Absenteeism contributes to a substantial amount of lost productivity and revenue for Canadian organizations and the economy as a whole. It presents itself in many forms, ranging from casual absences—employees off with minor illnesses lasting one or a few days—to longer-term leaves of absence.

To further examine the issue of absenteeism and lost productivity, The Conference Board of Canada has undertaken a research study to:
- analyze absenteeism rates in Canada;
- identify the key drivers or causes of absenteeism;
- quantify the cost of absenteeism for employers;
- assist employers in establishing an effective disability management program;
- explore opportunities for employers to enhance health promotion and injury prevention in the workplace;
- present effective strategies and best practices for employers in the area of disability management, accommodation, and return to work.

**At a Glance**
- The average absenteeism rate in 2011 was 9.3 days per full-time employee.
- The estimated direct cost of absenteeism to the Canadian economy was $16.6 billion in 2012.
- Despite the enormous cost of absenteeism, less than half of Canadian organizations (46 per cent) currently track employee absences.
The findings are being published in two briefings and a report:

1. *Missing in Action—Absenteeism Trends in Canadian Organizations*: This first briefing presents data on absenteeism rates in Canada, the key drivers or causes of absenteeism, as well as the cost of employee absences.

2. *Creating an Effective Workplace Disability Management Program*: The second briefing will provide an in-depth guide to creating an effective workplace disability management program.

3. *Disability Management—Opportunities for Employer Action*: The report will feature the perspectives of employees and supervisors from across Canada on their organizations’ disability management programs. It provides employers with advice and guidance on how to more effectively manage absenteeism.

The purpose of this first briefing, *Missing in Action: Absenteeism Trends in Canadian Organizations*, is to explore absenteeism rates in Canada. It looks at variations in absenteeism rates across regions, sectors, industries, and employee characteristics, and provides insights into why certain employees may be absent more often than others. By understanding some of the factors and characteristics that influence absenteeism, employers will be better prepared to address absenteeism in their own organizations. The briefing also explores the cost of absenteeism to the Canadian economy. Finally, it highlights how absenteeism rates in Canada compare with those in other international jurisdictions.

**Methodology**

This briefing features data from two main sources. The data on the numbers of days lost per employee in 2011 are from Statistics Canada. Data on tracking absenteeism and cost of absenteeism are from The Conference Board of Canada.

**STATISTICS CANADA DATA**

Statistics Canada data for absenteeism benchmark the number of workdays lost for personal reasons—specifically illness, disability, and personal or family responsibilities (excluding maternity leave). The data are collected as part of the Labour Force Survey (LFS) and use the National Occupational Classification for Statistics (NOC-S) 2006 and the North American Industry Classification System (NAICS). The estimated number of days lost per worker per year is calculated by pro-rating the time lost during a reference week for personal reasons over the whole year. The LFS covers the civilian, non-institutionalized population 15 years of age and over. It is conducted nationwide, in both the provinces and territories. Data are collected directly from Canadian workers through a survey.

Several groups are excluded, including part-time workers, self-employed individuals, and unpaid family workers, because they typically have better opportunities to organize their working hours around competing personal and family responsibilities. Multiple job holders are also excluded, since the LFS data do not capture lost time, including reasons for lost time, for specific jobs. Men taking either paid parental or paternity leave (Quebec data only) are included in the calculation up to 2006. Although some human resources professionals exclude those taking leave in excess of one year for long-term disability from their attendance management metrics, Statistics Canada does include these people if they consider themselves employed (they receive full or partial pay from employers while on disability leave). In 2011, an average of 33,200 people per week were on long-term leave for illness or disability. If this group is removed from the calculation, the average weekly work absence for disability or illness drops, from 5.9 to 5.6 per cent. Additionally, the inactivity rate drops from 3.1 to 2.8 per cent.

**CONFERENCE BOARD OF CANADA DATA**

The Conference Board conducts an annual survey to examine a variety of compensation and human resources management trends across the country. In June 2012, a questionnaire was sent to 1,510 predominately medium-sized and large Canadian organizations operating in a variety of regions and sectors. A total of 401 respondents participated in the survey, representing a response rate of 27 per cent. As part of this survey, organizations were asked a series of questions on absenteeism, including whether they track absenteeism and the cost of absenteeism as a percentage of payroll to their organization.

Sources: The Conference Board of Canada; Statistics Canada.
TRACING ABSENTEEISM

In 2012, nearly half of organizations (46 per cent) reported that they track absenteeism, up slightly from the 40 per cent in 2009. Public sector organizations are more likely to track absenteeism. Almost two-thirds of public sector organizations (63 per cent) track absences compared with 39 per cent in the private sector. (See Table 1.)

There is an abundance of Canadian data available on the main reasons behind short- and long-term disability claims. However, it can be difficult to pinpoint the causes of casual or intermittent absences because the majority of employers do not track this type of information. There are also privacy laws in Canada that prevent employers from probing too deeply into the reasons for an employee’s absence.

By analyzing absenteeism patterns and employee health risks, organizations will be better situated to address the root causes of absences and reduce absenteeism.

In the United Kingdom, employers have more latitude to inquire about the source of casual absences. Research done by the Chartered Institute of Personnel Development (CIPD) found that the primary reason for short-term absences is minor illness (headaches, colds, and the flu) followed by musculoskeletal injuries, back pain, and stress. Stress more commonly affects non-manual workers while musculoskeletal injuries and back pain are frequent among manual workers.  

If organizations hope to reduce absenteeism, they need to understand its drivers. Tracking both the frequency of and reasons for absences is one of the first steps in this process. While employers may not be able to ask too many questions about an illness or injury, most employees do provide a reason when calling in sick. Tracking this type of information is important. Organizations can also use data provided by Employee Assistance Program (EAP) providers, employee health risk assessments, anonymous employee surveys, or data on the causes of short- and long-term disability claims to gain a better understanding of the health issues facing their employees. By analyzing their absenteeism patterns and employee health risks, organizations will be better situated to address the root causes of absences and reduce absenteeism.

OVERALL ABSENTEEISM RATES

According to Statistics Canada, the average absenteeism rate across all regions, sectors, and types of employment was 9.3 days per full-time employee in 2011. Absenteeism rates have remained fairly steady, ranging from a low of 8.5 days in 2001, to a high of 9.9 days in 2007.  

Table 1

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<tr>
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<th>2009</th>
<th>2012</th>
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<tbody>
<tr>
<td></td>
<td>n</td>
<td>per cent</td>
</tr>
<tr>
<td>Overall</td>
<td>255</td>
<td>40</td>
</tr>
<tr>
<td>Private sector</td>
<td>179</td>
<td>35</td>
</tr>
<tr>
<td>Public sector</td>
<td>76</td>
<td>54</td>
</tr>
</tbody>
</table>

Source: The Conference Board of Canada.

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Overal Absenteeism Rates, 2001–11 (days lost per worker)

Source: Statistics Canada.

1 CIPD, Absence Management, 6.

2 Dabboussy and Uppal, Work Absences in 2011, 3.
ABSENTEEISM RATES BY PROVINCE
Saskatchewan had the highest absenteeism rate averaging 11 days absent per employee, followed closely by New Brunswick, Nova Scotia, and Quebec, all at 10.8 days per employee. Alberta had the lowest level of absenteeism, with an average of 7.9 days per employee.\(^3\) (See Chart 2.) Alberta and Ontario have the lowest union density rates in Canada, which contributes to their lower absenteeism rates.\(^4\)

ABSENTEEISM RATES BY SECTOR, UNIONIZATION, AND INDUSTRY
In 2011, the public sector absenteeism rate (12.9 days) was higher than that of the private sector (8.2 days).\(^5\) (See Table 2.) There are multiple reasons why absenteeism tends to be higher in public sector organizations.

Public sector absenteeism rates should not be considered in isolation from unionized absenteeism rates. In 2011, 74.7 per cent of public sector employees were union members or covered by a collective agreement.\(^6\) In 2011, the days lost per worker were 13.2 days for union members or those covered by a collective agreement, compared with 7.5 days for non-unionized employees.\(^7\) Included in their collective agreements, unionized employees usually have more generous sick leave entitlements, job security, and better safeguards against punitive actions due to

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4 Statistics Canada, *Union Membership*.
6 Statistics Canada, *Union Membership*.
absences. The sick leave and security negotiated by unionized employees also tend to influence benefits received by non-unionized employees in the same organization.

Conference Board of Canada research has shown that public sector employees have access to a greater number of paid sick leave days than those in the private sector (11.6 days per employee compared with 8.2 for the private sector). This could also contribute to higher usage among public sector employees. Often, the more generous the sick leave policy, the more sick days employees will use.

Higher absenteeism rates in the public sector could be a symptom of the tight fiscal restraints and scrutiny that the public sector faces. Many argue this pressure contributes to heightened stress levels and consequently increased absence among employees. For example, the uncertainty and stress felt by federal public servants in the current downsizing of the federal public service could be leading to more absenteeism. It should be noted, however, that higher public sector absenteeism rates relative to the private sector are not a new phenomenon, which would indicate that the pressure on the public sector over the past few years is not the sole contributor.

Research suggests that the more positive the work environment and employee–employer relationship, the less likely employees are to miss work. If those public sector organizations struggling with absenteeism could find a way to improve their work environment, it could help to curb their absenteeism rates.

Absenteeism rates were highest in the health care and social assistance sector at 14 days per employee, followed by government or public administration at 12.8 days. Within the health care profession, support staff have the highest rate at 16.6 days followed by nurses at 15.8 days. It is an industry where shift work and overtime are common. Combined, these factors make it difficult for employees to get the rest that they need. Health care workers are in perpetual contact with patients who are ill. When confronted with a stressful work environment, they are even more susceptible to infection. Forty-eight per cent of nurses say they fear contracting a serious illness at work. Twenty-nine per cent of nurses have reported being physically assaulted by a patient and 44 per cent report being emotionally abused. A study funded by the Workplace Safety and Insurance Board found that three in five health care workers report high levels of work overload. The study, based on a survey of nearly 1,400 health care workers, points to a stressful culture where everything is urgent, there is a lack of staff, and the work is extremely complex. All of these factors certainly contribute to the high level of absenteeism within the health care sector.

The lowest absenteeism rate (5.8 days) was found in the professional, scientific, and technical services industry. This broad industry category has very low levels of unionization, at only 5.0 per cent union density.

Many point to a sense of entitlement around the use of sick days in the public sector, where employees take sick days as they would vacation days. But while perhaps more prominent in the public sector, the abuse of sick time is not unique to the sector and, more importantly, many public sector organizations do not struggle with an entitlement mentality around absenteeism. Even within the federal public sector, there are substantial differences in absenteeism rates among different departments and operating units.

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The lowest absenteeism rate (5.8 days) was found in the professional, scientific, and technical services industry. This broad industry category has very low levels of unionization, at only 5.0 per cent union density.

8 Hughes, Beyond Benefits II, 12.
9 Ibid.
10 Weston, “What’s Behind Rising.”
12 Dabboussy and Uppal, Work Absences in 2011, 8–9.
13 Shields and Wilkins, Findings From the 2005 National Survey, 39.
14 Ibid., 37–38.
15 May, “Local Hospital Staff Stressed to Limit.”
16 Duxbury, Higgins, and Lyons, The Etiology and Reduction of Role Overload.
17 Dabboussy and Uppal, Work Absences in 2011, 8.
18 Statistics Canada, Union Membership.
Smaller organizations tend to have lower absenteeism rates. In smaller organizations, there are fewer people (often no one) to cover in the event of an employee absence, and it is more obvious when an employee is absent. Smaller organizations are also less likely to be unionized. While these factors contribute to lower absenteeism, they can also perpetuate a culture where employees come in to work when they are too ill or contagious. Given their limited resources, it is especially important for smaller organizations to have policies in place that are aimed at limiting the spread of illness.

**Absenteeism Rates by Employee Characteristics**

As workers age, they tend to miss more days of work. This is influenced by illness and disability, not personal/family reasons. Those aged 20 to 24 missed on average 5.9 days, compared with 10.3 days for those aged 45 to 54 and 13.2 days for those aged 55 to 64. (See Chart 3.) The incidence of physical chronic disease increases with age, which contributes to increased illness and disability among this group.

Women also have higher rates of absences compared with men across nearly every age category. The average days lost for women is 11.4 days compared with 7.7 for men. There is little debate surrounding the fact that the average absenteeism rates are higher for women than for men. This finding is supported by Statistics Canada, the United States Bureau of Labor Statistics, and several European studies. There is, however, much debate around the reasons why women are absent more often then men. While different studies provide potential reasons for this disparity, there are none that fully explain the gap.

Intuitively, one might believe that the difference can be explained by that fact women tend to carry a larger share of the workload at home. But the trend of higher absenteeism among women exists when comparing men and women whether they have partners, are separated or single, and with or without children.

A study done by the University of Helsinki found that among middle-aged workers (40 to 60 years of age) at the City of Helsinki, women reported more physical health problems, physical work demands, and work fatigue then men, but that “psychosocial working conditions and family-related factors had no effects” on absence rates. It found that women took 46 per cent more casual sick days (one to three days) but that the numbers evened out when it came to long-term medically certified absences. A study done by the Tavistock Institute has suggested that women and men face different workplace cultures when it comes to absenteeism, where it is seen as more acceptable for women to be absent than men. Another report, from the *Journal of Business and Psychology*, found that different sources of stress affect women and men differently, with women being more strongly affected, contributing to higher absenteeism rates.

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22 Hopman and others, “Associations Between Chronic Disease,” 114.
26 Laaksonen and others, “Explanations for Gender Differences,” 329.
27 Ibid., 325.
29 Hendrix, Spencer, and Gibson, “Organizational and Extraorganizational Factors Affecting Stress.”
The disparity in absenteeism rates between men and women is an area where future research is required. Currently, there is no definitive explanation on why the gap exists.

Perhaps surprisingly, whether or not an employee has children has very little effect on total days lost per worker. However, having children does affect the reason for absences. Those with children under age 5 take almost double the number of days off for personal/family responsibilities than those without children, but make up for it by taking fewer days off due to illness or disability.30 (See Chart 4.)

### Chart 4
Absenteeism Rates in 2011, by Presence of Children (days lost per worker)

- **Without children**
- **With children under the age of 5**
- **With children aged 5–12**
- **With children aged 13 or older**

Source: Statistics Canada.

#### DRIVERS OF ABSENTEEISM

The drivers and predictors of absenteeism are complex. Absenteeism is affected by organizational influences, personal characteristics of the employee, and societal influences. (See Exhibit 1.) Not all drivers or predictors affect the causes (and outcomes) to the same degree. For example, an older worker may be more likely to experience health issues, but not necessarily be more prone to an entitlement mentality around sick leave.

There are certain drivers of absenteeism that an employer can control, such as an unhealthy work environment and lack of a structured absence management program. Other factors are more challenging for employers to address. What organizations can do is look at organizational influences, employee characteristics, societal influences, and their absence patterns, and use the information to determine the best way to approach absenteeism in their organization. For example, an organization with an older workforce may want to put in place health and wellness programs geared to this audience. Similarly, an organization may target unique programs at workers whose jobs are more physical in nature.

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32 Ibid.
33 Ibid.
COST OF ABSENTEEISM

Few organizations track the direct costs of absenteeism. In 2012, only 15 per cent of organizations tracked this type of data—unchanged from 2009. (See Chart 5.)

The direct cost of absenteeism is the salary cost associated with the number of workdays lost. For 2011–12, organizations estimated that the direct cost of absenteeism averaged 2.4 per cent of gross annual payroll—down slightly from 2.6 per cent in 2009. (See Table 3.)

This does not consider any of the indirect costs of absenteeism. Indirect costs, which are harder to quantify, include the replacement costs for absent workers, administrative costs (e.g., time spent finding a replacement), a reduction in employee morale (e.g., from increased workload), a reduction in productivity (e.g., due to delays, missed deadlines), and a reduction in customer satisfaction.34,35 When these additional costs are considered, the cost of absenteeism to organizations becomes substantially higher. While 2.4 per cent of payroll may seem fairly insignificant, if one considers the total wages for Canadian employees were $691.7 billion in 2012, this translates to a loss of $16.6 billion to the Canadian economy.36 It should be noted that, in some cases, the loss of productivity is mitigated by employees working extra unpaid hours to catch up on work that was missed while they were away.

One in 10 organizations reports that the cost of absenteeism has risen over the past 12 months, while 5 per cent report that the total direct costs have decreased. (See Chart 6.) Many organizations don’t know whether the costs have changed as they do not track this information.

34 Mercer, Survey on the Total Financial Impact of Employee Absences, 6.
35 Klachefsky, Take Control of Employee Absenteeism.
36 Based on data provided by Statistics Canada (from January 2012 to December 2012).
INTERNATIONAL COMPARISONS

Canada’s absenteeism rates are high by international standards, at least when comparing ourselves with our neighbours and closest comparators. It should be noted that it can be difficult to make exact comparisons as different studies define absenteeism slightly differently.

A study done in the U.S. in 2010 found that employees took, on average, 5.4 incidental unplanned absence days (casual absences, lasting five days or less), ranging from 3.9 for non-unionized management employees to 7.3 for hourly unionized workers. The same study found that the direct cost of incidental unplanned absences was 2 per cent of base payroll, and that the total cost (including direct and indirect costs) of incidental unplanned absences averaged 5.8 per cent of payroll. When extended absences (lasting more than a week, including short-term disability, long-term disability, and absences covered under the Family and Medical Leave Act) were included, the total cost crept up to 8.7 per cent of base payroll.37

In the U.K., research done in 2012 by CIPD found that the average number of days lost per employee was 6.8 days, or 3 per cent of work time lost. As in Canada, this number is higher in the public sector at 7.9 days compared with 5.7 days for private sector employees.38

In a separate study done by CBI and Pfizer, the absence rate was found to be 6.5 days per employee in 2010, again higher in the public sector at 8.1 days a year, compared with 5.9 days for the private sector. The study estimates the cost of absenteeism to the U.K. economy at £17 billion, of which £2.7 billion can be attributed to absences occurring with no medical reason.39

<table>
<thead>
<tr>
<th>Table 3</th>
<th>Direct Cost of Absenteeism (per cent of gross annual payroll)</th>
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<tbody>
<tr>
<td></td>
<td>2009</td>
</tr>
<tr>
<td>Overall</td>
<td>37</td>
</tr>
<tr>
<td>Private sector</td>
<td>18</td>
</tr>
<tr>
<td>Public sector</td>
<td>19</td>
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</table>

Source: The Conference Board of Canada.

| Chart 6 | Changes in Total Direct Costs of Absenteeism (n = 92; per cent) |

Source: The Conference Board of Canada.

GOING FORWARD: REDUCING ABSENTEEISM

Absenteeism is more than a human resources issue. It costs the Canadian economy billions of dollars each year. Unless organizations start proactively addressing absenteeism—beginning with better tracking of the number of absences and reasons for absences—this number will most likely increase as the workforce ages. By looking at absence patterns and identifying the causes of absences, organizations can put in place programs and policies to reduce absenteeism.

How do organizations establish an effective absence and disability management program? What specific actions can they take to reduce absenteeism? These questions will be answered in the second and third parts in this research series: Creating an Effective Workplace Disability Management Program and Disability Management: Opportunities for Employer Action.

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37 Mercer, Survey on the Total Financial Impact of Employee Absences, 8.
38 CIPD, Absence Management.
39 Barton, “CBI/Pfizer Research.”
BIBLIOGRAPHY


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