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WORKPLACE MENTAL HEALTH IN MIDLANDS FIRMS 2021: BASELINE REPORT

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ABSTRACT

We report on a second wave of data exploring workplace mental health, collected from 1,551 Midlands firms between January and April 2021, comparing it to data from the first wave which was carried out between January and March 2020. Our analysis offers insight into the ways in which COVID-19 has impacted upon employers' attitudes towards, and experiences of, mental health issues in the workplace. The period covered by the second wave of data included several periods of lockdown, with 85 per cent of respondent firms having employees on furlough, and remote working significantly increased. During this period, the proportion of firms reporting presenteeism (employees working when they are ill or working beyond their contracted hours) declined, as did reported long-term and repeated sickness absence. Fewer firms reported mental health sickness-related absence, but those that did said that it accounted for a greater proportion of overall absence. We reflect on the possible reasons for these findings. We also assert that while more firms are engaging in activities to improve workplace mental health, there is still low uptake of initiatives which require financial investment.

EXECUTIVE SUMMARY

Mental health issues are widespread and can have serious consequences, both for the individuals experiencing them and for the businesses employing these individuals. Yet research has found that employers are often unaware of the extent of, and impacts of, mental health issues in the workplace. Firms are also often over-reliant on untrained line managers to deal with mental health problems in their employees, and many are uninformed about external sources of information and guidance which could help them to address these issues more effectively.

Evidence suggests that the COVID-19 pandemic has led to an increase in mental health issues, both in people experiencing them before the crisis and in groups that had not previously been affected. To understand how the COVID-19 crisis has impacted on workplace mental health, this study explores employers' experiences of, and attitudes towards, mental health issues in the workplace with recourse to data collected before and during the COVID-19 crisis. The first wave of data collection concluded just before the COVID-19 pandemic began in March 2020 and covered 1,899 Midlands firms, and the second wave of data surveyed 1,551 firms, also Midlands-based, in early 2021. Our comparative analysis offers five key findings:

1. **COVID-19 impacted significantly, usually negatively, on Midlands firms and their employees.** Fewer firms reported increases in turnover and numbers of employees in the second wave compared to the previous wave of data, and many were forced to make staff redundant and to make use of external support programmes to keep their businesses going.
2. **Presenteeism is down.** Workers being present in the workplace but not performing as expected because of ill-health, or working beyond their contracted hours, was reported by 16 per cent of firms overall in 2021, compared to more than 33 per cent in 2020. During much of the period covered by the 2021 data, COVID-19 restrictions were in place, so it is possible that reporting of presenteeism was impacted by furlough, remote working and people self-isolating. One third of firms we surveyed said they were not taking any steps to address presenteeism, and those that were relied overwhelmingly on sending people who were ill home.
3. **Long-term and repeated sickness absence are both down.** Long-term sickness absence was down from 41 per cent to 34 per cent compared to 2020, and repeated

sickness absence was down from 33 per cent to 23.5 per cent. This may reflect the fact that when the data collection for this study was carried out many firms were temporarily closed, an effect which was particularly felt in the hospitality and services sectors. Increased remote working may also have driven lower levels of sickness generally as people were not interacting with others in the workplace or on public transport.

4. **Mental health-related absence is up – and down.** Fewer firms are reporting mental health related absence, but those that are reporting it say that it accounts for a greater proportion of their sickness absence. And 40 per cent of these firms say that mental health-related sickness impacts on their performance. Changed patterns of working during the COVID-19 crisis have undoubtedly influenced these findings. It is possible that less commuting and more flexible working drove improvements in some people's mental health. It is also possible that the uncertainty provoked by the crisis discouraged employees from disclosing mental health struggles for fear of stigma or ultimately of losing their jobs.
5. **There is still much room for improvement in firm-level responses to workplace mental health issues.** Although more than 50 per cent of firms in our study offer initiatives and activities aimed at supporting employee mental health and wellbeing, still only 27.2 percent of firms have a mental health plan, and only 42.5 per cent have a senior level mental health lead. Only a quarter of firms has a mental health budget, and this is unchanged year-on-year. However, a third of firms reported having offered new initiatives in response to the COVID-19 crisis, and we identified a number of firm-level factors that are significantly associated with the adoption of mental health practices, ranging from firm size to employee diversity, the adoption of technology to aid performance, and the recording of reasons for mental health absence.

The COVID-19 pandemic, and the shifts in working practices associated with it, have clearly meant considerable changes in the ways in which employers and employees experience mental health issues. Evidence indicates that, for the foreseeable future, the prevalence of mental health issues will continue to increase. Adopting appropriate working practices, investing in relevant training and being aware of available external resources will be vital in enabling employers to provide the right support for their staff, and ultimately in allowing them to address the consequences of these issues in the workplace in a meaningful way.

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INTRODUCTION

Mental health issues can impact individuals and firms significantly. People with long-term mental health issues often find it harder to gain employment¹. Those in employment can also struggle to cope emotionally, may require more sickness absence than others, and can find that they experience problems both inside and outside work¹. These issues are widespread and can have serious consequences. A recent study found that 61% of employees have experienced mental health issues where work was a contributing factor, and that 11% of employees who disclosed a mental health problem subsequently faced disciplinary action or dismissal². In fact, around 300,000 people are estimated to lose their jobs in the UK every year because of mental health issues¹. In addition, some groups have been found to be more likely than others to experience workplace mental health issues, including younger people and those with disabilities². This indicates a connection between mental health and inclusion in the workplace.

Prior research has examined the costs to UK employers of workplace mental health issues. In 2007, a report by the Sainsbury Centre for Mental Health³ estimated that the total cost to UK employers of workplace mental health problems was around £26bn every year. This figure was revised upwards in a 2020 study by Deloitte⁴, to between £42bn and £45bn. This estimate includes the cost of mental-health related absence, which is put at around £7bn, but also of presenteeism (when employees are working when they are unwell and shouldn't be at work, or regularly working over and above their contracted hours) at around £28bn and of reduced turnover at around £9bn. Analysis carried out in early 2020⁵ by the Enterprise Research Centre found a strong and significant association between mental health-related sickness and productivity, with productivity down by 18.3 per cent in firms reporting such absence and by 24.5 per cent in firms reporting that mental health impacted

¹ Stevenson, D and Farmer, P. (2017) Thriving at work: The Stevenson / Farmer review of mental health and employers. London: HM Government

² Business in the Community, October 2018, "Mental Health at Work 2018 report - Seizing the Momentum" [Online] available at: <https://www.bitc.org.uk/wp-content/uploads/2019/10/bitc-wellbeing-reportmentalhealthatworkreport2018fullversion-oct2018.pdf>

³ Sainsbury Centre for Mental Health (2007) POLICY PAPER 8: Mental Health at Work: Developing the business case. London: Sainsbury Centre for Mental Health

⁴ Deloitte (2020) Mental Health and Employers. Deloitte

⁵ ERC (2020) Workplace mental health and Covid-19: experiences of firms in the Midlands Available at: <https://www.enterpriseresearch.ac.uk/wp-content/uploads/2020/11/ERC-ResReport-Workplace-mental-health-and-Covid-19-experiences-of-firms-in-the-Midlands.pdf>

on their performance. These studies establish a link between workplace mental health and productivity, and offer the prospect that addressing workplace mental health issues could drive improvements in output as well as increasing employee wellbeing. Yet it is also clear that employers remain surprisingly uninformed about the extent and prevalence of mental health issues in their organisations, and that they are often unaware of available sources of support to help them to address these issues⁵.

Improving workplace mental health and wellbeing is all the more important in the light of the COVID-19 pandemic, which has provoked a sustained general rise in the prevalence of mental health issues. Government statistics⁶ show that the proportion of adults reporting psychological distress increased from around 20 per cent in 2019 to nearly 30 per cent during the first lockdown in England in April 2020, and that this level has fluctuated since but remains elevated. The Centre for Mental Health⁷ estimates that up to ten million people in the UK – 20 per cent of the population - will require either new or additional mental health support as a direct consequence of the crisis. However, the link between employee wellbeing and workplace performance is not well understood⁸ and this report seeks to address this gap in knowledge by exploring the ways in which employers experience workplace mental health, and their attitudes and approaches towards it.

To better understand employers' attitudes towards, and experiences of, workplace mental health issues, we surveyed 1551 Midlands firms between January and April 2021. This was the second wave of data collection, following on from wave 1 which took place early in 2020, concluding just before the first COVID-19 lockdown in England. Wave 1 was undertaken in partnership with the Mental Health and Productivity Pilot (PHPP), a Midlands-based collaborative organisation aimed at providing support and resources for employers to help them to foster workplace wellbeing. The two waves of research allow us to provide comparative analysis, using data from before and during the COVID-19 crisis,

⁶ UK Government Covid19 mental health and wellbeing surveillance: report [online] Available at: <https://www.gov.uk/government/publications/covid-19-mental-health-and-wellbeing-surveillance-report/2-important-findings-so-far> Last accessed 2 Aug 2021

⁷ Centre for Mental Health. (2020). Covid-19 and the nation's mental health Forecasting needs and risks in the UK: October 2020. Retrieved from: <https://www.centreformentalhealth.org.uk/publications/covid-19-and-nations-mental-health-october-2020> Last accessed 2 Aug 2021

⁸ Bryson, A., Forth, J., & Stokes, L. (2014). Does worker wellbeing affect workplace performance? Department for Business, Innovation & Skills. UK Government.

to give insight into the ways in which the pandemic has impacted upon workplace mental health issues.

The report proceeds as follows. We offer details on the characteristics of the Midlands firms we surveyed in Chapter 1, including their responses to the COVID-19 crisis. In Chapter 2, we explore evidence on the extent and nature of presenteeism and on what firms are doing to address it. Chapter 3 focuses on firms' experience of general sickness absence and Chapter 4 considers the extent and causes of mental health absence. In Chapter 5 we cover firm-level attitudes towards mental health issues, and we explore the activities that firms implement to support workplace mental health. We bring together our conclusions and recommendations in Chapter 6.

CHAPTER 1: CHARACTERISTICS OF FIRMS SURVEYED IN 2021

The sample used in this report comprises 1,551 firms based in the Midlands region of England. This was the second wave of this research. The first took place in early 2020⁹ prior to the COVID-19 crisis. The survey was conducted using Computer Assisted Telephone Interviewing (CATI), which is proven to be the best means of reaching the appropriate personnel within a business. The population of interest for this survey was non-government funded organisations with 10 or more employees based across the East and West Midlands. Within each organisation, the most senior person with responsibility for the health and wellbeing of workers was sought to be interviewed.

In total 1,551 interviews were completed: 684 in the East Midlands and 867 in the West Midlands. Interviews were conducted between 28 January and 15 April 2021 and lasted an average of 22 minutes. During this period, England was under COVID-19 lockdown restrictions. On 8th March, schools were re-opened and people could meet one other person outside, but up until April 12th, three days before data collection ended, non-essential retail businesses, personal care services and hospitality venues were closed.

In this section, we cover key characteristics of the firms surveyed, including firm demographics, employee demographics, firm management & business performance and responses to the COVID-19 crisis.

1.1 Firm demographics and performance

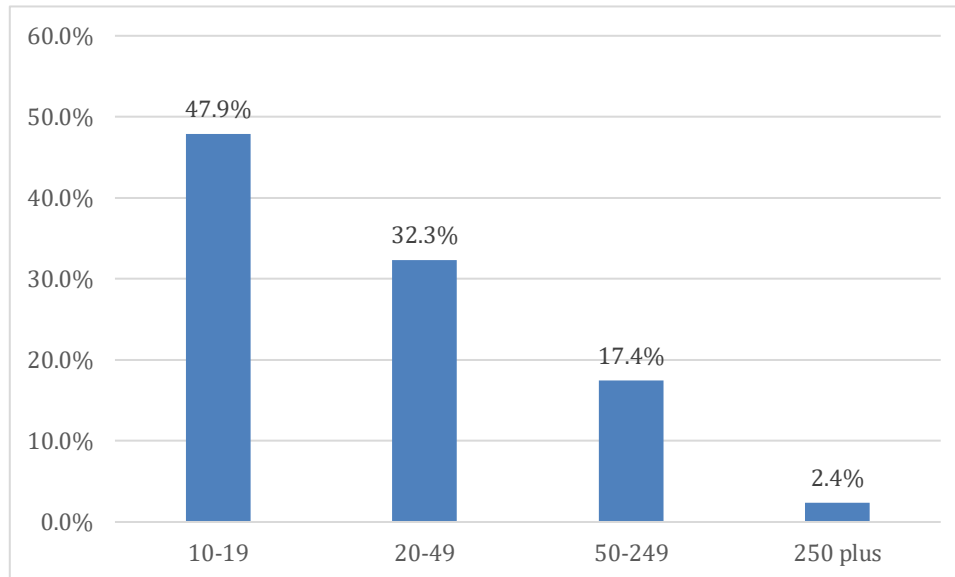
Figures 1.1 to 1.3 show the profile of respondents by size, sector and business age. Responses are weighted to provide a representative view of private sector businesses in both regions. Unweighted sample counts are included in Appendix 1.

The largest group by size is firms that employ 10 to 19 employees, reflecting the dominance of this size of firm in the business population (47.9%). About a third employ between 20 and 50 employees (32.3%), 17.4% employ 50 to 249 employees and 2.4% employ 250 or more. We excluded the smallest firms, i.e., those with less than 10 employees because

⁹ ERC (2020) Workplace mental health and Covid-19: experiences of firms in the Midlands Available at: <https://www.enterpriseresearch.ac.uk/wp-content/uploads/2020/11/ERC-ResReport-Workplace-mental-health-and-Covid-19-experiences-of-firms-in-the-Midlands.pdf>

smaller firms are less likely to have Human Resource functions or dedicated staff, and having fewer employees may also be less likely to experience issues related to staff sickness and mental health.

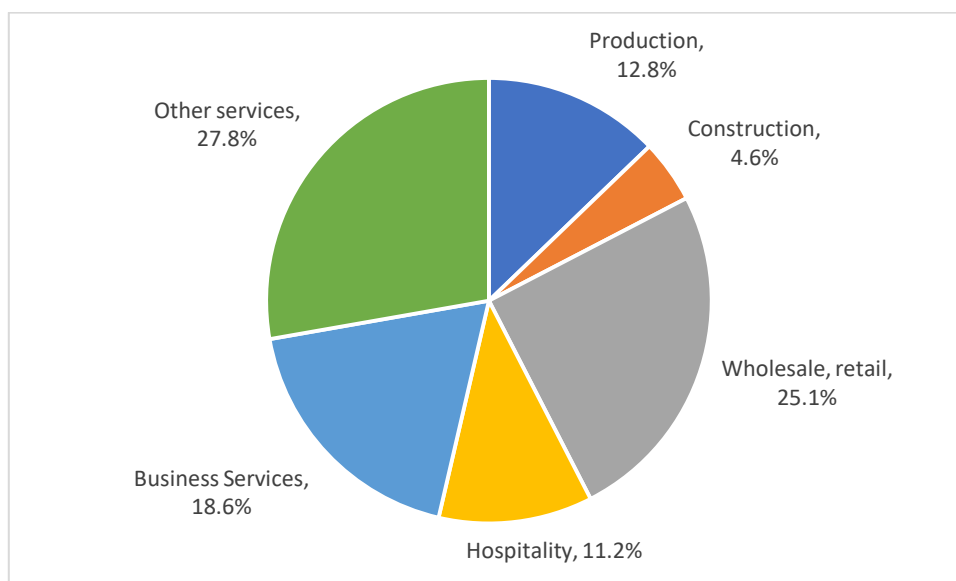
Figure 1.1 Profiling respondent firms: size



Base: 1551 firms

The sample was designed to be representative of the overall breakdown of firms by sector. Figure 1.2 offers detail on the sector breakdown. Wholesale, retail and Other services firms comprise more than half the sample, followed by Business Services (18.6%), Production (12.8%), Hospitality (11.2%) and Construction (4.6%).

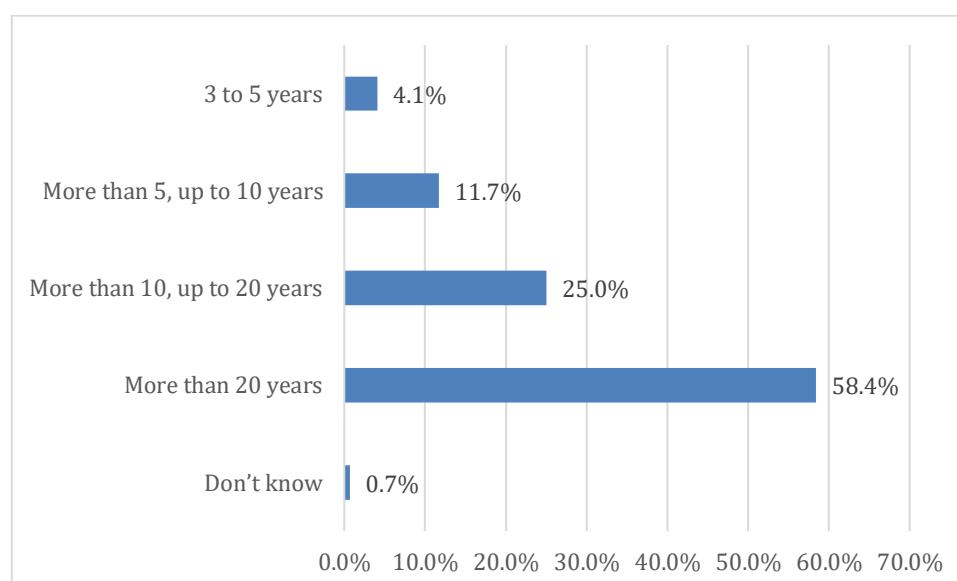
Figure 1.2 Profiling respondent firms: sector



Base: 1551 firms

Figure 1.3 shows the weighted breakdown of sample firms by age. With nearly 60 per cent of firms surveyed more than twenty years old, and a further 25 per cent aged between ten and twenty years old, the majority of firms in our sample are well-established. 11.7 per cent have been established for between five and ten years, and around 4 per cent are 3 to 5 years old. In Figure 1.4, we can see that more than 60 per cent of firms are single-site operations, with smaller firms and those in the production and construction sectors more likely to be so.

Figure 1.3 Profiling firms: business age



Base: 1551 firms

More than 65 per cent of firms in the sample are family-owned, and nearly 70 per cent said that they had introduced new technologies as a consequence of the COVID-19 crisis. Just over 15 per cent reported that they normally employed some staff on zero hours contracts and 8.5 per cent reported that they employed some staff on temporary contracts (Figure 1.4).

Figure 1.4 Management practices in respondent firms

	All firms
Family owned (% firms)	65.5%
Zero hours contracts (% of firms)	15.4%
Temporary contracts (% of firms)	8.5%
Introduced new technologies (% of firms)	68.8%

Base: 1551 firms

Overall, nearly 20 per cent of firms surveyed said that their turnover had increased in the previous 12 months, and 19 per cent reported increased employee numbers in the same period. As shown in Figure 1.5, these figures are both substantially lower than the previous year, and indicate a significant impact of the COVID-19 crisis. Looking at the breakdown

by sector, it is clear that hospitality and other services firms were worst hit. While firms of all sizes were hit, smaller firms were disproportionately affected.

Figure 1.5 Percentage of firms reporting increased sales and employees in the previous 12 months

	Turnover has increased		Number of employees has increased	
	2020	2021	2020	2021
All firms	37.3%	19.5%	31.0%	19.0%
Sector				
Production	38.1%	23.7%	31.6%	22.6%
Construction	49.6%	20.8%	32.6%	21.0%
Wholesale, retail	39.4%	25.6%	28.9%	19.9%
Hospitality	42.4%	4.7%	16.8%	9.1%
Business Services	42.7%	24.4%	42.0%	22.3%
Other services	26.6%	14.4%	30.5%	18.0%
Size				
10-19	35.7%	17.6%	26.2%	17.1%
20-49	44.0%	19.2%	33.6%	22.6%
50-249	30.2%	23.0%	39.0%	18.3%
250 plus	28.0%	35.0%	35.4%	15.6%

Base: 1551 firms in 2021, 1899 in 2020

1.2 Employee demographics

More than half of employees are aged between 25 and 49, with around a third aged over 50 and around 18 per cent under 25. There is little variance by firm size or sector (Figure 1.6). Figure 1.7 offers detail on the diversity within the workforces of the firms surveyed. Overall, just over half of employees in the firms surveyed are female, and around 13 per cent are from non-white ethnic backgrounds. 2.4% have a long-term disability that affects the amount of type of work that they can do, and just over 25 per cent are qualified to degree level or higher.

Figure 1.6 Profiling the workforce of respondent firms: age

	Under 25 years	25-49 years	50-plus years
All Firms	17.6%	51.7%	30.7%
10-19	16.7%	50.2%	33.1%
20-49	18.7%	53.2%	28.1%
50-249	17.2%	53.3%	29.6%
250 plus	23.9%	53.7%	23.1%
Production	11.4%	53.1%	35.4%
Construction	16.7%	53.3%	30.0%
Wholesale, retail	13.1%	49.9%	37.0%
Hospitality	35.7%	43.0%	21.3%
Business Services	15.7%	55.5%	28.8%
Other services	18.6%	53.6%	27.9%

Base: 1551 firms

Figure 1.7 Profiling the workforce of respondent firms: gender, ethnicity, disability and qualifications

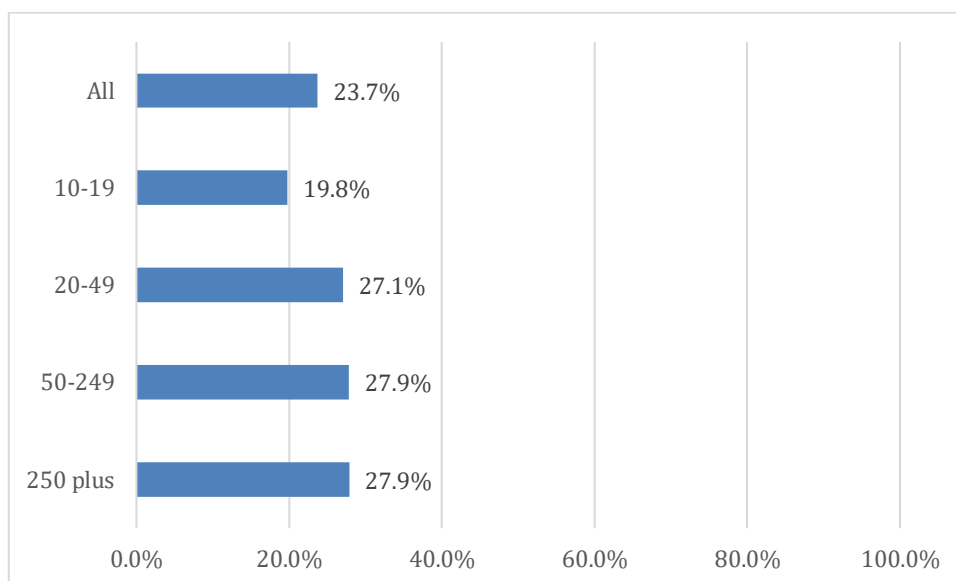
	All firms
Female share (%)	50.9%
Ethnic share (%)	12.6%
Disabled share (%)	2.4%
Graduate share (%)	25.6%

Base: 1551 firms

1.3 Firm responses to the COVID-19 crisis

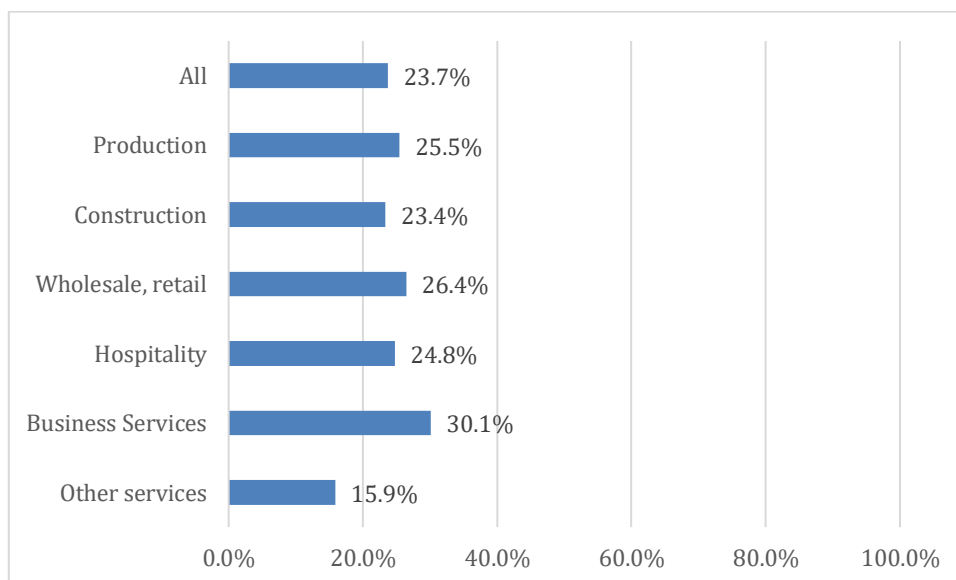
Figures 1.8 to 1.11 cover the experiences of respondent firms during the COVID-19 crisis. Around 24 per cent of firms reported that they made staff redundant because of the crisis, and this was slightly lower (around 20 per cent) for smaller firms and slightly higher (around 30 per cent) for firms in the business services sector. The overwhelming majority of firms – around 85 per cent – said that they had used the government furlough scheme. While this did not vary by firm size, we did see some variation by sector, with hospitality more likely and business and other services firm less likely to have used it.

Figure 1.8 Proportion of firms that made staff redundant, by size (no. of employees)



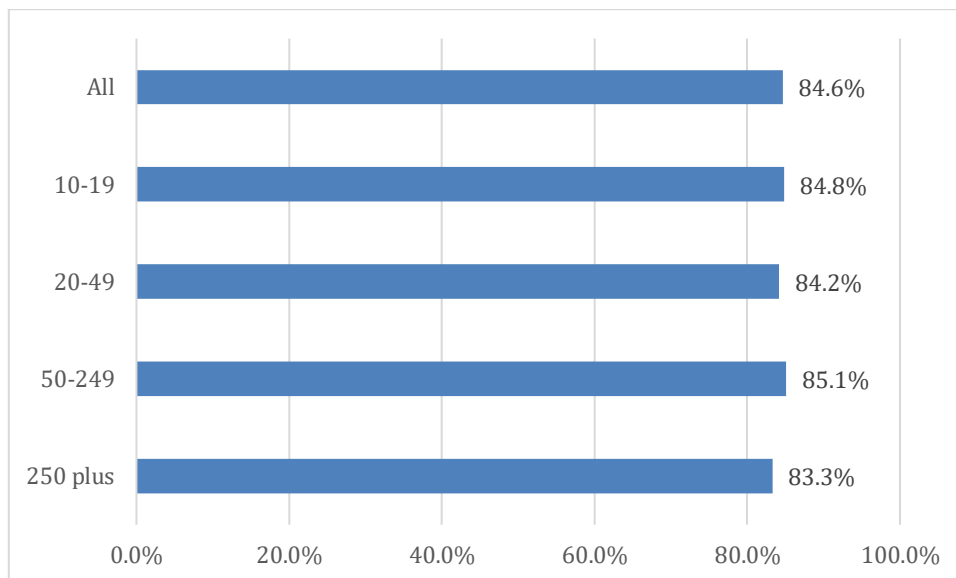
Base: 1551 firms

Figure 1.9 Proportion of firms that made staff redundant, by sector



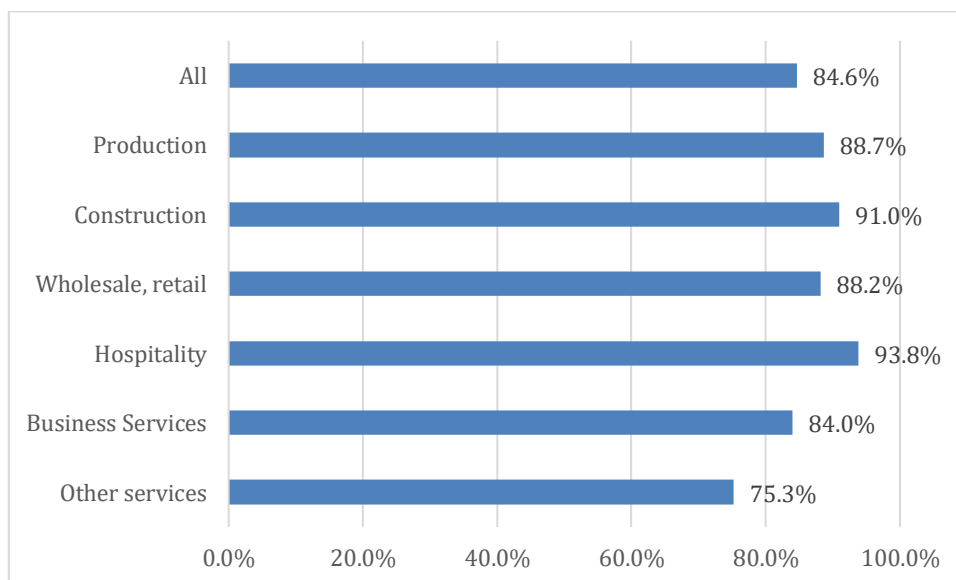
Base: 1551 firms

Figure 1.10 Proportion of firms that used the furlough scheme, by size (no. of employees)



Base: 1551 firms

Figure 1.11 Proportion of firms that used the furlough scheme, by sector



Base: 1551 firms

Figure 1.12 gives more detail on uptake of other COVID-19 support schemes in our respondent group. We observed consistently low uptake across firms of all sizes and sectors of several schemes, notably the Coronavirus Business Interruption Loan scheme, the Coronavirus Future Fund and the Corporate Financing Facility. Local authority or local council grants were taken by around 22 per cent of the overall sample, but less likely to be taken by smaller firms and this in the production sector. We also observed some variation in the uptake of deferred VAT payments, although overall only around 4 per cent of firms reported using this scheme. Similarly, business rates relief was taken up by around 8 per cent of firms, less often by larger firms and those in the production construction and services sectors but more often by those in the hospitality sector. Finally, around 11 per cent of firms took a Bounce Back Loan, and this scheme was much more likely to have been used by smaller firms and those in the construction, hospitality and business services sectors.

Figure 1.12 Use of COVID-19 support schemes, by size and sector

	Coronavirus Business Interruption Loan Scheme	Coronavirus Future Fund	Corporate Financing Facility	Local Authority or Local Council grant	Deferral of VAT payments	Business rates relief	Bounce Back Loan Scheme
All firms	5.9%	0.9%	0.1%	22.5%	3.8%	7.9%	11.3%
10-19	5.9%	0.6%	0.1%	24.1%	3.5%	9.1%	15.1%
20-49	5.7%	0.8%	0.2%	22.2%	6.0%	9.0%	10.0%
50-249	6.6%	1.9%	0.0%	20.7%	0.8%	3.6%	4.8%
250 plus	5.2%	0.0%	0.0%	8.7%	0.0%	0.0%	0.0%
Production	5.4%	0.3%	0.0%	8.8%	4.2%	4.2%	12.9%
Construction	6.9%	0.0%	0.0%	16.0%	2.8%	4.2%	18.5%
Wholesale, retail	6.2%	0.6%	0.3%	18.8%	4.5%	9.7%	11.9%
Hospitality	4.9%	1.0%	0.0%	49.6%	7.5%	17.4%	15.3%
Business Services	7.9%	0.3%	0.0%	13.1%	4.2%	5.5%	15.5%
Other services	4.9%	2.0%	0.2%	28.7%	1.2%	6.2%	4.4%

Base: 1551 firms

1.4 Summary

The sample we achieved for this study covers private business based in the Midlands of England employing ten or more people. We deliberately excluded smaller firms, i.e., those with fewer than ten employees, because with fewer employees they would be less likely to have had a formal HR department, and less likely to have experienced workplace mental health issues, which were the primary focus of the study. In all analyses, we have weighted the sample to ensure that it accurately reflects the business population in the Midlands. It is clear that in the 12-month period under study, firms experienced the impact of the COVID-19 crisis, and that as a result fewer reported increases in turnover and employees, and many were forced to make staff redundant and to make use of external support programmes to keep their businesses going.

The remainder of this report explores firms' attitudes towards, and experiences of, mental health issues in the workplace during this 12-month period. Where possible, we have provided comparative data from the first wave of the Workplace Mental Health survey¹⁰, which was carried out in early 2020, prior to the COVID-19 crisis.

¹⁰ ERC (2020) Workplace mental health and Covid-19: experiences of firms in the Midlands Available at: <https://www.enterpriseresearch.ac.uk/wp-content/uploads/2020/11/ERC-ResReport-Workplace-mental-health-and-Covid-19-experiences-of-firms-in-the-Midlands.pdf>

CHAPTER 2. PRESENTEEISM

Presenteeism is the practice of employees working when they are unwell and shouldn't be at work, or regularly working over and above their contracted hours. It can also mean that employees are working beyond their contracted hours. Presenteeism can lead to stress and to mental health issues. In fact, prior research has found associations between presenteeism and a range of issues, including depression, anxiety and emotional disorders¹¹. The financial costs to UK businesses of presenteeism were put at between £26.6 billion and £29.3 billion¹² by Deloitte in a study carried out in early 2020.

2.1 Extent and nature of presenteeism

In the 2021 survey, carried out between January and April 2021, more than 16 per cent of firms surveyed reported some experience of presenteeism in the previous 12-month period, compared to 33 per cent in the previous survey, which probably reflects the changes in working practices driven by the pandemic. These changes included remote working¹³, as well as significant numbers of employees being furloughed, as noted in Chapter 1. In both cases, presenteeism may have been either reduced or simply more difficult to identify. As shown in Figure 2.1, presenteeism was still reported by firms of all sizes and in all sectors. Firms in production, business services and other services were more likely to report presenteeism, and it was reported by more larger firms than smaller firms.

¹¹ Bubonya, M., Cobb-Clark, D. A., & Wooden, M. (2017). Mental health and productivity at work: Does what you do matter? *Labour Economics*, 46, 150-165.

¹² Deloitte (2020) *Mental Health and Employers*. Deloitte

¹³ During lockdown, around fifty percent of the UK workforce was working mainly at home, compared to only five percent during 2019. ONS (2020) Coronavirus and homeworking in the UK labour market [Online] Available at <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/coronavirusandhomeworkingintheuklabourmarket/2019>

Figure 2.1 Extent of presenteeism, by size and sector

	2020	2021
All firms	33.4%	16.6%
Main Sector		
Production	33.5%	16.3%
Construction	23.4%	10.0%
Wholesale, retail	27.1%	11.2%
Hospitality	37.8%	10.8%
Business Services	41.9%	25.6%
Other services	33.3%	19.2%
Size		
10-19	28.5%	12.4%
20-49	36.3%	19.4%
50-249	41.4%	21.3%
250 plus	34.4%	29.8%

Base: 1899 firms in 2020, 1551 in 2021

The kind of presenteeism most often reported was employees working beyond than their contracted hours, which was cited by 72 per cent of firms and was more prevalent in medium-sized firms. This was very similar to the previous year. As shown in Figure 2.2, working while unwell was the second most commonly reported type of presenteeism. More than 16 per cent of firms said that employees who ought to have been self-isolating had reported for work. This was particularly evident in production and construction firms, which may reflect the increased likelihood of these firms to have been operating at their usual premises during the COVID-19 pandemic lockdowns during the previous year. Data from other sources suggests that adherence to full self-isolation was just over 42 per cent in the UK, and that non-adherence was associated with working in a key sector¹⁴.

Figure 2.3 shows the causes of presenteeism reported by respondent firms. Here we note a distinction between ‘pull’ factors, such as the pull of the employer to meet deadlines, and ‘push’ factors, such as the push of employees wishing to earn more. Overall, the most

¹⁴ Smith, L. E., Potts, H. W. W., Amlôt, R., Fear, N. T., Michie, S., & Rubin, G. J. (2021). Adherence to the test, trace, and isolate system in the UK: results from 37 nationally representative surveys. 372. BMJ

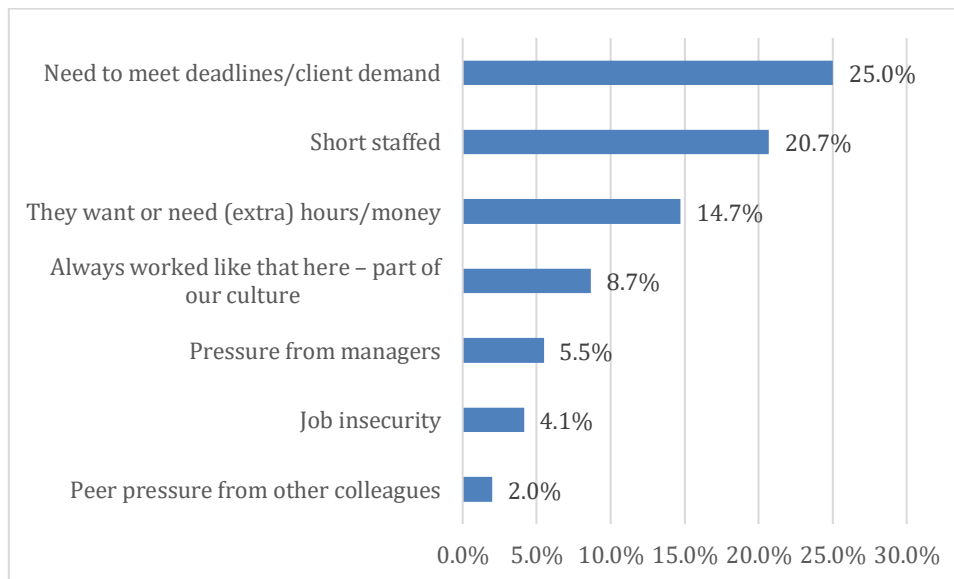
commonly cited reason was the pressure of client demands, followed by staff shortages. However, as shown in Figure 2.4, this varied by size of firm, with larger firms more likely to cite employees wishing to earn more money. We also observed differences by sector (Figure 2.5). While client demands were the most common reported reason for presenteeism in production, wholesale & retail, hospitality and business services, in construction the most frequently cited reason was the employee wish to earn more and in other services, it was staff shortages.

Figure 2.2 Nature of presenteeism, by size and sector

	Working when they are unwell	Working beyond contracted hours	Leaving home for work when they should be self-isolating
All firms	33.1%	72.2%	16.3%
Main Sector			
Production	33.6%	64.6%	25.7%
Construction	18.6%	60.3%	22.3%
Wholesale, retail	36.7%	60.9%	15.9%
Hospitality	39.8%	74.1%	9.2%
Business Services	31.2%	72.9%	11.0%
Other services	32.4%	81.0%	18.7%
Size: Yes			
10-19	31.3%	66.8%	17.1%
20-49	32.1%	77.6%	8.7%
50-249	38.6%	78.0%	24.8%
250 plus	28.0%	38.6%	33.0%

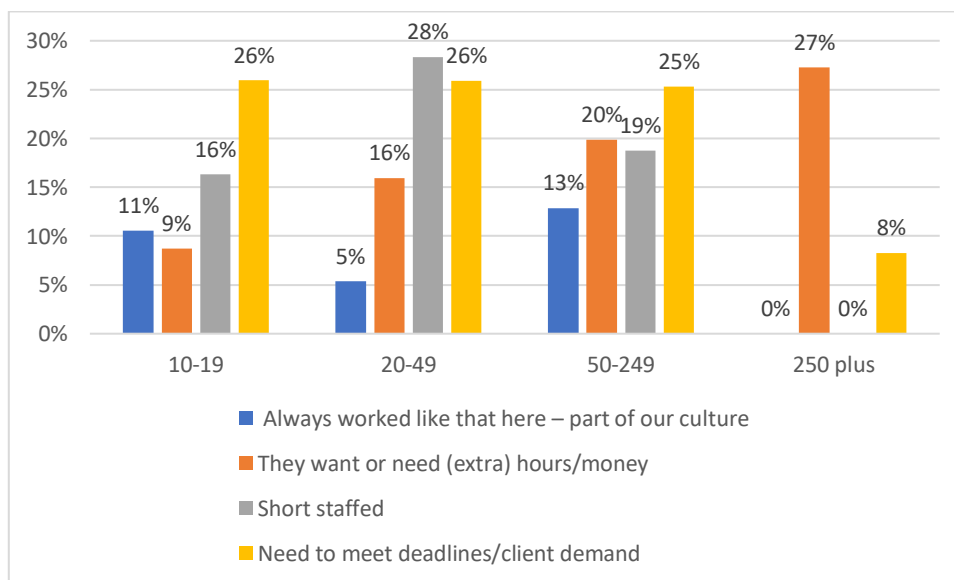
Base: 265 firms (Note: Firms could select all that applied to them, so rows do not add up to 100%)

Figure 2.3 Causes of presenteeism, all firms



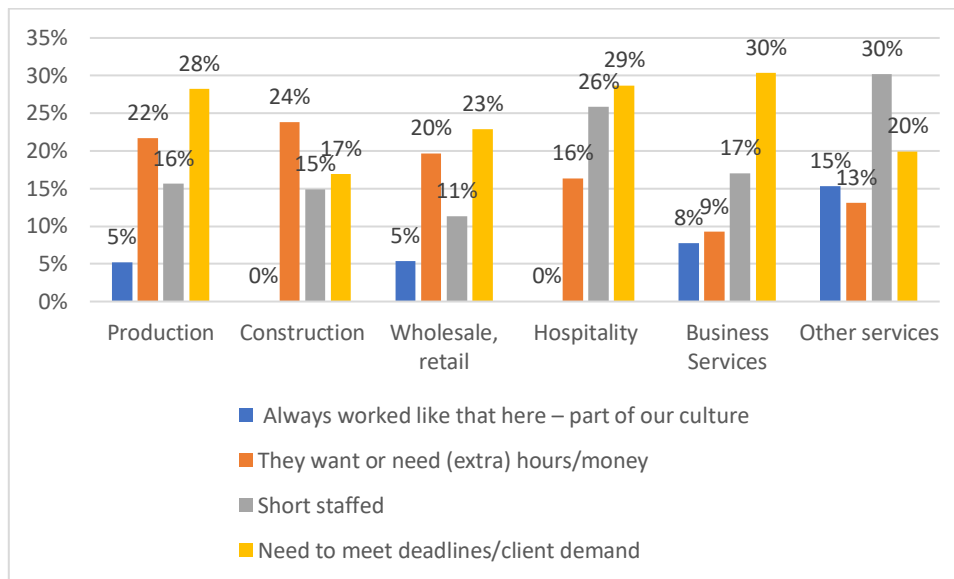
Base: 265 firms

Figure 2.4 Top causes of presenteeism by firm size



Base: 265 firms

Figure 2.5 Top causes of presenteeism by sector



Base: 265 firms

2.2 Addressing presenteeism

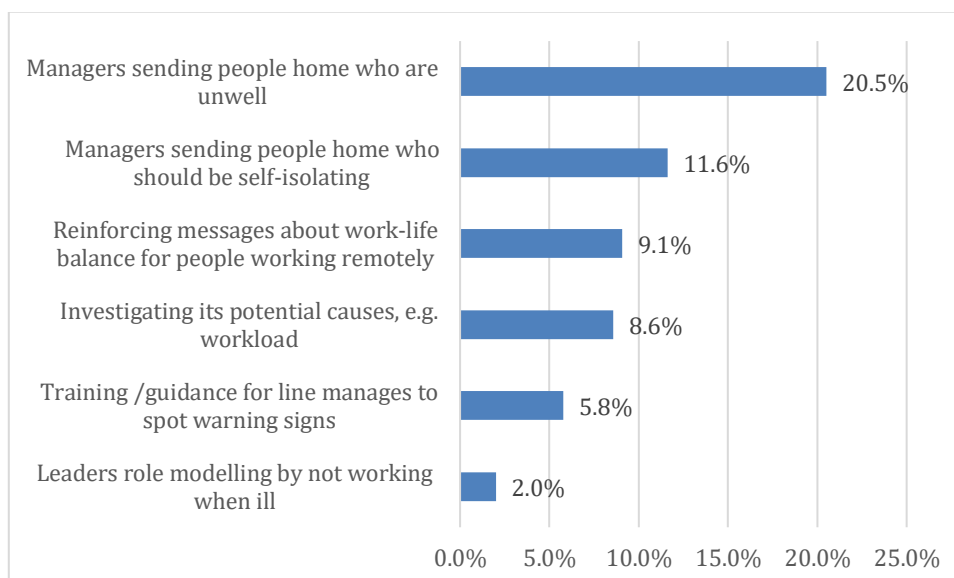
The majority (67.6%) of firms experiencing presenteeism said that they were taking steps to address it, but one third of firms said they were not. As shown in Figure 2.6, this varied somewhat in firms from different sectors, with hospitality and production firms slightly less likely to have taken such action. The most common action taken was sending home people who were unwell, with sending home people who should have been self-isolating the second most common response, reflecting the unusual circumstances that firms experienced during the period under study (Figure 2.7). Only 2 percent of employers that reported taking action pointed to leaders' role modelling and only 5.8 per cent said that they had instigated training for line managers to help them to spot the signs of presenteeism. This suggests a widespread lack of awareness of strategies for tackling presenteeism in our respondent firms.

Figure 2.6 Proportion of firms taking steps to address presenteeism, by size and sector

All firms	67.6%
Main Sector	
Production	55.4%
Construction	67.7%
Wholesale, retail	64.9%
Hospitality	54.2%
Business Services	67.4%
Other services	77.1%
Size	
10-19	65.7%
20-49	71.6%
50-249	59.1%
250 plus	93.2%

Base: 265 firms

Figure 2.7 Steps taken to address presenteeism, all firms



Base: 176 firms

2.3 Summary

Reported levels of presenteeism decreased significantly in this wave of data collection compared with the previous year. The magnitude of this unexpected finding probably reflects the significant changes in working and employment practices driven by the COVID-19 crisis, notably furloughed staff and remote working, and it may also be driven by heightened awareness of the risks of working alongside others when showing symptoms of illness. Nevertheless, presenteeism remained a key concern for many employers and something experienced by employers in all sectors and in firms of all sizes. A new form of presenteeism driven by the COVID-19 crisis also emerged – employees reporting for work when they should have been self-isolating. Our research does not extend to an examination of the reasons for this, but it is a possible focus for future research to inform policy and practice as we learn to live with the virus.

Employer responses to presenteeism have changed very little compared with the previous year, and most commonly amount to sending home staff who are ill or who should be self-isolating. Few employers appear to be addressing these working hours issues, investigating the causes or providing training on presenteeism for staff. We have previously noted the low levels of firms reporting that leaders model behaviours that discourage presenteeism, for example by not working when ill themselves. The data from the most recent survey suggests that little has changed on this front - only 2 per cent of firms reporting that they had taken steps to address presenteeism said that leaders were role modelling. As a consequence, leaders may be inadvertently encouraging presenteeism through their own behaviour. In the light of the connection between presenteeism and mental health issues such as depression and anxiety, taking action to reduce presenteeism would potentially improve employee wellbeing as well as firm-level outcomes.

CHAPTER 3. SICKNESS ABSENCE

3.1 Firm-level approach to sickness absence

As shown in Figure 3.1, 89 per cent of firms surveyed said that they measure sickness absence. The level was slightly lower in hospitality firms, and smaller firms were less likely to measure sickness absence than their larger counterparts. The majority of firms also said that they recorded reasons for sickness absence and again, smaller firms were the least likely to do so, perhaps reflecting lower levels of resource for so doing, or less formalized management systems. Overall, compared to the previous data, a slightly higher proportion of firms in the 2021 survey said that they measured sickness absence (89 per cent vs 85 per cent), but around the same proportion recorded the reasons for absence.

Figure 3.2 shows the proportion of firms reporting that they offered sick pay above the statutory minimum level. This measure is of particular interest in the light of prior research carried out during the COVID-19 crisis, which has found that the payment of sick leave is associated with an increased likelihood of employees staying away from work when symptomatic¹⁵. Hospitality firms were the least likely to offer enhanced sick pay, perhaps reflecting higher levels of casual, seasonal or part-time staff. As found in previous analysis, larger firms were more likely than smaller firms to offer higher levels of sick pay, although the proportion of large firms reporting that they do this appears to have declined compared to the previous year. In the most recent study, 33 per cent of larger firms, with more than 250 employees, said that they did not offer enhanced sick pay, compared to only 12 per cent in the previous study¹⁶.

¹⁵ Thompson, A., et al (2021). Benefits of paid sick leave during the COVID-19 pandemic. Science Briefs of the Ontario COVID-19 Science Advisory Table, 2(25).

¹⁶ ERC. (2020). A baseline study for the Mental Health and Productivity Pilot project

Figure 3.1 Proportion of firms monitoring sickness absence, by size and sector

	Measure sickness absence	Record reasons for sickness absence
All firms	89.0%	86.3%
Main Sector		
Production	85.7%	85.2%
Construction	89.1%	89.3%
Wholesale, retail	88.3%	83.1%
Hospitality	82.4%	82.5%
Business Services	89.0%	86.3%
Other services	93.8%	90.7%
Size		
10-19	84.8%	80.6%
20-49	91.6%	88.4%
50-249	97.0%	96.9%
250 plus	79.5%	94.8%

Base: 1551 firms

Figure 3.2 Proportion of firms offering sick pay above the level of Statutory Sick Pay, by size and sector

	For all staff	For some staff	No	Don't Know/refused
All firms	31.2%	19.3%	46.3%	3.3%
Production	32.1%	25.5%	39.5%	3.0%
Construction	20.3%	27.4%	48.5%	3.8%
Wholesale, retail	29.7%	19.1%	46.7%	4.5%
Hospitality	19.5%	20.3%	58.3%	1.9%
Business Services	44.3%	18.3%	34.8%	2.6%
Other services	29.8%	15.5%	51.5%	3.1%
10-19	32.2%	17.2%	47.6%	3.1%
20-49	27.7%	17.4%	51.5%	3.4%
50-249	33.3%	29.2%	34.8%	2.6%
250 plus	42.9%	13.6%	33.1%	10.4%

Base: 1551 firms

3.2 Long-term and repeated sickness absence

Reported levels of both long-term and repeated sickness absence were down compared with the previous twelve-month period (Figure 3.3). Overall, the most recent data shows that just over 34 per cent of employers said that they had experienced some long-term sickness absence, compared with 41 per cent the previous year. In line with previous findings, larger firms were more likely to have experienced long-term sickness absence. Similarly, in the most recent twelve-month period, 23.5 per cent of firms reported repeated sickness absence, around ten per cent lower than in the previous year. It seems likely that the exceptional circumstances that firms experienced during the most recent period, which included national and local lockdowns and unprecedented levels of remote working as well as significant numbers of employees on extended furlough, influenced this change. Further research would allow an in-depth focus on the reason for the change.

Overall, despite lower reported levels of long-term and repeated sickness absence, we observed a relatively small change in the proportion of firms that said that sickness absence had impacted upon their performance. In this most recent study, nearly 64 per cent of firms said that sickness absence has impacted upon their business, compared to just over 67 per cent in the previous study (see Figure 3.4).

Figure 3.3 Firms reporting long term and repeated sickness absence, by size and sector

	Long term sickness absence		Repeated sickness absence	
	2020	2021	2020	2021
All firms	41.2%	34.1%	33.3%	23.5%
Main Sector				
Production	45.8%	36.0%	30.4%	21.0%
Construction	30.5%	28.4%	27.5%	19.8%
Wholesale, retail	38.8%	28.6%	29.1%	20.3%
Hospitality	31.2%	24.8%	30.6%	16.0%
Business Services	34.1%	23.6%	33.2%	20.3%
Other services	52.2%	48.8%	40.8%	32.6%
Size				
10-19	25.2%	20.8%	21.6%	14.8%
20-49	46.8%	36.5%	35.4%	24.3%
50-249	70.0%	59.5%	58.0%	40.9%
250 plus	70.3%	61.8%	53.4%	46.8%

Base: 1854 firms in 2020, 1473 in 2021

Figure 3.4 Firms reporting performance impacts of sickness absence, by size and sector

	2020	2021
All firms	67.3%	63.8%
Main Sector		
Production	66.3%	64.7%
Construction	64.9%	67.4%
Wholesale, retail	69.9%	64.1%
Hospitality	66.3%	57.8%
Business Services	63.4%	56.1%
Other services	68.8%	70.3%
Size		
10-19	63.0%	63.6%
20-49	68.3%	60.4%
50-249	76.5%	71.5%
250 plus	71.5%	58.9%

Base: 1899 firms in 2020, 1551 in 2021

3.3 Summary

Most firms measure and monitor sickness absence, and little has changed in terms of the sick pay offered by firms over the past 12 months, with large firms the most likely to offer enhanced sick pay and firms in the hospitality sector least likely to do so. Overall, firms reported lower levels of long-term and repeated sickness absence than in the previous wave of data, and proportionally slightly fewer reported impacts of sickness absence, notably in the hospitality and services sectors. These changes probably reflect the unusual circumstances of the COVID-19 pandemic, when the data collection for this study was carried out and where many firms were temporarily closed, an effect which was particularly felt in the hospitality and services sectors. More remote working may have driven lower levels of sickness generally as people were not interacting with others in the workplace or on public transport.

CHAPTER 4. MENTAL HEALTH SICKNESS ABSENCE

4.1 Extent and causes of mental health sickness absence

As shown in Figure 4.1, mental health-related sickness absence was reported by nearly a quarter of firms, although there was some variation by sector. The proportion of firms experiencing mental health related absence ranged from only around 11 per cent of construction firms to 37 per cent of other services firms. Larger firms were the most likely to report mental health-related absence. The proportion of firms reporting mental health sickness absence decreased compared to the previous year. This was the case for firms in all sectors and for firms of all sizes, apart from the largest.

We asked those firms experiencing mental health sickness absence to tell us what proportion of their overall sickness absence it comprised. Overall, 20.3% of sickness absence was accounted for by mental health sickness. This compares to around 17 per cent the previous year. More than half of all firms reporting mental health related sickness absence told us that they thought this proportion had increased in the preceding 12-month period (Figure 4.2) with smaller firms more less likely to say so.

Figure 4.1 Proportion of firms reporting mental health sickness absence, by size and sector

	2020	2021
All firms	30.5%	24.5%
Main Sector		
Production	29.0%	21.9%
Construction	20.9%	11.2%
Wholesale, retail	23.9%	17.7%
Hospitality	27.6%	20.9%
Business Services	27.9%	21.7%
Other services	42.2%	37.1%
Size		
10-19	17.4%	14.4%
20-49	35.0%	24.9%
50-249	53.9%	44.4%
250 plus	54.1%	62.4%

Base: 1899 firms in 2020, 1551 in 2021

Figure 4.2 Change in mental health sickness proportion of overall sickness absence, by size and sector

	Increased	Decreased	Stayed the same	Don't know
All firms	52.4%	9.5%	34.3%	3.9%
Main Sector				
Production	49.5%	6.4%	38.2%	5.9%
Construction	48.2%	6.9%	41.4%	3.5%
Wholesale, retail	49.5%	12.0%	34.0%	4.5%
Hospitality	57.9%	5.3%	25.0%	11.8%
Business Services	55.4%	6.1%	36.3%	2.2%
Other services	52.4%	11.5%	34.0%	2.2%
Size				
10-19	63.0%	3.9%	28.1%	5.1%
20-49	54.3%	15.7%	28.5%	1.6%
50-249	43.3%	9.1%	43.0%	4.7%
250 plus	43.9%	3.6%	46.2%	6.3%

Base: 338 firms

Reported levels of long-term mental health sickness absence were stable compared to the previous 12-month period, at around 43 per cent, compared to 37 per cent previously. But repeated mental health sickness absence was down from around 39 per cent to 31.6 per cent in the most recent period (Figure 4.3). Larger firms were more likely to report both long-term and repeated mental health absence.

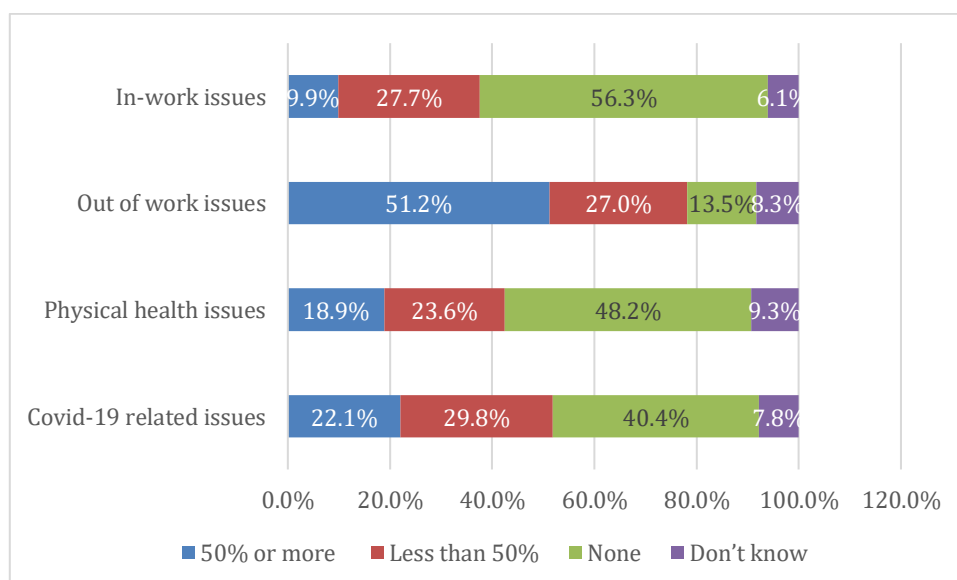
COVID-19-related issues were identified as a cause of mental health related absence in more than half of firms that reported such absence, making COVID-19 a more important cause of mental health-related absence than in-work issues and physical health issues, and putting it second to only out-of-work issues as a cause (Figure 4.4).

Figure 4.3 Firms reporting long term and repeated mental health related sickness absence, by size and sector

	Long term mental health absence		Repeated mental health absence	
	2020	2021	2020	2021
All firms	36.9%	43.2%	38.7%	31.6%
Main Sector				
Production	38.5%	41.1%	26.5%	32.1%
Construction	24.3%	38.6%	28.4%	35.4%
Wholesale, retail	39.0%	42.5%	37.4%	20.2%
Hospitality	36.1%	30.6%	46.3%	39.2%
Business Services	41.4%	38.8%	49.0%	27.5%
Other services	33.1%	48.4%	37.5%	36.3%
Size				
10-19	28.1%	27.2%	37.8%	18.0%
20-49	41.8%	39.9%	38.7%	36.7%
50-249	38.6%	58.5%	38.2%	34.1%
250 plus	38.8%	50.1%	48.0%	50.7%

Base: 556 firms in 2020, 338 in 2021

Figure 4.4 Causes of mental health absence, all firms



Base: 338 firms

4.2 Impacts of mental health sickness absence

Figure 4.5 shows the proportion of firms that reported an impact to their business of mental health-related absence. At around 41 per cent of firms overall, this was down on the level reported in the previous study of around 55 per cent.

Figure 4.5 Firms reporting performance impacts of mental health related sickness absence, by size and sector

	2020	2021
All firms	55.2%	41.2%
Main Sector		
Production	50.3%	40.5%
Construction	40.7%	42.9%
Wholesale, retail	53.9%	49.5%
Hospitality	62.6%	30.0%
Business Services	62.7%	35.3%
Other services	53.2%	42.0%
Size		
10-19	57.6%	32.5%
20-49	52.6%	48.4%
50-249	55.3%	42.4%
250 plus	61.9%	33.9%

Base: 566 firms in 2020, 338 in 2021

4.3 Summary

Our data indicates some changes to the ways in which firms in the Midlands experienced mental health-related absence in the most recent 12-month period. Although the proportion of firms reporting some level of mental health-related absence went down compared to the previous year, still a quarter of firms experienced some sickness related to mental health issues, and more than 40 per cent of these firms said that it impacted on their performance. Those firms reporting mental health absence said that it accounted for a higher proportion of their sickness absence than in 2020. Mental health absence still represents a significant challenge.

Of course, the 2021 data reports on a period of extreme turbulence driven by the COVID-19 crisis, in which large numbers of firms in some sectors were shut down temporarily, and in which the proportion of employees working remotely in many firms was significantly increased. It is possible that the reduced reported incidence of mental health issues reflects improved circumstances for some employees, including reduced commuting and more flexible working from home, which led to improvements in their mental health. It is also possible that the uncertainty provoked by the crisis discouraged employees from disclosing mental health struggles for fear of stigma or ultimately of losing their jobs. Further research may help to elucidate the underlying reasons for the reduction in reported mental health absence.

CHAPTER 5. WORKPLACE MENTAL HEALTH: FIRM ATTITUDES AND ACTIVITIES

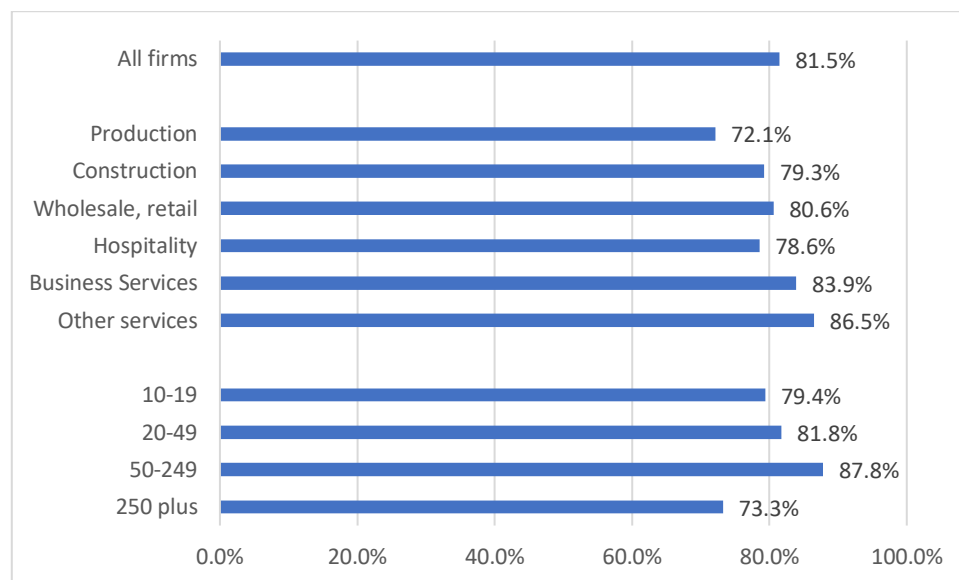
5.1 Firm attitudes and approach towards mental health

Most employers believe that they have a role to play in tackling mental health issues experienced by their employees. Overall, more than 80 per cent of the employers we surveyed disagreed that mental health issues are personal issues which should not be addressed in the workplace. This has changed very little since the previous survey. Although there was some variation, as shown in Figure 5.1, the majority of firms in all sectors and of all sizes expressed this attitude.

As shown in Figure 5.2, more than half of the employers surveyed reported that they were currently offering some kind of mental health initiative, and a further 25 per cent said that they would offer mental health initiatives if needed. Here, we did observe wider variation among sectors, with firms in the production, construction and wholesale & retail sectors considerably less likely to be currently offering initiatives, although slightly more likely to say that they would offer them if necessary. Firms in the other services sector were much more likely to be currently offering such initiatives. Larger firms were more likely than smaller firms to have current initiatives in place. Overall, year-on-year the proportion of firms currently offering mental health initiatives increased from 44 per cent to 51.6 per cent, indicating growing engagement with mental health issues at firm level. We observed an increase in the proportion of firms reporting they they currently offer these initiatives in all sectors and in all sizes of firm, as shown in the last column in Figure 5.2.

It seems likely that the COVID-19 crisis has played a part in driving this increased level of engagement. Figure 5.3 shows that nearly 32 per cent of firms said they had offered new mental health initiatives in response to the crisis and a further 37.8 per cent said that they would do so if necessary. Again, levels were lower in the production, construction and wholesale & retail sectors and higher for larger firms.

Figure 5.1 Proportion of firms disagreeing with the statement ‘*mental health is a personal issue and not one which should be addressed at work*’, by size and sector



Base: 1551 firms

Figure 5.2 Firms offering mental health activities or initiatives, by size and sector

	Yes currently	No would but if needed	No and won't	Don't know	Offered in 2020
All firms	51.6%	26.5%	21.1%	0.9%	44.0%
Main Sector					
Production	40.2%	30.5%	27.4%	2.0%	32.0%
Construction	38.2%	33.2%	23.2%	5.3%	31.1%
Wholesale, retail	36.6%	33.7%	29.4%	0.3%	32.7%
Hospitality	50.5%	24.0%	23.9%	1.6%	42.1%
Business Services	50.1%	29.1%	20.1%	0.8%	49.8%
Other services	73.9%	16.2%	10.0%	0.0%	60.0%
Size					
10-19	43.0%	30.8%	25.1%	1.2%	37.2%
20-49	54.9%	26.4%	18.3%	0.5%	44.2%
50-249	65.9%	17.6%	16.1%	0.4%	59.2%
250 plus	73.5%	5.0%	17.2%	4.3%	69.1%

Base: 1899 firms in 2020, 1551 in 2021

Figure 5.3 Firms offering new mental health activities or initiatives in response to the COVID-19 crisis, by size and sector

	Yes currently	No but if would needed	No and won't	Don't know
All firms	31.8%	37.8%	29.3%	1.1%
Main Sector				
Production	23.0%	36.1%	38.8%	2.0%
Construction	18.8%	47.2%	30.9%	3.0%
Wholesale, retail	18.9%	45.4%	34.6%	1.1%
Hospitality	29.2%	35.4%	34.7%	0.7%
Business Services	29.9%	38.7%	30.9%	0.5%
Other services	51.9%	30.6%	16.5%	1.1%
Size				
10-19	23.5%	41.9%	34.1%	0.6%
20-49	34.0%	38.8%	25.7%	1.4%
50-249	46.7%	28.6%	22.7%	2.1%
250 plus	59.3%	10.9%	28.6%	1.2%

Base: 1551 firms

Although engagement with workplace initiatives to support mental health has increased compared to the previous year, firms were still, as previously observed, more likely to have adopted approaches that did not require additional funding. So, the most widely adopted initiative was the support of employees in-house, including signposting them to other services, and the second most widely adopted was reporting of the firm's mental health approach (see Figure 5.4). Only just over a quarter of firms said that they had a budget for mental health initiatives.

Overall, only 27.2 percent of firms had a mental health plan, and 42.5 per cent had a mental health lead at board level. This compares to 22 percent and 36 per cent respectively for the previous year. Although both have risen, it means that more than half of firms still do not have a mental health advocate at senior level, and nearly three-quarters do not have a formal plan to address these issues in the workplace. Where firms did report having a plan, however, 73 per cent reported that it was based on employee feedback, and more than 90 per cent told us that it was implemented and communicated to all staff (Figure 5.5).

Figure 5.4 Firm-level approach to mental health support, by size and sector

	In-house support & signposting to other services	Reporting of mental health approach	MH lead at board level	Data to monitor employee wellbeing	Mental health plan	A budget for MH & wellbeing activities
All firms	72.6%	44.8%	42.5%	41.6%	27.2%	25.1%
Main Sector						
Production	67.7%	37.0%	37.0%	37.0%	22.9%	25.9%
Construction	50.2%	54.8%	34.8%	45.1%	24.4%	15.4%
Wholesale, retail	64.4%	34.9%	34.1%	32.6%	21.0%	23.9%
Hospitality	71.0%	44.4%	39.7%	33.8%	25.9%	26.3%
Business Services	66.0%	40.8%	42.7%	39.1%	28.0%	28.3%
Other services	83.2%	52.3%	54.8%	56.1%	35.3%	24.6%
Size						
10-19	64.6%	34.6%	34.2%	32.1%	21.2%	19.4%
20-49	71.5%	50.0%	45.2%	46.5%	28.3%	25.3%
50-249	86.4%	54.5%	57.7%	57.6%	41.1%	31.7%
250 plus	88.4%	45.0%	61.3%	49.5%	31.5%	47.7%
Base (firms):	841	841	1551	1551	1551	841

Figure 5.5 Mental health plan development and implementation, by size and sector

	MH plan based on feedback from employees	MH plan implemented and communicated to all staff
All firms	73.0%	91.1%
Main Sector		
Production	65.1%	89.3%
Construction	66.0%	94.2%
Wholesale, retail	65.0%	87.1%
Hospitality	77.0%	86.0%
Business Services	71.5%	89.6%
Other services	80.1%	95.7%
Size		
10-19	67.4%	89.3%
20-49	75.9%	88.2%
50-249	75.5%	96.5%
250 plus	88.8%	100.0%

Base: 428 firms

5.2 Firm-level activities and practices to support mental health

Figure 5.6 shows that where firms had introduced activities to support mental health in the workplace, the most commonly adopted was reviewing staff workloads, which was cited by more than 80 per cent of firms. Other activities included training and support for those returning to work following a mental health absence (73.5 per cent), awareness training for staff on mental health issues (71.6 per cent) and risk assessments (just over 68 per cent). By contrast, despite prior evidence indicating a strong reliance on line managers to identify and address workplace mental health issues¹⁷, only 46.3 per cent of firms in this study said that they had introduced training for line managers in managing mental health. Implementation of these support activities did not evidence any clear pattern by firm sector or size.

¹⁷ ERC. (2020). A baseline study for the Mental Health and Productivity Pilot project

We also observed high adoption of a number of firm-level practices aimed at supporting mental health, including encouraging open conversations (95.5 per cent) making appropriate workplace adjustments (91.3 per cent) and ensuring that all staff have regular wellbeing conversations (82.4 per cent). These practices were reported to be widely adopted in firms of all sizes and sectors (Figure 5.7) and levels of adoption remain at similar levels to those observed in the first wave of data collection. Overall, we observed lower levels of adoption of employee mental health champions (although at 38 per cent the proportion adopting these was slightly up on 2020 levels), and these were more likely to be offered by larger firms. Just over 63 per cent of firms reported that they were providing regular opportunities for informal social contact for remote workers in the light of the COVID-19 crisis.

Figure 5.8 shows the reported provision of a range of wellbeing-related resources for employees, including access to financial wellbeing advice, the supply of healthy food and drink or gym memberships, and personal resilience training. Without exception, the likelihood of provision of these resources increased with size of firm. We also noted some variation in the provision of these benefits among sectors. For example, overall employers in the production, construction and wholesale/retail sectors were less likely than employers in other sectors to offer the majority of the resources, a finding which merits further investigation. In all cases apart from the provision of healthy food and drink, adoption levels overall were similar to pre-COVID-19 levels. It is likely that the reduction in food and drink provision simply reflects the closure of many workplaces and the increase in remote working. The 2021 survey was the first time that we had asked about the provision of counselling support for employees. Adoption of this support initiative was reported to be high at nearly 46 per cent, and again it increased with firm size.

Figure 5.6 Provision of workplace mental health support activities, by size and sector

	Reviews of staff workloads	Training & support for employees returning to work	Awareness raising for staff on mental health issues	Risk assessment or stress audits	Training for line managers in managing mental health
All firms	80.5%	73.5%	71.6%	68.1%	46.3%
Main Sector					
Production	72.0%	66.2%	58.2%	62.1%	29.4%
Construction	72.3%	64.4%	67.2%	56.6%	41.4%
Wholesale, retail	79.5%	65.7%	66.2%	60.4%	37.5%
Hospitality	74.3%	78.0%	72.5%	74.7%	56.1%
Business Services	82.9%	68.3%	68.4%	58.7%	36.5%
Other services	84.7%	81.0%	79.3%	76.6%	56.9%
Size					
10-19	81.5%	65.6%	64.6%	62.9%	39.3%
20-49	81.7%	75.1%	72.8%	69.4%	47.1%
50-249	78.4%	83.7%	81.9%	73.6%	57.4%
250 plus	71.9%	83.0%	73.5%	78.5%	44.9%

Base: 841 firms

Figure 5.7 Adoption of organisational practices to support good mental health, by size and sector

	Encourage open conversations about mental health in the workplace	Make appropriate workplace adjustments	Ensure all staff have a regular MH & wellbeing conversation	Provide regular opportunities for informal social contact for remote workers	Have employee mental health champions
All firms	95.5%	91.3%	82.4%	63.2%	38.0%
Main Sector					
Production	87.3%	88.4%	66.2%	67.1%	31.1%
Construction	96.0%	91.8%	78.2%	68.4%	28.2%
Wholesale, retail	95.2%	87.1%	70.8%	63.5%	29.2%
Hospitality	96.7%	93.5%	85.7%	48.3%	38.6%
Business Services	94.0%	93.8%	79.8%	74.9%	43.9%
Other services	98.1%	92.1%	92.7%	60.4%	42.0%
Size					
10-19	94.9%	90.4%	83.8%	57.4%	27.5%
20-49	94.9%	91.6%	80.6%	63.5%	36.9%
50-249	96.9%	93.7%	84.0%	69.5%	54.4%
250 plus	100.0%	81.9%	74.1%	87.2%	65.5%

Base: 841 firms

Figure 5.8 Provision of other wellbeing resources and activities, by size and sector

	Access to counselling support	Supplying healthy food and drinks	Financial wellbeing advice	Physical support, e.g., gym memberships	Personal resilience training
All firms	45.7%	37.0%	35.5%	27.7%	25.0%
Main Sector					
Production	36.1%	23.0%	24.2%	28.4%	13.4%
Construction	26.5%	23.5%	27.4%	22.2%	14.0%
Wholesale, retail	36.3%	30.5%	31.7%	24.0%	17.0%
Hospitality	38.4%	51.2%	48.5%	28.8%	30.1%
Business Services	45.4%	28.5%	33.1%	35.6%	22.1%
Other services	65.1%	51.4%	42.0%	25.9%	39.4%
Size					
10-19	35.5%	34.9%	30.6%	21.1%	21.1%
20-49	47.8%	37.5%	33.9%	27.1%	24.5%
50-249	66.9%	40.4%	48.6%	43.3%	34.2%
250 plus	68.7%	44.7%	61.5%	54.9%	45.4%

Base: 1551 firms

5.3 Firm-level factors influencing the adoption of activities and practices to support mental health

In this subsection, we present the results of statistical modelling which examined the relationship between a range of firm-level factors and the number of mental health practices firms adopted according to the 2020 and 2021 data. The eight practices we considered were having a mental health plan, having a mental health lead at board level, using data to monitor employee wellbeing, providing support for those returning to work, having a mental health budget, providing awareness training for staff on mental health issues, providing training for line managers in managing mental health issues and using risk assessments or stress audits.

Of the eight workplace mental health practices, 34.7 per cent of firms adopted none in 2020, with this figure falling to 30.2 per cent in 2021 (see Figure 5.9). Therefore, almost 70 per

cent of firms adopted at least one mental health practice by 2021. On average, firms adopted 2.2 mental health practices in 2020, and this increased to 2.5 in 2021.

Figure 5.9: Adoption of mental health practices by year

Number of mental health practices	2020	2021
0	34.65%	30.17%
1	18.33%	17.28%
2	12.01%	11.35%
3	8.21%	8.45%
4	6.37%	8.51%
5	6.85%	7.09%
6	6.48%	6.25%
7	4.9%	7.22%
8	2.21%	3.68%
Total	100%	100%
Average	2.2	2.5

Using Poisson (count) models, we identified the factors which influenced the number of mental health practices adopted by firms in 2020 and 2021 (see Figure 5.10). Positive and significant coefficients indicate a greater likelihood of adopting a larger number of mental health practices, while negative and significant coefficients indicate the likelihood of adopting a smaller number of mental health practices. Our results indicate that workforce diversity is important with respect to the adoption of these practices. Firms with a higher percentage of disabled workers were more likely to adopt a higher number of mental health practices in both 2020 and 2021. Likewise, firms with a higher percentage of ethnic minority employees and female employees were more likely to adopt mental health practices in 2020 and 2021 respectively.

Figure 5.10 Factors Associated with Adoption of Mental Health Practices

	Number of Mental Health Practices Poisson Models	
	2020	2021
Ethnic share (%)	0.004***	0.001
	(0.001)	(0.001)
Female share (%)	0.002	0.005***
	(0.001)	(0.001)
Disabled share (%)	0.021***	0.019***
	(0.006)	(0.005)
Graduate Share (%)	0.003*	0.003**
	(0.001)	(0.001)
No Qualifications (%)	-0.002*	-0.001
	(0.001)	(0.001)
Employee Age Profile (25-49 years)	-0.002	0.000
	(0.002)	(0.002)
Employee Age Profile (50 years)	-0.008***	-0.003
	(0.002)	(0.002)
Multi-plant (d)	0.297***	0.196***
	(0.069)	(0.062)
Firm Age (years)	-0.005	0.000
	(0.004)	-0.004)
Regional Focus (d)	-0.312***	-0.184**
	(0.081)	(0.074)
Adopt New Tech (d)	0.258***	0.196***
	(0.065)	(0.074))
Firm Size (20-49 employees)	0.242***	0.297***
	(0.076)	(0.070)
Firm Size (50-249 employees)	0.385***	0.527***
	(0.099)	(0.085)
Firm Size (250+ employees)	0.562***	0.439*
	(0.173)	(0.247)
Family Firm (d)	-0.169**	(0.047
	(0.070)	-0.061)
Mental Health Sickness Absence (d)	0.128*	0.244***
	(0.074)	(0.069)
N	1204	1155
chi2	435.724	510.361
P	0	0

There was a positive relationship between the percentage of graduates in the firm and the likelihood of adopting more mental health practices. Multi-plant firms were also more likely to adopt a larger number of mental health practices. Firms with a regional focus adopted fewer mental health practices than firms with a more international focus, and this statistically significant finding was evident across both years. Firms that adopted new technologies to aid business performance were more likely to adopt more mental health practices than firms who had not. This finding is statistically significant at the 1 per cent level across both years. In addition, larger firms adopted more mental health practices than smaller firms (i.e., those with 10-49 employees). In 2020, family firms adopted fewer mental health practices than non-family firms. However, by 2021, this difference had disappeared.

In 2021, firms which recorded absences from work for mental health reasons were more likely to adopt more mental health practices than firms which did not record such absences. This finding is statistically significant at the 1 per cent level. This finding was also evident in the 2020 data, but was only statistically significant at the ten per cent level.

In summary, firms with greater workforce diversity, firms that are adopters of new technology and larger firms are more likely to adopt higher numbers of mental health practices. Firms with a regional focus are less likely to adopt mental health practices. Interestingly, we saw some difference in the factors impacting on the adoption of mental health practices across the two waves of data. For example, while family firms adopted fewer mental health practices in 2020 (before the COVID-19 pandemic) evidence from 2021 (during the pandemic) showed no difference in the number of mental health practices adopted by family firms and non-family firms. Also, we found more evidence of mental health absences influencing adoption of mental health practices in 2021 (during the pandemic) than in 2020 (before the pandemic).

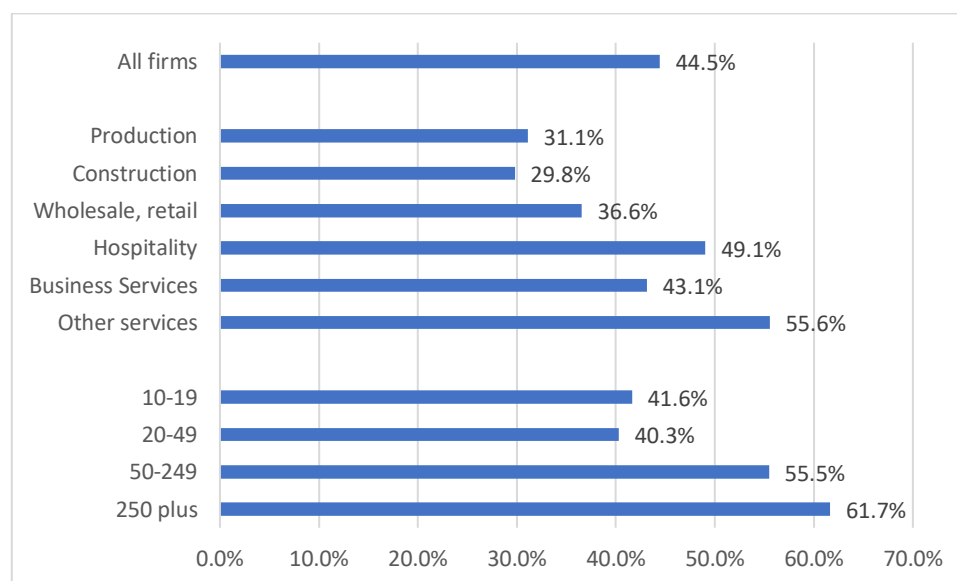
5.4 Impact of firm-level health and wellbeing initiatives

Less than half of the firms we surveyed – only around 45 per cent - evaluated the mental health and wellbeing activities that they offered, but this varied considerably by sector, with hospitality and services firms much more likely to do so than production, construction and wholesale/retail firms. Here again, larger firms were more likely to say that they did evaluate their activities (Figure 5.11). Overall, the proportion of firms that reported evaluating their mental health and wellbeing activities was up from around 39 per cent compared with the previous wave of data.

When firms did evaluate, they found a range of employee-related positive impacts of their wellbeing activities as shown in Figure 5.12, including improved stress management and job satisfaction (both found by around 65 per cent of firms, up from around 57 per cent of firms in 2020), and reduced mental health-related absence (found by around 56 per cent of firms, up from 49 per cent in 2020). These outcomes were experienced by firms in all sectors, and were identified more frequently by larger firms.

Similar to the findings of the 2020 survey, firms also reported that their mental health and wellbeing initiatives had led to positive business outcomes (Figure 5.13), with more than half of respondents pointing to better customer service, staff retention and business performance, and 28 per cent saying that staff recruitment had been improved.

Figure 5.11 Proportion of active firms that evaluate their mental health & wellbeing activities, by size and sector



Base: 1135 firms

Figure 5.12 Employee-related benefits of mental health & wellbeing initiatives, by size and sector

	Improved mental health & stress management	Improved job satisfaction levels	Reduced work-related stress/mental ill health absence
All firms	65.1%	65.1%	55.6%
Production	54.0%	60.2%	48.2%
Construction	55.5%	57.2%	48.9%
Wholesale, retail	54.8%	53.7%	44.6%
Hospitality	64.4%	68.7%	57.7%
Business Services	65.0%	64.7%	55.8%
Other services	77.4%	74.2%	65.3%
10-19	61.6%	65.3%	51.6%
20-49	63.2%	63.2%	53.2%
50-249	74.4%	67.1%	66.4%
250 plus	78.8%	71.0%	68.2%

Base: 1135 firms

Figure 5.13 Business-related benefits of mental health & wellbeing initiatives, by size and sector

	Helped with staff recruitment	Improved customer service	Improved staff retention/reduced staff turnover	Improved business performance
All firms	28.0%	55.9%	53.9%	55.6%
Production	25.1%	43.2%	44.1%	46.3%
Construction	20.7%	44.7%	41.1%	45.2%
Wholesale, retail	24.3%	51.3%	45.1%	48.8%
Hospitality	31.0%	61.0%	62.4%	53.9%
Business Services	33.8%	52.6%	54.4%	58.7%
Other services	28.0%	65.0%	61.7%	63.5%
10-19	23.9%	53.5%	46.7%	51.8%
20-49	29.6%	58.0%	60.5%	57.9%
50-249	32.1%	58.3%	55.6%	58.6%
250 plus	40.8%	48.1%	69.0%	63.6%

Base: 1135 firms

5.5 Summary

As we found in the previous wave of data collection, the firms we surveyed recognise that they have a role to play in supporting their employees' mental health and wellbeing, and many – more than 50 per cent – are already offering initiatives and activities to help with this. However, we point to two important indicators – whether firms have a mental health plan and whether they have a mental health lead at board level – to affirm that much still remains to be done. Although the proportion of firms reporting both has increased since the first wave of data collection, still only 27.2 per cent of firms have a mental health plan, and only 42.5 per cent have a senior level mental health lead.

The findings we have presented in this chapter show that, overall, the proportion of firms that have adopted a range of practices related to mental health and wellbeing is growing. Encouragingly, we also observed new practices being introduced in response to the COVID-19 crisis. However, we still note lower uptake of initiatives that require financial support rather than simply changing procedures or processes. Indeed, only a quarter of

respondent firms reported that they have a mental health budget, a proportion that has remained flat year-on-year. Some types of firm were more likely than others to adopt mental health practices, including larger firms and those with multi-site operations. Our analysis also points to key firm-level factors that are associated with increased uptake of mental health practices, including employee diversity, the adoption of technology to aid performance, the employment of graduates and the recording of reasons for mental health-related absence. Exploring these firm-level differences may be a fruitful focus of future research to understand why some firms are more open to adopting mental health practices than others.

The benefits that firms can derive from the adoption of mental health and wellbeing initiatives are clear. Increasing the adoption of such initiatives would seem to be an obvious strategy for firms and for policy-makers.

CHAPTER 6. CONCLUSIONS, IMPLICATIONS AND POLICY RECOMMENDATIONS

6.1 Conclusions and recommendations

This study reports on the second of two waves of data collection focusing on workplace wellbeing and mental health in the Midlands of England. The first wave of data was collected just before the COVID-19 pandemic in March 2020. This second wave of data, collected in early 2021, therefore allows comparison between a pre-and post-COVID-19 world.

Why do workplace mental health issues matter? Firstly, workplace mental health issues are widespread - 61% of employees report having experienced mental health issues where work was a contributing factor - and lead to an estimated 300,000 job losses in the UK every year. So, these issues affect a significant proportion of the working population and their consequences for the individuals affected can be very serious. Secondly, given that some minority groups, including younger people, and those with disabilities, suffer disproportionately with mental health problems, addressing these issues has clear implications for workplace inclusion as well as for general employee wellbeing. Thirdly, prior research points to a huge annual cost to UK firms of workplace mental health issues of between £42bn and £45bn, attributable to sickness absence, presenteeism and reduced turnover. Productivity has been found to be down by 24.5 per cent in firms reporting an impact of mental health sickness absence. Yet employers seem to be unaware of the extent and scale of the problem and many simply are not engaged in addressing it. Finally, evidence indicates that one legacy of the COVID-19 pandemic will be a substantial increase in mental health issues of many kinds, in existing and new sufferers. Addressing these issues will ensure that their employees can play a key part in enabling firms to rebound from the crisis and to move forward.

The sample for this wave of data collection comprises 1551 private firms based in the Midlands of England, employing ten or more people. We sampled firms of all sizes above ten employees, and in all business sectors. We aimed to represent the business population of the Midlands and in analysis, we have weighted the sample to ensure that it accurately reflects it. Data collection took place during February, March and April 2021, and so for the

majority of the 12-month period under study, the Midlands were under COVID-19 restrictions of some kind. We draw the following five key conclusions from the data:

1. **COVID-19 impacted significantly on Midlands firms and their employees, and employers will need to be vigilant to identify possible future mental health impacts.** For many firms, the impact was negative and as a result fewer reported increases in turnover and numbers of employees compared to the previous wave of data. Many were forced to make staff redundant and to make use of external support programmes to keep their businesses going. It is possible that the effects of COVID-19 will drive further mental health issues in the workplace, as ongoing uncertainty gives rise to stress and anxiety and individuals continue to feel the after-effects of the major changes the pandemic has brought. This is something that employers, support agencies and policymakers will need to consider as they develop future plans.
2. **Presenteeism is down – but is this a temporary effect of the pandemic?** Workers being present in the workplace but not performing as expected because of ill-health, or those working beyond their contracted hours, was reported by 16 per cent of firms overall, compared to more than 33 per cent in 2020. This large and unexpected reduction undoubtedly reflects the complex circumstances prevalent in many workplaces as a consequence of the COVID-19 crisis. Around 85 per cent of firms surveyed had made use of the furlough scheme and for these firms, a proportion of staff would not have been working at all. The increase in remote working driven by the crisis meant that it may have been difficult to assess whether people were working when ill, reducing reports of presenteeism. It is also possible that for those firms which were operating as normal during the crisis, fewer employees presented for work when ill because of the stigma attached to interacting with others while experiencing COVID-19 symptoms, or because firms were more diligent in ensuring that people with symptoms were sent home. Interestingly, a third of firms we surveyed said they were not taking any steps to address presenteeism, and those that were relied overwhelmingly on sending people who were ill home. More focus on training for line managers and on role modelling, to ensure that managers are not inadvertently encouraging presenteeism, may be appropriate, to ensure that should presenteeism return to previous levels, firms are ready to deal with it.

3. **Long-term and repeated sickness absence are both down.** Long-term sickness absence was down from 41 per cent to 34 per cent compared to 2020, and repeated sickness absence was down from 33 per cent to 23.5 per cent. Of course, when the data collection for this study was carried out many firms were temporarily closed, an effect which was particularly felt in the hospitality and services sectors. More remote working may have driven lower levels of sickness generally as people were not interacting with others in the workplace or on public transport. It seems likely that these levels will creep back up as firms return to pre-pandemic working patterns.
4. **Mental health-related absence is up – and down.** Fewer firms are reporting mental health related absence, but those that are reporting it say that it accounts for a greater proportion of their sickness absence. And 40 per cent of these firms say that it impacts on their performance. This is a complex picture, which has undoubtedly been influenced by changed patterns of working during the COVID-19 crisis. As noted above, the reduced reported incidence of mental health issues may reflect improved circumstances for some employees, driven by less commuting and more flexible working, which led to improvements in their mental health. But the uncertainty provoked by the crisis may have discouraged employees from disclosing mental health struggles for fear of stigma or ultimately of losing their jobs, which could also help to explain the trends we observed. This will be a key metric to watch as working patterns evolve in the coming months.
5. **There is still much room for improvement in firm-level responses to workplace mental health issues.** Although more than 50 per cent of firms in our study offer initiatives and activities aimed at supporting employee mental health and wellbeing, we point to two important indicators to affirm that much still remains to be done. Only 27.2 percent of firms have a mental health plan, and only 42.5 per cent have a senior level mental health lead. Both figures are up only slightly on last year. We also note lower uptake of initiatives that require financial support rather than simply a change in procedures or processes. Only a quarter of firms has a mental health budget, and this is unchanged year-on-year. However, a third of firms reported having offered new initiatives in response to the COVID-19 crisis, which is encouraging. Our analysis has identified a number of firm-level factors that are significantly associated with the adoption of mental health practices, ranging from firm size to employee diversity, the adoption of technology to aid performance, and the recording of reasons for mental health absence. Exploring these relationships

may help to shed light on the reasons that some firms are more open to adopting mental health practices than others.

6.2 Policy recommendations

Employers are often unaware of the extent of, and impacts of, mental health issues in the workplace. Our findings indicate an over-reliance on untrained line managers to deal with workplace mental health issues and a lack of awareness of external sources of expert help which could help them to address these issues more effectively. Additionally, it seems clear that workplace mental health issues have been exacerbated by COVID-19. In policy terms, these findings point to the importance of government, mental health and business organisations engaging with firm leaders, to educate them about the prevalence and costs of mental health issues, and to encourage them to engage with the available sources of expert help to address these issues.

Supporting employers to provide training in the management of mental health issues for line managers would make sense, given their key role in managing these issues. In particular, strengthening awareness of the ways in which workplace mental health issues can manifest themselves, for example through changes in behaviour, may be useful. Providing line managers with strategies to help them to address workplace mental health issues would undoubtedly improve their confidence in managing these challenges. Encouraging firms to nominate mental health champions might raise the profile of these issues in their businesses, demonstrating that mental health is as important as physical health. In the light of changing workplace practices driven by the COVID-19 pandemic, encouraging employers to consider how they can best manage the specific challenges of hybrid working and their mental health implications would also be relevant.

Drawing employers' attention to the different kinds of costs associated with workplace mental health issues (e.g., those related to absenteeism but also to presenteeism and staff turnover, all of which ultimately affect productivity) might also help to focus employers' minds on the implications for their businesses. Given that firms which have adopted mental health initiatives report positive effects, peer support through networking, information sharing and mentoring could help to spread these messages and to encourage uptake of these practices.

The low awareness and very low uptake that we observe in initiatives developed by experts to assist employers in addressing workplace mental health issues suggests that there is a job to be done to signpost firms towards specialist resources. Interventions to encourage firms to adopt these initiatives would need to demonstrate the value for employers. This may be as much about showcasing their effectiveness as about signalling their availability and, here again, peer support and the use of case studies might be relevant, to underline the ways in which such initiatives have helped other firms. Our research has also identified that firms are more likely to contact advisers who do not typically specialise in mental health (e.g., HR consultants) for advice on mental health issues. This suggests that fostering connections between such professional advisers and the expert organisations providing specialist resources and help (e.g., MIND and other mental health organisations) might be a way of channelling employers towards expert mental health help.

APPENDIX 1: FIELDWORK

The survey was conducted using Computer Assisted Telephone Interviewing (CATI). This is proven to be the best means of reaching the appropriate personnel within a business, typically with much better response rates than administering an online survey. Within each organisation, the most senior person with responsibility for the health and well-being of workers was sought to be interviewed. The survey was conducted between 28th January 2021 and 15th April 2021. In total, 1,551 CATI interviews were completed. The profile of achieved interviews, broken down by region, size and sector are detailed below.

Number of survey responses

Region = East Midland	Survey responses				
	"10-19	"20-49	"50-249	"250 plus	Total
ABDE - Primary + Utilities	13	6	6	1	26
C - Manufacturing	58	34	32	4	128
F - Construction	25	15	9	2	51
G - Wholesale and Retail	66	36	11	4	117
H - Transportation and Storage	6	10	20	1	37
I - Accommodation and Food	28	19	7	1	55
J - Information and Communication	10	4	5	1	20
K - Financial and Insurance Activities	11	7	4	1	23
LMN - Business Services	50	24	18	1	93
PQ - Public Services	50	39	18	2	109
RS - Arts + Other Services	10	8	6	1	25
Total	327	202	136	19	684
-> Region = West Midland					
	sizeband				
Sector - Summary	"10-19	"20-49	"50-249	"250 plus	Total
ABDE - Primary + Utilities	15	12	8	1	36
C - Manufacturing	81	59	30	2	172
F - Construction	28	14	17	1	60
G - Wholesale and Retail	75	55	15	0	145
H - Transportation and Storage	10	7	10	5	32
I - Accommodation and Food	28	16	8	2	54
J - Information and Communication	9	11	8	2	30

K - Financial and Insurance Activities	6	8	3	2	19
LMN - Business Services	92	42	27	4	165
PQ - Public Services	69	41	17	2	129
RS - Arts + Other Services	11	7	7	0	25
Total	424	272	150	21	867

Frequency weights

East Midland	10-19	20-49	50-249	250+	Total
ABDE - Primary + Utilities	32.3	47.5	22.5	20.0	33.1
C - Manufacturing	24.2	35.6	27.0	40.0	28.4
F - Construction	38.6	29.7	23.9	7.5	32.2
G - Wholesale and Retail	59.1	60.7	75.9	28.8	60.1
H - Transportation and Storage	119.2	47.5	17.0	95.0	43.9
I - Accommodation and Food	75.9	75.8	43.6	59.0	70.6
J - Information and Communication	38.0	61.3	24.0	15.0	38.0
K - Financial and Insurance Activities	28.2	20.7	12.5	15.0	22.6
LMN - Business Services	49.6	55.4	46.9	150.0	51.7
PQ - Public Services	56.6	78.3	108.1	92.5	73.5
RS - Arts + Other Services	89.5	60.0	38.3	20.0	65.0
Total	50.2	55.9	43.3	42.4	50.3
West Midland					
ABDE - Primary + Utilities	27.7	21.7	15.6	40.0	23.3
C - Manufacturing	21.1	24.7	32.0	77.5	24.9
F - Construction	37.7	35.4	13.2	20.0	29.9
G - Wholesale and Retail	64.6	48.0	68.3	#DIV/0!	59.7
H - Transportation and Storage	69.0	67.1	39.5	21.0	51.9
I - Accommodation and Food	83.6	104.7	54.4	10.0	82.8
J - Information and Communication	50.6	30.0	21.9	17.5	33.2
K - Financial and Insurance Activities	67.5	28.1	31.7	25.0	40.8
LMN - Business Services	35.5	38.2	37.6	60.0	37.1
PQ - Public Services	48.2	80.1	145.6	135.0	72.5
RS - Arts + Other Services	94.1	76.4	40.7	#DIV/0!	75.8
Total	46.1	47.7	48.1	53.3	47.1

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