

# Researcher finds that money motivates employees to lose weight

August 13 2013

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Financial incentives can be a very effective tool in encouraging employees to lose weight at companies that offer their workers those types of programs, research from a University of Texas at Arlington economics assistant professor shows.

Joshua Price, a UT Arlington assistant professor of economics, teamed with Cornell University Professor John Cawley to perform a [case study](#) on an employer-sponsored program that offered financial incentives for [weight loss](#).

The study was accepted for publication in *The Journal of Health Economics* and was featured recently on its website. It is scheduled be published in that journal's magazine in September. The purpose of the study was to examine a real-world intervention for weight loss, Price said.

"We examined how effective different weight loss programs are to business," Price said. "We discovered that the best results for weight loss were through a more regular payment of refundable participation fees. The payments seem to work as a reinforcement for people to continue to lose weight."

Price and Cawley were given access to outcomes of 2,635 workers at one company. Under an agreement with the business, the researchers cannot reveal the company's name.

"Overall, we found modest weight loss in the program that offers financial incentives for weight loss," Price said. "We wanted to show the effectiveness of the different types of payment structures offered in this intervention."

Price said the research studied four weight-loss options the company provided in its wellness package to [employees](#).

- Option one was the [control group](#). Participants signed up and participated in weigh-ins but there was no financial component to the intervention.
- Option two allowed employees to join a weight loss program for free and paid the financial incentives for [losing weight](#) once per quarter.
- Option three required employees to pay to join the weight loss program. This option then paid employees a refundable bond or rebate at the end of the year based on how much weight the employees lost.
- Option four was similar to the second except that the bonds were refunded every quarter instead of at the end of the year.

Individuals who were asked to put up their own money, either with a deposit contract or refundable participation fee, experienced more weight loss than in the control group, Price said.

"In option three, we discovered that the large incentives to lose weight at the end of the year created unintended consequences," Price said.

"Anecdotally, the employer observed unhealthy weight loss methods being implemented leading up to the last weigh in."

Rachel Croson, dean of the UT Arlington College of Business, said Price's work makes useful recommendations based on behavioral economics.

"Finding creative ways to improve our health is an increasingly important endeavor as we continue to struggle with spikes in health care costs," Croson said. "With this research, we can identify which types of [financial incentives](#) work best. When employees lose weight, they win and the employers win, too."

Companies across the globe are becoming more and more interested in keeping their employees healthier, Price said.

Price and Cawley wrote that businesses bear some of the costs of employee obesity. In the United States, obesity raises medical care costs by \$190.2 billion annually, a 2012 Cawley study showed. Moreover, obesity is associated with \$4.3 billion in job absenteeism costs annually, 2007 Cawley research showed.

These costs may ultimately be borne by workers in the form of lower wages, but employers are increasingly offering worksite health promotion programs to help employees lose weight. Employers save on health insurance premiums and absenteeism. Plus, Price said companies could bargain for better health care rates when negotiating with carriers.

As of 2012, 94 percent of large employers (those with 200 or more employees) in the U.S. offer wellness programs, and among those offering health benefits, 65 percent offer weight loss programs in particular, according to a 2012 study.

Price said it would be nearly impossible to measure the exact monetary effectiveness for companies who instituted these weight loss programs.

"It is extremely difficult to quantify the resulting health benefits caused by weight loss from participants in this particular intervention," Price said.

Price noted that the deposit contracts were more effective at inducing weight loss, and it was less likely for the companies to lose money. When the companies refunded employees some of what they paid into the program, the mission had been accomplished: employees had improved their health. He said if the employees didn't [lose weight](#), the company kept the money employees had paid into the program.

**More information:** [www.sciencedirect.com/science/ ...  
ii/S0167629613000544](http://www.sciencedirect.com/science/...ii/S0167629613000544)

Provided by University of Texas at Arlington

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