



iirsm

Deloitte.



THE FUTURE OF WELLBEING 2022

Insights from c-suite and risk managers on the front line





The talented research and writing team at Deloitte carried out the detailed analysis of both the IIRSM and IoD surveys. Here we present the findings. For their professional insight and hard work on this project, IIRSM would like to thank the People Risk Practice at Deloitte (from top) James Lewis, Ryan Hopkins, Lauren Drabwell and Liam Standfield.



iirsm

Deloitte.



BIKES, BANANAS AND ONE-OFF EVENTS DON'T CUT IT ANYMORE. WHAT IS THE FUTURE OF WELLBEING AND WHY SHOULD YOU CARE?



Wellbeing in a post-COVID-19 world is an ever-increasing focus area for directors, risk management practitioners

and society at large. This means that the way it is defined, understood, and delivered for the modern organisation has changed dramatically over recent years, and we need to ask some important questions:

- How well is wellbeing both understood and delivered in the workplace?
- How do we measure it?
- Should we invest in it?
- Where does it belong?

We have tried to bring insight and practical actions to these questions by drawing from the breadth and depth of the experience of The Institute of Directors (IoD) and International Institute of Risk and Safety Management (IIRSM) community of directors and risk managers respectively to understand what is working, what isn't and what the future holds in store. Time to really dig into wellbeing.

The IoD and IIRSM delivered a survey to members to understand their views on how wellbeing is managed within their organisations. The survey of more than 30,000 directors and risk management practitioners provides a snapshot to explore how wellbeing is defined, planned, delivered, and measured across a wide range of sectors and industries, principally in the UK and beyond. We would like to thank all members who took part in this survey, who enabled us to understand the current maturity levels and levers that can be pulled to accelerate improvement.

Firstly, what is wellbeing? It's defined by the UK Department of Health as feeling good and functioning well, personal life experience, comparing one's circumstances with social norms and values. Wellbeing can also be both subjective and objective, hedonistic and eudemonic and how it is defined within organisations varies depending on the organisations' geography, operations, risk landscape and overall workforce. Confused yet? Do not worry, you are not alone.

[Continued overleaf >>](#)



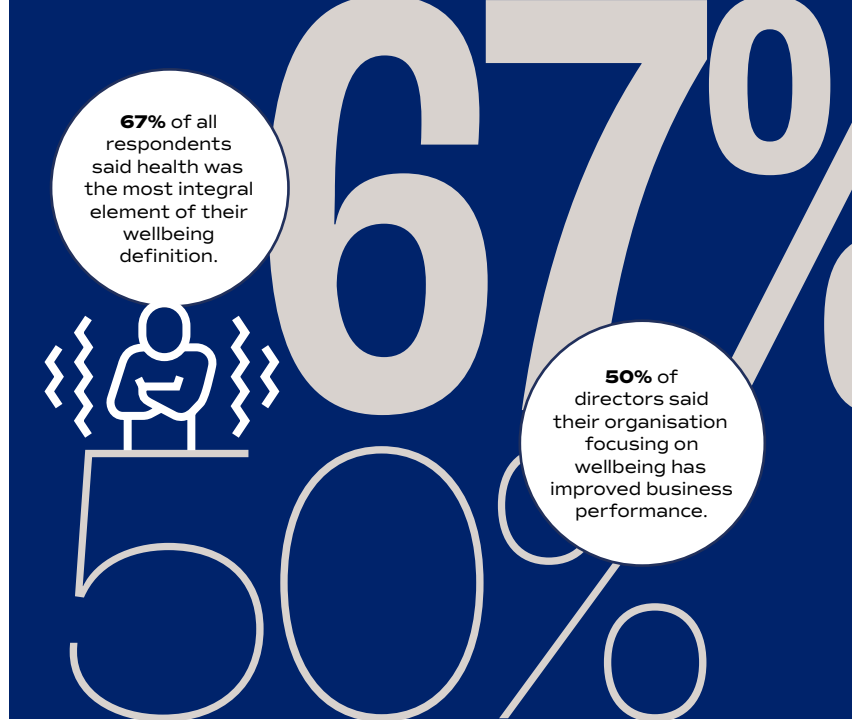
From previous page >>

SO HOW DO ORGANISATIONS DEFINE WELLBEING?

With the evolving definition front of mind, the IoD & IIRSM asked directors and practitioners what defines wellbeing for their organisations. Overall, both groups share a largely similar view, placing almost equal importance on:

- Health (Emotional resilience, mental health, physical health and ability to manage our feelings, thoughts and behaviours in our day-to-day lives) – directors 67%, practitioners 66.7%
 - Good work (Job design and nature of work, employee voice, employment contracts, work life balance and relationships at work) – directors 65%, practitioners 58.7%
- Interestingly, practitioners placed less emphasis compared to directors on:
- Purpose (The opportunities we must be creative, develop our career and life and operate within an inclusive and equitable environment) – directors 64%, practitioners – 48.2%
 - Financial (Fair pay and benefits enable workers to make choices about their financial future) – directors 64%, practitioners 44.1%

Health was therefore the most popular definition of wellbeing in organisations, from both practitioners and directors. This focus on the mental, physical and emotional wellbeing of employees is unsurprising, in light of the shared experiences and challenges we have all faced as a result of COVID-19. The pandemic has provided a spotlight on the importance of protecting our health more than ever before, at home and within organisations.



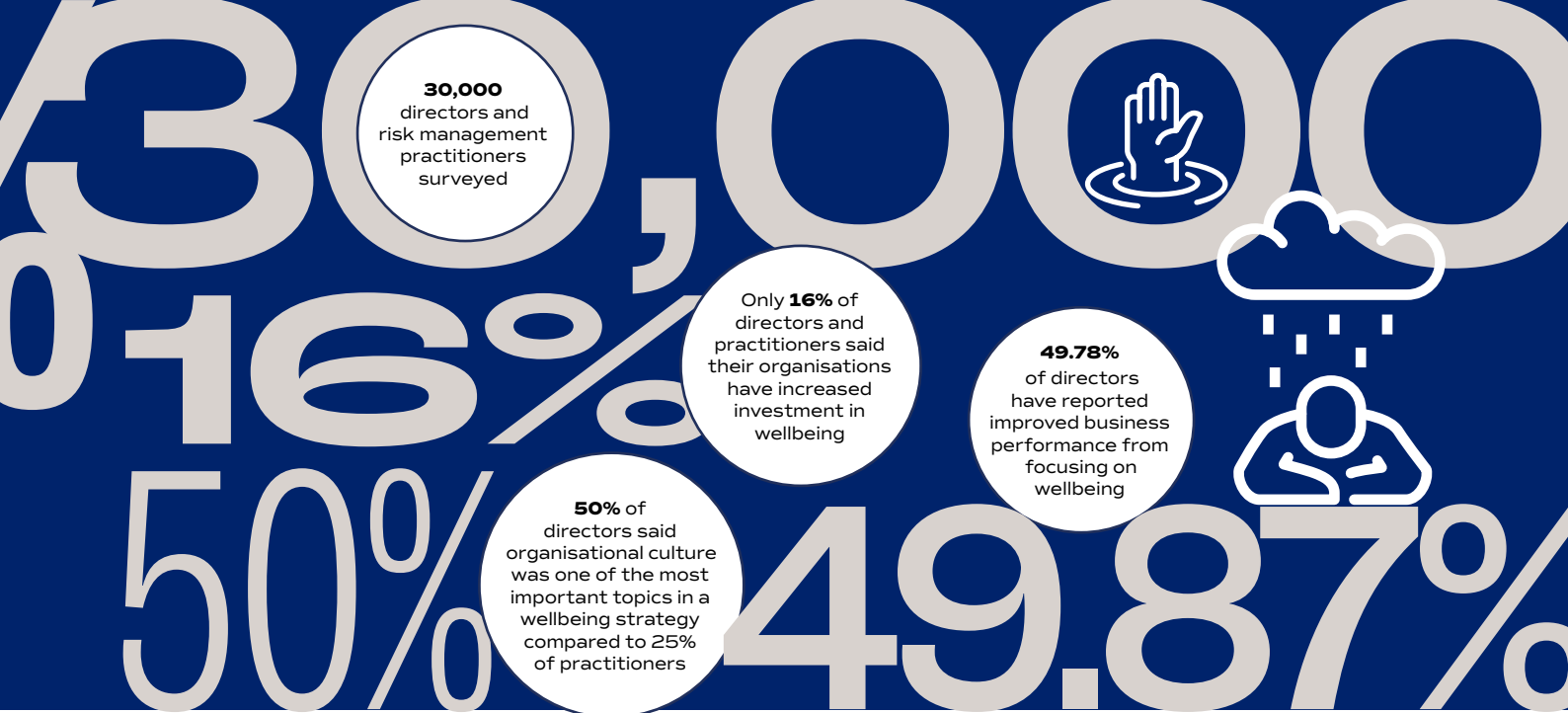
However for the latter, the focus before and during the pandemic has often been on reactive strategies to address employee health. Strategies which wait until people are struggling before intervening, employee assistance programmes, side of desk champions (people who volunteer in support networks) and 'one and done' events. There are safety nets to catch employees when they fall. However, what is being done about the stressors that created the issues in the first place?

ON THE JOURNEY FROM REACTIVITY TO PROACTIVITY

What an organisation ought to do, and what they do, are two distinctly different things, and this holds true for wellbeing. As mentioned, current approaches are reactive, whereas organisations need to be transitioning to a proactive strategy: creating space, developing a culture of empowerment, purposeful work, sustainable use of technology, geographic and temporal flexibility, etc. This sounds nice, but what does it mean on the ground?

Professor Raj Choudhury from Harvard University recently said: “There are two types of organisations right now, those that are embracing flexibility and those that are in denial”, and organisations that get it right, will win the so-called ‘war for talent’. The freedoms (geographic, temporal and modal) born out of proactive strategies will be key, if not the main element in an attractive employee value proposition in the coming years, keeping the best talent and attracting the rest. Of course, the reactive elements of the strategy are needed, but they should not be the sole focus.

When the focus shifts to a proactive one, organisations will finally start to see a decent



return on investment (provided they have clear success criteria) with their wellbeing spend through reduced attrition, increased engagement, productivity, and attraction; at which point wellbeing will be seen as a profit centre instead of a cost centre.

IT IS QUITE SURPRISING THAT PRACTITIONERS INDICATED THAT HEALTH, GOOD WORK AND PURPOSE WERE MORE IMPORTANT THAN FINANCIAL WELLBEING

MONEY TALKS, OR DOES IT?

Beyond being difficult to define, wellbeing is a complex issue for many organisations and is dependent on company culture, risk landscape and workforce demographic, among other factors. Not only this, but priorities change over time and change isn't always slow. In the Deloitte Global Millennial & Gen Z survey 2020 (who will be 75% of the global workforce in five years) 46% of respondents stated dissatisfaction with pay as the main reason for leaving their current employer.

Given the cost of living crisis, increasing rates of inflation and looming interest rate hikes, it is quite surprising that both practitioners and directors indicated that health and good work, along with purpose for practitioners, defined wellbeing in their organisation above all other aspects including financial wellbeing. This only goes to underline the importance of non-financial aspects of work to drive wellbeing, for practitioners and directors alike.

WELLBEING IS HR'S RESPONSIBILITY, RIGHT?

There is evidently a spread of what defines wellbeing for directors and practitioners. To satisfy these definitions and to bring wellbeing to life for employees, organisations need wellbeing strategies supported by cross-functional, diverse

team to ensure the needs, interests, concerns and expectations of the entire workforce are considered and addressed. The initiation of such a team, along with its short and long-term success, is dependent upon who drives it and who maintains responsibility.

Encouragingly, most organisations have begun their wellbeing journey, with only 3.39% of directors and 3.32% of practitioners saying they don't know or haven't considered employee wellbeing in their organisation yet. With this in mind, we asked respondents where the responsibility for this wellbeing journey sat within their organisations. Across both groups, the majority stated that senior leadership were responsible, followed by line managers and heads of function.

On the surface, it's reassuring to see a top-down approach to wellbeing within organisations, where leadership pushes the agenda forward, and then successively delivered by line managers and heads of function. However, this overlooks additional evidence that sometimes there is no dedicated resource (indicated by 15.3% of practitioners, 10.97% of directors) and responsibility is subsumed into the existing roles of individuals (i.e., line managers and heads of function), on top of their day jobs. As a result, wellbeing is more likely to fall by the wayside and to cause additional stress to the individuals who are responsible for the stress of others.

Additionally, there is the significant risk that siloed organisational wellbeing strategies will not be effective when segmented across teams with different skills, viewpoints,



Continued overleaf >>



From previous page >>

scope and objectives; finance professionals may focus on reward, safety professionals may focus on safety management and HR on talent planning/recruitment, which could be in complete isolation to each other. If organisations are serious about creating a workplace in which people can thrive, wellbeing cannot be an afterthought, and these areas cannot be strategised and managed independently from each other; they need to consider the full employee experience holistically to derive the desired outcome.

MOVING THE ONUS FROM THE INDIVIDUAL TO THE ORGANISATION

The survey sought to understand respondents' views on the types of wellbeing topics that should be delivered as part of a strategy, based on what wellbeing means for them. Participants provided their top three most important topics that should be included within a wellbeing strategy. Directors and practitioners had one common priority in their top three, in the form of employee health and safety. However, where directors prioritised organisational culture (50.39%) and organisational vision and values (27.15%), practitioners favoured working standards (33.16%) and diversity and inclusion (30.10%). This further emphasises the disconnect between what employees look for in their experience of wellbeing. While directors consider organisational interventions and group benefits a priority, individual practitioners seek a strategy that serves their individual needs, including welfare provisions, rest and the ever-salient need for representation and inclusion in the workplace.

A wellbeing strategy should address a wide range of topics that attend to the individual holistically as well as the group, shaping a programme of work that supports people within organisations. Surprisingly low scoring topics included safeguarding and human rights (in the context of working time directive and poverty), suggesting that across the board, organisations may not be thinking broadly about wellbeing. There is therefore a risk that wellbeing strategies may fall short on the delivery of an effective wellbeing programme.

Realising wellbeing topics into the delivery of interventions is another beast entirely. Wellbeing programmes should be designed to build upon any existing wellbeing strategy (or fill the vacuum therein) to proactively address organisational

“ PRACTITIONERS INDICATED THAT WORKING STANDARDS SHOULD BE A KEY PART OF ANY WELLBEING STRATEGY ”

15% of practitioners and 11% of directors said their organisation had no resource dedicated to looking specifically at wellbeing.

15% / 11%

stressors (workload, psychological safety or lack of it, no boundaries between work/home), support workers to build resilience as they adopt and sustain behaviours that reduce health risks, improve quality of life, enhance personal effectiveness, and benefit the organisation's bottom line. Both survey groups indicated a similar range of interventions which they had implemented as part of their programme of work, including pay rewards review and benchmarking, changing working time and location requirements to be more flexible, mental

health first aiders and line manager training.

It's promising to see the variety of interventions that are in place, however we can see that organisations are still focused on reactive interventions and support networks, such as mental health first aiders (MHFA), wellbeing champions and other employees who volunteer to be 'side of desk' champions. Often, the people who opt to in to be a support mechanism tend to be people who have suffered previously

themselves and want to help. There is a risk that this population receive some training, become untrained/unprepared counsellors, and could cause more harm than good, even with the best intentions. Additionally, this population of people who are susceptible to mental health issues are taking on others' issues, with no reduction in personal workload and no support mechanism in place. Although well meaning, these networks can come at a personal cost to the volunteers and those who they are trying to support. These support mechanisms and networks should be part of an effective wellbeing strategy but should not be the primary and sole intervention available to employees.





happier and more fulfilled in their work, with greater job satisfaction. Respondents also said a focus on wellbeing included increased operational benefits to the organisation including retention. What is not to like?

MEASURING THE SO-CALLED 'UNMEASURABLE' - WELLBEING METRICS

Measuring the performance of wellbeing strategies and interventions is key to understanding the impact organisations are having on their workforce and the ROI organisations gain from their wellbeing programmes overall.

We asked both groups to describe how wellbeing targets have been set within their organisations. Across both

groups the most selected response was 'We don't set any targets', although there was a difference of 24.78% between the Director (57.18%), Practitioner (32.40%). This may indicate that businesses rely on general business performance, mixed with some qualitative feedback from a few colleagues and the odd leadership statement in the press to measure the efficacy and improvements that they have

experienced from their wellbeing strategies and programmes of work.

It is an organisational imperative to define, track and measure a set of metrics, in order to understand if their wellbeing strategy and programme of work is working as intended. Any other function in the business would not be expected to guess or assume the efficacy of a programme

of work. This goes way beyond the odd qualitative statement. If wellbeing matters to organisations, which we can see that it does, the question should be raised as to why organisations aren't measuring it. A lack of measurement will result in organisations not being able to demonstrate measurable return

In addition to the fact that current wellbeing approaches are very reactive, the focus of who should manage wellbeing day to day still very much sits with the individual. 41.78% of directors and 25.26% of practitioners indicated that their wellbeing programmes are principally driven by their leadership team but believe that individuals have some self-responsibility to manage their own wellbeing. The difference of this opinion between the two respondent groups may be because the practitioners are closer to their employees and are able to see that the individual cannot bear the full weight and responsibility of their wellbeing in the workplace alone. While individuals are best placed to determine their own needs, they cannot control the organisational stressors that contribute to detriment of their health - physical, mental, emotional (the current priority, as mentioned above), and therefore should not hold sole responsibility for wellbeing in the workplace.

WELLBEING IS THE ANSWER, BUT WHAT IS THE QUESTION?

The survey asked respondents 'What benefits, if any, have you seen realised from focusing on wellbeing across your organisation?'. Overall, both directors and practitioners stated they have seen improved health among workers (director 39.69%, practitioner 49.74%), improved business performance (director 49.87%, practitioner 42.35%) reduced costs (director 44.39%, practitioner 36.22%) and improved reputation and brand value (director 33.68%, practitioner 37.24%) as part of their focus on employee wellbeing. Organisations stated that they had generally seen an improved sense of resilience, productivity, and engagement from employees, leading to overall improved performance. What a result. They stated that employees also seemed

Only **2%** of practitioners and **1%** of directors said they ask for organisational wellbeing data to evaluate the ROI of their wellbeing

2% / 1%

Continued overleaf >>



From previous page >>

on investment. As a result, if no return on investment is realised, organisations may struggle to unlock more funding for their wellbeing programmes. This is in stark contrast to the statements that directors and practitioners saw gains in business performance, brand, productivity, happiness and engagement etc.

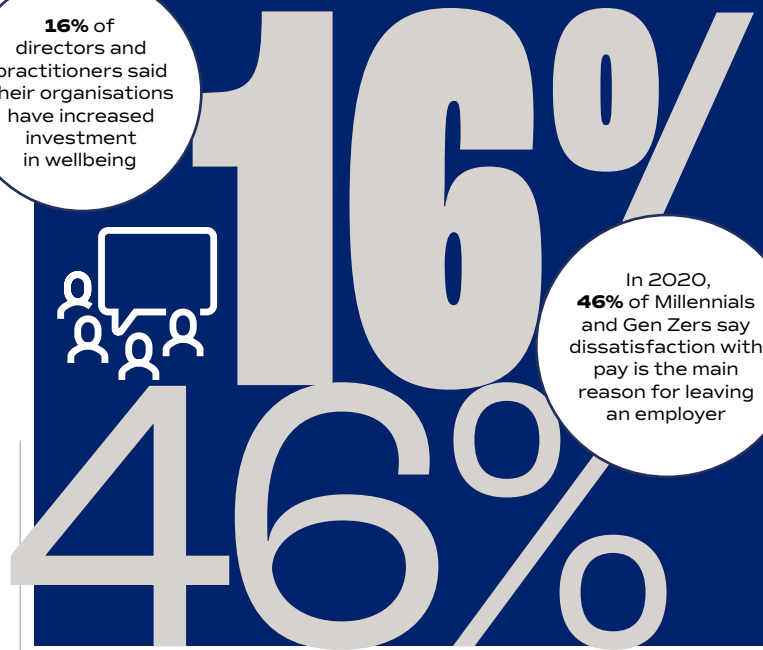
What's more, when asked how their organisation's investment in wellbeing changed over the last 12 months the greatest response for both groups were 'slightly increased', with the smallest number of responses for each group indicating 'significantly decreased'. Roughly only 16% of both directors and practitioners indicated that their organisations have significantly increased their investment in wellbeing. This is hardly surprising given the perceived lack of measurement, reporting and material evidence that wellbeing programmes work. If this remains the situation, wellbeing will continue to be seen at best as intangible, at worst as 'fluffy', a nice to have benefit that sits on the side rather than a business priority.

WHAT IS ON THE HORIZON, WHAT SHOULD WE BE KEEPING AN EYE OUT FOR?

We know wellbeing is a complex issue, difficult to define, to strategise, to measure. Case in point: when questioned about challenges organisations face in the coming 12 months, both respondent groups presented a range of views. The biggest concern for practitioners was staff not being able to cope with work pressures, while directors felt that the priority concern will be hybrid working. The future of work and wellbeing will need to be flexible, strategies will need to be proactive to create cultures where people thrive, not just survive, and the onus will need to shift from the individual to the organisation; only then will individuals feel empowered to work how, when and where they want. This is the transition from Wellbeing 1.0 to Wellbeing 2.0.

We all know that an apple is better than a packet of crisps and going for a walk is better than sitting still all day, we just need the space and autonomy to do so. A company's definition of wellbeing needs to be holistic and consider the needs, interests,

16% of directors and practitioners said their organisations have increased investment in wellbeing



“
ROUGHLY ONLY 16% OF BOTH DIRECTORS AND PRACTITIONERS INDICATED THAT THEIR ORGANISATIONS HAVE SIGNIFICANTLY INCREASED THEIR INVESTMENT IN WELLBEING
”

concerns, expectations, and prevalent risks within the workforce; rather assuming that one size fits all and not realising the benefits of a flexible and personalised approach. Targets need to be set and performance of their wellbeing strategies and programmes measured to see what performs well and invest more in the interventions that work. Interventions need to address root causes like poor job design and

lack of autonomy and be proactive, rather than providing 'bikes and bananas' (cycle to work schemes and fresh fruit in the kitchen). These have a place but are not preventative measures, only addressing one element of wellbeing, health. Depending on the size of the organisation, side of desk activities won't

cut it and a single department acting on its own will have less of a chance of being successful; organisations need to support cross functional collaboration, responsibility, and teaming to truly take a holistic approach to wellbeing.

This will be a huge challenge given the pressures our respondents identified, but **organisations that get this right will have a happy, healthy, productive cohort of employees, who evangelise about the organisation and thrive; attrition, retention, productivity, and brand reputation will all improve.** ♥



26%

One in four (26%) employees had experienced mental health problems for the first time.*

Overall, one in five British workers (19%) say they have taken time off work because of their mental health, with 74% saying they have not.



70%

There is less management focus on health and wellbeing compared with the first year of the pandemic. Seven in ten (70%) of HR respondents agree that employee wellbeing is on senior leaders' agendas (down from 75% last year) and 60% believe that line managers have brought into the importance of wellbeing (down from 67% last year).

Just under three-quarters of organisations (72%) are providing new or better support for people working from home.†



A third (32%) say they didn't feel like explaining to their employer why they were taking a day off, and a quarter (24%) say they thought their employer would make them come in to work if they were not physically sick.‡

32%

24%



72%

The estimated total annual costs of absenteeism, presenteeism (attending work while ill, and so underperforming or being less productive) and labour turnover have increased by 25% since 2019,

reaching an estimated annual total of £53-56 billion in 2020-21 (£43-46 billion in the private sector and £10 billion in the public sector).‡

£56 BILLION



SOURCES

* Deloitte case for mental health report

† CIPD's Health and wellbeing at work survey, April 2022

‡ YouGov Mental Health Survey Results, April 2022



iirsm

Deloitte.

