



The Wellness Imperative

# Creating More Effective Organizations

In partnership with  
Right Management (A Manpower Company)

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REF: 180110

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## Executive Summary

Globally, organizations tend to regard wellness in the workplace as an HR issue of little business importance<sup>1</sup>. Less than half of all employees worldwide work for organizations that actively promote health and well-being. Fewer still work for organizations that see wellness as a strategic tool that can add real value to top-line growth and bottom-line performance<sup>2</sup>. Yet, new research suggests that wellness is an extremely powerful element that can play a significant role in employee engagement, organizational productivity, talent retention, and creativity and innovation. Organizations can improve their effectiveness significantly by addressing the wellness shortfall with a strategic whole-systems approach. To realize real business gains, wellness must be approached strategically and incorporated into a broader organizational effectiveness framework<sup>3</sup>.



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1 Working Well: a global survey of health promotion and workplace wellness strategies; Buck Consulting, 2009

2 Organisational Effectiveness Survey; Right Management, 2009

3 Organisational Effectiveness Survey; Right Management, 2009

# Introduction

Why is promoting wellness in the workplace rarely a high priority? At best, it is considered a responsible employment practice that may have a positive, if indeterminate, effect on business results<sup>4</sup>. At worst, it is not considered at all: in a major study of organizational effectiveness recently conducted by Right Management, fewer than half of the nearly 30,000 employees who participated worldwide reported that their organizations actively promote employee health and well-being. This same study, however, found compelling evidence linking health and well-being to employee engagement, organizational productivity, talent retention and creativity and innovation. Right Management's findings point the way to a broader understanding of and a significantly new approach to promoting wellness in the workplace.

Redefining wellness – as a state of being that is shaped by engagement and other workplace factors as much as by physical and psychological health – and making wellness central to business strategy opens an important new avenue to increasing organizational effectiveness. As the post-recession world economy slowly takes shape, those organizations that choose to follow this path are more likely to boost workforce productivity, drive business performance and realize core strategic goals.

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<sup>4</sup> Working towards Wellness, Accelerating the Prevention of Chronic Disease; World Economic Forum, Geneva 2007

## How the Research Was Conducted

In 2009, Right Management surveyed 28,810 respondents in 15 countries working for organizations employing 50 or more people and generating revenues ranging from under US\$ 1 million to over US\$ 1 billion. Respondents were asked to indicate the extent to which they agreed or disagreed with nearly 100 different statements addressing the effectiveness of their organization. Responses to these items were then correlated with responses to the statement, “My organization actively promotes health and well-being”, to test for statistically significant (i.e. greater than chance) relationships between promoting wellness and supporting other determinants of organizational effectiveness.

While a statistically significant relationship doesn’t necessarily indicate a causal relationship, it does give us deep and actionable insight into the significant levers that organizations can use to improve performance. There is a reasonable likelihood, for example, that a strong correlation between reports of strong health and well-being initiatives and reports of high engagement indicates one such lever: ignoring one can significantly impact the other.

The study used a stratified sample of employees that matched the workforce population in each country on several factors, including industry, size of organization, gender and age. Respondents represented 10 different industry sectors.

### 15 Countries

- United States
- Brazil
- Norway
- India
- Canada
- United Kingdom
- Sweden
- Japan
- Australia
- France
- Denmark
- South Korea
- New Zealand
- Germany
- China

### 10 Sectors

- Agriculture, Forestry and Fishing
- Manufacturing
- Restaurants and Hotels
- Transportation, Storage and Communication
- Government, Social and Personal Services
- Mining and Quarrying
- Construction
- Wholesale and Retail Trade
- Electricity, Gas and Water Supply
- Finance, Insurance, Real Estate and Business Services

### 10 Languages

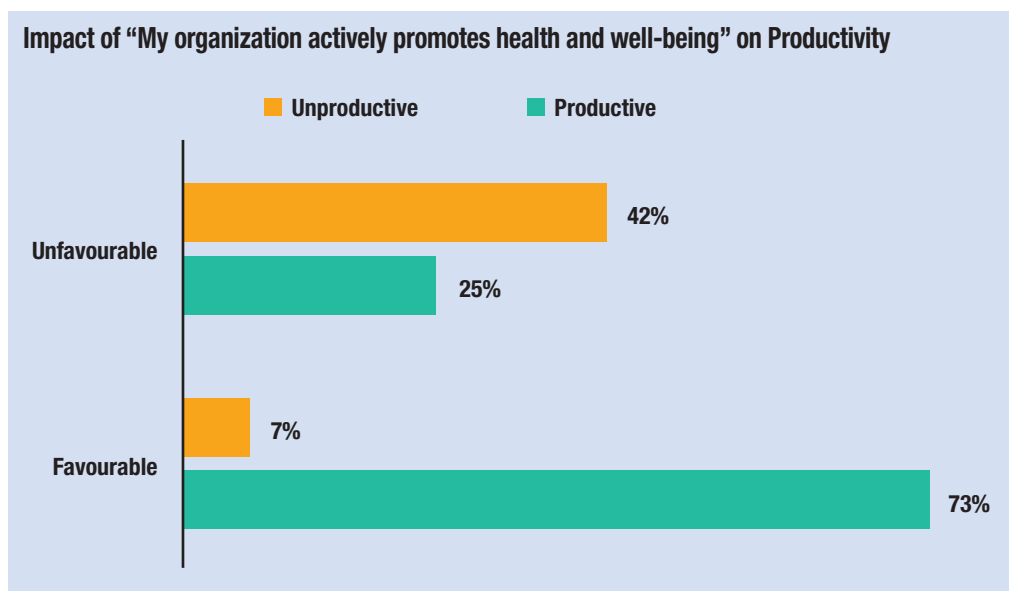
- English
- South Korean
- Norwegian
- Chinese
- Portuguese
- Swedish
- French
- Danish
- Japanese
- German

# Major Findings

## Wellness and Organizational Performance

Globally, when wellness is actively promoted in the workplace, organizations are viewed by employees as being 2.5 times more likely to be regarded as a best performer than as a below average performer. Sixty-five per cent of respondents who identified their organizations as “one of the best performing organizations in its sector” also responded favourably to the statement, “My organization actively promotes health and well-being.”

By contrast, a favourable view of their organization’s commitment to health and well-being was taken by only 25% of those who identified their organization as a below average performer. The implication is clear: best performing organizations tend to promote wellness more than below average performers do because wellness is significantly related to perceptions of performance.



## High-level Results

According to employees, when health and well-being are actively promoted:

- Organizations are seen as 2.5 times more likely to be a best performer
- Organizations are seen as 3 times more likely to be productive
- Employees are 8 times more likely to be engaged
- Organizations are seen as 3.5 times more likely to encourage creativity and innovation
- Organizations are seen as 4 times less likely to lose talent within the next year



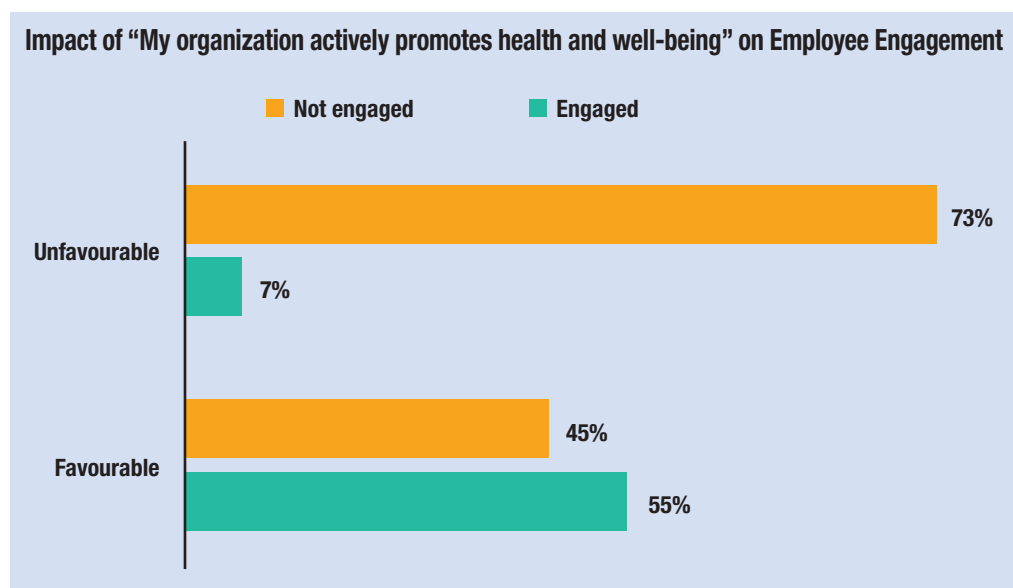
## Wellness and Productivity

Entirely consistent with the findings on wellness and performance are the findings on wellness and productivity. Respondents were nearly three times more likely to take a favourable view of their organization's productivity if they also took a favourable view of their organization's efforts to promote wellness. Among those who supported the proposition that their organization actively promotes health and well-being, 73% also identified their workplace as highly productive.

By contrast, among those who could not support such a proposition, only 25% identified their workplace as productive. The implication, again, is that promoting wellness is strongly correlated to perceptions of another core desirable of organizational effectiveness: productivity.

## Wellness and Engagement

Globally, employees are eight times more likely to be engaged when wellness is a priority in the workplace. In organizations perceived as actively promoting health and well-being, 55% of employees reported being engaged. In organizations not so perceived, by contrast, only 7% of employees reported being engaged. Employee engagement is, of course, widely recognized as a critical driver of productivity.

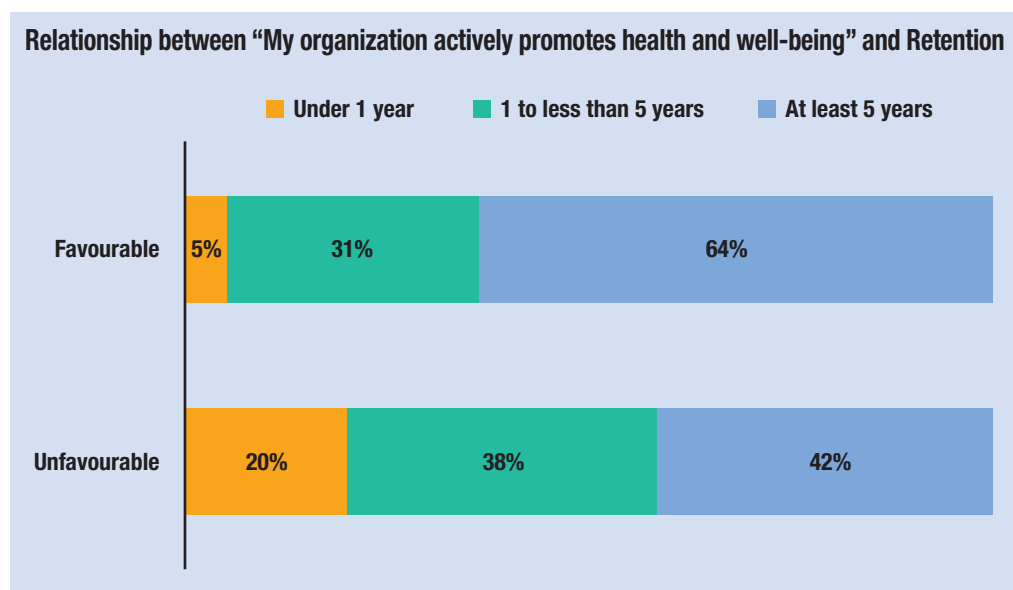


### Wellness and Creativity and Innovation

Respondents reporting that wellness is a priority in their workplace are 3.5 times more likely to report being encouraged to be creative and innovative. Seventy-two per cent of respondents who rated their organization highly for actively promoting health and well-being also rated it highly for encouraging creativity and innovation. Among those who couldn't rate their organization's health and well-being efforts highly, only 20% took a favourable view of their organization's encouragement of creativity and innovation. In swiftly changing markets, creativity and innovation provide organizations with the agility to meet new needs and opportunities.

### Wellness and the Retention of Talent

An organization is four times more likely to lose talent in the next 12 months if its employees take an unfavourable view of its promotion of health and well-being. Of those who take a favourable view of their organization's efforts, only 5% plan to stay for under one year, while 64% plan to stay for at least five years. The organization that struggles to retain talent is the organization that struggles to remain competitive.



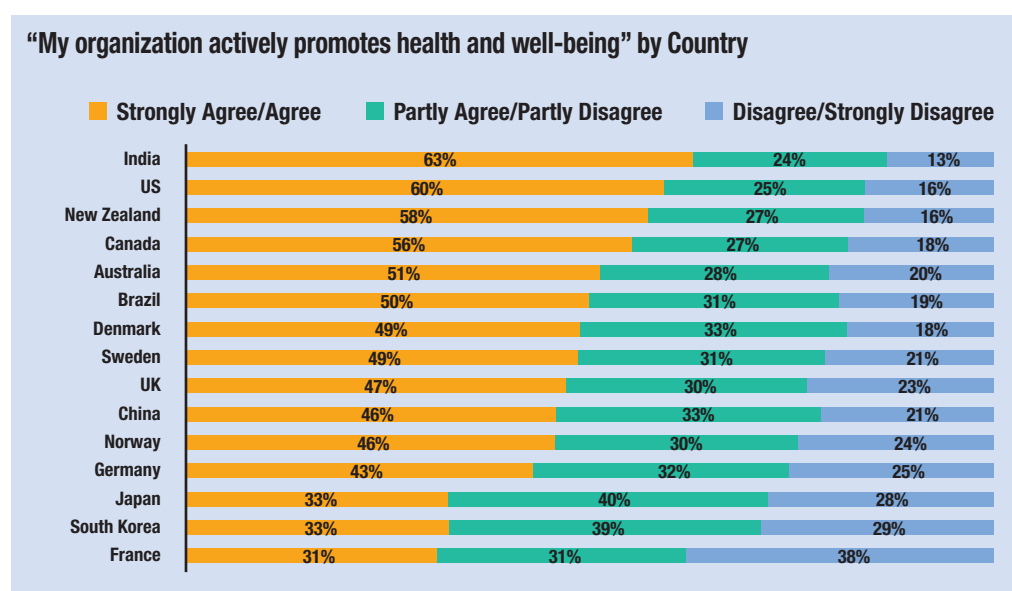
### Wellness Has Strategic Importance

While the results presented here are significant individually, they become especially compelling when considered in combination. Talent retention, creativity and innovation, employee engagement and productivity are all essential elements of organizational performance. The association of wellness with each of these elements provides clear and consistent grounds for approaching wellness as a key strategic imperative.

# The Wellness Shortfall

Even as Right Management's study reveals the clear importance of wellness to organizational effectiveness, it also reveals that many organizations worldwide fail to address wellness at all, let alone afford it a high priority. Of the nearly 30,000 employees who participated in the study, fewer than half (49%) agreed with the statement, "My organization actively promotes health and well-being."

Wellness, meanwhile, presents a significant challenge to employees in many workplaces. Almost half of all respondents replied neutrally or unfavourably to the statements, "My organization allows me to maintain a reasonable balance between my family and work life" and "You can balance work and personal interests at my organization and still progress." One-fifth reported experiencing unreasonable pressure in their jobs and responded unfavourably to the statement, "I have an appropriate workload." Nearly one-third could not agree unequivocally with the statement, "I work in a safe and healthy environment."



## Regional Variations

Study results were by no means uniform across all geographies. Important regional variations emerged, indicating that organizations in some countries have more work to do than others in adopting effective wellness and talent management strategies.

The wellness shortfall appears most pronounced in:

### • Japan

- 33% responded favourably to "My organization actively promotes health and well-being"
- 26% responded favourably to "I have an appropriate workload"
- 31% responded favourably to "The amount of pressure I experience in my role is reasonable"
- 33% responded favourably to "My organization allows me to maintain a reasonable balance between my family and work life"
- 30% responded favourably to "You can balance work and personal interests at my organization and still progress"
- 45% responded favourably to "I work in a safe and healthy environment"

- **South Korea**

- 33% responded favourably to “My organization actively promotes health and well-being”
- 31% responded favourably to “I have an appropriate workload”
- 31% responded favourably to “My organization allows me to maintain a reasonable balance between my family and work life”
- 27% responded favourably to “I have an appropriate workload”

- **France**

- 31% responded favourably to “My organization actively promotes health and well-being”

- **Sweden**

- 44% responded favourably to “I work in a safe and healthy environment”

The percentages listed above are in every case significantly below those for high-scoring countries. For example, the statement “My organization actively promotes health and well-being” gained a favourable rating from 63% of Indian respondents (a global high), 60% of US respondents, 58% of New Zealand respondents and 56% of Canadian respondents. Among European countries, Denmark and Sweden scored highest at 49% (the global average). At 31%, France’s score was the lowest of all 15 countries surveyed.



Japan and South Korea generally scored low in most wellness categories. One interesting fact to emerge about Japanese respondents is that those who rated their organizations most highly for promoting health and well-being also expressed the highest levels of engagement. Globally, as we have seen, employees are eight times more likely to be engaged when wellness is a priority in the workplace. In Japan, they are 13 times more likely to be engaged. Clearly, given that only 33% Japanese respondents agreed that their organizations actively promote health and well-being, this research result would strongly suggest that Japanese organizations could generate significant engagement gains by making wellness a priority.

Similarly, by viewing wellness from a strategic perspective, South Korean organizations could generate significant gains in talent retention. While only 33% of South Korean respondents see their organization as actively promoting health and well-being, a high percentage of that group indicated that they would stay with their organization for at least five years. Globally, employees are 1.5 times more likely to stay with their organization if health and well-being are actively promoted. The figure for South Korea is significantly higher.

France presents an interesting contrast to South Korea and Japan. There, employee positivity about wellness is generally low, but so too is the impact of wellness on engagement and retention. Results from India were equally interesting. Respondents reacted highly favourably to almost all wellness indicators but, like French respondents, provided low scores for key organizational outputs such as engagement and talent retention. Interviews with Indian business leaders suggest that the significance of wellness to business performance is not effectively understood. Compensation, work environment, career opportunities, skilling and training are all seen as having a greater bearing on talent engagement and retention than wellness. India would do well to develop strong wellness strategies as a new means of driving its competitive advantage on the global stage.

## Sectoral Variations

Study results varied by sector as well as by geography. Examples of relatively low scores include:

### • **Transportation, Storage and Communication**

- 55% responded favourably to “I work in a safe and healthy environment”
- 48% responded favourably to “My organization allows me to maintain a reasonable balance between my family and work life”
- 43% responded favourably to “You can balance work and personal interests at my organization and still progress”

### • **Agriculture, Forestry and Fishing**

- 55% responded favourably to “I work in a safe and healthy environment”

### • **Government, Social and Personal Services**

- 52% responded favourably to “I have an appropriate workload”
- 51% responded favourably to “The amount of pressure I experience in my role is reasonable”



To set these relatively low scores in context, consider these examples of high scores. At 82%, employees in finance, insurance, real estate and business services gave the most positive responses to the health and safety item. They were also best able to balance family and work life, with 65% rating this item favourably. Sixty-four per cent of employees in agriculture, forestry and fishing reported experiencing reasonable amounts of pressure; the same high percentage indicated that they can balance work and personal interests and still advance.



# The Way Ahead

At least two overriding and urgent conclusions can be drawn from the Right Management Organizational Effectiveness Study. First, active promotion of health and well-being, or wellness, offers organizations worldwide major opportunities for improving effectiveness. Second, around the world generally and especially in certain countries, wellness continues to receive inadequate or misdirected attention in many organizations.

What is the way ahead? What can organizations do to address the wellness shortfall while simultaneously maximizing the positive influence of this element on their performance? A crucial first step must involve expanding the concept of wellness beyond issues of immediate physical and psychological health<sup>5</sup>. Once redefined, wellness must be elevated to a strategic priority and a whole-systems approach must be adopted to realize its potential benefits<sup>6</sup>.

## Redefining Wellness

By most definitions, wellness is thought narrowly to encompass straightforward physical and psychological health. In the workplace, more often than not, it is considered a non-core HR or welfare responsibility with a focus on reactive illness management. So positioned, wellness has limited appeal as a strategic investment and attracts little sustained attention from senior leaders. Organizations, as a result, simply fail to articulate wellness within the context of organizational strategy.

To deliver sustainable, measurable returns on investment, however, wellness in the workplace must be understood as a broader construct of complex and diverse influences<sup>7</sup>. While clearly significant, physical and psychological health are by no means the only determinants of wellness. Workplace factors related to an organization's talent management agenda, for example, are of equal or even greater importance.

So, too, is employee engagement, understood as the pride, satisfaction and commitment employees bring to their work and the willingness they show to advocate for their organization. Employees engaged by their work tend to report higher levels of wellness. Forming a virtuous circle, engagement promotes wellness and wellness, in turn, promotes engagement. Reconstructing wellness as a concept that encompasses more than narrowly defined health leads to a clearer appreciation of its central strategic importance.

## Case Study: Strategically Aligned Wellness Reduces Absenteeism

A major government department in the United Kingdom redirected long-standing wellness efforts to align strategically with the pursuit of core efficiency targets.

Despite having a comprehensive but conventional reactive welfare and occupational health programme in place for many years, the department continued to experience increasing rates of absenteeism.

Over the course of six months, the implementation of a strategically aligned approach saw a voluntary employee participation rate of 60% and a sustainable drop in absenteeism of 2.2 working days per person per annum.

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<sup>5</sup> Working towards Wellness: Measuring Results; World Economic Forum, Geneva 2007

<sup>6</sup> Wellness as a measure of organisational effectiveness; Right Management 2009

<sup>7</sup> Working towards Wellness: Measuring Results; World Economic Forum, Geneva 2007

### **Wellness as a Strategic Priority**

The true potential of wellness initiatives can only be realized when wellness is embedded within the organization's core business strategy. Taking a strategic, whole-systems approach ensures that initiatives to enhance physical and psychological well-being are shaped, augmented and prioritized with key engagement and organizational factors in mind. These initiatives, as a result, focus more precisely on yielding wellness results that drive individual behaviours essential to improving the effectiveness of the entire organization.

Physical and psychological well-being is no longer treated as a free-floating desirable whose business benefits may (or may not) be realizable at some indeterminate point in time. Addressed at the level of structure, capacity and capabilities – of leadership and of people systems and processes – it becomes a powerful mechanism for translating strategy into measurable business performance.

Even where organizations are convinced of the significance of approaching wellness strategically, they may remain uncertain of how to implement such an approach effectively. How might implementation proceed? Senior leaders must first buy into the initiative and ensure that wellness objectives are aligned with organizational strategy. Wellness objectives must then be communicated across the organization to engage stakeholders and champions. Measurement and assessment will help determine needs, identify causal factors impacting wellness and performance and generate data for enriched decision-making.

In accordance with strategic needs, interventions can then be designed to change individual behaviours linked to organizational performance. Finally, additional reviews and assessment should be conducted to determine the efficacy of the interventions, their alignment with strategy and next steps.

### **Case Study: A Strategic Wellness Approach Drives “Super Engagement”**

A global spirits and beverage distributor recently brought the organization's long-time commitment to workplace health and well-being into alignment with talent management aspirations.

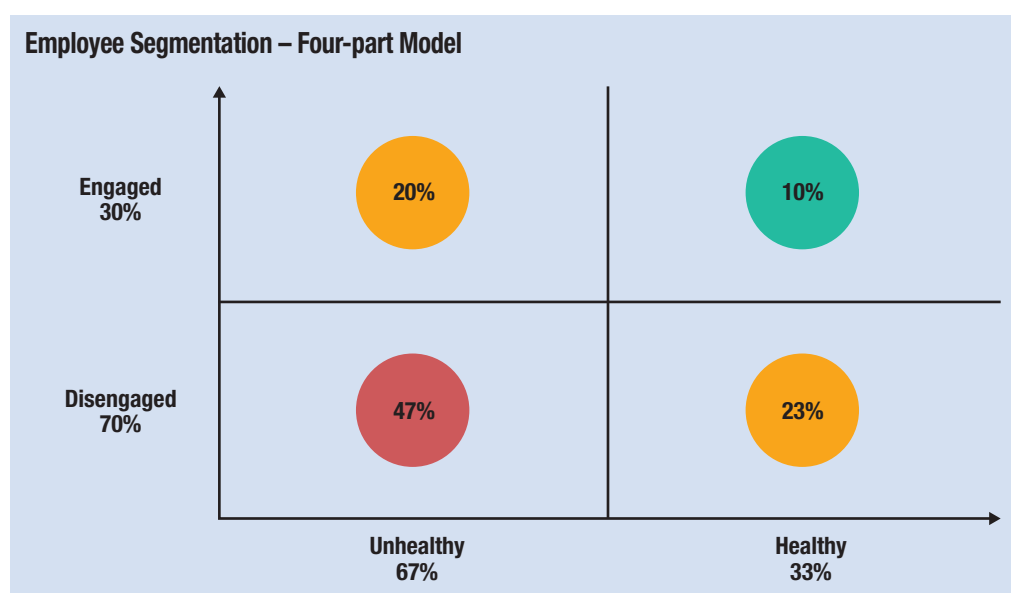
The organization saw its new wellness initiative as a key contributor to its “super engagement” goals. Once embedded, this initiative achieved a 99% voluntary participation rate among employees and delivered greater brand alignment and performance returns.



## Make It Strategic

Right Management's Organizational Effectiveness study demonstrates a clear link between actively promoting health and well-being and enhancing employee engagement. Other Right Management research, however, indicates that that link may be broken if organizations focus on health too narrowly. In 2009, nearly 11,000 public and private sector employees in the United Kingdom completed a combined health and engagement assessment.

These employees belonged to organizations that made employee engagement a clearly defined strategic imperative but addressed wellness as a non-strategic health issue delivered through Occupational Health or HR. Detailed segmentation analysis revealed that only 10% of respondents indicated that they were engaged and in optimal health while a more sombre 47% reported being disengaged and unhealthy.



Clearly, pursued in isolation from one another, the organizations' engagement initiatives and health initiatives largely failed to deliver either engagement or health.

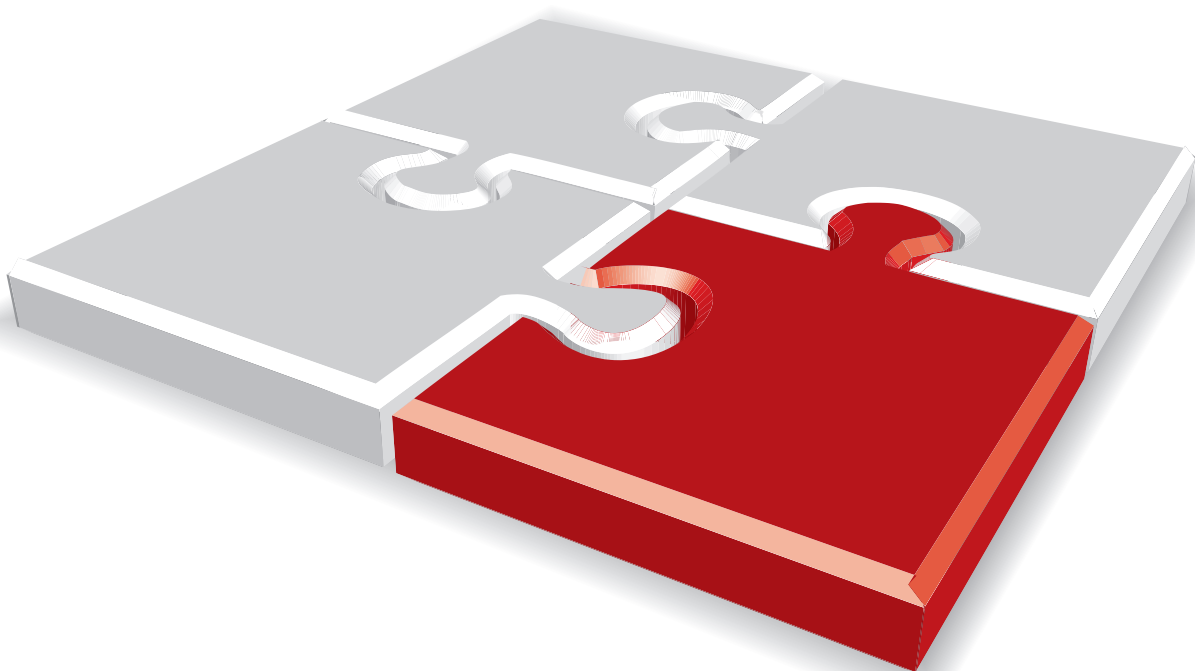
There is significant scope for organizational effectiveness to be improved by reconceptualizing health as wellness and treating wellness as a strategic imperative to be pursued in combination with other strategic priorities.

# Conclusion

The recent volatility in the world economy has placed new pressures on organizations to drive productivity and performance. In many instances, the very survival of an organization may rest on achieving sustainable improvements. Rethinking, redesigning and rebuilding strategy to include wellness offers organizations a powerful mechanism for meeting the challenge. Through systematic improvements in wellness, improvements in innovation, engagement, retention, productivity and performance are all in view.

Finally, economic downturns do not last forever. Underlying the swings in the economy are longer-term trends promising – or threatening – to transform the world of work. Demographics and economic shifts are inexorably leading to talent mismatches and shortages that will only intensify as the world economy rebounds. Longer life expectancies and population migrations are creating diverse, multi-generational workforces with differing values and motivators and increasing opportunities to exercise choice.

Technological revolutions involving rapid, unfiltered communication via wide online networks are dramatically increasing the transparency of work arrangements and facilitating new ways of working. A well-conceived wellness initiative can impact all of these trends positively, making it easier to attract and retain talent and skill, win the loyalty and ensure the engagement of a diverse workforce, and build trust and commitment in workplaces becoming increasingly virtual.







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