

Trade Union Membership and Sickness Absence: Evidence from a Sick Pay Reform

Prof. Laszlo Goerke
(Dept. of Economics, Eberhard Karls Universität Tübingen)
with Markus Pannenberg

Feb. 15th, 2011/ 11h00-12h30
CEPS/INSTEAD, Esch/Alzette – Luxembourg

Abstract

In 1996, statutory sick pay was reduced for most private sector workers in Germany. Using the empirical observation that trade union members are dismissed less often than non-members, we construct a model to predict how absence behaviour will respond to the sick pay reform. We show that union members may have stronger incentives to be absent and to react to the cut in sick pay. In the empirical investigation we find a positive relationship between trade union membership and absence due to sickness and observe more pronounced reactions to the cut in sick pay among union members than among non-members. These findings suggest that more flexibility in the use of paid absence due to sickness constitutes a private gain from trade union membership.