Economic and Social Research Council

ERC Enterprise Research Centre

Workplace mental health and wellbeing in Midlands firms before and during the COVID-19 pandemic

ERC Insight Paper

June 2021

www.enterpriseresearch.ac.uk

Workplace mental health and wellbeing in Midlands firms before and during the COVID-19 pandemic

Maria Wishart
Enterprise Research Centre
and the National Innovation Centre for Rural Enterprise
Maria.Wishart@wbs.ac.uk

Stephen Roper
Enterprise Research Centre
The Productivity Institute
And the National Innovation Centre for Rural Enterprise
Warwick Business School
Stephen.Roper@wbs.ac.uk

Vicki Belt
Enterprise Research Centre
Vicki.Belt@wbs.ac.uk

The Enterprise Research Centre is an independent research centre which focusses on SME growth and productivity. ERC is a partnership between Warwick Business School, Aston Business School, Queen's University School of Management, Leeds University Business School and University College Cork. The Centre is funded by the Economic and Social Research Council (ESRC); Department for Business, Energy & Industrial Strategy (BEIS); Innovate UK, the British Business Bank and the Intellectual Property Office. The support of the funders is acknowledged. The views expressed in this report are those of the authors and do not necessarily represent those of the funders.

EXECUTIVE SUMMARY

This report uses data from two waves of the Workplace Mental Health and Wellbeing survey, which explores employer experiences of, and attitudes towards, mental health issues. The first wave of data collection was carried out in early 2020 (pre-COVID-19), concluding just days before England went into its first lockdown on 23rd March, and included 1,899 firms in the Midlands. The second wave took place during February, March and April 2021, and covered 1,551 Midlands firms, of which 570 had participated in wave 1. The aim of this report is to explore the changes that the pandemic has provoked in workplace mental health issues. It is evident from our analysis that the COVID-19 pandemic has had a marked effect on workplace mental health issues in Midlands firms.

This report covers two phases of data analysis. Firstly, we compare wave 1 and wave 2 data from the 570 firms who participated in both phases of the research. Here we find lower reported levels of reported mental health-related sickness absence in the twelve months leading up to the wave 2 survey, in line with lower general sickness absence but despite widely available indicators suggesting that mental health problems increased during the pandemic. This may point to changes in working practices, or to ongoing reluctance on the part of employees to admit to mental health issues because of the stigma they attract. Employers also reported fewer impacts of mental health issues on their businesses than in the previous wave of the survey. This may reflect increased levels of remote working which could have alleviated mental health issues in some employees, but which may also have meant fewer opportunities for mental health issues to be identified, an effect we have noted in prior research. Although employers appear to be more engaged in the mental health agenda, and on delivering initiatives related to it, than they were before the pandemic, levels of adoption of initiatives remain low.

Secondly, using data from the whole sample of 1551 firms in wave 2 of the survey, we explore employer experiences of mental health in the workplace since the start of the COVID-19 pandemic. We find clear evidence that some business sectors (notably hospitality and construction) experienced the challenges of the crisis more acutely, probably because of the customer-facing nature of their businesses and the disproportionate impact that restrictions had on them. Larger firms appear to have been more successful at adopting new practices to allow them to continue working during the crisis, while smaller firms have perhaps lacked the resources and infrastructure to do so.

Critically, COVID-19-related issues were reported to be more important than 'in-work' issues (e.g., stress provoked by client expectations, workload or deadlines) as a predominant cause of mental health absence by employers in this wave of data.

Our findings imply that providing employers with the support, resources and skills to enable the identification of mental health issues in the new workplace landscape is vital. Understanding that the COVID-19 pandemic has had a significant impact on mental health will be an important step in developing relevant interventions and initiatives, for both employers and support organisations. Exploring employee experiences of workplace mental health will also inform the development of relevant future initiatives.

CONTENTS

INTRODUCTION

In early 2020, as part of the baseline study for the Mental Health and Productivity Pilot project[1], we surveyed 1,899 private sector establishments in the Midlands to explore their experiences of, and attitudes towards, workplace mental health. The fieldwork concluded just days before COVID-19 restrictions were introduced in England. The resulting report[2] presented data on the prevalence and causes of workplace mental ill-health, the impact and cost of mental health issues in the workplace and the ways in which employers approached the mental health and wellbeing of their staff prior to the pandemic. Early in 2021, we returned to the field to carry out a second wave of the study, and between February and April we surveyed 1,551 Midlands-based employers. Around one third of these respondent firms (570) had also been surveyed in the 2020 wave.

The majority of the survey questions were unaltered for the second wave of data collection, however in light of COVID-19, we took the opportunity to add some specific questions related to the pandemic and its effects. This report outlines the main findings. We present comparative data from the firms surveyed in both waves, to give a pre- and post-pandemic picture of workplace mental health issues. We also present data derived from the answers of all 1551 respondents in the second wave of the survey to the specific COVID-19 questions.

The remainder of the report comprises two sections. In the first we give a brief description of the sample of 570 firms who participated in both waves of the research, followed by findings from analysis of their pre- and post- COVID-19 responses. In the second, we briefly describe the full wave 2 sample and present findings of the analysis of the responses to the specific COVID-19 related questions.

[1] See https://mhpp.me/
[2] ERC. (2020). A baseline study for the Mental Health and Productivity Pilot project Retrieved from https://www.enterpriseresearch.ac.uk/wp-content/uploads/2020/05/Employee-Wellbeing-Mental-Health-and-Productivity-in-Midlands-Firms-May-2020.pdf

WAVE 1 AND WAVE 2 COMPARATIVE DATA

Sample characteristics

The comparative sample comprises 570 firms which were surveyed in both waves of data collection. 42.5% of the respondent firms are located in the East Midlands and 57.5% are in the West Midlands. Details of the sample are shown in Appendix A.

The sector breakdown of the sample is shown in Figure A1. Figure A2 shows the age breakdown and Figure A3 shows the size (by number of employees) breakdown. The survey excluded the smallest firms (those with fewer than ten employees). While sector breakdown in the sample is unchanged between waves 1 and wave 2, small differences in age and size profile reflect firm changes in the period between the two waves as they grew or shrank and aged. The majority (around 65%) of respondent firms are single site businesses, and the remaining 35% are multi-site, as shown in Table A1. Smaller firms and those in the construction sector are most likely to be single site operations, and this has changed very little from wave 1 to wave 2. The age profile of employees also varies little between wave 1 and wave 2. Table A2, which is based on wave 2 data, shows the proportion of employees in all firms and by size and sector, by age range. Hospitality firms have the largest proportion of younger employees and smaller firms tend to have a slightly older workforce.

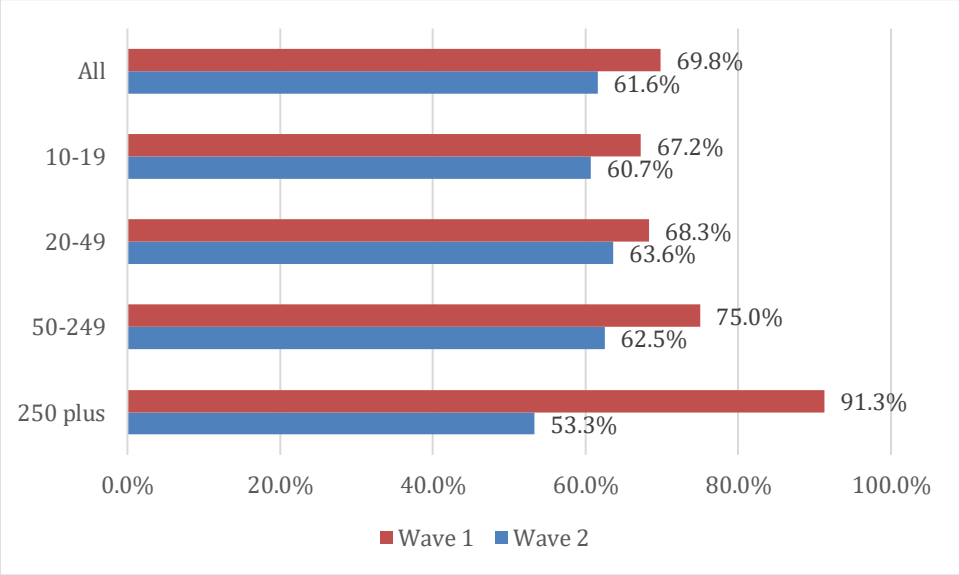
In Figure A4, we compare the change in turnover of sample firms in the twelve months leading up to the data collection. Here we see considerable differences, with thirty per cent more firms reporting a decrease in turnover and nearly twenty per cent fewer reporting an increase in turnover in the second wave data. When we look at employee numbers we see that those reporting unchanged employee numbers remained stable at around fifty per cent in both waves, but nearly twenty per cent more firms reported a decrease in employees and fifteen per cent fewer reported an increase in the most recent twelve-month period compared to the previous year (see Figure A5).

Findings of comparative analysis

General sickness absence

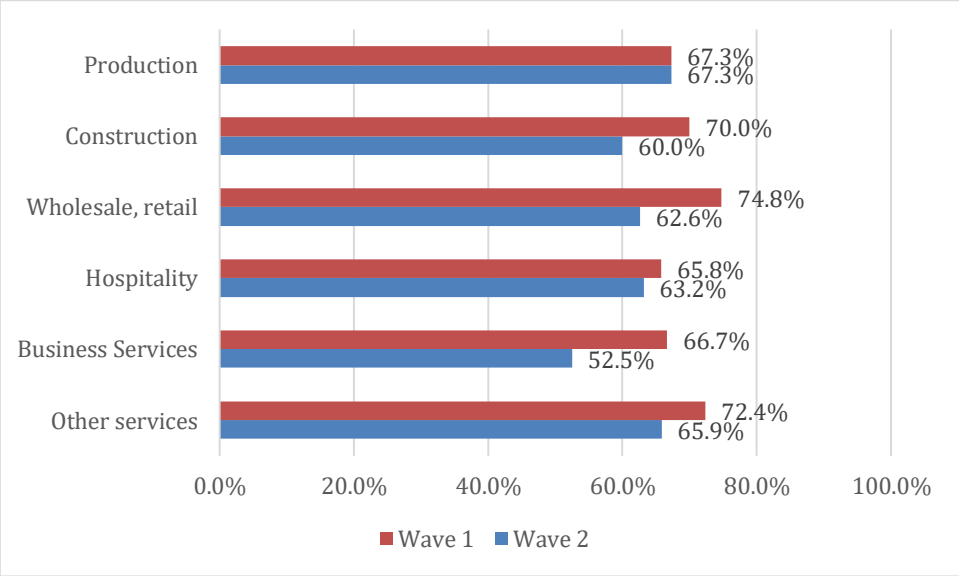
Starting with the impacts of general sickness absence, we find that fewer firms report that sickness absence impacts on the performance of their business in the wave 2 data than in the first wave data. This trend is evident in businesses of all sizes (Figure 1) and in all sectors (Figure 2).

Figure 1: Proportion of firms reporting that general sickness absence impacts on the operation or performance of their business, by size (no. of employees)



Base: 1062 firms, 531 in each wave.

Figure 2: Proportion of firms reporting that general sickness absence impacts on the operation or performance of their business, by sector



Base: 1062 firms, 531 in each wave.

Mental health-related sickness absence

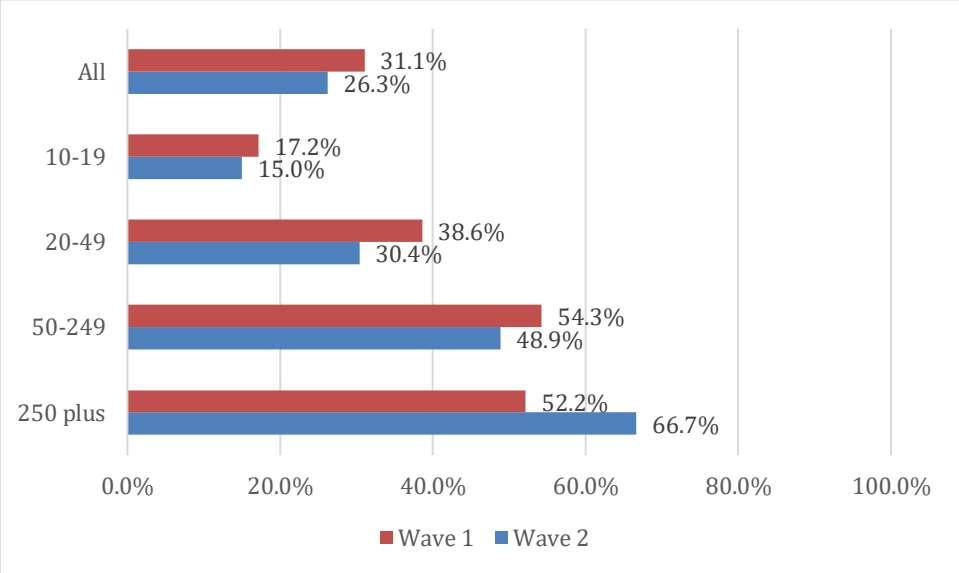
We find that overall, firms report lower levels of mental health sickness related absence in the second wave of the survey than in the first. This holds for firms of all sizes except the largest as shown in Figure 3, and for firms in all sectors as shown in Figure 4.

In most firms we surveyed, repeated mental health-related sickness absence was also down in wave 2. In some firms, notably those with between 20 and 49 employees and those in the construction and hospitality sectors, we note slightly higher reported levels of repeated mental health sickness related absence in wave 2 than in wave 1 data (Figures 5 and 6). Given that in our sample, these two sectors are those with the smallest sample size, this finding merits further study, to establish whether specific sector-related factors may be influencing the trend.

A smaller proportion of firms in all size bands and sectors reported that mental health absence had impacted on their businesses in the wave 2 data compared to their responses in the wave 1 survey, as shown in Figures 7 and 8. Our data does not offer an explanation for this finding. It is possible that it is linked to increased levels of home-working, which may mean fewer mental health issues. Alternatively, it could be because in disparate

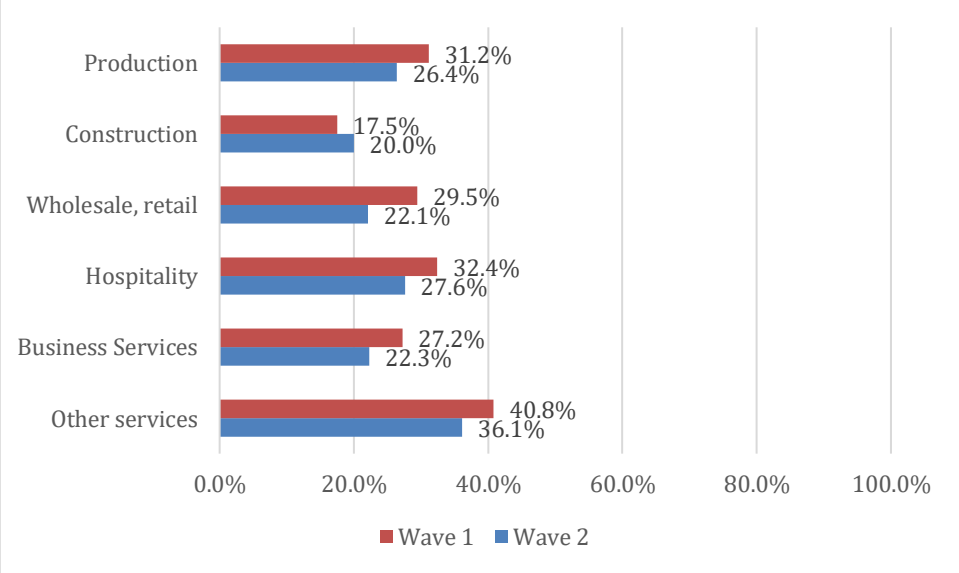
teams, mental health conditions go unnoticed. This may be a fruitful area for further investigation.

Figure 3: Proportion of firms reporting mental health related sickness absence in the last 12 months, by size (no. of employees)



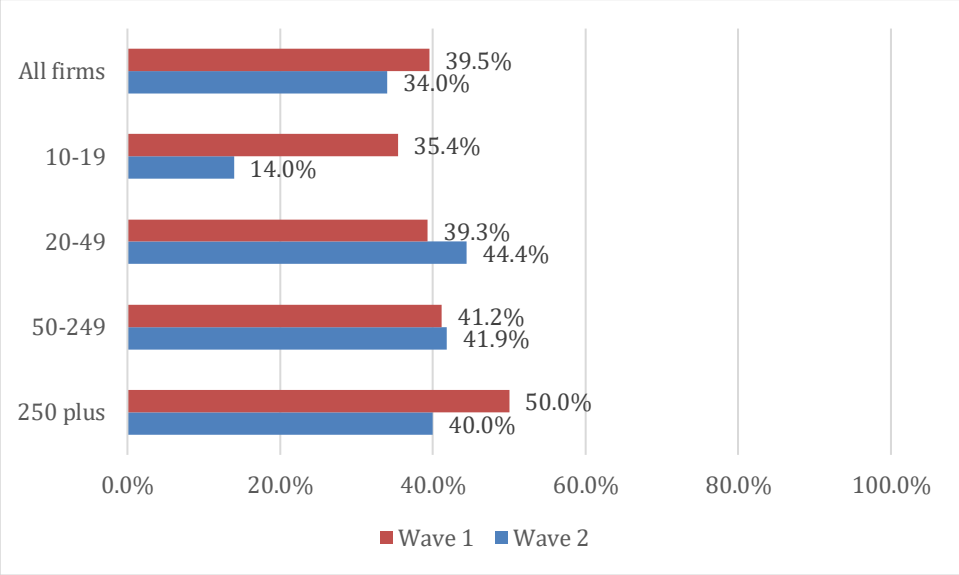
Base: 1091 firms. 554 Wave 1 & 537 Wave 2

Figure 4: Proportion of firms reporting mental health related sickness absence in the last 12 months, by sector



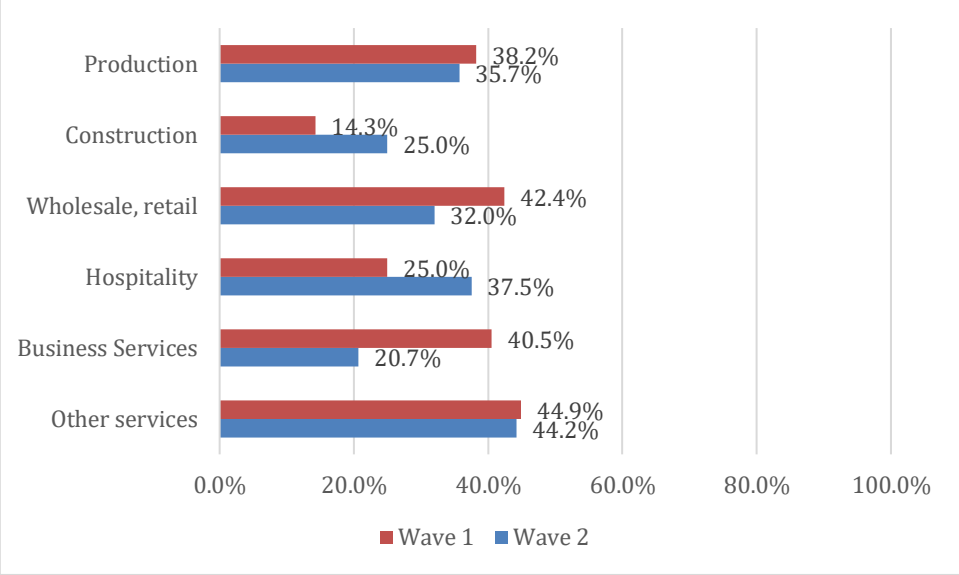
Base: 1091 firms. 554 Wave 1 & 537 Wave 2

Figure 5: Proportion of firms reporting instances of repeated sickness absence because of mental health problems in the last 12 months, by size (no. of employees)



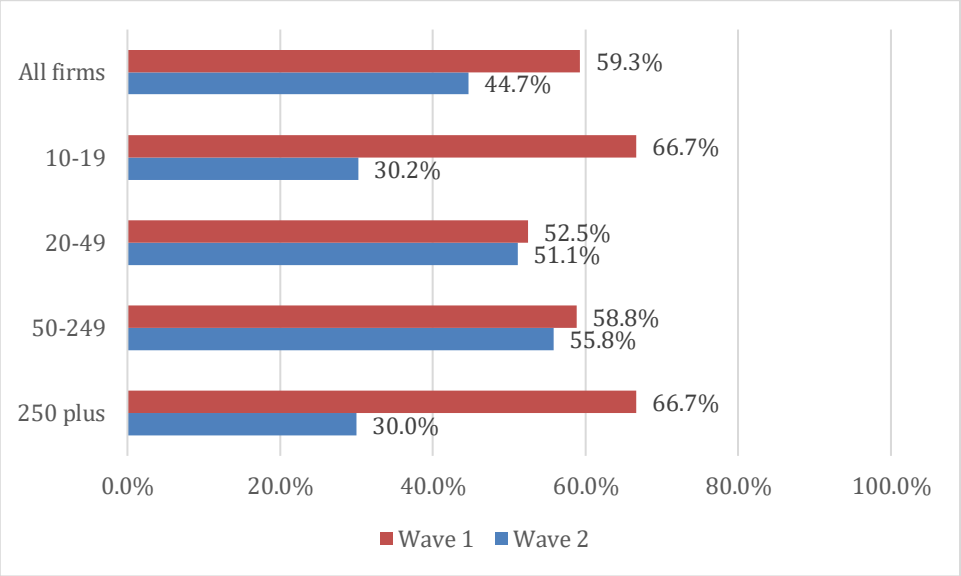
Base 313 firms. 172 Wave 1 & 141 Wave 2

Figure 6: Proportion of firms reporting instances of repeated sickness absence because of mental health problems in the last 12 months, by sector



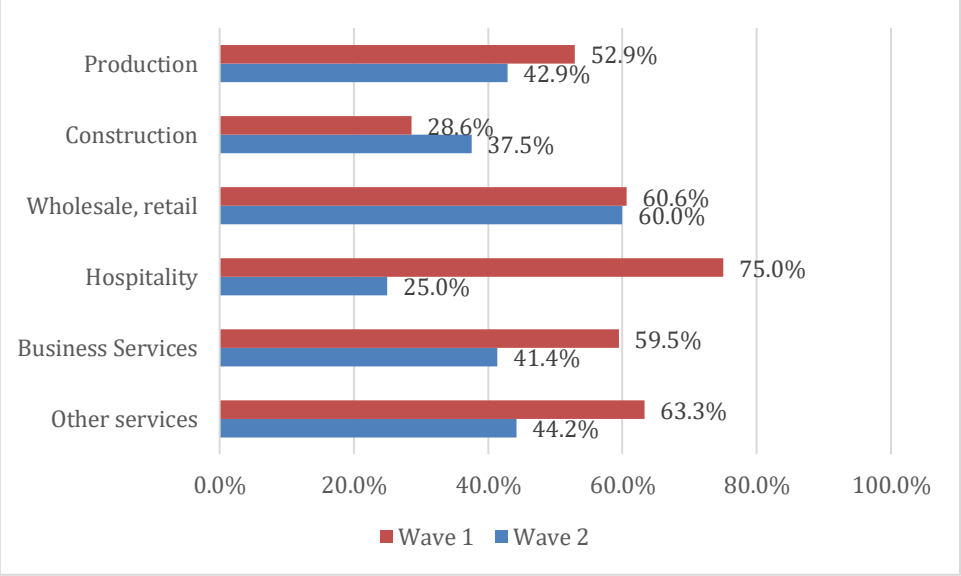
Base 313 firms. 172 Wave 1 & 141 Wave 2

Figure 7: Proportion of firms that said the performance of their business had been impacted by mental health absence in the last 12 months, by size (no. of employees)



Base 313 firms. 172 Wave 1 & 141 Wave 2

Figure 8: Proportion of firms that said the performance of their business had been impacted by mental health absence in the last 12 months, by sector

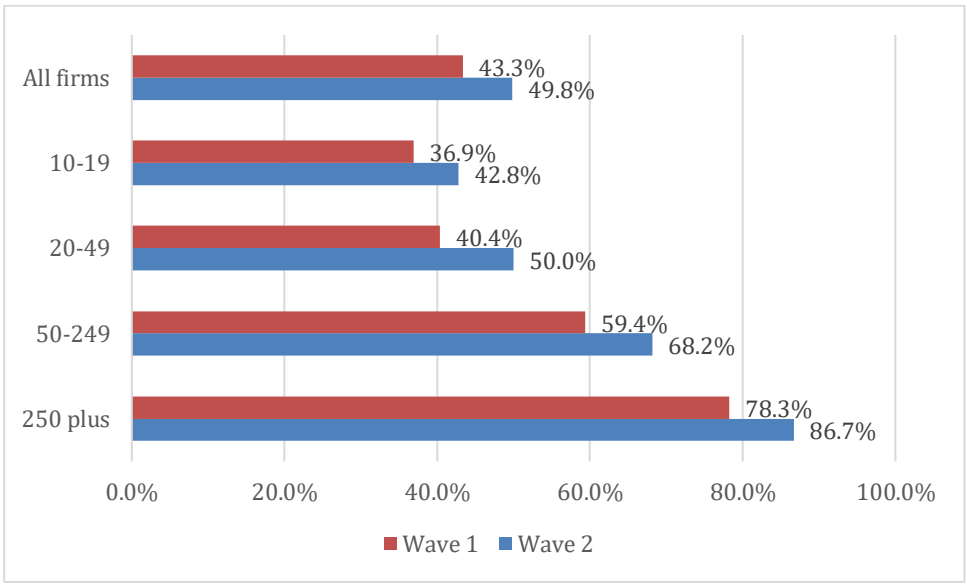


Base 313 firms. 172 Wave 1 & 141 Wave 2

Workplace initiatives to promote good mental health

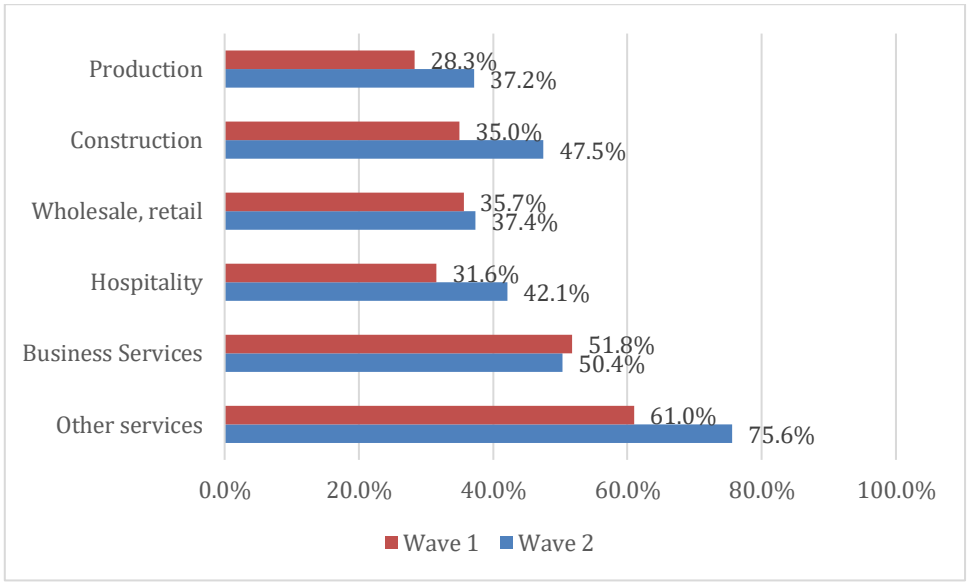
Encouragingly, a higher proportion of firms of all sizes and in all sectors reported that they offered initiatives or activities to promote good mental health in the wave 2 data compared to the first wave. This is shown in Figures 9 and 10. Overall, ten per cent more firms said that they had a mental health plan in wave 2 compared to wave 1 data, and a greater proportion of firms of all sizes and in all sectors claimed to have a mental health plan in wave 2 compared to wave 1 (Figures 11 and 12). We also note an increase in firms reporting that they have a mental health lead at board or senior level in the second wave of data compared to the first wave. This also applies to firms in all size bands (Figure 13) and all sectors (Figure 14). Nevertheless, more than half of our respondent firms still do not have a mental health advocate at a senior level.

Figure 9: Firms reporting that they offer activities or initiatives to promote good mental health, by size (no. of employees)



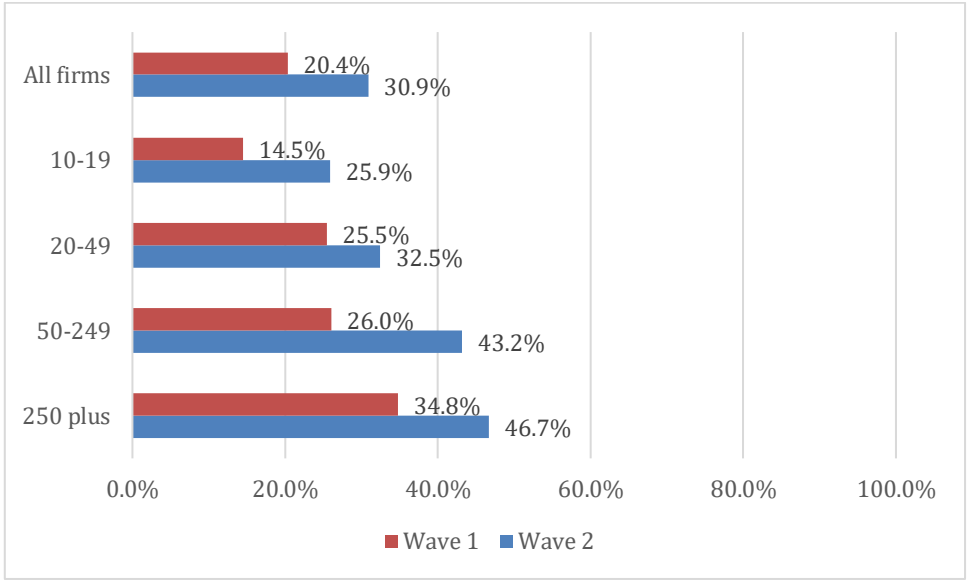
Base: 1140 firms, 570 in each wave.

Figure 10: Firms reporting that they offer activities or initiatives to promote good mental health, by sector



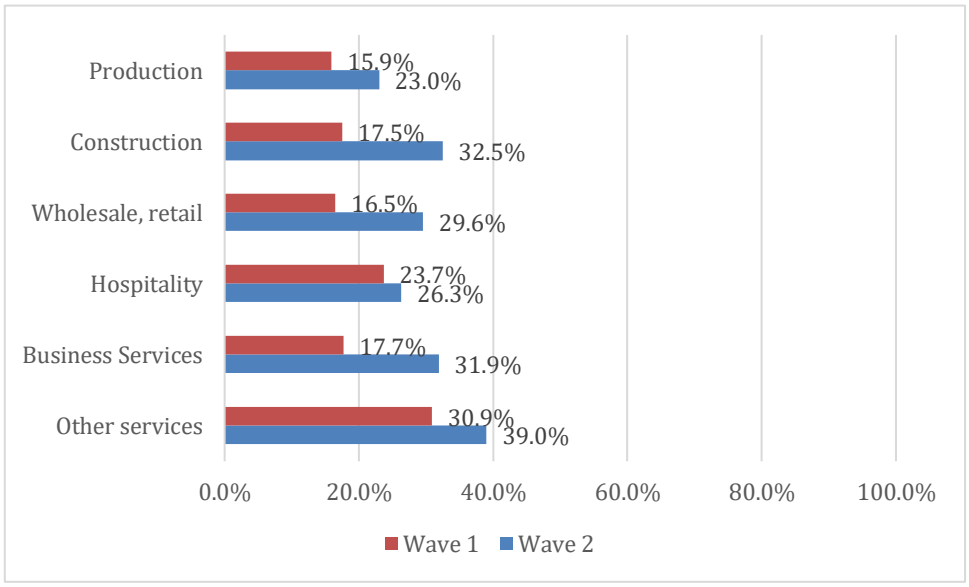
Base: 1140 firms, 570 in each wave.

Figure 11: Firms reporting that they have a mental health plan, by size (no. of employees)



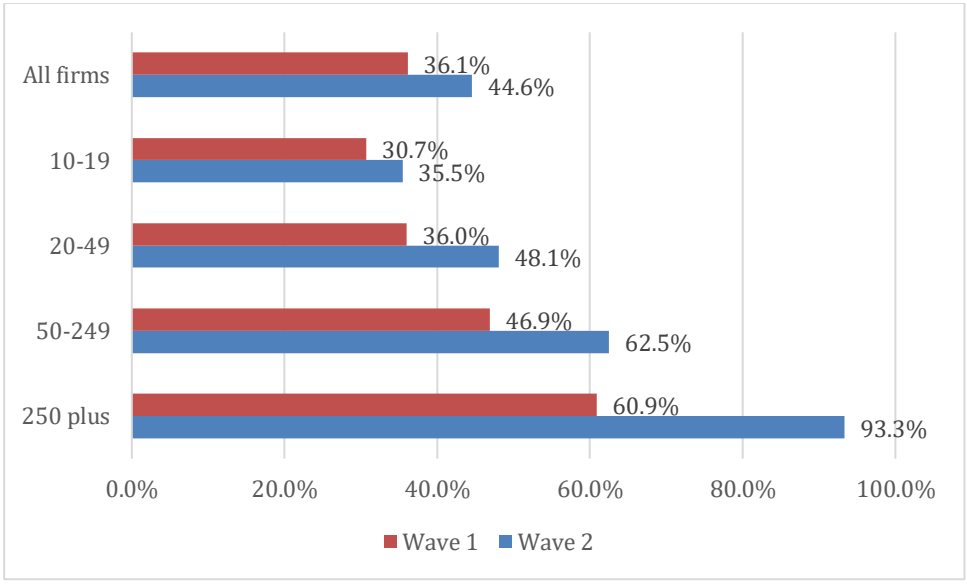
Base: 1140 firms, 570 in each wave.

Figure 12: Firms reporting that they have a mental health plan, by sector



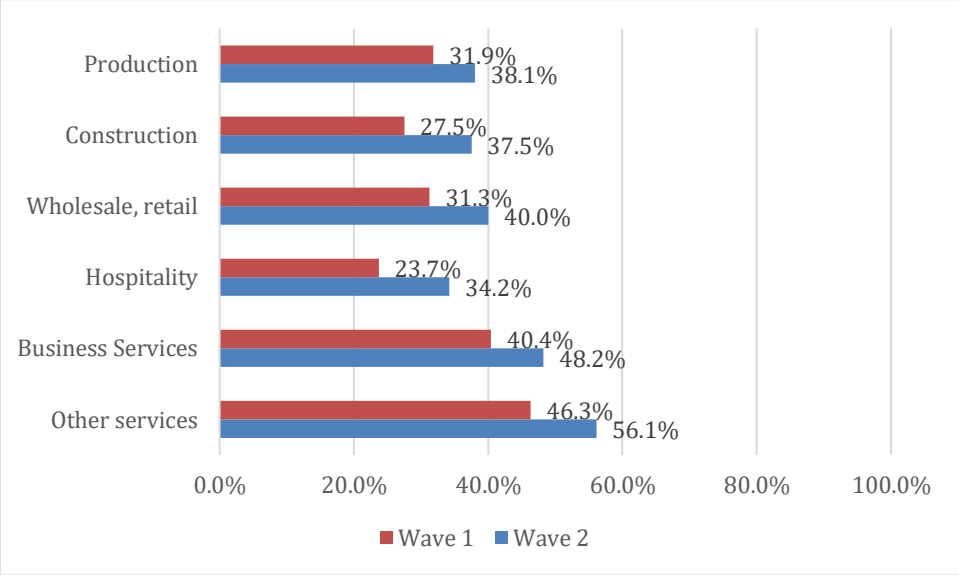
Base: 1140 firms, 570 in each wave.

Figure 13: Firms reporting that they have a health & wellbeing lead at board or senior level, by size (no. of employees)



Base: 1140 firms, 570 in each wave.

Figure 14: Firms reporting that they have a health & wellbeing lead at board or senior level, by sector



Base: 1140 firms, 570 in each wave.

In summary, when we compare data from the same 570 firms in wave 1 and wave 2 of the workplace mental health survey, three key findings emerge:

1. These firms report lower levels of mental health-related sickness absence in the twelve months leading up to the wave 2 survey compared to the previous twelve-month period. Although this reduction may seem counter-intuitive in the light of ONS data[3], and reports by the Centre for Mental Health[4] and others which indicate a steep rise in mental health related problems since the beginning of the pandemic, it resonates with ONS statistics[5] indicating that general sickness absence fell to its lowest level since 1995 during 2020. While COVID-19 itself may have led to an

[3] ONS (2020) [Online] Coronavirus and adults, Great Britain: June 2020 https://www.ons.gov.uk/peoplepopulationandcommunity/wellbeing/articles/coronavirusanddepressioninadultsgreatbritain/june2020

[4] Centre for Mental Health (2020) [Online] At least half a million more people in UK may experience mental ill health as a result of COVID-19, says first forecast from Centre for Mental Health https://www.centreformentalhealth.org.uk/news/least-half-million-more-people-uk-may-experience-mental-ill-health-result-covid-19-says-first-forecast-centre-mental-health

[5] ONS (2020) [Online] Sickness Absence in the UK labour market in 2020 https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/labourproductivity/articles/sicknessabsenceinthelabourmarket/2020#:~:text=The%20UK%20sickness%20absence%20rate,time%20series%20began%20in%201995.&text=Since%20April%202020%2C%20the%20coronavirus,all%20occurrences%20of%20sickness%20absence.

increase in sickness absence, COVID-19-related measures like furlough, home working and shielding may have contributed to a reduction in other causes of absence. Qualitative insights from ERC studies during summer 2020[6] suggest that employees may have been more reluctant to disclose mental health problems during the pandemic, and that this may have contributed to overall reduced levels of mental health-related sickness absence. Clearly, this is a complex area which merits further research focus.

2. A smaller proportion of employers report that their businesses have experienced the impacts of staff mental health sickness related absence in the twelve-month period covered by the second wave of data. It is possible that this reduction can be attributed to the changed landscape faced by businesses over the past year. We know that during this period, employers have experienced many challenges, and it is possible that in these circumstances, the impacts of mental health issues have been obscured by the other problems employers may have faced. We also know from our own prior research[7] that many employers rely on the colleagues and line-managers of those experiencing mental health issues to identify and address those issues. The significant increase in remote working may mean that for some, mental health issues have gone unnoticed. It is also possible that new ways of working have alleviated mental health problems for some employees.

3. Employer engagement with the workplace mental health agenda appears to have increased, with larger proportions of respondents reporting that they offer mental health activities, and more firms having a mental health plan and a mental health lead at a senior level. Our data does not show what may have driven this increase, but it is an encouraging sign. Nevertheless, overall this takes firms with a mental health plan from around twenty per cent to just over thirty per cent – there is still a long way to go.

[6] ERC (2020) [Online] Workplace mental health and COVID-19: experiences of firms in the Midlands https://www.enterpriseresearch.ac.uk/publications/workplace-mental-health-and-covid-19-experiences-of-firms-in-the-midlands/

[7] ERC (2020) [Online] A baseline study for the Mental Health and Productivity Pilot project Retrieved from https://www.enterpriseresearch.ac.uk/wp-content/uploads/2020/05/Employee-Wellbeing-Mental-Health-and-Productivity-in-Midlands-Firms-May-2020.pdf

WAVE 2 DATA: COVID-19 FOCUSED QUESTIONS

Sample characteristics

General characteristics

The 2021 sample comprises 1551 firms which we surveyed during February, March and April 2021. 44.1% of the respondent firms are located in the East Midlands and 55.9% are in the West Midlands. Details of the sample are shown in Appendix B.

The sector breakdown of the sample is shown in Figure B1. Production firms are slightly over-represented and wholesale/retail and hospitality under-represented compared to the total business population. This is almost certainly due to the difficulty of reaching some businesses in the prevailing lockdown conditions during the fieldwork period, which meant that many non-essential retailers and most hospitality firms were closed. Figure B2 shows the age breakdown and Figure B3 shows the size (by number of employees) breakdown. The survey excluded the smallest firms (those with fewer than ten employees).

The majority (around 62%) of respondent firms are single site businesses, and the remaining 38% are multi-site, as shown in Table B1. Smaller firms and those in the production and construction sectors are most likely to be single site operations. Table B2 shows the proportion of employees in all firms and by size and sector, by age range. Hospitality firms have the largest proportion of younger employees and smaller firms tend to have a slightly older workforce.

In Figure B4, we compare the change in turnover of sample firms in the twelve months leading up to the data collection. Here we see evidence of considerable shifts, with forty-four per cent of firms reporting a decrease in turnover compared to twenty-one per cent reporting an increase in turnover in the second wave data. When we compare this to the previous full-year data, in which forty-six per cent of all firms surveyed reported an increase in turnover, the effects of the pandemic are clear. We can also see in Figure B5 that there is some variation in sector, with hospitality and non-business services contracting the most. When we look at employee numbers, we see that just over half of firms report no change in the previous twelve months, but while twenty per cent reported an increase in employees, more than twenty-eight per cent reported a reduction (see Figure B6). Again, this compares unfavourably with the previous 12-month data, in which thirty-one per cent

of all firms surveyed reported an increase in employee numbers, evidencing once again the contraction that firms experienced as a consequence of the pandemic.

Impact of COVID-19 on operations

Overall, nearly a quarter of firms surveyed in wave 2 said that they had made staff redundant because of the COVID-19 crisis. This is fairly consistent across firms of all sizes (Figure B7) and sectors (Figure B8). The furlough scheme was widely used, by more than eighty-five per cent of firms, with a slightly lower proportion of the largest firms taking up this government support (Figure B9). Uptake was high in all sectors, and particularly high in Hospitality (Figure B10). Finally, we asked respondents whether they had utilised any other Government measures to mitigate the impact of COVID-19. Table B3 shows that Local Authority grants, followed by Bounce Back Loans, Business Rates Relief and Coronavirus Business Interruption Loans Scheme (CBILS) were the most common forms of support accessed. Smaller firms made more use of most government support measures. We see variation in uptake depending on sector, with Hospitality and Other Services firms using most support.

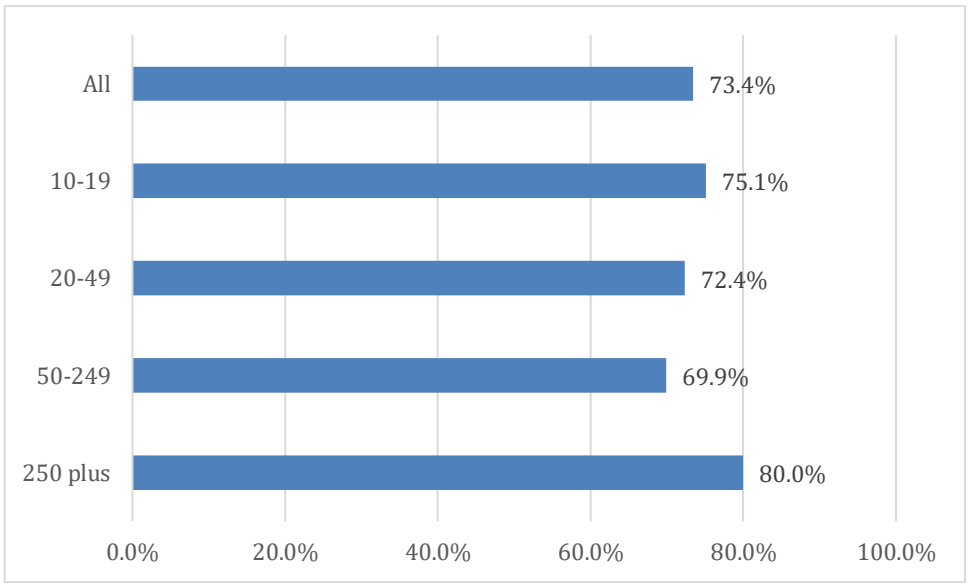
Analysis of COVID-19 related questions in wave 2 data

As noted above, although the majority of the questions used in the wave 2 data collection were identical to those used in wave 1, we did include a series of questions designed to capture firms' experiences of the pandemic during the course of the previous twelve months. This section focuses on the data emerging from responses to those questions.

Changes in working practices

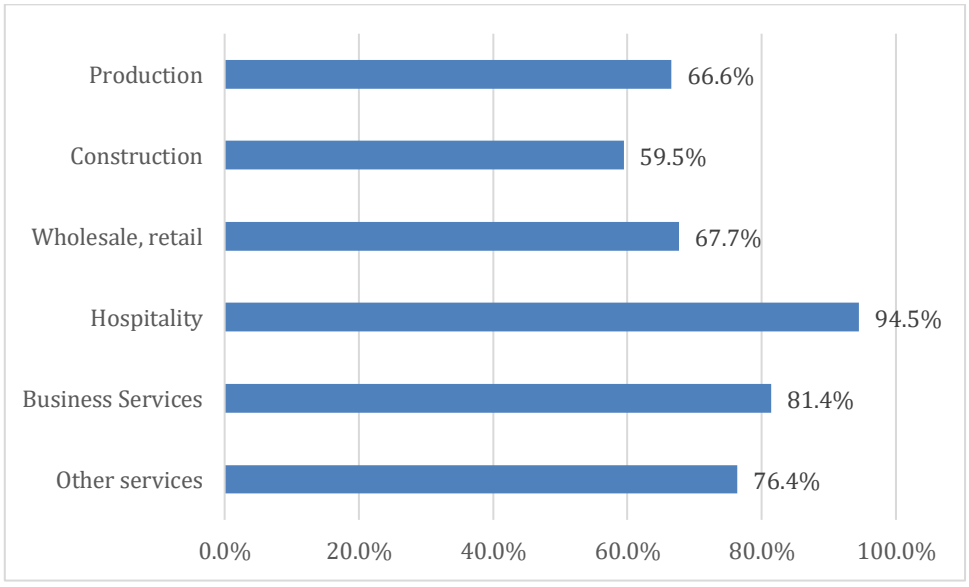
First, we asked whether the way that their firm operates had changed because of the COVID-19 pandemic. Unsurprisingly, more than seventy per cent said that it had. While there was limited variation based on firm size (Figure 15), larger proportions of hospitality and service sector firms (both business and other services) experienced operational changes, doubtless because of the customer-facing nature of their businesses (Figure 16).

Figure 15: Proportion of firms saying that the way their business operates has changed over the past 12 months because of the COVID-19 pandemic, by size (no. of employees)



Base: 1551 firms

Figure 16: Proportion of firms saying that the way their business operates has changed over the past 12 months because of the COVID-19 pandemic, by sector

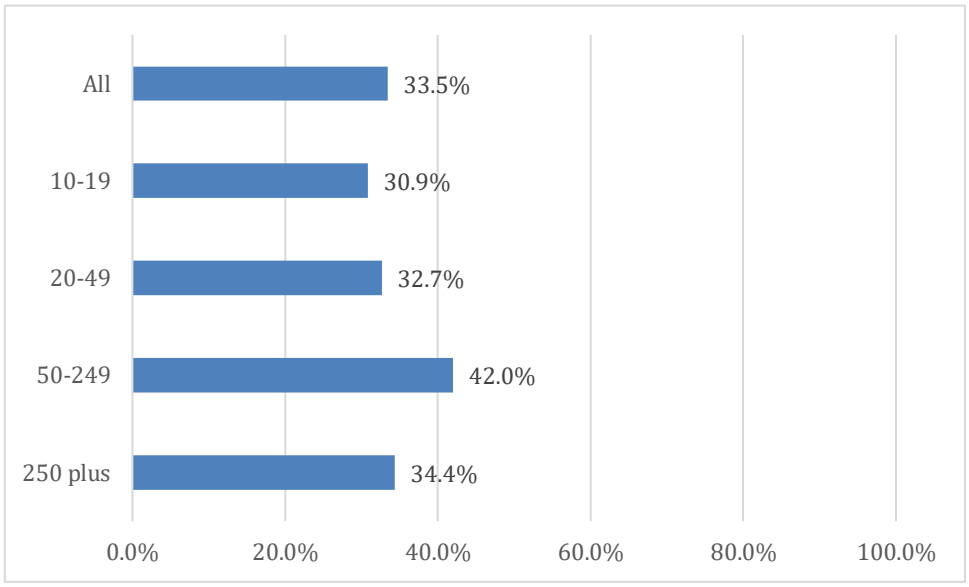


Base: 1551 firms

We asked those firms that reported changes because of the pandemic whether or not they had experienced five key changes: moving to online sales, having staff working from home, restricting access to premises to key staff, making meetings all or mostly virtual and changing work practices to protect staff and others. We found that overall, around thirty-three per cent of firms said they had moved to online sales, with little notable variation by size (Figure 17). Unsurprisingly, given the nature of their business, firms in construction and hospitality were less likely to have experienced more online sales (Figure 18). The proportion of firms reporting that staff were now working from home increased with firm size (Figure 19). Hospitality and Other Services firms were much less likely to have experienced staff working from home, while business services firms were most likely to have done so (Figure 20).

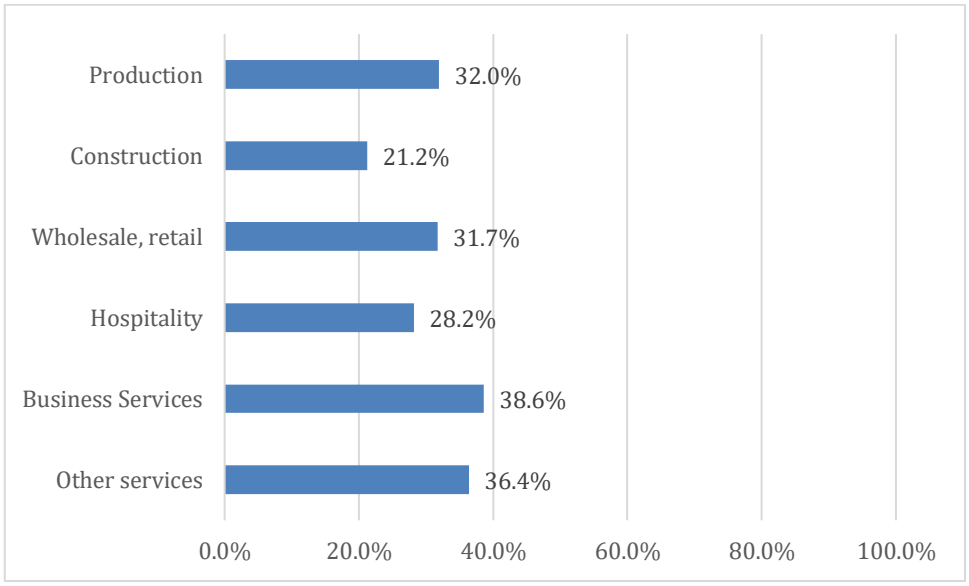
The proportion of firms restricting access to premises to key staff also rose with size of firm (Figure 21) but there was little variation by sector (Figure 22). Firms of all sizes saw a shift to virtual meetings all or most of the time, again with the proportion of firms likely to report this increasing with firm size (Figure 23). The only sector where this was not the case was hospitality (Figure 24), which probably reflects the widespread closure of businesses in this segment of the economy. There was widespread reporting of changes in working practices in order to protect staff and customers, in firms of all sizes and across all sectors (Figures 25 and 26). These findings demonstrate the significant impact that the COVID-19 pandemic has had on working practices, and they show how widespread the impact was.

Figure 17: Moved online for sales, by size (no. of employees)



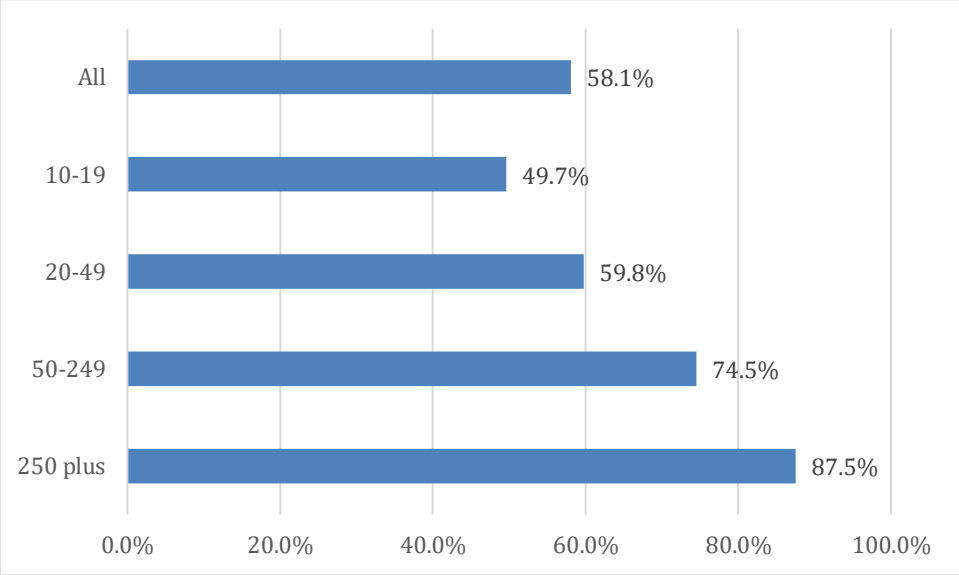
Base: 1139 firms

Figure 18: Moved online for sales, by sector



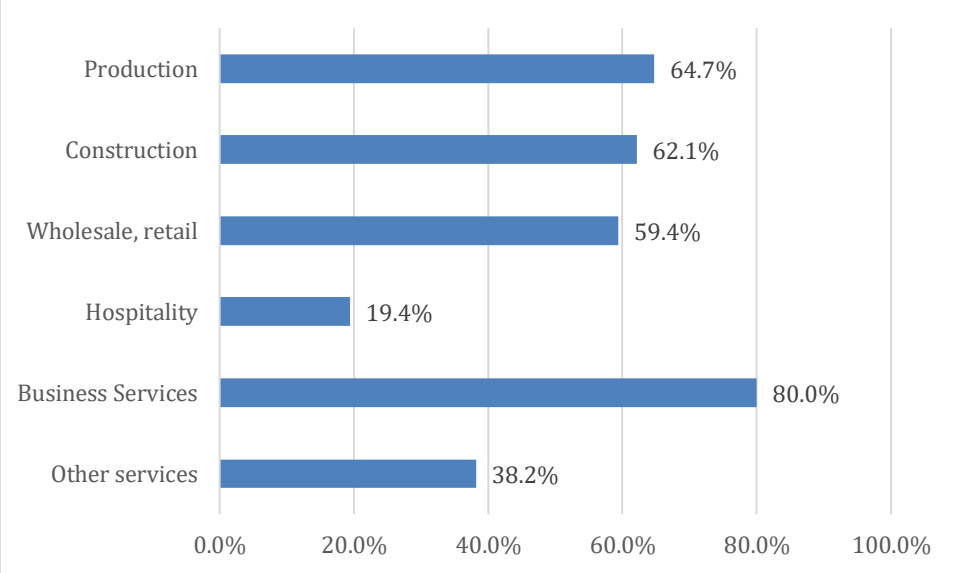
Base: 1139 firms

Figure 19: Firms reporting that they have staff now working from home because of the pandemic, by size (no. of employees)



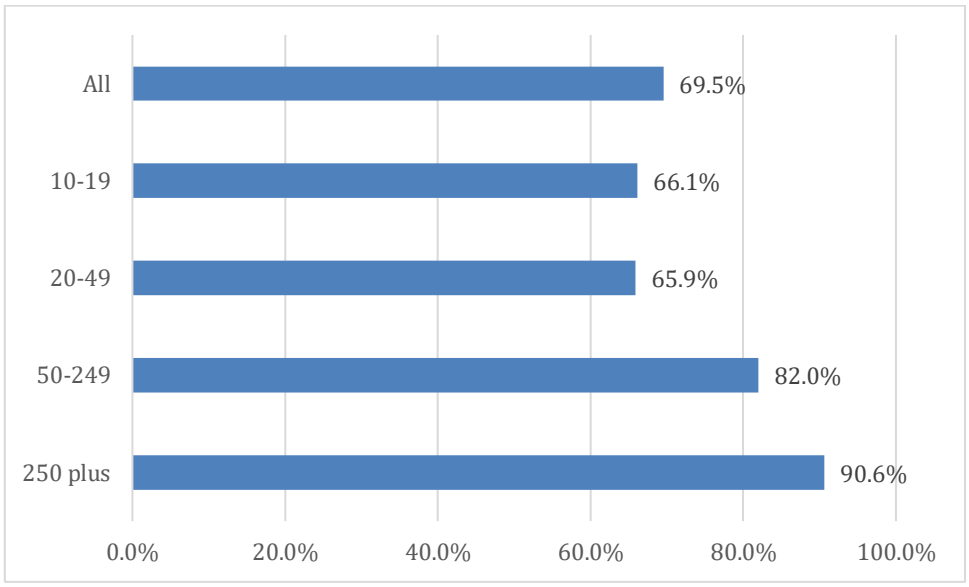
Base: 1139 firms

Figure 20: Firms reporting that they have staff now working from home because of the pandemic, by sector



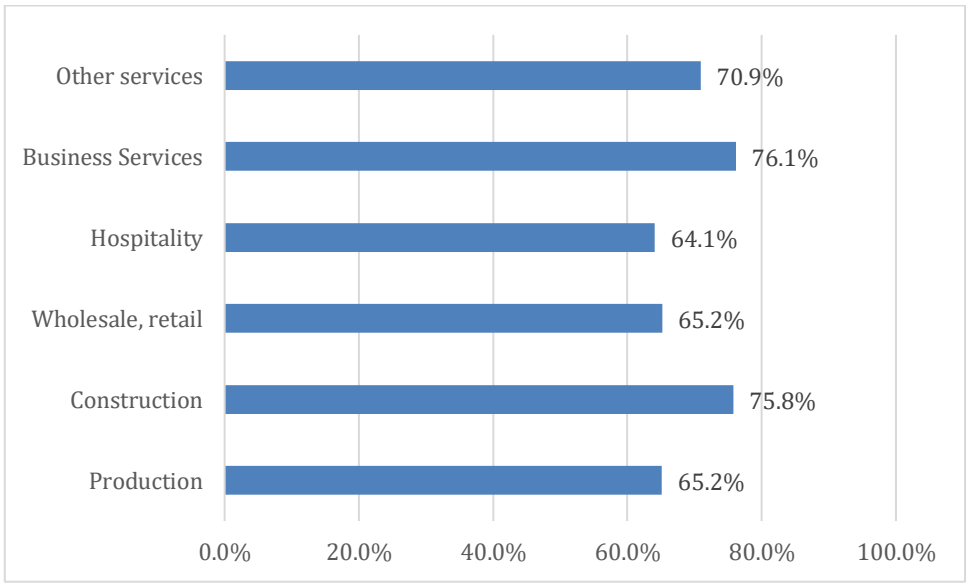
Base: 1139 firms

Figure 21: Access to premises restricted to key staff, by size (no. of employees)



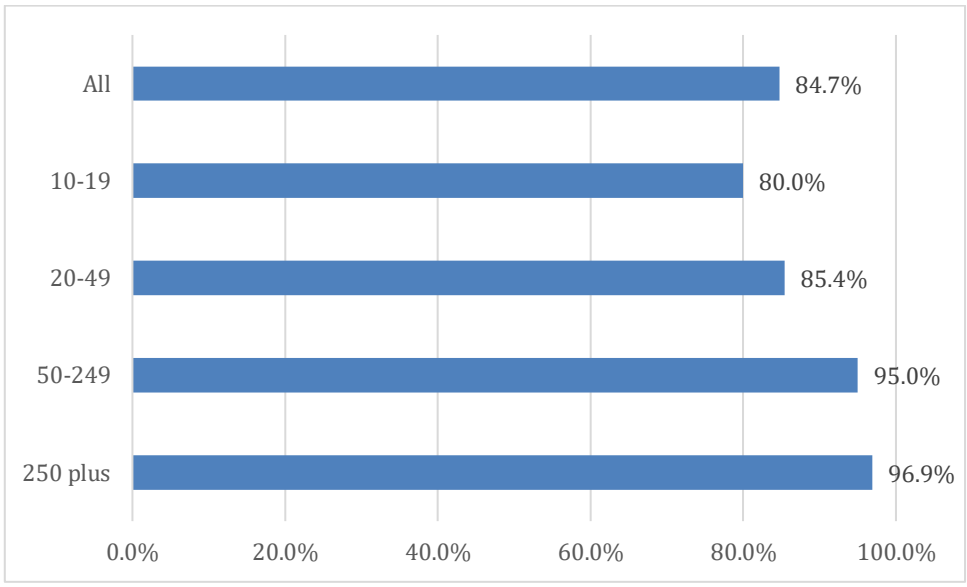
Base: 1139 firms

Figure 22: Access to premises restricted to key staff, by sector



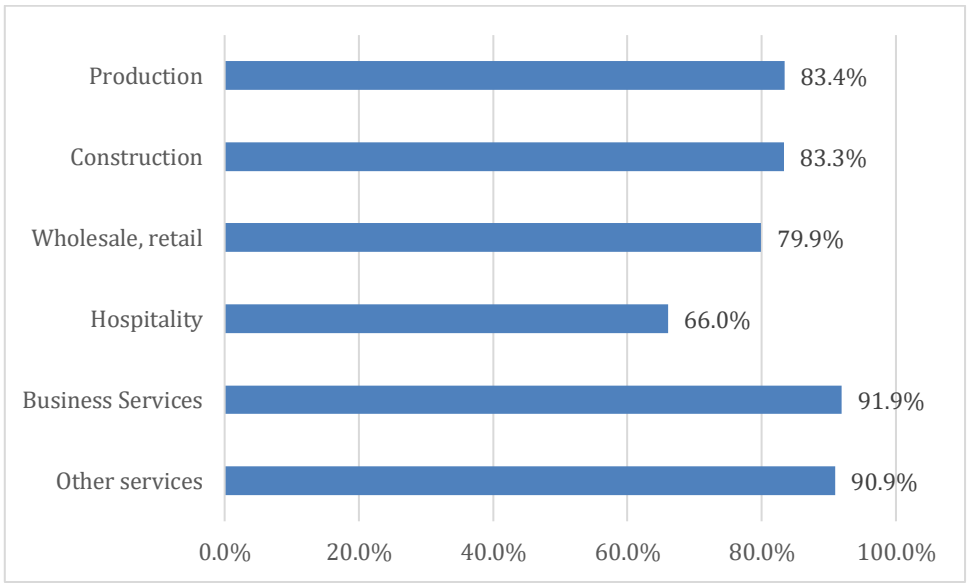
Base: 1139 firms

Figure 23: Meetings all or mostly virtual, by size (no. of employees)



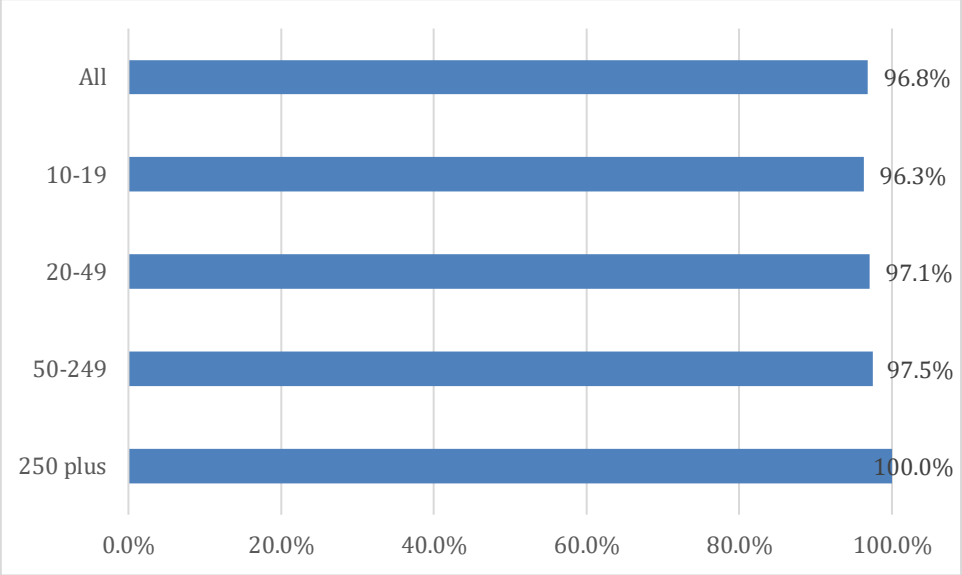
Base: 1139 firms

Figure 24: Meetings all or mostly virtual, by sector



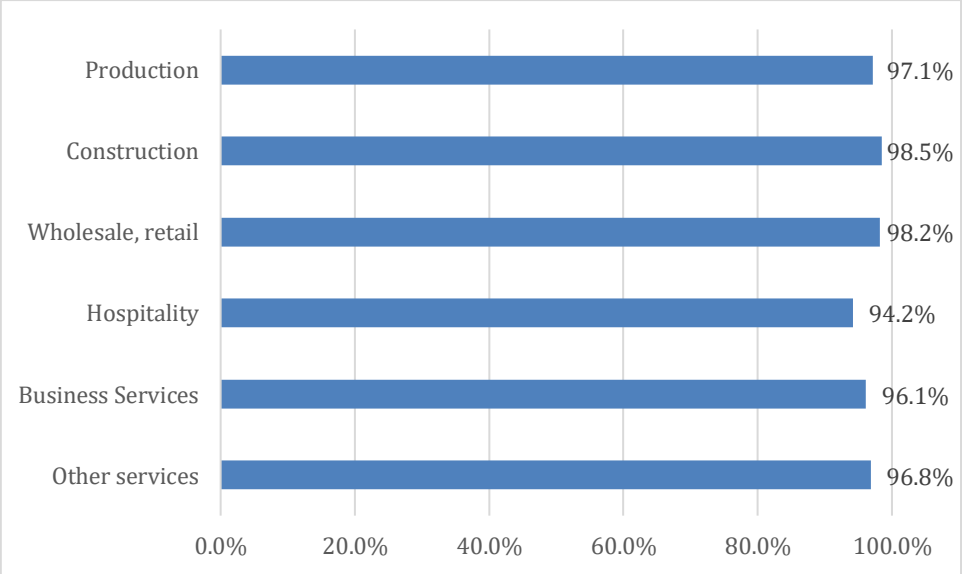
Base: 1139 firms

Figure 25: Changed work practices to protect staff and customers, by size (no. of employees)



Base: 1139 firms

Figure 26: Changed work practices to protect staff and customers, by sector



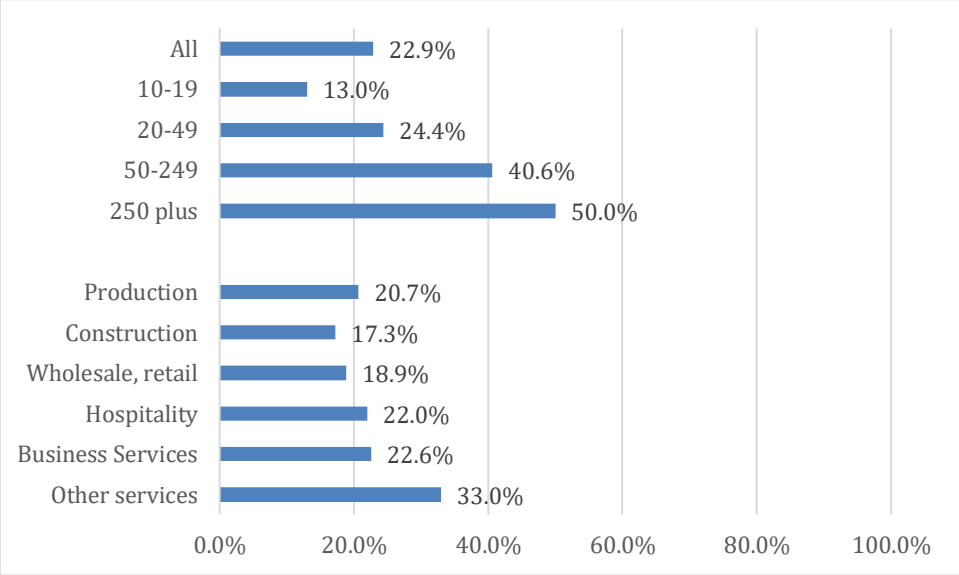
Base: 1139 firms

Mental health-related sickness absence

Focusing on mental health-related sickness absence, we found in our analysis of the comparative wave 1 and wave 2 data that reported levels of mental health sickness in those 570 firms had declined from over thirty-one per cent to around twenty-six per cent (Figure 4 above). In Figure 27 we can see that overall, around twenty-three per cent of all firms questioned in the wave 2 survey report some level of mental health-related sickness absence, with some considerable variation by size (larger firms were more likely to report it) and lower levels of variation by sector.

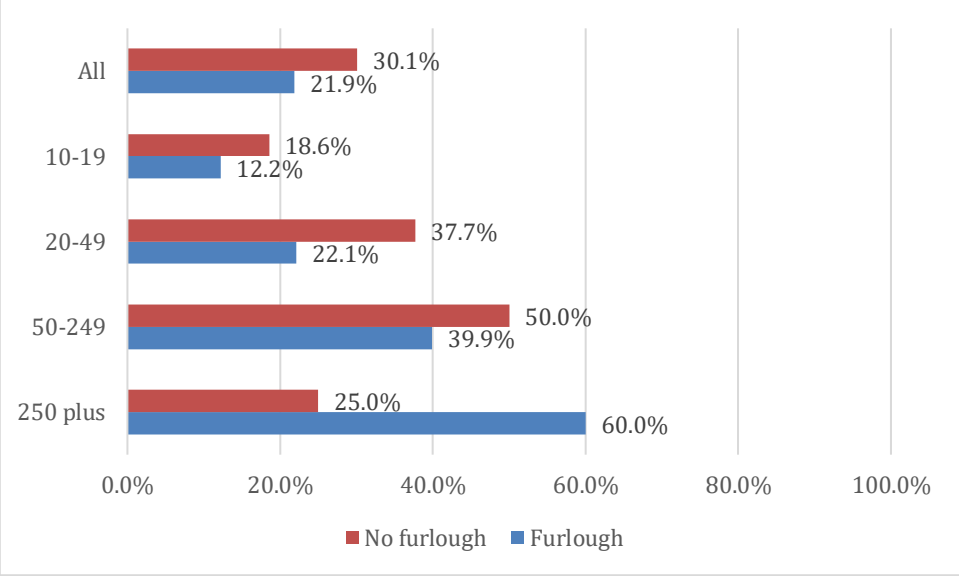
When we analysed reported levels of mental health-related sickness absence by whether or not the firm had taken up the furlough scheme, we found some variation, both overall and by firm type. Overall, firms that had used the furlough scheme were less likely to report mental health-related sickness absence and this holds for firms of all sizes with the exception of the largest (Figure 28). This difference for larger firms may be due to the presence of HR systems and interventions less prevalent in smaller firms, or it may simply be because of the relatively small sample size for larger firms in this particular analysis. When we look at the same analysis by sector (Figure 29), we see that in most sectors, firms that used the furlough scheme were less likely to report mental health-related sickness absence. Again, there are anomalies. In the hospitality sector all mental health-related sickness was reported in firms that had furloughed employees, which is perhaps unsurprising given that uptake of furlough was highest in this sector. In the construction sector, more mental health absence was reported in firms that had used furlough and this may reflect the relatively small sample size achieved in this sector for this particular analysis.

Figure 27: Firms reporting mental health-related sickness absence in the past 12 months, by size and sector



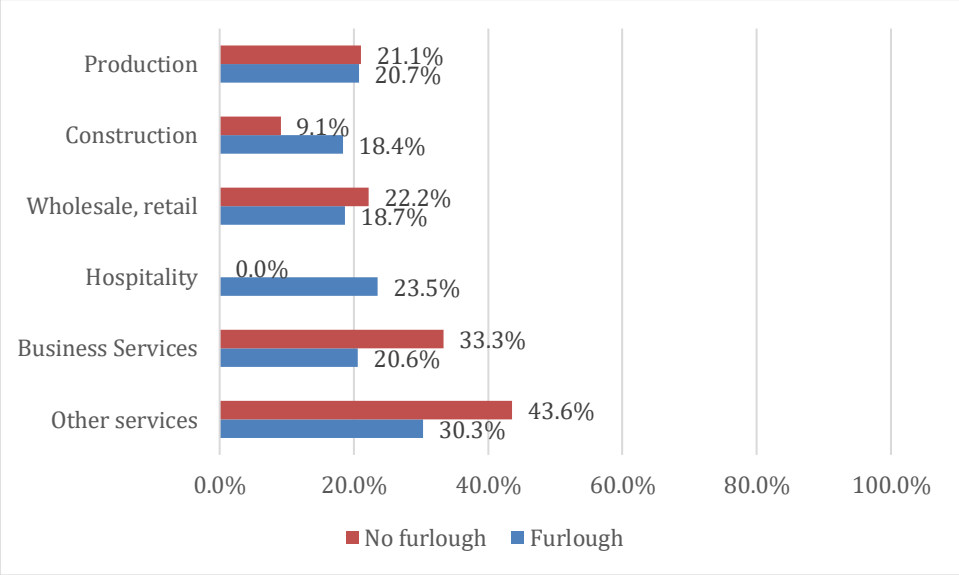
Base: 1477 firms

Figure 28: Proportion of firms reporting mental health related absence which had and had not used the furlough scheme, by size (no. of employees)



Base: 338 firms

Figure 29: Proportion of firms reporting mental health related absence which had and had not used the furlough scheme, by sector

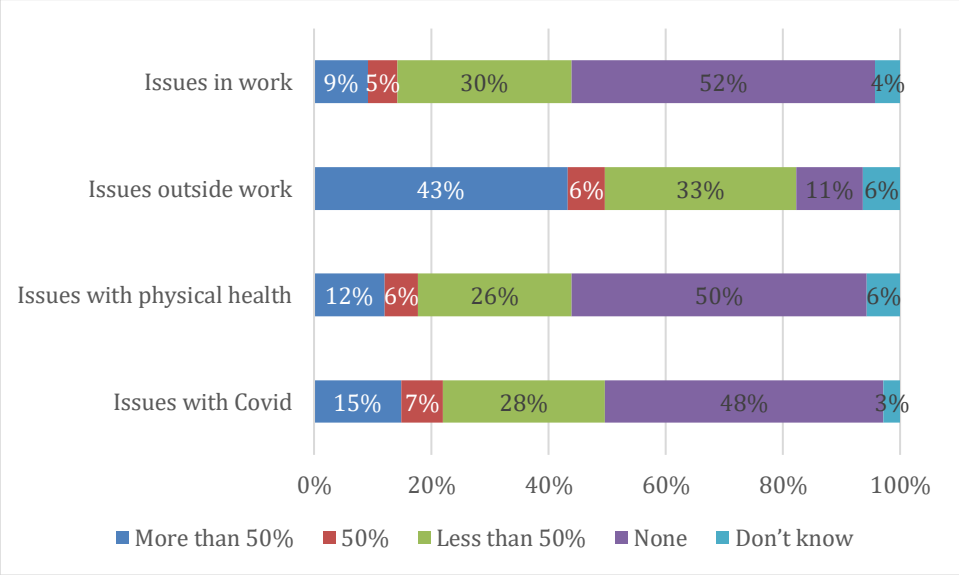


Base: 338 firms

In our prior study[8] we asked respondents what proportion of their mental health-related absence was attributed to three factors: issues outside the workplace, factors related to physical health and work-related issues. For this second wave of the study, we also asked them to assess the proportion of mental-health related absence that was associated with issues specifically related to COVID-19. We found that, compared to wave 1, the proportions of absence related to work-related issues and physical health-related issues remained stable, while those related to factors outside the workplace declined. However, the new category of COVID-19-related issues was reported to account for fifty per cent or more of mental health absence in 22 per cent of firms, making COVID-19-related issues more important than in-work issues as a cause of mental health absence in this sample (Figure 30).

[8] ERC. (2020). A baseline study for the Mental Health and Productivity Pilot project Retrieved from https://www.enterpriseresearch.ac.uk/wp-content/uploads/2020/05/Employee-Wellbeing-Mental-Health-and-Productivity-in-Midlands-Firms-May-2020.pdf

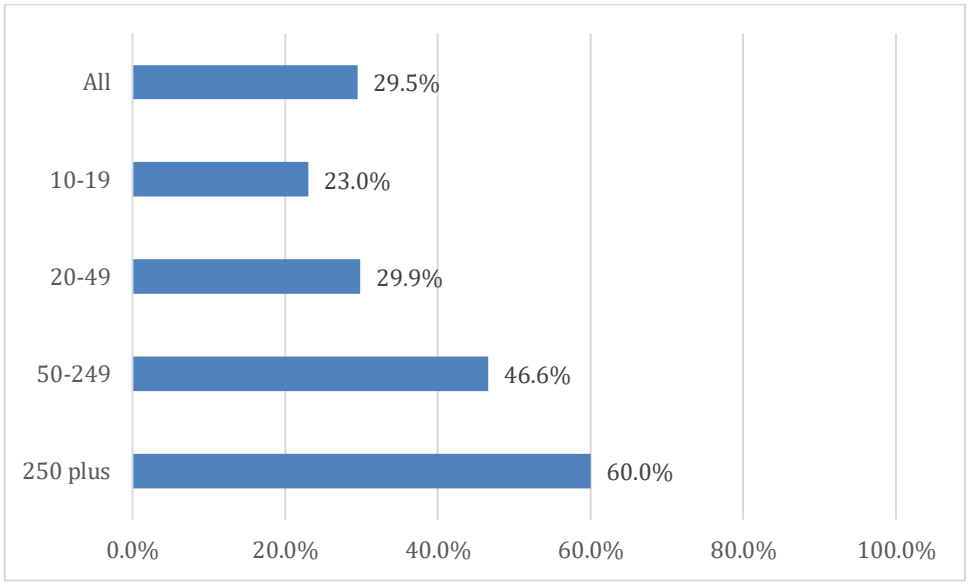
Figure 30: Reported proportion of mental health absence due to in-work issues, outside-work issues, physical health and COVID-19, all firms



Base: 338 firms

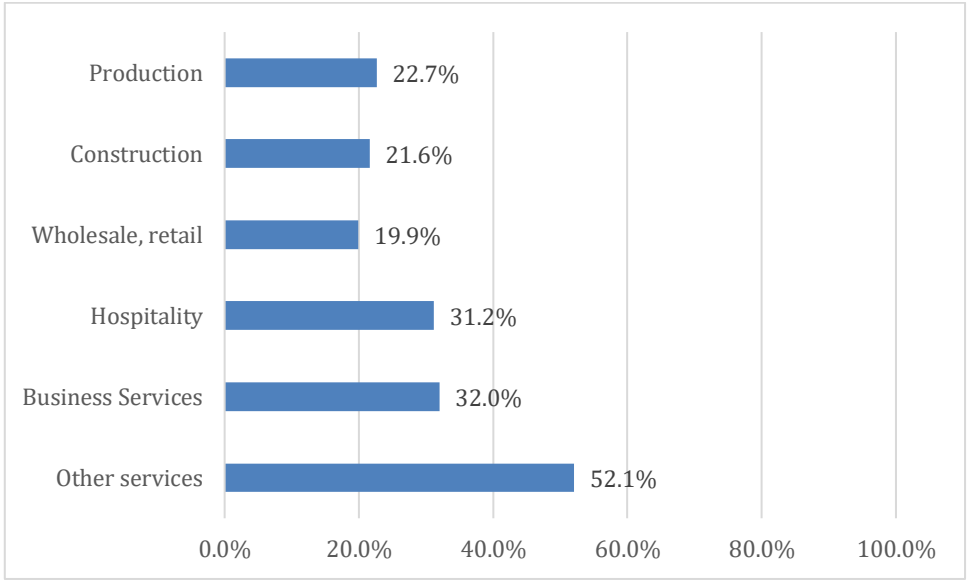
We questioned employers on their introduction of new mental health initiatives in the workplace in response to the COVID-19 crisis, and we found that overall nearly thirty per cent reported having brought in new programmes and activities. Once again, the proportion of firms doing so increased with firm size (Figure 31) and there was some variation by sector, with more than half of non-business services firms reporting new initiatives compared to less than twenty per cent of wholesale & retail firms. This may well reflect the widespread closure of non-essential retail for extended periods during the twelve-month period under study (Figure 32).

Figure 31: Firms that have offered new mental health initiatives in response to the COVID-19 crisis, by size (no. of employees)



Base: 1551 firms

Figure 32: Firms that have offered new mental health initiatives in response to the COVID-19 crisis, by sector



Base: 1551 firms

In summary, our analysis of the specific data related to COVID-19 experiences and responses in the wave 2 study offers four key findings:

1. While firms of all sizes and in all sectors experienced the impact of the COVID-19 crisis over the twelve months leading up to our second phase of data collection, it is clear that some sectors experienced the challenges differently (and perhaps more acutely) because of the nature of their business. Working practices were widely changed or disrupted. The extended periods of closure of the hospitality sector, for example, are reflected in the extent of the operational changes this sector experienced, and this sector along with construction was clearly less likely to be able to compensate with online sales and home-based working, probably because of the customer-facing nature of their businesses.

2. Many of the changes implemented by firms in response to the crisis have been adopted by a greater proportion of larger firms in this study, suggesting that smaller firms may have lacked the infrastructure and resources to deploy new working practices. This includes practices like home-based working and virtual meetings, which while in evidence in all sizes of firms, were reported by a smaller proportion of smaller firms. It also includes new mental health-related initiatives which will be crucial for future management of these issues in firm of all sizes. For example, even though the proportion of firms with a mental-health lead at board level and with a mental health plan has grown, more than half of firm have still not adopted these initiatives.

3. Overall, reported mental health-related absence is lower than in the 2020 pre-pandemic survey. While it is possible that this is a genuine reduction, the finding that firms taking up the furlough scheme were less likely to report mental health-related absence suggests that there might have been a reduction in the identification of these problems, as staff were less visible to colleagues and line managers while furloughed. This is consistent with qualitative research done by the ERC[9] which points to the important role of colleagues and line managers in identifying mental health issues in those suffering from them.

4. COVID-19-related issues were reported to be more important than in-work issues as a predominant cause of mental health absence in this sample and time frame. This supports research and evidence (noted earlier) pointing to an increase in mental health issues as a result of the pandemic, as people struggle to deal with the uncertainty and anxiety associated with it, and with the economic fallout that accompanies it.

[9] ERC. (2020). A baseline study for the Mental Health and Productivity Pilot project Retrieved from https://www.enterpriseresearch.ac.uk/wp-content/uploads/2020/05/Employee-Wellbeing-Mental-Health-and-Productivity-in-Midlands-Firms-May-2020.pdf

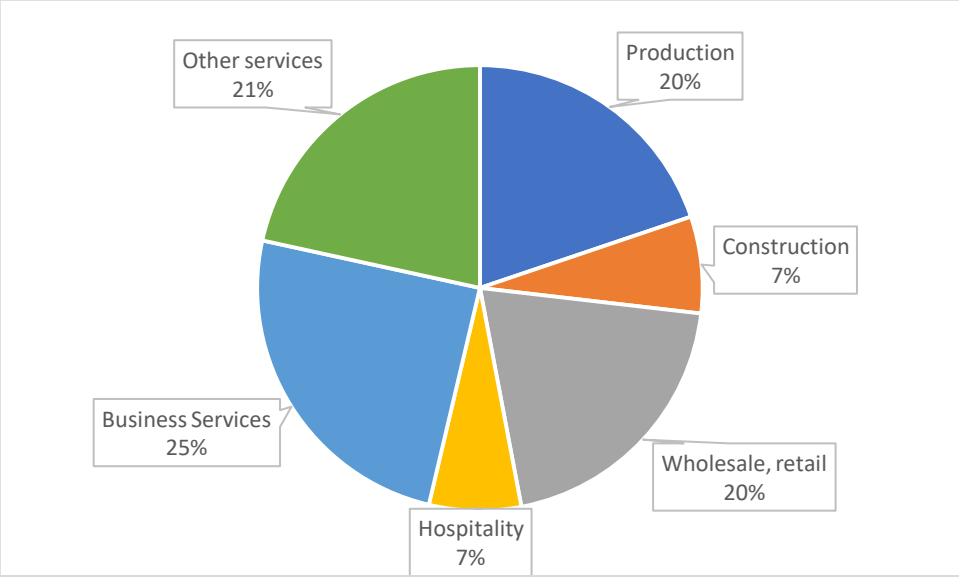
The picture is complex. Our survey results show that the COVID-19 pandemic has provoked a range of changes in the ways in which Midlands firms function. Qualitative insights suggest that the pandemic and changing working practices associated with it have been keenly felt by employees, some of whom may have experienced mental health issues as a result. We have also identified, through qualitative research[10], that mental health issues are being experienced by people who have not suffered with them before, and that new triggers (such as furlough and remote working) may be provoking them. Although our survey data indicates a reduction in reported mental health-related sickness absence, this finding should be seen in the context of broader UK studies indicating an increase in these issues. It is possible that mental health issues are either not being identified, or are not being disclosed.

It seems clear that employers will need support to find effective ways to identify and address mental health issues as we go forward, particularly in the light of new working patterns which may become the new norm, resulting in reduced face-to-face interactions and more remote and independent working. Encouraging employers to engage with the range of initiatives and interventions available to help them to do this, through better signposting, would be a good first step. Understanding more about the ways in which employees are experiencing workplace mental health in the COVID-19 era will also be vital to the development of appropriate support initiatives.

[10] ERC (2020) [Online] Workplace mental health and COVID-19: experiences of firms in the Midlands https://www.enterpriseresearch.ac.uk/publications/workplace-mental-health-and-covid-19-experiences-of-firms-in-the-midlands/

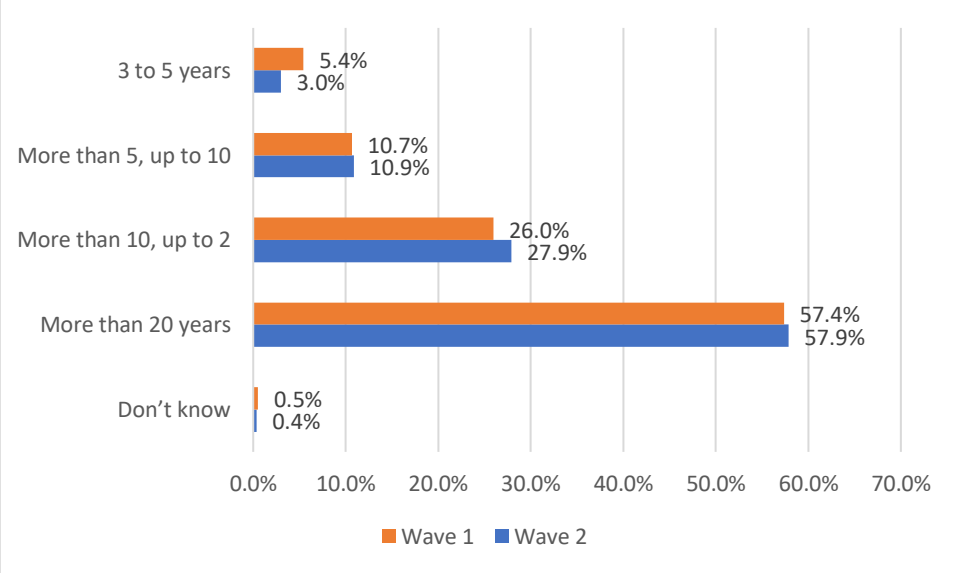
Appendix A: Wave 1 and wave 2 comparative data sample characteristics

Figure A1: Comparative sample breakdown by sector



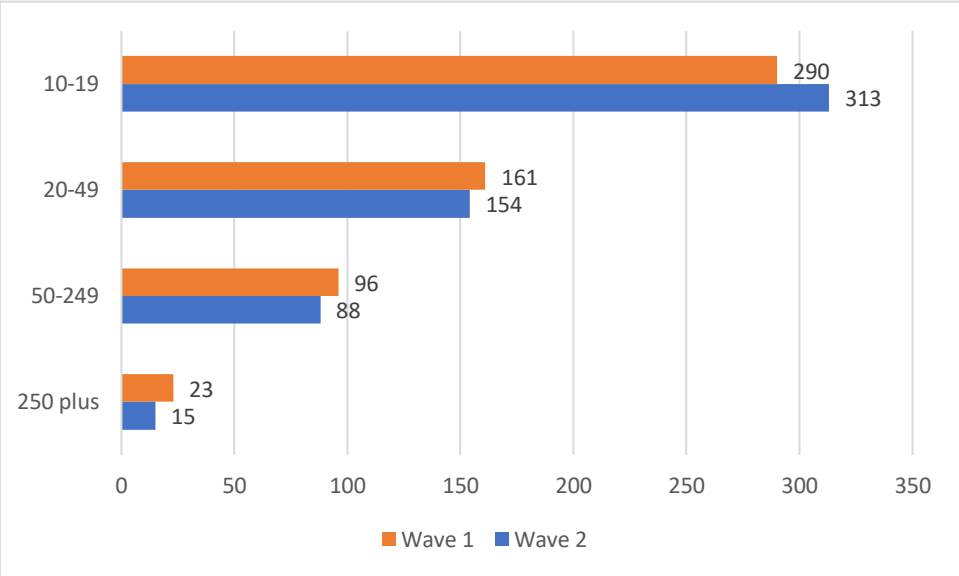
Base: 1140 firms, 570 in each wave

Figure A2: Age profile of comparative sample



Base: 1140 firms, 570 in each wave

Figure A3: Size (by number of employees) profile of comparative sample



Base: 1140 firms, 570 in each wave

Table A1: Single and multi-site profile of firms in comparative sample

	WAVE 1		WAVE 2	
	Single site	Multi-site	Single site	Multi-site
All firms	65.3%	34.7%	64.6%	35.4%
10-19	76.9%	23.1%	73.8%	26.2%
20-49	62.1%	37.9%	59.7%	40.3%
50-249	42.7%	57.3%	48.9%	51.1%
250 plus	34.8%	65.2%	13.3%	86.7%
Production	71.7%	28.3%	78.8%	21.2%
Construction	77.5%	22.5%	70.0%	30.0%
Wholesale, retail	64.4%	35.7%	66.1%	33.9%
Hospitality	57.9%	42.1%	60.5%	39.5%
Business Services	66.7%	33.3%	62.4%	37.6%
Other services	56.9%	43.1%	52.0%	48.0%

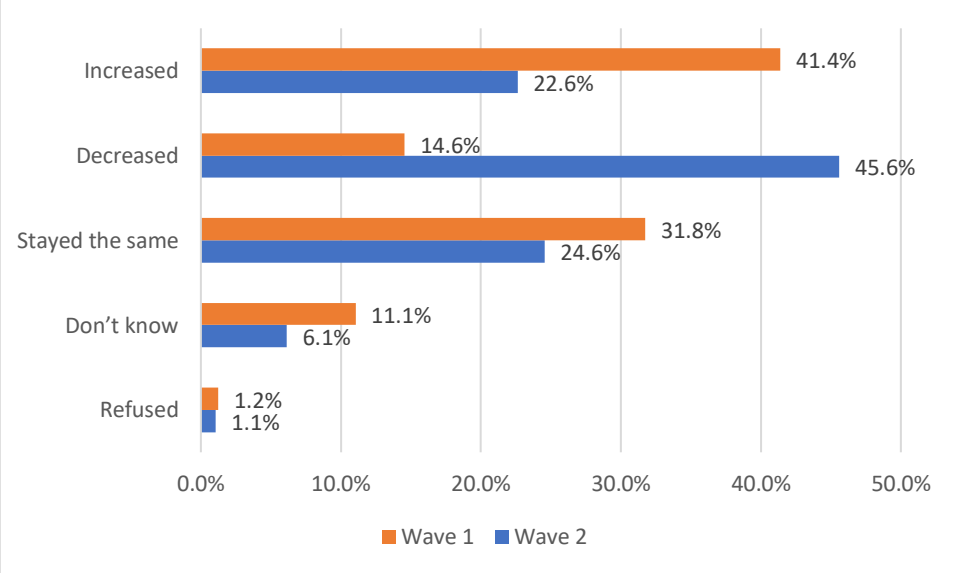
Base: 1140 firms, 570 in each wave

Table A2: Employee age profile of firms by size and sector

	Under 25 years	25-49 years	50-plus years
All Firms	16.2%	51.4%	32.5%
10-19	15.6%	49.5%	35.0%
20-49	17.4%	54.3%	28.2%
50-249	15.7%	53.3%	31.1%
250 plus	20.0%	50.9%	29.1%
Production	9.4%	51.7%	38.8%
Construction	13.5%	45.4%	41.2%
Wholesale, retail	13.7%	50.1%	36.4%
Hospitality	39.2%	39.5%	21.2%
Business Services	15.4%	55.4%	29.2%
Other services	19.4%	53.2%	27.4%

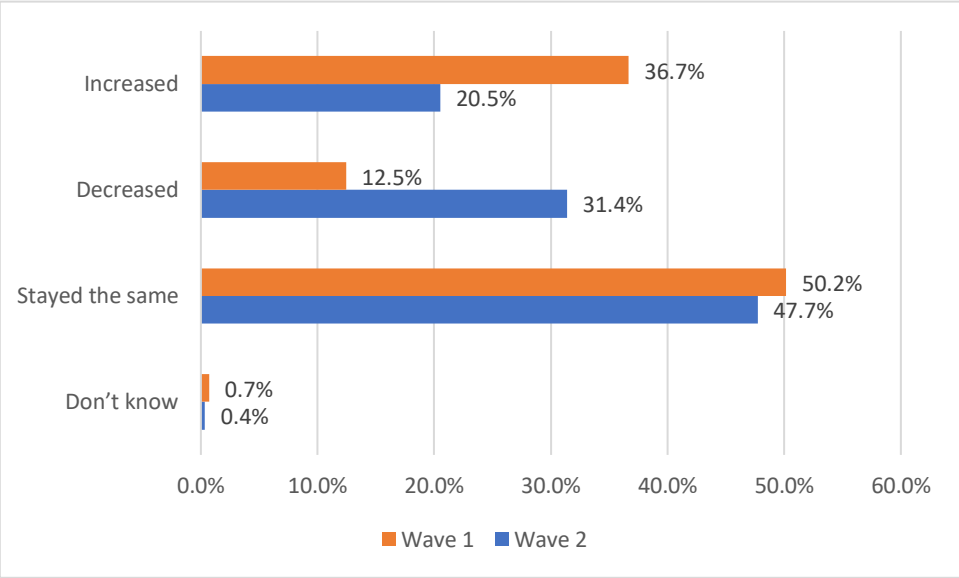
Base: 570 firms in wave 2

Figure A4: Change in turnover of firms in comparative sample, all firms



Base: 1140 firms, 570 in each wave

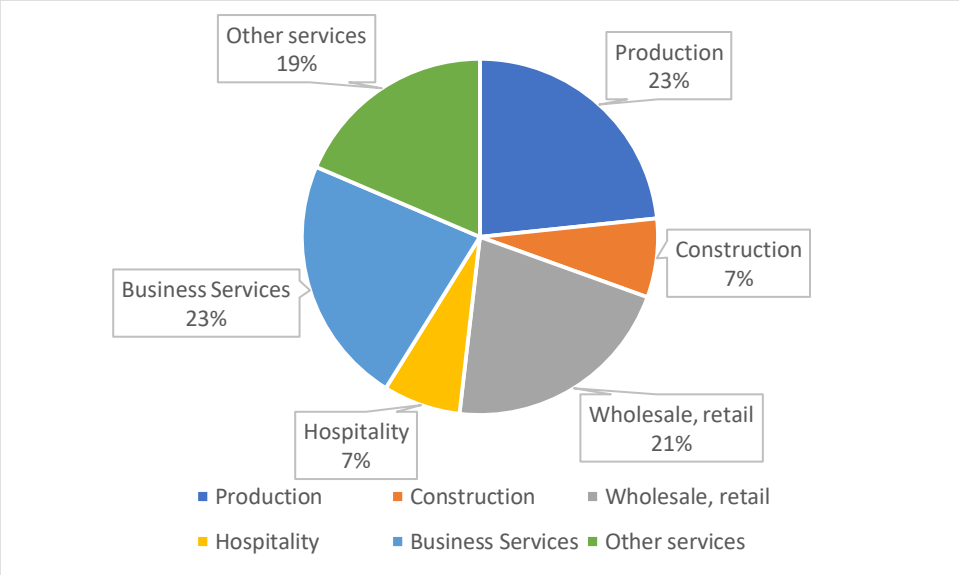
Figure A5: Change in number of employees in comparative sample, all firms



Base: 1140 firms, 570 in each wave

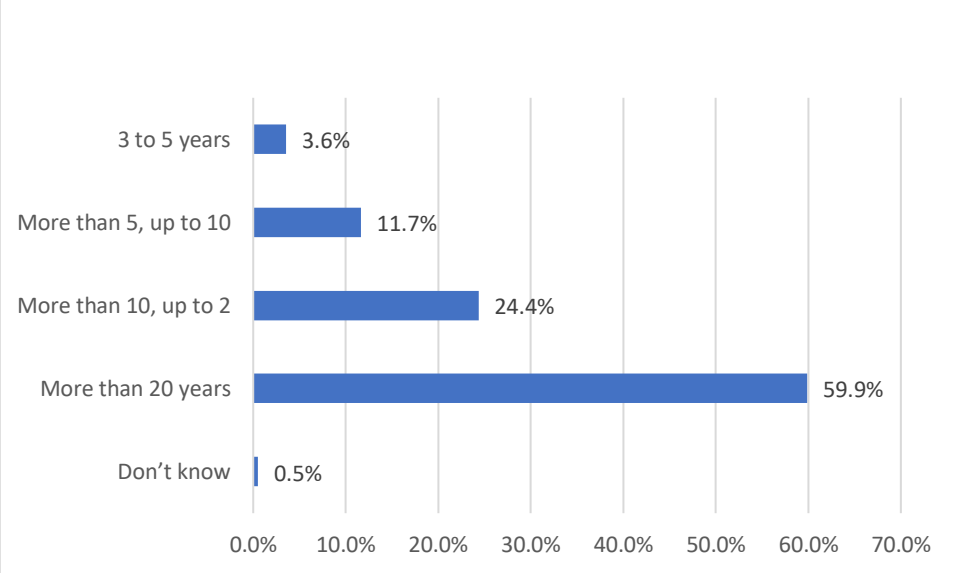
Appendix B: Full Wave 2 data sample characteristics

Figure B1: Breakdown by sector of total wave 2 sample



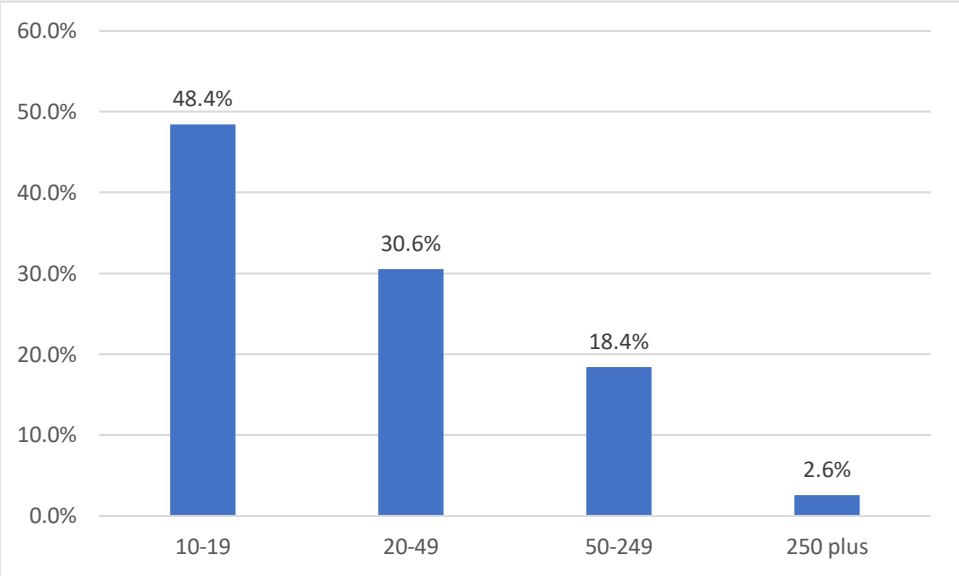
Base: 1551 firms

Figure B2: Age profile of total wave 2 sample



Base: 1551 firms

Figure B3: Size (by number of employees) profile of total wave 2 sample



Base: 1551 firms

Table B1: Single and multi-site profile of firms in total wave 2 sample

	Single site	Multi site
All firms	61.6%	38.4%
10-19	72.4%	27.6%
20-49	58.9%	41.1%
50-249	43.7%	56.3%
250 plus	20.0%	80.0%
Production	68.8%	31.2%
Construction	73.9%	26.1%
Wholesale, retail	60.4%	39.6%
Hospitality	58.7%	41.3%
Business Services	62.9%	37.1%
Other services	49.0%	51.0%

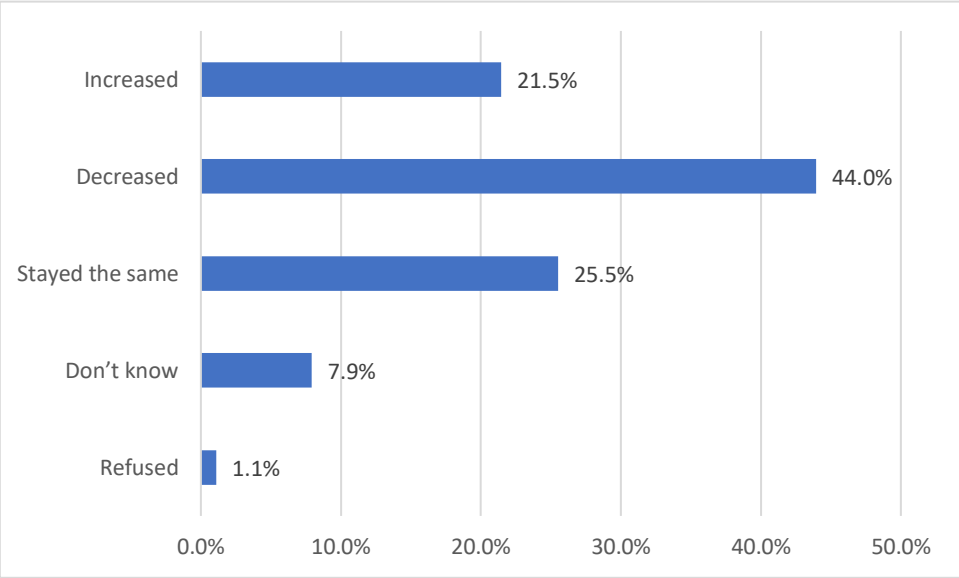
Base: 1551 firms

Table B2: Employee age profile of firms by size and sector in total wave 2 sample

	Under 25 years	25-49 years	50-plus years
All Firms	16.4%	52.2%	31.4%
10-19	15.4%	50.8%	33.7%
20-49	17.1%	54.1%	28.8%
50-249	17.0%	52.8%	30.2%
250 plus	22.0%	51.9%	26.3%
Production	11.3%	52.5%	36.2%
Construction	16.9%	53.0%	30.1%
Wholesale, retail	13.2%	50.0%	36.8%
Hospitality	35.6%	42.9%	21.5%
Business Services	16.2%	55.4%	28.5%
Other services	19.1%	53.9%	27.0%

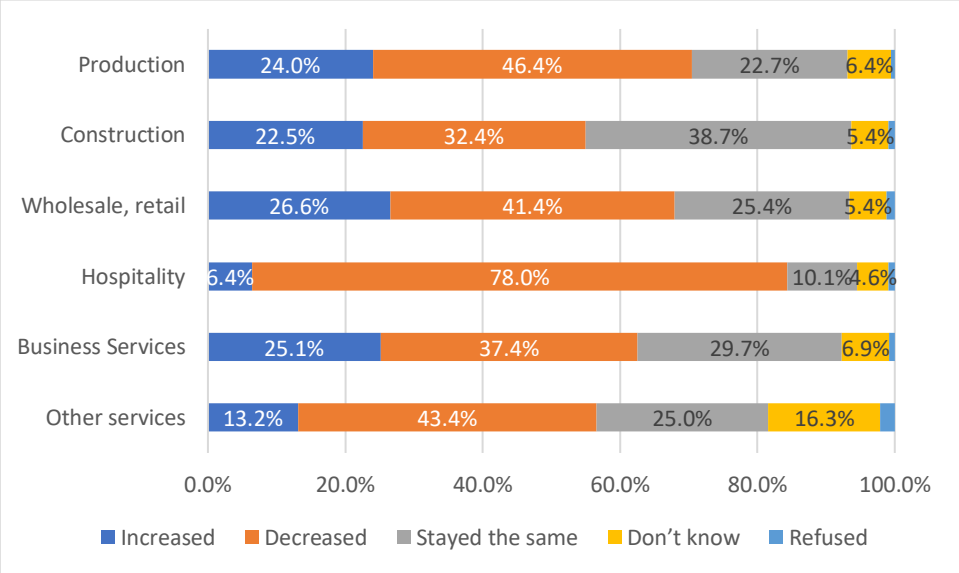
Base: 1551 firms

Figure B4: Change in turnover of firms in total wave 2 sample



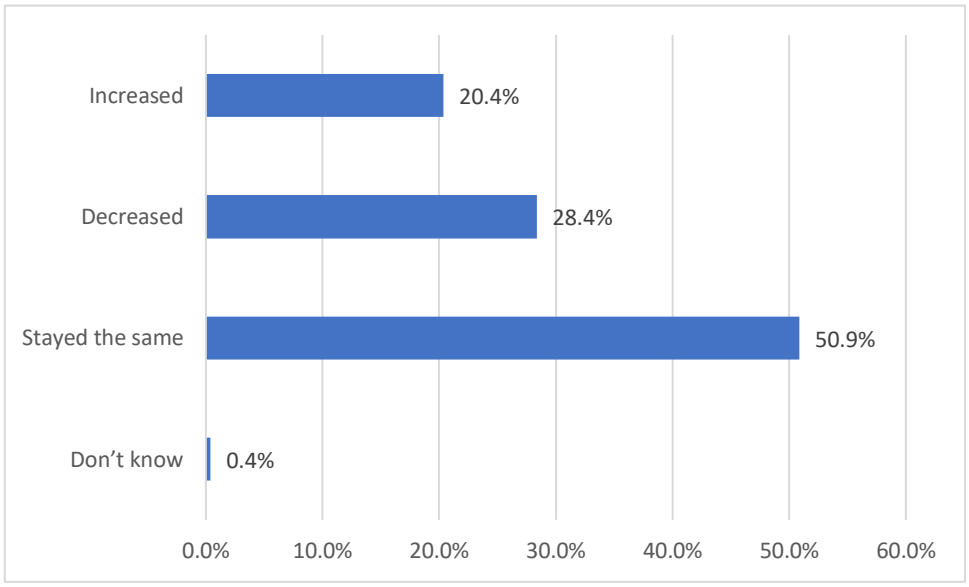
Base: 1551 firms

Figure B5: Change in turnover of firms in previous 12 months, by sector



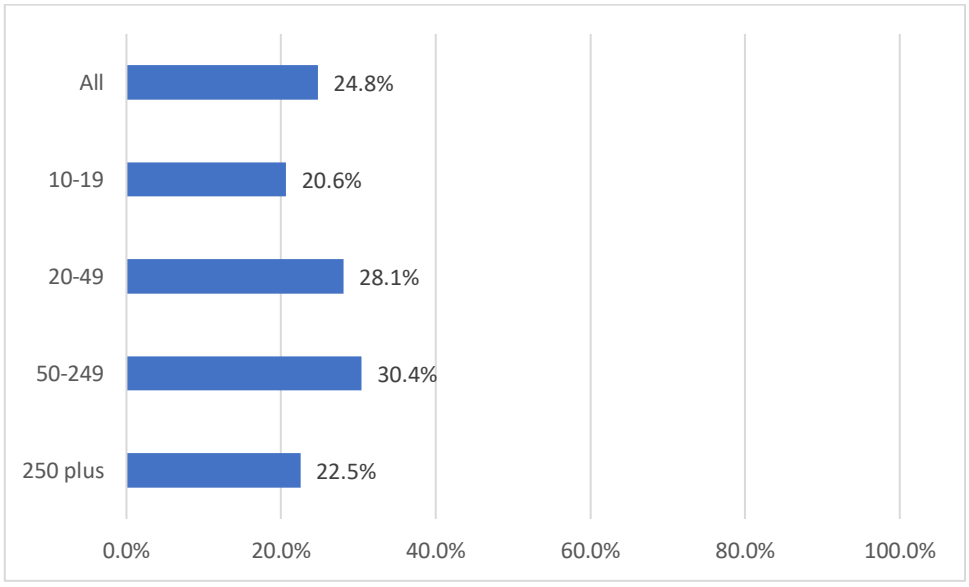
Base: 1551 firms

Figure B6: Change in number of employees in total wave 2 sample



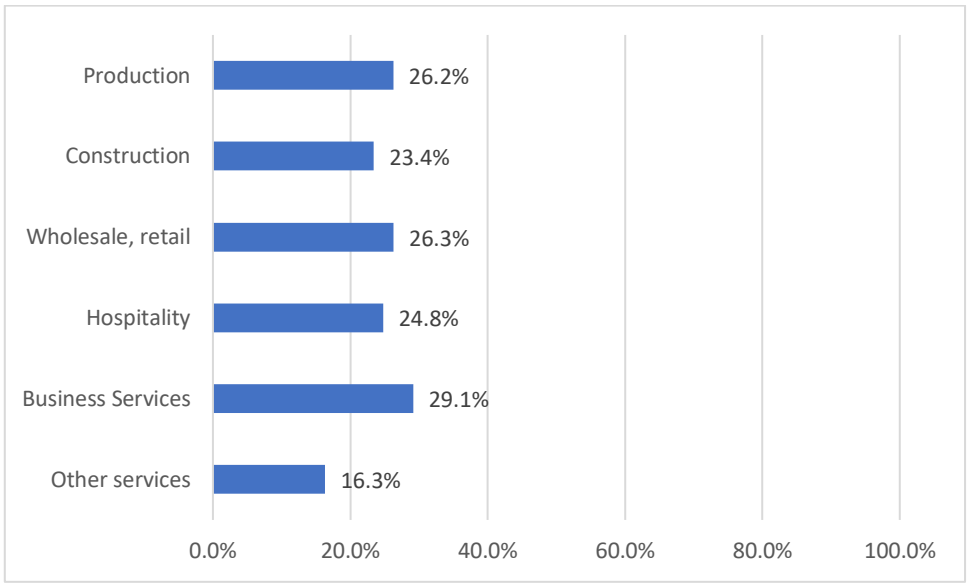
Base: 1551 firms

Figure B7: Proportion of firms that made staff redundant, by size (no. of employees)



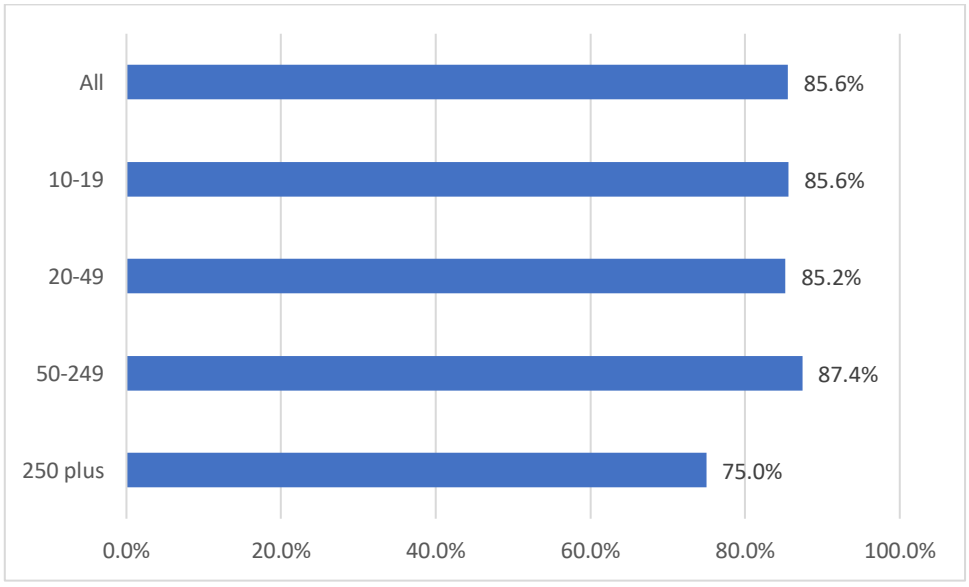
Base: 1551 firms

Figure B8: Proportion of firms that made staff redundant, by sector



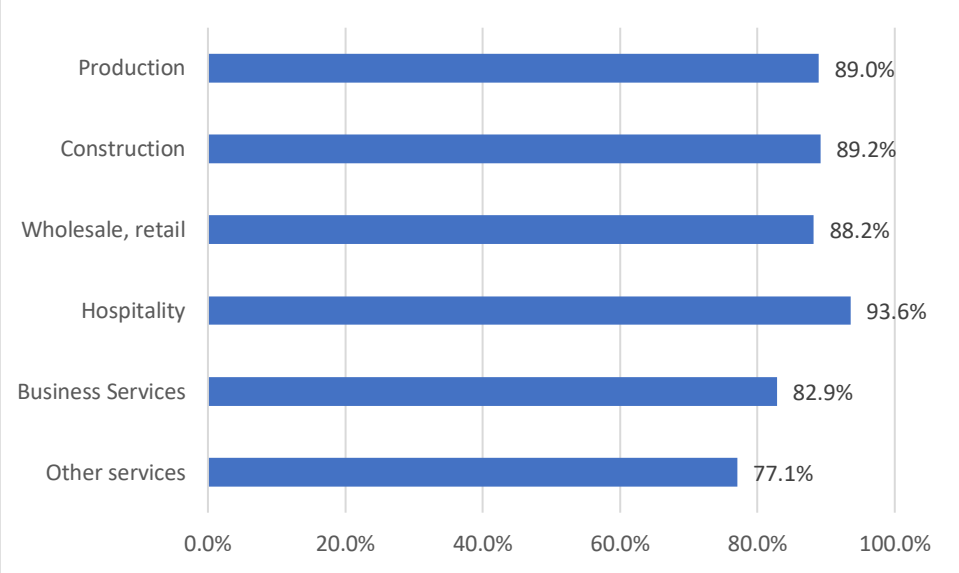
Base: 1551 firms

Figure B9: Proportion of firms that used the furlough scheme, by size (no. of employees)



Base: 1551 firms

Figure B10: Proportion of firms that used the furlough scheme, by sector



Base: 1551 firms

Table B3: Use of COVID-19 support schemes, by size and sector

	Coronavirus Business Interruption Loan Scheme	Coronavirus Future Fund	Corporate Financing Facility	Local Authority/Council grant	Deferral of VAT payments	Business rates relief	Bounce Back Loan Scheme
All firms	5.9%	0.6%	0.1%	17.9%	4.1%	6.9%	11.7%
10-19	6.3%	0.5%	0.1%	20.8%	4.1%	8.1%	15.5%
20-49	6.1%	0.6%	0.2%	17.7%	5.7%	7.4%	11.2%
50-249	5.2%	0.7%	0.0%	12.6%	1.8%	3.9%	4.2%
250 plus	2.5%	0.0%	0.0%	5.0%	0.0%	0.0%	0.0%
Production	5.8%	0.3%	0.0%	8.8%	5.0%	4.1%	13.5%
Construction	6.3%	0.0%	0.0%	14.4%	2.7%	3.6%	15.3%
Wholesale, retail	6.0%	0.6%	0.3%	17.2%	4.8%	9.1%	10.6%
Hospitality	4.6%	0.9%	0.0%	47.7%	6.4%	17.4%	14.7%
Business Services	7.4%	0.3%	0.0%	12.9%	4.3%	5.4%	14.6%
Other services	4.5%	1.4%	0.4%	26.4%	1.4%	6.9%	4.5%

Base: 1551 firms

ERC
Enterprise Research Centre

Centre Manager
Enterprise Research Centre
Warwick Business School
Coventry, CV4 7AL
CentreManager@enterpriseresearch.ac.uk

Centre Manager
Enterprise Research Centre
Aston Business School
Birmingham, B1 7ET
CentreManager@enterpriseresearch.ac.uk

Economic and Social Research Council
Innovate UK
wbs
Aston University
Queen's University Belfast
Department for Business, Energy & Industrial Strategy
British Business Bank
Intellectual Property Office