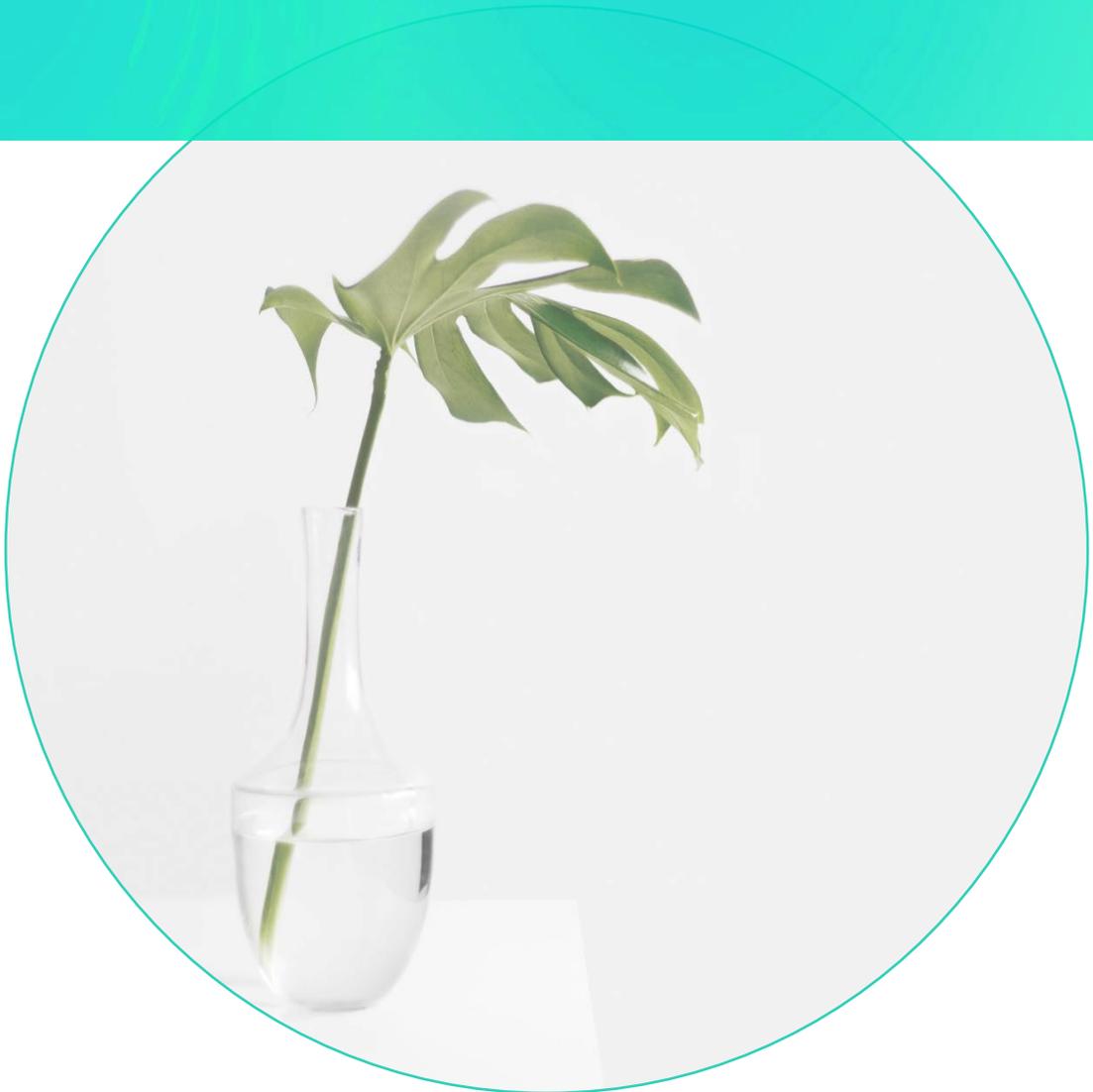
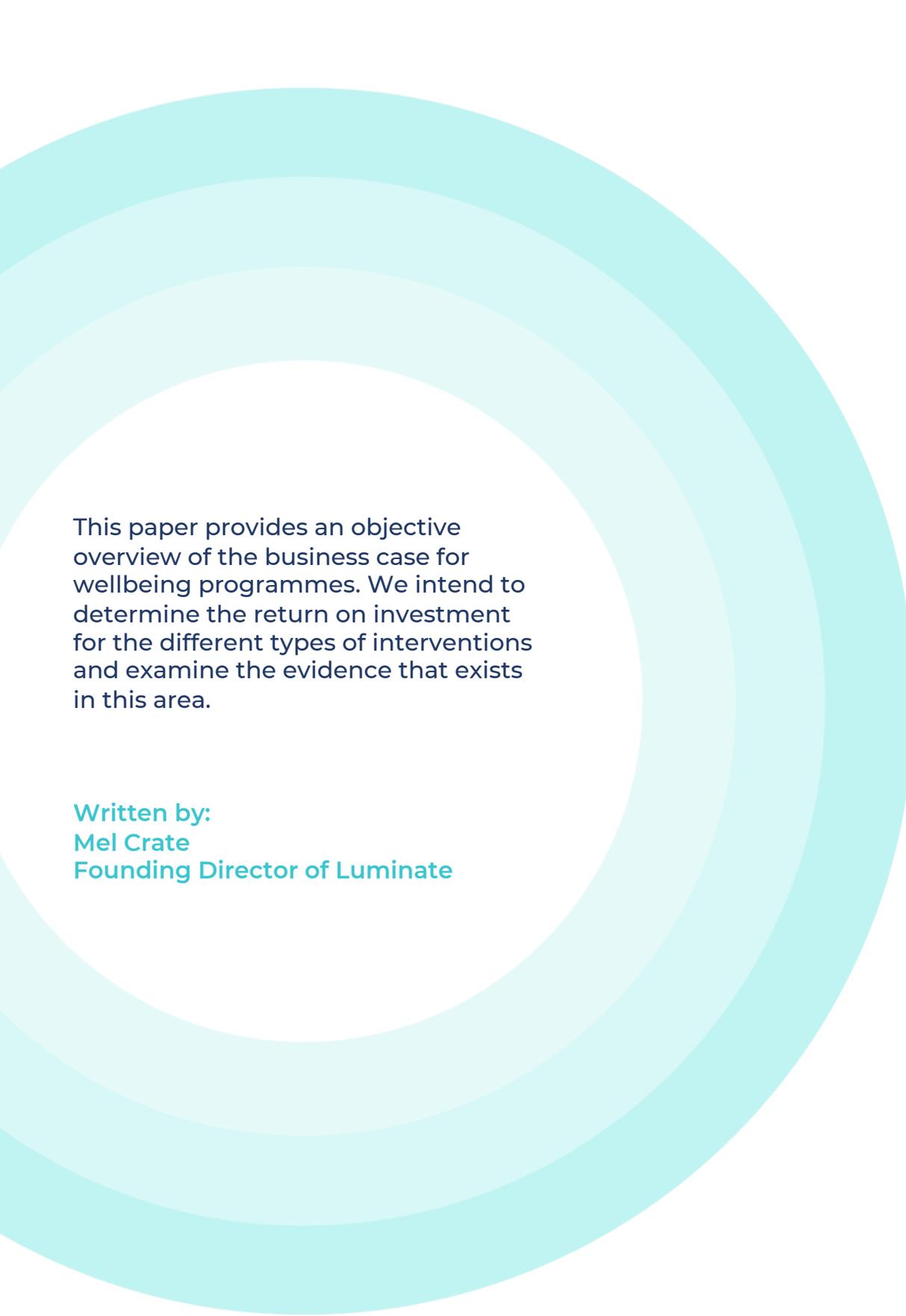


WHITE PAPER

THE BUSINESS CASE FOR WELLBEING PROGRAMMES





This paper provides an objective overview of the business case for wellbeing programmes. We intend to determine the return on investment for the different types of interventions and examine the evidence that exists in this area.

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Introduction

Wellbeing is a hot topic on many business agendas, but like with most initiatives there's usually an investment required of both time and money. Questions around return on investment come up frequently, with HR teams trying to justify their spend on this very important subject.

Many leaders will immediately recognise the value of a wellbeing programme; after all happier, healthier employees will ultimately take less time off work, feel more motivated and produce a higher quality of work. But for those who need a little more convincing, there is a business case to be made for this kind of initiative.

Mental health illnesses are something that are now affecting the majority of businesses and it's a problem that is getting harder to ignore. Moreover it doesn't make business sense to ignore it; the problem is not going anywhere and when our approach to mental health remains unchanged, the rising cost of mental illness to the business will most likely only get higher.

A proactive, preventative approach to mental health can make all the difference in helping your employees stay

healthy and creating environments in which positive mental health can thrive. Popular activities involve wellbeing workshops, mental health training, coaching and wellbeing fairs, most of which will require a new budget to be carved out.

It could be argued that the bigger the investment, the better the results. A plaster approach will not make the difference that leaders are looking for; the grittier and more in-depth the work, the more radical the result. So the first step is acknowledging that a change must be made in order to really see a return on investment and this almost always must involve the leaders of the organisation.

Here we will present the evidence that exists in making a business case for wellbeing programmes; the robust statistical data and the anecdotal evidence, both which can be of value when trying to measure the success of an initiative. Although corporate wellbeing programmes are still relatively new, there is growing evidence of the effects these are having; we have gathered the data and presented it here in an easy-to-read, accessible format.

Why Wellbeing?

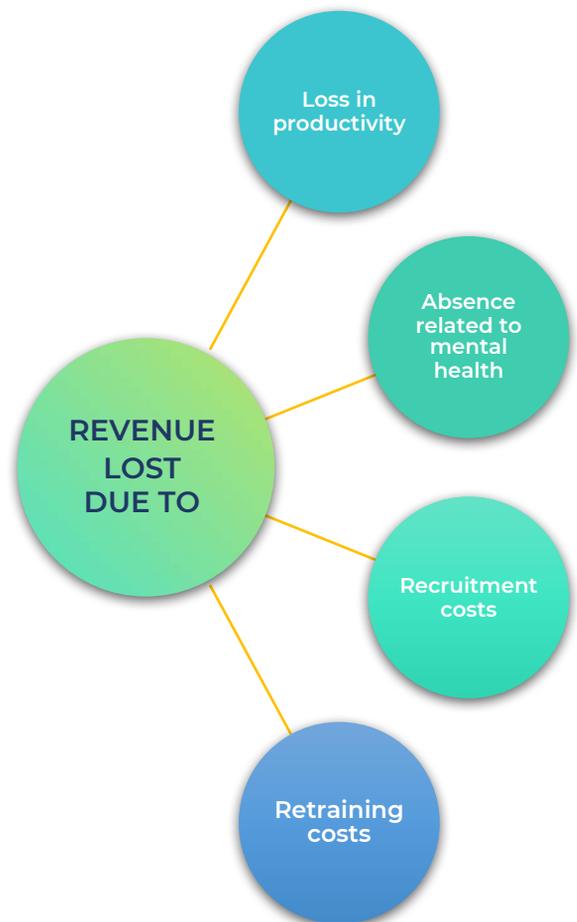
Most are aware of the growing number of mental illness cases being reported at work and many have seen its effects first hand. There is a huge amount of literature available on the statistics in this area so we will only briefly touch on this here.

Accenture recently published the results of their survey of 2,000 UK workers, which revealed that 66% of people surveyed had personally experienced mental health challenges and 90%¹ had been touched by mental health challenges, clearly demonstrating that it's an issue that affects nearly all of us.

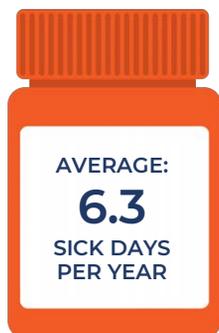
There is a large annual cost of poor mental health to employers of between £33 billion and £42 billion². These figures are often too intangible for them to provide any real meaning but to provide further context, this amounts to a cost per employee of between £1,205 and £1,560 per year (this cost is for all employees, not just those who are ill.) If you have 500 employees in your organisation for example, this is costing your company a minimum of £602,500; a huge sum by anyone's standards. Of course, it is not expected that a wellbeing programme will save

your organisation this entire cost, mental health after all is complex, but even if it can save a fraction of this amount, it would be worth investing in.

The costs amount in days employees are absent from the office, lost productivity due to illness symptoms, re-training needs and workplace adjustments required, recruitment fees to replace employees unable to work and time lost for replacing staff and training new employees.



AVERAGE WORKPLACE



**DAYS OF
SICKNESS
ABSENCE
PER YEAR**



101 BEST WORKPLACES IN THE UK



In the average workplace, workers take on average 6.3 sick days per year³. In the 101 best workplaces in the UK, employees took on average 2.7 sick days per year⁴. This demonstrates companies who invest in the wellbeing of their employees and work to build a positive culture, could halve their employee sickness leave.

A 2011 study conducted by the University of Canberra in Australia found that levels of depression and anxiety among people who are unhappy at work were the same or greater than those who were unemployed.⁵ Work can be good for our health but in order for this to happen we need to work in an environment that is conducive to this.

The symptoms of mental illness can make it difficult for us to carry out our work as usual. A Deloitte review on mental health found that from the employees who have reported experience of poor mental health at their

current employer, 69.8% reported difficulty in concentrating, 45.6% sometimes put off challenging work and 39.1% reported having difficulty in making decisions⁶, further highlighting the productivity and performance cost to poor mental health.

From employees who have reported experience of poor mental health at work:



Reported difficulty in concentrating



Reported having difficulty in making decisions



Sometimes put off challenging work

What's currently being done?

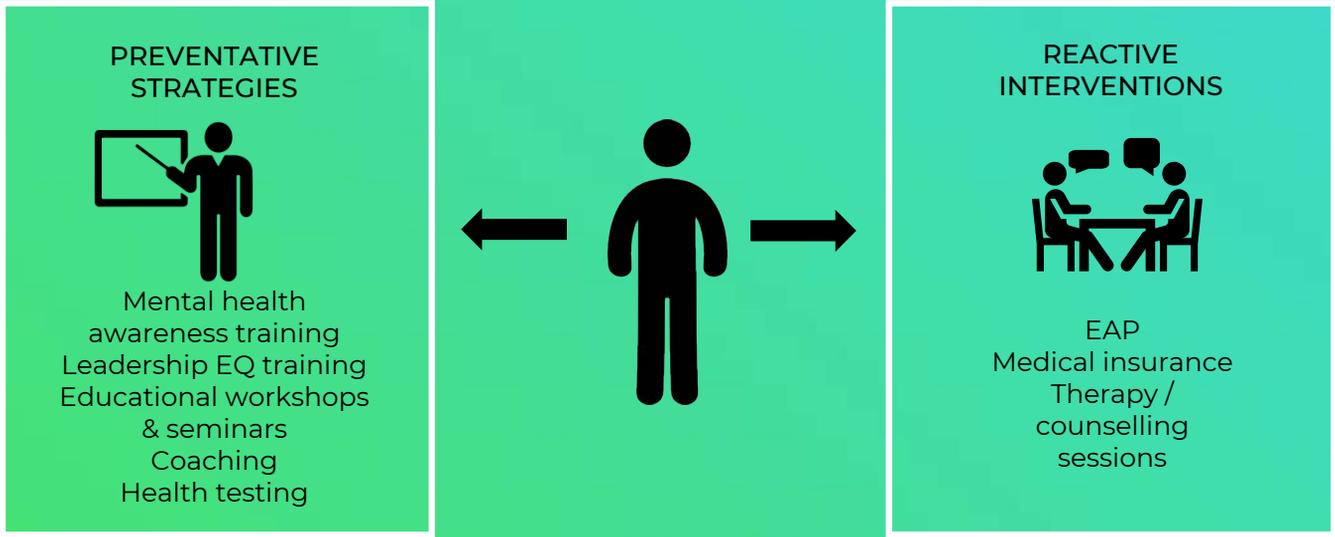
24% of managers have received some form of training on mental health at work⁷.

24% of managers have received some form of training on mental health at work⁷. That's almost a quarter, which is good progress.

But that still leaves three-quarters of managers who have received no training at all in the subject and given the statistics demonstrating how many people are experiencing mental illness, many managers are having to deal with this complex subject without having received any guidance at all.

According to a 2016 CIPD survey, more than a third of respondents said their organisation has a wellbeing strategy or programme in place.

Wellbeing programme activities



What we don't know from this information is how extensive the programme is or how involved the leadership team were with the support for the rollout of this programme.

We also expect this figure to have risen in 2017-2018 with employee wellbeing being firmly on the agenda of many of the industry's conferences, events and publications.

Employee assistance programmes (EAPs) are one of the most popular wellbeing initiatives with 93% of employers surveyed by the Reward & Employee Benefits Association (REBA) offering this service to their employees.

But studies have shown that preventative strategies offer the best return on investment so whilst an EAP should be an essential part of your wellbeing strategy, it shouldn't be the only part.

We've now assessed the need for wellbeing programmes and taken a brief look at what is already being done but let's look at the evidence we have that wellbeing programmes have an effect on a business's bottom line.

What have the results shown?

It is early days in terms of research in this area but some interesting results are starting to emerge.

Deloitte conducted an in-depth review on the ROI for mental health interventions in the workplace, where they sourced 23 high quality examples (examples where there was enough data available to paint a true picture and evaluate the impact) and their conclusion was that, on average, the return per £1 spent was £4.20⁸. This has further been supported by international academic literature.

AVERAGE ROI FOR WELLBEING PROGRAMMES



Average return on investment for wellbeing programmes



Average return on investment for preventative strategies in employee wellbeing



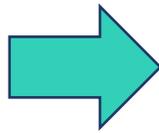
Best case ROI result for an employee wellbeing programme

When they broke this information down into specific interventions, they found that proactive mental health support, such as line manager training and health coaching was more effective than the average, with a return on investment of £6 for every £1 spent.

One study published in The Lancet and conducted in Australia, followed an intervention rolled out by the Australian Fire Service to assess the success of a manager mental health training programme they were running.

They found that a four-hour manager mental health training programme could lead to a significant reduction in work-related sickness absence, with an associated return on investment of £9.98 for each pound spent on such training⁹.

**Four-hour
manager mental
health training**



**ROI = £9.98
for every £1 spent**

At the 6-month follow-up point, managers who received the RESPECT training reported improved confidence in communicating with their employees and an increased likelihood of having contacted an employee suffering from mental illness or stress.

There have been limited studies carried out in this area, but the results we do have are overwhelmingly positive, proving we can finally attribute a financial return to these types of interventions.

Research also shows that workplaces with great cultures and high levels of wellbeing and engagement outperform their peers. Research carried out by Prof. Alex Edmans of the London Business School studied the companies voted in the Great Place to Work® surveys showed that in the best workplaces (typically organisations with high levels of employee wellbeing) outperformed the stock market by around 2%-3% per year over a 25 year period¹⁰.

A research study conducted by the London School of Economics (LSE) assessed the impact of a well-being programme in the UK offices of a large multi-national employer containing 500 employees; they spent £40,000 on their wellbeing initiative in year one but calculated that the gains from running this

programme were £387,722, arising from reduced presenteeism (a saving of £277,195) and absenteeism (a saving of £110,527). This represents a return of investment of 9 to 1. The cost of their multi-component investment cost £80 per employee, per year¹¹.



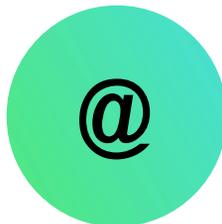
Their intervention consisted of personalised health and wellbeing information and advice; a health risk appraisal questionnaire; access to a tailored health improvement web portal; wellness literature; and seminars and workshops focused on identified wellness issues.⁷



Health risk appraisal questionnaires



Personalised health & wellbeing advice



A health improvement web portal



Wellbeing workshops & seminars



Access to wellness literature

Apprenticeships consultancy MiddletonMurray introduced a wellbeing strategy which involved meditation to help look after the mind and physical challenges to improve movement levels. They reported a higher staff retention rate and better levels of engagement since launching the programme.

More research still needs to be done, but with the rise of corporate mental health training initiatives, it will only be a matter of time until we start to see more results of studies being conducted in this area.

Aspects which are harder to measure

Many companies rely on employee feedback to measure the success of a wellbeing programme; even if this doesn't provide hard data, it can still be of huge value to a company. If employees feel valued and invested in, they are less likely to leave a business.

The sentiment created by running wellbeing training can be significant. Even if employees don't take up sessions and activities offered by the company in this area, it can show them that their employer cares enough to run these kind of initiatives. It can create better morale within the company and we've seen several companies who have reported their employee satisfaction score rising after implementing a wellbeing programme.

Organisations that have made wellbeing a success

Hobbs implemented a wellbeing programme at the start of 2018 and have seen employee satisfaction and engagement rise since then.

They introduced:

- A flexible working policy
- A series of wellbeing workshops (covering subjects such as stress management, building resilience and nutrition)
- A workshop for their executive team on how to improve employee happiness
- A social activities calendar driven by employees
- A weekly fruit delivery

2019 will see them introduce mental health awareness training and mental health first aid to their workplace.

The HR team reports that the programme has improved employee engagement and satisfaction which was evident from their most recent employee survey results. They have received positive verbal feedback from staff on the new initiatives. Q4 of 2018 saw them achieve their best quarter to date financially too.

Costco is a company that historically has prioritised looking after their people and creating a culture where everyone feels safe and valued.

James Sinegal, one of the co-founders of Costco, ran the company from 1983 until his retirement in 2012. Sinegal was known for creating a balanced culture and treating his employees like family.

Costco were recently awarded The National Business Group's Helen Darling Award for Excellence in Healthcare Value and Innovation for its ongoing commitment to employee wellbeing. Initiatives include an EAP, access to clinical therapists, behavioural coaches and training sessions.



They have a staff turnover of less than 10% for hourly employees which is among the lowest in the industry. Between 1986 and 2013 Costco grew their profits by 1200% and they are now the seventh largest retailer in the world.

Conclusion

Although the data we discovered and presented here was overwhelmingly positive, it's important to highlight the pitfalls of this investigation and what could be missing.

It is important to acknowledge that it is less likely that any ineffective wellbeing strategies would be reported in this same way. There could be circumstances where wellbeing programmes haven't provided a return on investment for the business and we are less likely to find out about these.

One of the drawbacks of the information we have sourced is that some of the studies referenced were conducted several years ago (as far back as 2007 in some cases). Mental health is a subject that has really become much more prevalent in the workplace in the last two to three years, so things could have moved on significantly since then in terms of breaking down stigma and accessibility of services.

With the rise of online training programmes and some companies favouring this style of training, we have not been able to source any studies using this method of training so we haven't been able to measure its

effectiveness and whether there is a difference in ROI when it comes to online training vs face to face.

It appears that wellbeing strategies can be effective for both large corporations and small businesses. The studies carried out are split across all sizes of organisations which indicates that the size of business will not affect the success of a wellbeing programme.

This research cannot measure the intricacies of what makes a wellbeing strategy successful. We cannot demonstrate here how crucial leadership buy in is when it comes to rolling out a wellbeing strategy and how influential company culture is in its success, but the research here does show that if you make an investment in employee wellbeing, you are likely to see a financial return from doing so, especially if you invest in preventative strategies which have so far proved a greater return on investment.

Wellbeing programmes are proving to no longer be a 'nice to have' but instead have become part of the commercial learning and development strategy of a business.

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