MISSING IN ACTION: ABSENTEEISM TRENDS IN CANADIAN ORGANIZATIONS

The purpose of this first report of a three part series, Missing in Action: Absenteeism Trends in Canadian Organizations by The Conference Board of Canada and sponsored by Morneau Shepell, is to examine data on absenteeism rates in Canada, the key drivers or causes of absenteeism, as well as the cost of employee absences.

Findings at-a-Glance

- In 2011, the average absenteeism rate was 9.3 days per full-time employee.1
- The estimated direct cost of absenteeism to the Canadian economy was $16.6 billion in 2012.2
- In 2012, only 46% of Canadian organizations tracked employee absences.3

Reducing Absenteeism

Absenteeism costs the Canadian economy billions of dollars each year. Unless organizations make significant progress in proactively addressing absenteeism, this number will increase as the workforce ages and as workplace mental health issues continue to have a greater impact.

At Morneau Shepell, we look at the root cause of the disability, including factors that go beyond the medical issues (e.g., personal life events or workplace conflicts). Our approach, supported by integrated best practices, expertise, and technology, puts the employee first with a focus on people—not paper, and delivers positive outcomes across four key areas that drive your organization’s metrics, namely:

- **Improved ROI:**
  - Reduce absence benefit, liability, and replacement costs
  - Reduce incidence and duration of absence, disability, and workers’ compensation—reducing benefit payout and overall costs
  - Increase cost-effectiveness through technology, including self-service and efficient workflow

Results from Morneau Shepell clients include:

- 23% average reduction in short-term disability (STD) duration
- Average STD duration reduced 8.5 days
- 34% lower workers’ compensation accident costs in-year
- 521% ROI in workers’ compensation

- **Increased employee engagement:**
  - Enhance support for employees and people leaders
  - Focus on engaging the employee
  - Support recovery and return to productivity/work
  - Support people leaders with their role in the return-to-work process

Results from Morneau Shepell clients include:

- 95%+ employee satisfaction
- 92% supervisor satisfaction

- **Improved administration efficiency:**
  - The right support, at the right time, for the right issues
  - Reduce HR and people leader administration time
  - Simplify administration and centralize access to information
  - Self-service functionality and better access to information

Results from Morneau Shepell clients include:

- 92% of managers feel program reports improve return-to-work planning
- 92% of managers report an easy process

- **Risk management:**
  - Reduce workplace risk factors and potential liability
  - Improve understanding of workplace health and safety protocol to prevent incidents, and to better manage and track cases
  - Mitigate errors, omissions, and litigation through specialization

Results from effective disability management programs include:
- Avoid failure to accommodate damages which have reached $450,000 in Canada
- Proactively address the 30% of disability claims that relate to mental health

Tracking Absenteeism

If organizations hope to reduce absenteeism, they need to understand the drivers. Tracking both the frequency of and reasons for absences is one of the first steps in this process. By analyzing their absenteeism patterns and employee health risks, organizations will be better situated to address the root causes of absence and to reduce its impact.

While most appreciate the economic impact of absenteeism, less than half (46%) of all Canadian organizations actually track absenteeism. (In the public sector, 63% report tracking absences while in the private sector the number is far lower at 39%). And only 15% of organizations tracked the actual cost of 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.
- Saskatchewan had the highest absenteeism rate averaging 11 days absent per employee.
- Alberta had the lowest level of absenteeism, with an average of 7.9 days per employee.
- Rates of absenteeism differ widely between public and private and between union and non-union workers.
- In 2011, the public sector absenteeism rate was 12.9 days; for the private sector it was 8.2 days.
- For union members or those covered by a collective agreement the figure was 13.2 days compared with 7.5 days for non-unionized employees.
- The highest rate of absenteeism is in the health care and social assistance sector at 14 days per employee.
- The lowest absenteeism rate (5.8 days) was found in the professional, scientific, and technical services industry.
- Smaller organizations (which are less likely to be unionized) tend to have lower absenteeism rates.

Short-Term Disability (STD) Costs

- The average premium paid per claim for fully insured STD plans is $13,927.
- The average cost per claim for non-unionized employees on short-term disability is $4,528.
- The average cost per claim for unionized employees on short-term disability is $4,336.

Absenteeism Rates by Employee Characteristics

- **Age:** As workers age, they tend to miss more days of work. This is influenced by illness and disability, not personal/family reasons.
  - Workers aged 20 to 24 missed on average 5.9 days
  - Workers aged 45 to 54 missed on average 10.3 days
  - Workers aged 55 to 64 missed on average 13.2 days

- **Men/Women:** Women have higher rates of absence compared with men across nearly every age category. The average days lost for women are 11.4 compared with 7.7 for men. While different studies provide potential reasons for this disparity, there are none that fully explain the gap.

International Comparisons

Although Canada’s absenteeism rates are comparatively high by international standards, less than half of the organizations surveyed track absenteeism rates and only a select few track absenteeism costs.

Conclusion

By looking at absence patterns and identifying their root causes, organizations can put in place programs to reduce absenteeism. As the largest company in Canada offering human resources consulting and outsourcing services, Morneau Shepell partners with organizations to address absence management costs as part of an integrative offering.

Our unique approach puts people first, as we navigate the complexities of the health care system and remove barriers to returning to work. By addressing medical and non-medical factors through specialized expertise, technology, and processes, we are able to deliver better ROI, engagement, efficiency, and risk outcomes—not the trade-offs that often exist in different approaches.

To obtain a complete copy of The Conference Board of Canada’s briefing, Missing in Action: Absenteeism Trends in Canadian Organizations, contact your Morneau Shepell representative or visit http://www.conferenceboard.ca/e-library/abstract.aspx?did=5780 for more information.