

The business case for wellbeing and engagement: Literature review

Summary report

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wellbeing

*Improving employee performance
through wellbeing and engagement*

Introduction

When considering the costs and benefits associated with wellbeing and engagement in the workplace, there is a tendency to think mainly about the financial implications of sickness absence. It is certainly true that sickness absence is costly and it is probably the most easily measured cost associated with poor wellbeing. However, concentration solely on sickness absence obscures important other effects of an unhealthy workforce. For example, the Sainsbury Centre for Mental Health (2007) estimated the cost of reduced productivity at work due to mental health conditions to be one and a half times greater than that due to days lost through mental-health-related sickness absence.

According to Dame Carol Black's Review (2008), the most commonly mentioned benefits of investing in employee wellbeing were: increased productivity; reduced number of sickness absences; reduced staff turnover and increased retention of skills; and improved staff morale. Also cited were: reduced recruitment and training costs; improved company reputation as a 'good employer'; and improved financial performance and competitiveness.

Being absent from work due to illness is undoubtedly a significant cost to both employee and employer. It may mean lost wages, benefits and social support for the individual; while the organisation may see a decrease in workforce productivity, resulting in lower output and less revenue. Thus, for the employer, an absent employee impacts the bottom line. The Confederation of British Industry, estimates sickness absence as costing approximately £495 on average per employee per year (BUPA, 2005).

However, employees suffering from illness or injury often come to work despite their health problems. In some cases, their poor health may lead to these individuals not performing at their best. Described as presenteeism, this reduced performance and productivity due to ill-health while at work, has been estimated as being more costly than absenteeism. In fact, one study estimates the cost of presenteeism to be two to three times more than direct health costs incurred as a result of illness (Hemp, 2004). Another study suggests that presenteeism could cost employers 2 to 7 times more than absenteeism (Main, Glozier and Wright, 2005)

In addition to monitoring hard statistics like absence from the workplace and productivity, it is also important to consider factors such as employee engagement and satisfaction as these can be an important factor in a range of business outcomes. Disengaged or disgruntled employees have been shown to be less productive, absent in higher numbers and are more likely to leave the company (MacLeod and Clarke, 2009). Therefore, when thinking about the business case for health and wellbeing interventions, employee engagement should be included in the picture.

Issues of health, wellbeing and engagement are likely to become increasingly significant over the next decade or two due to demographic changes within the workforce. The combination of an aging population with changes in pension arrangements and removal of the default

retirement age, mean that we are almost certain to see increasing numbers of older workers in UK workplaces. The UK Department for Work and Pensions estimates that, by 2024, nearly 50% of the adult population will be 50 and over (DWP, 2007). Evidence shows that most declines in physical and mental capacity across the life-span are not directly related to chronological age, but more due to environmental and lifestyle factors such as diet, exercise, smoking and alcohol consumption, stress, work environment and psychosocial factors (Harper and Marcus, 2007). However, there are some age-related changes to wellbeing and older workers are more likely to have had long-term exposure to relevant lifestyle factors, meaning there is a higher risk of chronic health problems among older workers than their younger counterparts.

Considered together, the costs to employers of poor workplace health and the benefits of high wellbeing and engagement suggest that investment in employee health, wellbeing and engagement is money well spent, particularly in light of the ageing workforce and potential rise in chronic disease. There are also a number of studies providing evidence of return on investment for these types of intervention. However, there are still managers and employers – in the Higher Education sector and elsewhere – who need convincing of the business case. This report is designed to provide information that can be used to persuade these ‘unbelievers’. It is a summary of the findings from a literature review that gathered together evidence from a wide range of sources. It is accompanied by: a set of tables that provides summaries of the relevant papers and reports; and a full reference list for those who want to delve more deeply into the background material.

Summarising the literature

This report is the summary of a review that considered both practitioner and academic literature in order to gather evidence to support the business case for wellbeing and engagement. In this context, practitioner literature includes real world and case studies, while academic literature refers to more controlled research programmes. In order to present the findings from this literature review in a coherent and easy-to-access way, it has been sub-divided into the following five categories:

1. Employee turnover
2. Absenteeism
3. Presenteeism and productivity
4. Physical and mental health
5. Employee engagement
6. Return on investment for wellbeing and engagement interventions

These categories reflect the outcomes that have been used in the literature and also represent different elements that are relevant to the business case for wellbeing and engagement interventions. The literature is presented in a way that aims to give an understanding of the nature of the problem and ways of impacting on these business-relevant outcomes. For instance, if your organisation is struggling with high absenteeism, then the evidence grouped under this heading can help you understand the implications (financial and otherwise) and how you might intervene to improve the situation. Please note that many of the research areas will overlap due to the nature of the outcomes being measured, so categories are not mutually exclusive.

1. EMPLOYEE TURNOVER

The cost of employee turnover has received considerable attention in the literature. Lower estimates tend to examine direct costs of turnover (e.g. time for recruitment, selection, and training for new hires). However, these costs have been found to comprise only 10-15% of the total costs of turnover. A study by professional services firm PricewaterhouseCoopers (PwC), estimates that the cost of replacing a competent member of staff equates to approximately one year of that person's salary, reflecting all the costs associated with lost skills and productivity, replacement and the training of a new recruit (Personnel Today, 2010). With annual staff resignations in the UK averaging 10.4% and the average salary around £25,000, the UK's failure to retain talent to the level of other mature economies costs British business around £42 billion per year, or around £8 billion for every 1% increase in resignation, the PwC report says.

Hom and Kinicki (2001) suggest that the basic elements underlying employee turnover are: inter-role conflict at work, work-family conflict, job interference with community and personal endeavours, stress, better job elsewhere, and personal costs of job.

Another factor influencing turnover intention is the amount of control employees have over their own job, which according to the Health and Safety Executive (HSE) can be addressed through workplace interventions. McFadden and Demetriou (1993) showed that a participative intervention that aimed to improve job control, amongst other aspects of work design (e.g., revising supervisory arrangements), decreased turnover by 13% in a six month post-intervention period. Importantly, it was estimated that this 13% decrease in turnover saved AU\$70,000.

Other research cites the critical role of manager support in relation to turnover intention:

- Brough and Frame (2004) showed that supervisor support, in particular, was strongly related to lower turnover intention amongst New Zealand police officers.
- Houkes et al. (2003) showed that workplace support predicted lower levels of turnover intention amongst Dutch bankers.
- Meta-analytic data indicate that support may mediate turnover intention (Rhoades & Eisenberger, 2002).

There is also evidence to suggest that immediately after a redundancy or reorganisation announcement, managers need to ensure that they effectively communicate work-related information to continuing employees (survivors), in order to decrease turnover intention:

- Kernan and Hanges (2002) surveyed employees working for a large multinational pharmaceutical company that had been through a major reorganisation. Employees reported less turnover intention, when they perceived the information, received during the reorganisation, as timely, accurate, and adequate.
- Johnson et al. (1996) conducted a study within a US insurance company that had recently gone through a large redundancy process. Employees in this study reported a significant increase in turnover intention in the days following the announcement of initial job cuts; however, effective and supportive communication from managers in the days after the announcement predicted less turnover intention.

2. ABSENTEEISM

While estimates of the cost of sickness absence, such as those given in the Introduction, can help organisations calculate the average cost of absence in their own workforce, it is important to note that there is also evidence that organisations can save money by reducing absence rates. The following are concrete examples of research conducted in organisations citing the savings associated with reducing absenteeism through wellbeing interventions:

- A UK public-sector organisation team of 46 employees saved an average of 64 working days per year (as compared to their previous year's absence rate and to a control group) as a direct result of a wellbeing intervention (Bond and Bunce, 2001).
- Two UK call centres saved £105,164 in short-term absence costs over a one year period (as compared to their previous year's absence rates and to a control call centre) as a direct result of a wellbeing intervention (Bond, Flaxman, and Bunce, 2008).

Studies indicate that manager support, bullying, and high work demands coupled with low job autonomy are all factors that impact absenteeism:

- Low levels of support from managers in the workplace were associated with increased sickness absence rates in various occupational groups (particularly for male workers) (e.g., Melchior et al., 2003; Niedhammer et al., 1998; North et al., 1996; Vahtera et al., 2000).

- Kivimäki and colleagues (2000) assessed the impact of workplace bullying on subsequent absenteeism, amongst Finnish hospital workers: those subjected to workplace bullying took 51% more long-term absences and 23% more shorter absences than non-bullied colleagues. These associations were independent of age, gender, job contract, or income.
- Hoel et al. (2001) estimate that some 27 million working days are lost each year in the UK due to bullying, at a total cost to UK organisations of £1.88 billion, even when excluding costs due to lost productivity and use of grievance procedures.
- Whitehall II study of over 9000 British civil servants by North and colleagues (1996) found that when high work demands were combined with low job control (little control over the way one does one's work), there was a 10% to 20% higher level of sickness absence – this effect was particularly strong for men and for those in lower grade jobs.

Staff participation in organisational change, as opposed to imposed change, also seems to affect absenteeism. For example, Schweiger and Denisi (1991) found that employees that participated and were involved in the communication of a change programme reported significant increases in self-rated performance (which had dropped following announcement of a merger), and significant reductions in absenteeism.

Sickness absence leads to costs to individuals, employers, the economy and taxpayers. After 28 weeks of sickness absence many individuals will lose their contract of employment and move instead onto incapacity benefits. The cost to the public purse of each incapacity benefit claimant is roughly £5,250 per year, plus likely Housing Benefit costs of at least a further £500. Using a conservative gross wage assumption of £11,250 per year, the net saving to taxpayers of moving people from incapacity benefits to work or helping someone remain in work is almost £3,000 per year (DWP, 2007).

3. PRESENTEEISM AND PRODUCTIVITY

Presenteeism refers to workers present at work but functioning at sub-optimal levels. As mentioned in the Introduction, this can be as costly as absenteeism if not more so. In fact, absenteeism may only represent a small proportion of the hours lost due to ill health: presenteeism may have an adverse impact on performance, organisational productivity, and bottom line profit. Employees with poor health are likely to work less effectively than usual, they may be more prone to costly mistakes, or transmit their illness to colleagues. The invisible costs of presenteeism (e.g. lost sales due to lack of follow-up, being late to market, failure to recognise early trends in a changing economy) may be even greater than the more direct costs of lost productivity.

Since it is extremely difficult to establish causal links between poor health and loss of productivity, it is worth considering here the literature that deals with factors that have been shown to impact on wellbeing and how these link to productivity. For example, factors such as low job control, lack of support, conflict and high demands have been shown to be associated with stress in the workplace, so links between these factors and productivity are relevant in this context. There are some robust studies that outline the business case for wellbeing strategies that feature job design elements known to be associated with wellbeing outcomes (e.g. control).

The authors of the following studies argue that increasing the amount of influence someone has over how they do their job will significantly improve productivity:

- Higher levels of job control led to better performance in identifying and correcting computer input errors (Dodd & Ganster, 1996).
- Higher levels of job control seem to improve performance on 'in-basket' simulations (Jimmieson & Terry, 1997).
- Higher levels of job autonomy led to better performance in identifying and correcting computer input errors (Bond & Bunce, 2003).
- Production line operators who were given greater control in rectifying common (and frequent) operational faults significantly increased production line uptime. The increase in uptime led to a productivity gain of US\$2,400 per week and an additional US\$1,494 per week in the final weeks of the 8 month post-intervention assessment phase (Wall et al., 1992).

Providing employees with support, whether from supervisors or the organisation in general, also seems to have an impact on productivity:

- Patterson, Warr, and West (2004) found that supervisory support, and organisational concern for employee welfare, led to better employee productivity in 42 UK manufacturing companies.
- Rhoades and Eisenberger (2003) reported an association between greater perceptions of organisational support and increased performance.
- Links have been found between management support and objective performance, in particular, using a wide range of objective performance indicators, including speeding fines given by police (Armeli et al., 1998), work output (Ballantine & Nunns, 1998), traffic summonses issued (Baruch-Feldman & Schwartz, 2002), and number of selling demonstrations given (Beehr et al., 2000).

Unsurprisingly, workplace conflict also seems to impact workplace productivity:

- Female employees who had reported sexual harassment reported increased work withdrawal (e.g., absenteeism, tardiness, escaping from work tasks) (Glomb et al., 1999)
- Tepper et al. (2001) investigated abusive supervision and employees' work withdrawal behaviours and found a significant relationship between abusive supervisory behaviours and increased work withdrawal, six months later.
- Leymann (1990) estimated that each employee subjected to bullying at work costs an organisation approximately US\$30,000 - \$100,000 per year.

High demands as also been shown to be linked to lower performance:

- Searle et al. (2001) found that university students rated themselves as performing more accurately on a simulated mail sorting task in a laboratory, when their workload was less demanding.
- Parkes (1990) found that reducing workload gave rise to greater alertness (i.e., better cognitive performance) over the working day.

4. MENTAL AND PHYSICAL HEALTH

Mental and physical health are closely related. Physical illness increases the risk of mental health problems. People with two or more long term physical conditions are seven times more likely to have depression than those without (NICE, 2009). Conversely, mental health problems also increase the risk of physical illness. For instance, depression increases the risk of mortality by 50% (Mykletun and Bjerkeset, 2007) and doubles the risk of coronary heart disease in adults (Hemmingway and Marmot, 1999). This means that efficiencies and savings can be found by investing in wellbeing interventions at the physical and mental health interface. Meeting the

mental health needs of people with physical conditions through early treatment of mental illness, and targeted wellbeing interventions, can both reduce the impact of and prevent development of mental illness in these higher risk groups. A range of workplace interventions to promote physical health and reduce health risk behaviour can prevent subsequent physical illness and also improve mental wellbeing, thereby reducing associated costs. Such interventions are more effective if introduced early.

The business case for employers to invest in identifying and managing stress is probably one of the areas with the most evidence. For example, studies show:

- High levels of stress are associated with lower levels of motivation and commitment (Guest and Conway 2005).
- Stress is a significant cause of conflict at work (OPP, 2008).
- Stress is associated with higher intentions among employees to leave organisations (Guest and Conway 2005).
- Research by the Sainsbury Centre for Mental Health (2007) finds that mental health problems, including stress, are a major cause of presenteeism which can cost employers more than £600 per employee per year.

Research has consistently demonstrated that good mental health and wellbeing, and not simply the absence of mental illness, result in health, social and economic benefits for individuals, communities and populations. Such benefits include: better physical health; greater educational achievement; improved productivity; higher incomes; reduced absenteeism (Herrman, Saxena, Moodie, 2005; Lyubomirsky, King, Diener, 2005; Keyes, 2007; Friedli, 2008). Further, specific research on organisational change and physical wellbeing has shown that large scale organisational change is associated with a 30% extra risk of poor health, a 25% extra risk of longstanding illness and sickness absence and a 55% extra risk of poor mental health. These changes are accompanied by an increase in blood pressure and body mass index, a marker of weight gain (Ferrie et al., 1998).

The Whitehall II study found that the health and wellbeing of public sector workers is not purely a function of the jobs they do, but is affected by the circumstances in which they live and work. The two Whitehall studies dispel the myth that people in high status jobs are more at risk of heart disease due to stress, and propose that there is a gradient in the social determinants of health: the more senior and less disadvantaged you are, the longer you can expect to live (Marmot and Wilkinson, 1999). Approaches such as increasing flexible working, cutting bureaucracy and promoting open and effective work cultures can be part of a programme to improve mental and physical health by changing the workplace. By focusing attention on factors such as job design, the degree of control and autonomy that people have over their work, and the management culture, employers can secure improvements in employee health and wellbeing, attendance, stress and productivity levels (Ferrie, 2004).

Ensuring the wellbeing of employees is paramount in difficult economic times to avoid erosion of wellbeing and performance due to stress-related problems. Failure by organisations to address employees' concerns may lead to mental health problems and costly longer-term consequences. For example, redundancies have a clear impact on employees' mental health, particularly anxiety and stress levels, for both those that leave the organisation and those that remain. Despite this, only 20% of organisations recently surveyed by the CIPD reported that they had increased their focus on employee wellbeing and health promotion as a result of the recession; and the survey revealed that over a third (38%) of employers noted an increase in reported mental health problems, such as anxiety and depression (CIPD Absence Management Survey, 2010).

According to Coats and Max (2005) employees are likely to experience increased work strain if:

- Employment is insecure
- Work is monotonous and repetitive
- Workers have little or no autonomy, control and task discretion
- There is an imbalance between effort and reward so that workers feel exploited or 'taken for granted' (wider than just the wage packet)
- There are few supportive social networks
- There is an absence of procedural justice in the workplace i.e. workers cannot be confident that they will be fairly treated by their employer.

Francis Green (2001) identified a number of factors that contribute to poor mental health:

- Competitive pressures being passed on to employees
- The decline of union representation and power
- HR policies designed to encourage greater worker involvement and commitment, including incentives that link effort with pay
- The development of technology have increased the pace of work and also blurred the line between work and home for many employees, making it harder for them to switch off and recharge.
- The increase in personal debt over the last few years, concerns over higher living costs and, more recently, growing worries over job security against a backdrop of rising unemployment, are also likely to undermine positive mental health and increase stress levels.

5. EMPLOYEE ENGAGEMENT

Employee engagement is defined in a range of ways. One definition that draws together the range of factors covered by the concept is: *'Being focused in what you do (thinking), feeling good about yourself in your role and the organisation (feeling), and acting in a way that demonstrates commitment to the organisational values and objectives (acting)'* (Lewis, Donaldson-Feilder and Tharani, 2011, p4). Employees who believe that their organisation is supporting them to achieve their goals, allows them to work in decent jobs and has their wellbeing at heart are most likely to reciprocate with positive discretionary behaviour. In what is often referred to as the 'psychological contract', the employment and human resource policies of an employer organisation are considered to help shape workers' attitudes and behaviour, their satisfaction and wellbeing (Guest, 2007).

Towers Perrin-ISR (2006) compared the financial performance of organisations with a highly engaged workforce to that of employers with a less engaged workforce over 12 months. The study surveyed 664,000 employees from 50 different sized organisations, different industries, from different countries. Engagement was measured alongside more traditional business performance measures such as operating income, net income and earnings per share. Findings showed:

- Companies with a highly engaged workforce improved operating income by 19.2%
- Companies with a highly engaged workforce improved net income growth by 13.7%
- Companies with low engagement scores saw operating income decline by 32.7%
- Companies with low engagement scores saw net income growth decline by 3.8%

A Meta-Analysis by Harter and colleagues (2006) looked at 23,910 business units comparing performance between units with high engagement scores against those with lower engagement

scores. They concluded:

1. Those business units in the top half of engagement scores had 27% higher profitability than those in the bottom half.
2. Engagement levels can be predictors of sickness absence, with more highly engaged employees taking an average of 2.7 days per year, compared with disengaged employees taking an average of 6.2 days per year.

A Gallup study (2006) on earnings per share in 89 organisations found that growth rates of those units with engagement scores in the top quartile were 2.6 times those of units with below average engagement scores. Those in the top quartile averaged 12 per cent higher profitability.

Further data confirms the positive impact of employee engagement:

- The Corporate Leadership Council (2008) reported that organisations with highly engaged employees grew profits as much as three times faster than their competitors; and that highly engaged organisations have the potential to reduce staff turnover by 87% and improve performance by 20%.
- Shifting levels of employee engagement upwards also correlates with improved performance: for example, Gallup (2008) research for a UK retailer with 174 stores in a study over two years concluded that stores that improved engagement year on year grew their profits by 3.8%. Stores that did not improve their engagement saw their profits decrease by 2% per cent.
- A Watson Wyatt (2009) study of 115 companies suggested that a company with highly engaged employees achieves a financial performance four times greater than companies with poor engagement. The survey also found that the highly engaged are more than twice as likely to be top performers – almost 60% of them exceed or far exceed expectations for performance.

Other studies have looked at the relationship between engagement and absenteeism:

- The Watson Wyatt (2009) study mentioned above showed that highly engaged employees missed 43% fewer days of work due to illness
- Harter and colleagues (2008) found that engagement levels can be predictors of sickness absence, with more highly engaged employees taking an average of 2.7 days per year, compared with disengaged employees taking an average of 6.2 days per year.⁵⁸

Leadership and management have received attention as potential drivers of employee engagement:

- Good leadership and management is a crucial enabler of employee engagement. Alimo-Metcalfe (2008) in a three-year study of 46 mental health teams working in the NHS found that engaged cultures predicted performance, and were more important than other variables including competence. Metcalfe argues that these findings are generalisable to other industry sectors.
- Towers Perrin in their 2008 Global Workforce Study of employee views found that one of the top drivers of engagement was senior management demonstrating a sincere interest in employee wellbeing.
- An engaging manager is at the heart of success in engaging the workforce. Accenture's internal research showed that 80 per cent of the variation in engagement levels was down to the line manager (McLeod Report, 2009).

A number of other factors are also likely to drive engagement, such as salary, opportunities for advancement, working conditions and environment, management/worker relations and stress levels. A study by IPSOS Mori (2006) suggested that aligning corporate values with employee

ethics had a significant impact on employee engagement: 55% of employees thought it very important that their employer was responsible to society and the environment, with a further 31% thinking it important. The report went on to suggest that companies with strong CSR policies found it easier to recruit good employees. In addition, Bryson and White (2008) found that one of the strongest factors influencing employee commitment to their employer is the extent of meaningful consultation and communication.

6. RETURN ON INVESTMENT FOR WELLBEING AND ENGAGEMENT INTERVENTIONS

A review of 55 case studies found that there were immediate and financial benefits from wellbeing interventions found in a number of cases across all sectors and business sizes (Price Waterhouse Coopers, 2008). One example of this was an NHS organisation, where a voluntary flu immunisation programme for staff led to two fewer working days absence among those who were immunised. In monetary terms, over two years the benefit of this programme was 9.2 times the cost: good health was found to be good business for employers.

Further examples from the PwC (2008) review have provided evidence to suggest a positive relationship exists between wellbeing programmes and improved business key performance indicators. Cost-benefit ratios, which measure the financial return for every unit of expenditure, were found to range from 2:3 to 1:10 (a ratio 2:3 means that for every 2 units/£s spent, the organisation can expect to receive 3 units/£s of value back). Some individual case studies indicated even higher positive outcomes for wellness programmes, with ratios ranging from 1:5 to 9:84. To a large extent, the variation in these investment returns reflects the severity of the measure being targeted and the focussed nature of the programme being implemented (PwC, 2008).

Many organisations in the UK have found a causal link between intervention and financial benefits, as well as determining the magnitude of financial returns. This relationship can be seen in many UK business case studies across different types of organisations, sectors, sizes, and for various different types of interventions:

- In one study by Mills and colleagues (2007), the exact cost-benefit of a wellbeing intervention was calculated. The intervention consisted of personalised health and wellbeing information and advice; a health risk appraisal; access to a tailored health improvement web portal; wellness literature; and seminars and workshops focused on identified wellness issues that have been shown to significantly reduced stress levels, absenteeism and presenteeism. The results were as follows:
 - a. The cost of running such an intervention was £80 per employee per year for a company with 500 employees.
 - b. In year 1, the initial cost of £40,000 for the programme was outweighed by gains arising from reduced presenteeism and absenteeism of £387,722.
 - c. Thus the annual return on investment was more than 1:9.

Turning to case study research, the following six cases show organisations that have introduced wellbeing and engagement strategies and reaped the benefits:

1. AstraZeneca introduced a range of Interventions, including: health promotion activities, work-life balance initiatives, ergonomically-designed working environments, counselling and life management programmes and integrated occupational health/human resources intervention (BITC, 2009). Amongst the benefits found were:

- Absence rates in the UK part of the business for 2004 were 8.5 per cent lower than 2003, resulting in a reduction of £1.2m in total absence costs.
 - Global accident and occupational illness rates fell by 61% against a target of 30%.
2. British Gas achieved a 12% reduction in staff absence and a 25% reduction in staff turnover, and increased its employee engagement and commitment scores after implementing a wide range of activities aimed at addressing general wellbeing at work (McLeod Report, 2009)
 3. Somerset County Council invested £510,000 in a stress management programme that led to:
 - Sickness absence levels dropping from 10.75 days per employee per year to 7.2 between 2002 and 2005, amounting to a total saving on sickness absence of £4.2 million.
 - Improved recruitment and reduced staff turnover in key areas. (Robertson Cooper, 2009.)
 4. United Welsh (a medium-sized housing association) went through a major cultural change programme to prepare the organisation to respond to market changes. The association invested in a wellbeing and engagement strategy that had employee participation at the heart of its activities and found the following gains:
 - Rent unpaid decreased from 4.4% of rent roll in 2001 to 1.5% in 2007.
 - Rent loss (due to empty properties) as a percentage of rent roll decreased from 2.6% in 2001 to 0.45% in 2007.
 - Sickness absence decreased from an average of 5 days in 2001 to 2 days in 2006 and employee turnover also dropped. (McLeod Report, 2009).
 5. The London Ambulance Service (LAS) transformed its service delivery through engagement and partnership working. A new approach was developed, based on a partnership framework, setting out new ways of working, and early discussion of emerging issues. Staff engagement and involvement was at the heart of the new approach. As a result:
 - LAS is now the only ambulance service to receive a Good/Good rating from the Health Care Commission for its services and its use of resources two years in a row.
 - It has the highest clinical performance indicator compliance results in England.
 - The service won the NHS Innovator of the Year Award for London in 2008.
 - It achieved the best emergency preparedness independent audit results in England.
 - Impressive service achievements include the doubling of cardiac arrest survival to discharge.
 - LAS is the only ambulance service to undertake region-wide direct admission for percutaneous coronary intervention 24/7.
 - Fifty-six thousand fewer patients have been admitted to A&E over the last two years.
 - There has been a 30% reduction in complaints (McLeod Report, 2009).
 6. Ultra Electronics Holdings plc is a FTSE250 defence and aerospace company with 4,000 employees in 24 businesses based mainly in the UK, US, Canada and UAE. In 2000, Ultra initiated an internal employee survey process called YOURviews which each business conducts about every 18 months. The survey gives invaluable feedback on employee views and provides important input into the improvement plans in each business. Since the YOURviews process started in 2000:
 - Ultra's sales have increased from £227m to £515m in 2008.
 - Operating profit rose from £30m to £77m, a sustained annual growth rate of over 12% (McLeod Report, 2009).

How to use the literature review materials

This summary document, together with the accompanying tables and reference list, have been compiled to assist practitioners in putting forward good evidence for the business benefits of employee engagement and wellbeing. The aim is to enable practitioners to examine the evidence for the costs and benefits of wellbeing and engagement interventions and determine its relevance in their own organisations. It can be used as a quick reference guide or as the basis for building the business case in your own organisation.

Those wanting more detail on the literature mentioned in this document can access it through:

- **The business case literature review tables:** These are five tables, one covering each of the five areas summarised above (employee turnover, absenteeism, presenteeism and productivity, physical and mental health, employee engagement and return on investment for wellbeing and engagement interventions). Each table indicates:
 - a. the source of evidence
 - b. the main findings
 - c. whether each is a practitioner or academic source.
- **The business case literature review reference list:** This provides a full list of references and research, allowing users to delve more deeply into the background material.

The review suggests that there is adequate research examining outcomes such as employee turnover, absenteeism, physical and mental health: these are hard measures that can be easily observed and reported. By contrast, presenteeism and engagement are multidimensional constructs and much harder to measure directly. One of the limitations in the business case with respect to these two areas is that pinpointing the exact nature of presenteeism or engagement can be very difficult. Caution is therefore advised when looking at returns on investment of programmes impacting on engagement or presenteeism: research or case studies exploring these concepts should be examined closely to determine what the intervention was specifically targeting and why it was being delivered. This will enable you to determine whether it is relevant for your organisation.

All organisations have different starting points when it comes to addressing wellbeing and engagement. When making a business case for addressing wellbeing and engagement in your own organisation it will be important to consider what is relevant in your particular context. For example, which of the areas summarised in the report are most relevant to your organisation? The aim should be to focus on specific outcome areas that are relevant to your organisation's needs. It will be important to gather local-level information about the relevant outcomes, for example:

- What are the current figures for employee turnover and absence rates?
- How do you measure productivity and engagement in your organisation?
- What return would you be looking for from investment in wellbeing and/or engagement activities?

To bring together and explore your own metrics, you might want to consider using the Government-sponsored Business Health Check tool (Health, Work and Wellbeing Programme, 2008): this can be downloaded at <http://www.dwp.gov.uk/health-work-and-well-being/>.

It is also important to consider the fact that wellbeing interventions may impact differently on different groups in the workplace. For example, Cognitive Behavioural Therapy may work with chronic pain (Vowles et al., 2008), but not for people struggling with work-life balance issues. Specific interventions may only be appropriate for particular workplaces, jobs and health problems, and particular points in time. Thus, you need to consider the generalisability and transferability of wellbeing interventions carefully before implementing them in your own organisation.

Concluding comments

The research regarding the business case for wellbeing and engagement reviewed in this report and the accompanying documents is categorised into five relevant areas:

1. Employee turnover
2. Absenteeism
3. Presenteeism and productivity
4. Physical and mental health
5. Employee engagement
6. Return on investment for wellbeing and engagement interventions

Overall, the literature suggests that the promotion of employee wellbeing can have economic benefits for employers, from increased commitment and job satisfaction, staff retention, improved productivity and performance, and reduced staff absenteeism (NICE, 2009). Multi-component wellbeing interventions have been shown to reduce the risk of stress significantly, improve work performance and reduce absenteeism (Mills, Kessler, Cooper & Sullivan, 2007). Economic modelling has found that initial investment of £40,000 in wellbeing programmes in large sized organisations could potentially result in net savings of over £340,000 over a 12-month period: this would equate to a nine fold annual return on investment from productivity gains and reduced absenteeism (Knapp, McDaid & Parsonage, in press).

CIPD Absence Management research (2010) has shown that organisations who evaluate their wellbeing spend are twice as likely to have increased their spending and more likely to increase their projected spend. This implies that evaluations of wellbeing spend generally conclude that investing in wellbeing is worthwhile.

Senior management interest and buy-in is critical for any wellbeing and engagement strategy to succeed. Line managers also have a key role in ensuring the workplace is a setting that engenders health and wellbeing. Good management can lead to good health, engagement and improved performance: the opposite can be true for poor management. Line manager support and endorsement is vital for successful implementation of wellbeing interventions. Managers need the skills to take action when health and wellbeing are at risk, identifying problems and adapting working practices. Since improving wellbeing is not just about removing hazards and the effective management of ill-health, but also the promotion positive wellbeing outcomes, both line managers (Black, 2008) and Human Resource Management (Baptiste, 2008), have key roles in influencing the ways in which workers' wellbeing is affected by work. For senior management and line managers to engage with these issues and take action, they must be supported to understand both that the health and wellbeing of employees is their responsibility and that good levels of wellbeing and engagement are important to ensure good performance for organisations, teams and individuals.

Future research would benefit from more longitudinal studies, which not only look at the return on investment of programmes after a given period of time, but also continue observing outcomes at further time points, to examine the sustainable benefits of such programmes. This would allow organisations to consider whether benefits are short-term or long-term and what costs are acceptable for both types of gains. It is critical to understand whether organisational health regresses back to its original state once any initial positive effects of wellbeing programmes have worn off. Research would also benefit from using more rigorous measures of presenteeism and engagement: presenteeism needs to be operationally defined at the outset of the research, so it is clearly understood how it is being interpreted. Similarly, for engagement, the measures of success must be clearly defined prior to the programme design and execution in order to serve as relevant evaluation criteria.

In conclusion, the evidence for the benefits of wellbeing and engagement to organisations and individuals is becoming increasingly clear. It is hoped that this guide can play a role in helping those championing the wellbeing and engagement agenda.