

Perspectives

Culture of Health and Financial Well-Being

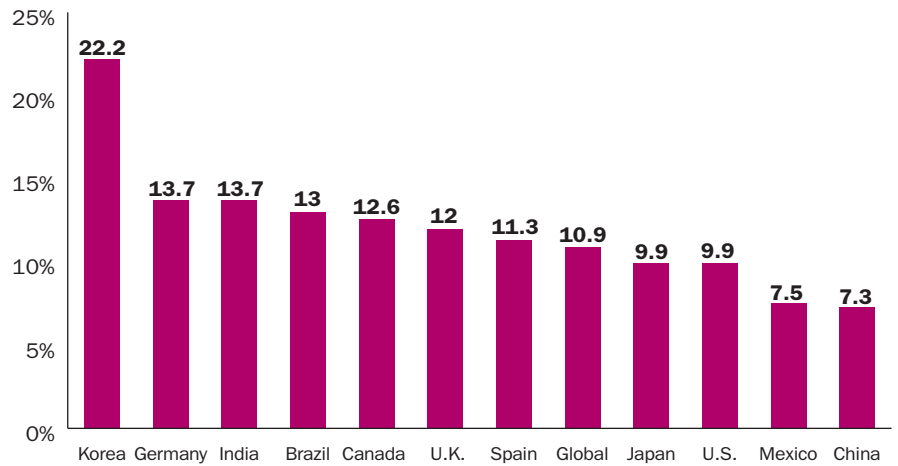
Driving Business Value

Company focus on employee health and financial well-being has a direct correlation to

- Improving overall workforce productivity
- Giving an organization a competitive edge over its peers
- Improving an employer's ability to attract and retain talent

Today, on average, employees around the world lose almost 11 days of productivity at work each year. The cost of this presenteeism — lost productivity while on the job — varies significantly from company to company and country to country (for instance, from just over seven days a year in China to over 20 days in Korea, as shown in *Figure 1*). These dramatic differences illustrate that there is an opportunity to drive a significant competitive advantage for companies that aggressively act to improve the productivity of their workforce. To achieve this competitive edge, our latest research indicates that many successful organizations are employing a dual strategy of investing in both their employees' health and their financial well-being.

Figure 1. Presenteeism days lost



Two Data Classes: Financial Well-Being and Culture of Health

Our results indicate that organizations can have a motivated and high-performing workforce, even amid today's fast-paced and high-pressure environment, if they commit to supporting both employee financial well-being and a culture of health. The Global Workforce Study measured employers' performance in both categories using the following factors:

Financial well-being

- Ability to provide compensation and security benefits that are competitive
- Ability to explain and use technology to deliver these rewards
- Ability to provide retirement, and health and wellness benefits to meet employee needs



Culture of health

- Ability to promote a healthy work environment
- Ability of senior leaders to support policies that promote employee health and well-being
- Ability to offer health- or wellness-related initiatives and programs that encourage workers to live a healthier lifestyle
- Ability to reward employees for healthy lifestyles or taking steps to improve their health



“According to Towers Watson’s 2012 – 2013 Global Workforce Study, employers that successfully invest in supporting both employee health and employee confidence in their financial well-being drive a surprisingly high return on investment for stakeholders.”

The Productivity Problem

Ironically, global companies seeking to improve productivity as they struggle with economic uncertainty and cost pressures may actually exacerbate the problem. Requiring employees to work longer hours, either by demand or inference, can increase stress or reduce energy levels needed to accomplish the day's tasks. Instituting organizational changes and cost-cutting measures contribute to employee uncertainty and concern about their financial futures. And restructuring through merger, acquisition or realigning the workforce to increase effectiveness may actually raise workers' fears that their jobs could be eliminated and reduce their effectiveness.

How does an employer hone its competitive edge and improve business value in this challenging environment? According to Towers Watson's 2012 – 2013 Global Workforce Study, employers that successfully invest in supporting both employee health and employee confidence in their financial well-being drive a surprisingly high return on investment for stakeholders. In fact, the ROI tied to employee productivity, talent management and public image can be two to four times higher for organizations that effectively invest in supporting a culture of health and employee financial well-being.

Globally, employee perceptions of an organization's commitment to their financial well-being and a culture of health correlate closely with their perceptions of key business value elements:

- Their own level of sustainable engagement
- The organization's employee value proposition (EVP)
- The public's perception of their organization

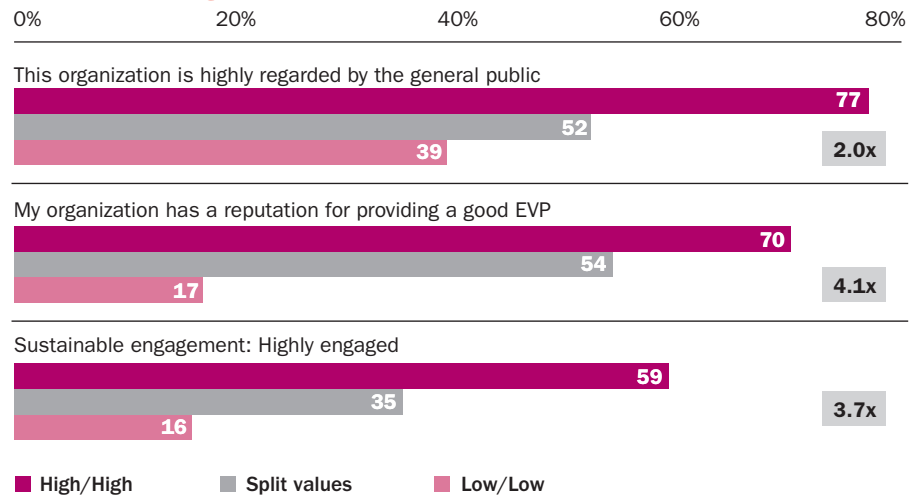
Employees giving high ratings on both financial well-being and culture of health are three times more likely to achieve the level of sustainable engagement than employees of organizations with low scores for both areas (Figure 2). Sustainable engagement comprises three elements: traditional engagement, enablement and energy.

Impressively, similar relationships are observed regarding employee perceptions of their organization's reputation for providing a good EVP (four times better) and for their organization's public image (two times better) when employees give high marks to both financial well-being and culture of health.

Productivity Soars With Organizational Support

Although productivity results vary by country, a consistent relationship exists between organizations whose employees score them highly on financial well-being and culture of health measures. Companies that deliver high ratings for both categories average 8.8 days lost to presenteeism. Organizations that score poorly in both categories average 12.7 days lost to presenteeism — an increase of 44%. These additional four lost days of productivity — almost a workweek — could translate to a loss of over \$10 million for a 10,000-employee U.S. company.

Figure 2. Measuring the level of sustainable engagement with financial well-being and culture of health





3x
more likely

Employees giving high ratings on both financial well-being and culture of health are three times more likely to achieve sustainable engagement.

3 elements of sustainable engagement

- ▶ traditional engagement
- ▶ enablement
- ▶ energy

When employees give high marks to both financial well-being and culture of health, their perceptions reveal that they feel their organizations have a...

4^x better reputation for providing a good EVP

2^x better public image

Attract and Retain Key Talent

Once again, employees who believe their organization has a strong culture of health — along with programs to address their financial well-being — view their employer as having a good reputation, and able to attract and retain high-quality employees. In fact, the ability to hire highly qualified employees is perceived to be almost three times more favorable (2.84), and the ability to retain qualified employees is well above three times more favorable (3.5) (Figure 3).

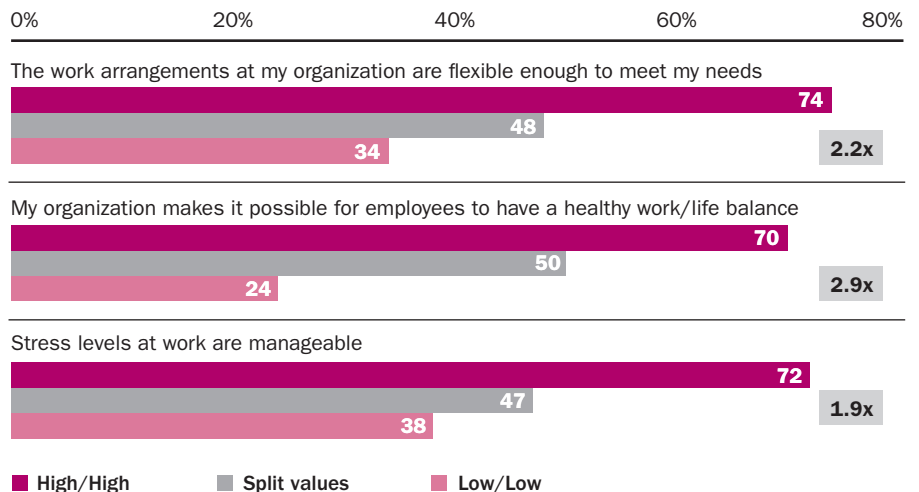
Improved Perceptions of Work/Life Balance and Stress

Various factors influence employee perceptions of work/life balance and work-related stress. Available staffing support and supervisor relationships are examples of elements that shape employees' views. However, it is interesting to note that companies that provide strong support for a culture of health and financial well-being also score highly in terms of employee perceptions related to stress, work/life balance and flexible work arrangements — often by a multiple of two times or better (Figure 4).

Figure 3. Measuring the level of ability to attract and retain high-quality employees with financial well-being and culture of health



Figure 4. Measuring work/life balance with financial well-being and culture of health



Next Steps: Expanding Business Value

In many cases, demands on the business's bottom line create demands on budgets and on employees. To enhance business value, organizations must continue to maximize the return received on investments in employee health and financial well-being programs. While measuring ROI is far from an exact science, it is clear that employee perceptions of their organization — and of their own productivity — soar when these needs are addressed. Most importantly, many organizations with relatively low productivity and engagement scores have already established foundational programs and

To build a culture of health, consider the following actions:

- ✓ **Make health a top priority.** Both employees and employers gain from improved personal health.
- ✓ **Understand the employee population.** Be aware of demographics, drug utilization, absence/productivity statistics and engagement levels.
- ✓ **Focus programs on wellness, prevention and managing illness.** Deliver consistent programs and messages across the health management continuum.
- ✓ **Equip employees to make the right decisions.** Employees must have easy access to information and tools for making better health care choices both proactively and at the point of care.
- ✓ **Manage vendors aggressively.** Build a vendor accountability model to monitor and influence performance through established standards.

services to address these needs. However, their work may not yet be complete. The brief checklists below of best practice approaches can help employers get on the right track.

Company support of employee health and employee financial well-being is rapidly becoming a significant factor in both the competition for talent and in increased workforce productivity. Well-executed strategies that effectively deliver programs and resources to support these objectives are likely to differentiate leading organizations from their peers.

To support financial well-being, consider the following actions:

- ✓ **Ensure** the baseline competitiveness of both compensation and benefits to support attraction and retention goals.
- ✓ **Establish** a clear line of sight between employee performance and pay: Differentiate salary and bonus awards based on employee performance.
- ✓ **Communicate** the value of the employee's total rewards package through both traditional and innovative channels, such as statements and portals.
- ✓ **Periodically assess** employee preferences, and adjust the total rewards package accordingly.

About Towers Watson

Towers Watson is a leading global professional services company that helps organizations improve performance through effective people, risk and financial management. With 14,000 associates around the world, we offer solutions in the areas of benefits, talent management, rewards, and risk and capital management.