



# Wellness as a measure of organisational effectiveness

A point of view from Right Management

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## Introduction

This context is forcing many organisations we work with to ask similar questions; Are we equipped to respond to the future? Are we agile enough to take a pragmatic, opportunistic view of our immediate development? How do we determine the future talent we'll need when we can't anticipate what tomorrow will bring?

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Our view is that organisations must take a whole system approach to building, protecting and sustaining organisational effectiveness. Our Organisational Effectiveness Framework (Figure 1, below) provides a means to determine the key factors and clearly map out a link between strategy and implementation.

At Right Management, our expertise and capabilities to effect change reach across all areas of our framework. During the last five years, one key theme has emerged: the extent to which employee wellness plays a critical part in the success of initiatives and programmes aimed at increasing organisational effectiveness.

A key challenge facing many organisations is the ability to remain effective at all costs. It is beyond doubt that we are in unprecedented times. Experts remain unsure about the future of our economy and the timing of the much anticipated 'bounce back'. Add to this the macro issues impacting our working world, such as an ageing population, pension crises and an economy which is fundamentally altering our organisations and our lives, it appears that organisations which can achieve success and survival today will create the foundations of future, sustainable growth.



**Figure 1**  
Organisational  
Effectiveness  
Framework™



Whilst cost reduction is critical in the current economic environment, the reality is that many organisations are threatened by the hidden costs of absenteeism and presenteeism.

*44% of workers reported a lack of sleep through stress*

In a report<sup>1</sup>, published in November 2007, almost 67% of British people felt more stressed, run down and prone to illness than they did three years ago. 44% of workers reported a lack of sleep through stress, the majority of which believed that their work was the root cause. Add to that the wider issues facing organisations – an ageing workforce, reduced talent pools, the impact and cost of factors such as stress – and the results directly impact on two specific areas; the ability to implement sustainable change and drive organisational success, and the ability to create a high level of individual employee engagement in order to deliver a strong customer experience and build an environment fit for purpose.

Right Management has proactively undertaken a research programme to better understand the link between wellness, individual productivity and engagement, and overall organisational effectiveness. In this, the first of several papers exploring the impact of wellness on productivity and engagement, we assume as fact that individual wellness is not only intrinsically linked to bottom line performance but is itself a key construct of organisational effectiveness.

## DEFINITIONS

In the last decade, employee engagement has been recognised as an accepted method of increasing Organisational Performance. Interest in employee engagement has never been higher, or more closely connected to business performance.

The rewards of such an approach are clearly marked out. Studies show that highly engaged companies are 29% higher in revenue terms, 50% more likely to have above-average customer loyalty and 44% more likely to return above-average profits<sup>2</sup>.

Yet, despite such activity and inevitable costs, our research shows that only 30% of employees in Ireland are fully engaged<sup>2</sup>.

Our recent research has explored a wider definition of employee engagement; one which factors the wellness of an individual, team or entire department into the overall equation. Our definition of wellness is the application of health, wellbeing and engagement interventions to drive sustainable improvement to the economic capability and capacity of the individual and consequently, the organisation. Through this research and practical delivery with clients, we are able to prove the long held belief that greater levels of productivity are fundamentally linked to employee wellness. Organisations can now use wellness as a key measure of individual and organisational effectiveness.



## RESEARCH OVERVIEW

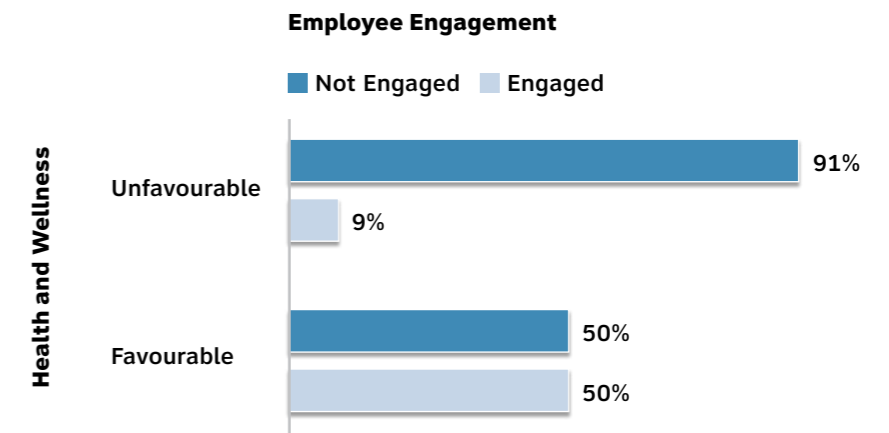
In 2008-09, nearly 30,000 employees representing 10 major industry sectors in 16 countries participated in our organisational effectiveness survey. In Ireland, this study covered 8 Regions and the organisations represented ranged from SME's of under 50 employees to those employing 10,000 or more staff.

### THE 10 MAJOR INDUSTRY SECTORS REPRESENTED IN THIS RESEARCH INCLUDE:

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

Our research shows a relationship between these constructs such that when participants responded favourably (Strongly Agree or Agree) to the statement 'My organisation actively promotes health and wellbeing', they were up to 5 times more engaged (50% v 9%) than when they responded unfavourably (Strongly Disagree or Disagree).

**Figure 2**  
Relationship between Wellness and Employee Engagement



## HEADLINE RESULTS

Right Management's Global Benchmarking Survey provides important insights into why wellness is so critical to the business agenda.

When wellness is central to the strategic aims of the organisation:

- Organisational performance increased nearly twice as much (59% v 30%)
- The number of engaged employees increased over 5 times (50% v 9%)
- Creativity and innovation increased 3.5 times (20% v 70%) (See Figure 3)

Conversely, when wellness is not managed well:

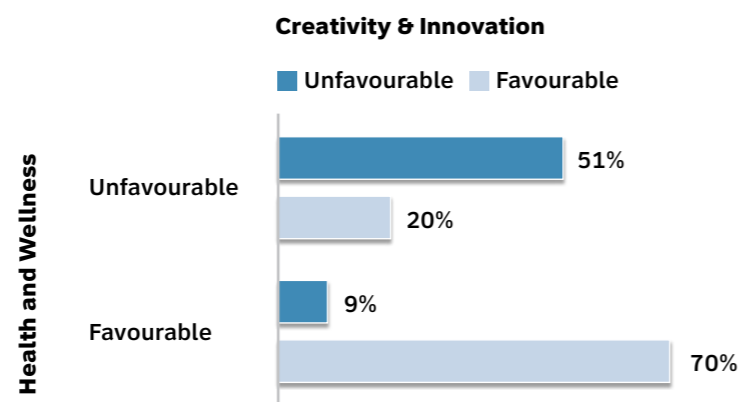
- The number of disengaged employees nearly doubled (91% v 50%)
- Creativity and innovation decreased nearly 6 times (9% v 51%)
- An organisation is nearly 3 times more likely to lose talent in the next 12 months (22% v 7%)

Specific findings for Ireland clearly map the trend set by the UK and Global results:

- 43% of Irish employees work in organisations that actively promote health and wellness, compared to 47% in the UK and 49% globally
- 49% of Irish employees feel they can balance work and personal interests and still progress, compared to 50% in the UK and 51% globally
- 52% of Irish employees experience reasonable pressure at work, compared to 53% in the UK and 54% globally
- 52% of Irish employees have an appropriate workload, compared to 55% in the UK and 53% globally
- 68% of Irish employees work in a safe and healthy environment, compared to 70% in the UK and 65% globally
- 30% of Irish employees are engaged, compared to 33% in the UK and 34% globally

## RELATIONSHIP BETWEEN WELLNESS, CREATIVITY & INNOVATION

Our findings suggest that there is a relationship between wellness and creativity & innovation, which is critical for success in the new economy. Figure 3 indicates that participants who said their organisation promotes wellness were 3.5 times more likely to agree that their organisation encourages creativity and innovation<sup>3</sup>.



**Figure 3**  
Relationship between Wellness and Creativity & Innovation

## IMPLICATIONS FOR ORGANISATIONS

Research has indicated that a sustainable wellness programme needs to consider four key areas of measurement<sup>4</sup>:

Lifestyle Risks	physical activity, nutrition, weight management, alcohol use, tobacco use, sleep, behaviour risk
Psychological Health	stress, anxiety, depression, resilience
Physical Health	musculoskeletal, cardiovascular, medical history, general health
Organisational Engagement	commitment, satisfaction, advocacy, pride, workplace factors

An approach that integrates all four elements will build a consistent, actionable and sustainable strategy across the organisation. The business case for investment is already growing and is evidence based. The bottom line is simple: organisations which actively promote wellness are twice as likely to be recognised as high-performing organisations by their employees<sup>2</sup>.

## HOW CAN ORGANISATIONS RESPOND?

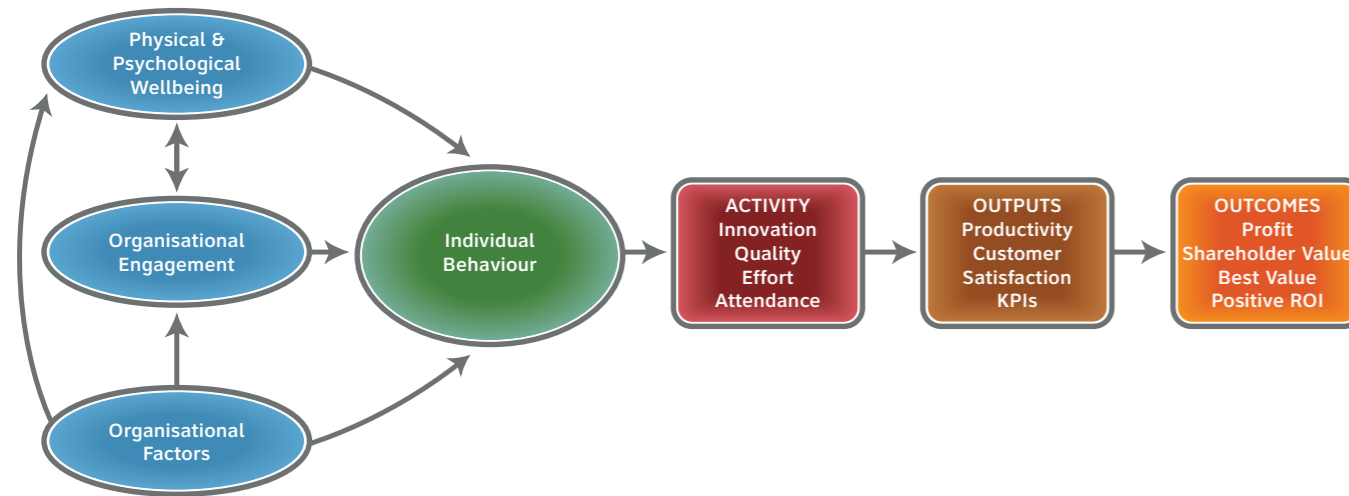
In 2005, research conducted by Business in the Community and HR Magazine found that having a 'healthy workforce' was a top five boardroom issue for CEO's, HR Directors and Finance Directors and yet 70% admitted that they were not promoting wellness at work effectively.

Our own research indicates that the "C" suite are not clear on how to implement effective wellness strategies, primarily because of the blurred lines between health and wellness as key strategic imperatives. Using an evidence based approach, Right Management has created a clinically and commercially validated solution. Drawing upon data sets of some 5 million registered users worldwide, the solution enables organisations to take a strategic position on wellness for the first time, empowering management to make more effective decisions with demonstrable returns on investment and placing wellness as a key measure of organisational performance.

We first tested this new approach with a number of key public and private sector clients including the London Fire Brigade, the Department of Work and Pensions, PepsiCo and Mazda. Outcomes for clients have included, in one case, a 50% reduction in absenteeism. Our work in this critical area has gathered pace. We are currently embarking on a global roll out of this service, enabling our clients to view the productivity and effectiveness of their organisation in a totally new and refreshing way, enabling strategic, focused interventions to be applied in the most effective ways to tackle the underlying issues impacting employee performance.

Our approach is systematic in creating change at an individual level, which impacts the organisation as a whole (see Figure 4). To increase productivity, reduce costs and increase creativity, organisations must focus on overall organisational effectiveness, of which individual wellness is a key component.

**Figure 4** Wellness & Productivity Management Model



## CONCLUSION

As organisations are faced with the new realities of the economy it is clear that new approaches to solving old problems are needed more now than ever.

Wellness is no longer a peripheral issue, but one which can underpin strategy to develop lasting organisational effectiveness.

Sustainable productivity improvement is created through simple, but effective steps. Organisations that wish to make the step change should consider:

- Communication: build and share the business case
- Measurement: kick start the behaviour change by creating an understanding of what to do
- Education: create knowledge about how to achieve health and engagement
- Supporting systems and behaviours: embed the change
- Re-measuring: understanding Return on Investment to shape provision

## REFERENCES

- 1 Business in the Community: "Britain Under Pressure" November 2008.
- 2 Izzo & Withers (2000): "Values-Shift: The New Work Ethic & What it Means for Business".
- 3 Global Benchmarking Study, Organisational Effectiveness Survey, Right Management. December 2008 Base: 28,810 employees.
- 4 World Economic Forum, Working Towards Wellness: Measuring Results, 2008, Switzerland



## About Right Management

Right Management ([www.right.com](http://www.right.com)) is the talent and career management expert within Manpower, the global leader in employment services. Right Management helps clients win in the changing world of work by designing and executing workforce solutions that align talent strategy with business strategy. Our expertise spans talent assessment, leadership development, organisational effectiveness, employee engagement and workforce transition. Right Management partners with companies of all sizes. More than 80% of Fortune 500 companies are currently working with us to help them grow talent, reduce costs and accelerate performance.

Right Management is a wholly owned subsidiary of Manpower Inc., leader in the employment services industry, creating and delivering services that enable its clients to win in the changing world of work.

### FOR FURTHER INFORMATION

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