



C|B|I Economics

'Healthy Hybrid'

BUILDING HEALTHY WORKPLACES IN AN EVOLVING WORKING WORLD

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Our findings at a glance

69%

of UK office workers say they would like their employers to do more to support their health and wellbeing needs

As a result, business leaders recognise robust health and wellbeing support is key for increasing productivity and profitability

82%

of men and women believe their employers now have a greater responsibility to offer health and wellbeing support post-pandemic

The workplace contract between employer and employee has fundamentally shifted. Business leaders told us they are grappling with how to support the diverse demands of a hybrid workforce

29%

of UK office workers want to relinquish some of their own responsibility for their physical and mental health to their employer

59%

of business leaders surveyed find tailoring support to meet the health and wellbeing needs of different people within their business challenging

Business leaders told us they are grappling with how to support the diverse demands of a hybrid workforce

Neville Koopowitz, CEO, Vitality UK



Driving better employee health

As a nation, we have never been more aware of the importance of taking steps to improve our health. Despite this, embedding healthy choices into our everyday lives is easier said than done.

The state of the nation's health, and in turn our workforce, manifests itself in various ways, including how businesses perform. Around 40% of UK productivity loss - equivalent to £39bn a year - is due to employees' unhealthy lifestyle behaviours and poor mental wellbeing¹.

This knowledge, alongside findings from research we did with the RSA (the Royal Society for Arts, Manufactures and Commerce) last year, led us, Vitality, to call for health and wellbeing to be prioritised at board level. Much in the same way that organisations plan for pandemics, climate change and market fluctuations, we believe that businesses must consider the health and wellbeing of their people as a key risk

given that they are one of the most vital assets to a business and its growth.

An opportunity to re-imagine work-life balance

Much has changed over the last 12 months, including the way we work. Employers and employees alike have borne witness to the biggest reimagining of work-life behaviours in a generation, with hybrid working becoming the norm for most corporate businesses.

While cited by some as the holy grail of flexibility and the sure route to achieving a better work-life balance, our own experiences internally, as well as those of our corporate clients, find that the adoption of hybrid working - while positive in many ways - has not automatically eradicated the health and wellbeing challenge. Employees continue to have diverse health needs however and wherever they work.

It is for this reason that we have partnered with CBI Economics this year to hear directly from the C-Suite on the challenges they have - and continue - to face. We wanted to understand not only how best to support health and wellbeing in a hybrid working world, but how to help employers put into place effective strategies to create healthier, more productive workforces.

We then combined this with research conducted among 2,005 UK office workers to get a clear view of the impact hybrid working is having on employee health, as well as what is working well for businesses and their staff - and what is not. We also took the opportunity to explore what more businesses can - or should - be doing, how to get started and the business case for doing so.

¹ <https://www.vitality.co.uk/media-online/vri-images/maximising-healthspan-report.pdf>

Inflection point in the relationship between employer and employees

The results, set out in this report, show that we have reached a real inflection point in the relationship between employee and employer. Individuals are expecting more than ever from their organisations with regards to their health and wellbeing.

More employers are facing up to this challenge, investing in workplace health and wellbeing as they recognise the strong links between good health, progressive attitudes to flexible working and improved productivity. The benefits to recruitment and retention in the current climate are clear for all to see. As is the business case, with nearly one quarter of business leaders surveyed listing poor mental health and wellbeing as an issue causing disruption to businesses currently.

There is a clear need for data-driven insights

There is no silver bullet though - a 'one-size-fits-all' approach won't have the significant impact that businesses are hoping to achieve, or that will move business metrics. The solution lies in better insight to understand an organisation's unique employee-base better through data, and then responding appropriately. One in four business respondents admit they do not measure employee health and wellbeing,

which is a lost opportunity. Businesses must move from policies that tick boxes to data-driven health and wellbeing programmes that work for all.

At Vitality, we believe that shared value exists when we help businesses to create healthy workplaces. Employers benefit from a more engaged and productive workforce that leads to better business performance. At the same time, employees are physically and mentally healthier.

It is only by understanding and personalising health and wellbeing support that we can deliver meaningful change and build healthy businesses together and, as a result, build a healthier workforce in the UK.



Neville Koopowitz, CEO, Vitality UK

“The solution lies in better insight to understand an organisation's unique employee-base better through data, and then responding appropriately.”

Boardrooms step up focus on health and wellbeing

EMPLOYEE HEALTH AND WELLBEING VITAL TO IMPROVING PRODUCTIVITY, ACCORDING TO BUSINESSES

80%

of business respondents cite business performance as the top priority over the next 12 months

69%

businesses cite increased productivity as a main motivating factor for introducing or evolving health and wellbeing policies

Businesses are continuing to navigate an intense period of volatility, which means it's become more important to be able to adapt quickly to meet the changing needs of their business, workforce and customers.

Respondents to our survey with CBI Economics said the top issues currently causing disruption to their business are shortages of skills or labour, followed closely by economic risk, which includes factors such as market volatility, inflation, stagnation or fluctuation. Eight in 10 respondents cited business performance as the top priority over the next 12 months, while two thirds plan to make staff retention a key business focus.

This drive to boost business performance and keep hold of talent has led leadership teams to transform health and wellbeing practices and introduce more flexible ways of working in a bid to keep pace with the diverse demands of their post-pandemic workforce. Last year, Vitality called on businesses to put employee health and wellbeing on the risk register. Today, nearly half of business respondents (48%) have done so, which means they are increasingly recognising it as a key business risk to plan for and mitigate against, much like climate change or a pandemic. The survey also showed that the vast majority of business leaders (65%) also agree companies have a greater responsibility to support employee health and wellbeing since the pandemic.

There has also been a shift towards more flexible working practices. Four in 10 surveyed businesses have introduced a formal hybrid working policy since the pandemic and 70% have given employees more flexibility to work in a way that supports their health and wellbeing.

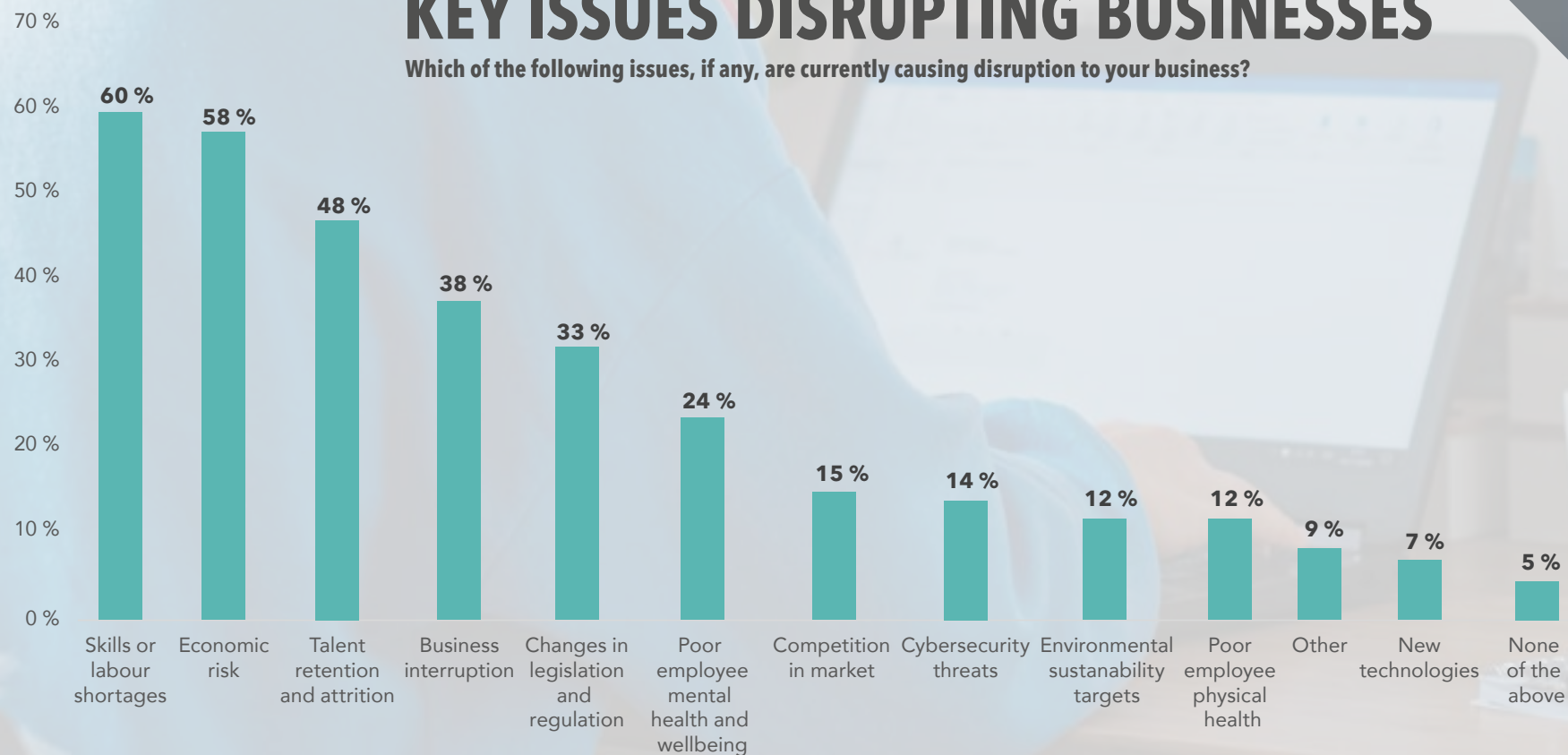
Increasingly, employers are seeing how a focus on health and wellbeing and more progressive attitudes towards flexible working can lead to improved business performance and the ability to attract and retain talent.

Businesses are facing unprecedented volatility

Figure 1

KEY ISSUES DISRUPTING BUSINESSES

Which of the following issues, if any, are currently causing disruption to your business?

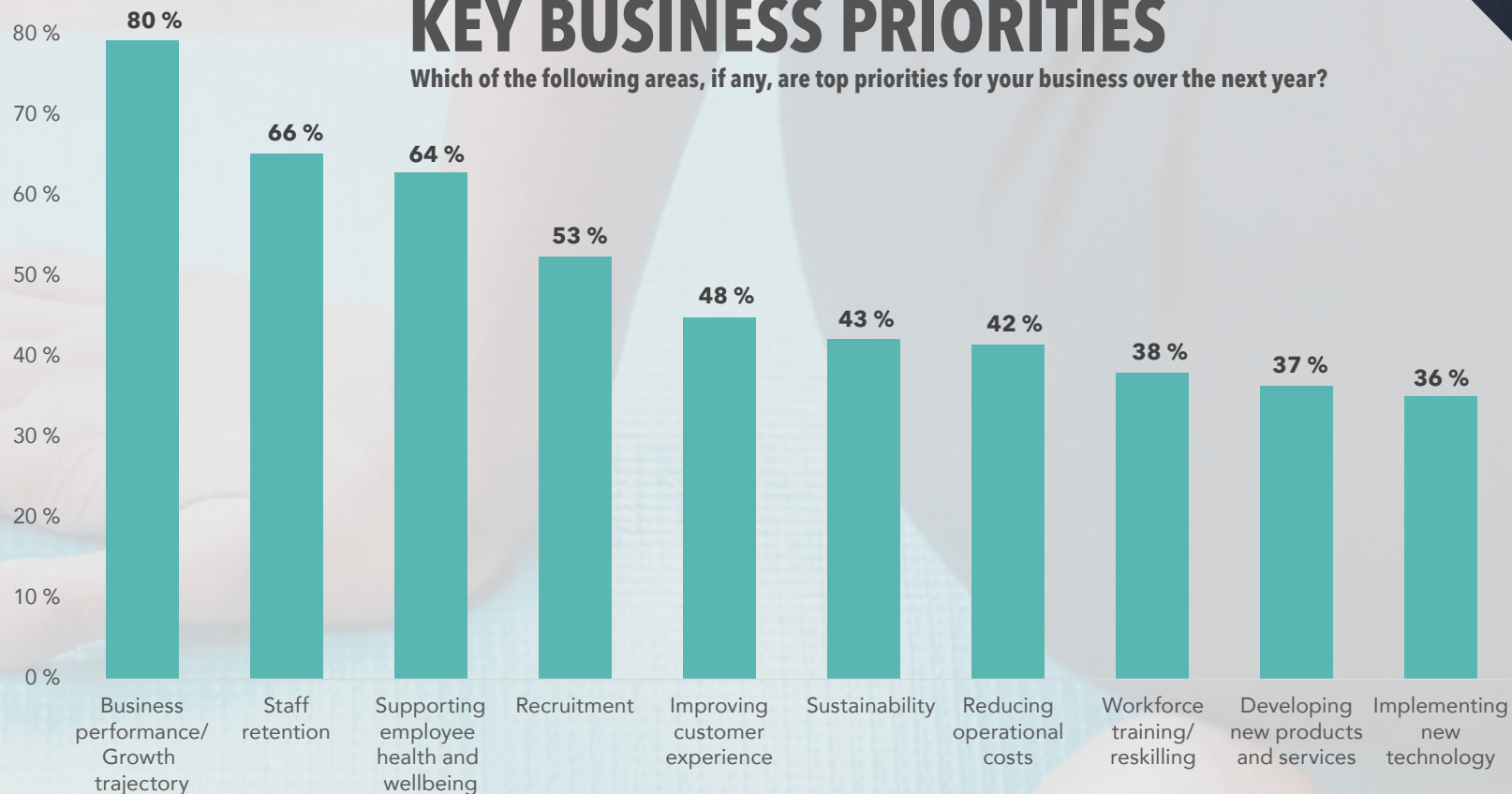


Supporting health and wellbeing is seen as a major priority

Figure 2

KEY BUSINESS PRIORITIES

Which of the following areas, if any, are top priorities for your business over the next year?



Businesses are investing in health and wellbeing support and interventions



69%

are giving employees more flexibility to work in a way that supports their physical and mental health



60%

of businesses have increased investment in employee health and wellbeing since the start of the pandemic. No business decreased investment



37%

of businesses plan to increase funding further over the next year



48%

of business leaders have added employee health and wellbeing onto their company risk register



24%

of business leaders cite employee mental health as a risk to business, higher than those that cited cyber security threats

Healthy way or the highway for employees

EMPLOYEES PREPARED TO QUIT IF HEALTH AND WELLBEING IS NOT PRIORITISED AS PART OF HYBRID WORKING

Individuals are today expecting more than ever from their organisations with regards to their health and wellbeing, and are willing to vote with their feet if employers fall short.

Research among 2,005 UK office workers reveals that successive lockdowns, followed by a year of going back into the office for some, has given people time to reappraise their work-life goals, values and aspirations.



44%

of UK office workers say they would like their employers to do more to support their health and wellbeing needs

29%

of UK office workers would choose to take part in health and wellbeing benefits provided by their employer rather than take responsibility for their own health and wellbeing²

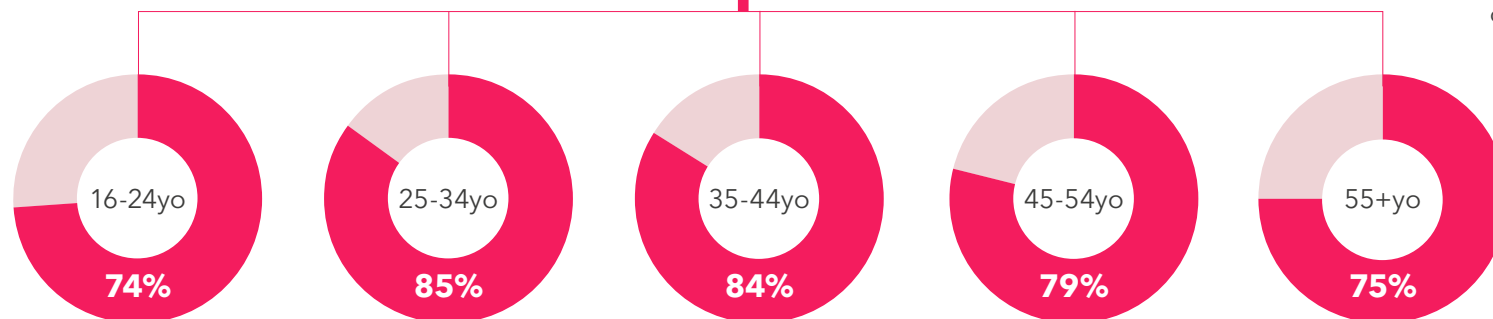
Our research shows that for hybrid working to be effective, employers need to prioritise employee health and wellbeing. Failing to do so poses a risk to staff retention, particularly for younger generations, with 52% of 16-34-year-olds prepared to leave their job for another that is **prioritising health and wellbeing** as part of a hybrid approach.

The type of support people want varies. Some of the most appealing **health and wellbeing benefits** include access to private healthcare (37%), mental health resources like counselling or wellbeing apps (34%) and a **right to disconnect** policy which would give people the **right to log off on time** and not respond to emails outside of working hours (34%). 30% would also value access to **financial wellbeing support**, which could be connected to inflation and the rising cost of living affecting society currently.

The findings also show a **greater demand for flexible working** (the option to flex working hours) as two thirds (66%) see this as the top health and wellbeing benefit their employer could offer.

82%

of UK office workers believe companies have a greater responsibility to support the physical and mental health and wellbeing of their people since the pandemic. This breaks down as the following amongst age groups:



² Combining 'strongly disagree' and 'disagree' responses to: I don't take part in workplace health and wellbeing benefits as I would rather take responsibility for my own physical health and mental health and wellbeing in a way that's separate from my place of work.

A clear business case for a 'Healthy Hybrid'

PRODUCTIVITY AND TALENT RETENTION ARE POSITIVE OUTCOMES

Our research evidences a clear business case for 'Healthy Hybrid' working, where business leaders support and prioritise better employee health and wellbeing no matter where or how their employees work.

There's a consensus from business leaders that hybrid working best supports the ability to attract talent, manage employee costs and best supports employee mental wellbeing and physical health and productivity.



There is also a financial benefit for businesses that focus on employee health and wellbeing. Research from the CBI shows that for every £1 invested in mental health by employers, businesses get £5 back, raising employee productivity by around 12%.³

At Vitality, we have long supported businesses to understand and quantify the link between a healthy workforce and business success, helping them to develop effective strategies to achieve this. Evidence shows leaders who take steps to maintain and improve the health and wellbeing of their employees can see significant boosts in productivity. Businesses are also starting to understand it can positively impact employee work engagement and job satisfaction •





Diverse demands of a hybrid workforce

HYBRID WORKING IS HERE TO STAY BUT BUSINESSES FACE DIVERSE EMPLOYEE DEMANDS

Firms and their employees believe hybrid working is here to stay. And it's clear that health and wellbeing is high on both agendas.

Despite this, employees are still divided on how to balance their working habits between home and the office. This is creating a challenge for businesses that are looking to evolve their health and wellbeing support but face a workforce with very different individual preferences and experiences. Getting the data on the specifics of their employee base and preferences will be vital to creating effective health and wellbeing support.

Figure 3 (p15) demonstrates the challenges and potential trade-offs businesses face when looking at working practices, as well as how best to support the health and wellbeing needs of their staff. There's not just a gender divide, there's a generational divide too. Those aged 55 and over still believe the office is the best environment to accommodate almost all their needs, suggesting a reluctance to shift to new working practices.

It's clear a one-size-fits all approach will not work, with businesses needing to better understand the make-up and needs of their workforce •



Diverse working demands make it difficult for businesses

Figure 3

After a year of experiencing the ups and downs of hybrid work life, employees are still divided on whether one approach - office, home or a mixture - suits all of their needs.

Employee needs	Preferred work environment					
	Hybrid		Remote		Office or onsite	
	Women	Men	Women	Men	Women	Men
Mental wellbeing	47%	44%	27%	25%	26%	31%
Physical wellbeing	41%	38%	29%	30%	31%	32%
Productivity	38%	39%	31%	23%	31%	38%
Career progression	40%	35%	12%	17%	48%	48%
Engagement in company culture	38%	32%	11%	18%	50%	51%
Ability to manage work- related costs	32%	35%	48%	38%	20%	27%

Mind the 'Healthy Hybrid' gender gap

WOMEN ARE FEELING NEGATIVE HEALTH IMPACTS MORE ACUTELY

Our research shows women's health and wellbeing has suffered more than that of their male counterparts over the past year. Over a third of women (35%) report increased stress levels compared to men (24%), with more women reporting a decline in mental health (28% vs 18%) and physical fitness (31% vs 17%).⁴

This may be why more women (71%) than men (53%) are calling for even greater flexibility in how and where they work, as a way to improve their health and wellbeing in the future. What's more, more than two fifths (46%) of women say they would be willing to quit their job if their employer didn't prioritise their health and wellbeing as part of a hybrid working approach.*

Our research of both UK office workers and business leaders shows that both employers and employees are agreed on the many benefits of hybrid working for supporting health and wellbeing. Ensuring all employees have the flexibility to work in a way that best suits them as individuals and supports their own health and wellbeing is key •

71%

of women are calling for even greater flexibility in how and where they work, to improve their health and wellbeing in the future

When asked which aspects of their health had been affected, the research revealed that women are suffering more than their male counterparts

Health impact	Women	Men
Increased stress levels	35%	24%
Decline in energy levels	33%	19%
Decline in sleep quality	32%	22%
Decline in physical fitness	31%	17%
Decline in mental health	28%	18%
Decline in diet and nutrition	30%	16%
Decline in overall happiness	26%	18%

Creating a 'Healthy Hybrid' workplace requires better insight

FAILING TO MEASURE EMPLOYEE HEALTH AND WELLBEING IS A LOST OPPORTUNITY

The majority of businesses are finding it challenging to tailor benefits and policies to ensure they meet the health and wellbeing needs of different people within their business. In part this is because the environment in which businesses operate has become more complex and workplaces have become more fragmented.

Over a quarter (28%) of business leaders that responded to the survey admitted they do not currently measure health and wellbeing at all which is a lost opportunity.

With insight comes knowledge. After undergoing one of the biggest shifts in workplace practices since the industrial revolution, it's never been more important to understand your organisation's unique employee-base better through data so the business can respond appropriately.

32%

of businesses surveyed believe introducing the health and wellbeing policies for a hybrid workforce is complicated

52%

of businesses surveyed are finding it challenging to tailor health and wellbeing support to meet the needs of different people within their business

28%

of businesses surveyed admit they do not currently measure employee health and wellbeing at all

How to 'Healthy Hybrid'

WORKPLACES REQUIRE EFFECTIVE MEASUREMENT TO ENSURE 'HEALTHY HYBRID' WORKING

It's clear that businesses are making positive strides in the right direction. They recognise the business case for enabling a 'Healthy Hybrid' way of working, and for providing the health and wellbeing support their employees are calling for. The challenge is how businesses can get a better understanding of the diverse needs of their hybrid workforce and develop effective and targeted strategies to move further towards personalised or tailored health and wellbeing support and behaviour change.

For the last decade, Vitality has been supporting businesses to understand how the health and wellbeing of their employees is affecting productivity of their business through Britain's Healthiest Workplace, the UK's largest workplace wellbeing survey. This data-driven insight provides unique benchmarking on

effective hybrid working and employee engagement, as well as the link between improved employee health and business success. This is regularly used by business leaders to develop effective and targeted strategies to suit specific needs of a business and its workforce.

Vitality provides support to businesses, developing strategies that enable employees to make meaningful and long-term behaviour change, through the Vitality Programme; a science-based approach that incentivises and rewards people to take steps to be healthier.

Our findings show that it is only by understanding and personalising health and wellbeing support that we can work together to deliver meaningful change and build healthy businesses and, as a result, a healthier and more productive workforce in the UK •



Three areas of focus for CEOs and business leaders

For those businesses looking to retain and attract talent and better support employees' health and wellbeing, Vitality has identified three areas of focus for CEOs and their leadership teams to create a 'Healthy Hybrid' approach:

1

Establish a 'Healthy Hybrid' culture with engagement from the top:

- Incorporate health and wellbeing into your company risk register.
- Prioritise and put health and wellbeing on the board agenda.
- Establish a boardroom benchmark and understanding of the health and wellbeing of your organisation, through data and employee feedback, updating it at least annually.
- Clarify who is accountable for new health and wellbeing mandates and reflect this in management training. Senior leaders to practice, reinforce, and normalise 'Healthy Hybrid' behaviours, both in the office and at home.

2

Drive 'Healthy Hybrid' behaviour change through practical interventions:

- Use data and information on your employees and teams to target health and wellbeing interventions - 'one size fits all' will unlikely deliver return on investment.
- Promote inclusive productivity gains by assessing performance based on outcomes, rather than hours or traditional work patterns.
- Reaffirm 'right to disconnect' policies and approaches, especially for the time when people who are working hybrid from home, protecting them from burnout.
- Ensure health and wellbeing policies are inclusive across all work environments and focus on workers rather than workplaces.

3

Sustain 'Healthy Hybrid' impact through insights and measurement:

- Implement effective and data-driven wellbeing monitoring.
- Identify the best metrics for key performance outcomes (such as productivity), and assess the relationship between those outcomes and employee metrics like engagement and wellbeing.
- React quickly - we're entering a different period in employer-employee relations, but one that will likely be defined by flexibility and a locus of responsibility that changes depending on the issue. Leaders should therefore monitor the metrics identified above, track progress with business strategy and employee sentiment, and be ready to shift course if necessary.

Methodology

Vitality and Censuswide survey of 2005 UK office workers

Employees research was conducted by Censuswide, among a sample of 2,005 UK office workers (employees) excluding sole traders and business owners, aged 16. The data was collected between 20.05.2022 - 24.05.2022. Censuswide abides by and employs members of the Market Research Society and follows the MRS code of conduct which is based on the ESOMAR principles.

Vitality and CBI Economics survey of 352 c-suite executives

The bespoke survey, in the field in May 2022, was designed by both CBI Economics and Vitality and garnered responses from 352 senior representatives of businesses across the UK.

CBI Economics sent the survey to a panel comprising both CBI members and non-members.

Overall, roughly 78% of firms surveyed had fewer than 250 employees, with those in this category labelled SMEs. In the general UK business population, this same proportion is roughly 99%. 22% therefore had between 250 and 20,000 employees and are described as large companies in the report.

The largest proportion of firms came from the service sector (65%), with the most prominent sub-sectors being other services activities (15%), professional, scientific and technical activities (12%), financial and insurance activities (11%) and wholesale and retail (8%). The second largest was manufacturing, with 30% of respondents coming from this sector.





Vitality is a UK-based insurer and investment provider, and one of the UK's leading private medical insurers. Vitality pioneered the 'shared-value' insurance model, which is a unique approach to insurance based on the scientifically proven principles of behavioural economics. Through this model, Vitality uses incentives and rewards to help members take a more active role in managing their own wellness by engaging with the Vitality Programme.

Vitality's corporate health offering integrates Private Medical Insurance with the Vitality Programme. Through its expertise in corporate health and wellbeing and the use of data insights, Vitality provides extensive support for employers to shape their health and wellbeing strategy and drive employee engagement. Vitality works with its corporate clients to encourage their employees to develop healthy long-term habits that are good for employees, good for the employers, and good for society.