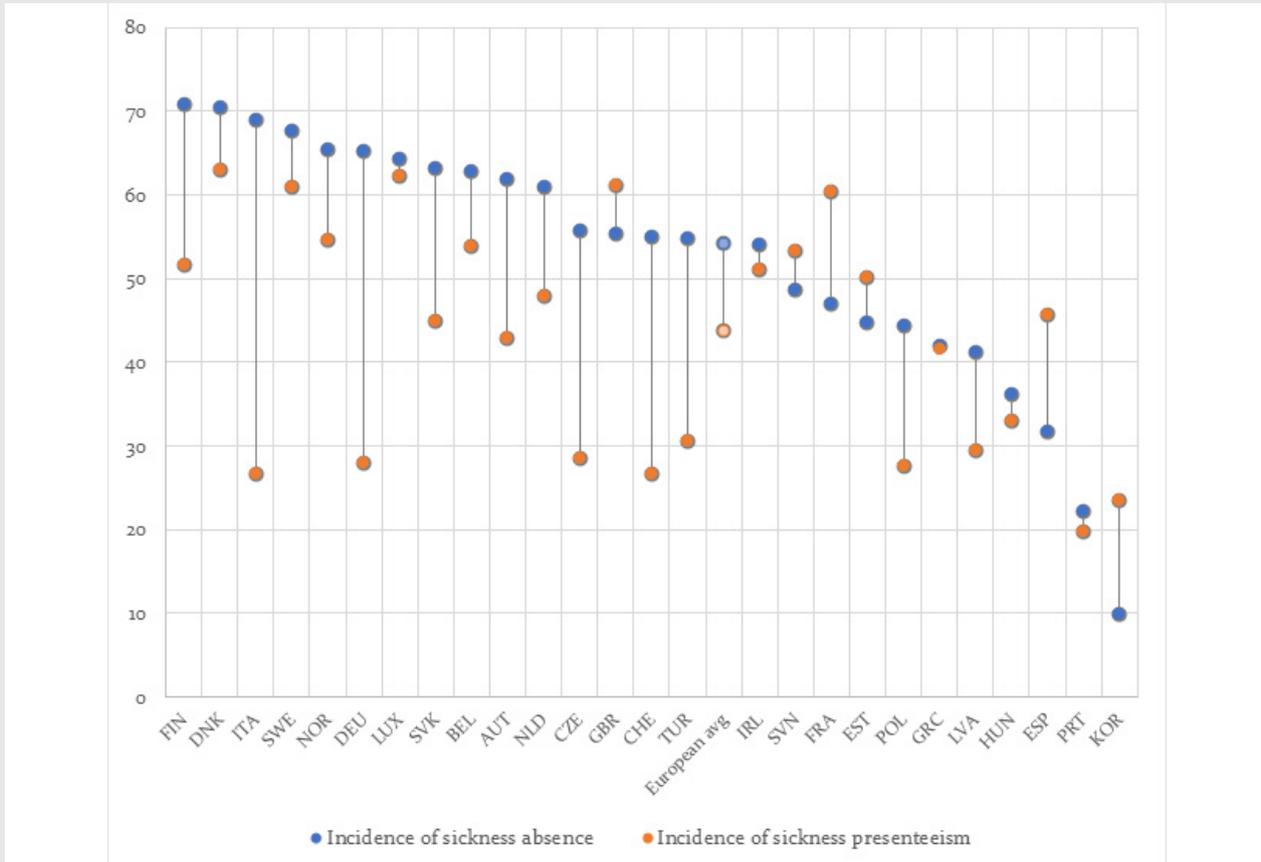
Sickness presenteeism

According to a 2020 comparative study by Kwon¹⁾, the ratio of incidence of sickness presenteeism to the incidence of sickness absence in wage workers was 2.37 in Korea, considerably higher than the European average of 0.81. This brief considers the ratio of the percentage of employees who “come to work despite feeling too ill to do their job” to the percentage of employees absent from work due to illness. It should be noted, however, that a cross-country comparison of presenteeism is limited in that the different situations in different countries which might have come into play here—for example, factors that have to do with workplace culture, overall health status, and public perception of and attitude toward being ill)—are not readily comparable. In fact, Figure 1 reveals the incidence of sickness presenteeism to be significantly lower in Korea, Portugal and Hungary than in such countries with well-established sick leave programs as Finland and Denmark.

The incidence of sickness absence was higher than the incidence of sickness presenteeism in most European OECD countries, with the exception of France and Spain. The ratio of the incidence of sickness presenteeism (45.7 percent) to the incidence of sickness absence (31.6 percent) in Spain was 1.45, higher than in any other European countries. The incidence of sickness absence in Korea was significantly lower (at 9.9 percent) than the European average of 50 percent. The incidence of sickness presenteeism in Korea was 2.37-times higher at 23.5 percent.

1) Kwon, M. J. (2020). Occupational Health Inequalities by Issues on Gender and Social Class in Labor Market: Absenteeism and Presenteeism Across 26 OECD Countries. *Front. Public Health* 8:84.doi: 10.3389/fpubh.2020.00084. p. 4.

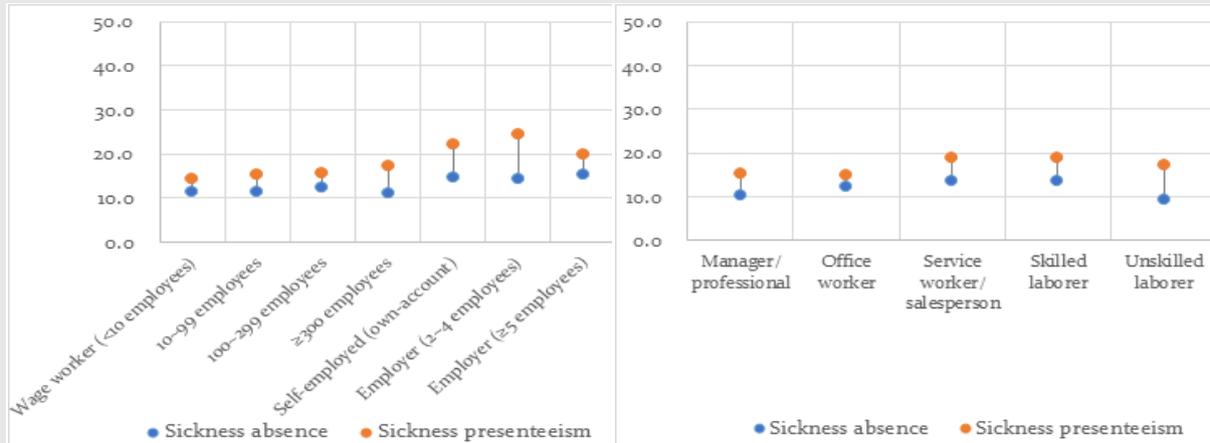
[Figure 1] The incidences of sickness absenteeism and sickness presenteeism during the previous 12 months in OECD countries (%)



Note: Figures are from Kwon, M. J. (2020). P. 4; the European Working Conditions Survey 2015 (6th) and the Korean Working Conditions Survey 2014 (4th)

The 5th wave of the Korean Working Conditions Survey (2017) enabled a group-by-group comparison of the incidences of sickness absence and sickness presenteeism. The incidence of sickness absence was in the range of 11.1~12.5 percent for wage workers across different employers. The gap between the incidence of sickness absence and the incidence of sickness presenteeism was relatively large in employers with 300 or more employees. Both incidences were on average higher in self-employed workers than in wage workers. The gap between the incidence of sickness presenteeism and the incidence of sickness absence was especially large in one-person self-employed workers and employers with fewer than 5 workers, with the ratio of the former to the latter ranging from 1.5 to 1.7 (see Figure 2). For unskilled laborers, the ratio of the incidence of sickness presenteeism (16.9 percent) to the incidence of sickness absence (8.9 percent) was 1.9, compared to 1.2 to 1.5 for workers in other occupational categories (see Figure 2).

[Figure 2] The incidence of sickness absence and the incidence of sickness presenteeism among self-employed workers and wage workers

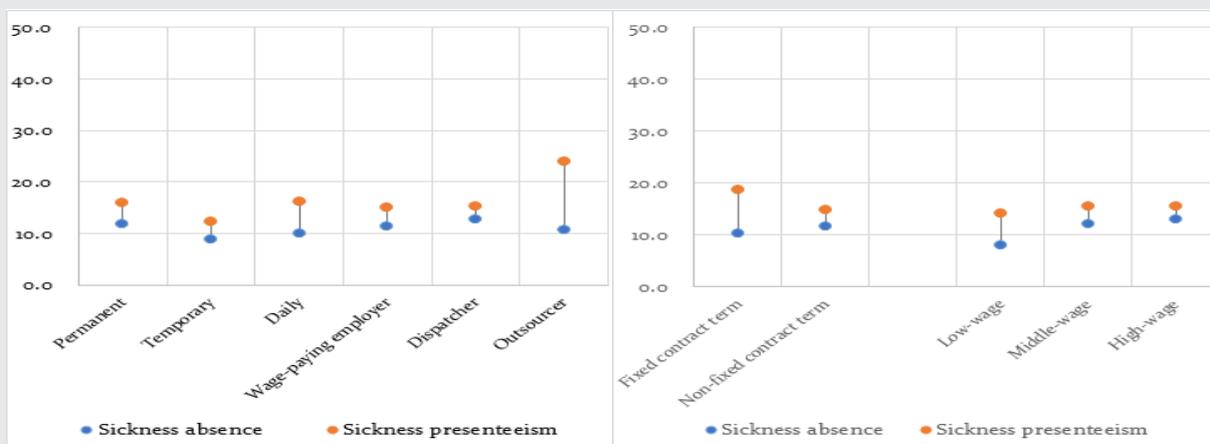


Source: Authors' own calculations based on data from the Working Conditions Survey 2017 (Korea Occupational Safety and Health Agency)

Note: Wage workers and self-employed workers, while considered separately with regard to the size of employer, were not distinguished in the analysis concerning occupational categories.

The ratio of the incidence of sickness presenteeism to the incidence of sickness absence was 1.3 for permanent workers, 1.6 for daily workers, 1.3 for those who were paid by the firm they work for, and 2.2 for outsourced workers who were paid by a third-party contractor (see Figure 3). The ratio was 1.3 for fixed-term contract workers and 1.8 for non-fixed-term contract workers (Figure 3). For low-wage workers the incidence of sickness presenteeism, at 14.1 percent, was 1.8 times higher than the incidence of sickness absence (8.0 percent). The ratio was 1.3 for middle-wage workers and 1.2 for high-wage workers (Figure 3).

[Figure 3] The incidence of sickness absence and the incidence of sickness presenteeism in wage workers, by employment status, by wage level



Source: Authors' own calculations based on data from the Working Conditions Survey 2017 (Korea Occupational Safety and Health Agency)



Concluding remarks

A substantial percentage of Korean workers are found unable to take days off even when ill. About 50 percent of businesses in Korea have a sick leave plan in place, but the incidence of sickness presenteeism is significantly higher than the incidence of sickness absence. This not only points to the need for the introduction of a paid sick leave scheme, but also suggests that sick leave programs may well be rendered unused if left to the discretion of individual employers without legal binding. The incidence of sickness absence is exceedingly low in Korea, given the high rate of firms with a sick leave plan. Considering how few employers are with a paid sick leave plan (7.3 percent, as found from the employment regulations), most employees are likely to find themselves unable, even when ill, to take sick days for fear of losing their wages. The incidence of sickness absence was likewise low in large-scale businesses, among which the share of those with a sick leave plan was relatively high. This is presumably because these large firms, despite the fact that their employment regulations include provisions concerning sick leave, does not guarantee sick leave as an employee's right to rest, leaving their workers unwilling to take sick days for fear of adverse consequences.

Sick leave is less available for non-regular and daily workers, among whom the incidence of sickness presenteeism is significantly higher than the incidence of sickness absence. The availability of sick leave in a firm may vary across employment positions and types. The data from the Korean Labor and Income Panel Survey revealed that sick leave is significantly less available for those employed on a temporary or daily basis (and non-regular workers) than for permanent employees (and regular workers). The gap between the incidence of sickness absence and sickness presenteeism was larger in contract-based employees, outsourced workers, daily workers, unskilled laborers, low-wage earners, and those at a business with fewer than five employees. A new sick leave scheme for Korea should be so designed with care as not to leave out workers in precarious and atypical employment positions.

Many OECD countries provide publicly-paid sick leave benefits and require employers by law to ensure employment security for employees fallen ill. Among the OECD countries examined, only Ireland and Mexico (apart from Korea) are without institutional framework supporting sick leave for non-work-related illness or injury. Switzerland, the US and Israel, on the other hand, while mandating employers to provide sick leave for their employees, have no publicly-paid sickness benefit scheme in place for workers with a non-work-related illness or injury.

[Table 3] Sick leave and publicly-paid sickness benefits in OECD countries

	Countries with public cash support for workers in sick leave	Countries without public cash support for workers in sick leave
Countries with a national legal framework supporting sick leave	28 OECD countries	Switzerland, US, Israel
Countries with no national framework supporting sick leave	Ireland, Mexico	South Korea

Germany is a case where employers are required by law to provide their employees with paid sick leave. Any sick days in excess of the maximum number of paid sick days provided by the employer are compensated by publicly-paid sickness benefits. In Japan, sick benefits are provided to workers (employees) by the National Health Insurance, and the employer is prohibited by the Labor Standards Law from dismissing the employee during a period of rest for medical treatment and within 30 days thereafter.

Ensuring that workers have the right to rest requires changes toward a culture that encourages employees to take sick leave when ill. Such a shift can take place when there are institutional frameworks in place by means of which to protect employees from income loss or being dismissed due to sick leave. Protecting workers from income loss due to sick days helps them receive in time the care and treatment they need for recovery so that they do not fall into a vicious cycle of poverty and ill-health. Employment security enables employees to take sick leave when needed without fear of losing their jobs, and return to work as soon as they return to full health.