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Thriving Workplaces: How Employers can Improve Productivity and Change Lives

INSIGHT REPORT
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The case for investing in employee health

Investing in a healthy workforce delivers measurable performance gains and benefits for organizations and communities.



The workplace needs to foster holistic employee health

Companies of all sizes are entering a period in which it is essential to manage human capital with the same level of discipline as financial capital as part of their total business strategy. Globally, more than 3.5 billion people will each spend approximately 90,000 hours, or about 45 years, of their lives at work,⁶ representing a major opportunity for employers to nurture the good health of a substantial proportion of the world's population. Improved health benefits individuals, their families and broader society, as well as the organizations for which they work.

This briefing describes why investing in workforce health can boost organizational performance, enhance employee outcomes and offer a substantial return on investment.

There is a clear investment case for improving employee health and well-being

The world is changing – people are living and working longer, and their roles are evolving due to shifts in demography, advances in technology, globalization, and geopolitical and climate risks. For example, non-communicable diseases (NCDs), such as cardiometabolic diseases, cancers, substance use, and mental and neurological conditions account for 69% of today's global disease burden. In the next 15 years, most of the disease categories predicted to rise will be NCDs, with age-related diseases such as kidney diseases increasing the most.⁷ Furthermore, the COVID-19 pandemic created a shift in working trends, launching many organizations into the world of

remote work.⁸ It also accelerated and exacerbated long-standing corporate challenges to employee health and well-being, in particular employee mental health, with reports of burn-out rising to almost one in four.⁹ Many employers started to actively support and promote brain health – not only to address burn-out but also because analytical thinking, a key marker of positive brain health, is one of the most sought-after skills by employers.¹⁰

The evolution in lifespan, age-related diseases, what we work on and how we work will require people to be in better physical and mental health for longer and be more resilient and adaptable to change. The McKinsey Health Institute estimates that investing in holistic employee health could generate between \$3.7 trillion and \$11.7 trillion in global economic value.¹¹ This equates to approximately \$1,100 to \$3,500 per person, or 17% to 55% of average annual pay. This estimate includes the impact of reduced attrition,¹² absenteeism¹³ and presenteeism,¹⁴ as well as improved employee productivity,¹⁵ attraction and retention. The direct costs of medical treatments have been excluded because public, private and employer-sponsored insurance options vary by country.

The biggest potential benefits come from enhancing productivity and reducing presenteeism, estimated to be worth \$2 trillion to \$9 trillion. This is between 54% and 77% of the total opportunity identified (Figure 1). Many organizations substantially underestimate these potential benefits. For example, companies may struggle to quantify the costs of presenteeism, in which employees are not working at their full potential, and instead focus their investment cases on reducing direct costs, such as attrition and absenteeism, which are more easily measurable. Yet attrition and absenteeism are estimated to account for only between one-eighth and one-quarter of the total opportunity.

FIGURE 1: **Estimated total opportunity value created by initiatives that improve specific aspects of employee health and well-being**



Note: All figures in \$ billions

Source: McKinsey Health Institute analysis

All economies benefit from improving the health of workforces, but the distribution of value varies

The case for investing in employee health and well-being applies beyond high-income countries. Investment in employee health could boost global GDP by between 4% and 12%, with high- and middle-income countries each contributing roughly half of that total (2% to 5%) (Figure 2).¹⁶

However, average salaries are lower in middle-income countries, so analysis suggests that these countries have up to four times as many employees who would benefit – an estimated 2.5 billion employees compared to 636 million employees in high-income countries.¹⁷

The data on low-income countries was insufficient to reliably estimate the value at stake or the total number of employees potentially affected, but there is little doubt that employees in these economies would also benefit from workplace investment in health.

Within low- and middle-income countries (LMICs), non-communicable diseases (such as cancer, cardiovascular disease and diabetes) meaningfully influence employee health, well-being and productivity. Premature deaths due to non-communicable diseases account for 80% of deaths in LMICs.¹⁸ With limited financial security provided by the state and greater pressure on workers to maintain a stable income and afford healthcare, workplaces in LMICs have a significant opportunity to support good employee health.

FIGURE 2 Total economic value opportunity of investing in healthy workforces in high-, middle- and low-income countries



Notes: 1. Costs associated with implementing health and well-being interventions not included in calculation, 2. Low confidence in current estimates for low-income economies because of insufficient and unreliable data

Source: McKinsey Health Institute analysis



Several factors directly contribute to the investment case for employee health and well-being within an individual organization

Benefits for an organization can vary widely depending on the number, sector and location of their employees (Figure 3). Consequently, when organizations evaluate their investment cases, they need to calculate all the potential benefits, including costs that can be avoided.

Major factors which organizations need to consider as part of their investment case include the following:

1 Direct healthcare costs: Healthier workforces correlate to lower healthcare costs and reduced absenteeism

Although not included in the calculation of the economic value at stake globally, healthcare claims often account for the majority of an organization's total employee health and well-being costs in countries such as the United States where employee health claims are subsidized by employers. In the

United States, employers face an estimated \$226 billion annually in absenteeism costs (approximately \$1,695 per employee), largely driven by chronic health conditions that could be mitigated through preventive care and health programmes.¹⁹ Conditions such as hypertension, heart disease and depression cause substantial on-the-job productivity losses, exceeding \$300 per US employee annually.²⁰

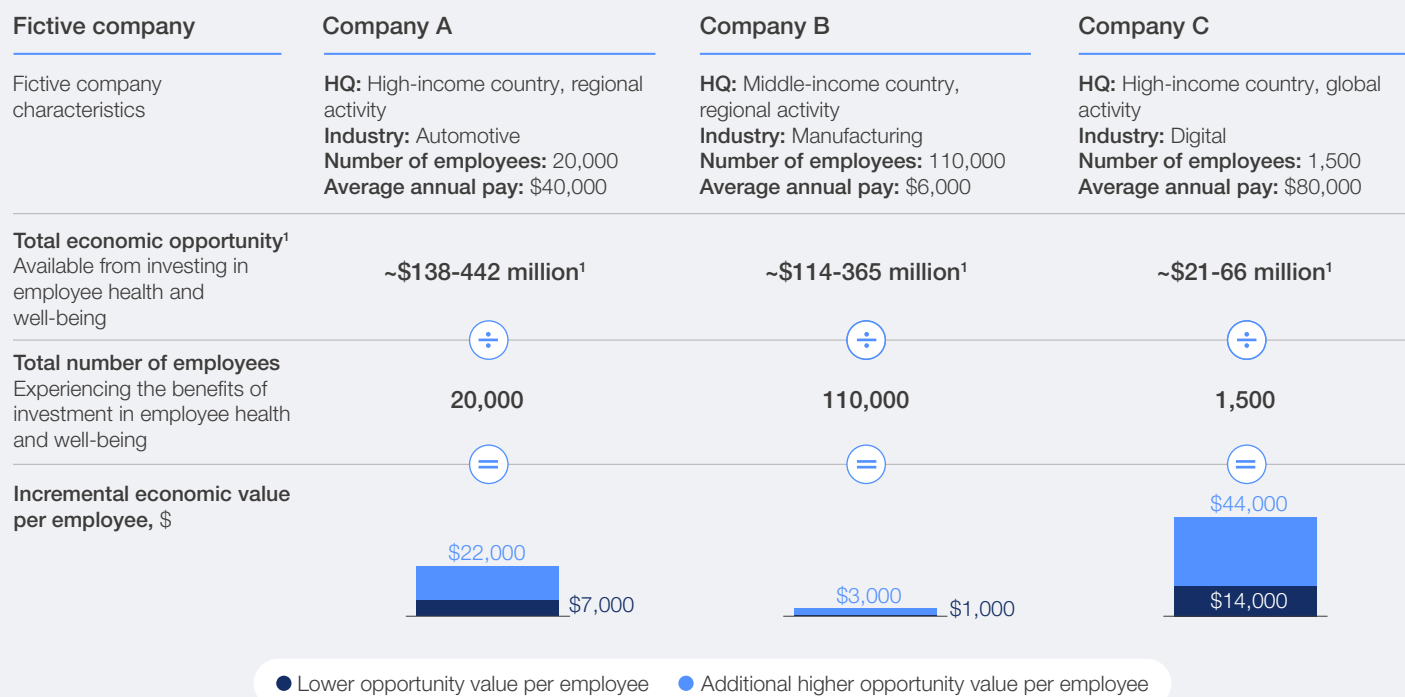
Cardiovascular disease leads to the loss of \$156 billion in productivity annually.²¹ US employees with untreated insomnia cost employers approximately \$2,280 more per year than those without insomnia because of factors such as absenteeism, presenteeism, diminished performance and higher rates of accidents and injuries.²²

A survey of more than 1,600 employer benefits decision-makers in the US (including C-level executives and human resources/benefits leaders) revealed that employers are preparing for medical inflation, with more than two-thirds budgeting for healthcare costs to grow at three times the rate of inflation.²³

Globally, total healthcare costs are expected to continue growing because of cost pressures such as those related to an ageing population.²⁴ In countries with universal healthcare, organizations currently avoid most of the direct costs of poor health, but this

FIGURE 3

Estimated economic opportunity of investing in healthy workforces for three example organizations in differing geographies



Notes: 1. Estimation based on MHI Global Business case calculation with standard values, comprising reduced total direct costs of poor employee well-being (attrition, absenteeism, presenteeism) and increased total benefits created through good well-being (productivity, retention, attraction). Direct healthcare costs are excluded as these are only relevant to employment in select countries (e.g. USA), and costs vary widely country to country. Numbers do not match the earlier mentioned 17% to 55% range as these are rounded numbers, whereas model used for calculation uses exact numbers

Source: McKinsey Health Institute analysis

“ Many people with mental illness can continue working without relapse with appropriate support for their resilience. They can live their lives, support family, disperse stigma among colleagues, and contribute to corporation and society. Society needs to realize that people with mental illness are an asset and not a cost.

Tsuyoshi Akiyama, President, World Federation of Mental Health

could change with increasing pressure on healthcare budgets and the tightening of fiscal wallets. For these countries, the goal will likely be to maintain quality and accessibility across health systems while controlling costs. Consequently, companies may be asked to pay for their employees' healthcare, especially if the workplace is found to be a cause of ill health. For example, Japan introduced the Stress Check Programme in 2015 to tackle an increasing number of work-related mental health disorders. The programme requires workplaces with more than 50 employees to offer an annual stress survey and to facilitate consultations with a physician for those with high stress levels.²⁵

More recently, the Chilean government introduced a mandatory evaluation of workplace environments and mental health in 2024 to promote the accountability of employers for their employees' health. The Chilean Safety Association has taken a leadership role in this policy change by developing preventive medicine, launching affordable mental health for communities and convening local organizations and leaders to collaborate on mental health (including the development of an annual Mental Health Thermometer).

Supporting employee health does not need to rest on employers alone and can be a joint public and private effort. There is no need for employers to reinvent the wheel: they can benefit from the expertise, infrastructure and goals of public health stakeholders through partnerships, especially as these stakeholders may offer referral pathways. For example, employers may consider partnering with a private, non-profit or public healthcare provider to offer on-site employee health clinics with a focus on preventive care. This could include cardiovascular, diabetes, cervical cancer or mental health screenings that give employees easier access to care without taking paid time off. Employers can also consider one-off events, such as a day of optional flu or COVID-19 shots, eye exams or specialist training to prevent back injuries.

2 Productivity and presenteeism: There is growing evidence of a potential causal link between employee well-being and increased productivity and reduced presenteeism

While the global investment case for improved productivity and reduced presenteeism offers clear value, calculating the gain or ROI for a specific programme within an individual organization can be more complex. The literature demonstrates, however, a correlation between employee well-being interventions and productivity improvements

of between 10% and 21%.²⁶ Research by the University of Warwick found that happier employees are more productive,²⁷ while a recent University of Oxford study found that happier employees in a call centre were 13% more productive.²⁸ More high-quality research on the causal links is needed, but these early insights are promising.

3 Talent management: A focus on health can improve employee attraction and retention

Investing in employee health and well-being can boost employee retention. Research from Mercer shows that companies which foster a “culture of health” experience employee turnover rates 11 percentage points lower than those that do not.²⁹

Moreover, investing in employee health and well-being is increasingly important for attracting talent. Research from Saïd Business School finds that for many employees, factors contributing to their well-being – such as mental and physical health, work-life balance and job satisfaction – are as crucial as traditional incentives such as salary.³⁰ This is especially important for younger generations³¹ in the workforce, born between 1996 and 2010 (also referred to as Gen Z).³² A McKinsey Health Institute survey of more than 42,000 respondents found that at least a third consider physical, mental, social and spiritual health resources when choosing an employer, with Gen Z respondents and those with lower mental health scores giving particular consideration to mental health benefits.³³

Employers may also wish to consider how to promote the health of older employees. Increases in life expectancy and advances in healthcare will extend working lives: by 2050, about 30% of the global workforce will be over 50 years old.³⁴ Governments may raise the retirement age or rethink pension structures in response. Consequently, both public and private sector organizations should expect an increasingly multigenerational workforce and tailor their health and well-being programmes accordingly.

Employers' actions are ever more visible to stakeholders. Platforms such as Glassdoor, Indeed, Fishbowl and Reddit offer employee insights into how organizations treat employees and support their well-being, potentially influencing the decisions of recruits, customers and investors. Data from these platforms can be harvested to find out how employees may feel and why they quit. For example, a recent MIT study identified toxic culture at the top of a workplace as a meaningful factor in employee resignations.³⁵

“ At ACHS, we are committed to making Chile the country that best cares for its workers and their families. A critical part of this is addressing the mental health challenges that our country faces. We are deploying diverse mental health initiatives to care for the 3 million workers that we cover. In addition, we have extended access to mental health care for individuals in the communities that we serve. We hope that in doing so, we can create healthier communities with healthier families and ultimately, healthier workers, improving companies’ climate and productivity.

Juan Luis Moreno, CEO, Chilean Safety Association (ACHS)

Additional factors that employers may choose to include in the investment case for employee health and well-being:

4 Performance: A healthier, happier and more engaged workforce boosts company performance and resilience

Research from the University of Oxford shows a direct correlation between employee well-being and an organization’s financial success. Companies with higher well-being scores consistently achieve greater valuations, higher profits and superior returns on assets. For example, a one-point increase in employee happiness scores was shown to be associated with a \$1.39 billion to \$2.29 billion increase in annual profits.³⁶ A hypothetical “Well-being 100” stock portfolio, comprising the top 100 companies in employee well-being, has

significantly outperformed major stock market indices since the start of 2021, demonstrating that high well-being scores are linked to stock performance (see Figure 4).³⁷

Moreover, today’s workforce needs to adjust to new roles and technologies in a shifting job landscape. The rapid pace of technological change can be overwhelming. It can contribute to job insecurity and require employees to continuously upskill and adapt by, for example, focusing more on creativity, problem-solving, cognitive flexibility and emotional intelligence. The rise of remote working has blurred the lines between personal and professional life, creating a workplace culture that can enhance or harm employees’ well-being and productivity. A healthier workforce is a more resilient and adaptive workforce, better capable of navigating the uncertainties and challenges of a rapidly changing world.

FIGURE 4 Stock performance of “Well-being 100” portfolio containing the workplaces with the highest well-being scores, alongside other stock market indices



Source: De Neve, J-E., Kaats, M. and Ward G. (2024). *Workplace Well-being and Firm Performance*. Oxford University.

5 ESG: Investors are increasingly seeing employee health and well-being as an important component of the 'S'

Some employers may assess the impact on suppliers and partners when deciding how to invest in employee health and well-being. Prioritizing holistic health is not a task to be undertaken alone, not least because long-term health investment benefits business, the workforce and society. Healthy individuals are more likely to contribute actively to their local communities – volunteering at the food bank, running for city council, coaching their child's sports team or shovelling a neighbour's driveway.³⁸

Environmental, social and governance (ESG) criteria are becoming important aspects of delivering business value. They help to enhance revenue growth, reduce risks, minimize regulatory intervention and increase loyalty and productivity among employees. Many executives and investment professionals believe ESG programmes deliver greater shareholder value and would pay a premium to acquire companies with a strong ESG track record.³⁹

To date, environmental and corporate governance issues have dominated the ESG agenda, but the social pillar – which guides how companies manage relationships with customers, suppliers, communities and employees – is gaining consideration. Investors are increasingly paying attention to how companies manage employee health and well-being, recognizing their criticality to long-term organizational success. Also, there is growing scrutiny on labour practices, employee satisfaction, support for employees' mental health and thinking around workforce stability. Companies listed on benchmarks such as the S&P 500 Index are now assessed not only on financial metrics but also on employee factors, such as job satisfaction, happiness, stress and purpose at work.⁴⁰ Similarly, stock exchanges, including the Hong Kong Stock Exchange, are developing ESG reporting guidelines that mandate disclosures on employee health and well-being metrics, such as working hours, rest periods and equal opportunities.⁴¹

“ Well-being is the ultimate productivity multiplier. And when companies invest in their people's well-being, it's a win-win — creating workplace cultures where individuals can maximize their productivity and creativity, which in turn enables businesses to grow and maximize their impact.

Arianna Huffington, Author of Thrive and The Sleep Revolution

6 Regulation and compliance: Regulatory environments may become more stringent, forcing employers to act

Around the world, governing bodies increasingly recognize the importance of employee health and well-being, and regulatory pressures are mounting. For example, the European Union has introduced stricter standards for workplace well-being, such as the European Framework Directive on Safety and Health at Work, the Strategic Framework on Health and Safety at Work 2021-2027, the Work-Life Balance Directive and the European Framework Agreement on Telework. EU regulations state that risk management within the workplace should encompass stress, thereby requiring psychological risk assessments and appropriate prevention methods.⁴² In the US, the Occupational Safety and Health Administration (OSHA) increased penalties for workplace health and safety violations to \$15,624 per violation in 2023, with non-compliance leading to hefty fines, lawsuits and reputational damage.

Adherence to these regulations reduces compliance risks and enhances a company's reputation as a socially responsible entity. There is increasing expectation from consumers, employees and communities that organizations should be transparent about labour practices, diversity and inclusion, mental health support and work-life balance. Companies that fail to meet these expectations risk losing their reputation and trust among employees and customers alike.

The time to act is now

By prioritizing employee and health well-being, employers can unlock substantial performance gains; achieve a healthier, more adaptable and more resilient workforce; and drive positive change in their organizations and communities. Employers should not wait – decisive action taken today can secure a healthier, more productive future.

Creating a healthier workforce: measuring the impact of investing in a healthy workforce

The return on investment in employee health can be measured with tailored metrics that go beyond traditional sickness absence, safety and injury statistics.



Taking action: How executives can build the investment case for a healthy workforce

Many organizations offer multiple employee health and well-being programmes, but the organizational value and ROI of these programmes are often overlooked. Executives regularly struggle to answer the question, “Is our investment in employee health driving sustainable improvements in performance?”

This briefing provides frameworks and approaches to help organizations develop investment cases, strategies and tailored action plans for successful health and well-being programmes and highlights opportunities to use data and analytics.

No single KPI can measure the impact of employee health and well-being investment

Every industry or organization has its own unique characteristics, meaning there is no single KPI for measuring success. Metrics should be tailored to each organization’s specific needs. However, a tried-and-tested approach based on the principles described in Briefing 3B should work for most organizations, whatever their context:

1. Understand the status of employees’ health and well-being and the value at stake

Conducting comprehensive health and well-being surveys can diagnose workforce health needs.

An S&P Global Corporate Sustainability Assessment shows that only 2.2% of assessed companies conduct employee surveys with a core focus on health and well-being.⁸⁶ Smaller organizations can overcome potential funding barriers through free tools and training available from not-for-profit providers.

Ideally, employers measure aspects of direct health as experienced by employees (mental, physical, social and spiritual health and burn-out symptoms), their associated work experience outcomes (for example, engagement and satisfaction) and core work experiences (such as job demands and resources).⁸⁷ These measurements identify both immediate outcomes and root causes. Employers can assess employee health using quick pulse checks,⁸⁸ health assessments, automated text analyses of comments within annual people surveys, focus groups or anonymized voluntary health data.

Calculate the investment case opportunity for the organization

Good-quality, evidence-based data on employee health and well-being should be combined with an investment case to guide the development of strategic health interventions (see Briefing 3B). Organizations can build an investment case for employee health and well-being by focusing on the value drivers identified in Briefing 1. Those sources of value for the global economy have been adapted into four drivers which can be used by any organization to calculate their investment case opportunity: employee output, talent management optimization, healthcare cost savings and ability to attract investment (Figure 9).



FIGURE 9

Value drivers to develop investment case opportunity for investing in employee health and well-being



Notes: 1. Excluded from the calculation, given that costs vary widely country to country, and calculation is a sum of individual savings per employee, 2. Excluded from the calculation. Calculation is a sum of additional realized investment due to improved employee health and well-being

Source: McKinsey Health Institute analysis

1. Employee output: Employee output can be calculated as a combination of productivity, absenteeism and presenteeism. Example metrics for each include efficiency of completing tasks, innovation rates, sales increase and customer service sentiment (productivity), number of workdays lost to sickness (absenteeism) and lost time caused by physically present employees working at reduced levels (presenteeism). For example, offering free flu shots gives US employers a potential immediate result in lower absentee rates. A 2021 cost-benefit analysis of employer-funded influenza vaccinations found that employers could have saved €10 (\$10.82) per vaccinated employee per year between 2011 and 2018.⁸⁹

2. Talent management optimization: Developing a strong employee value proposition can enhance talent attraction and retention and minimize employee turnover. This not only enriches company culture but also boosts business performance, as employees with longer tenure have between 12% and 30% higher output than newer employees.⁹⁰ Example metrics include average tenure (retention), days required from job posting to hire (attraction) and involuntary attrition (turnover). For example, industries which have a high number of workers in their first job who are likely to leave because of burn-out symptoms or exhaustion may focus on digital mental health applications or other

solutions geared to develop immediate resilience and track involuntary attrition. In contrast, for employees who are likely to stay a long time, virtual employee assistance options or chronic disease management programmes may be more important. In either case, organizations may choose to measure ROI.

Additional elements

Organizations may also choose to build the following elements into their investment cases (where relevant):

3. Direct healthcare costs: These include what an employee pays when seeking healthcare, what the employer covers under any employer-sponsored insurance and any costs associated with work-related injuries. These costs are often major for organizations that have employees in economies with private healthcare systems.

4. ESG premium: An organization that highlights good employee health and well-being as part of its culture and value proposition may make itself more attractive to investors, customers and partners.

5. Investment case for contractors and suppliers: Some organizations may also choose to include the impact on contractors and suppliers within their investment cases. Employers can also consider how to expand











interventions in ways that benefit employees both within their organizations and within the broader local community. For example, executives in organizations with a global presence may consider how to invest in widescale health education outreach. One example is Bayer's support for mallholder farmers, who represent 11% of their Crop Science's divisional sales. The company is introducing access to health and nutrition education for members of their value chain (including farmers) in India, Indonesia and Mexico. This initiative aims to improve health outcomes and productivity

by directly supporting farmers and their associated communities.

Overall, to build the investment case effectively, estimates need to assess the value of making the investment (costs avoided and benefits gained) versus the cost of the intervention required to address the issue.

Figure 10 provides sample metrics that can be used to gather data on each of the drivers of employee output and talent management optimization, as these two elements are at the core of any business case.

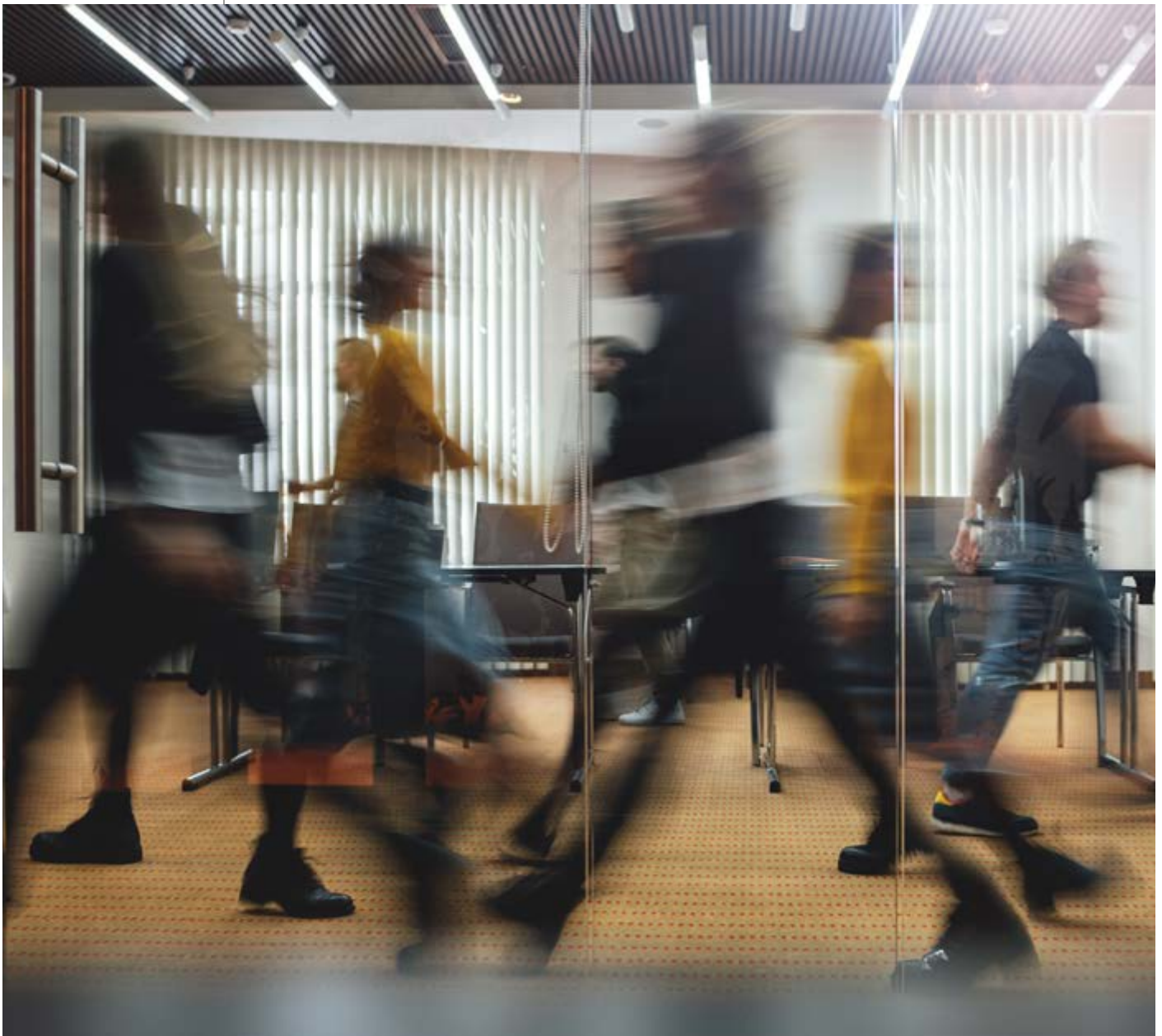
FIGURE 10 Example approach for calculation of healthy workforce opportunity with standard values and company-specific KPIs

Value driver category	Key value driver	Definition	Examples of company specific KPIs
 Employee output	 Productivity	The efficiency with which tasks and goals are accomplished at an organization, fostered through creativity and innovation. ¹	<ul style="list-style-type: none"> – Increase in number of hours worked/total revenue or profit – Increase in total revenue or profit/FTE – Increase in percentage of employees achieving targets – Company-specific numbers for average value of productivity (e.g. average daily pay x total number of employees)
	 Presenteeism	The act of staying at work longer than usual, or going to work when you are ill, to show that you work hard and are important to your employer. ²	<ul style="list-style-type: none"> – Company-specific numbers for productive days lost (e.g. productive days lost per employee x total number of employees)
	 Absenteeism	Any failure to report for or remain at work as scheduled, regardless of the reason. ³	<ul style="list-style-type: none"> – Number of absenteeism days due to being unhealthy – Percentage of long-term vs. short-term absences
 Talent management optimization	 Retention	An organization's ability to develop a distinct employee value proposition and prevent employee turnover. ⁴	<ul style="list-style-type: none"> – Percentage rate of unwanted turnover due to being unhealthy – End-of-year performance review in first and second year vs. average company benchmark performance
	 Attraction	How an organization communicates with potential applicants to attract suitable candidates for a job vacancy. ⁵	<ul style="list-style-type: none"> – Employer Net Promotor Score (NPS) – Percentage increase in job applications
	 Unwanted attrition	The departure of employees from the organization for any reason (voluntary or involuntary), including resignation, termination, death or retirement. ⁶	<ul style="list-style-type: none"> – Percentage rate of unwanted turnover due to being unhealthy – Actual turnover cost
 Increase driver to improve total benefits created through good employee health and well-being  Reduce driver to decrease total direct costs of poor employee health and well-being			

Source: 1. MindManager. (2020). *Productivity in the workplace? What is it, and why is it important.* <https://blog.mindmanager.com/202005202003what-is-productivity-in-the-workplace>. 2. Cambridge Dictionary. (n.d.) *presenteeism.* <https://dictionary.cambridge.org/dictionary/english/presenteeism>. 3. van Vulpen, E. (n.d.). *Absenteeism in the Workplace: A Full Guide.* Academy to Innovate HR. <https://www.aihr.com/blog/absenteeism/>. 4. Holiday, M. (2024). *What is Employee Retention? Benefits, Tips & Metrics.* Oracle Netsuite. <https://www.netsuite.com/portal/resource/articles/human-resources/employee-retention.shtml>. 5. De Montfort University. (n.d.). *Attraction.* <https://www.dmu.ac.uk/business/work-with-our-students/make-diversity-your-business/attraction.aspx>. 6. Gartner. (n.d.). *Attrition.* <https://www.gartner.com/en/human-resources/glossary/attrition>.

Creating a healthier workforce: developing an action plan with new mindsets and structural interventions

A portfolio of investments that address poor health and promote good health can unlock full workforce potential.



By taking decisive steps towards building a healthy workforce, organizations will not only benefit employees but also enhance performance. Executives often view employee health and well-being programmes as a cost rather than as a strategic opportunity with a positive ROI. This report aims to change that. Yet, many executives would not know where to begin even if they were convinced of the need for change.

Where to start? Six principles to address employee health

Each organization has unique needs and opportunities to address employee health and well-being, based on size, organizational set-up, geographic spread and level of resources. This report suggests six simple principles each organization could follow to create a successful employee health and well-being intervention portfolio:

1. Understand the baseline and value at stake:

As described in Briefing 3A, start by assessing the baseline health status of employees through surveys. Alongside the baseline, it is important for each organization to understand the potential value of revising a workforce strategy and the risks associated with doing nothing.

2. Develop initiatives for a sustainable healthy workforce:

One-off efforts will not build a healthy workforce. Achieving sustainable results requires a long-term, systemic approach with high-quality, evidence-based interventions.⁹⁷ This should be complemented by a clear vision of what the organization is attempting to solve, leading to a targeted approach to improving health, in alignment with the overall organizational strategy. Short-term projects may yield immediate benefits, but real change comes from a complete plan that includes clear leadership behaviours and effective tools. The updated strategy can then build on current efforts, such as programmes focused on diversity and inclusion and psychological well-being. This strategy should be sponsored by the board and empower lower-level teams to drive autonomous, aligned interventions.

3. Pilot interventions to test and learn: Deploy, test and learn. Set up pilot programmes to try out and refine strategies. This allows for targeted testing, continuous improvement, learning from failures and ensuring that only the most effective interventions are scaled. Begin with small, manageable programmes addressing immediate needs to start building momentum and create longer-term impact. Interventions do not need to be complicated – simple actions, such as encouraging employees to take “movement breaks” during work or training managers to discuss mental health with their teams, can be highly effective. Shift away from offering reactive interventions at an individual level in favour of implementing more proactive interventions, especially those aimed at teams.

4. Track three to five metrics to measure success:

Start with three to five KPIs that drive workforce health and organizational performance, ideally ones already tracked or easy to implement.⁹⁸ Refine these KPIs for optimal insights. Assess broader effects by updating the investment case and re-surveying employee health. Use these insights to steer the strategy – whether that means stopping, redirecting or scaling interventions. Systematic measurement validates the investment in a healthy workforce.

5. Ensure leadership commitment and sponsorship:

Real change starts in the boardroom with executives making employee health and well-being a strategic priority. Executives must set the vision, hold themselves accountable and integrate health and well-being into the core organizational strategy. They should also nominate an executive-team sponsor and a board sponsor as a signal of leadership commitment. The sponsor does not need to be the chief HR, people or medical officer; it can be very powerful if another executive takes the sponsor role. Executives will need to be transparent in their communication and authentic in how they role model. They also need participate in health initiatives to create a supportive environment where employees feel encouraged to engage and be open about their health challenges.

“As the executive sponsor of the well-being agenda at Standard Chartered, I believe that well-being at work is at the core of employee engagement and productivity. We want our people to feel able to bring their best selves to work and deliver sustainable high performance. I am passionate about using my role to help create a positive and healthy work environment. This means listening to colleagues about their needs and supporting them to build well-being-related skills – such as resilience and adaptability, empathy, and personal energy management. Having an executive sponsor outside of the traditional HR setting demonstrates that well-being is for everyone and it’s a shared responsibility.

Diego De Giorgi, Group Chief Financial Officer, Standard Chartered

6. Embed employee health into organizational culture: Creating a sustainable and healthy workforce is a long-term journey requiring a systemic shift in organizational mindset and culture. Employee health must be integral to everyday work life and embedded in daily practices, management analytics, leadership behaviours, the deployment of digital tools, policies and values. This cultural shift demands

continuous engagement, regular evaluation and flexible interventions to meet needs as they evolve. This approach will help break down some barriers, such as privacy concerns from employees or stigma about mental health. Fostering a culture of health and well-being is not just about immediate outcomes; it is about building resilience and long-term sustainability in the organization.

CASE STUDY 9

Ikea Canada implements Wellness Days, reducing employee turnover from 35% to 24.5%

Furniture and home-goods company Ikea Canada found through its 2019 annual employee engagement survey that employees cited family obligations, personal illness and stress and that employees wanted a healthier lifestyle. In 2020, the company introduced Wellness Days, allowing employees to take 12 days off per year for personal illness or injury, supporting a family member with an illness or injury, taking care of a personal emergency, participating in a community

event, volunteering at a not-for-profit organization, self-care, inclement weather, or spending time with loved ones or a new pet. In response to the COVID-19 pandemic, it partnered with the Mental Health Commission of Canada to introduce training and a digital programme that develops self-care, self-leadership, resilience and mindfulness practice. Executives have credited the focus on mental health with contributing to a drop in employee turnover from 35% to 24.5%.⁹⁹

Create a portfolio of evidence-based interventions for a sustainable healthy workforce

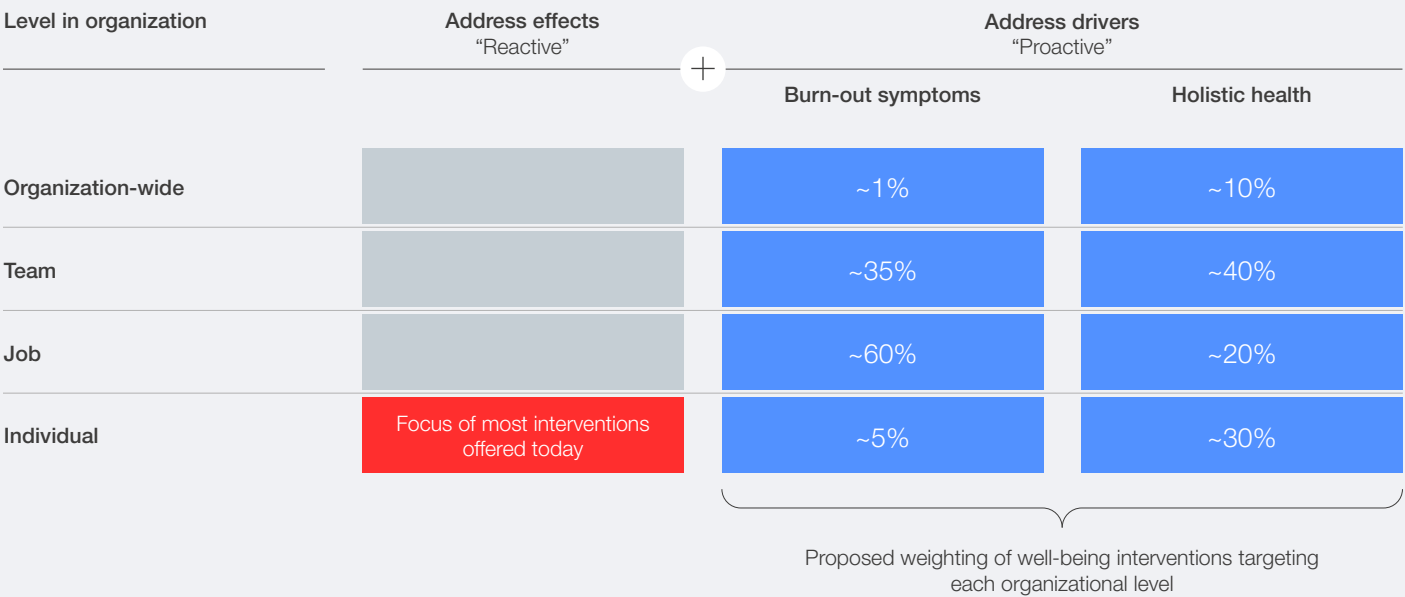
Many employers care deeply about their employees' health and well-being, introducing interventions designed to help, including yoga classes, meditation apps, wellness days and awareness campaigns. Often, however, the portfolio of interventions is not a coherent whole that significantly moves the needle to address specific workforce needs. To make interventions effective, employers must understand and proactively address employees' needs at the individual, team and organizational level. Companies often provide ways to help

individual employees, but mental health apps and gym access alone are not enough if systemic problems remain.

So where does a chief executive officer/chief human resources officer/chief people officer/chief medical/health officer start if they want to create a portfolio of effective interventions? How can leaders select the right evidence-based employee health and well-being interventions?

The ideal portfolio aims to address both immediate needs (reactive) and root causes (proactive) and is made up of a complementary variety of interventions, some of which are designed to help individuals and teams, some to reshape jobs and some to change the organization (Figure 11).

FIGURE 11 | Data-driven distribution suggestion of employee health and well-being interventions by levels of an organization targeted¹⁰⁰



● Proposed weighting of well-being interventions targeting each organizational level

Source: MHI Employee Holistic Health Survey 2023, expert interviews

The reason a portfolio approach is important is that work and health-related outcomes are influenced by both enablers and drivers.¹⁰¹ Enablers are the aspects that can provide positive energy, such as meaningful work and psychological safety. In comparison, demands are challenges at work that require sustained cognitive, physical or emotional effort, such as toxic workplace behaviour and role ambiguity.

Holistic health is most strongly influenced by **enablers**, such as the employee experience of having self-efficacy, adaptability, feelings of belonging, meaningful work and psychological safety. Interventions that address these drivers include self-efficacy and adaptability training, purpose workshops, and psychological-safety leadership and team training. Other interventions to support holistic health include workplace nutrition programmes, peer mentoring, job crafting and physical-activity nudges.

In contrast, burn-out symptoms are more strongly associated with **demands**, such as the employee experience of toxic workplace behaviour, role ambiguity and role conflict. Interventions related to these drivers focus on eliminating toxic behaviours,

making roles clearer and helping teams and team leaders reduce confusion and role conflict. Additional interventions include offering high-quality mental health awareness training, managing teams' ways of working, creating space for recovery and adjusting roles to enhance control and autonomy.

The best place for an organization to start addressing demands and building enablers for employees is at the team and job levels.¹⁰² Notably, team-level drivers are predictive of both holistic health **and** burn-out symptoms. Middle managers are crucial to team health and well-being, serving as the link between leadership and employees.¹⁰³ Their engagement is vital for the successful implementation of employee health and well-being interventions. Empowering and training middle managers to prioritize the health and well-being of their teams can unlock employee growth and productivity. Investing in middle management pays off: research shows that organizations with top-performing middle managers generate 3 to 21 times more in total shareholder returns.¹⁰⁴ Additionally, including employees in the decision-making process through surveys, focus groups and well-being committees ensures that subsequent actions meet their needs and realities.