

PIN - Productivity Projects Fund

Small Project Report

## **Health and Wellbeing among Small and Medium Enterprises (SMEs): A participatory approach**

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## About PIN

The Productivity Insights Network was established in January 2018 and is funded by the Economic and Social Research Council. As a multi-disciplinary network of social science researchers engaged with public, private, and third sector partners, our aim is to change the tone of the productivity debate in theory and practice. It is led by the University of Sheffield, with co-investigators at Cambridge Econometrics, Cardiff University, Durham University, University of Sunderland, SQW, University of Cambridge, University of Essex, University of Glasgow, University of Leeds and University of Stirling. The support of the funder is acknowledged. The views expressed in this report are those of the authors and do not necessarily represent those of the funders.

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Nigel Cramb, Partnerships and Business Engagement Manager, London Borough of Hillingdon

Simon Hemsley, Membership Advisor, Advisor, Federation of Small Business

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co-innovate

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## Background

It is well recognised that improving health and wellbeing in the workplace is central to the enhancement of productivity (Black, 2008; Holt and Powell, 2015; London Assembly Health Committee (LAHC), 2018). As Carol Black said in her seminal report *Working for a healthier tomorrow* (2008), that explored the health of Britain's working age population, focusing on both preventing illness and promoting health and wellbeing: "good health is good business". Whilst there has been significant research into health and wellbeing in the workplace, the focus has largely been on larger organizations, in which the policy and practice solutions mainly assume the presence of Human Resources (HR) services, that often delineate clearly defined roles and policies for line management (Black, 2008).

However, Small and Medium Enterprises (SMEs), and in particular, the smallest enterprises with less than 10 people in the workforce, are less likely to have access and resources for professional HR services. Despite the growth in the number of SMEs, and the number of people self-employed across the lifecourse, there is limited research into health and wellbeing among SMEs (Holt and Powell, 2015; Martin et al., 2020). For Holt and Powell (2015) a key issue in SMEs was identified as employee absences, mainly due to acute seasonal illness, such as flu and viruses. This was further associated with a culture of presenteeism in the workplace in which workers would continue to work despite feeling unwell. Studies have also focused on the owners of SMEs and explored the motivations of implementing mental health and wellbeing interventions in the workplace (Dawkins et al. 2018) and interventions for the mental health of owners of SMEs (Martin et al., 2020)

The aim of our small research project was to explore the perspectives and experiences about, and the facilitators and barriers to, enhancing health and wellbeing among a diverse range of SMEs. The idea for our research project emerged from public engagement with our local SMEs and in collaboration with our external partner Ash Verma, from Enterprise Wellness Limited. During a workshop led by Co-Innovate (Brunel University London), that took place at a venue in the local community, SMEs expressed concerns around how to manage and enhance health and wellbeing in the workplace. In this context, our research has been collaborative and participatory throughout, in which our aim has been to ensure that the voices and perspectives of a diverse range of participants from SMEs have been central.

## Research Design

The purpose of the research was to enhance meaningful engagements with the people who worked in and / or owned SMEs. In particular, the research was informed by principles and values associated with co-design and participatory approaches (Thabrew et al, 2018; Slattery et al, 2020). This involved active and meaningful collaboration throughout the research process in which the participants were recognized as experts in which issues and concerns were discussed and solutions identified and explored together (Thabrew et al, 2018).

The data collection involved 3 interconnected workshops that took place every one to two weeks in the autumn of 2019. The purpose of each workshop was as follows:

Workshop One: to explore the barriers and facilitators to health and wellbeing in SMEs

Workshop Two: to identify the key issues around health and wellbeing in SMEs and what type of interventions may be useful

Workshop Three: to explore possible innovative solutions that may be useful in SMEs to enhance health and wellbeing

Each workshop comprised of 8 to 10 participants and 5 participants attended every workshop. The participants represented a range of roles within SMEs (including owners, managers and employees) and a diversity of types of SMEs, as large and small SMEs were represented. Each workshop was led by a facilitator who facilitated the discussions and encouraged interactions with and between the participants. At the start of each workshop, the initial analysis and key themes from the previous workshop were presented, so that the themes and ideas were explored further and built upon. The ideas and perspectives of the participants was central to the discussion and analysis. Thematic analysis was conducted in which the data was coded and key themes identified (Clarke and Braun, 2017).

Ethical approval was gained from Brunel University London. A stakeholder group guided and informed the research and the initial key themes were presented and discussed as part of the dissemination in March 2020.

## Key themes

### ***Stress and Mental Health***

The main focus around health and wellbeing throughout the workshops was a focus on stress and mental health. There were concerns around physical health but mainly when asked directly by the facilitator, although interconnections between physical and mental health were described. The conversations predominately emphasized the significance of mental health, for when stress was present, it was seen to permeate the whole SME.

One of the concerns discussed around stress and mental health focused on stigma and how mental health in the workplace can be difficult to identify and talk about. The SME was seen to be especially vulnerable to stress due to their smaller size, as stress can infuse the SME, and absences can be difficult to mediate:

*“It can be because you’re talking about a small organisation that has less resources and that will create problems, like you say if somebody’s off sick or has to take off because of their kids or what have you, it really creates a hole, which will stress everyone out because it has a knock-on effect on everybody’s work”*

Some of the SME owners and managers discussed how stress and mental health was now more difficult to manage as there seemed to be fewer external resources to draw support from. This included reductions in funding and wider support resources for mental health, such as counselling. The use of digital devices and apps for mental health were discussed but the owners and managers expressed concerns about to what extent the digital resources could be seen as trustworthy within the workplace.

The enhancement of wellbeing and mental health was therefore viewed as highly significant and seen to lead to good productivity and therefore was important for the overall health and wellbeing of the SME. There were 3 interconnected themes that were seen to impact on health and wellbeing within SMEs: (1) Relationships; (2) Environment, and (3) Cultures and Values:



**Figure One: Model of key themes on health and wellbeing within SMEs**

## **Relationships**

The nature of relationships was considered very important in SMEs. The participants described the nature of relationships within SMEs as a combination of closeness and intimacy, at times described as like a 'family'. However, the intense dynamics associated with relationships within SMEs also resulted in tensions and conflict around boundaries, such as, the professional / personal, the nature of friendships, and work / life balance:

*"Because it's such a close environment, so people tend to be a bit more open than they would be in a very corporatized environment. It's kind of a different energy in an SME"*

*"It can also be like a small town! Where everybody's in everybody else's business! You don't have to be friends and they're not family, you've just got to know how to work well together, respect differences and not try ... that's the one thing we're learning is we're ... we're not family but we're more like a club, but we're sort of there's a connection that is not family and not everybody has boundaries, good boundaries"*

Relationships in SMEs were seen to have protective factors, in that the closeness to colleagues meant that leaders were aware of any concerns or issues. At the same time there was no buffer as leaders were required to deal with conflict directly themselves. In particular, middle managers in SMEs can feel stress from both ways. The management of people within SMEs was therefore seen as challenging:

*"And it was, it was the middle management that was really stressing out about the guys that weren't doing anything! And then of course I'm stressing out because they're stressed out about the guys that aren't doing anything, so ..."*

There were particular characteristics of SMEs that could result in increases in stress, that included, dealing with absences, especially covering work due to small number of employees in SMEs, negotiating workloads and pay, and the benefits and difficulties of the need to be flexible. The participants highlighted the importance of valuing people and respecting differences and diversity within relationships.

## **Environment**

Alongside the issue of relationships within SMEs was the significance of space and the environment. Space and place were articulated in the context of health and wellbeing:

*"I guess having a healthy environment, like if the office is good, that then like all helps as well. And then obviously the colleagues that you work with, that you get on with everyone"*

Whilst considered as important, the amount and type of space and place that an SME can utilize was seen as both in terms of an asset and a significant cost. The need to balance the costs and benefits was a limiting factor in to what extent space can be



seen as a means of enhancing health and wellbeing. One key issue was around open plan offices and negotiating the amount of noise.

*“Because loud people on the phone, just you’re talking on the phone, there’s no space, privacy to have that conversation. Some ... the fact that someone’s not aware of how loud they are is a completely other thing but it’s just the noise”*

There were also issues around balancing the need to collaborate versus the need to focus and complete work tasks. For example, the use of headphones may limit the noise but at same time reduced the effectiveness of social interactions, and the need to balance the amount of time working at home versus working in the office. There were many dynamic and creative ways that an often restricted amount of space was utilized, for example, by adding features, such as plants, that can sometimes improve the sense of wellbeing. The desire for an environment that enhanced wellbeing and health was therefore emphasized.

### **Cultures and Values**

The enhancement of culture and values within SMEs was articulated as important by the participants. This is with recognition of different type of SMEs – for example, charity or corporate – that may have a different focus and different values. Effective leadership was in particular seen as a key feature as a means to enhance health and wellbeing:

*“... with the director setting the tone of the culture and atmosphere”*

*“We create a culture or try to create a culture, it doesn’t matter how much you try and create it, people still have to adopt it, which is about honesty, and obviously I mentioned the ownership and everything but if people can just be honest, you know we nurture mistakes because you’re only learning when you make mistakes, so actually when people make a mistake, it’s OK and we make them feel like it’s OK. If they keep making the same mistake then it’s another issue and it’s something we’ll deal with”*

The values of openness and honesty, and diversity and recognition of difference, were highlighted. However, the implementation and maintenance of values was often experienced as complex and, at times, difficult. This was often due to the reliance on the personal nature and motivation of the owner and / or a small number of directors within a SME. The personal nature of leadership resulted in concerns around resilience in SMEs.

*“how we value each other in small teams and the jobs that we do. Some will do the same job, others do different jobs, but they all contribute, and it’s a question of how we value. That is all very important. From a business owner’s point of view, I always want to make sure that good health and wellbeing, that we’ve got policies and systems which can help to identify when we have issues and problems, I think that’s important”*

One concern was how to deal with the management of different stages of a SME as it grows, with questions about how large to expand or not, and how the culture and values can be maintained over time. Key concerns included how and when do policies on cultures and values need to be developed and formalized as well as the need for succession planning. The reliance on one or a few owners or directors in a SME was considered a significant risk.

### **Possible solutions to enhance health and well-being in SMEs**

From the 3 interconnected workshops and the stakeholder meeting the following solutions and interventions for SMEs were identified:

- Online advice – that can be recognized as trustworthy – especially on mental health
- An app designed specifically for SMEs on health and wellbeing
- Guidance and information at different stages of a SME on health and wellbeing – from fledging to well established SMEs
- The development of networks for SMEs to discuss and learn from one another and to interconnect with research and experts on health and wellbeing
- Development of values-based policies at all stages of the SME
- Enhancement and development of effective leadership within SMEs – with recognition of differing roles and managing relationships and conflict
- Resources for education and continuous learning
- Cost effective ways to enhance and improve the environment – a role for design?

### **Concluding remarks**

This exploratory, participatory and small research project has highlighted some interconnections between health and wellbeing and the costs and productivity within SMEs. In particular, the research has explored how stress and mental health was a significant concern among SMEs and the ways this was expressed in the context of relationships, the environment and cultures and values. Future research could be useful to explore these issues further and work towards developing and co-designing solutions for SMEs.

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