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# PERSPECTIVES

ON LABOUR AND INCOME

**APRIL 2005**

Vol. 6, No. 4

■ DIVERGING TRENDS  
IN UNIONIZATION

■ ESCAPING LOW  
EARNINGS

■ FACT-SHEET ON  
WORK ABSENCES



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r	revised
x	confidential
E	use with caution
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# Highlights

*In this issue*

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## ■ Diverging trends in unionization

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- The proportion of unionized employees fell from 38% to 31% between 1981 and 2004. The decline, most of which took place between 1989 and 1998, was entirely due to trends in the commercial sector.
- Overall, union coverage for men fell from 42% to 30% while coverage for women remained steady at 31%.
- While the unionization rate of men aged 25 to 34 fell dramatically (from 43% in 1981 to 24% in 2004), the rate for women aged 45 to 64 rose 8 percentage points (from 32% to 40%).
- Roughly one-third of the decline in young men's union coverage is due to their growing concentration in industries that typically have low unionization rates. Roughly 40% of the increase in union coverage for women 45 to 64 is associated with their growing tendency to be employed in high-coverage industries such as public services.
- The drop in union coverage among young men has had important implications for their wages. Between 1981 and 1998, men aged 25 to 34 saw their average hourly wages drop 10%. About one-fifth of the decline was due to their reduced union coverage.

## ■ Escaping low earnings

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- With the exception of women aged 25 to 29, employees did not see their chances of escaping low earnings increase between the 1980s and the 1990s, despite rising educational attainment.
- Between a third and a half of male workers with low earnings in a given year had escaped this situation four years later. For women, the proportion varied between 15% and 35%.
- Men and women who remained employed with a large firm (500 or more employees) were almost twice as likely to escape low earnings as those who stayed with a small one (less than 20 employees).
- Among workers who changed employers, those moving to a larger firm were much more likely to move out of low earnings than those moving to a smaller firm.
- While a substantial proportion of workers escaped low earnings over the space of a four-year period, about one-quarter fell back during the next four years.

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Perspectives

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# Diverging trends in unionization

By René Morissette, Grant Schellenberg and Anick Johnson

Since the early 1980s, the proportion of Canadian workers belonging to labour unions has declined considerably. A striking aspect of this trend has been the extent to which it has affected some groups of workers more than others—in particular, men, younger workers, and those in goods-producing industries.

The demographic characteristics distinguishing unionized from non-unionized workers changed significantly over the period. In 1981, differences were particularly evident by sex, whereas in 2004, age was the salient factor.

Using various Statistics Canada surveys, this article examines unionization rates from 1981 to 2004, focusing on the extent to which the trends reflect changes in the distribution of employment by occupation, industry, or other characteristics (see *Data sources and definitions*). In addition, the effect of changes in unionization on earnings and pension coverage is discussed.

## Trends by sex and age

The proportion of unionized employees fell from 38% to 31% between 1981 and 2004 (Table 1). A fairly small portion of the decline occurred during the 1980s (2 percentage points) while most took place between 1989 and 1998 (5 points). Since 1998, the rate has remained quite stable.

Despite the overall decline in unionization rates between 1981 and 2004, differences were seen particularly between men and women, younger and older workers, and the commercial and public-service sectors.

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## Data sources and definitions

The study used the **Survey of Work History** (1981), the **Labour Market Activity Survey** (1986 and 1989), and the **Labour Force Survey** (1998, 2001 and 2004). Each covered the same population, was based on the Labour Force Survey sample design, and collected information on union status in the employee's main job. The main job was the one with the most hours per week.

The analysis focused on individuals aged 17 to 64 who were employees in the main job they held in May. Because the Survey of Work History did not ask about workers not belonging to a union but covered by a collective agreement, **unionization rate** is defined as the percentage of employees belonging to a union. Individuals not belonging to a union but covered by a collective agreement are classified as non-union.

Trends in unionization rates based on household surveys may tend to overstate the decline in union coverage. Although the Corporations and Labour Unions Returns Act (CALURA) indicates that union coverage varied from 32.5% to 32.3% between 1989 and 1995 (Mainville and Olineck 1999), the 1989 Labour Market Activity Survey and the November 1995 Survey of Work Arrangements show it falling from 35.9% to 33.3%. While household surveys account for all unionized workers, CALURA covers only workers belonging to unions with 100 or more members. Hence, the different trends may partly reflect differences in coverage. Since CALURA data end in 1995, it is difficult to assess the extent to which the decline in union coverage is overstated for the 1981-2004 period. For this reason, most of the analysis in this article focuses on *relative* trends in union coverage.

The rate for men declined by almost 12 percentage points, compared with less than one point for women, resulting in a convergence of the two rates by the end of the period.

Younger workers, particularly those under 35, experienced more pronounced declines than older workers. Again, differences between men and women were evident. Among men, unionization rates fell in all age groups, but the decline was twice as large among those aged 17 to 44 than among those 45 to 64 (15 and 7 percentage points respectively). The largest decline was for men aged 25 to 34, where rates fell by almost half.

**Table 1: Unionization rate by sex, age and sector**

	1981	1986	1989	1998	2001	2004	1981-2004
	%						Change
<b>Both sexes</b>	37.6	36.0	35.9	30.7	30.2	30.6	-7.0
Men	42.1	39.9	39.2	31.6	31.0	30.4	-11.7
Women	31.4	31.2	32.1	29.8	29.4	30.8	-0.6
<b>Age</b>							
17 to 24	26.4	17.1	18.4	11.9	13.2	13.6	-12.8
25 to 34	39.8	36.4	34.7	25.0	25.8	26.1	-13.6
35 to 44	42.0	43.3	42.9	35.8	32.8	32.8	-9.2
45 to 54	41.7	43.4	44.6	42.8	41.8	41.2	-0.6
55 to 64	41.9	43.8	41.6	38.4	37.4	38.2	-3.7
<b>Men</b>							
17 to 44	39.9	36.5	35.8	26.7	26.1	25.2	-14.6
17 to 24	29.2	19.3	19.9	12.5	14.0	15.0	-14.2
25 to 34	43.3	38.4	37.1	24.8	25.2	23.9	-19.3
35 to 44	46.1	47.2	45.6	36.3	33.9	32.7	-13.4
45 to 64	48.1	49.5	49.2	44.1	42.2	40.8	-7.3
45 to 54	47.8	49.2	49.9	45.5	44.3	42.0	-5.8
55 to 64	48.6	49.9	48.0	40.6	36.9	38.2	-10.4
<b>Women</b>							
17 to 44	31.2	30.1	30.8	26.3	25.1	26.2	-5.0
17 to 24	23.1	14.9	16.8	11.3	12.3	12.2	-11.0
25 to 34	34.7	34.0	32.0	25.2	26.3	28.5	-6.3
35 to 44	36.3	38.4	39.9	35.3	31.6	32.9	-3.4
45 to 64	31.8	35.2	36.2	39.0	38.9	39.8	8.0
45 to 54	32.9	35.9	38.2	40.1	39.3	40.4	7.5
55 to 64	29.9	33.9	31.7	35.5	37.9	38.2	8.3
<b>Sector</b>							
Public services	61.4	60.8	61.5	60.8	61.2	61.4	0.0
Men	64.0	63.9	64.6	62.9	64.7	62.8	-1.2
Women	59.5	58.8	59.6	59.8	59.8	60.8	1.3
Commercial sector*	29.8	27.0	26.8	20.3	20.1	20.0	-9.9
Men	37.2	34.2	33.6	25.3	25.2	24.5	-12.7
Women	17.2	15.8	17.2	13.4	12.9	13.7	-3.4

Sources: Survey of Work History, 1981; Labour Market Activity Survey, 1986 and 1989; Labour Force Survey, 1998, 2001 and 2004

\* All industries except public services.

The relatively modest decline for women also concealed divergent trends for younger and older age groups. Unionization rates declined by 5 percentage points for women aged 17 to 44, while increasing by 8 points for those 45 to 64. As a result, rates for the two age groups diverged, from a difference of less than one percentage point in 1981 to almost 14 points in 2004. The same divergence was evident for younger and older men. For example, the difference in rates between men aged 25 to 34 and those 45 to 54 increased from 5 to 18 percentage points. In this respect, unionization in Canada has become far more polarized by age (Chart).

### Trends in different industries

Trends in unionization also varied by industry. In public services—broadly defined as health and social services, education and related services, government, and religious organizations—rates remained fairly constant

between 1981 and 2004: around 64% for men and 60% for women. In contrast, the commercial sector saw a decline of almost 10 percentage points, with a far larger drop for men than for women (13 versus 3 points). The overall decline in unionization was therefore due entirely to trends in the commercial sector.

Unionization has historically been low in some industries such as consumer services; business services; and agriculture, fishing and trapping. Between 1981 and 1998, the decline in rates was quite modest in these industries (Table 2).

In contrast, declines were large in goods-producing and distributing industries, where the union presence has traditionally been higher. For example, between 1981 and 1998, unionization rates in forestry and mining dropped a full 20

### Unionization: CALURA versus household surveys

	CALURA*	Household surveys**
	%	
1986	32.6	36.0
1987	31.9	..
1988	32.0	..
1989	32.5	35.9
1990	33.1	..
1991	33.4	..
1992	33.2	..
1993	32.5	..
1994	32.1	..
1995	32.3	33.3

See Mainville and Olineck 1999, Table 3.

\* The Corporations and Labour Unions Returns Act covered only bargaining units with 100 or more members.

\*\* Labour Market Activity Survey, 1986 and 1989 (main job held in May); Survey of Work Arrangements, 1995 (main job held in November).

percentage points, construction and manufacturing 13 points, and distributive services almost 10 points. Quite clearly, changes within goods-producing industries have been central to the overall decline in unionization since the early 1980s.

Interestingly, the drop in unionization rates occurred at different times for different areas of the goods-producing industries. In forestry, mining and construction, declines were evident in both the 1980s and 1990s. In contrast, manufacturing showed little change between 1981 and 1989 (down only 2 percentage points), with most of the fall occurring between 1989 and 1998 (down 11 points).

### Provincial trends

Although unionization fell in all provinces between 1981 and 2004, the magnitude varied considerably. Declines were smallest in Manitoba and Saskatchewan—less than 3 percentage points overall, and about 6 to 7 points in the commercial sector (Table 3). In 2004, Manitoba and Saskatchewan had unionization rates above the national average.

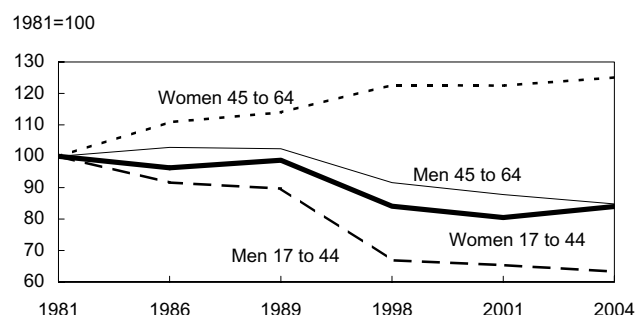
In Newfoundland and Labrador, Prince Edward Island, Nova Scotia, Quebec, Ontario and Alberta, overall rates fell about 6 to 8 points, with declines of about 8 to 11 points in the commercial sector. In 2004, unionization rates in these provinces ranged from 22% in Alberta to 39% in Newfoundland and Labrador.

Rates fell the most in New Brunswick and British Columbia—11 and 10 points respectively. These provinces witnessed particularly large declines in the commercial sector. In New Brunswick, for example, unionization fell by almost half—from 29% to 16%.

### A closer look at the commercial sector

The commercial sector experienced large changes in terms of hours of work and job tenure. Unionization was higher among full-time than

**Chart: Trends in unionization, by sex and age for selected years**



Sources: Survey of Work History, 1981; Labour Market Activity Survey, 1986 and 1989; Labour Force Survey, 1998, 2001 and 2004

**Table 2: Unionization rate by industry**

	1981	1986	1989	1998	1981-1998
<b>Both sexes</b>			%		Change
Commercial sector	29.8	27.0	26.8	20.3	-9.5
Agriculture, fishing and trapping	6.4	5.3	11.2	4.0	-2.4
Forestry and mining	46.0	34.3	32.5	26.3	-19.7
Construction	39.9	35.3	33.3	27.0	-12.9
Manufacturing	43.9	42.6	42.2	31.3	-12.6
Distributive services	43.0	42.8	40.4	33.1	-9.9
Business services	5.7	8.4	9.1	6.9	1.2
Consumer services	13.7	12.0	13.3	11.0	-2.8
Public services	61.4	60.8	61.5	60.8	-0.6
<b>Men</b>					
Commercial sector	37.2	34.2	33.6	25.3	-11.9
Agriculture, fishing and trapping	7.6	6.7	10.6	4.7	-2.8
Forestry and mining	48.8	38.2	35.9	29.8	-19.0
Construction	44.5	39.4	37.8	30.9	-13.5
Manufacturing	48.3	48.4	46.4	35.5	-12.8
Distributive services	46.6	44.8	42.0	34.2	-12.4
Business services	6.2	9.4	10.6	7.5	1.3
Consumer services	16.6	14.6	15.9	12.2	-4.5
Public services	64.0	63.9	64.6	62.9	-1.1
<b>Women</b>					
Commercial sector	17.2	15.8	17.2	13.4	-3.8
Agriculture, fishing and trapping	F	F	F	F	F
Forestry and mining	F	F	F	F	F
Construction	F	F	F	F	F
Manufacturing	32.5	28.3	31.2	21.0	-11.5
Distributive services	32.0	37.0	36.5	30.6	-1.4
Business services	5.3	7.7	8.2	6.5	1.2
Consumer services	11.3	9.9	11.5	10.0	-1.3
Public services	59.5	58.8	59.6	59.8	0.3

Sources: Survey of Work History, 1981; Labour Market Activity Survey, 1986 and 1989; Labour Force Survey, 1998, 2001 and 2004

Note: Comparable industry categories are only available for the years 1981 to 1998, so analysis is limited to this period.

**Table 3: Unionization rate by province and sector**

	1981	1986	1989	1998	2001	2004	1981-2004 Change
<b>Total</b>				%			
Newfoundland and Labrador	45.2	43.5	41.7	39.7	40.6	39.1	-6.1
Prince Edward Island	38.0	29.2	31.6	26.3	28.1	30.1	-8.0
Nova Scotia	33.8	31.9	34.2	28.9	27.2	27.4	-6.4
New Brunswick	39.8	34.3	35.4	26.6	28.8	28.8	-11.0
Quebec	44.2	43.0	40.8	35.7	36.3	37.4	-6.8
Ontario	33.7	32.6	32.8	28.0	26.4	27.3	-6.4
Manitoba	37.9	36.0	37.9	34.9	35.7	35.4	-2.5
Saskatchewan	37.9	34.9	36.8	33.6	35.5	35.2	-2.6
Alberta	28.4	28.5	30.1	23.0	22.9	21.7	-6.7
British Columbia	43.3	40.2	39.1	34.8	33.7	33.1	-10.3
<b>Commercial sector</b>							
Newfoundland and Labrador	37.4	31.5	30.5	24.1	27.1	25.9	-11.4
Prince Edward Island	22.5	14.6	16.7	9.9	11.4	12.8	-9.7
Nova Scotia	23.7	21.7	24.2	16.1	14.9	12.6	-11.1
New Brunswick	29.4	22.5	24.2	13.9	16.9	15.6	-13.7
Quebec	34.7	32.7	32.1	23.8	25.6	26.5	-8.3
Ontario	27.9	25.9	24.9	19.6	18.0	18.0	-9.9
Manitoba	28.8	24.5	26.4	22.4	23.2	22.1	-6.7
Saskatchewan	26.3	21.5	24.4	19.3	21.8	20.8	-5.5
Alberta	19.8	16.0	18.3	13.3	13.2	12.2	-7.6
British Columbia	36.4	32.3	30.7	23.8	22.6	21.9	-14.5

Sources: Survey of Work History, 1981; Labour Market Activity Survey, 1986 and 1989; Labour Force Survey, 1998, 2001 and 2004

among part-time workers throughout the reference period. However, full-timers saw their rates decline the most—13 percentage points for men and 5 points for women (Tables 4 and 5). This was partly due to the large share of full-timers employed in goods-producing industries, where rates fell heavily. A related factor was the large share of part-timers in consumer and business services, where rates were quite stable.

Among women in the commercial sector, unionization rates for full-time and part-time workers had almost converged by 2004, at 14% and 13% respectively. At the same time, the gap between full- and part-time men narrowed considerably.

As for job tenure, large changes were evident among workers who had held their job for one year or less. In particular, men with this short tenure witnessed a drop of 18 points, compared with 11 points for men holding jobs for more than one year. One explanation for this pattern is that young men entering the labour force during the period were less likely to find jobs in manufacturing and more likely to find them in consumer services. As a result, new hires were less and less likely to find employment in unionized workplaces.<sup>1</sup> This trend was not evident among women with short job tenure, presumably because they have long found jobs in the less unionized service industries.

Finally, trends in unionization varied by education, occupation and earnings. Men in blue-collar jobs (construction trades, transportation and equipment operation, and occupations unique to processing, manufacturing, and primary industry) saw the largest declines. This is consistent with the large declines in goods-producing and distributing industries. Furthermore, declines were larger among men who had not completed a university degree than among those who had.

Among both women and men, declines in unionization were greatest among workers earning \$15.00 to \$19.99 per hour.

### Possible reasons for change

Since 1981, the characteristics of workers and the labour force have changed in ways that may tend to reduce the union presence, especially for men.

Results from a decomposition analysis show that for men, almost half of the 11 percentage-point decrease in unionization between 1981 and 1998 was attributable to compositional changes in employment—particularly their increased concentration in industries and occupations with typically low unionization rates (Table 6).<sup>2</sup> For example, in the commercial sector, the proportion of male workers with a university degree increased, as did the proportions in managerial and professional occupations and in service industries. In general, unionization among these male workers is low.<sup>3</sup> Among young men (25 to 34), such compositional changes explained about 45% of the decline in unionization. Among those aged 45 to 64, these changes explained virtually all of it.



**Table 4: Unionization rate among men in the commercial sector**

	1981	1986	1989	1998	2001	2004	1981-2004
				%			Change
<b>Age</b>							
17 to 44	37.2	34.2	33.6	25.3	25.2	24.5	-12.7
17 to 24	35.0	31.0	30.7	21.4	21.2	20.1	-14.9
25 to 34	27.6	17.4	18.7	11.3	12.8	13.6	-14.0
35 to 44	37.8	33.8	32.6	19.4	19.7	18.2	-19.6
45 to 64	39.7	39.2	38.4	29.7	28.1	26.4	-13.3
45 to 54	43.8	44.4	43.1	36.6	35.4	34.2	-9.5
55 to 64	43.3	42.7	42.5	37.5	37.1	35.2	-8.1
55 to 64	44.4	46.9	44.1	34.4	31.1	32.2	-12.3
<b>Hours of work</b>							
Full-time	38.5	35.6	34.7	26.5	26.1	25.4	-13.1
Part-time	16.6	13.6	19.4	12.0	15.7	15.5	-1.1
<b>Job tenure</b>							
One year or less	31.4	21.9	21.7	11.9	13.2	13.0	-18.4
More than one year	38.9	37.2	36.9	29.8	29.3	28.2	-10.7
<b>University graduate</b>							
Yes	14.9	13.7	14.6	8.7	9.8	10.6	-4.3
No	39.4	36.6	36.2	28.0	27.9	27.1	-12.2
<b>Hourly wage (2001 dollars)</b>							
Less than \$10.00	17.6	7.6	11.3	7.7	10.0	10.4	-7.1
\$10.00 to \$14.99	28.9	23.1	23.8	17.6	18.2	18.5	-10.4
\$15.00 to \$19.99	46.8	46.4	42.1	32.9	30.3	31.4	-15.4
\$20.00 to \$24.99	52.1	59.5	51.3	43.3	39.7	40.0	-12.1
\$25.00 and over	39.9	36.8	38.8	27.9	28.5	28.3	-11.6
<b>Occupation*</b>							
Professionals and managers	8.1	7.8	9.3	5.8	..	..	-2.4
Natural and social sciences	20.0	17.7	17.4	13.6	..	..	-6.4
Clerical	41.0	42.2	37.0	31.2	..	..	-9.8
Sales	12.6	12.7	10.6	8.8	..	..	-3.9
Services	21.3	20.0	21.1	15.7	..	..	-5.6
Primary and processing	49.0	46.3	44.5	35.6	..	..	-13.4
Construction	52.4	52.3	49.8	42.2	..	..	-10.1
Other	49.9	43.8	43.4	34.0	..	..	-15.9

Sources: Survey of Work History, 1981; Labour Market Activity Survey, 1986 and 1989; Labour Force Survey, 1998, 2001 and 2004

\* Change for this category is 1981-1998.

Among young women, changes in the composition of employment accounted for about two-thirds of the 10-point drop in unionization. Changes in industry were most important, explaining about one-third of it. Among those aged 45 to 64, compositional changes accounted for just over half of the increase in unionization. Once again, changes by industry were by far the most important, particularly the increasing share of older women in public services.<sup>4</sup>

Nevertheless, about one-half of the overall decline in unionization for men remains unexplained. The same is true for between 35% and 55% of the decline among

younger men and women, and for slightly less than half of the increase among older women.

Some of the unexplained components may be due to changes in other characteristics of employment that could not be taken into account. For example, information on unionization by firm size was not available. However, the proportion of employees working in firms with less than 100 employees increased from 36% to 41% between 1983 and 2001. Because unionization is less prevalent in small firms, the increased number of workers would have exerted downward pressure on unionization rates.

**Table 5: Unionization rate among women in the commercial sector**

	1981	1986	1989	1998	2001	2004	1981-2004
			%				Change
<b>Age</b>	17.2	15.8	17.2	13.4	12.9	13.7	-3.4
17 to 44	16.8	15.2	17.1	12.5	11.6	11.9	-4.9
17 to 24	14.8	9.4	10.9	8.4	9.2	8.0	-6.8
25 to 34	16.6	18.6	18.7	11.5	10.6	11.8	-4.7
35 to 44	20.3	17.4	21.6	16.6	14.3	15.3	-5.0
45 to 64	18.3	18.0	17.5	16.3	16.8	18.2	-0.1
45 to 54	18.0	18.3	17.2	16.3	16.4	18.8	0.8
55 to 64	18.8	17.2	18.2	16.2	18.3	16.7	-2.2
<b>Hours of work</b>							
Full-time	19.3	17.1	19.0	14.1	13.0	14.1	-5.1
Part-time	9.5	11.7	11.8	11.4	12.7	12.5	3.0
<b>Job tenure</b>							
One year or less	11.4	9.3	11.8	6.6	6.4	7.5	-3.9
More than one year	18.9	17.6	18.9	16.1	15.5	15.8	-3.1
<b>University graduate</b>							
Yes	9.3	14.0	13.4	9.0	9.7	9.9	0.5
No	17.5	15.9	17.6	14.0	13.5	14.4	-3.1
<b>Hourly wage (2001 dollars)</b>							
Less than \$10.00	9.7	6.1	9.2	7.2	8.2	7.7	-2.0
\$10.00 to \$14.99	19.1	17.9	17.5	15.0	12.7	14.8	-4.3
\$15.00 to \$19.99	28.5	29.4	29.1	20.3	19.5	21.5	-7.0
\$20.00 to \$24.99	27.8	37.8	37.3	26.0	19.9	22.0	-5.8
\$25.00 and over	12.9	18.3	15.8	11.3	12.8	15.6	2.8
<b>Occupation*</b>							
Professionals and managers	5.0	5.5	5.9	5.7	..	..	0.6
Natural and social sciences	13.9	12.4	16.9	10.7	..	..	-3.1
Clerical	16.4	16.6	18.2	16.4	..	..	0.0
Sales	5.9	8.6	8.1	6.8	..	..	0.8
Services	11.2	12.5	13.1	10.1	..	..	-1.1
Primary and processing	38.3	33.1	40.4	26.7	..	..	-11.6
Construction	32.8	23.7	29.5	22.7	..	..	-10.1
Other							

Sources: Survey of Work History, 1981; Labour Market Activity Survey, 1986 and 1989; Labour Force Survey, 1998, 2001 and 2004

\* Change for this category is 1981-1998

In addition to compositional changes in the workforce, analysts have offered other possible explanations for declining union participation. A reduction in employee need for union representation is one possibility, as the demand for a voice is met through means such as joint labour-management committees or employee involvement initiatives. Increased management opposition to unionization is another possibility. Assessment of these explanations is beyond the scope of this article.

### Implications for earnings and pension coverage

Three broad trends in unionization have emerged since the early 1980s. First, unionization rates for men and women have converged. In the overall labour force, the difference declined from 11 percentage points in 1981 to less than one point in 2004, and in the commercial sector, from 20 to 11 points (Table 1).

**Table 6: Sources of changes in unionization, 1981-1998**

	Men			Women		
	17 to 64	25 to 34	45 to 64	17 to 64	25 to 34	45 to 64
	%					
<b>a) Change in unionization</b>	-10.5	-18.5	-4.0	-1.6	-9.5	7.2
Portion explained by compositional changes						
Industry	-2.5	-5.7	-0.6	0.3	-3.4	2.7
Occupation	-1.5	-1.4	-1.8	-1.0	-1.5	0.7
Part-time status	-0.3	-0.2	-0.2	-0.4	-0.1	0.3
Region	-0.1	-0.2	0.0	0.1	-0.1	0.5
Tenure (% of new employees)	-0.3	-0.5	0.0	0.0	-0.3	0.6
Education	-0.3	-0.3	-1.5	-0.3	-0.7	-0.6
<b>b) Total explained*</b>	-5.0	-8.4	-4.2	-1.4	-6.2	4.0
	[-4.7]	[-7.3]	[-2.9]	[-0.9]	[-4.1]	[4.9]
<b>c) Total unexplained (a – b)</b>	-5.5	-10.1	0.2	-0.2	-3.3	3.2

Sources: Authors' calculations from the Survey of Work History, 1981 and the Labour Force Survey, 1998

\* The sum of individual components may not add to the total explained due to rounding. The numbers refer to the portion of the change in unionization explained by changes in the composition of employment under the assumption that workers had the same propensity to be unionized in 1998 as they had in 1981. The numbers in brackets refer to the total change in unionization rate explained by changes in the composition of employment under the assumption that workers had the 1998 propensity in both 1981 and 1998.

Second, unionization rates for younger and older workers have diverged. Overall, the difference between men aged 17 to 44 and those 45 to 64 increased from 8 to 16 points. For women in these age groups, the difference increased from 1 to 14 points.

And third, unionization rates for commercial-sector and public-service workers have diverged since 1981. The difference increased from 27 to 38 percentage points for men, and from 42 to 47 points for women.

These trends have important implications for earnings and pension coverage. First, the convergence in unionization between men and women may have tended to nar-

row the wage gap between them. Conversely, the diverging trends observed between younger and older workers may have helped widen wage differences between these two, a pattern that many previous studies have documented.

Furthermore, the drop in unionization rates among men aged 25 to 34 between 1981 and 1998 explains a portion of their decline in wages—10% on average over the period. Multivariate analyses reveal that about one-fifth of the decline is due to reduced union coverage.<sup>5</sup>

Declining unionization also has implications for pension coverage. Between 1986 and 1997, pension coverage among men aged 25 to 34 declined by 8 percentage points,

with almost 60% attributable to declining unionization.<sup>6</sup> Declining unionization was also an important factor underlying the slight drop in pension coverage for similar-aged women during the period.

## Perspectives

### Notes

1 The decline in unionization among commercial-sector workers with short job tenure may also reflect an increase in the share of such employment taken up by temporary jobs, such as seasonal, term or casual. However, this is impossible to assess since information on temporary or permanent job status is not available for the reference period.

2 The decomposition is limited to the 1981-1998 period because comparable industry and occupation codes do not exist after 1998. For both 1981 and 1998, the union indicator was regressed on the following set of explanatory variables: industry (48-50 categories), occupation (8 categories), part-time status, province, an indicator of one year's seniority or less, and education (2 categories). Oaxaca decompositions were then applied to these regressions. Separate models were estimated for each of the six age-sex combinations shown in Table 6.

3 These calculations assume that the propensity to be unionized in 1998 was the same as in 1981. An alternative would be to examine the effect of changes in the composition of employment assuming that workers have the propensity to be unionized that they had in 1998. Using this alternative, the changes explain almost 5 of the 11 percentage-point decline in the unionization rate of male employees aged 17 to 64.

4 The share of employed women aged 45 to 64 in public services increased from 36.4% to 46.0% between 1981 and 1998.

5 For both years, log hourly wages of men aged 25 to 34 were regressed on the explanatory variables education (2 categories), part-time status, seniority, seniority squared, union status, industry (50 categories), occupation (8 categories), and province. Oaxaca decompositions were then applied to the regressions. A similar conclusion was obtained using two other regressions: The first pooled data for the years 1981, 1986-1990, and 1997-1998 and included a vector of year effects as well as the explanatory variables, excluding union status. The second added union status. Adding union status helps account for about one-fifth of the observed 10% decline in young men's wages between 1981 and 1998.

6 For more information, see Morissette and Drolet (2001).

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# Escaping low earnings

*René Morissette and Xuelin Zhang*

**L**ow-paid work can be a stepping stone toward a better-paying position. However, concern has been expressed that some workers may remain in low-paying jobs for several years. Prolonged periods of low earnings can put individuals at risk of social exclusion, limit their capacity to buffer income losses or unexpected expenses, and restrict their ability to become economically self-sufficient. Without the necessary resources, they may delay getting married, starting a family, or buying a home. For these reasons, the upward mobility (or lack thereof) of low earners attracts considerable attention.

The 1990s saw substantial changes to social assistance and Employment Insurance. An implicit goal of these reforms was to give workers with a marginal attachment to the labour market (many of them low earners) a stronger incentive to find work. The hope was that they would find a job, retain it, and eventually become economically self-sufficient. However, these institutional changes took place in a period when the earnings of many low skilled workers were falling.<sup>1</sup> Such workers may have found themselves in the predicament of having low earnings with little chance of escaping. On the other hand, the rise in educational attainment may have increased their chances of moving to higher wages.

Using the Longitudinal Worker File (LWF) and the Longitudinal Administrative Databank (LAD), this article traces employees' chances of escaping low earnings between 1983 and 2000 (see *Data sources and definitions*). While other studies have documented this issue during the early 1990s (Drolet and Morissette 1998) and the late 1990s (Janz 2004), none have examined the last two decades as a whole.<sup>2</sup> Similarly, little is known about the degree to which workers fall back

into low earnings. The study takes advantage of the long time period covered by the LWF and the LAD to investigate these issues. The upward mobility of low earners is analyzed over several four-year periods, allowing a comparison of two periods characterized by similar labour market conditions: 1985 to 1989 and 1996 to 2000.

The study does not account for individuals who may be able to offset their low earnings through self-employment. However, self-employment is not an

**Table 1: Educational attainment and employment patterns of low earners aged 25 to 50**

	Low earners*		Other workers	
	1986	1996	1986	1996
<b>Educational attainment</b>	%			
<b>Men</b>				
Less than high school	39.7	29.0	25.9	17.3
High school	15.4	23.6	16.9	23.1
Postsecondary education	34.1	34.0	39.0	38.2
University degree	10.8	13.4	18.3	21.4
<b>Women</b>				
Less than high school	35.5	22.6	17.5	9.6
High school	20.1	25.9	19.5	21.7
Postsecondary education	35.5	38.9	41.4	41.5
University degree	8.8	12.7	21.2	27.1
<b>Employment patterns</b>				
<b>Men</b>				
Full-year, full-time	31.3	36.1	86.5	87.0
Full-year, part-time	3.8	5.5	0.9	0.7
Part-year, full-time	52.0	45.0	11.5	11.6
Part-year, part-time	13.0	13.4	1.0	0.7
<b>Women</b>				
Full-year, full-time	27.0	31.5	83.0	82.6
Full-year, part-time	16.4	17.3	6.0	6.2
Part-year, full-time	29.9	27.0	8.7	8.8
Part-year, part-time	26.6	24.2	2.4	2.3

Source: Census of Population  
\* Workers receiving less than \$23,551 (2001 dollars).

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## Data sources and definitions

The **Longitudinal Worker File (LWF)** is a 10% random sample of all Canadian workers. It integrates data from four sources: the Record of Employment (ROE) files of Human Resources and Skills Development Canada, the T1 and T4 files of the Canada Revenue Agency, and the Longitudinal Employment Analysis Program (LEAP) file of Statistics Canada. (LEAP is a longitudinal file on Canadian businesses at the company level.)

The **Longitudinal Administrative Databank (LAD)** is a longitudinal sample of taxfilers beginning with 1982 derived from the annual tax file provided by the Canada Revenue Agency. It contains a wide variety of income and demographic variables.

The LWF records person-job-years. An employee (the self-employed are excluded) holding five jobs in a given year contributes five observations. The LWF includes information on age, sex, province of residence, annual earnings, employer, industry, firm size, reason for separation when applicable, and whether the separation is permanent or temporary.<sup>3</sup>

Both the LWF and the LAD can provide data on transitions into and out of low earnings over the last two decades. Both have three important strengths. First, their measure of earnings is based on tax records and thus is quite accurate. Second, they have very large samples, and third, they cover long time periods—currently, 1983 to 2000 for the LWF and 1982 to 2002 for the LAD.

But both files have some limitations for the analysis of *trends* in mobility. With the introduction of the federal sales tax credit in 1986 and the goods and services tax credit in 1990, the proportion of individuals filing T1 tax forms changed. Being based on T1 tax forms, the LAD exhibits variation in the percentage of taxfilers with low earnings (Beach and Finnie 1998). Specifically, it likely captured more low earners after 1986 than it did previously, thereby affecting the comparability of derived mobility patterns. Because it collects annual wages and salaries from T4 files, the LWF does not share this problem. However, it contains no edits to deal with individuals who change social insurance numbers (SINs) or have multiple SINs. This may affect the estimates of upward or downward mobility since such individuals are two (or more) distinct workers in the LWF.<sup>4</sup>

Since neither data set produces perfectly consistent mobility patterns, this article uses both to document transitions into and out of low earnings over the last two decades. Most trends seen in the LWF are also seen in the LAD.

Because the LWF contains no information about income from self-employment, it does not allow an analysis of mobility based on all sources of labour market income. However, it can be used to assess the extent to which workers can escape low earnings through *paid employment*—that is, through an increase in their annual wages and salaries. If technological change, growing competition within industries or from abroad, or outsourcing modify the behaviour of employers in a way that limits the growth of well-paid jobs domestically, opportunities associated with paid employment will decline and chances of escaping low earnings through paid employment will likely fall.

The two-step procedure outlined in Morissette and Bérubé (1996, Appendix 1) was used to select a sample from the LWF that is consistent over time. First, jobs with annual wages and salaries less than \$250 in 1975 dollars were excluded. (In current dollars, the resulting thresholds equalled \$501 in 1983, \$645 in 1989 and \$843 in 2001.) Annual wages were then derived by summing earnings from all other jobs held in a given year. Thus, earnings were made up of annual wages and salaries from jobs paying at least \$843 in 2001 dollars. From the LAD, then, only individuals with annual wages and salaries of at least \$843 in 2001 dollars were selected.

The analysis was restricted to employees aged 25 to 50. Individuals under 25 were excluded because many of them had not yet completed the transition from school to work, and because the LWF contains no information to identify full-time students. The main interest is to document mobility patterns prior to retirement. Therefore, those over 50 were also excluded because much of the analysis uses transition probabilities over four-year periods. At the end of a period, these individuals would be 55 or older, and neither file can distinguish those who take early retirement.

**Earnings** are annual wages and salaries and exclude income from self-employment. Workers have low earnings if their annual wages and salaries in year  $t$  are less than \$23,551 annually in 2001 dollars. This corresponds to the before-tax low-income cutoff (LICO) for a family of two living in an urban area of at least half a million. Individuals with low earnings in year  $t$  were coded as having escaped low earnings by year  $t+4$  if annual wages and salaries in  $t+4$  were at least 10% higher than the 2001 LICO. The 10% buffer was used to avoid including marginal transitions out of low-paid work. Workers with low annual wages and salaries in year  $t$  who moved into self-employment in year  $t+4$  are considered as not having escaped low earnings through paid employment, even though their self-employment income in year  $t+4$  may have enabled them to exceed the low earnings threshold.

option for many workers, who may lack the necessary entrepreneurial skills, face borrowing constraints, or view self-employment as stressful or risky. Therefore, the question of whether today's workers are less likely than past workers to move out of low earnings solely through paid employment remains important. As

noted, a decrease in chances of escaping low earnings makes for financial vulnerability in the event of job loss or unexpected expenses—not to mention raising more fundamental questions of well-being and getting on with life, including marrying, having children, or buying a house.

### Trends in upward mobility, 1985 to 2000

Arguably, one would expect low earners to display more precarious employment patterns than other workers. Indeed, compared with higher earning employees, those with low earnings are employed full year full time much less often.<sup>5</sup> During the mid-1990s, about one-third of low earners were employed full year full time—less than half the rates observed among other workers (Table 1).

The last two decades have witnessed substantial increases in educational attainment among the workforce. Education levels rose for both low earners and higher earners. In 1986, fully 40% of male low earners had no high school diploma. By 1996, the proportion had dropped to 29%. Similarly, female low earners were much better educated in the mid-1990s than in the mid-1980s.

Since chances of moving out of low-paid work rise with education (Janz 2004), the growth in educational attainment should have increased chances of escaping low earnings between the mid-1980s and the mid-1990s. But, was this in fact the case?

For men aged 30 or more, the answer is clearly no. For them, chances of moving out of low earnings were never markedly higher between 1996 and 2000 than between 1985 and 1989, two periods when the unemployment rate of men aged 25 to 54 averaged 7.3% (Chart A). For instance, 45% of male low earners aged 30 to 34 moved out of low earnings between 1985 and 1989. For the 1996-2000 period, the proportion did not change appreciably. Among men 25 to 29, chances of escaping low earnings improved slightly.

Among women with low earnings, only those 25 to 29 enjoyed a substantial increase in upward mobility. Their chances of escaping low earnings rose by about 6 percentage points between 1985-1989 and 1996-2000. Older women moved up marginally.<sup>6</sup>

Hence, despite their greater educational attainment, low-paid men were generally no more likely to escape low earnings in the mid-

1990s than in the mid-1980s. The implication is clear: Upward mobility of low-paid men must have fallen, at least for some educational groups.<sup>7</sup>

While workers' chances of escaping low earnings generally did not increase between the 1980s and the 1990s, perhaps those who escaped low earnings in the 1990s enjoyed greater earnings growth than their counterparts in the 1980s. The data do not support this view. Even though the employment income of those who moved out of low earnings grew substantially over a four-year period—generally by \$20,000 or more—the growth during the second half of the 1990s did not surpass that in the second half of the 1980s (Table 2). Again, women 25 to 29 are the exception: Those who escaped low earnings between 1996 and 2000 saw their earnings rise by about \$22,000—about \$2,000 more than their counterparts between 1985 and 1989.<sup>8</sup>

### Factors associated with upward mobility

Between one-third and one-half of male workers with low earnings in a given year escaped the situation four years later. For women, the proportion varied between 15% and 35%. Chances of moving out of low earnings are procyclical—they drop in recessions and increase during expansionary periods (Chart A). But which workers are most likely to succeed in escaping?

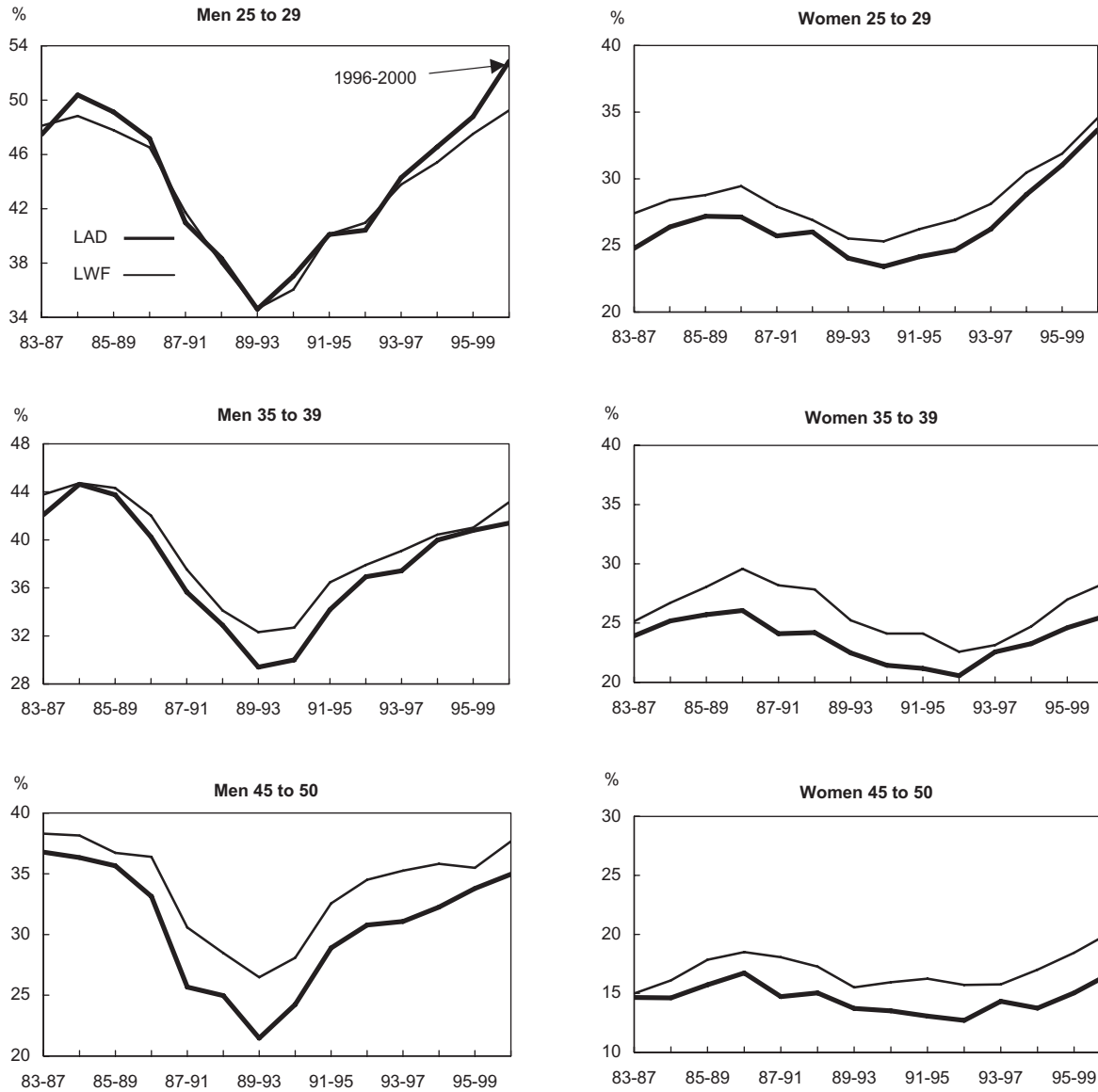
**Table 2: Median earnings growth\* of workers who escape low earnings**

	Age at beginning of period				
	25-29	30-34	35-39	40-44	45-50
<b>Men</b>			\$		
1985-1989	25,100	25,600	25,900	25,800	25,100
1986-1990	25,400	25,500	26,200	25,600	24,900
1995-1999	24,400	24,000	24,200	24,100	23,800
1996-2000	25,300	24,500	24,300	24,500	24,400
<b>Women</b>					
1985-1989	19,800	20,000	20,000	18,800	17,300
1986-1990	19,900	20,000	19,500	19,200	17,500
1995-1999	21,500	20,100	19,500	18,800	17,100
1996-2000	22,200	20,800	20,300	19,400	18,100

Source: Longitudinal Worker File

\* Median value of the difference between annual earnings in year t+4 and those in year t (2001 dollars).

**Chart A: Upward mobility of low earners\***



Sources: Longitudinal Worker File, Longitudinal Administrative Databank  
 \* Workers with low (but positive) earnings in year  $t$  and positive earnings in year  $t+4$ .



In both the mid-1980s and the mid-1990s, young workers were much more likely than older ones to move out of low earnings. For instance, almost half of men aged 25 to 29 with low earnings in 1995 were no longer in that state in 1999. However, this was true for only 35% of those aged 45 to 50. The greater mobility of young workers no doubt reflects the faster wage growth common at the beginning of a career.

In all age groups, women were less likely than men to escape low earnings. This may reflect a number of factors. First, women receive lower wages. Second, they may be over-represented in occupations that offer little reward for experience. Third, some may be lone mothers reluctant to work more hours or change employers.<sup>9</sup>

In both periods, workers who stayed with their employer and those who changed employers had about the same chances of escaping low earnings—overall, slightly more than 40% for men (Table 3). However, the degree of success varied substantially within the two categories. Men or women who stayed with a large firm (500 or more employees) were almost twice as likely to escape low earnings as those who stayed with a small one (less than 20 employees). Among workers changing employers, those moving to a larger firm were much more likely to escape than those moving to a smaller firm—not surprising since large firms pay higher wages (Morissette 1993).

Chances of escaping low earnings also varied by industry. Half of male low earners who continued to work in manufacturing, distributive services, business services or public services managed to escape after

**Table 3: Upward mobility of low earners aged 25 to 50, by selected characteristics\***

	Men		Women	
	1985-89	1995-99	1985-89	1995-99
	%			
<b>All ages</b>	<b>45.0</b>	<b>42.7</b>	<b>26.6</b>	<b>26.5</b>
25 to 29	47.8	47.5	28.8	31.9
30 to 34	45.3	43.1	29.5	28.7
35 to 39	44.3	41.0	28.1	27.0
40 to 44	41.5	38.8	23.6	23.2
45 to 50	36.7	35.5	17.9	18.4
<b>Stayed with same employer</b>	44.3	40.5	27.4	25.8
Firm with 1 to 19 employees	32.9	29.4	16.4	15.0
Firm with 20 to 99 employees	46.2	39.9	21.7	19.5
Firm with 100 to 499 employees	48.5	47.0	26.3	28.2
Firm with 500 or more employees	55.4	53.3	35.0	35.3
<b>Changed employers</b>	45.2	43.5	26.1	27.0
Moved to a larger firm	54.2	51.9	30.3	31.0
Moved to a smaller firm	35.9	36.0	19.7	21.1
Stayed in same size class	43.1	40.7	26.6	27.0
<b>Stayed in same industry</b>	45.2	41.9	26.7	25.9
1. Primary and construction	40.5	39.8	21.1	22.4
2. Manufacturing	56.1	53.3	26.0	27.4
3. Distributive services	52.9	50.5	37.9	37.5
4. Business services	53.9	51.6	35.2	36.5
5. Consumer services	30.5	26.3	10.5	10.8
6. Public services	51.2	49.7	38.4	37.3
<b>Changed industries</b>	44.9	44.0	26.3	28.0
From 1-5 to 6	54.3	54.2	40.3	39.3
From 1-2 to 6	47.8	48.0	30.3	28.2
From 5 to 6	49.6	47.9	29.9	28.7
From 5 to 3-4	46.6	44.7	25.1	27.2
From 1-2 to 3-4	45.9	43.4	28.2	30.3
From 2 to 3-4	49.1	45.7	30.0	29.9
From 1-4 to 5	30.7	27.6	13.3	14.5
<b>Type of separation</b>				
Permanent quit	46.4	46.8	25.6	28.0
Permanent layoff	37.2	36.8	16.0	20.4
Other permanent separation	47.2	43.7	27.8	27.0

Source: Longitudinal Worker File

\* The sample consists of workers who had low (but positive) earnings in year  $t$  and positive earnings in year  $t+4$ . The table shows what percentage of all workers with low earnings in year  $t$  escaped low earnings in year  $t+4$ .

four years. This is almost twice the rate of 26% among low-paid men in consumer services. Similarly, more than one-third of low-paid women who remained in distributive services, business services or public services moved up after four years. In contrast, only 11% in consumer services did so.

Among workers changing industries, those landing a new job in consumer services were much less likely to escape low earnings than others. This no doubt reflects the relatively low wages in this industry. In contrast, workers moving to public services from other industries were fairly successful.

Whether workers were permanently laid off or quit voluntarily also mattered. As might be expected, low earners who quit had a better chance of escaping low earnings.

## Falling back into low earnings

While a substantial proportion of workers escaped low earnings over the space of a four-year period, about one-quarter fell back during the next four years (Table 4). Not surprisingly, chances of falling back increase during recessionary periods. For example, of male low earners 25 to 50 who escaped low earnings between 1985 and 1989, 35% fell back at least once between 1990 and 1993, a period that includes the 1990-1992 recession. In contrast, only 24% of their counterparts who moved out of low earnings between 1992 and 1996 fell back between 1997 and 2000.<sup>10</sup>

Which workers are most likely to fall back into low earnings? To answer this question, separate multivariate analyses were done for men and women who escaped low earnings between 1992 and 1996.<sup>11</sup>

The chances vary by age. Men 35 or older who escaped low earnings between 1992 and 1996 were at least 1.2 times more likely than those aged 25 to 29 to fall back (Chart B). In contrast, women aged 30 to 44 were less likely to do so than those aged 25 to 29. Presumably, the relatively high risk experienced by women aged 25 to 29 (in 1992) is partly because some of them quit their job to go on maternity leave when they were aged 30 to 34—that is, between 1997 and 2000.

Chances also vary by firm size. Those employed in small firms were at least 1.2 times more likely than those in large firms to fall back. Part of the difference no doubt reflects greater permanent layoff and bankruptcy rates among small firms.

**Table 4: Repeat incidence of low earnings\***

	Age at beginning of period					
	25-50	25-29	30-34	35-39	40-44	45-50
<b>Men</b>	%					
1983-1987	28.2	25.2	26.6	29.9	33.4	36.3
1984-1988	31.3	27.4	31.3	33.1	36.3	41.1
1985-1989	34.7	30.9	33.6	37.9	40.7	43.3
1986-1990	32.3	29.0	30.7	36.3	38.9	38.6
1987-1991	29.3	25.2	29.0	33.9	35.0	37.8
1988-1992	26.8	22.9	25.3	30.9	29.7	41.6
1989-1993	24.6	22.6	23.9	26.1	28.2	29.8
1990-1994	25.1	23.0	23.4	28.0	26.6	33.6
1991-1995	24.9	22.4	26.1	27.1	25.2	28.1
1992-1996	23.5	21.3	23.1	22.9	26.8	28.9
1993-1997	23.1	19.9	24.2	25.1	24.1	26.5
1994-1998	23.2	19.1	24.5	25.4	26.2	26.1
<b>Women</b>						
1983-1987	30.4	34.7	27.9	29.2	26.7	31.1
1984-1988	30.7	34.6	29.1	26.2	29.9	34.4
1985-1989	30.9	35.6	29.8	26.6	26.7	35.9
1986-1990	30.5	37.2	28.3	24.6	28.9	31.2
1987-1991	28.0	34.6	26.0	23.7	24.8	27.4
1988-1992	29.0	35.3	26.4	23.2	29.1	29.9
1989-1993	27.5	36.3	23.7	21.6	24.8	29.9
1990-1994	29.6	35.6	28.3	25.1	27.3	30.4
1991-1995	29.1	35.0	27.3	26.0	26.6	28.2
1992-1996	26.9	35.6	22.3	20.8	26.7	27.8
1993-1997	26.6	31.5	26.3	22.5	23.4	28.3
1994-1998	27.0	35.1	23.6	22.3	23.2	30.2

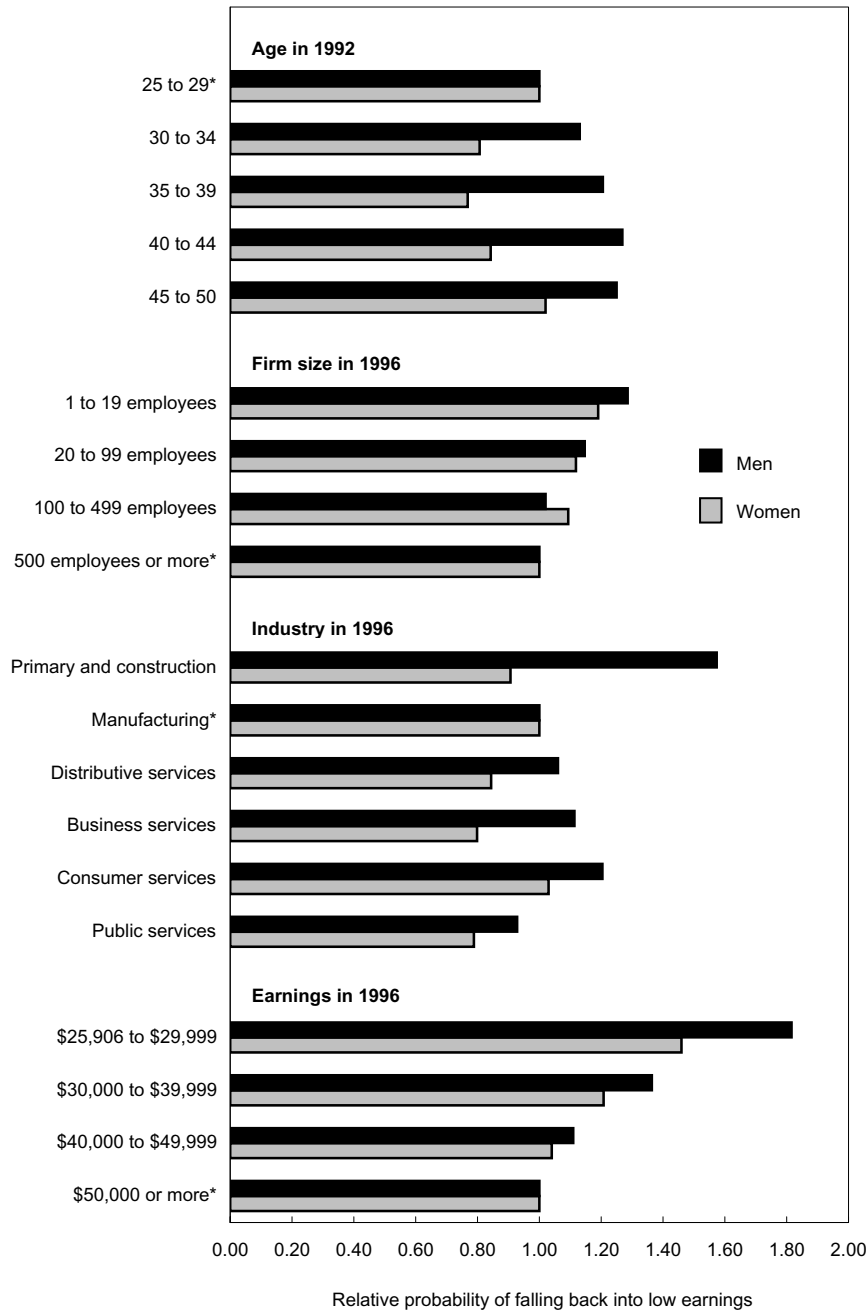
Source: Longitudinal Administrative Databank

\* The table shows what percentage of workers who escaped low earnings during a four-year period fell back during the next four-year period.

As expected, chances of returning to low earnings drop as employment income rises. Employees who escaped low earnings but earned less than \$30,000 in 1996 faced a much greater risk—at least 1.5 times—than those paid \$50,000 or more. Part of the difference may arise because young highly educated workers—many of whom may earn \$50,000 or more after having escaped low earnings—are less likely to be laid off than other workers, and therefore less likely to fall back into low earnings.

Even after controlling for age, firm size and earnings, important differences in the risk of falling back remained across industries, especially for men. They were 1.6 times more likely in primary industries and construction than in manufacturing to slide back into low earnings. Part of the difference likely reflects the relatively high seasonality of the construction industry and the associated high risks of temporary layoff. In contrast,

**Chart B: Relative probabilities of falling back into low earnings—workers escaping low earnings between 1992 and 1996.**



Source: Longitudinal Worker File  
\* Reference group

persons employed in public services had lower chances than those in manufacturing of falling back into low earnings.

**Summary**

Between one-third and half of men with low earnings in a given year had managed to escape four years later. For women, the proportions varied between 15% and 35%. Chances of escaping drop in recessions and increase during expansionary periods. More importantly, despite increasing educational attainment, low earners generally were no more likely to escape their situation in the 1990s than in the 1980s. Moreover, those who did escape generally did not experience greater earnings growth.

Workers most likely to move out of low earnings were young, worked in large firms, or changed employers and moved to a larger firm or to public services. In contrast, the chances were relatively small for those aged 45 to 50, working in small firms, or moving to a smaller firm or to consumer services.

Not all who escaped remained above the low-earnings threshold. Even in expansionary periods, at least one-quarter of men and women who escaped low earnings during one four-year period fell back during the next period. Along with age and employment income, firm size and industry affect the chances of falling back into low earnings. At least 25% of low earners who moved up fell back, suggesting that many low earners experience substantial earnings instability.

## ■ Notes

1 Between 1990 and 2000, Canadian-born men aged 25 to 34 with a high school diploma and employed full time in the private sector saw their median weekly earnings drop 11%. For their female counterparts, the drop was 3%. These numbers come from the 1991 and 2001 Censuses of Population.

2 Morissette and Bérubé (1996) is the only previous Canadian attempt to examine trends in transitions out of low earnings. However, their analysis covers only the 1976-1992 period and thus does not allow a comparison of recent mobility patterns with those observed in the 1980s. In contrast, Beach and Finnie (1998) use the Longitudinal Administrative Databank to address a more general issue: the extent to which workers in various parts of the earnings distribution experienced upward or downward mobility during the 1982-1994 period. Using transition matrices, they provide descriptive evidence regarding workers' ability to cross various earnings thresholds over periods of either 6 or 12 years. Contrary to the aforementioned studies, their population at risk of moving up includes not only workers with relatively low earnings, but also middle-paid workers and those with fairly high earnings. They find that the probability of upward movement fell for men but rose for women between the 1980s and the early 1990s.

3 Age, sex and province of residence are drawn from T1 files. Annual wages and salaries come from T4 files. Reasons for separation come from ROE files. Industry, firm size and permanence of a job separation are from LEAP.

4 Beach and Finnie (1998) estimate that the problems with social insurance numbers affect roughly 4% of individuals in a given year.

5 Since the administrative data used in this article provide neither weeks worked nor hours worked per week, it is impossible to assess whether individuals escape low earnings by working more hours per week or more weeks per year, or by earning higher wages.

6 These conclusions hold in logistic regressions that include controls for age, age squared, province, earnings in year  $t$ , and a vector of period effects. The regressions were run separately for men and women in each age group.

7 An alternative view is that low-paid workers' chances of escaping low earnings would improve only if their educational attainment rose relative to other workers. However, since chances of escaping low earnings did not improve for

low-paid men, despite their rising educational attainment, upward mobility must have fallen within some educational categories.

8 Since neither the LAD nor the LWF contain information on workhours, it is impossible to assess the extent to which earnings growth is due to a shift from part-time to full-time work.

9 They may choose jobs that are close to home or school, part-time jobs with hours that coincide with children's school hours, or jobs that require relatively few hours but offer little opportunity for advancement.

10 Workers who fell back into low earnings were those whose annual wages and salaries were positive but less than \$23,551 (in 2001 dollars) at least once between year  $t+4$  and year  $t+8$ .

11 Separate logistic regressions were run for these men and women. The dependent variable equals 1 if workers fall back into low earnings at least once between 1997 and 2000, 0 otherwise. The explanatory variables are shown in Chart B. The relative probabilities for a given group of variables (for example, age in 1992) are computed by setting all other explanatory variables to their mean values.

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# PERSPECTIVES

ON LABOUR AND INCOME

## Fact-sheet on work absences

There are many kinds of absence. Some, such as annual vacations, are generally considered beneficial for both the organization and the employee. Since they are usually scheduled, their effect on the organization can be fairly easily absorbed; the same can be said of statutory holidays. Other absences, such as those caused by illness and family-related demands, are generally unavoidable, as are those due to inclement weather.

'Absenteeism'—a term used to refer to absences that are avoidable, habitual and unscheduled—is a source of irritation to employers and co-workers. Such absences are disruptive to proper work scheduling and output, and costly to an organization and the economy as a whole.

Although absenteeism is widely acknowledged to be a problem, it is not easy to quantify. The dividing line between avoidable and unavoidable is difficult to draw, and absenteeism generally masquerades as legitimate absence. The Labour Force Survey (LFS) can provide measures of time lost because of 'personal reasons,' that is, illness or disability, and personal or family responsibilities. However, within these categories, it is impossible to determine if an absence is avoidable or unscheduled. LFS data on absences for personal reasons can, however, be analyzed to identify patterns or trends that indicate the effect of absenteeism (see *Data source and definitions*).

### Recent trends—1997 to 2004

Estimates from the Labour Force Survey reveal a steady rising trend in both work absence incidence and time lost for personal reasons (own illness or disability, and other personal and family demands) between 1997 and 2002 and a stabilization thereafter.<sup>1</sup> Several factors accounted for the rising trend: notably, the aging of the workforce; the growing share of women in the workforce, especially mothers with young children; high stress among workers,<sup>2</sup> and the increasing prevalence of generous sick and family-related leave at the workplace (Chart).

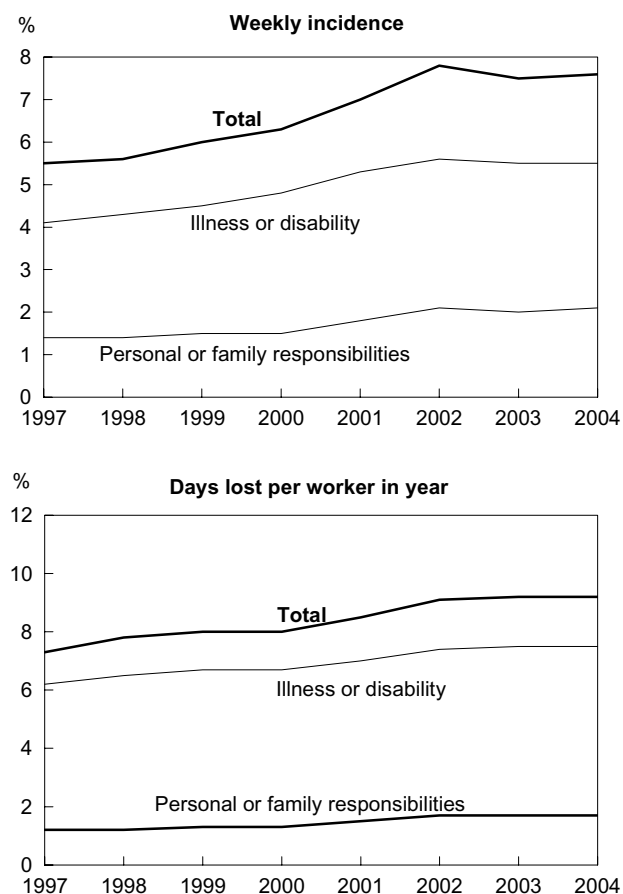
In an average week in 1997, excluding women on maternity leave, about 5.5% (480,000) of all full-time employees holding one job were absent from work for all or part of the week for personal reasons. By 2004, the figure had risen to 7.6% (801,000) (Table 1). Total work time missed for these reasons also rose steadily, from 2.9% of the weekly scheduled work time in 1997 to 3.7% in 2004. Extrapolated over the full year, work time lost for personal reasons increased from the equivalent of 7.3 days per worker in 1997 to 9.2 days in 2004.

For further information, contact Ernest B. Akyeampong, Labour and Household Surveys Analysis Division. He can be reached at (613) 951-4624 or [perspectives@statcan.ca](mailto:perspectives@statcan.ca).



Statistics Canada  
Statistique Canada

Canada

**Chart: Work absence rates, 1997 to 2004**

Source: Labour Force Survey

### Variations in absence rates in 2004

Absence for personal reasons differs among various worker groups. Several factors are responsible; among the principal ones are working conditions (for example, the physical environment, degree of job stress, employer-employee relations, collective agreement provisions, work schedules); adequacy and affordability of community facilities such as child-care centres and public transportation; family circumstances, especially the presence of preschool children and other dependent family members; and physical health of the worker, a factor closely related to age.

Measuring the effects of these and other contributing factors is not easy since many are not captured by the LFS. However, some insight is gained by examining personal absences in 2004 by selected demographic characteristics, occupation and industry, and other attributes such as union and job status.

### Demographic differences

In 2004, excluding women on maternity leave, an estimated 7.6% (801,000) of full-time employees missed some work each week for personal reasons: 5.5% for own illness or disability, and 2.1% for personal or family responsibilities (Table 2). As a result, full-time employees lost about 3.7% of their work time each week.

On average, each full-time employee lost 9.2 days over the year for personal reasons (about 7.5 for own illness or disability, and 1.7 for personal or family demands). In total, full-time employees missed an estimated 96.5 million workdays for personal reasons in 2004.

On average, men working full time lost fewer days (8.0 or 6.4 for illness or disability plus 1.6 for personal or family demands) than women full-time employees (10.9 or 9.0 plus 1.9).

The presence of preschool-aged children exerts a strong influence on work absences for personal or family responsibilities. For example in 2004, full-time employees in families with at least one pre-school aged child lost on average 4.4 days, compared with only 1.3 days lost by workers in families with no pre-school age children.

The growing prevalence of family-leave entitlements in the workplace, the extension of Employment Insurance parental benefits,<sup>3</sup> and the greater involvement of fathers in child care appear to have eliminated the difference between the sexes in respect to work absences for personal or family responsibilities. In 1997, women with preschool-aged children and working full time lost 4.2 days for such reasons, compared with 1.8 days for men in similar circumstances. By 2004, the gap was virtually non-existent (4.5 days for women versus 4.3 for men).

Workdays missed because of illness or disability tended to rise with age, from an average of 5.2 days for youth (15 to 19) to 11.1 for full-time employees aged 55 to 64.

## Industry and sector

Work absence rates differ by sector (public or private) and industry, with almost all of the difference emanating from illness and disability absences (Table 3). Contributing factors include the nature and demands of the job, the male/female composition of the workforce, and the union density—the last being a strong determinant of the presence or lack of paid sick/family leave entitlements.

Full-time employees in the public sector (more likely unionized or female) lost more work time in 2004 for personal reasons (about 12.0 days on average) than their private-sector counterparts (8.4 days).

At the major (2-digit) industry level, the most workdays missed were by employees in health care and social assistance (14.4 days), transportation and warehousing (11.1), and public administration (10.9).

The lowest averages were recorded by full-time workers in the professional, scientific and technical industry (5.6 days), and in construction (7.2).

## Occupation

Contributing factors by occupational absence rates are similar to those for industry (Table 4). Again, as by major industry, differences arise mainly from time lost due to illness or disability.

The most days lost in 2004 were recorded for full-time employees in health occupations (15.0); and occupations unique to production (12.6).

Workers in managerial jobs (5.3), natural and applied sciences (6.3), and culture and recreation (7.5) recorded the fewest days lost.

## Union coverage, job status, workplace size and job tenure

Full-time workers who belonged to unions or were covered by collective agreements missed almost 80% more workdays on average in 2004 for personal reasons than their non-unionized counterparts (13.1 versus 7.3) (Table 5).

Workers who considered their jobs to be permanent (and hence more likely to be unionized) lost more workdays (9.4) than those who said their jobs were not permanent (7.4).

Days lost tended to rise with workplace size, increasing from a low of 7.4 in workplaces with fewer than 20 employees (firms more likely to have low union rates) to over 10.0 in workplaces with 100 or more (firms likely to have high union rates).

Days lost tended to rise with job tenure, with almost all the differences arising from illness and disability. They rose from an average of 6.6 days among persons with tenure of up to one year to more than 10.0 days among those with over nine years (the latter group likely being older).

## Province and CMA

Work absence levels differed by geographic area (Table 6), with most of the variation again arising from illness or disability.

Full-time employees in Nova Scotia (11.0 days), Quebec (10.8) lost the most work time in 2004. Those in Prince Edward Island (7.6) and Alberta (7.5) lost the least.

Among the census metropolitan areas, workers in St. John's, Saguenay, Gatineau, Thunder Bay and Saskatoon lost the most workdays (an average of 10.5 days or higher per full-time worker). Those in Kingston, Toronto, Hamilton, Kitchener-Waterloo, Calgary, and Edmonton lost the least time (an average of less than 8.0 days per full-time worker).

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### Perspectives

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#### ■ Notes

1 1997 marks the introduction of the revised Labour Force Survey questionnaire.

2 For more information on this subject, see Margot Shields, "Stress, health and the benefit of social support," *Health Reports* (Statistics Canada, Catalogue 82-003-XIE) 15, no. 1, January 2004.

Also see Cara Williams, "Sources of workplace stress," *Perspectives on Labour and Income* (Statistics Canada, Catalogue 75-001-XIE) 4, no. 6, June 2003 online edition.

3 In December 2000, changes in Employment Insurance regulations extended the duration of parental leave benefits from 10 to 35 weeks. The 35 weeks can be taken by one (qualifying) parent, or they can be split between both (qualifying) parents.

**Table 1: Absence rates for full-time paid workers by sex, 1997 to 2004, excluding maternity leave**

	Incidence*			Inactivity**			Days lost per worker in year†		
	Total	Own illness or disability	Personal or family responsibilities	Total	Own illness or disability	Personal or family responsibilities	Total	Own illness or disability	Personal or family responsibilities
	%			%			days		
<b>Both sexes</b>									
1997	5.5	4.1	1.4	2.9	2.5	0.5	7.3	6.2	1.2
1998	5.6	4.3	1.4	3.1	2.6	0.5	7.8	6.5	1.2
1999	6.0	4.5	1.5	3.2	2.7	0.5	8.0	6.7	1.3
2000	6.3	4.8	1.5	3.2	2.7	0.5	8.0	6.7	1.3
2001	7.0	5.3	1.8	3.4	2.8	0.6	8.5	7.0	1.5
2002	7.8	5.6	2.1	3.6	3.0	0.7	9.1	7.4	1.7
2003	7.5	5.5	2.0	3.7	3.0	0.7	9.2	7.5	1.7
2004	7.6	5.5	2.1	3.7	3.0	0.7	9.2	7.5	1.7
<b>Men</b>									
1997	4.6	3.4	1.2	2.5	2.1	0.4	6.2	5.3	0.9
1998	4.9	3.7	1.2	2.7	2.3	0.4	6.8	5.8	1.0
1999	5.2	3.8	1.3	2.8	2.4	0.4	7.0	5.9	1.1
2000	5.5	4.1	1.4	2.8	2.4	0.4	7.0	5.9	1.1
2001	6.1	4.6	1.6	3.1	2.5	0.5	7.6	6.3	1.3
2002	6.7	4.8	1.9	3.2	2.6	0.6	8.0	6.5	1.6
2003	6.5	4.7	1.8	3.3	2.6	0.6	8.2	6.6	1.5
2004	6.6	4.6	2.0	3.2	2.6	0.7	8.0	6.4	1.6
<b>Women</b>									
1997	6.7	5.0	1.7	3.6	3.0	0.6	9.0	7.5	1.5
1998	6.7	5.1	1.6	3.7	3.1	0.6	9.1	7.7	1.5
1999	7.1	5.3	1.8	3.8	3.2	0.6	9.5	7.9	1.6
2000	7.5	5.7	1.8	3.8	3.2	0.6	9.4	7.9	1.5
2001	8.2	6.2	2.0	3.9	3.2	0.7	9.8	8.0	1.8
2002	9.2	6.7	2.4	4.3	3.5	0.8	10.7	8.7	1.9
2003	8.9	6.6	2.3	4.3	3.5	0.8	10.7	8.8	1.9
2004	8.9	6.6	2.3	4.3	3.6	0.7	10.9	9.0	1.9

Source: Labour Force Survey

\* Absent workers divided by total.

\*\* Hours absent divided by hours usually worked.

† Inactivity rate multiplied by working days in year (250).



**Table 2: Absence rates for full-time paid workers by sex, age, education and presence of children, 2004, excluding maternity leave**

	Incidence*			Inactivity**			Days lost per worker in year†		
	Total	Own illness or disability	Personal or family responsibilities	Total	Own illness or disability	Personal or family responsibilities	Total	Own illness or disability	Personal or family responsibilities
	%			%			days		
<b>Age</b>									
<b>Both sexes</b>	<b>7.6</b>	<b>5.5</b>	<b>2.1</b>	<b>3.7</b>	<b>3.0</b>	<b>0.7</b>	<b>9.2</b>	<b>7.5</b>	<b>1.7</b>
15 to 19	6.7	5.1	1.6	2.6	2.1	0.5	6.6	5.2	1.4
20 to 24	6.6	4.5	2.1	2.6	1.9	0.7	6.4	4.7	1.7
25 to 34	7.8	5.3	2.5	3.2	2.4	0.8	8.1	6.1	2.0
35 to 44	7.9	5.5	2.4	3.8	3.0	0.8	9.4	7.5	1.9
45 to 54	7.5	5.7	1.8	4.0	3.4	0.6	9.9	8.5	1.4
55 to 64	8.2	6.6	1.6	5.0	4.4	0.6	12.5	11.1	1.4
65 and over	5.8	4.6	F	3.5	2.9	F	8.7	7.3	F
<b>Men</b>	<b>6.6</b>	<b>4.6</b>	<b>2.0</b>	<b>3.2</b>	<b>2.6</b>	<b>0.7</b>	<b>8.0</b>	<b>6.4</b>	<b>1.6</b>
15 to 19	6.3	4.8	1.5	2.5	2.0	0.5	6.3	5.1	1.2
20 to 24	6.2	4.2	2.0	2.4	1.8	0.6	5.9	4.4	1.5
25 to 34	6.7	4.3	2.4	2.8	2.0	0.8	7.0	4.9	2.1
35 to 44	6.7	4.6	2.1	3.2	2.5	0.7	8.0	6.2	1.7
45 to 54	6.5	4.8	1.7	3.5	3.0	0.5	8.8	7.5	1.3
55 to 64	7.1	5.6	1.5	4.4	3.9	0.5	11.0	9.7	1.3
65 and over	5.7	4.6	F	3.2	2.7	F	7.9	6.7	F
<b>Women</b>	<b>8.9</b>	<b>6.6</b>	<b>2.3</b>	<b>4.3</b>	<b>3.6</b>	<b>0.7</b>	<b>10.9</b>	<b>9.0</b>	<b>1.9</b>
15 to 19	7.2	5.6	1.6	2.8	2.1	0.6	7.0	5.4	1.6
20 to 24	7.2	5.0	2.2	2.8	2.1	0.8	7.1	5.2	1.9
25 to 34	9.2	6.6	2.5	3.9	3.1	0.8	9.7	7.8	1.9
35 to 44	9.4	6.7	2.7	4.6	3.7	0.8	11.4	9.3	2.1
45 to 54	8.7	6.7	2.0	4.5	3.9	0.7	11.4	9.7	1.7
55 to 64	9.8	8.0	1.7	5.9	5.3	0.6	14.8	13.2	1.6
65 and over	F	F	F	F	F	F	F	F	F
<b>Educational attainment</b>									
<b>Both sexes</b>	<b>7.6</b>	<b>5.5</b>	<b>2.1</b>	<b>3.7</b>	<b>3.0</b>	<b>0.7</b>	<b>9.2</b>	<b>7.5</b>	<b>1.7</b>
Less than Grade 9	8.7	6.7	2.0	5.1	4.5	0.6	12.7	11.1	1.6
Some secondary	8.6	6.6	2.0	4.6	3.9	0.7	11.6	9.9	1.7
High school graduate	7.5	5.5	2.0	3.7	3.1	0.6	9.3	7.7	1.6
Some postsecondary	8.0	5.6	2.5	3.7	2.9	0.8	9.3	7.4	1.9
Postsecondary certificate or diploma	7.9	5.7	2.2	3.8	3.1	0.7	9.5	7.8	1.8
University degree	6.7	4.6	2.1	2.8	2.1	0.7	7.0	5.2	1.7
<b>Presence of children</b>									
<b>Both sexes</b>	<b>7.6</b>	<b>5.5</b>	<b>2.1</b>	<b>3.7</b>	<b>3.0</b>	<b>0.7</b>	<b>9.2</b>	<b>7.5</b>	<b>1.7</b>
With children	8.2	5.5	2.7	3.9	3.0	0.9	9.9	7.6	2.3
Preschool-aged (under 5 years)	9.3	5.2	4.2	4.1	2.4	1.7	10.4	6.0	4.4
5 to 12 years	8.3	5.7	2.6	3.8	3.1	0.7	9.4	7.7	1.7
13 years and over	7.4	5.6	1.8	4.0	3.4	0.6	9.9	8.5	1.4
Without children	7.2	5.5	1.7	3.5	3.0	0.5	8.7	7.4	1.3

Source: Labour Force Survey

\* Absent workers divided by total.

\*\* Hours absent divided by hours usually worked.

† Inactivity rate multiplied by working days in year (250).

**Table 3: Absence rates for full-time paid workers by industry and sector, 2004, excluding maternity leave**

	Incidence*			Inactivity**			Days lost per worker in year†		
	Total	Own illness or disability	Personal or family responsibilities	Total	Own illness or disability	Personal or family responsibilities	Total	Own illness or disability	Personal or family responsibilities
	%			%			days		
<b>All industries</b>	<b>7.6</b>	<b>5.5</b>	<b>2.1</b>	<b>3.7</b>	<b>3.0</b>	<b>0.7</b>	<b>9.2</b>	<b>7.5</b>	<b>1.7</b>
Public employees	9.4	7.1	2.2	4.8	4.0	0.8	12.0	10.0	2.0
Private employees	7.1	5.0	2.1	3.4	2.7	0.7	8.4	6.8	1.7
<b>Goods-producing</b>	<b>7.5</b>	<b>5.2</b>	<b>2.3</b>	<b>3.7</b>	<b>3.0</b>	<b>0.7</b>	<b>9.1</b>	<b>7.4</b>	<b>1.7</b>
Primary	5.8	3.9	1.9	3.2	2.4	0.7	7.9	6.1	1.8
Agriculture	6.4	4.0	2.4	2.7	2.0	0.7	6.8	5.1	1.8
Other	5.5	3.8	1.7	3.3	2.6	0.7	8.3	6.5	1.8
Utilities	7.9	5.8	2.1	4.1	3.5	0.6	10.2	8.8	1.5
Construction	6.2	3.9	2.3	2.9	2.1	0.8	7.2	5.3	1.9
Manufacturing	8.1	5.8	2.3	3.9	3.3	0.7	9.9	8.2	1.7
Durable	8.3	5.8	2.5	3.9	3.2	0.7	9.9	8.1	1.8
Non-durable	7.8	5.8	2.0	4.0	3.3	0.6	9.9	8.3	1.6
<b>Service-producing</b>	<b>7.7</b>	<b>5.6</b>	<b>2.1</b>	<b>3.7</b>	<b>3.0</b>	<b>0.7</b>	<b>9.2</b>	<b>7.5</b>	<b>1.7</b>
Trade	6.7	4.7	2.0	3.0	2.4	0.6	7.6	6.0	1.6
Wholesale	6.5	4.2	2.3	2.8	2.0	0.7	6.9	5.1	1.8
Retail	6.7	4.9	1.8	3.2	2.6	0.6	8.0	6.4	1.5
Transportation and warehousing	7.6	5.7	2.0	4.4	3.7	0.7	11.1	9.3	1.8
Finance, insurance, real estate and leasing	6.9	5.1	1.8	3.1	2.6	0.5	7.8	6.5	1.3
Finance and insurance	7.3	5.5	1.8	3.3	2.8	0.6	8.3	6.9	1.4
Real estate and leasing	5.3	3.5	1.8	2.4	2.0	0.4	6.0	4.9	1.1
Professional, scientific and technical	6.4	4.2	2.2	2.2	1.6	0.6	5.6	4.1	1.5
Business, building and support services	8.5	6.3	2.2	3.8	3.2	0.7	9.6	7.9	1.7
Educational services	7.7	5.7	2.1	3.5	2.8	0.8	8.8	6.9	1.9
Health care and social assistance	10.1	8.2	1.9	5.8	5.0	0.8	14.4	12.5	1.9
Information, culture and recreation	6.8	4.8	2.0	3.1	2.5	0.7	7.8	6.1	1.7
Accommodation and food services	6.4	4.4	1.9	3.2	2.4	0.7	7.9	6.1	1.8
Other services	7.1	4.9	2.2	3.0	2.4	0.6	7.6	6.1	1.5
Public administration	9.5	6.8	2.6	4.3	3.5	0.9	10.9	8.6	2.2
Federal	11.6	8.2	3.4	5.2	4.0	1.2	13.1	10.1	3.0
Provincial	8.9	6.8	2.0	3.9	3.3	0.7	9.9	8.2	1.7
Local, other	7.3	5.1	2.2	3.6	2.9	0.7	9.0	7.2	1.8

Source: Labour Force Survey

\* Absent workers divided by total.

\*\* Hours absent divided by hours usually worked.

† Inactivity rate multiplied by working days in year (250).

**Table 4: Absence rates for full-time paid workers by occupation, 2004, excluding maternity leave**

	Incidence*			Inactivity**			Days lost per worker in year†		
	Total	Own illness or disability	Personal or family responsibilities	Total	Own illness or disability	Personal or family responsibilities	Total	Own illness or disability	Personal or family responsibilities
		%			%			days	
<b>All occupations</b>	<b>7.6</b>	<b>5.5</b>	<b>2.1</b>	<b>3.7</b>	<b>3.0</b>	<b>0.7</b>	<b>9.2</b>	<b>7.5</b>	<b>1.7</b>
Management	5.3	3.3	1.9	2.1	1.5	0.6	5.3	3.8	1.5
Business, finance and administrative	8.4	6.0	2.4	3.6	2.9	0.7	9.0	7.3	1.7
Professional	6.5	4.5	2.0	2.6	2.0	0.6	6.6	5.0	1.5
Administrative	8.3	5.7	2.6	3.2	2.6	0.7	8.1	6.4	1.7
Clerical	8.9	6.5	2.4	4.0	3.3	0.7	10.0	8.3	1.8
Natural and applied sciences	6.7	4.6	2.2	2.5	1.9	0.6	6.3	4.8	1.5
Health	9.8	8.2	1.7	6.0	5.3	0.7	15.0	13.2	1.8
Professional	7.8	6.1	F	3.7	3.3	F	9.3	8.2	F
Nursing	11.6	9.7	1.9	7.5	6.6	0.9	18.7	16.5	2.3
Technical	7.8	6.6	1.2	4.9	4.3	0.5	12.1	10.8	1.4
Support staff	10.4	8.6	1.8	6.2	5.5	0.7	15.6	13.8	1.8
Social and public service	8.4	6.2	2.2	3.9	3.0	0.8	9.7	7.6	2.1
Legal, social and religious	9.6	7.1	2.5	4.5	3.5	0.9	11.2	8.9	2.3
Teachers and professors	7.2	5.4	1.8	3.3	2.6	0.7	8.3	6.4	1.9
Secondary and elementary	8.1	6.2	1.9	3.7	2.9	0.8	9.2	7.1	2.1
Other	5.2	3.6	1.6	2.6	2.0	0.6	6.4	4.9	1.4
Culture and recreation	7.0	4.9	2.1	3.0	2.2	0.7	7.5	5.6	1.9
Sales and service	6.9	5.1	1.8	3.5	2.9	0.7	8.8	7.2	1.6
Wholesale	5.5	3.5	2.0	2.2	1.6	0.6	5.5	4.0	1.5
Retail	6.5	4.7	1.8	3.1	2.5	0.7	7.8	6.1	1.7
Food and beverage	5.8	4.2	1.7	3.0	2.4	0.7	7.5	5.9	1.7
Protective services	6.6	4.9	1.7	3.8	2.9	0.8	9.4	7.4	2.0
Childcare and home support	9.2	7.2	2.0	4.5	3.7	0.8	11.3	9.3	2.0
Travel and accommodation	8.3	6.5	1.8	4.5	3.9	0.6	11.3	9.7	1.6
Trades, transport and equipment operators	7.4	5.2	2.2	3.9	3.2	0.7	9.7	8.0	1.7
Contractors and supervisors	5.6	3.6	2.0	2.5	1.8	0.7	6.3	4.5	1.8
Construction trades	6.9	4.7	2.2	3.7	2.9	0.8	9.4	7.3	2.1
Other trades	7.4	5.2	2.2	3.6	3.0	0.6	9.1	7.6	1.5
Transport equipment operators	7.3	5.4	1.9	4.4	3.8	0.7	11.1	9.4	1.7
Helpers and labourers	8.6	6.2	2.3	4.3	3.6	0.7	10.8	8.9	1.9
Occupations unique to primary industry	6.2	4.2	2.0	3.2	2.6	0.6	8.0	6.4	1.6
Occupations unique to production	9.5	6.9	2.6	5.0	4.2	0.8	12.6	10.5	2.1
Machine operators and assemblers	9.3	6.7	2.6	4.8	4.0	0.8	12.1	10.1	2.0
Labourers	10.5	8.1	2.4	6.1	5.0	1.0	15.1	12.5	2.6

Source: Labour Force Survey

\* Absent workers divided by total.

\*\* Hours absent divided by hours usually worked.

† Inactivity rate multiplied by working days in year (250).

**Table 5: Absence rates for full-time paid workers by workplace size, job tenure, job status and union coverage, 2004, excluding maternity leave**

	Incidence*			Inactivity**			Days lost per worker in year†		
	Total	Own illness or disability	Personal or family responsibilities	Total	Own illness or disability	Personal or family responsibilities	Total	Own illness or disability	Personal or family responsibilities
	%			%			days		
<b>Workplace size</b>									
<b>Both sexes</b>	<b>7.6</b>	<b>5.5</b>	<b>2.1</b>	<b>3.7</b>	<b>3.0</b>	<b>0.7</b>	<b>9.2</b>	<b>7.5</b>	<b>1.7</b>
Under 20 employees	6.5	4.4	2.2	2.9	2.3	0.7	7.4	5.6	1.7
20 to 99 employees	7.6	5.5	2.0	3.6	2.9	0.7	8.9	7.3	1.6
100 to 500 employees	8.2	6.1	2.1	4.2	3.5	0.7	10.4	8.7	1.8
Over 500 employees	9.2	7.0	2.2	4.8	4.0	0.8	12.0	10.0	1.9
<b>Job tenure</b>									
<b>Both sexes</b>	<b>7.6</b>	<b>5.5</b>	<b>2.1</b>	<b>3.7</b>	<b>3.0</b>	<b>0.7</b>	<b>9.2</b>	<b>7.5</b>	<b>1.7</b>
1 to 12 months	6.6	4.4	2.2	2.6	2.0	0.7	6.6	4.9	1.6
Over 1 to 5 years	7.5	5.3	2.2	3.4	2.7	0.7	8.5	6.7	1.8
Over 5 to 9 years	7.9	5.6	2.3	3.9	3.1	0.8	9.7	7.7	2.0
Over 9 to 14 years	8.1	5.9	2.2	4.1	3.3	0.8	10.2	8.3	1.9
Over 14 years	8.2	6.4	1.9	4.6	4.0	0.6	11.6	10.1	1.5
<b>Job status</b>									
<b>Both sexes</b>	<b>7.6</b>	<b>5.5</b>	<b>2.1</b>	<b>3.7</b>	<b>3.0</b>	<b>0.7</b>	<b>9.2</b>	<b>7.5</b>	<b>1.7</b>
Permanent	7.8	5.6	2.1	3.8	3.1	0.7	9.4	7.7	1.7
Non-permanent	6.5	4.3	2.1	2.9	2.2	0.8	7.4	5.5	1.9
<b>Union coverage</b>									
<b>Both sexes</b>	<b>7.6</b>	<b>5.5</b>	<b>2.1</b>	<b>3.7</b>	<b>3.0</b>	<b>0.7</b>	<b>9.2</b>	<b>7.5</b>	<b>1.7</b>
Union member or covered by collective agreement	9.5	7.4	2.1	5.2	4.5	0.8	13.1	11.1	1.9
Non-unionized	6.7	4.6	2.1	2.9	2.3	0.7	7.3	5.7	1.6

Source: Labour Force Survey

\* Absent workers divided by total.

\*\* Hours absent divided by hours usually worked.

† Inactivity rate multiplied by working days in year (250).

**Table 6: Absence rates for full-time paid workers by province, region and census metropolitan area (CMA), 2004, excluding maternity leave**

	Incidence*			Inactivity**			Days lost per worker in year†		
	Total	Own illness or disability	Personal or family responsibilities	Total	Own illness or disability	Personal or family responsibilities	Total	Own illness or disability	Personal or family responsibilities
<b>Province and region</b>		%			%			days	
<b>Both sexes</b>	<b>7.6</b>	<b>5.5</b>	<b>2.1</b>	<b>3.7</b>	<b>3.0</b>	<b>0.7</b>	<b>9.2</b>	<b>7.5</b>	<b>1.7</b>
Atlantic	7.6	5.6	1.9	4.1	3.4	0.7	10.2	8.5	1.7
Newfoundland and Labrador	7.0	5.4	1.5	4.1	3.5	0.6	10.3	8.8	1.5
Prince Edward Island	6.4	4.4	2.0	3.0	2.4	0.6	7.6	6.0	1.6
Nova Scotia	8.0	5.9	2.1	4.4	3.6	0.7	11.0	9.1	1.9
New Brunswick	7.6	5.6	2.0	3.9	3.2	0.7	9.6	8.0	1.7
Quebec	8.2	6.2	2.0	4.3	3.8	0.6	10.8	9.4	1.4
Ontario	7.6	5.3	2.3	3.4	2.7	0.8	8.6	6.7	1.9
Prairies	7.5	5.2	2.3	3.4	2.6	0.8	8.4	6.5	1.9
Manitoba	8.6	6.2	2.4	3.9	3.2	0.7	9.8	8.0	1.8
Saskatchewan	8.4	6.0	2.5	4.1	3.2	0.9	10.3	8.0	2.2
Alberta	6.8	4.7	2.1	3.0	2.2	0.8	7.5	5.6	1.9
British Columbia	6.8	5.2	1.7	3.5	2.9	0.6	8.8	7.3	1.5
<b>CMA</b>									
<b>Both sexes</b>	<b>7.6</b>	<b>5.5</b>	<b>2.1</b>	<b>3.7</b>	<b>3.0</b>	<b>0.7</b>	<b>9.2</b>	<b>7.5</b>	<b>1.7</b>
All CMAs	7.6	5.5	2.1	3.5	2.9	0.7	8.8	7.1	1.7
St. John's	7.8	6.2	1.6	4.3	3.7	0.6	10.7	9.2	1.5
Halifax	7.7	5.8	2.0	4.0	3.3	0.7	10.0	8.3	1.7
Saint John	7.7	5.5	2.2	4.1	3.4	0.7	10.1	8.4	1.7
Saguenay	7.2	5.8	F	4.2	3.7	F	10.5	9.4	F
Québec	7.9	6.3	1.6	4.0	3.6	0.4	10.1	9.0	1.1
Montréal	8.4	6.3	2.1	4.1	3.6	0.6	10.3	8.9	1.4
Trois-Rivières	6.8	5.3	F	3.5	3.1	F	8.8	7.6	F
Sherbrooke	7.3	5.6	F	4.0	3.6	F	10.1	9.0	F
Gatineau	10.4	8.0	2.4	5.1	4.3	0.8	12.7	10.7	2.0
Ottawa	9.8	6.9	2.9	4.0	3.1	0.9	10.1	7.7	2.4
Kingston	7.0	4.8	F	3.2	2.4	F	7.9	6.0	F
Greater Sudbury / Grand Sudbury	7.7	5.9	F	4.1	3.4	F	10.2	8.5	F
Toronto	7.0	4.8	2.2	3.0	2.3	0.7	7.6	5.8	1.7
Hamilton	7.1	5.1	2.0	3.1	2.4	0.7	7.8	6.0	1.8
St. Catharines-Niagara	7.9	5.7	2.1	3.5	2.9	0.7	8.8	7.2	1.7
London	6.8	4.9	1.9	3.3	2.6	0.7	8.2	6.5	1.6
Windsor	8.1	5.7	2.4	3.9	3.1	0.8	9.8	7.9	2.0
Kitchener-Waterloo	7.4	4.9	2.5	3.0	2.3	0.7	7.6	5.8	1.8
Oshawa	7.8	5.4	2.4	3.6	2.8	0.8	8.9	7.0	2.0
Thunder Bay	8.1	6.0	F	4.4	3.6	F	11.0	8.9	F
Winnipeg	8.8	6.4	2.4	3.8	3.1	0.7	9.4	7.8	1.7
Regina	8.4	6.2	2.2	4.0	3.1	0.9	9.9	7.7	2.2
Saskatoon	8.6	6.1	2.5	4.2	3.3	0.8	10.5	8.4	2.1
Calgary	6.9	4.7	2.2	3.0	2.2	0.8	7.5	5.5	2.0
Edmonton	6.9	5.0	1.9	2.9	2.4	0.6	7.4	5.9	1.5
Abbotsford	7.5	5.7	F	3.8	3.2	F	9.5	8.0	F
Vancouver	6.3	4.8	1.5	3.4	2.8	0.6	8.4	6.9	1.4
Victoria	7.6	5.7	1.9	3.6	2.9	0.7	9.0	7.3	1.7
Non-CMAs	7.8	5.5	2.3	4.1	3.3	0.8	10.2	8.2	2.0
Urban centres	7.9	5.8	2.1	4.0	3.3	0.6	9.9	8.3	1.6

Source: Labour Force Survey

\* Absent workers divided by total.

\*\* Hours absent divided by hours usually worked.

† Inactivity rate multiplied by working days in year (250).

## Data source and definitions

The data in this article are annual averages from the **Labour Force Survey (LFS)**. They refer to full-time employees holding only one job. Part-time, self-employed and unpaid family workers are excluded because they generally have more opportunity to arrange their work schedules around personal or family responsibilities. Multiple jobholders, too, are excluded because it is not possible using LFS data to allocate time lost, or the reason for it, to specific jobs. Women on maternity leave are also excluded. Some human resource practitioners exclude persons on long-term illness or disability leave (exceeding one year) from their attendance management statistics. Such persons are, however, included in Statistics Canada's work absence estimates if they count themselves as employed (that is, they continue to receive partial or full pay from their employer). In 2004, the number of employed persons on such long-term illness or disability leave averaged only 22,000 in a typical week. Their exclusion would have reduced the weekly work absence incidence for illness or disability from 5.5% to 5.3%, the inactivity rate from 3.0% to 2.8%, and days lost per worker that year from 7.5 to 7.0.

**Personal reasons for absence** are split into two categories: 'own illness or disability' and 'personal or family responsibilities' (caring for own children, caring for elder relative, and other personal or family responsibilities). Absences for these two reasons represented about 28% of all time lost by full-time paid workers each week in 2004. Vacations, which accounted for about 39% of total time away from work, are not counted in this study, nor are statutory holidays, which represented 16%. Maternity leave represented 10% and other reasons, 7%.

The **incidence of absence** is the percentage of full-time paid workers reporting some absence in the reference week. In calculating incidence, the length of work absence—whether an hour, a day, or a full week—is irrelevant.

The **inactivity rate** shows hours lost as a proportion of the usual weekly hours of full-time paid workers. It takes into account both the incidence and length of absence in the reference week.

**Days lost per worker** are calculated by multiplying the inactivity rate by the estimated number of working days in the year (250).

### Reasons for work absences in the LFS

The LFS sets out the following reasons for being away from work:

- own illness or disability
- caring for own children
- caring for elder relative (60 years or older)
- maternity leave (women only)
- other personal or family responsibilities
- vacation
- labour dispute (strike or lockout)
- temporary layoff due to business conditions
- holiday (legal or religious)
- weather
- job started or ended during week
- working short time (because of material shortages, plant maintenance or repair, for instance)
- other

As normally published, personal or family responsibilities consist of caring for own children, caring for elder relative, and other personal or family responsibilities.