



PeopleRight

Human Resources Solutions

Quick Points:

- Absenteeism continues to trend up
- There is an impact on productivity
- There is an impact on morale
- Use attendance support to implement change



"... fair and consistent practices will ... demonstrate corporate due diligence ..."

Trend of Increasing Absenteeism Rates Continues

Global rates of absenteeism are at their highest levels, particularly since the global financial crisis. Canada has not only been unable to avoid the trend but may be exacerbating the problem by ignoring it. This is according to a report from the Conference Board of Canada's *Beyond Benefits II: Disability Plans and Absence Management in Canadian Workplaces*, which is based on a survey of 255 organizations. It found that Canadian organizations generally do not track employee absenteeism well, even though rates — already high by international standards — are on the rise.

Absenteeism results in over \$10-billion loss in productivity and lost wages to companies in Canada each year. This doesn't include hidden costs or the impact on workplace morale due to stress on other workers who fill in for missing workers and/or the failure of the employer to address the matter.

Stats Canada reports the incidence and the number of days lost for personal reasons (illness or disability, and personal or family responsibilities) has shown a rising trend since 1999. Several factors have contributed: notably, an aging workforce; the growing share of women in the workforce, especially mothers with young children; high worker stress; and more generous sick- and family-related leave benefits.

In an average week in 1999, 6.0% of all full-time employees holding one job were absent from work for all or part of the week for personal reasons. By 2009, the figure had risen to 8.2%. In real terms, this is a 37% increase in 10 years.

Full-time employees in the public sector (more likely unionized or female) lost more work time in 2009 for personal reasons (12.6 days on average) than their private-sector counterparts (8.9 days).

The programs offered to Canadian employees with regard to absence are fairly standard, including sick leave, short-term disability (STD) and long-term disability (LTD). Unions have played a role, says Ernest Akyeampong, Chief of Labour Force Activity at StatsCan. Akyeampong linked increases in absenteeism to unions winning more non-wage benefits coverage, such as paid sick days. He sees a strong correlation between organizations increasing their paid sick day provisions and employees taking more sick days — something to consider when reviewing absenteeism policies.

Even technology doesn't always produce business savings. When employers introduce automated absence replacement systems, for example in the education sector, there is an appreciable increase in absences. Apparently, not having to speak with a live person makes it easier to take days off.

Less than half of surveyed organizations track absenteeism rates, and only a fraction of respondents track costs. This "see no evil, hear no evil" situation results in lost opportunity. According to Benefits Canada, "The implications of absenteeism for organizations are significant — both in terms of lost wages and productivity, and in the potential to substantially reduce costs through better management of their programs."

... So what can we do?

- The first step in controlling absenteeism is to measure rates and direct costs across the board. Many organizations focus on their LTD programs over their sick leave or STD programs, yet an average of 9% of full-time employees were on STD in 2008, according to the survey.
- Only 40% of employers track absenteeism rates, reporting a loss of 6.6 days per full-time equivalent position, an increase from previous Conference Board surveys. The direct cost of absenteeism averaged 2.6% of payroll in these organizations in 2008. Education and health and government reported the highest absenteeism rates.

Investment in Attendance Support Pays Off

- Canada suffers a higher absenteeism rate than both the U.S. and the U.K. According to data from Mercer and SimplyHealth, U.S. organizations had an absenteeism rate of 5.3 days per year (in mid-2008), while U.K. organizations had an absenteeism rate of “less than five days per year” (in early 2009).

The Conference Board report outlines steps that organizations can take to better manage their programs. These include:

- Identifying the root causes of absenteeism;
- Taking proactive steps to improve the health and well-being of employees;
- Having a return-to-work program in place;
- Focusing on communication and education;
- Getting involved early when employees are absent; and
- Keeping in constant contact with employees on leave.

Facing unacceptable rates of absenteeism, many employers introduce Attendance Management Programs (AMPs) that set out a formal step-by-step procedure for dealing with problematic absenteeism cases, ultimately culminating in possible termination if attendance standards are not met. Many unions challenge these, arguing they are discriminatory against employees with chronic or serious disabilities. In fact, these are not discriminatory. Even though it applies to individuals with chronic, recurring and other disabilities, it does not target those employees arbitrarily. Rather, it is based on an objective determination. There is nothing systemically discriminatory about monitoring employee attendance. In fact, employers have an obligation to warn employees of their attendance concerns and of the potential consequences. Many courts and tribunals have found that monitoring the absences of employees who are regularly absent from work is a genuine work requirement and a fundamental right of the employer under the employment contract. Such decisions give employers comfort that they can, and should, monitor and enforce reasonable attendance standards – with appropriate accommodation, of course, for employees with more serious or chronic disabilities.

“ ... many employers are unaware of their rights, if not obligation, to access medical information.”

Many employers try to valiantly address this critical management issue; however, are often reluctant due to active union resistance and misinformation. In particular, many employers are unaware of their rights, if not obligation, to access medical information.

A recent arbitration decision (M.B. Keller, Headwaters Health Care Center and ONA, April 14, 2010) confirmed that an employee claiming sick pay benefits has to establish they are sick, i.e. provide satisfactory proof, and reasonable and objective information must be provided. An employee places their medical status in issue with a sick leave claim or an accommodation request. The employer can reasonably request information to assess its contractual obligations whether it be the employee’s eligibility for the benefit or the availability of reasonable accommodation. The arbitrator affirms an employer can deny or discontinue benefits if the medical evidence is insufficient, contradictory or is being refused.” (Reference: Mark Zega, Evans, Philp, 2009)

Recently the Ontario Human Rights Tribunal decided that an employee claiming discrimination based on disability had to produce all medical records sustaining his claim. This included clinical records, notes, and reports from the treating physician. ...balancing the right to production with the employee's right to privacy, the tribunal ordered the employee to produce the clinical notes, charts and records to the employer and file them with the tribunal.



Many employers are reluctant to challenge medical information or even monitor ongoing absences due to medical reasons. In *Coast Mountain Bus v. CAW-Canada*, the British Columbia Superior Court gave employers a much-needed break by affirming their right to monitor and manage employee attendance without running afoul of discrimination laws. (Reference: Donovan G. Plomp, Good News for Attendance Management, June 10, 2009)

Every case of excessive absenteeism, even innocent absenteeism, will not result in a termination of employment. Every situation is unique and must be considered in the context of employee and union contracts, past practice, issues of accommodation and other statutory requirements (e.g. Human Rights and WSIB). However, not addressing attendance affects organizations in insidious ways, financially and non-financially.

Quite often, employees and unions claim privacy rights regarding employer monitoring or poor labour relations due to an atmosphere of mistrust that is engendered by this. However, if done properly, this can be avoided. That is, active communication of your program needs, rooted in employee support as well as fair and consistent practices will not only demonstrate corporate due diligence but also sends a strong message to all employees that the employer is meeting the needs of all stakeholders.

Need help with reviewing or developing an effective Attendance Support Program?

PeopleRight can help you get started.