

How Workplace Flexibility Boosts Employee Wellness and Business Performance

IWG International
Workplace
Group





“The hybrid working model paves the way for a balanced, fulfilling and sustainable approach to work – and ultimately makes us all healthier. It provides flexibility, reduces commuting stress, enhances productivity, improves mental health, and enables individuals to integrate work and personal life more effectively.”

Dr Sara Kayat, GP and TV doctor



“Hybrid and more flexible ways of working are incredibly beneficial for both employees and their employers. Not only is it universally popular with workers with higher levels of satisfaction and an improved work-life balance reported, but as this research shows, employees are taking fewer sick days, managing stress better, and adopting healthier lifestyles. Meanwhile, companies are enjoying higher levels of productivity and lower costs.”

Mark Dixon, Founder and CEO, International Workplace Group

Introduction



New research by International Workplace Group (IWG) has revealed that significant health and wellbeing benefits come from working in a flexible way. The study of more than 2,000 hybrid workers found that more than a third take fewer sick days now they have more flexibility over how and where they work. And three-quarters say they are now more productive.

"It's clear from the results of this study that hybrid working offers employees not only greater flexibility but also very real positives when it comes to their health," says Dr Sara Kayat, a prominent TV doctor and a trusted voice in health education. "This improves their overall wellbeing and at the same time helps businesses by reducing the costs associated with absenteeism."



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Reducing days lost to sickness is currently a major concern for employers and governments. However, IWG's study found that three out of four CEOs report improved productivity in the workplace thanks to the hybrid working model.

"By reducing the physical and mental strain of long daily commutes, workers are able to better manage their existing health conditions, access preventative care, and reduce stress," says Mark Dixon, Founder and CEO of IWG. "And this in turn translates into positive business outcomes, with greater worker engagement and improved productivity."

This white paper examines in depth the ways in which flexible working patterns can benefit health and wellbeing, and how this can have a significant impact on company productivity.

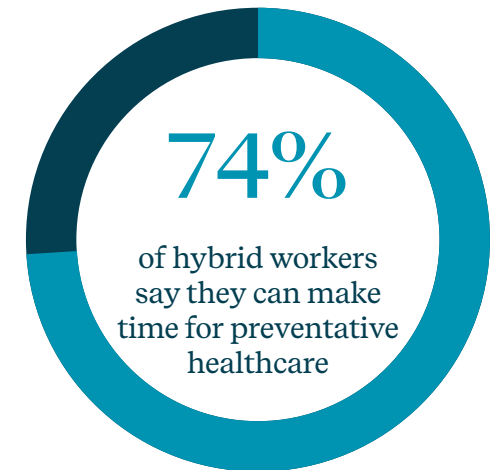
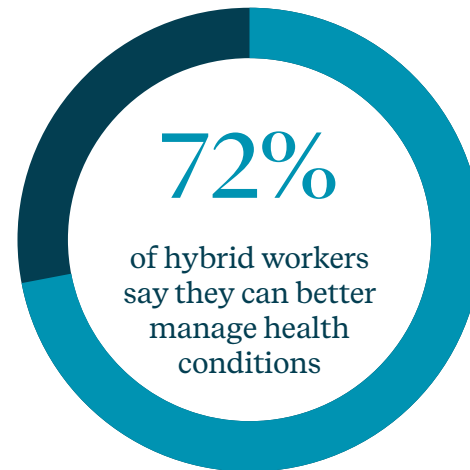
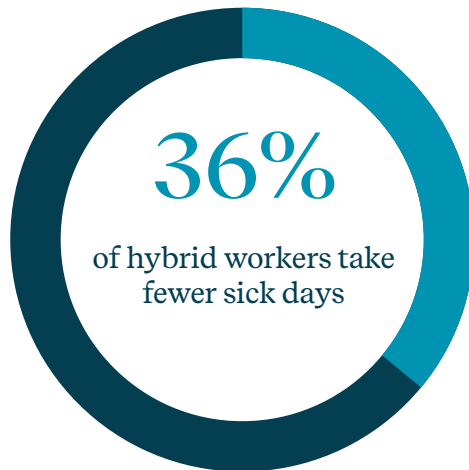
The health impact of less time spent commuting

One of the foundational benefits of the hybrid working model is a reduction in the number of long, daily commutes. This in turn allows people to reclaim their most precious commodity: time. With more free time at their disposal, hybrid workers are able to prioritise both their physical and mental wellbeing in ways that were previously not possible when travelling long distances five days a week.

IWG's study found that more than a third (36%) of hybrid workers are taking fewer sick days as a result of working in a more flexible way and cutting down on commuting. In addition, nearly three-quarters (72%) say they can better manage existing health

conditions, while even more (74%) say they can now make time for preventative healthcare measures such as regular screenings, check-ups and lifestyle changes.

"It's hard to underestimate the benefits of preventative healthcare," says Dr Kayat. Many studies have shown that preventative measures such as routine screenings, vaccinations and healthy habits can significantly reduce the risk of chronic diseases, improve life expectancy and enhance overall wellbeing.



A fitter, more rested workforce

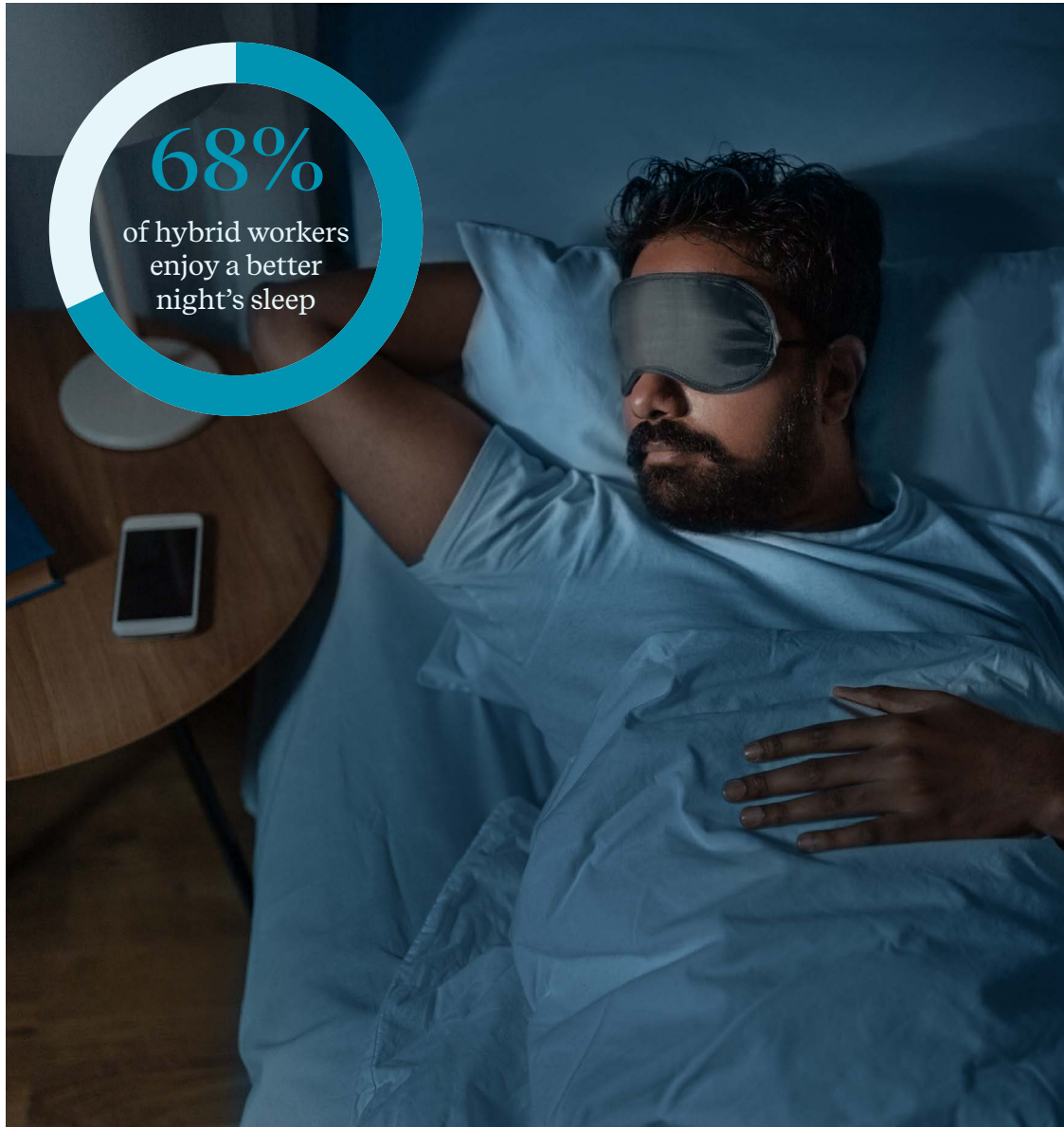
As well as allowing more time for prioritising healthcare, the ability to work wherever is most convenient also brings more opportunities for boosting personal health and fitness. More than two-thirds (68%) of hybrid workers say their physical health has improved now they are working in a more flexible way. Thanks to cutting down on a long daily commute and working in more local and convenient locations, they have more time for physical exercise (54%). The average hybrid worker is now getting 4.7 hours of exercise a week, compared to 3.4 hours before the pandemic.

"I cannot emphasise enough the numerous health benefits that daily physical activity can offer to individuals," says Dr Kayat. "Regular

exercise is a cornerstone of maintaining good health and wellbeing."

It also benefits the economy. A global study by Rand Europe and Vitality on the economic benefits of increased physical activity found that if all adults aged 18–64 walked just 15 minutes more a day, the world economy would grow by an estimated \$100bn a year until 2050. And if currently active people increased their physical activity levels by 20%, the global economy could grow by more than \$360bn every year – equivalent to the size of Singapore's economy. In this scenario, economic gains for the US economy would be an extra \$95bn (£73bn) a year, and \$11bn (£8.5bn) a year for the UK.





Hybrid workers also get more sleep. In IWG's study, four-fifths reported feeling better rested, as they now enjoy significantly better quality and more consistent sleep patterns (68%). The average hybrid worker is now getting an extra 71 hours of sleep per year, or almost six hours per month.

A good night's sleep enhances cognitive function, leading to better focus, attention and decision-making, all of which contribute to increased productivity. Studies show that even small increases in sleep duration can lead to significant improvements in work performance. On the other side of the coin, a sleep-deprived workforce has a negative impact on company

bottom lines: research by Rand found that lack of sleep is costing the UK economy up to £40 billion a year, and the US economy loses ten times that figure. It is reported that the US loses more than 1.2 million working days annually due to sleep deprivation among its working population.

"Getting the right amount of sleep each night can make a huge difference," says Dr Kayat. "Anything that can get you closer to that target of seven or eight hours a night is going to be beneficial, and you'll see the results not just at work but also in your personal life."

More time to eat healthily

IWG's study shows that more than half (58%) of hybrid workers say they now have more time for preparing healthier meals.

"We know that processed foods are often higher in salt, sugar and fat, which can lead to a whole host of health issues," says Dr Kayat. "If we can find the time to make meals from scratch, those meals are not only likely to be more nutritious but we're also removing all the potential hidden nasties that you find in processed foods."

Nutrition has a direct impact on cognitive function, energy levels, and overall health. A workforce that is well-nourished is likely to be more alert, focused, and productive.



Reduced stress and burnout

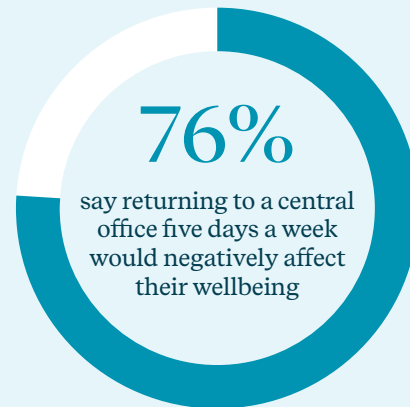
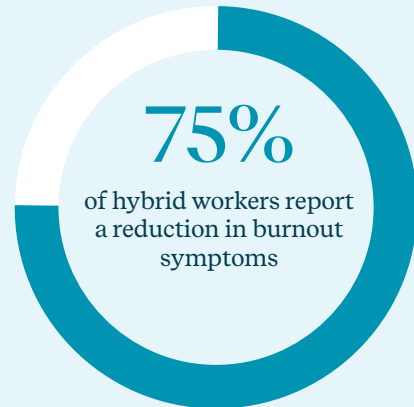
As well as physical wellbeing, flexible working also has a major impact on mental health. This comes not just from avoiding the very real stresses of a long daily commute, but also from the extra time afforded for spending with family and friends. "Being able to spend more time with loved ones is particularly important," says Dr Kayat. "The lockdowns during the pandemic showed us what social isolation can do."

In IWG's study, 70% of hybrid workers say they are experiencing fewer stress-related healthcare conditions as a result of working in a more flexible way. And four-fifths (80%) say their reduced feelings of anxiety have had a direct effect on health conditions related to stress, with 70% experiencing fewer symptoms such as severe headaches, digestive issues, and tension-related pain.

Mental health issues are a big contributor to workplace absence. A poll by Gallup found that

nearly one-fifth of US workers (19%) rate their mental health as fair or poor, and these workers report about four times more unplanned absences compared to those who report good, very good or excellent mental health. Projected over a 12-month period, workers with fair or poor mental health are estimated to take nearly 12 days of unplanned absences annually compared with 2.5 days for all other workers. Generalised across the US workforce, this missed work is estimated to cost the economy \$47.6 billion annually in lost productivity.

One of the most serious mental health conditions in the workplace is burnout, a psychological syndrome that emerges as a prolonged response to chronic stressors at work. It results in overwhelming exhaustion, feelings of cynicism and detachment from the job, and a sense of ineffectiveness and lack of accomplishment. People with burnout typically display lower motivation, lower focus, and lower productivity.



Global levels of burnout have been on the rise for more than a decade – and remain at a record high – according to Gallup, which conducts annual workplace research across more than 11 countries. A study in the American Journal of Preventative Medicine estimated that burnout costs American companies between \$4,000 and \$21,000 per employee annually due to lost productivity and turnover.

However, IWG's study found that three-quarters (75%) of workers report a dramatic reduction in burnout symptoms since moving to a flexible

working arrangement. And three-quarters (76%) say returning to a central office five days a week would negatively affect their wellbeing.

"As a doctor I'm all too familiar with burnout and workplace stress," says Dr Kayat. "I've seen it in my patients, and I've seen it in my colleagues as well. And whilst I've never experienced burnout, I've obviously experienced my own kind of workplace stresses too. I think it's something that's pretty widespread in the working environment, and it's really important to ensure your work-life balance is a healthy one."



The benefits of in-person connection

"We're coming to understand more and more how imperative social connections are when it comes to our health," says Dr Kayat. For that reason, the role of local flexible workspaces should not be underestimated when it comes to preventing harmful feelings of isolation. They offer the chance for regular in-person interaction with other individuals combined with occasional trips to a company HQ to collaborate and connect with colleagues.

Research studies have shown that in-person office interactions are beneficial not only to mental wellbeing but also to physical wellbeing, by improving cardiovascular health and boosting the immune system. A report

by Bupa Global on the benefits of social interaction at work concluded that it can be "just as important as time spent with friends and family."

Previous studies by IWG have also consistently shown that simply being able to work close to home is a reason for people to feel happier. As well as the boost of a better work-life balance, there is also a financial windfall. One study found that workers in the US could save more than \$30,000 a year by switching from a daily commute to a city centre to working locally four days a week. In the UK, savings are as much as £13,000 annually.



Dr Kayat's tips for hybrid workers looking to optimise their health for the long term.

1 Schedule “me time” for preventative health

“Take advantage of your flexible schedule to book those important health check-ups and screenings. Whether it’s a physical or a dental appointment, having the flexibility to fit these into your day means you’re not waiting for a sick day to prioritise your health. Small steps now can prevent big health issues later.”



2 Join a local workout group for fun and fitness

“People are increasingly turning to exercise for a sense of community and to build social connections. This can be seen in the rise of local running groups or community exercises. It’s about more than just moving, it’s also about community and connection.”



3 Prepare foods that fuel your brain

“One of the greatest benefits to hybrid working is that we now have more time to prepare balanced and nutritious meals that leave us feeling energised. Whole foods like leafy greens, nuts, and whole grains can improve focus and energy. Try a spinach and quinoa salad or a berry and almond butter smoothie for a brain-boosting meal. These don’t take long to make and can be enjoyed wherever you work or on the go.”



Measuring the importance of a healthy workforce

The financial impact of a healthier workforce should not be underestimated. As a recent report by the Institute for Public Policy Research concluded: "If people have good health, the economy benefits".

The report was looking at the "hidden cost" of sick days, and that cost is considerable. The most recent available figures show US companies losing 185 million working days a year to illness. In the UK, the figure is 158 million. Reducing those figures is a priority for companies.

"It's a real problem, and companies and governments around the world are looking at ways to reduce days lost to illness," says Dixon. "One obvious way to do it is to encourage more flexible ways of working. Our research clearly shows it's the way to a healthier workforce."

Some workers choose not to take sick leave but instead go to work when not well. While often seen as a sign of commitment, 'presenteeism' poses significant risks to both individual wellbeing and organisational productivity. A report by Harvard Business Review suggested that it can cut an individual's output by more than a third.

"The impact of presenteeism extends beyond the affected individual," says Dr Kayat. "I've seen first-hand the risks of workers spreading illnesses to their colleagues by attending work while unwell, amplifying the negative consequences on the workplace. From a mental health perspective, presenteeism perpetuates a toxic work culture that places undue emphasis on hours worked rather than the actual output."

Counting the cost of days lost to sickness



Estimated annual cost to the US economy of days lost to sickness:

\$225 Billion



Estimated annual cost to the UK economy of days lost to sickness:

£33 Billion



Estimated annual cost of 'presenteeism' to the US economy:

\$150 Billion



Estimated annual cost of 'presenteeism' to the UK economy:

£15.1 Billion

36%

The proportion of employees taking fewer sick days as a result of the improvement in both physical and mental health brought by flexible working patterns.

The productivity bonus



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Every firm out there is doing hybrid because it's such a no-brainer to increase profit."

Professor Nicholas Bloom

As well as seeing a reduction in days lost to illness, employers also benefit from increased output in other ways thanks to workplace flexibility. IWG's study found that three-quarters (74%) of workers say they are more productive when working flexibly, while a similar number (76%) report being more motivated. And 85% say that hybrid work has improved their job satisfaction.

Professor Nicholas Bloom of Stanford University, a leading expert on the future of work, has concluded that the average productivity boost gained by hybrid businesses stands at 3% to 4%, while quit rates reduce by around 35%. One study led by Bloom, with the Bank of England,

Stanford University, King's College London and Nottingham University, found that for every day a firm's employee works in a hybrid model, that firm's productivity is around \$19,000 higher than one that does not.

"Every firm out there is doing hybrid because it's such a no-brainer to increase profit," Bloom concludes.

A study of business leaders' attitudes to the benefits of hybrid working by IWG found that for more than six in 10 CEOs, improved productivity is one of the key business benefits of hybrid working, while more than seven in 10 say that employee happiness has increased.

Conclusion

As we have seen, more flexible ways of working translate into more personal time for workers, offering the opportunity to prioritise their health and to undertake activities that promote physical and mental wellbeing. The result? An infinitely healthier and happier workforce.

In itself, this is an admirable goal for every business. But there are also further benefits resulting from fewer days lost to sickness and increased productivity. As the staggering cost of sick days to economies around the world vividly demonstrates, the financial upside of a healthier and more productive workforce for businesses is hugely significant.

“It’s a win-win,” says Dixon. “Workers enjoy improved health and less stress, while companies enjoy all the productivity benefits that a healthier and more engaged workforce can bring.”

“As a healthcare professional, I firmly believe that the future of workplace wellness lies in embracing the hybrid working model,” adds Dr Kayat. “It’s clear from this research that the hybrid model offers employees not only greater flexibility but also tangible health benefits. By reducing the physical and mental strain of long daily commutes, workers are able to better manage their existing health conditions, access preventative care, and reduce stress. This is not only improving their overall wellbeing but also helping businesses by reducing the costs associated with absenteeism and burnout.”



We support more than eight million workers through our network of 5,000 flexible workspaces in 130 countries. Find out more about what we do at iwgplc.com.