



The Economic Argument

A healthy workforce can yield real benefits for your business, e.g. increase performance and productivity, and decrease healthcare costs, while increasing the well-being and morale of individual employees. A recent study by the World Economic Forum analysed the effect of workplace wellness programmes and found that they can achieve a 25–30% reduction in medical and absenteeism costs, resulting in increased productivity and lower recruitment and training costs as fewer workers retire or leave for health reasons. Globally, the toll from chronic disease is estimated at US\$ 2 trillion in lost productivity each year¹.

The business benefits for addressing well-being and health at the workplace are substantial. There are multiple studies published that estimate that the cost of chronic illness on productivity can be two to four times the healthcare cost². US companies that target employee behaviour linked to chronic disease risk factors can save an average of US\$ 700 per employee³ each year in healthcare costs and productivity improvements. Savings in Europe are closer to € 400 per employee⁴ due to different healthcare and compensation patterns. In Asia the average potential savings are much lower but the proportional impact of a wellness programme on company performance can be equally crucial.

Findings have shown that:

- Organizations are seen as 2.5 times⁵ more likely to be a best performer.
- In terms of turn-over, organizations are 4 times less likely to lose talent within the next year.
- An organization is 3.5 times more likely to encourage creativity and innovation among employees who are 8 times more likely to be engaged in the work they do.

The current generation of wellness programmes is based on a more scientific understanding of the impact of behaviours on chronic conditions, as well as on the effectiveness of interventions available to address them. Research carried out in recent years has attempted to map the complex interdependencies between behaviours, risk

World Economic Forum On-line Economic Model

A quick and easy way for companies to calculate the return on investment of employee wellness programmes. It will help estimate:

The **full cost of chronic disease** within your employed population and the **potential savings** from a customized wellness programme.

For the application and further materials:

www.wellness.weforum.org

¹ 2009 Almanac of chronic disease, Partnership to Fight Chronic Disease, 2009. See, for example, Loeppke, et al., "Health and productivity as a business strategy," *Journal of Occupational and Environmental Medicine* 49 (2007): 712–721; and Controlling presenteeism, Kaiser Permanente, March 2007. WHO data, BCG Analysis in World Economic Forum Research - The New Discipline of Workforce Wellness - Enhancing Corporate Performance by Tackling Chronic Disease, Page 5.

² See reference ¹

³ The figure was calculated using a comprehensive simulation model developed by Healthways. Using this model, an average US company profile was assumed that incorporated a comprehensive wellness programme with three sample interventions at a total cost of US\$ 8 per employee per month. It was also assumed that the US employer covers 100% of the healthcare costs. See <http://wellness.weforum.org> for a complete list of assumptions and further details.

⁴ See reference ³

⁵ Organisational Effectiveness Survey ; Right Management, 2009 Summary of Findings in WEF – The Wellness Imperative – Creating more effective Organisations p.6



factors and disease. The burden imposed by chronic diseases is driven by a small set of conditions and risk factors. The 15 most costly of these conditions – including coronary artery disease (CAD), hypertension, obesity and heart failure – account for more than 80% of the total cost of all chronic illnesses.⁶ The accumulation of research⁷, which

“We as employers get a good return on investment from health; for every US\$1, we can get up to US\$6 back.”¹

**Margaret Chan, Director-General,
World Health Organization (WHO),
Geneva**

correlates modifiable behaviours such as smoking, physical inactivity and poor diet and chronic illness, is creating an ever stronger case for workplace wellness initiatives.

This change of dynamics is tied with a demand for better understanding and means to evaluate the effectiveness of interventions. This has set the stage for companies to develop programmes that have measurable returns on investments. To illustrate and facilitate this process, the World Economic Forum and Boston Consulting Group (BCG), with the support of Healthways, have developed an online tool which simulates the

interplay among risk factors, chronic illnesses and specific interventions, along with their implications for healthcare costs and potential healthcare savings. [See Box: *World Economic Forum On-line Economic Model*]

Actively promoting health and well-being in the workplace is increasingly recognised as a strategic tool that can add real value to growth and performance of a company.⁸ Investing in health also has considerable benefits beyond economics; a 2009 study by Right Management found compelling evidence linking health and well-being to employee engagement, organizational productivity, talent retention and creativity and innovation.⁹ In return, this increases employee resilience, productivity and competitiveness while reducing associated costs of presenteeism and absenteeism.¹⁰

⁶ World Economic Forum Research - The New Discipline of Workforce Wellness - Enhancing Corporate Performance by Tackling Chronic Disease, Page 9.

⁷ WEF – The new discipline of workforce wellness – enhancing corporate performance by tackling chronic disease, p. 7

⁸ Organisational Effectiveness Survey ; Right Management, 2009 in WEF – The Wellness Imperative – Creating more effective Organisations, p.3

⁹ Organisational Effectiveness Survey ; Right Management, 2009 in WEF – The Wellness Imperative – Creating more effective Organisations, p.4

¹⁰ WEF leaflet on Wellness Alliance for Workplace Health – Launched at the WEF Annual Meeting in 2010