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Economic Benefits of Promoting Mental Health in SMEs and Public Organisations

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A Business Case

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Executive Summary

The H-WORK project examined the cost-effectiveness of multi-level interventions implemented in different countries to improve mental health in SMEs and public organisations. Building upon the H-WORK project evaluation results, this policy brief proposes strategies and calls for action to demonstrate the economic benefits of promoting mental health in the workplace. The recommendations include creating incentive guidelines to encourage the implementation of evidence-based mental health policies, encouraging collaboration and networking among organisations and service providers, promoting education on the economic benefits of mental health promotion, promoting good practice using standardised tools for economic impact assessment, and encouraging regular monitoring and evaluation. These actionable recommendations target policymakers, organisational leaders, and stakeholders interested in measuring or maximising the economic value of workplace mental health promotion. By following these recommendations, both SMEs and public organisations can cultivate a culture of wellbeing, improve access to mental health interventions for their employees, assess the impact of interventions for effective adjustment, and make informed decisions about investing in mental health interventions.

Introduction

Mental health is vital for both our society and economy (EU Commission, 2023). It can be influenced by personal and work-related factors, making workplace mental health a crucial concern for organisations. Addressing mental health problems in organisations is not only a matter of ethics, but also a practical necessity with economic implications. However, effective management of work-related mental health problems in European workplaces remains suboptimal. A substantial proportion of employees believe their mental health issues are poorly managed, and employers share this perspective (ESENER, 2019). This gap highlights the need for organisations to adopt more effective strategies to address mental health and wellbeing of employees in workplaces.

The burden of mental health problems in Europe is a cause for concern. This not only impacts the wellbeing of individuals but also imposes significant economic costs on organisations (Hassard et al. 2018). Mental health problems are one of the primary causes of productivity loss, sickness absence, turnover rates, which incur substantial costs for organisations. The overall costs incurred by mental health problems, including healthcare expenditures, social security expenses, and reduced employment and worker productivity, are staggering. Before the COVID-19 pandemic, mental health problems affected approximately one in every six EU citizen, at a cost of EUR 600 billion, or more than 4% of GDP. (OECD, 2018). Given these substantial costs, there is compelling evidence supporting the economic imperative of promoting mental health in workplaces due to the substantial impact of mental health problems on both health and productivity.

Organisations continue to express concern about the mental health of their employees; however, the evidence regarding the value for money of workplace interventions remains ambiguous (Karanika-Murray et al. 2016). Most experimental evaluation studies focus on determining the presence of an average effect within a group, rather than providing a comprehensive analysis of costs and benefits associated with interventions (Burgess et al. 2020). Unfortunately, there is a lack of business case studies that demonstrate positive economic outcomes of workplace mental health interventions from both business and societal perspectives (Gaillard et al. 2020).

Investment in workplace interventions varies significantly among organisations, despite the existence of some compelling business cases (Unsal et al., 2021). Larger organisations and public institutions tend to have more formal policies and strategies in place, although their implementation and evaluation may lack consistency. On the other hand, SMEs face challenges in providing health promoting interventions for multiple reasons, including limited resources and a lack of strong wellbeing cultures (McCoy et al., 2014). Considering the hidden high costs of mental health problems and the lack of compelling business cases, there is a need to demonstrate the economic value of promoting mental health in the workplace and address the gaps in current practices. The policy brief proposes strategies and calls for action to demonstrate the economic benefits of promoting mental health in the workplace, building upon the H-WORK project evaluation results.

Key issues:

- Mental health in the workplace is critical for organisations from an economic standpoint.
- Mental health problems incur substantial costs for organisations.
- The value for money of workplace interventions remains ambiguous.
- The economic benefits of promoting mental health in the workplace should be demonstrated.

Research and Analysis

The H-WORK project developed, implemented, and evaluated multi-level interventions that aimed to improve mental health in SMEs and public organisations in different European countries. The project implemented complex interventions in terms of the number of intervention components, the range of outcomes targeted; the expertise and skills required by those delivering and receiving the intervention; the number of groups, settings, or levels targeted; and the level of flexibility of participation in the intervention (Skivington, 2021). Four organisational levels were targeted: the individual employee (I), the group or work team (G), the leader (L), and the organisation (O) (the IGLO model). Depending on the needs identified in the organisation, the number of IGLO levels covered by the five intervention sites in Spain, Germany, Italy, and the Czech Republic were selected. The H-WORK project sought to understand how change is brought about (i.e., what works) and in which circumstances it takes place (Nielsen et al, 2017). Assessing the economic benefits of the interventions relative to the resources required to deliver them in different contexts is an important question. Outcomes measured to evaluate the economic impact of the interventions were mental health Quality of Life (QoL), turnover, and absenteeism. H-WORK demonstrated the cost-effectiveness of mental health interventions by using multiple economic evaluation methods¹, enabling organisations to make informed decisions about investing in interventions.

Economic evaluation of H-WORK interventions

The H-WORK project assessed diverse outcomes regarding the impact of the interventions in various countries. For example, in Italy, the interventions did not exhibit significant improvement in mental health quality of life (QoL); however, they led to a notable reduction in turnover intentions, which was statistically significant. Similarly, in one of the intervention sites in Spain, mental health QoL did not improve significantly, but there was a reduction in absenteeism and an improvement in turnover intentions. On the other hand, other intervention sites in Spain showed mixed results, such as an increase in turnover intentions and sickness absence, and no improvement in mental health QoL. In the Czech Republic, the interventions did not appear to significantly impact mental health QoL, but they resulted in an increase in turnover intentions, potentially linked to an organisational merger. In Germany, the interventions also did not show substantial improvement in mental health QoL, yet they led to a slight decrease in turnover intentions and improved absenteeism rates.

A key takeaway from the H-WORK project's economic impact assessment is that, when it comes to multi-level interventions implemented across diverse organisations, particularly for outcomes like mental health quality of life, there is a clear need for improvement to enhance the cost-effectiveness of these interventions. This can be due to the complexity of these interventions and contextual factors, making it challenging to discern how well they align with the organization's overarching goals during implementation, especially given the global health context shaped by COVID-19. Importantly, these interventions required additional resources for implementation, suggesting that for certain outcomes their cost-effectiveness comes at an added cost per participant.

Key findings:

- Interventions implemented required additional resources across countries.
- Tailored approaches are needed when evaluating multilevel mental health interventions in organisations.
- The H-WORK Economic Calculator offers a systematic approach to estimating the economic benefits of workplace mental health interventions.
- The calculator enables organisations to assess the cost-(effectiveness) of interventions and adjust as necessary.

¹ Return-on-investment analysis provides a valuable tool comparing the benefits of an intervention to its cost, by means of a cost-benefit ratio (Tomba, 2010). Alternatively, the affordability of the interventions was evaluated through the "budget-impact" approach.

H-WORK Economic Calculator

H-work developed an economic calculator that provides a systematic approach to estimating the economic benefits of workplace mental health initiatives and enables organisations to make educated decisions about whether to invest in an intervention to address workplace mental health challenges. The H-work economic calculator, which uses a return on investment (ROI) estimate, provides a simple and intuitive measure of the economic benefit of workplace mental health interventions. It gives an estimate of the expected return on investment and establishes a cost ceiling, preventing organisations from overinvesting in interventions that may be ineffective. Furthermore, the calculator calculates the minimum effect required for the investment to be considered appropriate for investment, allowing organisations to set realistic expectations for the impact of the intervention. If the expected impact is not met, organisations can consider alternative measures or modify the intervention.

Recommendations

These recommendations are based on lessons learned from the H-WORK project and a combination of actionable strategies for demonstrating the economic value of workplace mental health interventions in SMEs and public organisations.

- **Recommendation 1. Develop incentive guidelines.** For most SMEs, any workplace wellbeing or mental health intervention requires extra resources which may significantly impact their budget. Organisations, especially SMEs, should be encouraged to integrate evidence-based mental health policies and promotion practices by developing and implementing incentive guidelines. Government agencies, labour unions, and business associations can work together to create such incentive guidelines and provide resources to assist smaller organisations in cultivating a culture of wellbeing and developing long-term approaches to mental health in the workplace. When organisations anticipate a supportive and incentivised environment, they are more likely to prioritise mental health promotion by incorporating it into their existing policies and practices.
- **Recommendation 2. Foster collaboration and networking.** Actions to facilitate partnerships, interorganisational networking and information-sharing between SMEs, public organisations, and mental health service providers are needed. This can be achieved through networking events, workshops, and establishing a knowledge-sharing platform for best practices. This will enhance the accessibility and availability of mental health interventions for employees in both SMEs and public organisations. Government agencies, business associations, and mental health organisations should coordinate initiatives to promote collaboration and knowledge exchange so that SMEs are supported. SMEs and public organisations can build upon existing resources and expertise sharing to implement effective workplace interventions, thereby maximising the economic value of mental health promotion initiatives.
- **Recommendation 3. Promote education and training on economic benefits.** There should be targeted awareness campaigns and educational programs to inform employers, employees, and key stakeholders about the economic advantages of investing in mental health promotion initiatives. Various simple but efficient communication channels such as workshops, webinars, and informational materials can be designed and used to enhance awareness and education on the economic benefits of promoting mental health in the workplace. Industry associations and mental health advocacy groups could collaborate to design and implement awareness and education initiatives. Increased awareness of the economic benefits of mental health promotion will

encourage and equip organisations with the knowledge to make informed decisions about investing in mental health promotion initiatives, resulting in improved employee wellbeing and mental health.

- **Recommendation 4. Promote good practice using standardised tools.** A task force comprised of experts from academia, research institutions, government agencies, and business associations should collaborate to improve existing tools and disseminate good practice for assessing the economic impact of workplace mental health promotion. The goal will be to provide organisations with a consistent and evidence-based methodology for quantifying the economic value of their mental health promotion initiatives to facilitate better decision-making, planning, and resource allocation. This effort will also encourage organisations to consider using reliable tools to demonstrate the return on investment of mental health promotion initiatives, allowing them to gain support and resources.
- **Recommendation 5. Encourage early and regular monitoring and evaluation.** Guidelines and protocols for monitoring and evaluation of mental health interventions are needed to allow organisations to assess their impact and make necessary adjustments. This can be accomplished using regular data collection methods to track key metrics like absenteeism, turnover, and productivity. This data-driven approach will provide valuable decision-making insights and assist organisations to optimise their mental health initiatives. SMEs could benefit from assistance in conducting evaluations and interpreting the results to create more targeted and effective interventions. Government agencies, human resources departments, academics, and mental health professionals could collaborate to develop and provide guidelines, training, and resources to provide such assistance.

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