

Creating a mentally healthy workplace

Return on investment analysis



Australian Government
National Mental Health Commission





Mental health in the workplace

Mental health conditions are affecting one in five Australians right now.

Mental health conditions are a real and significant issue that impacts people, organisations and communities in a variety of situations and settings, including the workplace.

Mental health conditions are common:

- 45 per cent of Australians between the ages of 16 and 85 experience a mental health condition at some point in their lifetime.
- In a 12 month period, 20 per cent of Australians will experience a mental health condition.

The reality is that mental health conditions exist in workplaces across all industries in Australia. However, the prevalence of mental health conditions over a 12 month period varies by industry and by specific condition. Furthermore, the workplace can affect the mental health of people within it and vice versa.

Organisations have an important role to play in providing a mentally healthy workplace. This research looks at the return on investment (ROI) for organisations when implementing effective actions to create a mentally healthy workplace.

Taking action in the workplace

Organisations can benefit from taking action to improve workplace mental health. This research demonstrates the ROI that can be gained by implementing actions.

Organisations need to understand the actions they can take and the benefits of promoting mental health in the workplace. Business leaders need to have a long term commitment to drive and maintain initiatives that create a mentally healthy workplace – for the benefit of employees and the organisation.

Many specific actions designed to promote mental health in the workplace have been piloted, nationally and internationally, and proven to be effective.

Critical success factors

- 1 Commitment from senior organisational leaders and business owners** – a visible, long-term commitment to mental health in the workplace.
- 2 Employee participation** – input must be sought at every step, from planning through to implementation and review.
- 3 Develop and implement policies** – need to be clearly articulated and flexible enough to meet the needs of the organisation.
- 4 Resources necessary for success** – initiatives require adequate resourcing if they are to succeed.
- 5 A sustainable approach** – initial success requires ongoing effort to achieve lasting outcomes.
- 6 Planning** – successful implementation will identify the intended goals and objectives, including the inputs required.

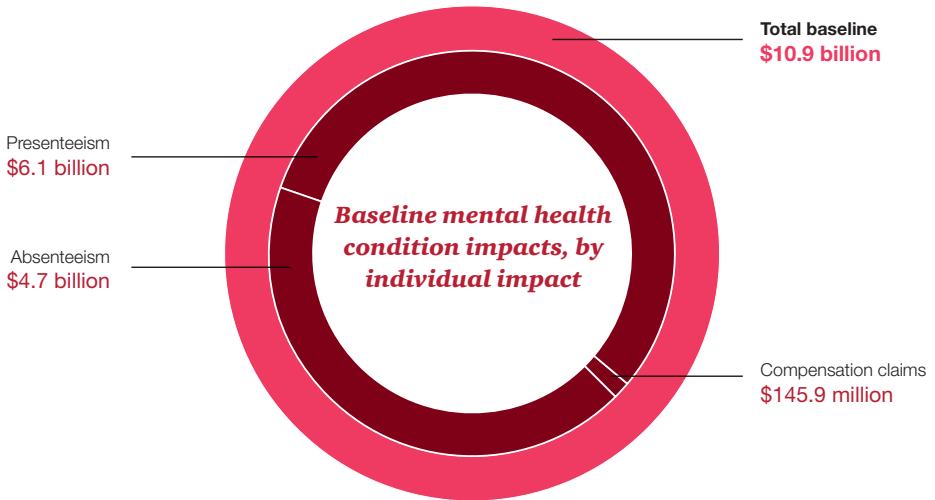
Actions should focus on:



Impact of not addressing mental health

*Mental health conditions cost Australian workplaces
\$10.9 billion per year.*

The impact of mental health conditions is measured as the total cost of absenteeism, presenteeism and compensation claims estimated in one year across all industries. This is estimated to be approximately \$10.9 billion per year. This comprises \$4.7 billion in absenteeism, \$6.1 billion in presenteeism and \$145.9 million in compensation claims.



Summary of methodology

PwC established a Reference Group to provide guidance throughout the analysis. Seven actions proven by research to reduce absenteeism, presenteeism and workers' compensation claims were selected as a basis for the analysis. A range of data sources were used, including prevalence of mental health conditions, the number of employees within individual businesses and industries, the annual number of workers' compensation claims, and the costs and expected benefits of implementing each action. The research relied on several assumptions which are detailed in the full report

The ROI of 2.3 is based on the average ROI for each industry. Some actions will not be suitable for particular organisations. The point at which every industry average ROI for implementing actions is at least one is where presenteeism, absenteeism and workers' compensation claims are reduced by 33 per cent. However, a positive ROI for implementing a suitable action for an organisation will be achieved in most instances where these elements are reduced by much less than this. To maximise the ROI it is important for an organisation to identify suitable actions based on their specific size and needs. An Action Plan tool to be launched by Heads Up in June 2014 will help business leaders identify practical actions for their organisation.

Return on investment for mental health

We estimate that a positive ROI of 2.3 is possible through implementing effective actions to create a mentally healthy workplace.

Every dollar spent on effective workplace mental health actions may generate \$2.30 in benefits to an organisation. These benefits are derived from a reduction in presenteeism, absenteeism, and compensation claims.

There is also likely to be an increased ROI from implementing multiple targeted actions, noting that this increased ROI will not be entirely cumulative where actions apply to the same group of employees.

Depending on the industry and size of an organisation there may be varying productivity gains arising from different actions.

Actions tend to be more effective when implemented in smaller sized organisations because a critical success factor is employee participation. This may mean that actions are best implemented on a team or group basis. In order to achieve a positive ROI, it is assumed that an organisation takes action in line with established change management best practice.



***ROI from actions taken
to create a mentally
healthy workplace:***

2.3

Next steps for taking action in the workplace

Organisations should look to resources on the Heads Up website for further information and assistance in creating a more mentally healthy workplace.

Heads Up is an initiative launched by *beyondblue* in conjunction with the Mentally Healthy Workplace Alliance to highlight the importance of mental health in the workplace.

An enhanced awareness of mental health conditions, together with an understanding of potential actions and the associated ROI, are key drivers for organisational change.

By developing and implementing a strategy with targeted actions, organisations can support employees with mental health conditions and promote the overall mental health of their workforce.

A strategic approach to workplace mental health



Further information to assist organisations to create a mentally healthy workplace is available on the Heads Up website.

www.headsup.org.au

This Report has been funded by *beyondblue* and the National Mental Health Commission. It has been prepared by PricewaterhouseCoopers Australia (PwC) in accordance with the Terms of Engagement contained in the Service Agreement between *beyondblue*.

The information, statement, statistics and commentary (together the 'Information') contained in this report have been obtained by PwC from publicly available material. PwC has not sought any independent confirmation of the reliability, accuracy or completeness of this information. It should not be construed that PwC has carried out any form of audit of the information which has been relied upon. Accordingly, while the statements made in this report are given in good faith, PwC accepts no responsibility for any errors in the information contained herein, nor the effect of any such errors on our analysis, recommendations or report.

Liability limited by a scheme approved under Professional Standards Legislation.