

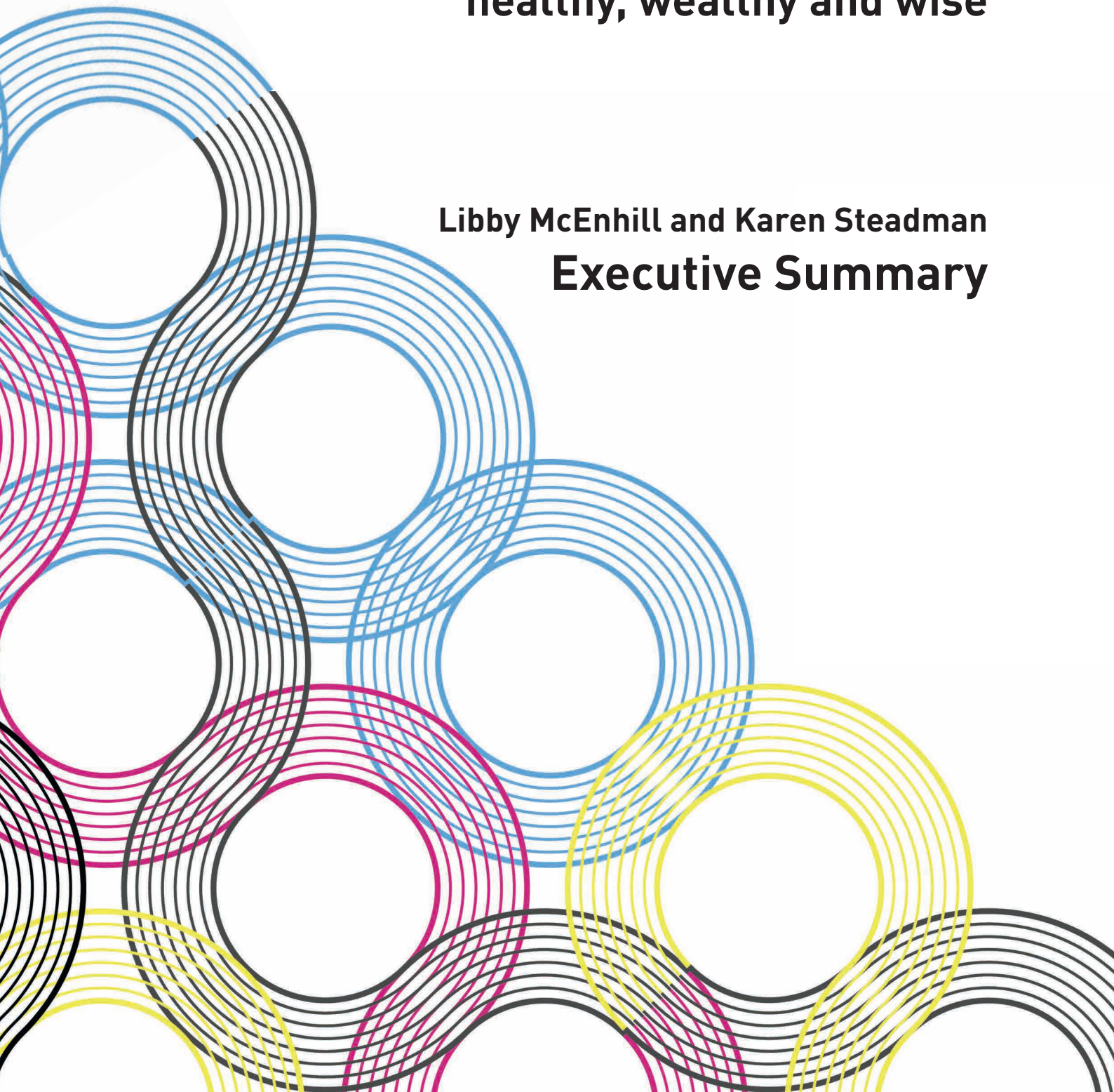


**THE WORK
FOUNDATION**
PART OF LANCASTER UNIVERSITY

This Won't Hurt a Bit

Supporting small business to be healthy, wealthy and wise

Libby McEnhill and Karen Steadman
Executive Summary



About us

Through its rigorous research programmes targeting organisations, cities, regions and economies, now and for future trends; The Work Foundation is a leading provider of analysis, evaluation, policy advice and know-how in the UK and beyond.

The Work Foundation addresses the fundamental question of what Good Work means: this is a complex and evolving concept. Good Work for all by necessity encapsulates the importance of productivity and skills needs, the consequences of technological innovation, and of good working practices. The impact of local economic development, of potential disrupters to work from wider-economic governmental and societal pressures, as well as the business-needs of different types of organisations can all influence our understanding of what makes work good. Central to the concept of Good Work is how these and other factors impact on the well-being of the individual whether in employment or seeking to enter the workforce.

For further details, please visit www.theworkfoundation.com.

About the Health at Work Policy Unit

The Health at Work Policy Unit (HWPU) provides evidence-based policy recommendations and commentary on contemporary issues around health, wellbeing and work. Based at The Work Foundation, it draws on The Work Foundation's substantial expertise in workforce health, its reputation in the health and wellbeing arena and its relationships with policy influencers. The HWPU aims to provide an independent, authoritative, evidence-based voice capable of articulating the views of all stakeholders.

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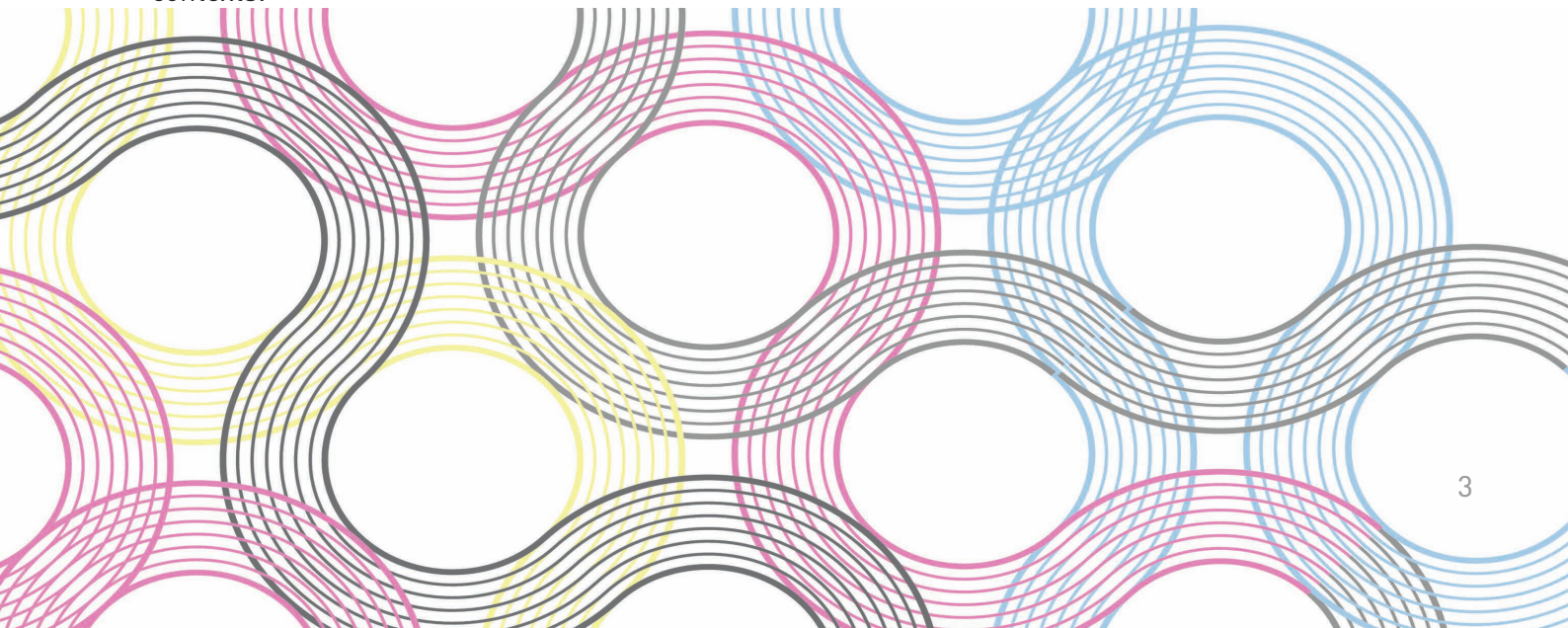
1. SME health in the UK

Small and Medium Enterprises (SMEs), companies with between 1 and 249 employees, make up over 99 per cent of UK private sector businesses and comprise a wide range of organisations in terms of size, industry and location. Their varied circumstances bring an equally wide range of health and wellbeing challenges. Recent data on the health of the UK workforce has suggested that almost one in every three employees has at least one long-term health condition, indicating that employee health is an issue that all employers potentially need to be concerned about. The significant proportion of SME employees who fall onto disability welfare without first having a period of sickness absence is indicative of the particular issues faced within SMEs.

There is a lack of data on the health profiles and needs of SME employees. However we do know that while absence is lower in smaller firms, there is no indication that the prevalence and nature of health conditions is markedly different among SME employees. Moreover, there are concerns that some aspects of SME business culture are more conducive to 'presenteeism' – attending work whilst sick – which has a significant business and human cost, and is a reason why absence levels cannot tell us the whole story.

SMEs – small and micro-businesses in particular – are much less likely than large employers to provide employees with access to formal workplace health interventions which are seen as beneficial for both preventing and managing ill health at work. There is some indication that within many SMEs there is a more positive organisational culture than found in larger businesses, which can enhance employee health, but this will vary between businesses and, in any case, is not sufficient to remove the need for support. SME employees therefore face potential disadvantages relative to their colleagues in larger organisations. Considering that approximately 60 per cent of the UK private sector workforce is employed in SMEs, there is a pressing human and social case for focusing on SME employee health and wellbeing.

There is also a clear business case for supporting and encouraging SMEs to invest more time and energy in employee health. Both absence and presenteeism represent significant direct financial costs to businesses, and these may be exaggerated in smaller businesses due to an inability to compensate for, or cover, staff who are unwell. This can lead to lost business and operational difficulties, including an inability to meet customer expectations. In addition, there will be many reasons why SME owners started their businesses, often relating to their autonomy and lifestyle, and these owner priorities will need to be considered in order to make an effective business case for their engagement. To convince SMEs of the value of investing time and possibly money in employee health and wellbeing, it is essential that the financial, operational and human arguments, as well as the benefits for owners, are clearly presented in terms that reflect SMEs particular business contexts.



2. Workplace health: interventions and support for SMEs

Although SMEs are less likely to provide either health promotion or reactive health support to their employees, there are nonetheless a wide range of options for action and services available for them to use. These include employer-led initiatives such as: providing occupational sick pay; monitoring sickness absence; services such as Employee Assistance Programmes or Occupational Health; making workplace adjustments for employees with health conditions; facilitating early interventions; and, undertaking training on issues such as mental health.

Our understanding of how widely used these are by SMEs and how effective SMEs find them in meeting their health and wellbeing needs is again limited by a lack of data. However, we do know that SMEs struggle to provide the kinds of employer-led initiatives that are often seen as standard in larger businesses. In part this is because they are not always appropriate for SMEs particular circumstances and needs. For example, although the prevalence of ill health might well be the same in smaller businesses as in larger ones, relatively less people in a small business will be affected by this at any one time: a third of the workforce for an SME could just be one or two people. This means that some interventions and support services are uneconomical and therefore not viable. SME owner-managers may also lack the time, knowledge and financial resources that allow larger employers to implement such initiatives.

This means that government-led initiatives are particularly important for SMEs in supporting their employees' health and wellbeing. There are a wide range of workforce health related government initiatives, beyond legislation and the health support provided through the NHS – these include Fit for Work, Access to Work, the Public Health Responsibility Deal, and, at a local level, the Workplace Wellbeing Charter. However, usage of and awareness of such services is often lower than one might anticipate, leading to the conclusion that there is a mismatch between provision of support and SME needs.

3. Does current support work for SMEs?

What are the barriers to use of existing support?

A central problem is one of awareness of existing services, which is compounded by the low likelihood that a given SME will be engaged in any formal business networks where such information might be shared. This is combined with a more general lack of knowledge and understanding of workforce health amongst SME owners-managers, particularly around the benefits that proactively looking after employee health can have for business, and a lack of confidence in the support agencies and initiatives that are available to them.

Adding to the difficulty of reaching and engaging SMEs is that much of the communication from government around health and wellbeing at work comes from the Department for Work and Pensions

and Department of Health (often through Public Health England and NHS England), and can therefore seem to be aimed more at the employee than the employer. There is a need to ensure that messages are coming from the right places within government.

Where support is available to SMEs it frequently does not meet their specific business needs. Advice and support is often developed with larger businesses in mind, even if not explicitly, and this does not always scale down effectively. Linked to this, advocated solutions sometimes place additional bureaucratic burdens on SMEs – such as implementing formal health and wellbeing policies – that are not necessarily helpful or possible within their business contexts. Many SMEs do not feel that government support speaks them, in some cases leading to a more general perception among SMEs that government support is not in tune with their goals and realities.

For SMEs that are actively seeking to find out more, advice is highly fragmented and can be confusing, leaving employers unsure where to go for authoritative, reliable and relevant advice. This highlights the need for SME employers to be provided with a dedicated route to clear advice. This includes being able to access support to help them to implement existing government policy – for example, support with responding to advice included in fit notes and Fit for Work return to work plans.

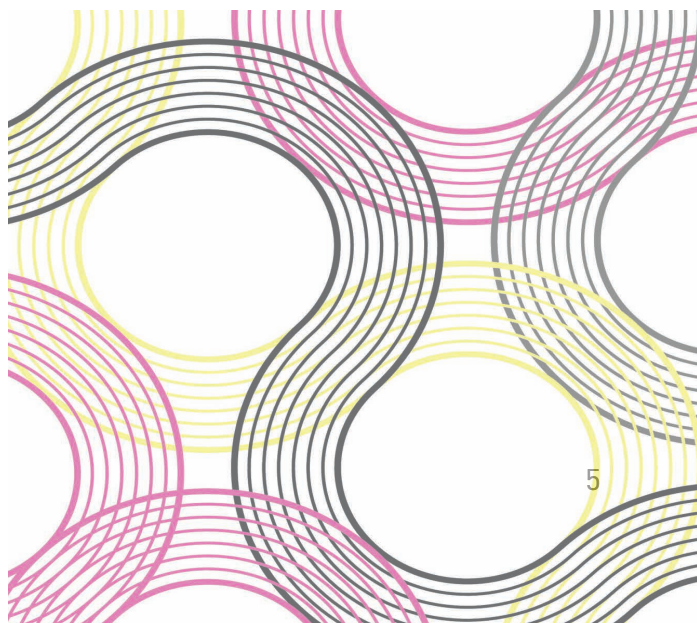
What would work for SMEs?

Developing specific interventions and support which are relevant across the broad spectrum of UK SMEs is very difficult – what works within a small office-based organisation in the city will, inevitably, appear very different from what works on a construction site, a local shop, or what is suitable for a family-run farm. Therefore rather than focussing on specific interventions, we have identified three thematic areas which we believe must be primary considerations when developing interventions, support and policy to address SME workforce health.

First, there must be a strategic approach to increasing engagement of SMEs in the workforce health conversation. Key to this will be making a clear, considered business case, which reflects the actual needs and challenges for SMEs, and is able to convince SMEs of the benefits of investing their limited resources in this area. Crucial to the success of this will be a clear narrative targeted at SMEs specifically, requiring strong leadership from the business community and considerable input from those with a specific understanding of SMEs, who will be adept at articulating a relevant and convincing business proposition.

Second, we need to develop services and support which reflect the specific needs and the context of SMEs. These services – which might include training resources, specific advice on employee health problems, or broader Occupational Health advice – need to understand SMEs' business needs and capabilities, and how the way that they access support differs from large businesses. In particular these need to reflect that SMEs value direct support and advice; that they often need to access services quickly in the event of employee illness; that services must be flexible in order to fit around the business and time constraints; and, that they must be cheap or ideally free to access.

Third, we need to improve SME access to advice and support, simplifying and optimising the channels we use for communicating with SMEs on workforce health issues, alongside other issues relating to business support and growth. SMEs need to be given a clear steer on where to go to access information and support which is relevant to their needs. For those SMEs who do not actively seek out information on workforce health support, we need to think more creatively about how we can get information on existing services and support to them, making use of a range of channels of communications and of relationships that already exist between SMEs and business services.



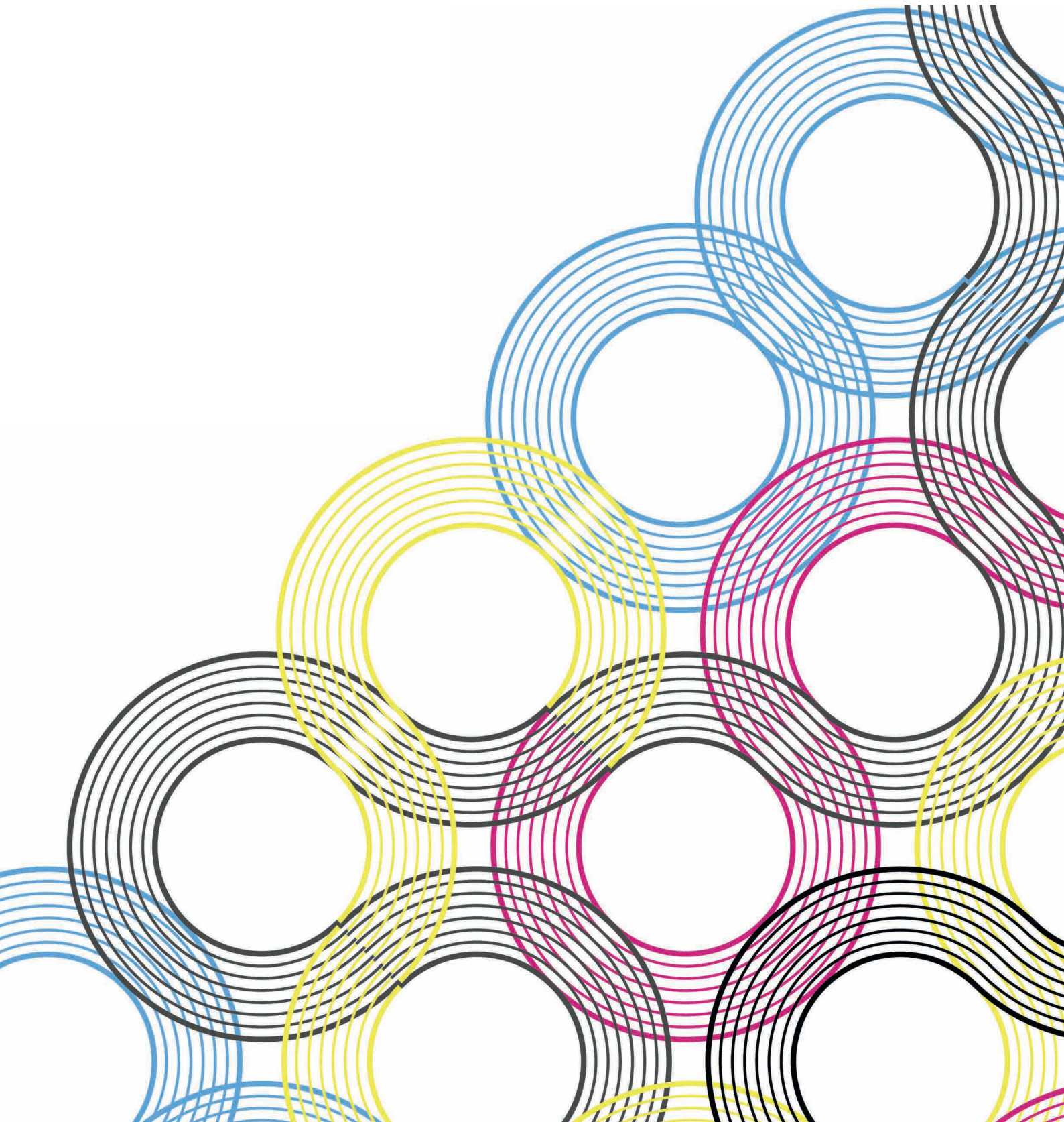
4. Recommendations

We have developed a series of recommendations in response to the above themes, which aim to fill the identified policy gaps in order to improve SME workforce health and support.

The following table provides an overview of the full set of recommendations. Although some of these stand alone, many share a number of underpinning principles: notably, the need for a stronger lead on health and wellbeing from the business community, the imperative of involving SMEs in coproducing practical initiatives and designing services, the need to raise awareness of the benefits of engaging with employee health and wellbeing, and the need to streamline and focus existing resources rather than simply creating more information and resources. Without all of this, it will prove extremely difficult to develop solutions that are useful to, and used by, SMEs.

| Identified gap | Policy recommendations |
|---|--|
| Taking a strategic approach to SME employee health and wellbeing | 1. Develop a coordinated cross-government department narrative highlighting the business, economic and human case for SME engagement in supporting staff health and wellbeing. |
| | 2. Use an 'SME lens' when developing and communicating policy and interventions through the introduction of a SME expert stakeholder group. |
| | 3. Identify what works in terms of existing support, by making 'the impact on SME workforce health' a specific goal in policy and program evaluation. |
| Developing and delivering SME-appropriate training, resources and support | 4. Invest in developing training initiatives that meet SME owner-manager needs. |
| | 5. Deliver occupational health support to SMEs on their terms. |
| | 6. Incentivise the development of local healthy working partnerships to enhance the availability of appropriate support to SMEs. |
| | 7. Incentivise and enable SMEs to make greater use of income protection insurance programmes. |
| Improving SME access to advice and support | 8. Develop a dedicated portal or 'one stop shop' for SME health and wellbeing information. |
| | 9. Develop a centralised knowledge bank of case studies and examples to support SMEs to identify their own solutions. |
| | 10. Publicise new and existing initiatives through known SME communication channels, utilising current links to national government and local government, and other local organisations (including LEPs and growth funds). |

Above all, services need to reflect that SMEs are not simply small versions of large businesses, and we need to ensure that we understand and reflect the context that they are operating in. Their reasons for engaging or not engaging with employee health and wellbeing are often driven by their specific circumstances, and the case for engagement will often need to be made in a different way than to large businesses. Moreover, we need to communicate this case with SMEs via pathways that they use, trust and can relate to. SMEs face different challenges around providing health and wellbeing support to staff, they may well have different health profiles and challenges brought about by the nature of their business, access services in different ways (if they access them at all) and have different capabilities and resources at their disposal in terms of networking, time, money and knowledge. If we are to encourage SMEs to take action on employee health and wellbeing, then all of these differences need to be accounted for within the services that we provide for them, new and existing.





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