
Human performance and well-being

Engaging employees with a new path to well

In the late 1800s, George Pullman, founder of the world's largest manufacturer of luxury sleeper railcars, set out to prove that American industry could fix the social problems of the time while also solving his company's labor issues. He built a town for employees adjacent to his factory, complete with homes for rent, churches, theaters, parks, hotels, shopping areas and an athletic association. By creating a clean and beautiful place for his workers to live, Pullman thought they would reciprocate by working harder and better.ⁱ

Pullman was credited with improving the quality of life for his employees and their families and even lowering the death rate.ⁱⁱ This early experiment in wellness and productivity flopped, however, some years later when Pullman lowered wages but failed to lower rents on the homes he had built for workers. Employees went on strike, riots broke out and the nation's passenger rail service came to a standstill.

Pullman's experiment is proof that American employers have long recognized the link between employee well-being and workplace engagement, performance and bottom-line results. The model's downfall is a reminder of the gaps that still exist in wellness programs and the need for a new model.



How can employers move beyond the narrow approach of traditional wellness programs to a model that incites long-term change and drives real business outcomes? By starting with a solid baseline of well-being, companies can then focus on empowering performance in their employees. Most important, the health of the whole organization can only come when all of these elements align.

The state of workplace wellness

What's at stake

It's easy to unearth industry studies on both sides of the wellness fence. Some tout that traditional wellness programs affect marked reductions in health care costs and upticks in labor productivity. Critics claim they make little to no difference; most Americans are still overweight, don't exercise enough and report high stress levels.

Regardless, workplace wellness is a booming business. The market is expected to reach \$11.3 billion by 2021, and two-thirds of organizations today say that well-being programs are critical to their employment and culture.ⁱⁱⁱ Why are employers still pinning their hopes on wellness?



The market is expected to reach \$11.3 billion by 2021

Rising costs and chronic disease

According to the Centers for Disease Control and Prevention (CDC), 60% of U.S. adults have a chronic disease and 40% have two or more.^{iv} Unhealthy Americans are straining health care costs at an untenable pace.

In an article published by the Society for Human Resource Management (SHRM), the National Business Group on Health reports that, "Health benefit costs are still rising at two times the rate of wage increases and three times general inflation, making this [cost] trend unaffordable and unsustainable over the long term." In 2019, employer-sponsored health care benefits will reach \$15,000 per employee, with employers covering 70% of the cost.^v

Declining engagement and productivity

While rising health care costs gave rise to wellness programs, there's even more to the story. Gallup estimates that nearly two-thirds of U.S. workers aren't engaged,^{vi} costing companies between \$480-\$600 billion a year in lost productivity.^{vii} Companies with higher employee engagement achieve earnings-per-share (EPS) growth that is more than four times that of their competitors. They boast higher productivity and fewer accidents, improve retention, increase profitability and report better health outcomes, according to Gallup.^{viii}

Changing demographics

By 2020, millennials will comprise nearly half the workforce, bringing different expectations to the workplace.^{ix} Research from SHRM indicates that millennials are more interested in a company's well-being culture than in traditional human resource benefits.^x

Indeed, this generation is already doing more than its predecessors to evolve the definition of wellness, seeking a state of well-being where physical, mental, emotional and financial health are in check. In a PwC survey, 64% of millennial employees said they're stressed about their finances and 37% cite issues with personal finances as a distraction at work.^{xi}

Millennials care about being healthy but they also expect the workplace to provide a sense of purpose, social connectedness and financial stability. This explains why they're the most disengaged generation in the workforce.^{xii}



Two-thirds of organizations today say that well-being programs are critical to their employment and culture.

ⁱⁱⁱ Dimple Agarwal and others, "Well-being: A strategy and a responsibility. 2018 Global Human Capital Trends," Deloitte Insights, March 2018.

^{iv} "Chronic Diseases in America," Centers for Disease Control and Prevention: National Center for Chronic Disease Prevention and Health Promotion, October 2018.

^v Stephen Miller, "For 2019, Employers Adjust Health Benefits as Costs Near \$15,000 per Employee," Society for Human Resource Management, August 2018.

^{vi} Jim Harter, "Employee Engagement on the Rise in the U.S.," Gallup, August 26, 2018.

^{vii} Kavi Gupta, "Gallup: American Workers Are Unengaged and Looking Elsewhere," Forbes, March 2017.

^{viii} "State of the American Workplace," Gallup, 2017.

^{ix} Alan Kohll, "Why Millennials Are Good For Employee Well-Being," Forbes, October 2018.

Falling short

There is broad agreement that providing employees with a path to well-being not only makes business sense but is also the right thing to do. As the Johns Hopkins Institute for Health and Productivity surmises, “There may be another factor driving business success—employing happy, healthy, and productive workers who care deeply about the success of their company—because their company cares about them enough to provide a world-class health and safety program.”^{xiii}

Getting the right program in place and finding a way to measure it is easier said than done, however—and most programs fall short.

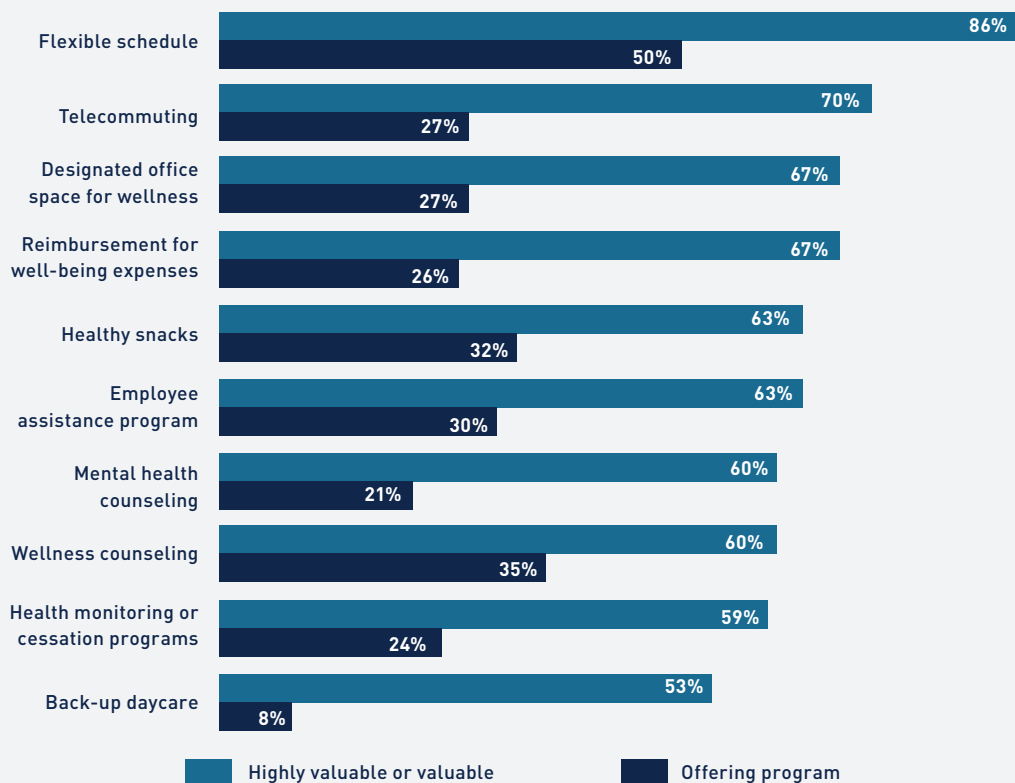
The marketplace is saturated with wellness programs of varying degrees, making it hard to filter through the offerings for the right fit. Most companies that have some flavor of wellness offer what *Knowable*

Magazine has coined “‘random acts of wellness’ – an annual health fair, say, or flu shots or a section on healthy lifestyles on the company intranet.”^{xiv} By focusing narrowly on physical health, they’re missing the bigger picture.

Further, return on investment is difficult to measure and there’s a significant gap between what employers do invest in versus what matters to employees. The disconnect is a key reason why average participation rates are so low—24% at last count.^{xv}

Employers may spend money on biometrics and smoking cessation programs when what workers really want are flexible schedules and daycare. A Deloitte study reveals the gaps in the chart below:

Well-being: What employees value vs. what employers offer



Source: Deloitte Global Human Capital Trends Survey, 2018

Deloitte Insights | deloitte.com/insights

^x Stephen Miller, “Millennials in the Dark About Their Benefits,” Society for Human Resource Management, January 2016.

^{xi} “2018 Employee Financial Wellness Survey,” PwC, 2018.

^{xii} “How Millennials Want to Work and Live,” Gallup, 2016.

^{xiii} Ron Goetzel, “Yet Another Reason to Build a Culture of Health at Your Company,” Johns Hopkins Institute for Health and Productivity Studies, January 2016.

^{xiv} Alla Katsnelson, “Do ‘workplace wellness’ programs work?” *Knowable Magazine*, July 2018.

^{xv} Ed O’Boyle and Jim Harter, “Why Your Workplace Wellness Program Isn’t Working,” Gallup, May 2014.

Well-being should come first

Many employers now recognize that true workplace engagement requires a new approach, one that comes from moving beyond wellness to well-being. At Cambia, for example, well-being starts with empowering employees toward life balance—focusing on health status and risk factors, personal circumstances in life and career, and their unique needs—through the following pillars:

Well-being baseline

1. Optimal health: By offering learning opportunities and practical tools that promote healthy living, employers can help staff lower health risks and improve health outcomes.
2. Readiness and resilience: To perform their best, employees need to have the strength to overcome adversity and manage stress in their personal lives and at work.
3. Positive emotions: Promoting a sense of happiness, accomplishment and satisfaction are central to employees' general fulfillment.



When employees are physically healthy, resilient and fulfilled, they can improve performance in all aspects of life and work.

Adding human performance

The performance of any business is inextricably tied to the performance of its employees. So it follows that many companies with workplace wellness programs are expanding their focus beyond well-being to models that also drive performance and inspire true engagement. Investing in both well-being and human performance will create measurable and significant increases in employee engagement, higher productivity and growth. In fact, a study that tracked the performance of C. Everett Koop Award winners—publicly traded companies that invested in health and well-being programs—found that those companies achieved a 325% rate of return on stock prices compared to 105% for the S&P 500 Index companies from 2001 – 2014.^{xvi}

True engagement equals results

↓ 41%

Lower absenteeism

↓ 24%

Lower turnover
(high-turnover organizations)

↑ 17%

Higher productivity

↑ 20%

Higher sales

↓ 59%

Lower turnover
(low-turnover organizations)

↑ 21%

Higher profitability

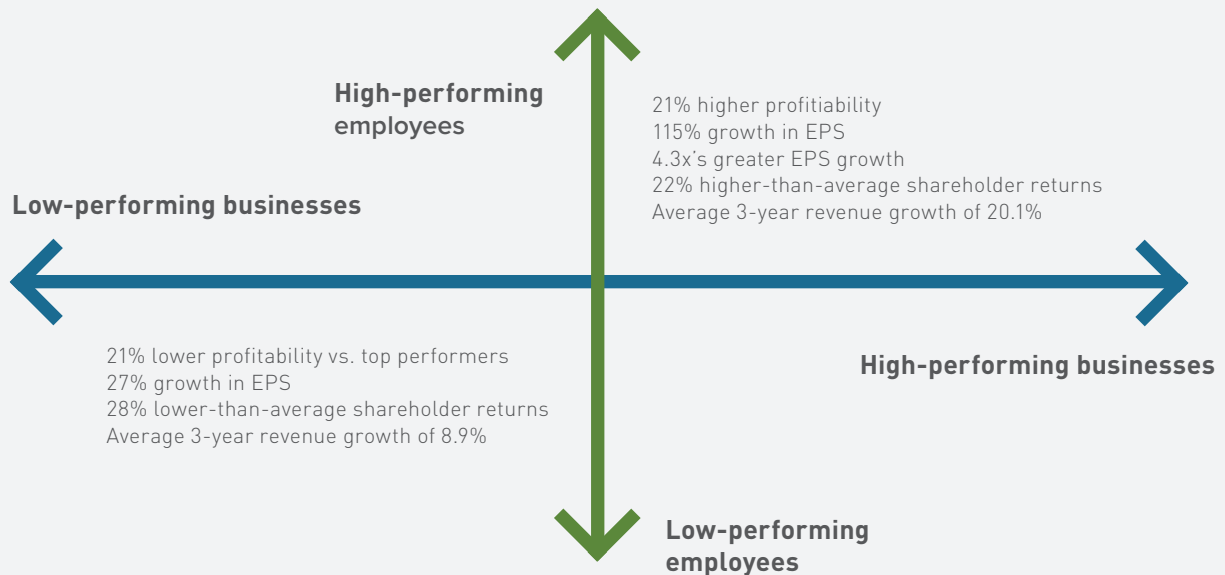
*When compared with business units in the bottom quartile of engagement, those in the top quartile released improvements in these areas. Source: Gallup

Human performance serves as the foundation for employees to propel themselves to greater heights, both professionally and personally. Within the Cambia framework, this means:

1. Reaching full potential by helping employees find excellence in who they are and what they do.
2. Inspiring purposeful living by allowing people to take charge of what matters most to them.
3. Finding true engagement in all aspects of life, including interpersonal and professional relationships, individual and company values, community service and support.
4. Developing a growth mindset by supporting employees in areas such as career path, goal setting, intrinsic motivation, leadership skills, feedback and recognition.

^{xvi} Ron Goetzel and others, "The Stock Performance of C. Everett Koop Award Winners Compared with the Standard & Poor's 500 Index," Journal of Occupational Medicine, December 2015.

Human performance drives business outcomes



Sources:
<https://news.gallup.com/reports/178514/state-american-workplace.aspx>
http://www.aon.com/attachments/thought-leadership/Trends_Global_Employee_Engagement_Final.pdf
McLean & Company staff (2012, April 23). Make the case for employee engagement. Canada: McLean and Company

High-performing employees are engaged employees. They show up to work and do more work. They're tuned into customer needs and more cognizant of processes, standards and systems. They stay longer in their jobs and ultimately help their organizations drive sales and profitability. Investing in human performance increases employee happiness and job satisfaction, ultimately improving business outcomes.

For employers, defining human-performance comes down to acknowledging what employees want and need

with respect to the broader aspects of well-being. While they may have concerns about job security and their ability to retire, employees may consider physical and mental health as well as work-life balance (e.g., flexible schedules and telecommuting) equally as important.

By focusing on well-being and productivity equally, companies can increase worker output and improve physical and mental health outcomes for employees.

Measurement

With a human-performance approach to well-being, employees can improve their whole selves and in turn help improve the whole company.

How do employers know if they're getting what they're paying for, whether in direct or indirect returns? Besides analyzing health care cost savings, companies should monitor participation rates, levels of absenteeism and retention rates as bare-minimum metrics. Measuring engagement directly must come from self-reported behavior change.

The challenge comes in looking at the data in a more comprehensive way. The Health and Human Performance Index (HaPI), developed by the Center for Health and the Global Environment at Harvard University's School of Public Health, combines elements of engagement, health, performance, culture and the physical work environment. The goal is to provide businesses with a universal benchmark to measure employee well-being, productivity, engagement, work culture and the built environment (e.g., building safety, air quality, thermal temperature or ergonomics).

Finding alignment

Employees today want the same things that the workers at the Pullman Car Company desired more than one hundred years ago: a sense of well-being whereby health, financial, emotional and social factors are valued in equal parts. They also want a work environment that fosters purpose and allows them to thrive, both professionally and personally.

Given the hours most people devote to their jobs, the workplace may have the biggest impact on their overall well-being and performance. In fact, Stanford researchers published a recent study showing that the workplace is the fifth leading cause of death in the U.S. and that traditional workplace wellness programs do little to address this.^{xvii} Successful well-being solutions take a holistic approach into account, understanding that health, financial, emotional and social issues all affect employee engagement and fulfillment.

Whole person, whole company, real results

| Business outcomes | Employee outcomes |
|--|---|
| Talent Retention, absenteeism, engagement | Job satisfaction Becoming best self |
| Operational Productivity, safety | Career development Community |
| Financial Revenue growth, total shareholder return, profitability, EPS | Intrinsic motivation Improved well-being |
| Customer Satisfaction, retention | Increased happiness and positivity |



Companies that honor all the facets of well-being—aligning them with employee expectations and the tools to bolster individual performance—can supercharge their workforce and thus the performance of the whole organization.

^{xvii} Marcel Schwantes, "Study: The Workplace Is Now the Fifth Leading Cause of Death in the U.S. (Above Diabetes). Here Are the Top 10 Reasons Why, Inc. Magazine, November 2018.

About Cambia

Cambia Health Solutions, headquartered in Portland, Oregon, is dedicated to transforming health care. We are a family of over 20 companies that work together to make the health care system more economically sustainable and efficient for people and their families. Our solutions empower more than 70 million Americans nationwide, including more than two million people in the Pacific Northwest who are enrolled in our regional health plans. A total health solutions company, Cambia is deeply rooted in a 100-year legacy of transforming the industry and the way people experience health care. And we're committed to delivering a seamless, personalized health care experience for the next 100 years.

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