

## The Business Case for Well-Being in your Organisation

### ➤ Employee Turnover?<sup>1</sup>

National average – 18%
Average annual cost for each person who leaves - £7,750

**Potential cost to an organisation of 2,000 employees where 360 people (18%) leave per year = £2.8M**

### ➤ Sickness – Absence?

National average of working days lost per person per year – 8.4
Average cost per employee off sick per day = £78
Total Average cost per employee - £78 x 8.4 = £655

**Potential cost to an organisation of 2,000 employees = £1.3M**

### ➤ Performance Improvement?

If people are performing averagely, 10% improvement in their performance is worth 10-15% of salary <sup>2</sup>
UK Average Salary = £25k
Even working with a conservative estimate that every 10% increase in performance is worth only 5% of salary this equates to £1,250 per employee

**Potential financial gain to an organisation of 2,000 employees = £2.5M**

If 10% improvement in performance sounds unachievable to you, scale down these figures by half or even a third and the potential financial gain remains attractive.

*Traditional interventions that target specific areas will, if successful, impact upon the targeted problem area. Now, what if you could tap into a resource that could impact upon all measurable outcomes across the board? The table below illustrates the full potential impact of investing in well-being in your organisation, showing improvements upon **performance, sickness absence, employee retention and customer satisfaction**. Research shows<sup>3</sup> that these outcomes are possible just by **improving well-being and engagement**.*

METHOD	Performance	Sickness-absence	Employee retention	TOTAL (based on 2,000 employees)	Plus potential for impact upon customer satisfaction?
Retention Strategy			✓ 2.8M	£2.8M	?
Attendance Management		✓ 1.3M		£1.3M	?
Performance Management	✓ 2.5M			£2.5M	?
Well-being Strategy	✓ 2.5M	✓ 1.3M	✓ 2.8M	£6.6M	✓

<sup>1</sup> CIPD Annual Report Survey, Recruitment, Retention and Turnover, 2007.

<sup>2</sup> Schmidt & Hunter, (1982)

<sup>3</sup> Robertson (2007). Using Business Psychology to close the Well-being Gap. *Selection and Development Review*, Vol. 23, No. 4.