

Duality in sickness benefits in a liberal welfare regime

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Paper presented at the ESPAnet conference, Budapest, 2-4 September 2010.

Stream 11.2: 'Fit for work? Health, Employability and Challenges for Activation in an Era of Crisis'

ABSTRACT

This paper examines the role of sickness benefits in the British labour market. It argues that changes in sickness benefit provision over the past two decades have exacerbated the insecurities facing workers on the margins of the labour market who become sick. Drawing upon a representative survey of 1843 new claimants of incapacity benefits, the paper explores the duality between permanent versus temporary workers who claim incapacity benefits. Section 1 briefly sets the scene and outlines the structure and argument of the paper. Section 2 discusses the changes that have taken place in sickness benefit provision since 1980. Section 3 describes the survey data and methods. Section 4 presents the results from the statistical analysis and Section 5 concludes the paper.

KEY WORDS

Sick pay / sickness benefits / incapacity benefit / labour market insiders and outsiders / dualisation

Introduction

Changes in the British labour market over the past quarter century have involved a decline in manufacturing and a rise in service sector employment (Alcock et al 2003:18) that has been accompanied by a growth in forms of flexible work. The latter often involves so-called 'non standard' forms of employment characterised by part-time working, temporary work, self employment, home working and weekend work (Felstead and Jewson, 1999; Heery and Salmon,

2000). As such, fewer people's employment careers now correspond to the 'industrial blueprint' of stable, full-time and protected employment. For some people, the result has been poor job prospects and welfare losses (Häusermann and Schwander 2010).

It has been argued that, to greater or lesser extent, post-industrial labour markets are characterised by a structural insider/outsider divide (Emmenegger et al 2010) and the growth in a section of society who experience disadvantage in the labour market, in social protection and in political representation (Rueda, 2007). There is no agreement as to who should be conceptualised and termed an insider or an outsider in the literature, or whether distinct homogenous groups of either insiders or outsiders can be identified (Emmenegger 2009). Scholars in the field have variously termed 'outsiders' as the unemployed, people in temporary jobs or those working in the informal sector. Increasingly, however, the term is used to apply to workers affected by labour market flexibilisation over the past decades who have less secure employment contracts, lower wages, and lower levels of social protection than labour market insiders who enjoy relatively standardised employment conditions (see Davidsson and Naczyk, 2009, for a review).

In cross national perspective, however, whilst the segmentation which leads to labour market insiders and outsiders may be a common trend, the appearance of dualisms is not. The institutional context, in this case the welfare state, matters for the extent to which potential disadvantages are translated into inequalities between insiders and outsiders. Indeed, Häusermann and Schwander (2010) argue that different patterns of dualisation can be found in different welfare regimes.

Thus, in continental and southern European regimes, insider and outsider divides in labour markets, social protection and political integration are perpetuated and sometimes reinforced in part due to the status maintenance social insurance principle and passive benefits for male breadwinners. In the Nordic countries, outsiders fare better because of better access to training and promotion and more redistributive taxes and transfers. Relatively speaking, the Nordic welfare regimes prevent the translation of labour market segmentation into dualism. Outsiders in liberal welfare regimes are said to face strong disadvantages and segmentation is relatively more closely linked to skill levels than it is in other regimes. People with low skills thus face a greater

risk of being unemployed or in atypical employment but, the authors argue, the focus on poverty alleviation and means testing in liberal regimes to some extent counterbalances the insider/outsider divide. Unlike the US, the welfare regime in the UK narrows the income gap between the wages of insiders and outsiders through taxes and transfers (Häusermann and Schwander 2010).

Research that shows the consequences for individuals of non-standard employment on levels of social protection is currently scarce in Europe (Davidsson and Naczyk 2009). In previous qualitative work (Davidson and Kemp, 2008) we have suggested that there are real dualities in the sickness benefit package that insiders and outsiders in the UK labour market have access to. The shift towards a more flexible and segmented labour market has had implications for the 'sickness package' to which workers have access, but so far this aspect has received relatively little attention. Debates about sickness instead tend to focus on absenteeism or its converse, presenteeism (e.g. Aronsson et al, 2000; Pickvance, 2004), or discuss the growth in state sickness benefits in the context of long-term, 'hidden unemployment', predominantly among older men (Alcock et al, 2003).

Previously, we considered the role of occupational welfare alongside welfare provided by the state in relation to people who claimed incapacity benefits. Based on the findings of qualitative research (Sainsbury & Davidson, 2007), we suggested that, firstly, less secure workers were less likely than those in more secure employment to be entitled to Statutory Sick Pay or occupational sick pay. Secondly, we suggested that less secure workers were also more likely to lose their jobs when they became sick and less likely to return to their previous employer when they went back to work. Thirdly, despite the increasing policy emphasis on retaining employment when people become unwell (Black, 2008), less secure workers were less likely to disclose their condition to their employer, less likely to ask for workplace adaptations and less likely to have a helpful employer response when they did so (Davidson and Kemp 2008).

Drawing on research with a nationally representative study of 1843 new claimants of incapacity benefits (see Kemp and Davidson, 2007), the current paper seeks to test the validity and

generalisability of our earlier qualitative findings of duality in the sickness benefit package to which insiders and outsiders have access in Britain.

For the purpose of this article, labour market insiders or more secure workers, are defined as people whose most recent job was permanent. Labour market outsiders, less secure workers, on the other hand, are defined as people whose most recent job was temporary. Meanwhile, 'sickness benefits' are defined in broad terms to include, not only sickness and incapacity benefits provided by the state, but those provided by employers including Statutory Sick Pay (SSP) and voluntary, occupational sick pay.¹

The structure of the paper is as follows. The next section outlines the present system of sickness benefits and the changes that have taken place since the early 1980s. The paper then presents the findings of a nationally representative study of 1843 recent claimants of incapacity benefits in Britain and explores how the duality in the sickness benefit package is reflected in the positions of labour market insiders and outsiders. The final section of the paper presents the conclusions.

Sickness benefits

There are a number of different state schemes in Britain for replacing income from work in the event of sickness or disability (see Wikeley et al, 2002:518). For some employees suffering a short term absence from work due to illness, the principal benefit is Statutory Sick Pay (SSP). This is paid by employers for a period of up to 28 weeks, providing the employee has been with the firm for at least three months and their average earnings are equal to or above the National Insurance lower earnings limit. Employers can also choose to operate their own sick pay schemes, the rules of which vary from one employer to another, so long as it is not less generous than SSP. Occupational sick pay schemes generally pay all or a proportion of an employee's

¹ Whilst the sickness benefit schemes in Britain are provided by the state and employers, there are also insurance policies available on the market to replace specific income costs. These include critical illness and mortgage payment protection insurance (to cover illness, death or unemployment). These schemes are private rather than state or occupational benefits, and are not considered further in this article.

wages whilst they are off sick, typically for periods of up to a year. Entitlement to an occupational sick pay scheme usually starts after a minimum period of service.

At the time of the research, if an employee on SSP was still unable to work because of sickness or disability after 28 weeks, or their occupational sick pay entitlement had come to an end after at least that period, they could claim Incapacity Benefit (IB). IB was a contributory, National Insurance benefit in the UK. However, since 2001 occupational or private pension income above £80 per week was taken into account in calculating entitlement to IB. People who did not satisfy the full National Insurance contribution requirements for IB, but were considered to be incapacitated for work, could apply for means-tested Income Support with a disability premium instead

Currently in the UK, if an employee's period of SSP or occupational sick pay comes to an end and they are still unable to work, they claim Employment and support allowance (ESA). Employees who are not entitled to SSP² and people who are self-employed can also claim ESA immediately they go off sick. There are two kinds of ESA, contributory ESA and income-related ESA. Contributory ESA is paid where a person satisfies the NI conditions and Income-related ESA is paid to people without the required NI contributions who pass a means test. Usually, the first 13 weeks of a claim are used as an 'assessment phase' for the Department of Work and Pensions (DWP) to gather information to determine whether a person has limited capability for work or not. In most cases during this period a person is paid what is called a 'basic allowance' the rate of which is very similar to that of the main unemployment benefit (Jobseeker's Allowance) in the UK. In the 'main phase' of a claim for ESA, after limited capability for work has been successfully determined, a person continues to receive the basic allowance and one of two additional components, these being a 'support component' and a 'work-related activity component'. Unlike people in the support group, people in receipt of the work-related activity component are obliged to participate in work focused interviews and health-related assessments.

² People employed through an employment agency in the UK were, until October 2008, able to be excluded from entitlement to SSP on the basis that their contract lasted for three months or less.

Although the above represents the current situation, it is important to note that, over the past two decades, sickness benefits have been cut back substantially, partly in order to facilitate the shift towards a more flexible labour market. However, these changes have also exacerbated the insecurities facing insecure workers who become sick. In the context of high unemployment in the 1980s and early 1990s, neo-liberal critics of the welfare state argued that social security benefits helped to shore up 'inflexible' labour markets by raising 'reservation wages' and making it possible for unemployed workers to remain on the dole for long periods of time, thereby raising the cost of employing labour (Esping-Andersen 1999:122). Much employment and social security policy at that time – including labour market deregulation, privatisation and active labour market policies (see Sunley et al 2006:27) - was intended to lessen labour costs and promote the mobility of workers, a policy that broadly continued under the New Labour Government after 1997. Governments have increasingly moved away from considering social security benefits as supporting people out of work and towards seeing them as mechanisms to help move people into paid employment (Grover and Piggott 2005:711). A raft of active labour market measures for the unemployed were introduced (Trickey and Walker, 2001) including, for example, 'restart' interviews (1986), the 'actively seeking work test' (1989), the switch from Unemployment Benefit to Jobseekers Allowance (1996) and, more recently, the New Deals for young people and others (1998+).

The changes made to sickness benefits over this period were part of this shift towards a stricter benefit regime. When the Conservatives returned to office in 1979, the social security system in Britain provided Sickness Benefit (SB) for insured workers who became ill, a scheme that was administered and fully funded by the state. In addition, nine out of ten workers also had contractual rights to occupational sick pay from their employer. In 1980, the Thatcher Government made two changes to SB, both of which reduced the cost of, and the number of people entitled to, SB. First, a four day waiting period for SB was introduced, which reduced the number of short-term claims. Second, the Government cut back the 'linking rules' whereby claimants with an intermittent illness could link together several spells in receipt of SB and, by recording a sufficient number of days on benefit, could thereby qualify for the long-term sickness benefit called Invalidity benefit (Kemp and Thornton, 2006: 151).

In 1983, Sickness Benefit was replaced by Statutory Sick Pay (SSP) for insured employees during the first eight weeks of sick leave, after which people who remained unable to work could move onto Sickness Benefit. In 1986, SSP pay was extended to cover the first 28 weeks off work after which people were to claim Invalidity Benefit. Unlike Sickness Benefit, SSP was paid by the employer. At first, employers were fully reimbursed by the state for their expenditure on SSP, but in 1991 the amounts that they could claim back were reduced and in 1994 were phased out almost completely. The aim of this change was to encourage employers to tackle high rates of sickness absence (Ogus et al 1995:161).

In 1995, the Conservative Government introduced radical changes to the main contributory benefits for sickness and disability (Walker and Howard, 2000). Sickness Benefit and Invalidity Benefit were completely replaced by Incapacity Benefit (IB). The reform abolished the earnings-related top-up that had existed in Invalidity Benefit (IVB), removed the option for beneficiaries to remain on IVB for five years after pension age, made it harder for people without a recent work record to claim, and made the benefit taxable. In addition, the medical test of incapacity for work that claimants needed to pass in order to qualify for IB was tightened with the introduction of the All Work Test in place the Own Occupation Test. The Own Occupation Test had considered whether there was work that the person could reasonably be expected to do and required consideration of the claimant's age, educational background and work experience as well as the state of their health. The All Work Test, by contrast, was intended to exclude such broader considerations and focus on the physical and mental functions of the individual and whether they were capable of doing any work. In effect, this change redrew the boundary between capacity and incapacity for work, making it harder to qualify for IB (Wikeley et al 2002).

The background to the 1995 reform was that, like many other advanced welfare states (Kemp, 2006), Britain had experienced a substantial growth in incapacity related benefits, which many commentators linked to the process of deindustrialisation (Beatty and Fothergill 1996; 2002). In 1979, for example, the total claiming incapacity related benefits stood at 0.7 million. The figure for 2005 was 2.7 million, which far exceeded both the claimant count and the International

Labour Organisation (ILO) measure of unemployment (0.8 million and 1.4 million respectively) and represented over 7% of the total working age population (Fothergill and Smith 2005:11).

In 2001, New Labour made several changes to IB. First, they replaced the All Work Test with the Personal Capability Assessment (PCA). In this new medical test, the criteria for assessing incapacity for work remained the same but the new test sought to focus on what people could, as well as could not, do. Second, National Insurance changes were made to eligibility criteria for IB in order to further restrict it to people with a recent work record. Third, an income taper of 50% was introduced for claimants with private or occupational pensions of over £80 a week. Finally, for new claimants, the Government promised to reassess entitlement to benefit every three years rather than haphazardly or not at all, as had previously been the case.

As well as these restrictions in eligibility for and entitlement to IB, the New Labour Government increasingly tried to encourage IB recipients to return to the labour market. This shift in policy was partly the result of a desire to cut the cost of social security and reduce social exclusion among disabled people. But it also reflected a perceived need to increase the number of economically active people in order to restrain wage inflation in the face of an ageing workforce (Grover and Piggott, 2005:706). Thus in 1998, a voluntary New Deal for Disabled People was introduced and in 1999 working disabled people were included in a new tax credit scheme designed to top up the wages of people in low paid work (Stafford et al, 2004). In 2000, benefit conditionality was tightened for people on long-term sickness benefit with the phasing in of compulsory 'Work Focused Interviews' with personal advisors for certain claimants of IB. Subsequently, a number of pilot schemes called Pathways to Work were introduced to encourage recipients of IB to return to employment, before being rolled out nationally.

Recent changes to the system of sickness benefits in the UK have, with the introduction of the Employment and Support Allowance (ESA), further increased work conditionality for sick and disabled people. Introduced in October 2008, ESA is intended as a benefit for people who have 'limited capability for work' and replaced IB and income related IS, which was paid on 'grounds of disability' (CPAG 2010/2011). The new work test associated with ESA, the 'test of limited capability for work' also known as the 'work capability assessment' (WCA) has incurred

criticism because of the high numbers of applicants who fail the test (CAB 2010). ESA and the new WCA were intended to tighten up the inflow of new claimants, but recent figures suggest that just over a third of new claimants undergoing the WCA are deemed eligible for ESA, representing 20% fewer than was originally expected by the (previous Labour) government. Some commentators have raised concern that some people who fail the WCA are being inappropriately placed onto Jobseeker's Allowance which does not provide any support for disabled people to get back to work, or are exiting the benefit system entirely and enduring hardship as well as ill health (see Gregg 2010).

ESA further introduces a distinction between those beneficiaries in receipt of the work-related activity component of ESA who may be expected at some future point to engage with paid work, and those in receipt of the support component whose conditions are such that they are not expected to engage with paid work. Original estimates were that 90% of ESA claimants would be in the work related activity group, thus further tightening the boundaries around those not expected to take part in the labour market. The new benefit is also expected to be a temporary one for the great majority of claimants (Kemp and Davidson, 2010).

Changes recently brought about in medical certification can also be expected to cut down on the numbers of people getting both SSP and ESA, with 'fitness to work' notes replacing 'sick notes'. GPs are now required to provide a statement for the employer detailing whether the employee is either not fit for work or whether they might be fit for work 'taking account of the following advice' such as altered hours, amended duties or some kind of workplace adaptations. However, it is up to the employer to decide whether the employee is capable of work, regardless of whether any adaptations are made.

Data and methods

The empirical part of this paper draws on a quantitative study of routes onto Incapacity Benefit (IB) among new IB claimants. It was conducted by the authors for the UK's Department for Work and Pensions (DWP). The survey involved face-to-face, structured interviews with a

nationally representative sample of 1,843 people in Britain who had made a new claim for IB approximately six month earlier. It was thus a survey of the *inflow*, rather than the *stock*, of IB claimants. The sample was drawn from the DWP administrative database of IB claimants. As well as people receiving IB payments, the sample included ‘credits only’ IB claimants, many of whom were in receipt of means-tested Income Support with a disability premium. Thus, in line with DWP terminology, ‘claimants’ refers to people who claimed IB and were awarded either payments or national insurance credits. The fieldwork was conducted in people’s homes by the survey firm Ipsos MORI between September 2006 and January 2007. The response rate was 56 per cent. In line with the national figures for IB, 59 per cent of recent claimants were men and 41 per cent were women.

Results

Before seeking to test the three propositions about temporary compared with permanent workers, we describe the demographic and socio-economic characteristics of the interview sample of new IB claimants. This comparison reveals that there were many important differences between people whose most recent job was temporary and those whose job was permanent.

Demographic and socio-economic characteristics

Table 1 shows that new IB claimants whose current or most recent job was temporary were significantly different from those whose contract was permanent. In summary, temporary workers were more likely to be male; more likely to be aged under 25 and less likely to be 55 years and older; more likely to be black or from another minority ethnic group; more likely to be single (living alone or with others); and less likely to be living with dependent children or as part

of a couple; and, finally, more likely to be tenants (private or social) and less likely to be owner-occupiers.

Among new IB claimants, similar proportions of temporary and permanent workers were self-employed as opposed to employees. And they were equally as likely to have been working in the public sector compared with the private sector in their most recent job. However, in many other respects, new claimants who were temporary workers had different work characteristics from permanent workers (Table 2).

As expected, temporary workers were less likely than permanent ones to have been members of trades unions and to have been employed by large firms (those with more than 1000 employees). Not surprisingly, temporary workers were much more likely to have had more than one job in the previous two years. Likewise, their job tenure was much more likely than that of permanent workers to be short rather than long. For example, about three-fifths of temporary workers compared with only a fifth of permanent ones were in their most recent job for less than six months. At the other end of the spectrum, only one in 20 temporary workers, compared with three out of ten permanent workers was in their most recent job for ten or more years (Table 2).

New IB claimants whose most recent job was temporary also had very different work histories than those in permanent posts (Table 3). Most permanent workers reported that they had spent most of their adult life in steady jobs or self-employment, but the same was true of barely a half (47%) of temporary workers. A similar proportion (49%) of temporary workers reported having had a more chequered employment history. The latter involved having been 'in and out of work several times', or having 'mainly done casual or short-term work' or having 'spent a lot of time out of work because of sickness or injury'.

In other words, half of the new IB claimants whose most recent job was temporary workers were chronically temporary workers: having an insecure job was for many a characteristic feature of their work history. Moreover, for some of them, this work insecurity and gaps in their employment record were bound up with chronic ill-health. This supports the view that, in some cases, the 'low pay, no pay cycle' (Stewart, 1999) is not only a function of low skills, but also of poor health (Davison & Kemp, 2008).

In these circumstances, it is not surprising that, compared with new IB claimants whose most recent job was permanent, those whose job was temporary were more likely than to have been *not* in paid work both before their claim and prior to the interview six months later (46% compared with 23%). And, conversely, temporary workers were less likely to have been in paid work both prior to their claim and in the week before their interview (19% compared with 43% respectively). In other words, among new IB claimants, temporary workers were less close to the labour market than people whose most recent job was permanent.

Table 4 shows that there were significant differences between temporary and permanent workers in relation to their IB claim history. In particular, temporary workers were more likely to have claimed IB on a previous occasion. However, the key difference in relation to previous claims is that temporary workers were more likely than permanent ones to have claimed IB in the previous two years (26% compared with 14% respectively). Controlling for a range of demographic, socio-economic and health factors, the odds of having claimed IB on a previous occasion were 2.0 times higher for people whose job had been temporary than for those whose job was permanent.

In addition, temporary workers were less likely than permanent ones to have been in receipt of IB at the time of their interview (that is, six months after their ‘recent claim’). This difference is partly accounted for by the fact that a higher proportion of the former than the latter were still waiting for their claim to be processed (the medical test for IB eligibility was typically held months after the initial claim was made) and partly because a higher proportion of temporary workers had their claim rejected. In addition, more temporary workers were no longer claiming IB (Table 4). The reasons why people were no longer receiving IB are discussed later in the paper.

Sick pay

Were temporary workers less likely than permanent ones to get sick pay when they became injured or were too ill to do paid work?

Table 5 shows that temporary workers were less likely to have been either in work or off sick from their job than were permanent workers. The table also shows that, among people off sick from their employment, temporary workers were indeed much less likely than permanent workers to have been *receiving* sick pay (19% compared with 54% respectively). In fact, in the entire sample of temporary workers, only ten respondents were on sick pay immediately prior to their claim and in all instances that was Statutory Sick Pay. In contrast, although the great majority of permanent workers were on SSP, one in six was getting some occupational sick pay. Meanwhile, twice as many temporary workers as permanent ones were receiving neither sick pay nor their normal pay while on sick leave from their job.

Thus, even prior to their claim for IB, occupational social protection –defined here as receipt of normal pay, occupational sick pay or statutory sick pay - while off sick from paid employment was much less prevalent among people whose job was temporary than among those in permanent posts.

Employees who were either working or off sick and who had at least one condition that affected their ability to do their job (on which, see below) were asked whether they were *entitled* to sick pay (occupational or statutory) from their employer in that job. As Table 5 shows, while seven out of ten people whose job was permanent reported being entitled to sick pay, only a quarter of those with temporary positions were so entitled.

However, the social security system in Britain provides a social safety-net for those who are off work because of sickness but do not qualify for occupational or statutory sick pay. Nevertheless, coverage was less than complete. In fact, only a quarter (26%) of people who were off sick from work but not receiving either their normal pay, OSP or SSP were receiving either Income Support (IS) or Jobseeker's Allowance (JSA). Meanwhile, a third (34%) of self-employed people who were off work because of sickness was receiving either IS or JSA.

Meanwhile, among people who were *not* in work or off sick from work (i.e. those who were unemployed or economically inactive for one reason or another) immediately prior to their IB claim, about two-thirds (64%) were receiving either Income Support or Jobseeker's Allowance immediately prior to their claim for Incapacity Benefit. In fact, receipt of IS and JSA was about

50 per cent higher among unemployed or economically inactive people whose most recent job had been temporary than among those whose job was permanent (62% compared with 43% respectively).

To some extent, therefore, the social assistance safety net in Britain does attenuate the inequality in occupational social protection for temporary and permanent workers who become sick. However, coverage of social assistance was incomplete. Moreover, receipt of IS and especially of JSA comes with more strings attached than occupational welfare in the form of OSP and SSP (Davidson & Kemp, 2008). In particular, means-tested out-of-work benefits involve not just varying degrees of ‘conditionality’ but also high transactions costs in claiming them. Indeed, whereas those people getting either OSP or SSP may see themselves as simply receiving what they are entitled to – and in the former case, at least for relatively short periods of sickness, may not even realise that they are in receipt of sick pay instead of their normal pay – people on JSA and IS are arguably more in the position of supplicants. Hence, given their greater reliance on social assistance, temporary workers are generally in a much less advantageous position than those who are permanent workers.

Coping with sickness at work

Altogether, 96 per cent of respondents reported having at least one disability or health condition that affected their everyday activities at the time of the survey or in the previous 12 months. When asked about their main health condition or disability, temporary workers were more likely to cite a mental health problem and permanent workers a chronic or systemic condition. Temporary workers were also more prone to conditions with fluctuating rather than constant symptoms, which may possibly have been one of the reasons why they were in temporary jobs (Table 6).

Respondents who had been in work or on sick leave from work immediately prior to their IB claim were asked whether each of the conditions they mentioned had affected their ability to do that job. Among both the temporary and the permanent workers, eight out of ten reported that at least one of their health conditions had indeed affected their ability to do the job.

Employees whose health had affected their job were then asked when, if at all, they had discussed the condition(s) with their employer.¹ It turns out that, among respondents whose health was affecting their ability to do their job, temporary workers were indeed *less* likely to have discussed it with their employer. Thus, 39 per cent of people whose employment was temporary, compared with 29 per cent of those whose post was permanent, had *not* discussed their health condition (Table 7). This raises the question of whether the reason temporary workers were less likely to have discussed their health problems with their employer was fear of losing their job or not having it renewed when their contract ended.

A wide array of reasons was given as to why employees had *not* discussed with their employer the condition that was affecting their ability to do their job, none of which was cited by more than a handful of respondents. Five of the reasons mentioned were about the possibility of losing the job and one about fear of having their pay reduced. Taken together, these six factors accounted for nine per cent of the total number of reasons why respondents had not discussed the problem with their employer. If one includes a further two reasons that involved the perception that there was no point in mentioning their health condition, then altogether one in six reasons cited were about fear of losing their job or the view that their employer would be indifferent to the problem. Contrary to expectations, all but one of this very small group of respondents were in fact permanent workers.

As for those respondents who had mentioned the problematic health condition to their employer, temporary workers were much *more* likely than permanent workers to have done so before they started the job (26% compared with 9% respectively). About half of both temporary and permanent workers discussed their health with their employer as soon as the condition became a problem. However, temporary workers were much *less* likely than permanent ones to have discussed it after the condition had begun or had got worse. It seems, therefore, that while temporary workers were much less likely to mention to their employer health conditions that affected their ability to do the job, they were much less likely to soldier on in silence (Table 7).

While temporary workers were less likely to discuss with their employer health conditions that affected their job, and permanent workers were much more likely to give fear or employer indifference as a reason for not doing so, we do not know whether these differences were a

function of a fearful mindset on the part of employees or an accurate reflection of the likely reaction from their employers. What we can tell, however, is how employers responded to those employees who did discuss their health conditions with them and whether this varied according to whether the job contract was permanent or temporary. As Table 7 shows, a higher proportion of people with permanent posts than those with temporary jobs reported that their employer responded helpfully and a lower proportion unhelpfully. Seven out of ten permanent workers who discussed their condition said their employer responded helpfully; indeed, 50% said 'very helpfully'. By contrast, just under half of people whose most recent job was temporary felt their employer had been at all helpful and almost as many said the response had been unhelpful.

However, far fewer respondents reported that changes were made to their job or working conditions in order to accommodate their health condition than that their employer had responded helpfully. Thus, whereas overall about half of employers were said to have been 'helpful', only one in six were reported to have actually made any changes on account of the health condition(s) that affected the respondents' ability to do their job. And, once again, permanent workers were more likely to say that changes had been made than were people in temporary jobs (see Table 7).

Three-quarters (74%) of respondents who reported that their employer had made changes to their job or working conditions to accommodate their health problems said that the changes helped them to keep working longer than might otherwise have been the case. However, the number of temporary workers for whom changes had been made was so small that it was not possible to examine the how helpful the changes that were made had been compared with those made for people in permanent posts.

Finally, among people who were in employment or off sick from their employment immediately prior to their IB claim, permanent workers were more likely than temporary ones to report that they had access to occupational health services through their employer (30% compared with 17%). In other words, more permanent workers had access to occupational advice, support or treatment through their employer in the event of a health condition affecting their ability to do their job than was the case for people in temporary posts.

Job termination

Did new IB claimants lose their most recent job because of their health condition or disability? In order to explore this question, we asked respondents who were neither working nor off sick from their work immediately prior to their IB claim, what was the *main* reason why their most recent job had come to an end?

Table 8 shows that, among people whose most recent job was not permanent, two out of five had ceased working because their temporary contract had come to an end. Perhaps not surprisingly, this was the single main reason for the termination of the most recent job held by people in temporary positions who were not in work or on sick leave immediately prior to their IB claim.

Looking at other reasons, three out of ten temporary workers, compared with almost half of permanent ones, had in fact given up their most recent job because of their ill-health or disability. Thus, a higher proportion of people in permanent positions than those in temporary jobs had decided to stop working for health reasons.

However, even among those who did not give up their job because of their condition, health may have been one of the reasons why it came to an end. For example, they may have been laid off because of their health condition. In fact, almost two-fifths (38%) of respondents who did not give up their job because of their ill-health or disability reported that it had nonetheless played a part in their most recent job coming to an end. Moreover, in two-thirds (67%) of those cases, the respondent said that health was the *main* reason why it was terminated.

Altogether, half (50%) of temporary workers and three-quarters (74%) of permanent ones said that health had been either the main reason or one of the reasons why their most recent job had ended.² Thus, although temporary workers were less likely than permanent ones to be in work or off sick from their work immediately prior to their IB claim, among those who were not in work, fewer temporary than permanent workers had lost their most recent job because of their ill-health.

Finally, we asked respondents who had ceased claiming IB by the time of the survey why that was the case. As Table 9 shows, the proportion of these former claimants who went back to their

old employer (or previous self-employment) was twice as high among people who had permanent positions than among those whose job was only temporary. Meanwhile, temporary workers were more likely to have moved onto other out-of-work benefits.

Hence, while temporary workers were more likely to have been out of work immediately prior to their IB claim; and although permanent workers were more likely to have lost their most recent job for health reasons; people whose post was permanent were more likely than those whose job was temporary to have returned to their old employer when they stopped claiming IB.

Conclusions

In this paper we have compared the sickness benefit package in practice for people who experience work incapacity and claim IB in Britain, an example of a liberal welfare regime. In particular, we compared the experiences of new claimants whose most recent job was temporary with those whose job was permanent. By drawing on a large-scale, nationally representative survey, we were able to test three propositions about the sickness benefit package for people who experience work incapacity and claim IB (see Davidson & Kemp, 2008) that were based on exploratory, qualitative evidence on new IB claimants (Sainsbury & Davidson, 2007).

Our analysis confirmed, first, that people who claimed IB and whose most recent job was temporary, were much less likely than those whose job was permanent, to either receive or be entitled to sick pay from their employer. Instead, they were more likely to rely on Income Support, a means-tested social security benefit to which considerable strings and transactions costs are attached, especially when compared with either Statutory Sick Pay or occupational sick pay.

It was also found, secondly, that new IB claimants whose most recent job was temporary were indeed less likely to discuss with their employer health conditions that affected their ability to do their job. Furthermore, when they did discuss the problem, they were much less likely to be met with a helpful response, and much more likely to encounter an unhelpful reaction, from their employer when compared with claimants whose most recent job was permanent. In addition,

temporary workers were much less likely to find that changes were made to their job or working conditions to accommodate the health conditions that were affecting their ability to do their job.

Thirdly, however, evidence about whether temporary workers were more likely than permanent ones to lose their job when they became sick, was mixed. Temporary workers were certainly less likely to be in work immediately prior to their claim for IB, but that is only to be expected given that they did not by definition have a permanent contract. Indeed, the most common reason why temporary workers had lost their most recent job was precisely that they had reached the end of their temporary contract. Permanent workers were actually more likely than temporary ones to have lost their job for health reasons. Nevertheless, among people who had stopped claiming IB, far more permanent workers had returned to work with their previous employer than was the case for temporary workers. In other words, precisely because they had been only temporary workers, they generally did not have a job to go back to.

Taking all this evidence together, it is apparent that there is very much a duality in the sickness benefit package between secure and less secure workers in Britain. Although the social assistance system does mitigate the differential access to sickness benefits between temporary and permanent workers, it does so only partially and for the most part less generously and on more conditional terms. This inequality serves to reinforce the cleavage that exists in relation to job contracts and protection against dismissal on which much of the existing literature on the insecure workforce has concentrated its attention.

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Tables

Table 1: Household characteristics

	Temporary job	Permanent job	<i>N</i>
	%	%	
<i>Gender</i> *			
Male	67	60	885
Female	33	40	565
<i>Age</i> ***			
16 to 24	27	10	194
25 to 34	19	15	221
35 to 44	17	21	293
45 to 54	24	26	372
54+	14	28	363
<i>Ethnicity</i> *			
White	91	94	1349
Black & other	9	6	100
<i>Household type</i> ***			
Lives alone	23	19	289
Single but not alone	19	14	215
Lone parent	19	13	202
Couple	22	32	438
Couple with children	16	22	301
<i>Housing tenure</i> ***			
Owner-occupier	34	50	682
Private renter	19	12	198
Social renter	41	33	503
Other	6	4	65
All	21	80	1449

Base: respondents who had worked in the previous 2 years

Table 2: Current or most recent job

	Temporary job	Permanent job	<i>N</i>
	%	%	
<i>Nature of job</i>			
Employment	86	84	1227
Self-employment	14	16	222
<i>No. of workers at employer ***</i>			
1 to 9	18	14	181
10 to 49	20	23	269
50 to 249	17	17	210
250 to 999	10	11	127
1000+	18	29	329
Don't know/can't remember	18	6	104
<i>Sector in which employed</i>			
Private or other sector	79	77	940
Public sector	21	23	279
<i>Union member in that employment? ***</i>			
Yes	7	27	271
No	93	74	934
<i>Length of tenure in current/most recent job *</i>			
Less than 6 months	57	22	418
6 months, less than 1 year	14	8	137
1 year, less than 2 years	9	9	131
2 years, less than 10 years	12	32	401
10+ years	5	29	345
Don't know/can't remember	3	1	17

+ includes those who did not know or could not remember how many

Base: respondents who had worked in the previous 2 years

Table 3: Closeness to the labour market

	Temporary job	Permanent job	<i>N</i>
	%	%	
<i>Work history summary</i> ***			
Mostly in steady work	47	77	1016
Less steady work history	49	16	330
Lot of time looking after home/children	4	7	90
<i>No of jobs in last 2 years</i> ***			
One	48	76	1013
Two or more +	52	24	436
<i>In work or off sick before claim & last week?</i> ***			
Prior to claim & last week	19	43	547
Prior to claim but not last week	30	30	429
Last week but not prior to claim	6	4	68
Neither last week nor prior to claim	46	23	404
<i>Numeracy or literacy problem?</i>			
Yes	81	83	1200
No	20	17	249
<i>Full driving licence?</i> ***			
Yes	49	65	889
No	51	35	551
<i>Access to vehicle for private use?</i> **			
Yes	74	86	751
No	26	15	147
<i>Living in area of high unemployment?</i> *			
Yes	41	35	523
No	59	65	927

Note: Vehicle is here used as 'shorthand for car, van and motorcycle'

Base: respondents who had worked in the previous 2 years

Table 4: IB claim history

	Temporary job	Permanent job	N
	%	%	
<i>Claimed IB before? ***</i>			
No, first ever claim	60	73	1022
Yes, in previous 2 years	26	14	244
Yes, more than 2 years ago	14	12	184
<i>Receiving IB now? ***</i>			
Yes	41	57	779
No	59	43	671

+ includes people caring or looking after the home (N = 30)

Base: respondents who had worked in the previous 2 years

Table 5: Employment status and sick pay prior to IB claim

	Temporary job	Permanent job	N
	%	%	
<i>Employment status prior to IB claim ***</i>			
In employed or self-employed job	23	30	415
Off sick from job	26	42	562
Temporarily sick with no job to return to	7	3	57
Permanently off work due to ill-health	11	5	91
Unemployed & looking for work	28	14	244
Other ^	6	5	79
Total #	100	100	1048
<i>Receiving sick pay? ***</i>			
Getting paid as normal	19	15	74
Getting sick pay	19	54	245
Not getting normal pay or sick pay	63	31	171
Total ~	100	100	490
<i>Entitled to sick pay? ***</i>			
Yes	26	69	461
No	70	28	239
Don't know	4	3	24
Total +	100	100	724

^ includes people caring or looking after the home (N = 30)

Base: respondents who had worked in the previous 2 years

~ Base: respondents who were on sick leave from their job immediately prior to their IB claim

+ Base: respondents who were employed or on sick leave immediately prior to their IB claim and had at least one health condition that affected their job

Table 6: Main health conditions

	Temporary job	Permanent job	<i>N</i>
	%	%	
<i>Main condition **</i>			
Mental health	31	24	349
Musculo-skeletal	37	42	567
Chronic or systemic	13	21	268
Other	18	13	192
<i>Symptoms **</i>			
Fluctuating	59	48	684
Constant	41	53	693

Base: respondents who had worked in the previous 2 years and had a health condition that affected their everyday activities

Table 7: Discussion with employer about health problems

	Temporary job	Permanent job	<i>N</i>
	%	%	
<i>Discussed health problem with employer? *</i>			
Yes	61	71	220
No	39	29	504
<i>When discussed health problems? ^</i>			
Before job started	27	10	59
After job started:			
- as soon as it became a problem	54	52	261
- but not until some time later	16	21	103
- but not until it became worse	9	20	96
<i>Helpfulness of employer ***</i>			
Helpful	47	69	337
Unhelpful	44	29	153
Don't know/can't remember	9	2	14
<i>Did employer make changes? *</i>			
Yes	5	18	115
No	94	81	598
Don't know/can't remember	1	1	9

Base: respondents who had worked in the previous 2 years and had discussed with their employer health conditions that were affecting their ability to do their job

^ Totals may not sum to 100 as some respondents had more than one health condition that affected their ability to do their job

Table 8: Main reason most recent job came to an end ***

	Temporary job	Permanent job	<i>N</i>
	%	%	
Temporary job ended	41	0	92
Laid off	11	26	183
Health reasons	31	48	361
Other reasons	17	26	197
Total	100	100	833

Base: respondents who had worked in the previous 2 years but were neither in work nor off sick their job immediately prior to their IB claim

Table 9: Why people had stopped claiming IB *

	Temporary job	Permanent job	<i>N</i>
	%	%	
Returned to old employer/self-employment	13	28	83
Found new job or became self-employed	30	30	101
Moved onto other benefits	24	13	54
Other reasons	33	30	103
Total	100	100	490

Base: respondents who had worked in the previous 2 years and were no longer claiming IB when interviewed

¹ Hence, by definition, self-employed respondents were not asked this question.

² This, incidentally, suggests that ill-health, rather than ‘hidden unemployment’ among ‘discouraged workers’ with health problems, was a much more important reason why people had claimed IB at the end of the ‘NICE decade’ than it had been when Beatty and Fothergill (1996) were investigating the reasons for growth of IB claims during the 1980s (cf. Beatty et al, 2010).