



The Economics of Wellbeing

Tom Rath and Jim Harter

Coauthors of Wellbeing: The Five Essential Elements (Gallup Press, 2010)

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Whether you manage a few people, lead a large group, or run an entire organization, you are already in the business of managing employee wellbeing.

The research on this topic is quite clear: Your workforce's wellbeing directly affects your organization's bottom line.

Even if you have never thought of your employees' wellbeing as your business, each person's wellbeing is critical to achieving an organization's goals and fulfilling its mission. Every day in your organization, some employees don't show up, don't give their best effort, erode your productivity, and cost you millions of dollars because they are struggling or suffering in important areas of their lives. Other employees engage their colleagues and customers, generate new ideas, and save your organization thousands of dollars in healthcare costs because they take responsibility for their health and overall wellbeing. Simply put, your employees' wellbeing can be measured, managed, and quantified.

Since the mid-20th century, Gallup scientists have been exploring the demands of a life well-lived. Recently, in partnership with leading economists, psychologists,

sociologists, physicians, and other acclaimed scientists, we explored this topic in greater detail. From various in-depth analyses, including random samples from more than 150 countries, we studied the common elements that best differentiate lives spent thriving from those spent struggling or suffering.

As we completed this research, distinct statistical factors emerged. These five core dimensions are universal and interconnected elements of wellbeing — how we think about and experience our lives. The five elements are:

Career Wellbeing: how you occupy your time and liking what you do each day

Social Wellbeing: having strong relationships and love in your life

Financial Wellbeing: effectively managing your economic life to reduce stress and increase security

Physical Wellbeing: having good health and enough energy to get things done on a daily basis

Community Wellbeing: the sense of engagement and involvement you have with the area where you live



Estimating the Costs of Low Wellbeing

For illustrative purposes, consider an estimate of the overall employer health-related costs explained by variance in employees' wellbeing, based on a longitudinal Gallup Panel study of 5,271 full-time employees across the U.S. Overall health-related costs include those linked to chronic disease burden (high blood pressure,

estimates^{1,2,3,4,5} that can be applied to health data to estimate the economic effect on organizations.

Wellbeing was measured using Gallup's Wellbeing Finder, an assessment with scores that range from 0 to 100. The Wellbeing Finder program enables individuals to track their wellbeing to see the areas in which they are thriving (a score of 70 and above), struggling (a score of 40 to 69), or suffering (a score of 39 or below).

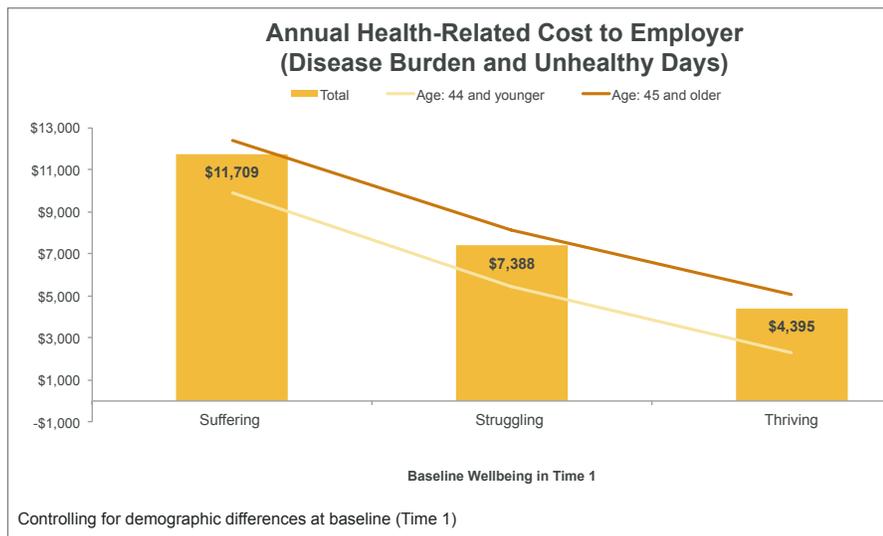
After collecting wellbeing and health data for two years, we studied the relationship between wellbeing measured in the first year and conservative estimates of employer-realized health costs in the following year. The analysis controlled for demographics such as age, gender, marital status, education level, race, and income and considered first-year and ongoing maintenance costs, which vary by disease-burden type. The analysis also considered non-overlapping costs associated with unhealthy days, primary types of chronic disease burden, and obesity.

Compared with employees who are struggling, thriving employees have 41% lower health-related costs to the employer, a difference of \$2,993 per person. For every 10,000 employees, this represents a difference of nearly \$30 million.

As illustrated in Figure 1, there is a per-person difference of \$7,314 between those who are thriving (70 or

Figure 1

Employees Who Are Thriving in Overall Wellbeing Have 41% Lower Health-Related Costs Compared With Employees Who Are Struggling and 62% Lower Costs Compared With Employees Who Are Suffering



high cholesterol, anxiety, depression, heart disease, insomnia, and back pain), obesity, and acute illness (unhealthy days). Associated costs to employers include direct medical costs, missed workdays, short-term disability, and lost productivity. Various sources provide conservative cost

more points) on Gallup's Wellbeing Finder and those who are suffering (39 or less points).

Further, we have studied the relationship between changes in wellbeing and changes in disease burden and obesity. For example, in a study of more than 13,000 panel members, we found that a 5-point increase in wellbeing on a 0-to-100 point scale was associated with a 6% decline in probability of being classified as obese.⁶ In another study of more than 11,000 panel members, we found those whose wellbeing improved by 10 or more points realized an additional 9% lower rate of new disease compared with those whose wellbeing declined by 10 or more points.⁷

These studies suggest baseline wellbeing and changes in wellbeing are independently associated with important health outcomes, even after controlling for demographic differences. As might be expected, the likelihood of experiencing health problems increases as we age. But the relationship between wellbeing and health costs is consistent across age groups. Our studies suggest the health-related costs for a 60-year-old with high wellbeing are actually lower than those for a 30-year-old with low wellbeing.

As part of the longitudinal study, we also were able to track employee turnover. This enabled us to study the relationship between overall

wellbeing at Time 1 and subsequent job status in the following year. Based on a review of literature estimates, we calculated employer cost of turnover, taking into consideration costs of lost productivity, replacement costs, and the effect of turnover on coworkers' productivity. Because turnover costs vary by job type, we applied differential cost estimates, depending on respondents' general job types (0.5 times salary for frontline positions, 1.0 times salary for professional jobs, and 1.5 times salary for managerial jobs). We then appended these cost figures to individual records in the database.

Figure 2 illustrates the differential per-person cost of turnover for full-time employees who are thriving, struggling, and suffering in their overall wellbeing. For example, the cost of turnover per person employed with thriving overall wellbeing is 35% lower than that of those who are struggling. This is because thriving employees leave at a 35% lower turnover rate than do struggling employees. Thriving employees have lower turnover rates and associated costs — \$1,948 less per person employed — compared with those who are suffering. For every 10,000 employees, this represents \$19.5 million. Although turnover is more common among younger employees, higher wellbeing at baseline was predictive of lower turnover and lower turnover costs in the next year for younger and older employees alike.

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Given the high unemployment rate and general economic climate at the time of this report, employee turnover is not at the forefront of most executives' minds. But how employees are treated today may affect the decisions they make when economic conditions improve. As part of our longitudinal study, we found 24% of full-time employees

performance — are likely to have important implications on the moves employees make in the future.

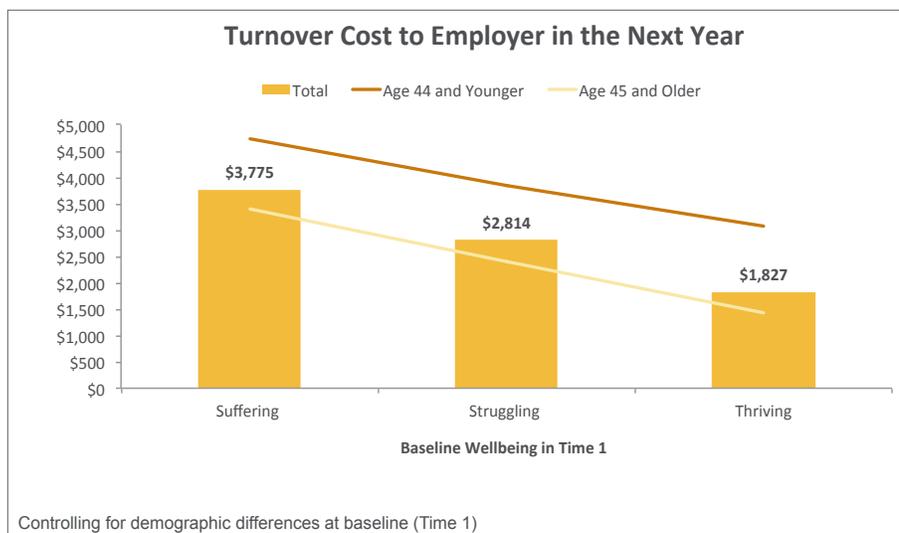
There are many ways to represent the economics of wellbeing. Whether using an approach that quantifies health-related costs, or one that quantifies the costs of turnover, the economic differences between those who are thriving and those who are struggling or suffering are substantial and have practical relevance for any organization.

Much like medical researchers study how disease burden influences physical health, we can see how specific elements in our lives shape our overall wellbeing. If someone has two forms of disease burden (such as heart disease and obesity), it is possible to not only study these conditions in isolation, but also to examine the *cumulative effect* of both conditions. Gallup finds that the same underlying principle applies to wellbeing. If someone has struggling Career Wellbeing and struggling Financial Wellbeing, for example, there is a cumulative effect in terms of how this combination increases his or her stress levels and decreases productivity.

What follows are high-level findings about the costs associated with “wellbeing burden” for each of the five elements of wellbeing.

Figure 2

Thriving Employees Realize 35% Lower Turnover Cost Compared With Struggling Employees and 52% Lower Cost Than Suffering Employees



surveyed said they would look for a new job if the job market improves in the next 12 months. Those who were struggling or suffering in overall wellbeing were more than twice as likely as those who were thriving to say they would look for another job if the job market improves. The actions that employers take today to improve lives — in addition to improving job

The Cost of Low Career Wellbeing

Among randomly selected U.S. workers, *a mere 29% are engaged in their jobs*⁸ and *only 11% are engaged worldwide*.⁹ Work units with many engaged employees realize substantially higher levels of customer engagement, productivity, and profitability compared with teams with fewer engaged employees. And engaged teams have less absenteeism, lower turnover, fewer accidents on the job, less theft or unaccounted-for merchandise, and fewer quality defects.¹⁰ These short-term effects of engagement on performance translate into long-term effects on earnings per share.

Those 11% of engaged employees worldwide (who are thriving in Career Wellbeing) are also more than three times as likely as actively disengaged employees to be *thriving in their lives overall*. While most people don't realize how closely intertwined their Career Wellbeing is with their overall evaluation of their life and daily experiences, Gallup's research suggests that this may be the single most important element of one's wellbeing.

Because they enjoy what they do on a daily basis, those with high Career Wellbeing get more done and can work substantially longer hours without burning out. In sharp contrast, workers we studied with low Career Wellbeing began to disengage

after just 20 hours of work in a given week.¹¹ As a result, workgroups made up of employees with low Career Wellbeing are less likely to retain workers and have more incidents of workplace injury and theft.

Engaged employees are also healthier than their disengaged colleagues, even after controlling for age and prior health status. And employees with low Career Wellbeing are likely to take a toll on an organization's bottom line in the form of substantially higher healthcare costs. People in disengaged workgroups are nearly *twice* as likely to be diagnosed with depression and have higher stress levels and are at greater risk for heart disease.¹² And as we age, the impact of low Career Wellbeing on sick days continues to increase.

In a recent study, we captured the momentary experiences and physiology of both engaged and disengaged employees.¹³ Through experience sampling methods, we studied the moments during the day when these employees were happy, interested, and stressed. Engaged employees experienced greater happiness and interest throughout the day, and less stress. These differences in momentary mood were more pronounced on working days and in working moments than on weekends or in non-working moments. Through saliva samples, we also found that the moments in which employees reported more happiness and

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Having a job that is disengaging is, in many ways, worse psychologically than having no job at all.

interest were associated with lower cortisol (the stress hormone), and the moments in which they reported higher stress were associated with higher cortisol. Further, disengaged workers had measurably higher cortisol on weekday mornings compared with engaged employees. Engaged and disengaged employees showed no difference in cortisol levels on weekends.

Having a job that is disengaging is, in many ways, worse psychologically than having no job at all. In another recent study of U.S. workers, actively disengaged employees reported similarly poor health as the unemployed.¹⁴ But perhaps even more telling is that they were 12% less likely than the unemployed to be thriving in their lives overall. The actively disengaged also reported less enjoyment, less learning and interest, and more stress and anger compared with the unemployed.¹⁵ On the other hand, people who were engaged in their work and thriving in Career Wellbeing had better overall lives, with more enjoyable, more interesting, and less stressful days.

Gallup's wellbeing research reveals that there are numerous ways for organizations to help employees improve their Career Wellbeing. Organizational leaders and managers can help workers connect their work to a higher purpose. They can focus more on people's strengths, which can eliminate active disengagement.

Leaders can also motivate employees to achieve their goals and find hope for a better future.

Recent research also indicates that engaged employees are 21% more likely than actively disengaged employees to be involved in wellness programs offered by their employers (even after controlling for differences in demographics). Based on a study of 7,898 panel members, 38% said that their organization offers a wellness program. Of this group, 39% said they currently participate in a wellness program. This means that only 15% of all workers we studied participate in a wellness program sponsored by their organization.

Further, the relationship between engagement at work and involvement in wellness programs was consistent across body mass index (BMI) groups (normal, overweight, and obese) and people with and without disease burden. In other words, even among people who are classified as obese and who have pre-existing disease burden, those with higher Career Wellbeing are more likely to become involved in employer-sponsored wellness programs.¹⁶ This shows that investing in people's development might in turn cause them to take the initiative to invest in themselves and their own wellbeing. When they feel that the work they do matters, they are motivated to use available resources to ensure their overall wellbeing is strong.

Those who are engaged in their work are more than three times as likely as those who are disengaged to be thriving in their overall lives. As important as Career Wellbeing is, still more than half of those who are engaged in their work are struggling or suffering in other aspects of their lives. Even at organizations that have been working on building an engaging culture for a decade or more, this finding exposes a big opportunity.

The Cost of Low Social Wellbeing

Social Wellbeing is closely intertwined with Career Wellbeing. In a random sample of 1,479 working adults, we found that 32% had thriving Career Wellbeing. But among those with low Social Wellbeing, only 10% showed thriving Career Wellbeing. For those with thriving Social Wellbeing, 49% were also thriving in their careers.

Yet the vast majority of organizational leaders don't think it is their responsibility to help employees boost their Social Wellbeing. Although strong social relationships are among the most fundamental of human needs, just 8% of workers strongly agree that their organization helps them build stronger personal relationships, while most employees disagree with this statement.

Gallup has studied extensively the impact of friendships on an organization's productivity. By asking

more than 20 million workers if they have a "best friend at work," we discovered that people who have high-quality friendships on the job are *seven times as likely to be engaged in their work*. Without a best friend, work can be a very lonely place: Those without a best friend in the workplace have just a 1 in 12 chance of being engaged. Social relationships at work have also been shown to boost employee retention, safety, work quality, and customer engagement.

But can organizations really help workers lead better social lives? Obviously, leaders can't just tell people to have better relationships, but they can create an environment in which people are more likely to make connections and build strong social networks. They can provide mentors to encourage employees' personal and professional development. And organizational leaders can help employees understand the need for quality social time during the workday and beyond.

Recent research suggests that the wellbeing of those we live with is connected to our own wellbeing. Those with a household member who is thriving are twice as likely to be thriving themselves.¹⁷ Many important health and wellbeing trends are closely connected to our social ties, even several degrees removed. Even our friends' friends' friends' happiness, health habits, and obesity can have an effect on



our happiness and health. Within the office, one recent study suggests the wellbeing of our supervisor and peers is closely connected to our own wellbeing. We are social beings, and our need to be connected to others doesn't disappear when we enter the office. For many important societal issues, including health and wellbeing, the quickest road to change might involve leveraging the existing social networks that are naturally imbedded in organizations,

The Cost of Low Financial Wellbeing

Employees need a moderate level of Financial Wellbeing to meet their basic needs. Yet many organizational leaders — from executives to leaders in human resources and benefits — make the mistake of confusing monetary compensation with real financial security. Gallup studies have found that *financial security has nearly three times the impact of income alone on employees' overall wellbeing.*

Many organizations do offer programs to help employees manage their finances, but the average employee does not think his or her organization is very effective in this regard. Unfortunately, just 7% of employees strongly agree that their organization does things to help them manage their finances more effectively.

Low Financial Wellbeing, even if it is not specific to one's job, has a wide range of ramifications for the

employee and the employer. If people don't perceive their pay to be fair and equitable for the work they are doing, it can lead to disengagement and cause them to leave the organization when a better job comes along. Yet what might be even more damaging is the effect of financial worries on employees' mental and physical health. Low Financial Wellbeing can lead to stress, anxiety, insomnia, headaches, and depression.

Even if your organization is not able to increase wages, there are several ways to increase employees' Financial Wellbeing. The choices that organizations make for their employees, such as opting them into retirement plan participation, can positively influence savings over a lifetime. In the U.S., employers are in a unique position to help employees make choices about retirement, savings, and healthcare. At a more individualized level, the most progressive organizations we have worked with are already doing a great deal to help employees make better decisions about their short-term finances as well. Educational programs at work can help employees make better decisions about how they spend their money and how they save it to minimize risk and subsequent stress.

Perhaps most importantly, organizations can help their employees be more conscious about *how they spend* their money. As we discuss extensively in the book

Gallup found that financial security has nearly three times the impact of income alone on employees' overall wellbeing.

Wellbeing: The Five Essential Elements, people can improve their wellbeing by *spending on others or giving to charities* instead of spending only on themselves. And they can improve their wellbeing by spending on *experiences*, such as time out with friends or vacations with family. Spending a substantial amount of time socially each day creates more enjoyable and less stressful days. This finding is true across levels of income. The challenge lies in helping people understand how managing their finances well can allow them to do what they want to do when they want to do it.

When asked to compare themselves with people they spend a lot of time with, those thriving in Career and Social Wellbeing are nearly two times as likely to say they're satisfied with their standard of living. Our experiences in our careers and social lives appear to set the context for how we use our money and evaluate our financial situations.

The Cost of Low Physical Wellbeing

Many employers are already making a considerable investment in helping employees improve their physical health and wellness. In the U.S., because organizations often pay for a large portion of an employee's healthcare costs, many employers have some type of workplace wellness initiative. This is why it is so

surprising that just 11% of workers we've surveyed strongly agree that their organization offers ways to help them improve their physical health.

Recently, the costs of poor physical health have received a great deal of attention. In general, estimates show that up to three-fourths of all costs in the U.S. healthcare system might be due to conditions that are preventable and within our control.¹⁸ Smoking, poor diet, and lack of exercise cause or exacerbate a majority of the health problems plaguing our nation today.

While many leaders — organizational and political alike — focus on the direct costs associated with paying for their employees' medical care (which have been well-documented), our results suggest that employees with low Physical Wellbeing could be taking an even larger economic toll. Much of the research conducted on this topic has strictly examined medical costs such as prescription drugs, doctor visits, hospital stays, and insurance premiums. While these costs are eroding many organizations' balance sheets, they may be a gross underestimation of the actual economic cost of low Physical Wellbeing.

When an individual with struggling Physical Wellbeing shows up for work, it is highly unlikely that he or she has the energy to achieve as much as an employee with thriving Physical Wellbeing. Those with high Physical Wellbeing simply have more energy and resilience, report less stress, and

Those thriving in Career and Social Wellbeing are nearly two times as likely to say they're satisfied with their standard of living.

get more done in less time. They are also more likely to be in a good mood, thus boosting the engagement of their colleagues and customers. On the other hand, unhealthy people report less daily energy. For example, our research indicates obesity is linked to decreasing levels of daily energy as we age. Age and obesity appear to have compounding effects on our daily energy. So the next challenge for organizational leaders is to quantify the *indirect costs* of low Physical Wellbeing.

Today, just 9% of workers in the U. S. say that it is very easy to find healthy food at their place of work.

As we are learning from some of the most progressive organizations we have worked with, employers are in a unique position to help employees and their spouses, partners, and children lead healthier lives. Organizations can create cultures and workplaces where employees have more healthy choices. Whether this is in the form of low-fat foods in a common dining area, on-site exercise facilities, incentives for healthy behaviors, physical education initiatives, or managers who truly care about their employees' lives, organizations can give people the means to take responsibility for their physical health.

But simply providing employees health-related offerings won't guarantee positive decisions unless the organizational culture is one that supports its intentions. This can happen by removing barriers to positive health-related decisions and making it easy for employees to make

healthy decisions. Today, just 9% of workers in the United States say that it is very easy to find healthy food at their place of work. And less than 5% report that their organization offers financial incentives for leading a healthier lifestyle. Turning an organizational culture into one in which the expectation is high personal wellbeing most likely starts with formal leadership decisions that result in positive defaults coupled with less formal wellbeing role models and mentors. Improving the current situation is in *both* the individual's and the organization's best interest, with average family insurance premiums costing \$3,515 per worker (as of 2009) and an additional cost of \$9,860 to the employer for each worker who is covered.^{19,20}

The Cost of Low Community Wellbeing

The people you lead have a direct influence on the quality of life in their communities. The most progressive organizations we have studied are actively involved in making a difference in their communities, whether through improving aesthetics, social offerings, serving on community councils, or donating time or money. Thriving Community Wellbeing requires active participation in some type of community group or organization. Having employees who are thriving in Community Wellbeing improves an organization's image and increases its

positive effect on the community. On the other hand, when organizations run their businesses in isolation, they miss out on potential gains in Community Wellbeing for their employees and the organization.

Community Wellbeing appears to be the most often overlooked of the five elements. When Gallup asked people to weigh the importance of each of the five elements to their overall wellbeing, most gave the lowest weight to Community Wellbeing. But those who weighed Community Wellbeing on par with other wellbeing elements had the highest levels of actual wellbeing. Community wellbeing appears to be a differentiator between a “good” and a “great” life.

Community Wellbeing is strongly linked to the other four areas of wellbeing. At one large insurance company, we found those who were suffering in Community Wellbeing had 91% greater turnover rates than those who were thriving. In a large international study, we found that people with strong Career Wellbeing were 20% to 30% more likely to say they volunteered their time to an organization in the past month. And having a career mentor is particularly important to both Career Wellbeing and volunteering. In another study of more than 150 organizations, business units with many employees who agreed that someone encourages their development were much more likely

to engage customers, compared with business units with few employees who agreed that someone encourages their development.

In one organization, we tracked employees’ monetary donations through a voluntary community program. We found that people in workgroups with the highest levels of employee engagement (those in the top quartile) were 56% more likely to give money to the community, and they gave 2.6 times more money than people in less engaged teams (those in the bottom quartile).

When we surveyed more than 23,000 people, we found that nearly 9 in 10 reported “getting an emotional boost” from doing kind things for others. Throughout the course of our lives, “well-doing” enhances our social interaction as well as our meaning and purpose. And some studies suggest that it inoculates us from stress and other negative emotions, thus increasing our longevity.²¹

These findings show a pattern of reciprocity: *If the organization invests in the employee, the employee then invests in others — including the organization’s customers and the community they live in.* So the question for leaders might be: How can you make it easy for your employees to connect their personal mission to something that benefits others in the community? The advantages for the individual and the organization are substantial.

Having employees who are thriving in Community Wellbeing improves an organization’s image and increases its positive effect on the community.

The Cumulative Advantage

As is evident from this review of the costs associated with low wellbeing, this is a problem that runs rampant, even in the most engaged organizations we have studied. *Only 12% of employees strongly agree that they have substantially higher overall wellbeing because of their employer, and the vast majority clearly think that their job is a detriment to their overall wellbeing.*

Only 12% of employees strongly agree that they have substantially higher overall wellbeing because of their employer, and the vast majority clearly think that their job is a detriment to their overall wellbeing.

Fortunately, signs of hope emerge from these data. Sixty-nine percent of people we studied are thriving in at least one of the five areas of wellbeing, although only 9% are thriving in all five areas. Herein lies an enormous opportunity. In the same way that the medical community formally studies disease burden — or the number of major diagnosed health problems a person has — these five domains provide a way to look at the overall wellbeing of an organization through a different lens. How many of your employees are thriving in all five areas? How many are thriving in four out of five?

Because each of these five elements of wellbeing is additive, an employee who is thriving in two areas should have a cumulative advantage over someone who is thriving in just one. Someone thriving in three of the five areas should have an even greater advantage, and so on. In fact, we see this pattern in the data. The annual health-related cost decreases

incrementally for employers according to how many wellbeing elements employees are thriving in.

Those thriving in all five elements at Time 1 accumulated less than half of the health-related costs in the following year compared with those thriving in only one of the elements. These overall differences are largely driven by the fact that thriving employees have fewer unhealthy days, are less likely to be obese, and have less chronic disease burden than struggling and suffering employees.

As with healthcare costs, the five elements of wellbeing are additive in explaining turnover and associated costs. Those thriving in all five elements at Time 1 realized less than half the per-person turnover costs in the next year, compared with those thriving in only one of the elements. These overall differences are largely driven by the fact that thriving employees are more loyal to their organization than are those who are struggling or suffering.

If you lead or manage a large number of employees, the costs add up quickly, and these are only the costs attributed to health and employee turnover. Additional Gallup studies have begun to look at many important organizational outcomes, including productivity, quality, safety, absenteeism, customer perceptions, and giving. In the Appendix, we include some of the most recent experiments and case studies

conducted within organizations, with the attempt to measure wellbeing, improve wellbeing, and understand the connections between wellbeing and organizational outcomes.

Over the last decade, Gallup has worked with hundreds of organizations to help leaders create engagement and boost the wellbeing of their workforce. When leaders embrace this opportunity to improve their employees' wellbeing, they create more engaging places to work and greater returns for the organization. But when they choose to ignore employees' wellbeing, it erodes the confidence of those who follow them and limits the organization's ability to grow.

In sharp contrast, the most progressive leaders understand that they are in the business of boosting their employees' wellbeing, and they use this as a competitive advantage to recruit and retain employees. They know they will attract top talent if they can prove to a prospective employee that working for the organization will generate better relationships, more financial security, improved physical health, and more involvement in the community.

Leaders can't simply tell employees that they care about their wellbeing. They have to take action if they want to see results. And this requires building a culture where people can thrive, with continual measurement and follow-up to help employees

Figure 3

Employees Thriving in Multiple Elements Have Substantially Lower Health-Related Costs in the Next Year

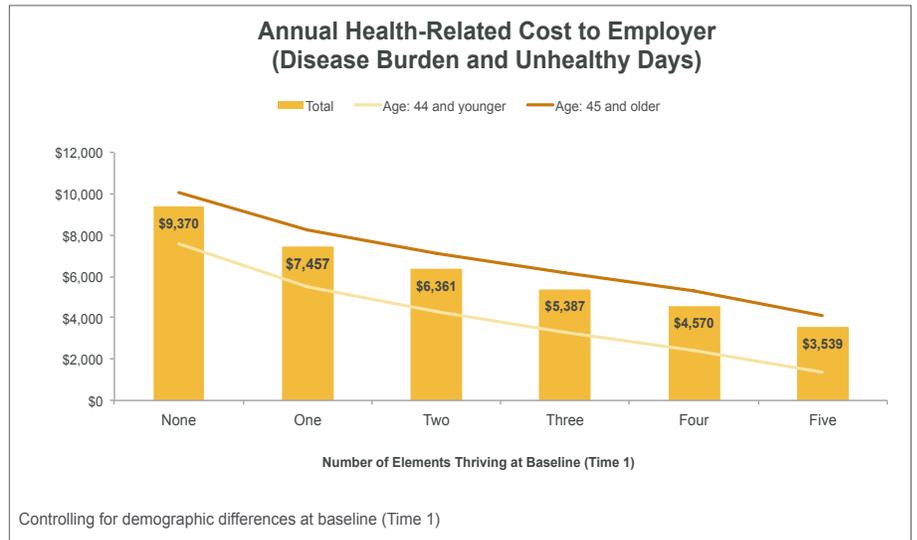
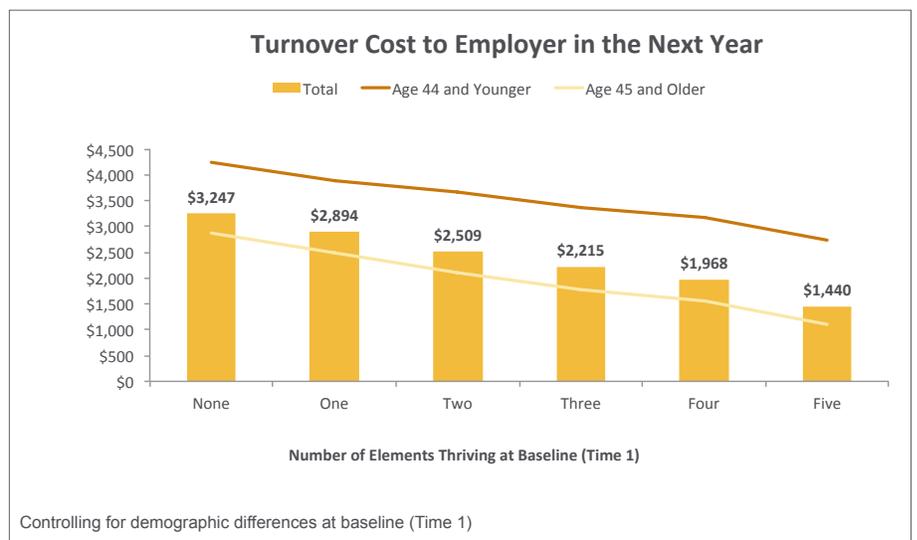


Figure 4

Employees Thriving in Multiple Elements Have Lower Turnover Cost Per Person in the Next Year



manage their wellbeing over time. Just as the most successful organizations have worked systemically to optimize their levels of employee engagement in

recent decades, they are now turning their attention to employee wellbeing as the way to gain an emotional, financial, and competitive edge.

Gallup's wellbeing consulting is designed to help individuals and organizations create change in each of these five key areas. Additional information on the research behind the common elements of individual wellbeing can be found in the book *Wellbeing: The Five Essential Elements*.²² For more information about Gallup's organizational approach to improving wellbeing, please see the Appendix.

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APPENDIX

Step One — Audit

In this initial phase, Gallup conducts an organizational audit of existing strategies, programs, and metrics to assess readiness, map an overarching approach strategy, and begin modeling potential quantitative impact.

Step Two — Implementation

During this step, Gallup creates an organizational map, gathers the appropriate individual-level information, defines the groupings for aggregation, and helps craft an overall communication strategy. Twice each year, the Wellbeing Finder assessment is administered throughout the entire organization. Employees can measure and manage their individual wellbeing throughout the year by taking the assessment and accessing action ideas and tools as frequently as they like through their online account. Leaders, managers, and other champions will have access to aggregated results following the two organizational administrations. They will also have resources for improving wellbeing in groups or teams.

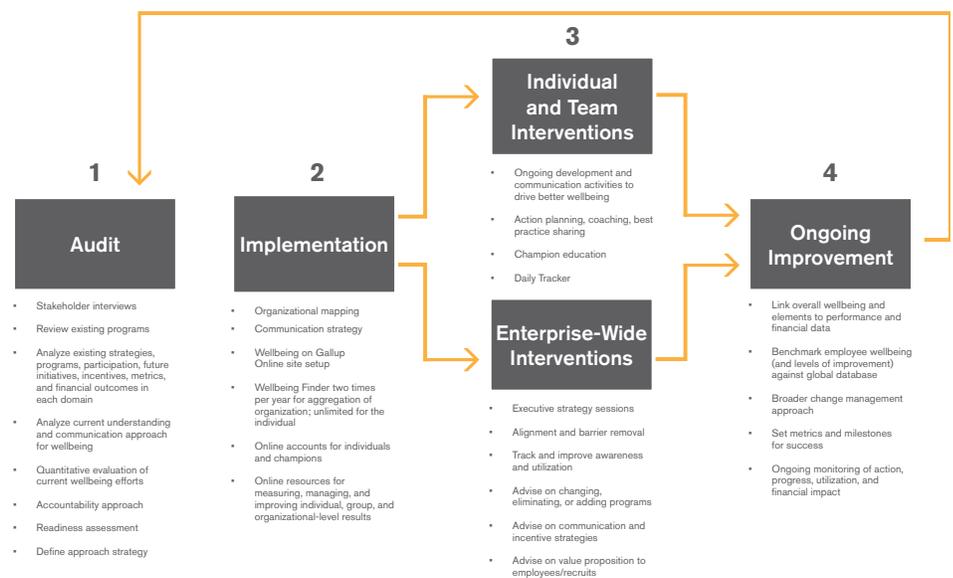
Step Three — Interventions

Interventions are made at the individual, team, and organizational levels. This top-down, bottom-up approach helps improve the

wellbeing of individuals as well as the organization as a whole.

- a. **Individual and Team Interventions.** Individuals will receive ongoing communication about strategies for improving their wellbeing. Best practice sharing, action planning, e-learning, and coaching are available. The individual's Wellbeing Account provides

Gallup's Approach to Improving Employee Wellbeing



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access to organization-specific programs and resources as well as ideas for action based on his or her unique results.

- b. **Enterprise-Wide Interventions.** Gallup will meet with client leadership teams and senior executives to share results and discuss strategies for improving

business outcomes. Gallup will conduct one-on-one sessions with key stakeholders to review the wellbeing results of the relevant portion of the organization and to discuss possible interventions, areas of change, and improvement. Analysis will identify opportunities to improve the awareness of and participation in existing programs and to advise on changing or adding new programs. The ongoing monitoring of results, action, effectiveness, and use continues during this step.

Step Four — Ongoing Improvement

Gallup's goal is to help organizations sustain high levels of wellbeing to further improve overall performance and financial growth. Gallup will provide organizations with a Business Impact Analysis examining the link that overall wellbeing and the five essential elements have with key metrics. The broader change management approach must be designed during this step. Other actions during this phase include setting new metrics and milestones for success, encouraging ongoing assessment of individual wellbeing, and beginning to implement company-wide improvement programs. Monitoring of action, progress, and use of programs continues.

CASE STUDIES

Insurance and managed care organization

In a top-five insurance and managed healthcare organization with approximately 30,000 employees, we conducted pilot studies within two divisions.

Goal: to predict, manage, and shape medical cost trends and performance with the insurer's employees.

Method: Audited existing programs and aligned them with the five wellbeing elements. Assigned internal wellbeing champions and leveraged upper-management support.

Tested the effect of 18 wellbeing program and learning modules across a five-month intervention period. Measurement included two wellbeing assessments using Gallup's Wellbeing Finder, an extensive survey on the wellbeing program and tool utilization, and Gallup comparative data. Outcome measures included productivity and quality measures, obesity, sick days, and turnover.

Findings: The two pilot groups (representing more than 1,500 employees) achieved 10 and 18 percentage-point improvements in wellbeing over a five-month time period.

Employees who sustained thriving wellbeing from Time 1 to Time 2 more than doubled the improvement in productivity and quality over time.

Those who were thriving in four or five wellbeing elements after Time 1 reduced their obesity levels significantly compared with those who were thriving in one or zero elements. Those who declined in wellbeing had no reduction in obesity levels, compared with a nearly one-percentage-point reduction in obesity levels for those whose wellbeing improved or remained unchanged.

Suffering employees missed 37% more work as a result of sick days and were 34% more likely to leave the organization compared with thriving employees.

Employees who reported gaining and applying new knowledge improved their wellbeing at nearly three times the rate of others.

Among the 18 programs, some were effective in improving employee wellbeing, while others weren't. The most successful programs improved employee wellbeing at a rate of more than eight times greater than the least successful programs.

Differences of thriving employees from struggling and suffering employees related to approximately \$2.5 million in turnover replacement costs, \$1.2 million in lost productivity for sick days, and \$250,000 in obesity costs, per 10,000 employees.

Large Retailer

In a top U.S. retailer employing 355,000 workers, we measured the

culture of wellbeing and linked it to many important organizational outcomes.

Goal: To align current programs and metrics with the five elements of wellbeing, to assess the culture of wellbeing, and to understand linkages between wellbeing culture and organizational outcomes.

Method: We used qualitative stakeholder interviews with executives as a foundation to align current goals, programs, and measurements with the five elements of wellbeing. The organization assigned 1,700 wellbeing captains and element experts among headquarters, stores, and distribution centers nationwide. Next, we assessed the culture of wellbeing across the workforce by administering the item “My organization cares about my overall wellbeing” in addition to other pre-existing survey items. Conducting individual- and location-level analyses, we assessed the relationship between a wellbeing culture and various performance, retention, customer, health, safety, giving, and EVP outcomes.

Findings: When a location had a strong culture of wellbeing (scored a 4.0 or better on a five-point scale), the location:

- Reported fewer safety incidences
- Had fewer worker's compensation claims

- Experienced fewer reported safety incidences by customers
- Had better customer satisfaction scores and realized an increase of more than double that of those locations with lower perceptions of wellbeing
- Achieved significantly stronger growth in same-store sales

Employees who perceived a strong wellbeing culture were more engaged, perceived the employer to have a culture of inclusion, and had a higher sense of work-life balance.

Employees who strongly disagreed that their employer fosters a culture of wellbeing were more likely to say they would leave within six months. Employees who strongly agreed that their employer fosters a culture of wellbeing were significantly more likely to say they would stay more than five years. Potential total turnover cost savings attributed to a wellbeing culture were estimated at more than \$150 million.

Each one-point increase in an employee's response to "My organization cares about my overall wellbeing" meant substantially greater odds that the person pledged time and/or money to employer-sponsored community activities.

Employees who perceived a strong wellbeing culture had a

lower probability of hypertension, depression, and obesity, lower drug costs, and fewer worker's compensation claims compared with those who didn't perceive a strong wellbeing culture.

Employees who strongly agreed that their employer cares about their overall wellbeing were more likely to participate in the organization's health program.

All of the above findings were obtained after controlling for a variety of external factors, including demographics, tenure, location, market, and socio-economics.

Call Center

In an organization with six call centers and more than 900 full- and part-time interviewers, wellbeing improved significantly in a five-month period.

Goal: To improve the wellbeing of outbound interviewers.

Method: The call centers measured wellbeing in January and May. To improve chances for creating change, management assigned wellbeing specialists to each call center. Managers held wellbeing workshops to teach wellbeing fundamentals. Management developed a wellbeing discussion guide for managers to use with interviewers and encouraged peer discussions of the five wellbeing elements. Wellbeing activities were added to the framework

of expectations for interviewer certification/advancement. Each certification level included and required an action or goal related to wellbeing. The call centers gave recognition for individual goal progress or when interviewers helped others achieve their wellbeing goals. Managers awarded a “wellbeing interviewer of the month.” The call centers developed several activities related to specific wellbeing elements, such as the “calling for a cause” Community Wellbeing program, in which interviewers could donate their time and earnings to a specific cause that was meaningful to them.

Findings: Across the six interviewing centers, the percentage “thriving” improved from 4 to 18 percentage points. All interviewing centers achieved increases in the future component of Financial Wellbeing. Interviewers with positive changes in wellbeing realized significant improvements in productivity and reductions in sick days.

Professional Services Firm

Goals: To create a culture of wellbeing that drives both company-directed initiatives as well as grassroots activities led by associates. To link wellbeing activities to changes in wellbeing.

Method: Gallup measured the five elements of wellbeing three times, with six months between administrations, at a professional

services organization employing more than 2,000 associates worldwide. Historically, the organization had practiced a number of management principles consistent with the five elements of wellbeing, including:

- more than a decade-long assessment of employee engagement
- structured discussions around each employee’s career path
- flexible hours with a focus on results and outcomes
- an environment that is encouraging and accepting of close friendships at work, recognition, and social gatherings
- financial planning tools and resources and 401k matching
- health screenings, incentives for health improvement, nutritional information in cafeterias, an on-site gym, and free trainers on-site
- physical challenges and wellness fairs
- Hosting local community events, auctions, and participation in non-profit boards
- a Community Builders program for each city (funded by employees)
- LEED-certified buildings

Additional antecedent and outcome metrics were collected and correlated with the wellbeing data, including fitness center participation, 401k participation, contribution to the

community builders program, health data such as body mass index and health risk assessment data, health risk assessment participation, and client impact.

Findings: At the first baseline measurement in May 2010, 59% of employees were thriving in their overall wellbeing, compared with 26% thriving in Gallup's panel of U.S. workers. One year from baseline, 65% were thriving in their overall wellbeing, 2.5 times higher than U.S. workers in general and an increase of 10%. Locations with higher wellbeing reported significantly fewer unhealthy days and lower rates of obesity, on average. At one large site with more than 500 associates, participation in the annual community corporate 10k run increased from 25 to 146 finishers in four years, a more than five-fold increase. In the past two years, this same site documented 1,158 total pounds lost and 498 total percentage points of body fat lost. Associates with higher overall wellbeing and specifically physical

wellbeing, as measured by Gallup's Wellbeing Finder at Time 1, realized significantly higher objective wellness scores (as measured by an independent health risk assessment, including blood draw measurement of triglycerides, abdomen circumference, health-related fitness, and emotional health risk). After controlling for demographics, including income, those who contributed a higher proportion of their income to the 401k plan had significantly higher overall wellbeing and, in particular, Financial Wellbeing. Those who participated in voluntary fitness activities and had achieved lower body fat percentages (as measured by the caliper method) had higher Physical Wellbeing. Those with reductions in body fat realized significant improvements in overall wellbeing. Teams with higher employee engagement and wellbeing achieved 56% higher rates of client impact in comparison to teams with lower engagement and wellbeing.