



Well-being: Moving from
effort to effect

Part two



We live and work in a time where the well-being of the workforce must be recognized as material. As society's expectations about environmental, social, and governance (ESG) considerations continue to rise, ignoring well-being could create a blind spot that eventually renders an organization undesirable and unsustainable. Some argue that supporting well-being is a moral imperative and organizational responsibility that can foster a more inclusive environment.¹

As this trend continues to gain momentum, leaders are being called upon to address the multifaceted aspects of well-being through an integrated approach. When the pandemic subsides, returning or defaulting to existing workforce strategies will not be enough. Leaders who consider and treat well-being as a material ESG topic are positioning their organizations for success. Investing in and fostering a culture of well-being now makes good business sense.

This paper, part two in our collaborative series, focuses on those steps organizations can take to create the necessary foundation for a long-term culture of well-being.

For the purposes of this paper, well-being is defined as the state an individual or group is in regarding their health, happiness, and prosperity. It can be characterized more broadly into six dimensions: spiritual, social, physical, financial, occupational, and emotional/mental.²

Building a robust well-being strategy and culture hinges on success in four key areas.

1. **Leadership must commit** to well-being at the highest levels in a genuine, visible way. Internal and external stakeholders should trust that it is a cornerstone of the organization's values by its integration into governance and management of the strategy, risk, and implementation.
2. Organizations must ensure an integrated, **cross-functional team** is in place to develop, manage, and implement a well-being strategy. Through the accountability and engagement of essential departments—including finance, human resources, talent management, and technology—an organization can ensure a holistic approach.
3. This commitment must be accompanied by demonstrated **investment** to establish a culture of well-being over both the short and long term. Sustainable performance is underpinned by sustained well-being.
4. Organizations must identify and commit to **relevant well-being metrics** to guide and communicate progress. Traditional lagging indicators, such as absenteeism and turnover, are not as useful for creating and fostering a world-class culture of well-being. Choosing leading and meaningful indicators and monitoring progress toward targets over time could not only support better decision-making, but also improve the quality of ESG reporting and performance on ESG indexes.

Let's look at each of these areas in more detail.

Commitment from leadership

To build a culture of well-being, it's critical for leaders to act as role models by walking the talk in the workplace and speaking out on societal matters—while also demonstrating empathy and vulnerability. A strong, consistent tone from leadership is vital for gaining broader organizational adoption of initiatives.

The need for a strong tone from the top has grown in response to stakeholder demands for companies to build trust, purpose, and stronger ESG performance. The 2021 Edelman Trust Barometer of employees found that 86% of respondents expect CEOs to speak out on societal matters and 68% believe the CEO should step in when government doesn't fix societal problems.³ Furthermore, 66% think CEOs should take the lead on these changes instead of waiting for the government while 65% believe CEOs should hold themselves accountable to the public, not just the board of directors or stockholders.³



Investors continue to drive conversation on these issues with companies, and they're already beginning to see the benefits: the vast majority (81%) of a globally representative sample of sustainable indexes outperformed their parent benchmarks in 2020,⁴ and ESG funds outperformed the S&P 500 in the first 12 months of the COVID-19 pandemic.⁵

These findings underline the requirement for leaders to act with purpose and build trust among their workforces. Weaving well-being into the corporate culture is a critical commitment.

"I've always been struck by the term *finding balance*, as though personal well-being is a destination. At Deloitte, we view wellness as a journey—not only on an individual level, but one that our firm is committed to carrying forward as an organization. By taking a holistic view of workplace well-being that includes statistical reporting, the ongoing impacts of the pandemic, and the diversity of backgrounds and experiences of our people, we can continue to strive for greater balance for everyone and make good on our promise to include, inspire, and empower our people. We do this through deliberate and holistic actions—for example, by creating well-being time windows where our people can pause, reflect, and reset when needed."

—Anthony Viel, CEO, Deloitte Canada

Establishing a well-being team

Since worker well-being is intrinsically linked to every part of the organization, it's not enough to delegate responsibility to a single individual or department. Leadership will need to assemble a cross-functional team that includes the necessary groups and key influencers—the senior leaders and managers whose roles will be critical to the success of the well-being strategy.

The senior leaders should take the time needed to identify who should be designated as the champions and ascertain if they're willing to share personal experiences and model desired behaviours.

A well-rounded well-being team may include among others:



It's likely the pandemic has already brought certain members of this team together on a temporary basis to respond to the crisis. What have they learned during the ongoing pandemic about technology, real estate, and their people?⁶ What did they measure? How was the organization's resilience tested? The full extent of these lessons has not yet been realized; therefore, simply operationalizing efforts does not constitute a long-term strategy. It makes sense to formalize, resource, and empower this strategic team to keep the momentum going for sustained well-being.

A steering committee should be established that includes people in senior management and in strategic areas. The committee would oversee the strategy's development but wouldn't be responsible for its implementation. There should also be a working group that includes staff from all areas and sites. This group will be responsible for the implementation of the strategy, encouraging staff participation, review survey results, and monitoring timelines, among other things.

Clearly defined and regular ongoing communication between the strategic team, working group, and relevant champions is essential for creating a transparent and effective governance structure. It's also important to have input from all levels of the organization, which means the strategy team should have broad representation. This team should determine clear key performance indicators to implement, monitor, and measure success. The working group is necessary to help guide the strategy's development and implementation.

Is it time to consider hiring a chief well-being officer?

Embodying well-being as an organization can take different forms but it will always require an integrated effort led by the right team. In addition to modelling the desired behaviours and walking the talk at various levels of leadership, it may be time to consider hiring a chief well-being officer (CWO).

In May 2009, *Fast Company* published an article that built the case for creating the role of a CWO. The CWO would preside over and be accountable for a plan that restored the balance between the needs of the organization and the individual, the article described, outlining six areas the CWO should focus on. Recognition of the need for formal leadership and accountability for well-being has been growing and is being reflected in industry-leading certification and benchmark systems. One example is found in the WELL Building Standard, which details the importance of having an executive-level employee to plan and oversee well-being strategies. More specifically, it highlights the importance of senior leaders providing guidance on the job description for the CWO and establishing the metrics and KPIs that will be linked to the CWO's performance evaluation.⁷



If we needed this leadership more than a decade ago, we need it now even more. Why has it taken so long to commit to this rebalancing?

Perhaps your organization has a CWO, or the CHRO already has accountability for well-being. Much like the role of chief sustainability officer (CSO)—the “sense-maker in chief” tasked with influencing, communicating, and cutting through organizational complexity to deliver on ESG commitments⁸—the CWO can work across teams and departments to ensure a common vision and continued progress toward goals. This person will need to partner with those across the organization who have the skills, influence, and experience to build and execute a robust, holistic strategy for well-being, including members of the organization’s real estate and IT teams. Physical space and technology enable the work and workforce, and therefore play a vital role in an employee’s experience.

This team of professionals can work with the CWO to establish well-being metrics that matter for individuals and scale them to include the organization’s goals. It can also ensure the coordinated delivery of programming by the various key functional groups, to avoid the duplication of effort and potential for different messaging.



Renewed investment in people and place

For most organizations, the investment made in hiring, retaining, and rewarding their people makes up a significant spend of their operating budget. However, let us consider that humans behave differently than the straightforward transaction that salary and benefits imply. Employees with more positive experiences at work are far more likely to report significantly higher levels of discretionary effort—that is, employee activities that are beneficial to the organization but not necessarily part of the job or going above and beyond what is expected of them at work.⁹ This is just one of many indications that investing in well-being efforts is both meaningful and practical.

There is a complex link between leadership vision, investment in employees, job satisfaction, and organizational performance. During the COVID-19 pandemic, leaders started to realize that the well-being of workers is crucial to the organization's long-term development and they began to take more measures to ensure investment in worker well-being. The 12th Annual Health and Well-Being Survey by Fidelity Investments and Business Group on Health found 2021 to be a landmark year for mental health, with movement toward a more holistic view of well-being and an increased proportion of workplace well-being incentives dedicated to mental health and financial well-being activities: it grew from 15% in 2020 to 21% in 2021.¹⁰

The survey also reported that 89% of employers see the connection between well-being and overall business strategy, so it's no surprise that 74% of them intend to expand the scope of their well-being strategy.⁹ However, determining what would have the most impact can be challenging, as large organizations historically struggle with low participation rates in such well-being programming as free or subsidized gym memberships and fitness or nutrition challenges that are complicated or not inclusive. Employee demand is high, but solutions are still falling short. According to the RAND Corporation, a research organization, on average only 15% of employees in large organizations participate in workplace well-being programs, with even lower numbers for specialty programs.¹¹ The challenge is often a low awareness level or difficulty accessing the program.

More holistic and comprehensive approaches consider how to reach all employees without requiring them to opt in to a program (e.g., signing up to take part), providing wellness through social and environmental strategies, and making the physical office an asset. In such a strategy, just walking through the front door means everyone has access to better well-being.

The ongoing pandemic highlights the need for organizations to invest further in the places where people come together. Providing safe and vibrant environments to foster well-being while reinforcing organizational culture and performance is quickly becoming the way in which workers are gauging their desire to return to their workplaces. Organizations must seek to not only make the desired changes but also measure their outcomes and be prepared to communicate them in a transparent way, signalling a clear message that they care and are accountable for their employees' well-being.



Advancing our thinking on well-being metrics

Company reporting on health-related initiatives and data has traditionally been limited to indicators such as absenteeism, sick leave, and short- and long-term disability. These lagging indicators are helpful for describing and measuring longer-term trends but they don't provide the necessary inputs to predict and influence how well employees are maintaining work-life balance; how optimizing air, sound, and light in a workplace improves well-being; or what level of productivity is being gained from the organization's efforts. This lack of metrics decreases the ability of senior leaders to monitor and act on determinants of corporate well-being with the necessary agility.

As organizations become more sophisticated in their understanding of their influence and the business case for investing in employee well-being, their leaders are shifting from a reactive approach to one that builds and empowers a culture that supports it. This includes advancing their measurement and reporting to include leading indicators, such as mental health resilience and performance testing of the indoor environment, to support a more comprehensive approach that takes health into account from the individual level all the way to a global scale.



To illustrate how companies can build a more holistic approach to well-being, the International WELL Building Institute, in concert with its global research advisors and survey providers, has just released its 12 Competencies for Measuring Health and Well-being for Human and Social Capital. This is a framework on which organizations can begin to build their well-being capabilities. It also offers a holistic approach that balances specific categories of measurement across five levels: individual, organizational, environmental, community, and global.

In following this framework, organizational leaders can be confident they're taking a big-picture view of well-being and maximizing the opportunities available to promote well-being for not only their employees, but also the broader communities in which they operate. They can also begin to think about the different levels at which they might focus their resources and investment to maximize their impact. For example, an organization might already have a high level of competency in risk management at the organizational scale, but recognizes it needs to build competency in health and well-being at the individual level.



After an organization has secured leadership commitment and investment and established a cross-functional well-being team, it can begin to develop or refine a well-being strategy that cuts across the three domains of work, workforce, and workplace. Complementing interventions across these three central domains, the 12 Competencies can be operationalized at five scales, moving attention beyond the organization and employee level to include the physical building and the local and, if relevant, global communities in which the organization operates. A combination of leading and lagging metrics can also be identified to help the organization pinpoint areas for improvement.

The 12 Competencies framework encourages organizations to work on the source of the problem rather than try to fix the outcome. For example, knowing that those who work or live in stressful environments are more likely to develop disorders—such as depression, high blood pressure, and cognitive issues¹²—organizations could track actual and perceived support of well-being. When trying to understand and monitor work-life balance, they could keep track of employees' use of vacation entitlement and organizational policies, which can encourage or discourage taking time off.¹³ And they could follow employees' feelings of belonging and purpose at work as a leading indicator of talent attraction and retention.¹⁴ To track their progress in a more meaningful way and support better decision-making, organizations should move toward monitoring such leading indicators of well-being.

As the spotlight on well-being continues to shine and expectations regarding ESG from investors, employees, and customers continue to increase, leaders must take a more proactive and meaningful approach to building a culture of well-being. There are several foundational questions leaders should ask themselves at the start of this initiative:

- Do we have the leadership commitment, and the right governance processes and structures in place?
- Is there a cross-functional team in place, led by the CWO or an equivalent, that has the skills, resources, and network needed to design and implement the well-being strategy?
- Have we committed the investment and resources needed to mobilize the strategy?
- Have competency targets been set and the metrics to monitor progress toward those targets been established?

If the answers to these questions are not all “yes,” then there’s much work ahead to prepare the foundation. If the answer to all is “yes,” though, then chances are the organization is firmly moving toward a culture of well-being, in which everyone—employees, employers, and the community—will not only benefit but thrive.



Endnotes

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