

WORKPLACE MENTAL HEALTH IN MIDLANDS FIRMS 2022: BASELINE REPORT

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ABSTRACT

We report on a third wave of data exploring workplace mental health, collected from 1,904 Midlands firms between January and May 2022, and compare it to data from two earlier waves which were collected between January and April 2021 and January and March 2020. In this report, we offer insight into employer experiences of mental health issues as COVID-19 restrictions were eased and working practices started to return to normal. During this period, the proportion of firms reporting presenteeism (employees working when they are ill or working beyond their contracted hours) increased, as did reported long-term and repeated sickness absence. This followed a decline in presenteeism and mental health-related absence at the height of the pandemic. We identify some positive trends in the adoption of key initiatives to mitigate the effects of workplace mental health issues, including the provision of a budget for mental health activities. However, we also note that there is still a strong reliance on untrained line managers to deliver the practices that firms rely on to manage workplace mental health issues.

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EXECUTIVE SUMMARY

Since early 2020, the Enterprise Research Centre has been researching the employer perspective on workplace mental health. Mental health issues are widespread and can have serious consequences, both for the individuals experiencing them and for the businesses employing these individuals, and these impacts have been exacerbated by the COVID-19 pandemic. Our data provides insight from before and during the pandemic into Midlands employers' experiences of workplace mental health challenges in three waves of data.

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. This latest report covers the period in 2021/22 when restrictions were starting to be lifted, and working practices, heavily disrupted at the height of the pandemic, were beginning to return to normal. This wave of data was collected from 1,904 firms between January and May 2022.

As the country started to emerge from the pandemic, our analysis identifies six key findings:

1. **Mental health sickness absence is now increasing, having declined at the height of the pandemic.** Mental health-related sickness absence was reported by 26.4 per cent of firms in 2022, up from 24.5 per cent in 2021, although it has not yet regained the pre-pandemic level of 30.5 per cent. This is likely to reflect a return to pre-pandemic working practices.
2. **Presenteeism is now creeping back up, having declined at the height of the pandemic.** We also note that the reasons for presenteeism are complex and can vary depending on the sector and size of the firm. While more employers appear to be addressing these working hours issues by investigating the causes or providing training on presenteeism for staff, and even a small number also reporting leader role modelling, more should be done. Understanding the different underlying reasons will be key to the ongoing development of effective interventions to address presenteeism in all its forms.
3. **There is evidence of greater uptake of some key mental health-related initiatives.** For example, more than 30 percent of all firms now have a mental health plan, up from around 27 per cent in 2021, and we also see a small increase in the proportion of firms with a mental health lead at board level. A common theme is that

larger firms (and those with multi-site operations) are more likely to adopt initiatives. Exploring these and other firm-level differences may be an important focus for future research to understand why some firms are more open to adopting mental health practices than others.

4. **More firms are funding mental health initiatives and activities, but firms still rely on unbudgeted practices to manage workplace mental health issues.** The proportion of firms said that they had a budget for the mental health initiatives they offered was up from just over a quarter in 2021 to nearly 32 per cent in 2022. But 70 per cent of firms remain without a dedicated mental health budget and this is reflected in a continued reliance on practice-based initiatives which are often delivered by untrained line managers. Nearly half of firms still do not train their line managers in delivering the mental health initiatives they offer, and research suggests that this can be detrimental for the mental health of these individuals.
5. **More firms are evaluating their mental health initiatives – and identifying benefits.** We see variation in the kinds of firms that do evaluate their activities, with hospitality and services firms much more likely to evaluate their activities than production, construction and wholesale/retail firms. Larger firms were more likely to say that they evaluate their mental health activities. Firms that evaluated their activities reported a range of employee-related positives including improved stress management, increased job satisfaction, and lower mental health-related absence. Firms also reported many positive business outcomes including improved staff recruitment, better customer service, better staff retention and stronger business performance.
6. **There remains much room for improvement in firm-level responses to workplace mental health issues, and getting it right will be vital to address the substantial increase in mental health issues that the pandemic has undoubtedly driven.** Our findings provide some cause for optimism that employers are more engaged with mental health issues, however there is still much to do to improve firm-level approaches to workplace mental health. In particular, encouraging employers to invest in training for line managers, and to fund initiatives to support the mental health and wellbeing of their employees, will be important as we continue to emerge from the pandemic. As employer attention shifts towards the cost of living crisis, it is to be hoped that they will continue to commit to giving staff the mental health support they need.

INTRODUCTION

Workplace mental health issues are estimated to cost UK employers £56 billion a year¹ in sickness absences, employee turnover, and presenteeism (when employees are working when ill, or are routinely working beyond their contracted hours). Analysis carried out in early 2020² 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 on their performance. This analysis establishes a link between workplace mental health and productivity, and offers the prospect that addressing workplace mental health issues could drive improvements in output as well as increasing employee wellbeing. Despite this, employers remain surprisingly uninformed about the extent and prevalence of mental health issues in their organisations, and they are often unaware of available sources of support to help them to address these issues².

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 statistics³ 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 Health⁴ 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. So, as the country continues to emerge from the pandemic, it is clear that mental health issues will continue to affect significant proportions of the workforce, and that employers will need to engage with initiatives and practices to help mitigate their effects. In the context of a looming cost of living crisis, this

¹ Hampson E and Jacob A. (2020) Mental health and employers: refreshing the case for investment. Deloitte.

² 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>

³ 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

⁴ 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

presents another significant challenge to businesses, many of which are already struggling to survive.

To better understand employers' attitudes towards, and experiences of, workplace mental health issues, we surveyed 1,904 Midlands firms between January and May 2022. This was the third 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, and wave 2 which was conducted between January and April 2021 and which covered a period of intense business disruption due to COVID-19 restrictions. The three waves of research allow us to provide comparative analysis, using data from before and during the COVID-19 crisis, as well as from the period in which restrictions started to ease, 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. 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 have adopted to support workplace mental health. We bring together our conclusions and recommendations in Chapter 6.

CHAPTER 1: CHARACTERISTICS OF FIRMS SURVEYED IN 2022

We report on a survey of 1,904 businesses in the Midlands which was conducted in early 2022. The population of interest was non-government funded organisations with 10 or more employees. Within each organisation, we aimed to interview the most senior person with responsibility for the health and wellbeing of employees. The survey used Computer Assisted Telephone Interviewing (CATI) which is acknowledged to be the best means of reaching the appropriate personnel within a business.

This is the third wave of workplace mental health and wellbeing data we have collected. It follows on from two prior surveys in 2021 and 2020. In total in 2022, we surveyed 851 firms in the East Midlands and 1,053 in the West Midlands. Interviews were conducted between 27 January and 20 May 2022 and lasted an average of 25 minutes. While COVID-19 incident rates remained high during this period, causing continued disruption for many firms, most restrictions had been eased prior to the start of this phase of fieldwork.

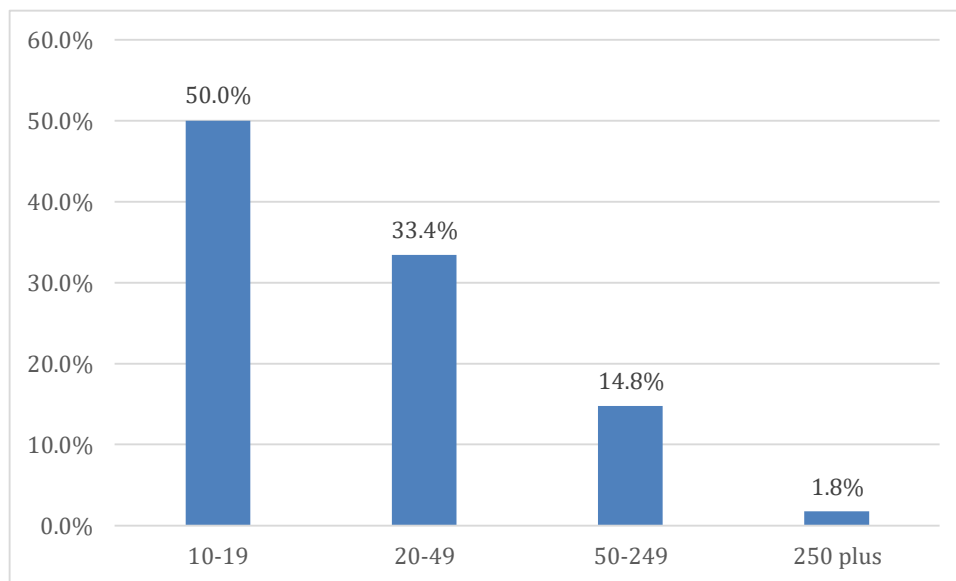
In this section, we cover key characteristics of the firms surveyed, including firm demographics, employee demographics, and firm management & business performance.

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.

As in previous surveys, 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 (50%). About a third employ between 20 and 50 employees (33.4%), 14.8% employ 50 to 249 employees and 1.8% employ 250 or more. We excluded the smallest firms, i.e., those with less than 10 employees because 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.

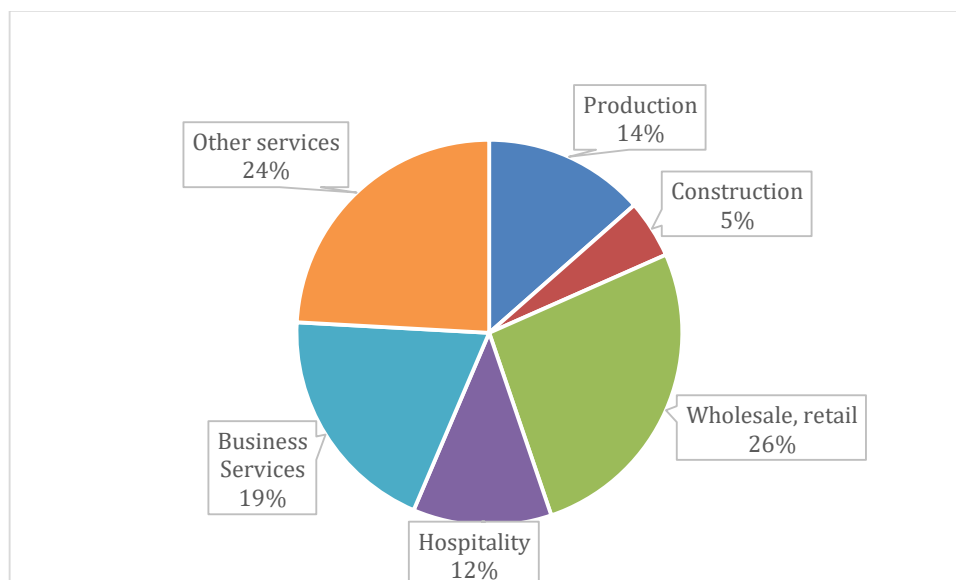
Figure 1.1 Profiling respondent firms: size



Base: 1904 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 around half the sample, followed by Business Services (19%), Production (14%), Hospitality (12%) and Construction (5%).

Figure 1.2 Profiling respondent firms: sector

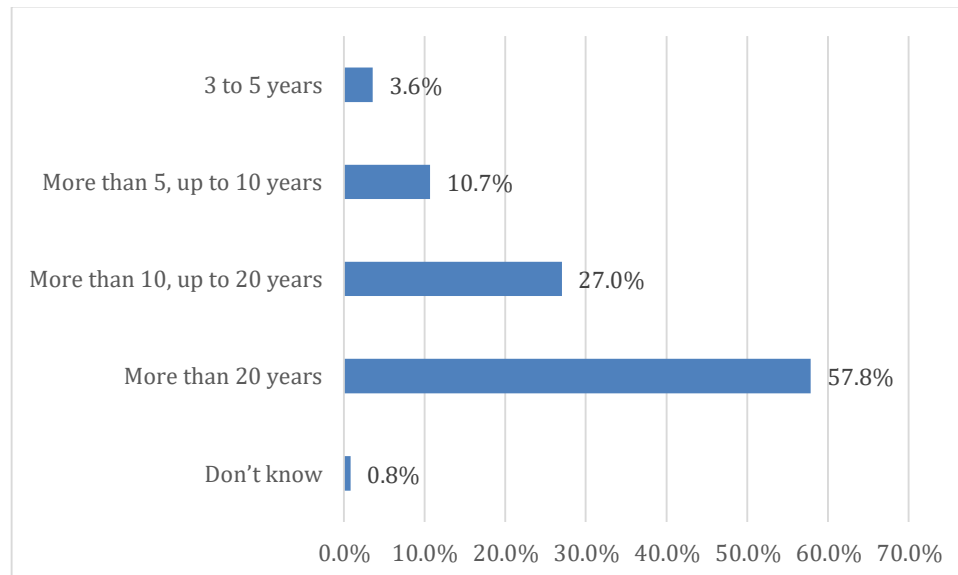


Base: 1904 firms

Figure 1.3 shows the weighted breakdown of sample firms by age. Around 58 per cent of firms surveyed are more than twenty years old, and a further 27 per cent are aged between ten and twenty years old, indicating that the majority of firms in our sample are well-

established. 10.7 per cent have been established for between five and ten years, and 3.6 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: 1904 firms

Figure 1.4 Profiling firms: single vs multi-site

	Single site	Multi site
All firms	61.0%	39.0%
10-19	71.3%	28.7%
20-49	57.4%	42.6%
50-249	39.6%	60.5%
250 plus	16.5%	83.5%
Production	62.8%	37.2%
Construction	78.6%	21.4%
Wholesale, retail	62.4%	37.6%
Hospitality	44.5%	55.5%
Business Services	64.5%	35.5%
Other services	59.9%	40.1%

Base: 1904 firms

Around 64 per cent of firms in the sample are family-owned. 17.6 per cent reported that they normally employed some staff on zero hours contracts and 6.6 per cent reported that they employed some staff on temporary contracts. 55 per cent said that they had introduced new technologies as a consequence of the COVID-19 crisis. (Figure 1.5).

Figure 1.5 Management practices in respondent firms

	All firms
Family owned	63.9%
Zero hours contracts	17.6%
Temporary contracts	6.6%
Introduced new technologies	55.3%

Base: 1904 firms

Overall, more than 43 per cent of firms surveyed said that their turnover had increased in the previous 12 months, and more than 30 per cent reported increased employee numbers in the same period. As shown in Figure 1.6, these figures are both substantially higher than the previous year, and indicate a significant rebound following the COVID-19 crisis. Looking at the breakdown by sector, it is clear that hospitality and other services firms were worst hit during the pandemic and show the strongest increases in turnover and employment in the most recent period. While firms of all sizes were hit, smaller firms were disproportionately affected at the height of the pandemic.

Figure 1.6 Percentage of firms reporting increased sales and employees in the previous 12 months

	Turnover has increased			Number of employees has increased		
	2020	2021	2022	2020	2021	2022
All firms	37.3%	19.5%	43.1%	31.0%	19.0%	30.5%
Sector						
Production	38.1%	23.7%	43.6%	31.6%	22.6%	26.7%
Construction	49.6%	20.8%	39.6%	32.6%	21.0%	29.2%
Wholesale, retail	39.4%	25.6%	52.5%	28.9%	19.9%	33.3%
Hospitality	42.4%	4.7%	35.9%	16.8%	9.1%	30.0%
Business Services	42.7%	24.4%	47.4%	42.0%	22.3%	35.5%
Other services	26.6%	14.4%	33.4%	30.5%	18.0%	26.2%
Size						
10-19	35.7%	17.6%	42.6%	26.2%	17.1%	25.3%
20-49	44.0%	19.2%	44.0%	33.6%	22.6%	35.3%
50-249	30.2%	23.0%	43.0%	39.0%	18.3%	36.2%
250 plus	28.0%	35.0%	42.5%	35.4%	15.6%	40.6%

Base: 1899 firms in 2020, 1551 in 2021, 1904 in 2022

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. This is unchanged since the previous wave of data collection. There is little variance by firm size but the hospitality sector has a notably younger employee profile (Figure 1.7). Figure 1.8 offers detail on the diversity within the workforces of the firms surveyed. Overall, just under half of employees in the firms surveyed are female, and 13 per cent are from non-white ethnic backgrounds. 2.8% have a long-term disability that affects the amount of type of work that they can do, and nearly 27 per cent are qualified to degree level or higher.

Figure 1.7 Profiling the workforce of respondent firms: age

	Under 25 years	25-49 years	50-plus years
All Firms	18.5%	52.1%	29.4%
10-19	17.1%	52.2%	30.7%
20-49	20.2%	51.8%	27.9%
50-249	19.4%	52.9%	27.7%
250 plus	21.6%	46.8%	31.7%
Production	11.7%	52.5%	35.9%
Construction	13.6%	55.4%	30.9%
Wholesale, retail	13.7%	51.5%	34.7%
Hospitality	43.1%	41.6%	15.4%
Business Services	15.3%	57.6%	27.1%
Other services	19.1%	52.5%	28.3%

Base: 1904 firms

Figure 1.8 Profiling the workforce of respondent firms: gender, ethnicity, disability and qualifications

	All firms
Female share (%)	49.6%
Ethnic share (%)	13.0%
Disabled share (%)	2.8%
Graduate share (%)	26.7%

Base: 1904 firms

1.3 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 started to recover from the effects of the pandemic, with more reporting increased turnover and employee numbers than in the 2021 data.

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 first⁵, and second⁶ waves of the Workplace Mental Health survey which were carried out in early 2020 and 2021 respectively.

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>

⁶ ERC (2021) Workplace mental health in midlands firms 2021: Baseline report Available at: <https://www.enterpriseresearch.ac.uk/wp-content/uploads/2021/09/ERC-Report-Workplace-Mental-Health-in-Midlands-Firms-2021.pdf>

CHAPTER 2. PRESENTEEISM

Presenteeism is the practice of employees working when they are unwell, and as a consequence underperforming or being less productive. It can also mean that employees are working beyond their contracted hours. Presenteeism is associated with stress and other mental health issues including depression, anxiety and emotional disorders⁷. The financial costs to UK businesses of presenteeism were put at between £24.8 billion and £27.6 billion⁸ by Deloitte in a study carried out in late 2021.

2.1 Extent and nature of presenteeism

In the 2022 survey, carried out between January and May 2022, more than 20 per cent of firms surveyed reported some experience of presenteeism in the previous 12-month period. This compared to 16 per cent in the previous survey, indicating that while presenteeism declined at the height of the pandemic, probably reflecting the changes in working practices driven by COVID-19, and difficulties identifying presenteeism in these circumstances, it is now creeping back up. As shown in Figure 2.1, presenteeism was reported by firms of all sizes and in all sectors. Firms in business services and other services were more likely to report presenteeism, and it was reported by more often by larger firms than smaller firms.

Figure 2.1 Extent of presenteeism, by size and sector

	2020	2021	2022
All firms	33.40%	16.60%	20.9%
Main Sector			
Production	33.50%	16.30%	17.6%
Construction	23.40%	10.00%	19.7%
Wholesale, retail	27.10%	11.20%	18.3%
Hospitality	37.80%	10.80%	19.7%
Business Services	41.90%	25.60%	22.6%
Other services	33.30%	19.20%	25.2%
Size			
10-19	28.50%	12.40%	18.0%

⁷ 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.

⁸ Deloitte (2021) *Mental Health and Employers the case for investment pandemic and beyond*. Available at <https://www2.deloitte.com/content/dam/Deloitte/uk/Documents/consultancy/deloitte-uk-mental-health-report-2022.pdf>

20-49	36.30%	19.40%	22.2%
50-249	41.40%	21.30%	25.9%
250 plus	34.40%	29.80%	38.9%

Base: 1899 firms in 2020, 1551 in 2021, 1904 in 2022

As in previous waves of data, the kind of presenteeism most often reported was employees working beyond their contracted hours, which was cited by 71 per cent of firms and was more prevalent in medium-sized firms. As shown in Figure 2.2, working while unwell was the second most commonly reported type of presenteeism. 8.6 per cent of firms said that employees who ought to have been self-isolating had reported for work compared to 16 per cent in the previous year, reflecting the easing of restrictions from Autumn 2021.

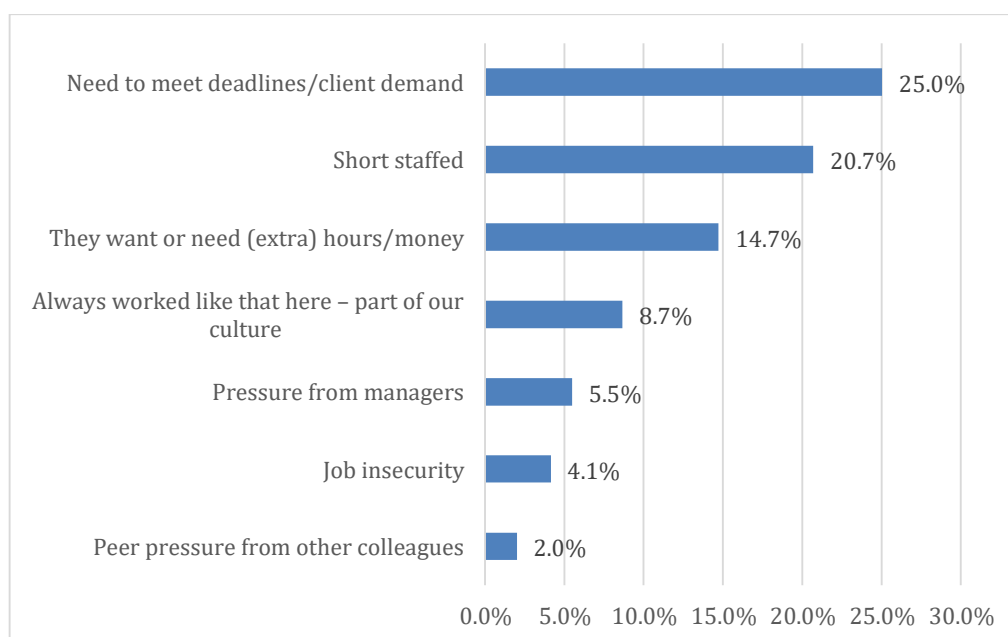
Figure 2.3 shows the causes of presenteeism reported by respondent firms. Here, as in prior waves of data, we note a distinction between ‘pull’ factors, such as the need for businesses to meet deadlines, and ‘push’ factors, such as the desire of employees wishing to earn more money. Overall, the most commonly cited reason for presenteeism 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 and smaller firms more likely to say that it was due to staff shortages. We also observed differences by sector (Figure 2.5). While being short staffed was the primary reason for presenteeism in hospitality and other services, the need to make more money was the most commonly cited reason for presenteeism in production, construction and wholesale/retail firms, and the need to meet client expectations was the most likely reason cited in business services.

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	54.9%	71.4%	8.6%
Main Sector			
Production	54.3%	65.3%	0.0%
Construction	44.3%	51.7%	9.3%
Wholesale, retail	55.9%	67.4%	5.1%
Hospitality	65.9%	70.8%	12.1%
Business Services	56.8%	68.3%	7.8%
Other services	50.5%	82.5%	
Size: Yes			
10-19	53.8%	67.2%	8.4%
20-49	58.2%	76.4%	6.7%
50-249	46.8%	75.7%	5.7%
250 plus	79.6%	49.5%	0.0%

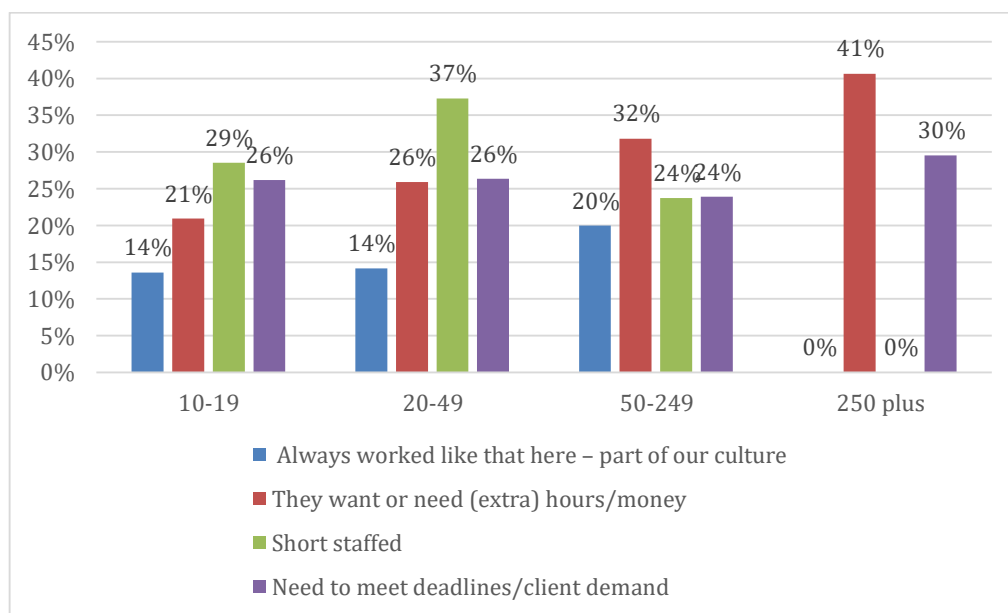
Base: 394 firms (Note: Firms could select all that applied to them, so rows do not add up to 100%)

Figure 2.3 Causes of presenteeism, all firms



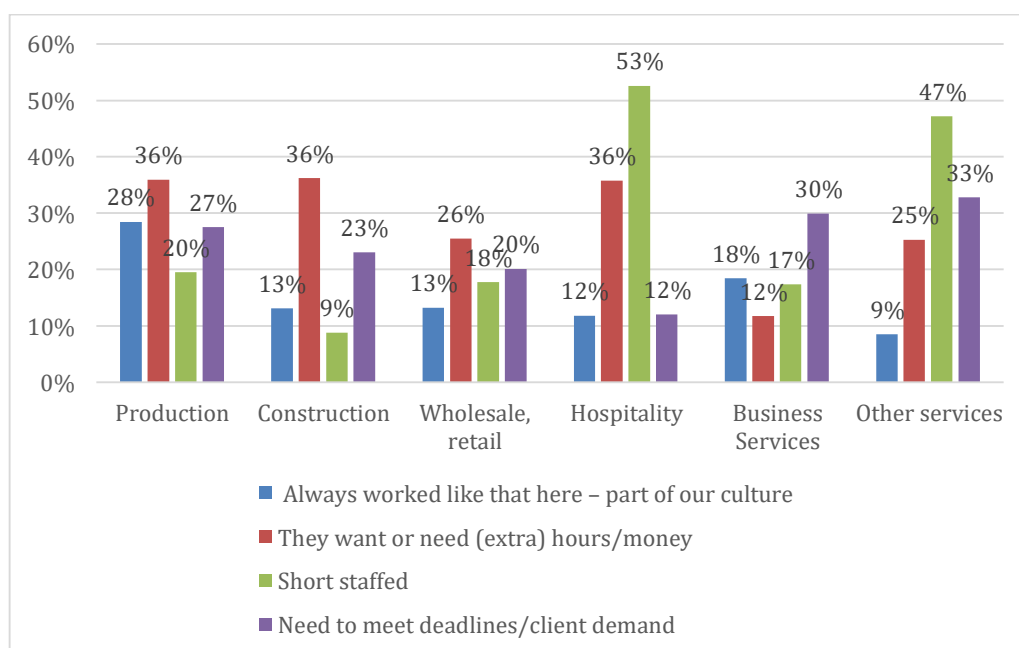
Base: 394 firms

Figure 2.4 Top causes of presenteeism by firm size



Base: 394 firms

Figure 2.5 Top causes of presenteeism by sector



Base: 394 firms

2.2 Addressing presenteeism

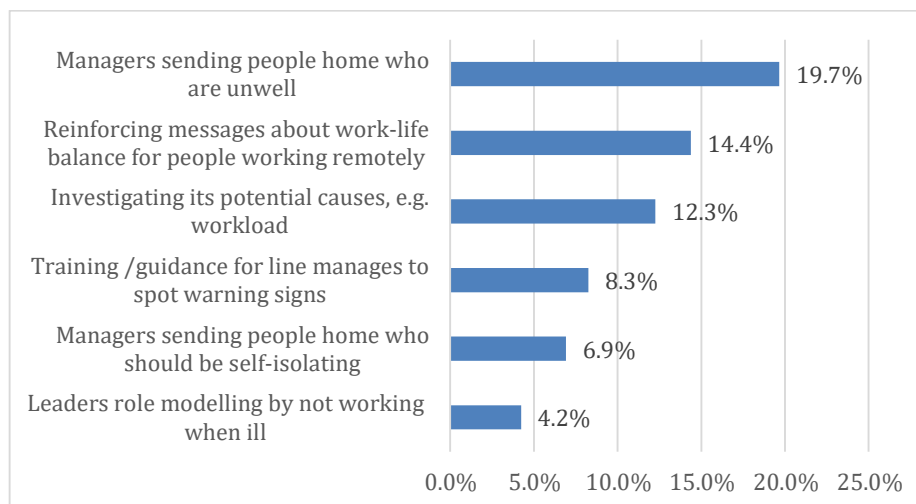
The majority (63.4%) of firms experiencing presenteeism said that they were taking steps to address it. As shown in Figure 2.6, this varied somewhat in firms from different sectors, with hospitality and production firms more likely to have taken such action. The most common action taken was sending home people who were unwell. In the previous wave of data, sending home people who should have been self-isolating was the second most common response, reflecting the unusual circumstances that firms experienced during the period under study. In the 2022 data, the second most common response to presenteeism was reinforcing messages about work-life balance for those working remotely, followed by investigating the causes of presenteeism (Figure 2.7). The proportion of employers training line managers in spotting the signs of presenteeism increased from 5.8% in 2021 to 8.3% in 2022. Similarly, the proportion of firms that reported leaders' role modelling as a response to presenteeism increased from 2 percent in 2021 to 4.2% this year. This indicates a small increase in the proportion of firms taking action to tackle presenteeism. It is encouraging that more firms in 2022 say they are training managers to identify presenteeism.

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

All firms	63.4%
Main Sector	
Production	43.9%
Construction	58.9%
Wholesale, retail	55.9%
Hospitality	63.3%
Business Services	65.1%
Other services	76.5%
Size: Yes	
10-19	62.7%
20-49	61.8%
50-249	67.0%
250 plus	70.1%

Base: 394 firms

Figure 2.7 Steps taken to address presenteeism, all firms



Base: 245 firms

2.3 Summary

Having declined in the 2021 data, reported levels of presenteeism increased significantly in this most recent wave of data collection. Overall, presenteeism was reported by 20.9 per cent of employers in 2022, compared to 16.6 per cent in 2021 and 33.4 per cent in 2020, before the pandemic. So, although pre-pandemic levels have not yet been reached, we can say with certainty that presenteeism is creeping back up. This probably reflects a return to pre-pandemic ways of working, with reducing levels of furlough throughout the year under study and less remote working. Presenteeism remained a key concern for many employers and something experienced by employers in all sectors and in firms of all sizes. In 2021 a new form of presenteeism driven by the COVID-19 crisis emerged – employees reporting for work when they should have been self-isolating – but this declined in magnitude as restrictions were eased during 2021.

Employer responses to presenteeism have changed somewhat compared with the previous year, mainly because they are not reporting sending home people who should have been self-isolating. More employers appear to be addressing these working hours issues by 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 this is starting to change with 4.2 per cent of firms reporting leaders were role modelling. This is a small step, but it is encouraging since taking action to reduce presenteeism could potentially improve individual 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, 85.1 per cent of firms surveyed said that they measure sickness absence. As in previous years, 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 lower proportion of firms in the 2022 survey said that they measured sickness absence (85.1 per cent vs 89 per cent) and the 2022 data reflects a return to pre-pandemic levels which were around 85 per cent. 83.7 per cent of firms recorded the reasons for absence in 2022, compared to 86.3 per cent in 2021 and 85 per cent in 2020.

Figure 3.2 shows the proportion of firms reporting that they offered sick pay above the statutory minimum level. 34 per cent of firms offer this for all staff now, compared to 31.2 per cent in 2021 and 31 per cent in 2020. Hospitality firms remained 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, and the proportion of large firms reporting that they do this appears to have bounced back following a decline in the previous year's data.

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

	Measure sickness absence	Record reasons for sickness absence
All firms	85.1%	83.7%
Main Sector		
Production	85.1%	80.5%
Construction	85.1%	76.1%
Wholesale, retail	80.3%	79.1%
Hospitality	79.2%	78.3%
Business Services	84.5%	84.2%
Other services	93.8%	94.1%
Size		
10-19	79.2%	77.6%
20-49	89.2%	87.8%
50-249	94.7%	93.6%
250 plus	97.5%	94.2%

Base: 1904 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	34.0%	17.5%	45.2%	3.3%
Production	34.8%	27.3%	35.7%	2.2%
Construction	27.6%	19.5%	51.2%	1.7%
Wholesale, retail	36.0%	14.3%	47.3%	2.4%
Hospitality	22.9%	22.7%	49.7%	4.7%
Business Services	48.1%	16.9%	29.0%	6.0%
Other services	26.5%	13.2%	57.9%	2.4%
10-19	35.6%	11.3%	49.2%	3.9%
20-49	30.9%	21.0%	45.3%	2.9%
50-249	33.4%	28.4%	35.4%	2.8%
250 plus	49.5%	36.5%	14.0%	0.0%

Base: 1904 firms

3.2 Long-term and repeated sickness absence

Reported levels of both long-term and repeated sickness absence were up compared with the previous twelve-month period (Figure 3.3). The most recent data shows that 34.8 per cent of employers said that they had experienced some long-term sickness absence, a slight increase on the 34.1 per cent of the previous year. In line with previous findings, larger firms were considerably more likely to have experienced long-term sickness absence. Similarly, in the most recent twelve-month period, 33.4 per cent of firms reported repeated sickness absence. This represents an increase of around ten per cent on the previous year. It is clear that the exceptional circumstances that firms experienced during the period covered by the 2021 data, which included national and local lockdowns and unprecedented levels of remote working as well as significant numbers of employees on extended furlough, influenced the declines in long term and repeated sickness absence reported in 2021. The 2022 data indicates that sickness absence, both long term and (more emphatically) repeated, is returning to pre-pandemic levels.

In a similar vein we observed an increase in the proportion of firms that said that sickness absence had impacted upon their performance. In this most recent study, 70 per cent of firms said that sickness absence has impacted upon their business, compared to 63.8 per cent in 2021 and 67.3 per cent in 2020 (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	2022	2020	2021	2022
All firms	41.2%	34.1%	34.8%	33.3%	23.5%	33.4%
Main Sector						
Production	45.8%	36.0%	38.1%	30.4%	21.0%	33.8%
Construction	30.5%	28.4%	29.8%	27.5%	19.8%	24.6%
Wholesale, retail	38.8%	28.6%	30.8%	29.1%	20.3%	26.4%
Hospitality	31.2%	24.8%	32.1%	30.6%	16.0%	31.4%
Business Services	34.1%	23.6%	31.1%	33.2%	20.3%	33.0%
Other services	52.2%	48.8%	42.6%	40.8%	32.6%	43.8%
Size						
10-19	25.2%	20.8%	23.1%	21.6%	14.8%	24.0%
20-49	46.8%	36.5%	38.5%	35.4%	24.3%	36.6%
50-249	70.0%	59.5%	59.3%	58.0%	40.9%	53.4%
250 plus	70.3%	61.8%	87.0%	53.4%	46.8%	68.1%

Base: 1854 firms in 2020, 1473 in 2021, 1886 in 2022

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

	2020	2021	2022
All firms	67.3%	63.8%	70.0%
Main Sector			
Production	66.3%	64.7%	72.2%
Construction	64.9%	67.4%	68.2%
Wholesale, retail	69.9%	64.1%	68.6%
Hospitality	66.3%	57.8%	69.5%
Business Services	63.4%	56.1%	66.0%
Other services	68.8%	70.3%	74.0%
Size			
10-19	63.0%	63.6%	67.3%
20-49	68.3%	60.4%	71.0%
50-249	76.5%	71.5%	75.1%
250 plus	71.5%	58.9%	83.3%

Base: 1899 firms in 2020, 1551 in 2021, 1904 in 2022

3.3 Summary

As we have reported previously, most firms measure and monitor sickness absence. We observe a slight increase in the proportion of firms offering sick pay over the past three years, with large firms the most likely to offer enhanced sick pay and firms in the hospitality sector least likely to do so. Overall, having reported lower levels of long-term and repeated sickness absence in the 2021 data, we now report that levels of both are rising again, perhaps reflecting a return to pre-pandemic working patterns. Perhaps as a consequence, more firms are reporting an impact of sickness absence on their operations.

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 26.4 per cent of firms in 2022, up from 24.5 per cent in 2021, although there was some variation by sector. The proportion of firms experiencing mental health related absence ranged from only 16.6 per cent of construction firms to 35.5 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 increased compared to the previous year in all sectors apart from other services and for firms of all sizes. It is likely that the decline recorded in 2021 was due to changing working practices driven by the pandemic and that the 2022 data reflects a return to pre-pandemic ways of working.

We asked those firms experiencing mental health sickness absence to tell us what proportion of their overall sickness absence it comprised. Overall, 18.7% of sickness absence was accounted for by mental health sickness compared to 20.3% in 2021 and around 17 per cent pre-pandemic, so the level remains raised. Nearly 60 per cent 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 and those in the production and hospitality sectors more less likely to say so.

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

	2020	2021	2022
All firms	30.5%	24.5%	26.4%
Main Sector			
Production	29.0%	21.9%	23.1%
Construction	20.9%	11.2%	16.6%
Wholesale, retail	23.9%	17.7%	21.6%
Hospitality	27.6%	20.9%	26.7%
Business Services	27.9%	21.7%	26.1%
Other services	42.2%	37.1%	35.5%
Size			
10-19	17.4%	14.4%	17.0%
20-49	35.0%	24.9%	29.9%
50-249	53.9%	44.4%	44.9%
250 plus	54.1%	62.4%	66.4%

Base: 1899 firms in 2020, 1551 in 2021, 1904 in 2022

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	58.2%	4.4%	30.4%	7.1%
Main Sector				
Production	74.2%	2.4%	18.0%	5.4%
Construction	52.5%	4.0%	37.9%	5.6%
Wholesale, retail	56.0%	13.2%	26.7%	4.0%
Hospitality	61.4%	2.0%	32.4%	4.2%
Business Services	55.8%	5.0%	31.2%	8.0%
Other services	57.0%	5.0%	31.8%	6.1%
Size: Yes				
10-19	66.0%	7.7%	22.2%	4.1%
20-49	58.6%	4.7%	31.5%	5.2%
50-249	47.7%	3.0%	42.7%	6.7%
250 plus	32.8%	0.5%	42.3%	24.4%

Base: 480 firms

Having declined in 2021, long term and repeated mental health related sickness absence are both now back up. Reported levels of long-term mental health sickness absence reduced compared to the previous 12-month period, standing at around 39.5 per cent in 2022 compared to 43 per cent in 2021, but the 2022 level is still higher than the pre-pandemic level. Repeated mental health sickness absence was up from 31.6 per cent in 2021 to 39.7 per cent in the most recent period (Figure 4.3), higher than the pre-pandemic level. Larger firms were more likely to report both long-term and repeated mental health absence.

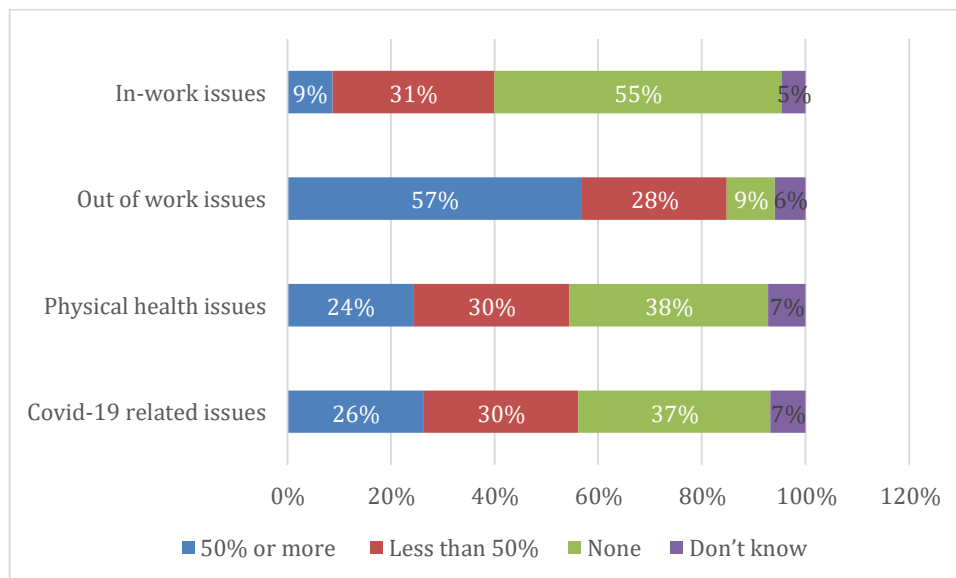
COVID-19-related issues remained a significant cause of mental health related absence in the 2022 data, with 56 per cent of firms that reported such absence citing it. COVID-19 remained a more important cause of mental health-related absence than in-work issues and physical health issues, and it was second to only out-of-work issues as a cause of mental health related absence (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	2022	2020	2021	2022
All firms	36.9%	43.2%	39.5%	38.7%	31.6%	39.7%
Main Sector						
Production	38.5%	41.1%	45.9%	26.5%	32.1%	29.6%
Construction	24.3%	38.6%	40.9%	28.4%	35.4%	26.3%
Wholesale, retail	39.0%	42.5%	35.2%	37.4%	20.2%	43.2%
Hospitality	36.1%	30.6%	27.6%	46.3%	39.2%	33.5%
Business Services	41.4%	38.8%	37.0%	49.0%	27.5%	37.6%
Other services	33.1%	48.4%	45.6%	37.5%	36.3%	45.8%
Size						
10-19	28.1%	27.2%	30.1%	37.8%	18.0%	32.2%
20-49	41.8%	39.9%	32.8%	38.7%	36.7%	38.6%
50-249	38.6%	58.5%	53.8%	38.2%	34.1%	45.4%
250 plus	38.8%	50.1%	82.9%	48.0%	50.7%	70.5%

Base: 556 firms in 2020, 338 in 2021, 480 in 2022

Figure 4.4 Causes of mental health absence, all firms



Base: 480 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 52.6 per cent of firms overall, this was considerably up on the level reported in the previous study of around 41 per cent, and nearly back up at the pre-pandemic proportion.

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

	2020	2021	2022
All firms	55.2%	41.2%	52.6%
Main Sector			
Production	50.3%	40.5%	50.1%
Construction	40.7%	42.9%	50.6%
Wholesale, retail	53.9%	49.5%	51.7%
Hospitality	62.6%	30.0%	38.9%
Business Services	62.7%	35.3%	45.9%
Other services	53.2%	42.0%	63.2%
Size			
10-19	57.6%	32.5%	54.3%
20-49	52.6%	48.4%	54.1%
50-249	55.3%	42.4%	47.3%
250 plus	61.9%	33.9%	58.1%

Base: 566 firms in 2020, 338 in 2021, 480 in 2022

4.3 Summary

As pandemic restrictions were eased, our data indicates shifts in the ways that firms in the Midlands experienced mental health-related absence in the most recent 12-month period. The proportion of firms reporting some level of mental health-related absence went up compared to the previous wave of data, with 26.4 per cent of firms experiencing some sickness related to mental health issues compared to 24.5 per cent in 2021, and more than 52 per cent of these firms saying that it impacted on their performance. The proportion of firms reporting mental health sickness absence has not yet regained the pre-pandemic level (which was more than 30 per cent) but those firms reporting mental health absence said that it accounted for a higher proportion of their sickness absence than in 2021. Clearly, mental health absence continues to represent a significant challenge.

Given that the 2021 data reflected a period of extreme turbulence driven by the COVID-19 crisis, it is possible that the increase in reported incidence of mental health absence reflects a return to more normal circumstances for some employees, including increased commuting and less remote working, which potentially impacted on their mental health. It is also possible, as we stated in our last report⁹, that the uncertainty provoked by the crisis discouraged employees from disclosing mental health struggles for fear of stigma or ultimately of losing their jobs and that as things return to normal, they may be more likely to talk about their problems. Further research may help to elucidate the underlying reasons for the resurgence in reported mental health absence.

⁹ ERC (2021) Workplace mental health in midlands firms 2021: Baseline report Available at: <https://www.enterpriseresearch.ac.uk/wp-content/uploads/2021/09/ERC-Report-Workplace-Mental-Health-in-Midlands-Firms-2021.pdf>.

CHAPTER 5. WORKPLACE MENTAL HEALTH: FIRM ATTITUDES AND ACTIVITIES

5.1 Firm attitudes and approach towards mental health

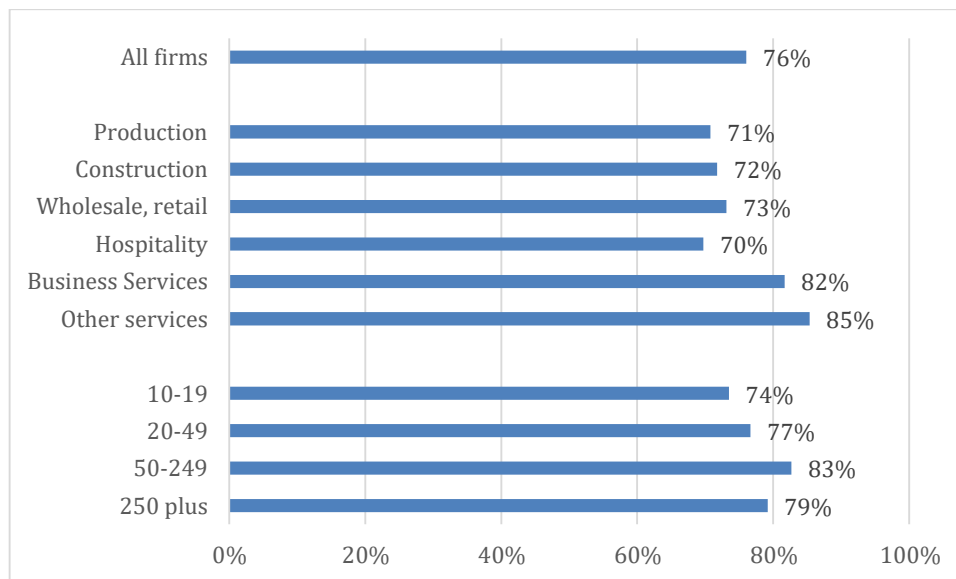
The majority of employers believe that they have a role to play in tackling mental health issues experienced by their employees. Overall, 76 per cent of the employers we surveyed disagreed that mental health issues are personal issues which should not be addressed in the workplace. This declined by around four per cent 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.

Employers tend to perceive mental health issues as an HR challenge. When asked where they would go for advice on dealing with them, the most common answer was an HR consultancy (24.2 per cent) followed by an internet search (15.9 per cent). This was the case in both previous waves of data. We observe in the 2022 data a small increase in the proportion of employers that say they would approach a mental health specialist organisation such as Mind. This has increased from around 11 per cent in 2021 to 13.3 per cent in 2022 (Figure 5.2). Figure 5.3 shows that there is considerable variation by size and sector in where firms would seek mental health advice, with services firms and medium-sized firms much more likely to say they would approach a mental health specialist organisation. Overall, 8.4 per cent of firms say they have not thought about where to seek such advice and this is even higher for those in the construction and hospitality sectors.

As shown in Figure 5.4, more than half of the employers surveyed reported that they were currently offering some kind of mental health initiative, and a further 28.6 per cent said that they would offer mental health initiatives if needed. Nevertheless, nearly 20 per cent do not have any plans to offer such initiatives. Here, as in previous years, 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 is stable and remains higher than at pre-pandemic levels, which are shown in the last column in Figure 5.4.

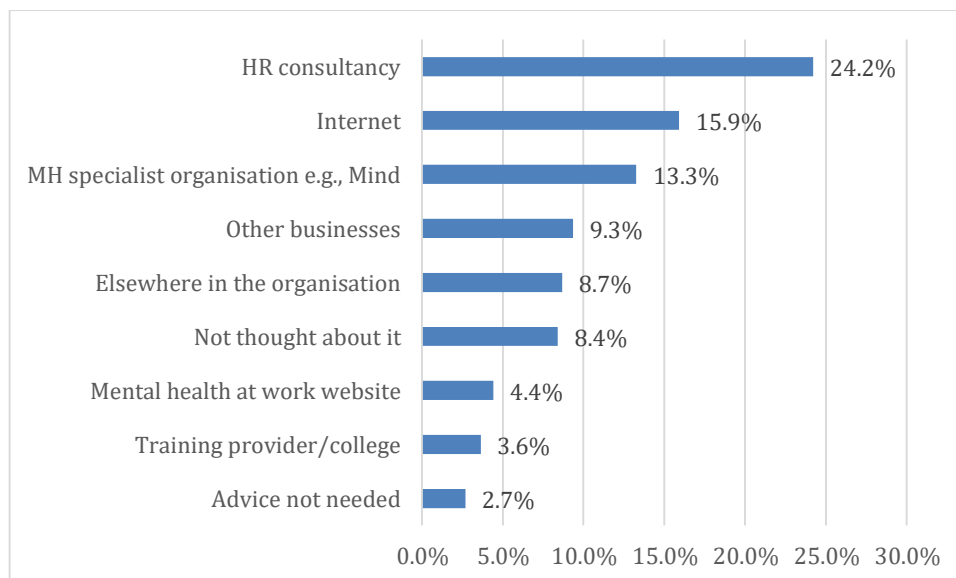


Figure 5.1 Proportion of firms disagreeing with the statement ‘*mental health is a personal issue and not one which should be addressed at work*’, by size and sector



Base: 1904 firms

Figure 5.2 Where firms would go for advice about mental health issues



Base: 1904 firms

Figure 5.3 Where firms would go for advice about mental health issues by sector and size

	HR consultancy	Internet	MH specialist	Other businesses	Elsewhere in the organisation	Not thought about it
All firms	24.2%	15.9%	13.3%	9.3%	8.7%	8.4%
Main Sector						
Production	24.5%	15.4%	10.9%	7.8%	6.6%	9.9%
Construction	28.2%	16.0%	10.4%	4.7%	2.9%	13.4%
Wholesale, retail	28.5%	17.9%	11.9%	10.4%	6.7%	8.8%
Hospitality	13.2%	14.8%	9.1%	3.2%	16.8%	11.1%
Business Services	25.8%	13.5%	15.6%	9.2%	8.9%	8.2%
Other services	22.6%	16.4%	16.8%	13.2%	9.0%	5.0%
Size						
10-19	24.2%	16.9%	10.4%	8.3%	5.5%	9.8%
20-49	26.9%	16.6%	13.4%	9.8%	9.8%	7.3%
50-249	19.6%	12.5%	22.7%	11.9%	15.1%	6.5%
250 plus	10.2%	4.6%	13.8%	9.3%	23.1%	3.3%

Base: 1904 firms

Figure 5.4 Firms offering mental health activities or initiatives, by size and sector

	Yes currently	No but would if needed	No and won't	Don't know	Offered in 2021	Offered in 2020
All firms	51.0%	28.6%	19.1%	1.3%	51.6%	44.0%
Main Sector						
Production	40.0%	30.3%	27.6%	2.1%	40.2%	32.0%
Construction	35.0%	37.2%	26.7%	1.2%	38.2%	31.1%
Wholesale, retail	40.3%	31.9%	27.0%	0.7%	36.6%	32.7%
Hospitality	56.0%	25.2%	17.1%	1.7%	50.5%	42.1%
Business Services	53.3%	30.3%	15.2%	1.2%	50.1%	49.8%
Other services	67.8%	22.7%	8.4%	1.2%	73.9%	60.0%
Size: Yes						
10-19	43.7%	30.3%	25.1%	0.9%	43.0%	37.2%
20-49	54.2%	28.2%	15.7%	1.8%	54.9%	44.2%
50-249	64.7%	26.3%	8.2%	0.8%	65.9%	59.2%
250 plus	81.8%	8.0%	5.0%	5.2%	73.5%	69.1%

Base: 1899 firms in 2020, 1551 in 2021, 1904 in 2022

Engagement with workplace initiatives to support mental health is stable compared to the previous year, but 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 5.5). The proportion of firms said that they had a budget for the mental health initiatives they offered was up from just over a quarter in 2021 to nearly 32 per cent in 2022.

Overall, 30.7 percent of all firms had a mental health plan, and 43.3 per cent had a mental health lead at board level (Figure 5.5). These were up from 27.2 per cent and 42.5 per cent respectively. Although both continue to rise, it means that more than half of firms still do not have a mental health advocate at senior level, and nearly 70 per cent do not have a formal plan to address these issues in the workplace. Where firms did report having a plan, however, nearly 73 per cent reported that it was based on employee feedback, and nearly 95 per cent told us that it was implemented and communicated to all staff (Figure 5.7).

Figure 5.5 Firm-level approach to mental health support, by size and sector

	In-house support & signposting to other services	Reporting mental health approach	A budget for mental health and wellbeing activities
All firms	73.0%	47.0%	31.9%
Main Sector			
Production	72.3%	44.0%	25.8%
Construction	76.7%	43.3%	28.3%
Wholesale, retail	64.6%	41.5%	34.7%
Hospitality	67.3%	53.3%	26.2%
Business Services	73.9%	47.4%	37.8%
Other services	79.1%	49.8%	32.1%
Size: Yes			
10-19	64.0%	38.9%	25.9%
20-49	72.5%	49.3%	30.7%
50-249	88.8%	56.3%	40.3%
250 plus	88.2%	64.7%	64.7%

Base: 952 firms that offer MH initiatives

Figure 5.6 Firm-level strategic MH activities

	Mental health plan	MH lead at board level	Data to monitor employee wellbeing
All firms	30.7%	43.3%	43.5%
Main Sector			
Production	22.8%	33.3%	42.5%
Construction	24.4%	36.4%	40.8%
Wholesale, retail	25.6%	36.5%	34.9%
Hospitality	30.4%	40.2%	38.6%
Business Services	32.2%	51.9%	40.6%
Other services	40.9%	52.3%	58.7%
Size: Yes			
10-19	25.2%	35.2%	33.4%
20-49	35.3%	47.7%	49.6%
50-249	35.9%	56.8%	59.4%
250 plus	56.3%	77.5%	78.5%

Base: 1904 firms

Figure 5.7 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	72.7%	94.7%
Main Sector		
Production	58.5%	88.8%
Construction	60.4%	94.4%
Wholesale, retail	65.1%	92.1%
Hospitality	76.8%	98.4%
Business Services	75.0%	96.0%
Other services	80.9%	96.1%
Size: Yes		
10-19	69.9%	94.0%
20-49	75.7%	97.0%
50-249	72.7%	91.0%
250 plus	72.6%	96.5%

Base: 569 firms with a MH plan

5.2 Firm-level activities and practices to support mental health

Figure 5.8 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. This was stable compared to 2021. Other activities included training and support for those returning to work following a mental health absence (76.7 per cent, up from 73.5 per cent), awareness training for staff on mental health issues (71.6 per cent, unchanged since the previous wave of data) and risk assessments (62.5 per cent, lower than 2021 at just over 68 per cent). Despite ongoing evidence indicating a strong reliance on line managers to identify and address workplace mental health issues^{10,11}, still only 53.4 per cent of firms said that they had introduced training for line managers in managing mental health. While it is encouraging that this is up, from 46.3 per cent of firms in the previous wave of data, still nearly half of firms are declining to support line managers in this way.

As with previous waves of data, we observed high adoption of a number of firm-level practices aimed at supporting mental health, including encouraging open conversations (95 per cent) making appropriate workplace adjustments for those returning after mental health related absence (93.7 per cent) and ensuring that all staff have regular wellbeing conversations (82.5 per cent). These practices were reported to be widely adopted in firms of all sizes and sectors (Figure 5.9) and levels of adoption remain at similar levels to those observed in the first wave of data collection. Overall, we observed slightly lower levels of adoption of employee mental health champions at 37.3 per cent, and these were more likely to be offered by larger firms. 57.6 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 5.10 shows the reported provision of a range of wellbeing-related resources for employees. The 2021 survey was the first time that we had asked about the provision of counselling support for employees, when it was reported to be adopted by nearly 46 per cent of firms. In 2022, this had increased to 49.2 per cent. We also asked about access to

¹⁰ ERC. (2020). A baseline study for the Mental Health and Productivity Pilot project Available at <https://www.enterpriseresearch.ac.uk/wp-content/uploads/2020/05/Employee-Wellbeing-Mental-Health-and-Productivity-in-Midlands-Firms-May-2020.pdf>

¹¹ ERC (2021) Workplace mental health in midlands firms 2021: Baseline report Available at: <https://www.enterpriseresearch.ac.uk/wp-content/uploads/2021/09/ERC-Report-Workplace-Mental-Health-in-Midlands-Firms-2021.pdf>

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 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. In all cases apart from the provision of healthy food and drink, adoption levels overall were at or above pre-COVID-19 levels.

Figure 5.8 Provision of workplace mental health support activities, by size and sector

	Reviews of staff workloads	Training and support for those returning to work	Awareness raising for staff on mental health issues	Risk assessment/stress audits	Training for line managers in managing mental health
All firms	80.1%	76.7%	71.6%	62.5%	53.4%
Main Sector					
Production	68.5%	70.1%	62.2%	65.5%	42.4%
Construction	67.3%	69.8%	63.5%	59.1%	40.3%
Wholesale, retail	82.5%	73.3%	70.2%	60.2%	45.6%
Hospitality	76.7%	77.4%	65.9%	69.4%	54.8%
Business Services	83.2%	71.9%	72.5%	56.3%	53.2%
Other services	83.0%	84.5%	78.2%	64.5%	63.2%
Size: Yes					
10-19	79.9%	69.5%	65.0%	57.8%	48.4%
20-49	81.0%	78.4%	71.9%	63.7%	53.8%
50-249	78.6%	87.8%	82.4%	70.4%	61.0%
250 plus	80.9%	90.0%	96.3%	66.4%	75.3%

Base: 952 firms that offer MH initiatives

Figure 5.9 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 to those who need them to support their mental health	Ensure all staff have a regular conversation about their health and wellbeing with their manager	Provide regular opportunities for informal social contact for remote workers	Have employee mental health champions
All firms	95.0%	93.7%	82.5%	57.6%	37.3%
Main Sector					
Production	91.0%	87.5%	71.7%	59.2%	30.7%
Construction	98.1%	91.8%	69.3%	58.5%	37.3%
Wholesale, retail	93.5%	90.4%	74.3%	56.1%	29.5%
Hospitality	97.8%	93.9%	84.5%	45.6%	38.4%
Business Services	93.7%	96.3%	77.2%	79.3%	46.9%
Other services	96.6%	96.3%	95.2%	48.9%	37.9%
Size: Yes					
10-19	95.8%	92.3%	82.2%	53.9%	29.7%
20-49	93.6%	93.7%	83.3%	59.5%	36.6%
50-249	97.2%	96.1%	81.6%	61.9%	51.2%
250 plus	84.1%	97.2%	81.8%	58.7%	67.7%

Base: 952 firms that offer MH initiatives

Figure 5.10 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	49.2%	39.8%	34.4%	29.7%	29.6%
Main Sector					
Production	43.5%	28.7%	30.4%	31.3%	19.5%
Construction	25.8%	21.7%	20.9%	15.4%	16.3%
Wholesale, retail	41.3%	33.5%	31.2%	29.3%	24.9%
Hospitality	44.7%	62.8%	44.9%	34.2%	38.5%
Business Services	52.2%	35.7%	37.3%	36.7%	28.0%
Other services	65.5%	48.8%	35.5%	24.4%	39.9%
Size: Yes					
10-19	37.8%	38.0%	29.1%	22.0%	27.0%
20-49	54.9%	41.5%	36.4%	31.6%	31.2%
50-249	70.5%	40.7%	43.5%	47.0%	34.1%
250 plus	86.9%	50.7%	69.2%	67.4%	33.5%

Base: 1904 firms

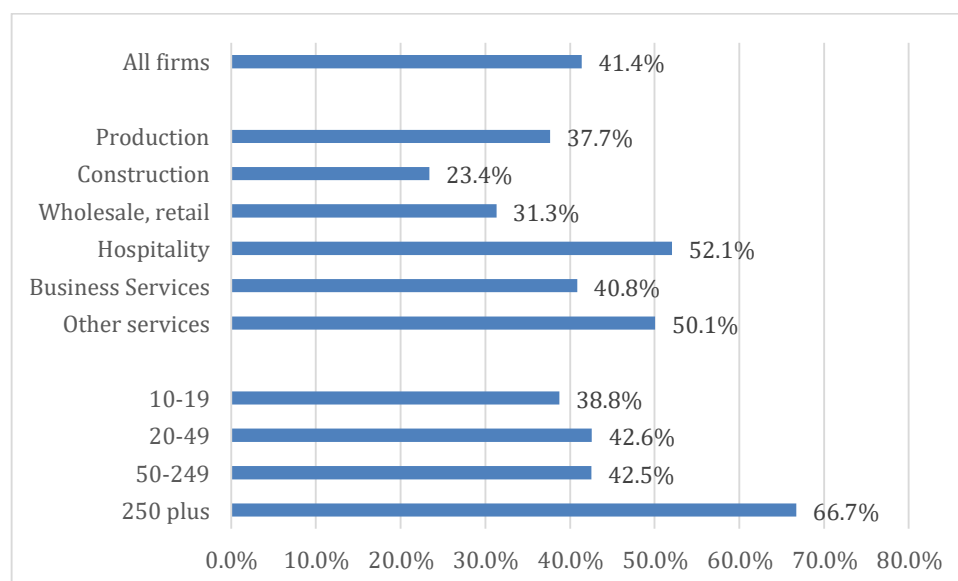
5.3 Impact of firm-level health and wellbeing initiatives

Around 41 per cent of firms said that they evaluated the mental health and wellbeing activities that they offered. This was down overall compared to 2021 (around 44 per cent) but still up on the pre-pandemic level of 39 per cent. It also varied considerably by sector, with hospitality and services firms much more likely to evaluate their activities than production, construction and wholesale/retail firms. Larger firms were more likely to say that they evaluated their mental health activities (Figure 5.11).

When firms did evaluate, they found a range of employee-related positive impacts of their wellbeing activities as shown in Figure 5.12. 67.8 per cent reported improved stress management, up from around 65 per cent in 2021, and 69 per cent reported increased job satisfaction, also up from around 65 per cent of firms in 2021. Reduced mental health-related absence was 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.

Similarly, more firms reported that their mental health and wellbeing initiatives had led to positive business outcomes (Figure 5.13). Improved staff recruitment was reported by 38 per cent, an increase of ten per cent on 2021. 58.8 per cent reported better customer service, 56.8 per cent better staff retention and 61.7 per cent improved business performance. These were all up on 2021 data.

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



Base: 1409 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	67.8%	69.1%	60.7%
Production	58.5%	56.8%	51.4%
Construction	53.5%	57.6%	52.4%
Wholesale, retail	62.6%	65.0%	56.5%
Hospitality	71.8%	75.1%	68.2%
Business Services	70.7%	73.7%	59.8%
Other services	74.5%	73.9%	67.1%
10-19	66.7%	70.4%	58.2%
20-49	68.4%	69.2%	61.4%
50-249	68.0%	65.9%	64.7%
250 plus	78.2%	70.0%	68.7%

Base: 1409 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	38.0%	58.8%	56.8%	61.7%
Production	29.8%	42.4%	49.6%	47.1%
Construction	26.6%	45.4%	43.8%	48.5%
Wholesale, retail	37.0%	56.8%	57.4%	57.9%
Hospitality	53.4%	77.3%	65.2%	68.9%
Business Services	39.2%	55.2%	54.8%	67.8%
Other services	36.7%	64.2%	59.2%	65.9%
10-19	35.3%	59.4%	55.5%	61.9%
20-49	39.4%	61.2%	58.9%	62.8%
50-249	40.1%	54.5%	56.5%	58.4%
250 plus	51.1%	40.6%	49.8%	68.0%

Base: 1409 firms

5.4 Summary

As we have previously found, Midlands firms in our sample recognise that they have a role to play in supporting their employees' mental health and wellbeing, and more than half are now offering initiatives and activities to help with this. Encouragingly, 30.7 percent of all firms now have a mental health plan, up from 27.2 per cent, and 43.3 per cent have a mental health lead at board level, up from 42.5 per cent. This is moving in the right direction, although there is still room for improvement.

Overall, the proportion of firms that has adopted a range of practices related to mental health and wellbeing continues to grow. However, as we have previously noted, we still observe lower uptake of initiatives that require financial support rather than simply changing procedures or processes. While nearly 32 per cent of respondent firms now say they have a mental health budget, up from around 25 per cent in 2021, this still means that nearly 70 per cent of firms do not fund their mental health and wellbeing activities.

A common theme throughout is also evident here – that larger firms (and those with multi-site operations) are more likely to adopt initiatives. Exploring these and other firm-level differences may be an important focus for future research to understand why some firms are more open to adopting mental health practices than others. This is particularly important given the benefits that firms can derive from the adoption of mental health and wellbeing initiatives, which are clear, at both the individual employee and level and the firm level.

CHAPTER 6. CONCLUSIONS, IMPLICATIONS AND POLICY RECOMMENDATIONS

6.1 Conclusions and recommendations

Workplace mental health issues are widespread and have implications for individual employees and firms alike. At the individual level, 61% of employees report that they have experienced MH issues where work was a contributing factor (BITC, 2018) and 300,000 UK employees are estimated to lose their jobs annually due to MH issues (Stevenson & Farmer, 2017). Minority groups, including younger people, and those with disabilities, suffer disproportionately with mental health problems, meaning that addressing these issues has clear implications for workplace inclusion as well as for individual employee wellbeing. At the employer level, an estimate by Deloitte (2022) put the cost to UK employers of these issues at around £56bn a year and ERC research in 2020 found that productivity was reduced by 24.5 per cent in firms reporting an impact of mental health sickness absence. Yet it is clear that many employers remain unaware of the extent and scale of the problem, and as a consequence are simply not engaged in addressing it.

Evidence indicates that one legacy of the COVID-19 pandemic is an increase in mental health issues. The ONS's depression survey, for example, found that around one in five adults (19.2%) were likely to be experiencing some form of depression in June 2020, almost double the rate (9.7%) reported before the pandemic. The proportion of adults reporting psychological distress also increased, from around 20 per cent in 2019 to nearly 30 per cent in England in April 2020 (UK Government, 2021). At the same time, research by the Enterprise Research Centre has found that new factors, including 'furlough envy', isolation and additional home stresses triggered deteriorations in workplace mental health during the crisis. The same study found that workers may also have become less open about their mental health struggles since the coronavirus outbreak because of fears they could lose their jobs by speaking up (ERC, 2020). Remote working has also made it more difficult for work colleagues and line managers to identify the changes in behaviour that often accompany deteriorating mental health, meaning that those suffering were more likely to go unnoticed. It seems clear that understanding workplace mental health issues should be a priority for firms, support agencies and policymakers.

This study reports on the third of three waves of survey data focusing on employer experiences of workplace wellbeing and mental health in the Midlands of England. The first wave of data was collected just before the COVID-19 pandemic began in March 2020. A

second wave of data collection took place in early 2021, when COVID-19 restrictions were widespread and many businesses were closed or operating in very challenging circumstances. This third wave of data was collected in early 2022, a period after the easing of Covid-19 restrictions in England (July 2021) and the end of the furlough scheme in September 2021.

The sample for this wave of data collection comprises 1,904 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 between January and May 2022. Our analysis suggests six key conclusions:

1. **Mental health sickness absence is now increasing, having declined at the height of the pandemic.** Mental health-related sickness absence was reported by 26.4 per cent of firms in 2022, up from 24.5 per cent in 2021, although it has not yet regained the pre-pandemic level of 30.5 per cent. It seems likely that the decline recorded in 2021 was due to changing working practices driven by the pandemic and that the 2022 data reflects a return to pre-pandemic ways of working. Having declined in 2021, both long term and repeated mental health related sickness absence are both now back up and are now higher, as a proportion of overall mental health sickness related absences, than they were pre-pandemic.
2. **Presenteeism is now creeping back up, having declined at the height of the pandemic.** Presenteeism was reported by nearly 21 per cent of firms in 2022, compared to 16.6 per cent in 2021 and more than 33 per cent in 2020. It was reported in this latest wave of data, and in those that preceded it, by firms of all sizes and in all sectors. However, firms in business services and other services sectors were more likely to report it, and it was reported more often by larger firms than smaller firms, although it is possible that this is a function of better developed record-keeping. It is also clear that the reasons for presenteeism are complex and can vary depending on the sector and size of the firm. For example, while being short staffed was the primary reason reported for presenteeism in the hospitality and other services sectors, the need to make more money was the most commonly cited reason in production, construction and wholesale/retail firms, and the need to meet client expectations was the most likely reason cited in business services firms. Encouragingly, more

employers appear to be addressing these working hours issues by investigating the causes or providing training on presenteeism for staff, with a small number also reporting leader role modelling. Understanding the different underlying reasons will be key to the ongoing development of effective interventions to address presenteeism in all its forms.

3. **There is evidence of greater uptake of some key mental health-related initiatives.** Encouragingly, 30.7 percent of all firms now have a mental health plan, up from 27.2 per cent in 2021, and 43.3 per cent have a mental health lead at board level, up from 42.5 per cent. This is moving in the right direction, although there is still room for improvement. A common theme is that larger firms (and those with multi-site operations) are more likely to adopt initiatives. Exploring these and other firm-level differences may be an important focus for future research to understand why some firms are more open to adopting mental health practices than others. This is particularly important given the benefits that firms can derive from the adoption of mental health and wellbeing initiatives, which are clear, at both the individual employee level and the firm level.
4. **More firms are funding mental health initiatives and activities, but firms still rely on unbudgeted practices to manage workplace mental health issues.** The proportion of firms reporting that they had a budget for the mental health initiatives they offered was up from just over a quarter in 2021 to nearly 32 per cent in 2022. This suggests that more firms understand the need to fund the activities that they are offering, which is positive. However, it still leaves nearly 70 per cent of firms without a dedicated mental health budget and this is reflected in a continued reliance on practice-based initiatives which, in turn, are heavily dependent on line managers to deliver. Although now 53.4 per cent of firms say they offer line manager training (up from 46.3 per cent in 2021) this still leaves nearly half of firms that do not train their managers in delivering the mental health initiatives they offer. As prior research by the ERC¹² has found, this can provoke stress and anxiety in managers.

¹² ERC (2022) Line managers: The emotional labour of managing workplace mental health issues Available at <https://www.enterpriseresearch.ac.uk/wp-content/uploads/2022/10/ERC-Insight-Line-managers-The-emotional-labour-of-managing-workplace-mental-health-issues-Wishart-1.pdf>

5. **More firms are evaluating their mental health initiatives – and identifying benefits.** Around 41 per cent of firms said that they evaluated the mental health and wellbeing activities that they offered. This is down overall compared to 2021 (around 44 per cent) but still up on the pre-pandemic level of 39 per cent. Hospitality and services firms were much more likely to evaluate their activities than production, construction and wholesale/retail firms. Larger firms were more likely to say that they evaluated their mental health activities. Firms that evaluated their activities reported a range of employee-related positives including improved stress management, increased job satisfaction, and lower mental health-related absence. These outcomes were experienced by firms in all sectors, and were identified more frequently by larger firms. More firms also reported that their mental health and wellbeing initiatives had led to positive business outcomes including improved staff recruitment, better customer service, better staff retention and stronger business performance. These were all up on 2021 data.

6. **There remains much room for improvement in firm-level responses to workplace mental health issues, and getting it right will be vital to address the substantial increase in mental health issues that the pandemic has undoubtedly driven.** While there is cause for positivity, in terms of the increased profile that mental health issues appear to have in this sample of firms, and the increased levels of adoption of some initiatives, there is still much to do to improve firm-level approaches to workplace mental health issues. As working practices continue to return to pre-pandemic patterns, and mental health-related sickness and presenteeism levels continue to rebound, encouraging employers to invest in training for line managers, and to adopt a range of initiatives to support the mental health and wellbeing of their employees, will be of paramount importance. Going forward, employers face the challenge of offering employees and managers the support they need while facing up to the spiralling cost of doing business and other difficulties over the coming months. As their attention starts to shift towards the prevailing economic conditions, it is to be hoped that they will continue to commit to giving staff the mental health support they need.

6.2 Policy recommendations

Our findings indicate that although more employers are training their managers in how to cope with workplace mental health issues, many still rely on untrained line managers to deal with these issues. In policy terms, this suggests the importance of government and mental health and business organisations engaging with firm leaders, to help them to develop and provide training in the management of mental health issues for line managers. 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, whether directly or by signposting employees to other sources of support. We know that confidence is key to the ability to manage these issues effectively.

In addition to appointing board-level representatives to advocate for mental health issues at the highest level in the organisation, encouraging firms to nominate mental health champions at all levels could help to raise the profile of these issues in their businesses, demonstrating that mental health is as important as physical health.

In the light of ongoing 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. At the simplest level, this may involve systematic processes to ensure that those working remotely are interacting regularly with colleagues and managers. More broadly, regular reviews of working practices may help to ensure that workloads and expectations are fair, and that employers are encouraging a good work-life balance.

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 their 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.

Our research has also identified that firms are still 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. Providing employers with clear sources of advice and tools that could help them to deal with workplace mental health issues might also help.

Our study has highlighted a number of potential future avenues for research into workplace mental health issues. Firstly, our data relates to firms with ten or more employees because those with fewer employees would be less likely to have a formal HR department, and less likely to have experienced workplace mental health issues. A dedicated study focusing on smaller firms would potentially offer valuable insight into how these businesses experience and manage workplace mental health. Secondly, this report uses employer-level data, and it is possible that some findings (for example, levels of reported presenteeism) may be different if we were using data collected from employees themselves. Thirdly, we have highlighted the issue of reliance on untrained and under-trained line managers to deliver practice-based interventions to address workplace mental health issues. Future research could examine the experiences of these individuals in more depth, to inform the development of mentoring and training programmes to help them in their roles. Finally, research examining the firm-level factors that drive the adoption of practices to address workplace mental health issues, as well as the outcomes of these practices, would undoubtedly help policy-makers and support organisations to design and implement programmes relevant to the needs of employers and employees.

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 27th January 2022 and 20th May 2022. In total, 1,904 CATI interviews were completed. The mean interview length on completion of fieldwork was 25 minutes. The profile of achieved interviews, broken down by region, size and sector are detailed below.

Number of survey responses

	Total	East Midlands				West Midlands			
		<10	10-19	20-49	50+	<10	10-19	20-49	50+
ABDE – Primary and utilities	63	2	10	11	10	1	10	11	8
	3.3%	10.5%	2.5%	4.2%	6.1%	4.2%	1.9%	3.4%	4.2%
C - Manufacturing	348	3	64	55	33	3	84	72	34
	18.3%	15.8%	15.9	20.8%	20.0%	12.5%	16.4%	22.2%	17.7%
F - Construction	145	2	24	16	21	1	44	18	19
	7.6%	10.5%	6.0%	6.0%	12.7%	4.2%	8.6%	5.6%	9.9%
G – Wholesale, Retail	293	4	82	34	18	4	86	46	19
	15.4%	21.1%	20.4%	12.8%	10.9%	16.7%	16.8%	14.2%	9.9%
H – Transport and Storage	71	0	13	11	13	1	13	7	13
	3.7%	0%	3.2%	4.2%	7.9%	4.2%	2.5%	2.2%	6.8%
I – Accommodation and food	187	1	40	35	14	1	46	34	16
	9.8%	5.3%	10.0%	13.2%	8.5%	4.2%	9.0%	10.5%	8.3
J – Information and communication	51	0	12	4	4	0	9	9	13
	2.7%	0%	3.0%	1.5%	2.4%	0%	1.8%	2.8%	6.8%
K – Financial and insurance	44	0	12	5	5	0	7	5	10
	2.3%	0%	3.0%	1.9%	3.0%	0%	1.4%	1.5%	5.2%
LMN – Business services	336	1	70	40	21	7	110	56	31
	17.6%	5.3%	17.4%	15.1%	12.7%	29.2%	2.4%	17.3%	16.1%
PQ – Public services	289	2	61	48	14	3	80	58	23
	15.2%	10.5%	15.2%	18.1%	8.5%	12.5%	15.6%	17.9%	12.0%
RS – Arts and other services	77	4	14	6	12	3	24	8	6
	4.0%	21.1%	3.5%	2.3%	7.3%	12.5%	4.7%	2.5%	3.1%
Total	1904	19	402	265	165	24	513	324	192
	100%	100%	100%	100%	100%	100%	100%	100%	100%

Frequency weights

	10-19	20-49	50-249	250+	Total
East Midlands					
ABDE - Primary + Utilities	33.8	26.4	18.1	12.5	26.2
C - Manufacturing	20.8	22.0	32.6	24.2	23.4
F - Construction	38.3	27.8	11.3	7.5	26.5
G - Wholesale and Retail	44.7	63.7	46.2	46.2	50.0
H - Transportation and Storage	61.5	42.3	34.5	28.3	45.8
I - Accommodation and Food	52.2	39.7	21.1	39.3	42.6
J - Information and Communication	29.6	63.8	35.0	39.3	38.5
K - Financial and Insurance Activities	24.6	27.0	9.0	39.3	22.3
LMN - Business Services	34.2	33.8	47.4	40.0	35.9
PQ - Public Services	42.6	57.3	57.3	57.3	57.9
RS - Arts + Other Services	49.2	80.0	23.5	7.5	44.9
	38.5	41.3	38.6	38.5	39.3
West Midlands					
ABDE - Primary + Utilities	38.6	21.4	17.5	38.5	28.0
C - Manufacturing	19.2	20.1	31.7	37.5	21.8
F - Construction	23.3	26.1	13.4	6.7	21.4
G - Wholesale and Retail	53.3	57.2	54.2	54.2	55.2
H - Transportation and Storage	47.1	65.0	33.3	95.0	47.4
I - Accommodation and Food	48.9	49.3	33.1	3.8	45.1
J - Information and Communication	51.1	35.6	13.3	40.0	31.6
K - Financial and Insurance Activities	60.0	42.0	12.9	15.0	34.8
LMN - Business Services	27.0	28.4	36.9	55.0	29.2
PQ - Public Services	37.3	52.5	52.5	52.5	52.0
RS - Arts + Other Services	37.2	65.6	45.0	38.5	45.0
	35.4	38.9	39.9	38.5	37.4

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