Mental health and productivity: evidence from Midlands firms

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Workplace mental health: background

- 61% of employees have experienced mental health issues where work was a contributing factor (BITC, 2018)

- 300,000 UK employees lose their jobs annually due to MH issues (Stevenson & Farmer, 2017)

- Costs of mental health issues to UK business estimated at £42bn to £44.7bn (Deloitte, 2020) – around 1/3 the annual cost of the NHS

  - Absenteeism (the time workers spend off work due to ill-health)
  - Staff turnover (the need to replace workers who leave employment due to ill-health)
  - Presenteeism (workers being at work but not performing as expected because of ill-health, or working beyond contracted hours)

- Each of these has a negative effect on individual and firm productivity an effect which is likely to have increased in importance since the pandemic
Workplace mental health

• How do employers typically experience and manage workplace mental health issues?

• How things have changed as the COVID-19 pandemic has unfolded?

• What are the implications for the management of workplace mental health issues?

• Data:
  • Survey of 1,899 private sector firms in the Midlands, Jan-March 2020
  • Survey of 1,551 private sector firms in the Midlands, Jan-April 2021
  • Depth interviews pre- and during the pandemic
Workplace mental health issues: pre-COVID-19

- Presenteeism reported by 33% of firms
- Mental health related absence reported by 30% of firms
  - 37% of firms said that at least some of the absence was long-term
  - 39% reported repeated mental health-related absence
- 55% of firms with MH sickness absence said it impacted on the business
- Activities to support mental health offered by 44% of firms
- Sickness related to mental health is associated with productivity which is lower by 18.3%, and in firms reporting an impact, with productivity which is lower by 24.5%

Source: ERC (2020) A baseline study for the Mental Health and Productivity Pilot project
Workplace mental health issues: pre-COVID-19

• 55% of firms reporting mental health absence said there was an impact to the business

<table>
<thead>
<tr>
<th>Issue</th>
<th>Impact</th>
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<tbody>
<tr>
<td>More work for others</td>
<td>27%</td>
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<tr>
<td>Recruit/find cover</td>
<td>21%</td>
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<tr>
<td>Lower service/quality</td>
<td>13%</td>
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<tr>
<td>Productivity/efficiency</td>
<td>11%</td>
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<tr>
<td>Increased costs</td>
<td>8%</td>
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<tr>
<td>Lower morale</td>
<td>7%</td>
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<tr>
<td>Lower turnover/profit</td>
<td>1%</td>
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Source: ERC (2020) A baseline study for the Mental Health and Productivity Pilot project
Workplace mental health issues: pre-COVID-19

- Low awareness and adoption of external initiatives

![Bar chart showing the percentage of awareness and adoption of various external initiatives.]

Source: ERC (2020) A baseline study for the Mental Health and Productivity Pilot project
Workplace mental health issues during COVID-19

- Presenteeism is down (reported by 17% of firms vs 33%)

- Fewer firms reporting mental health related absence (25% of firms vs 30%), however 53% say it accounts for a greater proportion of their sickness absence

- Fewer firms reported an impact of MH sickness absence (41% vs 55%)

- Changing patterns of workplace mental health: new triggers & groups affected, more difficult to identify

- Activities to support mental health offered by 52% of firms, up from 44%, but pattern of support unchanged

Source: ERC (2021) Workplace Mental Health in Midlands Firms 2021
Conclusions

• MH issues are widespread & have productivity implications

• Employers often unaware of the extent & impacts, & over-reliant on untrained line managers to address MH issues

• COVID-19 impacted significantly
  • Presenteeism is down – but is this a temporary effect?
  • The picture with regard to mental health absenteeism is complex

• Firm-level adoption of practices and engagement with initiatives similar pre- and during pandemic
Thank you

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Workplace mental health issues: ERC publications


ERC (2021) Workplace mental health in Midlands firms 2021: Baseline report (Forthcoming)