Introduction

The 2014 Strategic Benefits Survey, administered annually since 2012 by the Society for Human Resource Management (SHRM), is used to determine whether various employee benefits are leveraged to recruit and retain top talent. This research study, split into a six-part series, features the following topics:

- Part 1: Wellness Initiatives
- Part 2: Flexible Work Arrangements
- Part 3: Health Care
- Part 4: Leveraging Benefits to Retain Employees
- Part 5: Leveraging Benefits to Recruit Employees
- Part 6: Communicating Benefits

Definitions

For the purpose of this survey, *wellness initiatives* are any type of wellness program, resource or service offered to employees. *Financial education* initiatives are defined as any workplace initiative, program or resource designed to provide employees with information on how to effectively manage their financial resources for a lifetime of financial well-being.
Key Findings

• **Wellness initiatives and use:** About three-quarters (76%) of respondents indicated their organization offered some type of wellness program, resource or service to their employees.
  
  » Similar to 2012 and 2013 (43% and 37%, respectively), about two-fifths (41%) of respondents from organizations that offered some type of wellness program, resource or service indicated their organization increased its investment in employee wellness initiatives this fiscal year compared to last fiscal year.

• **Return on investment (ROI) from wellness initiatives:** Just one-fifth (18%) of organizations that offered some type of wellness program, resource or service conducted an analysis to determine the ROI for its wellness initiatives. Although this percentage has not decreased drastically, there appears to be a downward trend (20% in 2013; 23% in 2012).
  
  » Of respondents from organizations that conducted an analysis to determine the ROI for their wellness initiatives, the vast majority (97%) reported their organization was “somewhat” or “very effective” in determining its ROI; 95% reported the same in 2013 and fewer (84%) in 2012.

• **Cost savings from wellness initiatives:** Similar to 2012 and 2013 (28% and 27%, respectively), 30% of organizations that offered some type of wellness program, resource or service conducted an analysis to determine the cost savings for their wellness initiatives.
  
  » The vast majority (93%) of respondents from organizations that conducted an analysis to determine cost savings for their wellness initiatives reported their organization was “somewhat” or “very effective” in determining the initiative’s cost savings.
• **Change in employee participation in wellness initiatives:** About one-half (53%) of respondents from organizations that offered some type of wellness program, resource or service indicated employee participation increased last year compared with the year before; the same was true in 2013 and 2012 (56% and 54%, respectively), indicating a pattern of increased use of wellness initiatives over time.

• **Effectiveness of wellness initiatives in reducing health care costs and improving the overall health of employees:** Over two-thirds of respondents from organizations that offered wellness initiatives indicated the initiatives were “somewhat” or “very effective” in reducing the costs of health care in 2014 (72%), 2013 (71%) and 2012 (68%). In addition, in 2014 and 2013, about three-quarters of respondents from organizations offering wellness initiatives rated their initiatives as being “somewhat” or “very effective” in improving the physical health of their employees (78% and 76%, respectively); these results represent a slight downward trend from 86% reporting the same in 2012.

• **Wellness incentives or rewards:** Two-thirds (67%) of organizations that had wellness initiatives in place offered wellness incentives or rewards, representing an upward trend from 2013 (56%) and 2012 (57%).
  » Of respondents from organizations that offered wellness incentives or rewards, 85% indicated their organization’s incentives were “somewhat” or “very effective” in increasing employee participation; the same was true in 2013 (82%) and 2012 (86%).
• **Increasing investment in wellness initiatives:** The vast majority (90%) of organizations that had wellness initiatives in place would increase their investment in their wellness initiatives if they could better quantify their impact.

• **Wellness initiatives extended to dependents:** One-half (50%) of organizations that had wellness initiatives in place extended them to employee dependents; approximately the same percentage of respondents reported the same in 2013 and 2012 (both 45%).
  
  » Of organizations that offered wellness initiatives to dependents, almost all organizations offered them to spouses (98%). Two-thirds (67%) offered wellness initiatives to dependent children, about three-fifths (57%) to same-sex domestic partners and two-fifths to foster children (42%) and opposite-sex domestic partners (41%); about one-third (34%) offered them to dependent grandchildren and 12% to nondependent children.

• **Alignment of wellness and financial education initiatives:** Twenty-nine percent of respondents from organizations that had wellness initiatives in place indicated their wellness initiatives were aligned with financial education initiatives, representing an upward trend from 2013 (19%) and 2012 (17%).
What Do These Findings Mean for the HR Profession?

- Most organizations offer some type of wellness program, resource or service to their employees. Given an aging workforce, the importance of wellness programs is likely to continue to grow as a way to reduce the impact of chronic health conditions on productivity and, ultimately, on organizational success.

- HR professionals can benefit from conducting ROI analyses for their organizations’ wellness initiatives. Almost all organizations that conducted an ROI analysis for their wellness programs found they were “somewhat” or “very effective” at determining their ROI, demonstrating the positive impact of their HR wellness initiative on the bottom line.

- However, HR professionals that reported conducting either ROI or cost savings analyses for their wellness initiatives were in the minority (18% and 30%, respectively). Those who do have experience conducting these types of analyses may therefore stand out from their peers.

- A positive ROI may take a few years to develop. A Harvard University study found that a properly designed wellness program can expect to yield an ROI of 3.27:1 on health care cost reductions and another 2.73:1 on absence and related costs after about three years. HR professionals must therefore continue to measure their organization’s ROI to see how returns change over time.¹

- With most HR professionals reporting a year-over-year increase in employee participation rates in wellness initiatives, more employees are growing familiar with these types of programs. Employee wellness programs may therefore be increasingly considered an expected part of the employee benefits package and a factor in employer recruiting and retention efforts.

What Do These Findings Mean for the HR Profession? (Continued)

- The reported effectiveness of wellness initiatives in reducing the costs of health care makes it likely that they will continue to be an important part of organizations’ health care cost containment strategies. Similarly, the reported effectiveness of offering wellness incentives or rewards to increase employee participation makes it likely that they will continue to be a central part of many organizations’ wellness programs.

- The vast majority (90%) of respondents from organizations that had wellness initiatives in place reported that their organization would increase its investment in its wellness initiatives if it could better quantify their impact, potentially implying that senior executives may be expecting more metrics from their HR teams that show the financial return from offering wellness programs, resources or services.

- With childhood obesity rates climbing, the importance of wellness initiatives extended to dependents may grow. However, many organizations are moving away from offering health insurance to spouses who can access coverage through their own employers; this could affect the use of wellness programs by dependents as well.
Wellness Initiatives
<table>
<thead>
<tr>
<th>Does your organization currently offer any types of wellness programs, wellness resources or wellness services to your employees?</th>
<th>How did your organization’s investment in employee wellness initiatives change in this fiscal year compared with last fiscal year?</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="chart.png" alt="Bar Chart" /> 76% (2014 n = 348,262) 72% (2013 n = 405,290) 70% (2012 n = 437,302)</td>
<td><img src="chart.png" alt="Bar Chart" /> Increased 41% (2014 n = 348,262) 37% (2013 n = 405,290) 43% (2012 n = 437,302) Remained the same 56% (2014 n = 348,262) 60% (2013 n = 405,290) 54% (2012 n = 437,302) Decreased 3% (2014 n = 348,262) 3% (2013 n = 405,290) 3% (2012 n = 437,302)</td>
</tr>
</tbody>
</table>

**Note:** Response options provided were “yes/no/not sure.” Respondents who indicated they were “not sure” were excluded from this analysis. Only “yes” responses are shown.

**Note:** Respondents whose organizations offered wellness programs, resources or services to employees were asked this question.
In the previous fiscal year, did your organization conduct an analysis to determine the ROI for its wellness initiatives?

How effective is your organization at determining the ROI for its wellness initiatives?

Note: Respondents whose organizations offered wellness programs, resources or services to employees were asked this question. Response options provided were “yes/no/not sure.” Respondents who indicated they were “not sure” were excluded from this analysis. Only “yes” responses are shown.

Note: Respondents whose organizations offered wellness programs, resources or services to employees and conducted an analysis to determine the ROI for their wellness initiatives were asked this question. Respondents who indicated they were “not sure” were excluded from this analysis. Percentages may not total 100% due to rounding.
In 2013, did your organization conduct an analysis to determine cost savings for its wellness initiatives?

- Yes: 30% (2014, n = 210, 56) 27% (2013, n = 215, 51) 28% (2012, n = 230, 45)

How effective is your organization at determining cost savings for its wellness initiatives?

- Somewhat effective: 57% (2014) 56% (2013) 5% (2012)
- Not very effective: 12% (2014) 11% (2013) 5% (2012)
- Not at all effective: 0% (2014) 0% (2013) 2% (2012)

Note: Respondents whose organizations offered wellness programs, resources or services to employees were asked this question. Response options provided were “yes/no/not sure.” Respondents who indicated they were “not sure” were excluded from this analysis. Only “yes” responses are shown.

Note: Respondents whose organizations offered wellness programs, resources or services to employees and conduct an analysis to determine the cost savings for its wellness initiatives were asked this question. Respondents who indicated they were “not sure” were excluded from this analysis.
How did employee participation in your organization’s wellness initiatives change last year compared with the year before?

- **Increased**: 53% (2014), 56% (2013), 54% (2012)
- **Remained the same**: 42% (2014), 40% (2013), 40% (2012)
- **Decreased**: 5% (2014), 4% (2013), 6% (2012)

Note: Respondents whose organizations offered wellness programs, resources or services to employees were asked this question. Respondents who indicated they were “not sure” were excluded from this analysis.
How effective do you think your organization’s wellness initiatives are in reducing the costs of health care?

- Very effective: 10%
- Somewhat effective: 62%
- Not very effective: 22%
- Not at all effective: 6%

How effective do you think your organization’s wellness initiatives are in improving the overall physical health of your organization’s employees?

- Very effective: 7%
- Somewhat effective: 66%
- Not very effective: 18%
- Not at all effective: 4%

Note: Respondents whose organizations offered wellness programs, resources or services to employees were asked this question. Respondents who indicated they were “not sure” or “not applicable” were excluded from this analysis. Percentages may not total 100% due to rounding.
In 2013, did your organization offer some type of wellness incentive or reward?

- Yes: 67%
- No: 56%

How effective were these wellness incentives or rewards in increasing employee participation in your organization’s wellness initiatives?

- Very effective: 25%
- Somewhat effective: 20%
- Not very effective: 14%
- Not at all effective: 1%

Note: Respondents whose organizations offered wellness programs, resources or services to employees were asked this question. Response options provided were “yes/no/not sure/not applicable.” Respondents who indicated they were “not sure” or “not applicable” were excluded from this analysis. Only “yes” responses are shown.
Investment in Wellness Initiatives and Quantifying Impact

Would your organization increase its investment in its wellness initiatives if it could better quantify their impact?

- Yes (90%)
- 2014 (n = 144)
- 2013 (n = 165)
- 2012 (n = 186)

Note: Respondents whose organizations offered wellness programs, resources or services to employees were asked this question. Response options provided were “yes/no/not sure.” Respondents who indicated they were “not sure” were excluded from this analysis. Only “yes” responses are shown.
Wellness Initiatives Extended to Dependents

Are any of your organization’s wellness initiatives extended to dependents?

- Yes: 50% (2014), 45% (2013), 45% (2012)

Which employee dependent groups are your organization’s wellness initiatives extended to?

- Spouses: 98% (2014), 99% (2013)
- Dependent children: 67% (2014), 75% (2013)
- Same-sex domestic partners: 57% (2014), 61% (2013)
- Foster children: 42% (2014), 52% (2013)
- Opposite-sex domestic partners: 42% (2014), 58% (2013)
- Dependent grandchildren: 34% (2014), 38% (2013)
- Nondependent children: 12% (2014), 23% (2013)

Note: Respondents whose organizations offered wellness programs, resources or services to employees were asked this question. Response options provided were “yes/no/not sure.” Respondents who indicated they were “not sure” were excluded from this analysis. Only “yes” responses are shown.

Note: Respondents whose organizations offered wellness programs, resources or services to employees and whose wellness initiatives were extended to employee dependents were asked this question. Respondents who indicated they were “not sure” were excluded from this analysis. Percentages do not total 100% due to multiple response options.
Does your organization monitor participation rates for dependent groups in its wellness initiatives?

- Same-sex domestic partners: 62%
- Opposite-sex domestic partners: 59%
- Spouses: 57%
- Dependent grandchildren: 40%
- Dependent children: 36%
- Foster children: NR
- Nondependent children: NR

Note: Respondents whose organizations offered wellness programs, resources, or services to employees and whose wellness initiatives were extended to employee dependents were asked this question. Respondents who indicated they were “not sure” were excluded from this analysis. NR = Not Reportable (n < 30)
How likely are dependents to participate in your organization’s employee wellness initiatives?

- Very likely
- Somewhat likely
- Not very likely
- Not at all likely

<table>
<thead>
<tr>
<th>Category</th>
<th>Very Likely</th>
<th>Somewhat Likely</th>
<th>Not Very Likely</th>
<th>Not at All Likely</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spouses</td>
<td>53%</td>
<td>21%</td>
<td>6%</td>
<td>20%</td>
</tr>
<tr>
<td>Dependent children</td>
<td>35%</td>
<td>42%</td>
<td>15%</td>
<td>8%</td>
</tr>
<tr>
<td>Same-sex domestic partners</td>
<td>59%</td>
<td>16%</td>
<td>8%</td>
<td>16%</td>
</tr>
<tr>
<td>Opposite-sex domestic partners</td>
<td>53%</td>
<td>22%</td>
<td>9%</td>
<td>16%</td>
</tr>
</tbody>
</table>

Note: n = 32-105. Respondents whose organizations offered wellness programs, resources or services to employees and whose wellness initiatives were extended to employee dependents were asked this question. Respondents who indicated they were “not sure” were excluded from this analysis. Percentages may not total 100% due to rounding.

NR = Results for foster children, dependent grandchildren and nondependent children not reportable (NR) (n < 30)
Alignment of Wellness and Financial Education Initiatives

Are your employee wellness initiatives aligned with any financial education initiatives?

Yes

- 2014 (n = 223)
- 2013 (n = 340)
- 2012 (n = 402)

Note: Respondents whose organizations offered wellness programs, resources or services to employees were asked this question. Response options provided were “yes/no/not sure.” Respondents who indicated they were “not sure” were excluded from this analysis. Only “yes” responses are shown.
Demographics
## Demographics: Organization Industry

<table>
<thead>
<tr>
<th>Industry</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>27%</td>
</tr>
<tr>
<td>Professional, scientific and technical services</td>
<td>14%</td>
</tr>
<tr>
<td>Health care and social assistance</td>
<td>14%</td>
</tr>
<tr>
<td>Finance and insurance</td>
<td>12%</td>
</tr>
<tr>
<td>Government agencies</td>
<td>9%</td>
</tr>
<tr>
<td>Educational services</td>
<td>7%</td>
</tr>
<tr>
<td>Transportation and warehousing</td>
<td>5%</td>
</tr>
<tr>
<td>Construction</td>
<td>5%</td>
</tr>
<tr>
<td>Real estate and rental and leasing</td>
<td>5%</td>
</tr>
<tr>
<td>Retail trade</td>
<td>4%</td>
</tr>
<tr>
<td>Utilities</td>
<td>3%</td>
</tr>
</tbody>
</table>

*Note: n = 320. Percentages do not total 100% due to multiple response options.*
## Demographics: Organization Industry (Continued)

<table>
<thead>
<tr>
<th>Industry</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mining, quarrying, and oil and gas extraction</td>
<td>3%</td>
</tr>
<tr>
<td>Arts, entertainment and recreation</td>
<td>3%</td>
</tr>
<tr>
<td>Wholesale trade</td>
<td>3%</td>
</tr>
<tr>
<td>Repair and maintenance</td>
<td>3%</td>
</tr>
<tr>
<td>Accommodation and food services</td>
<td>2%</td>
</tr>
<tr>
<td>Administrative and support, and waste management and remediation services</td>
<td>2%</td>
</tr>
<tr>
<td>Agriculture, forestry, fishing and hunting</td>
<td>2%</td>
</tr>
<tr>
<td>Information</td>
<td>2%</td>
</tr>
<tr>
<td>Religious, grant-making, civic, professional and similar organizations</td>
<td>2%</td>
</tr>
<tr>
<td>Personal and laundry services</td>
<td>0%</td>
</tr>
<tr>
<td>Other industry</td>
<td>8%</td>
</tr>
</tbody>
</table>

*Note: n = 320. Percentages do not total 100% due to multiple response options.*
Demographics: Organization Sector

- Privately owned for-profit: 53%
- Nonprofit: 23%
- Publicly owned for-profit: 13%
- Government: 9%
- Other: 2%

n = 317
Demographics: Organization Staff Size

- 1 to 99 employees: 26%
- 100 to 499 employees: 39%
- 500 to 2,499 employees: 19%
- 2,500 to 24,999 employees: 12%
- 25,000 or more employees: 4%

n = 304
Demographics: Other

Does your organization have U.S.-based operations (business units) only, or does it operate multinational?

<table>
<thead>
<tr>
<th>Operation Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.-based operations only</td>
<td>75%</td>
</tr>
<tr>
<td>Multinational operations</td>
<td>25%</td>
</tr>
</tbody>
</table>

*n = 319

What is the HR department/function for which you responded throughout this survey?

<table>
<thead>
<tr>
<th>Department Function</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate (companywide)</td>
<td>79%</td>
</tr>
<tr>
<td>Business unit/division</td>
<td>12%</td>
</tr>
<tr>
<td>Facility/location</td>
<td>9%</td>
</tr>
</tbody>
</table>

*n = 208

Is your organization a single-unit organization or a multi-unit organization?

<table>
<thead>
<tr>
<th>Organization Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single-unit organization: An organization in which the location and the organization are one and the same.</td>
<td>38%</td>
</tr>
<tr>
<td>Multi-unit organization: An organization that has more than one location.</td>
<td>62%</td>
</tr>
</tbody>
</table>

*n = 320

For multi-unit organizations, are HR policies and practices determined by the multi-unit headquarters, by each work location or by both?

<table>
<thead>
<tr>
<th>Determination Method</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multi-unit headquarters determines HR policies and practices.</td>
<td>58%</td>
</tr>
<tr>
<td>Each work location determines HR policies and practices.</td>
<td>3%</td>
</tr>
<tr>
<td>A combination of both the work location and the multi-unit headquarters determines HR policies and practices.</td>
<td>39%</td>
</tr>
</tbody>
</table>

*n = 207
Survey Methodology

- Response rate = 10%
- 380 HR professionals from a randomly selected sample of SHRM’s membership participated in this survey
- Margin of error +/- 5%
- Survey fielded April-May 2014
For more survey/poll findings, visit shrm.org/surveys

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