



Measuring the ROI of Wellness Programs

by Natasa Kazmer and Jim Callaghan | WELLNESSTORY
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INTRODUCTION

The benefits of a Corporate Wellness Program seem even more obvious in the current environment, with the chronic shortage of qualified candidates in every industry and more and more employees realising the importance of their health. In a recent survey conducted by United Healthcare in the US, 73% of employees currently without a wellness program said they urgently want one. This number increased to 84% when the question was asked to baby boomers, the very group with the most experience and that companies cannot afford to lose at the moment.

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Companies evaluate both VOI (value of investment) and COI (cost of inaction) when choosing a wellness program



In terms of measuring the ROI for wellness programs, it is understandable for companies to want to try to identify and quantify the financial benefits. However, given that the investment is for the company's most crucial resource, its people, it is important to recognise that there are additional benefits, beyond the financial returns. This is sometimes referred to as the overall value of the investment (or VOI). Finally, on the negative side, there is a COI - or cost of inaction. This cost is particularly high in the current environment where many individuals are struggling with their health and it is difficult to find suitably qualified candidates for most positions.

In a comprehensive report conducted by the US Chamber of Commerce into the ROI of corporate wellness programs they concluded that well-designed wellness programs lead to an ROI ranging from \$1.5 to more than \$3 invested over a time frame of two to nine years. They went on to say that "(e)ven if one assumes for the sake of argument that any limitation of each particular study leads to an ROI of less than \$1.5 to \$3, there are other benefits to these programs, such as increased job performance, overall well-being, and happy and thriving employees who contribute to business and community success".

Non-monetary benefits of wellness programs such as increased job performance, overall wellbeing and happy and thriving employees are invaluable



FINANCIAL BENEFITS

REDUCTION IN SICK DAYS/ABSENTEEISM

56%
reduction in sick
days

A survey done by United Healthcare in the US, reported an average reduction in sick days of 56%. A study by Harvard Business Review also found that employees who scored low on a “life satisfaction” survey stayed home 1.25 days per month more than those who had higher scores for life satisfaction. This difference resulted in a decrease in time at work of 15 days per year for those less satisfied employees.

SAVINGS IN HEALTH CARE COSTS

\$1.29-\$6
per dollar spent in
health care cost

In a US Chamber of Commerce study of several medium and large companies in the US, the ROI for reduced health care costs alone were between \$1.29 and \$3. A Harvard Business Review Study published in 2018 found that employee wellness programs resulted in a \$6 savings for each dollar spent in health care costs alone.

INCREASE IN ENGAGEMENT, MOTIVATION AND PRODUCTIVITY

62%
increase in overall
productivity

Increases in productivity can be difficult to measure and to attribute to one factor. However, in the above Harvard Business Review Study, 62% of employees reported an increase in their overall productivity, attributing the increase to the company’s wellness program. Studies have shown that wellness programs significantly reduce the levels of ‘presenteeism’, which is a negative measure of employee engagement. Moreover, the overall cost of presenteeism is said to dwarf the total cost of absenteeism. A recent article found that the cost of presenteeism in the US is ten times that of absenteeism - \$1.5 trillion vs. \$150 billion (based on US Bureau of Labour Statistics). Therefore, any improvement in employee engagement, and consequently a reduction in presenteeism, would likely have a significant positive impact on the company’s bottom line.

TEAMWORK, RETENTION AND HIRING TOOL

54%
less likely to leave

Corporate wellness programs have been shown to improve better team work. This makes sense as healthy employees are less stressed and more prone to working together, as opposed to seeing each other as potential competitors. Well-functioning wellness programs have also been shown to be a powerful retention tool, as well as attracting new talent. A study from the Journal of Occupational Health Psychology found that employees who participated in a workplace health promotion program had a 54% lower likelihood of leaving the company compared to those who did not participate.

INTANGIBLE BENEFITS

IMPROVED LIFE OUTCOMES



There is a large body of evidence showing that healthy individuals achieve improved life outcomes, including financial success, emotional health, meaningful relationships, effective coping skills, and increased longevity.

FOSTER HEALTHY RELATIONSHIPS



Healthy employees are more present for their friends and family, which leads to more stable relationships, as well as greater overall resilience.

DECREASED STRESS LEVELS



Chronic stress is a major and growing factor in the lifestyle disease epidemic. Providing employees with the tools and resources to be more resilient and to change their relationship with stress, is a huge benefit to them personally. However, it also benefits a company to have employees who are better equipped to deal with stressful situations, especially in the airline industry.

COMPANY REPUTATION



Wellbeing programs can help to create a positive and supportive company culture, promoting a sense of community and shared values among employees. It can help to improve the reputation of the company, demonstrating a commitment to the health and well-being of employees and positioning the company as an employer of choice.

In conclusion, by reducing healthcare costs, increasing productivity, and improving employee engagement and satisfaction, these programs can provide significant financial and intangible benefits for companies. Equally important, investing in the health and well-being of leaders and high-performing employees can help companies to create a culture of wellness, build a more engaged workforce, and ultimately improve their bottom line.

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Let's talk

We are happy to expand on this white paper and discuss the particular interest points for you.

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