



SHRM Survey Findings: 2016 Strategic Benefits— Wellness Initiatives



November 30, 2016

Introduction

The 2016 Strategic Benefits Survey is part of a survey series administered annually since 2012 by the Society for Human Resource Management (SHRM). This research is used to determine whether various employee benefits are leveraged to recruit and retain top talent. The five-part series features the following topics, which are published as separate survey findings:

- Part 1: Wellness Initiatives
- Part 2: Flexible Work Arrangements
- Part 3: Health Care
- Part 4: Leveraging Benefits to Retain and Recruit Employees
- Part 5: Assessment and Communication of Benefits

In addition to overall results and results over time (where applicable), findings include comparisons of organizations in the high-tech industry and all other industries.

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.

- **Wellness initiatives and use:** About two-thirds (68%) of HR professionals indicated their organizations offered some type of wellness program, resource or service to their employees.
- **Return on investment (ROI) and cost savings from wellness initiatives:** In 2015, more than three-fourths of organizations (77%) that offered some type of wellness program, resource or service did not conduct an analysis to determine their ROI and/or cost savings from their wellness initiatives; 13% conducted both an ROI and a cost savings analysis, 7% conducted a cost savings analysis, and 3% conducted an analysis to determine their ROI.
- **Cost savings from wellness initiatives:** Almost one-half (48%) of HR professionals indicated their organizations' wellness initiatives decreased their health care costs; about two-fifths (42%) indicated they decreased unplanned absences, and about one-third (30%) indicated they increased work productivity.
- **Effectiveness of wellness initiatives in improving overall engagement of employees:** About two-thirds (65%) of HR professionals indicated their organization's wellness initiatives were "somewhat effective" in improving overall engagement of employees; 9% indicated they were "very effective" in improving overall engagement.

- **Wellness incentives or rewards:** Three-fifths (60%) of organizations that had wellness initiatives in place offered wellness incentives or rewards.
 - » Of respondents from organizations that offered wellness incentives or rewards:
 - About one-quarter (27%) indicated their organization’s wellness incentives were “very effective” in increasing employee participation; about three-fifths (61%) indicated they were “somewhat effective.”
 - The most common wellness incentives or rewards offered were a reduction in the employee’s health care premium (38%) and gift cards (37%); about one-quarter of respondents indicated their organizations offered company gift items, such as t-shirts, mugs and gym bags (26%), recognized employees in a company newsletter, intranet, etc. (26%), or gave bonuses/cash (25%).

What Do These Findings Mean for the HR Profession?

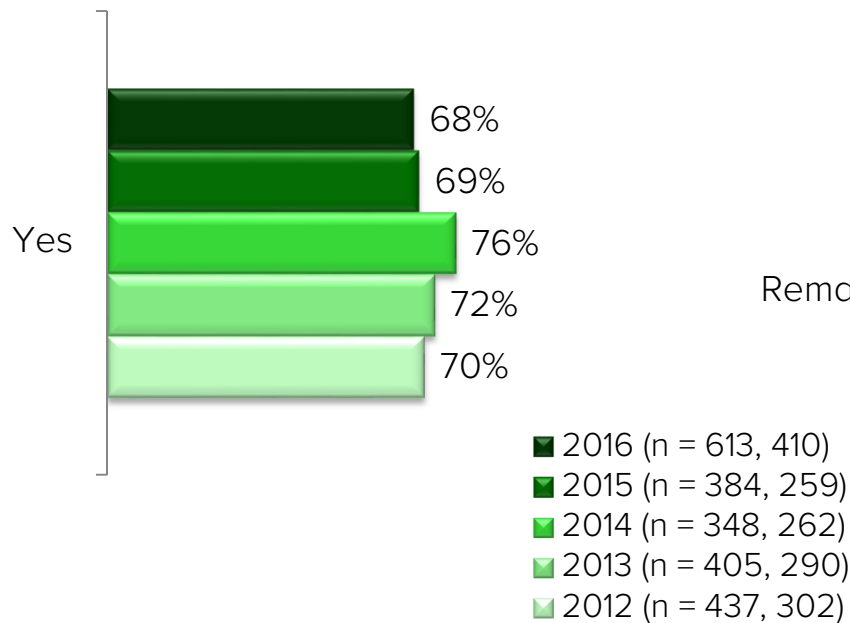
- **Wellness initiatives are now part of most HR professionals' benefits strategies.** Many HR professionals report using some type of wellness program, resource or service in their organizations, yet few measure their ROI and cost savings, indicating that more work is needed in this area. HR professionals who lack experience with measuring the outcomes of wellness programs may want to consider developing their knowledge through research, networking with colleagues who have more experience, and seeking out learning opportunities and training, especially training in calculating ROI.
- **Organizational leaders may increasingly expect to see cost savings from wellness initiatives.** HR professionals report some form of cost savings through their wellness initiatives either through decreased health care costs, fewer unplanned absences or increased work productivity. While organizational leaders may initially applaud these outcomes, they could come to expect even more cost savings in the future, especially as they come to see these initiatives as a way to offset rising health care costs elsewhere.
- **Wellness initiatives could become more closely linked to employee job satisfaction and engagement strategies.** As the workforce population ages, a greater appreciation of the value and benefits of wellness initiatives may grow among the workforce. Workers over the age of 50 are more likely to experience problems related to chronic health conditions and are therefore expected to value wellness benefits even more highly. HR professionals already indicate that their organization's wellness initiatives are at least somewhat effective in improving the overall engagement of their employees. This positive impact could increase as a greater proportion of the workforce interacts more closely with these programs and experiences improved health outcomes as a result.

- **Changing health care needs could encourage the use of wellness incentives or rewards.** If the number of individuals suffering from chronic health conditions continues to climb—an escalation that is expected by many experts given current trends in risk factors such as obesity and as a result of an aging workforce—more organizations may budget a greater amount for wellness incentives and rewards in an attempt to reduce the chronic health conditions that drive up their health care costs.



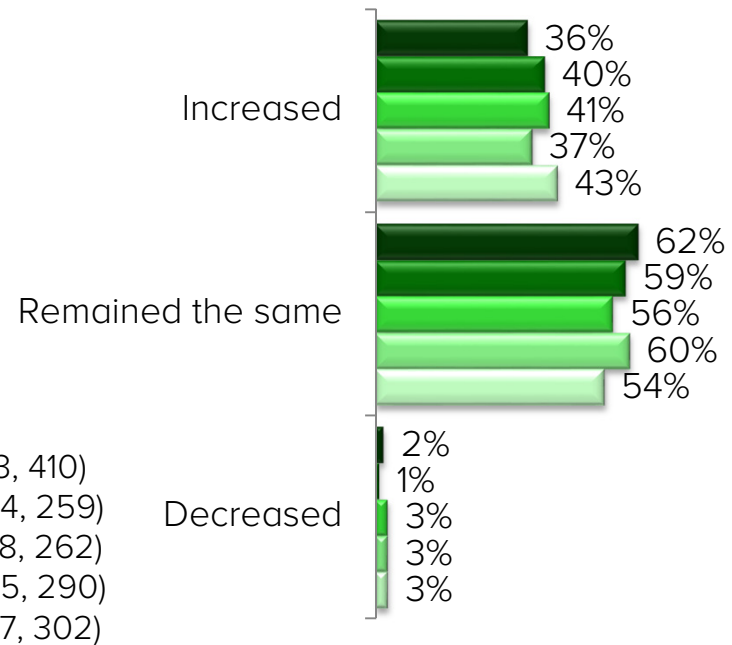
Wellness Initiatives

Organizations that offer wellness programs, wellness resources or wellness services to employees



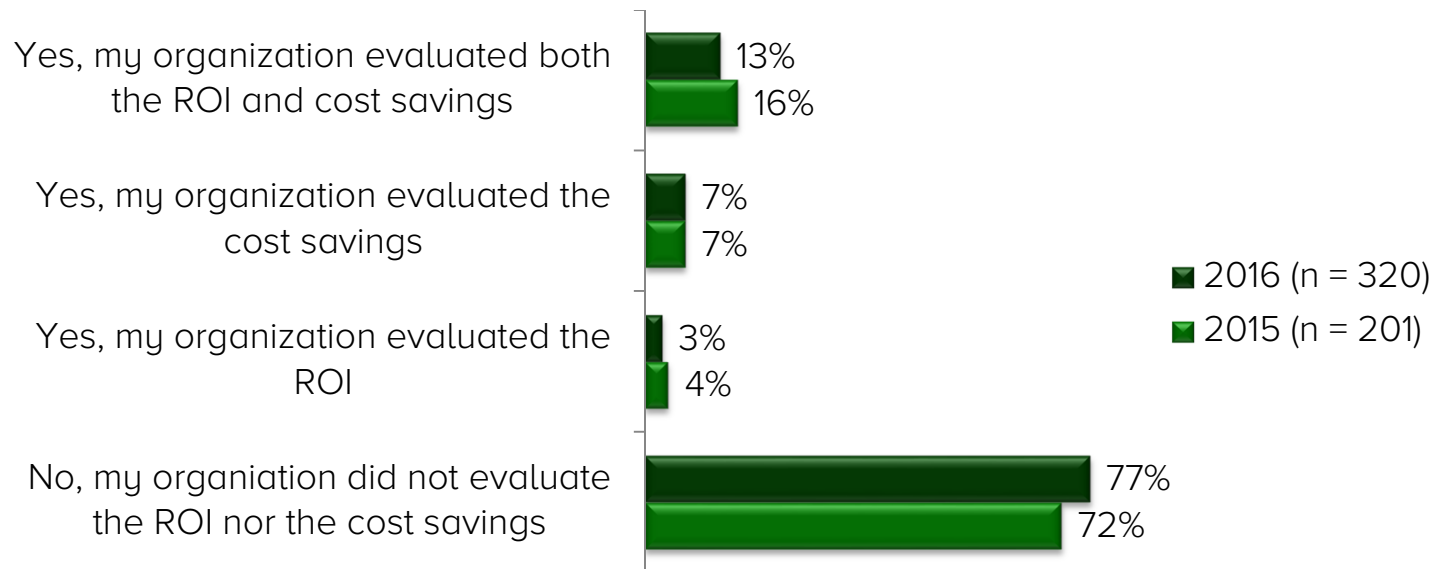
Note: Respondents who indicated they were "not sure" were excluded from this analysis. Only "yes" responses are shown.

Change in organization's investment in employee wellness initiatives this fiscal year compared with last fiscal year



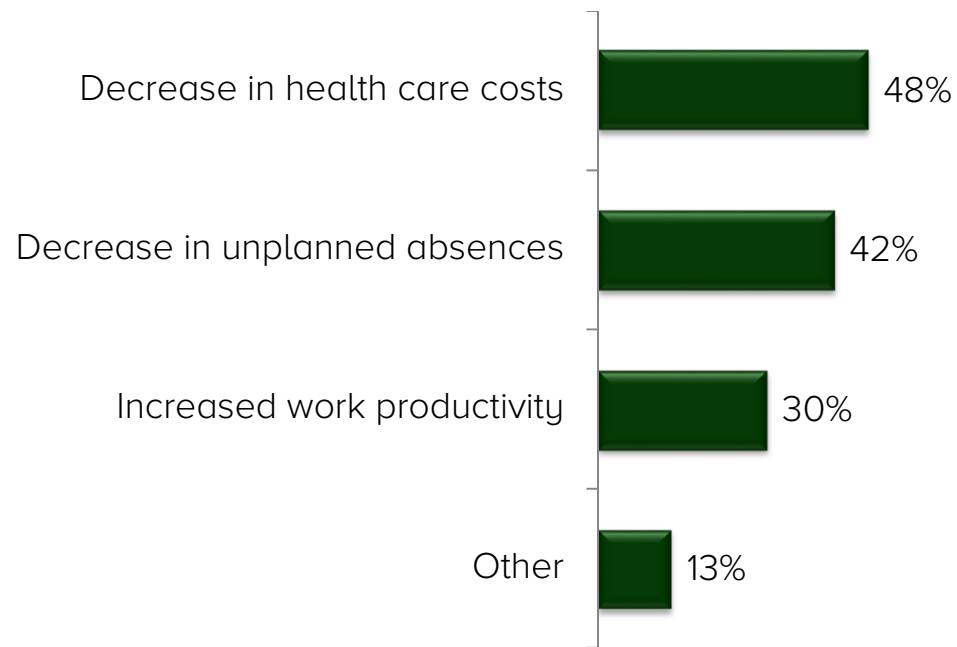
Note: Respondents whose organizations had wellness initiatives in place were asked this question.

Organizations that conducted analyses to determine the return on investment (ROI) and/or cost savings from its wellness initiatives (during the previous fiscal year)



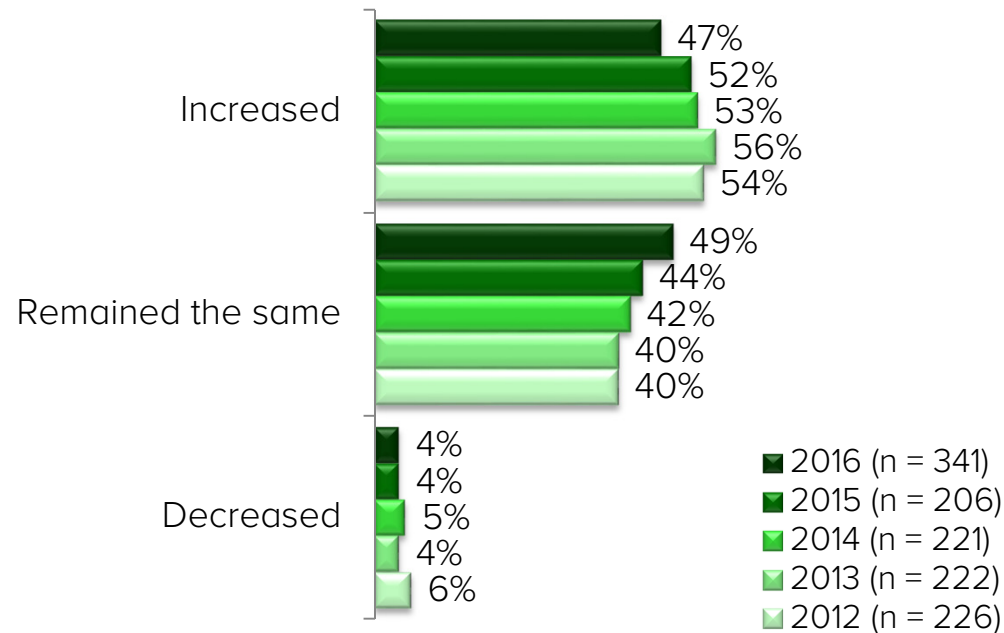
Note: Respondents whose organizations had wellness initiatives in place were asked this question. Respondents who indicated they were "not sure" were excluded from this analysis. Percentages may not total 100% due to rounding.

Type of cost savings from wellness initiatives



Note: n = 64. Respondents whose organizations conducted an analysis to determine their costs savings for its wellness initiatives, or had evaluated both their costs savings and ROI, were asked this question. Percentages do not total 100% due to multiple response options.

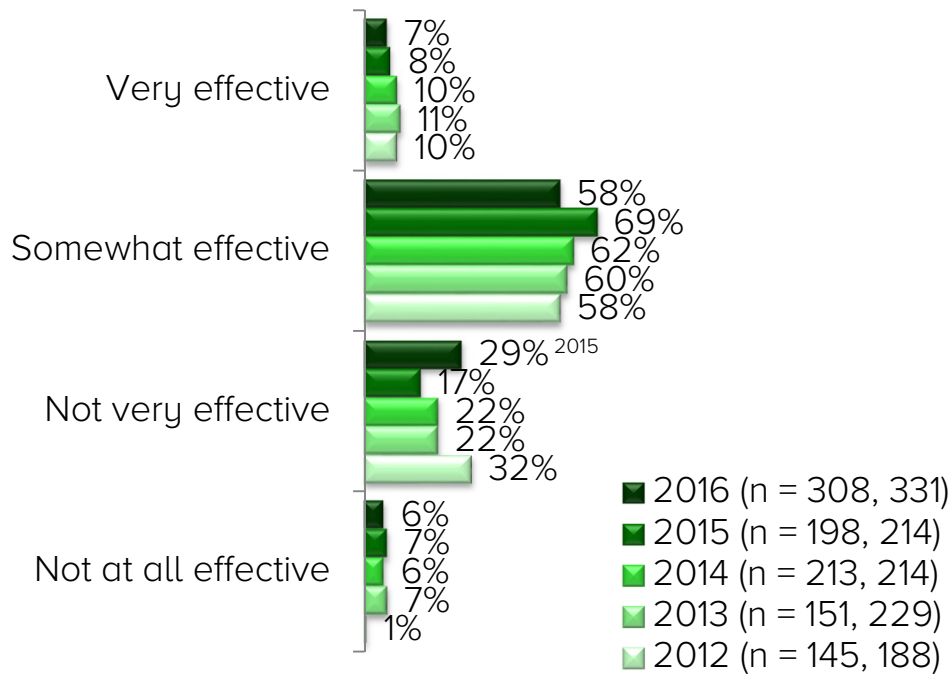
Changes in employee participation in organization's wellness initiatives (between the previous fiscal year and the year prior)



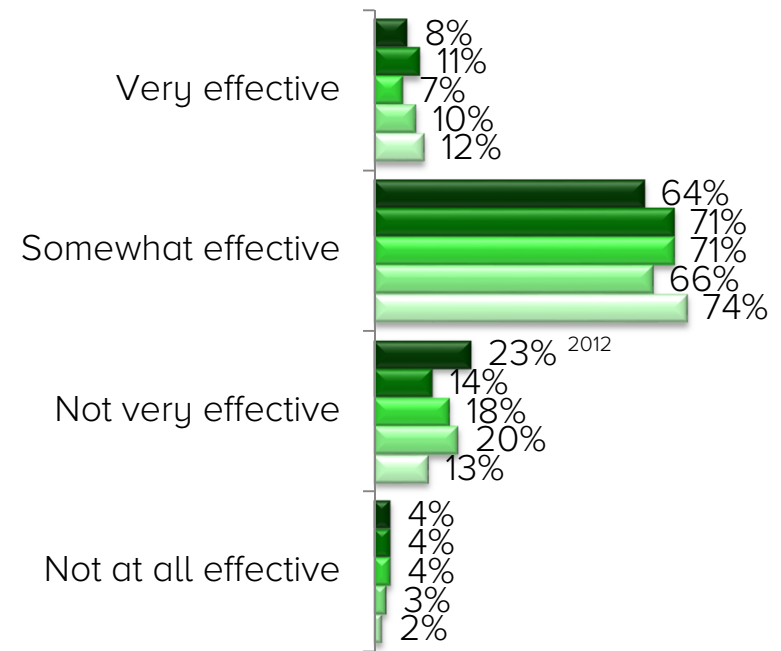
Note: Respondents whose organizations had wellness initiatives in place were asked this question. Respondents who indicated they were "not sure" were excluded from this analysis.

Effectiveness of Wellness Initiatives in Reducing the Costs of Health Care and Improving the Overall Physical Health of Employees

Reducing the costs of health care



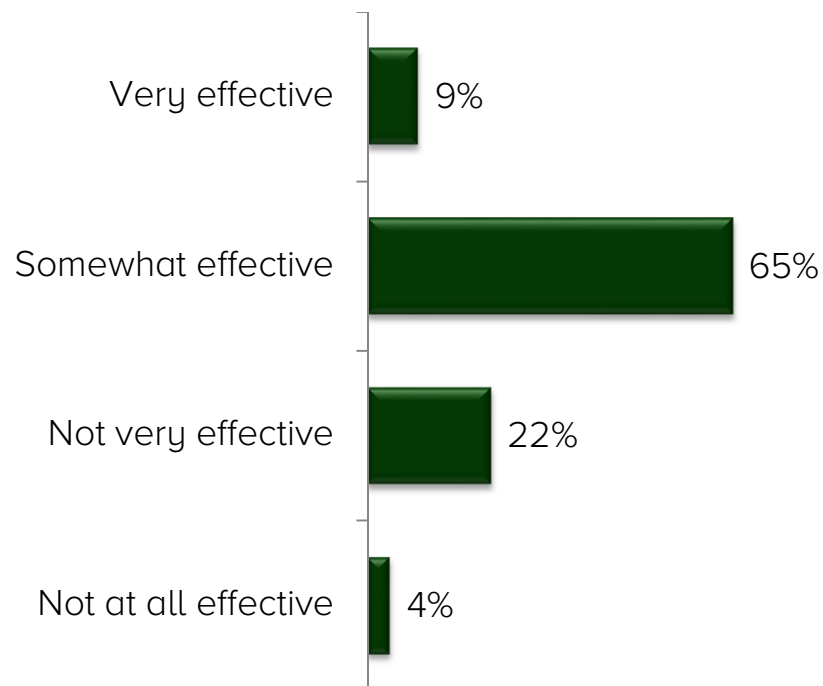
Improving the overall physical health of employees



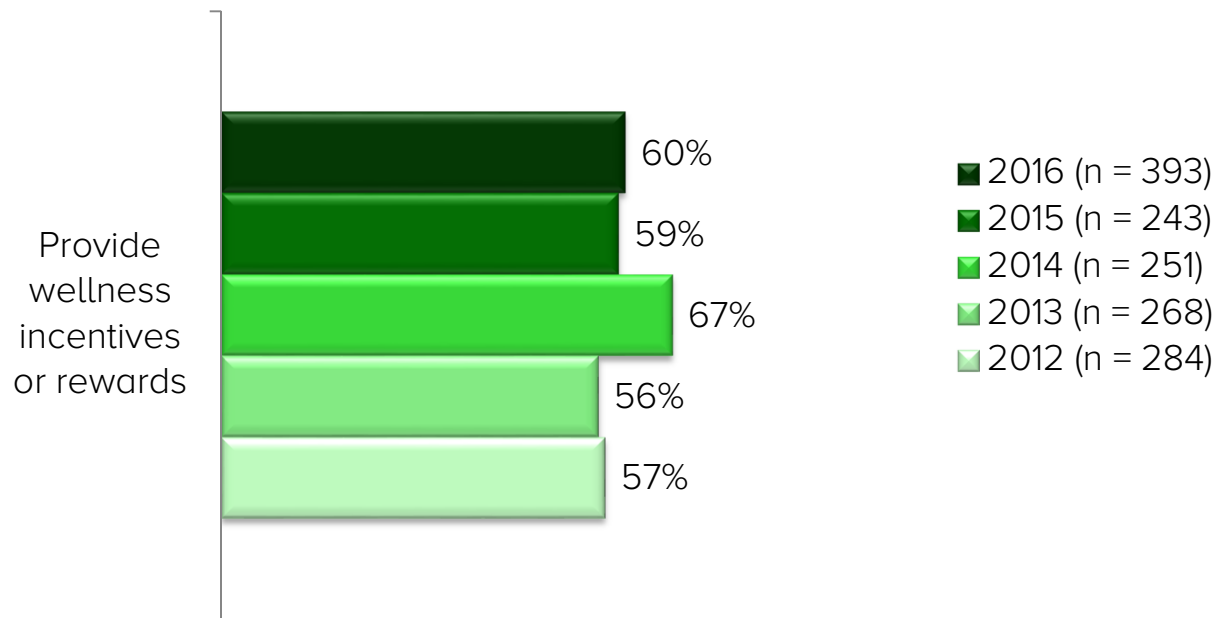
Note: Respondents whose organizations had wellness initiatives in place were asked this question. Respondents who indicated they were "not sure" or "not applicable" were excluded from this analysis. Percentages may not total 100% due to rounding.

²⁰¹⁵Statistically significant difference from 2015. ²⁰¹²Statistically significant difference from 2012.

Effectiveness of Wellness Initiatives in Improving Overall Engagement of Employees

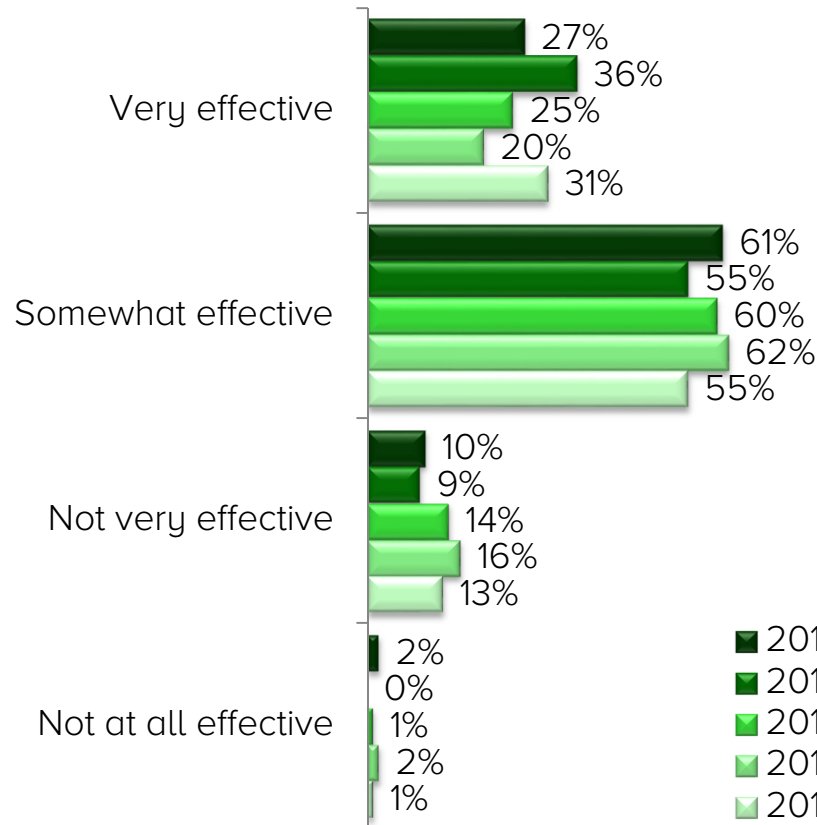


Note: n = 337. Respondents whose organizations had wellness initiatives in place were asked this question. Respondents who indicated they were “not sure” or “not applicable” were excluded from this analysis.



Note: Respondents whose organizations had wellness initiatives in place were asked this question. Respondents who indicated they were “not sure” were excluded from this analysis. Only “yes” responses are shown.

Effectiveness of Wellness Incentives or Rewards in Increasing Employee Participation

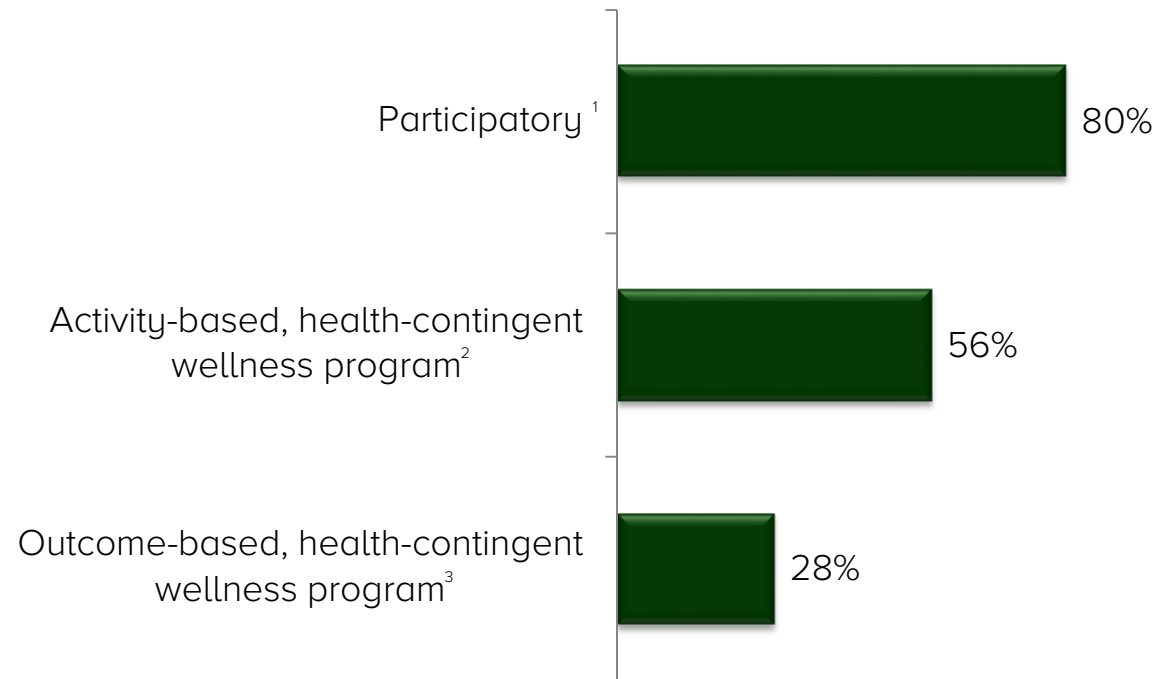


Differences between high-tech companies and all other organizations

	High-Tech Companies	All Other Organizations
Somewhat effective	77%*	55%
Not very effective	2%*	13%

*Note: High-tech companies n = 48; all other organizations n = 128. *Only statistically significant differences are shown. "All other organizations" does not include high-tech companies.*

Note: Respondents whose organizations had wellness initiatives in place and wellness incentives or rewards were asked this question. Respondents who indicated they were "not sure" were excluded from this analysis. Percentages may not total 100% due to rounding.



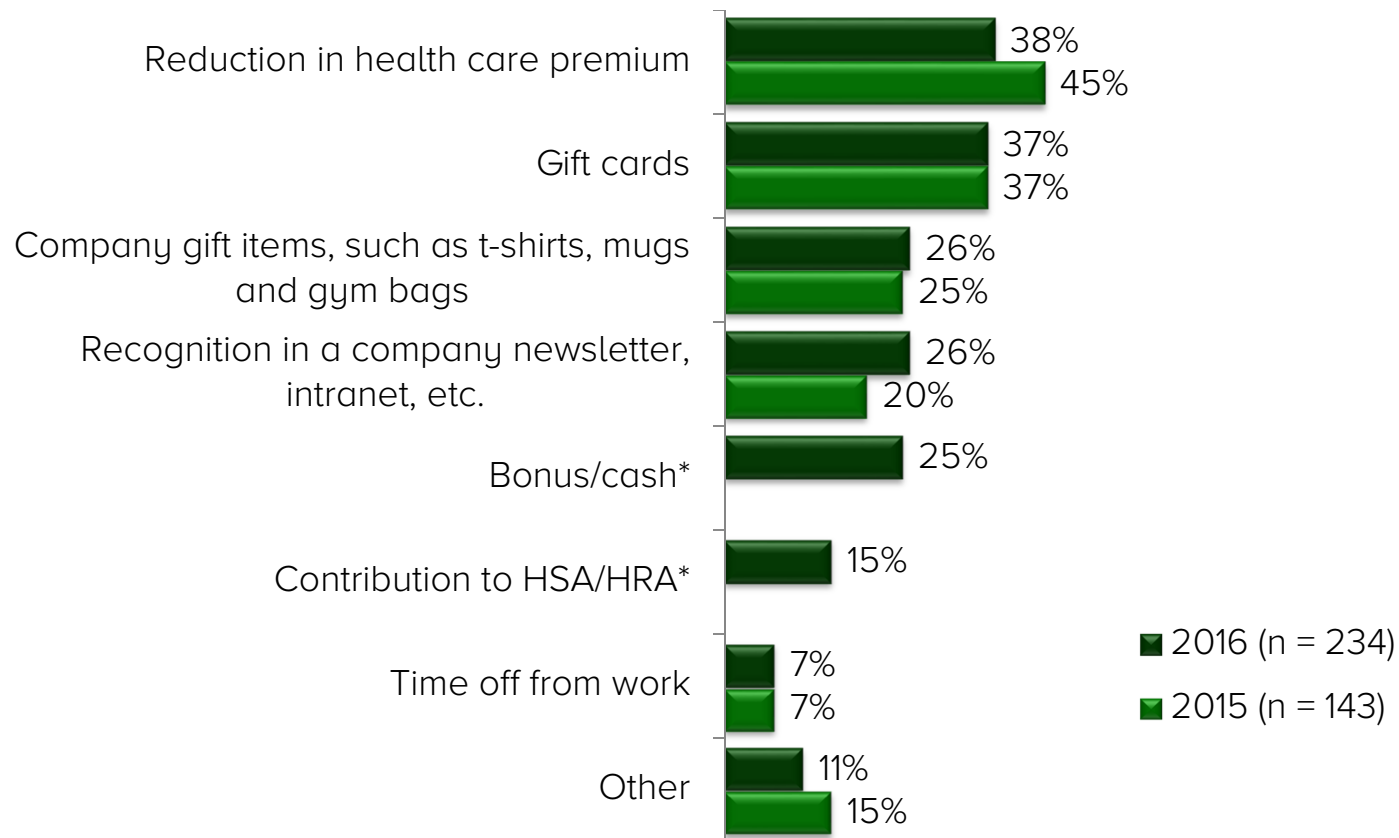
Note: n = 234. Respondents whose organizations had wellness initiatives in place were asked this question. Percentages do not total 100% due to multiple response options.

¹Participatory: Rewards toward participation in wellness programs/initiatives (e.g., subsidies toward a fitness center or class, a reward for participation in a biometric screening)

²Activity-based, health-contingent wellness program: Rewards are based on employee participation in wellness activities (e.g., walking, dieting or exercise programs)

³Outcome-based, health-contingent wellness program: Rewards are based on employee outcomes (e.g., not smoking, meeting certain targets in biometric screening results)

Types of Wellness Incentives or Rewards Offered in Previous Year



*Note: Respondents whose organizations had wellness initiatives in place were asked this question. Percentages do not total 100% due to multiple response options. **Bonus/cash* and *contribution to HSA/HRA* were added as response options in 2016. Thus, trend data are not available.*



Demographics

	Percentage
Professional, scientific and technical services	32%
Manufacturing	17%
Health care and social assistance	11%
Finance and insurance	8%
Educational services	7%
Information	6%
Government agencies	5%
Transportation and warehousing	4%
Wholesale trade	4%
Administrative and support, and waste management and remediation services	4%
Retail trade	4%

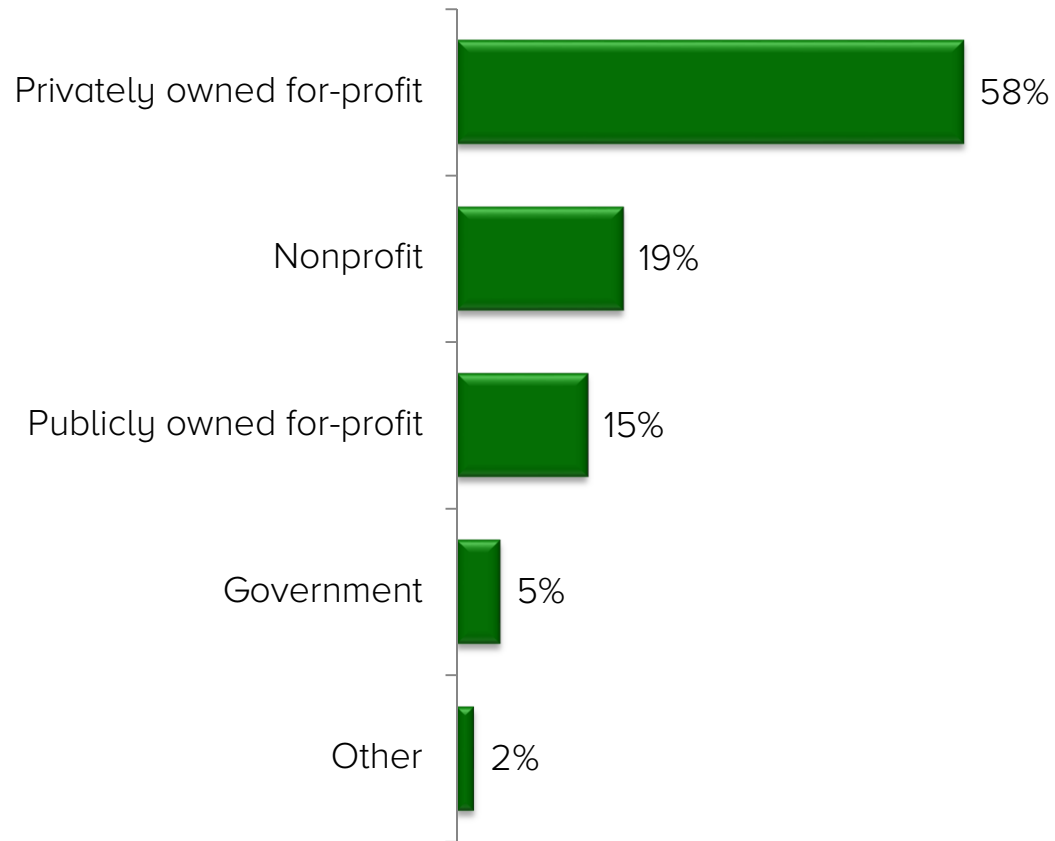
Note: n = 570. Percentages do not total 100% due to multiple response options.

Demographics: Organization Industry (continued)

	Percentage
Accommodation and food services	4%
Religious, grant-making, civic, professional and similar organizations	4%
Construction	3%
Arts, entertainment and recreation	3%
Real estate and rental and leasing	2%
Utilities	2%
Repair and maintenance	2%
Agriculture, forestry, fishing and hunting	2%
Mining, quarrying, and oil and gas extraction	1%
Personal and laundry services	1%
Other industry	12%

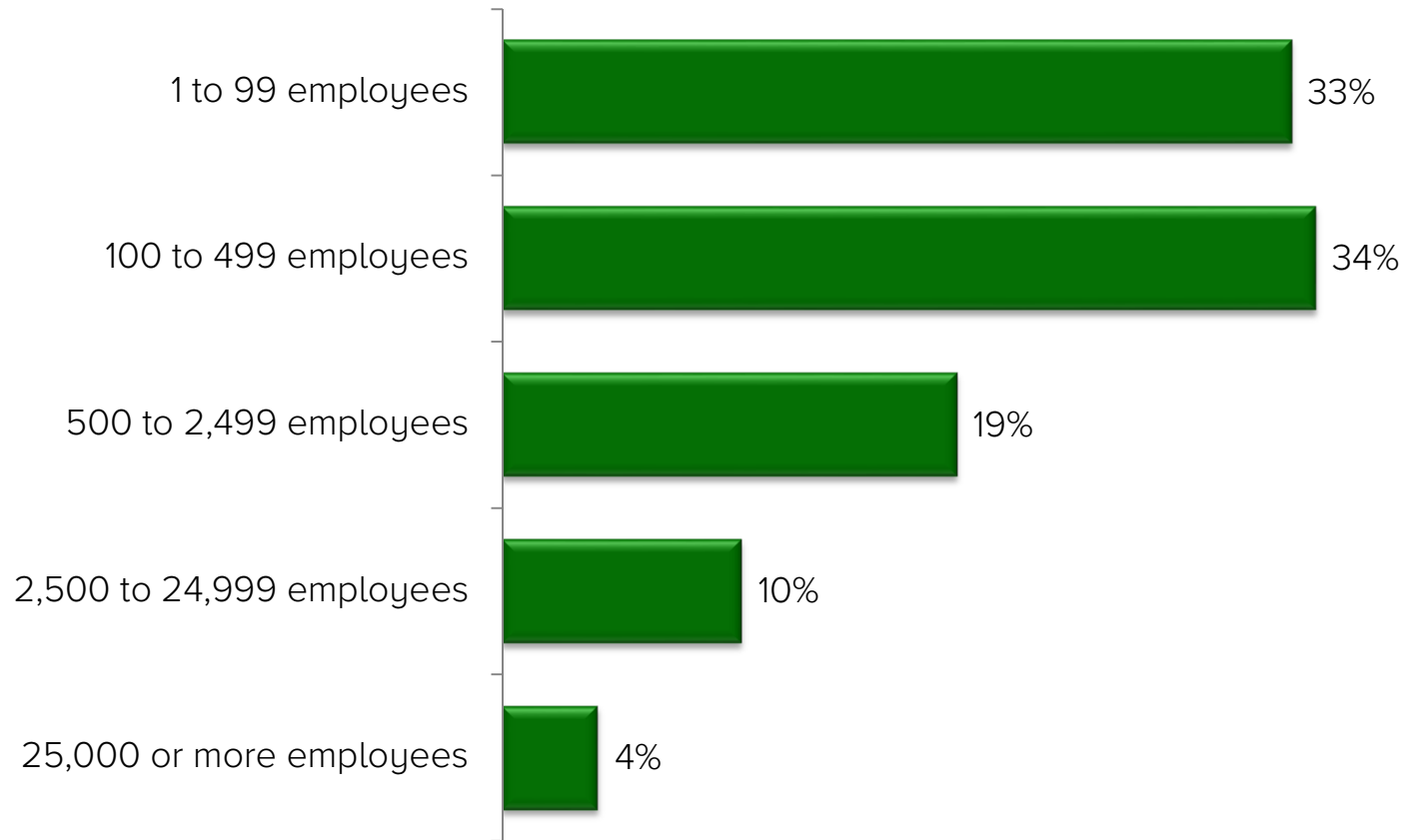
Note: n = 570. Percentages do not total 100% due to multiple response options.

Demographics: Organization Sector



Note: n = 565. Percentages may not total 100% due to rounding.

Demographics: Organization Staff Size



n = 550

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

U.S.-based operations only	71%
Multinational operations	29%

n = 567

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

Corporate (companywide)	79%
Business unit/division	14%
Facility/location	7%

n = 378

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

Single-unit organization: An organization in which the location and the organization are one and the same.	38%
Multi-unit organization: An organization that has more than one location.	62%

n = 571

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

Multi-unit headquarters determines HR policies and practices.	55%
Each work location determines HR policies and practices.	4%
A combination of both the work location and the multi-unit headquarters determines HR policies and practices.	40%

Note: n = 376. Percentages may not total 100% due to rounding.

Survey Methodology:

- Response rate = 10%
- 738 HR professionals from a randomly selected sample of SHRM's membership participated in this survey
 - » 243 of the 738 HR professionals were from organizations in the high-tech industry
- Margin of error +/- 4%
- Survey fielded April-May 2016

Project Lead:

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Additional SHRM Resources

Health Care Reform Resource Page: www.shrm.org/healthcare

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