Sick Report 2019

The state of health and wellbeing in UK SMEs

breathe

Foreword

by Jonathan Richards

In the last few years, mental health has been more openly discussed and is now regularly talked about in the mainstream and businesses media. We wanted to see if this growth in acceptance and tolerance has found its way to the UK's small businesses and we are pleased to say that – generally speaking – it has.

This is the second edition of the Breathe Sick Report. The first was published in 2017 and explored sickness and absence trends in UK SMEs. In the 2019 edition we wanted to cover some of the same ground for the purpose of comparative study but also drill-down to look at mental health in more detail.

I believe there is a direct correlation between the health and wellbeing of SME employees, the success of the companies they work for and the contribution they make to the country's economy. British small businesses contribute more than £2 trillion to the UK's economy and people who run them are in a

unique position to make a profound difference to millions of people's lives by making health and wellbeing a priority. This must extend to supporting those with mental health-related problems.

Many of the statistics in this report raise important questions about workplace culture and the extent to which employees feel their health and wellbeing is important to their employees.

All responsible employers have a duty of care to their people and many are now investing time and energy in developing workplaces culture where health and well-being are centre-stage and a high priority. Those businesses which are committed to cultural development reap the rewards. Increased motivation, commitment, productivity and loyalty is eminently achievable if SME owners and managers focus on their people. And surely this can only be good for business?

Executive summary

This report was produced to examine employer and employee attitudes to ill-health related absences in the workplace and the reasons why people were absent in the last 12 months. We also wanted to explore the issue of mental health and how people regard this in the context of absences. We have cross referenced our finding with figures and analysis and recommendations made by several of authorities including Mind and the Chartered Institute of Personnel and Development.

This report is based on the findings of market research we conducted via Opinium, a leading independent business intelligence agency. Between 28 March 2019 and 8 April 2019, we surveyed 1,003 employees working in the private sector SMEs which employ 6-249 people. We also polled 506 decision makers from companies of this size.

Our research draws attention to the fact that 23% of people have pulled 'sickies' and taken days as sick leave when they're not actually ill. This has increased from 16% when we asked people the same questions while compiling the Breathe Sick Report 2017. We found that the most common reason for 'sickies' was the need for rest days followed by stress and poor mental health.

Commonplace illnesses, such as flu, are by far the biggest reason for genuine absences, however stress and other mental health issues account for 17% of employee non-attendance. Although 53% of employers took no sick leave in the last year, of those that did, 14% were due to stress and mental health.

We were encouraged by the fact that 62% of employees and 75% of decision makers consider mental health issues are acceptable reasons for absences. It was worrying to note that only 25% of low or unskilled workers would feel comfortable reporting themselves absent due to poor mental health, despite this demographic being most prone to stress and depression.

Worrying, nearly half of business leaders admit to contacting employees when they are off work for health reasons.

50% of employees regularly work through their breaks and outside of working hours, indicating that presenteeism – a known contributor to stress – is commonplace in the UK's SME workplaces.

Overall, 85% of the businesses owners we surveyed think health related absences have a negative impact on their businesses and 69% consider these to affect their company's finances.

Alongside the statistics in this report, we have included some of our own recommendations and also discuss the importance of establishing workplace cultures where employee (and employer) health and wellbeing are centre-stage and a high priority for employers and their management teams.

Key trends in 2019

Although the focus of the research we conducted was principally about attitudes towards mental health, this can only effectively be understood in the context of people's opinions about other types of illness and how these compare as acceptable reasons for absences.

First of all, we wanted to find out the number of employees have taken days off due to ill-health in the last 12 months and secondly, the reasons for illness related absences.

Our research also revealed that just over half – 51 per cent – of employees did not take any sick days in the last year. A third (34%) say they took 1 to 3 sick days within the last 12 months and only 13% took 4 to 10 sick days.

Only 2% of employees took more than 10 sick days within the last 12 months.

Reasons for employee health related absences:

Cold / flu
79%

Infection
75%

Long-term health conditions including stress
62%

Mental illness
58%

Employees of UK SMEs	
Average number of sick days in last 12 months	**2**
Number of UK SMEs	**5.7** million
Total number of employees	**16,284** million
Total number of sick days per year	**32,568** million

Although there are no surprises in these figures, it is interesting to note that that 7% of absences were due to mental health issues.

SMEs with up to 250 employees account for 99.9% of all UK businesses.

Employees
– acceptable reasons to call in sick

Employee attitudes towards the most acceptable reasons to call in sick*

Food poisoning
79%

Flu
75%

Mental health issues
62%

Migraine
58%

Stress
45%

Cold
27%

* Figures based on multiple-choice options related to different types of illness.

Just 62% of employees regard mental health issues as an acceptable reason for absences.

When it comes to the most appropriate reason to call in sick, 79% of employees think that food poisoning is a justifiable reason, closely followed by flu (75%). Given that flu and food poisoning are relatively common, these numbers are not surprising. More interesting is the fact that 62% of employees regard mental health issues as acceptable reasons for absence and 45% see stress in a similar light. On the face of it, stress is a mental health issue, but interestingly, people are making a distinction between two sides of the same coin.

Although it's positive that the acceptability of mental health issues is relatively high on the list, is stress regarded as something that is simply part and parcel of people's lives and something to be borne? For sure, stress levels vary and in a mild form it can motivate people and even facilitate productivity. In more severe forms, however it's killer and chronic stress is linked to the six principal causes of death: heart disease, cancer, lung ailments, accidents, cirrhosis of the liver and suicide.

The CIPD (in association with Simplyhealth) recently published a research-based report that reveals nearly two fifths of UK businesses (37%) have seen an increase in stress-related absence over the last year, with heavy workloads and poor management style to blame.

Poor management styles could be down to individual failings or a lack of training and experience. They could also be indicative of toxic, hierarchical company cultures which businesses leaders have allowed to develop. The good news for small businesses is that they are in a far better position to address cultural issues than larger organisations. The bigger the ship, the longer it takes to turn. Smaller, more agile businesses can move more quickly to identify and then detoxify poor cultures before they have begun to damage morale and reduce productivity.

Employers and decision makers

78% of entrepreneurs say that running a business has negatively impacted their mental health

So far, we have looked at the reasons for employee sickness absences and their attitudes towards different types of illness. But what about those of their managers and business leaders?

Over half (53%) of senior decision makers admit taking no sick days within the last 12 months. The percentage rises to 64% for those in micro-businesses (1-9 employees) and falls for medium sized businesses (49%).

Among decision makers who did take sick days within the last 12 months, flu was the main reason, with 58% of senior staff taking sick days because of it. An infection is the second most cited reason for sick days among senior members of staff (26%) followed by long-term health conditions (15%) and mental illness such as anxiety, depression and panic attacks (14%).

The latter figure is particularly interesting when we remember that just 7% of employees were absent due to mental health issues during the same timescale. It's undoubtedly tough at the top with senior people under constant pressure.

A recent article featured in Courier magazine looked at the findings of a survey by We Are 3Sixty, a founder-led community focusing on entrepreneurial wellbeing. Between December 2018 and February 2019, they surveyed more than 270 UK business owners about

their mental health. The results suggest that many entrepreneurs are suffering in silence; 78% say that running a business has negatively impacted their mental health.

Nearly 70% report feeling depressed; 55% say they are burnt out; 50% experience anxiety and panic attacks; and 68% say they struggle with their sleep – a symptom often seen as a precursor to mental illness.

Reasons for decision maker absences

Flu

58%

Infection

26%

Long term conditions

15%

Mental health

14%

Other

8%

The impact of absences on business

Only 11% of employers think staff absences have a major impact on their business

We also wanted to assess senior leaders' views of negative impact on businesses caused by health-related absences. Interestingly, these varied depending on the size of the companies we spoke to; micro-businesses (1-9 employees); small businesses (10-49) and medium sized firms (50-249).

	Micro-businesses	Small businesses	Medium sized firms
No impact	25%	17%	7%
Slight impact	50%	47%	57%
Moderate impact	22%	22%	22%
Major impact	3%	13%	12%

We also asked employers how much of an impact staff absences due to illhealth have on their business' financial performance. Although there were some differences between the answers we received from senior executives working for micro, small and medium sized businesses, the numbers were much closer. On average, 14% said they had no impact; 52% a slight impact and 11% a major impact.

We then asked employees the same questions. The majority (69%) think that staff absences due to ill-health have some impact on the financial performance of the business they work for. This is highest among middle managers (84%). In further detail, 36% think it has slight impact, 25% think it has a moderate impact and only 7% think it has major financial impact.

'Sickie' culture

Just 23% of employees have pulled a sickie in the last 12 months

The majority (77%) of employees did not pull a 'sickie' in the last 12 months. The most common reason for pulling a 'sickie' was to have a rest day (11%) followed by mental health reasons (6%). Those who have pulled a sickie in the last year have taken an average of 3 'sickie' days off during this time. We clearly have a (mostly) honest SME workforce who are not prone to lying to their employers. On the other hand, we previously estimated 'sickies' to cost the UK businesses £900 million per year; the numbers of sick days taken dishonestly add up.

The fact that taking rest days was cited as the reason behind so many 'sickies', closely followed by symptoms of mental ill-health is notable. Although there is a world of difference between feeling jaded or hungover and in need of a day of rest at home, as opposed to the deeply unpleasant symptoms of serious mental health problems, is there an area where these begin to overlap?

The need for unscheduled sick days can indicate tiredness or mild depression caused by numerous factors, including overwork and failing to take leave to recharge worn-down mental batteries.

Sickness in the digital age

The ubiquity of mobile-phones and high-speed broadband means that many of us use technology day and night and the distinction between work and personal time has become blurred.

Although technology is an enabler and process automation saves people and their employers time and money, the flip-side is that in many businesses it has created an 'always there, always on' culture where people are reluctant to switch off, or feel unable to do so.

Is this a sign of enthusiastic, highly motivated people who are happy to communicate about the work at any time of day? Or is it indicative of toxic workplace cultures where employees are fearful of being offline, or being seen to be offline?

It's probably somewhere in between, but the fact that nearly a quarter of employees respond to work emails to manage their workload when ill doesn't suggest healthy workplace environments where people are encouraged to switch off in order to rest and recuperate.

15% of employees we surveyed said responding to emails is a habit. Another 15% suffer from self-imposed pressure to check emails while on sick leave.

Just under a tenth (9%) of employees say they have been pressured by their manager to check emails when they are ill. More worryingly, nearly half (47%) of senior decision makers admit to contacting an employee at their company about a sick matter while they are on sick leave. Decision makers of medium businesses are more likely to contact their employees on sick leave with work related matters (56%) compared with small businesses (45%).

All in all, these figures do not paint a positive picture of many senior decision makers' attitudes to the importance of employee down time to facilitate recovery from illness. Of course, there's a wide degree of separation between an email requiring a quick one- or two-word answer, versus an urgent request for an in-depth report with a tight deadline.

Depending on the circumstances, unwanted and unwarranted contact could aggravate someone's condition, impeding their recovery and return to work.

All employers have a duty of care towards their employees. Ensuring they are undisturbed and feel supported by their managers when absent and unwell is key to convalescence.

The toxic triplets
– absenteeism, presenteeism and leavism

Although high levels of absenteeism are indicative of unhappy people, so too is persistent presenteeism. This is where employees are at work for more hours than needed and don't feel comfortable switching off . The term also applies to people who come to work despite the fact they are unwell and would be better off resting and recuperating at home.

Presenteeism is common in cultures where employees are required to be available outside of working hours and where managers work long hours, expecting others to do the same. A high level of presenteeism can indicate a toxic culture which is draining people rather than motivating them to be results-focused.

Our research revealed that more than half (55%) of employees admit to having worked through their lunch hour in the last month, half (50%) worked outside of their normal or allocated working hours and a quarter (24%) worked on days outside of their normal or allocated working days. A quarter (25%) however, have not done any of the above and this indicates the healthy, balanced attitude towards working hours and workloads that is found in companies with positive company cultures.

There's no doubt that presenteeism contributes to stress and burn-out, and this has a knock-on impact in employee motivation, performance and productivity.

There are also incidents of leavism, where employees take annual leave but instead of taking a break from work, they use the time to catch up on their backlog. Signs of leavism include constantly checking work emailed when on leave, being too scared to book a holiday and cancelling annual leave at the last minute. Taking unfinished work with you and not trusting a colleague to cover your work when on leave are also tell-tale indicators of leavism.

According to research from the CIPD, 69% of employees have said leavism has occurred in their workplace in the past year.

Persistent absenteeism, presenteeism and leavism can be symptoms of unhealthy cultures and where these are prevalent, businesses leaders must take steps to ensure they are eradicated. If they don't, their people are highly unlikely to be working as productively as they could be. Workplace cultural development should be a priority for all business owners and leaders.

Attitudes towards mental health problems

According to Mind, approximately one in four people will experience a mental health problem at some point in their lives. One in six people report experiencing a common mental health problem (such as anxiety and depression) in any given week.

Our research revealed that over a third (34%) of employees feel comfortable calling in sick to their current employer for mental health reasons. 39% of middle managers say they would feel comfortable calling in sick to their current employer for mental health reasons, but this falls to only a quarter (25%) of unskilled manual employees, many of whom are younger members of the workforce.

A recent report published by the UCL Institute of Education revealed that people under 25 on zero-hour contracts are more likely to have worse mental and physical health than peers with more stable positions. The rise of the gig economy and a high level of zero hours contracts means increasing numbers of people face the pressure of coping with insecure employment and uncertainty about their working hours.

There's no doubt that young, unskilled workers are among the most vulnerable employees in the UK economy. Their lack of skills means they are valued less than colleagues with more sophisticated skill-sets and even viewed by unscrupulous employers as disposable and easily replaced. Sadly, there is no shortage of media stories about poor treatment of people in the workplace. The fact that only a quarter of low-skilled people feel comfortable talking about mental ill-health suggests we still have a long way to go in terms of supporting vulnerable people in the workplace.

We then turned our focus to employers in order to assess their attitudes to mental health-related absences. Encouragingly, this paints a rosier picture.

Attitudes towards mental health problems (cont'd)

Four in five (80%) of senior decision makers think flu is an acceptable reason for employees to call in sick, closely followed by food poisoning (79%) and then mental health related problems (75%)*.
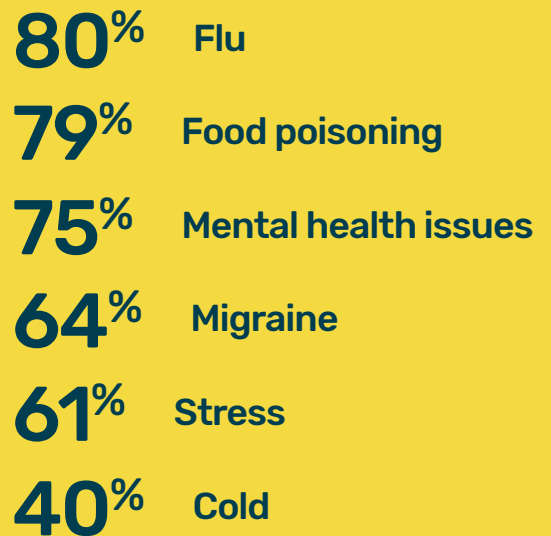
The stand-out figure here is that a highly significant three-quarters of SME decision makers now think mental health issues are an acceptable reason for absence. This is excellent progress and a sign that stigma about mental health in the workplace is on the decline. However, we must remember that a significant percentage of employees remain uncomfortable reporting absences due to mental health issues. Although business leaders have seen the light, they clearly still need to make efforts to communicate their understanding and commitment to their people.

Indeed, we spoke to Nick Hale, Director at Engage Health Group who said:

Employers: Acceptable reasons for employee ill-health related absences:

80% **Flu**

79% **Food poisoning**

75% **Mental health issues**

64% **Migraine**

61% **Stress**

40% **Cold**

"It is very encouraging to see that so many decision makers now consider mental health issues as an acceptable reason for absence, but the communication of this view to employees still has some way to go. This seems especially true for those in low or unskilled roles, where a more open view of senior attitudes in this regard may facilitate a greater degree of self-acknowledgement, and enable those affected to seek help sooner."

* Figures based on multiple-choice options related to different types of illness.

Wellness and company culture

Championing wellness is not only positively linked with business performance, it's also key to demonstrating how much your organisation truly values its people. Our research examined employee views about the wellbeing benefits they receive.

Paid sick-leave is the most common wellbeing benefit as far as employees are concerned. 43% of SMEs receive paid sick leave as a health and wellbeing benefit from their employer. On the other hand, nearly half (46%) of employees do not receive any of the stated health and wellbeing benefits.

It's true that many SMEs don't have the budgets necessary for establishing extensive wellbeing benefits programs but surely it's a false economy not to offer something?
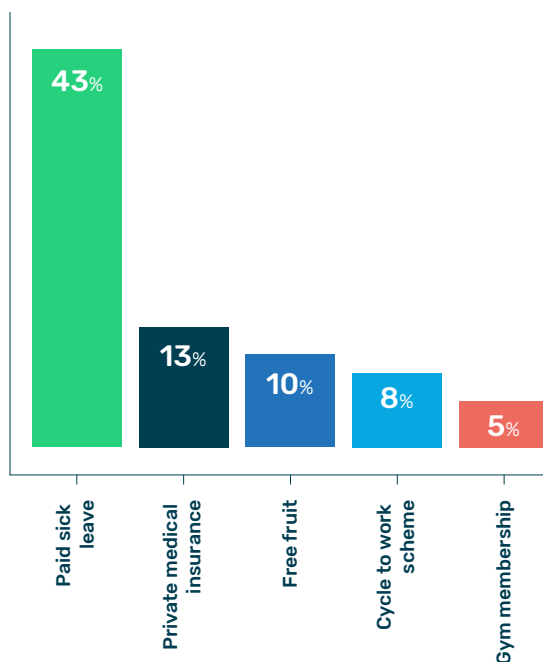
Simply encouraging employees to drink enough water, go for walks during their lunch-breaks and spend some time away from their desks every day is a move in the right direction towards creating a culture where good health is a priority.

Nick Hale pointed out that leading health insurers – in the last 12 months – have also made positive strides, "to extend their mental health coverage in response to feedback from their customers and the marked change in societal attitudes."

One example he noted was, "one insurer is now providing cover for typically excluded conditions such as alcohol and drug abuse, and has removed time limits for treatment. Previously, if a mental health condition was long-term or re-occurred frequently, an insurer could class it as "chronic", and cover would cease."

As a business grows, paid-for benefits will be key to keeping and retaining high quality candidates and team members. These days it's easy to research the benefits received by peers and counterparts at similarly sized companies and for employees to decide to stay with an existing employer or join a company which offer better wellbeing benefits.

Your people are important to you and for them to know that you are concerned about their health and doing what you can with the budget you can spare, will go a long way to ensuring they feel their wellbeing is one of your priorities.

Benefit	Percentage
Paid sick leave	43%
Private medical insurance	13%
Free fruit	10%
Cycle to work scheme	8%
Gym membership	5%

Wellness and company culture (cont'd)

We also spoke with George Bell, Partner Development at Sanctus who commented,

"this timely report shows people don't talk about mental health enough - especially within the workplace. And I believe startup culture is exacerbating this problem by encouraging people to work themselves into the ground, 'sleep faster' and move quicker. It's encouraging to see more research on mental health as it should have as much publicity as our physical health does, potentially even more. Our minds are more important than our biceps."

Expert recommendations:

Nick Hale at Engage Health Group suggests SMEs:

- **Employee Assistance Programme:** The most effective option for SMEs would be an Employee Assistance Programme (EAP) which can be provided for as little as £500 (+VAT) for SME's with up to 50 employees. EAP's offer 24/7 confidential telephone assistance to staff in a number of areas including Family Support Services, legal, debt problems, alcohol and drug abuse, domestic violence and CBT, along with face-to-face counselling of between 6-8 sessions per employee per annum. Most overlooked is the rich Management Information which is provided annually, giving employers a high-level view of which risk factors might be present below the surface and identify trends.

- **Boosting health and well-being benefits:** Private Medical Insurance being listed second as the most popular wellbeing benefit is no surprise. The benefit itself is very rich and has often been acknowledged as a key component in attracting and retaining high calibre employees as part of a broader employee benefits and wellness strategy.

- **Tapping into tools available:** The introduction of Cognitive Behavioural Therapy (CBT) and mental health apps has also become a standard feature with leading insurers and service providers. Giving employees access to meaningful tools and support is now viewed as imperative as part of any benefit provision.

- **Starting the conversation:** Many employers are now encouraging their management teams to discuss mental health and the company attitude to this during performance conversations with their teams. Of course, it is not necessarily for management to make formal recommendations, but educating employees on what might be available and providing some high-level signposting can be a very positive step.

Concluding comments

Although there is a disparity between the respective attitudes of employers and their employees about the acceptability of mental health problems as reasons for absence, we were pleased to see that three-quarters of SME businesses leaders are sympathetic to the issue.

This is certainly progress but we believe companies can go further to help their people – the lifeblood of their organisations – understand that they will receive a sympathetic ear if they speak up about mental health issues. This is especially the case for socially vulnerable low and unskilled workers.

Running a successful business is one of the most challenging things someone can do and our statistics indicate that stress is prevalent at board level and this is a significant reason for leadership absences. Although many entrepreneurial people are, by nature, highly motivated, energetic and work-focused, many need to make looking after themselves as much a priority as looking their companies. Boardroom burn-out is not conducive to business success.

The UK's small business leaders are in a powerful position to support a significant proportion of the country's workforce. Focusing on workplace cultural development and prioritising employee health and wellbeing should be an imperative for every business owner that wants its people to succeed. Treat them well and their motivation, loyalty and confidence will grow. It used to be said that culture eats strategy for businesses. These days, we would go further. We believe that workplace culture *is* business strategy.

The Culture Economy Report

In 2018, we published the Culture Economy, an extensive white paper which examines the business benefits of workplace cultural development in terms of driving productivity and ensuring employees feel supported and motivated. It also looks at the importance of employee health and well-being, and how this contributes to creating a happy workforce.

In the Culture Economy, we reported that our research had found that a third of British workers (34%) left their job due to poor company culture and this is costing the UK economy a staggering £23.6 billion per year. Investing in developing a positive culture where managers are supportive isn't a soft option; it is key to motivating people and bringing out the best in them.

Download report now

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Do you **pledge** to improve your **culture?**

Breathe is a company built on strong social values, at the heart of which is our commitment to workplace cultural development. Since Breathe was founded in 2012, we have worked hard to create a progressive, inclusive and supportive culture which puts our people and their physical and mental wellbeing above profit.

In 2018, we launched the **Breathe Culture Pledge**. This initiative was set up to not only promote the importance of company culture, but to give organisations the means to officially commit to their culture, to boost productivity, increase employee engagement and drive their business forward. To date, 300 businesses and charities have launched the pledge and joined our growing community of like-minded organisations.

We have a long-term commitment to workplace cultural development and we will continue to support businesses every way we can to help them place precedence on their people and commit to their welfare, happiness and wellbeing. After all, in the words of Richard Branson, "Take care of your employees and they'll take care of your business".

We pledge
to invest in our company culture, regardless of our size, to benefit our people and propel our business forward.

BREATHE CULTURE PLEDGE
Putting people first

Find out why culture counts at breathehr.com/culture

Take the pledge and download the pack today at **breathehr.com/pledge**

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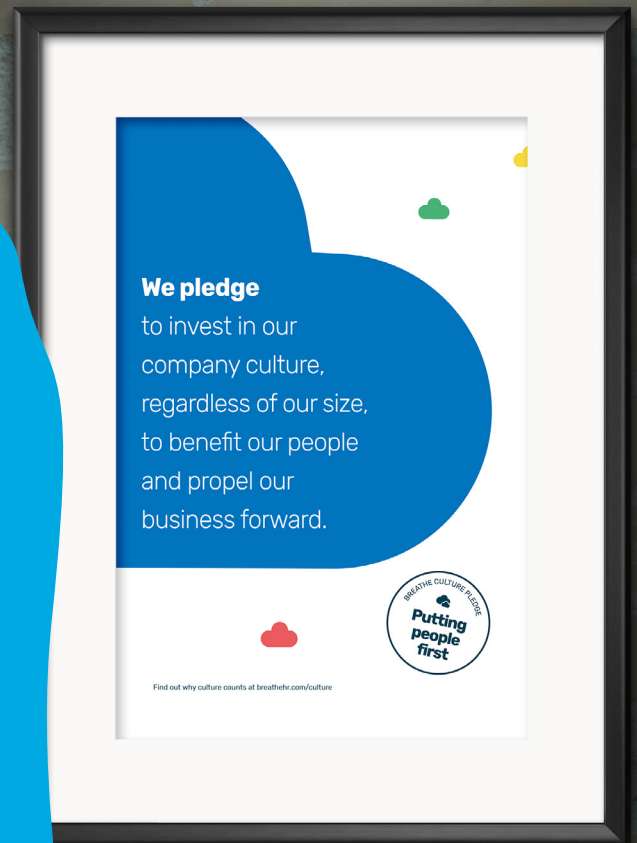
References

Opinium and Breathe HR research 2019

CIPD and Simplyhealth stress report 2019

Courier report – How are you really feeling?

The 2019 Entrepreneur Pressure and Wellbeing Study (We are 3Sixty research)

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