



# THE EVIDENCE

## Wellbeing and Employee Engagement

May 2014



# FOREWORD

This paper sets out the evidence for the linkage between employee engagement and wellbeing, and the consequential impact on individual and organisational performance. Engage for Success started to investigate the importance of the links between engagement and wellbeing because of a groundswell of requests for us to examine this rich subject area.

This report is written for an audience of chief executives and HR directors as well as wellbeing and employee engagement specialists – whether they may work in-house or as external consultants. That said, we hope this will be a useful paper for all managers and leaders, regardless of whether they work in public, private or not-for-profit sectors, and regardless of organisational size.

This report builds on and is complementary to the paper entitled Nailing the Evidence, which Engage for Success published in November 2012. Our intention is that this Wellbeing and Employee Engagement report will add to the increasing body of evidence that demonstrates why employee engagement and wellbeing matter to workers and help drive sustainable organisational performance outcomes.

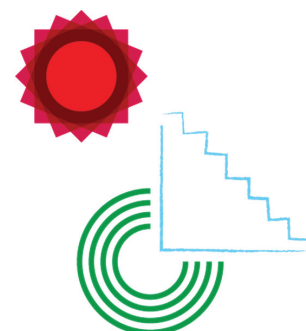
The Engage for Success Taskforce is very grateful to the Wellbeing and Engagement Subgroup for their efforts in compiling this report.\*

We would also like to sincerely thank the many organisations and individuals who have contributed to this report through their illuminating conversations, participation in our events or submission of materials for us to consider.

David MacLeod and Nita Clarke

Engage for Success 2014

\*Please see page 34 for members of Wellbeing and Engagement Subgroup.



# EXECUTIVE SUMMARY

## WHY WELLBEING AND ENGAGEMENT MATTER

Over recent years there has been more interest in both employee engagement and wellbeing in the UK and in developed global economies. However, there is considerable variation in the way that organisations approach these topics. This report brings together the strands of evidence that Engage for Success research uncovered, and offers a perspective on the linkages between wellbeing and engagement - and how they impact performance in organisations.

Positive employee engagement is linked to factors such as employees' ability to participate in workplace decisions, and a sense of achievement with the work performed. Conversely, lack of employee engagement has been linked to increased absenteeism, presenteeism, and lower levels of performance and productivity (Purcell, 2008).

There is a difference between those who are emotionally attached to their jobs and those who are doing their jobs just because it provides promised rewards such as pay, and training (CIPD, 2012). Emotionally engaged employees perform their tasks to a higher level and are less likely to indulge in behaviours that might damage the organisation.

In an increasingly unstable world, employee engagement in companies can be a force for powerful social good as well as for driving increased economic performance (Gallup, 2013). The concept of sustainable employee engagement linked to individual and organisational wellbeing is what has driven the Engage for Success research agenda on wellbeing and engagement.

## DEFINITIONS OF EMPLOYEE ENGAGEMENT AND WELLBEING

There is not one singular **definition of employee engagement** that Engage for Success recognizes as superior to others, but the definition it offers to organisations to consider is:

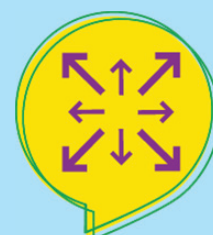
*“a workplace approach designed to ensure that employees are committed to their organisation’s goals and values, motivated to contribute to organisational success, and are able at the same time to enhance their own sense of wellbeing.”*

Engage for Success considers the following World Health Organisation’s (WHO) definition of mental health as a useful **definition of overall employee wellbeing**:

*“... a state of wellbeing in which every individual realizes his or her own potential, can cope with the normal stresses of life, can work productively and fruitfully, and is able to make a contribution to her or his community.”*

## THE STATE OF ENGAGEMENT AND WELLBEING

Data from the Office of National Statistics (ONS, 2014) showed that in 2012/13, 77.0% of those surveyed reported overall satisfaction with their lives in comparison with 75.9% in 2011/12. There were a number of indicators reported in the ONS survey that relate to work, such as overall job satisfaction, and the impact of commuting.



Research produced by Robertson Cooper's founding directors (2010) demonstrated that wellbeing and employee engagement influenced employee performance, and that wellbeing significantly strengthened the relationship between employee engagement and performance.

Robertson Cooper (2014) commented that since 2011 wellbeing has taken precedence over the previous focus on workplace stress, switching from a narrow, responsive mind-set to one that is more holistic and preventative.

Bevan, in a Work Foundation paper (2010), noted that a growing number of employers, particularly large organisations, were adopting measures to promote and support health and wellbeing amongst their workforces, in order to improve productivity, commitment and attendance.

Organisations often state that 'people are our greatest asset' but companies do not generally define what they mean by this, and public reporting is historically poor and lacks materiality. Business in the Community's Workwell Public Reporting Guidelines (BITC, 2013) on employee engagement and wellbeing use BITC's Workwell Model as a template for public reporting and are an attempt to elevate these matters to be considered strategic boardroom issues.

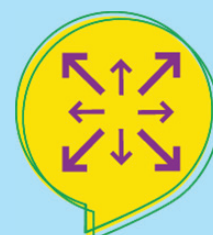
## THE LINKAGES BETWEEN WELLBEING, ENGAGEMENT AND PERFORMANCE

Engage for Success found that engaged employees with high wellbeing were (35%) more attached to their organisations than those with lower wellbeing, and the best companies to work for frequently outperformed the FTSE100 norm, particularly during the economic downturn from 2009 onwards (Engage for Success, u.d.).

Academic research supports the links between employee engagement and wellbeing, absence and resilience. For example, Brunetto et al. (2012) reported that work engagement is associated with higher levels of psychological wellbeing. Schaufeli et al. (2008) stated that work engagement is negatively correlated with burnout, whilst Soane et al. (2013) found that "*meaningful work leads to lower levels of absence because people are engaged with their work*" and that "*the association between meaningfulness and engagement is strengthened by wellbeing*".

Gallup (2013) reported that when employees feel engaged and productive at work, they assessed their overall lives more highly than not engaged or actively disengaged employees. Worldwide in 2012, 31% of employees rated their lives highly enough to be considered 'thriving', while the majority, 59%, were 'struggling' and 10% were 'suffering'. Significantly, engaged employees were more than three times as likely to be thriving in their overall lives as those who were actively disengaged.

Aon Hewitt research (2012) found that 28% of employees experienced a high level of job related stress in 'high engagement' companies (65% engagement and over) versus 39% of employees in low engagement companies. The CIPD (2010) reported that those who were absorbed in their work were almost three times as likely to have six key positive emotions at work (enthusiasm, cheerfulness, optimism, contentment, to feel calm and relaxed) as negative ones (feeling miserable, worried, depressed, gloomy, tense or uneasy).



Robertson Cooper (u.d.) argued that high psychological wellbeing leads to positive individual outcomes, such as commitment, morale and health, which in turn lead to improvements in organisational performance in areas such as productivity, customer satisfaction, attractiveness to recruits, and lower turnover and sickness absence.

## WELLBEING AND ENGAGEMENT – THE VIRTUOUS CIRCLE

There is a strong correlation between high wellbeing and engagement levels and these two states are also ‘mutually reinforcing’ and essential for optimal individual and organisational performance.

Bevan (2010) states:

*“The relationship between employee health and employee commitment and engagement is multifaceted. Indeed, there is research evidence that suggests a two-way, possibly self-reinforcing relationship: healthy employees are more committed **and** committed employees are more healthy”.*

The Wellbeing and Engagement Subgroup developed a model, which is in the main body of the report, that depicts this relationship as a ‘Virtuous Circle’.

## WELLBEING AND ENGAGEMENT – LINKS TO HEALTH

The National Institute for Health and Clinical Excellence (NICE) recommends that organisations should (i) take a strategic and coordinated approach to promoting employees’ wellbeing, (ii) assess opportunities for promoting employees’ mental wellbeing and managing risks, (iii) promote a culture that supports flexible working, and (iv) promote a supportive and participative management style.

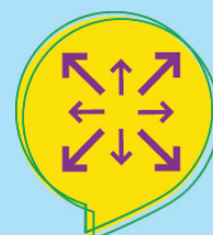
The Marmot review (2010) concluded that work can either be good or bad for health, and argued that if health promoting initiatives are introduced appropriately in the workplace, this has the potential to reduce health inequalities across society.

### Psychological Health

Hupert and So (2009) argued that the mental health of the population could be represented as a spectrum. At the lower end of the spectrum are the common mental disorders such as anxiety or depression, in the middle is the state of moderate mental health, which is experienced by most people most of the time, and at the top end the state where people can be described as ‘flourishing’.

Engagement bolsters emotional wellbeing in stressful times. Work is the primary activity for many people during their waking hours, so their engagement levels affect the extent to which they enjoy their lives. 91% of U.K. employees who are engaged at work say they experienced enjoyment “yesterday,” versus 72% of those who are actively disengaged. (Gallup, 2013)

Shuck and Reio (2013) found that engagement moderates the relationship between psychological workplace climate and overall wellbeing, including feelings of depersonalization, emotional exhaustion, personal accomplishment and psychological wellbeing.



## Physical Health

Gallup's (2013) uncovered a correlation between employees' engagement levels at work and their physical health: employees who are engaged in their jobs are generally in better health and have healthier habits than employees who are not engaged or are actively disengaged.

Organizations that make an effort to improve their employees' engagement levels will also help their workers improve the quality of their lives, minimizing the costs of decreased productivity resulting from chronic illnesses whilst lowering healthcare and absence costs. (Gallup, 2013)

## WELLBEING AND ENGAGEMENT – LINKS TO BUSINESS PERFORMANCE

### Productivity and Customer Service

Bevan (2010) asserted that *“the UK is already facing the economic and social consequences of a ‘wellness’ crisis”* and *“much of the British workforce is not healthy enough to drive the improvements in productivity which the UK needs”* because of work limiting illness or injury, and chronic disease set to increase among the working age population over the next 30 years (Vaughan-Jones and Barham, 2009).

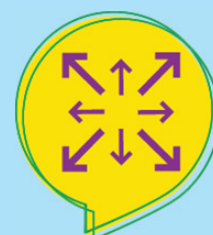
Committed and healthy employees are more likely to deliver high value customer service: evidence exists that engaged and committed employees have a significant influence on customer outcomes and sales performance, whilst low levels of commitment and high levels of absence lead to lower customer satisfaction and spend (Bevan, 2010; Rucci et al., 1998; Barber et al., 1999; Bates et al., 2003).

When employees are engaged and thriving, they are more likely to be agile and resilient, so major organizational changes or disruptions in their personal lives are unlikely to throw them off course. Likewise, engaged, thriving employees have fewer health problems. Compared with their engaged but struggling/ suffering counterparts, they have fewer unhealthy days as a result of physical or mental illness, are less likely to be diagnosed with a new disease in the next year, and are less likely to be newly diagnosed with anxiety and depression. These factors add up to big savings for companies' bottom line in terms of staff costs, productivity and performance (Gallup, 2013).

### Return on Investment

Towers Watson (2013) found that there was very little direct focus from organisations on quantifying the value and return on investment (ROI) associated with health and wellbeing programmes or linking these to worker effectiveness. Towers Watson also argued that employers should be more explicit about the links between employee engagement and wellbeing, as *“by viewing engagement and health as separate priorities, measurement becomes increasingly difficult”*.

Robertson Cooper (2014) stated that organisations will often not measure ROI for human capital initiatives within their own organisations, but will rely on industry or good practice 'normative' data to underpin any financial case for investment. Robertson Cooper argued that *“the limitations of ROI – accuracy, time or complexity – mean senior business leaders have to make investment decisions at least partially on a cultural or even ‘gut’ level.*



*Wellbeing, for some businesses, represents ‘how we do things’. This is what employee engagement has now become – an accepted norm founded in a business case that has developed without an absolute ROI driver.”*

### Corporate Social Responsibility

Many organisations are clear about the ethical and business reasons to develop and pursue a clear corporate social responsibility (CSR) strategy. There is a compelling argument for organisations to be more explicit about the links between their CSR agendas and their wellbeing and engagement strategies as this not only helps them deliver their CSR agenda, but is also a driver of employee engagement and motivation.

Mirvis (2012) cited examples where organisations such as IBM and Unilever have used CSR as a tool to recruit, retain and engage employees. Mirvis reported on survey data that established that seven out of ten people currently in the workforce were aware of their employers’ commitment to social and environmental causes, with 65% saying that their employers’ CSR activities made them feel loyal to their company. Another survey found that employees who approved of their companies’ commitments to social responsibility were more engaged in their jobs and more inclined to believe their employers were interested in their wellbeing.

## WELLBEING AND ENGAGEMENT – PEOPLE INDICATORS

### Turnover, Retention and Motivation

Replacing employees who leave can cost up to 150% of the departing employee’s salary. Highly engaged organisations have the potential to reduce staff turnover by 87%; the disengaged are four times more likely to leave the organisation than the average employee (CLC, 2008).

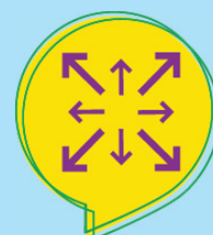
There is a growing body of evidence that employees who feel demotivated with or disengaged from their work, or who find their work stressful are more likely to resign from their posts (Bevan, 2010). This is because dimensions of psychological wellbeing are known to affect the ‘attachment’ of individuals to their employing organisations, which is linked to loyalty and ability to be resilient in times of pressure and change (Bevan et al., 1997).

A 2014 poll by Investors in People (IiP) found that 54% of British full-time employees feel their employer does not care about their health and wellbeing, as long as they get the job done. 48% of those who state that their employer does not care about their wellbeing also say it has led to them feeling less motivated, with a third stating they have considered looking for a new job as a result.

### Absence

Companies with highly engaged staff report employees taking an average of 7 absence days per year, approximately half the 14 days per year reported in low engagement companies (bottom 25%). Those employees in high engagement companies also report significantly less workplace stress, 28% versus 39% (Aon Hewitt, 2012).

According to IiP (2014), those who described themselves as happy in their role were less likely to take ‘sickies’, than those who described themselves as unhappy, with almost three





in 10 (27%) of unhappy workers having embellished the truth about being ill to take a day off on at least one occasion, compared with 20% of contented employees. More than one in twenty (6%) admitted to taking a 'sickie' more than five times in one year.

### Safety

Bevan (2010) stated that the Health and Safety Executive (HSE) estimated there are at least one million workplace injuries caused by accidents every year. There is growing evidence that poor health and wellbeing can be a significant contributing factor to accidents at work. Tiredness is a factor in many accidents, for example, it has been estimated that 20% of accidents on motorways are attributable to fatigue.

Gallup reported that those organisations with engagement in the bottom quartile averaged 62% more accidents than those in the top quartile (Gallup, 2006).

## WELLBEING AND ENGAGEMENT – SUSTAINING HIGH PERFORMANCE

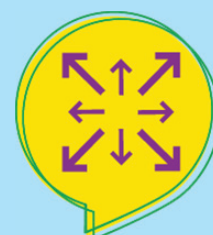
Robertson Cooper (2014) argued that *“providing employees with the tools to maintain their resilience, in a way that also encourages high levels of control and personal responsibility, can [...] create a sustainable competitive advantage, not just the short-term gains borne of working staff harder until they burn out”*.

A CIPD (2012) report found that *“engagement is important for performance but that it is unlikely to be sustainable unless it goes hand in hand with wellbeing”*.

The Wellbeing and Engagement Subgroup created a second pictorial model, based on the concept of sustainable employee wellbeing, engagement and performance that Lewis et al. (2012) described. This model can be found in the main body of the report.

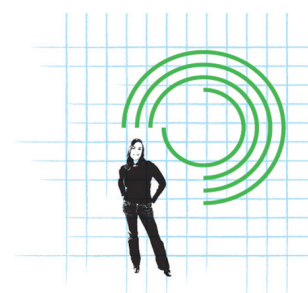
## CONCLUSION

There is a better way to work, and Engage for Success exists to grow awareness about the power and potential of employee engagement to transform the modern workplace. This report contributes to the Engage for Success agenda by focusing a spotlight on the importance of considering wellbeing and engagement together. We hope that the presentation of evidence of a synergistic feedback loop between employee engagement and wellbeing will provoke debates at all levels of organisations, and that these debates will prompt actions that will ultimately improve the working lives of employees and contribute to improved organisational business outcomes.



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# THE EVIDENCE

## BACKGROUND

In summer 2013, Engage for Success decided to create a Wellbeing and Engagement Subgroup to examine the linkages between employee engagement and wellbeing and the link between wellbeing and organisational performance. There had been a previous Wellbeing subgroup that had met several times and produced a document called “*Sustaining Employee Engagement and Performance – Why Wellbeing Matters*” (Engage for Success, u.d). The newly formed Wellbeing Subgroup (henceforth Subgroup), aimed to build on the earlier work and to deliver a number of key outputs, the most important of which was the production of this paper.

The Subgroup acknowledged that there are many organisations doing excellent research and practitioner support work in relation to wellbeing, and it did not wish to reinvent the wheel or duplicate effort. The Subgroup intended to explore the linkages between engagement and wellbeing and how these might together influence organisational outcomes. It was also interested in the relationship of these topics to corporate social responsibility and diversity, and included these in the call to evidence that was launched in August 2013. Once the Subgroup started to consider the evidence submitted, it became clear that the weight of materials submitted regarding wellbeing and engagement far outweighed materials on the linkages between diversity and engagement or corporate social responsibility and engagement, and this report therefore focuses primarily on wellbeing and engagement.

## WHY WELLBEING AND ENGAGEMENT MATTER

There is no doubt that over recent years there has been more interest in both employee engagement and wellbeing in the UK as well as in developed economies globally. That said, there is considerable variation in the way that organisations approach these topics. This report brings together the strands of evidence that Engage for Success research uncovered, and offers a perspective on the linkages between these two topics and how they impact performance in organisations.

In the Acas report on the future of health and wellbeing in the workplace, Donaldson-Feilder and Podro (2012) stated that there has been a shift from an industrial to a more knowledge-based economy in countries such as the UK, and that this has changed the emphasis from the need to focus solely on physical health in the workplace to an approach that also encompasses psychological health. They further argued that positive employee engagement is linked to factors such as trust in management, employees’ ability to participate in workplace decisions, and a sense of achievement with the work performed. Conversely, lack of employee engagement has been linked to increased absenteeism, presenteeism, and lower levels of performance and productivity (Purcell, 2008).

The CIPD (2012) report entitled *Emotional or transactional engagement – does it matter?* differentiated between those who are emotionally attached to their jobs and employing organisations and those who are doing their jobs just because it provides promised rewards such as pay, and training. The latter type of employer-employee relationship was described as transactional engagement. The report argued that emotionally engaged employees are more likely than transactionally engaged employees to demonstrate high task performance and high levels of citizenship behaviours and are less likely to indulge in deviant behaviours which might damage the organisation. Furthermore, the report



contended, managers have to manage work intensification appropriately in a 24/7 society, and there is a strong relationship between transactional engagement and burnout.

In the introduction to the Gallup (2013) report on the state of global workplace engagement, their Chairman & CEO made the following bold statement:

*“Business leaders worldwide must raise the bar on employee engagement. Increasing workplace engagement is vital to achieving sustainable growth for companies, communities, and countries — and for putting the global economy back on track to a more prosperous and peaceful future.”*

The Gallup report also argued that in an increasingly unstable world, employee engagement in companies can be a force for powerful social good as well as for driving increased economic performance. This concept of sustainable employee engagement linked to individual and organisational wellbeing is what has driven the Engage for Success research agenda on wellbeing and engagement.

## DEFINITIONS OF EMPLOYEE ENGAGEMENT AND WELLBEING

There are multiple definitions and approaches to these subjects and no general consensus in academic and psychology fields. The Engage for Success Nailing the Evidence report (henceforth The Evidence) noted that *“Employee engagement has been variously defined, inter alia, as employee attitude, employee behaviour and organisational programme”*, but in all of these cases engagement is inextricably linked with wellbeing. If engagement is defined as an employee attitude then it has strong implications for and potential overlaps with mental health (e.g., Schaufeli et al., 2008). If engagement is defined as a set of actions (or intensity of actions) then these actions may impact physical and mental health directly (Nixon, Mazzola, Bauer, Krueger, & Spector, 2011). If engagement is defined as an organisational programme (or a workplace approach, as it is on the Engage for Success website) then such programmes have implications for the mental and physical health of employees (Dollard & Bakker, 2010).

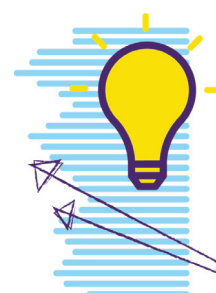
From a practitioner’s point of view, the following definitions may be useful and relevant to organisations when considering the meaning of employee engagement and wellbeing.

Lewis et al. (2011) offered the following definition of employee engagement *“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).”*

Business in the Community (u.d.) in the BITC Workwell Model defined engagement thus: *“Engaged employees work with passion, commitment and trust to drive and sustain their flourishing organisation.”*

There is not one singular definition of employee engagement that Engage for Success recognizes as superior to others, but the definition it offers to organisations to consider is:

*“A workplace approach designed to ensure that employees are committed to their organisation’s goals and values, motivated to contribute to organisational success, and are able at the same time to enhance their own sense of wellbeing.”*



Turning to definitions of employee wellbeing: BITC's Workwell Model states "Wellbeing is comprised of the mutually supportive relationship between the physical, psychological and social health of the individual." (source Towers Watson)

Hupert and So (2009) argued that "A person can be said to be flourishing if they perceive that their life is going well. Flourishing is a combination of feeling good and functioning effectively. It is based on self-report and is therefore a subjective measure of wellbeing."

Engage for Success offers the World Health Organisation's (WHO) perspective on wellbeing for organisations to consider as a **definition of overall employee wellbeing**, although the WHO definition is specifically referenced by that body in respect of mental health:

*"... a state of wellbeing in which every individual realizes his or her own potential, can cope with the normal stresses of life, can work productively and fruitfully, and is able to make a contribution to her or his community."*

## EVIDENCE BASE

The evidence contained within this Wellbeing and Employee Engagement paper is drawn from three distinct perspectives: academic publications, research by consultancies and organisational case studies. Each of these perspectives has its own strengths and weaknesses, but the combined weight of this evidence indicates that the linkages between wellbeing and employee engagement are very clear, and that there is a strong correlation between sustained organisational performance and workforces that have high wellbeing and engagement. The evidence in this document also builds on The Evidence report, which described the links between employee engagement and performance across a wide range of sectors and situations.

The academic research in this paper, reinforced by research from leading consulting organisations provides the most up to date expert perspectives on the state of organisational engagement and wellbeing in the UK. The evidence that was reviewed for this report has been significantly enhanced by detailed and varied case studies supplied to Engage for Success by UK-based organisations. These cases bring the research evidence to life in a way that enhances and augments the theoretical base of this report. We have chosen a number of case study vignettes for this report. Fuller case studies for each of these are available on the Engage for Success website. Most of the evidence base is UK specific, but there is also much evidence from global consultancies and academia and from UK-based organisations with an international employee base.

## THE STATE OF ENGAGEMENT AND WELLBEING

One of the key pieces of evidence on the state of engagement and wellbeing comes from Gallup's study of workplaces in 140 countries undertaken in 2011/12, published in 2013. In their document *The State of the Global Workplace* there are regional and country-level analyses and insights regarding the impact of engagement on organizational and individual performance. A key section of Gallup's report covers the link between wellbeing and engagement.

Gallup's methodology was to use meta-analysis of 263 research studies in 34 countries, and covering nearly 1.4 million employees. This analysis showed median differences between top-quartile and bottom quartile units were 48% in safety incidents, 37% in absenteeism,



and 41% in patient safety incidents. Their overall findings were as concerning as in their previous study based on 2009/2010 data. They found *“actively disengaged employees continue to outnumber engaged employees by nearly 2-to-1 — implying that at the global level, work is more often a source of frustration than one of fulfillment. It also means countless workplaces worldwide are less productive and less safe than they could be”*.

In 2010 the Office of National Statistics launched a major project, *Measuring National Wellbeing*, which is now producing regular, significant research data.

The most recent ONS data (2014) showed that for the ‘personal wellbeing’ measure, in 2012/13, 77.0% of those surveyed reported overall satisfaction with their lives in comparison with 75.9% in 2011/12. There were a number of indicators reported in the ONS survey that relate to work, such as overall job satisfaction, and the impact of commuting. But there were also significant factors, such as family and social life, which are not directly related to work. Over time, it may become possible to extract national data that adds to the growing body of evidence linking employee wellbeing with employee engagement in a statistically significant way, particularly as the economic picture changes.

Research produced by Robertson Cooper’s founding directors (2010) showed how wellbeing and employee engagement influence employee performance. Based on their own client data covering nearly 1,000 employees across 12 organisations and a range of sectors, they found that wellbeing significantly strengthened the relationship between employee engagement and performance. Their research article challenged traditional ‘narrow’ conceptions of employee engagement and introduced the idea of ‘full engagement’ - which includes employee wellbeing.

Robertson Cooper (2014) commented that stress management, the pre-eminent workplace health concept of the last twenty years, outranked the more holistic idea of ‘wellbeing’ as recently as 2011, in terms of popular interest. They further stated that since 2011 wellbeing has taken precedence - and the trend appears to be a sustainable one, switching from a narrow, responsive mind-set to one that is more holistic and preventative.

In terms of driving the wellbeing agenda forward, Robertson Cooper stated that *“proving the return on that investment may always be a requirement for businesses but the weight of research, both academic and practitioner-led, means it’s no longer the major barrier to action that it once was”*. They argued that increasingly, organisations want to move from tracking days lost to sick leave and asking about job satisfaction, to asking instead, how can they can help their employees *“to thrive, lead fulfilling and balanced lives, be more creative, cope with change and be the best advocates for [their] business”*.

Bevan, in a paper published by The Work Foundation (2010), noted that a growing number of employers, particularly large organisations, were adopting measures to promote and support health and wellbeing amongst their workforces, in order to improve productivity, commitment and attendance. These measures often included attempts to provide jobs that allow employees a high degree of control, autonomy and involvement in the way they did their jobs. However, Bevan also argued that many UK employers still saw employee health and wellbeing as a private concern, and the responsibility of the workers themselves. This view, amounting to a ‘do no harm’ approach in the workplace was common among small and medium sized organisations (SMEs) where most people in the UK work.

Whilst it is increasingly common to see organisations, academics and consultancies linking employee engagement and wellbeing, recent research does not always explore this linkage.





For example, in a Harvard Business School (2013) report on a survey of more than 550 executives, those surveyed were not asked whether they considered organisational support for wellbeing as one of the key drivers of employee engagement. Instead, the questions focused around drivers such as recognition for high performers, individual alignment with corporate goals, and training and development organised around corporate goals. Harvard Business Review did report that 71% of respondents ranked employee engagement as very important to achieving organisational success, although fewer than 50% of respondents said that their organisations are effectively measuring employee engagement against business performance metrics such as customer satisfaction or increased market share.

## WELLBEING AND ENGAGEMENT ARE STRATEGIC BOARDROOM ISSUES

Developed by business for business using an evidence base gained from leading private sector companies, Business in the Community's Workwell programme (BITC, u.d.) has been focused on improving employee engagement and wellbeing in large organisations, and particularly in FTSE 100 businesses. BITC's Workwell model is the gold standard for large, complex organisations, and provides a framework for taking a strategic, proactive and integrated approach to employee engagement and wellbeing.

### Case study: Marks & Spencer

Marks & Spencer (M&S) employs 80,000 employees in 53 countries. M&S believes that wellbeing is a critical component of engagement, which in turn drives business success, so their wellbeing programme aims to build a committed and healthy workforce that is involved with their communities.

To maximise participation M&S introduced components to the programme suggested by employees. Walking month as well as a January weight loss month were some of the initiatives undertaken.

Turnover rates have improved since the launch down to a low of 0.50% in February 2013. Sickness absence fell 7% in one month. M&S has seen over 13,000 employees use its wellbeing website. Over 10,500 employees have now undertaken a wellbeing pledge to take steps, such as drinking more water, to improve their health; additionally 4 metric tonnes of weight were lost while increasing staff engagement.

M&S was the winner of BITC's Workwell 2013 Award.

Organisations often state that 'people are our greatest asset' but companies do not generally define what they mean by this, and public reporting is historically poor and lacks materiality. BITC's Workwell Public Reporting Guidelines (BITC, 2013) on employee engagement and wellbeing use the Workwell Model as a template for public reporting. The Guidelines provide the framework for Workwell's Public Reporting Benchmark, developed in response to investor demand for a standardised measurement of Human Capital Management that could help inform investment decisions. BITC champions best practice in public reporting as responsible business practice whilst ensuring that employee engagement and wellbeing are positioned as strategic, boardroom issues aligned to securing business objectives.



The Workwell model promotes the actions businesses need to take to create an environment in which employees can flourish, and highlights the need for employees to take responsibility for their own health and wellbeing. BITC argues that the four key components of the model all contribute to better employee wellbeing, which in turn helps to drive better performance outcomes, such as better brand image, higher productivity, better attendance, etc. BITC lists the components to 'working well' as being (i) better physical and psychological health, (ii) better work, (iii) better relationships, and (iv) better specialist support.

## COLLABORATIVE APPROACHES TO WELLBEING AND ENGAGEMENT

Although it is crucial for organisations to get Board and senior management leadership and buy-in, positive employee engagement and wellbeing is a topic that should be of interest to a much wider range of stakeholders. There is some evidence of progressive trade unions collaborating with employers to support health and wellbeing and employee engagement initiatives. One such example of good trade union practice is Prospect's work with employers in the utilities and energy sectors, where there is some evidence of health and engagement benefits, such as improved morale, and feeling increased pride in working for an organization, arising from targeted support.

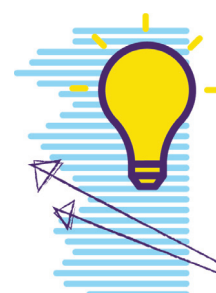
Prospect also reported that one energy company, working collaboratively with the trade union, introduced a range of general health initiatives to support staff wellbeing, and was able to demonstrate a return on investment (RoI) of several million pounds worth of savings from improved attendance, particularly in the reduction of days lost due to mental health problems. Prospect has also invested in training their health and safety representatives, and developed tool kits and other useful materials particularly to support their representatives in helping members who may be experiencing stress or other mental health problems. Their work is solution-based and seeks first to overcome stigma.

## THE LINKAGES BETWEEN WELLBEING, ENGAGEMENT AND PERFORMANCE

In the Engage for Success first report on wellbeing, evidence highlights included the observation that engaged employees with high wellbeing were (35%) more attached to their organisation than those with lower wellbeing, and that the best companies to work for frequently outperformed the FTSE100 norm, particularly during the economic downturn from 2009 onwards. The report argued that sustainable organisational performance is not possible without positive levels of employee wellbeing, and that improving wellbeing increases engagement and performance. These findings are supported by further evidence that has been provided to Engage for Success in order to compile this 2014 Wellbeing and Engagement report, and have led to the production of two models that have been developed by the Subgroup, which are depicted later in this paper.

**Academic research** supports the links between employee engagement and wellbeing, absence and resilience. The following are examples of this:

*Brunetto et al. (2012)* reported results from surveys of 193 Australian police officers. They found that work engagement, as measured using the UWES9 measure, is associated with higher levels of psychological wellbeing, and that this relationship is of equivalent magnitude to the relationships of engagement with both job satisfaction and affective commitment.





*Schaufeli et al. (2008)* analysed data from 587 middle managers and executives of a Dutch telecom company, demonstrating that work engagement is distinct from and negatively correlated with burnout ( $r = -0.65$ ). Burnout, conceptualized by Maslach (1993) as consisting of feelings of exhaustion, cynicism and a lack of professional adequacy, has been linked with the incidence and duration of work absences (e.g., Schaufeli et al., 2009) as well as health problems (Schaufeli and Bakker, 2004).

Soane et al. (2013) used data from 625 people working for a UK support services organization providing business solutions for clients in a range of sectors to demonstrate that *“meaningful work leads to lower levels of absence because people are engaged with their work”* and that *“the association between meaningfulness and engagement is strengthened by wellbeing”*.

Research houses and consultancies have also provided evidence of linkages between engagement and wellbeing:

*Gallup (2013)* found that when employees feel engaged and productive at work, they assessed their overall lives more highly than not engaged or actively disengaged employees. Worldwide in 2012, 31% of employees rated their lives highly enough to be considered ‘thriving’, while the majority, 59%, were ‘struggling’ and 10% were ‘suffering’. Significantly, engaged employees were more than three times as likely to be thriving in their overall lives as those who were actively disengaged.

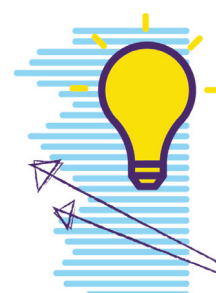
Furthermore, Gallup stated that there are three key ways that organisations can increase employee engagement: select the right people, develop employees’ strengths, and *enhance employees’ wellbeing* (our italics).

Aon Hewitt research (2012) found that 28% of employees experienced a high level of job related stress in ‘high engagement’ companies (65% engagement and over) versus 39% of employees in low engagement companies. The CIPD (2010) reported that those who were absorbed in their work were almost three times as likely to have six key positive emotions at work (enthusiasm, cheerfulness, optimism, contentment, to feel calm and relaxed) as negative ones (feeling miserable, worried, depressed, gloomy, tense or uneasy).

Robertson Cooper (u.d.) has developed a ‘6 Essentials’ model showing key aspects of working life that affect workplace wellbeing and employee engagement. The model was developed using over 100,000 cases of data and applied in a huge range of organisations. The ‘6 essentials of workplace wellbeing’ in this model are: (i) resources and communication, (ii) control, (iii) balanced workload, (iv) job security and change, (v) work relationships, and (vi) job conditions. Robertson Cooper state that these lead to psychological wellbeing, epitomized by a sense of purpose and positive emotions. They further argue that high psychological wellbeing leads to positive individual outcomes, such as commitment, morale and health, which in turn lead to improvements in organisational performance in areas such as productivity, customer satisfaction, attractiveness to recruits, and lower turnover and sickness absence.

## WELLBEING AND ENGAGEMENT – THE VIRTUOUS CIRCLE

As The Evidence report states, *“it is likely that engagement and performance are mutually reinforcing, leading to the opportunity to initiate synergistic feedback over time between employee engagement and performance.”*

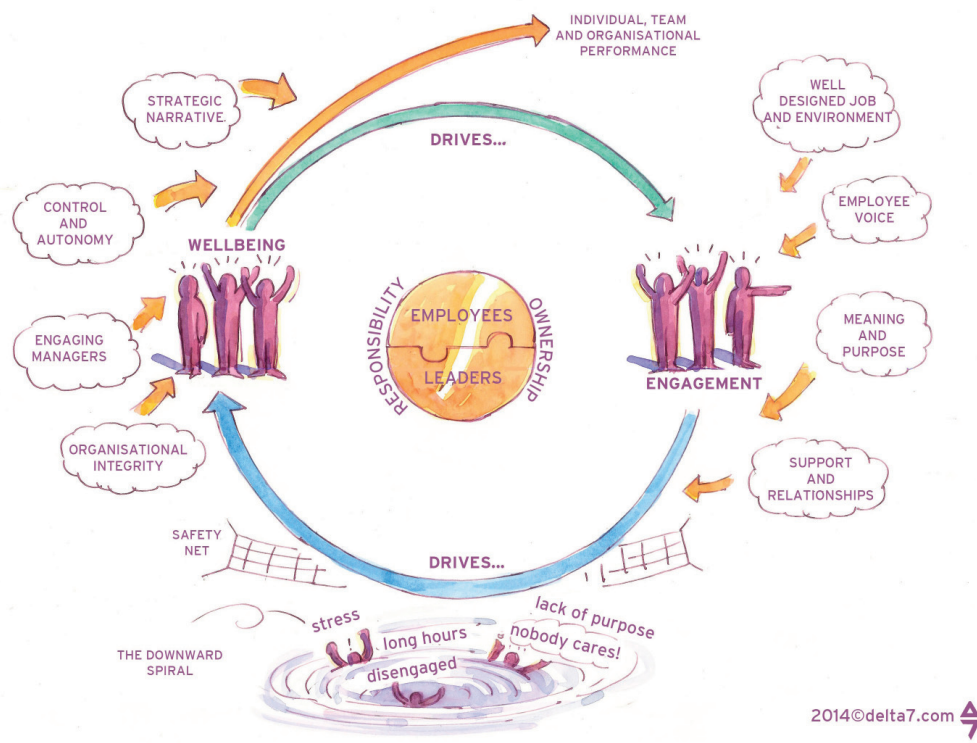


In gathering evidence for this 2014 Wellbeing and Engagement Evidence Report, the Subgroup concurred that there is a strong correlation between high wellbeing and engagement levels and that these two states are also ‘mutually reinforcing’ and essential for optimal individual and organisational performance. As an illustration of this, Barclays Retail Bank (reported in Personnel Today, 2012) found that while engagement levels accounted for about 16% of the variation in productivity levels, this increased to 24% when psychological wellbeing was included, suggesting that high wellbeing increases the impact of high engagement.

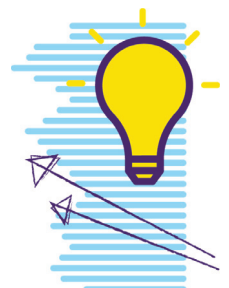
Bevan (2010) states: “The relationship between employee health and employee commitment and engagement is multifaceted. Indeed, there is research evidence that suggests a two-way, possibly self-reinforcing relationship: healthy employees are more committed and committed employees are more healthy”.

The Subgroup developed the following model to describe the interwoven and self-reinforcing nature of the relationship between wellbeing and employee engagement:

**Wellbeing and Engagement - The Virtuous Circle Model**



As the model shows, the workplace drivers of engagement have great similarities and overlaps with the drivers of wellbeing. For example, the four drivers of engagement identified in the original Engage for Success report are: leadership and strategic narrative; engaging managers; employee voice; and organisational integrity. Good leadership and management has also been shown to be vital for creating wellbeing (e.g., Skakon et al., 2010); similar to employee voice, employee autonomy, control, consultation, and participation are also key, as shown by a wide range of research studies and the inclusion of control in the Health and Safety Executive Management Standards (HSE, 2007) for



preventing workplace stress; and similar to organisational integrity, meaning and purpose are also important. Other drivers for wellbeing, as highlighted by the model, are support and good working relationships, plus well designed jobs and working environments; these elements are also likely to be associated with higher levels of employee engagement.

## WELLBEING AND ENGAGEMENT – LINKS TO HEALTH

Despite the economic downturn, the Office for National Statistics has reported a trend of increased employment over recent years, with only 6.9% of the labour force unemployed (December 2013 to February 2014 figure, reported in April 2014). Moreover, the average weekly hours worked by employees has increased over recent years: reported as 32.1 hours for the October to December 2013 figures. These factors, alongside the blurring of the lines between work and non-work time in many occupations, mean that the health of the working population must be important for the economy as well as for individuals who are spending more time engaged in working activities.

In 2009, the Department of Health asked the National Institute for Health and Clinical Excellence (NICE) to produce public health guidance on promoting mental wellbeing through productive and healthy working conditions. The guidance is for all employers and their representatives.

In the guidance, which was issued after an extensive review of the evidence and economic modelling, it stated that promoting the mental wellbeing of employees can yield economic benefits for the business or organisation, in terms of increased commitment and job satisfaction, staff retention, improved productivity and performance, and reduced staff absenteeism. The costs associated with employees' mental health problems are significant: such costs are associated with loss in productivity because of sickness absence, early retirement, and increased staff turnover, recruitment and training. NICE's evidence base also showed that productivity can be reduced through the lower level of performance of employees who are at work but experiencing stress or mental health problems. NICE referenced data that estimated the cost of impaired work efficiency associated with mental health problems at £15.1 billion a year. This figure is almost twice the estimated annual cost of absenteeism (£8.4 billion).

In order to create healthy and productive working environments, NICE recommends that organisations should (i) take a strategic and coordinated approach to promoting employees' wellbeing, (ii) assess opportunities for promoting employees' mental wellbeing and managing risks, (iii) promote a culture that supports flexible working, and (iv) promote a supportive and participative management style.

In a report by Sloan et al. for the Royal College of Physicians (2014), findings of a survey of NHS Trusts in England were published. The survey was aimed at understanding the implementation of NICE guidance to employers on 6 key health and wellbeing dimensions. These guidelines cover: management of long term sickness absence, promoting mental wellbeing, obesity, smoking cessation, promoting environments that encourage physical activity, and physical activity in the workplace. 178 trusts (73%) participated in the survey, and many improvements were noted in terms of increasing numbers of trusts' participation. All trusts reported having a sickness absence policy, and three quarters had a smoking cessation policy. However, only 57% had a mental wellbeing policy, 44% a physical activity policy and 28% an obesity plan.



Amongst other key findings, the report asserted that fewer than half of the trusts monitor upkeep of programmes to encourage physical activity by any inequality characteristics, e.g. age, gender, ethnicity, and 24% of trusts do not monitor mental wellbeing of staff. The report stated that more needs to be done to improve the compliance with NICE guidelines because there is *“clear evidence that the health of NHS staff influences organisational outcomes. Analysis of the NHS national staff survey data shows that the level of support from immediate line managers predicts staff sickness absence and patient mortality, and staff levels of work-related stress predict trusts’ sickness absence levels”*.

Furthermore, Sloan et al (2014) contended that employee health is also an *“equity issue”*, citing the Marmot Review (2010), which recognised the importance of the workplace as a mediator of health and wellbeing and a place in which inequalities in health that are seen across society are often visible. The Marmot review concluded that work can either be good or bad for health, and argued that if health-promoting initiatives are introduced appropriately in the workplace, this has the potential to reduce health inequalities across society.

#### Case Study: Northern Ireland Civil Service

The Northern Ireland Civil Service (NICS) employs 26,000 people in 13 government departments. NICS WELL is a multi-level strategy for positive organisational and individual healthy behaviour change and aims to build a health-promoting community. The programme supports and empowers all employees to get involved. It delivers key messages; organises health interventions and activities; and, the various components are linked through an innovative, interactive WELL website.

Since its launch in September 2012 the WELL programme has recruited 170 externally accredited Volunteer Champions and delivered over 80 health and wellbeing events to 5,000 staff, with 3,000 indicating they would make a positive healthy lifestyle change. 16,360 individual staff have engaged with the website - representing almost two thirds of the entire workforce, with over 30,000 total interactions.

#### Psychological Health

Hupert and So (2009) argued that the mental health of the population can be represented as a spectrum. At the lower end of the spectrum are the common mental disorders such as anxiety or depression, in the middle is the state of moderate mental health, which is experienced by most people most of the time, and at the top end the state where people can be described as ‘flourishing’. At any one time, the mental health of each person falls at one point along this spectrum and people can move up or down the spectrum at different times in their lives. Furthermore, Hupert and So found that some people have a sense of wellbeing even when their objective circumstances are harsh, and others feel their lives are empty or stagnant even in very favourable circumstances.

One compelling reason for focussing on the upper end of the distribution is that individuals who are flourishing (or who have a high level of psychological wellbeing) learn effectively, work productively, have better social relationships, are more likely to contribute to their community, and have better health and life expectancy. High levels of flourishing are also associated with economic benefits due to less absenteeism and under-performance in



schools and work places, lower healthcare costs and less need for expenditure on the effects of social disintegration. (Diener et al., 2009; Huppert, 2009 as reported in Hupert and So, 2009).

Shuck and Reio (2013) examined data from 213 healthcare workers in the United States and found that engagement moderates the relationship between psychological workplace climate and overall wellbeing, including feelings of depersonalization, emotional exhaustion, personal accomplishment and psychological wellbeing. Though they recognized the limitations of their cross-sectional research design, they argued that it is likely that *“employers can significantly affect employee wellbeing by focusing on psychological workplace climate and engagement as antecedents”*.

Gallup (2013) contended that engagement bolsters emotional wellbeing in stressful times. Work is the primary activity for many people during their waking hours, so their engagement levels affect the extent to which they enjoy their lives. 91% of U.K. employees who are engaged at work say they experienced enjoyment “yesterday,” versus 72% of those who are actively disengaged. Actively disengaged workers are at least twice as likely as those who are engaged to say they experienced anger or stress yesterday. In other words, jobs to which people give their full involvement and enthusiasm act as a buffer to pressures from outside of the working environment.

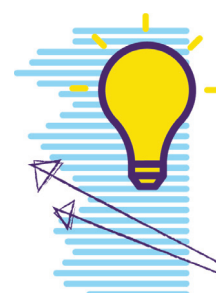
There is increasing recognition that psychological health is as important in workplaces as physical health, and that mental health problems are not often spoken about because of a societal stigma surrounding these issues. BITC Workwell (2014) launched its joint initiative with Mind, entitled *Mental Health: We’re Ready to Talk*. BITC Workwell’s aim in this campaign is to encourage UK businesses to end the culture of silence around mental health problems in the workplace. The campaign calls on every UK organisation to demonstrate their commitment to mental wellbeing by signing the Time to Change organisational pledge.

#### Case Study: Department of Health

As the Department of Health (DH) is responsible for public health policy, it was determined to become an exemplar employer for staff wellbeing. Consequently, DH devised a programme linking the Five Ways to Wellbeing Model and the Engage for Success Four Enablers to put a strategy in place for increasing both wellbeing and engagement.

DH created an integrated strategy, which it mainstreamed into DH policies and practices. The overall strategy was to ensure DH offered a range of resources and support to all employees, whilst recognising wellbeing means something different to everyone.

One key focus area was mental health: DH was the first central government department to sign the Time to Change pledge to remove stigma and discrimination of mental health in the workplace. A talking heads video was produced by employees disclosing their own experiences of mental health conditions, thereby helping to remove stigma: this received over 2000 hits.





## Physical Health

Gallup's (2013) meta-analysis uncovered a correlation between employees' engagement levels at work and their physical health: employees who are engaged in their jobs are generally in better health and have healthier habits than employees who are not engaged or are actively disengaged.

Gallup found that engaged employees have lower incidences of chronic health problems such as high blood pressure, high cholesterol, diabetes, obesity, diagnosed depression, and heart attacks than actively disengaged employees. They also eat healthier, exercise more frequently, and consume more fruits and vegetables than their not engaged or actively disengaged counterparts. Furthermore, engaged employees are more likely to participate in employer-sponsored wellness programmes.

Gallup concluded that organizations that make an effort to improve their employees' engagement levels will also help their workers improve the quality of their lives, minimizing the costs of decreased productivity resulting from chronic illnesses whilst lowering healthcare and absence costs.

Gallup's 2013 findings reinforce a pattern established over time by their research. For example, their 2006 research found that 54% of the disengaged say work has a negative effect on their physical health as against 12% of the engaged.

### Case Study: Surrey Chambers of Commerce / Activity4Charity

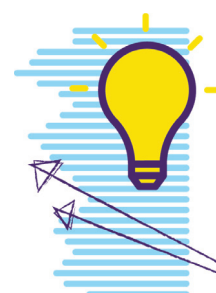
Surrey Chambers of Commerce employs 10 staff. They are in their third year of supporting Activity4Charity, by participating in the challenge as a team and also by encouraging Surrey businesses to take part. Participants enroll as a workplace team, and commit to taking 10,000 steps a day for 6 weeks whilst raising money for charity. 450 employees in 27 Surrey companies have joined in so far. Some used the 6 weeks' challenge as a motivation to get fit and lose weight while others just enjoyed the challenge and raising money for good causes.

90% of participants who responded to the end of challenge survey reported benefits to their personal health and wellbeing, 92% intended to maintain a higher level of activity post-challenge, and 66% said it had improved team relationships or the atmosphere at work.

## WELLBEING AND ENGAGEMENT – LINKS TO BUSINESS PERFORMANCE

It can be difficult to separate the various elements contributing to wellbeing and engagement and their links with productivity and business performance, partly because human beings are incredibly complex. For example, in examining causes of absence, mental and physical health issues are often interrelated, and causes of stress can be linked to work and non-work matters.

Similarly, it is often challenging to prove cause and effect linkages, although significant evidence exists to underpin the concept of a strong correlation between high-performing organisations and high levels of employee engagement and wellbeing.



This paper will not reproduce evidence of the links between business performance outcomes (such as productivity and innovation) and employee engagement, which have already been published in The Evidence. The commentary on business performance outcomes below is only in respect of the wellbeing and engagement topic that this paper focuses on.

### Case Study: Nottingham University Hospitals NHS Trust

Nottingham University Hospital NHS Trust's (NUH) vision is to become the best acute teaching trust in the country by 2016. One of the ways the Trust is measuring its progress is staff satisfaction levels. NUH believes there is a direct link between good staff engagement, health and wellbeing and patient outcomes.

'We are clear that when our staff are feeling well and satisfied with their work, the experience of our patients improves.'

This Employee Health and Wellbeing Strategy supports the Trust's overarching Workforce Strategy, which sets down a commitment to become the best place to work by 2016.

NUH is currently part-way through delivering its strategy, and is making good progress. Between 2012 and 2013 NUH staff engagement scores increased from 3.85 to 3.87. The average score for hospital trusts is 3.74.

### Productivity

The CIPD (2012) report that examined the impact of emotional and transactional employee engagement on business outcomes found that emotionally attached employees are more likely to go the extra mile to support colleagues and to support the organisation, and are highly unlikely to engage in damaging, deviant behaviours or to plan to leave the organisation. The report also provided data that demonstrated emotional engagement has a strong positive association with job-related wellbeing and a similarly strong but negative association with burnout and work-family conflict. The report argued that these factors taken together demonstrate that emotional engagement has an overall positive impact on individual health and wellbeing.

Gallup (2013) found that when employees are engaged and thriving, they are more likely to be agile and resilient, so major organizational changes or disruptions in their personal lives are unlikely to throw them off course. They generally have strong relationships, are active in their communities, and are in control of their finances.

Likewise, Gallup found that engaged, thriving employees have fewer health problems. Compared with their engaged but struggling/ suffering counterparts, they have fewer unhealthy days as a result of physical or mental illness, are less likely to be diagnosed with a new disease in the next year, and are less likely to be newly diagnosed with anxiety and depression. Gallup argued that these factors add up to big savings for companies' bottom lines in terms of staff costs, productivity and performance.



Bevan (2010) asserted that *“the UK is already facing the economic and social consequences of a ‘wellness’ crisis”* and *“much of the British workforce is not healthy enough to drive the improvements in productivity which the UK needs”* because of work limiting illness or injury, and chronic disease set to increase among the working age population over the next 30 years (Vaughan-Jones and Barham, 2009).

Bevan (2010) further contended that employee health should be seen as a *“hard, economic ‘factor of production’, [...] and that it is time to take workplace health and wellbeing as seriously as we take research and development, investment in technology and customer relationship management”*.

### Case Study: Barclays

Research by Barclays Retail Bank illustrates the importance of linking engagement and wellbeing strategies. Barclays has a well-established, annual engagement survey. Their results compare favourably with norm groups. However, findings from other qualitative sources reflected some concerns not exposed by the survey. Robertson Cooper’s ASSET survey tool was used to examine the state of employee wellbeing. While sickness absence was not at overly high levels for the sector, Barclays wanted to more fully investigate the links with wellbeing. Data showed that, while engagement levels accounted for about 16% of the variation in productivity levels, this increased to 24% when psychological wellbeing was included. A closer examination revealed that, although figures were good, there were significant differences between business areas on some aspects of wellbeing, including: control; balanced workload; job security and change; and job conditions. Barclays consequently tailored action plans to address specific wellbeing-related issues in different business units and areas.

### Customer Service

In the initial report on wellbeing by the first Engage for Success Wellbeing subgroup, a number of key findings were tabled, from the evidence presented to and by the group. This subgroup found that there was a direct correlation between better psychological wellbeing and better customer service and performance. The source data, from Best Companies, showed that 95% of the 20 organisations with the highest level of wellbeing provided great customer service as opposed to just 25% of the 20 companies with the lowest levels of wellbeing.

Bevan (2010) argued that committed and healthy employees are more likely to deliver high value customer service and said evidence exists that engaged and committed employees have a significant influence on customer outcomes and sales performance, whilst low levels of commitment and high levels of absence lead to lower customer satisfaction and spend (Rucci et al., 1998; Barber et al., 1999; Bates et al., 2003).





### Case Study: Southend Borough Council

Southend Borough Council employs 1800 staff. They are in their 9th year of performance improvement, which continues to be sustained despite financial and political challenges. Their transformation journey is built around the core principles of employee engagement and customer satisfaction; and staff wellbeing is at the heart of everything they do.

Over this period performance across every service area has improved with a number being recognised with regional and national awards – including Local Government Chronicle Council of the Year in 2012.

Customer satisfaction levels have risen to 84%; employee engagement scores have increased to 69% against a backdrop of downsizing and redundancy; and sickness levels have reduced by 45%. The workforce is healthier, happier and well-equipped to meet future challenges, whatever they might be.

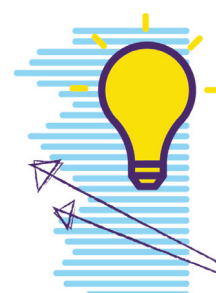
### Return on Investment

Robertson Cooper (2014) stated that when considering investment in wellbeing initiatives employers will often look for evidence of a return on their investment (ROI). Demonstrating ROI involves placing a cost on the investment, assessing the outcomes, measuring benefits and then comparing the benefits of the outcomes with the costs of investment.

Robertson Cooper argued that this approach to evaluating investment in wellbeing initiatives could potentially be quite damaging for organisations and is possibly holding back worthwhile activities. Nevertheless, Robertson Cooper proposed that organisations seeking to capture evidence on the business impact of their wellbeing initiatives could gather useful data from (i) local case studies, giving real-world impact as well as qualitative feedback, (ii) business outcomes dashboard, with appropriately tailored metrics, and (iii) tools or processes, for example recruitment and selection tools, that incorporate psychological wellbeing and resilience as predictors of performance.

Towers Watson (2013) conducted a 2012/2013 survey looking into health, wellbeing and productivity. Their findings showed that there was very little direct focus from organisations on quantifying the value and return on investment (ROI) associated with health and wellbeing programmes or linking these to worker effectiveness. This was despite two thirds of organisations reporting that they planned to increase support for their health and wellbeing programmes in the next two years. They further concluded that much health and wellbeing provision in organisations seemed to be largely directed towards compliance and help at the point of need/illness rather than a focus on prevention and encouraging healthy behaviours. Towers Watson also argued that employers should be more explicit about the links between employee engagement and wellbeing *“By viewing engagement and health as separate priorities, measurement becomes increasingly difficult”*.

Robertson Cooper (2014) also reported on research (commissioned by Right Management) based on interviews with 100 HR decision makers and 250 line managers which found that 41% of organisations still see wellbeing initiatives as a perk rather than a necessary business investment. However 78% of organisations surveyed expected wellbeing to be measured and formally reported on by 2018.



In the CIPD (2013) annual absence management survey, two-fifths of respondents reported that their organisations had a wellbeing strategy, and most organisations surveyed provided one or more wellbeing benefits. 18% of organisations reported that they evaluated the impact of their wellbeing spend; this was slightly down on the 2012 figure of 23%. 59% reported that they did not evaluate the impact of wellbeing initiatives, and 24% said they did not know whether evaluations took place in their organisations.

The CIPD (2013) further reported that public sector and larger organisations were most likely to conduct such evaluations. Organisations that evaluated the impact of their wellbeing spend were twice as likely to report that they had increased their wellbeing spend that past year (44% compared with 22% of those that did not evaluate their wellbeing spend). Such organisations were also more likely to report that they would be increasing wellbeing spend in 2014 (36% compared to 25%). The CIPD report said that *“consistent with previous years’ findings, this suggests that evaluations of wellbeing spend generally conclude that investing in wellbeing is worthwhile.”*

Robertson Cooper (2014) stated that many organisations do not measure ROI for human capital initiatives within their own organisations, but instead rely on industry or good practice ‘normative’ data to underpin any financial case for investment. Robertson Cooper argued that *“the limitations of ROI – accuracy, time or complexity – mean senior business leaders have to make investment decisions at least partially on a cultural or even ‘gut’ level. Wellbeing, for some businesses, represents ‘how we do things’. This is what employee engagement has now become – an accepted norm founded in a business case that has developed without an absolute ROI driver.”*

### Corporate Social Responsibility

The success of a business over time is not only dependent on its products or services but also can be influenced by its corporate social responsibility (CSR). CSR is about the nature and quality of an organisation’s relationships with its stakeholders – internal and external. Employees are business-critical assets: robust and sustainable employment practices can contribute to strong long-term business performance. Increasingly, disclosure by organisations on Human Capital Metrics is critical information for investors, and public reporting aids corporate transparency and accountability. Reporting models such as BITC’s Workwell Benchmark demonstrate leading edge CSR practice and enable organisations to demonstrate how their responsible people management practices can impact on improved business performance.

Many organisations are clear about the ethical and business reasons to develop and pursue a clear corporate social responsibility (CSR) strategy. Organisations have hitherto typically focused their CSR agendas on topics such as environmental sustainability, community relations and employee volunteering initiatives. There is a compelling argument for organisations to be more explicit about the links between their CSR agendas and their wellbeing and engagement strategies, as this not only helps them deliver their CSR agenda, but is also a driver of employee engagement and motivation.

Mirvis (2012) cited examples where organisations such as IBM and Unilever have used CSR as a tool to recruit, retain and engage employees. This is borne from research that demonstrated that three out of four of the Millennial Generation (born 1978 to 1998) want to work for a company that *“cares how it impacts and contributes to society”*. This same survey research, by Cone Inc., established that seven out of ten people currently in



the workforce were aware of their employers' commitment to social and environmental causes, with 65% saying that their employers' CSR activities made them feel loyal to their company. Several other studies have found an equally strong correlation between employees' commitment to their organisation and how they rate its social responsibility. One survey, by Sirota Survey Intelligence, of 1.6 million employees in 70 companies found that employees who approved of their companies' commitments to social responsibility were more engaged in their jobs and more inclined to believe their employers were interested in their wellbeing.

Mirvis also cited Wal-Mart as an example of a company that has integrated its wellbeing, engagement and CSR agendas - with some beneficial business performance outcomes. Wal-Mart has motivated 600,000 employees to develop Personal Sustainability Projects, which encompass such activities as eating healthier foods, recycling, quitting smoking and exercising more. Furthermore, Wal-Mart could demonstrate business benefits from taking an integrated approach to engagement and CSR, for example, a number of eco-friendly innovations have been developed by employees at home, and these have been used to cut waste in stores.

Bevan (2010) argued that the 'do no harm' approach to employee health and wellbeing that is common in many organisations, including the SME sector, is likely to be unsustainable and that *"organisations will need to rethink their role in promoting wellbeing as a business imperative and as part of their wider social responsibility"*.

#### Case Study: BUPA

Bupa's purpose is 'longer, healthier, happier' lives. It is a bold commitment to their customers, staff and communities. Bupa's employees work in a range of different environments including care homes, contact centres, clinics and distribution centres. All UK employees have access to Bupa Fit – an in-house service that provides early, effective support for the two most prominent causes of workplace ill-health, musculoskeletal problems and mental health issues, and 24/7 phone access to GP and nurse advice. Bupa also has many health partnerships - such as with the World Heart Federation to engage their people and communities in the health benefits of walking more. In September 2013, Bupa set the target to walk five million miles (eight million km) for the Ground Miles Challenge. Achieving this target engaged all employees in their wellbeing, and also unlocked funds to invest in programmes to protect thousands of children from heart failure and early death.

## WELLBEING AND ENGAGEMENT – PEOPLE INDICATORS

Given the interdependencies and the complexity of the relationships between wellbeing, engagement and organisational performance, it can be difficult, and sometimes counter-productive, to attempt to separate individual people matters from overall workforce matters. For example, especially, but not exclusively, in SME environments, one individual who is not able to perform at his or her best because of low wellbeing and/or engagement can have a major impact on business performance outcomes.

The following 'people indicators' are important enough to not just be of interest to HR departments, and should also be considered as factors which can drive business outcomes.



## Turnover, Retention and Motivation

The Evidence report found a clear correlation between low engagement and high turnover (Sources CLC, Hay and Gallup). According to Hay, companies with high levels of engagement showed turnover rates 40% lower than companies with low levels of engagement.

Replacing employees who leave can cost up to 150% of the departing employee's salary. Highly engaged organisations have the potential to reduce staff turnover by 87%; the disengaged are four times more likely to leave the organisation than the average employee (CLC, 2008).

Bevan (2010) found that there was a growing body of evidence that employees who feel demotivated with or disengaged from their work, or who find their work stressful, are more likely to resign from their posts. This is because dimensions of psychological wellbeing are known to affect the 'attachment' of individuals to their employing organisations, which is linked to loyalty and ability to be resilient in times of pressure and change (Bevan et al., 1997).

A 2014 poll by Investors in People (IIP) found that 54% of British full-time employees felt that their employer did not care about their health and wellbeing, as long as they got the job done. 48% of those who stated that their employer did not care about their wellbeing also said it had led to them feeling less motivated, with a third stating they considered looking for a new job as a result. 13% admitted they did not work as hard, and a further 15% said they actually resented their employer.

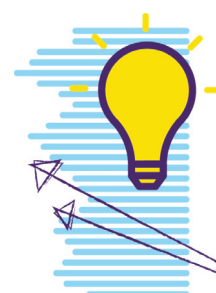
Respondents stated that flexible hours (43%) were the top health and wellbeing benefit that made or would make them feel most satisfied and valued in their role. This was closely followed by health insurance (41%) and dental insurance (23%). 10% of employees said they would have greater job satisfaction with the opportunity for a career break/sabbatical, and the same percentage said that their job satisfaction could be improved with complimentary fresh fruit in the office.

### Case Study: Birmingham City Council

Birmingham City Council (BCC) participated in a BBC series The Choir – Sing While you Work. BCC employs 46,000 staff and serves 1m+ residents. Participation in the programme was intended as part of an engagement strategy to build staff motivation using music and song to break down hierarchies and silos, and improve physical and mental health, as well as improving the appreciation of the council within the city.

200+ staff applied to join the BCC choir, 120 people were chosen to audition and 22 were selected for the choir.

91% of choir members reported that their wellbeing improved as a result, and 94.2% of all staff were supportive. Importantly, residents who saw the show were more likely to rate BCC's services as providing "value for money" and said they would "speak positively about the Council" in the resident tracker survey, than those who did not see the show.



## Absence

The CBI (2011) estimated the direct annual cost to the UK economy of sickness absence as over £17 billion, whilst CIPD (2010) estimates placed the costs of absence in the UK at between £10bn and £20bn. The latest CIPD (2013) annual absence management survey estimated the median cost of absence per employee at £595, and said that this figure has changed little over recent years. The median cost of sickness absence per employee is higher in the public sector (£726) than in the private sector (£469).

Companies with highly engaged staff reported employees taking an average of 7 absence days per year, approximately half the 14 days per year reported in low engagement companies (bottom 25%). Those employees in high engagement companies also reported significantly less workplace stress, 28% versus 39% (Aon Hewitt, 2012).

As low levels of wellbeing and engagement can adversely impact absence, employers should be paying more attention to the cost implications of such absences as this directly affects the bottom line. However, Bevan (2010) found that many organisations did not properly monitor costs of absences. Even when they did do so, such calculations tended to include basic salary costs and potentially temporary cover for absent employees. However, the true costs of absence can include ‘opportunity costs’ which are harder to quantify, but which can include such things as lost sales, and inability to fulfil existing contracts or take on new contracts.

The Evidence report argued that there was data, from Towers Watson, RBS, and other case study materials that demonstrated that engaged employees take significantly less time off work than their less engaged colleagues.

According to liP (2014), those who described themselves as happy in their role were less likely to take ‘sickies’, than those who described themselves as unhappy, with almost three in 10 (27%) of unhappy workers having embellished the truth about being ill to take a day off on at least one occasion, compared with 20% of contented employees. More than one in twenty (6%) admitted to taking a ‘sickie’ more than five times in one year.

80% people in the liP poll said they would feel more positive towards their employer if they offered better health and wellbeing benefits: this research suggests that by improving some simple health and wellbeing practices, businesses could reduce the number of ‘sickies’ taken by staff.

### Case Study: East Sussex County Council

High levels of absence in social care teams have been a long-term challenge for local authorities. Although East Sussex County Council had made some improvements over the past decade, delivering sustained improvement had escaped their grasp. A different approach and methodology was required. To this end, ‘having sought employees’ initial buy-in, a programme utilizing the principles of Appreciative Inquiry was developed. This involved supporting and guiding senior leaders to engage with the whole team to share the root causes and impact of absence, asking views about what could be done and how best desired improvements could be achieved. The approach involved listening, taking positive action, coaching, and supporting as required. The results were immediate and quantifiable: staff morale and commitment improved, and sickness levels were reduced by 18% and sustained over the 6 months’ monitoring period, thereby reducing spend on agency staff and improving social care continuity for clients.



## Safety

Bevan (2010) stated that the Health and Safety Executive (HSE) estimated there are at least one million workplace injuries caused by accidents every year. Gallup reported that those organisations with engagement in the bottom quartile averaged 62% more accidents than those in the top quartile (Gallup, 2006).

Apart from the human cost of such accidents, there is often a financial cost to organisations caused by factors such as legal and insurance costs, loss of production, damage to equipment, fines and investigation time. There is growing evidence that poor health and wellbeing can be a significant contributing factor to accidents at work. Tiredness is a factor in many accidents, for example, it has been estimated that 20% of accidents on motorways are attributable to fatigue.

There is evidence that those who smoke, and who take less exercise are more vulnerable to sleep and concentration problems that increase the risk of accidents (Bevan, 2010). Whilst there is less evidence on the effectiveness of workplace health promotion on accident rates, Bevan (2010) reported findings by PriceWaterhouseCoopers (PWC, 2008) that costs reductions averaging 50% have been achieved in a number of organisations that have taken steps to improve health and wellbeing, with initiatives aimed at education about taking rest breaks, improved hydration, sleep and so on. They argued that such measures improve alertness, concentration and judgement, which is important especially in high-risk industries such as construction.

## WELLBEING AND ENGAGEMENT – SUSTAINING HIGH PERFORMANCE

Robertson Cooper (2014) argued that *“providing employees with the tools to maintain their resilience, in a way that also encourages high levels of control and personal responsibility, can therefore create a sustainable competitive advantage, not just the short-term gains borne of working staff harder until they burn out.”* They affirmed that employees’ resilience *“including being able to bounce-back from setbacks effectively and cope with change”* could be seen as the buffer between wellbeing and performance.

The CIPD (2012) report, building on earlier work by Alfes et al. (2010) on emotional and transactional employee engagement found that perceived organisational support, such as attractive job conditions, employee empowerment and good health and safety provisions, as well as the amount of support available in dealing with stressful and difficult situations and good line management were all drivers of emotional engagement. On the other hand, workers experiencing high work intensification were less likely to demonstrate high levels of emotional engagement.

One of the report’s key conclusions was that *“actions that increase employees’ positive feelings about their work and employer correlate with positive engagement. [...] When it comes to engagement types, wellbeing, burn-out and family conflict, the picture is a little less clear because the causal links could run to or from engagement. [...] All we can say is that they are highly correlated”*.

In a separate paper, published the same year, the CIPD (2012) issued guidance for employers and managers for managing sustainable employee engagement. Their guidance states that *“engagement is important for performance but that it is unlikely to be sustainable unless it goes hand in hand with wellbeing”*. This guidance was based

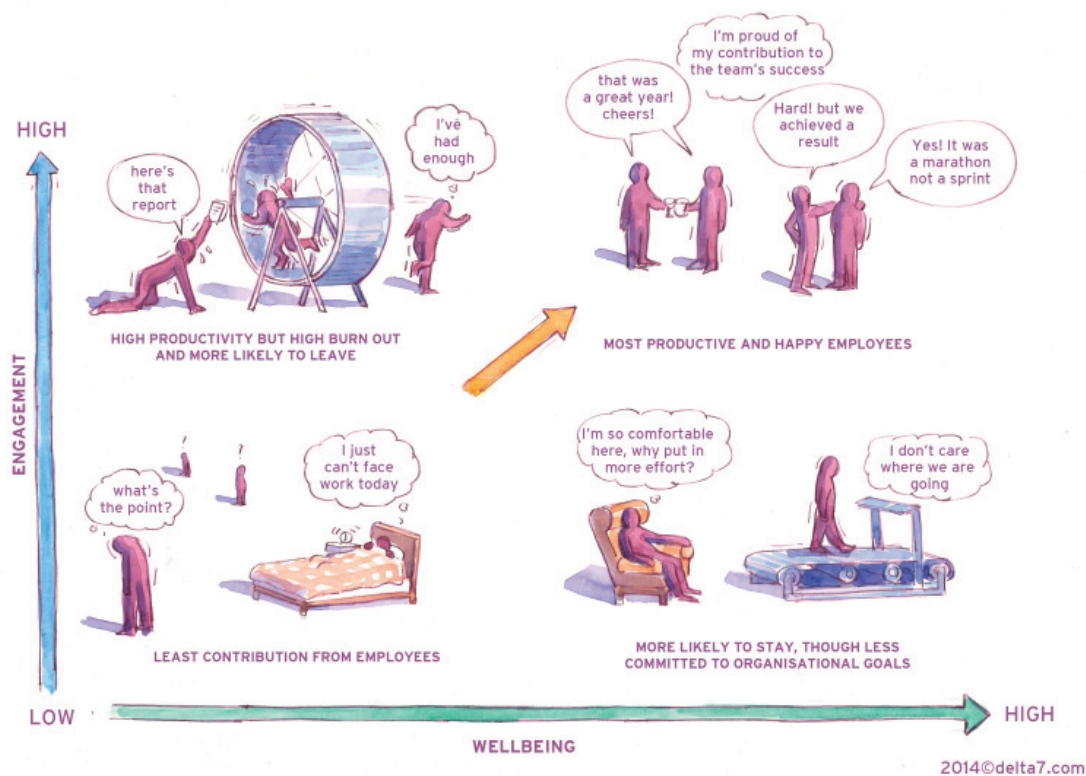




on a full CIPD (2012) research report (by Lewis, et al.) entitled *Managing for Sustainable Employee Engagement - Developing a Behavioural Framework*. In this report the authors highlighted preliminary evidence from authors such as Robertson Cooper (2010) that demonstrated that engagement is more likely to be sustained when psychological wellbeing is high. Additionally, they cited Fairhurst and O'Connor (2010) who found that wellbeing and engagement interact with each other in predicting outcomes, and that highly engaged employees with high levels of wellbeing were the most productive and happiest employees.

Lewis et al. (2012, p6) described the interaction between employee engagement and wellbeing that showed four quadrants of the relationship, and that achieving a state of high wellbeing and high engagement is the most productive, sustainable state for workers. Taking this concept as a starting point, the subgroup created the following pictorial model:

**A Model for Sustainable Wellbeing and Engagement**



### Case Study: Mars

Mars is a family owned organisation with 70,000 associates (employees) in 73 countries. The company believes that supporting its associates in managing their health and wellbeing is mutually beneficial to Mars, their associates and their families. The overall wellbeing strategy in the UK includes a focus on diet and nutrition, physical activity, stress management and smoking cessation.

One particular campaign included resilience workshops, the opportunity to have blood pressure, cholesterol, BMI and glucose checks. 238 associates in 34 teams of 7 also took part in a 16-week pedometer challenge. 89% said the campaign positively supported their energy levels and resilience, 68% said the challenge had helped them make long term changes to help their wellbeing. There was a decrease in absence due to mental health related issues and a decrease in stress related problems. Additionally, employees reported an increase in the quality of their sleep and daily productivity.

## CONCLUSION

Recent years have seen the generation of a substantial amount of work by researchers and practitioners aimed at understanding the links between employee engagement and wellbeing in the UK and elsewhere. This work has revealed considerable variation in the approaches organisations take to these topics, and this report has attempted to summarize these efforts. Whether we consider academic publications, research by consultancies or the organisational case studies supplied for use in this paper, we see consistent evidence that engaged employees experience less burnout, are more satisfied with their jobs, and are more committed to their organisations and their work objectives.

Employees who are engaged and experience a positive state of wellbeing tend to be physically and psychologically healthier than other employees. This leads to improved physical and psychological presence in their work, the former evidenced by lower employee absence and turnover, and the latter illustrated by the significantly lower accident rates associated with a healthy, engaged workforce. These relationships clearly support a virtuous circle between employee engagement and wellbeing, with engaged workers taking better care of themselves and their co-workers, and with healthier workers being in a fit state to fully engage with their jobs and employing organisations. This virtuous circle presents an opportunity for organisations that are aware of its potential.

Several authors of the evidence summarised in this report suggest a role for organisations in initiating the positive feedback loop between engagement and wellbeing. The CIPD has recommended that engagement and wellbeing be considered “hand in hand” (CIPD, 2012) in order to create a sustainable focus on engagement. Shuck and Reio (2013) suggest a focus on psychological workplace climate and employee engagement as a means for improving wellbeing, and Robertson Cooper (2014) sees a role for the employer in providing employees with the “tools to maintain their resilience.”

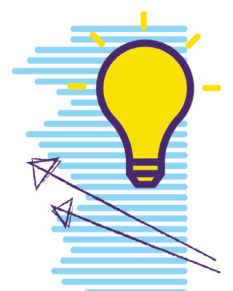
For organisations wishing to embark on a wellbeing programme, many models exist, such as the Well Workplace Process developed by the Wellness Council of America (2007). Having reviewed several wellbeing models in the production of this paper, we offer 12 criteria for introducing a wellbeing and engagement programme that appear consistently





throughout the literature (Appendix One). We acknowledge that factors such as size, purpose and budget will affect how organisations will approach introducing a wellbeing programme, but the overall approach suggested should give a framework organisations can adapt and deploy to fit their own circumstances and ambitions.

There is a better way to work, and Engage for Success exists to grow awareness about the power and potential of employee engagement to transform the modern workplace. This report contributes to the Engage for Success agenda by focusing a spotlight on the importance of considering wellbeing and engagement together. We hope that the presentation of evidence of a synergistic feedback loop between employee engagement and wellbeing will provoke debates at all levels of organisations, and that these debates will prompt actions that will ultimately improve the working lives of employees and contribute to improved organisational business outcomes.



# APPENDIX 1

## INTRODUCING A WELLBEING AND ENGAGEMENT PROGRAMME

This report aims to demonstrate the mutually reinforcing relationship that exists between engagement and wellbeing. Here are the steps that we suggest organizations should take to implement a health and wellbeing programme. The steps can be tailored to fit an organisation's size, sector and complexity: the overall approach is as useful for SMEs as it is for large corporations.

1. **Gain CEO buy-in/support** – this is essential because if the CEO does not feel responsible for employee health and wellbeing it is unlikely that initiatives will either get off the ground or be sustained. The CEO plays a vital role in building a compelling picture or vision of a healthy future, communicating the importance and allocating the necessary resources.
2. **Set up dedicated teams** – such teams are essential to building great wellbeing programmes because they help to distribute the responsibility for wellbeing throughout the business. The team does not need to be made up of wellbeing or engagement experts; more importantly, members (aka champions) understand the business enough to know whether initiatives will fly and/or members have the energy and passion to make things happen.
3. **Gather insight to drive wellbeing efforts** – The team should resist the urge to start programmes before first stepping back and gathering data to understand the organisation's specific areas of health and wellbeing need. Some organisations have the resources to run health risk assessments (e.g. HSE Workplace Stressors) or wellbeing surveys (e.g. Robertson Cooper Asset survey), however many incorporate wellbeing related questions to their engagement and culture audit process. Other data may also be a good indicator of wellbeing (e.g. absence data and leavers' data) and therefore some organisations use a wellbeing scorecard taking all relevant measures into account.
4. **Develop an action plan** – Having analysed the data, most organisations use this information to create a burning platform for change and associated plan for health and wellness. This serves as a roadmap to guide the organisation's efforts and investment.
5. **Design meaningful and appropriate Interventions** – This is the stage people typically enjoy the most, and working from the outcomes of the previous step means interventions will be appropriate and targeted. The goal should be to create a plan of action that integrates all element of wellbeing (such as those already described in the BITC's Workwell model). Physical health interventions tend to be the most popular; however it is important to think holistically about employee health and also consider all elements, including taboo or less openly discussed elements such as psychological health. It is good practice to ask employees what type of activities they would like to participate in.
6. **Implement a communications strategy** – Like any change programme, the above steps must be underpinned by a robust multi-channel communications plan to ensure all staff receive key messages and understand how they can get involved.



7. **Help leaders serve as role models** – Of course having your CEO buy-in is vital, but it is important for all leaders to “walk the talk.” This might include them discussing their lifestyle-improvement goals or them participating in programme activities, but at a minimum, leaders may need coaching or support to recognise and address their unhealthy practices. For example, it is not helpful to brag about long working hours.
8. **Grant permission** – Organisations can have excellent programmes and plans, but if employees are not able to participate they will never achieve organisational wellbeing goals. Leaders are gatekeepers in most organisations as they determine what information gets to people and how that information is conveyed. They also help determine which activities are justifiable at the workplace. Managers also play a vital role: they should know who to contact for further relevant information, and they can announce their support for participating in wellbeing programmes. Often this support will include breaks away from the day job, or plans for flexible work schedules to allow participation.
9. **Create a supportive environment** – so that employees feel encouraged in their efforts to lead healthier lives. Most organisations have specific policies, procedures and programmes that influence health behaviour. Smoking policies are among the most obvious examples. Equally powerful are the informal activities that influence behaviour such as coffee breaks.
10. **Align processes, procedures and employer branding** – There are powerful formal and informal mechanisms for establishing and maintaining behaviour. These include most of the people/HR processes such as reward and recognition, recruitment and induction. For example, first impressions stick with employees so inductions should include information about policies and activities that support employees’ health.
11. **Evaluate outcomes** – It is important to measure and evaluate the effectiveness and outcomes of interventions and the programme as a whole. Common measures include things like participation, participant satisfaction, behaviour modification, and cost containment. Organisations often look for a change in employee attitude by targeting a shift in engagement or culture audit scores, and more progressive organisations perform linkage analysis to understand how shifts in employee attitudes is associated with an improvement in customer satisfaction and business performance.
12. **Celebrate success** – Once organisations have measured the progress of wellbeing efforts it is important to celebrate successes and share good news stories that help employee to see that the vision is becoming a reality. If organisations decide to give rewards, they should chose rewards that are meaningful to employees (for example, one employee might enjoy public celebration while another would prefer quiet acknowledgment) and gifts that are in line with wellbeing programme goals (such as a spa voucher or sports equipment).



## APPENDIX 2

### ENGAGE FOR SUCCESS WELLBEING SUBGROUP MEMBERS

Louise Aston	(Business in the Community)
Wendy Cartwright	(Subgroup Chair)
Emma Donaldson-Feilder	(Affinity Health at Work)
Julie Fidler	(Raw Coaching)
Hazel Hodgins	(Bupa)
Amber Kelly	(Serco)
Vanessa King	(Action for Happiness)
Raimee Noman	(Lloyds Banking Group)
Bruce Rayton	(University of Bath)
Ryan Tahmassebi	(Robertson Cooper)
Samantha Veasey	(Marks and Spencer)
Models by: Julian Burton	(Delta 7 Change)



## USEFUL LINKS

**BITC – Workwell model: an integrated framework for wellbeing and engagement**

<http://www.bitc.org.uk/programmes/workwell/workwell-model>

**BITC – Workwell public reporting benchmark initiative**

<http://www.bitc.org.uk/programmes/workwell/public-reporting>

**BITC – Workwell public reporting guidelines: wellness and engagement**

<http://www.bitc.org.uk/our-resources/report/bitc-public-reporting-guidelines-employee-wellness-and-engagement>

**BITC – Managing emotional wellbeing online tool**

<http://www.bitc.org.uk/our-resources/report/managing-emotional-wellbeing-online-toolkit>

**BITC – Mental health: we are ready to talk**

<http://www.bitc.org.uk/programmes/workwell/mental-health-were-ready-talk>

**CIPD – Managing for sustainable employee engagement: developing a behavioural framework**

<http://www.cipd.co.uk/publicpolicy/policy-reports/engagement-behavioural-framework.aspx>

**CIPD – Managing for sustainable employee engagement: guidance for employers and managers**

<http://www.cipd.co.uk/publicpolicy/policy-reports/engagement-behavioural-framework-guidance.aspx>

**Health and Safety Executive – Management standards for work related stress**

<http://www.hse.gov.uk/stress/standards/>

**Investors in People – health and wellbeing framework and award**

<http://www.investorsinpeople.co.uk/accreditation/continuous-improvement/health-and-wellbeing>

**New Economics Foundation – Five ways to wellbeing**

[http://b.3cdn.net/nefoundation/8984c5089d5c2285ee\\_t4m6bhqq5.pdf](http://b.3cdn.net/nefoundation/8984c5089d5c2285ee_t4m6bhqq5.pdf)

**Robertson Cooper – Good day at work**

<http://robertsoncooper.com/goodayatwork>

**Robertson Cooper – the 6 essentials of workplace wellbeing**

<http://www.robertsoncooper.com/what-we-do/the-6-essentials-of-workplace-wellbeing>

**Time to Change – Programme to end mental health discrimination and stigma**

<http://www.time-to-change.org.uk>

**Wellness Council of America – Creating well workplaces**

<https://www.welcoa.org/wellworkplace/>



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