Improving workforce health and productivity

Connecting the elements of workplace culture

U.S. research findings
Employers increasingly connect organizational culture to the workplace experience and to employees’ physical, emotional and financial well-being.
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Connecting the elements of workplace culture: U.S. findings of Willis Towers Watson’s 2015/2016 Staying@Work Survey

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Executive summary

Workforce health and productivity is a top priority for U.S. employers. Our 2015/2016 Staying@Work Survey found that 84% of U.S. respondents see health and productivity as a core component of their organization’s health strategy, and nearly four in five plan to strengthen their commitment to health and well-being programs.

But even more significant than their commitment is the way organizations are redefining workforce health. Employers increasingly connect organizational culture to the workplace experience and to employees’ physical, emotional and financial well-being. So employers are coordinating their individual efforts beneath a broader umbrella — a health and productivity strategy that aligns with the employee value proposition (EVP) and organizational goals, and differentiates them from the competition.

The emphasis on the workplace culture over program design represents a major shift for many U.S. organizations — and, we believe, a big step forward in employers achieving their health and productivity goals.

Looking at health holistically

Seventy-five percent of U.S. employers identify stress as their workforce’s top health risk. They’re also concerned about the effects of rising rates of employee obesity (70%), sedentary lifestyles (61%) and poor nutrition (50%) on health and productivity. But whereas past initiatives tended to address health issues separately, employers today view these issues as being connected, both with each other and with the workplace itself. For example, mitigating stressors like insufficient sleep and financial worries can improve employees’ physical and emotional well-being, helping them bring their best self to work each day. Because of these links, it’s important for employers to address employee health holistically. Focusing on individual health factors separately can fail to help employees whose problems are complex.

What employers want to achieve

U.S. organizations share a number of health and productivity goals. Leading the list are improvements to medical and pharmacy benefit plans, which isn’t surprising given that employers’ annual health care costs now exceed $12,000 per employee.

But employers also see the value of a comprehensive well-being strategy for improving employees’ emotional and financial health. They understand that unaddressed health risks directly affect employee performance and, ultimately, the organization’s financial results. Employees with multiple health risks miss more days of work and are less engaged with their jobs than their healthier counterparts, and the drag on performance can reverberate throughout the organization, as others must work harder to compensate.
Improving workforce health and productivity

There's growing recognition among employers that, to make a measureable difference in employees’ overall health and productivity, they must drive health and well-being initiatives deeper into the organization, embedding them in the workplace and employees' day-to-day work experience. In short, employers want their health and productivity programs to both reflect and achieve broader organizational goals.

So while employers are naturally concerned with controlling health benefit costs, they also want to help employees be healthier and happier at work. Employers recognize that it's both good for business and the right thing to do.

What's standing in the way of success?

A lack of employee engagement is the most formidable challenge to the success of health and productivity programs. U.S. employers have struggled to get more workers to participate in these programs for more than a decade. Other significant obstacles include the lack of long-term measurable returns, inadequate program budgets and fragmented delivery.

A lack of employee engagement is the most formidable challenge to the success of health and productivity programs.

Overcoming these barriers calls for a multidimensional approach. But the approach must be built on a solid foundation: a health and productivity strategy that reflects a broad vision, uses data gathered over the long term for decision making and program development, sets out a budget, and reflects employees' needs and preferences. Lacking such a guiding strategy, it can be difficult to obtain leadership support, secure the necessary resources and motivate employees.

Forging stronger connections with employees

The good news is that both employers and employees consider health a top priority, according to the findings of our 2015/2016 Global Benefits Attitudes Survey. Two-thirds of U.S. employees participating in that survey believe employers should play a role in helping them live healthier lifestyles. Yet only one-third credit their employer with helping them improve their health habits — a decline from 41% in 2011. And 71% of employees say they prefer to manage their health and well-being themselves.

Do financial incentives work?

Eighty-six percent of U.S. organizations offer their employees some form of financial incentive to participate in health and well-being programs, and the most common incentives are financial rewards. Penalties are more controversial, and many employers are starting to question whether penalties have a place in their organization's culture. Nevertheless, a number are considering them for the future. This is despite the fact that well-established behavioral science research suggests that external rewards often fail to engage internal motivation, with the outcomes favoring the narrow achievement of rewarded goals rather than the broader goal of overall healthier lifestyles.
through social networks, and encouraging employees to offer suggestions for making their work environment more conducive to good health.

Financial well-being
As part of a more holistic approach to well-being, many employers are also incorporating efforts to improve employees’ financial security into their broader health and productivity strategy. For many employees, financial worries comprise a significant source of stress, and employers are recognizing the emotional toll and negative effects of finance-related stress on motivation and engagement.

Nearly half (47%) of surveyed U.S. employers have developed a personal financial well-being strategy for their workers, and another 33% are either planning to adopt such a strategy by 2018 or considering doing so. Some employers increase employees’ awareness of the effects of financial well-being on overall health by including a module or question about financial stress in the employee health risk assessment. Roughly one-third of employers either already reward employees for participating in employer-provided financial well-being programs or plan to offer such rewards within the next three years.

Some of the challenges in implementing financial well-being initiatives are unique. Forty-one percent of employees are uncomfortable with their employer becoming involved in their personal finances. Employees are even less comfortable with targeted, employer-delivered messages about their personal finances than with those that promote good health-related habits.

Establishing a healthy workplace
Many employers are trying to instill workplace health throughout the entire employee experience. Our survey data show that by 2018, nearly two-thirds of U.S. employers expect that building a health-promoting workplace culture will be their primary means of boosting employee engagement in health. This represents a significant shift, as only one-third of employers identify it as a core strategy today.

The physical work environment can deliver daily reminders to employees about health and well-being. Seventy percent of organizations have promoted healthy lifestyles by such initiatives as offering healthy food choices in cafeterias, creating walking paths and sponsoring campus bike-sharing programs. And evidence points to the psychosocial aspects of the work environment as key to unlocking workforce potential.

Getting it right can be one of the greatest assets for an organization’s well-being strategy, serving to inspire and engage employees daily. A valuable approach – already in use by 56% of U.S. employers – is asking employees what they need to improve their health and to succeed at work. In addition, personalizing messages and tailoring programs to workers' individual needs strengthens their connection to the organization's initiatives and builds trust.

The pursuit of a healthy workplace culture is gaining traction. Between 2013 and 2015, many more organizations decided to entrench health and well-being more deeply into their organization. Their tactics have included giving managers tools to support employee health and well-being, using employee testimonials and/or personal stories, using key influencers and viral messaging to communicate

So far, the impact of financial incentives on participation is mixed. In 2015, when employees could potentially earn an average $880 per year, the average payout per employee was only $365. Only 42% of employees earned the maximum award, and nearly as many earned no incentives during the year.

Nearly nine in 10 U.S. employers plan to reassess their incentive program designs over the next three years. Many organizations are extending well-being programs and incentive opportunities to family members, refreshing the designs regularly, and using best practices in choice architecture and nudges to keep employees interested and encouraged. Even so, employers clearly are moving beyond incentives to focus on one of their most important assets – a healthy workplace.

How high-performing companies succeed
To guide employers on their employee well-being journey, we looked at effective health and productivity strategies and practices at organizations across the country. Employers can adapt these successes for use in their own organization by:

- Creating a workplace environment that accentuates the links between their employees’ physical, emotional and financial health, on one side, and individual and workforce productivity on the other
- Offering a range of programs across the full continuum of health and well-being activities, as well as user-friendly tools to help employees make smart health-related choices
- Adopting best practices in the operational management of their health and well-being programs

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Improving workforce health and productivity

About the survey

For nearly two decades, Willis Towers Watson has conducted our Staying@Work research on health and productivity issues in North America. Our 2013 Staying@Work Survey was our first that included employers in Asia, Europe and Latin America. The 2015 survey, our second global study involved 34 markets, including the Middle East.

The global survey was completed by 1,669 employers between May and July 2015. Respondents are responsible for the health and well-being programs in their respective countries. Respondents by market include:

- Asia Pacific: 582 respondents in 13 countries
- Europe, the Middle East and Africa: 247 respondents in 14 countries
- Latin America: 242 respondents in five countries
- North America: 598 respondents in Canada and the U.S.

The survey was completed by 487 U.S. employers with 1,000 or more employees. U.S. respondents collectively employ 15.1 million full-time employees, have 12.0 million employees enrolled in their health care programs and represent all major industry sectors.

Concurrent with our Staying@Work Survey, we conducted our second Global Benefits Attitudes Survey, through which we collected responses from nearly 30,000 employees in 19 countries, including 5,083 employees in the U.S. The biannual survey explores employees’ attitudes about factors related to their benefits, health-related behaviors, current and prospective financial situations, and workplace experience.

To a great extent, the success of health and well-being programs depends on employers’ ability to engage employees in these initiatives. That’s why employees’ attitudes hold important clues for getting the best return on health and productivity investments. Throughout this report, we complement the emerging trends in employer activities by presenting the voice of the employee to help employers understand the critical success factors as they develop and build upon their health and productivity strategy.

This report highlights U.S. employers’ responses to our Staying@Work Survey and U.S. employees’ responses to our Global Benefits Attitudes Survey. A summary of the global Staying@Work findings — as well as regional reports for Asia Pacific, Europe and Latin America — are also available.

- Creating a strategy for continually measuring both employee participation in well-being programs and its effects on workforce health. With hard data on program effectiveness, leaders can build a stronger case for continuing or expanding programs, and secure funding
- Relying on the latest technology to:
  - Enlist employees as champions of their own health and well-being
  - Support employees’ efforts to meet well-being-related goals
  - Measure employees’ participation and success
- Analyze the value of health and well-being programs for the organization

In short, U.S. employers need to make coordinated efforts based on a clearly communicated strategy to help employees understand the benefits of participation — for themselves, their family and the organization — and use a variety of approaches to earn employees’ trust and encourage their engagement.
Our survey findings confirm that a large majority of U.S. employers — like their counterparts around the world — are deeply committed to improving their employees’ overall health and productivity (Figure 1). Eighty-four percent of U.S. respondents report that health and productivity is a core component of their organization’s health strategy — a commitment that has remained strong and steady since 2011. Looking ahead, nearly four in five U.S. employers plan to strengthen their health and productivity programs through 2018, and organizations in other world regions show similar levels of unwavering resolve.

The success of any health and well-being program depends on raising awareness and encouraging employees to do what it takes to get and stay healthy. The good news is that employees share their employer’s enthusiasm about good health. Employees consider their health a top priority, according to the 2015/2016 Global Benefits Attitudes Survey. And there’s remarkable consistency among all generations: 67% of Baby Boomers and 68% of Millennials identify health as a top priority (Figure 2). There’s similar consistency across earnings groups.

Eighty-four percent of U.S. respondents report that health and productivity is a core component of their organization’s health strategy — a commitment that has remained strong and steady since 2011.
Improving workforce health and productivity

U.S. employers face a complex array of challenges surrounding their health and productivity programs. When asked about their top priorities, survey respondents coalesced around a number of concerns rather than any single theme. Unsurprisingly, ongoing improvements to their medical and pharmacy plans top the list. Annual health care costs now exceed $12,000 per employee, and increasing cost pressures from areas like specialty pharmacy add to employers’ already heavy financial burden (Figure 3).

Following closely behind on their priority list, U.S. employers also want to enhance their health and well-being programs in two important ways. First, they’re looking beyond benefit programs and employees’ physical health and wellness, broadening their focus to develop a well-being strategy for improving employees’ emotional, social and financial health as well. Second, they’re expanding the reach of their health and well-being initiatives by making them a signature component of the workplace environment and the day-to-day employee experience. By tying overall employee well-being to the workplace culture — and linking workforce well-being goals to the organization’s strategic business goals — employers can distinguish themselves from the competition and become employers of choice.

Figure 3: Employers identify health and well-being as a key part of their health care strategy

<table>
<thead>
<tr>
<th>Top priority</th>
<th>0%</th>
<th>20%</th>
<th>40%</th>
<th>60%</th>
<th>80%</th>
<th>100%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Evaluate health and pharmacy plan design strategy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>80</td>
<td>15</td>
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<tr>
<td>Increase focus on employee well-being, including physical and financial</td>
<td></td>
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<td></td>
<td>73</td>
<td>23</td>
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<tr>
<td>health and workplace experience</td>
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<tr>
<td>Develop/ enhance a workplace culture in which employees are responsible</td>
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<td></td>
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<td>72</td>
<td>22</td>
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<td>for their health</td>
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<tr>
<td>Evaluate vendor/network strategy</td>
<td></td>
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<td></td>
<td></td>
<td>60</td>
<td>29</td>
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<tr>
<td>Make changes to avoid the excise tax</td>
<td></td>
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<td></td>
<td></td>
<td>58</td>
<td>25</td>
</tr>
<tr>
<td>Adopt/ expand the use of financial incentives to encourage healthy behaviors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>54</td>
<td>30</td>
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<tr>
<td>Evaluate care management programs for chronic and acutely ill plan members</td>
<td></td>
<td></td>
<td></td>
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<td>51</td>
<td>36</td>
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<tr>
<td>Review health care benefits in a total rewards context</td>
<td></td>
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<td>49</td>
<td>35</td>
</tr>
<tr>
<td>Develop/ enhance a health technology strategy including employee engagement</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>48</td>
<td>34</td>
</tr>
<tr>
<td>and delivery of care</td>
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</table>

To a great extent (4/5) To a moderate extent (3)
Building a valuable competitive advantage

The survey respondents’ top priorities reveal employers’ widely shared desire to radically transform their health and productivity programs. Half of respondents offer health and well-being programs but lack a formally articulated strategy that they’ve aligned with business priorities and explained to employees (Figure 4). Nevertheless, there has been progress: 10% of respondents have an articulated strategy; 22% have effectively communicated and delivered on their strategy’s value proposition; and 12% have differentiated their strategy for critical workforce segments and have evaluated its effectiveness.

While employers are at various stages of transformation, there’s widespread agreement about making health and well-being an integral part of the EVP that encourages employees to join and remain with the organization. By 2018, 91% of organizations plan to have an articulated health and productivity strategy in place, and more than half expect to customize their program for various workforce segments — a four fold increase from 2015.

The findings of our 2013 study were similar: Most employers had no strategy in place then, but planned to adopt a formal strategy — differentiated for various workforce segments — in the near future. Does their failure to follow through on that intention suggest a lack of commitment to health and productivity improvement? No. Rather, it reflects the significant challenges organizations face in transforming their value proposition, and in focusing the workplace culture less on health programs and more on a holistic approach to improving employees’ physical, emotional and financial well-being.

Setting objectives that resonate with employees and then delivering on the strategy’s promises is a journey. It requires a clear vision of the end goal as well as flexibility along the way. All signs indicate that employers have an unwavering commitment to seeing this through, both in the U.S. and around the world.

In the following pages, we examine the steps U.S. employers are taking to make their vision a reality. Specifically, we look at employers’ motivation for investing in employee well-being, the steps they’re taking to develop and strengthen their health and well-being initiatives, and how they’re overcoming the primary barriers and challenges.
Understanding the underlying barriers to health and well-being is essential to identifying effective solutions. While approaches might vary depending on the workforce’s demographic and socioeconomic characteristics, employers around the world face similar workforce challenges, including high rates of employee stress, obesity, sedentary lifestyles and poor nutrition.

Employers worldwide see stress as the number one workforce performance issue (similar to the findings of our 2013 study), and 75% of U.S. employers identify stress as their organization’s top related risk factor (Figure 5). So what’s causing these high levels of stress, and how can employers help their employees overcome this drag on performance? Employers and employees have vastly different thoughts about stress’s causes and prevention methods, which is a concern (see box: Addressing the wrong stress drivers, page 11).

U.S. employers also worry about rising rates of obesity (70%), sedentary lifestyles (61%) and poor nutrition (50%) in the workforce, echoing their concerns of 2013. Many of these health-related risks are interrelated, prompting employers to broaden their well-being focus to include factors such as insufficient sleep and financial worries. Because of these connections, it’s important for employers to be vigilant in addressing all risks via a holistic strategy. Addressing risks individually often fails to improve the overall health and well-being of employees struggling with complex problems.

Why are U.S. employers so motivated to strengthen their employees’ health and well-being? The reasons are complex and compelling. The bottom line is that employers recognize it’s both the right thing to do and good for business.
Sustainable engagement involves three types of connections with the organization: (1) being engaged — applying discretionary effort to work goals; (2) being enabled — having a work environment with the support and resources necessary to work efficiently and effectively without barriers to success; and (3) feeling energized — having a work experience that promotes social connectedness and feelings of enthusiasm and accomplishment.

A common approach to understanding the links between employees’ health-related risks and their performance is to identify the risks and then compare the performance of those with many risks to those with few. Looking at the eight health risks identified in the findings of our 2015/2016 Global Benefits Attitudes Survey, we see that the connections are clear. Having four or more health risks is strongly linked to poor health and more lost days due to absence and presenteeism (Figure 6). Employees with multiple health risks miss almost twice as many days of work as those with few risks (15.6 versus 8.6).

Poor health also takes an emotional toll on employees, manifesting as weak sustainable engagement, which is Willis Towers Watson's measure of employee engagement.* Employees at low risk — with no more than one risk factor — are five times more likely than those with more risk factors to be highly engaged. Conversely, those at high risk — individuals with four or more risk factors — are almost equally as likely to be to be disengaged as highly engaged.

Productivity requires everyone on the team to do their part. There's an enormous productivity and morale difference between a team that includes five highly engaged members and one member who is disengaged and a team with a one-to-one ratio of engaged and disengaged members. So helping employees address their personal health and financial challenges pays dividends in both improved well-being for employees who are struggling and an enhanced work experience for their coworkers.

* Sustainable engagement involves three types of connections with the organization: (1) being engaged — applying discretionary effort to work goals; (2) being enabled — having a work environment with the support and resources necessary to work efficiently and effectively without barriers to success; and (3) feeling energized — having a work experience that promotes social connectedness and feelings of enthusiasm and accomplishment.
Addressing the wrong stress drivers

There is often a disconnect between what employees are thinking and what employers believe they are thinking (Figure 7). For example, while employees rank low pay as a leading cause of their stress, employers rank it eleventh on a 12-item list of stressors for employees. The organization’s culture — including a lack of teamwork and a tendency to avoid accountability — ranks third on employees’ stress list, while employers presume it’s in last place on the list.

Conversely, employers identify insufficient work/life balance as the top stressor for workers, yet employees rank it sixth on the list. In one of the few areas of agreement, both employers and employees feel that inadequate staffing and its consequences — a lack of support and an uneven workload — comprise a major source of stress.

To address workplace stress, employers first need to understand its root causes. Those who base their efforts on misguided assumptions risk addressing the wrong problems and alienating employees.

Employers also need to understand how employees prefer to manage stress. Employees who responded to our Global Benefits Attitudes Survey choose one of two routes. The first is to connect with friends, family members and colleagues; the other is to pursue self-soothing activities including exercise, stress-reduction techniques or sedentary activities, such as indulging in comfort foods or watching TV. Only one in five employees seek external help from a professional or use such services provided by their employer (Figure 8, page 12).

### Figure 7. Employers versus employees: sources of stress

<table>
<thead>
<tr>
<th>Source: 2015/2016 Global Benefits Attitudes Survey</th>
</tr>
</thead>
<tbody>
<tr>
<td>Note: Percentage of employers and employees responding 3, 4 or 5 on a 5-point extent scale. Sample: U.S. — full-time employees with employer-based health care benefits</td>
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</tbody>
</table>
Employees clearly need help managing stress. But there’s a significant gap between employers’ attempts to remedy stress and the stress management steps employees choose to take. For example, 86% of employers promote their employee assistance program (EAP) to help their employees manage stress (Figure 9), yet only 14% of employees use EAP services in any one year. And few seek out professional help during stressful times.

Likewise, many employers provide flexible working arrangements like telecommuting and flex-time options, even though most employees don’t see inadequate work/life balance as a top source of stress. And the findings of our Global Benefits Attitudes Survey indicate that highly stressed employees are equally as likely to regularly work from home as are employees who report more manageable stress levels (14% versus 15%), and they’re just as likely to work flexible schedules (25% versus 33%).

Employers committed to reducing workforce stress can start by asking employees directly what’s causing their stress. Whether the stress originates in the workplace or arises from personal factors, such as financial challenges, employers can develop effective strategies to help. They can leverage employees’ efforts by encouraging employees to enjoy well-deserved vacations, initiating walking groups and other stress-reduction activities, and offering stress-management programs.

Finally, it’s important for employers to recognize that many sources of employee stress are within the employer’s control – including compensation, inadequate staffing, conflicting expectations and the organizational culture. Training both senior leaders and line managers to be supportive, providing clear direction and reviewing compensation practices can alleviate top stressors for many workers. With only 36% of employers offering this type of training to managers today, there are opportunities for more employers to take action.

Looking ahead, the pace of change in the business environment is unlikely to slow down; it might only accelerate. Managers able to keep pace with the changing landscape – and to equip employees with updated skills to both meet evolving job needs and be resilient through these changes – will go a long way toward mitigating the leading causes of stress for employees today.

*See Employee Stress: Myths and Reality, 2015/2016 Global Benefits Attitudes Survey.
Improving workforce health and productivity

Many employers are committed to continually improving their health and well-being programs, but don’t adequately measure their results. Health and productivity has become a C-suite issue, but the dearth of hard evidence about the return on these investments often stands in the way of support from senior leadership.

Effective measurement starts with tracking and monitoring programs over multiple years. Yet only four in 10 U.S. employers have a strategy for evaluating their health and well-being programs over the long term (Figure 10). While there’s plenty of utilization data – 77% of employers measure program participation rates – only 46% measure the impact of the programs on participants’ health, and even fewer (31%) measure the effects on productivity. As a result, leaders struggle to build compelling cases for strengthening their offerings or adding new ones – or, in some cases, even for maintaining them.

A healthy, financially secure workforce translates directly to improved financial performance, although the impact of improved health and well-being can’t be captured in any single financial measure. An effective measurement strategy captures the ways in which employees’ well-being affects their engagement, health-related behavior, health care utilization, work loss and satisfaction. And these factors shouldn’t be viewed in isolation. Rather, engagement levels, costs and outcomes should be integrated across multiple data sets to create a broad range of information against which to measure the effectiveness of health and well-being programs.

Figure 10. Can’t manage what you don’t measure

<table>
<thead>
<tr>
<th>Measure demonstrated impact of health and well-being programs</th>
<th>0%</th>
<th>20%</th>
<th>40%</th>
<th>60%</th>
<th>80%</th>
<th>100%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use clinical-level medical claim/benchmarking data to inform decisions or changes to health and well-being programs</td>
<td>55</td>
<td>27</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Measure active participation or active engagement by employees/spouses in health and well-being programs</td>
<td>51</td>
<td>26</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Share health and well-being program performance metrics with C-suite or regional management on regular basis</td>
<td>48</td>
<td>29</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Use data to identify specific individuals or subgroups for targeted outreach on relevant health and well-being programs</td>
<td>43</td>
<td>26</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Have articulated measurement strategy that supports multiyear evaluation of health and well-being program</td>
<td>39</td>
<td>32</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Use variety of financial and nonfinancial metrics to measure impact of health and well-being programs</td>
<td>25</td>
<td>28</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Use ROI measures to evaluate impact of health and well-being programs</td>
<td>24</td>
<td>22</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Measure demonstrated impact of health and well-being programs on employee productivity</td>
<td>14</td>
<td>17</td>
<td></td>
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</tbody>
</table>

To a great extent (4/5) | To a moderate extent (3)
Engagement and other challenges

Successful health and well-being programs generally must overcome a number of obstacles. In the U.S., weak employee engagement (low participation rates or low levels of interest in activities) is the biggest challenge (Figure 11). As found by earlier surveys, U.S. employers have struggled to get workers to participate in these programs for more than a decade.

Other significant obstacles include the lack of measurable returns (71%) and inadequate program budgets (62%). These are the top two obstacles outside the U.S., where data availability is often limited. But even in a data-rich market like the U.S., demonstrating program effectiveness with actionable data is a challenge. Lacking convincing evidence, employers struggle to get the funding they need for strong programs. And without sufficient funds, it’s difficult for employers to create or buy a diverse range of segmented programs that meet the varied needs of their workforce, or even to adequately staff the most basic, companywide offerings. Thus, establishing a multiyear assessment process is crucial (see box: Measurement: a key to effective health and well-being management, page 13).

Fragmented delivery is another challenge. The U.S. market offers the strongest, most diverse well-being products, packed with the latest creative tools and programs for helping employees live healthier lifestyles. But simply adding more programs may not close the participation gap. More than half (58%) of employers struggle to fit together the vast portfolio of programs to provide an enticing, easy-to-understand, accessible offering.

How do employers overcome these barriers? It’s a multidimensional issue on which we focus in the remainder of this report. As explained earlier, without a holistic health and productivity strategy that reflects a vision, sets out well-defined goals and includes the measurement of results, it’s difficult for employers to garner leadership support, create budgets and secure the resources necessary for success. Weak engagement among employees and fragmented program delivery become natural consequences of an incomplete strategy.
Motivating employees

The success of any well-being strategy depends on finding the triggers that prod employees to take action. Because motivation is internally driven, employers can only provide the supportive environment, triggers, resources and recognition that prompt action. While many employers have drawn a clear path for engaging employees in building and maintaining good health, others are having trouble motivating their workforce.

Today, only one-third of surveyed U.S. employees recognize their employer’s efforts and credit their employer with helping them to lead healthier lifestyles — a decline from 41% in 2011, the first year we asked employees about this. Instead of engaging in employer-sponsored activities, most employees (71%) say they prefer to manage their health and well-being on their own (Figure 12).

An important question is whether employees want their employers to be actively involved in their health. The good news is that two-thirds of U.S. employees agree that employers have a role to play in encouraging them to live healthier lifestyles, a sentiment shared by similar numbers of employees around the globe (Figure 13). But do employers have a clear pathway to approach employees openly by using financial incentives, sending targeted messages or having managers get more directly involved? Our Global Benefits Attitudes Survey probed employees on each of these issues (see box: Employee segments, page 17).

We summarized the results by dividing employees into three groups:

- **Onboard** — These employees support the role of the employer in encouraging health improvement and are comfortable with targeted messages.
- **Persuadable** — These employers are open to some employer involvement but skeptical about its extent.
- **Resistant** — These employees don’t support the role of employers in employee health and well-being and are very uncomfortable with targeted messages.
Nearly one-third of employees are supportive of their employers being deeply involved in their personal health and well-being, and only 13% outright reject their employer having a role. The greatest opportunity lies with the majority of employees (56%) who are open to their employer being involved but remain skeptical about the employer’s role.

How can employers convince the persuadable to jump in? As many employees say their health is a priority, it could simply be a matter of helping those employees get started and using those already on board to convince the persuadable. On the other hand, identifying pockets of resistance and understanding the triggers within that group, even though small, is an important step in building a more convincing case about the company’s goals and intentions. If some employees remain resistant to health and well-being programs, understanding this group can at least help employers assess potential backlash and manage it before imposing stiffer requirements or standards for all employees.

In any case, employers generally have a pathway to improving employee health. Many employers, however, have yet to make a sufficiently convincing case to boost participation in employer-sponsored initiatives or have other barriers to overcome.

Managers of health and well-being programs might be asking themselves why participation remains so low. While there could be several explanations, one of the most likely is a reluctance among workers to share personal, health-related information with their employer. Nearly half of employees don’t want their employer to have access to such information (Figure 14). And while the majority accept their employer’s involvement in their health, nearly one-third don’t trust their employer when it comes to their personal health and well-being. Another explanation for low participation could be that employees don’t find the programs valuable or compelling.

Nevertheless, employers have been trying to increase employees’ awareness of health and well-being programs. One positive finding is that few employees cite their manager as a barrier to participation. Even so, despite employers’ large investments in well-being programs, one-third of employees claim the available programs don’t meet their needs. Why not?

Given the vast number of programs offered by employers, there may be too much information competing for employees’ attention, drowning out important health-related messages. Also, the focus of many of these programs on a single issue may leave some employees unsure whether the programs can address the full extent of their personal needs, some of which are complex. Furthermore, many programs that are heavily tied to computer-based modules may not be compelling enough to engage employees at a time when the demand for interactive, sensory experiences is at an all-time high. And many programs that use telephonic approaches with persistent calls may come across as intrusive and, worse yet, may frustrate employees and cause them to turn away from their employer’s initiatives.

Employers clearly need to build employees’ trust in areas pertaining to health — especially the employer’s access to their personal data — so that workers begin viewing their employer as a go-to resource for improving their health and well-being. It’s important for employers to regularly assess employees’ attitudes, so they can tailor and personalize programs. They should also publicize the confidentiality of personal health information within all of their health and well-being programs, especially those offered through third-party vendors.

Convincing employees who are resistant to their employer’s involvement may be a difficult road to pursue. Instead, the more promising path may be to focus on those who need only a little extra convincing. Even if some employees prefer to keep their health and well-being status and information strictly private, employers can create a workplace environment that supports employees as they tackle health issues on their own.

![Figure 14. Sensitivities around personal health data impede health engagement for some employees](image-url)
Employee segments

Employee attitudes toward employer involvement in health and well-being

We define three employee types...

**Onboard**  
Support the role of the employer in encouraging employee health improvement and are comfortable with targeted messages

**Persuadable**  
Open to some employer involvement but skeptical about its extent

**Resistant**  
Don’t support the role of employers in employee health and well-being and are very uncomfortable with targeted messages

...based on the following questions:

**Encourage**

- Employers should take an active role in encouraging employees to live healthy lifestyles.
- I am comfortable with my employer rewarding employees for living a healthy lifestyle.

**Target**

- I am comfortable with my employer sending targeted messages about how to live a healthier lifestyle to employees with health issues.
- I am comfortable with my manager suggesting ways I can live a healthier lifestyle.

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**Employee perspective**

Figure 15. Employee attitudes toward employer involvement in employee health and well-being

<table>
<thead>
<tr>
<th></th>
<th>0%</th>
<th>20%</th>
<th>40%</th>
<th>60%</th>
<th>80%</th>
<th>100%</th>
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</tr>
<tr>
<td>Onboard</td>
<td>36</td>
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<td>52</td>
<td>12</td>
<td></td>
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<tr>
<td>Persuadable</td>
<td>31</td>
<td></td>
<td>56</td>
<td>13</td>
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<td></td>
</tr>
<tr>
<td>Resistant</td>
<td>28</td>
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<td>54</td>
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<td>Resistant</td>
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<td>Onboard</td>
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<tr>
<td>Resistant</td>
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<tr>
<td><strong>Europe</strong></td>
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<tr>
<td>Onboard</td>
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<tr>
<td>Persuadable</td>
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<td></td>
<td></td>
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<tr>
<td>Resistant</td>
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<tr>
<td><strong>Latin America</strong></td>
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<tr>
<td>Onboard</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Persuadable</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resistant</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Asia Pacific</strong></td>
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<tr>
<td>Onboard</td>
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<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Persuadable</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resistant</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: 2015/2016 Global Benefits Attitudes Survey  
*Percentages include “strongly agree” or “agree.”  
Sample: All employees; except U.S. and Canada, full-time employees with employer-provided health care benefits

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**Employee perspective**

Figure 16. Onboard employees are more likely to participate in activities (U.S.)

<table>
<thead>
<tr>
<th>Program participation (employer-provided programs)</th>
<th>Onboard</th>
<th>Persuadable</th>
<th>Resistant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health risk assessment</td>
<td>61%</td>
<td>51%</td>
<td>44%</td>
</tr>
<tr>
<td>Biometric screening</td>
<td>67%</td>
<td>59%</td>
<td>47%</td>
</tr>
<tr>
<td>Lifestyle risk or condition management program</td>
<td>36%</td>
<td>22%</td>
<td>14%</td>
</tr>
</tbody>
</table>

**Making connections**

| The initiatives offered by my employer have encouraged me to live a healthier lifestyle. | 46%     | 30%         | 14%       |
| My employer offers a variety of initiatives to help me live a healthy lifestyle.     | 58%     | 42%         | 26%       |

**Building trust**

| I don’t want my employer to have access to my health information.         | 31%     | 47%         | 77%       |
| I don’t trust my employer to be involved in my health.                   | 17%     | 30%         | 60%       |

Source: 2015/2016 Global Benefits Attitudes Survey  
*Percentages include “strongly agree” or “agree.”  
Sample: All employees; except U.S. and Canada, full-time employees with employer-provided health care benefits
Well-being programs are the foundation of any health and productivity strategy. U.S. employers spend about $461 annually per employee on these programs, which have become commonplace at many organizations. This includes roughly $200 per employee per year on vendor fees and onsite services, with the remainder of the program costs tied to financial incentives. And the word is out with employees: Over 80% say they’re aware of their organization’s health and well-being activities (Figure 14, page 16).

U.S. employers continue adding more health and well-being programs to their repertoire of offerings. The vast majority offer wellness screenings, onsite well-being services, lifestyle change programs, and decision-support information and tools — and the percentages continue to grow. Worksite activities related to diet and exercise have become increasingly popular over the last few years, with three-quarters of respondents offering these programs (Figure 17).

As technologies become more refined and adapted to the burgeoning well-being marketplace, there are innovative approaches to both enhancing the employee experience and increasing the ease and efficiency of access to health services. And employers are embracing these new solutions. A prime example is the emergence of telemedicine, which was nearly unheard of a few years ago but could become almost ubiquitous by 2018.

Program participation

As noted earlier, low program participation rates are clearly a challenge for employers. Only half of U.S. employees who are eligible to participate in employer-provided well-being programs do so. At the individual program level, some engagement levels are even lower. Across the board, the average participation rate for completing an annual health appraisal and screening is slightly below 50%. For weight management, chronic condition and stress management, tobacco-cessation and other important programs, participation rates among those for whom the programs were designed are barely above 10%.
Moreover, few employees use the decision-support and transparency tools provided by employers to help them navigate the complex health care system and shop around for cost-effective medical services. However, with education, communication and targeted rewards it’s likely that the adoption rates of these relatively new tools will continue to increase.

Boosting program participation through financial incentives

Employers are increasingly likely to use financial incentives to increase participation. Eighty-six percent offer employees some form of financial incentive to participate in health and well-being programs. The most common incentives are financial rewards, offered by 77% of organizations. In 2009, only 36% offered such incentives (Figure 18).

Only 27% of employers used penalties in 2015, and many question whether penalties have a place in their organization’s culture at all. Nevertheless, a number of employers are considering them for the future.

A significant minority of employers penalize employees for tobacco use or use outcome-based incentives that involve biometric targets such as body mass index, blood pressure and cholesterol level. Employers have been more willing to use stronger incentives to encourage employees to stop using tobacco. On average, tobacco users at organizations that impose a surcharge – 44% of organizations today – pay $600 more per year in health care premiums than those who are tobacco free (Figure 19).

Employers are increasingly likely to use financial incentives to increase participation.

Similar to the use of penalties, the uptake of tobacco surcharges and outcome-based incentives has slowed considerably since our 2013/2014 Staying@Work Survey. But looking ahead, employer interest appears to be strong: There’s significant employer interest in adopting or considering these programs over the next few years.
Even so, it’s important to note that the percentage of employers considering these approaches has dipped significantly since 2013. That year, 71% were already using or considering tobacco surcharges, and 68% were using or considering rewards or penalties for biometric outcomes. Our recent study found that those percentages have declined to 58% and 52%, respectively. This suggests that such designs may not align with the value proposition employers are trying to build, and that they’re increasingly recognizing employees’ growing discomfort with these approaches (Figure 20). In addition, increased regulations are making biometric outcome designs more complex to implement and support.

**Do financial incentives work?**

So far, the impact of financial incentives has been mixed, and nowhere is this more evident than in employee responses to the opportunity to earn significant money by participating in health and well-being programs.

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**Employee perspective**

Figure 20. **Employee comfort with rewards, penalties and nudges are on the decline**

<table>
<thead>
<tr>
<th>I would be comfortable if my employer...</th>
<th>2011</th>
<th>2013</th>
<th>2015</th>
<th>Change from 2011 to 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rewards</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>...reduced the premium costs for all healthy workers and those <strong>willing to take steps to manage their illness or lower their health risk</strong></td>
<td>67%</td>
<td>65%</td>
<td>59%</td>
<td>–8 pps</td>
</tr>
<tr>
<td><strong>Nudges</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>...<strong>sent me reminders</strong> to refill my prescriptions or get an annual checkup</td>
<td>51%</td>
<td>56%</td>
<td>54%</td>
<td>+3 pps</td>
</tr>
<tr>
<td>...<strong>encouraged me to enroll in a wellness program</strong> based on health screening results or a recent illness</td>
<td>54%</td>
<td>51%</td>
<td>43%</td>
<td>–11 pps</td>
</tr>
<tr>
<td><strong>Penalties</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>...increased the premium costs for workers <strong>unwilling to take steps to manage their illness or lower their health risks</strong></td>
<td>45%</td>
<td>43%</td>
<td>39%</td>
<td>–6 pps</td>
</tr>
<tr>
<td><strong>Outcome-based incentives</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>...increased the premium costs for workers <strong>unwilling to quit smoking or take steps to quit smoking or stop using tobacco products</strong></td>
<td>–</td>
<td>53%</td>
<td>57%</td>
<td>NA</td>
</tr>
<tr>
<td>...increased the premium costs for workers <strong>unable to achieve targeted biometric levels</strong> or take steps to achieve targeted biometric levels</td>
<td>27%</td>
<td>31%</td>
<td>26%</td>
<td>–1 pps</td>
</tr>
</tbody>
</table>

* Source: 2015/2016 Global Benefits Attitudes Survey

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So far, the impact of financial incentives has been mixed, and nowhere is this more evident than in employee responses to the opportunity to earn significant money by participating in health and well-being programs.
Improving workforce health and productivity

Figure 22. Mixed impact of incentives on program participation

<table>
<thead>
<tr>
<th>Program</th>
<th>Percentage of companies using incentives to encourage participation*</th>
<th>Percentage of employees participating in the programs**</th>
<th>Percentage point difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health risk assessment/appraisal</td>
<td>62%</td>
<td>28%</td>
<td>56% 28</td>
</tr>
<tr>
<td>Worksite biometric screening</td>
<td>53%</td>
<td>32%</td>
<td>53% 21</td>
</tr>
<tr>
<td>Web-based/mobile lifestyle behavior coaching programs</td>
<td>17%</td>
<td>13%</td>
<td>26% 13</td>
</tr>
<tr>
<td>Weight management programs</td>
<td>27%</td>
<td>8%</td>
<td>16% 8</td>
</tr>
<tr>
<td>Telephonic lifestyle behavior coaching programs</td>
<td>25%</td>
<td>9%</td>
<td>17% 8</td>
</tr>
<tr>
<td>Chronic condition (disease) management programs</td>
<td>21%</td>
<td>13%</td>
<td>18% 5</td>
</tr>
<tr>
<td>Worksite diet/exercise activities</td>
<td>21%</td>
<td>21%</td>
<td>26% 5</td>
</tr>
<tr>
<td>Well-being fairs at some/all locations</td>
<td>9%</td>
<td>34%</td>
<td>38% 4</td>
</tr>
<tr>
<td>Maternity support (pre- and post-delivery, child care resources)</td>
<td>22%</td>
<td>13%</td>
<td>17% 4</td>
</tr>
<tr>
<td>Onsite healthy lifestyle coaching in at least one location</td>
<td>10%</td>
<td>16%</td>
<td>20% 4</td>
</tr>
<tr>
<td>Tobacco-cessation programs</td>
<td>40%</td>
<td>7%</td>
<td>9% 2</td>
</tr>
<tr>
<td>Stress or resilience management programs</td>
<td>14%</td>
<td>11%</td>
<td>13% 2</td>
</tr>
<tr>
<td>Healthy sleep programs</td>
<td>7%</td>
<td>9%</td>
<td>9% 0</td>
</tr>
</tbody>
</table>

*Based on companies offering the program
**Program participation rates include only organizations offering the program and are based on employees who qualify and/or are recommended for program participation.

Do financial incentives increase program participation? In general, the results suggest that incentives are effective for simple, discrete, time-limited actions. As shown in Figure 22, participation rates are twice as high at organizations that offer financial incentives for completing a health appraisal or a biometric screening than at organizations with no incentives. Employers have also enjoyed moderate success using incentives to boost the use of web-based coaching programs.

Otherwise, the success of incentives in promoting significant, sustainable changes in health-related behavior is much more complex and, in many cases, doubtful. Of course, the size of the incentive and its form — penalty or reward — could influence participation rates even further. But there’s little evidence that financial incentives alone significantly boost program participation.

The mixed success of incentives in changing employee behavior is prompting many employers and experts to rethink their use. While U.S. employers haven’t given up on incentives entirely, nearly nine in 10 plan to reassess their incentive designs over the next three years (Figure 23). And employers are increasingly looking at ways to redesign their incentive programs by extending well-being programs and incentive opportunities to family members, refreshing their incentive programs’ designs regularly, and using best practices in both choice architecture and nudges to keep employees interested and engaged for longer periods.

Figure 23. Reassessing incentive designs

| Reassess incentive strategy: Reassess your organization’s philosophy and approach to incentives | 30 | 33 | 24 |
| Family matters: Apply rewards (or penalties) and/or requirements under health management programs/activities to employees and spouses alike | 42 | 5  | 25 |
| Refresh: Refresh the incentive strategy annually to encourage trial of new health-related activities | 29 | 17 | 26 |
| Progress-based: Design programs to measure and reward individuals for making progress toward a healthy lifestyle | 26 | 7  | 37 |
| Team-based: Reward locations or teams that achieve high levels of health engagement | 14 | 6  | 24 |

Note: Based on respondents offering incentives in 2015
Again, employers can look to their employees for guidance in developing or restricting their programs. Are financial incentives necessary for employees to participate in health and well-being programs? Figure 24 shows that U.S. employees—who’ve been offered more financial incentives for longer periods than employees in any other market—are the most reluctant to participate without an incentive.

Do U.S. employees feel entitled to such incentives? Or has the long duration of these incentives sapped the intrinsic motivation of employees to participate in these programs? The dilemma facing employers is that many employees have come to expect incentives even as employers are reconsidering their use. Any attempts to pull back on the use of incentives could lead to further erosion in already low levels of program participation.

Where do we go from here? Clearly many employers are looking to restructure their incentive program designs, which in many cases pivot significantly from the high-priced approaches that have become popular in recent years. There’s growing evidence that well-designed programs, which use small steps that employees believe are achievable and provide real-time rewards, can be equally effective at fostering complex behaviors such as sustainable changes in physical activity and compliance with medication regimens.

But there are limits to the extent that financial incentives alone can bring about sustainable behavior change. Emerging ideas about redesigning the workplace, delivering personalized messages enabled by new technologies, tapping into regular channels of social interactions in the workplace, and openly recognizing employees’ health and well-being accomplishments are taking root. In some organizations, the implementation of these ideas is helping employers foster changes in employee behavior that can become lasting habits focused on overall healthier lifestyles, rather than changes prompted only by the narrow achievement of rewarded goals. Increasingly, employers understand the long-term value of sustainable behavior change and are shifting their focus on strengthening an element that can speed such change—the workplace.

### Employee perspective

**Figure 24. U.S. employees increasingly view financial incentives as a condition of participation**

<table>
<thead>
<tr>
<th>Region</th>
<th>Strongly prefer</th>
<th>Prefer</th>
<th>Slightly prefer</th>
<th>Neutral</th>
<th>Slightly prefer</th>
<th>Prefer</th>
<th>Strongly prefer</th>
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</thead>
<tbody>
<tr>
<td>Global</td>
<td></td>
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<tr>
<td>U.S.</td>
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<tr>
<td>Europe</td>
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</tbody>
</table>

Source: 2015/2016 Global Benefits Attitudes Survey

Option A includes groups 1, 2 and 3; 4 is neutral; and option B includes groups 5, 6 and 7 on a seven-point semantic scale.
Beyond incentives – building a workplace culture of health

U.S. employers are using a variety of strategies to encourage smart health-related behaviors. Not surprisingly, given the health plan’s central role in delivering care to employees and their families, half of surveyed employers see the plan as their primary vehicle for encouraging healthy employee behaviors. Medical professionals also play an important role in coaching and educating employees, and 40% of employers look to their health care provider community to influence employees’ health-related behaviors (Figure 25).

Over the next few years, employers will continue to rely on plan designs and local providers to drive employee behavior change. But the role of care delivery is evolving as the numbers of urgent care centers, telehealth centers and minute clinics grow quite rapidly, providing alternatives for individuals needing immediate care for acute conditions. As the relationships between providers and patients become less sticky, primary care as a hub for managing health-related behavior may become less apparent. Instead, worksites, public health initiatives and communities where people frequently gather could become more instrumental.

Direct financial incentives can be effective at raising employee awareness and achieving simple, well-defined, short-term behavior change. But employers want to improve employees’ health and well-being over the long term. That requires them to tap into employees’ intrinsic motivations, which are stronger drivers of behavior change than extrinsic factors such as rewards.

Above all, employers are turning their attention to the entire employee experience and how it ties to workplace health. Our survey data show that, by 2018, nearly two-thirds of U.S. employers expect building a health-promoting workplace culture will be their primary means of boosting employee engagement in health. This represents a significant shift, as only one-third of employers say it’s one of their core strategies today. Also, fewer employers – from 70% in 2015 down to 47% in 2018 – expect to rely on direct financial incentives in the future.
What steps are employers taking to build a workplace that supports employee health and well-being? As shown in *Figure 26*, employers are embracing a range of activities whose approaches fall into four categories:

- Obtain commitment from leadership
- Establish supportive physical and social environment
- Make it personal
- Leverage technology

### Obtain commitment from leadership

Health and productivity programs start with senior leaders who control resources (financial support, employees’ time and access to space) and can eliminate obstacles. If employers are to transform their health and well-being strategy into a primary differentiator of their EVP – a goal of most organizations – only senior leaders can foster the value system and commitment required to address, support and align efforts within the organization.

Roughly half of organizations have embedded well-being into their EVP, and two in five have made it an organizational goal. Line managers play a critical role in reinforcing messages from the top and driving the strategy through the organization. But to make the vision a reality, managers need regular reinforcement and guidance, and only about one-third of employers provide managers with the tools they need.

### Establish a supportive physical and social environment

The physical work environment can give employees daily reminders about health and well-being. Seventy percent of organizations have incorporated health into the workplace via initiatives such as healthful cafeteria foods, walking paths and campus bike-sharing programs that make it easier and more affordable for employees to adopt good health habits.

But evidence is building an increasingly strong case that the psychosocial aspects of the work environment are the keys that can unlock workforce potential. Getting it wrong can introduce additional stress and anxiety, thereby eroding employee loyalty and weakening job performance. Getting it right can provide one of the strongest supports for an organization’s well-being strategy, serving to inspire and encourage employees daily. Also, many employers are tapping into the power of peer influence through local champions (62%), personal stories (61%) and key influencers who spread the word (32%).
Make it personal

As everyone has unique personal challenges, workforce health and well-being ultimately comes down to individuals making personal commitments. An important approach — already in use by 56% of employers — is asking employees what's missing from their well-being experience and, more importantly, what they need to succeed at work. Personalizing messages and tailoring programs to meet workers’ individual needs strengthen employees’ connections to the organization’s initiatives. However, only 28% of employers use segmentation techniques to develop customized communication.

Leverage technology

Many employers harness the latest technologies to put health improvement tools into employees’ hands via the organization’s intranet. Three-quarters (74%) of U.S. employers make online health-related tools accessible to workers both at work and at home. And more than half (58%) have a portal devoted exclusively to health-related information, including promotions about individual and team health challenges.

An emerging area of focus is the remote worker or work-from-home cohort, a large part of the workforce that can be hard to reach. This is where technology and social networks can help bridge the gap. Our recent Global Benefits Attitudes Survey found that employees appreciate these efforts and tools. More than half of surveyed employees said wearable devices for monitoring fitness-related activity, apps to track dietary activity, and websites with ratings of health care providers and price comparisons of health-related products and services are important to them (Figure 27).

The pursuit of a healthy workplace culture is gaining traction. Between 2013 and 2015, many more organizations decided to entrench health and well-being more deeply into their organization, especially by seeking input from employees and getting managers and change agents within the workplace more involved (Figure 28).
While organizations are embedding health and well-being more deeply into their core mission and values, they’re also starting to adopt a more holistic approach to employee well-being. There’s considerable – and growing – interest in employees’ financial well-being and in incorporating that element into the organization’s broader well-being strategy. Why? Because financial worries constitute a significant source of stress for many employees, and employers are recognizing the emotional toll and negative effects of such stress on engagement in health programs (see box: Clustering of health and financial issues, page 27).

Nearly half (47%) of surveyed U.S. employers have a personal financial well-being strategy for their workers, and another 33% either plan to adopt such a strategy by 2018 or are considering doing so (Figure 29). Many employers are already doing one or all of the following:

- Bringing third-party vendors onsite to educate and counsel employees on improving their financial health
- Offering or promoting the use of technology-based resources
- Delivering targeted messages customized for various workforce segments about ways to improve financial well-being

### Figure 29. Financial health is becoming a key part of organizations’ well-being strategy

<table>
<thead>
<tr>
<th>Action taken/tactic used in 2015</th>
<th>Planned for 2016</th>
<th>Being considered for 2017 or 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Include financial well-being as a key part of overall workforce well-being</td>
<td>47</td>
<td>16</td>
</tr>
<tr>
<td>Bring third-party vendors onsite as counselors/educators to promote financial well-being</td>
<td>54</td>
<td>12</td>
</tr>
<tr>
<td>Offer or promote use of technology-based resources</td>
<td>47</td>
<td>12</td>
</tr>
<tr>
<td>Deliver customized or targeted messages to help improve financial well-being</td>
<td>33</td>
<td>16</td>
</tr>
<tr>
<td>Offer a comprehensive program of tools, seminars and education</td>
<td>32</td>
<td>11</td>
</tr>
<tr>
<td>Include financial well-being module or questions in health risk assessment</td>
<td>24</td>
<td>11</td>
</tr>
<tr>
<td>Use rewards for individuals who participate in financial well-being activities</td>
<td>12</td>
<td>8</td>
</tr>
</tbody>
</table>

Employee perspective

### Figure 30. Employees are uneasy with employer involvement in their personal financial matters

#### Personal financial issues

**Option A:** Employers should take an active role in encouraging their employees to better manage their finances.

- Strongly prefer
- Prefer
- Slightly prefer
- Neutral

**Option B:** It is not the role of an employer to encourage its employees to better manage their household finances.

#### Targeted messages

**Option A:** I am comfortable if my employer sends targeted messages to employees about financial issues.

- Strongly prefer
- Prefer
- Slightly prefer
- Neutral

**Option B:** It is not the role of an employer to send targeted information to employees who aren’t saving enough.

Source: 2015/2016 Global Benefits Attitudes Survey

Sample: Full-time employees with an employer-sponsored health plan
Improving workforce health and productivity

So employers must ask themselves: Do we have permission to take a more active role in our employees' financial well-being? How can we build employees' trust so they'll listen to our messages about financial health and use the tools we provide?

Our recent Global Benefits Attitudes Survey found that employers have an established track record around health and well-being, as well as retirement planning. But when it comes to employees' personal finances, employers need to proceed carefully and gradually to gain employees' trust. For example, using pull rather than push approaches to market the programs allows employees to engage when they're comfortable. Word-of-mouth and regular promotions, over time, engender trust and strengthen employers' connections with employees around all aspects of their well-being.
As in previous years, our 2015/2016 Staying@Work Survey found strong links among highly effective health and productivity strategies, high-performing employees and strong financial results. To evaluate the effectiveness of health and well-being programs, we asked employers to rate their performance in 20 areas related to health and productivity. The assessment covered both health program effectiveness and elements of the workplace experience. The employers assessed their own effectiveness in providing elements essential to developing a healthy, effective workforce. Taken together, the responses reveal the effectiveness of an organization’s health and well-being strategies and programs.

We call the effectiveness metric the organization’s overall health and productivity effectiveness (OHPE) score (for more details, see box: Effectiveness methodology). Using respondents’ OHPE scores, we divided them into three groups of equal size. We found that employers in the group with the highest OHPE scores take a distinctive approach to health and productivity — and their programs are clearly more successful than those of employers with lower scores.

**Their strategy and tactics**

High-OHPE organizations take a holistic view of health and productivity and connect their strategy with the organization’s EVP. They primarily focus on four vital elements:

- **Prevention.** They offer a range of programs to keep employees healthy and encourage them to adopt and maintain healthy lifestyles.
- **Personal support.** They address the specific health needs of employees who have health-related risks and chronic conditions. And for disabled employees, they use best-in-class return-to-work approaches.

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**Effectiveness methodology (OHPE Score)**

To evaluate the effectiveness of organizations’ health and well-being programs, we asked participating employers to rate their performance in 20 areas related to health and productivity. Based on these employer-provided ratings, we created an overall score for each organization by adding equally weighted values to their responses. This approach allowed us to summarize all facets of an effective health and productivity framework in a single variable — which we call the organization’s overall health and productivity effectiveness (OHPE) score.

We then divided the respondent cohort into three equally sized groups based on the scores. Organizations with the highest scores are deemed to have the most effective health and well-being programs.

For an in-depth look at the characteristics of effective health and well-being programs, Willis Towers Watson also developed the Health and Productivity Scorecard, which inventories the programs and policies of employers in each of the three effectiveness groups. In each world region, we’ve identified the programs and tactics of the organizations with the most effective health and well-being programs. These best practices provide a road map for employers to follow as they consider the next steps of their health and well-being strategy journey.
- **Organizational support.** They work at building a healthful workplace culture and aligning their health and well-being programs with that culture. They also have senior leaders that champion the programs.

- **Design and delivery.** They align their health and well-being programs with the organization's EVP, provide employees with an array of choices, leverage the latest technology, and use targeted communications to reach employees where and how they prefer. And, of utmost importance, they measure the effects of their health and well-being programs on both individual and workforce productivity.

**Their results**

First, the employees of high-OHPE organizations are more engaged in their own health and well-being. This is evidenced by participation rates in health and well-being programs that are 21 percentage points higher than the participation rates at low-OHPE companies (60% versus 39%) (Figure 32).

Second, high-OHPE organizations in the U.S. have better health outcomes and fewer absence days:

- Medical plan costs are $1,000 lower per employee than organizations with low OHPE scores (Figure 33)
- 29% fewer employees using tobacco
- 24% fewer employees with hypertension
- 23% fewer employees with high blood glucose levels (Figure 34, page 30)
- One fewer day of unplanned absence per employee per year (Figure 35, page 30)
Third, like their peers around the world, U.S. employers with highly effective programs are more likely than low-effectiveness companies to report improving financial and human capital performance:

- Nearly 60% more likely to significantly outperform their peers financially (Figure 36)
- 50% higher revenue per employee – a proxy for productivity (global finding)
- Market premiums that are nearly three times higher (global finding) (Figure 37, page 31)

**Figure 36. Self-reported competitive performance, U.S.**
Over the past year, how has your organization compared to other organizations in your industry in the country/region for which you’re responding to this survey?

**Figure 35. Absence, U.S.**
Overall health and productivity effectiveness

**Figure 34. Lifestyle risks, U.S.**
What percentage of your employees have the following health risk status?

<table>
<thead>
<tr>
<th>Overall health and productivity effectiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>0% 10% 20% 30% 40%</td>
</tr>
<tr>
<td>Obesity (BMI ≥30 kg/m2)</td>
</tr>
<tr>
<td>Tobacco use, current</td>
</tr>
<tr>
<td>Hypertension/High blood pressure systolic ≥140 or diastolic ≥90</td>
</tr>
<tr>
<td>High glucose level (≥100 with fasting)</td>
</tr>
<tr>
<td>Diabetes</td>
</tr>
</tbody>
</table>

- Low effectiveness
- Medium effectiveness
- High effectiveness

**Figure 33.**
Over the past year, how has your organization compared to other organizations in your industry in the country/region for which you’re responding to this survey?
Figure 37. Financial outcomes, global

Overall health and productivity effectiveness

<table>
<thead>
<tr>
<th>Effectiveness</th>
<th>Productivity (revenue per employee) in thousands</th>
<th>Market premium (Tobin's Q)</th>
<th>Three-year change in market value – 2011 to 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low effectiveness</td>
<td>$0, $100, $200, $300, $400, $500</td>
<td>0% 10% 20% 30% 40% 50% 60%</td>
<td>0% 10% 20% 30% 40% 50% 60%</td>
</tr>
<tr>
<td>Medium effectiveness</td>
<td>$161</td>
<td>33 pps</td>
<td>7.5 pps</td>
</tr>
<tr>
<td>High effectiveness</td>
<td>$319</td>
<td>19</td>
<td>37</td>
</tr>
<tr>
<td></td>
<td>$395</td>
<td>37</td>
<td>43.1</td>
</tr>
<tr>
<td></td>
<td>$480</td>
<td>52</td>
<td>45.0</td>
</tr>
</tbody>
</table>

Source: Standard & Poor’s Compustat, Global Vantage

Market premium (Tobin’s Q) is the ratio of the market value of equity in 2014 plus the book value of debt divided by the book value of assets minus one. The data are from 750 organizations whose financial information was publicly available at the time of the survey (221 APAC, 113 Europe, 94 Latin America, 322 North America). Industry adjustments were based on a multivariate dummy variable regression model using industry classifications (n = 31) from the survey to define industries.

U.S. employers with highly effective programs have market premiums that are nearly three times higher.
Improving health and productivity means going beyond programs

To reap the rewards that a strong health and productivity strategy can deliver — and to make good on their commitment to improving workforce health — employers can consider the lessons provided by high-OHPE organizations. Their strategies are based on four pillars: prevention, personal support, organizational support, and sound program design and delivery (see box: Designing an effective employee health and productivity framework, page 33).

These pillars can form the basis of a formal, enterprise-wide health and productivity strategy. They can help employers forge disparate programs into a cohesive whole that has enormous potential to address vexing, persistent issues such as weak employee participation and insufficient resources.

Moving ahead: employers have an opportunity for an employer-employee partnership to improve health

Employers have the opportunity to engage their workers in their own health and well-being by involving your workforce in an assessment of their health-related needs and preferences. Armed with this knowledge, employers can direct health and productivity resources to address, first, the most serious threats to workforce health and, second, the identified needs of individual locations, regions and various workforce segments.

By delivering the right messages to employees via the appropriate channels, they’ll become educated about health risks and proven methods of health improvement. As programs mature, transitioning to less frequent screenings and health assessments may lead to more sophisticated, differentiated approaches to personalizing well-being messages.

Employers can make communication programs more effective by segmenting the workforce according to employees’ communication preferences and health needs, and then delivering targeted, personalized messages. Using the full range of today’s communication technologies will provide the opportunity to reach workers how, when and where they prefer. And placing health-related messages within the context of the overall employment deal will help current and potential employees understand the value of health and well-being programs and the employer-employee deal.
What about the most common barriers to health and productivity effectiveness? Employers can do several things to overcome them, the most significant of which are measurement and data analysis.

Measuring the effectiveness of health and well-being programs will provide quantitative data. Focus on tracking absences and the effects of absenteeism on productivity. Then use that information to build a business case for additional investments in staff, programs, activities and communication needed to make a high-OHPE organization. Then use the data to enlist the support of senior leaders in enlarging the budget for funding your organization’s health and productivity strategy. This goes beyond return-on-investment, which relies on medical cost reductions. Leading employers are connecting their well-being initiatives to a broader set of value drivers, including employee engagement, turnover, workplace safety, employee absence rates and other productivity measures important to the organization.
Summary: good intentions, formidable obstacles, notable successes

The survey data sends a clear message: For a large majority (84%) of U.S. employers, health and productivity is a core component of their organizational health strategy, and a majority plan to sharpen their focus on building workforce health and well-being in the coming years. This is because they recognize the impact of sedentary lifestyles, obesity, stress and financial challenges on both health care costs and overall productivity. They understand that a strong health and productivity program will strengthen the EVP and help the organization compete.

Though half (51%) of surveyed U.S. employers don’t yet have a formal health and productivity strategy, many plan to develop one soon. As this finding mirrors that of our 2013 survey, it’s clear that many employers haven’t yet been able to follow through with their plans. Among the primary obstacles are inadequate employee engagement in health improvement and insufficient evidence of a positive return on the investment in health and well-being programs — the latter of which has made it difficult for employers to build a case for sufficient budget and staff to implement a wise strategy.

Employers who are doing these things well are achieving degrees of success with their health and productivity strategy. These high achievers serve as role models whose approaches can be borrowed and adapted.

The opportunities

Here’s how employers can learn from these leaders and customize their successful efforts to meet your organization’s unique needs:

- Build a strong foundation. Create and implement a realistic health and productivity strategy that aligns with business priorities and EVP, and reflects the organization’s unique challenges – whether they be a lack of employee engagement, a limited budget, or organizational health issues such as stress, lifestyle-related illness or changing demographics. This will make it easier to identify high-impact programs and increase effectiveness.

  The commitment of leaders in senior and middle management, backed up by resources and budgets, is also essential. Link health-related programming to other corporate priorities such as safety, corporate social responsibility, diversity and inclusion, and sustainability where there’s clear alignment. This will help organizations leverage additional resources and create an integrated employee experience that aligns with clear business priorities.

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Despite the barriers, most U.S. employers are moving away from a primary focus on program design and taking a broader view of health and well-being. It’s an approach that factors in the workplace environment, organizational culture and employee experience, and attends to employees’ financial well-being as well as their physical and emotional health. Employers engaging in this approach are increasing their measurement of not only program participation but also program effectiveness, and they’re analyzing data to quantify the return on their health and well-being investments. Furthermore, in their financial analyses, they’re reassessing the use and effectiveness of financial incentives.
Leverage new technologies, and make them mobile. The right technology can increase employees’ interest in their well-being, and employers’ use of new technologies for this purpose is gaining traction. Mobile applications help break down the barriers to access and provide employers with convenient ways to encourage employees to make smart health-related decisions and use health care services effectively. Websites that rate providers, wearable devices that monitor activity and calorie intake, apps that monitor health conditions, and price-comparison websites for health products and services can help employees to make wise decisions.

Telemedicine can help address simple medical needs and reduce office visits. To build employees’ trust in the programs, employers should assure employees that their health-related data will remain private and secure, and explain the steps taken to secure it.

To build employees’ trust in the programs, assure them that their health-related data will remain private and secure, and explain the steps you’ve taken to secure it.

Focus on the workplace environment. For nearly two-thirds of U.S. employers, building an organizational culture of health is their primary strategy for promoting healthy employee behaviors in 2016. This means considering every aspect of the workplace — from safety to the food offered in the cafeteria and snack machines — as well as managing levels of workplace stress and encouraging employees to be tobacco free.

And the importance of managers and other influencers continually promoting a culture of health at work can’t be overemphasized. Managers can play a key role in promoting organizational health by modeling behaviors, encouraging employees to take advantage of onsite programs, and helping them eliminate or reduce workplace stressors.

To get messages across, employers should use multiple communication channels, such as posters, social networks, mobile apps and other technologies.

Offer programs across the full health continuum. Focus on prevention by offering programs that encourage healthy lifestyles and teach employees how to access the right type of care at the right time. If low employee participation rates are an issue for your organization, consider offering a range of programs — including opportunities for physical exercise, classes on stress management, guidance on healthy living or onsite immunizations, for example.

Offering programs both onsite and off, and at various times of day, can also encourage employees to take part. And as financial well-being programs evolve, careful consideration of employees’ attitudes about the employer’s role will be important in addressing this significant aspect of well-being.

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Personalize the experience. Personalization is another powerful tactic for boosting engagement. Employers should make it easy for employees to participate in programs, and help them understand that the programs were designed with them in mind. Create individual or team health challenges such as walks, stair climbs and weight-reduction activities, and offer prizes. Online tools should be available both at work and on employees’ personal devices. Create a dedicated portal to deliver health-related information and promote health challenges.

Employers can also use consumer marketing techniques such as segmentation based on health-related behaviors to design targeted communication campaigns. Offer specialized programs for employees with specific health-related risks, as well as best-in-class return-to-work programs for those recovering from long-term illness or disability. Make the connection personal and authentic, so that the link between health and business success becomes part of the organizational culture.
It’s important to clarify what’s driven globally and what’s managed locally.

- **Combine global consistency with local execution.** Organizations with operations in multiple countries can drive synergies and leverage global economies of scale in health and well-being programs, while addressing local needs and cultural considerations. It’s important to clarify what’s driven globally and what’s managed locally. Organizations that spend time understanding local cultures, and unique employee needs and behaviors — as well as tracking the success of various approaches — have the best chance of increasing program appeal and forging a connection with employees around health and well-being.

- **Continually manage and communicate to promote best practices.** A health and productivity strategy shouldn’t be static, but should adapt to changing organizational conditions, evolving best practices and the results of your ongoing measurement of program effectiveness. Ask employees to provide periodic feedback to ensure programs remain relevant and meet ever-changing workforce needs.

A health and productivity strategy shouldn’t be static, but should adapt to changing organizational conditions, evolving best practices and the results of your ongoing measurement of program effectiveness.

- **Employers should know their numbers – and use them.** Establish a baseline, continually measure program effectiveness using a variety of financial and nonfinancial metrics, and make changes as needed. Collecting data on organizational health issues, absence trends, employee preferences, program usage and costs can help organizations make data-driven changes, confirm successes and promote cost-effective interventions.

Collecting data on organizational health issues, absence trends, employee preferences, program usage and costs can help you make data-driven changes, confirm successes and promote cost-effective interventions.

There’s good reason for employers to be optimistic about success going forward as they build an effective health and productivity strategy.

The effort does require a strategic focus and strong employer commitment. It also requires being sensitive to the unique needs of various workforce segments and customizing health and well-being tactics to meet varied employee needs. But as the results from high performers demonstrate, the effort can have a crucial payoff: Such a strategy can deliver tangible results that will set your organization apart from its competitors by linking your workforce’s health and productivity performance directly with your organization’s success.
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