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B&A

Statutory Sick Leave in Ireland

An assessment of the impact of public policy changes post-pandemic

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This paper has been prepared by staff in the Department of Enterprise, Trade and Employment. The views presented in this paper are those of the authors alone and do not represent the official views of the Department or Minister.

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Executive Summary

Introduction of Statutory Sick Leave (SSL)

The Pandemic Dividend and New Rights for Workers

The Sick Leave Act 2022 came into force on 1st January 2023, introducing a statutory entitlement to employer-funded sick pay for the first time in Ireland. During the Covid-19 pandemic, it became clear that many workers, particularly those in low paid, precarious roles – including *frontline staff* offering essential service provision – could not afford to miss a day of work, even when unwell.

The right to employer-funded, paid sick leave formed part of the Government's post-pandemic initiative to build a more inclusive economy and a fairer society, in which work pays and the most vulnerable in society are protected. It was also seen as a valuable public health measure to reduce the spread of infectious diseases, especially for those dealing directly with members of the public.

The Introduction of the New Scheme

As a starting point, three days of employer-funded, medically certified sick leave were introduced under this new scheme from 2023. The intention behind this was to cover the three 'waiting days' before eligibility for Illness Benefit was activated. This ensured that workers, especially those on lower wages, were guaranteed some income in the first few days of illness. The Government increased this to five days in 2024. The entitlement is paid at a rate of 70% of regular earnings, up to €110 per day, from the first day of illness. This entitlement could potentially increase to seven days in 2025, reaching 10 days in 2026. The original scheme, and its phased rollout, was designed in consultation with the Minister for Social Protection and employer groups and trade unions. The Act provides that the Minister may, subject to certain conditions, vary the number of Statutory Sick Leave days.

The Government introduced several control measures in the legislation to provide additional certainty around costs and impact. These include the requirement to be medically certified as both unwell and unfit to work, a 13-week service requirement, and a payment cap. It also included an exemption for an employer from the obligation to pay Statutory Sick Leave if faced with severe financial difficulties. It was decided that the introduction of up to ten days paid sick leave would be phased in incrementally over a four-year period to provide time for employers to adjust to and plan for the new obligation.

Cost Concerns from Businesses

Since the introduction of the entitlement to five days in 2024, however, business owners and representative organisations have consistently raised concerns around the cumulative impact of higher labour, input and energy costs, as well as the pressures arising from the introduction of additional employment rights measures such as the auto-enrolment retirement savings scheme and the transition to a Living Wage.

Evidence of Impact

Following a recommendation from the National Competitiveness and Productivity Council (NCPC), an assessment of the cumulative impact of some of the recent and upcoming Government measures was published in March 2024. This assessment of Government measures estimated that additional costs from the introduction of the entitlement would amount to an additional cost of 0.7% for employers (paying staff the average wage), at three days of Statutory Sick Leave. A corresponding increase to 10 days was estimated to increase costs by 2.1% for employers (with staff on the average wage, costs were 2.7% for minimum wage staff).

One of the main difficulties in estimating the cost of Statutory Sick Leave was the absence of any economy wide data on the incidence or take-up of sick leave among Irish firms. In order to respond to the cost concerns of employers and to remedy existing data gaps, the Department of Enterprise, Trade and Employment decided to undertake a detailed study assessing the impact of Statutory Sick Leave on businesses by sector and company size to inform the decision in respect of the next phase of the rollout of the scheme.

This is the first time that such a comprehensive analysis of the sick pay landscape is being undertaken to date in Ireland. The study is representative of the sectoral and size distribution of Irish companies and offers insights into the level of firms in Ireland providing more generous sick leave schemes and also those operating the statutory minimum.

Findings from the firm-level survey, contained in Section 4 of this paper, suggest each day of additional sick leave taken by an employee adds 0.22% to annual payroll costs for an employer operating in line with statutory minimum requirements. This further assumes that there is a one-to-one replacement in terms of rostered staff for those who are sick, and that sick pay is therefore an additional cost. It should be noted that for firms that do not roster additional staff in response to sick leave, and do not pay sick leave at a rate of full pay, additional sick leave may lead to lower nominal payroll costs, and costs may then take the form of lower productivity for those firms.

Moving from five days to seven days is expected to add another 0.44% to payroll costs. For firms in the accommodation and food services sector, a higher increase (at 0.60% of annual payroll costs) is estimated. This analysis is reported on an average basis only and does not represent each individual employee. Indeed, for many firms that pay sick leave at a rate below full pay, and which do not roster additional staff, an incidence of sick leave may be associated with lower payroll costs but with costs presenting in the form of lower labour productivity.

We also considered the cost when firms which report offering full pay while employees are on sick leave are removed, as well as those likely to offer in excess of the statutory minimum. This suggests the likely costs of moving from five to seven days of Statutory Sick Leave could be as low as 0.13% of annual employee earnings, on an economy/sector wide basis.

In undertaking this research, both quantitative and qualitative approaches were taken, which led to the following key findings:

- 1. The impact of the legislation has been felt asymmetrically, with sectors with higher annual earnings** generally incurring a lower proportional cost in terms of payroll costs for each additional day of sick leave (leave in line with the statutory minimum).

Most companies report no real noticeable impact since the introduction of the legislation, in terms of absenteeism (73%), profitability (68%) or staff morale (69%). Labour-intensive sectors, however, reported the highest negative impact.

Construction firms (36%); hotels and restaurants (34%); wholesale & retail (31%) reported a negative impact on profitability. The same three sectors reported a higher-than-average negative impact on absenteeism: 32%, 29% and 29%, respectively (compared to an average of 19%).

Moving from five to seven days of Statutory Sick Leave is expected to cost firms an additional 0.44% of total payroll cost. For firms in the retail, accommodation and food services sectors, this figure is slightly higher than the average and shall amount to 0.6% of annual payroll costs. These are also the same sectors that have found to offer the lowest effective daily sick pay rate²: retail (**€100**) and hospitality (**€63**), compared to an average of **€110** across all sectors.

² These are average rates by sector.

2. Irish employers, on the whole, offer comprehensive sick leave policies, often far exceeding the statutory minimum.

The survey data shows almost half of firms offer a scheme in excess of the statutory minimum. At **eight days**, the average current duration covered exceeds the scheduled increase to Statutory Sick Leave to seven days (from 2025), while 22% of employers currently offer 10 days or more. Over **60%** of employers provide **full pay** to employees out sick, which far exceeds the rate of 70% of gross earnings capped at €110 daily under the statutory minimum. Most employers (71%) do not operate waiting days. However, to qualify for most company schemes, the majority of employers indicated requiring 14 weeks or more service for employees to qualify.

This suggests a blanket pause on the continued roll-out of Statutory Sick Leave is not necessarily required as many employers are already offering in excess of what is proposed under the scheme when fully rolled-out (as currently envisaged³), albeit that there is a cohort of – typically smaller – firms in certain domestically-orientated sectors that have less scope in this regard. The latter firms may face higher costs for transition and/or perceive a greater risk of reduced profitability.

3. Irish employees remain stable in their rate of absence for illness despite the new entitlement.

The proportion of employees taking sick leave has remained relatively stable over time, with fewer than 25% of staff likely to take an illness-related absence in the course of a year. This suggests that the existence of a right does not necessarily mean it will be used.

The most common length of absence reported was two to three days. This finding links in with a 2023 research paper from Cork University Business School which found the incident rate to be of 2.8 days, well below that of 9.2 adopted in the Regulatory Impact Assessment (RIA) of the Sick leave Bill in 2021. This suggests the overall cost of the scheme is significantly lower than previously estimated. It is reasonable to assume that the number of sick leave days taken in a year across the economy follows a roughly normal distribution. If this is the case, this would suggest a diminishing cost per additional day's entitlement due to a reduced likelihood of the leave being taken.

³ At the time of writing.

Concerns have been raised by employers, however, that this new entitlement has the potential to be abused if a culture sets in of it being treated as holidays. CSO data examined in this research paper shows the rate of sick leave absences per person in employment has not shifted upwards following the introduction of sick leave legislation. Further analyses at the sectoral level, including of sick leave absence for those on the National Minimum Wage (NMW), indicates that the introduction of SSL did not have a significant impact on the likelihood of workers at the NMW to be absent from work due to the new entitlement.

- 4. The research indicates there is some confusion amongst employers about the operation of the SSL.** As to be expected with any new scheme, it can take some time to become familiar with the full suite of obligations and built-in protections contained in the legislation in practice. Since its introduction, Workplace Relations Commission (WRC) inspectors have detected 84 breaches of Section 13 of the Act. All breaches have been rectified without recourse to prosecution.

Some survey respondents were ambiguous in their response as to whether they operate at, or in excess of, the statutory minimum. In interviews, some employers were uncertain as to the treatment of part-time workers. Employers operating more favourable schemes were uncertain as to whether they were subject to certain obligations, such as record-keeping, etc.

Some stakeholders have identified difficulties in knowing whether an employer is operating at or in excess of the statutory minimum. Some uncertainty around the treatment of part-time workers (i.e. how the effective pro-rata provisions operate in practice or whether strengthening of same is required) and potential impacts on employers operating more favourable schemes were also noted during the study. While the paper is neutral on policy recommendations, it is crucial that adequate attention is drawn to areas that have the potential to shape further policy developments into the future.

Next Steps

This study was undertaken, based on quantitative and qualitative methods of research, with the objective of addressing a number of critical data gaps to provide a comprehensive picture of the sick leave landscape in Ireland. Going forward, on-going systematic data-gathering of sick leave trends in Ireland would be helpful (particularly given that the Sick Leave Act has only been in operation since January 2023).

1. Overview of Study

Box A: Terms of Reference for a Study on the Impact of Statutory Sick Leave Reform

Recent years have seen the introduction of changes in statutory sick leave entitlements. Statutory sick leave entitlement was implemented on 1st January 2023, with an entitlement of three days. This increased from three to five days on 1st January 2024. Further increases are being considered. This research project aims to address a number of research questions.

The Labour Force Survey (LFS) captures information from employees in relation to sick leave. Employees are asked whether they were absent from work in the survey reference week, and if so, was it due to sickness. By using this question and combining several years of LFS data, we will investigate the impact of the introduction of Statutory Sick Leave (SSL) on the rate of work absences due to sickness in Ireland. We will begin with a descriptive analysis and then the research will utilise sophisticated econometric techniques to quantify whether the introduction of SSL in 2023 caused a change in the rate of work absences in Ireland due to sickness.

Where practicable, and subject to the nature of the data that is collected, econometric methods will be used to determine causal inference, and to explore the impact of the legislation for firms in different sectors, and across firm characteristics.

An important aspect of understanding the impacts of changes in statutory sick leave is to examine the extent to which past, and proposed changes, exceed company level sick pay provision.

1.1 Background

The Sick Leave Act 2022 introduced employer-paid, medically certified, Statutory Sick Leave for the first time in Ireland. From 1 January 2023, the initial statutory entitlement was up to three days' sick leave, paid at 70% of gross earnings, up to a daily cap of €110. This entitlement increased to five days on 1st January 2024. The new scheme was designed to be rolled out on a staggered basis over a four-year period, ultimately rising from a minimum of three days in 2023 to 10 days by 2026. The scheme, and its phased rollout, was designed in consultation with the Minister for Social Protection and the Social Partners (employer groups and trade unions). This phased introduction was chosen to strike a balance between responding to the cost concerns of employers by giving them time to adjust and plan for the new obligation while offering workers certainty about their entitlements.

Under the existing legislation, a Ministerial Order to vary the days cannot be made until 1st January each year. In advance of making such an Order, Section 6(1) of the Sick Leave Act 2022, stipulates that the Minister must have regard to: the state of the economy generally, the

business environment and national competitiveness; the state of society generally, the public interest and employee well-being; the potential impact of making an order to vary the number of days; data on earnings and labour costs as published by the CSO; the views of employee and employer representative bodies and any other matters considered relevant to a decision to increase the entitlement.

In line with this requirement, the purpose of this study is to provide evidence of the impact of the measure on businesses by sector and company size to inform the Ministerial decision on the third phase of the rollout of the scheme, including whether to potentially increase the entitlement to seven days from January 2025.

1.2 Structure of report

The report opens with a concise discussion of policy rationale, including international comparators. This sets out the context for the introduction of this valuable public health measure, its role in supporting those in precarious work and reducing the transmission of illness in workplace settings. The methodology section provides details on the mixed methods approach that was used to assess the impacts of Statutory Sick Leave, combining both quantitative and qualitative elements. The combination of study methods assisted in gaining a more accurate picture of the sick leave landscape in Ireland. An analysis of absenteeism levels among Irish workplaces is also incorporated for consideration.

The quantitative study consists of a firm-level survey and formed a base for the identification of impacts arising from the scheme. The qualitative exercises undertaken in this paper involve in-depth interviews with a broad range of stakeholders including employers and trade union representatives as well as a stakeholder workshop session. The report concludes with a brief synopsis and next steps for consideration.

1.3 Objectives of the Study

This study seeks to assess the impact and ongoing effectiveness of the Sick Leave Act 2022 since its introduction on 1st January 2023 and model for the estimated impact of potential further entitlement increases to seven and 10 days. Although the scheme has generally been recognised as a public good, concerns have been raised by employers on the cumulative cost of regulatory developments – and/or broader changes to working conditions – for Ireland’s enterprise sector. This study also seeks to verify whether the introduction of Statutory Sick Leave has had an asymmetric impact on different types of businesses (sector, company size, etc.), which has the potential to inform targeted support measures, if necessary.

The assessment aims to capture, systemise and analyse new and existing data on illness absences and the availability of sick leave schemes to create an accurate landscape of sick leave in Ireland, stratified by sector and share of employees. It aims to address data and informational gaps identified by the 2021 RIA, including the absence of granular data on the distribution of sick pay schemes already in place and lack of data concerning the incidence rate of illness in Ireland, which negatively affected the ability to make accurate assumptions to underpin a comprehensive cost-benefit analysis before the introduction of the scheme.

1.4 Methodology

The study utilises a mixed methods approach to gain a better understanding of the impact of the scheme on firms. This includes analysis of quantitative data gathered through a survey designed for this study, alongside qualitative interviews with firms and employees utilised as case studies.

Quantitative Analysis

Official statistics sourced from the CSO and data on Illness Benefit claimants provided by the Department of Social Protection are used to assess long-term trends in sick leave in Ireland. However, there has been a recognition that there is a data gap with regards to the specific impacts of sick leave at the firm level and across sectors, particularly on additional cost, and incidence of sick leave. To address this gap, a survey of 701 firms was undertaken collecting data on a range of variables in order to gain a better sense at the firm level of the quantitative impact of sick leave legislation. The survey was balanced both regionally and in terms of sector and firm size, reflecting collective contributions to employment.

A detailed overview of the survey results is included as part of the report. Logistic regression analysis was then undertaken on the data to form a variety of models which looked at which factors affect the probability that a firm has a sick leave policy in excess of the statutory requirements, the factors associated with an increase in the number of sick days within the last three years, and the factors associated with firms reporting a greater level of impact from the introduction of this entitlement.

Qualitative Analysis

A series of firm-level interviews were organised with key stakeholders to gather detail on capturing employer and employee experiences and perceptions within the sick leave space. A total of 24 interviews were conducted, offering valuable insights into the perceived impacts of the Statutory Sick Leave and organisations' bespoke sick leave supports. Separately, a stakeholder workshop was also conducted at the end of September to gather views from various employer representative groups on the impact of the legislation.

The qualitative interviews focused on gathering perspectives on the below:

- Details of existing company sick leave schemes
- General employer and employee perceptions on the impacts arising from the introduction of the Sick Leave Act 2022, including financial, administrative and employee performance
- Notable trends in absence rates reported or sick leave taken
- Planned responses to future increases to the sick leave entitlements
- Cost of staff replacement
- Health and wellbeing supports for employees.

Ensuring a balanced and representative mix of responses was crucial to this work, albeit it did present challenges. The selection criteria used by the authors to shortlist sectors and potential participants for interview was based on the standard statistical classification of economic activities in the European community (or NACE). The CSO business demography data was also useful in the identification of sectors with the highest employee intensity. A weighting was assigned to certain sectors, based on the number of firms and employee distribution within each sector represented in the CSO data. Invitations were forwarded through the Department's various stakeholder fora – including the Enterprise and Retail Forums and through the Hospitality and Tourism Forum (under the remit of the Department of Tourism). The Irish Congress of Trade Unions (ICTU), the Irish Business and Employers Confederation (IBEC) as well as DETE colleagues assisted with identifying potential candidates for interview.

It was decided not to interview companies from those sectors subject to Employment Regulation Orders (ERO) and Sectoral Employment Orders (SEO), which set legally binding floors on rates of pay and certain obligations, including sick leave, applicable to the relevant sector. Overall, the conditions set down in such orders are designed to supplement Illness Benefit. Some are contributory (i.e., employees collectively fund the additional protections through deductions from their basic pay although some mandate an employer contribution). It is notable that most operate waiting days, with the exception of the Childcare ERO (which operates per the new scheme (i.e., no waiting days)).

There were several limitations attached to this method of research including potential bias in replies from some respondents, access to a small sample size, over or under representation of certain sectors and a difficulty in gaining access to key decision makers. The collection of sick leave data can be an onerous process. This is where a qualitative approach is beneficial, as it includes the added ability to explain processes and patterns of human behaviour that can be difficult to quantify in monetary terms (Foley and Timonen, 2015).

In undertaking the qualitative study, officials have tried to address the limitations mentioned above, for example, through a rigorous interviewee selection process. In order to encourage more balanced responses, both employers and employee representatives were invited to participate in the qualitative interviews.

2. Policy Rationale

Key messages

- The goal of the legislation is to provide a level of financial protection to employees, often in low-paid, precarious roles, who are genuinely unfit to work due to illness or injury but who do not have access to a company sick leave scheme.
- This new statutory scheme brings Ireland in line with a trend observable in many other European and OECD countries of placing an obligation on employers for the initial period of employee illness before moving on to Illness Benefit.
- Ireland's cap of 70% of daily earnings, chosen to avoid placing excessive costs on businesses, is in line with those offered by other EU Member States, which range between 50% to 100%.

2.1 Rationale for introduction of Sick Leave Act 2022

The introduction of this statutory entitlement is a measure intended to develop a more inclusive – and more competitive – economy and a more equitable society. It is also a valuable public health measure, reducing the risk of workplace accidents and the likelihood of infectious disease transmission in the workplace. It was intended as part of the *pandemic dividend*, ensuring that employees are not under a perceived financial imperative to attend work when sick, particularly for those working in a care environment and those sectors involving food preparation (or handling). The primary policy intention behind the introduction of the legislation was to provide a level of financial protection to employees, often in low-paid, precarious roles, who are genuinely unfit to work due to illness or injury but who do not have access to a company sick leave scheme.

Prior to the scheme's introduction, there was no statutory obligation on employers to pay sick leave, although many did in practice. Illness Benefit, operated by the Department of Social Protection, is a time-limited payment for employees insured under Pay Related Social Insurance (PRSI) who cannot work due to illness⁴. The initial Statutory Sick Leave entitlement of three days was chosen to align with Illness Benefit 'waiting days' (i.e., the number of days an employee would have to serve before the benefit was payable), thereby bridging an

⁴ Illness Benefit is paid for up to a maximum of 2 years, depending on the number of contributions. To qualify for Illness Benefit, an employee must have at least 104 weeks of PRSI contributions paid since they first started work.

acknowledged gap in sick pay coverage. The progressive roll-out of the number the scheme has the effect of shifting responsibility for the cost associated with short-term illness from the State – via the Illness Benefit scheme – to employers.

The scheme's introduction was not intended to impose significant new costs on employers, nor disincentivise employers from providing their own, more favourable company schemes. The payment rate of 70%, capped at €110 daily⁵, was chosen to ensure excessive costs were not placed on employers, who in certain sectors, may also have to deal with the cost of replacing staff who are out sick at short notice. It should be noted that in practice, many businesses do not incur an additional cost for hiring cover staff but lose out on the productivity of the absent staff member. Data collected under the survey commissioned by the authors for the purposes of this work suggests that only a minority of firms required replacement cover as a result of an employee's absence due to sick leave (at 18%). In terms of sectors, the sector with the highest proportion of firms that reported requiring replacement staff to cover these absences was Hotels and Restaurants (34%). This was least common for firms in Business Services (at just 5%).

The legislation also provides a mechanism whereby an employer offering a company sick pay scheme to their employees that is equal to, or more favourable, on the whole than the statutory minimum, then the obligations of the Sick Leave Act do not apply.

Furthermore, this scheme can be seen as a support for labour market participation by persons with disabilities. The 2021 RIA noted “the existence of a statutory sick pay scheme would be positive encouragement for people with disabilities to enter employment in the knowledge that they would not be left without income if they become ill” (p. 28, Sick Leave Bill 2021 Regulatory Impact Assessment). The recent IGEES Working Paper on the impact of proposed measures to improve working conditions in Ireland similarly found that “promoting paid sick leave can improve participation rates for those with disabilities” (p. 6, Coates et al., 2024).

2.2 Alignment with international norms

As has already been set out in the *‘Assessment of the Cumulative Impact of Proposed Measures to Improve Working Conditions in Ireland’* report, Ireland is not out-of-sync with other advanced economies in introducing improvements to working conditions. Paid sick leave, in particular, remains a standard feature in countries with formal labour markets and social health protection schemes (Adlung and Sandner, 2010). In the majority of EU countries, sick leave was traditionally managed through social health insurance or national health

⁵ Based on 2019 CSO data for mean weekly earnings of €786.33 which equates to an annual salary of €40,889.

systems, grouped together with other income replacement schemes (i.e., disability benefits, work injury compensation, long-term care schemes) ensuring a seamless transition from temporary Illness Benefit to long-term Illness or Disability schemes. This is also the case in many OECD countries as well as in Egypt, the Philippines, Russia, and Tunisia (Adlung and Sandner, 2010).

In countries such as Portugal, the onus to provide sickness compensation rests primarily with the State. This is not the case with certain OECD countries, such as New Zealand and Australia, where employers are obliged to provide full coverage for sick leave. It seems that the majority of countries have at least, to some extent, abandoned government-run systems for employer-run systems when costs of absenteeism ran high in the 1980s and 1990s (Palme and Persson, 2019). At present, an increasing number of sick pay systems are based on a dual approach, where the employers are responsible for paying an initial period of sick pay, with the State taking on responsibility for payment thereafter (Palme & Persson, 2019). This is particularly a trend among the Nordic countries. In Sweden, for instance, an employee can receive sick pay from their employer for up to 14 days, after which sickness benefit is received from the Swedish National Social Insurance Agency.

Likewise, in Denmark, the employer pays for the first 30 days of illness and after this period, the sick employee begins to receive state supported municipality payments. Meanwhile, Norway operates a hybrid approach, whereby sickness benefit comes partly from the employer and partly from the National Insurance scheme for a period of up to 52 weeks. Employer coverage is increasingly favoured in most member states, possibly owing to a perception that employers have the best access to information about the health state of their employees and can therefore take a more active role in the monitoring and reintegration of absentees (Palme and Persson, 2019).

Replacement rates also vary between member states, ranging from 50% and 100% of normal salary. Collective agreements in jurisdictions like Norway and Finland mean that most employers in these countries pay the full salary during the first few weeks of illness.

2.3 How the law is working in practice

All sections of the Sick Leave Act 2022 were commenced on 1st January 2023. In the almost two years of the scheme's operation, various provisions of the legislation have been invoked in matters before the Workplace Relations Commission and the Labour Court.

Section 10 of the Sick Leave Act 2022 provides for a temporary exemption from the requirement to provide sick pay where the employer is in financial difficulty. The Labour Court

can grant an exemption for between 3 months and one year. The Act sets down criteria the Labour Court should have regard to in granting such an exception, including whether the majority of employees, or their representatives, consent to the employer making such an application, whether the employer has informed the employees of the financial difficulties the business is experiencing and sought their consent to the application, among other considerations. The exemption mechanism applies to individual companies and a register of companies who have availed of the exemption is maintained by the Labour Court. No exemption has been granted by the Labour Court under Section 10 of the Sick Leave Act 2022 to date.

Section 13 of the Sick Leave Act 2022 requires employers to keep records in respect of the sick leave taken by employees for a period of four years. Since the commencement of the Sick Leave Act 2022, from January 2023, Workplace Relations Commission inspectors have detected 84 breaches of Section 13 of the Act. All breaches have been rectified without recourse to prosecution. Furthermore, Section 14 of the Sick Leave Act 2022 provides that where an employee believes that his or her employer has failed to comply with the provisions of the Act, they can make a complaint to the Workplace Relations Commission (WRC) to have the matter adjudicated.

Since its introduction, 13 cases taken under the Sick Leave Act 2022 have successfully been decided by the WRC. There are currently two appeals to the Labour Court, taken under the Sick Leave Act 2022. Decisions have gone both ways, with some complaints held to be well-founded, resulting in awards, as well complaints being dismissed or deemed unfounded. Some themes emerging from the caselaw are discussed below.

2.4 Conclusions

From a policy perspective this entitlement seems to be in line with comparable international norms. Based on the statistics from the WRC and Labour Court, it would appear that the legislation is being given practical effect through compliance measures and that workers are utilising the redress provisions. That being said, it is important to note that the introduction of statutory sick leave in January 2023 represented a significant labour regulation measure. As the entitlement has only been in effect for nearly two years, it is very early in the policy and legislative life cycle to draw detailed conclusions on its efficacy.

3. Recent Patterns of Employee Workplace Absence

Key messages

- CSO data shows there has been no significant increase in the rate of sick leave across the economy following the introduction of statutory sick leave in 2023. Further analyses at the sectoral level, including of sick leave absence for those on the National Minimum Wage (NMW), indicates that the introduction of SSL did not have a significant impact on the likelihood of workers at the NMW to be absent from work due to the new entitlement.
- The rate of sick leave absences per person in employment has not shifted upwards following the introduction of sick leave legislation and has tended to hold between 10% and 20% of total reported absences. Approximately 2% of the total workforce report sick leave as a reason for absence each quarter.
- A 2023 research paper by Cork University Business School found that employees took on average 2.8 sick days per year. This is below the current 5-day statutory sick leave entitlement.

3.1 What is Workplace Absence?

The term ‘absenteeism’ refers to an employee’s intentional or habitual absence from the workplace (Cucchiella et al., 2014). This can have several implications for an organisation. For instance, an excessive level of employee absence can impose significant financial costs on employers, cause disruptions among teams, undermine staff morale and erode productivity. In Ireland, a 2023 research paper by Cork University Business School reported that 64% of Irish employers reported that absenteeism had an adverse impact on business operation or performance (Cork University Business School, 2023). That same study found that the sectors most impacted by absenteeism generally were wholesale and retail (**69%**), production (**68%**), hospitality (**66%**) and construction (**58%**).

The quantitative study in Chapter 4 conducted as part of this research also examined the impact of absenteeism on individual sectors. Firms were asked whether the legislation had impacted absenteeism. In response, firms operating in the Hotels & Restaurants (**29%**), Construction (**32%**) and Wholesale and Retail (**29%**) sectors were more likely to report a negative impact. Firms employing more than 50 employees reported a negative impact from absenteeism (**22%**). Additionally, firms based in Connacht and Ulster (**24%**) and Leinster (**22%**) were impacted by absenteeism more than other areas i.e. Munster and Dublin. in the

country. Additionally, we also find that firms providing a full day of pay are less likely to report a negative impact in terms of absenteeism. Some of the negative consequences associated with absenteeism highlighted by Irish employers were as follows:

- Increased pressure and workload on remaining staff
- Deterioration in employee morale
- Increase in workplace conflicts or tensions
- High staff replacement costs
- Negative effect on customer service and productivity of organisation.

Despite the availability of widespread data available from public and employer registers, challenges remain in the monitoring of absenteeism trends across the EU and OECD countries (Antczak and Miszczyńska, 2023). Absenteeism trends vary across different European member states. The largest number of absences due to sickness was taken in Norway (3%), Sweden (2.5%) and the Netherlands (2.1%). On the other hand, Italy (0.6%), Ireland (0.9%) and Switzerland (1.2%) reported the lowest levels of absenteeism (Palme and Persson, 2019). Growing evidence suggest that the availability of paid sick leave can lead to a considerable reduction in the rates of workplace illnesses. A US study suggested that by providing paid sick leave (and thereby reducing the spread of illness in workplaces), US employers could have saved \$0.63 to \$1.88 billion per year (2016 data) in absenteeism costs related to influenza-like-illnesses between 2007 and 2014. (Asfaw et al., 2017). Separately, following the implementation of San Francisco's paid sick leave law in 2007, major increases in total employment rates were recorded in the area compared to surrounding areas in the same time period (Petro, 2010).

While the findings in Section 4 of this paper have examined the impact of absenteeism on businesses in detail, it was much more difficult to examine the effects caused by presenteeism, which occurs when an individual chooses to go to work at a time when resting at home is highly recommended (Fuentes et al., 2019). This practice is most prevalent in lowly-paid sectors, where the fear of losing out on wages may drive an employee into attending work while sick (Harknett and Schneider, 2022). Poor employee health can be a costly expense for an employer. In fact, annual health-related productivity losses are estimated to cost employers approximately \$530 billion worldwide (World Economic Forum, 2023). Research suggests that productivity losses from presenteeism can outweigh those from absenteeism, yet these costs are often overlooked by employers (Strömberg et al., 2017).

As an example, presenteeism was estimated to cost the US economy approximately \$311.8 million in 2019, while absenteeism cost only \$176.2 million (Haque et al., 2019). The UK had a total cost of £41.8 billion per annum arising from presenteeism, compared to £6.5 billion

arising from total sickness absences (Cardoso and McHayle, 2024). Presenteeism can be reduced by revising companies' internal Human Resource Management (HRM) policies, ensuring a fairer distribution of workload among employees, offering additional managerial support and implementing well-being programmes (Haque et al., 2019). However, the most obvious practical solution is to ensure that employees are allowed to rest at home in the event of an illness, mainly through the provision of vital supports including the offering of sufficient paid sick leave. Paid sick leave gives workers an opportunity to regain their health, return to full productivity at work, and avoid spreading disease to their co-workers, all of which reduces employers' overall absence expense (Institute for Women's Policy research, 2004). An Australian survey indicated that the healthiest workers were also among the most productive in an organisation and were 9 times less likely to take time off than unhealthy colleagues (Medibank Private Australia, 2005).

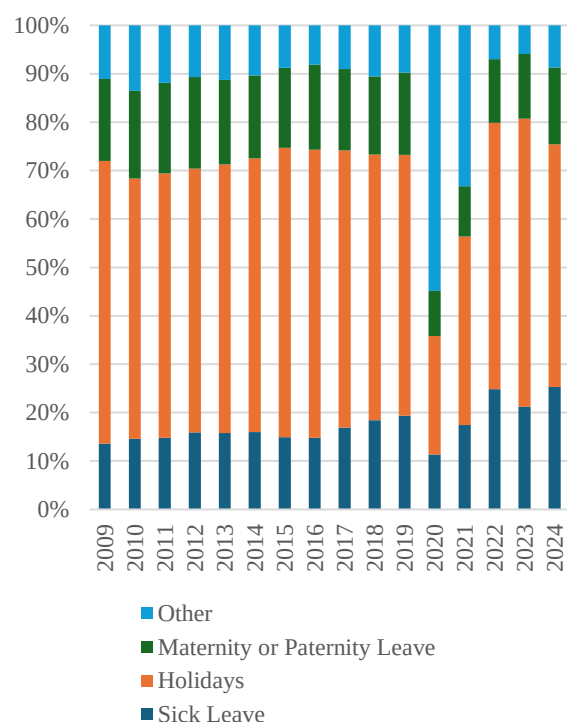
3.2 Trends in Workplace Absence in Ireland

In Ireland, data provided by the CSO indicates that an estimated 284,900 (10.5%) of those who were in employment were absent from work during the reference week in Q4 2023. This refers to persons temporarily absent from work for *any reason*, including sick leave as well as, for example, holidays or Maternity Leave (CSO, 2023). This compares with 249,500 (9.5%) for the previous 12-month period. The largest number of absences were recorded in Education (14%), Industry (13%), Information and Communication (11.8%), Human Health and Social Work (11.7%) and other activities (Cultural and Recreation) (11.7%). Agriculture, Forestry and Fishing (4.6%) and Wholesale and Retail (7.1%) had the lowest number of absences.

Employee absence due to illness

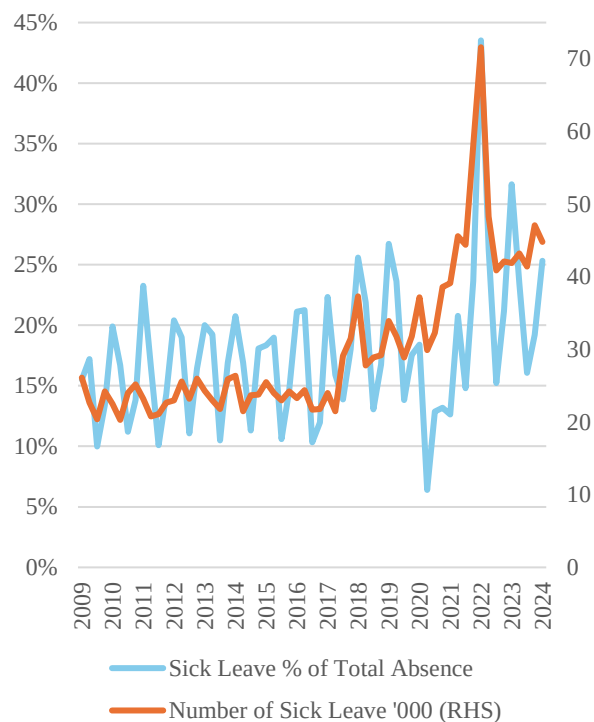
Figure 3.1a below sets out the main reason for absence from work in Ireland from 2009 to 2024. The taking of Annual Leave – or holidays – is the most common reason for workplace absences, with sick leave the second most commonly cited reason for these absences.

Figure 3.1a: Absences from work as a % of the total, by main reason



Source: CSO, Labour Force Survey⁶

Figure 3.1b: Sick Leave as a Share of Total Absence, between 2009 and 2024

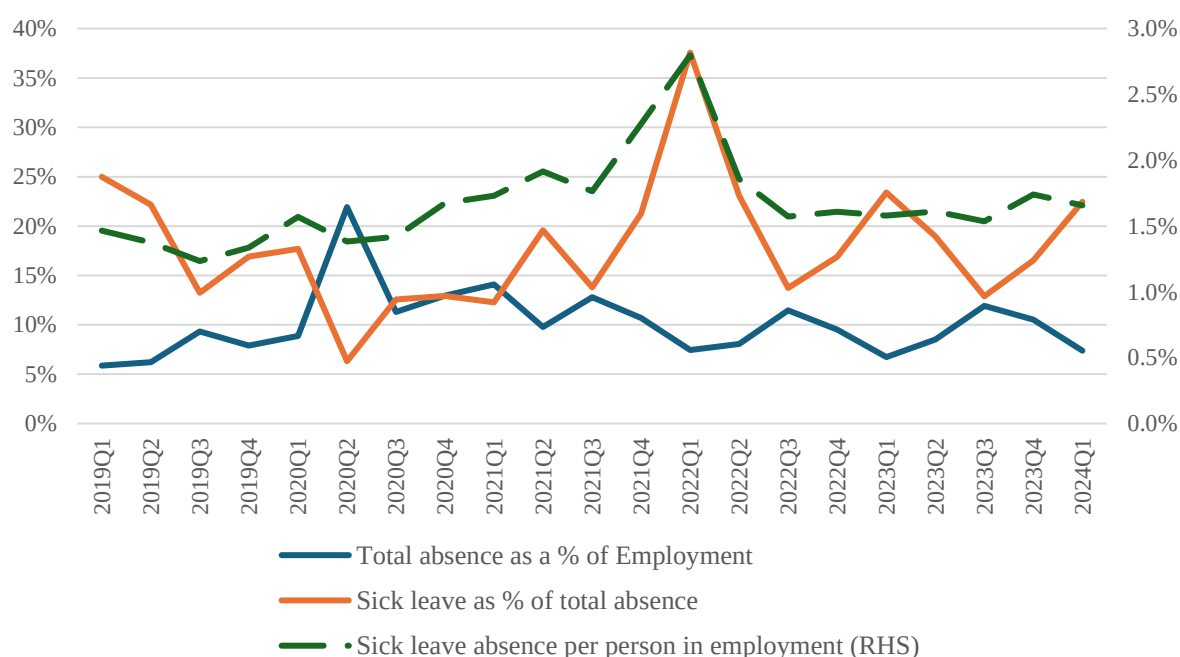


Source: CSO

Looking at the rate of sick leave as a share of total absences shows that there has been no significant increase in this rate across the economy following the introduction of the scheme in 2023 (see Figure 3.2 below). Similarly, the incidence of sick leave absences per person in employment has not shifted upwards following the introduction of sick leave legislation and has tended to hold between 10% and 20% of total reported absences. Over time, approximately 2% of the total workforce report sick leave as a reason for absence each quarter.

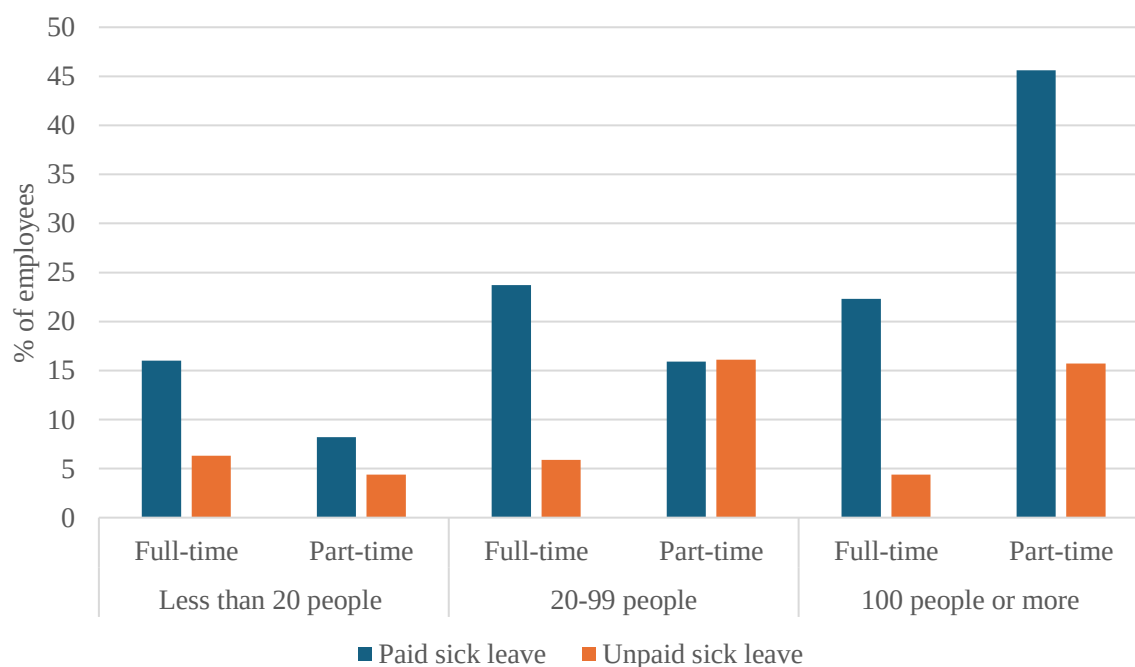
⁶ 'Other' includes suppressed cells, which no value is supplied for but which is greater than 0 and less than 30.

Figure 3.2: Sick Leave and Total Absence as a % of total employment, Sick Leave as a % of total absence, Q1 2022 to Q1 2024



Source: CSO

Figure 3.3: The percentage of employees who took paid and unpaid Sick Leave in Ireland, 2021



Source: CSO⁷

⁷ [Leave in the Workplace Personal and Work-Life Balance 2021 - Main Results - Central Statistics Office](#)

Incidence of sick leave amongst NMW workers

The authors also sought to undertake further analyses at the sectoral level, including of sick leave absence for those on the National Minimum Wage. This cohort is of particular interest here as it can be taken as a proxy for those typically without access to sick leave arrangements pre-2023. This type of analysis, however, was not feasible due to cell suppression. Put simply, this occurs where data is deemed unreliable due to the small numbers involved. In other words, this data is not available as, amongst all workers on the NMW, less than 30 persons reported an incidence of sick leave in the reference week (from a valid reporting population of close to 13,000 households⁸). This same dynamic applies in every quarter from Q1 2016 through to Q1 2024 (save for Q2 2022 where it was estimated that 8,300 of these workers⁹ reported an incidence of sick leave which of course can be attributed to the COVID-10 pandemic).

It is reasonable to infer that this indicates that the introduction of SSL from 2023 did not have a particularly significant impact on the likelihood of workers at the NMW to be absent from work due to sick leave. Whilst it is possible that the number of persons working at the NMW and availing of sick leave did increase – but not by enough to change the CSO's reporting of this data – this would likely be reflected in a notable increase in the aggregated volume of sick leave-related absences (i.e. for all workers) but this is not the case.

Healthy Workplace Ireland study

The study conducted by Cork University Business School demonstrated that, on average, Irish firms reported 2.8 sick days per employee each year (Cork University Business School, 2023). The same study among Irish employers revealed that presenteeism levels were at the highest in the business service sectors (35%) and lowest in production, wholesale, retail and hospitality (22%). Regional differences were also noted, with firms in Dublin and the South-West having higher levels of presenteeism than firms based in the West and Border regions. By comparison, only 21% of UK firms reported presenteeism, compared to 27% of Irish firms.

By way of comparison, employees in the UK tend to take more sick days than in Ireland. A survey report from the Chartered Institute of Personnel and Development revealed that the average sick leave days per employee per year was approximately 7.8 days in the UK (CIPD, 2023). Any consideration of intra-country differences in the pattern of illness-related absence, however, must be cognisant of the differences in sickness benefits between countries. Countries with limited, or no, provision for paid sick leave may show the lowest number of

⁸ As at LFS 24 2023: [Background Notes Labour Force Survey Quarter 4 2023 - Central Statistics Office](#)

⁹ Even in these cases, the estimate was based on less than 50 responses and as such, should be treated with caution due to the wide margin of error involved.

days lost to sickness (Ferreira et al, 2021). A more detailed level of understanding of these benefits is required to elucidate cross-country differences in sick leave rates (Ose et al., 2022).

3.3 Interaction with the Illness Benefit scheme

Availability of Illness Benefit

The Illness Benefit scheme is administered by the Department of Social Protection and provides financial support to a person who cannot work in the short-term due to illness (on condition that the illness is certified by a doctor). From March 2021, a person must wait for three days – ‘waiting days’ – before they can claim the standard Illness Benefit payment in Ireland¹⁰. In practice, this means that the benefit is payable from the fourth day of a period of illness. A person, however, cannot claim Illness Benefit on those days that they are in receipt of SSL.

At present, an employee suffering with a period of illness spanning less than five days – and who qualifies for SSL – would be deemed ineligible for the Illness Benefit. In those cases where the illness last more than five days, an Illness Benefit payment can commence from the sixth day of illness. In those cases where a person has already availed of their five-day entitlement under SSL in 2024 but then falls ill on a later date, they are eligible to claim Illness Benefit on the fourth day of that period of illness (i.e., after the three-day waiting period).

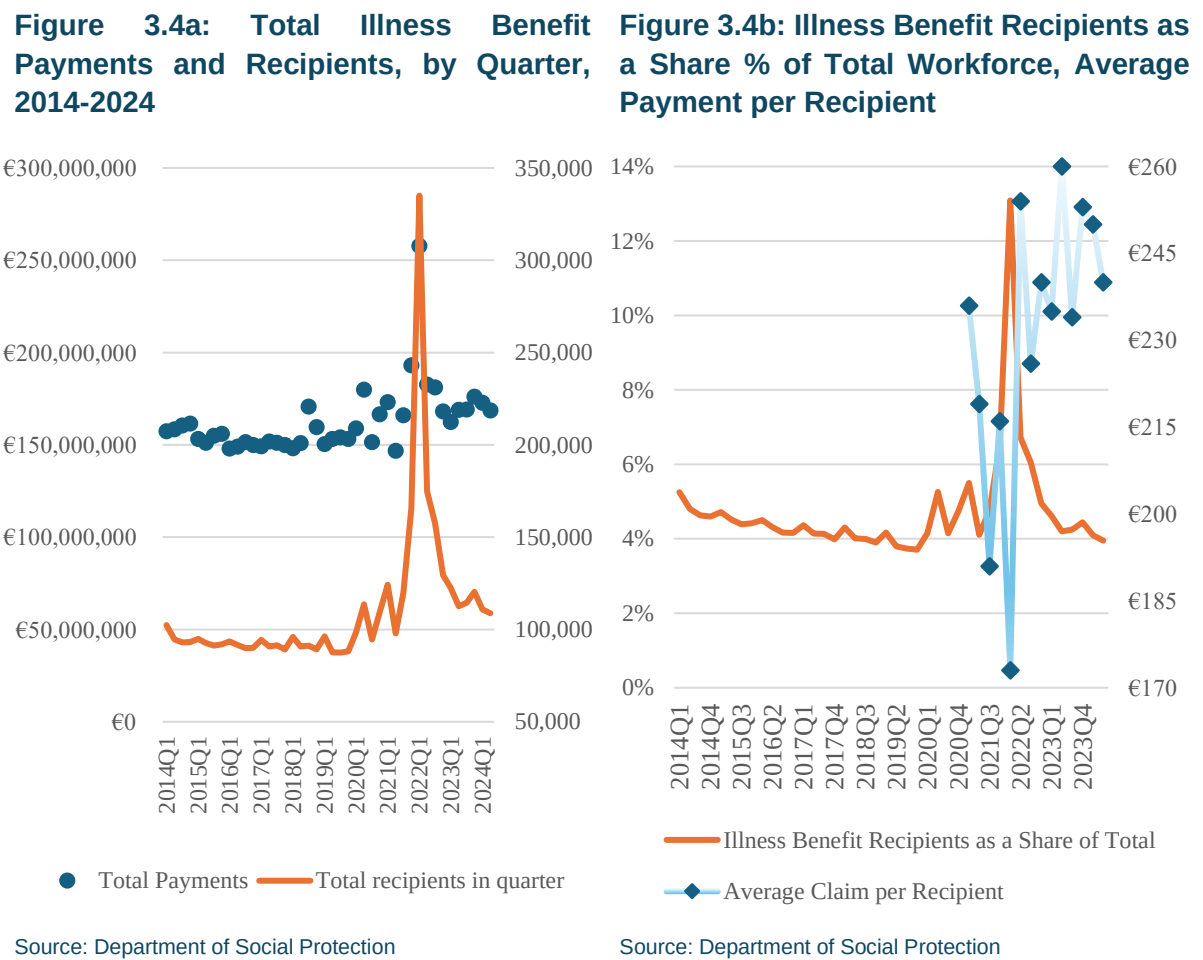
Implications for the Social Insurance Fund

The aforementioned assessment of the implications of changes to working conditions in Ireland (Coates et al., 2024) found that the expansion of this scheme beyond three days would likely reduce the cost of the Illness Benefit scheme – and consequently, reduce outlays from the Social Insurance Fund – for those who would otherwise have claimed Illness Benefit after the initial three-day waiting period, but who now will instead receive SSL from their employer. According to the Department of Social Protection, the introduction of an entitlement to five days under the SSL occurred in tandem with a significant reduction in the number of Illness Benefit recipients. The latter saw a quarterly reduction of 8% in Q1 2024 and a fall of 9% when compared to Q1 2023. If such a reduction is maintained over time, it will present a level shift downwards – implying a substantial saving for the Social Insurance Fund¹¹.

¹⁰ The required ‘waiting days’ period was reduced from six to three days. This change period reinstated the threshold that applied prior to 2014 and means that the Illness Benefit Payment is now paid from the fourth day to eligible employees (i.e. those insured under Pay Related Social Insurance (PRSI)).

¹¹ [Department of Social Protection, Quarterly Statistical Report: Quarter 1 2024, April 2024](#)

Any further expansion in the entitlement to SSL could significantly reduce the cost of the Illness Benefit scheme, as employers bear more of the direct cost for the provision of sickness payments to their employees.



3.4 Conclusions

Section 3 of this study contains a close examination of the impact on absenteeism specifically. It emerged that firms that report having increased the number of sick days offered as part of their company policy over the last three years, are more likely to report a negative impact.

An examination of broad trends in the pattern of workplace absences (including sick leave) utilising CSO data shows there has been no significant increase in the rate of sick leave across the economy following the introduction of Statutory Sick Leave in 2023. Similarly, the rate of sick leave absences per person in employment has not shifted upwards to any significant degree following the introduction of sick leave legislation.

While it is still quite early in terms of the introduction of this scheme, there appears to have been a follow-on impact in terms of a reduction in the number of Illness Benefit recipients. The

latter fell by 9% year-on-year in Q1 2024, implying a substantial saving for the Social Insurance Fund.

Further inference from national level data is limited. This motivated the authors to commission a survey of firms in order to gain deeper insight into the impact of the introduction of sick leave on firms. This is set out in greater detail in the following chapters.

4. Quantitative Results

Key messages

- A survey of 701 firms across all sectors of the economy commissioned by DETE, demonstrates that almost half of the firms offer a scheme in excess of the statutory minimum while 61% offer full pay on sick leave. In terms of sectoral distribution, firms in the hospitality and retail sectors accounted for a cumulative 27% of all respondent firms with the manufacturing and construction sectors accounting for a further 12% and 8%, respectively.
- The majority of firms do not report noticeable impact from SSL legislation to date in the areas of profitability, absenteeism and staff morale. However, sectors such as Construction (36%) and Accommodation (34%) reported more frequently that the introduction of the scheme has had a negative impact on profitability. Additionally, retail firms are significantly more likely to report a negative impact on both absenteeism and profitability.
- We find that hospitality firms are more likely to report that they operate a policy that is less than or equal to the statutory scheme (as opposed to offering a more favourable scheme). This also holds for firms that report having increased the number of sick days provided over the last three years. This suggests that, while these firms offer more sick days than prior to the introduction of the scheme, they are still operating a policy that is – at most – in line with the statutory minimum.
- Sector, not firm size, is the principal determining factor for SSL impact. The share of firms that reported offering a scheme in excess of the statutory minimum does not differ significantly by firm size. All firm types fell within +/-3% of the 47% overall average. Of those firms with schemes in excess of the statutory minimum, micro firms offered a higher number of sick days on average of 9.8, compared to 6.9 days for small firms and 7.4 days for firms employing more than 50 persons. Again, micro firms were more likely to offer full pay compared to larger firms (76% vs 63% of small firms and 54% for those with 50+ employees).

4.1 Overview of Survey

As part of this assessment, a survey of 701 firms across all sectors of the economy was commissioned by the Department of Enterprise, Trade and Employment in order to address some of the aforementioned data gaps. The survey captured data on multiple variables over four years (2021-2024) in order to better gauge the impact that the introduction of a statutory entitlement to sick leave has had on business performance as well as on the uptake of sick leave itself. This includes data on the following variables:

- Industry, sector
- business age
- employee numbers
- remote working arrangements
- business turnover
- proportion of employees on national minimum wage
- part time, full time, contract workers
- sick leave policy
- sick leave incidence and length
- impact of sick leave legislation

All interviews were conducted with the person primarily responsible for HR matters in the business. The survey aimed to achieve a balanced representation of firms across company size, sector and region reflective of the overall contribution to employment in Ireland. There were quotas set on company size across micro (1-9 employees), small (10-49 employees), and medium/large firms (50 plus). In order to get a sufficiently robust sample of larger firms, this group was 'oversampled'. Data was then weighted based on contribution to employment in the economy, with micro firms having a weighting of 26%, small firms 22% and large firms 48%. The analysis below presents a detailed overview of the survey results by firm size, sector and region.

4.2 Analysis of Survey Results

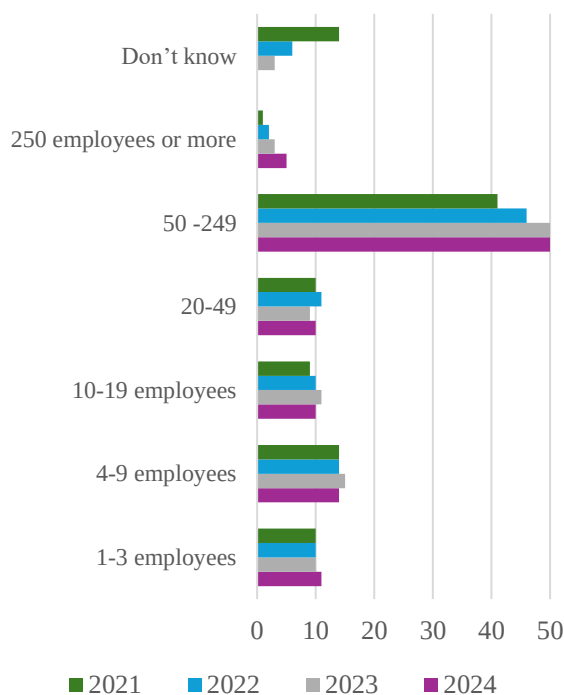
Firm Profile

A breakdown of the firms sampled is set out in Figures 4.1 through 4.4. A significant majority of the firms surveyed were Irish companies (94%) with the remainder being foreign-owned. The share of firms by number of employees has remained relatively stable over the 4-year period covered here (2021 through 2024). Half of those firms surveyed employ 50 or more

staff. Those employing less than 10 people account for 13% and those employing between 10 and 49 employees accounted for 20% of the total sample.

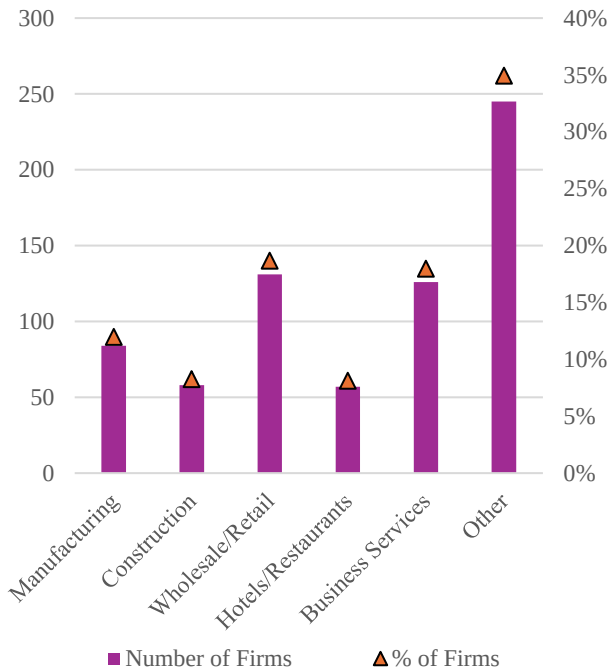
In terms of sectoral distribution, firms in the hospitality and retail sectors accounted for a cumulative 27% of all respondent firms with the manufacturing and construction sectors accounting for a further 12% and 8%, respectively¹². In terms of firm maturity, the average respondent firm has been in business for 34 years – close to 30% of the firms surveyed have been in operating for at least 40 years – whilst the cohort of firms which were established post-2012 account for 12% of firms surveyed.

Figure 4.1: Share of Firms, by number of employees



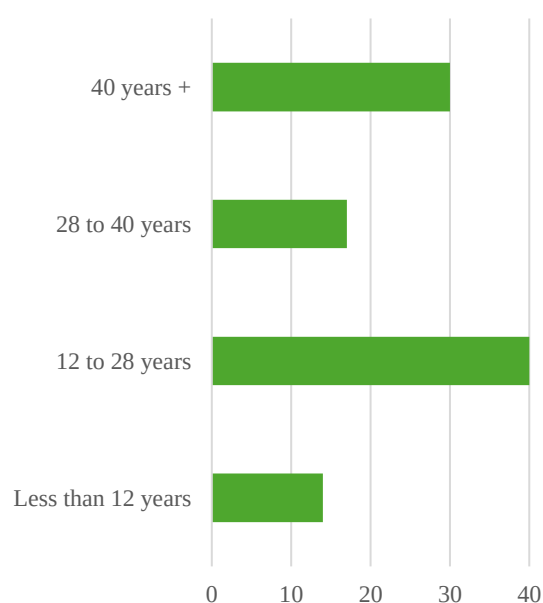
Source: Authors calculations

Figure 4.2: Firms by sector



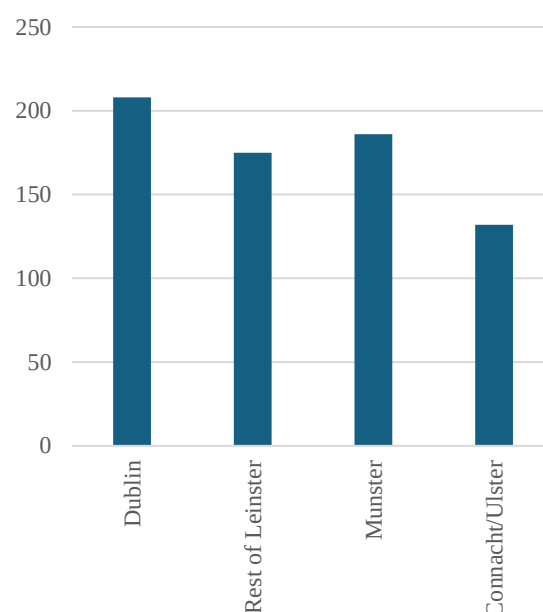
Source: Authors calculations. Note: The term ‘other’ refers to all those sectors not specifically cited above (including, but not limited to, agriculture; mining and quarrying; transport; arts and recreation; and human health and social work)

Figure 4.3: Share of Firms Surveyed as a %, by Age



Source: Authors calculations

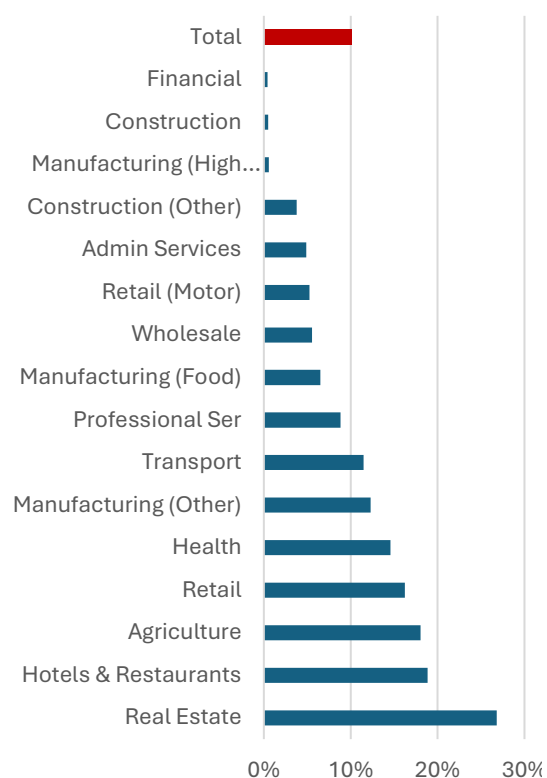
Figure 4.4: Number of Firms, by Region



Source: Authors calculations

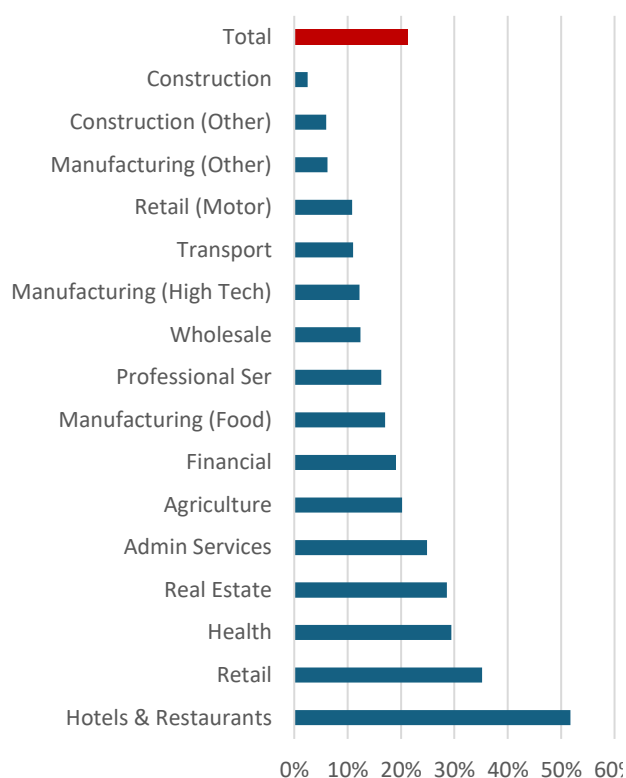
In terms of the share of employees paid at the NMW, there is significant variation, even within sectors, with 72% of firms reporting no employees being paid at this rate while 6.3% of firms report all employees being paid at the minimum wage. Figure 4.5 below sets out the share of employees paid at the minimum wage, by sector. Real Estate, Hotels and Restaurants and Retail account for the highest shares at the sectoral level. Figure 4.6 below shows the proportion of staff in each sector who are part-time staff, with the hotel, restaurants and retail sector reporting the highest share of part-time staff on a sectoral basis (54% and 35%, respectively).

Figure 4.5: Average proportion of employees paid at the minimum wage, by sector



Source: Authors calculations

Figure 4.6: Average proportion of part-time staff, by sector



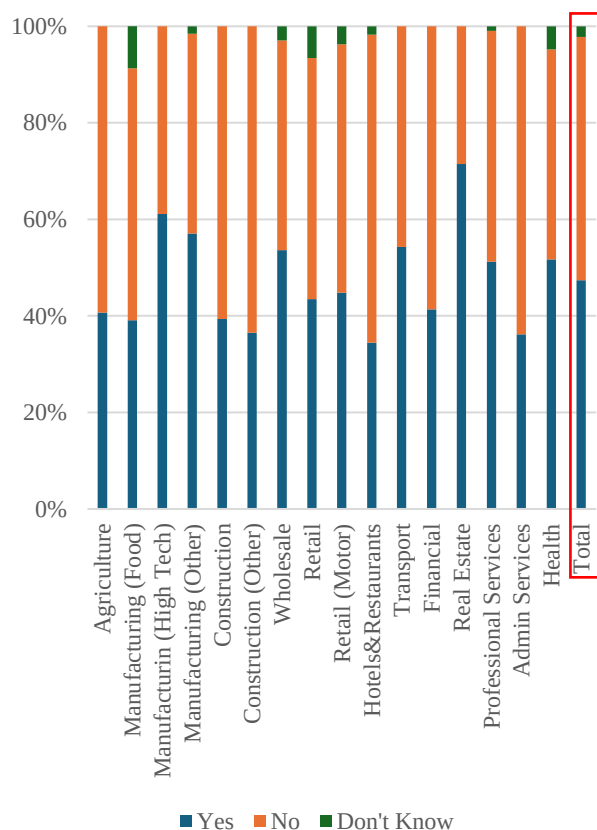
Source: Authors calculations

4.3 Descriptive statistics

Incidence of sick leave policy

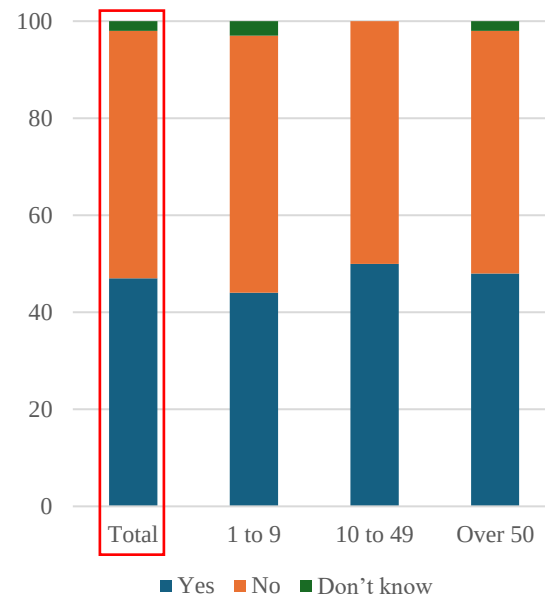
The survey asked whether they offered a sick leave scheme which was in excess of the statutory minimum. 47% of firms reported that they offered a scheme in excess of the statutory minimum, while 51% of firms reported that they do not. The other 2% are unknown.

Figure 4.7: Share of Firms offering a scheme in excess of statutory minimum, by sector



Source: Authors calculations

Figure 4.8: Share of Firms offering a scheme in excess of statutory minimum, by number of employees



Source: Authors calculations

The share of firms which reported offering a scheme in excess of the statutory minimum does not differ significantly by firm size, with a slightly higher share of larger firms offering. The survey also queried the age of those schemes (among those with schemes exceeding the minimum), when they were first introduced. Over 40% of large firms have first introduced their policy in 2023. This is a potentially an effect arising from the introduction of this scheme. Close to 20% of schemes are in operation for more than 20 years.

Table 1: Share of schemes in excess of statutory minimum, by age of scheme

	Total	1 to 9	10 to 49	Over 50
Before 2004	18%	23%	18%	16%
From 2004 to 2018	27%	32%	19%	28%
From 2019 to 2022	14%	13%	24%	11%
2023	33%	19%	28%	40%
2024	8%	14%	10%	5%

Source: Authors calculations

Among those firms who indicated that they operate a sick leave scheme, 97% of firms indicated that all their employees are covered by the scheme. While close to 80% of firms indicated that they operate a single sick leave scheme, 15% of firms stated that they operate more than one scheme.

Sick Leave Entitlement

Firms with schemes in excess of the statutory minimum offered an average entitlement of 7.7 paid sick leave days. Micro firms (employing 1 to 9 persons) offered a higher number of days on average (9.8 days) compared to 6.9 days for small firms employing 10 to 49 persons. Firms employing over 50 persons offered 7.4 days of paid sick leave on average. There is a degree of spread in terms of the days offered across firms, with approximately 25% of firms offering 10 days or more. This is set out in Table 2 below.

Table 2: Sick Leave Entitlement, by firm size

Number of Days	Total	1 to 9 Employees	10 to 49 Employees	50+ Employees
Less than 5 days	5%	15%	8%	-
From 5 to 6 days	46%	26%	58%	50%
From 6 to 7 days	5%	6%	6%	4%
From 7 to 10 days	10%	3%	4%	15%
10 days or more	22%	23%	15%	25%
Don't Know	11%	27%	9%	5%
Average no. of days	7.7	9.8	6.9	7.4

Source: Authors calculations

There is variation in the number of days of sick leave entitlement on a sectoral basis ranging from 5.7 days on average for hotels and restaurants to an average of 8.1 days for firms in the retail (including wholesale) sector. A broad sectoral breakdown is set out in Table 3 below.

Table 3: Sick Leave Entitlement, by broad sector

Number of Days	Manufacturing	Construction	Wholesale/ Retail	Hotels/ Restaurants	Business Services	Other
Less than 5 days	9%	5%	3%	8%	6%	4%
From 5 to 6 days	42%	58%	42%	75%	44%	45%
From 6 to 7 days	-	-	6%	1%	11%	6%
From 7 to 10 days	7%	3%	4%	-	14%	15%
10 days or more	21%	23%	36%	14%	10%	23%
Don't Know	21%	11%	9%	3%	16%	7%
<i>Average no. of days</i>	<i>7.50</i>	<i>7.60</i>	<i>8.10</i>	<i>5.70</i>	<i>6.50</i>	<i>8.50</i>

Source: Authors calculations

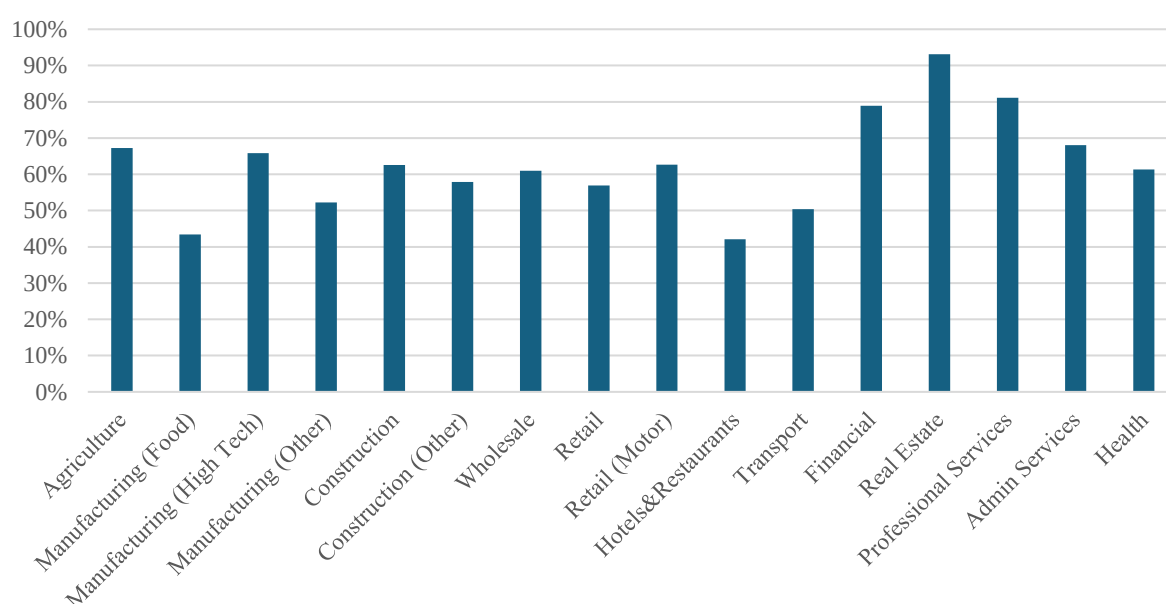
The large proportion of firms across all sectors are currently offering between five and six days of sick leave. The wholesale and retail sector has a higher proportion of firms offering more than 10 days of sick leave than other sectors, with 36% of those with schemes in excess of statutory entitlements offering 10 days or more of sick leave. The data on entitlements provides useful context for any further discussion of the expansion of the new scheme (i.e., any additional entitlement to days). Approximately half of all firms (49%) are offering a scheme in excess of the statutory minimum: of that group of firms, almost half are offering between five and six days whilst a further 25% of these firms are offering more than 10 days. This would indicate that there is still a significant number of firms which will be impacted by a move from five to seven days as a consequence of having to increase the number of days that they offer (including those that currently offer a scheme in excess of the statutory minimum).

Sick Leave and Pay Policy

Of those firms which indicated that they operate a scheme in excess of the statutory minimum, 61% indicated that they pay their employees full pay while on sick leave, while 31% indicated they do not pay their staff full pay while on sick leave. Again, micro firms were more likely to offer sick leave with full pay compared to larger firms (with 76% of micro firms that did offer a scheme in excess of the statutory minimum offering full pay compared to 54% of those employing over 50 persons). The proportion of firms in each sector (of those with a scheme in

excess of the statutory minimum) offering full pay while on sick leave is set out in Figure 8 below.

Figure 4.9: Proportion of firms offering full pay sick leave



Source: Authors calculations

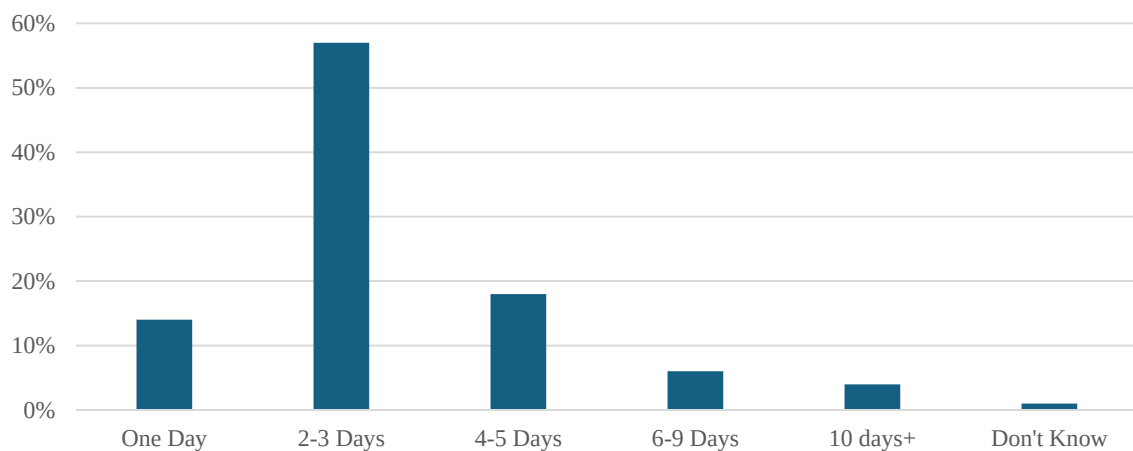
The response here is interesting in terms of the context of the current statutory threshold of €110 per day. Given the prevailing average rates of pay across sectors, this would indicate that there is a substantial group of firms which are paying well in excess of this threshold. Of the firms that did not offer full pay (6%), the average payment equated to 67% of pay.

Waiting Days and Length of Absence

Of the 701 firms that responded to the survey 72% indicated that they do not apply waiting days in their sick leave policy, while only 12% of firms indicated that they do apply waiting days. The breakdown of waiting days is broadly similar across firms, size class, sector and region, although firms in the construction and wholesale and retail firms were marginally more likely to apply waiting days than other firms.

Firms were asked what the most common length of absence on sick leave is. The majority of firms (57%) indicated that two to three days of leave was the most common absence length, followed by four to five days (18% of firms). This is set out in Figure 5.10 below.

Figure 4.10: Most common length of absence, by number of days

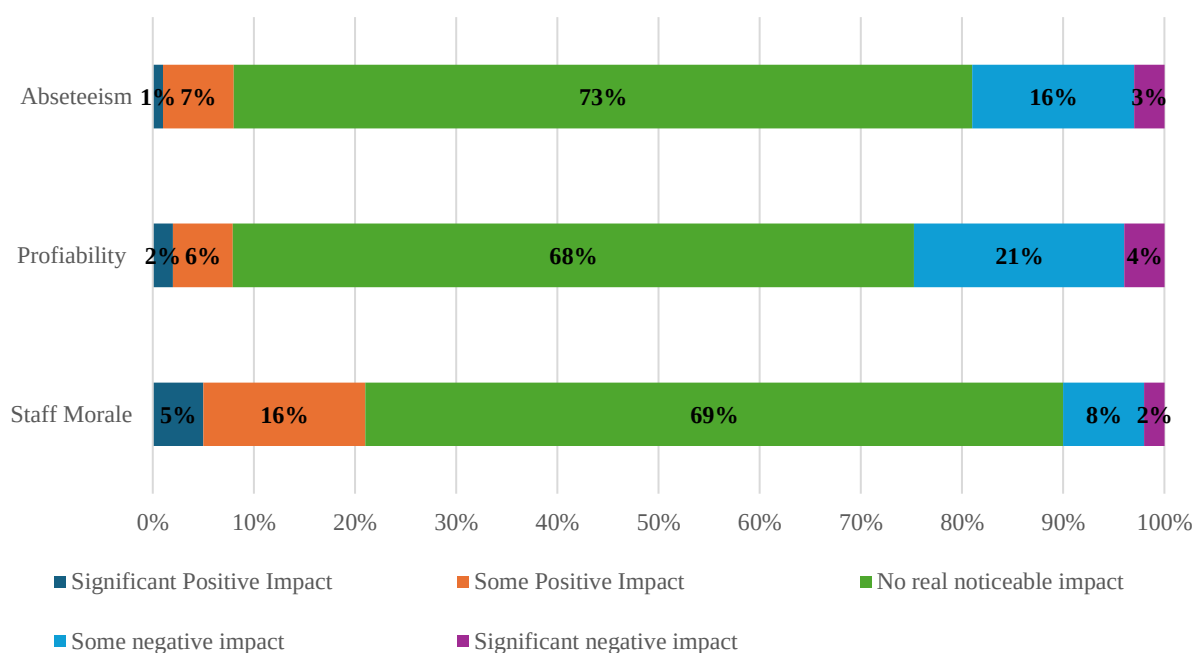


Source: Authors calculations

Perceived Impact of the Policy Change

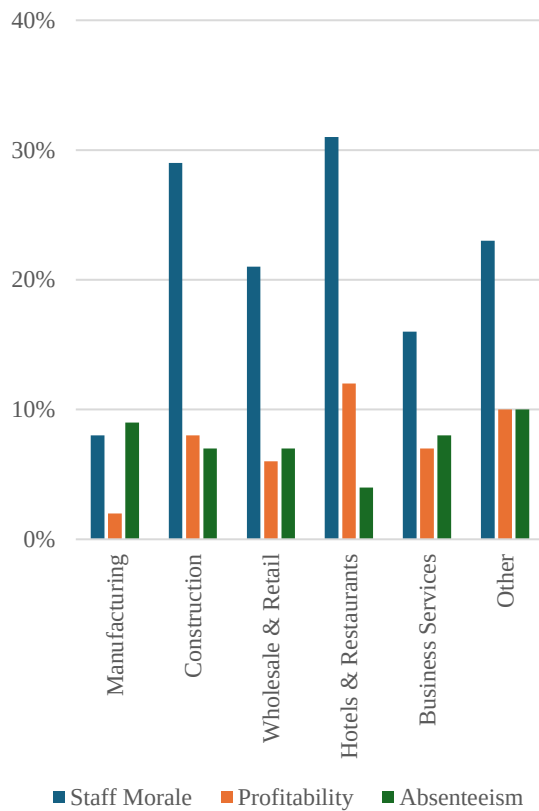
Figure 4.11 below establishes that a large share of firms perceive no noticeable impact from the introduction of the scheme (to date) regarding absenteeism, profitability or staff morale. 68% of firms report no impact on profitability, while 25% report a negative impact. In terms of a positive impact, 21% of firms affirmed that this entitlement had boosted staff morale.

Figure 4.11: Impact of Statutory Sick Leave Policy



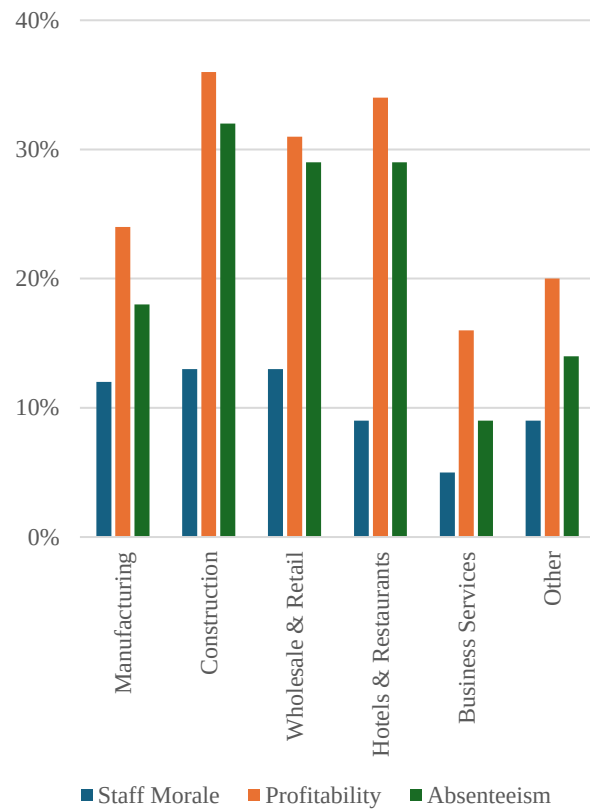
Source: Authors calculations

Figure 4.12a: Positive Impact by sector



Source: Authors calculations

Figure 4.12b: Negative Impact by sector



Source: Authors calculations

Looking at the impact on a sectoral basis shows some degree of variability between sectors in terms of perceptions of positive impact with only 8% of firms in the manufacturing sector responding that Statutory Sick Leave has had a positive impact on staff morale. By contrast, 31% of respondents in the Hotels and Restaurants sector reported that the scheme had boosted staff morale.

In terms of negative impact, firms in the Construction (36%) and Hotels and Restaurants (34%) sectors were notably more likely to report that the introduction of the scheme had had a negative impact on profitability – compared to just 25% for all respondents – whilst only 16% of business services firms reported a negative impact in this area. Focusing on those firms in the labour intensive, domestic facing sectors that report a negative impact on profitability as a result of this change, we do not observe a particular pattern emerging by firm size. Specifically, we find:

- For hospitality – 29% of these are small firms, while 71% are medium sized.
- For retail – 64% are micro firms, 21% are small firms, and 14% are medium sized.

- For construction – 20% are micro firms, 20% are small firms, and 10% are medium sized.

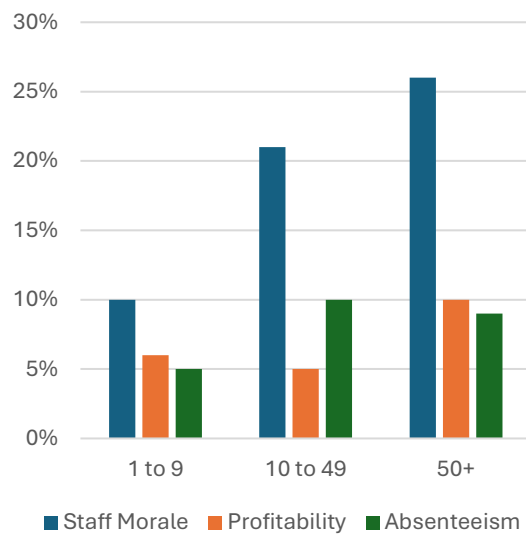
While all of these firms are micro, small or medium-sized, this reflects the make-up of the broader sample (in terms of the number of respondents, large firms make up 3% of construction firms, 0.5% of retail firms, and 1% of hospitality firms in our sample).

Looking at impact by firm size more generally, we observe that a higher proportion of relatively larger firms reported a negative impact from the introduction of this scheme, particularly in terms of profitability, with 29% of firms employing over 50 persons reporting a negative impact compared to only 17% of those employing 1-9 persons. Larger firms were also more likely to report a more positive impact on staff morale, with 26% reporting that the introduction of the scheme has had a positive impact in this area. See Figures 4.12c and 4.12d for further detail.

Focusing on firms in the labour-intensive and domestic-facing sectors that report a negative impact on profitability as a result of these changes, we do not observe a particular pattern emerging by firm size. Specifically, we find:

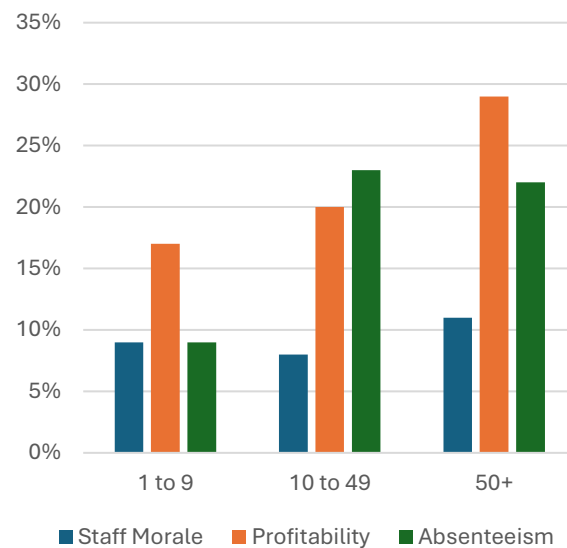
- For hospitality – 0% are micro firms, 29% of these are small firms, while 71% are medium-sized.
- For retail – 64% are micro firms, 21% are small firms, and 14% are medium-sized.
- For construction – 20% are micro firms, 20% are small firms, and 10% are medium-sized.

Figure 4.12c: Positive Impact by firm size



Source: Authors calculations

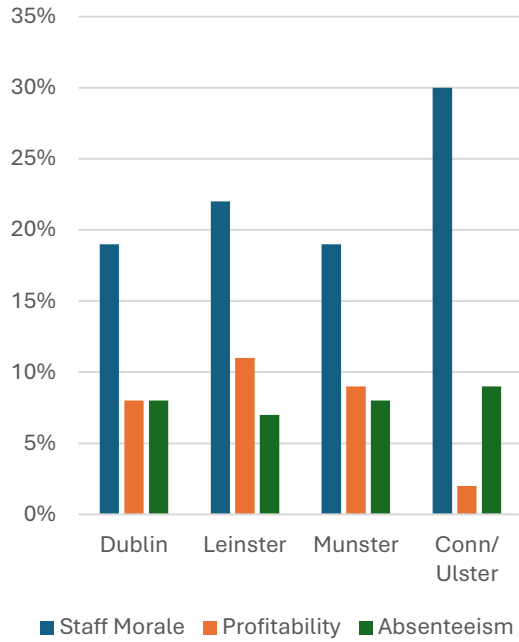
Figure 4.12d: Negative Impact by firm size



Source: Authors calculations

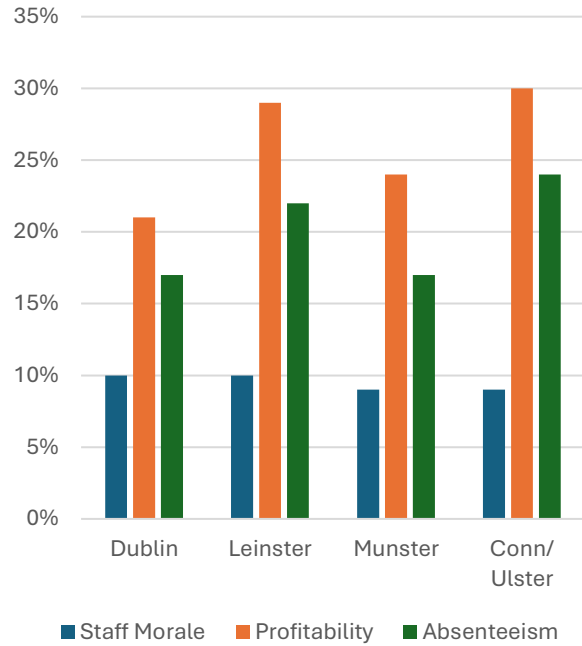
There was broad similarity in terms of positive impact on a regional basis in terms of impact on profitability, absenteeism and staff morale between Dublin, Rest of Leinster and Munster. Firms in Connacht and Ulster were more likely to report a positive impact on staff morale but also reported much lower level of positive impact in terms of profitability. Indeed, the firms in this region had the highest reported incidence of a negative impact on profitability at 30% of firms.

Figure 4.12e: Positive Impact, by region



Source: Authors calculations

Figure 4.12f: Negative Impact, by region



Source: Authors calculations

4.4 Regression analysis

Model estimation

We use firm level survey data to conduct a regression-based assessment of company sick leave policies, and the potential impact that statutory changes have had since 2021. In doing so, we estimate a series of models that examine aspects of firms' sick leave policies across a broad range of criteria. Generally, these models are estimated using logistic regression techniques, that model a binary response variable (i.e., a dichotomous variable that takes on a value of either 0 or 1) by maximum likelihood estimation; that is, it models the probability of a positive outcome given a set of regressor terms. With this approach, a logit transformation is applied on the odds of the event occurring. This is referred to as the log odds. The logistic function is represented by the following formulas:

$$L(p_i) = \frac{1}{1 + \exp(p_i)}$$

$$\ln\left(\frac{p_i}{1 - p_i}\right) = \beta_0 + \beta_1 X_1 \dots + \beta_k K_k$$

In this regression equation, $L(p_i)$ is the dependent variable, X is the independent variable, and the coefficients, β , are estimated using maximum likelihood estimation. This method tests different values of β through multiple iterations, optimising for the best fit of log-odds. These

various iterations produce the log likelihood function, which the logistic regression seeks to maximise in order to find the best parameter estimate. Once the optimal coefficients are found, the conditional probabilities can be calculated, then logged and summed to generate a predicted probability.

For ease of interpretation, the estimated coefficients are exponentiated in order to transform them into odds ratios. This odds ratio represents the odds that an outcome will occur, given that we observe a particular event or characteristic, compared to the odds of that same outcome occurring in the absence of this event or characteristic. Where an odds ratio exceeds one, the event or characteristic is associated with greater odds of generating a specific outcome (and vice versa where the odds ratio is below one). Using this approach, we examine eight research questions using nine model specifications. A list of the variables used, and the specific survey questions that they relate to, is provided in the Appendix.

We first examine the features of company sick pay policies as reported by firms, including if the scheme compares favourably to the statutory minimum, and whether a firm has increased the number of sick days it provides as part of the company scheme since the statutory changes were introduced. We follow this with several model specifications that seek to examine the impact that statutory changes have had, in terms of staff morale, absenteeism and profitability. Our analysis of the sectoral impacts focuses – in the main – on the hospitality and retail sectors. These are low margin and labour-intensive sectors, where statutory changes can be expected to have the most acute impact.

The following section provides an overview of the results from this analysis, while more detailed results are included in the Annex accompanying this paper.

Comparing Company Policy to the Statutory Entitlement

Table 4. Model Specifications

<i>Comparing Company Policies to the Statutory Entitlement</i>	
Model 1	What factors affect the probability that a firm reported that they provide a sick leave policy which does not exceed the statutory scheme (i.e. it is less than or equal to the statutory scheme)?
Model 2	What factors affect the probability that a firm reported that they provide full pay for sick days taken?
Model 3	What factors affect the probability that a firm reported that they have a mandatory waiting period as part of their sick leave policy?

Source: Authors

We find that hospitality firms are more likely to report that they operate a policy that is less than or equal to the statutory scheme (as opposed to offering a more favourable scheme). This is also true for firms that report having increased the number of sick days provided over the last three years. This suggests that, while these firms offer more sick days than they did 3 years ago (i.e., before the introduction of the statutory entitlement), they are still offering a policy that is – at most – in line with the statutory scheme. The implication of this, is that the legislation may have been effective in raising the floor of what companies are offering in terms of their sick leave policy.

There is also evidence that older firms (i.e. those that have been in operation for a longer period of time) – and foreign owned firms – are more likely than others to report that they offer a more favourable scheme (i.e. they are more likely to offer a company scheme that exceeds the statutory entitlement). Firms that operate a sick scheme with a mandatory waiting period are significantly more likely to report providing full pay for sick days taken. In contrast, firms that report experiencing an increase in the proportion of staff taking sick leave over 2021 to 2023, are less likely to report providing full pay, as are firms that report increasing the number of sick days provided as part of their scheme.

Assessing Changes to Company Policies

Table 5. Model Specifications

<i>Assessing Changes to Company Policies</i>	
Model 4	What factors affect the probability that a firm reported an increase in the number of sick days that it provides, within the last three years?

Source: Authors

Our results indicate that hospitality firms are more likely than others to have increased the number of sick days that they provide since 2021. However, firms that provide full pay for sick days, and those that report operating a company policy that exceeds the statutory minimum, are less likely to have increased the number of sick days offered as part of this policy. This is also true for firms based in Dublin, compared to firms from other regions.

Understanding the Possible Impact of Statutory Changes

Table 6. Model Specifications

<i>Understanding the Possible Impact of Statutory Changes</i>	
Model 5	What factors impact on the proportion of staff taking sick leave in 2023?
Model 6	What factors affect the probability that a firm reported that changes to statutory sick leave over the last three years have had a positive impact on staff morale?
Model 7a/7b	What factors affect the probability that a firm reported that changes to statutory sick leave over the last three years have had a negative impact in terms of absenteeism (i.e. have led to a rise in absenteeism)?
Model 8	What factors affect the probability that a firm reported that changes to statutory sick leave over the last three years have had a negative impact on profitability?

Source: Authors. Notes: Model 7b differs from Model 7a, in terms of the choice of regressors included

We find that hospitality and retail firms are associated with a smaller percentage of staff taking sick leave in 2023 compared to other sectors. Interestingly, this holds even when controlling for company policies that meet, or exceed, the statutory minimum. This could reflect lower levels of illness among workers in these sectors or differences in attitudes towards sick leave¹³ (particularly where staff replacement is more likely to be required). This could also reflect differences in company sick leave policies¹⁴ that impact upon staff willingness to avail of them. A similar – albeit more marginal – result is observed for larger firms, and also for firms in Munster and Connaught/Ulster, relative to firms in Dublin.

In terms of staff morale, hospitality firms are significantly more likely to report a positive impact arising from the statutory changes. Similarly, we find that firms in Connaught/Ulster are more likely than firms in Dublin, to report a positive impact. Generally, we find that firms that report offering a more favourable policy are significantly less likely to report a negative impact in terms of absenteeism and profitability. However, compared to other sectors, retail firms are

¹³ For instance, staff in sectors such as retail and hospitality may be younger and/or less likely to have dependents than those working in other sectors. It may also be the case that earnings foregone may go beyond standard payroll (i.e., gratuities).

¹⁴ Even where these policies meet the statutory minimum requirements.

significantly more likely to report a negative impact in terms of both absenteeism (that is, an increase in the degree of absenteeism) and profitability (that is, weaker profits).

On absenteeism specifically, firms that report having increased the number of sick days offered as part of their company policy over the last three years, are more likely to report a negative impact. For individual sectors, measuring relative to firms in the hospitality sector, those in Construction, Wholesale and Retail, are significantly more likely to report a negative impact. In contrast, relative to firms in hospitality, firms in Financial and Real Estate are significantly less likely to report a negative impact. Interestingly, we also find that firms providing a full day of pay are less likely to report a negative impact in terms of absenteeism.

4.5 Cost of Sick Leave

The report *An Assessment of the Cumulative Impact of Proposed Measures to Improve Working Conditions in Ireland* (Coates et al., 2024) looked at the costs of introducing Statutory Sick Leave on a sectoral basis. The latter reported the cost as a proportion of the average wage of each sector and on an economy wide basis. Due to a lack of data on the coverage of sick leave schemes, a simplifying assumption was made in the sectoral analysis, such that there were no private sick leave schemes in place and that no firms offered entitlement to any paid sick leave. This was in order to arrive at a conservative impact of costs to firms. The survey undertaken as part of this study provides further insight into the incidence of private sick pay schemes with terms over and above the statutory minimum. Table 7 below sets out the share of firms who report that they run a sick leave scheme which exceeds the statutory minimum.

Table 7: Scheme that exceeds Statutory Minimum, by Sector

Sector	Yes	No	Don't Know
<i>Agriculture</i>	41%	59%	0%
<i>Manufacturing (Food)</i>	39%	52%	9%
<i>Manufacturing (High Tech)</i>	61%	39%	0%
<i>Manufacturing (Other)</i>	57%	41%	2%
<i>Construction</i>	39%	61%	0%
<i>Construction (Other)</i>	36%	64%	0%
<i>Wholesale</i>	54%	43%	3%
<i>Retail</i>	43%	50%	7%
<i>Retail (Motor)</i>	45%	51%	4%
<i>Accommodation</i>	34%	64%	2%
<i>Transport</i>	54%	46%	0%
<i>Financial</i>	41%	59%	0%
<i>Real Estate</i>	71%	29%	0%
<i>Professional Services</i>	51%	48%	1%
<i>Admin Services</i>	36%	64%	0%
<i>Health</i>	52%	44%	5%
Total	47%	50%	2%

Source: Authors calculations.

In total, 47% of firms report operating a scheme which exceeds the statutory minimum, while 50% report operating a scheme in line with the statutory minimum. There is a degree of variability by sectors, with hotels and restaurants and construction firms more unlikely to offer a scheme exceeding the statutory minimum. Comparing this statistic with the proportion of firms which operate a scheme which provides full pay to employees when absent offers interesting insights.

Table 8: Full Pay while on sick leave, by Sector

Sector	Yes	Some	No	Don't Know
<i>Agriculture</i>	67%	7%	26%	0%
<i>Manufacturing (Food)</i>	43%	21%	20%	16%
<i>Manufacturing (High Tech)</i>	66%	0%	34%	0%
<i>Manufacturing (Other)</i>	52%	1%	44%	3%
<i>Construction</i>	63%	9%	24%	5%
<i>Construction (Other)</i>	58%	5%	31%	6%
<i>Wholesale</i>	61%	3%	35%	1%
<i>Retail</i>	57%	11%	30%	1%
<i>Retail (Motor)</i>	63%	11%	22%	4%
<i>Accommodation</i>	42%	14%	43%	1%
<i>Transport</i>	50%	2%	47%	0%
<i>Financial</i>	79%	0%	17%	4%
<i>Real Estate</i>	93%	0%	0%	7%
<i>Professional Services</i>	81%	1%	18%	0%
<i>Admin Services</i>	68%	3%	28%	1%
<i>Health</i>	61%	8%	27%	4%
Total	61%	6%	31%	2%

Source: Authors calculations

Approximately 60% of firms offer employees full pay when on sick leave. This is in excess of the statutory minimum. 6% of firms stated that they offer some employees full pay while on sick leave, while 31% of firms stated they don't offer employees full pay while on sick leave. Again, we see a significant degree of variability across sectors – sectors such as professional services (81%), real estate (93%), financial (79%) are more likely to offer full pay to employees while on sick leave. Contrastingly, Hotels and Restaurants are less likely – with only 42% of firms in these sectors offering full pay to employees. Within the manufacturing sector there is also a degree of variability comparing manufacturers in the food sector, with only 43% of these firms offering full pay to employees while on sick leave, compared to manufacturing (high-tech) which sees 66% of firms offering full pay.

When we compare the responses to the two questions (i) "Does your business currently have a sick leave policy for existing staff that exceeds the statutory requirement?" and (ii) "Are your employees entitled to full daily pay while on sick leave?" at the firm level, we see that there are a number of firms which state that they do not offer a sick leave policy which exceeds the statutory minimum, but simultaneously have stated that they offer full pay to their employees

while on sick leave. While determining whether a scheme is in fact in excess of the statutory minimum would generally require a 'test case' with the Workplace Relations Commission, a firm generally offering full pay to employee while on sick leave would indicate that they are in fact in excess of the statutory minimum. An insight here is that this also indicates a degree of confusion among firms as to what may be considered a scheme which is in excess of the statutory minimum.

In line with the above, we generate a new variable at the firm level labelled 'Better Scheme'. This variable has a value of 1 (Yes) when a firm has answered that they either have a scheme in excess of the statutory minimum or that they offer all employees full pay when on sick leave. We ascribe a value of 0 (No), when a firm has indicated they do not offer a scheme in excess of statutory minimum and where only some or no employees are entitled to full pay when on sick leave. The breakdown of this variable by sector is set out in Table 9 below:

Table 9: Firms that exceed statutory minimum and offer full pay on sick leave, by Sector

Sector	Yes	No
<i>Agriculture</i>	74%	26%
<i>Manufacturing (Food)</i>	52%	48%
<i>Manufacturing (High Tech)</i>	66%	34%
<i>Manufacturing (Other)</i>	81%	19%
<i>Construction</i>	69%	31%
<i>Construction (Other)</i>	65%	35%
<i>Wholesale</i>	72%	28%
<i>Retail</i>	71%	29%
<i>Retail (Motor)</i>	70%	30%
<i>Accommodation</i>	51%	49%
<i>Transport</i>	68%	32%
<i>Financial</i>	79%	21%
<i>Real Estate</i>	93%	7%
<i>Professional Services</i>	88%	12%
<i>Admin Services</i>	73%	27%
<i>Health</i>	73%	27%
Total	71%	29%

Source: Authors calculations

We see here that 71% of firms state that they offer a scheme in excess of the statutory minimum in 2024 or offer full pay to their employees while on sick leave. This compares to the 47% of firms which state that they offer a scheme in excess of the statutory minimum alone.

Costs for firms at Statutory Minimum

Using data from Q2 2024 on Earnings and Labour Costs (CSO), Table 10 below sets out average weekly earnings and the average number of weekly paid hours. From this a daily rate (assuming a 5-day working week) is calculated. The current legislation requires a firm to pay an employee the lesser of 70% of their daily wage or €110 for each day of sick leave up to a statutory minimum (currently five days). Whether the €110 acts as an upper limit on compensation for sick leave varies by sector with those sectors with a higher share of minimum wage workers tending to have a lower rate of compensation for sick leave assuming a 70% daily replacement rate (€63.30).

Table 10: Average Weekly Earnings and Hours and Effective Daily Sick Pay Rate, by Sector

Economic Sector NACE Rev 2	Average Weekly Earnings (Euro)	Average Weekly Paid Hours (Hours)	Daily Rate (Euro)	Daily 70% Replacement Rate (Euro)	Effective Daily Sick Pay Rate (Euro)
All NACE economic sectors	963.17	32.4	192.634	134.8438	110.0
Mining and quarrying (B)	1035.37	34.2	207.074	144.9518	110.0
Manufacturing (C)	1066.45	37.8	213.29	149.303	110.0
Construction (F)	1006.22	36.7	201.244	140.8708	110.0
Wholesale and retail trade (G)	716.32	31	143.264	100.2848	100.3
Transportation and storage (H)	917.69	37.9	183.538	128.4766	110.0
Accommodation (I)	451.93	26.8	90.386	63.2702	63.3
ICT (J)	1660.99	37.4	332.198	232.5386	110.0
Financial and insurance activities (K)	1457.94	35.4	291.588	204.1116	110.0
Real estate activities (L)	772.79	29.7	154.558	108.1906	108.2
Professional, scientific and technical activities (M)	1149.8	33.9	229.96	160.972	110.0
Administrative and support service activities (N)	764.39	31.4	152.878	107.0146	107.0
Public administration and defence (O)	1165.09	35.4	233.018	163.1126	110.0
Education (P)	988.6	23.2	197.72	138.404	110.0
Human health and social work activities (Q)	901.05	31.6	180.21	126.147	110.0
Arts, entertainment and recreation (R)	652.82	28.1	130.564	91.3948	91.4
Other service activities (S)	577.69	28.2	115.538	80.8766	80.9
Industry (B to E)	1090.93	37.4	218.186	152.7302	110.0
Electricity, water supply and waste management (D,E)	1342.15	34.1	268.43	187.901	110.0
Financial, insurance and real estate activities (K,L)	1382.19	34.8	276.438	193.5066	110.0
Arts, entertainment, recreation and other service activities R,S	617.41	28.1	123.482	86.4374	86.4

Source: CSO <https://data.cso.ie/table/EHQ03>

Comparing the daily effective rate against average annual earnings for each sector allows us to express the expected cost of each statutory sick leave day as a share of annual earnings for employees in that sector. These costs assume that a firm does not have a sick pay scheme in place currently.

Table 11: Cost of Sick Pay (as a share of annual employee earnings)

Sector	3 Day	5 Day	7 Day	10 Day
All NACE economic sectors	0.7%	1.1%	1.5%	2.2%
Mining and quarrying (B)	0.6%	1.0%	1.4%	2.0%
Manufacturing (C)	0.6%	1.0%	1.4%	2.0%
Construction (F)	0.6%	1.1%	1.5%	2.1%
Wholesale and retail trade (G)	0.8%	1.3%	1.9%	2.7%
Transportation and storage (H)	0.7%	1.2%	1.6%	2.3%
Accommodation (I)	0.8%	1.3%	1.9%	2.7%
Information and communication (J)	0.4%	0.6%	0.9%	1.3%
Financial and insurance activities (K)	0.4%	0.7%	1.0%	1.5%
Real estate activities (L)	0.8%	1.3%	1.9%	2.7%
Professional, scientific and technical activities (M)	0.6%	0.9%	1.3%	1.8%
Administrative and support service activities (N)	0.8%	1.3%	1.9%	2.7%
Public administration and defence (O)	0.5%	0.9%	1.3%	1.8%
Education (P)	0.6%	1.1%	1.5%	2.1%
Human health and social work activities (Q)	0.7%	1.2%	1.6%	2.3%
Arts, entertainment and recreation (R)	0.8%	1.3%	1.9%	2.7%
Other service activities (S)	0.8%	1.3%	1.9%	2.7%

Source: CSO and Author Calculations

For a firm that currently operates in line with statutory minimum requirements, each day of additional sick leave adds 0.22% to annual payroll costs for that employee, assuming that employee earns the sectoral average. The analysis further assumes that there is a one-to-one replacement in terms of rostered staff for those who are sick, and that sick pay is therefore an additional cost. However, it may be the case that no additional staff are rostered, in which case there would be no explicit additional cost. It should be noted that, for many firms that pay sick leave at a rate below full pay and which do not roster additional staff, incidence of sick leave may be associated with lower payroll costs and with costs presenting in the form of lower labour productivity in place of explicit costs.

The projected cost varies by sector, with sectors with higher annual earnings generally incurring a lower cost for each additional day of sick leave (leave in line with the statutory minimum). Moving from five to seven days is expected to cost firms an additional 0.44% of total payroll cost. For firms in the accommodation and food services sectors this figure is 0.60% of annual payroll costs. This analysis is reported on an average basis only and does not represent each individual employee.

From the discussion above in relation to the incidence of firms which pay employees full pay while on sick leave and those which state they exceed the statutory minimum, we know that not all firms will be impacted by increases to the statutory minimum. While this does not impact the costs experienced by those firms which are at the statutory minimum, it does mean that the reported economy wide impact of changes to the statutory minimum are likely to be lower than those experienced by firms at the statutory minimum. Removing those firms which report offering full pay while employees are on sick leave and also report offering in excess of the statutory minimum allows for a more accurate assessment of the likely costs of moving to 7 days of Statutory Sick Leave. This is reported below on a sectoral basis as a share of annual employee earnings. Based on this updated calculation, the cost of moving to seven days may be as low as 0.13% of annual employee earnings on an economy wide basis¹⁵.

¹⁵ Once firms which offer above the statutory minimum are removed from the analysis.

Table 12: A share of annual employee earnings, by sector

Sector	3 Day	5 Day	7 Day	10 Day
All NACE economic sectors	0.19%	0.31%	0.44%	0.63%
Mining and quarrying (B)	0.12%	0.19%	0.27%	0.38%
Manufacturing (C)	0.20%	0.34%	0.47%	0.67%
Construction (F)	0.19%	0.32%	0.45%	0.65%
Wholesale and retail trade (G)	0.24%	0.41%	0.57%	0.81%
Transportation and storage (H)	0.22%	0.37%	0.52%	0.74%
Accommodation and food service activities (I)	0.40%	0.66%	0.93%	1.33%
Information and communication (J)	0.05%	0.08%	0.11%	0.15%
Financial and insurance activities (K)	0.09%	0.15%	0.21%	0.31%
Real estate activities (L)	0.06%	0.09%	0.13%	0.18%
Professional, scientific and technical activities (M)	0.07%	0.11%	0.15%	0.22%
Administrative and support service activities (N)	0.22%	0.36%	0.51%	0.73%
Public administration and defence (O)	0.00%	0.00%	0.00%	0.00%
Education (P)	0.00%	0.00%	0.00%	0.00%
Human health and social work activities (Q)	0.19%	0.31%	0.44%	0.63%
Arts, entertainment and recreation (R)	0.80%	1.34%	1.88%	2.68%
Other service activities (S)	0.22%	0.36%	0.51%	0.73%

Source: CSO and Author Calculations

4.6 Conclusions

This chapter leveraged data obtained from a survey of 701 firms, drawn from all sectors of the economy, to examine the scale of sick leave coverage and the possible implications of statutory changes over the last three years on firms. The analysis included in this chapter includes both descriptive statistics that set out the main findings of the survey, as well as a regression analysis that uses logistic regression methods to derive probabilistic estimates of the factors impacting sick leave policy.

The results of the survey demonstrate that approximately half of firms offer a scheme that exceeds the statutory minimum. Most firms do not report a noticeable impact from the scheme in terms of profitability, absenteeism or staff morale. Sectors such as Construction (36%) and

Accommodation (34%), however, reported more frequently that the scheme has had a negative impact on profitability.

Additionally, we find that retail firms are significantly more likely to report a negative impact on both absenteeism and profitability. We also find that hospitality firms are more likely to report that they operate a policy that is less than or equal to the statutory minimum, as opposed to offering a more favourable scheme. This is also true for firms that report that they increased the number of sick days that they provide over the last three years. This suggests that, while these firms offer more sick days than prior to the introduction of Statutory Sick Leave, they are still offering a policy that is – at most – in line with the statutory scheme.

5. Qualitative Results

Key Messages

- Many retail firms operated company sick leave policies prior to the introduction of the Sick Leave Act. A small number of medium and large businesses reported increasing their entitlements to “gold standard” levels after the introduction of Statutory Sick Leave legislation.
- Hotels, restaurants, creches and pubs reported the highest levels of negative impacts, with small firms in these sectors more sceptical of further increases to sick leave entitlements.
- Difficulties recruiting staff generally were noted in the context of replacing staff. Concerns were raised by employers about the submission of dubious medical certificates by a minor cohort of employees.
- Positive impacts of the Sick Leave Act included improved record-keeping and absence management practices by employers.

5.1 Overview

As underlined in Chapter 4, a large proportion of survey respondents acknowledged that the statutory sick leave scheme had no real noticeable impact on absenteeism, profitability or staff morale. However, some reported negative impacts on absenteeism (16%), profitability (21%) and staff morale (8%). The qualitative study seeks to complement the survey by providing participants with an opportunity to expand on various aspects of the sick leave landscape, which could not be fully captured through a purely quantitative approach. Areas such as the offering of sick leave policies by employers were covered as part of this study as well as absence, sectoral and demographical trends. The research consisted of two parts:

a) One-on-one interviews

A total of 24 direct interviews were conducted with HR managers, business owners, organisational policy leaders and trade union representatives. A number of themes were identified during the interviews which are discussed in Section 5.2 below.

b) Stakeholder workshop

The workshop facilitated engagement between the Department and business representative groups on perceived impacts of statutory sick leave. The workshop contained a general discussion session as well as a number of thematic discussions (themes were based on the areas that featured commonly in the one-on-one interviews).

A number of case studies have also been included as part of the findings in Section 5.2. The case studies reflect some of the real-world experiences of employers and employees, informed by all elements of the qualitative study (quotes included within the case studies have been anonymised).

5.2 Main findings from the qualitative study

Characteristics of Sick Leave policies among Irish employers

Half of the interview participants operated the statutory sick leave scheme for employees rather than a separate company sick leave scheme. A closer examination of company schemes revealed that some businesses, while perceived as operating the statutory scheme, provided 100% pay. The majority of employers requested medical certification from Day 3 of illness. A small number of employers operated more than one company scheme, usually one for probationers and employees working for an hourly rate of pay and a second one for longer-term employees, on a fixed salary.

Benefits of the Statutory Sick Leave scheme

The statutory scheme was regarded by all as an important safeguard. Employers acknowledge that the measure offered a floor level of protection in genuine cases of illness. It was regarded as an ‘equaliser’ by some employers, aligning employment standards across employment sectors and prompting businesses to assess the wellbeing supports available to its employees.

It was noted that a number of medium to large sized firms had improved their pre-existing sick leave policies in order to remain well above the requirements set out under the statutory scheme. While some did this to ensure compliance, others did so from a reputational angle, wishing to be viewed as an employer operating a ‘gold standard’ scheme.

Case Study 1 examines the case of a semi-state body that amended its sick leave policy in a favourable manner, in response to the introduction of the statutory scheme.

Case Study 1 – Semi-state company

This case study reflects the behaviour of a company which is part funded by the State and which operates a sick leave policy that is overall perceived as **more favourable** than the statutory scheme. The example is included as it illustrates **some of the positive changes made to existing employer sick leave policies since the introduction of the Sick Leave Act 2022.**

Prior to the introduction of the Sick Leave Act 2022, the company offered 6 weeks' sick leave at 100% pay to its long-term staff only. Employees on probation did not receive any pay while they were sick (other than Illness Benefit from the fourth day of absence).

In January 2023, the organisation updated its sick leave policy **“to be perceived as an employer operating well above the minimum legal requirements”**. Probationers are now entitled to paid sick leave and the company increased sick leave for long-term staff to 9 weeks at full pay followed by an additional 6 weeks at 50% pay, if required.

The organisation also provides an Employee Assistance Programme, annual health check-ups and free counselling sessions.

The company has identified minor increases in sick leave days taken by staff since the changes. The company believes its improved focus on employee health and well-being has positively contributed to employee recruitment and retention in general.

Demographical and Sectoral Trends

In terms of take-up of statutory sick leave, young people working in the hospitality sector were viewed as more likely to avail of the statutory entitlements compared to older employees. Employers highlighted scenarios whereby part-time employees, working for multiple employers, could avail of paid sick leave entitlements that exceeded the 5-day minimum. Firms operating in certain industries were prevented from passing on any increased costs associated with sick leave to the consumer. This applied in particular to nursing homes – as they are restricted from increasing prices due to government regulations and funding structures.

Staff recruitment and retention affected all employers but had a particularly detrimental effect on the operations of rural food and beverage businesses. Employers in this sector acknowledged that the availability of a minimum entitlement to paid sick leave days will assist staff retention by mitigating against some of the reasons that employees might opt to leave the sector.

Employees' experience of sick leave

Workers in certain sectors such as healthcare, media, hospitality and manufacturing sectors reported higher levels of work-related stress and low levels of sick leave coverage. For example, it was common practice among some employees to use their Annual Leave entitlements instead of, or in addition to, sick leave days.

Case Study 2 below summarises an employee's experience of availing of sick leave in a stressful workplace.

Case Study 2 – Employee, working in media sector

The inclusion of this case study highlights some of the benefits of statutory sick leave to workers who may not otherwise have access to paid sick leave. Gerry¹⁶ is a journalist for a local Irish newspaper. He believes his job has exposed him to significant amounts of **“work-related stress”**. However, he did not miss work in the eight months leading up to January 2023.

Gerry is concerned about **“bogus employment”** in his sector and thinks that many freelance journalists are, in fact, full-time employees but without standard employee protections. Gerry welcomes statutory sick leave, viewing it **“as a vital safety net”** for sectors such as media, where employee benefits are often limited. He thinks it will particularly help trainee journalists and recent graduates.

He is concerned about the **“requirement to present a medical certificate for even the first days of illness”**. He worries that this could result in a **“substantial loss of income”** and is in favour of self-certification for short-term illness.

According to Gerry, **“offering paid sick leave without penalising an employee's salary should be normalised across all sectors”** to ensure the growth of high-quality, sustainable jobs.

Financial and administrative burdens on employers

The statutory scheme was perceived by those interviewed to have had little financial impact on business operations. A number of administrative burdens were identified e.g. by employers operating manual recordkeeping systems. SMEs believed that the recordkeeping requirements under the Sick Leave Act added a layer of complexity to their business operations. About 25% of firms, however, acknowledged that Section 13 of the Sick Leave Act 2022¹⁷ led to a direct improvement in their record management practices.

¹⁶ Name has been anonymised.

¹⁷ Subject to *subsection (2)*, an employer shall make a record of the statutory sick leave taken by each of his or her employees.

Additionally, some employers offering superior company schemes criticised the indirect cost to their businesses, despite their businesses largely falling outside the scope of the legislation. They cited in particular, confusion as to whether they are obliged to maintain records of sick leave absences, as per section 13 of the Act which is an administrative cost they had not anticipated. The same employers raised complaints of losing out on state supports, in the form of rebates from the Illness Benefit scheme, which prior to January 2024 would have kicked in from the fourth day of an employee's absence. It was suggested that these unexpected costs could negatively affect companies' ability to maintain or expand their existing company sick leave scheme.

Planning for further increases to entitlement

Almost 75% of large firms stated that they had already accounted for increases in the statutory entitlement to 10 days, as part of business cost calculations to minimise future disruptions to staff or to avoid potential litigation. SMEs were more sceptical of increases to the sick leave entitlements but did not have detailed responses in place. Some firms stated that they would focus on improving the monitoring and recording of employee absences or apply stricter rules around the production of medical certificates. Some retail businesses offered free GP consultation services to employees but cautioned that this might have to be curtailed in the future to prevent 'double subsidies' to employees.

Staff replacement costs

The cost of replacing staff is a reality for some employers, particularly those operating in labour-intensive sectors. It can directly impact firms through a reduction in business opening times, loss of business opportunities (i.e., appointment cancellations in the hairdressing sector) and a reduction in team morale when a staff member calls in sick. The scheme now adds an extra cost burden to businesses who now have to pay for the sick employee as well as possibly for replacement staff or lost earnings due to reduced offerings.

Case Study 3 below demonstrates the example of a small convenience store and its experience of dealing with the statutory sick leave scheme, on top of regular staff replacements.

Case Study 3 – Convenience Store

This example of a retail store illustrates the potential impact of statutory sick leave on a labour-intensive sector. Due to its small size (6 full-time, 4 part-time), the store finds it difficult to compete with larger retailers for staff. It is normal practice for the store manager to cover the shift when an employee calls in sick. When more than one employee is sick at the same time, **“there is a requirement for operations to be streamlined”**, meaning **“fewer items will be available”** on the deli menu or, in exceptional circumstances, the deli may be closed.

Since January 2023, the store operates the statutory sick leave scheme with some modifications. It makes all sick leave payments at 100% pay for the first 5 days of illness. Full pay encourages employees to remain at home while they are sick while also enabling the store to remain competitive, as it is the rate of sick pay offered in nearby businesses. The store does not require medical certification from Day 1 as it believes that **“obtaining a GP cert for only one day of absence is an unattractive prospect for an hourly paid employee”**. The store provides health insurance coverage for all employees.

The store reports that the introduction of the statutory sick leave scheme has led to an increase in absences, as prior to the introduction of the statutory scheme, it provided sick leave **“on a discretionary basis”** for serious illnesses or injuries only. The store is concerned about further increases to the statutory sick leave entitlements.

As the store has always used specialised payroll software to record employee absences, it has not identified any administrative burdens associated with the scheme.

Penalisation and anti-abuse provisions

Employers state that while there is an express provision in Section 12 of the Act to protect employees against penalisation if they avail of their statutory right to sick leave, there is no equivalent anti-abuse provision to empower employers to adequately deal with potential misuse of statutory sick leave. There is concern around the perceived growing number of ‘fake’ or ‘ambiguous’ medical or GP certificates. It was pointed out that a small proportion of employees (appear to treat the additional sick days as annual leave or holidays. For example, in the hotel and processing industries, employers often employed ‘blackout periods’ - short weeks during busy times of the year whereby workers were restricted from taking holidays. Employers noted that since the introduction of the scheme, a large proportion of these workers

were taking sick leave during these restricted periods. Employers refrained from questioning the authenticity of a medical certificate for fears it may drive the employee from the business. Employers noted the protection contained within Section 5 of the Act that requires medical certificates to be in an official language of the State and signed by a registered medical practitioner as being of some assistance.

Employees were critical of the replacement rate currently available under the statutory scheme as below the favourable replacement rates of sick pay on offer in many EU jurisdictions¹⁸. There were also calls to turn towards self-certification for the initial days of employee illness to alleviate the financial burden on workers availing of statutory sick leave.

5.3 Conclusions

The findings from the qualitative study revealed a diverse range of perspectives on the real-life impact of the statutory sick leave scheme. Overall, participants acknowledged the value of the measure in terms of providing financial security, supporting employee well-being and staff retention in specific sectors.

The engagement suggests additional clarity on some of the legislative provisions would be welcome. Concerns were raised on the potential abuse of medical certificates, the treatment of sick leave as holidays as well as increases in administrative burdens for firms in some sectors. This underlines a need to promote a greater level of awareness of employee and employer responsibilities arising under the statutory sick leave scheme. A more detailed examination of the instances giving rise to the misuse of the scheme could be beneficial, with a view to the possible introduction of anti-abuse measures. An examination of a pro-rata-based application of the scheme will also be crucial in addressing employer concerns on confusion and potential abuse of the scheme by certain cohorts e.g. part-time staff with multiple employers.

In addition, a regular review of the adequacy of the replacement rate and the daily €110 cap for low and middle-income earners may be considered to ensure that further increases to the NMW do not overtake the rate of statutory sick pay on offer.

¹⁸ Austria, Denmark, Finland, Germany, Luxembourg, Malta, Norway operate a 100% replacement rate during sick leave. Slovenia operates 90% while Poland and Sweden operate 80%.

6. Summary and Next Steps

The phased introduction of the statutory sick leave scheme was intended to achieve a balance between giving employers time to adjust and plan for the new responsibility and offering workers – especially those in low-paid, precarious roles – certainty about their rights.

However, in the two years since its introduction, members of the business community have shared concerns around the impact of statutory sick leave and other employment rights measures on employers.

In order to respond to these concerns, and in line with the requirements of Section 6 of the Sick Leave Act 2022, the research set out in this paper was conducted. Officials in the Department of Enterprise, Trade and Employment worked with the Economic and Social Research Institute (ESRI) on the first phase of this research. This work resulted in the identification of certain informational and data gaps, including data required to identify workers and firms who are currently covered by a company sick pay policy.

To bridge these gaps, a specialist market research company was commissioned by the Department of Enterprise, Trade and Employment to conduct a firm-level survey, representative of the sectoral and size distribution of Irish companies. The findings set out provide evidence on the impact of the statutory entitlement to date and offer insight into observable changes in the rate of absences due to sickness in Ireland.

It has proven challenging to fully understand the divergence between the perception of this cost impact by employers versus the actual cost impact modelled in the original Regulatory Impact Assessment published in 2022, further examined by IGEES in a cumulative cost assessment published in March 2024 and the results of the data generated by IPSOS B&A – and analysed by IGEES – in this paper. All of these assessments point to an additional cost of between 0.6%-0.8% for three days of Statutory Sick Leave, and between 2% and 2.7% for 10 days of statutory sick leave. This analysis assumes a one-to-one replacement in terms of rostered staff for those who are sick. It is important to note that for many firms that pay sick leave at a rate below full pay and which do not roster additional staff, incidence of sick leave may be associated with lower payroll costs and with costs presenting in the form of lower labour productivity instead of explicit costs.

In an attempt to better understand this divergence officials undertook a complementary process of qualitative research to engage directly with both employers and workers. The findings from the qualitative study revealed a diverse range of perspectives on the real-life impact of the statutory sick leave scheme. Overall, participants acknowledged the value of the measure in terms of providing financial security, supporting employee well-being and staff

retention in specific sectors but the engagement does suggest that additional clarity on some of the legislative provisions would be welcome. Concerns were raised on the potential abuse of medical certificates, sick leave being used as holidays, as well as increases in administrative burdens for firms in some sectors. This underlines a need to promote a greater level of awareness of employee and employer responsibilities arising under the statutory sick leave scheme. A more detailed examination of the instances giving rise to the misuse of the scheme could be beneficial, with a view to the possible introduction of anti-abuse measures. An examination of the treatment of part-time workers (i.e. how the effective pro-rata provisions operate in practice or whether strengthening of same is required) will also be crucial in addressing employer concerns on confusion and potential abuse of the scheme by certain cohorts e.g. part-time staff with multiple employers. In addition, a regular review of the adequacy of the daily €110 cap for low and middle-income earners may be considered to ensure that further increases to the national minimum wage do not overtake the current rate payable under statutory sick leave.

As has been noted, it is early in the life cycle of such a significant policy and legislative intervention for researchers to capture the full impact of such a measure. However, it is notable that sick leave appears to have impacted some sectors such as hospitality differently than the majority of the labour market.

It has proven challenging to access robust data on this new measure and the data generated and elaborated on in this report provides a useful starting point to this process. More data is required, potentially via the CSO, to develop a full longitudinal picture of the impact over time and to be able to disaggregate this impact from other measures introduced to improve working conditions in the recent past.

Appendix A: Tables and Figures

Table A: Variable Map

Variable	Type	Description	Source
% Female	CV	The proportion of female staff in the firm	Q8
Hospitality	DV (0,1)	Indicates if the firm is in the Hospitality sector	Q3b
Retail	DV (0,1)	Indicates if the firm is in the Retail sector	Q3b
Waiting Days	DV (0,1)	Indicates if the firm mandates a waiting day period	Q17
Full Pay	DV (0,1)	Indicates if the firm provides full pay for sick days taken	Q14
Policy > SSP	DV (0,1)	Indicates if the firm provides a sick leave policy that exceeds the statutory scheme	Q9
% FT	CV	The proportion of staff that are employed on a full-time basis	Q8b
% NMW	CV	The proportion of staff that are earning at or below the National Minimum Wage	Q7
Staff Numbers	CV	The number of staff employed at the firm in 2024	Q5a
Less Staff 21-24	DV (0,1)	Indicates if the firm employed fewer staff in 2024 compared to 2021	Q5a, Q5d
Foreign	DV (0,1)	Indicates if the firm is foreign owned	Q4b
Age	CV	The number of years the firm has been in operation	Q4
Dublin	DV (0,1)	Indicates if the firm is based in Dublin	QC22c1
More Sick 21-23	DV (0,1)	Indicates if the firm has experienced an increase in the proportion of staff taking sick leave in 2023 compared to 2021	Q20a, Q20c
% Staff on Sick Leave 2023	CV	The proportion of staff taking sick leave in 2023	Q20a
Policy Changed	DV (0,1)	Indicates if the firm has increased the number of sick days included in the company policy within the last three years	Q16
Policy At – or Below – SSP	DV (0,1)	Indicates if the firm does not provide a sick leave policy that exceeds the statutory scheme	Q9
Positive Impact on Staff Morale	DV (0,1)	Indicates if the firm reported somewhat or significant positive impact on staff morale.	Q23
Negative Impact on Absenteeism	DV (0,1)	Indicates if the firm reported somewhat or significant negative impact on absenteeism.	Q23
Negative Impact on Profitability	DV (0,1)	Indicates if the firm reported somewhat or significant negative impact on profitability.	Q23

Appendix B: Detailed Regression Results

Comparing Company Policy to the Statutory Entitlement

Model 1 – What factors affect the probability that a firm reported providing a sick leave policy that does not exceed the statutory scheme (i.e. it is as good as – or inferior to – the statutory scheme)?

Controlling for the variables listed in Table B (i.e. holding these variables constant) our results indicate that:

- The odds are 98% higher if the firm is in hospitality, compared to non-hospitality firms;
- The odds are 143% higher if the firm reported that it changed its sick leave policy within the last three years, compared to firms that did not;
- The odds are 2% lower for every additional year that the firm has been in operation;
- The odds are 90% lower if the firm is foreign owned, compared to domestic owned firms.

In summary, these results imply that hospitality firms, and firms that report an increase in the number of sick days offered over the last three years, are more likely to provide a scheme that is as good as, or inferior to, the statutory scheme. In contrast, older firms and foreign firms are less likely to provide a more limited scheme.

Model 2 – What factors affect the probability that a firm reported that they provide full pay for sick days taken?

Controlling for the variables listed in Table B (i.e. holding these variables constant) our results indicate that:

- The odds are 58% lower if the firm reported that they increased their number of sick days in the last three years.
- The odds are 43% lower if they report an increase in sick leave taken between 2021 and 2023 (in terms of percentage of staff taking sick leave).
- The odds are 102% higher if the firm mandates waiting days.

In summary, these results imply that firms that operate a sick scheme with a mandatory waiting period are significantly more likely to report providing full pay for sick days taken. In contrast, firms that report experiencing an increase in the proportion of staff taking sick leave over 2021 to 2023, are less likely to report providing full pay, as are firms that report increasing the number of sick days provided as part of their scheme.

Table B: Regression results

Model 3 – What factors affect the probability that a firm reported that they have a mandatory waiting period as part of their sick leave policy?

Controlling for the variables listed in Table B (i.e. holding these variables constant) our results indicate that the odds are marginally (just 1%) higher for each additional year the firm has been in operation.

Assessing Changes to Company Policies

DV	Model 1	Model 2	Model 3	Model 4
IVs	(logit) <i>Policy At – or Below – SSP</i>	(logit) <i>Full Pay</i>	(logit) <i>Waiting Days</i>	(logit) <i>Policy Changed</i>
% Female	0.99	1.01	1.00	1.00
Hospitality	1.98*	0.59	1.26	2.35**
Retail	1.02	0.95	1.46	0.95
Waiting Days	n/a	2.02**	n/a	1.39
Full Pay	n/a	n/a	1.68	0.46***
Policy > SSP	n/a	n/a	1.68	0.55**
% FT	1.00	0.99	1.00	1.00
% NMW	1.00	1.00	1.00	1.00
Staff Numbers	1.00	1.00	1.00	1.00
Less Staff 21-24	n/a	1.72	1.40	0.96
Foreign	0.10**	1.43	1.01	0.51
Age	0.98***	1.00	1.01**	1.00
Dublin	0.97	1.19	1.12	0.45***
More Staff Sick 21-23	1.06	0.57*	0.80	1.17
Policy Changed	2.43***	0.42***	1.35	n/a

Model 4 – What factors affect the probability that a firm reported an increase in the number of sick days that it provides, within the last three years?

Controlling for the variables listed in Table B (i.e. holding these variables constant) our results indicate that:

- The odds are 135% higher if the firm is in hospitality, compared with non-hospitality firms.
- The odds are 54% lower if the firm provides full pay for sick days compared to firms that do not.
- The odds are 45% lower if the firm reports offering a sick leave policy that exceeds the statutory scheme.
- The odds are 55% lower if the firm is based in Dublin compared to non-Dublin based firms.

In summary, these results imply that hospitality firms are more likely to have increased the number of sick days that they provide as part of their sick leave policy, over the last three years. However, firms that provide full pay for sick days taken, those that have a scheme that exceeds the statutory scheme, and those that are based in Dublin, are all less likely to have increased their sick leave offering during this time.

Understanding the Possible Impact of Statutory Changes

Model 5 – What factors impact on the proportion of staff taking sick leave in 2023?

Controlling for the variables listed in Table C (i.e. holding these variables constant) our results indicate that:

- Firms in hospitality are associated with – on average – an 8.36 percentage point reduction in the proportion of staff taking sick leave in 2023, compared to firms from other sectors
- Firms in retail are associated with – on average – a 4.82 percentage point reduction in the proportion of staff taking sick leave in 2023, compared to firms in other sectors
- Each additional staff member is associated with a very marginal (almost negligible) percentage point reduction in the proportion of staff taking sick leave in 2023
- Firms in Munster are associated with – on average – a 6.22 percentage point reduction in the proportion of staff taking sick leave in 2023, compared to firms in Dublin
- Firms in Connaught/Ulster are associated with – on average – a 10.47 percentage point reduction in the proportion of staff taking sick leave in 2023, compared to firms in Dublin.

In summary, hospitality and retail firms are associated with fewer staff taking sick leave in 2023, compared to firms from other sectors. However, it should be noted that the impact of COVID-19, and specifically, the isolation of staff coming into contact with the virus will be affecting data from 2021 in particular. This may have a greater impact on high contact sectors such as hospitality. There is some – albeit minimal – evidence that larger firms are associated with fewer staff taking sick leave, while from a regional perspective, firms in Munster and Connaught/Ulster are associated with fewer staff taking sick leave, relative to firms in Dublin.

Model 6 – What factors affect the probability that a firm reported that changes to statutory sick leave over the last three years have had a positive impact on staff morale?

Controlling for the variables listed in Table B (i.e. holding these variables constant) our results indicate that hospitality firms are significantly more likely (100%) to report a positive impact on staff morale. Similarly, we find that firms in Connaught/Ulster are more likely (97%) than firms in Dublin, to report a positive impact.

Model 7a – What factors affect the probability that a firm reported that changes to statutory sick leave over the last three years have had a negative impact in terms of absenteeism (i.e. have led to a rise in absenteeism)?

Controlling for the variables listed in Table B (i.e. holding these variables constant) our results indicate that firms in retail are significantly more likely to report a negative impact (60%). In contrast, firms that report providing a more beneficial policy (than the statutory scheme), are significantly less likely (60%) to report a negative impact in terms of absenteeism.

Model 8 – What factors affect the probability that a firm reported that changes to statutory sick leave over the last three years have had a negative impact on profitability?

Controlling for the variables listed in Table B (i.e. holding these variables constant) our results indicate that firms that report providing a more beneficial policy (than the statutory scheme), are significantly less likely (76%) to report a negative impact on profitability. In contrast, retail firms are significantly more likely (71%) to report a negative impact.

Table D: Impact Indicators

DV IVs	Model 5 (least squares) % Staff on Sick Leave 2023	Model 6 (logit) Positive Impact on Staff Morale	Model 7a (logit) Negative Impact on Absenteeism	Model 8 (logit) Negative Impact on Profitability
Hospitality	-8.36**	2.00*	1.88	1.56
Retail	-4.82*	0.88	2.58***	1.71*
Staff Numbers	0.00***	1.00	1.00	1.00
Age	-0.01	1.01	1.00	1.00
Foreign	-3.21	2.41	0.48	0.44
% NMW	0.06	1.00	1.00	1.00
Policy > SSP	-0.49	0.85	0.40***	0.24***
Region				
<i>Dublin</i>	0 (base)	1 (base)	1 (base)	1 (base)
<i>Rest of Leinster</i>	0.57	1.44	1.26	1.68
<i>Munster</i>	-6.22*	0.85	0.83	1.19
<i>Connaught/Ulster</i>	-10.47***	1.97*	1.48	1.70

Source: Authors calculations. Note. ***, **, and *, indicate statistical significance at the 1%, 5%, and 10% level respectively. Figures listed for logit models refer to odds ratios.

Model 7b – What factors affect the probability that a firm reported that changes to statutory sick leave over the last three years have had a negative impact in terms of absenteeism (i.e. have led to a rise in absenteeism)?

Controlling for the variables listed in Table C (i.e. holding these variables constant) our results indicate that:

- The odds are 63% lower if the firm provides full day's pay for sick days compared to firms that do not
- The odds are 90% higher if the firm increased the number of sick days offered in the last three years
- The odds are 217% higher for those in Construction, compared to those in Hospitality
- The odds are 138% higher for those in Wholesale and Retail, compared to those in Hospitality
- The odds are 93% lower for those in Financial and Real Estate, compared to those in Hospitality.

In summary, firms that report having increased the number of sick days offered as part of their company policy over the last three years, are more likely to report a negative impact in terms of absenteeism. Focusing on individual sectors, and measuring relative to firms in the hospitality sector, those in Construction, Wholesale and Retail, are significantly more likely to report a negative impact. In contrast, relative to firms in hospitality, firms in Financial and Real Estate are significantly less likely to report a negative impact, as are firms that provide a full day's pay.

Table E: Impact on Absenteeism

IVs	DV	Model 7b
	Negative Impact on Absenteeism	
% Female		1.01
Waiting Days		1.19
Full Pay		0.37***
Policy at or below the SSP Scheme		1.68
% FT		1.00
% NMW		1.00
Staff Numbers		1.00
Foreign		0.79
Age		1.00
Policy Changed		1.90*
Region		
	Dublin	1 (base)
	Rest of Leinster	1.32

<i>Munster</i>	0.72
<i>Connaught/Ulster</i>	1.40
Sector	
<i>Agriculture, Forestry & Fishing</i>	0.25
<i>Manufacturing</i>	0.94
<i>Construction</i>	3.17*
<i>Wholesale & Retail</i>	2.38*
<i>Hotels & Restaurants</i>	1 (base)
<i>Transport, Storage & Communications</i>	1.11
<i>Financial, Insurance & Real Estate</i>	0.07**
<i>Professional, Scientific & Technical</i>	0.93
<i>Administrative & Support</i>	0.33
<i>Human Health, Social Work & Other</i>	0.86

Source: Authors calculations. Note. ***, **, and *, indicate statistical significance at the 1%, 5%, and 10% level respectively. Figures listed for logit models refer to odds ratios.

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