

Addressing mental health issues in small businesses could bring major boost to the economy

July 23 2019, by Soumyadeb Chowdhury And Prasanta Kumar Dey



Credit: Karolina Grabowska from Pexels

Mental health awareness has risen enormously in recent years. Celebrities from athlete Michael Phelps to Prince Harry and pop star

Lady Gaga have [spoken publicly](#) about their mental health struggles and the stigma surrounding them.

But [business](#) has been slow to react—particularly smaller ones. Our [research with businesses in Britain's Midlands region](#) shows that the majority of small and medium-sized businesses (SMEs) struggle to support their staff as they battle various mental [health](#) issues. As well as raising health concerns, this has a huge impact on the economy.

There are [5.7m SMEs in the UK](#) (accounting for 99 percent of all businesses) and they employ close to 16m people, contributing 20 percent to UK GDP. Meanwhile, mental health issues, including stress, depression and anxiety, are thought to be responsible for 91m lost working days each year in the UK, [costing the economy £30 billion](#). About 10 percent of this was due to staff replacement costs, 30 percent down to people being off sick (absenteeism) and 60 percent of the cost due to reduced productivity at work (presenteeism).

From an economic perspective, workplace mental health issues lead to higher unemployment rates and diminished productivity. With the UK's productivity [lagging behind its peers in the G7 of advanced economies](#), and given the contribution of SMEs in the economy, working out how to alleviate mental health problems is crucial.

According to a recent [OECD report](#), SMEs are yet to prioritise mental health and well-being due to a lack of awareness about the business benefits and they lack information around the best ways to help their staff. Compared to larger companies, [small businesses](#) suffers from a number of constraints including day-to-day struggles just to survive, ad-hoc business processes, non-existent human resources departments and poor people management, higher turnover of employees and a lack of agility.

The struggle to survive

Many SMEs are competing against big multinationals and [feel this competition intensely](#). Their business viability often feels at peril. As one business owner of a West Midlands manufacturing SME told us: "Every day is challenging not only for acquiring new orders but also delivering them and adhering to the desired quality."

The struggle to achieve the right balance between demand for their business and being able to supply their product or service means many [small firms](#) struggle to give their employees job certainty. As the CEO of a company that manufactures car components told us: "In this dynamic environment, everybody's (both owner and employee) job is uncertain."

Not only does this make it difficult to put structures in place to help employees with their mental health issues, it adds to them. It's also a reason why many small businesses have long working hours. To survive in the competitive environments they are in, [they cut corners](#).



Credit: AI-generated image ([disclaimer](#))

This means employing the minimum number of people possible. But this attempt to reduce the company's operating costs [increases the working hours of each staff member](#) and this not only affects their physical health but mental health too. A production manager of a steel beam fabricating company told us: "As our demands fluctuate a lot, it is practically impossible to schedule manpower and facilities in-line with customers' requirements. Therefore, to meet the demand, we must often overuse our resources including human resources."

SMEs are, by their nature, highly specialized. To remain competitive they focus on efficiency over flexibility. With demand controlled by customers, to cope with the fluctuations, the only resource they can alter is their human resource, which causes tremendous mental stress on employees.

The small workforce structure of SMEs [requires staff to often fulfill multiple roles](#). This increases the amount of ambiguity they have in their responsibilities and this causes psychological distress, job stress burnout, depression and work-life imbalance.

Many SMEs require employees to have specific technical skills. This can involve years of training and then lifelong, on-the-job learning as new processes and technology emerges. But our conversations with SME employees suggested that specialized skills gained in one sector often don't transfer to others. This means that staff have to continuously upgrade their knowledge and learn new skills to keep them employable in a competitive and turbulent job market. They have to search for appropriate resources and spend extra time, effort and finances, which further adds to the work-life imbalance, stress and anxiety.

The advent of new technology has made some business processes easier but it also creates more stress. Smartphones and social media, for example, have resulted in staff feeling like they have to work 24-7 and be responsive to every work need. The demands of the job have increased and impinge on people's private lives.

There are solutions

These issues have not escaped the government's notice. The [Stevenson-Farmer Review](#) was a major report published in October 2017, which looked into mental health issues at work and outlined several recommendations to help staff and businesses facing these issues.

They include developing mental health awareness among employees in the workplace, encouraging conversations when people are struggling and promoting effective people management between line managers and supervisors.

Similarly, our research found that training managers to embrace effective people management and effective communication across their company hierarchy was really important. It helps address mental health issues by building trust and connectedness within the workforce. And it also helps to reduce the stigma to discuss these issues.

Getting across the business case of recognizing [mental health issues](#) is also important—especially for companies that think they do not have the time or money to deal with this. By putting preventive strategies in place and investing in their human resources, companies will perform better in the long run.

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