ERC
Enterprise Research Centre

Workplace mental health and wellbeing practices, outcomes and productivity

Final project report

October 2025

www.enterpriseresearch.ac.uk

UKRI Economic and Social Research Council

The Enterprise Research Centre (ERC) is an independent research centre based at Warwick Business School which focuses on growth, innovation and productivity in small and medium-sized enterprises.

The Centre is funded by the Economic and Social Research Council, The Department for Business and Trade, The Department for Science, Innovation and Technology, Innovate UK, the British Business Bank and the Intellectual Property Office. The views expressed in this report are those of the authors and do not necessarily represent those of the funders.

Contents

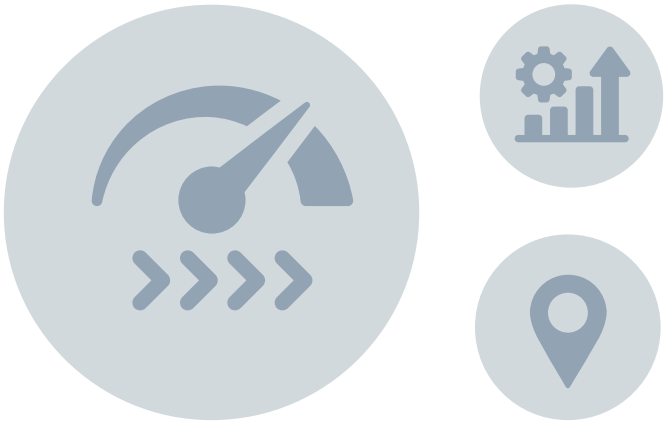
Foreword

Our research on workplace mental health and productivity began back in 2019 when the Enterprise Research Centre (ERC) was commissioned to undertake a new employer survey to gather baseline information for the Midlands Mental Health and Productivity Pilot Programme (MHPP). That initial survey explored the engagement, attitudes and behaviours of 1,900 businesses across the Midlands on the issue of employee mental health and its links to organisational performance and productivity.

We completed the fieldwork in early 2020, only days before the first COVID-19 lockdown in England was announced. Over the subsequent months and years, society underwent widespread changes in response to the pandemic threat. These changes brought many challenges for both businesses and their employees. We felt it was important to monitor these changes and their impacts by continuing our research, and we successfully secured funding to do so. The new funding enabled us to collaborate with an excellent interdisciplinary team of researchers from the University of Nottingham, Queen's University Belfast, University College Cork and Lancaster University. It allowed us to gather six years of survey data on workplace mental health in Midlands firms, as well as to undertake several other activities, including an employee survey and a set of organisational case studies. In addition, we were able to build a strategic advisory group comprising of experts in the field of workplace mental health and wellbeing to help shape the direction of our research.

This report summarises the key insights from what is now substantial body of research on workplace mental health and wellbeing and its link with productivity, as well as setting out some important evidence-based recommendations for policy and practice.

Professor Stephen Roper
Principal Investigator, and Director of the Enterprise Research Centre,
Warwick Business School



The Research team

Name	Institute
Professor Stephen Roper	ERC, Warwick Business School
Dr Vicki Belt	ERC, Warwick Business School
Dr Maria Wishart	Anglia Ruskin University
Professor Holly Blake	University of Nottingham
Dr Louise Thomson	University of Nottingham
Craig Bartle	University of Nottingham
Dr Juliet Hassard	Queen's University Belfast
Teixiera Dulal-Arthur	Queen's University Belfast
Dr Jane Bourke	University College Cork
Professor Stavroula Leka	Lancaster University

Acknowledgements

We would also like to thank the following people for their valued contributions to the advisory group, data analysis, communication and impact activities, and project management during the course of the study:

Sean Russell (Advisory Group Chair)

Jonathan Stuart

Andrew Berrie

Emma Mamo

Nicola Moss

Mike Daly

Delma Dwight

Lukasz Gasienca-Fronek

Daisy Hooper

Hamish Shah

Francoise Woolley

Jasmine Virhia

Peter Kelly

Alison Higgins

Sonia Rennicks

Miriam Barrow

Nodlaig Carroll

Kara McGann

Deborah Lycett

Rob Johnston

Andy Smith

Sarah Merrington

Rob Smailes

Tatum Matharu

Matt Smith

Nicola Pike

Colin Lindsay

Madeleine Parsley

Victoria Linnell

Carol Stanfield

Paul Sissons

Rita Nana-Cheraa

Jiao Liu

Zoe Lottering

Gabrielle Freeman

Executive Summary

Despite the growth in workplace mental health issues in recent years and the cost this has for employers, we know little about the causal mechanisms by which poor employee mental health impacts on productivity, or about the effectiveness and outcomes of the various mental health and wellbeing practices being used in the workplace. This study has aimed to address these vital research gaps. It has focused mainly on exploring the perceptions, experiences and behaviours of employers, a dimension that has tended to be neglected in previous research. A key focus has been whether there are actions employers can take that can help reduce the personal, business and wider economic costs of mental ill health in the workplace.

The study involved longitudinal research - carried out between 2020-2025 - consisting of employer surveys, in-depth interviews with managers, an employee survey and case study research. It was funded by the Economic and Social Research Council (ESRC), building on initial research that was funded by the Midlands Engine to inform the Midlands Mental Health and Productivity Pilot programme (MHPP).

The research team was led by the Enterprise Research Centre (ERC) at Warwick Business School in collaboration with researchers based at the University of Nottingham, Queen's University Belfast, Lancaster University and University College Cork.

Policy recommendations

Reflecting the headline findings from our study, we have identified ten priority policy recommendations. To be effective, these recommendations depend on effective collaboration between stakeholder organisations with an interest in workplace mental health and wellbeing:

1. **Create a collaborative, employer-targeted national campaign that clearly articulates the business case for investing in employee mental health**, using real-life case studies, targeted at senior leaders and decision-makers in businesses of all sizes and built on collaboration between key stakeholder organisations.

2. **Provide a clear, free entry point for businesses that offers access to trusted guidance and high-quality research and evaluation evidence on workplace mental health** and wellbeing. This needs to be easily accessible and recognisable.

3. **Invest in a centre of research expertise on productivity and workplace mental health** to monitor trends, gather robust evidence on the effectiveness of workplace mental health and wellbeing initiatives, and inform policy/practice development and delivery of support.

4. **Provide a free workplace mental health support service specifically tailored to the needs of small and micro businesses**. This service could provide a mental health audit for small businesses and help them put in place longer-term plans to integrate mental health into their business strategies.

5. **Embed an understanding of psychological safety into leadership programmes**, reflecting its status as an underpinning building block of workplace mental health and wellbeing

6. **Create a national mental health training programme for line managers**. Line managers play a vital role in managing mental health, but many are untrained. There is a strong case for the development of a national training programme for line managers, building on existing interventions. This should be aligned with existing broader management and leadership training programmes (e.g., those provided by the CMI), better equipping managers with the confidence and skills they need to have supportive conversations around health and wellbeing.

7. **Encourage the development and adoption of digital interventions in workplace mental health and wellbeing**. These offer scope for low-cost interventions to be rolled out at scale, and can also allow smaller businesses the flexibility they need.

8. **Encourage and support small businesses to collect and analyse employee mental health data**. Action is needed to encourage and support employers to introduce simple systems to monitor absence and the reasons for absence, as well as collecting other wellbeing data that could enable them to prevent mental health issues from escalating.

9. **Support the development of place-based workplace mental health partnerships** that enable businesses in local communities to network with their peers and share experiences and good practice, responding to the particular challenges being faced in local/regional economies.

10. **Support the development of sector-specific workplace mental health initiatives**. There are distinct sectoral patterns in attitudes and practices on workplace mental health. There is a clear case for supporting targeted initiatives in sectors, working with industry bodies.

Headline Findings

Workplace mental health and wellbeing challenges, including absenteeism and presenteeism, are widely experienced by UK employers, and there is evidence from our employer survey research in the Midlands that they may be increasing.

Presenteeism was being experienced by a substantial proportion of the businesses we surveyed (37%) in 2025. According to our longitudinal employer survey findings, employer-reported presenteeism is currently at the highest level since before the pandemic.

Mental health-related sickness absence was reported by 25 per cent of businesses we surveyed in 2025. During the whole study period (2020-2025), there was a notable rise in the proportion of employers reporting that they had employees taking multiple occasions of sickness absence. The proportion of firms reporting this repeated mental health absence jumped from 40 to 47 per cent in 2022-2023.

Mental health issues have business impacts. In 2025, just under half of those firms in our employer survey reporting they experienced mental health absence amongst their workforce said that it impacted negatively on their operations.

The findings from our qualitative research also show that workforce mental health issues, if not properly managed, can have detrimental impacts on teamworking. For example, the failure to disclose a mental health issue to managers and co-workers can provoke anxiety and tensions which can impact team trust and cohesion.

The qualitative research we conducted with managers also showed that line managers are particularly important in managing mental health issues day-to-day within the workplace, but many feel unsupported within their organisations and would like access to more training.

50 per cent of businesses we surveyed said that they had adopted mental health initiatives in 2025. There was an increase in the proportion of firms adopting mental health and wellbeing initiatives during and

immediately after the pandemic. However, our latest employer survey findings show that this increasing uptake has now stalled, with mental health practice adoption at the lowest level since prior to the pandemic.

A sizeable proportion of businesses we surveyed said they had no mental health and wellbeing initiatives in place and no plans to adopt them in the future either. Nearly a fifth of firms fell into this category in 2025.

There is an 'attitude to action gap' on workplace mental health. Whilst three-quarters of our employer survey respondents stated that they felt employers have responsibility for protecting the mental health of their employees, only half actually had mental health and wellbeing initiatives in place.

Our employer survey found that in firms of all sizes and across all sectors, engagement with mental health initiatives was most likely to be driven by individual managers with personal training in, or experience of, mental health issues. The second main driver was advice from HR colleagues.

Over the survey period, the most popular answers in terms of where firms said they sought advice on workplace mental health were an 'HR consultancy' and 'elsewhere within their organisation.' Only 11 per cent of firms in the 2025 survey said that they would approach a specialist mental health organisation for advice.

Only around two-fifths of firms that had adopted mental health and wellbeing practices said that they evaluated the initiatives they introduced, with larger firms more likely to do so. The outcomes that firms identified were overwhelmingly positive in terms of firm-level performance and employee wellbeing.

Our data-matching analysis found evidence that the long-term adoption of specific mental health and wellbeing practices, namely mental health budgeting, wellbeing data monitoring, and provision of physical wellbeing support, is associated with productivity gains. However, the picture is complex as the analysis also found that short-term adoption of practices often coincides with a decline in productivity.

Further analysis of the Midlands employer survey findings has shown that the provision of training for line managers in mental health was associated with improved performance, including lower long-term sickness absence, enhanced staff recruitment and retention and improved customer service.

The findings from our employee survey demonstrated the importance of an organisation's Psychosocial Safety Climate (PSC) for mental health and wellbeing and performance. Firms with a higher rated PSC were associated by employees with stronger resources (support and leadership), lower demands (workload and emotional strain), better health (lower burnout and higher wellbeing), more positive attitudes (higher engagement and satisfaction), and generally more favourable perceptions of performance (quality and productivity).

Our case study research on barriers and facilitators to implementing mental health and wellbeing practices also highlighted the importance of strong leadership and organisational culture in sustaining these initiatives. On the other hand, financial and resource constraints emerged as a recurrent barrier to adoption and implementation.

The employer survey results showed that experiences and responses to mental health in the workplace vary significantly by employer size. The smallest firms were less likely to monitor employee absence and to adopt mental health and wellbeing practices. But at the same time, small firms were also more likely to report that mental health-related absences were impacting on the performance of their business.

The employer survey findings also revealed that there were striking sector differences in attitudes and practice adoption which are worthy of further investigation. For example, businesses in the construction and wholesale/retail sectors were much less likely to have adopted mental health and wellbeing initiatives than those in service-based sectors.

Our international employer surveys showed significant differences between countries in approaches towards management mental health issues and outcomes. Firms in Sweden were much more likely to adopt initiatives to address mental health issues than firms in England and Ireland. The attitude to action gap was also not evident in Sweden. These differences and the reasons for them provide insights for policymakers.

1. Introduction

The enduring 'productivity gap' between the UK and its international competitors has been well documented. UK productivity growth has been consistently lower than in comparable economies. For example, in 2019 immediately prior to the pandemic, UK productivity (GDP per hour worked) was 83 per cent of that in France and the US, and 86 per cent of that of Germany. Post-pandemic, little changed: 2023 government statistics showed that UK productivity was 88 per cent of that in France, 83 per cent of that in Germany and only 80 per cent of that in the US.[1]

The reasons lying behind the productivity gap have been the subject of considerable discussion. The Productivity Institute, for example, drawing together a wide body of research, has pointed to three fundamental challenges that need to be addressed - underinvestment, inadequate diffusion of new technologies and a lack of joined-up policy-making.[2] Human capital has been recognised by researchers as playing an important role in productivity, with the focus often placed on the role of education and skills as important explanatory factors. Health is an important aspect of human capital too, and has a fundamental impact on the ability of individuals to do productive work. Although there has been generally less research in this area, some have suggested that the increase in physical and mental health issues we have seen in recent years could also be a key contributor to the UK's productivity puzzle.[3] Over the past decade, and particularly since the COVID-19 pandemic, mental health has emerged as one of the most significant challenges facing UK employers. However, there are still significant knowledge gaps when it comes to understanding the impacts of rising mental health issues on productivity. Our study has aimed to address some of these gaps.

Our research began back in 2019, when the Enterprise Research Centre (ERC) was commissioned to undertake baseline research to inform the direction of the Mental Health and Productivity Pilot Programme (MHPP).[4] This initial research involved a review of existing literature on the workplace mental health and productivity link, a survey of 1,899 private sector business establishments in the Midlands region, and in-depth interviews with 20 survey respondents. The fieldwork took place between 6th January and 20th March 2020, being completed just before the first COVID-19 lockdown restrictions were introduced in England, providing a valuable pre-pandemic snapshot of workplace mental health and wellbeing in Midlands firms.

Recognising the vast changes that took place across the nation's workplaces as the pandemic began to unfold, we were keen to continue the research, and we were successful in securing funding that enabled us to return to the field a year later for a second survey. This second survey of businesses was conducted between January and April 2021, a period of intense business disruption related to the pandemic restrictions. A third survey was carried out in early 2022, enabling us to continue tracking developments.

In 2022, the Economic and Social Research Council (ESRC) funded our project proposal 'Mental health and wellbeing practices, outcomes and productivity: a causal analysis' as a part of its programme of work focused on tackling the 'productivity puzzle', which enabled us to further extend the research.[5] This project involved us working in partnership with researchers from the University of Nottingham, Queen's University Belfast, Lancaster University and University College Cork. It also enabled us to adopt a more interdisciplinary approach, bringing together insights from economics, management studies and occupational psychology disciplines.

---

1 UK Parliament House of Commons Library Productivity: economic indicators [Online] Available at: https://commonslibrary.parliament.uk/research-briefings/sn02791/
2 What explains the UK's productivity problem? - The Productivity Institute
3 Mental health and productivity: evidence for the UK - Understanding Society
4 MHPP-Final-Report-Final-PDF.pdf
5 Productivity – UKRI

The study aimed to explore in more depth the link between employee mental health and productivity outcomes, informing policy and behaviour by identifying the practices firms should adopt to support good mental health and productivity improvements. The research had four specific and inter-linked objectives:

- **To identify the causal influences on firms' adoption and implementation of mental health practices.** How do these differ between UK and international comparators? Why do firms adopt these practices? What are the barriers to adoption?
- **To identify the practices which have the strongest payoffs in terms of employee mental health and wellbeing.** How do these causal relationships differ between industries and firm size bands?
- **To explore the causal links between employee mental health and wellbeing and firm-level productivity.** How do presenteeism, absenteeism, repeated sickness, etc., contribute to reducing productivity? How do these links differ between industries and firm sizebands?
- **To develop recommendations for policy and practice to improve employee mental health and wellbeing and firm-level productivity.** What practices should firms adopt to support good mental health and wellbeing and productivity benefits? How can policymakers and support organisations best support employers' actions to support good mental health and contribute positively to productivity?

The research involved six different work packages:

1. **What determines employers' adoption of mental health practices? An international comparison:** This work package focused on the drivers of adoption of mental health practices amongst employers, and how this changed during the pandemic. We adopted an international comparative approach designed to reflect differential health and welfare systems and their impacts. This involved undertaking two additional surveys of businesses in Ireland and Sweden, and comparing these with the England-based survey data.
2. **Mental health practices and employee wellbeing – a firm-level, longitudinal perspective:** This work package focused on the links between the adoption of mental health practices and indicators of workplace wellbeing. We used an econometric approach to explore the causal links between these practices, both individually and in combination, and workforce mental health and wellbeing. We undertook further Midlands employer surveys in 2023, 2024 and 2025, giving us in total six years of survey data to analyse.
3. **Employee wellbeing and firm-level productivity – survey and data matching analyses:** This work package explored the mechanisms by which employee mental health and wellbeing influences productivity. We focused on three key mechanisms - presenteeism, absenteeism and the costs of labour turnover, looking at how these are moderated by other firm-level and workforce characteristics.
4. **How do mental health issues impact on teams and team-working?** This work package focused on the links between mental health, effective team working and organisational performance and productivity. We adopted a qualitative approach to this element of the study, conducting a series of individual depth interviews.
5. **Understanding the barriers and facilitators to adopting and implementing mental health practices in organisations:** This work package focused on what influences management decisions to adopt workplace mental health practices and interventions, and how practices are implemented in practice within organisations. We took a qualitative approach, using case studies to allow an in-depth, multifaceted exploration of the complex factors influencing adoption and implementation.

6. **Understanding the antecedents and drivers to mental health and productivity in organisations:** This work package explored the link between individual-level wellbeing and performance and productivity outcomes. We undertook a longitudinal mixed-method cohort study focusing on employees using an observational design that collected both qualitative and quantitative data over three time points. The research was informed by an emerging theory: Psychosocial Safety Climate (PSC), which seeks to explain the antecedents of perceived working conditions (job demands and resources), worker psychological health, employee engagement, and work performance.

A summary of the data collection undertaken as a part of our study is set out in Table 1.

Table 1: Outline of Data Collection

Sub-project	Approach	Sample details
Midlands Employer Surveys (x6)	Computer Assisted Telephone Interview (CATI) survey with senior person with responsibility for the health and wellbeing of employees	For-profit and voluntary sector businesses (not govt. or public sector) operating for at least 3 years, with a minimum 10 employees, based in the East and West Midlands. Wave 1: Jan-March 2020: 1,899 firms Wave 2: Jan-April 2021: 1,551 firms Wave 3: Jan-April 2022: 1,904 firms Wave 4: Jan-May 2023: 1,902 firms Wave 5: Jan-April 2024: 1,901 firms Wave 6: Jan-April 2025: 1,226 firms
International Employer Surveys (x2)	Computer Assisted Telephone Interview (CATI) survey with senior person with responsibility for the health and wellbeing of employees	For-profit and voluntary sector businesses (not govt. or public sector) operating for at least 3 years, with a minimum 10 employees, in Ireland and Sweden. Ireland: Sept-Dec 2022: 1,501 firms Sweden: Sept-Dec 2023: 1,000 firms
Managing mental health - teamworking and line managers	Individual depth interviews	100 interviews with individuals that worked in teams/as line managers in a range of organisations.
Employee study	Mixed-method cohort study – surveys and interviews with employees	Surveys and interviews with employees in 35 organisations across a mix of sectors
Implementation case studies	Semi-structured interviews and analysis of documentary evidence	20 interviews with senior managers and decision-makers, middle managers, line managers and employees in five case study organisations.

During this study, we have gathered a range of data that has enabled us to create a unique longitudinal dataset exploring workplace mental health issues and their impacts on performance within businesses from a range of perspectives. This rich dataset gives a detailed insight into the changing nature of work during a particularly turbulent and challenging period for both businesses and workers. This data will be deposited in the ESRC Data Archive for use by other researchers.

In the chapters that follow we summarise the key findings from the research and reflect on their implications for policy and practice. With a study as large as this, however, there is of course a wealth of material we cannot cover in this report. For those interested in more detail, a full list of publications related to this project is included in the Annex.

2. Workplace mental health and productivity – making the connection

In this chapter, we provide some background context to this study, drawing on some headline international data about recent trends in mental health and wellbeing. We briefly summarise some of the existing research evidence on the links between employee mental health and productivity.

2.1 The growth of workplace mental health issues

The COVID-19 pandemic provoked a sustained rise in mental health issues across the world. OECD data[6] show that in the UK, the proportion of adults with depression or symptoms of depression almost doubled in 2020 from its pre-pandemic level (Figure 1). Similarly, the reported prevalence of anxiety jumped at the height of the pandemic (Figure 2).

Figure 1: National estimates of prevalence of depression or symptoms of depression, 2019-22 (or nearest year)
Source: OECD, 2023

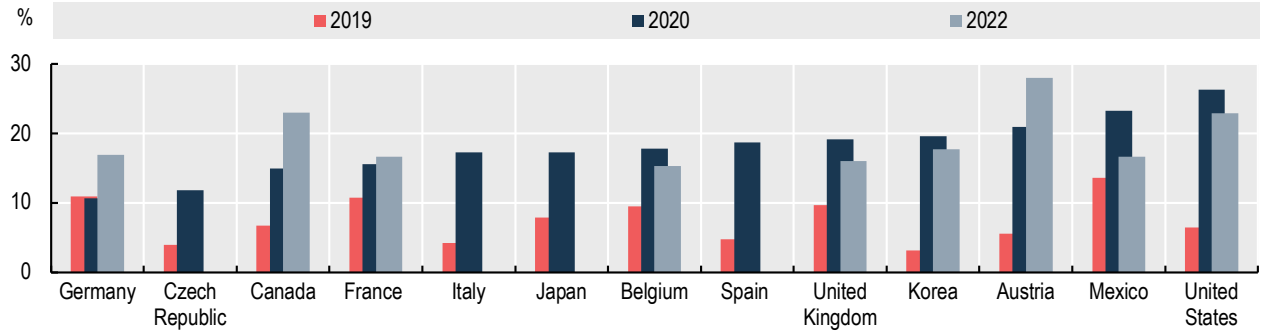
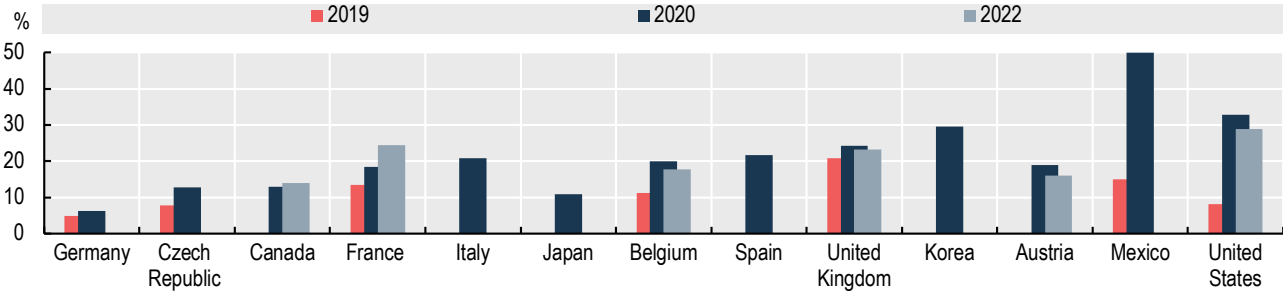


Figure 2: National estimates of prevalence of anxiety or symptoms of anxiety, 2019 - 2022 (or nearest year)
Source: OECD, 2023



6 OECD (2023), Health at a Glance 2023: OECD Indicators, OECD Publishing, Paris, https://doi.org/10.1787/7a7afb35-en

According to the most recent ONS data, 16.4 million working days are lost each year in the UK due to mental health sickness absence - an average of 21.1 days lost per case. Nearly half of all long-standing cases of work-related ill health in 2023/24 were due to mental health. In the years prior to the pandemic, the rate of self-reported work-related stress, depression or anxiety was already increasing, but the rate at the time of writing is now higher than the 2018/19 pre-pandemic level.

What are the implications of these trends for employers? Overall, there is strong evidence of the considerable economic cost to employers of poor mental health. These costs derive from different mechanisms and include:

- Absenteeism - the time workers spend off work due to mental ill-health;
- Presenteeism - the costs associated with workers being at work but not performing their work as expected because of mental ill-health, or working long hours;
- Staff turnover - the costs associated with replacing workers who leave employment due to mental ill-health.

Back in 2007, a report by the Sainsbury Centre for Mental Health estimated that the total cost to UK employers of workplace mental health problems was around £26bn every year.[7] This figure was revised upwards in a 2020 study by Deloitte to between £42bn and £45bn[8] and again to £56bn in 2021.[9] The 2021 estimate includes the cost of mental health-related absence, which was put at around £6bn, as well as presenteeism (when employees are at work but underperforming due to ill-health) at a substantially larger figure of around £28bn, and the cost of employee turnover at around £22bn. The most recent (and post-pandemic) estimate from Deloitte in 2024 put the total cost to employers at a slightly lower level than in the pandemic years, but still at an estimated £51bn/year.[10]

2.2 Productivity, mental health and management practices

In this study, we have been interested primarily in exploring employer perceptions and experiences of mental health and wellbeing amongst the workforce, a dimension that has tended to be neglected in previous research. We have been interested in the role employers and managers themselves play in mental health and wellbeing at work, and the impacts their behaviours and practices have on productivity. A key motivating interest has been whether there are actions employers can take that can help reduce the personal, business and wider economic costs of mental ill health in the workplace.

There is significant evidence from previous research of a link between wellbeing and job performance. This link is clearly complex, but three causal mechanisms at play include:

- The enhanced cognitive abilities associated with improved wellbeing;
- Improved wellbeing generating more positive attitudes to work;
- Improving general health improving energy levels (and work effort) (Bryson et al, 2014).

Worker wellbeing therefore has clear performance benefits for organisations, and leaders and managers can have an influence on this through individual and organisational behaviours, practices, and cultures.

7 Sainsbury Centre for Mental Health, 2007. Mental health at work: Developing the business case. Policy Paper 8
8 Hampson, E., & Jacob, A. (2020). Mental health and employers: refreshing the case for investment. Deloitte.
9 Deloitte. (2022). Mental health and employers: the case for investments pandemic and beyond. https://www2.deloitte.com/content/dam/Deloitte/uk/Documents/consultancy/deloitte-uk-mental-health-report-2022.pdf
10 https://www.deloitte.com/uk/en/about/press-room/poor-mental-health-costs-uk-employers-51-billion-a-year-for-employees.html

Firm-level productivity has been linked closely to management practices in previous research. Data from the World Management Survey and ONS Management and Expectations survey both evidence strong links between management practices and productivity for example, while also emphasising the disparities in the adoption of management practices between firms.[11] However, previous research has tended to focus on management practices associated with operating efficiency, with less consideration of practices associated specifically with employee mental health and wellbeing, such as having a mental health plan or collecting data to monitor employee wellbeing, for example. As a consequence, while there is now a substantial literature linking operational management practices to productivity[12], and HR practices and productivity,[13] the links between mental health and wellbeing practices and productivity, and the mechanisms linking the two have received less attention.

Clearly, work-related factors including poor working environments may exacerbate mental health issues, and UK employers have a legal duty of care[14] to support their employees' health, safety and wellbeing. This has driven the development and adoption of a range of mental health and wellbeing practices by employers. But the effects of these practices are poorly understood.[15] Prior research suggests, however, that targeted workplace interventions can play a potentially critical role in addressing mental health problems in the workplace.[16]

However, while the potential for reducing the economic costs of mental health 'rests largely on employers developing employment policies and a workplace culture that support their mentally ill workers in not only attending work, but in also being productive while they are there',[17] employers often have a limited grasp of the prevalence of mental health conditions in the workforce[18] and often lack awareness of potential sources of external support to help them deal with them. We sought to explore all of these issues in more depth in our study, with the intention of better informing policy and practice in this crucial, but to date neglected, area.

11 Scur, D., Sadun, R., Van Reenen, J., Lemos, R. and Bloom, N., 2021. The World Management Survey at 18: lessons and the way forward. Oxford Review of Economic Policy, 37(2), pp.231-258.
12 Bloom, N., Brynjolfsson, E., Foster, L., Jarmin, R., Patnaik, M., Saporta-Eksten, I., & Van Reenen, J. (2019). What drives differences in management practices? American Economic Review, 109(5), 1648-1683.
13 Hayton, J., 2015. Leadership and management skills in SMEs: Measuring associations with management practices and performance. Enterprise Research Centre/Warwick Business School, (211), pp.1-39.
14 ACAS (2025) Mental Health and the Law [Online] Available at: https://www.acas.org.uk/supporting-mental-health-workplace
15 Bryson, A., Forth, J. and Stokes, L., 2017. Does employees' subjective well-being affect workplace performance?. Human relations, 70(8), pp.1017-1037.
16 Tarro, L., Llauradó, E., Ulldemolins, G., Hermoso, P., & Solà, R. (2020). Effectiveness of Workplace Interventions for Improving Absenteeism, Productivity, and Work Ability of Employees: A Systematic Review and Meta-Analysis of Randomized Controlled Trials. International Journal of Environmental Research and Public Health, 17(6), 1901.
17 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. https://doi.org/https://doi.org/10.1016/j.labeco.2017.05.001
18 Seymour, L., 2010. Common mental health problems at work. What we know about successful interventions Available at: https://affinityhealthhub.co.uk/d/attachments/bohrf-common-mental-health-problems-at-work-1476727411.pdf

3. Workplace mental health and productivity in Midlands firms

This chapter summarises the headline findings from the six years of employer survey data that were gathered as part of this study.

As outlined in Chapter 1, we undertook six waves of data collection via a telephone survey of businesses. The sample was made up of for-profit and voluntary sector businesses operating for at least three years, with a minimum of 10 employees, based in the Midlands region of England. The first survey was undertaken in early 2020, just before the first COVID-19 lockdown was announced in England, and we returned to the field each year afterwards, with the sixth survey taking place in early 2025.

The survey questions focused on a range of themes pertinent to organisational performance and productivity. For ease of reporting we focus on four of these themes here:

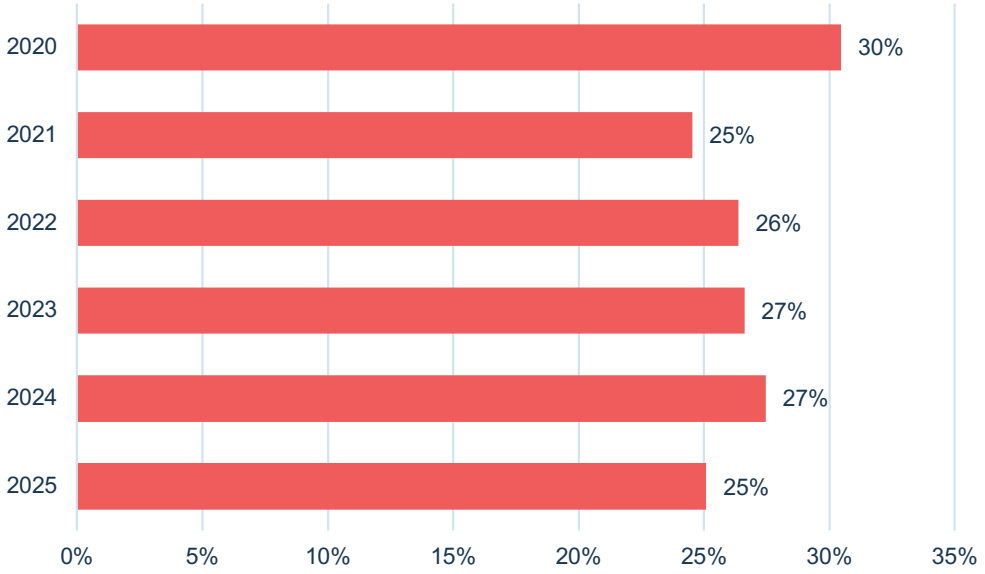
- **Mental health sickness absence**: nature, extent and impacts
- **Presenteeism**: nature, extent and impacts
- **Employer mental health initiative adoption**: nature, extent, impacts and drivers
- **Hybrid working**: extent and impacts

3.1 Mental health-related sickness absence

Employees needing to take time off work is one way by which mental health issues can impact on organisational performance and productivity, and because of this it was one of the key themes we explored in our survey.

The majority of firms said that they measured overall sickness absence and that they recorded the reasons for this (84% and 82% respectively in 2025), allowing us to explore the extent of mental health sickness amongst the firms surveyed. Overall, the survey findings on mental health-related sickness absence present a fluctuating picture over the research period (Figure 3).

Figure 3: Proportion of firms reporting some level of mental health absence, all firms, 2020 to 2025



Base: 1899 firms in 2020, 1551 in 2021, 1904 in 2022, 1902 in 2023, 1901 in 2024, 1226 in 2025

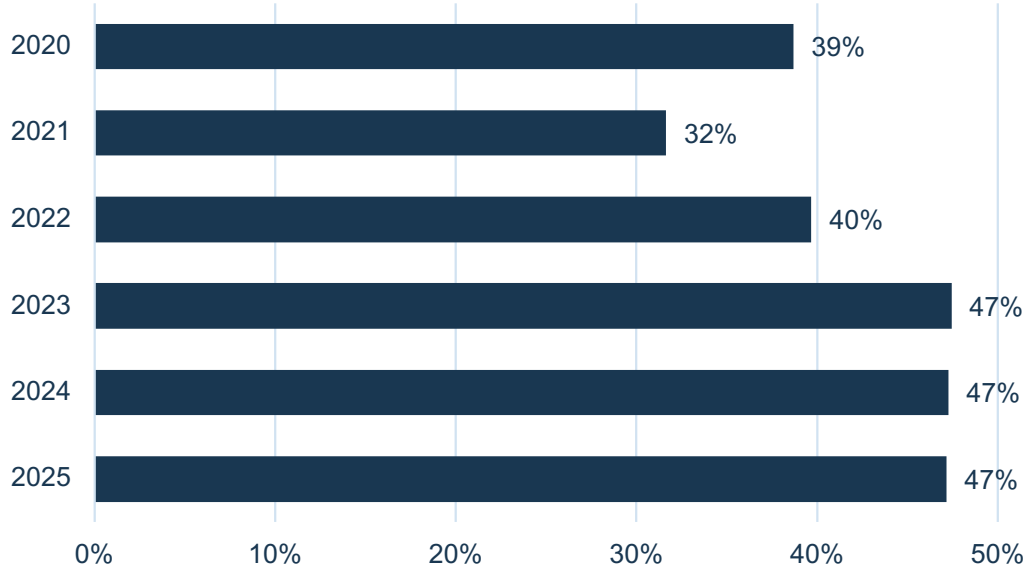
The proportion of firms reporting experiencing mental health-related sickness absence fell noticeably in 2021 at the height of the pandemic. This may have been because increased levels of home-working and less commuting for some workers meant there were genuinely fewer mental health issues during the period. Alternatively, it is also possible that mental health conditions may have gone unreported and/or unnoticed with the rise in working remotely and social distancing rules. It could also be related to the fact that employees may have been reluctant to disclose mental health issues during a time of heightened job insecurity. A quarter of employers reported some level of mental health sickness absence in 2025.

The surveys also showed differences by business size in terms of reported mental health absence. Larger firms were much more likely to report mental health related absence. Although this is in part related to a higher likelihood of incidence due to workforce size, it is also related to better absence reporting approaches in larger firms. The data shows that the smallest firms were much less likely to measure sickness absence generally, or to record the reasons for it.

There were also striking sectoral differences, which reflect patterns of job precarity and self-employment – and potential under-reporting of mental health absence in some sectors. Firms in the production, construction, wholesale/retail and hospitality sectors were less likely to report mental health related sickness. This could reflect workforce differences, including a higher proportion of lower-skilled, lower-paid jobs in production, more self-employed workers in construction, who may be reluctant to take sickness absence, and a greater proportion of zero-hours and temporary workers in hospitality and retail who may feel the need to 'job protect'.

A striking finding to emerge from the surveys was also the growth in repeated mental health absences during the period of the study (Figure 4). Although overall the proportion of firms reporting mental health sickness absence is lower in the 2025 findings than it was six years ago, by contrast, more firms are reporting they have repeated mental health absences (i.e., individuals taking multiple occasions of sickness absence, whether on a short or long-term basis). Firms reporting repeated mental health absence jumped from 40 to 47 per cent in 2022-2023, and this elevated level has been sustained since then.

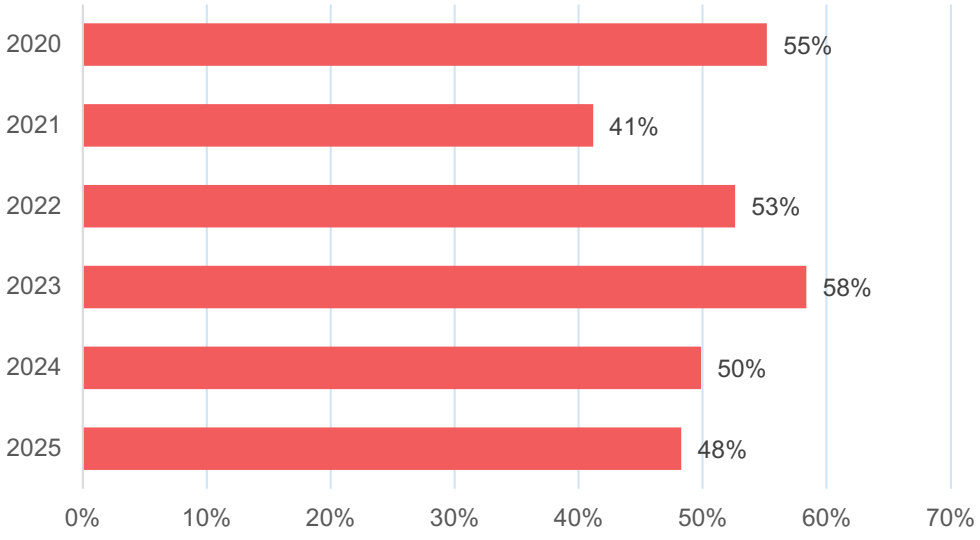
Figure 4: Proportion of firms with mental health absence reporting that some is repeated, all firms, 2020 to 2025



Base: 556 firms in 2020, 338 in 2021, 480 in 2022, 471 in 2023, 482 in 2024, 309 in 2025

In terms of impacts, just under half of those firms reporting they experienced some level of mental health absence said it impacted on their operations in 2025, though the proportion of firms reporting business impacts from mental health absence has fluctuated through the research period (Figure 5).

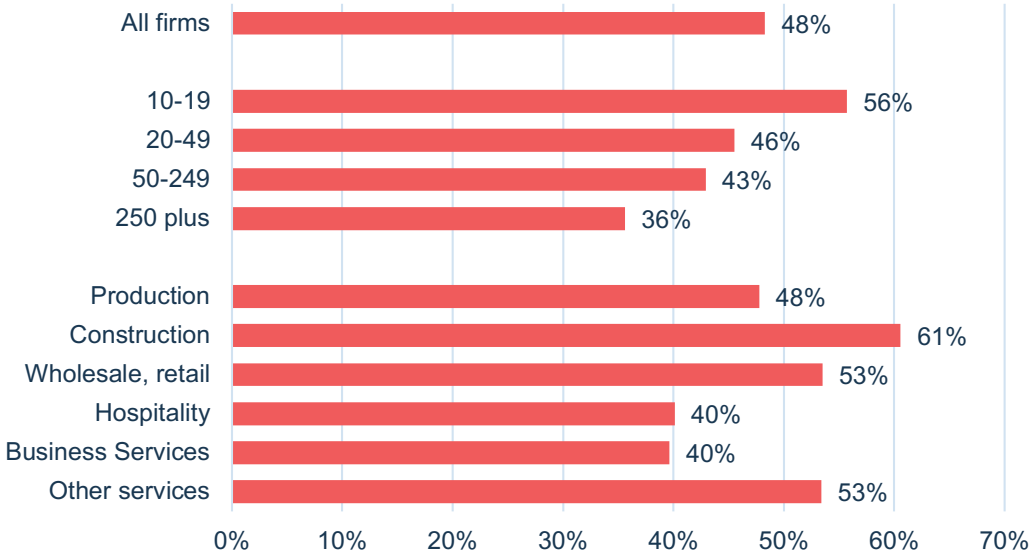
Figure 5: Proportion of firms reporting that mental health absence impacts on their business, all firms, 2020 to 2025



Base: 556 firms in 2020, 338 in 2021, 480 firms in 2022, 471 in 2023, 482 in 2024, 309 in 2025

The findings show considerable variation in terms of business impacts depending on business size and sector, as illustrated in Figure 6, which presents the findings from the 2025 survey. A higher proportion of smaller businesses and firms in the construction sector reported business impacts from mental health related absence.

Figure 6: Proportion of firms reporting that mental health absence impacts on their business, by size and sector, 2025



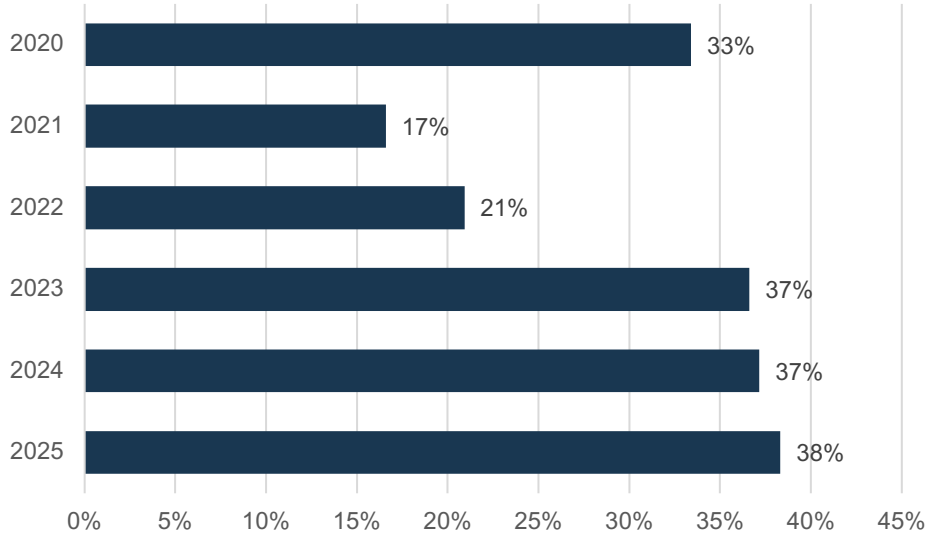
Base: 309 firms

3.2 Presenteeism

Presenteeism - which we defined in our survey as workers working when unwell and/or routinely working beyond their contracted hours, has also been recognised as a major issue impacting on productivity, as noted in Chapter 2.

Our survey data shows that reported presenteeism almost halved at the start of the pandemic, with 33 per cent of firms reporting that they had some level of presenteeism in 2020, and only 17 per cent doing so in 2021 (Figure 7). There was a striking and substantial increase in presenteeism in 2023, when it was reported by 37 per cent of firms compared to 21 per cent the previous year. This increase was sustained in 2024, and the 2025 data shows that it has increased slightly to 38 per cent, showing that presenteeism remains a significant issue amongst businesses.

Figure 7: Proportion of firms reporting some level of presenteeism, all firms, 2020 to 2025



Base: 1899 firms in 2020, 1551 in 2021, 1904 in 2022, 1902 in 2023, 1901 in 2024, 1226 in 2025

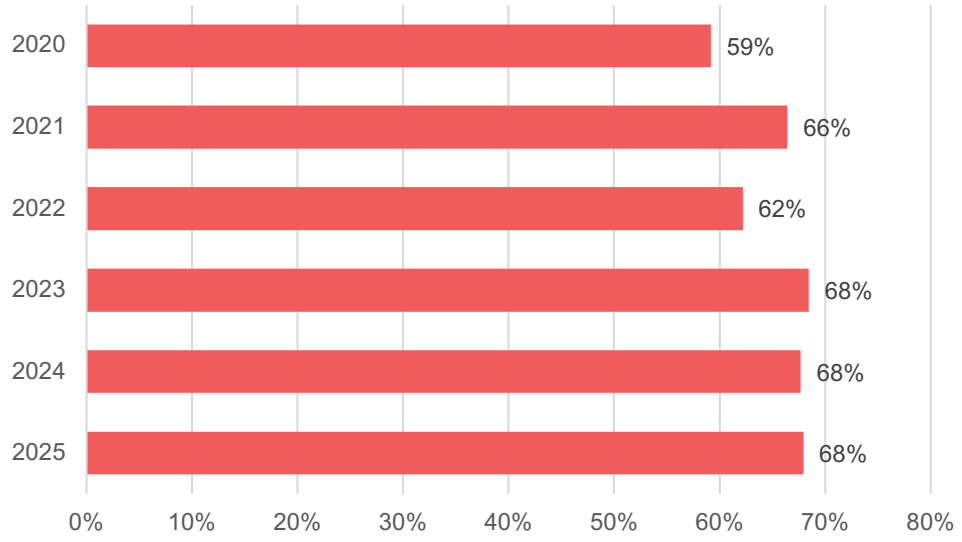
Amongst firms reporting presenteeism, working beyond contracted hours was reported most frequently. The proportion of firms reporting this was 78 per cent in 2025, while the proportion of firms reporting that employees have been working when unwell was 66 per cent. Overall, presenteeism was most prevalent in medium-sized firms and in businesses in the hospitality, retail and other services sectors.

The continued rise in hybrid working may be contributing to increased levels of presenteeism, as employees can struggle to psychologically detach from work when working at home, leading to them working longer hours as well as working when unwell. Our data shows that this sustained rise in presenteeism is evidenced in firms of all sizes and in all sectors, which points to underlying shifts in approaches to work, driven by broader macro- environmental factors rather than specific industry or firm size issues.

Across all of the surveys, the top reason given for presenteeism was cited as 'the need to meet client deadlines,' but there was some variation by sector, with construction firms pointing to the need of employees 'to earn more money,' and hospitality firms more likely to attribute it to being 'short staffed' and 'wanting to earn more money.'

There was an increase during the survey period in the proportion of firms saying that they were taking action on presenteeism (Figure 8). In 2025, 68 per cent of firms reporting presenteeism said that they were addressing it, with the most often reported approach being to 'send home people who are unwell,' followed by 'recruiting more staff.'

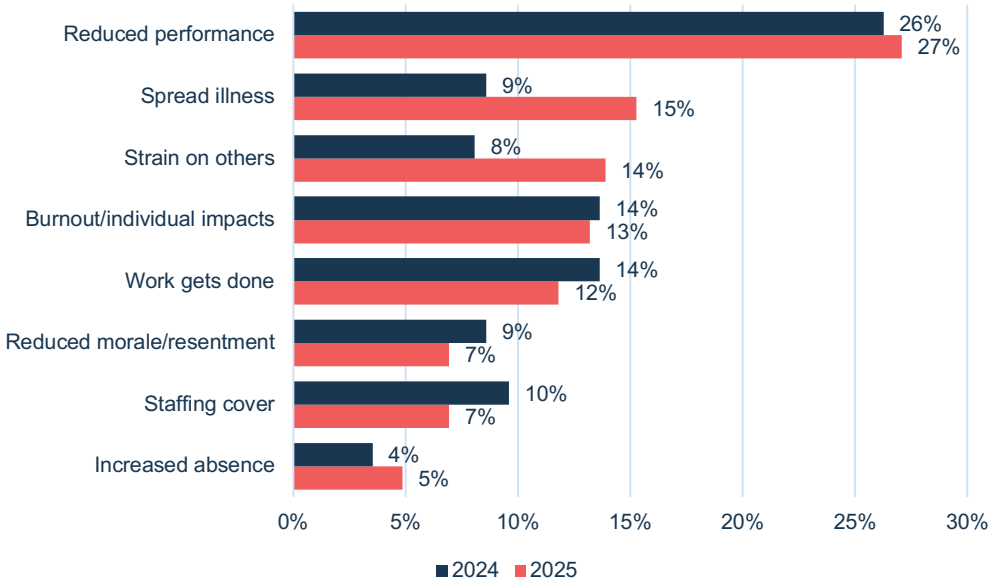
Figure 8: Proportion of firms that are taking steps to address presenteeism, all firms, 2020 to 2025



Base: 654 firms in 2020, 265 in 2021, 394 in 2022, 692 in 2023, 707 in 2024, 469 in 2025

In 2025, 33 per cent of the firms experiencing presenteeism said that it impacted on their business, up slightly from 31 per cent the previous year. The most commonly reported impacts were 'reduced performance,' 'spread of illness,' 'strain on others' and 'burnout' (Figure 9).

Figure 9: Reported impacts of presenteeism, all firms, 2024 & 2025

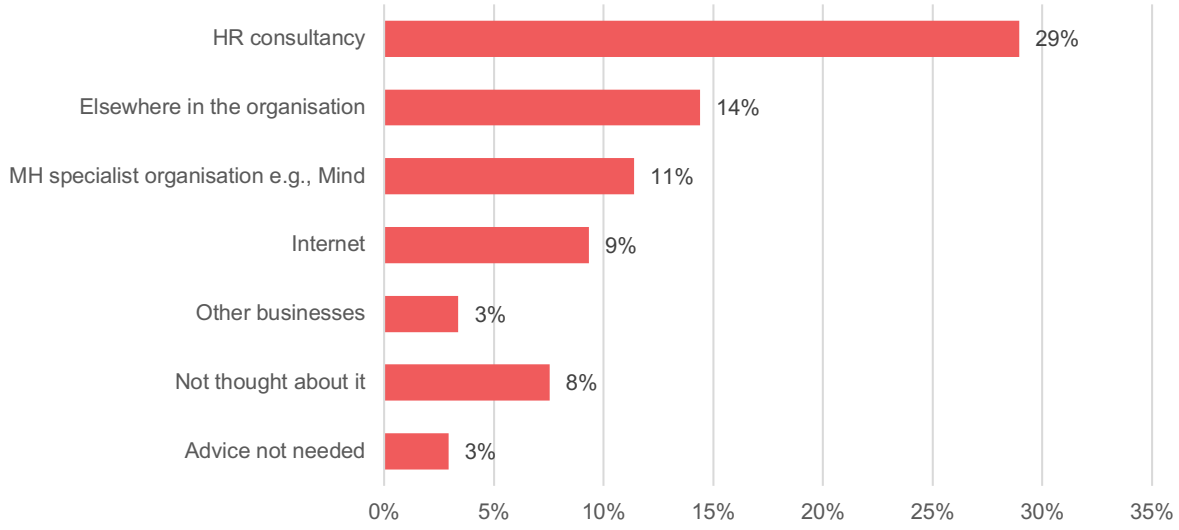


Base: 198 firms in 2024, 150 in 2025

3.3 Employer mental health initiative adoption

In the surveys we explored the adoption of mental health initiatives, beginning with a question on where firms go for advice on this. Over the survey period, the most popular answers were an 'HR consultancy' and 'elsewhere within the organisation.' Only 11 per cent of firms in the 2025 survey said that they would approach a specialist mental health organisation (Figure 10). Around 10 per cent of firms in 2025 said that they did not believe they needed advice on mental health issues, with the smallest firms the most likely to say this.

Figure 10: Where firms go for advice on mental health, all firms, 2025

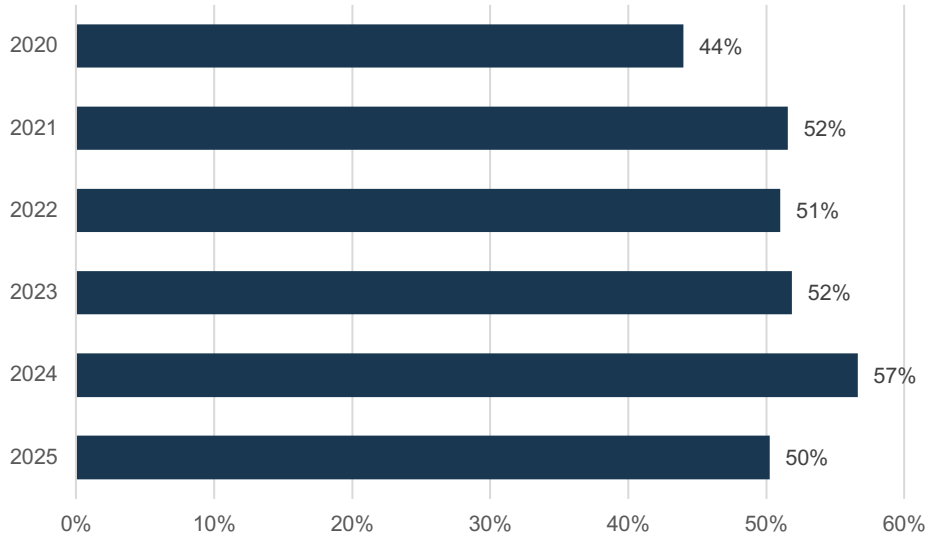


Base: 1226 firms

The survey findings show that most leaders feel an obligation to manage mental health issues amongst their employees, with 75 per cent of employers in 2025 stating they disagreed with the statement that 'mental health is a personal issue that should not be addressed in the workplace.' However, this sentiment seems to be declining over time (down from 81% in 2020). Smaller firms and those in the production, wholesale/retail and hospitality sectors were less likely to express this obligation to address workplace mental health issues.

Looking at the adoption of mental health initiatives by firms, overall initiative adoption increased over the survey period, although there was notable firm size and sector variation. The data shows that more firms adopted mental health initiatives in the wake of the pandemic - but that this uptake has now stalled (Figure 11). At 50 per cent, the proportion of firms saying they have mental health initiatives of some kind in place is at its lowest since before the pandemic. The smallest firms and those in the production, construction and wholesale/retail sectors are the least likely to have mental health initiatives in place.

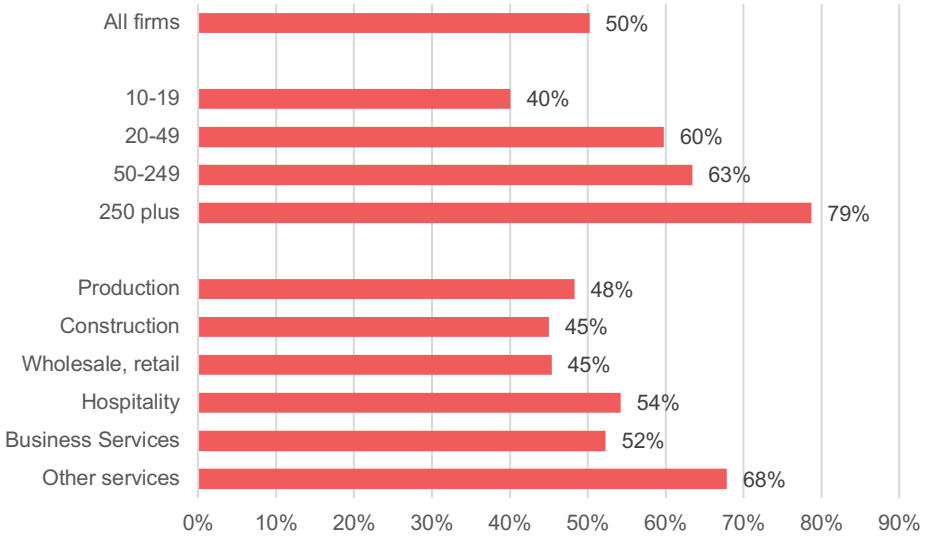
Figure 11: Proportion of firms adopting mental health initiatives, all firms, 2020 to 2025



Base: 1899 firms in 2020, 1551 in 2021, 1904 in 2022, 1902 in 2023, 1901 in 2024, 1226 in 2025

Uptake of initiatives was also lower in smaller businesses compared to larger firms, with also distinct sector differences (Figure 12).

Figure 12: Proportion of firms adopting mental health initiatives, by size and sector, 2025

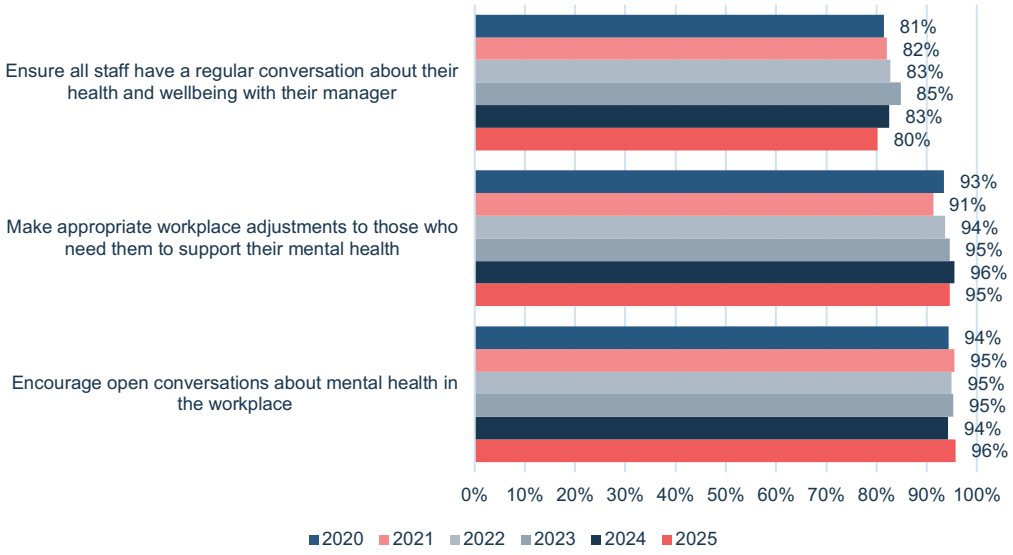


Base: 1226 firms

Looking at the types of initiatives adopted by businesses, the data shows a lower uptake of initiatives requiring financial investment, and a continued reliance on un-costed, practice-based initiatives to deal with workplace mental health issues.

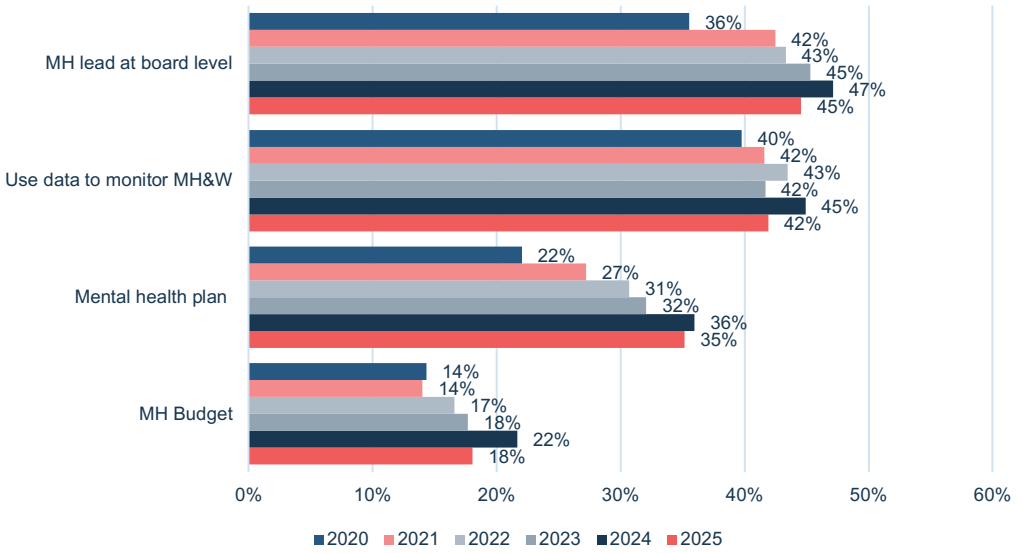
For analysis we divided initiatives into four groups – practice-based, strategic, investments in employee wellbeing, and training and monitoring. Among those employers that had initiatives in place, the adoption of practice-based initiatives to deal with mental health in the workplace was consistently very high (Figure 13). Conversely, we saw lower and stagnant or decreasing uptake of strategic initiatives and investments in employee wellbeing, which require a greater financial commitment (Figures 14 and 15). The adoption of training and monitoring initiatives has remained stable through the survey period (Figure 16).

Figure 13: Firms adopting practice-based mental health initiatives, all firms, 2020 to 2025



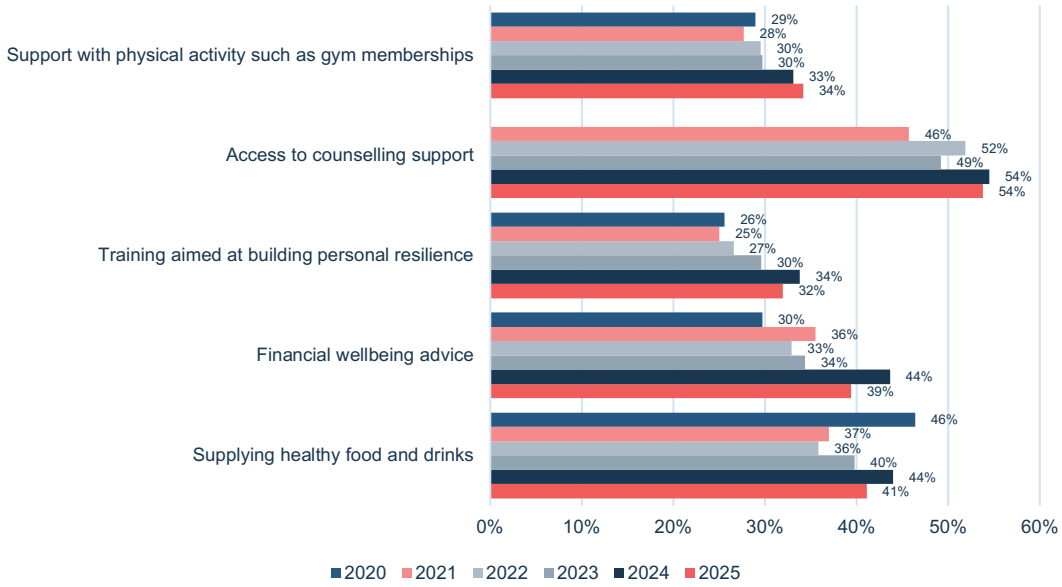
Base: 833 firms in 2020, 841 in 2021, 952 in 2022, 970 in 2023, 1053 in 2024, 628 in 2025

Figure 14: Proportion of firms adopting strategic mental health initiatives, all firms, 2020 to 2025



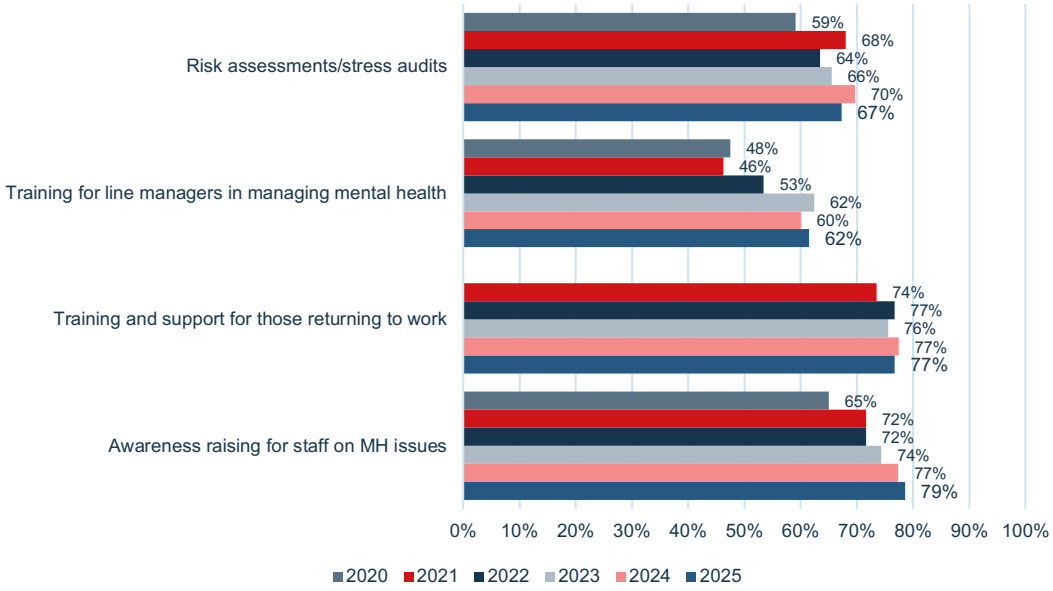
Base: 1899 firms in 2020, 1551 in 2021, 1904 in 2022, 1902 in 2023, 1901 in 2024, 1226 in 2025

Figure 15: Proportion of firms adopting investment in wellbeing initiatives, all firms, 2020 to 2025



Base: 1899 firms in 2020, 1551 in 2021, 1904 in 2022, 1902 in 2023, 1901 in 2024, 1226 in 2025

Figure 16: Firms adopting training and monitoring mental health initiatives, all firms, 2020 to 2025



Base: 833 firms in 2020, 841 in 2021, 952 in 2022, 970 in 2023, 1053 in 2024, 628 in 2025

In 2024, we introduced a question into the survey focusing on the catalysts for the adoption of mental health initiatives. The 2025 data shows that in firms of all sizes and across all sectors, engagement with mental health initiatives is most likely to be driven by individual managers with personal training in, or experience of, mental health issues. This is followed by advice from HR colleagues (Figure 17). Businesses are much less likely to point to evidence-driven motivations (such as the incidence of mental health issues amongst their staff) for the adoption of initiatives, indicating that many firms are not collecting or using data to evaluate the extent of mental health challenges within their organisations.

Figure 17: Catalysts for the introduction of mental health initiatives, all firms, 2024 and 2025

Base: 1053 firms in 2024, 628 in 2025

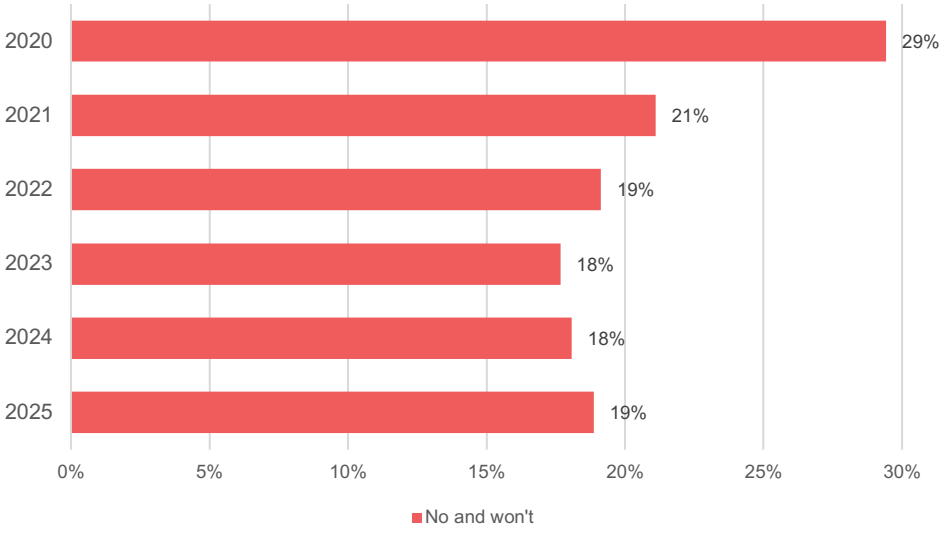
Furthermore, only around two-fifths of firms said that they evaluated the initiatives they introduced, with larger firms more likely to do so. However, the outcomes that firms identify from mental health initiatives are overwhelmingly positive for both firm-level performance and employee wellbeing (Figure 18).

Figure 18: Reported impacts of mental health initiatives, all firms, 2025

Base 1303 firms in 2020,1135 in 2021,1409 in 2022, 1379 in 2023, 1452 in 2024, 925 in 2025

It is important to acknowledge that a sizeable proportion of businesses we surveyed said they had no initiatives in place and no plans to adopt them in the future either (Figure 19). Nearly a fifth of firms fell into this category in 2025, although the proportion of firms reporting this is their situation has declined from 29 per cent in 2020.

Figure 19: Proportion of firms with no initiatives and no plan to adopt them, all firms, 2020 to 2025



Base: 1899 firms in 2020, 1551 in 2021, 1904 in 2022, 1902 in 2023, 1901 in 2024, 1226 in 2025

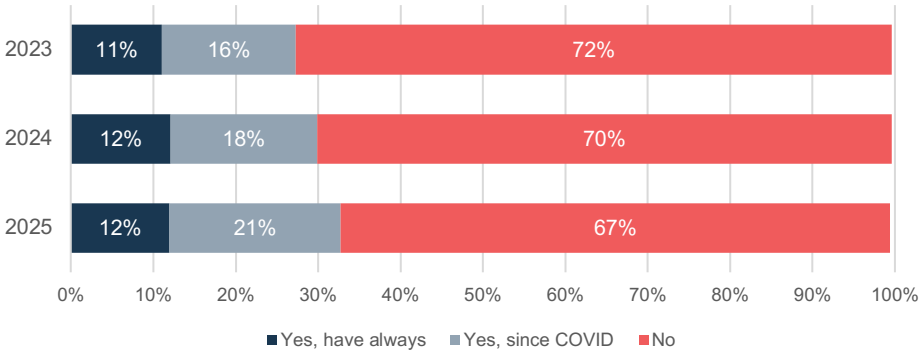
One key finding from our survey is that a clear 'attitude to action' gap is evident when it comes to the adoption of mental health practices, with stark size and sectoral variation. Although three-quarters of firms believe that they have responsibilities in respect of managing employee mental health, only half actually have any initiatives in place. The smallest firms and those in the production, construction and wholesale/ retail sectors are the most likely to have no plans to adopt initiatives.

3.4 Hybrid working

Hybrid working grew during the survey period, and the increase in people working from home at for at least some of the working week was well documented during the COVID-19 pandemic. We tracked the growth of hybrid working in the survey as we knew this may have implications for mental health and wellbeing. The data show that hybrid working is now embedded for around a third of firms in our sample (Figure 20), with size and sectoral differences.

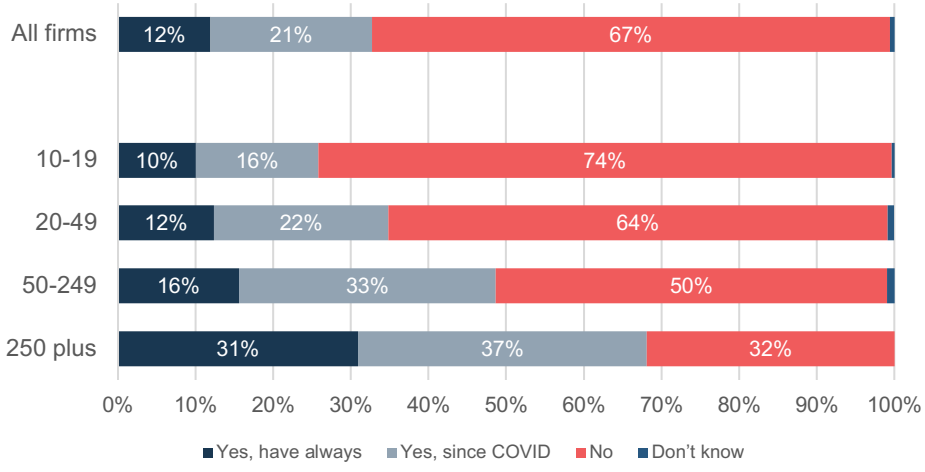
Hybrid working is more likely in larger firms (Figure 21) and in terms of sectors, it is the least likely in hospitality firms. Three-quarters of firms say that they encourage remote employees to maintain a good work-life balance although the majority report doing so using informal methods.

Figure 20: Proportion of firms with some level of remote working, all firms, 2023 to 2025



Base: 1902 firms in 2023, 1901 in 2024, 1226 in 2025

Figure 21: Adoption of remote working, by firm size, 2025



Base: 1226 firms

The growth in remote working has happened alongside increased levels of presenteeism, and although this is currently an under-researched area, it is possible that the two are linked and associated with difficulties around psychologically disengaging from work. Although more than 70 per cent of firms in our 2025 survey reported that remote working 'makes employees happier,' they also identified a range of negative consequences, including detrimental impacts on teamworking and supervision, and the challenges of isolation.

3.5 Summary

Our survey findings, covering a turbulent six-year period, provide valuable insight on the employer perspective on employee mental health and its impacts on performance. The data offer a wealth of insights, many of which are still to be explored further, but a number of key themes emerge.

One of these is the growth in reported repeated mental health absences during the period of the study. This grew markedly post-pandemic, and is now reported by nearly half of those firms reporting mental health absence. This could indicate a rise in longer-term mental health issues, which require ongoing management by employers and have potential performance impacts.

Presenteeism also emerges as a substantial issue from the findings, with this affecting around a third of businesses in the most recent survey. The proportion of firms reporting presenteeism almost halved at the start of the pandemic, but rebounded dramatically in 2023, and continues to remain elevated, with working beyond contracted hours the most common type of presenteeism reported. Although levels are higher in some sectors than others, the rise in presenteeism is seen across the whole population of firms, pointing to a more general issue rather than an industry or size specific problem. The top reason given for presenteeism was the need to meet client deadlines, perhaps indicating some firms may be understaffing, but the need for staff to earn more money was also a prevalent reason, pointing to issues related to pay and the cost of living. It is also noticeable that presenteeism has risen alongside a growth in the practice of remote and hybrid working, pointing to a need for further investigation of the impacts of changes in workplace practices on mental health and wellbeing.

Another key message to emerge from the data is that firm size matters when it comes to workplace mental health. Small firms were more likely to report that mental health absences impact the running of their businesses, and they are less likely to have adopted mental health and wellbeing initiatives. The lower levels of initiative uptake we see amongst smaller firms is likely of course to be influenced by their resource constraints.

There are also some important sectoral differences in the findings. These patterns are worthy of further investigation, and are likely to be related to a range of factors, including differences in workforce composition (e.g., gender, ethnicity), occupational structure, quality of work, contractual type, and workplace culture. For example, lower reported levels of mental health absence in some sectors, notably construction, wholesale/ retail and hospitality, may be deceiving and actually mask real levels of mental ill-health for a range of reasons including masculine work cultures and precarious contracts. In some sectors, a larger proportion of staff may be reluctant to take sick leave for financial reasons and may be more easily replaceable if they do take leave.

A final key insight to emerge from the survey findings is the observation of an attitude to action gap when it comes to employee mental health. Although the majority of firms do perceive that they have a responsibility for managing employee mental health and wellbeing, only half actually have any mental health focused initiatives in place. Although more firms adopted mental health initiatives during the COVID-19 pandemic, this has since levelled off, and uptake actually decreased in 2025. This could indicate that there is scope for improvement in initiative adoption if motivations and barriers are properly identified and addressed.

In the next chapter we will put these findings into a wider context, by exploring the evidence from our international surveys and how these compare to the Midlands surveys.

4. Workplace mental health – insights from international comparisons

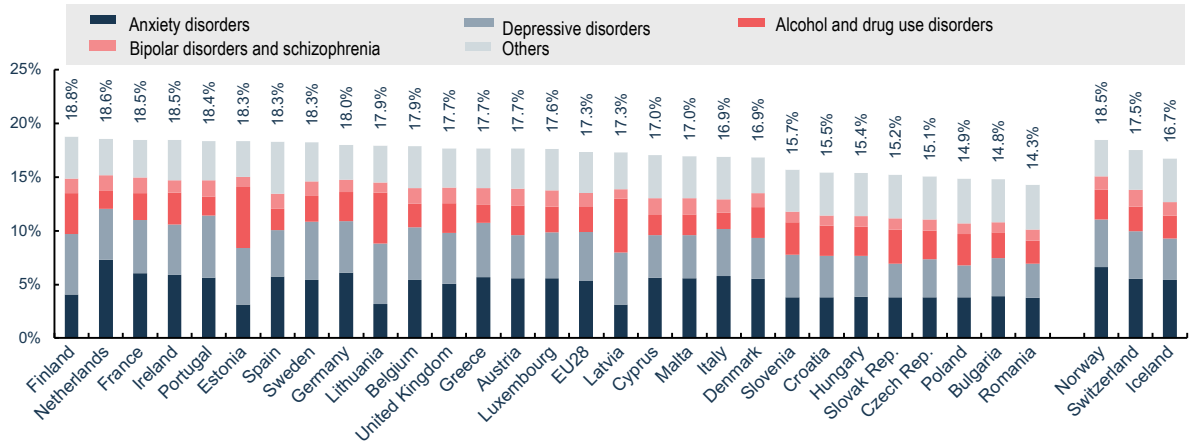
In this chapter we summarise some of the headline findings from the international surveys we undertook to supplement our Midlands (England) surveys. As outlined in Chapter 1, we undertook two international surveys as a part of this study, one in Ireland and one in Sweden. These countries were selected for their different socio-political environments, varying approaches to healthcare provision, and distinctive national cultures. We aimed to explore the similarities and differences in employer approaches to mental health and wellbeing in the three countries.

Data were collected using a common questionnaire in all three countries, administered via Computer Assisted Telephone Interviewing (CATI). Within each organisation, the most senior person with responsibility for the health and wellbeing of employees was sought for interview. In each country, businesses with 10 or more employees were in scope for the survey. A disproportionate stratified sampling approach was adopted to ensure that the sample achieved in each country was representative of the business population. Fieldwork took place between September and December 2022 in Ireland, between January and May 2023 in England, and between September and December 2023 in Sweden. We surveyed 1,000 firms in Sweden, 1,902 firms in England, and 1,501 firms in Ireland.

4.1 England, Sweden and Ireland: Contextual differences

While wider evidence shows that the prevalence of mental health issues varies considerably by European country, Sweden the UK and Ireland all report similar levels of a range of mental health problems, as shown in Figure 22.

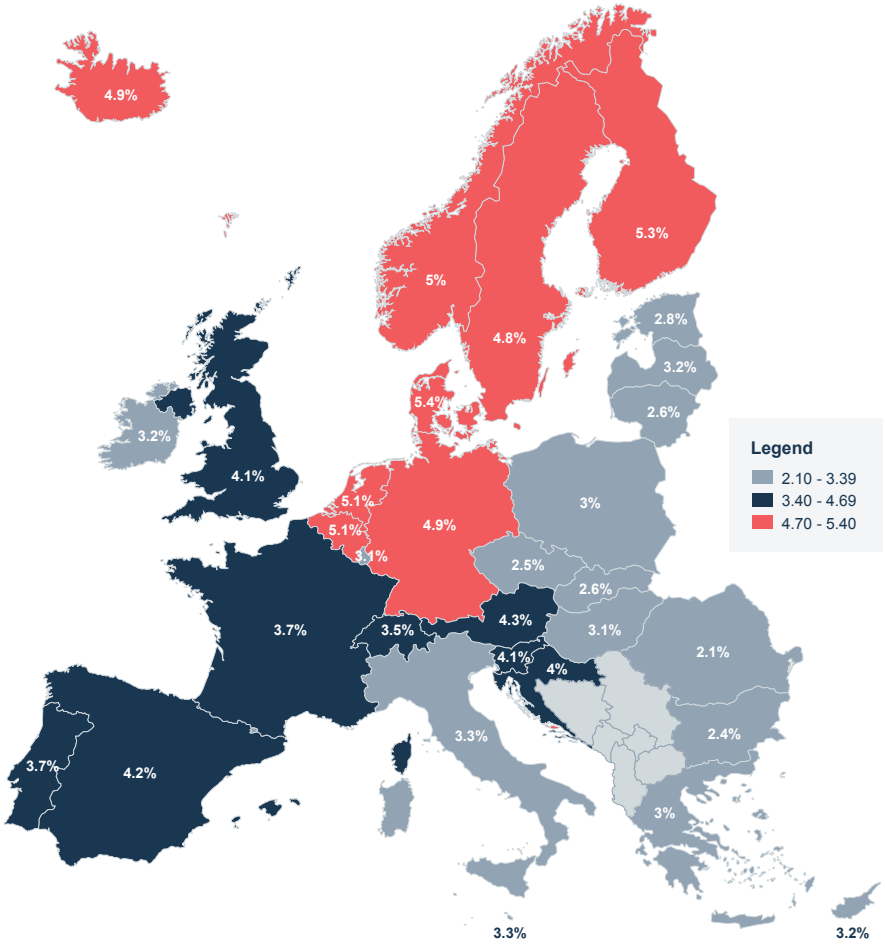
Figure 22: Prevalence of mental health problems in European countries



Source: OECD/European Union (2018)

Despite this, the costs of mental health issues in the three countries as a proportion of Gross Domestic Product (GDP) varies considerably. OECD/EU[19] data puts Sweden among the highest group of countries in terms of mental health costs, and Ireland among the lowest, with the UK somewhere in between, as shown in Figure 23.

Figure 23: Estimated direct and indirect costs related to mental health problems across EU countries



Source: OECD/European Union (2018)

Table 2 shows that spending on mental health systems and social benefits in Ireland is the lowest of the three countries, and that expenditure on social benefits related to mental health in Sweden is around twice that of the UK and Ireland. This in part reflects different national approaches to the funding of sickness absence. In Sweden, employees can expect up to a year of sickness pay, mainly government-funded.[20] This compares to employer-paid statutory sick pay in England at a fixed rate of £109.40 per week for 28 weeks[21] and in Ireland of 70 per cent of an employee's rate of pay up to a maximum of 110 Euros a day for five days.[22] So, despite similar levels of mental ill-health in the population, fundamentally different approaches, particularly in the provision of sickness benefits, mean that the national cost implications and the costs borne by employers differ significantly.

19 OECD/European Union. (2018). Health at a Glance: Europe 2018.
20 Försäkringskassan. (2024). Sickness benefit. Retrieved 18.2.24 from https://www.forsakringskassan.se/english/sick/employee/sickness-benefit#:~:text=If%20you%20cannot%20work%20because,do%20not%20pay%20sick%20pay.
21 UK Government Department for Working Jobs & Pensions. (2024). Statutory Sick Pay (SSP). https://www.gov.uk/statutory-sick-pay/what-youll-get#:~:text=You%20can%20get%20%C2%A3109.40,except%20for%20the%20first%203.
22 Irish Government. (2024). Illness Benefit and Statutory Sick Leave in 2024. https://www.gov.ie/en/publication/8c924-illness-benefit-and-statutory-sick-leave-in-2024/

Table 2: Estimates of total costs (direct and indirect) of mental health problems, in million EUR and as a share of GDP, 2015

	Total costs		Direct costs				Indirect costs	
			On health systems		On social benefits		On the labour market	
	in million EUR	% of GDP	in million EUR	% of GDP	in million EUR	% of GDP	in million EUR	% of GDP
EU28	**607 074**	**4.10%**	**194 139**	**1.31%**	**169 939**	**1.15%**	**242 995**	**1.64%**
Ireland	8 299	3.17%	2 232	0.85%	1 891	0.72%	4 176	1.59%
Sweden	21 677	4.83%	5 696	1.27%	7 558	1.68%	8 423	1.88%
United Kingdom	106 024	4.07%	36 353	1.40%	22 704	0.87%	46 967	1.80%

Source: OECD/European Union (2018)

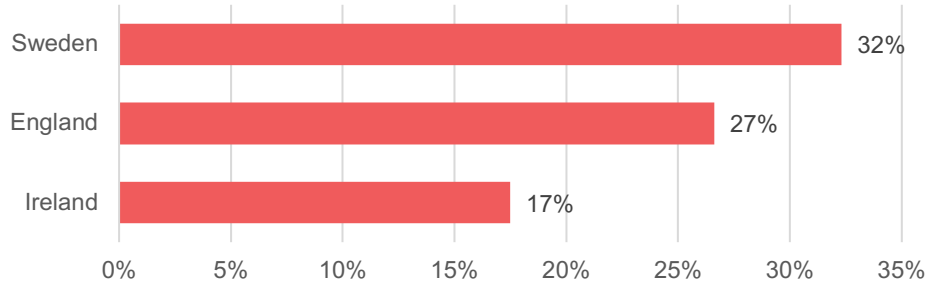
4.2 Headline findings

4.2.1 Patterns of mental health-related absence

Despite very similar general prevailing levels of mental health issues in the three countries, the findings showed that employers in Sweden were more likely to report mental health-related sickness absence, particularly long-term mental health-related absence (Figure 24). The reasons for this are not clear, but it may be because employees in Sweden were more willing to disclose a mental health issue to their employer, which in turn may imply under-reporting of mental health issues by employers in England and Ireland. The availability of extended government-funded sick pay and the unilateral adoption of the diagnosis of Stress-induced Exhaustion Disorder (SED) by the Swedish government, which generally mandates an extended period of sickness absence, are also underlying factors that could help to explain the disparity in mental health sickness absence.

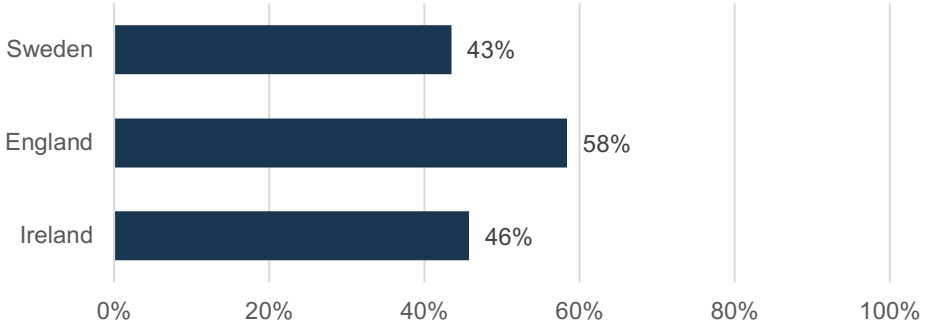
Despite reporting more mental health related absence, firms in Sweden were less likely to say that such absence impacted their business operations. This could suggest that giving employees more time away from work to deal with mental health problems may be a more effective way of managing these challenges. This may be enabled by higher levels of government-funded sick pay in Sweden.

Figure 24: Proportion of firms reporting some level of mental health sickness absence, by country



Base: Sweden 1,000 firms, England 1,902 firms, Ireland 1,501 firms

Figure 25: Proportion of firms reporting that mental health sickness absence impacted on their business

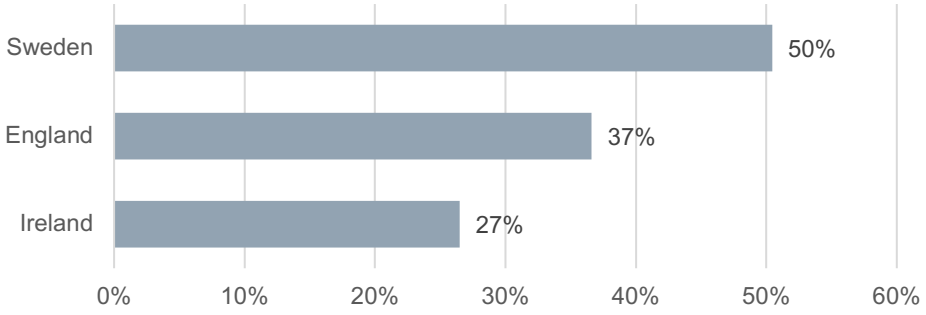


Base: Sweden 400 firms, England 471 firms, Ireland 291 firms

4.2.2 Patterns of presenteeism

There were notable differences in the reported levels of presenteeism by country, with half of the employers in Sweden stating they had some level of presenteeism, compared to 37 per cent in England and 27 per cent in Ireland (Figure 26). The survey included two facets of presenteeism - working routinely beyond contracted hours, and working when ill. Employers in Sweden were much less likely to report they had employees working beyond contracted hours. This is likely to reflect working hours legislation which enshrines a 40-hour working week in law. In Sweden, presenteeism is also much less likely to be attributed to the need to meet deadlines or to mitigate staff shortages than it is in England and Ireland. Firms in Sweden were also more likely than their counterparts in the UK and Ireland to say that they were addressing presenteeism.

Figure 26: Proportion of firms reporting some level of presenteeism, by country

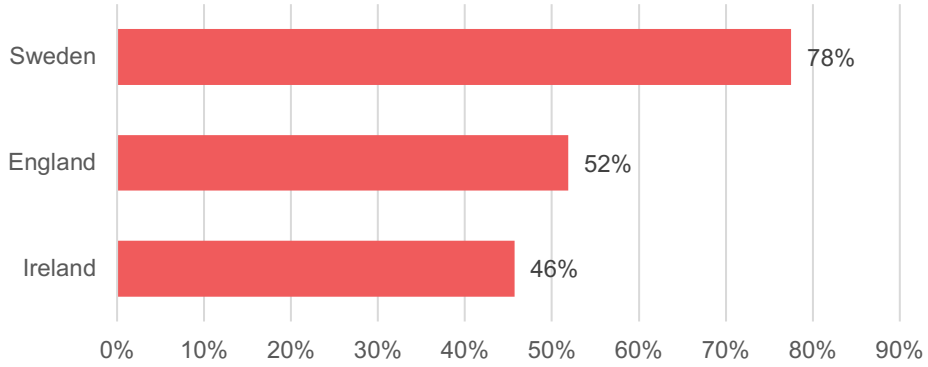


Base: Sweden 1,000 firms, England 1,902 firms, Ireland 1,501 firms

4.2.3 Adoption of mental health initiatives

The proportion of firms reporting the adoption of mental health initiatives was much higher in Sweden than it was in England and Ireland (Figure 27).

Figure 27: Proportion of firms reporting that they have adopted MH initiatives of some kind, by country



Base: Sweden 1,000 firms, England 1,902 firms, Ireland 1,501 firms

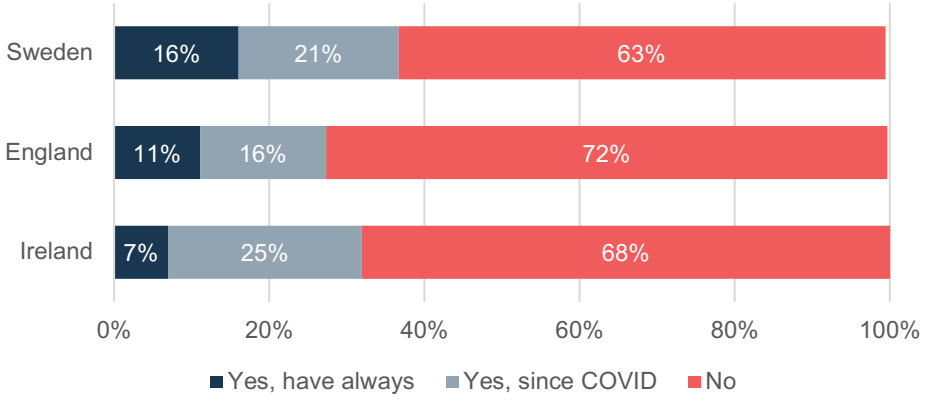
The adoption of initiatives was more consistent across sectors in Sweden, which indicates that managing mental health is an embedded practice that is widely accepted as the norm by employers. The gap between intention and action evident in Ireland and the UK in terms of supporting employee mental health and wellbeing is not evident in Sweden. This seems to reflect an underlying difference in attitudes towards mental health in the workplace, and it seems likely that the expectation that employers should routinely offer mental health support for employees drives higher adoption of mental health-related initiatives.

Firms in Sweden focused on different kinds of initiatives to address workplace mental health issues compared to firms in England and Ireland. They were much more likely to adopt strategic or policy initiatives and investments in employee wellbeing. For example, more firms in Sweden said that they had a budget for mental health activities, and more offered individual benefits such as counselling support and resilience training. This suggests more engagement with mental health issues at a senior level and an approach that prioritises the prevention of these issues. Firms in England and Ireland were more focused on skills training activities which are potentially more reactive than preventative. Bearing in mind that firms in Sweden reported fewer impacts of mental health issues, our data suggests that the approach adopted there may be more effective in managing the impacts of workplace mental health issues.

4.2.4 Patterns of hybrid working

The findings showed that firms in Sweden had the highest levels of remote working and were more likely than firms in England and Ireland to have had some level of remote working pre-pandemic (Figure 28). They were more likely to use manager role modelling and formal interactions to encourage a good work-life balance for remote workers, while firms in England and Ireland cited more use of informal interactions to do so.

Figure 28: Proportion of firms with employees working from home, by country



Base: Sweden 1,000 firms, England 1,894 firms, Ireland 1,499 firms

4.3 Summary

As we anticipated when designing this study, our analysis identified significant employer-level differences between the three countries in terms of attitudes towards mental health issues, approaches towards management of them, and outcomes.

One of the interesting findings was the higher level of reporting from firms in Sweden on mental health-related absence compared to the surveys in England and Ireland. This was despite very similar levels of mental health issues more widely in the three countries. It is possible that this disparity reflects cultural differences, with employees in Sweden more willing to disclose mental health issues to their employer, as well as the existence of more holistic support structures.

In addition, firms in Sweden were also more likely to report having experiences of presenteeism, but the nature and reasons for this were different to those reported in England and Ireland. In Sweden, presenteeism was much less likely to be related to longer working hours or attributed to the need to meet deadlines or to mitigate staff shortages than in England and Ireland. In addition, firms in Sweden were more likely to be taking steps to address presenteeism. Looking at hybrid and remote working – these working practices have been historically more embedded in Sweden than in England and Ireland, and employers in Sweden are also likely to use formal approaches to encourage a good work-life balance for those working remotely.

Overall, firms in Sweden were much more likely to adopt initiatives to address mental health issues than firms in England and Ireland, suggesting that this is an embedded practice that is widely accepted as the norm by employers. The gap between intention and action evident in Ireland and England in terms of supporting employee mental health and wellbeing is not evident in Sweden, reflecting a contrast not only in terms of attitude but also in behaviour and investment. This approach appears to be paying dividends, given that fewer firms in Sweden reported that mental health-related absence impacted on the performance of their business than in England and Ireland, leading to some important reflections for policymakers.

Chapter 5 – Managing mental health at work – qualitative insights

In addition to carrying out quantitative research via employer surveys, we also conducted qualitative interviews as a part of this study, and the findings from these have provided valuable insights into the experiences of managers and co-workers in dealing with mental health issues in the workplace. This chapter briefly summarises some of these insights.

5.1 Co-worker experiences of workplace mental health issues

We carried out interviews in five case study firms to explore the ways in which team members experienced the mental health issues of colleagues and the impacts this has on individual, team and wider organisational performance.

Our research findings highlighted some challenges related to the disclosure of mental health issues within teams, and the performance impacts of these. Interviewees described experiencing a range of emotional responses when dealing with colleagues with mental health issues, including frustration, anxiety, and helplessness. They identified tensions in being sympathetic while also dealing with the team-level impacts of mental health-related absence, which can often be unexpected or protracted, and in dealing with declines in performance from team members.

Prior research has established that mental ill-health can also attract stigma in the workplace, and as a result, it is not surprising that individuals may decide not to disclose mental health issues to their colleagues. The findings from our interviews suggest, however, that team members were often aware of an individual's changes in mental health, even if they weren't formally disclosed. However, they were often unsure about how to respond and whether to raise issues directly with the individual or a manager. This sometimes meant that co-workers became frustrated with the situation. There was also evidence from interviewee accounts of a decreasing willingness to trust team members. The relationship between intra-team trust and team performance is well known, and has been found to have a direct and critical effect on team working and outputs (de Jong et al, 2016).

As well as describing feelings of frustration around non-disclosure, interviewees also described feelings of being unprepared and unequipped to deal with mental health issues amongst colleagues. This could create apprehension about the attendance and performance of colleagues. There was also evidence of anxiety about how to talk to the affected co-worker about their mental health. Yet participants sometimes also displayed a disinclination to raise concerns. This appeared to be partly linked to worries about exacerbating problems, but may also be seen as a response to changing societal views around mental health issues. As one respondent stated, 'there's so much in the press now about mental health […] I think the whole of the world is getting to the point that in fact, it is okay to talk, I think that perception of trying to hide [mental health issues] and [they are] a bad thing is going'. Some participants felt it was important to be seen as tolerant and empathetic, which could lead to them not being honest about performance concerns.

Tensions were also apparent in the interviews as some participants tacitly acknowledged that their sympathy could wear thin, particularly when they felt they were required to work harder or longer to compensate for a co-worker's reduced performance due to their mental health issues. A recent study suggests that lack of effort, reciprocation and gratitude from a recipient of help in a work situation can provoke resentment in the helper and can make the helper fearful that their own performance will be negatively affected. This can lead to helping discontinuation, where the helper stops assisting (Chou et al, 2021).[23] This suggests another way in which effective team working may be affected by the lack of openness around the mental health issues of a team member.

5.2 Line manager experiences of workplace mental health issues

In another strand of qualitative research, we carried out 22 interviews with line managers in UK firms, exploring how these individuals experienced the day-to-day management of workplace mental health issues. Three key themes emerged from this work.

First, the interviewees felt that there were strong expectations about the way in which they should manage mental health issues as managers. They often expressed the view that they were expected to manage others with mental health issues in a professional yet caring way, yet they felt that this was not always easy. It was also felt that it was something that had become more challenging with the increase in remote working, which had made it more difficult, for them to identify when someone was struggling with mental health issues.

Second, the managers interviewed also talked about feeling inadequate and unprepared in dealing with mental health issues amongst the people they managed. They worried that they may not be able to carry out their expected role sufficiently well, and about saying or doing the wrong thing. Some questioned their ability to cope in a professional way and in line with the expectations they felt were placed on them.

Third, interviewees expressed a view that they were unsupported by their organisations when it comes to the management of workplace mental health issues. Some talked of unhappiness, and even of feelings of abandonment, related to the lack of support received from their organisations. Some described an absence of policies, procedures and guidance, or simply a feeling that mental health was not an organisational priority. As a consequence, they felt that they were often left to 'muddle through' without help.

The findings suggest that line managers engage in significant 'emotional labour' when managing employees with mental health issues. The interviewees felt a weight of expectation that was exacerbated during the pandemic and with the associated changing ways of working, but often felt unsupported. They described having to carefully manage their emotional responses whilst also continuing to behave in a professional and competent way, in line with perceived ideas of how they thought others would expect them to behave. Prior studies indicate that repressing emotions in this way has the potential to provoke dissonance, stress and burnout (Delgado et al, 2017).[24]

The emotive language used during the interviews suggested that these line managers did experience a considerable emotional burden from the management of mental health issues. An additional sense of being abandoned could also be detected. Interviewees also described feeling powerless and appeared resigned to very little changing in the future in terms of organisational support. This indicates some line managers were feeling a sense of organisational alienation in addition to stress and burnout. This, of course, could bring detrimental consequences for those individuals and ultimately for the performance of their organisations.

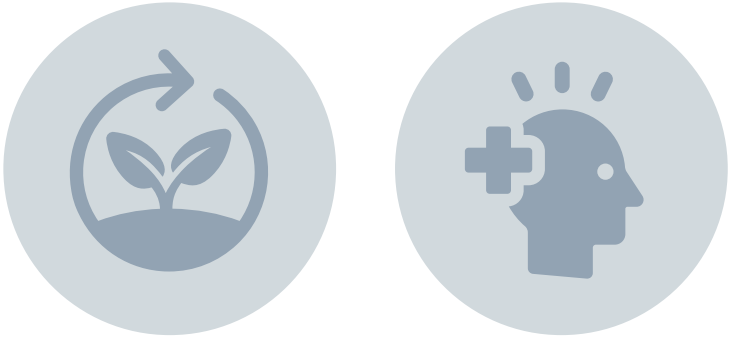
23 Chou, S. Y., Bove, F., & Ramser, C. (2021). I resent that I have helped you! A qualitative study of sources and consequences of resentment of helping. Employee Responsibilities and Rights Journal, 33, 213-232

24 Delgado C, Upton D, Ranse K, et al. (2017) Nurses' resilience and the emotional labour of nursing work: An integrative review of empirical literature. International journal of nursing studies 70: 71-88.

5.3 Summary

The findings from our qualitative interviews with team members and line managers cast valuable light on the lived experiences of managing mental health issues amongst colleagues in the workplace. They also show how mental health issues, if not properly managed, may impact on individual, team and wider organisational performance.

The research shows that within teams, the failure to disclose a mental health issue to managers and co-workers can provoke anxiety and tensions, which can impact team trust and cohesion. Feelings of resentment can also emerge if employees feel unacknowledged and unappreciated for picking up additional work when a colleague is affected by mental health issues. All of this can have serious implications for performance. In addition, both co-workers and managers describe undertaking emotional labour in their experiences of dealing with mental health issues. They feel pressure to remain empathetic and tolerant, whilst also being professional, whilst at the same time feeling uncertain and unsupported. This emotional burden itself could have mental health implications, and may lead to burnout and exhaustion, which are clearly detrimental to organisational performance.



6. The Psychosocial Safety Climate, mental health and performance

In addition to the employer surveys outlined earlier in this report, as a part of this study we also collected a considerable amount of quantitative data from employees. We turn to discuss the findings from this element of the research in this chapter, which focuses on the theme of organisational climate.

Data were collected through employee surveys conducted across 35 organisations in the UK and the Republic of Ireland (57% United Kingdom, 43% Republic of Ireland), spanning multiple sectors and sizes. The surveys included validated measures of Psychosocial Safety Climate (PSC), working conditions, employee wellbeing, work-related attitudes, and work performance. Responses were collected at three time points (T1, T2 and T3, approximately three months apart), although in this report we focus primarily on the findings from the cross-sectional data at the organisational level.

At the employee level, the T1 survey included 358 respondents (51.4% female; mean age = 35.0 years, range = 18–66). Participants were predominantly White and highly educated, with over 60 per cent holding graduate or postgraduate qualifications. Most participants came from small organisations (See Table 3).

Table 3. Demographics of respondents at T1

Demographics	(n,%)
Gender	
Female	184 (51.4%)
Male	166 (46.4%)
Non-binary	5 (1.4%)
Other	1 (.3%)
Ethnicity	
White	321 (89.7%)
Black	5 (1.4%)
Asian	15 (4.2%)
Mixed	9 (2.5%)
Other	6 (1.7%)
Education level	
GCSEs	37 (10.3%)
AS/A	72 (20.1%)
Graduate	129 (36%)
Postgraduate	96 (26.8%)
Other	21 (5.9%)
Organisation Size	
Micro	10 (2.8%)
Small	146 (40.8%)
Medium	124 (34.6%)
Large	78 (21.8%)
Sector	
Arts + Other Services	26 (8.5%)
Public services	34 (11.1%)
Wholesale and retail	10 (3.3%)
Business Services	74 (24.1%)
Transportation and storage	2 (.7%)
Financial and insurance activities	6 (2%)
Construction	22 (7.2%)
Manufacturing	45 (14.7%)
Accommodation and food	88 (28.7%)

6.1 Psychosocial Safety Climate

The quantitative employee-focussed element of this study aimed to explore the link between the organisational-level Psychological Safety Climate (PSC) in the firms studied and working conditions, employee mental health and wellbeing outcomes, work-related attitudes, and work performance. We created a categorisation for firms of low, medium, and high PSC, allocated the case study firms to their appropriate group, and then compared key descriptive statistics across the groups.

PSC refers to employees' shared perceptions of their organisation's policies, practices, and procedures for protecting psychological health and safety (Dollard and Bakker, 2010).[25] It reflects the priority that management places on mental health relative to other business demands, and it shapes the quality of working conditions experienced by employees (Hall et al., 2010).[26] Specifically, PSC is measured by four key dimensions:

1. **Management commitment:** The extent to which senior management is committed to protecting psychological health and safety, treating it as an organisational priority.
2. **Management priority:** The degree to which psychological health and safety is given priority over productivity or other business pressures when decisions are made.
3. **Organisational communication:** The openness, quality, and frequency of communication about psychological health and safety between management and employees.
4. **Organisational participation:** The extent to which employees are involved in decision-making about psychological health and safety, including consultation and shared responsibility.

PSC is recognised as a leading indicator of workplace health (Dollard et al., 2024),[27] because it influences job demands and resources, which in turn affect wellbeing, work-related attitudes, and productivity. Organisations with high PSC typically foster environments of open communication, strong management commitment, and genuine employee participation in decision-making about psychological health. In contrast, organisations with low PSC often neglect these areas, leading to elevated demands, higher risks of burnout, and poorer performance outcomes (Dulal-Arthur and Hassard, 2025).[28] Given its climate-level focus, PSC is best understood at the organisational level. By examining PSC descriptively across organisations, we can identify how different levels of PSC translate into distinct workplace experiences and outcomes.

In the study, PSC scores were averaged at the organisational level and categorised into three potential groups (Berthelsen et al., 2020):[29]

- Low PSC (High risk to employee mental health and wellbeing; PSC ≤ 8) – Health and safety not prioritised; linked to high demands and burnout.
- Moderate PSC (Moderate risk to employee mental health and wellbeing; PSC > 8–12) – Some commitment but inconsistent; mixed employee outcomes.
- High PSC (Low risk to employee mental health and wellbeing; PSC > 12) – Clear priority and strong support; linked to higher wellbeing and performance.

---

25 Dollard, M. F., & Bakker, A. B. (2010). Psychosocial safety climate as a precursor to conducive work environments, psychological health problems, and employee engagement. Journal of occupational and organizational psychology, 83(3), 579-599.
26 Hall, G. B., Dollard, M. F., & Coward, J. (2010). Psychosocial safety climate: Development of the PSC-12. International journal of stress management, 17(4), 353.
27 Dollard, M. F., Loh, M., Becher, H., Neser, D., Richter, S., Zadow, A., ... & Potter, R. (2024). PSC as an organisational level determinant of working time lost and expenditure following workplace injuries and illnesses. Safety Science, 177, 106602.
28 Dulal-Arthur, T., & Hassard, J. (2025). What is the link between Psychosocial Safety Climate and Organisational Outcomes. State of the Art Review. https://www.enterpriseresearch.ac.uk/wp-content/uploads/2025/06/SOTA65-What-is-the-link-between-Psychological-Safety-Climate-and-organisational-outcomes-Dulal-Arthur-and-Hassard.pdf
29 Berthelsen, H., Muhonen, T., Bergström, G., Westerlund, H., & Dollard, M. F. (2020). Benchmarks for evidence-based risk assessment with the Swedish version of the 4-item psychosocial safety climate scale. *International Journal of Environmental Research and Public Health, 17*(22), 8675.

Each employee in the study completed a psychometrically validated PSC measure (Dollard, 2019). PSC scores ranged from four to 20 and were averaged across all respondents within an organisation to create an average organisational-level PSC score. This approach reflects PSC's conceptualisation as a climate construct, capturing employees' shared perceptions rather than individual views. Across 35 organisations, 30 (85.7%) were High PSC and 5 (14.3%) were Medium PSC. No organisations fell into the Low PSC category. The results, therefore, focus on differences between high and medium PSC in terms of (1) working conditions, (2) mental health outcomes, (3) work-related attitudes, and (4) performance.

6.2 Headline findings

6.2.1 Working conditions

Working conditions are the everyday factors that affect how employees feel and perform at work. One key aspect of this is job demands, which capture how challenging a job is, or is experienced. This includes quantitative demands (the amount of work and time pressure) as well as emotional demands (the emotional effort required, such as managing patients' or client's feelings and emotions).

The descriptive results show that medium PSC organisations reported higher quantitative job demands, with an average of 10.5, compared with high PSC organisations at 8.1. This pattern suggests that workloads and time pressures may be lower, or better managed, in high PSC organisations. Emotional demands, by contrast, appeared more similar across both groups, with mean scores of 5.7 in medium PSC organisations and 5.4 in high PSC organisations. This small difference may reflect variation across sectors, since public-facing work tends to involve higher emotional demands regardless of organisational climate.

The second aspect of working conditions is job resources, which refers to the support and guidance employees receive. This includes support from supervisors and the quality of leadership. The descriptive findings indicated that employees in high PSC organisations reported slightly higher levels of supervisor support, with an average of 3.5 compared with 3.0 in medium PSC organisations, and higher perceived leadership quality, with an average of 10.7 compared with 9.1 in medium PSC organisations. While these differences are not tested for statistical significance, they may suggest some potential patterns worth further exploration. For example, the larger gap in leadership quality could indicate that senior management values underpinning a strong PSC influence how employees perceive senior leadership, while the smaller gap in supervisor support may reflect factors more closely tied to day-to-day management practices and individual competencies (see Figures 29 and 30 for a visual overview).

Figure 29: Comparison of quantitative and emotional job demands in High vs Medium PSC organisations

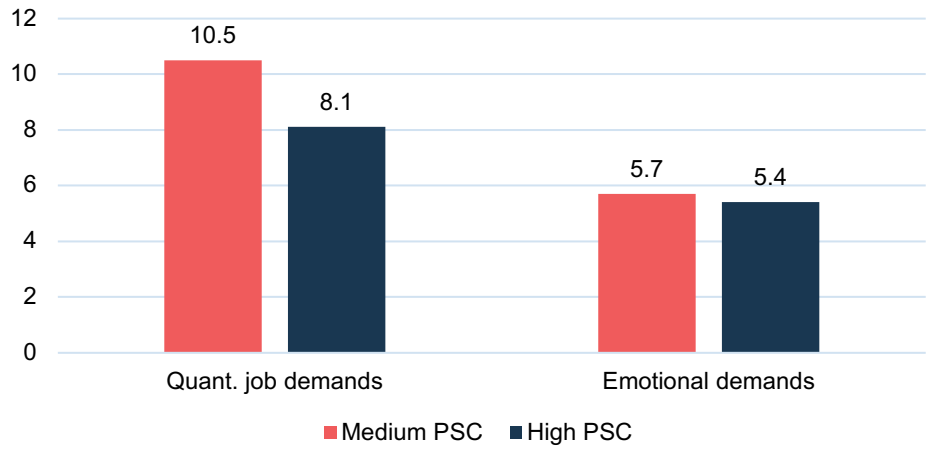
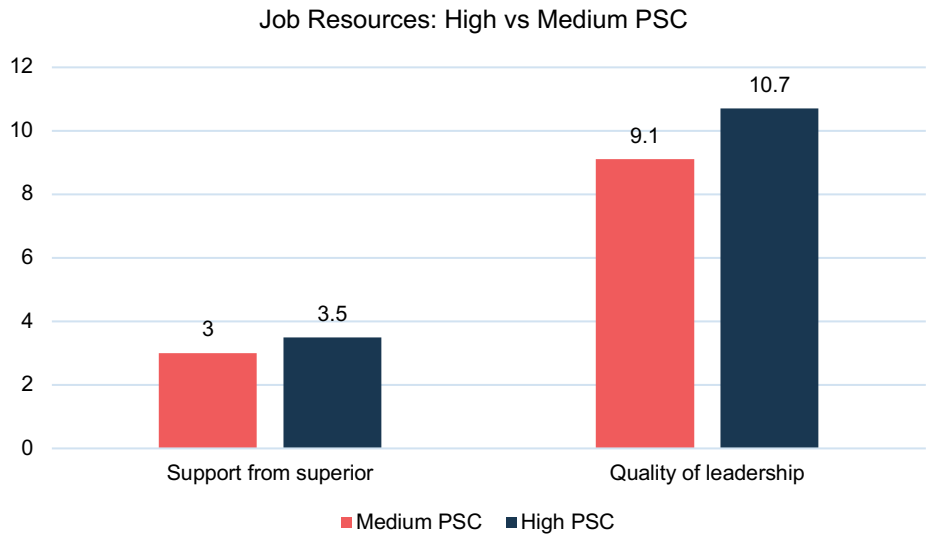


Figure 30: Comparison of supervisor support and quality of leadership in High vs Medium PSC organisations



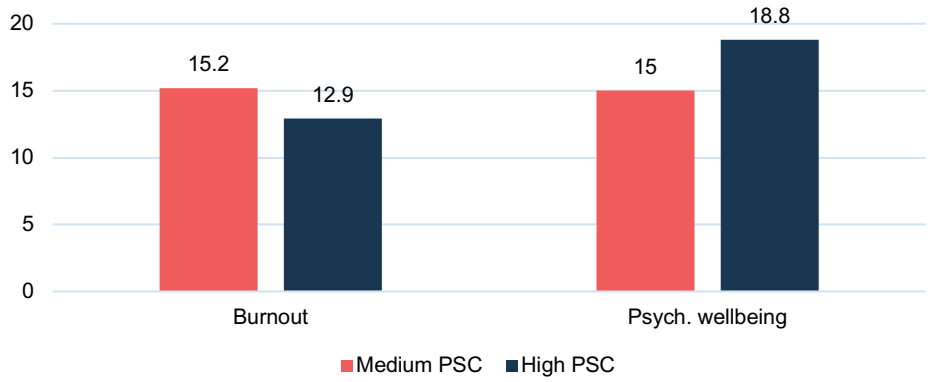
6.2.2 Health and wellbeing outcomes

Health and wellbeing reflect the balance between strain and recovery in the workplace, and provide an indication of workforce capacity and risk. We assessed two indicators here. The first is burnout, which refers to exhaustion caused by chronic work stress. Higher scores indicate poorer health. The second is psychological wellbeing, which reflects positive mental functioning. Higher scores indicate better health.

The descriptive results showed that employees in high PSC organisations reported better overall health outcomes than their peers in medium PSC organisations. Burnout was lower in high PSC organisations, with an average score of 12.9 compared with 15.2 in medium PSC organisations. Psychological wellbeing was also higher in high PSC organisations, with an average score of 18.8 compared with 15.0 in medium PSC organisations (see Figure 31).

These results suggest that a stronger PSC is associated with reduced strain and more positive mental health across organisations, aligning with a growing body of research that highlights the relationship between psychosocial safety climate and employee health outcomes (Dulal-Arthur and Hassard, 2025).

Figure 31: Comparison of burnout and psychological wellbeing outcomes by organisational PSC level

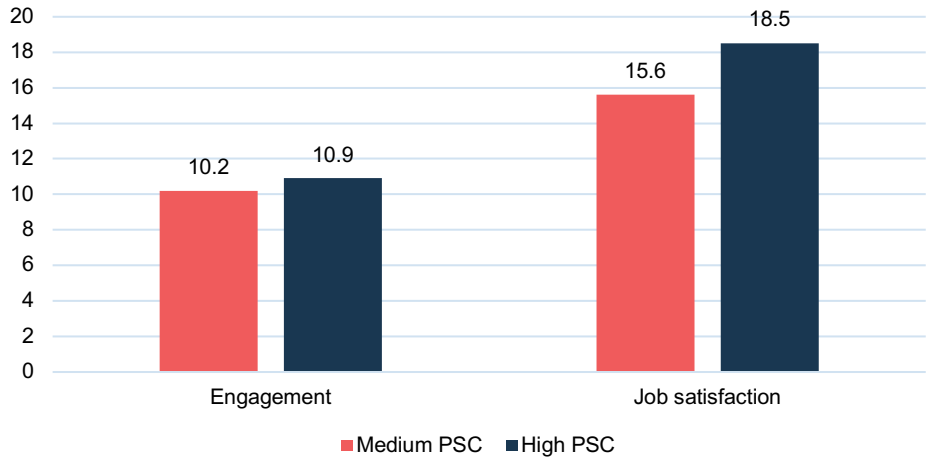


6.2.3 Work-related attitudes

Work-related attitudes reflect how employees feel about their work and organisation, and they are closely linked to effort, commitment, and retention (Dipboye, 2018).[30] We assessed two indicators of this in the study. The first is work engagement, which captures the energy and involvement employees bring to their work. The second is job satisfaction, which reflects overall contentment with one's job. Higher scores on both indicators signal more positive attitudes.

The descriptive results show only a modest difference in engagement between high and medium PSC organisations. Engagement averages 10.9 in high PSC organisations compared with 10.2 in medium PSC organisations, a difference that should be interpreted cautiously. For job satisfaction, the difference is somewhat larger, with an average of 18.5 in high PSC organisations compared with 15.6 in medium PSC organisations. These findings may indicate that a stronger psychosocial safety climate is associated with more positive work-related attitudes, although the small gap in engagement suggests that this relationship may vary across indicators (Figure 32).

Figure 32: Comparison of employee engagement and job satisfaction in High vs Medium PSC organisations



6.2.4 Performance and productivity

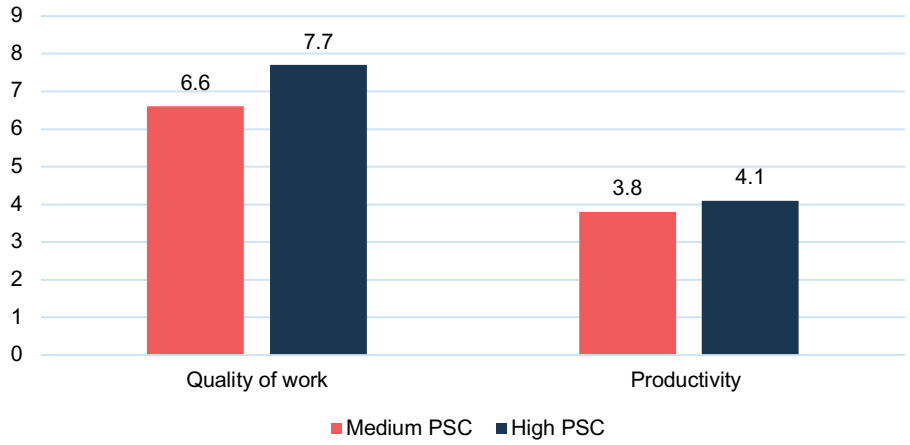
Perceived performance outcomes reflect how effectively organisations convert effort into quality output and value. We assessed two organisation-level indicators here. The first was quality of work, a composite rating of output standards where higher scores indicate better perceived work performance. The second was productivity, measured as a single-item self-reported rating of perceived productivity as viewed by employees, where higher scores also indicate better perceived productivity.

The descriptive results showed that employees in high PSC organisations reported somewhat more favourable perceptions of performance than those in medium PSC organisations, although the differences were not large. Quality of work averaged 7.7 in high PSC organisations compared with 6.6 in medium PSC organisations. Self-rated productivity averaged 4.1 in high PSC organisations compared with 3.8 in medium PSC organisations, a difference of only 0.3 points. Because both indicators are based on employees' self-assessments, these findings reflect the aggregate perceptions of employees within each organisation about their own work performance and day-to-day productivity. The results suggest that employees in high PSC organisations may perceive themselves as delivering slightly better-quality work, while there is little meaningful difference in self-rated productivity between the two groups (Figure 33).

30 Dipboye, R. L. (2018). Work-related attitudes in organizations. In The Emerald Review of Industrial and Organizational Psychology (pp. 175-212). Emerald Publishing Limited.

These findings should be interpreted with caution given the modest size of the observed differences. In addition, productivity and quality of work are relatively distal (longer-term) outcomes from the perspective of individual employees, and self-reports may not fully capture team or organisational performance. Further evidence that combines employee perceptions with objective indicators, supervisor or client ratings, and longitudinal data would help clarify the strength and direction of the relationships between PSC and performance.

Figure 33: Comparison of quality of work and productivity in High vs Medium PSC organisations



6.3 Summary

It is important to exercise caution when interpreting the findings from this element of the study. All results presented are based on descriptive statistics rather than inferential analysis, and most indicators are drawn from employees' self-reports. As such, the observed differences should not be assumed to be statistically significant or causal. In some cases, the size of the differences is modest, and outcomes such as productivity and quality of work are further removed from employees' direct experience, which means that self-reports may not fully capture team or organisational performance. Future research combining survey data with objective indicators, external ratings, and longitudinal analysis would be important to strengthen the understanding of the relationships between psychosocial safety climate and these outcomes.

While the descriptive results should be interpreted with care, they do, however, suggest an emerging pattern at the organisational level. Higher PSC appears to be associated with stronger resources (support and leadership), lower demands (workload and emotional strain), better health (lower burnout and higher wellbeing), more positive attitudes (higher engagement and satisfaction), and somewhat more favourable perceptions of performance (quality and productivity). However, these associations are based on self-reported, descriptive data and should not be interpreted as evidence of causality.

From a policy and practice perspective, it may be valuable for organisations to view PSC as part of their governance and risk management. Clear expectations for leadership behaviours that model PSC's core domains (such as involving employees in decisions that affect their wellbeing), can help set standards across an organisation. Strengthening manager and leader capabilities is likely a key lever, supported through targeted training and development on values and behaviours that underpin high PSC. Examples include supportive leadership in daily management, workload and job design to reduce excess demand, fostering psychologically safe communication, and establishing routine participation mechanisms.

7. Understanding the links between practices and performance outcomes

One aim of our study has been to take forward knowledge on the link between mental health and wellbeing practices with productivity outcomes. We explored this in the previous chapter through the lens of the employee data. In addition to this, drawing on our longitudinal firm-level survey data from Midlands firms and matching this with the Business Structure Database, we have assessed both the short-term and long-term impacts of adopting such practices. It should be noted that this analysis is ongoing at the time of writing, and we expect to continue to develop understanding through further research, but we can discuss some initial findings here.

7.1 Methodological overview

The analysis combined three years (2020-2022) of our Midlands survey data, matched year-on-year with firm-level labour productivity data from the ONS Business Structure Database. The final sample included over 1,200 firm-year observations, covering single-site private enterprises with 10 or more employees.

We examined 12 workplace wellbeing practices, each coded as a binary variable. These included having a mental health plan, having a wellbeing lead at board or senior level, having a mental health budget, using data to monitor employee health, training line managers in managing mental health, monitoring wellbeing data and conducting stress audits. We controlled for various firm characteristics, including employment, firm age and sector.

We employed the Mundlak Random Effect model to distinguish between the between-firm effect (i.e., the impact of consistently adopting a practice across the 3-year panel) and the within-firm effect (i.e., the impact of a firm changing its adoption status from year to year) of adopting mental health practices. This approach helps identify whether observed productivity effects stem from long-term institutional differences between firms, or short-term changes within firms over time.

7.2 Headline findings

The preliminary findings from our analysis suggest that there are some productivity effects associated with the adoption of some mental health and wellbeing practices, but results remain inconclusive overall.

7.2.1 The between-firm effect

The between-firm analysis reveals that certain practices, when consistently adopted over time, are positively associated with labour productivity. Specifically, firms that during the 2020-22 period consistently allocated a budget for mental health and wellbeing, monitored employee wellbeing data, and supported physical activities (e.g., gym memberships) demonstrated significantly higher productivity gains than those that did not, with productivity gains notably higher in the construction sector.

By contrast, however, the analysis showed that firms that consistently appointed a mental health champion and provided return-to-work training and support typically experienced a productivity decline. Meanwhile, about 40 per cent of the examined mental health and wellbeing practices, including resilience training, the presence of a mental health plan, and having a mental health lead at a senior level showed no statistically significant productivity effect.

7.2.2 The within-firm effect

The within-firm results suggested that firms that newly adopted certain practices in a given year often in fact experienced short-term productivity declines. Although consistently allocating a budget for mental health and wellbeing appears to generate a positive productivity effect suggesting long-term institutional commitment can be beneficial, the within-firm results suggest that adopting a mental health budget for the first time can have a negative impact on productivity. Similarly, firms that started offering financial wellbeing advice to employees also experienced a significant decline in productivity. These adverse within-firm effects suggest that the act of adopting a new mental health practice, rather than the practice itself, may be associated with short-term adjustment costs, insignificant immediate impact, or perhaps are indicative of a reactive move to address internal strain. These types of disruption effects have been noted elsewhere when firms adopt new management practices.[31]

7.2.3 Reflections

The conflicting results from our analysis so far suggest several important insights. The positive between-firm effects suggest that long-term, embedded mental health and wellbeing practices can contribute to productivity gains, particularly when practices are aligned with organisational culture and operational needs.

On the other hand, the association between short-term adoption and productivity losses may reflect the fact that implementation and adjustment costs can overshadow productivity benefits. For instance, some practices, such as return-to-work support or training, may incur resource costs, including the time of line managers, HR coordination, and workflow disruptions. The findings imply that these can outweigh short-term gains. In such cases, practices designed to support recovery or reintegration may initially reduce productivity, but ultimately may deliver longer-term benefits.

Given that our dataset spans only three years, and approximately 78 per cent of firms appear only once in the combined panel, the overall adverse productivity effects observed, both within and between firms, may reflect reverse causality. That is, firms might adopt mental health practices in response to existing challenges, such as declining productivity, inefficiency, presenteeism, absenteeism, or employee stress, rather than experiencing productivity changes as a result of the adoption of practices.

31 Bourke, J., & Roper, S. (2016). AMT adoption and innovation: An investigation of dynamic and complementary effects. Technovation, 55-56, 42-55. Bourke, J., & Roper, S. (2017). Innovation, quality management and learning: Short-term and longer-term effects [Article]. Research Policy, 46(8), 1505-1518.

Also, given the relatively short timeframe of the panel, it is also possible that firms may be experiencing delayed productivity effects. Improvements linked to mental health investments may take time to materialise, especially when changes involve organisational cultural shifts or behavioural adaptation. Therefore, our results may reflect short-term trade-offs, rather than the full return on mental health and wellbeing investments.

Based on these limitations and the possible scenarios outlined above, we interpret our results with caution. The short time frame of our panel, the high proportion of single-year firm observations, and the potential for reverse causality all suggest that the observed adverse productivity effects may not fully capture the long-term impact of workplace mental health practices. As such, readers should view these findings as indicative rather than conclusive, and further research with longer time horizons and richer panel structures is needed to validate and expand upon these results.

7.3 Line management training

It is also worth noting here that positive findings emerged about the performance impact of mental health practices from a separate follow-on piece of research analysing the Midlands survey data that was funded by the Productivity Institute.[32] This research explored the impact of one specific practice, namely line manager training in mental health on business performance.[33]

This work involved secondary analysis of four years of the Midlands Survey data (from 2020 to 2023). The research involved merging the four datasets to create a larger sample, and probit regression was conducted with controls for age of organisation, sector, size, and wave to isolate specific relationships of interest.

This analysis showed a strong association between mental health training for line managers and several indicators of organisational performance. On average, the provision of line management training within organisations was associated with improved workforce activity, which was reflected in three key indicators, namely below average long-term sickness absence due to mental ill-health, improved staff retention, and enhanced staff recruitment activities. The study found that the provision of training for line managers in mental health was on average associated with improvement across two of these dimensions of organisational performance.

It should be noted that although line management training in mental health was associated with a below average number of long-term sickness absence cases within the organisation, there was not a significant association in relation to the three other indicators of sickness absence used in the survey, namely: the presence (or not) of staff off sick due to mental health problems, repeated cases of mental health related absence, or the proportion of sickness absence accounted for by mental ill-health in general, indicating a more complex relationship here.

32 Mental health at work: a longitudinal exploration of line manager training provisions and impacts on productivity, individual and organisational outcomes Archives - The Productivity Institute
33 The relationship between line manager training in mental health and organisational outcomes | PLOS One

7.4 Summary

Our research has provided new insights into the relationship between mental health and wellbeing practices and firm-level productivity in firms. We find that while the consistent or long-term adoption of specific practices, particularly mental health budgeting, wellbeing data monitoring, and provision of physical wellbeing support, is associated with productivity gains, first-time or short-term adoption often coincides with a productivity decline. These results suggest that: firstly, mental health practices may be reactively adopted during times of organisational stress. Secondly, the implementation process can be disruptive in the short term. Lastly, Longer-term investments in mental health may be necessary to realise productivity benefits.

Follow-up research has also shown that the provision of training for line managers in mental health is associated with improved organisational-level outcomes including lower long-term sickness absence, enhanced staff recruitment and retention, customer service, and business performance.

The research points to the strategic value of consistent adoption of key mental health and wellbeing practices including employee wellbeing monitoring and mental health budgeting, and of the provision of line management training in mental health, strengthening the business case for investing in mental health and wellbeing. However, it also points to the need for a long-term perspective. Introducing practices is not a quick-fix solution, and early/short-term implementation can be associated with productivity decline. In the next chapter we turn to look in more detail at some of the lessons our study has revealed about effective implementation of practices.

Chapter 8 - Implementing mental health and wellbeing practices

It has been suggested that the mixed evidence that exists on the effectiveness of workplace mental health and wellbeing practices may be in part due to the poor implementation of these practices rather than their actual content (e.g., Egan et al, 2009).[34] Recent evidence reviews have identified a number of factors associated with the successful implementation of workplace mental health practices (Rasmussen et al., 2018; Daniels et al., 2021; Yarker at al., 2022).[35] We aimed to extend the evidence on implementation in our study, undertaking a set of organisational case studies with the following objectives:

- To identify the barriers and facilitators to the effective adoption and implementation of mental health practices.
- To explore the levels of the organisation and stages of the implementation process that barriers and facilitators are most influential at.
- To explore variations by sector, size of organisation and other contextual factors, and how these affect the adoption and implementation of practices.
- To explore any conflicts between the implementation of mental health practices and existing organisational processes and how they are resolved within organisations.

8.1 Methodological overview

A collective case study approach was used for this part of the study to allow in-depth, multifaceted exploration of the complex factors influencing the adoption and implementation of mental health practices within individual organisational settings (Crowe et al., 2011; Stake, 1995; Yin, 2009).[36]

34 Egan, M., Bambra, C., Petticrew, M., & Whitehead, M. (2009). Reviewing evidence on complex social interventions: Appraising implementation in systematic reviews of the health effects of organisational-level workplace interventions. Journal of Epidemiology & Community Health, 63(1), 4–11. https://doi.org/10.1136/jech.2007.071233

35 Rasmussen, K., Hansen, C. D., Nielsen, K. J., & Andersen, J. H. (2018). Physical and psychosocial work environment factors and their association with health outcomes in Danish ambulance personnel – a cross-sectional study. BMC Health Services Research, 18, 479. https://doi.org/10.1186/s12913-018-3277-x

Daniels, K., Gedikli, C., Watson, D., Semkina, A., & Vaughn, O. (2021). Job design, employment practices and wellbeing: A systematic review of intervention studies. Ergonomics, 64(4), 465–482. https://doi.org/10.1080/00140139.2020.1827946

Yarker, J., Lewis, R., Donaldson-Feilder, E., & Flaxman, P. (2022). Developing and implementing workplace health and wellbeing interventions: Practical and evidence-based guidance. Journal of Occupational Health Psychology, 27(1), 1–15. https://doi.org/10.1037/ocp0000302

36 Crowe, S., Cresswell, K., Robertson, A., Huby, G., Avery, A., & Sheikh, A. (2011). The case study approach. BMC Medical Research Methodology, 11(100). https://doi.org/10.1186/1471-2288-11-100

Stake, R. E. (1995). The art of case study research, Sage.

Yin, R. K. (2018). Case study research and applications: Design and methods (6th ed.), Sage.

Five case study organisations were recruited using a purposive sampling approach to provide maximum variation in the characteristics of the organisations in relation to size, sector and type of practices adopted and implemented. Within these, a total of twenty individuals were interviewed. Participants included senior managers who were strategic decision makers, managers who implemented mental health practices, and employees within the organisations. Individual semi-structured interviews were conducted online and focused on the effective implementation of mental health and wellbeing initiatives across the five case study sites.

Data analysis followed the guidance of Crowe et al. (2011) and Yin (2018), first examining individual cases before conducting cross-case comparisons. Following Pearse's (2019)[37] recommendations, we employed a combined deductive approach using thematic analysis and pattern matching onto findings of existing evidence, suited for explanatory case studies.

The deductive thematic analysis identified codes and themes related to seven key concepts. These concepts are shown in Table 4, along with the combined frequency of coding across the five case study organisations. For instance, out of all of the comments coded across all five case study sites, comments related to 'Effective governance, including clearly defined roles' accounted for 32 per cent of all coding. Conversely, 'adequate financial resources' accounted for 2.7 per cent of the coding. For this overview of findings, each of the themes is considered drawing on findings across all five cases.

Overall, whilst all five case study organisations prioritised mental health and wellbeing, with strong leadership support and open communication being central themes to enabling this, their approaches to implementing practices differed in terms of: structure and delivery processes, with some relying on more structured frameworks while others use informal or flexible systems; the integration of wellbeing into existing processes; and the financial resources available to support initiatives. Each organisation had tailored its strategy to fit its unique culture, team size, and available resources, resulting in a diverse range of approaches to supporting staff wellbeing.

Table 4: Themes, illustrative quotes and number/percentage of codes

Theme	Example quote	Number of coded items	Percentage of codes
Effective governance and roles	There's a member from each department within the organisation [in the Well-being Team]. So, if there's anything to feedback to the departments, each member of the Well-being] Team will go back and verbally communicate that to the team	**192**	**32.0**
Strong social connections and trust	They will try and make it as accessible as possible for other people to the senior management team or the people who know to ask questions, which does foster an open dialogue.	**188**	**31.3**
Compatibility with existing processes	We have a whole health and wellbeing page on the Intranet so [employees] can click in links to find things and we obviously send out new news posts every month about different things	**93**	**15.5**
Commitment to mental health and wellbeing at all levels	Just the passion from the management, who are really keen to support the staff ….they want to look after us … they really go above and beyond to try and give us support.	**56**	**9.3**
Strategies for learning and development	[this peer-led learning role] is more of an ear to listen to …and trying to get them involved in the culture of working [here]	**32**	**5.3**
Clear delivery structures/processes	They usually have like the big things locked in…for quite a while, but like the smaller like pop up things are usually done like organised like a couple weeks in advance	**23**	**3.8**
Adequate financial resources	The money [can] limit your opportunities, like the variety, but it doesn't mean we can't do anything	**16**	**2.7**

37 Pearse, N. (2019). An illustration of deductive thematic analysis in qualitative research. Journal of Data Analysis and Information Processing, 7(4), 349–361. https://doi.org/10.4236/jdaip.2019.74020

8.2 Headline findings

8.2.1 Effective governance and roles

Effective governance was a common theme across all organisations, although the approach to leadership and structure varied. Some cases had a dedicated wellbeing role and active participation from senior leaders, ensuring that staff feedback was integrated into decision-making. Other cases had a team or committee that led on wellbeing that linked into senior management decision-making, ensuring the wellbeing agenda was supported by leadership.

However, the findings showed that inconsistent managerial buy-in can limit staff involvement. Where there was ineffective communication and a lack of clarity regarding wellbeing initiatives, roles and responsibilities, this hampered the implementation of effective mental health practices and strategies. Employees' awareness of practices often depended on building relationships with knowledgeable colleagues to reach all employees effectively.

Ensuring there is monitoring of the effectiveness of mental health practices also emerged as an important part of governance. The absence of formal systems to evaluate the effectiveness of wellbeing initiatives was seen as a major challenge, potentially undermining the implementation of practices. A lack of data collection was also highlighted as a factor making it difficult to measure engagement or assess the impact of practices, which can be limited by financial and time constraints.

8.2.2 Strong social connections and trust

The five case study organisations shared a focus on fostering a strong sense of community and communication within their organisations, which supported the implementation mental health practices. Leadership played a key role in fostering this culture, and building trust in leadership through transparent communication and open dialogue. A company culture that values openness and employee engagement was seen as essential to motivating participation in these initiatives, with leaders and senior staff playing a pivotal role in leading by example to encourage openness about wellbeing and in encouraging employee participation in wellbeing initiatives.

Organisation and team size determined the precise nature of the communication and engagement methods that were used, but determining what works for maintaining a culture of trust and mutual support was seen as an important precursor for effective mental health practices. Overall, all organisations stressed the importance of strong leadership support and open communication, with varying degrees of formal and informal communication channels used to promote these values.

8.2.3 Compatibility with existing workplace processes

Each organisation had integrated wellbeing initiatives into existing processes and platforms, though the specifics of implementation differed. For some, digital platforms and mobile apps were used to disseminate wellbeing information. Others relied on more regular one-on-one meetings to facilitate wellbeing conversations. Others used existing staff intranet as a centralised hub for wellbeing information, making it easily accessible for employees familiar with the system. Overall, all organisations strived to incorporate access to wellbeing information and practices into their existing processes, with varying degrees of structure and flexibility.

Compatibility with the needs and preferences of employees was also considered important. Tailored support and inclusivity appeared to be important aspects of effective wellbeing initiatives. Inequalities in accessing wellbeing practices were put down to discrepancies in contract types, a lack of trust and preferences for anonymous sources of support. More inclusive options, particularly those targeted at traditionally masculine activities, could include offering both personalised and anonymous support options, and access to services that do not rely solely on interpersonal connections, suggesting a need for better promotion of anonymous resources. It was also observed that compatibility can also be improved through the use of surveys to assess and identify employee needs and feedback to shape action plans.

8.2.4 Commitment to mental health and wellbeing at all levels

A positive disposition towards mental health and wellbeing at all levels was evident across all case study organisations, although the depth of integration into organisational culture varied. Leadership support for mental health was acknowledged as being vital for effective implementation of practices with some describing a “people-first culture”, where leadership displayed their active commitment to staff wellbeing in their daily actions.

However, there was also an acknowledgement that in some work contexts the nature of the pace of work made it hard to show that commitment through daily operations, which could generate some tensions and conflicts with wellbeing agendas.

8.2.5 Strategies for learning and development

Learning and development strategies varied across the organisations, but were highlighted as making an important contribution to the effectiveness of practices. In some cases, training was provided by external providers for specific roles such as Mental Health First Aiders. In others, internal development opportunities were provided through regular supervision sessions and coaching as part of their wellbeing framework, ensuring that staff have ongoing support. Informal peer support and wellbeing champions also led initiatives that emphasised peer-led learning. A lack of training can act as a significant barrier. In some cases, mental health training was limited to a small group of staff members, typically mental health first aiders, and was not widely available across a wider set of employees, limiting accessibility.

8.2.6 Clear delivery structures and processes

The delivery of wellbeing initiatives was structured differently across the organisations, with varying levels of formality. For some, the delivery was largely remote, using digital communication channels, such as intranet and mobile apps. Whilst for others, delivery was formalised and structured into line manager interactions and roles, such as regular in-person wellbeing check-ins and discussions. Having delivery structures that allowed for flexibility and responsiveness appeared to be beneficial to implementing activities in response to changing circumstances.

8.2.7 Adequate financial resources

Budget constraints are a challenge for most organisations when it comes to implementing wellbeing initiatives, but the impact varies and is partly determined by size. Limited funding often restricts the provision of mental health practices by external providers. Some of the case study organisations had become creative in providing their own internal resources and low-cost alternatives, such as in-house wellbeing materials, to overcome financial limitations. Senior leadership support for low-cost initiatives helped to ensure that wellbeing remained a priority despite financial limitations. Financial constraints also directly contributed to staff wellbeing via staffing shortages, which further complicated employee participation in wellbeing programmes. Employee participation and engagement could be hindered by time constraints and staffing shortages and some cases reported that despite efforts to encourage staff to take breaks to prioritise wellbeing, employees' ability to engage with wellbeing initiatives can be limited.

8.3 Summary

In conclusion, the comparative analysis of mental health and wellbeing initiatives across the five case study organisations highlighted both commonalities and differences in approaches. All of the organisations prioritised mental health and wellbeing, supported by strong leadership and a focus on communication, yet the implementation strategies and resources available varied significantly. Common initiatives such as Employee Assistance Programmes (EAPs), Mental Health First Aiders, and social activities contributed to fostering a supportive environment, while variations in structure, formalisation, and resource allocation shaped the effectiveness of these efforts. Financial constraints emerged as a recurrent barrier, limiting the scope and depth of wellbeing programmes in some organisations, while others found ways to navigate challenges related to staffing, training, and employee participation. Key facilitators of success included strong leadership support, effective communication, and robust feedback mechanisms, although these varied in execution depending on organisational size and culture.

Barriers to implementation often stem from resource limitations, inadequate training, and insufficient employee engagement, with each case study highlighting unique challenges based on their specific contexts. Furthermore, leadership involvement, both at the senior level and through everyday management practices, played a critical role in promoting and sustaining wellbeing initiatives across all case studies.

In terms of facilitating implementation, the case study organisations benefited from clear governance structures, regular feedback loops, and a culture that prioritises wellbeing. While large organisations face challenges with maintaining consistency across different levels, smaller organisations often have more flexibility to sustain initiatives. Overall, the success of mental health and wellbeing programmes is closely linked to organisational culture, leadership commitment, and the adaptability of initiatives to meet employee needs.

9. Reflections for policy and practice

Poor mental health has a significant impact on individuals, relationships and families. In recent years the workplace impacts of poor mental health have also been increasingly acknowledged, although quality research evidence has been limited. This study aimed to provide robust evidence on workplace mental health and its links with business performance, as well as on the role and effectiveness of mental health and wellbeing practices. The potential beneficiaries of the research insights we have produced are wide – including employers and their representative bodies, HR professionals, mental health organisations and practitioners, policymakers, and of course employees themselves.

Official data show that mental ill-health currently accounts for over half of all work-related ill-health issues. Research has also shown it has a substantial business cost through absenteeism, presenteeism and staff turnover. Improving mental health at work could therefore have huge benefits for employers, as well as playing a wider role in tackling the UK's entrenched productivity puzzle.

9.1 Summary of key findings and implications

The findings of our study have a range of implications for stakeholders. We have collected a large amount of data, running over a period of several years. Insights from this research will continue to develop as further analysis of this rich dataset is undertaken. However, we can draw together the headline findings and their implications.

Perhaps the first point to make about the headline findings is that our study has found evidence that workplace mental health and wellbeing challenges are widely experienced in UK workplaces, and there is some evidence that they may be increasing. Presenteeism in particular is an issue being faced by a substantial proportion of businesses, and the 2025 survey findings show it is at its highest level since we began our Midlands employer survey. Although the causes of presenteeism are complex, the findings suggest links with potential understaffing practices, pressures associated with the cost of living, and job insecurity. They also indicate that changing working practices, particularly increased remote working, are also likely to be contributing to increasing levels of presenteeism. During the study period there was also a notable rise in the proportion of employees taking multiple occasions of sickness absence. These trends have obvious implications for business performance, with employers acknowledging these business impacts.

The findings from the Midlands employer survey also illustrated that there was an increase in the proportion of firms adopting mental health and wellbeing initiatives during and immediately after the pandemic. However, the latest survey findings show that this increasing uptake has now stalled, with mental health practice adoption at the lowest level since prior to the pandemic. Given the widespread incidence of reported mental health issues, this decline in the adoption of practices is a cause for concern. The findings also showed that the majority of leaders (three-quarters of those surveyed), stated that they felt employers have responsibility for protecting the mental health of their employees, but only half actually had mental health and wellbeing initiatives in place. It is important to understand the reasons for this 'attitude to action gap' and how this might be reduced.

Our international analysis identified significant employer-level differences between countries in terms of approaches towards the management of mental health issues and outcomes, with particular lessons to learn from the contrast with Sweden. Firms in Sweden were much more likely to adopt initiatives to address mental health issues than firms in England and Ireland, to say they were addressing issues with presenteeism and to use formal approaches to encourage a good work-life balance for those working remotely. The attitude to action gap was not evident in Sweden, reflecting a contrast in management attitudes, practices and investment. Given that fewer firms in Sweden reported that mental health-related absence impacted on the performance of their business, there are lessons to learn here.

The importance of mental health practice-adoption is also underlined by our data-matching analysis, which found evidence that the long-term adoption of specific mental health and wellbeing practices, namely mental health budgeting, wellbeing data monitoring, and provision of physical wellbeing support, is associated with productivity gains. However, this isn't a straightforward picture, as the analysis also found that short-term adoption of practices often coincides with a productivity decline. It seems though that longer-term, consistent investments in mental health and wellbeing practices are what matters, and it is this longer-term perspective which needs to be encouraged.

The findings also show that practice adoption alone is not enough, but that this needs to be accompanied by investments in management knowledge, understanding and capabilities. Analysis of the Midlands survey findings has showed for example that the provision of training for line managers in mental health was associated with improved performance, including lower long-term sickness absence, enhanced staff recruitment and retention, customer service. Our qualitative research also highlighted the importance of creating the right conditions for individuals to be able to disclose mental health issues, which means creating a culture of psychological safety.

Building on this, the findings from the quantitative research with employees highlights the importance of the perceived Psychosocial Safety Climate (PSC) for mental health and wellbeing and performance. Higher PSC emerged as being associated with stronger resources (support and leadership), lower demands (workload and emotional strain), better health (lower burnout and higher wellbeing), more positive attitudes (higher engagement and satisfaction), and generally more favourable perceptions of performance (quality and productivity). Our case study research on barriers and facilitators to implementation of mental health and wellbeing practices also highlighted the importance of strong leadership and organisational culture sustaining initiatives. On the other hand, financial and resource constraints emerged as a recurrent barrier.

This links to an overarching message to emerge from the findings of this study, namely that firm size is an important factor when it comes to workplace mental health. The Midlands employer survey results showed that experiences and responses to mental health in the workplace vary significantly by employer size. The smallest firms are less likely to monitor employee absence and to adopt mental health and wellbeing practices, which is likely to be related to financial and resource constraints. But at the same time, small firms were also more likely to report that mental health related absences were impacting on the performance of their business. These firm-size related differences were also overlaid by complex sector differences in attitudes and practice adoption, which point to the importance of industry-focused initiatives.

9.2 Policy recommendations

Reflecting the headline findings from our study, we have identified ten priority policy recommendations. These recommendations encompass action in several broad areas, including awareness-raising, access and collection of robust evidence, management education, and provision of tailored support. All of these depend on effective collaboration between various stakeholders with an interest in workplace mental health and wellbeing for success:

1. **Create a collaborative, employer-targeted national campaign that clearly articulates the business case for investing in employee mental health**, using real-life case studies. This needs to be targeted at senior leaders and decision-makers in businesses of all sizes and to emphasise the financial and productivity benefits. It should provide compelling relevant and relatable evidence for long-term investment in mental health initiatives and investing in a culture of wellbeing within the workplace. The campaign should be built on collaboration between key stakeholder organisations with interest in workplace mental health (for example, ACAS, Mind, CMI, CIPD, HSE, Investors in People).

2. **Provide a clear, free entry point for businesses that provides access to trusted guidance and high-quality research and evaluation evidence on workplace mental health** and wellbeing. This needs to be provided through an easily accessible, recognisable entry point, and draw together resources from government organisations, charities, professional bodies, trade unions, think-tanks and research organisations.

3. **Invest in a centre of research expertise on productivity and workplace mental health** to monitor trends, gather robust evidence on the effectiveness of workplace mental health and wellbeing initiatives, and inform policy/practice development and delivery of support.

4. **Provide a free workplace mental health support service specifically tailored to the needs of small and micro businesses**. Small businesses are often time-pressed, resource-constrained and battling issues with workplace mental health alone. A tailored small business mental health support service could provide a mental health audit for small businesses with the aim of supporting them to assess their current practices and put in place longer-term plans to integrate mental health into their core business strategies. This could be delivered alongside other small business support services.

5. **Embed an understanding of psychological safety into leadership programmes**. Our research has shown that the psychological safety climate that exists within an organisation is linked with both employee wellbeing and performance. Psychological safety is key to enabling employee disclosure of mental health issues, as well as giving them the confidence to take time off if unwell. Given its importance as an underpinning building block for workplace mental health and wellbeing, there is a strong case for ensuring it is embedded in business leadership programmes.

6. **Create a national mental health training programme for line managers**. Analysis of our Midlands survey data has showed that training line managers in mental health is associated with better organisational-level outcomes and business performance. Our qualitative research also emphasised the vital role played by line managers in many workplaces, but at the same time also identified a lack of training. There is a strong case for the development of a national training programme for line managers that could build on interventions such as Managing Minds at Work.[38] This should be aligned with existing broader management and leadership training programmes, for example, those provided by the CMI, better equipping managers with the confidence and skills they need to have supportive conversations around health and wellbeing.

38 https://www.researchprotocols.org/2023/1/e48758

7. **Encourage the development and adoption of digital interventions in workplace mental health and wellbeing**. Taking into account the widespread nature of workplace mental health issues, it is important to take seriously the scope for low-cost interventions provided using digital technology. Digital training programmes for example offer the potential for rolling out interventions at scale, and can also allow smaller businesses the flexibility they need. There is also scope to for businesses to use technology to monitor workforce wellbeing data more effectively. More widely, the adoption of digital technologies in the workplace could bring efficiency benefits that could also have an impact on employee wellbeing, but smaller firms in particular are likely to need more guidance around digital adoption.
8. **Encourage and support small businesses to collect and analyse employee mental health data**. Our research findings showed that many businesses don't collect mental health and wellbeing data effectively (e.g. monitoring absence), and this more likely to be the case in smaller firms. Action is needed to encourage and support employers to introduce simple systems to monitor absence and the reasons for absence, as well as collecting other wellbeing data that could enable them to prevent mental health issues from escalating.
9. **Support the development of place-based workplace mental health partnerships** that enable businesses in local communities to network with their peers and share experiences and good practice, responding to the particular challenges being faced in local/regional economies. These partnerships should involve anchor institutions including universities, regional and local authorities, growth hubs, chambers of commerce. They should also encourage supply-chain collaboration.
10. **Support the development of sector-specific workplace mental health initiatives**. A key finding from our research is that there are distinct sectoral patterns when it comes to workplace mental health and wellbeing, which are linked to workforce composition, job quality and cultures. There is a clear case for supporting targeting initiatives in sectors, with industry bodies and trade associations playing an important role in developing these.

9.3 Suggestions for further research

This project has involved a considerable amount of data collection, and there is still vast scope for further analysis of the dataset, which will continue into the coming months. The research findings have highlighted several potential avenues for further research.

First, on the links between practices and performance, although we found evidence in our study that the long-term, strategic adoption of mental health and wellbeing practices can contribute to productivity improvements, there was also an association between short-term adoption and productivity losses. We suspect that this might reflect the fact that the costs associated with practice implementation and adjustment impact negatively on productivity benefits for firms in the short-term. However, it is also the case that firms might adopt mental health practices in response to prior performance issues, and this pre-existing productivity decline is therefore reflected in the results. In order to get more certainty on the nature of the relationships here, it would be valuable to carry out research that tracks specific firms adopting practices over time, monitoring their impact over several years.

In addition, further research would also be valuable to provide stronger evidence on the links between organisational climate and performance outcomes. Our employee study found a relationship between Psychosocial Safety Climate (PSC) and productivity, but the observed differences were based on employee perceptions and cannot be assumed to be statistically significant. There would be value in further research that combines employee perceptions with objective performance indicators and managerial/team perceptions. This more rounded analysis would help clarify the strength and direction of the relationships between PSC and performance.

Looking at specific themes, our study identified presenteeism as a major factor in workplace mental health. Presenteeism has been a generally neglected area of research to date, and given its prominence as a workplace issue, it is worthy of further research. In particular, it would be valuable to understand the reciprocal relationship between mental health, presenteeism, and future sickness absence, as well as how presenteeism varies between different social groups and by employment status (e.g. full-time/part-time, temporary/permanent workers). Longer-term studies examining how presenteeism unfolds over time and its long-term impacts on health and performance would also be useful.

A notable trend that emerged from the Midlands employer survey findings was the increasing prevalence of presenteeism since the pandemic. This increase has occurred during a time of considerable workplace change, and coincides with the growth in remote working. Our qualitative work within firms indicated there may be a link here, but this is currently an under-researched area. It is possible that the increase in presenteeism is associated with difficulties around psychologically disengaging from work whilst working from home, but the issues are complex here as there are concurrent trends which may also be having an influence, including the cost-of-living crisis for example. Further research, which would include a focus on the employee perspective, would be valuable to get a deeper insight into the drivers behind the rise of presenteeism and its wider performance impacts.

Sector differences were also particularly striking in our employer survey findings, and whilst we were able to make general observations about these, the study design did not allow us to explore them in depth. However, important patterns emerged that raise important questions. For example, could the lower reported levels of mental health absence in some sectors, notably construction, wholesale/retail and hospitality, actually mask higher actual levels of mental ill- health, given these sectors have higher proportions of self-employed people and temporary contracts? Why is the uptake of mental health and wellbeing initiatives lower in construction and in wholesale/retail than it is in other sectors? Exploring sectors in more depth would cast light on some of the drivers lying behind workplace mental health and wellbeing behaviours and practices as well as potential routes to change. It would also be valuable to have more insight on the relationship between workforce demographics on workplace mental health issues and initiative adoption.

Finally, an overarching finding across our study was of the need for more research into the specific experiences of small and micro businesses and self-employed people. We did not include micro businesses in the sample of this study, and they tend to be excluded from many other business surveys, meaning that evidence here is scarce. Given that they make up such a large proportion of the wider business population, and face distinct structural differences and resource challenges when compared with larger firms, there is a strong case for further research exploring the management of mental health and wellbeing in small and micro firms to inform the effective delivery of interventions in these distinct business settings.

Annex

ERC Reports

What have six years of employer surveys on workplace mental health taught us? (2025), ERC Research Report

J. Hassard and T. Dulal-Arthur (2025) What is the link between Psychosocial Safety Climate and organisational outcomes? ERC SOTA Review, No. 65

M. Wishart (2025) Remote working and employee wellbeing, ERC SOTA Review, No. 64

Workplace Mental Health in Midlands Firms (2024), ERC Research Report

M. Wishart, et al (2024) More absence, but less impact on business performance. What can we learn from Swedish approaches to managing workplace mental health? ERC Research Report

M. Wishart (2023) Co-worker experiences of workplace mental health issues: insights from five case studies, ERC Insight Paper

M. Wishart (2023) Workplace mental health: implications for team working, ERC SOTA review, no. 58

Workplace Mental Health in Midlands Firms (2023), ERC Research Report

Healthy Workplace Ireland: A Survey of Mental Health and Well-being Promotion in Irish Firms, (2023), ERC Research Report

J.Bourke and N.Lenihan (2022) An exploration of mental health and well-being workplace practices within family firms, ERC Insight Paper

M. Wishart (2022) Line managers: The emotional labour of managing workplace mental health issues, ERC Insight Paper

Workplace Mental Health and Well-being During COVID-19: Evidence from three waves of employer surveys (2022), ERC Research Report

Workplace mental health in Midlands firms 2021: Baseline report (2021), ERC Research Report

Workplace mental health and wellbeing in Midlands firms before and during the COVID-19 pandemic (covers 2020/2021 survey data), ERC Research Report

M. Wishart (2020) Talking about workplace mental health: How do employers in the Midlands understand and experience mental health issues? ERC Insight Paper

M. Wishart and V. Belt (2020) Workplace mental health and COVID-19: experiences of firms in the Midlands, ERC Insight Paper

Employee well-being, mental health and productivity in Midlands firms: The employer perspective, (2020), ERC Research Report

Journal publications

BLAKE, H, HASSARD, J, DULAL-ARTHUR, T, WISHART, M, ROPER, S, BOURKE, J, BELT, V, BARTLE, C, LEKA, S, PAHL, N and THOMSON, L, 2024. Typology of employers offering line manager training for mental health. Occupational Medicine 74(3), 242-250.

DULAL-ARTHUR, T, HASSARD, J, BOURKE, J, ROPER, S, WISHART, M, BELT, V, BARTLE, C, LEKA, S, PAHL, N, THOMSON, L and BLAKE, H, 2024. Line manager training and organisational approaches to supporting wellbeing Occupational Medicine

HASSARD, J, DULAL-ARTHUR, T, BOURKE, J, WISHART, M, ROPER, S, BELT, V, LEKA, S, PAHL, N, BARTLE, C, THOMSON, L and BLAKE, H, 2024. The Relationship between Line Manager Training in Mental Health and Organisational Outcomes. PLOS ONE, 19(7).

Dulal-Arthur, T., Hassard, J., Bourke, J., Wishart, M., Bartle, C., Roper, S., Belt, V., Leka, S., Pahl, N., Thomson, L., & Blake, H. (2024). Organizations offering line manager training in mental health and presenteeism: A secondary data analysis of organizational-level data. Journal of Occupational and Organizational Psychology, 00, 1-10.

Email: CentreManager@enterpriseresearch.ac.uk
www.enterpriseresearch.ac.uk

ERC
Enterprise Research Centre