



Make Employees Healthier for Free

If firms offer commitment programmes to healthy behaviour, they can avoid costly incentive and subsidy schemes and improve health at little or no cost.

Last December, Daiwa Securities launched a **healthy eating initiative** for the festive period called the “80 percent programme” for its 13,600 domestic employees in Japan. It urged employees to stop eating when they felt that percentage full. The 30-day movement was part of a drive to improve the health and fitness of staff and to boost productivity.

Earlier in October, the firm appointed a Chief Health Officer, Toshihiro Matsui, a former investment banker who had collapsed and nearly died of overwork earlier in his career. Companies are increasingly urging employees to adopt more healthy behaviours and some take it a step further, incentivising or subsidising health-related purchases such as gym memberships and activity trackers, like Fitbits.

This is especially important given the fact that people live and work longer and diseases resulting from modern work lives are ever more expensive to treat. But it’s also more challenging, with many questioning how much of a say firms should have in the personal habits of their employees. The companies that are doing this well are structuring their work environments to make it easy for employees to make good choices.

Get them to commit

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Google, for example, uses a handful of tricks to encourage healthy eating, from strategically locating fruits and vegetables in the entrance to its cafeterias, giving employees smaller plates and hiding candy and soda from view. While Googlers are said to be consuming fewer calories, similar companies which also have on-campus cafeterias still struggle with those who would rather go rummaging for the sweets and end up indulging themselves at the unhealthy end of the buffet spread. This is exacerbated by the fact that most people are terrible at estimating their portion sizes, which INSEAD professor, **Pierre Chandon** shows in his research, and regularly contributes to overeating.

Other research suggests that many people are aware that their self-control problems can interfere with their health and fitness goals. Even better, they’re often willing to make a one-time decision that pre-commits them to a better course. My colleagues and I followed up on this in our paper, **Healthier by Precommitment**, where we tested a pledge of 632 households to increase their purchases of healthy food by 5 percentage points above their usual baseline for six months.

Our participants were already enrolled in a large-scale incentive programme which rewarded a monthly 25 percent cashback bonus to members for

all healthy food items. The benefit was underutilised, however, with only 31 percent of eligible grocery purchases from the healthy category which included fruit, vegetables, whole grains and lean meats.

While one way of improving this would be to increase the financial incentive, we took the less intuitive approach, asking participants to instead put their monthly cashback bonus on the line and pre-commit to a 5 percentage point increase in healthy food items purchased. If they didn't achieve it, their bonus would be forfeited, and they would have to try again the following month.

The participants ended up increasing the healthy items in their monthly food basket by an average of 3.52 percentage points. This shift came as a function of a decrease in the percentage of non-healthy food items, meaning that people improved by switching to healthier versions of their favorite foods and giving up some calorie dense treats. While the 5 percentage point increase proved challenging, with only one third of committed households meeting their goal each month, households who made the commitment were significantly more likely to improve their healthy purchases when compared to those who declined to commit, and to a control group who were not able to participate. Crucially, we found demand for this commitment device at the beginning was very strong, with 36 percent of invited households (632) choosing to pre-commit even though there was no extra incentive to do so, only the threat of a loss. And despite being penalised sometimes, most of them stayed in the study for the entire six months. Even better was the fact that improved behaviour lasted for almost a full six months after the penalty was removed. This means that the commitment worked beyond just the immediate threat of a loss, and helped people actually change their shopping habits in the long term.

Commitment in the firm

These results show that given the chance to pre-commit, self-aware consumers will seize opportunities to create restrictive choice environments for themselves, even at the risk of a financial loss, in this case their 25 percent discount.

So what might this look like inside an organisation? For those with in-house cafeterias, it might mean pre-commitment to meal choices up front, such as selecting lunch choices in the morning before cravings kick in after stressful meetings. It could also be part of team or group commitments to healthy choices, with points gained for collectively healthy choices and forfeited for unhealthy ones. Giving people the opportunity to exercise control over their willpower is effective and can help

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companies cost effectively increase healthy eating.

***Janet Schwartz** is an Assistant Professor of Marketing at the A.B. Freeman School of Business, Tulane University and a visiting scholar at INSEAD's Fontainebleau campus from March to July 2016.*

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