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In 2019 the US Centers for Disease Control reported that almost half of US organizations offer some form of wellness program.<sup>1</sup> A 2013 RAND Corporation study put the estimate at 80 percent for US organizations of 1,000 or more employees.<sup>2</sup> Wellness programs vary widely; some offer on-site gyms or fitness classes while others provide access to telehealth services or mental health resources. While the level of participation often varies, incentives and rewards – both financial and non-financial – have been shown to increase employee participation in workplace wellness programs.<sup>3</sup>

A growing body of research demonstrates that promoting employee health and well-being can have a positive impact on company performance. A few examples include a study published in the *Journal of Occupational Health Psychology* in 2016, which found that employees who reported higher levels of well-being were more engaged in their work, had better job performance, and were less likely to miss work due to illness.<sup>4</sup> The positive effects of well-designed workplace wellness initiatives include improvements in physical activity and smoking cessation, as well as adhering to a healthier diet, lower stress, anxiety and incidents of depression, and improvements in mental wellbeing. Additionally, workplace wellbeing programs have been shown to enhance engagement in work, decrease absenteeism, and improve overall performance.<sup>5</sup>

### **The Role of Incentives and Rewards in Promoting Workplace Wellness**

Decades of academic research on the use of interventions, including the use of financial and non-financial rewards in the workplace to promote employee health, have often yielded mixed results, but on the balance, show positive outcomes.<sup>6, 7, 8</sup> For example, a 2011 study by the Salt Lake County Government, found that offering free annual health screenings, personalized feedback on results, financial rewards for maintaining healthy behaviors, and educational programs and promotions led to a nearly 10% increase in wellness program participation over a 5-year period. The program was associated with increased physical activity and overall improved health among participants. The county avoided more than \$3.5 million in prescription drug and medical expenses. For every dollar spent, it saved \$3.85. The researchers concluded that incentives were the primary motivator for participation in the program.<sup>9</sup>

A 2020 meta-analysis of 22 peer-reviewed studies on links between small financial incentives and employee well-being, found positive intervention effects in 20 of the studies, and a significant number reported continued benefits after the incentives were removed. The authors concluded that small incentives worth only about \$1.50 US per day increased physical activity both in short and long durations, and, in their words, even after incentives were removed, “these findings suggest that a short-term incentive ‘dose’ may promote sustained physical activity.”<sup>10</sup>

A comprehensive 2013 study by RAND Health found that two-thirds of employers with 50 or more employees use incentives and rewards in their wellness programs, and that 80% combine non-cash rewards – t-shirts, novelty items, gift cards, coffee mugs, etc. – with financial. These incentives average about \$200 per employees, rising to over \$600 for smoking cessation interventions. RAND found that participants in their study who used incentives experienced, on average, twice the participation rates of those who did not, and that the combined use of incentives and sanctions (negative incentives), nearly doubled participation rates again.<sup>11</sup>

On the whole, evidence from academic studies and across interventions in organizations demonstrates that incentives and rewards can play a significant role in promoting workplace health and wellness by encouraging employees to engage in healthy behaviors and make positive lifestyle changes. Beyond physical health, smoking cessation, and diet, etc., incentives and rewards also play a role in addressing worker mental health by encouraging employees to seek help and support, and by providing them with the resources they need to maintain their mental well-being. Clearly, well-designed incentives can also help create a culture of wellness within the workplace, making it more likely that employees will prioritize their health and well-being by forming healthy habits that last even after tangible incentives are removed.

### **How to Use Incentives and Rewards to Promote Employee Health and Wellness**

Employers may offer rewards such as flexible working hours, remote working options, or time off for mental health days, which can help employees find the time to exercise and eat well, and to manage stress and maintain a healthy work-life balance. To promote mental health directly, an employer might offer incentives for employees who seek counseling or therapy, attend mental health workshops, or participate in employee assistance programs. Such incentives can help to destigmatize mental health issues and create a culture of openness and support within the workplace.<sup>12, 13</sup> Other rewards, such as individual and group travel, and attendance at offsite meetings and conferences, can have the same restorative effects.<sup>14</sup>

Additional rewards that can lead to improvements in employee physical and mental health include:

- Fitness incentives such as gym memberships, fitness trackers, or fitness classes to employees who participate in a fitness program or meet certain fitness milestones.
- Wellness incentives such as massages, spa days, or wellness retreats to employees who engage in healthy behaviors such as attending regular check-ups, getting enough sleep, or eating a healthy diet.
- Healthy habits incentives such as extra vacation days, flexible working hours, or remote working options to employees who adopt healthy habits such as quitting smoking, reducing stress, or maintaining a healthy diet.
- Recognition for employees who consistently demonstrate healthy behaviors. This can include recognizing them in employee newsletters or during company-wide meetings.



Of course, like any other incentive and reward program, broad outreach and clear messaging from organizational leaders is vital, especially in organizations with a large and geographically dispersed workforce. Incentives should include making wellness activities convenient and accessible, and should encourage buy-in from direct supervisors to generate excitement and connect employees to resources. Randomized controlled trials have found that recognition and feedback can be effective in encouraging employees to engage in healthy behaviors and improve their well-being. Incentives that recognize encouragement and feedback from peers can accelerate the creation of a healthier workplace culture.

## References

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