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RESEARCH INSIGHT: MANAGING MENTAL HEALTH IN SMALL AND MICRO BUSINESSES

Dr Jane Suter, Dr Annie Irvine and Prof Carole Howorth, January 2021

Key findings

- ❖ Small and micro business managers wanted to support employees with mental health difficulties. Their instinctive **responses reflected good practice guidelines**.

- ❖ Small and micro businesses' **responses were largely reactive and short-term**, as and when cases arise.

- ❖ Managers emphasised the **importance of open workplace cultures around mental health** and the **value of early engagement** where employees appeared to be struggling.

- ❖ Managers **favoured a personal and informal approach** yet conversely reflected on the **value of transparent structures and processes for managing and consistent documenting of support** and intervention around employee mental health.

- ❖ A **personal and familial approach** to employment relations could lead to **slower responses and interventions** to emergent mental health problems.

- ❖ For small and micro businesses, **limited organisational experience** of managing mental health constrained organisational learning and **could inhibit manager confidence** in taking an appropriate approach.

- ❖ Specific mental health **training for line managers was beneficial**, in improving awareness and appropriateness of responses.

- ❖ Situations were **easier to manage where employees had insight** into their mental health difficulties, were **willing to discuss and take up offers of support**, and effective adjustments could be agreed upon.

- ❖ **Positive workplace relations** and supportive cultures **meant there was often willingness to accommodate** the needs of a colleague who could not always work at full capacity.

- ❖ Situations became **more difficult to manage where employees were unable or unwilling to acknowledge problems or negotiate adjustments** to their role.

- ❖ Where the effects of mental health problems resulted in challenging workplace behaviours, the **atmosphere and morale of the whole workforce could be affected**, something that is acute in small and micro businesses.

- ❖ **Co-workers** in these small and micro businesses **experienced increases in their workload**, when compensating for the absence or reduced productivity of an unwell employee. Initially, this was done with empathy and goodwill, but **as time went on this could wane**.

- ❖ Redistribution of workload to accommodate employees effected by poor mental health often **cascaded up to owner-managers or a senior leadership team**.

- ❖ **Direct financial impacts were a lesser concern** to small and micro business managers than the impacts on workload, management, productivity and workplace climate.

- ❖ Long-term absences requiring extended sick pay were relatively rare. **Short-term and unpredictable absences could present challenges**, because firms struggled to source staff cover.

❖ **Presenteeism** (an employee coming to work whilst experiencing mental health difficulties) **could become challenging**, where the unwell employee's workplace behaviour or reduced productivity had problematic knock-on effects for colleagues, managers or clients.

❖ **Where situations became unsustainable** and employee conduct or capability issues arose, **access to external HR and legal expertise was valuable**.

❖ Managers in small and micro businesses face significant **cross-pressures from balancing the competing needs of unwell employees, co-workers, wider business operations and their own wellbeing**. Attention to the mental health of business owners and senior managers is essential.

Background

Workplace mental health is a topic of growing importance. However, little is known about how small and micro businesses (those with 1-49 employees) are affected by mental health problems among their staff. Small and micro businesses often have close and informal workplace relations, which may help to support employees at times of mental ill health. But they also tend to have fewer resources and greater time pressures than larger firms, which means their capacity to respond to mental health problems may be constrained and impacts may be felt more acutely.

In-depth interviews with twenty-one managers of small and micro businesses were used to explore managers' first-hand experiences of supporting employees through times of mental distress. Interviews took place between November 2019 and February 2020.

Around one-third were microbusinesses (1-10 employees). Fourteen were private sector companies and seven were charities. The businesses were located in urban and rural locations across England and Scotland. Sectors included healthcare, social care, skilled manual trades, manufacturing, retail and sales, consultancy, law, digital media and community development.

Managers described 50 individual employee cases. Most of these employees had experienced common mental health problems, including anxiety, depression and stress; a smaller number had experienced severe mental illnesses.

How managers found out about employees' mental health difficulties

It was rare for employees to tell managers directly about mental health problems they were experiencing. More often, managers noticed changes in an employee's work performance, behaviour or appearance, and at some point broached these issues in conversation.

Some employees immediately opened up and were accepting of employer engagement and support, but others initially seemed unable or unwilling to acknowledge their difficulties.

There were also cases where a traumatic event in the employee's life triggered their difficulties, and this incident was made known to the manager at the time.

Sources of information and guidance

When faced with mental health difficulties among employees for the first time, some managers' initial response was to search the internet for information and guidance about mental health conditions, legal duties and effective support.

Managers' views were mixed as to usefulness and relevance of the information they had found online. Some had found helpful guidance on understanding particular mental health conditions, on how to open up and structure a conversation with employees, or on the legal position around performance management.

Websites mentioned as useful included Mind, Mindful Employer and ACAS. Where managers had undertaken Mental Health First Aid training, the information and skills gained on the course, and the

resources that were made available to organisations via the MHFA website were also described as useful.

Although managers had substantial on-the-job experience, very few were formally qualified HR professionals and several firms used the services of an HR consultant. External HR expertise was found to be particularly helpful when performance management issues began to overlap with mental health support, and managers found themselves navigating a complex interplay of employment legislation, managing capability, and supporting employee mental health.

For some firms, using external consultants on a retainer basis was an affordable way of accessing specialist expertise when needed. However, for others, this was seen as prohibitively expensive, leaving them without easy access to important expertise when managing employee mental health issues.

A few managers had paid for external occupational health assessments for particular employees, with mixed views on how useful this had been. In a couple of cases, managers had requested a report from the employee's GP, but these letters were found to be rather generic and of little practical use in implementing support for the employee.

Types of support offered

- ◆ Temporary reductions in hours
- ◆ Phased returns from absence
- ◆ Modified duties
- ◆ Working from home
- ◆ Flexible working arrangements
- ◆ Regular 1-1 meetings to discuss wellbeing and review support
- ◆ Access to counselling or Employee Assistance Programmes
- ◆ Time off to attend therapeutic appointments
- ◆ Purchase of self-help materials
- ◆ Mentoring and coaching (formal or informal)
- ◆ Compassionate leave (paid or unpaid)
- ◆ Liaison with family members
- ◆ Loans to address personal circumstances connected to mental health problems

The types of support offered by small businesses closely reflected current recommended practice, particularly around flexibility of working hours, location or duties, and regular supportive meetings with a manager.

Notably, there were no cases where an employee was redeployed to a different role or division within the organisation, perhaps reflecting the limited scope of small firms to offer this modification.

Around half the organisations provided access to counselling or psychotherapeutic services, either via an Employee Assistance Programme (EAP), health insurance package, or accessed on a case-by-case basis. This high proportion is untypical of small firms more generally, and reflects sampling methods used in recruiting. The majority of firms that subscribed to an EAP were small rather than micro businesses. Some managers perceived their counselling services as a costly but worthwhile investment, whilst others said they had found very affordable options (e.g. Mindful Employer Plus).

Although most managers had an awareness of their legal duties to support employees with mental health (and other) disabilities, there was a sense that these obligations were not the primary driver of their actions. Rather, organisations were built on fundamental values of support, kindness and compassion, which shaped their responses. This meant that they sometimes went beyond their legal duties in supporting employees through times of mental ill health or personal crisis.

Absenteeism and presenteeism

Managers agreed that employee sickness absences had practical and financial implications for small businesses. It could be difficult for small firms to find and pay for cover staff, meaning that co-workers and managers tended to absorb additional workload.

Short but frequent and unpredictable absences were particularly challenging for small firms, and in some ways more difficult to manage than long-term absences, where there was scope to plan and adjust staff resource.

However, it seemed that 'presenteeism' (being at work whilst unwell) tended to be an equally, if not more, challenging issue in practice. When an employee chose to continue to come to work alongside mental health difficulties, managers faced issues of performance management and challenging or unacceptable workplace conduct.

> *Every time it happened, I sat down with them and said, 'I really think you should go home.' They said, 'I don't want to go home, please don't make me go home, I don't want to go home, I need to be here'. And I felt in quite a difficult situation then, because I didn't feel that it was actually helpful for the business to have them in the office, but for the sake of their mental health, I felt if I sent them home I would make their mental health worse*
>
> *Manager 5, Consultancy, 30 employees*

> *I have asked, 'Actually are you coming in to make yourself feel better? And do you not think that sometimes that might have a negative impact on the organisation?' Because if you're coming in when you're not quite ready to return, but you know that it's better than being at home … I suppose if someone is saying, 'Well I value being here because it makes me feel better', it's like, well actually is it making the organisation feel better?*
>
> *(Manager 12, Community development, 21 employees)*

Where an employee was highly emotional or volatile in the workplace, this could have a negative impact on the morale of co-workers or cause distress to other staff members. Some managers felt that, at times, it would be better for an employee to be absent than to come to work whilst struggling.

Manager impacts

Supporting an employee with mental health problems required significant management time. Managers often directly took on additional workload, when an employee was absent or working reduced hours.

> *In a big organisation, potentially you can carry that. In a smaller organisation, it becomes very, very difficult to carry that, because the bulk of a load drops on very few people… It's a difficult path to tread sometimes, for me, because you're never quite sure how people are going to react. So it's stressful*
> (Manager 2, Healthcare, 20 employees)

> *Because it's such a small business, and I've got my fingers everywhere being the manager, her issue would take up my whole time, and then I've still got the rest of the work to do, and trying to fit that into the work day, or at home, take it home.*
> (Manager 14, Healthcare, 20 employees)

Much time was spent in providing emotional support, coaching, working out the logistics of adjustments and accommodations, attending to the knock-on effects on co-workers, and in some cases overseeing performance management or disciplinary processes.

Supporting employees through times of mental distress could be stressful. Some managers felt there had been an impact on their own mental wellbeing, as a result of the emotional labour and time invested.

Co-worker impacts

Managers perceived that co-workers also experienced an increase in their workload, to accommodate the reduced productivity of an unwell colleague. There were demands on co-workers' time when they took time out of their day to offer emotional support to a distressed colleague.

Many managers praised their staff for the way in which they responded with support and empathy to a colleague who was experiencing mental health difficulties. However, over time, co-workers' capacity to maintain support and accommodations could wane.

Managers used words such as '*draining'* and '*exhausting'*, noting the effects on workplace atmosphere, morale, and the potential risk to co-workers own mental wellbeing.

> *With a small team, you need people to be there, fully engaged. So that has a knock-on effect, and it also has a knock-on effect to the other members of the team. I think that's more transparent within a small environment.*
> (Manager 4, manufacturing/sales, 49 employees)

Impacts on business operations

Staff absences could affect a small or micro business's capacity to maintain service provision or productivity. Some firms had experienced tangible and quantifiable effects on their productivity or services to clients. In a few cases, managers had become aware of client complaints or reductions in levels of client satisfaction. Some charitable organisations had had to cut areas of client provision due to the absence or reduced capacity of employees experiencing mental health problems.

Where business operations were maintained, this tended to be through the enhanced efforts of managers and co-workers, who increased their workload and working hours.

Managers alluded to impacts on business growth or development, due to the diversion of time and energy into supporting unwell employees. Because they had needed to take on additional workload or devote time to supporting the employee, some managers had been less focussed on strategy or expanding their client base, and some firms had placed planned business developments temporarily on hold.

> *It will always have an impact on the team, because we are a small team delivering against quite tough targets...We would try and cover the work, but actually, that has a negative impact on the team, so I took the decision that it's okay to cancel. But the longer that goes on, the more you have to then keep on reassessing… because I suppose it's support, it's reputation, it's morale, you know. All of that stuff gets thrown in.*
> (Manager 12, Community development, 21 employees)

Financial impacts

The direct financial impacts of supporting employees with mental health problems were given relatively little emphasis by managers. Whilst the monetary costs of long-term sickness absence (i.e. occupational sick pay, statutory sick pay, and implementing staff cover) were potentially significant, such situations had not been encountered often.

For many firms, the practical impact of absence on managers' and colleagues' workloads, the impact on workplace climate, and their ability to maintain business function seemed of relatively greater concern than any direct financial impact arising from the provision of sick pay.

A difficult balancing act

Overall, a key challenge for small business managers was finding a feasible and sustainable balance between supporting the employee whilst limiting the impacts on co-workers and maintaining effective business function. This was described as '*a balancing act'* or '*walking a tightrope*'.

Manager reflections and learning points

❖ Create an **open workplace culture**, where mental wellbeing is talked about regularly and difficulties can be expressed at an early stage, as this is fundamental to providing effective support

❖ **Increase manager knowledge about mental health**, and establish **support mechanisms** such as access to Employee Assistance Programmes

❖ The importance of **sensitive and well-timed return-to-work meetings**

❖ Take **earlier and more definitive action** where an employee's performance or behaviour is becoming concerning

❖ **Transparent and well-documented processes** (around absence, return to work and performance management) could be helpful for all parties

❖ Documenting and reflecting on cases can aid **organisational learning**

❖ A **structured approach to support**, which provides transparency, accountability and mutual understanding of steps agreed, can be valuable

❖ An individualised and tailored approach is essential - there is **no one-size-fits-all solution** to supporting an employee through mental health difficulties

❖ Pay **attention to the wellbeing of managers** and senior staff who are involved in supporting the employee

Policy Implications

This study has shown that challenging situations can arise even in workplaces that are well-informed about mental health and have a supportive culture. We derive the following implications from the experiences of small and micro businesses taking part in this research:

❖ Small and micro businesses may benefit from access to external HR expertise, particularly when navigating the legal position around performance management and capability. However, these firms may not perceive such investment as affordable or necessary, until such time as situations arise. **Promotion of lower cost, subsidised or flexible options for engaging HR and legal consultancy** would therefore be beneficial.

❖ Small and micro businesses may benefit from **better access to external mental health expertise**, including Employee Assistance Programmes, manager training, and advice and support services for managers. Again, there is a need to **address perceptions that such services are unaffordable or of limited relevance** to small and micro businesses, and to promote financially accessible options.

❖ Policies to support small and micro firms must account for the reactive manner that these firms navigate managing employees with mental health problems, particularly in light of the balancing act of managers with competing priorities. **Small and micro businesses may need convincing of the long-term benefits of investment** in proactive workplace mental health support. Relaying this message in an accessible way and through trusted channels will be important.

❖ Line managers are fundamental to supporting and managing mental health in the workplace. **Policy aimed at increasing the management skills and capabilities of owner managers** in small and micro businesses is fundamental.

Next steps

The economic impact of the Covid-19 pandemic is likely to affect many small and micro business managers and their employees. Uncertainties about financial stability, job security and business continuity will impact mental health, making this study's findings particularly important going forward.

Small and micro businesses vary enormously in their structures and operations. Although there were many common themes, this research showed that experiences of supporting employees with mental health problems differ substantially within this subgroup.

Experiences of the smallest micro-businesses, with just a handful of staff, are very different from small firms approaching 50 employees, who have greater resources and easier access to specialist HR expertise. There are also differences between businesses operating in knowledge economy vs. service or manual sectors. Different types of firm will have varying scope for the type of adjustments and flexibilities that are possible. Future research should focus on understanding managing mental health in firms segmented by sector, size, and organisational structure.

Managers who volunteered to take part in this study were relatively well engaged in the workplace mental health agenda; several had professional expertise and/or lived experience of mental health problems. To gain a fuller understanding of small employer experiences, future research must involve more organisations who are in a lesser state of readiness to respond to employee mental health problems in the workplace.

Sources of further information for small businesses

This was an independent research study, and we cannot recommend or endorse any particular organisations or providers. However, small businesses looking for a starting point may find the following links useful:

Mental Health at Work/ Federation of Small Businesses: https://www.mentalhealthatwork.org.uk/organisation/federation-of-small-businesses/

CIPD and Mind: https://www.cipd.co.uk/Images/mental-health-at-work-1_tcm18-10567.pdf

Mindful Employer: https://www.dpt.nhs.uk/mindful-employer

Business in Mind (Australian resource): https://www.utas.edu.au/businessinmind

Heads Up, the Mentally Healthy Workplace Alliance and Beyond Blue (Australian resource): https://www.headsup.org.au/healthy-workplaces/healthy-workplaces-for-small-businesses

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The full research report is available at https://mhsb.york.ac.uk/

For correspondence on this research please contact jane.suter@york.ac.uk