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**ANALYSIS OF PERSPECTIVES AND RISKS OF THE**  
**CORPORATE WELL-BEING PROGRAMES**

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*Abstract*

The article presents the results of the research of the current state and development trends of corporate personnel health management programs. The data make it possible to conclude that such programs are becoming increasingly comprehensive; they include different activities aimed at employees' physical and mental health and their financial well-being and are going not only to reduce the costs on medical treatment but also to ensure positive HR brand, the attraction of talented employees and the increase of the level of involvement of employees. The generalized characteristic of potential benefits for workers, employers and the state from these programs is presented, as well as the empirical research data indicating the economic efficiency of the programs, including long-term one. At the same time, the authors note that companies often do not set clear and specific goals; do not organize data collection to assess the real effectiveness of programs; and also provide the data on the uncertainty and inconsistency of their results, while the investments were significant. The problems in the development of corporate health and well-being programs are: insufficient reasonableness and effectiveness of incentives to motivate staff; mandatory and punitive approaches; discrimination (for example, of overweight people); concerns of employees regarding the use of data, their confidentiality and protection (personal biometric information); discrepancies in the assessment of results by employers and employees; the reactive nature of most programs; limited organizational resources for the operational management of programs; insufficient variety and flexibility of communications for attracting and informing of personnel.

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**Keywords:** Health and well-being management, corporate social responsibility, prevention of diseases, health programmes effectiveness, health risk factors, personnel involvement.



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## 1. Introduction

In 1984, the World Health Organization (WHO) introduced a new concept of health as the degree of an individual's ability, on the one hand, to realize his/her aspirations and meet his/her needs and, on the other hand, to change or cooperate with the environment. Firstly, it was proposed to consider health as a resource of everyday life, and not the purpose of life. Secondly, three components of health were identified - physical, mental and social. According to the WHO definition, a healthy place of work is a place where workers and managers constantly cooperate in improving of the protection and strengthening of the health, safety and well-being of all the workers, as well as contribute to the improving of the workplace in the process of solving the following main problems: health and safety in physical production environment; health, safety and well-being in a psychosocial production environment, including work organization and workplace culture; personal health potential of the employee in the workplace; ways to participate in the joint work aimed at the improvement of the health of the workers, their families, and other community members.

## 2. Problem Statement

Workplace health management programs are viewed by WHO experts as an important element of a healthy lifestyle (HLS) policy and mental health strengthening at work. The following data can be used to confirm the significance of the problem of personnel health management (Jones, Molitor, & Reif, 2019):

- according to WHO estimation, accidents at work, professional diseases and other health problems lead to global 4-6% GDP losses per year (2,6-3,8% per year in the European Union);
- according to the data of the American Centre of Diseases Control and Prevention (CDC), the economy of the USA, for example, had \$2 billion loss caused by the absence of the employees at work because of illnesses only in 2016;
- employers pay more than \$1 billion per week to compensate injuries and diseases at work;
- working days missed because of chronic diseases cost \$ 153 billion per year;
- according to the data of the Federal State Budget Scientific Institution "Labor Medicine Scientific and Research Institute", the Russian employers lose from 40 to 60 thousand rubbles per year, the level of temporary incapacity of the worker being 14 days (it is three times more than in the USA and in Europe).

## 3. Research Questions

By the beginning of the 21st century, thousands of organizations have already included health management strategies in their business structures. And while at first these were mainly activities related to the physical health and safety of the employees, nowadays corporate health programs (both group and individual) are a combination of training, medical and sports events conducted by the companies in order to enhance the health of the employees and their families, to increase labour productivity, to reduce medical costs, i.e. it is not only about the employee motivation and his work-life balance, but the company's comprehensive care for the well-being of the specialist which involves attention to both his/her mental and social health.

In the report of Deloitte Global Human Capital Trends 2018 the holistic approach to the employee's well-being is one of the trends in personnel management: companies offer innovative programs aimed at the ensuring of financial well-being, mental health, healthy lifestyle (including nutrition and physical activity), stress management, etc. This becomes both the part of corporate social responsibility and the strategy aimed at the maintenance of a positive HR brand provision, the attracting and keeping of talented people, the increasing of the level of the employee involvement and efficiency (Abbatiello, Agarwal, Bersin, Lahiri, Schwartz, & Volini, 2018).

#### **4. Purpose of the Study**

There are various examples of the implementing of their own health management programs in Google, Johnson & Johnson, Unilever, Adidas, Mars and many other companies (including the Russian ones, although the attention paid to the development of workplace health improvement programs in Russia is still insufficient).

According to Deloitte estimation, the corporate market in the sphere of staff well-being management services, including health programs, screening, evaluation and applications, has already reached \$ 8 billion in the USA alone. Two-thirds of the organizations state that well-being programs are an important part of their employer brand and culture. Experts predict that the transition to the next stage – from information collecting to targeted screening programs and individual preventive measures – will open companies the access to the market of \$ 100 billion per year (Abbatiello et al., 2018). 9 out of 10 organizations around the world offer employees at least one type of health benefits and 3 out of 5 have “health improvement budgets”, which are expected to increase by 7.8% in the coming years (Oppenheim, 2019; Song & Baicker, 2019). As the interest to health improvement programs and personnel well-being as well as investments in the processes of health improvement at the workplace, grow, they are being analyzed more thoroughly.

The purpose of this research is to highlight the main trends in the development of personnel health and well-being management, as well as problems in this sphere, which, in particular, reduce the involvement of personnel in these programs, negatively affect their social and economic efficiency, and, as a result, reduce the interest of employers in their further development.

#### **5. Research Methods**

The health and well-being management programs implemented today differ both in content (depending on the specifics of the company's activities, the characteristics of the workforce, financial and technical capabilities), and in the ways of involving personnel in the programs - from “punitive” measures to the formation of a conscious attitude of employees to their own health. Typical elements of health programs are biometric screening, health risk assessment, corporate fitness centers, programs to overcome health problems (for example, weight loss, stop smoking activities), wellness coaching, healthy eating, etc.

Assessing the state and development trends of corporate health management programs in Russian practice, the corporate health expert Rybakov (2018) makes a focus on the following trends that complement traditional measures “Health Days” (among the most popular topics are cardiovascular

system screening, lectures on health improvement, screening of spine functional disorders in the office, occupational gymnastics, screening of functional status of lungs); mindfulness and anti-stress programs; running clubs; lectures on a healthy lifestyle; gamification of a healthy lifestyle (physical activity skill training, pedometer programs, changing of nutritional habits, etc.); the improvement of the office; proper nutrition; telemedicine.

Due to the intensive demand and venture capital flow in recent years, many new well-being solutions based on digital technologies have appeared in the market. Suppliers (such as Castlight Health, Limeade, VirginPulse, Welltok, Headspace for Work and others) offer enterprise platforms that allow employers to provide a wide range of solutions for employee well-being through an integrated application. It should also be noted, that in order to encourage employers to organize and finance personnel health and well-being programs many countries take special measures: the distribution of information on the benefits of health programs implementation; the financing of the applied research on the financing and assessment of health improvement programs at the place of work; health programs promotion at small and medium enterprises; the organization of health programs in the local and federal government institutions; the co-financing of the pilot health programs of private companies; the inclusion of the employed population health improvement events in the complex national programs; the organization of competitions among companies carrying out health programs for their employees; grants; tax incentives aimed at the financing of measures to prevent occupational diseases, to improve working conditions and the state of health of the personnel.

A number of empirical studies carried out to the time of the research confirm the long-term economic efficiency of corporate health programs (Baxter, Sanderson, Venn, Blizzard, & Palmer, 2014; Frank-Miller, Despard, Grinstein-Weiss, & Covington, 2019; Gubler, Larkin, & Pierce, 2018; Sonnentag & Fritz, 2014; Street & Lacey, 2018). Estimates, as a rule, include two main components – health insurance costs reduction and the reduction of losses from sick leave.

Not only personnel diseases, but also the presence of risk factors and threats to health, even without the presence of a visible disease, lead to economic losses in the company (employees who have a low risk are “cheaper” than people with an average risk of \$ 1,200 and the people with high risk of \$ 3,000). One risk factor for an employee costs the company \$ 350 US \$ / year more and leads to a decrease in labour productivity by 1.9%, and the elimination of one risk factor can reduce the costs only by \$ 170 per year. The main risk factors for the health of the personnel include (Edington, 2013): diseases of the cardiovascular system, neurological diseases, diseases of musculoskeletal system, endocrine diseases, neoplasms. The practical application of personnel health management based on the Health Risk Assessment system make it possible to: divide the employees into risk groups; to form individual programs of corrective (preventive) measures; to create a database; with the use of individual preventive correction it is possible to transfer an employee from a high risk group to a medium or low risk group.

According to the data (WHO, Institute of Occupational Medicine of the Russian Academy of Sciences, research company RAND), the return on investments in human health when implementing corporate health programs is possible from 100% to 500-600% during 2-3 years (Rybakov, 2018). The data published by the Harvard Business Review show that the companies that do not invest in health and well-being programs spend 7% more on health care annually in comparison with the previous year than those

who invest (spend 2% more) in corporate health programs. The Journal of Occupational and Environmental Medicine published three studies proving the relationship between stock quotes and corporate health.

However, the effectiveness of health programs is often disputed. Experts draw attention to the lack of reliable evidence that such programs are really cost-effective and contribute to improving the efficiency of the company, noting the limited and inconsistent results of their evaluation. According to Deloitte, 67% of companies do not justify the implementation of well-being programs and 40% do not evaluate their implementation (Abbatiello et al., 2018). Often, when implementing corporate health and well-being management programs, clear and specific goals are not set and data collection is not organized to evaluate their real results and effectiveness.

According to the research conducted in 2017 by the Illinois University (USA) (Song & Baicker, 2019), the participation in rehabilitation programs during the year did not lead to the improvement of the personnel health or the reduction of medical expenses. According to the researchers, the health programs offered by the employer were mainly used by relatively healthy people who do not spend a lot of money on health care, and the workers with the highest medical costs were less likely to participate in health programs. The research also revealed that the participation in health programs did not affect job satisfaction or performance. It is also emphasized that such programs are often not only have low profitability, but can lead to the opposite result in terms of staff satisfaction: many employees feel worse because they are more worried about work and its possible loss. If the programs are very intensive, the employees spend a lot of energy on them, which is why they sometimes have less time for work and personal life. In addition, high-ranking employees take full advantage of the HLS programs, while those who have lower positions and non-staff employees often do not benefit from them.

Another problem that arises when implementing corporate health programs is the validity and effectiveness of the incentives used to engage the staff. According to the reports (Jones, Molitor, & Reif, 2019), additional payments for participation in the programs were not an effective incentive for staff: without any co-payments, slightly less than half of the employees completed the assessment and verification provided by the health programs, and the reward of \$ 100 for completing the screening increased this indicator only up to 59%.

Often, a mandatory and punitive approach is used to ensure participation in health programs (for example, at CVS Pharmacy each of almost 200,000 employees is required to undergo a periodic medical examination with registration of weight, percentage of body fat, blood sugar level and other key indicators – or pay additional \$ 50 to health insurance per month). According to the experts, such measures negatively affect the motivation and involvement of the staff. In addition, experts concluded that corporate health programs can aggravate discrimination; for example, of overweight people (in the USA many companies charge their employees penalties for refusing to participate in group exercises or other mass active events and overweight workers feel very awkward, being forced to be there along with healthy colleagues).

The experience of health and well-being management programs implementation also shows that one of the reasons of low involvement is employees' concern regarding the use as well as the confidentiality and protection of the data (personal biometric information) obtained during the implementation of the program. The more employers show interest in the health problems of their

employees, the higher the risk that this information will be taken into account in career decisions. Some organizations consider it their duty to analyze the data of medical records of the staff in order to predict future health problems, as well as to assess the chances of pregnancy of women, so that managers are ready to send the employee on maternity leave. Medical ethics experts are sure that such behavior is unacceptable as personal problems should not cause any form of professional discrimination.

According to Deloitte, up to 60% of employees are not satisfied with the efforts of their employers to manage their well-being (Abbatiello et al., 2018). The discrepancy between what employees really appreciate and what they are offered within the limits of corporate programs is to a great extent stipulated by the fact that companies do not take a holistic approach, they are limited to one-time events (sometimes a program declared as a health program consists of creating a web portal with training videos and articles on health and well-being), which are selected and conducted without any system, without preliminary diagnosis of the situation, the analysis of the opinions of the employees and the evaluation of the results of previously implemented activities.

The negative assessment of the well-being programs can also be connected with the fact that, in the opinion of the employees, the company managers often use such programs in order to distract the attention of the staff from their unwillingness to deal with fundamental problems related to compensations, the quality of management, including the organization of labour, organizational culture, etc.; and the popularity of the programs is explained not only by possible positive results but also by other reasons, in particular, active advertising (corporate fitness is a huge industry with a powerful lobby) (Seppälä, 2016).

Another pitfall is the reactive nature of most health and well-being management programs, which are primarily aimed at solving of existing problems not at their prevention. Meanwhile, if the physical illnesses of the employees lead to absenteeism at work, depression and psycho-emotional malaise today are the main reasons for the decline in labour productivity. The main cause of burnout is the imbalance between the efforts of the employee and the level of compensation received, as well as the work load and extracurricular work load. The constant need to “be in touch” also contributes to burnout: due to modern gadgets and the use of e-mail, employees, contrary to their own will, are involved in the work process even when they are not in the office. It should be expected that in large companies burnout prevention will be another element of corporate health care.

The limited organizational resources of the company in the implementation and operational management of well-being programs can become a serious problem: HR departments cannot cope with additional labour-intensive functions. To a large extent, the effectiveness of well-being programs also depends on the support and personal participation (or lack of them) of the company management.

## **6. Findings**

The analysis of the current state and development prospects of the corporate well-being programs shows that, in the first place, the following companies invest in this sphere:

- the world largest FMCG companies for which it is very important to have employees who can have high work load and make decisions quickly in conditions of high competition;
- companies selling luxury goods (jewelry, prestigious watches, expensive accessories, perfumes, etc.), as the appearance of the employees is one of the main requirements in this case;

- medical companies, where healthy habits of the personnel should correspond to their mission;

IT-companies where the abilities of the employees to have greater variability of decisions as well as to develop and introduce new products quickly are extremely important.

There is a number of conditions under which health and well-being of the employees becomes a priority of the HR strategy:

- there is a deficit of valuable candidates in the spheres of activity and companies where the success of the organization depends on the personality of the employee, and it is difficult to replace a good specialist;

- the company has a long-term perspective and is interested in the formation of a strong HR-brand to attract talented people and to gain their loyalty;

- the business is connected with servicing and working with the clients; the employee's well-being will directly influence the quality of service and communication.

## 7. Conclusion

As the research shows, the key factors necessary for the successful implementation of corporate health and well-being management programs should include the following key factors: setting realistic goals, company management support, a competent team for the program implementation, the creation of the necessary database, choosing effective practical tools, the creation of the necessary infrastructure, the development of the programs (based on the organizational analytics, including personnel analytics), as well as the formation of corporate culture supporting the values of healthy lifestyle and the staff well-being. It is expected that companies will try to minimize the costs associated with the medical treatment of the employees, with a focus on preventive work aimed at solving the problems of financial, social and behavioral / emotional well-being.

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