

Hewitt Associates
2 Sheppard Ave. East
Toronto ON M2N 7A4
Tel (416) 225-5001
Fax (416) 228-6052
www.hewitt.com

**For Immediate Release
June 15, 2005**

**Contact: Heather Lingard, (416) 225-5001, heather.lingard@hewitt.com
Marcia McDougall, (416) 225-5001, marcia.mcdougall@hewitt.com**

Ignoring Employee Absences May Prove Costly for Canadian Organizations, According to Hewitt

Lack of Reliable Data Hinders Evaluation of Disability Management and Wellness Programs

TORONTO – Costs associated with employee absenteeism are significant, whether the absence is due to a work-related injury or personal illness, according to a new survey from global human resources services firm Hewitt Associates. However, despite evidence of increasing employee absenteeism rates, Hewitt’s survey shows most employers are not equipped to address these issues as successfully as they might like.

Companies that participated in Hewitt’s “Disability Absence Index Survey” estimated that the average direct cost per employee for all disability-related absences per year is \$1,933 for union employees and \$1,579 for non-union employees. These figures are significant when an organization’s entire employee population is considered. For example, if a company has 2,000 employees (the average size of the 77 survey respondents), potential lost revenue, as a result of absenteeism, could exceed \$3 million a year.

“Some organizations estimate these figures could double if indirect costs such as administrative and replacement costs were included,” said Rochelle Morandini, Hewitt’s senior organizational health consultant. “These numbers also don’t account for absence days that are often missed or are simply not tracked, or for lost productivity time when people remain at work while coping with injury or illness. Absenteeism

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Hungary
India
Ireland
Italy
Japan
Malaysia
Mauritius
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Sweden
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Thailand
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Venezuela

clearly impacts a company's bottom line, but without the necessary data, an organization can't truly know how big that impact can be."

Hewitt's survey revealed that many companies struggle with tracking absenteeism, with 81 per cent of respondents saying they would have difficulty producing five years of data related to disability absences. Thirty-eight per cent of organizations attributed this to a lack of available resources, including technology (85 per cent), people (70 per cent) and data (47 per cent).

Although wellness and disability management programs are designed to address absenteeism, leaders at many Canadian organizations say they want proof that these strategies will work before investing in the required technology and people to run them.

"It's something of a vicious circle," said Morandini. "Employers have limited resources and want to ensure they're being utilized properly. They've read the statistics that absenteeism is on the rise, but they're not sure whether there is a problem at their organization, and, if there is, how to fix it. This survey is a way employers can benchmark their absenteeism rates against those of other organizations and use this information as a starting point to develop a business case for how disability management and wellness programs can help."

Hewitt's "Disability Absence Index Survey" was also developed to determine what data organizations are – or are not – tracking, and create a consistent tool that employers may use to evaluate their programs on an ongoing basis.

"It is extremely difficult to manage what you are not currently measuring," said Morandini. "Senior leadership should be concerned about the fact that this large cost drain is not being fully identified and measured. As more companies begin to realize the need to track absenteeism, we are also seeing an increased interest in how outsourcing can assist in the management of absence data."

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Copies of Hewitt Associates' "Disability Absence Index Survey" report are available from Hewitt by calling (416) 225-5001, or by e-mail at infocan@hewitt.com.

About Hewitt Associates

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