EMPLOYEE WELL-BEING

The **new driver** of corporate culture and performance

PLASTICITY

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79% of executives know that fostering a positive employee experience is important or very important.

Only 22% reported that their companies were excelling at building a highly engaged culture.

- DELOITTE GLOBAL HUMAN CAPITAL TRENDS, 2017
What is the key to highly engaged and high-performing employees? This question has become a staple in boardrooms around the world, and rightly so. **Disengagement costs organizations between $450 and $550 billion annually.**

In response, the employee engagement industry has grown into a $74 billion industry behemoth, with organizations looking for that silver bullet in everything from recognition programs, to week-long team-building retreats.

In the face of this investment, however, significant gaps still persist. In their 2017 Human Capital Trends assessment of 10,447 businesses across 140 countries, Deloitte found that **79% of executives know that fostering a positive employee experience is important** or very important, but **only 22% reported that their companies were excelling at building a highly engaged culture.**

Where are organizations falling short?

What if one of the most critical drivers of engagement rests upon the most basic foundations: Employee well-being?

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“...we define well-being as employees’ capacity to flourish and thrive in their jobs, with a particular emphasis on five key psychological strengths that can be developed and leveraged to meet this goal - Gratitude, Hope, Efficacy, Resilience, and Optimism.”
Defining Well-Being

At its core, the question of well-being makes an important distinction from traditional approaches to employee engagement.

The value of well-being has been established in social and positive psychology research, but the application of well-being research in the workplace is still relatively limited.

At its core, the question of well-being makes an important distinction from traditional approaches to employee engagement.

Specifically, the key objective of most traditional engagement and performance initiatives is to increase employees’ motivation – think about it, recognition programs are designed to make employees want to perform well. Team-building activities are designed to make employees want to work together effectively.

Well-being, on the other hand, takes a two-pronged approach to engagement and performance.

A healthy well-being strategy suggests building the employees’ desire to be engaged and high-performing, while simultaneously building the employees’ ability to be engaged and high-performing.

Think about it like a muscle: A great personal trainer can motivate you to lift more weight when you are healthy and fit, but even the most motivational trainer in the world will not help you lift a weight that you simply do not have the strength to lift.

In the workplace, mental and physical well-being can act as both your personal trainer and your strength – and this desire and ability are both important resources in our capacity to engage with our work and perform at our best.

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Well-being in the workplace is often studied in two related, but distinct ways.

First, models of stress and health suggest that employee well-being is hampered by the experience of job strain (i.e., work that is too challenging) or job boredom (i.e., work that is not challenging enough).\(^7\)

Using this perspective, employees experience peak states of well-being when they are adequately challenged within their means.

The second perspective views well-being as the mental and physical benefits of positive perceptions about work and work relationships – the feeling that one is happy, growing and purposeful in their work.\(^8\)

At Plasticity Labs, employee well-being is a critical component of everything that we do, and our perspective is best understood as an integration of these two perspectives.

Specifically, we define well-being as employees’ capacity to flourish and thrive in their jobs, with a particular emphasis on five key psychological strengths that can be developed and leveraged to meet this goal – Gratitude, Hope, Efficacy, Resilience, and Optimism (what we call the “HERO traits”).

Through our Plasticity Platform and our Plasticity Insights initiatives, we have been able to collect a wealth of data on just how well-being can influence key engagement and performance outcomes.

In the current study, we explore these relationships with two well-being indicators:

1. **General Well-Being** - a general measure of employees’ physical and mental well-being

2. **Gratitude at Work** - a more specific proxy of employee well-being. We focus on gratitude in particular because it has been consistently associated with individual well-being\(^9\), and can be directly increased through simple and targeted interventions.\(^10\)^\(^11\)

Ultimately, the objective of this study was to find support for our hypothesis that employee well-being and gratitude would be positively associated with key engagement and performance metrics. In the following section, we outline our methodology and break down our results.


“In the workplace, mental and physical well-being is an important resource in our ability to engage with our work and perform to the best of our abilities.”

JUST HOW IMPORTANT IS WELL-BEING?
Method & Analysis

We tested our research question using a sample of Plasticity users who completed our Plasticity Insights survey in the first quarter of 2017.

The final sample consisted of 858 employees across a wide range of industries and roles.

The Plasticity Insights survey is a 20-item survey on 100-point scales measuring:

**ENGAGEMENT**
- Engagement, Satisfaction, Inspiration, Predicted Satisfaction in Three Months

**CULTURE**
- Trust, Sense of Community, Communication, Recognition, Feedback

**WELL-BEING**
- General Well-Being, Gratitude, Hope, Efficacy, Resilience, Optimism, Job Stress

**PERFORMANCE**
- Performance, Citizenship Behaviours, Net Promoter Score

In terms of analyses, the objective of this study was to compare employees who demonstrate particularly high well-being and gratitude (i.e., the upper quartile – employees with the highest 25% of well-being and gratitude scores) with employees with particularly low well-being and gratitude (i.e., the lower quartile – employees with the lowest 25% of scores).

Specifically, we used independent samples t-tests to compare these groups on seven of the most important performance indicators of an organization’s human capital: Engagement, Satisfaction, Inspiration, Predicted Satisfaction in Three Months, Trust, Performance, and Citizenship Behaviours (i.e., the extent to which employees go above and beyond on the job).
Results

Well-Being's Effect on Key Engagement and Performance Metrics

Our results demonstrated remarkable differences across all seven metrics between employees with particularly high well-being and employees with low well-being. These differences are displayed in the graph below.

Specifically, employees in the top 25% of well-being scores were significantly more engaged by their work\(^1\), significantly more satisfied in their jobs\(^2\), significantly more inspired by their work\(^3\), and predicted they would be significantly more satisfied in three month’s time\(^4\) than employees in the bottom 25% of well-being scores.

Results also indicated that employees in the top 25% of well-being scores demonstrated significantly higher levels of trust\(^5\), significantly higher levels of personal performance\(^6\), and went above and beyond on the job significantly more often\(^7\) than employees in the bottom 25% of well-being scores.

Overall, these results provide strong support for our hypothesis that employee well-being is an important contributor to workplace outcomes.

\[^1\] (M = 88 vs. M = 67, t(429) = -13.17, p < .001)
\[^2\] (M = 87 vs. M = 60, t(429) = -17.16, p < .001)
\[^3\] (M = 81 vs. M = 58, t(428) = -12.64, p < .001)
\[^4\] (M = 86 vs. M = 58, t(429) = -16.60, p < .001)
\[^5\] (M = 82 vs. M = 59, t(429) = -13.25, p < .001)
\[^6\] (M = 89 vs. M = 74, t(429) = -13.54, p < .001)
\[^7\] (M = 80 vs. M = 64, t(427) = -9.90, p < .001)
To complement these general well-being results, we also examined differences between employees with the highest and lowest scores on gratitude – a more specific facet of employee well-being with clear actionable implications. Consistent with our well-being results, the effects of gratitude on all seven metrics were particularly strong, as shown in the graph below.

Impressively, the magnitude of the differences between the top and bottom quartiles were even stronger for gratitude. Specifically, employees in the top 25% of gratitude scores were significantly more engaged by their work\(^1\), significantly more satisfied in their jobs\(^2\), significantly more inspired by their work\(^3\), and predicted they would be significantly more satisfied in three month’s time\(^4\) than employees in the bottom 25% of gratitude scores.

Also consistent with well-being, results also indicated that employees in the top 25% of gratitude scores demonstrated significantly higher levels of trust\(^5\), significantly higher levels of personal performance\(^6\), and went above and beyond on the job significantly more often\(^7\) than employees in the bottom 25% of gratitude scores.

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1. (M = 91 vs. M = 62, t(429) = -17.53, p < .001)
2. (M = 90 vs. M = 55, t(429) = -20.23, p < .001)
3. (M = 86 vs. M = 57, t(428) = -19.28, p < .001)
4. (M = 89 vs. M = 53, t(429) = -20.04, p < .001)
5. (M = 84 vs. M = 56, t(429) = -14.46, p < .001)
6. (M = 88 vs. M = 74, t(429) = -11.29, p < .001)
7. (M = 81 vs. M = 62, t(427) = -10.17, p < .001)
Employees in the top 25% of well-being scores were significantly more engaged by their work, significantly more satisfied in their jobs, significantly more inspired by their work, and predicted they would be significantly more satisfied in three month’s time than employees in the bottom 25%.
What are you missing by not actively promoting a culture of well-being at work?

What would you do for almost 50% more engagement?

And what if the key to unlocking that potential rested in something as foundational as employee well-being?

The results of this study paint a vivid picture of just how integral employee well-being is in creating engaged and high-performing teams. Employees with poor general well-being were significantly less engaged by their work (19 points lower on a 100-point scale), less satisfied with their jobs (27 points lower), less inspired (23 points lower), less trusting (23 points lower), and less confident in their performance (15 points lower) and their ability to go above and beyond on the job (16 points lower) than generally healthy employees (see Figure 1).
These differences even magnified when examining the differences between the most and least grateful employees, with the least grateful employees generally scoring over 30 points lower on engagement metrics (see Figure 2).

Organizations continue to undervalue the importance of well-being as a key component of culture and performance. However, the magnitude of the results in this study suggest that directly promoting employee well-being isn’t only a nice to have, it’s a need-to-have for teams to meet their full potential.

Management trends have been known to change with the wind as management gurus and coaches try to find the “next big thing” to develop engaged and high-performing employees. However, employee well-being is one rare constant in a sea of change because it is the foundation underlying individuals’ ability to engage with their work and live out their potential, employee well-being is one rare constant in a sea of change.

Remember: ever-changing management initiatives do not count for anything if employees are lacking the well-being to truly engage with them. Weave well-being into the fabric of your culture, let it guide strategic and personnel decisions and it will pay dividends through an organization of teams able to meet their full potential.
Traditional employee engagement initiatives are rarely cheap and companies are already highly invested in engagement programs. For example, employee recognition programs alone represent over half of the $74-billion dollar industry.\(^{12}\) While employee wellness programs and policies can often carry tangible costs and budget considerations (e.g., employee gym memberships and health imbursements, or providing healthy lunches in the office), there are also things you can start doing today to help boost employee well-being at a fraction of the cost.

Specifically, a wealth of positive psychology research has demonstrated that quick and simple activities done regularly can significantly boost individual well-being by promoting positive behaviours and mindsets.\(^ {13,14} \)

Some of the most common examples of these activities include writing about what you are grateful for as you start or finish your work day\(^ {15,16} \), finding new ways to leverage your core strengths at work and at home\(^ {17} \), and creating personalized goal-setting programs to inspire you.\(^ {18} \)

Many of these activities can be done individually and can have long-lasting effects on well-being through only a few minutes of reflection a day.

To boost engagement and morale, however, try to get creative and make these activities social.

For example, at Plasticity Labs, we have made our practice of gratitude social and visible with our gratitude wall. Every day, we write something that we are grateful for on a post-it note and stick it on the biggest wall in our office.

It has become a core piece of our culture and provides easy mental boosts in the middle of hard days—all it takes is a minute at the wall to read some reminders of the things that inspire us.

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1. Make the Most of Breaks

Breaks matter. And taking the right kind of breaks can make all the difference. Encourage your team to get up for quick walks around the office during the day and to get away from their desks for lunch. This injects some healthy exercise into the day, provides a valuable mental reset, and lets your team come back to their desk recharged and ready to take on their tasks. Remember: Breaks are not about laziness; they are about rejuvenation. And they should be taken seriously.

2. Say “Thank You”

Recognition is a common theme in engagement strategies, but doesn’t receive the same attention when discussing well-being. In our data, however, employees who felt strongly recognized scored 23 points higher on general well-being than employees who did not feel recognized. Remember: well-being does not come from gift-cards; it comes from feeling valued. Be genuine in your “thank you”, be heartfelt, and be personal, and it will pay dividends.

3. Start Meetings with Gratitude

One simple way to incorporate more gratitude into your team is to make a habit of starting meetings with a quick gratitude exercise. Begin your meetings by simply asking attendees to say one thing they are grateful for and why. Not only does it provide an opportunity for a quick and effective personal well-being intervention, but it also provides an opportunity for deeper team bonding and can illuminate new ideas to engage and motivate your team, straight from the source.

Unfortunately, there are no silver bullet solutions when it comes to employee engagement and performance. However, in an ever-changing corporate world, employee well-being is the one ever-present foundation required for thriving people and teams. With some investment, effort, and passion, you can ingrain well-being into the very DNA of your organization. Set a foundation of well-being, and you can start to reap the true rewards of a fully engaged and high-performing workforce.
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