

The Corporate Value of a Culture of Health - Beyond Health & Productivity Management to Corporate Performance -

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Summary: *IBI research links adoption of health and productivity management as a corporate best practice to a superior return on sales, respect from industry peers and employee satisfaction.*

The Challenge

We are in a time of increasing pressure on the assessment of employee benefits performance. This is especially the case now that employers must determine the relative corporate value of maintaining medical coverage for employees and dependents versus paying a fine and passing on their health care obligations to an insurance exchange.

A challenge for many benefits managers is to learn about and “make real” for senior management, operations managers and employees the potential relationship between business performance and a corporate culture that supports health and the ability and will to manage key health outcomes.

Employers appear eager to adopt health and productivity management (HPM) practices, and they also believe HPM is effective in promoting health and productivity outcomes.¹

Surprisingly, both occur in the face of IBI's finding that many employers don't track the health and productivity impact of their own HPM practices.

You and your C-suite may adopt HPM as “the right thing to do,” but wouldn't it be better all around if you could point to a stronger correlation between a healthy, engaged and productive workforce and positive corporate performance?

Results

To help show this connection, IBI investigated the relationship between employers' adoption of effective HPM practices and indicators of business success. We coupled results from our 2009 survey of 447 employers with an IBI analysis of business results from *Fortune* Magazine and *Fortune's* surveys of “Most Admired” companies for companies that participated in the survey.²

Bottom-line impact: We found that employers that do well, that is, have a superior “return on sales,” also are likely to adopt health and productivity management measures identified by survey participants as “effective.” We also note that “revenue per employee,” a rough measure of

¹ A) *More than Health Promotion: How Employers Manage Health and Productivity*, Integrated Benefits Institute, January 2010.

<<http://ibiweb.org/do/PublicAccess?documentId=1007>>;

B) *The Impact of Employer Health and Productivity Management Practice*, Integrated Benefits Institute, July 2010.

<<http://ibiweb.org/do/PublicAccess?documentId=1067>>

² *Linking Workforce Health and Business Performance*, Integrated Benefits Institute, August 2010.

<<http://ibiweb.org/do/PublicAccess?documentId=1070>>

productivity at best, is not related to effective HPM practices, although given the variability that various jobs have on revenue this finding is not surprising.

Of course, other factors like superior products, effective management, corporate culture, communications and marketing strategies also may be associated with HPM as best practices to support corporate success.

Respect by industry peers: It is likely that more profitable and successful firms have more resources for developing and implementing effective HPM programs. But the trick is to understand *why* these successful companies are more likely to invest these resources in effective HPM.

It may be that leaders who produce better business margins may generally manage human capital better than others, and effective HPM investment may be consistent with their overall approach to human capital management. This suggests that HPM efforts may comprise a set of business “best practices” in keeping with other practices adopted by successful organizations.

In an attempt to quantify the impact of superior leadership and corporate culture, we analyzed HPM scores based on how an employer fared in *Fortune*'s surveys of the Most Admired companies, as rated by industry peers. We identified 67 employers that participated in the IBI survey and that also had *Fortune* “Most Admired” scores. Our analysis showed that the more a company is admired in the eyes of industry leaders and analysts, the higher the effectiveness score of its HPM practices is likely to be.

Employee Satisfaction a Key? IBI's survey analysis also showed that employers consistently rate the impact of individual HPM practices on employee satisfaction more highly than for all other outcomes, including reduced medical/ pharmaceutical costs, improved health-related lost productivity and reduced sick day/disability absences. For all these other outcomes, one or more of the HPM practices may not produce a positive result.³ Moreover, research from others links business-unit-level measures of employee satisfaction to organizational outcomes such as profitability, productivity and safety.⁴

Perhaps the employee-satisfaction findings come in recognition of the “win-win” that a health-and-productivity approach fosters both for a more productive and engaged workforce and an improved quality of personal and family life.

When employers offer health and productivity programs or commit resources to assist workers with health, life-style improvements and productivity, they may be sending a positive message about building a culture of health within the company and for the workforce.

The Employee Viewpoint: A [2009 survey](#)⁵ of 28,810 respondents in 15 countries by Right Management in association with the World Economic Forum validated a similar response from an *employee viewpoint*, as well. When wellness is actively promoted in the workplace, organizations were viewed by employees as being 2.5 times more likely to be regarded as a “best performer” than as a “below average performer.” Sixty-five percent of respondents who identified their organizations as “one of the best performing organizations in its sector” also responded favorably to the statement, “My organization actively promotes health and well-being.”

³ *The Impact of Employer Health and Productivity Management Practice*, Integrated Benefits Institute, July 2010.

<<http://ibiweb.org/do/PublicAccess?documentId=1067>>

⁴ See for example a meta-analysis by Harter, James K., Frank L. Schmidt, and Theodore L. Hayes. Business-Unit-Level Relationship Between Employee Satisfaction, Employee Engagement, and Business Outcomes: A Meta-Analysis. *Journal of Applied Psychology*. 2002; 87(2):268-279.

⁵ Dornan, A. and Jane-Llopis, E. (2010). *The Wellness Imperative: Creating More Effective Organizations*. World Economic Forum. Retrieved from <http://www.right.com/thought-leadership/articles-and-publications/the-wellness-imperative-creating-more-effective-organizations-world-economic-forum-in-partnership-with-right-management.pdf>

Commentary

These IBI results reinforce the message that HPM likely is emerging *as part of* a corporate best-practices strategy, as companies come to understand the importance of healthy human capital as a productive engine and as successful companies seek ways to maintain and enhance that success.

Heightened employee satisfaction may reflect the ability of superior leadership to do a superior job communicating with employees, including communicating the fact that employee health investment is a high priority on par with corporate efficiency.

In any event, these findings strongly point to encouraging employers to not miss the opportunity to communicate to employees that an investment in employee health – to the benefit of corporate productivity and personal quality of life – is a high priority that is firmly embedded in the company culture.