

Lack of support for workers' mental health “cuts firm productivity by a quarter”

22 May 2020



- **A new report funded through the Midlands Engine Mental Health and Productivity Pilot (MHPP) finds that firms impacted by mental health sickness absence suffered a 25% hit to their productivity**
- **Bosses surveyed cited remote working and job insecurity as risk factors – but many unsure where to turn for advice on boosting staff wellbeing**
- **Report calls for firms to appoint ‘mental health leads’ to oversee wellbeing policies and seek advice from specialist mental health charities**
- **Report is part of three-year programme funded by the Midlands Engine that is supporting employers with workplace mental health challenges**

Companies that don't do enough to support their workers' mental health risk seeing their overall productivity dropping by a quarter, new research suggests.

The findings from a large-scale survey commissioned by the [Mental Health and Productivity Pilot](#) and conducted by the [Enterprise Research Centre](#) found that, despite the potential hit to their bottom line, less than half of firms offer proactive support for mental health and many are unsure where to turn for advice.

Responses from individual company bosses also suggest that a post-COVID ‘new normal’ with more remote working could exacerbate productivity-sapping mental health problems among employees.

Questioning 1,900 Midlands firms ranging from micro-businesses to large companies, the researchers found that on the eve of the COVID-19 lockdown, nearly a third (31%) of all firms reported seeing sick leave due to mental health problems such as depression and anxiety in the past year.

And significantly, in firms that recorded a hit to their performance as a result, the overall productivity of the company – defined as turnover per employee – was cut on average by 24.5%. It suggests firms that fail to address problems caused by stress could be putting both their workers' health and their own viability at risk.

According to a recent [study by Deloitte](#), mental health problems could be costing UK firms up to £45bn per year from sickness absence, 'presenteeism' – being at work when ill but working less effectively – and higher staff turnover.

Some firms are taking a proactive approach to improving workplace wellbeing. Loughborough-based CR Civil Engineering Ltd celebrated its 20th birthday in March by signing up to Mind and Rethink Mental Illness' [Time To Change Pledge](#), joining nearly 1,500 firms that have committed to ending mental health stigma in the workplace.

Business Director Melanie Heath said: *“A quarter of our 223-strong workforce are Mental Health First Aid trained, including all directors and senior management and we’ve appointed 22 wellness champions across the business. We also hold regular awareness training days for all staff and every employee has access to a 24/7 advice line, an online cognitive behavioural therapy (CBT) app and counselling sessions. All of this helps to foster a culture of openness and mutual support across the company. “We’ve made this a priority across the business because our people are our most vital asset and we know that a happy team is a productive team. Ensuring the wellbeing of our people ultimately drives everything else forward.”*

The ERC research found in interviews that employers believe a number of key factors contributed to poor mental health in the workplace, including isolation due to remote working, worries about job security and demands from clients and customers.

Sickness absence for mental health, meanwhile, impacted on firms by placing additional burdens on other workers, affecting staff morale and time spent on management issues, as well as creating extra costs from hiring temporary or permanent replacements – all leading to reduced efficiency across the business.

But despite the substantial costs to firms, only 44% offered proactive support for mental health problems, while only a fifth (22%) had a mental health plan for the business and just over a third (35%) had a health and wellbeing lead on the board.

Nearly two-thirds (64%) of companies said they wanted to offer more support. However, many firms tended to look internally or online for ideas to improve mental health, with just 14% consulting specialist mental health charities.

The report recommends that firms should appoint a 'mental health lead', particularly in larger companies which tend to experience higher sickness absence for mental health reasons. It also calls for greater partnership working between employers, human resources specialists and mental health charities. The researchers suggest more structured, open and proactive approaches are needed to employee mental health, with issues dealt with in the same way as physical health problems.

The ERC is the UK's leading independent research institute on growth, productivity and innovation in small and medium-sized enterprises (SMEs). It said the findings, collected in the first quarter of this year just before coronavirus struck, would provide an important baseline for future studies on the effects of the virus on workers' mental health.

Stephen Roper, Director of the Enterprise Research Centre and Professor of Enterprise at Warwick Business School, said: *"This study shows that the scale of the mental health challenge in workplaces was already huge before the onset of COVID-19. Given the massive dislocation to people's working lives since then, we can expect that situation to have got worse, especially because some of the risk factors highlighted by our study participants such as remote working have suddenly become far more commonplace. "We've also shown that poor mental health among staff can have a big impact on the productivity of the entire firm. It may seem obvious that having people off sick or trying to work when ill would mean, ultimately, that sales suffer. But many, many firms aren't measuring this impact in any real way, so may be seeing a far bigger loss of business than they realise. "It's therefore really important for firms to have a proper plan and policies in place. The more proactive ones are appointing mental health leads to take responsibility for this issue across the business and that's a model that we believe needs to be mainstreamed."*

Professor Guy Daly, Deputy Vice-Chancellor of Coventry University and MHPP

Programme Lead said: *"We have been working on this seminal pilot programme since before the*

COVID-19 pandemic hit the world. As the nation and the region work on the recovery phase, the matter of mental health at work is even more significant with the meanings of ‘workplaces’ and ‘productivity at work’ being redefined. MHPP is a pilot with and for employers – small and large – and employees and is, therefore, a huge opportunity to co-create and pilot interventions that will add-value to improvements in mental health and productivity in workplaces.”

ENDS

Notes to editors

1. Full report

The full report, ‘Employee well-being, mental health and productivity in Midlands firms: The employer perspective’ is available [here](#)

2. About the Mental Health and Productivity Pilot

The Mental Health and Productivity Pilot (MHPP) is a 3-year programme funded by the Midlands Engine, www.midlandsengine.org until June 2022. In May 2019 Coventry University led a successful partnership bid to secure funding of £6.8M from Midlands Engine for the programme, in collaboration with University of Warwick, the West Midlands Combined Authority and Mind charity.

The MHPP partnership also includes leading universities in the Midlands Engine region with research expertise in this area, mental health practitioners and health providers. It is overseen by a Strategic Advisory Board, which is chaired by Dame Julie Moore, the former Chief Executive of University Hospital Birmingham NHS Foundation Trust. Other members of the Board are:

- Sir Norman Lamb
- Paul Farmer, Chief Executive, Mind
- Dr Paul Turner, GP and Clinical Director, NHS
- Alison Tonge, Regional Director of Commissioning, NHS
- Dr Paul Litchfield, What Works Centre for Wellbeing
- Dr Steve Iley, Chief Medical Officer, Jaguar Land Rover
- Professor Helen Skouteris, Professor of Healthcare Improvement, Monash University
- Steve Gilbert OBE, Serious Mental Illness – Living Experience Consultant
- Christian van Stolk, Executive Vice-President, RAND Europe;

- Gayle Aughton, Senior Executive Officer, Midlands Engine

www.mhpp.me

www.mhpp.me/news

3. About the Enterprise Research Centre

The ERC is the UK's leading independent research institute on growth, productivity and innovation in small and medium-sized enterprises (SMEs). It is funded by the Economic and Social Research Council (ESRC), Department for Business, Energy and Industrial Strategy (BEIS), Innovate UK, The Intellectual Property Office (IPO) and the British Business Bank (BBB).

The ERC is producing the new knowledge around SMEs that will allow us to create a business-friendly environment nationwide, grounded in hard evidence. We want to understand what makes entrepreneurs and firms thrive so we can spread the lessons from best practice and make the UK a more successful economy.

The Centre is led by Professors Stephen Roper of Warwick Business School and Mark Hart of Aston University, Birmingham. Our senior researchers are world-class academics from both Aston and Warwick Universities as well as from our partner institutions which include Queens University Belfast and the University of Strathclyde.

<http://www.enterpriseresearch.ac.uk>