



How to make employee wellbeing pay

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Executive summary

Employee wellbeing is cited as one of the top five boardroom issues. Research indicates that healthier employees are happier, and that happier employees are more productive, efficient, resilient and engaged. For the employer, this means better profits as quality outputs and client relationships improve, while staff turnover and absenteeism costs reduce.

It is essential, in a world where even the most successful organisations are subject to constant change, that employees can embrace the future in a positive and dynamic fashion. Moreover, as products and services increasingly become indistinguishable, for many organisations their people are their only competitive advantage.

This raises two questions. How far should employers look beyond their responsibility to simply provide a safe and fair working environment? Can investment in protecting and promoting employees' health be justified when so many organisations are struggling to remain profitable and are being forced to make redundancies?

This paper seeks to clarify why employers should budget to support and nurture the wellbeing of their staff. It also addresses what interventions work and how these should be implemented, providing best practice on when raising awareness is sufficient and where a more proactive approach is required.

Conclusions

- Poor employee wellbeing impacts the bottom line, both in terms of costs incurred through absence, mistakes and temporary cover, as well as profits lost through reduced productivity and missed business opportunities.
- Poor employee wellbeing that lead to accidents, mistakes, internal security breaches and lawsuits can harm a company's reputation and brand, both in the short and long term.
- Employee health and wellbeing is a sustainability issue. As the health and stability of the workforce typically reflect the health and stability of the business, investors and other stakeholders increasingly expect to see transparent reporting of employee wellness and engagement practices.
- The pressure of working life is possibly the root of illness. Whilst not proactively making staff ill, employers may negatively influence employee wellbeing through the ethos and environment of the workplace.

The problem for business

Every year in the UK, around 200 million days are lost through sickness absence at an estimated cost of £17 billion to the economyⁱ. Over the past two years, stress has become the primary reason for absenceⁱⁱ. However, it is not absence alone that costs businesses: presenteeism is on the rise. Presenteeism is where employees, fearing for their job security, worry that absence might be used as a criterion for redundancy and, therefore, present for work when unwell or unfit. Indeed, the cost of presenteeism is one and a half times more expensive than absenteeismⁱⁱⁱ due to underperformance, mistakes, and accidents, all of which have a negative effect on both the individual and the organisation.

Increased pressure to maintain the same (or greater) outputs with fewer staff has forced employees to take on more work with fewer resources. Extended working hours and increased stress result, often without a salary increase. In fact, when inflation is factored into the equation, many are working with an effective pay cut.

Increased stress often results in people relying on unhealthy props to relax. Alcohol plays a large part in Britain's culture (according to government statistics, over 90% of British adults drink) and consumption is on the increase. Hangovers and alcohol-related illness account for 17 million working days lost each year; it is not only the private sector that pays the price, alcohol costs the NHS £2.7 billion each year, with 40% of Accident and Emergency admissions diagnosed with alcohol related injuries^{iv}. Excess alcohol consumption can result in many long-term health problems, which compounds the likelihood for the need to take time off work.

Smoking, high blood pressure, lack of exercise, alcohol, obesity and poor diet are the top reasons for early death^v. Many illnesses, including chronic conditions, can be avoided through better lifestyle practises. Hence, there is immense value in making people aware that they have significant control over their existing and future wellbeing; personal choices often have a greater impact on health than hereditary influences. The advice is not complicated: many significant health benefits can be reaped by taking simple steps to adjust unhealthy habits.

The workplace is one the best environments for learning outside of the formal education system. Employers are uniquely placed to educate staff as a captive audience and can, therefore, both roll out wellbeing education messages and reinforce them with a supporting framework. For example, providing healthy food options on site supports eating well, while making showers available may encourage staff to cycle to work or take lunchtime exercise.

However, there is a huge gulf between providing education (whether information or referrals to services) and prompting behaviour change that delivers tangible benefits to an organisation.

How do employee wellbeing programmes help businesses?

There is a compelling case for organisations across all sectors and of all sizes to move beyond the traditional health and safety agenda to embed health and wellbeing at their heart and to create an

empowering and rewarding work environment for all employees^{vi}. Businesses should take steps to help staff avoid becoming ill (whether work related issues are a factor or not), both as a caring employer and to reduce costs and maximise productivity.

An effective wellbeing programme, properly implemented in the workplace, leads to healthier employees. Healthier employees are likely to be more alert, engaged, effective, productive and happier. These traits lend themselves to people who attain the right results more quickly. Healthier employees are also more committed and enjoy greater job satisfaction. Package this together, and it results in engaged employees who enjoy their job and feel loyal to the company that provides them with an improved lifestyle.

Considerations for wellbeing programmes

Wellness requires paying attention to mind and body. Eating well and being active define physical fitness. Being mentally resilient (more able to cope with stress) and the tools and networks used to relax impact mental health. Both elements of mind and body are interdependent, impacting one upon the other, whether positively or negatively. Therefore, the key elements to a good wellbeing programme address the physical, psychological and social health of an individual^{vii}. The best programmes do not consider these elements in isolation, but unite initiatives, such as setting up a walking club at lunchtime, or encouraging staff to take part in a fun run to support a local charity.

Importantly, wellbeing programmes need to be non-judgemental. For example, to help employees address obesity, avoid criticising their lifestyle, instead provide access to healthy meals and exercise classes and offer choices for work methods that don't involve sitting down all day.

Businesses need to embrace the eldest to the youngest. Retirement ages are extending; the influx of interns and graduates is increasing. Employee wellness programmes must provide sufficient flexibility to consider the needs of the full working-age spectrum.

However, the greatest challenge is to develop a programme that prompts people to exchange their bad habits for good ones. For example, it is not difficult to persuade a percentage of staff to sign up the Government's "cycle to work" scheme - the achievement is in persuading those that are never physically active to become so. Often people know what should be done to improve their health; however, they choose not to take action. Making the connection between understanding healthy behaviour traits and adopting them is the key to success. As such, incentive schemes can go a long way to increasing participation rates.

The real gains in the workplace are made by preventing people becoming ill or injured in the first place^{viii}. Reactive support once a problem has arisen (such as private healthcare and employee assistance programmes) is of limited value. Wellbeing programmes are weighted towards preventative intervention, striving to ensure people avoid ill-health, chronic conditions, and even terminal health problems. However, preventative interventions can be trickier to value as they tend to result in costs saved rather than reduced spend but still require investment up front.

Essentials for setting up a wellbeing programme

While it is important for wellbeing programmes to be comprehensive, they need not be overcomplicated to start up. It is sensible to build on what is already in place in the organisation, so evaluate what already exists and identify the gaps that need filling and make the appropriate connections between what is already in place and new, complementary offerings. Imposing new methods rarely works, so consult staff to identify key areas they feel should be addressed (i.e. issues such as drinking, smoking, bullying, workload, hours of work etc.). Surveys are an ideal way to do this, as anonymity encourages honest responses.

Wellbeing interventions need not be expensive, but it is important to set aside a budget that takes into account both direct costs and indirect costs, such as employees' time. It is also essential to understand what the desired outcome is – both in terms of finding a way of getting there and also in measuring results. For example, is the aim to try and make sure all employees are physically active on a regular basis, or to reduce stress levels, improve eating habits, or a combination of options?

A communication platform is also essential, to inform and educate employees and to share success stories. This may take the form of emails, flyers, seminars and conferences, workshops or staff meetings. Information alone will not achieve the desired results; the surrounding environment must support employees in attaining their goals. For example, there is little value in providing information on diet and nutrition if the staff canteen does not offer healthy eating options.

Where possible, independent health screenings should be offered to staff at the business premises. This allows employees an opportunity to evaluate and monitor their health in a safe and convenient environment. Personal records would not be accessible by employers to maintain employee confidentiality, though aggregate data could be shared to help with monitoring and evaluating the progress of the programme.

Motivating staff to participate

The greatest challenge of any wellbeing initiative is to provide the catalyst needed for people to exchange their bad habits for good ones. Most people already know what should be done to improve their health; however, they are insufficiently motivated to change their lifestyle.

Incentive schemes can make a significant impact on staff participation. Monetary rewards are great, though not always necessary. For some, public recognition from a senior colleague is more motivating than cash incentives. For others, the competitive element of a points system provides the driver needed to start and maintain new habits. Aggregating rewards in teams is also an effective way of improving participation: the element of 'not letting the side down' can provide just the impetus needed. Interdepartmental competition can be a good driver, providing a support framework for those who wouldn't naturally strike out on their own.

Personal buy-in is the real clincher for behaviour change. As a rule, people modify their behaviour to achieve certain goals. For example, most smokers know that smoking is bad for them and an expensive habit; however, for most smokers these reasons are insufficiently motivating to quit. So

when educating people on healthier lifestyle habits, it is more effective if they can make the connection to a wider benefit for themselves.

The good news is that when a new habit has been formed, it becomes part of a regular routine and integrated into everyday life. Someone who commits to taking the stairs for two flights or less may find it tough to keep up initially, but once it becomes part of their routine, is unlikely to consider using the lift and will probably progress to taking the stairs for three flights over time.

There's debate on how long it takes for a regular new activity to become a habit, but it is usually somewhere between three to ten weeks. The smaller the change, the more quickly it can become integrated. Therefore, the key to adopting healthy lifestyle habits is to make small changes and build upon them, rather than trying a dramatic change, being unable to maintain it, and then feeling a failure.

Evaluating progress

Monitoring and evaluation is crucial to assessing how effective wellbeing interventions are; most can be expected to show a positive financial return over two to three years^{ix}. Baseline data needs to be established as a benchmark to measure progress. Ideally, this should be identified before commencing the intervention, but do not delay in gathering initial data just because the starting point is not perfect.

According to the Confederation of British Industry, only 25% of UK employers calculate their absence costs. Of those that do, the majority make estimates based on the direct salary costs and sometimes the costs of temporary cover, but few include management time, reduced productivity, lost business, inability to deliver, reduced customer retention, and the type of absence (casual or genuine)^x.

Direct influences on business can be measured by reductions in staff absence, staff turnover, overtime payments, temporary recruitment, legal costs and claims, insurance premiums, healthcare costs, accidents and injuries and management time. Indirectly, improvements should be seen in staff morale, company profile, productivity and revenues. These can all be measured through direct records, surveys and other feedback.

Investors consider employee wellness relevant. Increasingly companies are expected to improve reporting on wellness and engagement as an essential part of responsible business practise and the hallmark of a sustainable business.^{xi} According to Business in the Community, the types of data required for this form of reporting are aligned with the types of data needed to measure the effectiveness of wellbeing interventions, so the two go hand in hand.

How is employee wellbeing good for business?

Everyone has a personal responsibility for their own health and can choose whether or not to live healthily. Unhealthy lifestyle choices tend to be made either through lack of knowledge or lack of

motivation to make changes. Why then, should employers feel a responsibility to intercede and proactively engage in caring for their employees' health beyond meeting minimum requirements? There are three strong reasons.

First, and most compelling, poor staff wellbeing impacts the bottom line, both in terms of costs incurred through absence, mistakes and temporary cover, as well as profits lost through reduced productivity and missed business opportunities. It makes sense to invest in helping employees perform at their best.

Secondly, with a "Workplace Health Survey" published by the British Heart Foundation earlier this year reporting that 49% of people feel stressed at work on a daily basis, 41% working longer hours, and 20% fail to take a lunch break^{xii}, there's reasonable cause to conclude that the pressure of working life is possibly the root of illness. It could be argued that employers, whilst not proactively making staff ill, negatively influence employee wellbeing through the ethos and environment of the workplace (figures from the Health and Safety Executive show that some 18,000 employees in the banking and finance industry filed stress-related claims for 2010/2011^{xiii}). Fighting (or settling) lawsuits damages more than short-term profits, it can harm a company's reputation and brand, leaving long lasting negative associations.

Thirdly, sustainability is no longer an optional enhancement for the corporate elite. In today's society, corporates are expected to conduct their business sustainably: be successful today but ensure there is a legacy for tomorrow. Investors expect to see transparent reporting, with sustainable business practises interwoven within the fabric of the business. This includes employee wellness and engagement, because the health and stability of the workforce typically reflects the health and stability of the business.

A good employee wellness programme helps businesses to increase employee engagement; reduce employee turnover; reduce absenteeism and presenteeism; improve productivity, morale and employee upskilling; attract the best talent; reduce ancillary expenses and improve brand. These are all sound reasons to invest in employee health.

Since employee wellbeing is core to business success, it is ironic that employers have fewest resources to invest when they are most needed and that lack of investment exacerbates any problem. The continued economic downturn means employees are working longer hours, financially worse off (salaries have remained static but household bills and travel have risen above inflation), and feel they have fewer opportunities to change jobs, all of which can have a negative impact on mental and physical wellbeing. Concurrently, poor health leads to underperformance, which costs the business further and so a vicious cycle evolves.

The question is not whether business should invest in employee wellbeing, but what sort of wellbeing investments should be made to maximise the return on investment.

Providing access to information is essential to support wellbeing messaging. However, evidence shows that information alone is insufficient to prompt better habits. Namely, employees already

have access to a wealth of existing wellbeing messages outside the office, which many do not act upon. Furthermore, if the programme predominantly relies on online tools, it is debatable whether staff will be motivated to login if they have already spent several hours working at the computer? Alternatively, it may be difficult for employees to find time during working days when they are already busy.

A lecture, seminar or lunch-time talk is a good way to allow staff to block out time dedicated to wellbeing themes; however, a sedentary, classroom style approach isn't conducive to prompting people to take action. Workshops offer a good alternative. Time is carved out for wellbeing, but the approach is usually interactive, and the participatory element can help individuals understand how specific approaches to wellbeing could positively impact them. Moreover, encouraging participants to create personalised action plans for change during the workshop helps make the leap from passive to active – prompting the seeds of all important behaviour change.

Indeed, workshops work well as stand-alone products: management is satisfied that it has dedicated time to a specific theme, and workers happy because they have had time off from their usual roles. However, the snag is that often the enthusiasm and passion exhibited during the workshop are not sustained. There are two main reasons for this: the ideas presented at the workshop are not hooked into experiences to help embed them in reality (they remain interesting theories) and there is insufficient follow-up. A one-off talk is unlikely to promote a change in habits; however, regular, on-going support after the event will help drive motivation and maintain momentum. This need not be bureaucratically formal, weekly follow ups to check on the progress of those attending the workshop should suffice. What is important is to make the experience fun and social, so that making beneficial changes feels rewarding rather than burdensome.

Conclusion

The overwhelming volume of research shows that employee wellbeing programmes are good for business and the bottom line. Businesses benefit from reduced costs and better profits, employees benefit from being healthier and happier, the nation benefits from a healthier population.

The question is, how to get the most from any wellbeing intervention? The best results come from a short intervention, with participants selecting the changes that fit their circumstances, followed by a prolonged support programme - all of which can be undertaken with minimum interference to work. The changes should be small in size and capable of being included into the existing work and home routines to maximise their likely permanent adoption. In fact, there is a parallel to the successful quality management programmes seen in the 1980s and 1990s^{xiv}, where small constructive changes were inserted into existing processes to improve the efficiency of business processes; the difference in the case of wellbeing programmes is that the changes are initiated and applied by the workers themselves.

A good wellbeing programme should provide a combination of education and opportunity for change, covering both mind and body, with an ability to appeal to a range of age groups. The

peripheral services offered by the business to staff need to support any drive for wellbeing, and the programme should include motivation for behaviour change to ensure success.

Wellbeing programmes need not be prohibitively expensive to implement. A budget should be set aside for both employee time and the costs of the programme and support structure. Senior management support is essential. The programme should be embedded into the organizational structure and culture and not perceived as short-term stand-alone intervention. A framework to monitor and evaluate progress is essential to demonstrate effectiveness and to report to stakeholders, and there should be a combination of short-term and long-term goals.

Employees are the lifeblood of any organisation. It makes sense to support them in protecting their health and by doing so, employers protect their business too. Employee wellbeing impacts outcomes, whether positively through good health, or conversely through the reverse. The best employee wellbeing programmes shift focus from losses caused by poor employee health, to magnification of the possible rewards of increased motivation and productivity by happier, healthier staff. Attention to employee wellbeing offers a win for the individual and for the business, and it will help the nation's health too.

ⁱ Confederation of British Industry ("CBI"), Absence and Workplace Health Survey, Apr 2011

ⁱⁱ CIPD, Absence Management Report, 2012

ⁱⁱⁱ Sainsbury Centre for Mental Health ("SCMH"), 2007

^{iv} UK Government, Feb 2012

^v Global Burden of Disease ("GBP"), UK country report, Mar 2013

^{vi} Dame Carol Black's Review, Working for a Healthier Tomorrow, Mar 2008

^{vii} Towers Watson

^{viii} TUC, Work and Wellbeing, Feb 2013

^{ix} Department for Work and Pensions, PWC report, 2010

^x CBI, Work Foundation Report, Apr 2010

^{xi} BiTC, Working Well Reporting Guidelines, May 2011

^{xii} British Heart Foundation, Workplace Health Survey, Feb 2013

^{xiii} Health and Safety Executive ("HSE"), 2012

^{xiv} The [International Organization for Standardization \(ISO\)](#) created the [Quality Management System \(QMS\)](#) standards in 1987.