i.e. Muhanna & co. | Social Protection & Labor Practice



Providing a Framework for Constructive Debate Among Policymakers & Experts

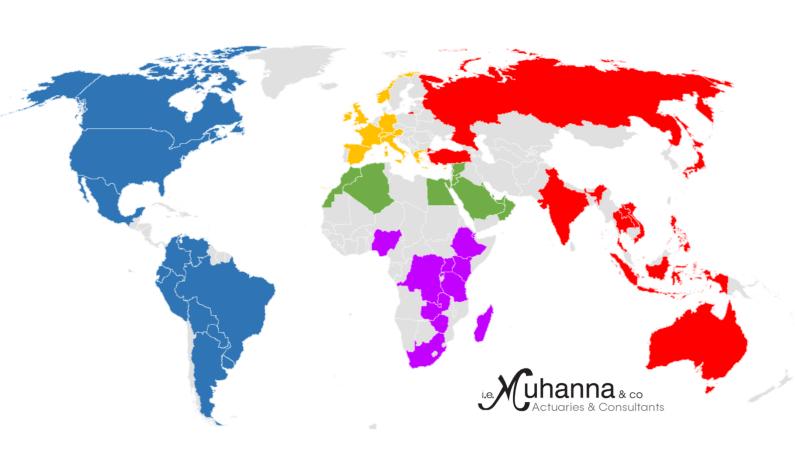
Funeral Leave: Affecting Productivity

Actuarial & Economic Perspectives

June 16th, 2023

Ibrahim Muhanna, FIA Managing Director & Actuary

info@muhanna.com | muhanna.com



1. Introduction

This paper seeks to quantify the cost of funeral leave "production loss". By no means does study question the importance of funeral leave, nor does it judge its practice in different cultures.

Every company's productivity is affected by external & internal factors. The number of working days per year is one of several benchmarks measuring productivity.

In this research we analyzed Funeral and Bereavement leave per the labor laws in 60 different countries and their effect on the total working days per year in respective countries.

Usually, funeral leave is given in case one of the employee's family members (spouse, parents, children, siblings, grandparents, aunts, uncles and parents in law) passes away. The labor laws in all countries give employees the right to take leave when a member of their family passes away. This right differs from one country to another by the number of days of funeral leave.

We have divided the 60 different countries into 5 regions of 12 countries each: Arab World, Africa, America, Australia/Asia and Europe as shown in the tables below.

Arab Word	Spouse	Parent	Child	Sibling	Grand Parent	Aunt/Uncle	Parent in law
Algeria	3	3	3	3	3	3	3
Bahrain	3	3	3	3	3	3	3
*Egypt	1	1	1	1	1	1	1
Jordan	2	2	2	2	2	2	0
KSA	5	5	5	5	5	5	5
Kuwait	3	3	3	3	3	3	0
Lebanon	3	3	3	2	2	0	0
Morocco	3	3	3	2	3	2	2
Oman	3	3	3	2	2	2	2
Qatar	3	3	3	3	3	3	0
Syria	5	5	5	5	5	5	0
UAE	5	5	5	3	3	0	0

*The number of days is not specified by the law

Moreover, few employees request more days, over and above what the law specifies for bereavement and grief before going back to work. Employers investigate the individual's circumstances and decide whether it is paid or unpaid leave.

Africa	Spouse	Parent	Child	Sibling	Grand Parent	Aunt/Uncle	Parent in law
DR Congo	4	4	4	4	4	4	4
Djibouti	3	3	3	1	1	1	1
Ethiopia	3	3	3	3	3	3	3
*Kenya	10	10	10	10	10	10	10
*Madagascar	10	10	10	10	0	0	10
Nigeria	თ	3	3	3	3	3	ფ
Rwanda	6	3	4	2	2	2	2
South Africa	3	3	3	3	3	3	3
*Tanzania	14	14	14	14	14	14	14
*Uganda	14	14	14	14	14	14	14
Zambia	12	12	12	0	0	0	0
*Zimbabwe	12	12	12	12	12	12	12

*The number indicated is the maximum an employee can get

Conveying condolences is very important in most countries in Africa and the Arab World. The employee who lost a family member needs the support of coworkers to be beside him/her. The coworkers do not only pay condolences to their colleague but also receive condolences from others since they are considered as family as well. Subsequently, companies lose more productivity as several of its employees take time off work to offer condolences for the grieving colleague.

Although this paper recognizes the importance of attending the funeral and conveying condolences by coworkers to their colleague in mourning, we are unable to quantify the cost of this practice.

The social distancing policy during covid 19 reduced the said cost, however, it left the grieving families all alone without the support of the family members, coworkers and friends in paying condolences.



Meanwhile, some countries, like the ¹USA, have the right to give their employees unpaid bereavement leave knowing that The Fair Labor Standards Act (FLSA) or their labor law does not require payment for time not worked, including attending a funeral.

America	Spouse	Parent	Child	Sibling	Grand Parent	Aunt/Uncle	Parent in law
Argentina	3	3	3	1	0	0	0
Bolivia	ო	თ	ფ	3	0	0	0
Brazil	2	2	2	2	0	0	0
Canada	3	3	3	3	3	3	3
Colombia	5	5	5	0	0	0	0
Ecuador	3	3	3	3	3	3	3
*Mexico	10	10	10	10	10	10	10
Paraguay	3	3	3	0	0	0	0
Peru	5	5	5	5	0	0	0
Uruguay	თ	თ	3	3	0	0	0
US	3	3	3	3	3	3	3
Venezuela	2	2	2	2	2	2	0

^{*}An employee can get up to 10 days of funeral leave

Others, especially the ones giving a high number of days, use the term "up to" in their law. For example, in Ireland & Kenya, the law gives the employee up to 20 days of funeral leave if his or her spouse or children pass away, based on the individual circumstances of the employee; does he or she have kids? How many? How old are they? They have to attend to their responsibility in these 20 days.

Australia/Asia	Spouse	Parent	Child	Sibling	Grand Parent	Aunt/Uncle	Parent in law
Australia	2	2	2	2	2	2	2
China	3	3	ფ	0	0	0	0
*India	10	10	10	10	10	10	10
Indonesia	2	2	2	2	2	2	2
**Japan	5	5	5	5	5	5	5
Laos	3	3	3	3	3	3	3
Philippines	3	3	3	3	3	3	3
Russia	5	5	5	5	5	5	5
Singapore	3	3	3	3	3	3	3
Thailand	2	2	2	2	2	2	2
Turkey	ფ	3	ფ	3	0	0	0
Vietnam	3	3	3	1	1	1	1

*An employee can get up to 10 days of funeral leave

Europe	esnod s	Parent	Child	Sibling	Grand Parent	Aunt/Uncle	Parent in law
Austria	3	3	3	3	3	3	3
Cyprus	5	3	5	3	1	1	1
France	3	3	8	3	3	3	3
Germany	2	2	2	2	2	2	2
Greece	2	2	2	2	2	2	2
*Ireland	20	3	20	3	3	3	3
Italy	3	3	3	3	3	3	3
Malta	2	2	2	2	0	0	0
**Norway	10	10	10	10	10	10	10
Spain	2	2	2	2	2	2	2
Switzerland	3	3	3	3	3	3	3
UK	5	5	5	5	3	1	1

^{*}An employee gets maximum 20 days if their spouse or child passes away

2. Methodology

In order to get our results, we took into consideration the following variables:

- The average age of the working population in the country, or the average age of the employees.
- The family structure of three different generations: 2023, 2000 and 1975; so we can estimate the family size of the employee's family and the probability of being married, inlaws, the number of children, number of siblings and his or her aunts, uncles grandparents.
- The average age of the spouse, siblings, parents, children, grandparents; and then we used the employee's and his parents' age to get the average age of his siblings, aunts and uncles, and parents in law.
- The number of working days per year in the country.
- The probability of passing away of each of the above family members, using mortality tables adjusted per country.

And most importantly, we used the number of days indicated by every country's labor law for funeral and bereavement leave.



^{**}Funeral is the same as a compassionate leave²

^{**}An employee can take maximum 10 days as a funeral leave in all cases

3. Productivity is affected by the Funeral Leave

Employers will likely face a minimal level of productivity from an employee immediately after his/her return from bereavement leave. Besides, there might be distraction in the work-place as employees will try to console their colleague who's going through a loss and who's grieving.

Although, some funeral leave may be adequate to help the employee with the impact of his/her loss, research has shown that two years are needed to fully recover from our grief. Consequently, an employee who has lost a loved one won't be as productive for some time.

Usually, when an employee takes annual leave, he or she returns relaxed and happy. Annual leave, holiday and paid leave increases productivity. These types of leave are positive types, employees take them to have a break from work and relax.

Meanwhile, bereavement leave is taken when death occurs, which is a very essential reason to take time off from work.

In the graph we depicted the productivity effect of funeral leave per the different 60 countries. The average productivity loss for the 60 countries is 0.44%

Every region has its own average productivity loss. In the Arab Word it is 0.30%. In America it is 0.24%. In Europe it is 0.26%. All are below the overall average of 0.44%. While in Australia/Asia it is very close to the average, 0.47%. However, in Africa, the average is 0.92%, or approximately 2.1 times the overall average.

Other research has proved that a happy employee is 20% more productive. So, when an employee goes through a loss, his productivity and the work environment will be affected; having troubles with anxiety and depression will make his colleagues leave their work to console him.

The first top three most affected countries are Zimbabwe, Tanzania, and Uganda with a productivity loss of 2.44%, 2.22% and 1.89% per working year respectively, which means that Africa is the most affected region of all five regions. On the other hand, the least affected country among all 60 countries is Malta with 0.02% per working year.

The production loss arithmetic average of the 12 countries in the Arab World is 0.30%. The only two countries out of 12 that are clearly above the regional average are; Syria 0.75% and KSA 0.45%.

The production loss arithmetic average of the 12 countries in Africa is 0.92%. There are four countries out of the 12 that are clearly above the regional average: Zimbabwe 2.47%, Tanzania 2.22%, Uganda 1.89% and Kenya 1.40%.

The production loss arithmetic average of the 12 countries in America is 0.24%. The only country out of 12 that is well above the regional average is Mexico 1.45%

The production loss arithmetic average of the 12 countries in the Asia & Australia region is 0.47%. The two countries out of 12 that are well above the regional average are India 1.65% and Russia 0.92%.

The production loss arithmetic average of the 12 countries in Europe is 0.26%. The only country out of the 12 that are well above the regional average is Norway 0.92%.

Since the 60 countries in the study covers 6.2 billion out of the 8 billion population in 2023, we are confident is representative.



¹ See selected list of references

² You have the right to take time off work to deal with an emergency involving someone who depends on you.

4. Conclusion

Although the productivity of some countries is not affected by this type of leave, in others it is very much affected. Regions like Europe are not affected much, the European countries have a low productivity loss with Malta recording the lowest of the 60 countries. Besides, we have Mexico, the only American country that's productivity is highly affected with 1.45%. Arab and Asian countries and Australia are moderately affected, their productivity loss appearing in the middle of the histogram. The most affected countries have the highest number of days given as funeral leave, 10 days or more.

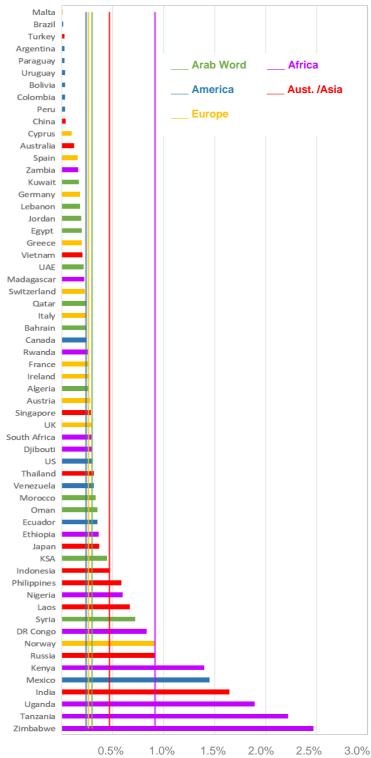
In most countries, companies should recognize the little financial cost associated with funeral leave. However, productivity loss after returning from a short funeral leave could be large. The increase in such paid leave would minimize loss in productivity. Therefore, employers could be compassionate and grant funeral leave more than what is stated in labor law at negligible financial cost against more productivity gain. They should provide emotional support, offer a flexible work schedule and facilitate additional help through the HR team, etc. for the grieving employee.

Research says that companies should give the employee as much time as he needs for grief, maybe these countries should limit the number of days so the productivity is not that much affected.

To sum it up, funeral leave has an effect on the companies as huge as its importance for the grieving employee. Firms around the world have to make a balance between the mental state of the one who lost a loved one and the lost productivity of the company. After all, people tend to stay at a company that respects his or her emotions and helps him or her get through them.

The study did not consider the future changes in reduction of fertility rates which will certainly have direct effect on family size and subsequently the exposed to risk population that warrants funeral leave.

Fig1. Percentage of productivity loss in every country



It is worth noting that the cost of productivity loss of 75% of the 60 countries is less than 0.5%. Moreover, 25 countries have the least cost of productivity loss i.e. less than 0.25%.



References:

Bereavement Policies That Work, Bill Cushard, SPARK.

https://www.adp.com/spark/articles/2016/11/bereavement-policies-thatwork.aspx#:~:text=According%20to%20SHRM%2C%20people%20generally,and%20affect%20the%20entire%20team

What Are the Different Types of Productivity?, Simplilearn.

https://www.simplilearn.com/tutorials/productivity-tutorial/different-types-of-productivity

The 3 most important factors of productivity (and how to improve them), Time Doctor.

https://www.simplilearn.com/tutorials/productivity-tutorial/different-types-of-productivity

Mental Health and Substance Use, Word Bank Organization.

https://www.who.int/teams/mental-health-and-substance-use/promotion-prevention/mental-health-in-the-

workplace#:~:text=Without%20effective%20support%2C%20mental%20disorders,to%20depression%20and%20anxiety%20alone

U.S Department of Labor

https://www.dol.gov/general/topic/benefits-leave/funeral-

 $\underline{leave\#:} \sim : text = \overline{The\%20Fair\%20Labor\%20Standards\%20Act}, (or\%20the\%20employee's\%20representative).$

Bereavement leave - What is it and Why It's Crucial for you Company to Have a Bereavement Leave Policy, HR, NoHQ.

https://nohq.co/blog/bereavement-

leave/#:~:text=Generally%20speaking%2C%20most%20companies%20offer,an%20empathetic%20and%20compassionate%20a pproach

Assumptions:

Funeral leave: Labor laws

Vacation Tracker: https://vacationtracker.io/

Few websites.

Family structures:

We took most of them from a few websites and we assumed the rest

Average age of the employee: https://worldpopulationreview.com/

Working days:

From several websites.

Loadings for mortality tables:

Calculated

Covered Population in millions:

Arab World	Lives
Algeria	45.6
Bahrain	1.5
Egypt	112.6
Jordan	11.3
KSA	36.9
Kuwait	4.3
Lebanon	5.4
Morocco	37.8
Oman	4.6
Qatar	2.7
Syria	23.2
UAE	9.5
TOTAL	295.4

Africa	Lives
DR Congo	102.1
Djibouti	1.1
Ethiopia	126.3
Kenya	55.0
Madagascar	30.3
Nigeria	223.5
Rwanda	14.1
South Africa	60.4
Tanzania	67.3
Uganda	48.5
Zambia	20.5
Zimbabwe	16.6
TOTAL	765.8

America	Lives
Argentina	45.8
Bolivia	12.4
Brazil	216.4
Canada	38.8
Colombia	52.1
Ecuador	18.2
Mexico	128.4
Paraguay	6.9
Peru	34.3
Uruguay	3.4
US	339.9
Venezuela	28.8
TOTAL	925.2

Aust/Asia	Lives
Australia	26.4
China	1,425.7
India	1,428.1
Indonesia	277.4
Japan	123.3
Laos	7.6
Philippines	117.2
Russia	144.5
Singapore	6.0
Thailand	71.8
Turkey	85.8
Vietnam	98.8
TOTAL	3,812.7

Europe	Lives
Austria	9.0
Cyprus	1.3
France	64.7
Germany	83.3
Greece	10.3
Italy	58.9
Ireland	5.1
Malta	0.5
Norway	5.5
Spain	47.5
Switzerland	8.8
UK	67.7
TOTAL	362.6



Acknowledgments:

The purpose of the i.e. Muhanna & co. Policy Note Series is to provoke debate and provide a framework for productive policy discussions. This Policy Note was a collaborative effort led by Ibrahim Muhanna and other members of the i.e. Muhanna & co teams in Lebanon and Cyprus Particular thanks are due to Emmanuelle Saleh Afif, Tassia Tsikkinis and May Mounzer. The funding of this project was made available by The Muhanna Foundation.

About i.e. Muhanna & co. Ltd:

i.e. Muhanna & co. Ltd, established in 1986, is the oldest independent actuarial and management consulting firm in the region. The company is recognized as the leader of actuarial, economic, and management consulting throughout the Middle East and Africa, assisting governments, organizations and companies to meet their goals.

With more than 30 years of worldwide services, our team of professionals has the capacity to handle sophisticated and specialized tasks with technical expertise and knowledge of local, regional and international needs.

Our keen understanding of the region's language and culture, as well as savoir-faire in technical and strategic issues, allows our firm to provide a wide spectrum of services to private and governmental entities in social insurance, pension and provident funds, employees benefits, health care, life, health and general insurance, rating as well as actuarial education.

Disclaimer

All rights reserved. This report is prepared by i.e. Muhanna & co. Ltd. Although all data in this paper is believed to be as accurate as possible, and has been reviewed and verified, i.e. Muhanna & co. Ltd does not assume any legal liability or responsibility for the accuracy, completeness, or usefulness of any information disclosed in this Policy Note. Any out-of-context use, by another party, of the information presented herein is not the responsibility of i.e. Muhanna & co. Ltd. Reference herein to any organization, or otherwise, does not constitute or imply its endorsement, recommendation, or favoring by i.e. Muhanna & co. Ltd or the author. The views and opinions expressed therein are those of the lead authors and do not necessarily state or reflect those of i.e. Muhanna & co. Ltd.

© All Rights Reserved. i.e. Muhanna & co. Ltd | Cyprus, Lebanon, Tanzania | 2023

