

## **ASSESSING THE VALUE OF WORKPLACE WELLNESS**

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The Board is responsible for overseeing and monitoring the execution of the organisation's strategic plan by, inter alia, driving a culture of accountability through appropriate and transparent reporting and disclosure. In today's increasingly competitive business environment, stakeholders are demanding more information on the social and ethics risks facing the organisation. As such, effective boards are recognising the inter-dependencies between stakeholders and adopting a stakeholder-inclusive approach to setting strategic objectives and reporting on the organisation's performance. Furthermore, integrated reporting requires greater emphasis being placed on providing feedback on the organisation's use and impact of its capitals, which include the financial, manufacturing, intellectual, human, natural and social and relational capitals. However, some of these capitals are intangible and difficult to quantify, and consequently don't get the focussed reporting that they deserve. While most integrated reports effectively include *human capital information* such as their core competencies, capabilities, experience and skills development initiatives, they generally fail to report on workplace wellness indicators. Integrated reports normally also include disclosures pertaining to occupational health and safety initiatives, human resources development and traditional HIV/Aids programmes, but very few integrated reports refer to the value of, and risks associated with, workplace wellness and effective disease management.

The value of workplace wellness programmes can only really be appreciated when the outcomes of these programmes are measured and evaluated in the context of the organisation's strategic objectives. Identifying and regularly measuring workplace wellness metrics such as group risk insurance claims, onsite health care, presenteeism and absenteeism costs as well as related changes in work performance, functional capacity and quality of life of employees, will better inform health risk mitigation strategies and organisational development processes tailored to add value to the business. Understanding employee health risks and accurately quantifying their associated costs, is essential to developing workplace wellness objectives which support the organisation's strategic objectives. For example, by measuring the employee health risks (such as inadequate exercise, unhealthy diets, smoking, obesity, poor sleep and substance abuse) and comparing them with the costs of non-communicable diseases (such as cardiovascular diseases, diabetes, cancer, chronic respiratory diseases, mental and muscular skeletal disorders); the organisation can gather management information critical to optimising human capital management.

*"One objective of Integrated Reporting is to support integrated thinking, decision making and actions that focus on the creation of value over the short, medium and long term."*

**Source: The <IR> Framework, IIRC**

Where workplace wellness metrics can be accurately monetised, which includes tracking non-financial trends of employees' behaviour, relationships and their performance; these measures all demonstrate the impact of effectual workplace wellness programmes.

## Raising the standard

The business case for workplace wellness is realised when financial and non-financial management objectives are aligned, integrated and effectively managed. While there is no 'one size fits all' approach to workplace wellness programmes, these management interventions should, as far as possible, be benchmarked to those of industry peers and at the very least, important physical and mental wellness metrics should be measured, tracked and analysed. This benchmarked information can be used to establish organisation-wide transformation initiatives and evaluate the impact and effectiveness of specific workplace wellness programme interventions.

Enlightened organisations adopt a combination of curative (disease management), preventative and health promotion (wellness management) interventions. By embracing a holistic integrated workplace wellness management and reporting approach, organisations can broaden their views on human capital management and the extent to which it preserves, creates and promotes business value. It is well-known that an integrated workplace wellness strategy creates significant value when management interventions involve several aspects of the business such as occupational health and safety, human capital development, employee benefits and corporate social responsibility. As such, benchmarked workplace wellness programmes should incorporate and capture information pertaining to multi-dimensional aspects of workplace wellness, including the prevalence for communicable and non-communicable diseases, health and safety risks, organisational climate and the physical and mental health status of employees. Such information should be analysed in the context of the organisation's social and ethics risks and their (potential) impact communicated to material stakeholders. Importantly, the outcomes and the actions taken to address the potential negative impacts of these risks, should also be disclosed in the organisation's annual integrated report.

The organisation's health and wellness metrics also inform organisational change management processes. Leaders in the organisation must consider and monitor the ripple effect of their decisions and how these decisions influence organisational behaviour and employee wellness (and consequently business outcomes). For example, organisational restructuring and downsizing initiatives often result in job redesigns, re-assignments, retrenchments, different business processes and the re-distribution of certain managerial duties. These volatile situations typically introduce additional stressors into the workplace environment which may negatively impact employee wellness and ultimately human capital performance.

In these circumstances, well-designed workplace wellness metrics can help provide leaders with the information they need to make informed investment decisions regarding the allocation of resources to workplace wellness programmes specifically aimed at countering work stress and increased job demands. This management information becomes even more important when organisational change is driven by positive intentions and aimed at increasing efficiency, optimising performance and employee engagement and maximising talent retention.

*"We must develop a comprehensive and globally shared view of how technology is affecting our lives and reshaping our economic, social, cultural, and human environments. There has never been a time of greater promise, or greater peril."*

**Klaus Schwab, Founder and Executive Chairman, World Economic Forum**

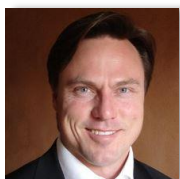
As the speed of change continues to increase -- and as more industries become more complex with the introduction of the Fourth Industrial Revolution and the advent of "cyber-physical systems" -- the requirement to understand the benefits of leveraging workplace wellness programmes to create value



for the organisation becomes even more important. Stakeholder communication programmes should therefore ensure that critical workplace wellness information is timeously and transparently disclosed, especially during times of organisational transformation. Moreover, employers should be able to demonstrate how their workplace wellness programmes promote social cohesion and help the organisation to manage its social and ethics risks by reducing ill health, changing behaviour and developing a culture of wellness.

## ENDS

**Words: 1,087**



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