Making the Business Case for Employee Well-Being

Building Evidence to Scale Innovative Well-Being Benefits at Work

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American workers juggle many different challenges, including finances, physical and mental health, transportation, and the professional skills needed to compete in a changing economy. And recently, businesses have been rethinking the benefits and programs they offer, aiming to better align them with employee needs to vie for talent in an increasingly competitive marketplace.

Businesses are beginning to recognize that innovative well-being benefits—that this, more than just health insurance and retirement contributions—have the potential to make employees more engaged, less likely to miss work and make mistakes, and more inclined to protect their employers from waste or fraud. Some business case studies show that businesses with happy, healthy, and stable employees can ultimately be more profitable than their competitors (Ton 2018).

Businesses are looking to understand how investments they make in their workers improve both employee outcomes and business objectives. But research demonstrating the business case for investments in innovative well-being benefits is still nascent. To harness the potential power of those benefits and bring them to scale, businesses and policymakers need more data, better data, and deeper analysis to inform their decisions. And many of the innovative third-party benefit providers and human resources (HR) professionals are not necessarily well prepared to answer their important questions.

This brief uses insights from HR and business literature, existing social science research, and original interviews conducted with seven HR professionals at large companies. Interviewees were HR directors, benefits managers, and talent acquisitions specialists in the food service, retail, health care, banking, airline, and sports industries. These interviews were designed to capture new approaches to building and strengthening the evidence for innovative benefits, both within particular businesses and in general, that enhance employee well-being.

We begin by describing the business pain points employers are seeking to address. We next discuss the emerging landscape of innovative well-being benefits, the changing mindsets that accompany them, and the opportunities they present. We outline the four key employer questions about the value of innovative well-being benefits, and the ways that businesses typically answer them. We then illustrate how benefit providers in partnership with businesses could build a stronger business case and evidence base. Finally, we close with a vision for how to support knowledge-building about the value of these kinds of benefits in the public domain.

What Pain Points Are Businesses Trying to Address?

Employers always want to stay ahead of their competitors and acquire the best talent. And the hiring process costs money: the longer it takes, the more it costs. HR departments have long seen benefits and benefits packages as a way to address this business challenge, or (to borrow an HR term), this "pain point." If offering an innovative benefit helps them get more applications and shorten their time to hire, the business can save a lot of money.

When employees are not thriving, the business has difficulty retaining them. And it affects the way employees show up at work. As one of the interviewees stated, "People need to be physically and emotionally strong and healthy so they can focus on their jobs." Nonetheless, the interviews revealed that different businesses think about their staffing pain points in very different ways (table 1). As one interviewee explained, "Diagnosing the problem you're trying to solve and how you measure success is different for every employer. You have to pick the metrics that pertain to the problem you're facing."

TABLE 1

Business Pain Points with Employees

Benefit and claim costs	Human resources metrics	Operations metrics
▪ Average cost per hire	▪ Average time to hire	▪ Productivity
▪ Medical claims	▪ Retention	▪ Sales
▪ Worker's compensation claims	▪ Engagement, or presenteeism	▪ Customer satisfaction
▪ Withdrawals from 401(k)s	▪ Absenteeism	
▪ Hardship loans	▪ Promotion	
▪ Wage garnishments		
▪ Cost of mistakes and errors		

Some businesses look to the kinds of metrics that are easily monetized and tracked, such as benefit and claims costs. Employees who are chronically ill and stressed are likely to have more medical claims that can be costly for their companies (NIOSH 1999).[1] Such employees may also be more likely to make mistakes (Arnetz et al. 2017), get injured at work (Gu et al. 2016), and file worker compensation claims (Schwatka et al. 2017; Tao et al. 2016).

"Diagnosing the problem you're trying to solve and how you measure success is different for every employer. You have to pick the metrics that pertain to the problem you're facing."

Other businesses articulate their pain points in terms of more traditional HR metrics such as absenteeism, engagement ("presenteeism"),[2] and retention. Employees with a lot of instability in their lives and challenges to their wellness have great difficulty consistently showing up to work (Kim, Gaman, and Sorhaindo 2006), engaging with their work (Virgin Pulse 2017), and ultimately holding on to their jobs (Wright and Bonett 2007). All of these externalities cause real problems in businesses' daily functions. In theory, these kinds of soft measures can be monetized, but they are commonly used on their own to describe local talent challenges.

But several HR professionals emphasize the need to relate these talent pain points to operations metrics that most businesses prioritize, such as sales, customer satisfaction, and productivity. Employees who are personally struggling are less likely to be productive and successfully perform on the job. Articulating how pain points can directly affect these business metrics raises the profile of strategies that support employee well-being.

The pain points that businesses prioritize can vary significantly across employers and industries. And optimally, innovations in employee benefits and the development of the business case for their adoption need to be properly aligned to address business' top priorities.

What Innovative Well-Being Benefits Are Businesses Trying?

As the economy has recovered from the Great Recession and unemployment rates have reached historic lows, employers have competed to attract and retain talent by offering increasingly comprehensive benefits packages to their employees. These packages are beginning to move beyond traditional health insurance and retirement plans by more often including innovative benefits and focusing on other ways of improving employee well-being in multiple domains. Typically, an employer will contract to third-party vendors to provide these services to employees and, increasingly, to their family members (SHRM 2018). These benefits are typically voluntary, meaning employees can opt in to them in addition to more traditional benefits. Sometimes employers shoulder the cost for the benefit; other times they share the cost with the employee or pass it along through payroll deductions.

The evolution of the comprehensive workplace wellness that exists today began in the 1950s with the creation of employee assistance programs. Employee assistance programs were the first structured workplace intervention to address problems in employees' personal lives, and they focused on alcoholism and mental health issues (and they continue to exist as a service to address mental and emotional health at many organizations today).[3]

Workplace wellness programs emerged in the late 1970s and focused on physical health, targeting employees with the highest health risks. Through a series of government initiatives in the 1990s and 2000s that focused on health promotion at work, workplace wellness programs expanded their concept of well-being to include other dimensions of health and shifted in scope to serve all employees. In the past 20 years, wellness programs have proliferated throughout the business industry and now take a holistic approach to health that includes physical, mental, social, and financial well-being.[4]

The most recent revolution in the landscape of employee benefits has occurred in the past few years as industries with many frontline workers have increasingly tailored voluntary well-being benefits to their lower-level employees (these perks have traditionally been designed to attract middle- and upper-level talent).[5] HR professionals seek to use these benefits to strategically align employee well-being with the business's broader performance goals. This shift has been driven by several factors.

First, nearly all HR professionals we interviewed explained that a tighter labor market has created a particularly acute talent shortage for organizations driven by frontline workers, and this shortage has forced employers to distinguish themselves from their competitors. To appeal to frontline workers, employers have designed benefits related to financial wellness, educational assistance, and child care that confront the unique economic barriers younger employees face. Second, as technological innovations such as automation and artificial intelligence change the way companies do business, employers have introduced new benefits to attract and retain talent and to develop workers' skills to ensure their businesses will be agile and competitive in the future. Third, HR professionals have taken note of a growing body of research that has made connections between employee well-being and important business metrics such as retention and engagement (Gilsdorf and Hanleybrown 2017). Turnover costs businesses about one-fifth of a worker's salary (Boushey and Glynn 2012), and active disengagement at work costs the United States $450 to $550 billion annually (Gallup 2017). These huge monetary costs of poor employee well-being have narrowed the focus on how employee benefits can operate dually as driver of employee well-being and as a business-enhancing mechanism.

New Trends in Well-Being Benefits

Most large employers, and some midsize and small businesses, offer their employees a variety of voluntary well-being benefits that fall under the umbrella of well-being, a broad category that can include physical, mental, and financial wellness as well as skill development. This section will highlight three benefits that exemplify the types of innovative programs being offered, how they are administered, and the issues they seek to address.

FINANCIAL WELLNESS

Perhaps the most rapidly expanding voluntary benefit is financial wellness programs, which have grown in popularity as employers recognize the substantial toll financial stress can take on job performance. Employees cite financial wellness benefits as the most desired employer benefit that they do not already have (PwC 2018). In a survey of 777 firms with at least 100 employees, 83 percent of employers with 100 employees or more offered financial wellness programs in 2018, up from just 20 percent in 2015 (Prudential Financial 2018). These programs help employees manage their day-to-day finances and achieve long-term financial goals. Programs range from online financial tools to comprehensive one-on-one financial counseling, and span across topic areas such as budgeting, building credit, reducing debt, managing assets, and saving for retirement. Some businesses, such as Walmart, have financial wellness programs that also include on-demand access to earned wages to help solve cash flow problems, particularly for low-wage workers.[6] Instead of having to wait to receive a paycheck every two weeks, for example, employees can request that payments are pushed to their bank accounts in real time.[7]

EDUCATIONAL BENEFITS

Innovation around educational assistance programs is growing as employers respond to industry competition and demand a more skilled workforce. These programs incentivize employees to return to school by paying for some or all of their educational expenses. Although about half of employers currently offer their employees tuition reimbursement for undergraduate and graduate education, frontline workers, who are less likely than other workers to hold advanced degrees, are increasingly being targeted by these programs (SHRM 2018). The structure of reimbursement has also been less advantageous for entry-level workers because of the need to front expenses that may not fit in their budget.

In recent years, corporate retail and food service giants have implemented tuition assistance programs that help their employees obtain GEDs, complete undergraduate degrees, and improve their English language skills.[8] Under this model, employers pay educational expenses up front or reimburse the student later. Employers offering tuition assistance include major corporations such as McDonald’s and Amazon. Recognizing the strain of student debt, large companies such as Fidelity, Aetna, and PricewatershouseCoopers have also instituted student loan repayment programs that pay off a portion of their employees’ loan debt.[9]

ON-SITE RESOURCE NAVIGATORS

A third type of emerging benefit is offering employees access to on-site resource navigators, who connect employees with company benefits and community resources relevant to their individual needs. To offer this benefit, employers typically pay a local nonprofit an annual fee to provide a navigator who comes on site regularly and is available by email and phone. Navigators help employees address a wide range of issues, including child care, transportation, and housing. As experts on services available in the area, they can also connect employees to medical, legal, and financial resources. Although this benefit has not yet proliferated, providers such as the Source, WorkLife Partnership, Working Bridges, and WorkLab Innovations have demonstrated promising impacts on businesses’ retention and return on investment, or ROI (Gilsdorf and Hanleybrown 2017).

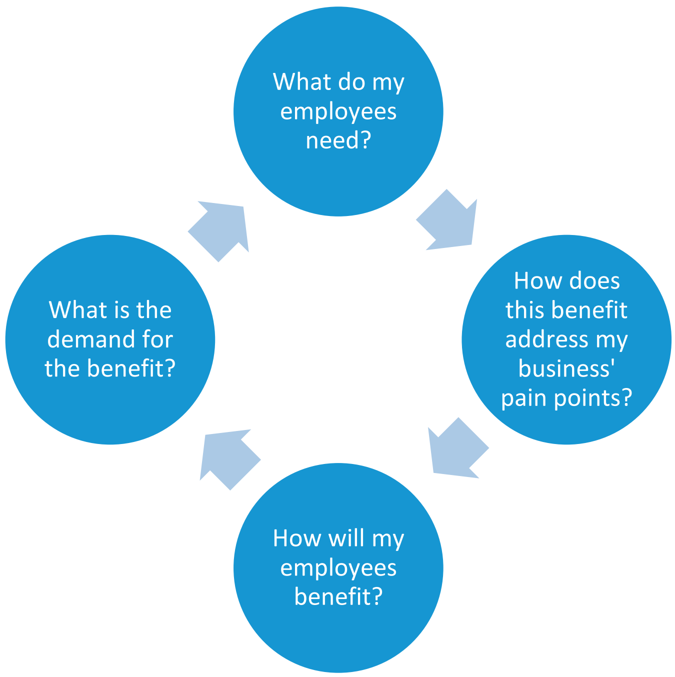
What Do Businesses Need to Know?

To make optimal decisions on which well-being benefits to offer and how to pay for them, HR professionals need to understand the business case and be able to communicate it clearly to a variety of different stakeholders, such as their boards, their chief executive officer, frontline staff, and potential job candidates.

Under ideal circumstances, businesses would construct a multifaceted business case by gathering data and evidence to answer four key questions that get at the value of these kinds of investments (figure 1).

FIGURE 1

Key Questions for Building the Business Case



The first question is: what do my employees need? Businesses with a strong talent-oriented culture will start here and observe what kinds of supports their employees need to be whole persons who are able to show up to their jobs ready to contribute.[10] Human resources professionals often need to answer this question to propose and justify certain benefits to the C-suite or their boards.

The second question asks: how does the benefit address my business's pain points? The benefit might help the business become an employer of choice in the competition for talent, or it might address the pain points from table 1 that are most salient for the particular business. The answer to this question is needed to justify initial or continuing investment in a particular benefit.

Next, a business should ask: how will my employees benefit? From a business perspective, employees themselves are the audience for this information. Lessons learned in this domain can inform the communication strategy and marketing of well-being benefits—that also address business pain points—to employees.

Lastly, businesses need to evaluate what the actual uptake of innovative benefits is: what is the demand for the benefits among their employees, and how does it vary by type of employee, location, etc.?

Businesses and third-party benefit providers have different roles to play in building the evidence to answer these questions effectively. Each approaches the questions in a different way and builds evidence with separate but complementary data and methods. In the next two sections, we describe each of these approaches in turn, illustrating how third-party benefit providers can leverage their advantages to provide valuable insights to businesses.

How Do Businesses Typically Find Answers?

The HR professionals we interviewed highlighted the key challenges they face when answering these questions and building their business case for investment in these voluntary well-being benefits.

- **Culture:** Many businesses that prioritize investments in their employees do so because of their larger business culture. In these companies, investing in talent is a core value and a key part of their larger business strategy. Because it is a core value, these businesses may not prioritize gathering and analyzing data to make the business case for these investments. But if external or internal events challenge the prevailing culture, that lack of data may ultimately make it more difficult to make the most efficient use of talent investments or to make the case for their value.
- **Limited HR analytics capacity:** Although HR departments are beginning to recognize that they need practitioners with expertise in data analysis, the number of organizations actually using workforce data is still relatively low. According to a 2016 report by Deloitte, less than 9 percent of respondents said their organizations had a strong team that could handle data analysis within HR (Bersin et al. 2016). In some cases, analytic capacity is nested on the operations side of the business and is only enlisted strategically to support HR functions and analysis.
- **Employee privacy:** Businesses are wary of gathering personal information from their employees and of analyzing data in ways that might be perceived as stigmatizing a person or group, because doing so could open them up to lawsuits or other legal challenges from their workers. Employees are also skeptical about their employers having knowledge about their personal lives. As such, interviewees described a culture of risk aversion in the workplace. “We’re culturally very risk adverse,” confided one of the HR professionals with whom we spoke. For these reasons, analysis of talent data tends to be aggregated by store, region, or job title.
- **Limits on data sharing for franchises:** In many ways, franchises act independently of their parent company, particularly when it comes to data on individual employees. They can share aggregates with the parent company, but they generally avoid sharing anything granular. In part, this protects the parent company from joint employer claims that it is materially involved in decisions about working conditions at an individual franchise.

Because of these larger factors, the data and information that businesses use to answer the key questions listed above is often limited. As a result, they often do not ask or answer all of the questions, and the methods used to find answers often given them incomplete information. Most of the HR professionals interviewed emphasized the questions about what their employees need, how a corresponding benefit might help resolve their business's pain points, and which employees might use the benefit. Interest in the impact on employees themselves was much more nebulous. Below, we describe the methods businesses commonly use to answer the four questions we discussed.

What Do My Employees Need?

The most common way that employers answer this question is through informal conversations with managers about the pain points that they face with frontline workers and the personal challenges that prevent those workers from showing up, being actively engaged, and staying on at their job long term. One HR professional we interviewed explained how managers should communicate with employees: "You need to listen a lot. You need to build relationships so employees are comfortable telling you what's going on. I encourage frontline managers to get to know their employees personally."

Large businesses sometimes use their engagement surveys to gauge employee demand for certain types of benefits. But several HR professionals interviewed for this brief mentioned businesses are very careful not to ask direct questions about employee well-being or needs. As one of the interviewees confided, "Employees have a healthy skepticism about their employers."

"You need to listen a lot. You need to build relationships so employees are comfortable telling you what's going on. I encourage frontline managers to get to know their employees personally."

HR professionals looking for additional evidence often look to results of large-scale surveys fielded by businesses and organizations that ask working US adults general questions about their health, financial wellness, and performance on the job. For example, a recent survey of 1,600 full-time employed adults found that 25 percent reported that issues with personal finances have been a distraction at work. Of these workers, 26 percent said their productivity at work was affected, 15 percent said their attendance at work was affected, and 34 percent said their health was affected (PwC 2018). Other times, HR staff, particularly in businesses with a strong culture of talent investment, look to existing social science and HR literature that identifies the kinds of challenges that their frontline workers might be experiencing (Dunn and Mirzaie 2013; Prudential Financial 2018; PwC 2018), with the implicit but untested assumption that addressing these issues could improve business outcomes.

Some high-capacity HR departments decide to invest in voluntary well-being benefits by analyzing their own business data, which simultaneously serve as a proxy for employee social impact.[11] These data might include 401(k) hardship withdrawals, enrollment and contributions to retirement plans and savings programs, and health care claims costs, which can all signal both employee distress and costs for the business itself. In this sense, improvements in employee well-being would likely rise and fall with these kinds of measures.

How Does This Benefit Address My Business's Pain Points?

Employers want to ensure that their benefits provide an incentive for new hires to sign on and for existing employees to remain at the company. Benefits undeniably matter to employees: in a recent survey, nearly one-third of employees cited their benefits package as a top reason to leave their company (SHRM 2018). Consequently, employers commonly ask questions on engagement surveys about overall satisfaction with their benefits package or with a particular benefit.

Although employers overwhelmingly express confidence that workplace wellness programs reduce medical cost, absenteeism, and health-related productivity losses, only about half stated that they have formally evaluated program impacts, and only 2 percent reported actual savings estimates (Mattke et al. 2013). As a result, HR professionals we interviewed said that the most common way that businesses evaluate effectiveness is through informal feedback from managers.

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Employers with substantial analytic capacity in their HR departments may also use targeted analytics of their administrative data (such as 401(k) hardship withdrawals, the number of payday or 401(k) loans obtained, enrollment and contributions to retirement plans and savings accounts, and health care claims). As one interviewee stated, "If you tend to be stressed with finances, you're going to have a higher claim rate for health services. We pay over a billion dollars in claims every year." Often this analysis entails looking at aggregate outcomes for local establishments, job categories, or regions before and after the introduction of a benefit. However, these kinds of aggregate analyses are often hampered by low enrollment or take-up rates, which may make it difficult to detect the impacts of benefit use, particularly when units of analysis are large. Pre-post analyses of individual employee outcome data relative to enrollment in a particular program or benefit are rare, and even rarer are comparisons of outcomes for participants and nonparticipants.

Business metrics such as claim rates have value in themselves, largely as measures of cost. But, interestingly enough, business do not generally relate them to HR or operations metrics that are often more important to decisionmakers (table 1).

How Will My Employees Benefit from This Program or Benefit?

Businesses use essentially the same methods to answer this as they use to determine how benefits affect business pain points: informal feedback and, in some cases, analysis of the kinds of business data that act as a proxy for employee impact. Businesses may also ask questions about satisfaction with benefits on their employee engagement surveys.

What Is the Demand for the Benefit or Program?

According to the HR professionals interviewed, uptake is perhaps the most consistently tracked aspect of the business case. Businesses regularly track program enrollment in their administrative data, and they typically conduct periodic reviews of their benefits programs to track usage. However, uptake rates are notoriously low for voluntary benefits—so low that three-quarters of employers that offer wellness programs encourage participation through financial incentives (Mattke et al. 2013).

Benefit uptake can be low for two reasons. First, even if a business offers a plethora of customizable benefits, few businesses have the local HR capacity to adequately promote or administer all of them. One of our interviewees shared that her business offers a wide array of customizable benefits, but there is only a single HR staff member at the store level. That employee spends most their time on compliance issues and does not have the capacity to help tailor supports to employees. And when local HR staff members do have time to administer customizable benefits, they may not be able to make a compelling case for the value of the benefit to employees (as discussed in earlier sections). Second, individual people have different needs, and these needs change throughout their lives. Ideally, the employer would calculate uptake rates not for all employees but for (1) those who ostensibly most need the benefit and (2) those for whom these investments would likely yield the greatest benefit for the business.

Businesses also face a tremendous challenge in quantifying the demand for a particular benefit among potential hires. Rather than analyzing hiring metrics to assess the added value of including employee wellness benefits, one interviewee mentioned that employers commonly benchmark themselves against their peers based on lists such as Glassdoor's annual Best Places to Work list. They look to see which benefits their competitors are offering and look to match or exceed these overall offerings as a tool for differentiating themselves in the talent marketplace.[12]

How Can Benefit Providers Help Build a Better Business Case?

Employers (particularly larger ones) typically outsource the provision of voluntary benefits to third-party vendors that specialize in services related to employee well-being. For example, these providers may supply a credit-building service, a health-promotion plan, or resource navigation. Providers range from local nonprofit organizations, such as Working Credit and WorkLife Partnership, to national for-profit companies, such as Mercer and Infinite Wellness Solutions. Third-party providers have two main advantages that uniquely position them to strengthen the business case for innovative benefits that support employee well-being:

- **Competitive motivation:** Unlike the businesses they serve, benefits are third-party providers' core business. They have the motivation to better understand how their products work and articulate their value to a customer. Although allocating analytic resources to understanding employee needs and evaluating the value of particular benefits may be a low priority for a corporation, doing so makes clear business sense for benefit providers.
- **Confidential environment:** Benefit providers can survey participants and, with proper consent, more freely gather data about them than would be appropriate for an employer. Using a third party effectively insulates the employer from legal issues and protects the employee from abuses. The resulting data on the social impact of programs and benefits (figure 1) can be analyzed alongside the business impact indicators in table 1.

In many cases, third-party social enterprise or nonprofit partners focus their efforts on answering the question of how programs benefit employees (and to some extent the question of why wellness matters). Interestingly, they do not always focus on the effects of innovative benefits on business pain points, though all the HR professionals stressed this was perhaps the most important data for benefit providers to share.

Here, we propose how benefit providers might start with the question that is most important to businesses and build on that to help businesses answer all four questions more effectively.

How Does This Benefit Address My Business's Pain Points?

In a recent survey of HR professionals, 84 percent of respondents felt that knowing the anticipated ROI was critical for justifying a new program or benefit (Ernst & Young 2018). However, several of the HR professionals we interviewed were skeptical of the types of data and information that benefit providers offer to make this case.

Many times, ROI calculations seem to depend too heavily on extrapolating trends from very broad national research studies that are detached from the context of a particular business or workforce. Moreover, interviewees were often uncomfortable with the assumptions required to assign a dollar value to particular outcomes. As one interviewee explained, "We find ROI data questionable and not well supported. What [those calculating ROI] include is very broad, and it's hard to relate a benefit to a business outcome because using a benefit is not necessarily the only thing an employee is doing to improve their well-being." Other interviewees described difficulty pitching a benefit based on ROI because substantial benefits tend to materialize in the long term rather than in the short term. Despite the desire to ultimately have information about ROI, most interviewees felt that businesses would be better served by illustrating how a benefit or program helps the business address its pain points rather than attempting to monetize those impacts.

"We find ROI data questionable and not well-supported. What [those calculating ROI] include is very broad."

Thus, the first step for third-party benefit providers in building the evidence to answer this question is to work with client businesses to deeply understand the particular pain points their client businesses are trying to address. As described earlier in this brief, these pain points could vary widely by industry, region, establishment, or job category. The HR professionals we interviewed stressed the importance of benefit providers approaching the partnership from the employer's perspective. One interviewee explained, "We rarely do things just because we think they're the right thing to do." Another said, "The pitch providers make [for their benefit] is often very altruistic and mission-driven, but what we really care about is whether the benefit will distinguish us from other employers."

Next, innovative benefit providers need to design their baseline data and follow-up data collection to capture information on the pain points of interest. In most cases, this means surveying employees, at least at first. Self-reported data has limitations as a source of objective data for many of the pain points, but it's a good starting point because most of the HR professionals we interviewed were reluctant to embrace the idea of sharing their business data directly with benefit providers. For example, providers could use standardized employee engagement survey questions in addition to asking questions about absenteeism, mistakes on the job, medical claims, and other such issues.[13] Providers should also be careful to design their follow-up data collection in a way that is likely to capture the effect of the program or benefit. Although some outcomes may be visible in the short term, others will need longer follow-up windows to adequately capture.

Once trust has been established between a business and provider and a promising case has been made for the business value of the benefit using self-reported data, the business and the provider may be able to negotiate to share individual data on employees (e.g., the kinds of data on benefit costs and claims or the data on HR or operations described in table 1). This step would further validate the provider's preliminary analyses of baseline and follow-up survey and other data. Before this step could be taken, providers would need to demonstrate their ability to safeguard the privacy of employee data, and businesses would need protocols to ensure that employees have the opportunity to consent to have their data shared. One of the interviewees also emphasized the need to make sure that no demographic data held by the business is shared with outside benefit providers.

Alternatively, providers may be able to collaborate with their business partners in other ways. Promising initial results might prompt business partners to analyze their administrative data on their own (as described in the earlier section on assessing the impact of innovative well-being benefits on business pain points). Businesses may even find ways to go further and analyze the differences between participants and nonparticipants using individual data, such as the analyses included in the Lumina-funded study of the value of tuition assistance benefits at Cigna (Lumina Foundation 2018).

Once providers have established trust with their business partners on what business outcomes are achieving, the two parties may work together to monetize benefits, compare to the benefit costs, and understand ROI. This last step can help businesses determine whether increasing, scaling, or shifting the way their model pays for the benefit is worthwhile (i.e., from employee to employer cost).

How Will My Employees Benefit from This Program or Benefit?

With the case successfully made for the impact of a well-being program or benefit on business outcomes, employers may want know how to make it appeal to their employees. This is where the value of social impact comes in. Employees do not necessarily care that their participation in a program or benefit makes them more engaged or more productive at work. Instead, they want to know how their lives could be positively affected.

To this end, providers should gather survey data and other relevant data at baseline and at strategic follow-up points. For example, in the field of financial wellness, the Consumer Financial Protection Bureau has developed a scale that measures four elements of financial well-being: (1) control over your day-to-day and month-to-month finances, (2) financial freedom to make choices to enjoy life, (3) capacity to absorb a financial shock, and (4) the track toward meeting your financial goals (CFPB 2014). Benefit providers and employers can use these kinds of scales to track how participants' financial wellness improves over time. Surveys of participants may also want to include measures that are much more concrete for people, such as reducing debt, increasing credit scores, or qualifying for buying a home.[14] Several interviewees said they believed that having concrete outcomes data on hand would help their companies market the benefit to employees and increase uptake. To ensure that social impact measures capture the elements that are most important to employees, providers can hold some initial conversations with employees, or they can leverage information gleaned during enrollment or the program if the structure allows.

What Is the Demand for the Benefit or Program?

Once both the social impact marketing pitch is developed with answers to the previous question, the benefit provider and the business can collaborate to test the effect of different outreach approaches to scale the well-being benefit or to market it to potential hires.

What Do My Employees Need?

One of the greatest challenges in researching well-being programs and benefits is their voluntary nature. There may always be something fundamentally different about people who voluntarily opt into participating that cannot be easily identified. But benefit providers can still analyze who benefits most or, in the interest of businesses themselves, where these interventions might yield the greatest return. These analyses start with understanding how program impacts vary by program context and participant characteristics.

Perhaps the most important participant characteristic might end up being their objective need for the intervention. Statistically speaking, it is often easier to detect impacts when people are starting from a lower baseline. For example, intervening with more financially stressed people may make a bigger difference for them and for the business than intervening with people who have more stability.

Thus, businesses may find it worthwhile to invest in adding relevant social impact indicators to their engagement survey or other pulse surveys to get a sense of the scope of the issues across its workforce. They can also use these to figure out how to strategically target particular job categories, locations, or other parts of the business. These social impact indicators are

- Physical health,
- Mental health,
- Financial wellness,
- Credit scores,
- Savings,
- Debt reductions,
- Homeownership,
- Competencies,
- Course completion, and
- Credential or degree attainment.

Larger Vision for Building Evidence in the Public Sphere

The examples in the prior sections describe how third-party benefit providers can work with businesses to build internal *performance* data to understand the value of innovative well-being benefits. However, the larger challenge is how to bring lessons learned out into the public domain and how to increase the quality of the research and analysis so that businesses can accurately assess the impact of these strategies and policymakers can better understand how to support business efforts to scale them and otherwise bolster employee well-being.

There are several main challenges to achieving this goal:

- **Proprietary knowledge:** Both businesses and benefit providers may be reluctant to share with competitors what they see as their competitive advantage: their secret sauce for success. And yet, we need evidence in the public domain to help inform how businesses can make smart decisions and support their employees' well-being.

- **Risks to business reputation:** Businesses and benefit providers are also both risk adverse. They do not want any data coming out that present a potential risk to their reputation (e.g., data that link them to a failed program).
- **Perceptions of bias:** Even on the rare occasion that businesses and benefit providers release their own data, the public will often perceive them as unreliable or biased because the analysis is not independently conducted or reviewed.

Nonetheless, these barriers might be overcome in several ways:

- **Creating a research collaborative around employee well-being and business value:** Under ideal conditions, a research collaborative could bring together business consultant experts in HR, social science researchers, third-party benefit providers (either individually or through benefits aggregators)[15] and businesses. In this environment, proper assurances could be made to protect the reputation of the businesses and providers as well as the privacy of individual employees' personal information. Such a collaborative would produce great value for businesses and benefit providers in terms of the analytic and research capacity needed to move beyond performance management toward more rigorous evaluation and experimentation—a relative rarity in this field.[16] In return, the collaborative could publish results in the public domain to build knowledge and evidence.
- **Pooling and deidentifying data:** Particularly for voluntary well-being benefits with notoriously low uptake rates, much of the power of analyses comes from pooling individual level data, whether that be across establishments within a business, across occupations in a sector, or across businesses using a particular type of model (discussed next).
- **Testing generalized benefit models or packages of benefits:** Rather than evaluating a single benefit provider's program or benefit, researchers can evaluate a generalized model in different dosages, durations, or other variations. For example, evaluation could test the effectiveness of a year-long one-on-one coaching model for financial wellness or a series of five group sessions in a single month. This kind of analysis does not approve or disapprove of a particular provider; rather, it provides generalizable knowledge for the field to help inform the design of well-being benefits and programs. Similarly, research could explore the effectiveness of bundles or packages of well-being benefits, perhaps coordinated through the employee assistance programs or benefit aggregators.
- **Testing bigger-picture relationships between well-being and business value:** Another valuable way to analyze these data is to test the relationship between employee well-being and business value. Some cross-sectional analyses of survey data bear this out, and many stakeholders intuitively feel that outcomes for people and business are interconnected. However, little research empirically illustrates the degree to which improving employee well-being promises returns for business. This kind of evidence, particularly when understood in the context of

different industries or occupations and in businesses of different types and sizes, can help businesses think creatively about solutions that stretch beyond the limitations of a particular benefit or program. Businesses could opt to improve employee health or financial wellness through benefits, wages, or working conditions in myriad ways.

People's places of employment are an important and uniquely accessible platform for making a difference in their lives. Through collaborating with third-party benefit providers, businesses have incredible potential to support their employees and meet their strategic goals by providing the types of innovative well-being benefits discussed in this brief. We need to understand more about these intersecting realities to better support businesses in this important work.

Notes

[1] "Workplace Health Promotion," Centers for Disease Control, last reviewed February 2, 2017, https://www.cdc.gov/chronicdisease/resources/publications/aag/workplace-health.htm.

[2] *Forbes* defines employee engagement as "the emotional commitment the employee has to the organization and its goals. This emotional commitment means engaged employees actually care about their work and their company. They don't work just for a paycheck, or just for the next promotion, but work on behalf of the organization's goals." For more detail, see Kevin Kruse, "What Is Employee Engagement?" *Forbes*, June 22, 2012, https://www.forbes.com/sites/kevinkruse/2012/06/22/employee-engagement-what-and-why/#3d5c0c0a7f37. Some businesses use the term "presentee-ism" as an equivalent for engagement.

[3] Mark Attridge, "EAP Integration with Worksite Wellness Programs," International Employee Assistance Professionals Association, accessed April 30, 2019, www.eapassn.org/EAPIntegration.

[4] Michael Rucker, "The Interesting History of Workplace Wellness," michaelrucker.com, May 20, 2016, https://michaelrucker.com/well-being/the-history-of-workplace-wellness/.

[5] Amanda Eisenberg and Kathryn Mayer, "Benefits Boom: 10 Employers with New, Innovative Employee Offerings," *Employee Benefit News*, March 21, 2018, https://www.benefitnews.com/slideshow/benefits-boom-10-employers-with-new-innovative-employee-offerings.

[6] See the EVEN program details at https://even.com/.

[7] Another model of this is described at "Visa and PayActiv Join Forces to Offer On-Demand Access to Earned Wages Disbursed by PayActiv," March 7, 2019, https://www.barrons.com/articles/PR-CO-20190307-906678.

[8] John Marcus, "The Real Reason Employers are Helping Workers Pay for College," *Money*, June 7, 2016, http://time.com/money/4353997/employers-helping-workers-pay-college-tuition/.

[9] Zack Friedman, "Student Loan Repayment Is the Hottest Employee Benefit of 2018," *Forbes*, October 18, 2018, https://www.forbes.com/sites/zackfriedman/2018/10/18/student-loan-repayment-employee-benefits/.

[10] Note that in recent years, HR professionals have begun to use this language around "whole persons" in the way that they think about their employees. For example, see Ellen Galinsky, "Relationship Management: Treating Employees as Whole People," *HR Magazine*, January 25, 2016, https://www.shrm.org/hr-today/news/hr-magazine/pages/0116-competencies-relationship-management-galinsky.aspx.

[11] Joanne Sammer, "6 Ways to Measure the Success of Financial Wellness Efforts," Society for Human Resource Management, January 4, 2019, https://www.shrm.org/resourcesandtools/hr-topics/benefits/pages/measure-financial-wellness-success.aspx.

[12] One interviewee mentioned that tracking applicant flow could serve as an effective proxy for whether a benefit is helping to make their business an employer of choice, but none of our interviewees pointed to any current analysis of their own HR data.

[13] "Gallup Q12 Employee Engagement Survey," *Gallup*, accessed May 16. 2019, https://q12.gallup.com/public/en-us/Features.

[14] Note that other measures are important for providers, including measures of participants' knowledge and beliefs, confidence and concerns, financial habits, and financial situations (Modestino et al. 2018). These are important intermediary outcomes. However, these measures are not included in the text because they are less likely resonate with employees in the context of direct marketing of benefits.

[15] Several businesses serve as a one-stop shop for voluntary benefits for employers. For more information, see Karen Pallarito, "Voluntary Benefits Aggregators Provide One-Stop Shopping for Employees," *Business Insurance*, July 14, 2013, https://www.businessinsurance.com/article/00010101/NEWS06/307149991/Voluntary-benefits-aggregators-provide-one-stop-shopping-for-employees.

[16] The Lumina Foundation funded and published a rigorous quasi-experimental evaluation of Cigna's tuition assistance program. This is one of the most comprehensive evaluations available in the public literature. See Lumina Foundation (2018) for more detail.

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