

Make Work Pay: Employment Rights Bill Business and Trade Committee Inquiry

Evidence submitted: Friday 6th December 2024

Introduction

The World Wellbeing Movement (WWM) welcomes the opportunity to provide written evidence to the Business and Trade Committee for its Inquiry into the Employment Rights Bill.

Our submission describes the WWM's mission and credentials, before summarising our key points and recommendations, and then identifies relevant evidence, within the scope of the Inquiry, that we believe the Committee will find of value. Our core points are divided into three sections: economic growth, protecting workers and business performance to reflect the themes outlined in the call for evidence. We are happy to provide further written or oral evidence if required.

The UK Government has made growth one of its five missions – understanding the drivers of employee wellbeing and acting on them is essential to create thriving businesses and a successful economy. The Government is also prioritising health, including putting the NHS on a sustainable footing and helping to get more people into employment. Access to good work, decent conditions and fair pay can be beneficial for our health and wellbeing. Therefore, strengthening employment rights is a win-win, helping the Government to achieve not just one, but two missions.

Any queries or questions should be directed to Ben Wealthy, Head of Policy and Public Affairs at the WWM: ben.wealthy@hmc.ox.ac.uk.

About WWM

The WWM is a social impact organisation and registered charity in England and Wales (charity number: 1208699). It was co-founded by leading wellbeing science experts, [Prof Lord Richard Layard](#), and [Prof Jan-Emmanuel De Neve](#). Our aim is to improve the quality of life of people across the world by putting wellbeing at the heart of decision-making in business and public policy.

Our approach to achieving this pivotal mission is strongly evidence-based. That's why our academic partnership with the Wellbeing Research Centre at the University of Oxford is so key. This means all the work we do is backed by high-end academic research, ensuring it is robust enough to drive positive impact in the real-world. We have also assembled a growing coalition of global leaders from business, civil society, and academia to support us in achieving our mission.

WWM Credentials

- The WWM benefits from a wealth of wellbeing science and public policy knowledge within our organisation, including co-founders [Prof Lord Richard Layard](#) and [Prof Jan-Emmanuel De Neve](#), Managing Director [Sarah Cunningham](#), and Board Director [Lord Gus O'Donnell](#), the former head of the UK Civil Service.
- **Lord Richard Layard**: One of the world's leading wellbeing economists, author of multiple books on wellbeing and happiness, co-author of the World Happiness Report, co-founder of the World Wellbeing Movement, and recently named amongst researchers considered possible for a Nobel Prize by [Clarivate Citation Laureates](#). Co-author of newly published book, [Wellbeing Science & Policy](#).
- **Prof. Jan-Emmanuel De Neve**: WWM co-founder, Founder and Director of the Wellbeing Research Centre at the University of Oxford, co-author of the World Happiness Report, and Professor of Economics and Behavioural Science at the Said Business School (University of Oxford), where he is best known for his research on the economics of wellbeing, which was selected among “The Management Ideas that Mattered Most” by *Harvard Business Review*. Co-author of newly published book, [Wellbeing Science & Policy](#) and forthcoming publication with Harvard Business Press, ‘Why Workplace wellbeing matters: the science behind employee happiness and organisational performance’.
- The WWM’s Managing Director, [Sarah Cunningham](#)’s approach strongly aligns with Sarah’s own expertise, which bridges both the corporate and academic worlds. Sarah is a workplace wellbeing expert with 26 years leadership experience gained in companies including Accenture, Google, Mastercard and more. She is also a Behavioural Scientist, having graduated first in her year from LSE’s EMSc in Psychological & Behavioural Science. And she is a co-author of the Work Wellbeing Playbook of evidence-informed employee wellbeing interventions.
- Our academic partnership with the [Wellbeing Research Centre](#) at the University of Oxford ensures that all our recommendations are based on high-quality empirical evidence.
- In March 2024, the WWM published a [Work Wellbeing Playbook](#) in collaboration with our academic partner, the [Wellbeing Research Centre](#) at the University of Oxford. The research team first conducted a multidisciplinary

systematic literature review of more than 3,000 academic studies of workplace wellbeing interventions to identify strategies proven to increase the wellbeing of employees across diverse work environments. They then distilled the key insights into an accessible 'menu' of actionable, evidence-based workplace wellbeing interventions, categorised by twelve key drivers of employee wellbeing, which business leaders can use to craft holistic employee wellbeing strategies for their organisations. Since its release, the Playbook has reached a large and diverse audience, receiving widespread praise from users across various industries and sectors worldwide. It has been commended for delivering—for the first time—an accessible, evidence-based framework that enables organisations to implement holistic wellbeing strategies that *improve* employee wellbeing by getting to the real root causes of occupational stress and unhappiness, thereby addressing the problem at its source.

Messages

- **Wellbeing should be at the heart of decision-making in both business and public policy** - improving wellbeing brings benefits for the productivity and performance of businesses.
- **Measuring wellbeing matters** – businesses should undertake this in an evidence-based, structured and systematic way, then act on their findings. This should be encouraged and supported by the Government.
- **Strong employment rights help create happy, healthy and productive workplaces** – this agenda boosts the security and wellbeing of employees whilst also contributing to the recruitment and retention, productivity and the performance of organisation they work for.

Recommendations

- **Businesses should be mandated to measure employee wellbeing.** Many leading companies are already tracking wellbeing alongside other indicators of their Environmental, Social and Governance performance. This would enable businesses and government to monitor progress.
- **Wellbeing data should be published.** Just as the government is requiring larger companies to publish information on their ethnicity and disability pay gaps, building on the approach taken to gender pay gap reporting, it is proposed that wellbeing data is also made available to aid transparency and prompt a systematic focus an organisational level.

- **Strong approach to Right to Switch Off.** An Advisory Group should be established to explore and learn from good practice internationally, including countries which have put a Right to Switch Off or a Right to Disconnect into law.
- **Making occupational health and safety fit for the modern workplace.** We recommend that health and wellbeing guidance is reformed to address the causes of work-place stress and promote psychological wellbeing. The UK should look at the approach taken in Australia which requires employers to legally identify, assess and control psychosocial hazards, such as bullying, harassment, excessive workloads.

Economic Growth

1. The UK Government has made growth one of its five missions – understanding the drivers of employee wellbeing and acting on them is essential to meeting this target. The Government is also prioritising health, including putting the NHS on a sustainable footing and helping to get more people into employment. Access to good work, decent conditions and fair pay can be beneficial for our health and wellbeing. Strengthening employment rights will help the Government in achieving not just one, but two missions.
2. The latest academic research indicates that improved wellbeing among employees is reflected in improved productivity and directly and positively affects the bottom line and stock market performance of an organisation.
3. In the first field study of its kind, researchers from the Wellbeing Research Centre at the University of Oxford conducted a randomised control trial (RCT) with employees of BT call centres. By comparing self-reported employee wellbeing scores with key performance indicators, they found that a one-point increase in employee happiness (on a 0-10 scale) leads to, on average, a 12% increase in productivity - but the productivity boost was closer to 20% for tasks that required higher levels of social and emotional intelligence. The research team also found a strong correlation between happier employees, and increased customer satisfaction, i.e. customers' perceptions of the quality of job being done¹.
4. Investment in the top 100 'happiest' US workplaces would have returned 20% more than the same investment in traditional indices over the same two-year period. This compelling evidence was made possible thanks to data analysis from the world's largest study of employee wellbeing, which is run by Indeed,

¹ Bellet, C.S., De Neve, J-E., & Ward, G. (2023). Does employee happiness have an impact on productivity? *Management Science*. <https://doi.org/10.1287/mnsc.2023.4766>

in collaboration with the University of Oxford and the World Wellbeing Movement. The paper's authors analysed the rich data set from the Indeed Work Wellbeing Score which has crowdsourced over 20 million company reviews from current or past employees on how they feel at work. Using company-level employee wellbeing measures to predict firm performance, De Neve et al found a strong correlation between employee wellbeing, and traditional measures of company performance, including firm value; return on assets; and gross profitability. The researchers then went a step further by simulating an investment portfolio made up of companies with the highest work wellbeing scores. They found that this simulated portfolio outperformed traditional stock indices like the S&P 500, the Nasdaq-100, and the Dow Jones by approximately 20% during the period of the study².

Protecting Workers

5. The average working person spends over a third of their waking hours at work and good work can provide security and purpose, contributing to our overall health and wellbeing.
6. Yet workplace stress, burnout and mental illness - now the leading cause of long-term sick leave – are at record highs, as evidenced by research from Gallup, McKinsey, Deloitte, CIPD, The Times Health Commission, and other leading organisations.
7. Gallup reports that 41% of employees feel stress at work daily and 76% experience burnout on the job at least sometimes³, CIPD note that one in eight UK employees feel miserable at work and employee sickness absence has reached its highest level in over a decade⁴, and Deloitte finds that the cost of mental health related absences to UK employers alone is circa £51bn a year⁵.
8. The WWM supports the 'Day 1 rights' outlined in the Employment Rights Bill, including banning exploitative zero-hours contracts and strengthening statutory sick pay. These are foundational rights which will support the security and wellbeing of employees.

² De Neve, J-E., Kaats, M., Ward, G. (2023). Workplace Wellbeing and Firm Performance. University of Oxford Wellbeing Research Centre Working Paper 2304. doi.org/10.5287/ora-bpkbjayvk

³ Gallup (2024). *State of the Global Workplace 2024 Report*. Gallup. https://regdevnet.ca/wp-content/uploads/2024/06/Gallup_StateOfTheGlobalWorkplace2024_ResearchSummary.pdf

⁴ CIPD (2023). Health and wellbeing at work. *CIPD*. <https://www.cipd.org/uk/knowledge/reports/health-well-being-work>

⁵ Deloitte. (2024, May 17). *Poor mental health costs UK employers £51 billion a year for employees*. Deloitte United Kingdom. <https://www.deloitte.com/uk/en/about/press-room/poor-mental-health-costs-uk-employers-51-billion-a-year-for-employees.html>

9. We believe there is potential to strengthen employment rights further. For example, the proposal for a Code of Practice in relation to the Right to Switch Off is welcome. However, in several countries, including France, a legally binding right has been pursued and this should be considered in the UK. Regardless of the framework and approach agreed, it is important that employees are given the opportunity to shape how Right to Switch Off is operationalised.
10. In addition, we note that as part of the Government's Next Steps to Make Work Pay Play, it intends to develop health and wellbeing guidance. The UK's current approach to work-place stress and psychological wellbeing relies on voluntary guidance from the Health and Safety Executive. We believe that the Government should, in preparing its approach, consider the Safe Work Australia model which requires employers to legally identify, assess and control psychosocial hazards, such as bullying, harassment, excessive workloads and poor organisational environments that can impact on mental health. Enforcement has been stepped up with compulsory checks and fines. The WWM believes that stronger regulations are essential to adequately protect workers' mental health, as the current framework leaves a gap in safeguarding against psychosocial hazards.

Business performance

11. Workplaces with better wellbeing are more likely to attract prospective talent. A workplace wellbeing score that is either average or above average (as compared to low) increases the probability of jobseekers applying to available positions by 14.2%. This study provides the first causal evidence for workplaces with higher employee wellbeing being more attractive employers. Would-be employees are also, on average, willing to give up around 13% of their salary to work at a happier company⁶.
12. Happier organisations are also more likely to retain their existing talent. Not only are employees with higher wellbeing scores less likely to take mental health absences (which contributed to an estimated cost to UK employers alone of up to £51bn a year), but they are also less likely to look for a job elsewhere. A related study by Dr Ward on the Glassdoor platform found that employees are twice as likely to apply for another job within the space of a week if they rate their current employer as 'poor'.
13. Employee wellbeing should be considered a metric when judging the performance of businesses. One of the WWM's most impactful recent achievements was the provision of insights to S&P Global about the inclusion of a 'Trends in Employee Wellbeing' section within their large-scale Corporate Sustainability Assessment (CSA). This new section incorporates four science-

⁶ Ward, G. (2022). Workplace Happiness and Job Search Behaviour: Evidence From A Field Experiment. MIT Sloan School of Management Working Paper 6607-22. doi.org/10.5287/ora-bpkbjayvk

based questions (representing the four key dimensions of workplace wellbeing) that we recommend employers ask to measure employee wellbeing. More than 30,000 of the world's largest companies are now asked to report on whether they track these four measures alongside other indicators of their Environmental, Social and Governance (ESG) performance.

14. Developed by the WWM's academic partner, the Wellbeing Research Centre at the University of Oxford, these four evidence-based questions capture the complementary dimensions of wellbeing at work as experienced by the employee (evaluative wellbeing, positive and negative emotions, as well as eudaimonic wellbeing). This approach aligns with how the world's largest study of employee wellbeing, run by the recruitment company Indeed with the University of Oxford, measures workplace wellbeing. Importantly, these questions mirror those used by the OECD, the UK's Office for National Statistics, and other statistical agencies to measure wellbeing in the general population.
15. These measurements are not only science-based, but they are also industry agnostic. The evidence-based questions (representing the four key dimensions of workplace wellbeing) are the same across all industries, and it is only the benchmarking that might differ by industry. For a simple infographic with these questions, see here: <https://worldwellbeingmovement.org/wp-content/uploads/2023/05/WWM-Insights-Workplace-Measures.pdf>.
16. It is important to take a holistic approach to wellbeing at an organisational level. Research by Dr. William Fleming, a research fellow at the Wellbeing Research Centre at the University of Oxford, backs up the need for organisations to take an holistic, organisational-level approach. Data analysis from >46,000 employees that various *individual-level* corporate wellbeing initiatives, including some wellness apps and relaxation-based interventions had "no effect" on improving employee wellbeing when done in isolation without other changes at the organisation or team level⁷.

⁷ Ward, G. (2022). Workplace Happiness and Job Search Behavior: Evidence From A Field Experiment. MIT Sloan School of Management Working Paper 6607-22. doi.org/10.5287/ora-bpkbjayvk