Organizational Well-Being

Two words that will define your company's success. Everyone is focused on well-being, but few are getting the results they seek.

Whitepaper

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TABLE OF CONTENTS

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Executive Summary

In recent years, the discourse around innovation within the business world has predominantly centered around product development and strategic initiatives.

However, as industries evolve and organizational challenges become more complex, a new frontier of innovation has emerged, one that places people at its core.

This white paper aims to dissect the burgeoning importance of **organizational well-being** in the corporate ecosystem, underscoring it **not as a progressive fad but as a critical lever for sustainable growth and competitive advantage**.

"As a leader, it's your duty to take care of others and to create an environment where others can be well"

Dr. Paige Graham
Center for Creative Leadership

- The People Crisis is not about a shortage of talent or quiet quitting – there is a fundamental shift in what people value in their jobs

- It is not enough to focus on individual-level employee well-being strategies – a more systemic approach to org well-being is required

- Organizational system and culture must be set up and calibrated so that all employees can thrive and therefore the organization thrives

- Organizational well-being can boost employee performance (up to 55% increase) by motivating them to do their best at work

- There is a growing gap between employer and employee perceptions of the org well-being level

- Conventional well-being strategies and programs gravitate toward complex, tech-savvy but ineffective initiatives that lack engagement

- AI workplace solutions integration influences organizational well-being acting as a driver and a barrier at the same time

- Org well-being innovation starts with framing key challenges, requires precedents to create ideas, and depends on priming solutions for success

Employee Wellbeing Programs

$11M

spent on average per year by companies with more than 20K employees

US Attrition and Disengagement

$355M

in losses could be absorbed by large organizations each year due to diminished employee productivity

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Meet the Authors

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Nadim founded Recombinators after 25 years of senior industry and management consulting experience. Nadim developed a new approach to strategy and innovation, which he has lectured on at Columbia Business School and Stanford School of Business. Using these insights it has been applied to help solve critical business challenges for several global iconic brands.

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Andrey is a senior business leader with over 16 years of cross-industry experience who has deep expertise in designing, operationalizing, and implementing innovative strategies.

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About Recombinators

"We are a management consulting firm that only works in areas where our team has the deepest, most differentiated insights. We use a proven proprietary approach to strategy and innovation to help our clients get closer to their external and internal customers than they ever thought possible."

Please feel free to reach out to Nadim and Andrey, if you have feedback or questions

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The People Crisis:
A Comprehensive Overview

The global workforce is currently navigating through a myriad of challenges, colloquially termed as the "**People Crisis**."

This encompasses a broad spectrum of issues, from the fierce competition to identify, attract, and recruit top talent, to the imperative of developing and retaining these individuals while also transforming them into brand advocates.

A few compelling facts elucidate the gravity of this crisis, highlighting not just a shortage in talent but a **fundamental shift in what employees value in their workplaces, with well-being taking center stage**.

Deep Dive

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THE EXISTENTIAL PEOPLE CRISIS IS THE STRATEGIC BUSINESS PRIORITY

WHITEPAPER

NADIM YACTEEN | HELEN ROBERTS | JAN 2022

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87%

of business leaders recognize the importance of developing the right workplace model partly driven by the need to increase worker engagement and well-being

24%

of business leaders feel fully prepared to address the need for a workplace model evolution

one in four employees anticipated in 2023 that they might be changing jobs in the next 12 months (up 36% compared to the previous year)

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Org Well-Being Defined

At its core, well-being transcends the traditional notion of wellness, encapsulating physical, mental, and emotional health, as well as a sense of purpose and belonging within the workplace.

Organizational well-being is **a holistic concept that prioritizes the health, happiness, and comfort of individuals within an organization**, fostering an environment conducive to both personal and organizational success. Thought leaders in this area suggest several core principles and strategies to achieve organizational well-being:

Commitment and Leadership
Successful organizational well-being requires a wholehearted commitment from leadership to integrate well-being into the culture and daily operations of the organization.

Tailored Approaches
Organizations are encouraged to tailor their well-being strategies to their unique needs, culture, and the diverse backgrounds of their staff.

DEI as a Foundation
Organizations that integrate DEI into every aspect of their operations report healthier staff communities and increased resilience, open-mindedness, acceptance, and innovation.

Mental Health and Adaptability
Prioritizing mental health and adaptability in the workplace is critical. Leaders need to embrace new ways of thinking and be decisive, especially during times of change.

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The State of Org Well-Being

The significance of well-being in the workplace is hard to underestimate. Organizations believe that they do enough to create an environment where employees can be well. People tend to disagree.

Organizational well-being has demonstrated an enormous potential in terms of the **positive impact it can create on a large scale**:

91% of employees in organizations that support wellbeing initiatives feel motivated to do their best at work

Up to **55%** improvement in company performance attributed to enhancements in org well-being

Most **organizations appear to recognize the importance of wellbeing**. Employers take active steps that encourage healthy behaviors in employees and offer access to wellness resources:
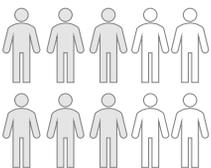
70% of employers have improved physical environments to encourage healthy behaviors

over **90%** of organizations offer at least one wellness incentive

However, **employees are becoming more dissatisfied** with what companies have to offer and do not take advantage of programs and perks designed to improve their well-being:

6 out of 10 employees were satisfied with their benefits in 2023 (lowest point on record for the past decade)
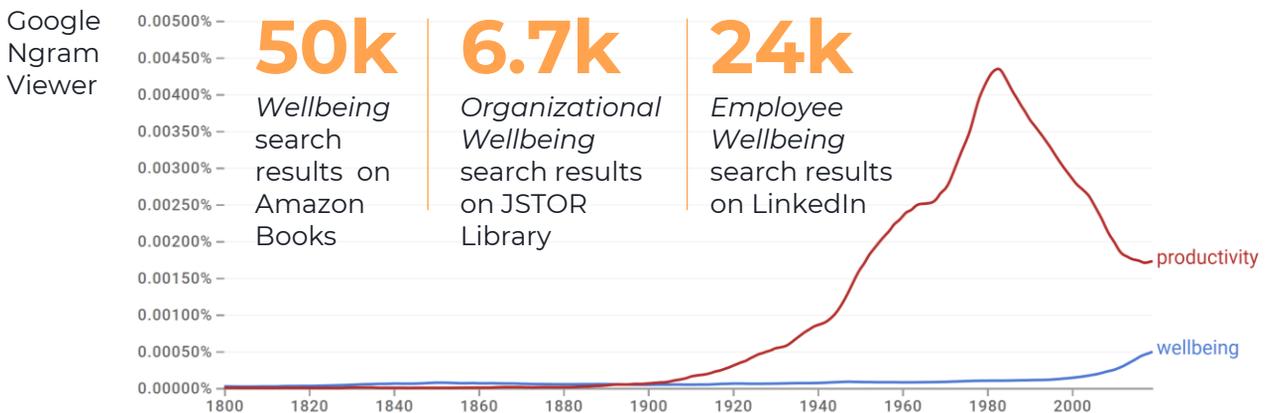
Less then **1/2** of employers found that their wellbeing initiatives were utilized by employees in a significant manner

At the same time, there is a **growing disconnect between employer perception of employee satisfaction and actual employee satisfaction** (the gap widened from 3% to 22% in the past 5 years).

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Current Approaches to Well-Being

Despite growing awareness, the strategies employed by companies and consultants to promote well-being often fall short, tending towards complex but non-effective initiatives.

The notion of well-being has become more popular in the past two decades. It captivated business and academia minds alike:

Google Ngram Viewer

50k
Wellbeing search results on Amazon Books

6.7k
Organizational Wellbeing search results on JSTOR Library

24k
Employee Wellbeing search results on LinkedIn

Global professional service firms are joined by boutique agencies and specialists in providing support across the entire spectrum of talent-first services and solutions. Well-being professionals have developed a systematic and nuanced understanding of this space. It is widely recognized that **well-being initiatives must be holistic in nature**. Thought leaders differentiate between workplace enablers (that predict good holistic health) and demands (a strong correlation with burnout). Well-being consultants promote an **importance of the systemic approach**, warn about the **impact of leaders across all organizational levels**, discuss optimal job design and better ways of working together. Research and advisory leaders **emphasize trust, transparency and psychological safety** as a primary driver of outcomes. Arguably, there is no shortage of **technology solutions** that promise a seamless access to well-being initiatives for employees.

However, well-established best practices and touted benchmarks have become a part of a **conventional well-being toolbox that misses the mark in what matters most**: employee engagement.

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AI Disruption Role

The integration of AI into the organizational ecosystem marks a pivotal shift in how businesses operate, influencing not just productivity and efficiency but also the well-being of their employees.

AI as a Driver for Enhanced Well-being

One of the most significant benefits of AI is the liberation of time. Generative AI, with its capacity to automate routine and complex tasks alike, offers employees a precious gift: extra time. At least **40% of working hours are expected to be augmented or automated by generative AI**. This newfound time can be redirected towards activities that promote well-being.

The Stress Factor: AI as a Barrier to Well-being

Conversely, the rapid advancement of AI also introduces significant stress and anxiety among the workforce, primarily fueled by the uncertainty surrounding job security and the future of work. The **fear of being replaced by machines can undermine employee well-being**, leading to increased stress levels, anxiety, and even job dissatisfaction.

The Rising Importance of Human-to-Human Interaction

In the era of AI, **human-to-human interaction assumes a critical role in maintaining and enhancing organizational well-being**. As machines take over more tasks, the value of human qualities such as empathy, creativity, and interpersonal skills becomes more pronounced. These interactions foster a sense of belonging, support, and community within the workplace, which are essential components of employee well-being.

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A New Path Forward

Acknowledging the inadequacies of current methodologies and the impact of AI paves the way for a transformative approach to cultivating well-being within organizations.

1 FRAME

Start by framing your well-being challenge. Talk to your people to understand what the core issues are, and which solution parameters must be met. Study your industry to consider the external perspectives, best practices, and benchmarks. **Prioritize your key challenges that cannot be solved conventionally** and will deliver the highest impact on organizational performance if solved.

2 CREATE

Deconstruct the key challenge and disassociate its elements from your organizational (and industry) context. Look for entities that solved a piece of your challenge successfully in-industry, ex-industry, and beyond. Select the strongest precedents. Ideate with your team to **create solutions with insights from precedents**. Recombine solutions creatively and identify the most potent ideas.

3 PRIME

Finally, **prime your winning solutions for success**. Develop your well-being strategy and a set of tactics through several iteration cycles. Build a compelling business case for senior management. Get aligned with the extended team to bring everyone on board. Conduct a risk profile assessment and highlight the problematic areas to mitigate solution backsliding.

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Big Questions

As you reflect on ideas shared in this document, please feel free to consider a few key questions below. We would love to learn from your feedback. Please let us know what you think!

- What role do you believe organizational well-being plays in the context of the People Crisis?

  - How do you define employee well-being in your organization? Does everyone agree on it?

    - What works and what doesn't when it comes to your well-being initiatives? How do you know?

      - Who is making the well-being decisions in your organization? Who else should be involved?

    - Do you know how much time generative AI saves for your organization? How did it impact you and your team?

  - What key challenges affect your org well-being most and cannot be solved conventionally?

- How can we help you; your team and your organization be more successful in being well at work?

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SOURCES

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