

# Bringing Employee Well-Being Back to the Center of Business

by Marianna Benatti\*



**I**n 2020, employee well-being was in the top spot globally among the principal directions of change pursued by organizations, and in third place in Italy. This rise was not unexpected (in previous years it had first reached third place, and then second in the global rankings), but it has certainly been consolidated by the revolution triggered by the Covid-19 pandemic.

**W**hile on the one hand companies have realized that the well-being of their associates represents something more than an accessory condition useful only for greater productivity, on the other, the acceleration of digital transformation processes has fundamentally undermined the daily lives of people and organizations, making the adoption of a true strategy for achieving and safeguarding serenity in the workplace an urgent need. A different world, centered on the well-being and happiness of workers, is truly possible even in these frenetic times, and is a measurable business asset, including from an Environmental, Social, and Corporate Governance (ESG) standpoint. This may even be the most important aspect, in a context in which what makes the difference are people and their wealth of ideas, knowledge, and creativity, that are essential to make business competitive and decide the fate of the challenges that the market continuously presents.

## DELOITTE "GLOBAL HUMAN CAPITAL TRENDS"

**A**ccording to "Global Human Capital Trends," a global survey conducted by Deloitte on the directions of change in organizations, employee well-being

\* Marianna Benatti is the Well-Being & WorldClimate Leader  
Deloitte Central Mediterranean.

began to appear among HR trends in 2017 as an important component of the employee experience.

In 2018, well-being was the fourth most important trend globally and the third in Italy, thus beginning to be considered a strategy for corporate responsibility. Since the border between work life and private life was becoming increasingly blurred, employees began to ask organizations to offer more extensive benefits, that included a broad range of programs for physical, mental, economic, and spiritual health. Companies began to invest in well-being programs, as a form of social responsibility and people talent strategy. In 2019, well-being was the second most important trend globally, and the fifth in Italy. Although the issue is considered important by 75 percent of the respondents, only 46 percent said they were ready to take, or have taken, concrete actions, although policies on well-being produce positive direct consequences in terms of performance and productivity.

In 2020, well-being took the top spot globally, and third in Italy. Caring for workers' well-being, not only promoting initiatives outside of work, but integrating well-being strategies in the way work itself is designed and carried out every day, represents a new perspective in which companies believe strongly. Eighty percent of those interviewed agreed on the fact that well-being will be fundamental for success in the next 12-18 months, yet only 12 percent feel ready to do so.

In 2021 as well, the importance of well-being has been confirmed as a priority for companies. One of the most significant consequences of the pandemic was the redefinition of the border between private life and work, that has become increasingly blurred, to the point of bringing company managers to shift their attention from work-life balance to identifying effective ways to integrate well-being in the daily life of work: 63 percent of Italian respondents report having implemented well-being practices in recent months in order to allow workers to better integrate their personal and professional lives.

### WELL-BEING

The Covid-19 pandemic and the advent of digital have radically changed the way millions of people live and work, shifting the balance towards a form of hyper-connection (7 days a week, 24 hours a day) that has blurred the border between private and professional life. Finding more time for oneself, for hobbies, friends, and family has become difficult; stress levels have increased and burnout has been declared a syndrome by the World Health Organization. Sedentary and work rhythms that negatively interfere with eating and rest habits do the rest. Therefore, it has become urgent to intervene with specific programs, be-

cause only people who are healthy and happy can bring out the soft skills that are essential to contribute added value to companies. Creativity, passion, motivation, and tension towards excellence are not qualities or behavior that can be set or adjusted by the conditions of a contract, but depend solely on the psychophysical and emotional state of persons, and their involvement in the achievement of company goals. A concentrated mind, an energetic body, and a sense of belonging to the community are elements that, operating synergistically, allow an individual to better express their potential, integrating professional and personal life.

Well-being is in fact a strategy aimed at improving people's conditions, understood in a holistic way (physical, mental, and social well-being), and must be tailored to the specific needs of each company. There are no one-size-fits-all well-being programs. Each professional has their unique well-being goals and they can change over the course of that person's life. This is why it is essential to create an approach to well-being that is holistic, with flexible programs and advantages to satisfy different needs.

To do this, Deloitte developed the Well-being Index, an indicator that allows for identifying the level of well-being of a company's people thanks to an anonymous survey. Thanks to the data from this survey, it is possible to formulate a strategic plan aimed at working to close the largest gaps that emerge; and by repeating the survey one or two years later, it is possible to see if the actions implemented have had an impact and how the company's level of well-being has changed. Deloitte used this tool internally and saw a 13 percent improvement in its Well-Being Index from December



© ISTOCK - PCH-VECTOR

2018 to July 2020. Today, the Well-Being Index is a tool available to all companies that wish to develop a well-being strategy.

Well-being also regards company culture to a significant extent. Internal learning programs, the resources used, and the advantages and instruments deployed are important, but they will not produce great results if support is lacking at all levels of the organization, in particular from leadership.

### THE ROLE OF LEADERSHIP

Leaders increasingly recognize the importance of aligning the principles of corporate social responsibility with strategic goals and employee well-being. The Business Roundtable's "Statement on the Purpose of a Corporation," signed last year by 200 CEOs, is an example of how organizations are working to support this effort. Investing in well-being helps attract and retain talent, allowing employees to give their best both professionally and personally. All C-suite leaders, including CFOs, play a fundamental role in the construction of a culture of well-being in an organization, shaping healthy behavior.

The search for tangible value in the well-being of employees can be addressed by aligning ESG goals with known risks to produce strategic value. For example, the development and retention of talent are the main risk factors for most organizations, and the role of CFOs is fundamental to help manage those com-

plexities; this, thanks to their leadership role in enterprise risk management (ERM), the allocation of capital, and financial analysis and reporting. Having an effective employee well-being program also offers an organization a clearer view of changes in the workforce and social trends, that are fundamental for defining and aligning business goals.

Another challenge for many is to quantify the ROI of ESG investments, since, generally, they have a longer time horizon and require unique impact modeling considerations. It can be useful to develop credible financial metrics that measure the impact of employee well-being, for example on the involvement of employees and the retention of talent. These metrics can ultimately help CFOs to create more reliable information on ESG risks for investors and other stakeholders, at the same time improving ERM and adding resilience to the growth strategy.

Employees are fundamental resources for organizations, not merely a cost item. And like any resource, companies should invest in employees to optimize their value, at the same time measuring the efficacy of that investment, for example by determining the ROI of their workplace mental health programs and the financial impact of abandonment rates.

When CFOs adopt measures to concretely connect ESG investments to long-term value and risk mitigation, this can allow the C-suite and the Board of Directors to recognize these programs as true drivers of value. This type of reporting can also permit the organization to effectively communicate its ESG strategy to external stakeholders.

More in general, developing and implementing an effective employee well-being program is also a lesson on why companies should consider ESG goals as an integral part of their strategy. This takes place in line with the growing awareness that people are critical resources on which organizations depend to generate value, tangible value that can be measured and reported to the market and investors. The recognition of this component of human capital is also fundamental to integrate the ESG strategy into ERM. As a result of the pandemic, we are seeing a recalibration of company risk, that amplifies the view of risk to include the disruptive events that an organization can find itself facing for reasons that impact society, health, or the environment. This recalibration is essential for the growing expectations of investors in regard to the spread of ESG.

### MILLENNIAL SURVEY 2021

Another important factor to consider is the impact that the pandemic has had on people's mental health, in particular on Millennials (born between



© ISTOCK - PCH-VECTOR

© Egea SpA - ALL RIGHTS RESERVED

1983 and 1994) and on Generation Z (Gen Z, born between 1995 and 2003). According to Deloitte's "Millennial Survey 2021," the study of Millennial and Gen Z sentiment in Italy and the world, about one-third of all of those interviewed (31 percent of Millennials and 35 percent of Gen Z) say they have taken days off from work due to stress and anxiety since the beginning of the pandemic. Among the two-thirds of those who did not take time off, four out of ten believe they are stressed all the time. Numbers like this are the reason why many companies have begun to give priority to mental health. Millennial business leaders have indicated clear attention to well-being and mental health, listing the top four non-financial priorities of business: guarantee work-life integration (27 percent), support employees' physical and mental health (16 percent) and support people's development and help employees to be themselves (13 percent).

Unfortunately, many Millennials and Gen Z see the efforts made by their employers as inadequate: almost four out of ten respondents said they disagreed with the statement: "My employer has taken actions to support by mental well-being during this period."

When stress levels were so high, paradoxically, the support they felt from the employers was lower. This perceived indifference can in part depend on two factors: only 38 percent of Millennials and 35 percent of Gen Z report that they have spoken openly with their superiors about the level of stress reached; there is also widespread resistance to telling their managers that, due to anxiety and stress, they preferred taking some days off.

Almost half of those interviewed who said they have taken time off for mental health reasons, provided reasons other than stress to justify their absence. Parents were more sincere than those who do not have children at home, perhaps because the latter didn't feel they had "as good a reason" to feel stressed.

This data should make us reflect and lead us to think that one of the future goals will be to succeed in designing innovative initiatives for protecting safety, promotion of health, and attention to sustainability; the challenge of the "3S." It will be necessary to acquire the deep conviction that holistic well-being is precisely the impact that makes a difference. Not at work, but in life.

### SYNOPSIS

- According to Deloitte's "Global Human Capital Trends 2021," well-being, understood as a strategy aimed at improving people's conditions in a holistic sense (physical, mental, and social), has been proven to be a priority for businesses. In Italy alone, in the past year 63 percent of companies have implemented well-being practices to allow workers to better integrate personal and professional life.
- Having an effective program for employee well-being offers organizations a clearer vision of changes in the workforce and internal social trends, that is fundamental for the redefinition and alignment of business goals. Planning initiatives to safeguard the "3S" – safety, health (salute in Italian), and sustainability – is thus necessary to define a company's growth strategy.
- The high levels of stress that Millennials and Gen Z have reached in the months of this pandemic have not been adequately addressed by organizations. This issue, regarding employee mental health, is one where most companies are still lagging.