



happiness lab

The business case for wellbeing

Wellbeing is our ability to feel good and function effectively at work and comprises each individual's experience of their life and a comparison of life circumstances with social norms and values. It can be both subjective and objective. Cross-sectional, longitudinal and experimental studies, high levels of wellbeing have been shown to be associated with a range of organisational outcomes, including:

- **Improved individual performance** - Employees with higher levels of wellbeing have been found to learn more effectively, be more creative, have better relationships, demonstrate more pro-social behaviour, feel more satisfied in their jobs and perform better (Chida and Steptoe, 2008; Diener et al., 2010; Dolan et al., 2008; Lyubomirsky et al., 2005).
- **Up to 8 x more engaged** - When wellbeing is a priority in the workplace, by helping employees to maximize their personal resources, supporting them to function to the best of their abilities individually and collectively and producing a positive overall experience at work, it is estimated that employees are up to eight times more likely to be engaged (New Economic Foundation, 2014; World Economic Forum, 2010).
- **Improved safety (32% average reduction in injury claims)** - Employees with higher levels of wellbeing are more likely to take early action and seek help rather than risk poor health. It is estimated that workplace health programmes can achieve an average of 32% reductions in workers' compensation and disability claim costs. (Chapman, 2003).
- **Up to 30% reduction in sick leave** - Healthy workers take up to 9x less annual sick leave than unhealthy workers (2 days per annum rather than 18 for unhealthy workers). Estimates suggest that workplace health programmes can reduce sick leave by up to 30% (Medibank Private, 2005; Dishman et al, 1998).
- **4 x less likely to lose talent** - Employees who take an unfavourable view of their workplace's commitment to health and wellbeing are four times more likely to leave in the next 12 months. In contrast, 64% of those who take a favourable view indicate that they are likely to stay for the next five years (World Economic Forum, 2010).
- **5:1 Return on Investment** - On average employers obtain a return of £5 for every £1 invested. However, there is a wide spread of returns all the way up to 11:1. (Deloitte, 2020).
- **12% greater individual productivity** - Economists testing the idea that happy employees work harder found that happiness made people around 12% more productive (Oswald et al., 2015)

Chapman LS, Meta evaluation of worksite health promotion economic return studies. *The Art of Health Promotion*, 2003, 6(6):1–16

Chida, Y., & Steptoe, A. (2008). Positive psychological well-being and mortality: A quantitative review of prospective observational studies. *Psychosomatic medicine*, 70(7), 741-756.

Deloitte - Mental health and employers: refreshing the case for investment (2020) retrieved from <https://www2.deloitte.com/uk/en/pages/consulting/articles/mental-health-and-employers-refreshing-the-case-for-investment.html>

Diener, E., Ng, W., Harter, J., & Arora, R. (2010). Wealth and happiness across the world: material prosperity predicts life evaluation, whereas psychosocial prosperity predicts positive feeling. *Journal of personality and social psychology*, 99(1), 52.

Dishman RK, Oldenburg BO, O'Neil H, Shephard R (1998), Worksite physical activity interventions. *American Journal of Preventative Medicine*, 15, 344–61.

Dolan, P., Peasgood, T., & White, M. (2008). Do we really know what makes us happy? A review of the economic literature on the factors associated with subjective well-being. *Journal of economic psychology*, 29(1), 94-122.

Huppert, F. A. (2008). Mental capital and well-being: making the most of ourselves in the 21st century. State-of-science review. Psychological wellbeing: evidence regarding its causes and consequences. SR-X2. London: Government Office for Science Foresight project.

Keyes, C. L. (2002). The mental health continuum: From languishing to flourishing in life. *Journal of health and social behavior*, 207-222.

Lyubomirsky, S., King, L., & Diener, E. (2005). The benefits of frequent positive affect: does happiness lead to success?. *Psychological bulletin*, 131(6), 803.

Medibank Private (2005). *The health of Australia's workforce*, Medibank Private, Australia.

New Economic Forum (2014). *Wellbeing At Work: A review of the literature*. New Economics Foundation, UK.

Oswald, Andrew J., Proto, Eugenio and Sgroi, Daniel. (2015) Happiness and productivity. *Journal of Labor Economics*, 33 (4). pp. 789-822.

PwC (2014) *Creating a mentally healthy workplace: return on investment analysis*. Retrieved from http://www.headsup.org.au/docs/default-source/resources/beyondblue_workplaceroi_finalreport_may-2014.pdf

Ryff, C. D., & Singer, B. (1998). The contours of positive human health. *Psychological inquiry*, 9(1), 1-28.

World Economic Forum (2010). *The Wellness Imperative: Creating more effective organisations*. World Economic Forum, Geneva.