

The bottom line benefits of corporate wellness programs

August 25 2016, by Erika Ebsworth-Goold

Nearly 90 percent of companies in the United States use some form of employee wellness program – from gym memberships to health screenings to flu shots – all designed to improve health. Yet past research mostly measured cost benefits for companies via lower insurance and absentee rates.

But how do these wellness programs affect employee productivity? Is it possible to do a job better as a result of feeling better on the job?

A study currently under review and co-authored by a faculty member at Washington University in St. Louis empirically tested how wellness programs affect worker productivity. The research paired individual medical data from [employees](#) taking part in a work-based wellness program to their productivity rates over time.

"When you give people the tools and the opportunity to be physically and mentally healthier, it's not just that they're more likely to be at work," said Lamar Pierce, associate professor of organization and strategy at Olin Business School. "Those employees are also more likely to be productive."

Pierce and co-authors Timothy Gubler, assistant professor of management at the University of California-Riverside, and Ian Larkin, assistant professor of strategy at the Andersen School of Management at UCLA, used data from an industrial laundry company that provides a free, voluntary wellness program each year to its employees.

They utilized a three-year panel of medical data for 111 employees and compared them to their work performances, which were accurately measurable by the number of pieces or tasks completed in a factory setting. The researchers also used self-reported data from the employees, as well as evaluations from physicians who examined each employee's medical progress as the program continued. All information was kept confidential and anonymous.

"What it allowed us to see were the changes in their actual productivity, as a function not only of participation but of their existing health conditions and their improvements in [health conditions](#) and other lifestyle factors," Pierce said. "Conditions included obesity, diabetes, cholesterol, heart conditions, and also a number of self-reported behaviors that they gave us on diet, exercise, anxiety, depression."

The researchers compared data for employees that participated in the health plan to employees at the same company who opted out of the program or were in plants that weren't offered the full program. The results were striking and significant: the researchers found [wellness programs](#) boosted employees' health and productivity: Productivity jumped by 5-11 percent compared to those that didn't participate in the program. When further quantified, that figure equaled a whopping 528 percent return on investment for the company after introducing its wellness program.

"The value of these programs is being undercounted," Pierce said. "The gains to productivity might vary across jobs, tasks and employees, but they are very real. Our results show gains just simply from participation. We can see somebody who participates and doesn't get better, and those people still seem to get more productive.

"The biggest gains are to people who not only participated but, that also improve their health," he said. "There are multiple mechanisms through

which [productivity](#) improves from the program, and they each accumulate on top of one another."

Pierce offers a caveat to companies who might be interesting in putting an [employee wellness program](#) into place and practice. There are definite factors that can make or break the program and the resulting ROI. Employee buy-in is a must.

"The company we studied didn't try to force people into doing this, they respected their privacy and they have a long relationship and tradition of treating their employees with respect and maintaining that trust," Pierce said. "So they could tell their employees, 'Look, we're offering this. You can do this, it's free choice, we respect your privacy,' and their employees believed them."

Provided by Washington University in St. Louis

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