



# The wellness effect

## The impact of workplace programmes



Sponsored by

**Humana**<sup>®</sup>

## Introduction

In October 2015 The Economist Intelligence Unit (EIU) conducted a study that included surveys of both executives and employees at companies that operate employee wellness programmes. The research, sponsored by Humana, seeks insights into the scope, reach and impact of wellness programmes, as well as the challenges and opportunities that continue to inform their development. All respondents are based in the US and have direct knowledge of their company's employee wellness programmes.

The study finds that employers' efforts to establish a culture of wellness have been broadly successful, and that HR executives tend to have a good grasp of the challenges that still need to be addressed. Employees are keenly aware of whether or not they work for an organisation with a culture of wellness; their perceptions that health and wellness is an important part of their organisation's culture are largely shaped by the design and accessibility of workplace wellness programmes. Moreover, a wellness culture magnifies the benefits that employees gain from their participation while driving increased engagement, especially if they offer a wide range of choices. Lack of time is seen by both executives and employees as the biggest obstacle to higher participation rates.

The study results also reveal the cost of not building a wellness culture—on employee happiness, stress levels and, dramatically, engagement with the employer's mission and goals. In addition, distinct differences emerge as to what employers and employees consider the most effective approaches to wellness. Employers place far greater emphasis on stress management programmes, for instance, while employees are much more likely to cite flexible work schedules.

Large and small organisations differ in their reasons for offering wellness programmes, according to the EIU research. Small organisations lag in establishing a comprehensive, robust wellness culture. However, the study also finds that many small organisations have the agility needed to understand employee needs and move quickly to build a sense of community around health, wellness and employee well-being (see "Challenges and opportunities for smaller organisations", page 6).

Employees are keenly aware of whether or not they work for an organisation with a culture of wellness.

## A competitive advantage for companies with a wellness culture?

Sixty-nine percent of employees agree that health and wellness are an important part of their organisation's culture.

A “wellness culture” is more than just words: it is defined not only by an array of programmes that encourage and support health and wellness for employees—from stress reduction to improved diet—but also by physical and environmental features such as better-quality cafeteria food and pleasant, relaxing spaces for breaks. Employees know when they are working for an organisation that promotes health and wellness and when they are not. The EIU research finds, on the whole, that US employers have been reasonably successful at establishing a workplace culture of wellness: about seven in ten employees (69%) agree that health and wellness are an important part of their organisation's culture.

But the differences in employee perception between companies that have a wellness culture and those that do not are stark. Employees who believe they work for a company with a defined culture of wellness are twice as likely to say that existing wellness programmes are well designed and useful (89% vs 43%) and almost twice as likely to say they are easily accessible in terms of time and location (83% vs 42%). These findings suggest that employers who put in the work to tailor their wellness programmes to specific employee needs and make them as accessible as possible may enjoy a competitive advantage in terms of attracting and retaining valued employees.

“Employers are beginning to understand that culture is important,” says Dr Michael O'Donnell, director of the Health Management Research Center at the University of Michigan's School of Kinesiology. “By taking stock of their culture, employers can figure out what the norms are now—and how they can change them.”

### About the surveys

The employer survey, conducted in October 2015, includes 209 human resources (HR) executives and managers at US-based companies who have direct knowledge of their company's employee wellness programmes. About a quarter of them work for organisations with between 2 and 49 employees, nearly half have 50-1,000 workers and the remainder have 1,000 workers or more. A wide variety of industries are represented.

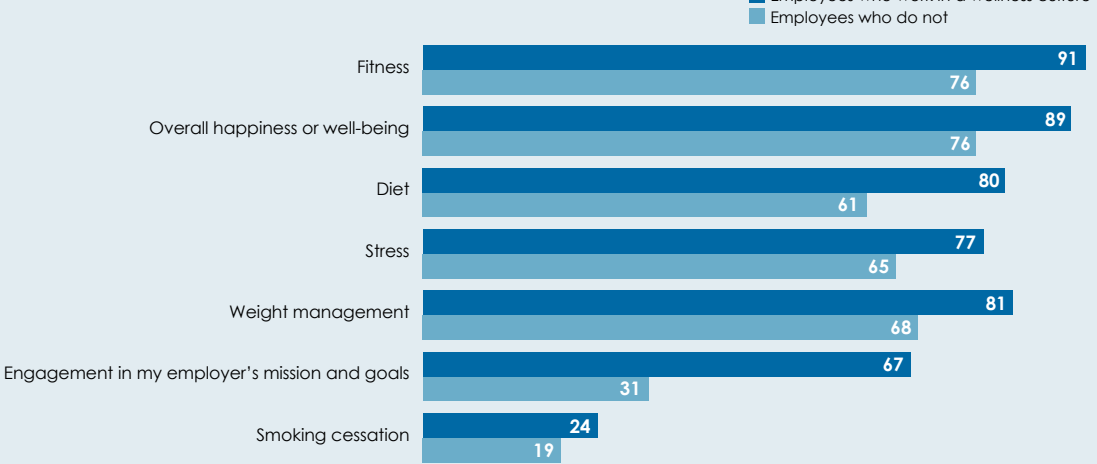
The employee survey, also conducted in October 2015, includes 500 full-time

workers based in the US, all of whom participate in an employer-provided wellness programme. Respondents are evenly divided between male and female, and each of the three main generational groups (Baby Boomers, Generation X and Millennials) is well represented. The majority of respondents are university-educated. One in five works for a company with 2 to 49 employees, two in five work for companies with 50 to 1,000 employees and the remainder work for companies with more than 1,000 employees. ■

**CHART 1 Wellness programmes get results**

To what extent do you believe your participation in wellness programmes has had an impact on each of the following areas?

% of employees who believe their participation has had an impact



Source: Economist Intelligence Unit survey, 2016.

## A wellness culture builds employee engagement with company goals

The gulf between organisations that have established a wellness culture and those that have not shows up consistently across all areas of employee health and well-being. Employees who work in a wellness culture are less likely to experience health-related barriers or setbacks—for instance, work-related stress is less likely to take a toll on their health (56% vs 68%) and professional obligations are less likely to interfere with their ability to make healthy choices regarding food and exercise (48% vs 57%).

The benefits of a wellness culture extend beyond office walls: employees at these companies are less likely to say that they face significant barriers to managing their health and wellness outside of work (27% vs 35%). They report substantially better results in terms of fitness, weight management and, perhaps most notably, overall happiness and well-being (see Chart 1).

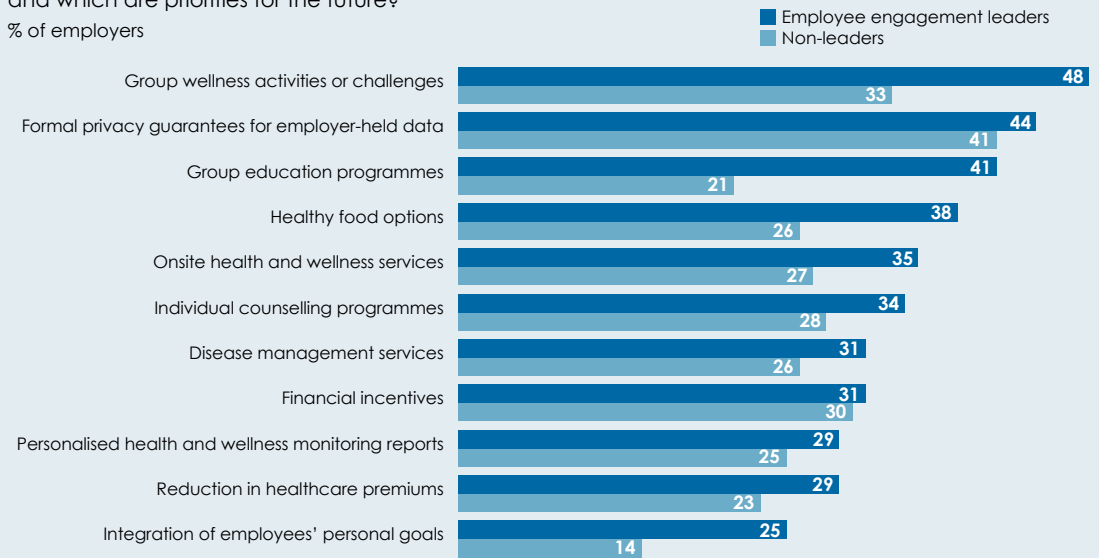
Most critically for employers, however, the EIU research offers striking evidence that wellness programmes align employer and employee goals more closely. They increase employee engagement with the company's mission and goals. Employees are also more likely to see their own wellness as being linked with professional success. Companies that build a wellness culture thus acquire a workforce that is not only more focused and engaged, but that sees that culture as benefiting their careers.

A closer look at companies that are leaders in employee engagement underscores the strong role played by comprehensive wellness programmes—ie, those that provide employees with a wide selection of individual components—in helping them to achieve greater employee engagement with the company's mission and goals. We

**CHART 2 Wellness and employee engagement go hand-in-hand**

Which of the following features does your organisation's wellness programme currently include and which are priorities for the future?

% of employers



Source: Economist Intelligence Unit survey, 2016.

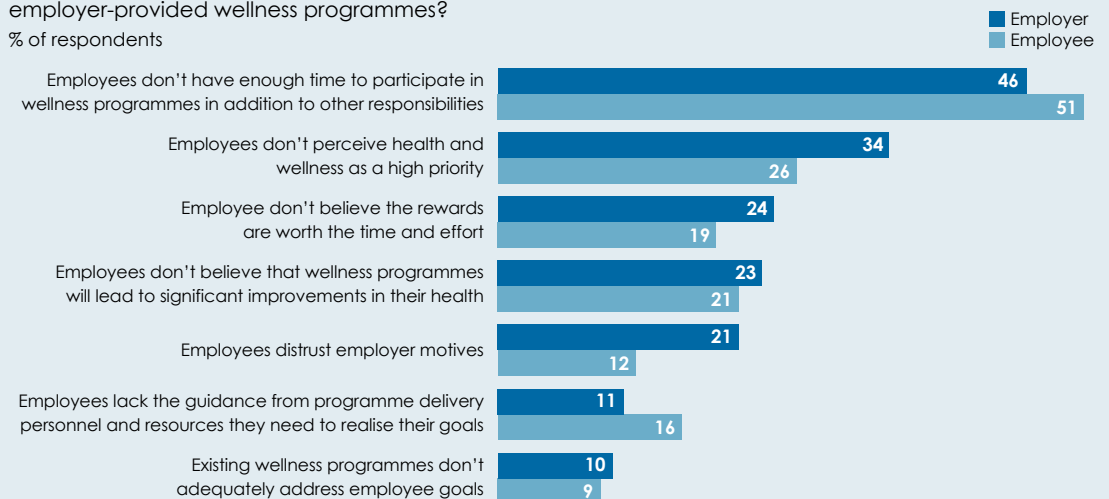
A wellness culture is most successful—and contributes most strongly to building employee engagement—when it includes an array of programmes and activities.

define “engagement leaders” as companies that are above average relative to peers in achieving employee engagement. Respondents at these companies are more likely than others to say their organisation offers every programme component listed in the employer survey, ranging from group education programmes to healthy food options (see Chart 2). This suggests that a wellness culture is most successful—and contributes most strongly to building employee engagement—when it includes an array of programmes and activities.

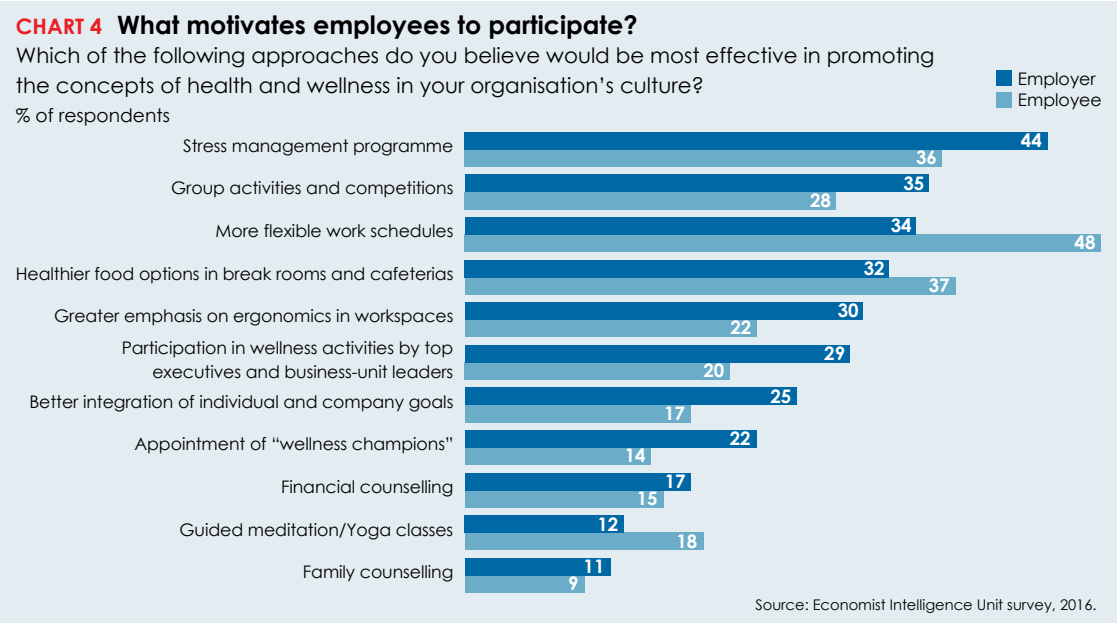
**CHART 3 Why employees fail to participate**

In your opinion, what are the most important obstacles to greater employee participation in employer-provided wellness programmes?

% of respondents



Source: Economist Intelligence Unit survey, 2016.



## The biggest impediment to employee participation: lack of time

Given the benefits of participation in wellness programmes, why don't more employees choose to join in? The most important explanation is that there are simply not enough hours in a day: employers and employees agree that the biggest obstacle to greater wellness programme participation is lack of time in addition to professional duties. This ongoing challenge likely contributes to an employee preference for one-time events such as in-person health assessments, in which a large majority say they are at least somewhat likely to take part, and one-time workshops. Long-term programmes, which require a more formal time commitment, are somewhat less popular.

Other major obstacles cited by both groups relate to the perceived effectiveness of wellness programmes, including lack of confidence that the rewards are worth the time and effort or that participation will lead to significant improvements (see Chart 3, previous page).

# Challenges and opportunities for smaller organisations

Small companies differ in their reasons for creating a wellness culture: they are less driven by cost-control concerns and more by workforce-related issues.

A major finding of the EIU research is that small companies lag in establishing a wellness culture. Over three-quarters (76%) of employees at organisations with over 1,000 employees agree that health and wellness are part of their company's culture, compared with 61% at firms with fewer than 50. Smaller companies have fewer resources at their disposal, says Dr O'Donnell, director of the Health Management Research Center at the University of Michigan's School of Kinesiology. Employees are more likely to say they lack time to participate in wellness programmes at small companies than at large ones, and to question whether the rewards are worth the time and effort.

Small companies also differ in their reasons for wanting to create a wellness culture: they are less driven by cost-control concerns, and more by workforce-related issues (see chart). For example, smaller organisations are more likely to cite improving employee productivity and reducing stress as reasons for creating a wellness culture, while large companies are more likely to cite reducing health plan costs.

This suggests that the drive to implement wellness programmes and policies may be weaker at small companies. Dr O'Donnell

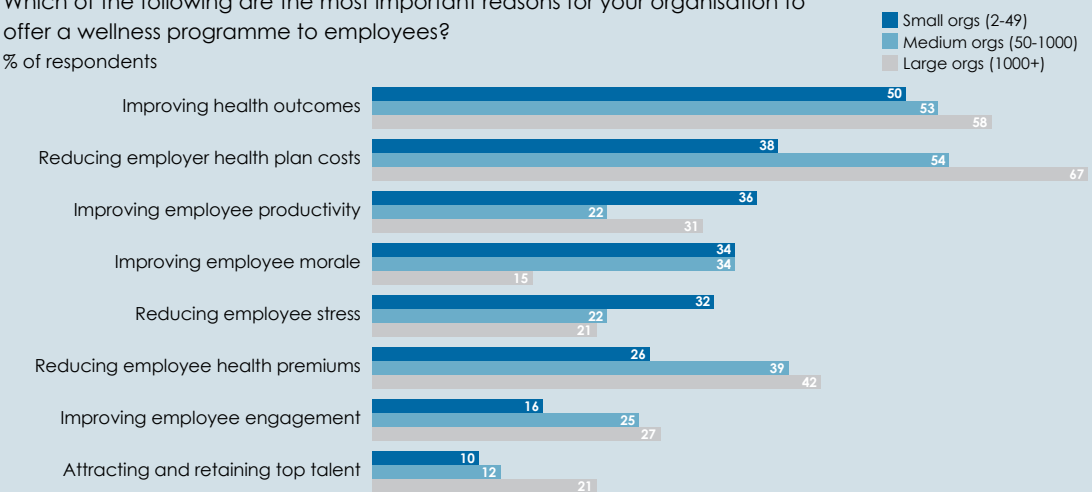
points out, however, that greater agility may make it easier for small companies, should they choose to do so. "Small employers can have great programmes when leadership makes them a priority because setting policy and allocating resources can happen very fast. Reaching all staff is easy and a sense of community around health can be built quickly and be maintained," he says.

The EIU survey reveals other advantages enjoyed by smaller firms. Employees at small firms are less likely to distrust their employer's motives than those at larger organisations, and their firms are more likely to be in the early stages of wellness programme development. While this leaves them with lower employee participation rates, it affords them flexibility in programme design, especially in areas that might be difficult to quantify.

Making the healthy choice the easiest (or the only) one is also key to increasing participation rates, regardless of company size, Dr O'Donnell believes. "People will eat nutritious food if it is easy to find, delicious and affordable—and if junk food is expensive, hard to find or not served at all," he says. ■

## Why employers offer wellness programmes

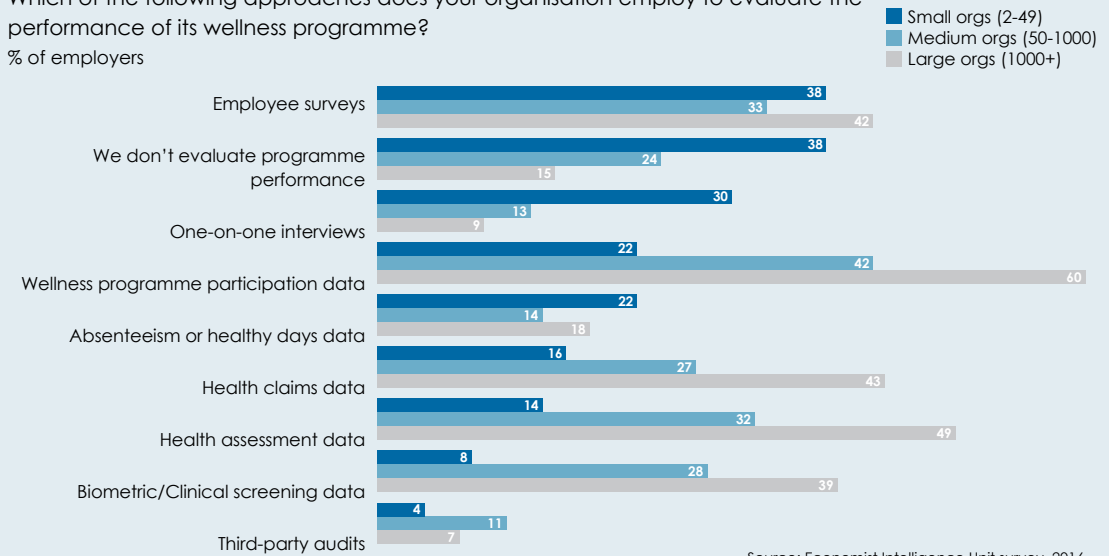
Which of the following are the most important reasons for your organisation to offer a wellness programme to employees?  
% of respondents



Source: Economist Intelligence Unit survey, 2016.

**CHART 5 Evaluating the results**

Which of the following approaches does your organisation employ to evaluate the performance of its wellness programme?  
% of employers



Source: Economist Intelligence Unit survey, 2016.

## The biggest challenge to employee wellness: stress

Seventy-one percent of employees agree that wellness programmes can have at least a moderate impact on lowering stress; yet only 14% regularly participate in a stress management programme.

Stress remains a serious problem in many workplaces, the research reveals. Over half of employee respondents believe work-related stress has taken a toll on their health—only about one in three disagrees—and a similarly large proportion say work obligations interfere with their ability to pursue a healthy lifestyle.

Wellness programmes can have at least a moderate impact on lowering stress, with nearly three-quarters of employees (71%) agreeing. Yet only 14% of employees say they regularly participate in a stress management programme. Indeed, the study reveals a disconnect between employers and employees regarding what they believe are the most effective means of promoting health and wellness. About 44% of employers say stress management programmes are among the most effective tools, compared with only 36% of employees. By contrast, nearly half (48%) of employees include more flexible work schedules among the most effective means of promoting health and wellness, versus 34% of employers (see Chart 4, page 5).

This suggests a disagreement as to what is the best way for companies to alleviate stress: through focused stress management programmes, or simply by providing more flexible hours. Employers may want to look more carefully at other wellness tools that could help to reduce stress, even if they are not explicitly designed to do so.



## Comprehensive programme evaluation remains elusive

“Many employers do not do a good job of evaluating their programmes. When they conduct a formal evaluation, they often focus on health and medical cost outcomes... they neglect to measure the impact on their other organisational priorities.”

Dr Michael O'Donnell,  
Director of the Health  
Management Research  
Center, University of  
Michigan School of  
Kinesiology

While companies of all sizes—even many smaller companies—have established a wellness culture or made progress in that direction in recent years, evaluating the performance of wellness programmes is a significant challenge. Small companies, especially, lag in this respect: more than one-third say they don't evaluate programme performance at all, compared with just 15% of large organisations. However, as many as 40% of large firms say they do not use programme participation data to evaluate performance, and fewer than half utilize health claims data, health assessment data, or biometric/clinical screening data.

A 2014 study, “Measuring wellness: From data to insights”, conducted by the EIU and sponsored by Humana, concluded that the main reason many employers have difficulty assessing wellness programme performance against the full range of objectives is that the most easily quantifiable cost data cannot capture less-tangible outcomes such as improved health and reduced stress. “Many employers do not do a good job of evaluating their programmes,” says Dr O'Donnell. “When they conduct a formal evaluation, they often focus on health and medical cost outcomes, and they neglect to measure the impact on their other organisational priorities.” Programme assessments can often be supported by data collected for other purposes, he points out. “The beauty of something like a health screening is that you're using it for something besides evaluation. It provides employees with information that's interesting to them and also can help point them in the right direction. Then when you do it again over time you've got the benefit of true evaluation.”

Interestingly, some small organisations may be better positioned to capture the broader, less quantifiable benefits of wellness in their evaluations. While larger organisations tend to favour more data-oriented approaches to assessing programme performance, smaller companies lean towards the more personalised, hands-on approach of one-on-one interviews.

## Conclusion: A wellness culture is not only desirable but achievable

Experience with wellness programmes has left many employers with a good understanding of their benefits and challenges, and most have identified opportunities for improvement. Most employers have been successful at building an organisational culture that supports health and wellness, and employees who perceive that a wellness culture has been established point to substantial positive impact in both their working and personal lives.

But the advantages these companies enjoy also underscore the hazards for organisations that do not pursue a wellness culture. These companies run the risk that employees will not value the health and wellness benefits they do offer, and, more critically, that employee engagement will suffer. This could translate into a competitive disadvantage with respect to retention of valued employees. Smaller organisations, in particular, must do a better job evaluating the performance of their wellness programmes, or miss out on some of the advantages they offer.

The most dramatic gulf the EIU research found was not between organisations of different sizes, however, but between those that have established a wellness culture and those that have not. Yet, employees who say their company has a wellness culture, regardless of size, report better outcomes across a broad range of concerns, from fitness and diet to overall well-being and engagement with the employer's mission. Such a culture, the EIU research shows, is not only achievable for a broad range of companies, but can provide them with an important competitive advantage. ■

Whilst every effort has been taken to verify the accuracy of this information, neither The Economist Intelligence Unit Ltd. nor the sponsor of this report can accept any responsibility or liability for reliance by any person on this white paper or any of the information, opinions or conclusions set out in the white paper.

**London**

20 Cabot Square  
London  
E14 4QW  
United Kingdom  
Tel: (44.20) 7576 8000  
Fax: (44.20) 7576 8476  
E-mail: london@eiu.com

**New York**

750 Third Avenue  
5th Floor  
New York, NY 10017  
United States  
Tel: (1.212) 554 0600  
Fax: (1.212) 586 0248  
E-mail: newyork@eiu.com

**Hong Kong**

1301 Cityplaza Four  
12 Taikoo Wan Road  
Taikoo Shing  
Hong Kong  
Tel: (852) 2585 3888  
Fax: (852) 2802 7638  
E-mail: hongkong@eiu.com

**Geneva**

Boulevard des  
Tranchées 16  
1206 Geneva  
Switzerland  
Tel: (41) 22 566 2470  
Fax: (41) 22 346 93 47  
E-mail: geneva@eiu.com