

# UNLOCKING EMPLOYEE PRODUCTIVITY

The role of health and wellbeing in manufacturing



In partnership with



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# FOREWORD



Productivity in manufacturing is one of the primary measures of the business and a key indicator of competitiveness. In UK productivity tables the manufacturing sector has been a shining light, outperforming other sectors, and it remains firmly at the top of the agenda for EEF members. But despite this strong performance, since 2008 – and in line with the whole economy average – manufacturing productivity has flatlined.

As the voice of UK manufacturing and engineering and a leading provider of business support, we have been outlining solutions to address this challenge for some time. Our reports, such as 'Unpacking the puzzle', published in May 2018, have highlighted a number of issues such as investment, technology, innovation and skills as both part of the problem and part of the solution to improving UK manufacturing's competitiveness. However, the extent to which the health, wellbeing and safety of the manufacturing workforce is a barrier or an enabler is largely unknown.

While there is an increasing volume of data and insight into the impact of health and safety on business, much is concerned with safety, risk management and compliance. Data tends to be driven from the perspective of sickness absence (direct and indirect costs) or is broad, generic or taken from a high-level industry perspective.

To close the knowledge gap for sector-focused intelligence and analysis, we commissioned this report to identify the impact employee health and wellbeing has on productivity in manufacturing and to provide practical insights into how manufacturers can apply health and wellbeing strategies to enhance their productivity and competitiveness.

The report brings together existing research into health and wellbeing, insights into productivity in manufacturing and survey data from manufacturers. The findings present a compelling case that not only does employee wellbeing affect productivity in several ways, but also that it can be the crucial ingredient which helps a range of so-called 'high-performance' and 'high-efficiency' working practices in manufacturing (eg lean production) have real and sustained traction over productivity growth.

**Dame Judith Hackitt DBE FREng**  
Chair, EEF

# EXECUTIVE SUMMARY

This report summarises the findings of new research looking at the role employee health and wellbeing plays in improving productivity, commissioned by EEF and carried out by the independent Institute for Employment Studies (IES). The research looked at academic studies conducted in manufacturing businesses, carried out a survey of just over 100 UK manufacturing businesses and conducted case study interviews with four firms which are working to improve the wellbeing of their employees in an effort to improve their performance and productivity.

The report outlines a compelling evidence base for manufacturers to invest in the health and wellbeing of their employees, with potential productivity improvements of 10% and as much as 17% in one study. What is likely to be of particular interest to manufacturers is the role that the health and wellbeing of the workforce plays in lean manufacturing, providing the workforce with the capacity to cope with increased demands and pressures to deliver productivity gains. This impact is most pronounced when the mental health of employees is positive and when employees operating in such environments are given appropriate support, training and a 'voice' in the way production processes are run.

This study has highlighted key areas for manufactures to focus on in order to align their approach to the health and wellbeing of the workforce with achieving business goals:

- Devoting energy and resources to boosting the psychological wellbeing of the workforce through effective job design, high involvement practices and measures to support engagement and psychological resilience and to realise increased benefits in terms of enhanced and sustained productivity improvement;
- Implementing a progressive approach to health and wellbeing, one that looks beyond compliance and/or sickness absence measures and takes into account measures such as employee satisfaction and productivity;
- Assessing needs by looking at staff engagement surveys and conducting stress risk assessments (such as those recommended by the Health & Safety Executive);
- Identifying 'hotspots' in absences or overtime attributable to absences;
- Targeting interventions to support mental health awareness, reduce mental health stigma, promote Employee Assistance Programmes (EAPs), support occupational health-led rehabilitation and to build positive job design into production processes.

Research delivered by:



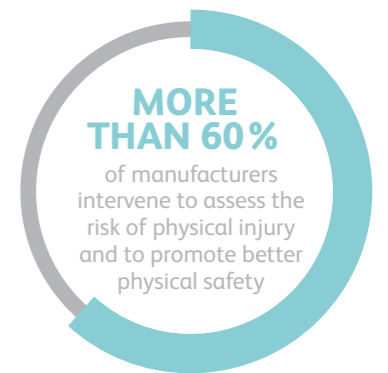
# KEY FINDINGS

Many UK manufacturers have successfully implemented practices such as lean production methods, smart investment in technology and efficient supply-chain management in an effort to improve productivity. However, only a minority are investing in employee health and wellbeing initiatives which target the psychological and mental health of employees. More than 70m working days are lost each year to mental illness in the UK and the research shows that, in several manufacturing environments, improving mental health at work can boost worker productivity by up to 10% (and as much as 17% in one study).

The greatest area of opportunity lies in providing mental health and psychosocial support for employees. This covers what the HSE refers to as 'things that may affect workers' psychological response to their work and workplace conditions (including working relationships with supervisors and colleagues). Examples are high workloads, tight deadlines and lack of control of the work and working methods.' More than 60% of manufacturers intervene to assess the risk

of physical injury and to promote better physical safety, fewer than 15% assess the risk that work will damage mental health and only one in five invest in measures to promote mental health – a factor that can influence productivity by as much as a 17%.

For manufacturers, the business case for supporting the health and wellbeing of the workforce is becoming clearer as the research suggests that health and wellbeing is a key ingredient for productivity gains. Studies in lean production manufacturing environments show that significant productivity improvements can be generated if, even in a demanding environment, adequate resources and support are made available, including those which pay adequate attention to the positive impact on mental health, emotional wellbeing and engagement of employees of high involvement and participative working practices.



# HEALTH AND WELLBEING DEFINED

The concept of 'wellbeing' is a relatively new idea for many firms and, while it has several overlaps with the more familiar health and safety disciplines and practices, it has some important additional dimensions which relate to the physical, emotional and mental states of employees both at work and outside work. This makes wellbeing a much more holistic idea and one which should be seen as being complementary to health and safety rather than an alternative to it.

In our review of the literature we found no consensus definition of wellbeing in a business context, though it was clear that a clinical definition is probably too narrow and that it needs also to reflect the way that employees experience, and are animated by, important aspects of their jobs and the organisations within which they work.

Of the many definitions of health and wellbeing, there are three consistent key elements when applied to health and wellbeing at work:

- Wellbeing has physical, emotional and mental health components;
- Wellbeing can be influenced by non-work factors which can be either improved or exacerbated by work;
- Whatever its cause, employee wellbeing can have a direct and indirect impact on the performance and productivity of employees, work teams and businesses.

**As such, for the purpose of defining health and wellbeing for manufacturers, the following definition is proposed:**

'Employee health and wellbeing relates to those aspects of an employee's physical, emotional and mental health – whether determined by work or non-work factors – which have an effect on their satisfaction, engagement, attendance and performance at work.'

# THE IMPACT OF EMPLOYEE HEALTH ON THE BOTTOM LINE

Overall, more employers – across all sectors of the economy – are recognising that if we want employees to bring their ‘whole selves’ to work and to exert maximum effort, energy, vitality and creativity to their jobs, employers need to do more to support and promote their wider wellbeing. This goes far beyond the idea that work should not harm the health of employees. EEF’s 2016 report ‘Health: The key to productivity? – Sickness Absence Survey’ recognised that health can be a major factor in an organisation’s competitiveness. Employees in good health can be up to three times more productive than those in poor health, they can experience fewer motivational problems, they are more resilient to change, and they are more likely to be engaged with the priorities of the business.<sup>1</sup>

There is good evidence that a healthy workforce brings a number of business benefits. In general this happens in two ways. First, a range of HR costs can be minimised as employee wellbeing is linked to lower sickness absence costs, reduced ‘presenteeism’ (employees coming to work ill), lower accident rates and lower voluntary employee turnover. Second, a number of value-added HR contributions can be optimised as employee wellbeing – and especially ‘psychosocial’<sup>2</sup> health – can improve motivation, engagement, discretionary effort, commitment, performance and productivity. A study among manufacturing firms in Finland found that a one-point increase (on a six-point scale) in employee satisfaction led to a 9% increase in productivity.<sup>3</sup> Analysis for Acas by Keith Sisson<sup>4</sup> has also suggested that a constructive climate of employee relations may make a significant difference to productivity rates.

<sup>1</sup> Health: The key to productivity? - Sickness Absence Survey, EEF, 2016

<sup>2</sup> Psychosocial health at work refers to the effects of job demands on employee’s psychological wellbeing or mental health and the extent to which these are mitigated by a supportive work environment and jobs with high levels of control and autonomy.

<sup>3</sup> Böckerman, P, Ilmakunnas, P (2012), The job satisfaction-productivity nexus: A study using matched survey and register data, *Industrial and Labor Relations Review*, 65(2): 244–262.

<sup>4</sup> Sisson K, The UK Productivity Puzzle – is employment relations the missing piece? Acas Policy Discussion Paper, September 2014.

# THE LINK BETWEEN PRODUCTIVITY AND MENTAL HEALTH

Several studies show that employees with poor mental health are less productive but that measures which help them improve their mental health can improve their productivity.

A study in four industrial plants in the USA evaluated the impact of a workforce wellbeing programme which focused on improving physical and mental health. The programme improved average worker productivity by more than 4%, approximately equal to adding a day of productive work per month for each employee. Sick employees whose health improved as a result of the programme showed a 10% productivity increase. Already healthy employees who improved their health showed an 11% productivity gain. For every \$100 it spent on the wellness program, the firm earned \$176 in output from its employees.<sup>5</sup>

Looking at the broader workforce, there’s further evidence that mental health and productivity are inextricably linked. In a large survey of UK employees, those with mental health problems have been shown to be, on average, 13% less productive than their colleagues as a result of increased absence and presenteeism.<sup>6</sup> A survey of more than 17,000 workers in Japan showed that among those with low severity depression productivity was 14.8% lower.<sup>7</sup> A study of almost 800 workers in the USA showed that those with mild depression were between 4% and 17% less productive.<sup>8</sup> This is again evidenced in a UK economic study carried out among more than 700 workers where increased emotional wellbeing and happiness at work led to a 12% increase in productivity.

This increasing volume of evidence concerning the link between employee health and wellbeing and productivity is building a strong business case for investing in the health and wellbeing of the workforce. What is becoming more apparent is the importance of psychosocial and mental health, not just mental illness, as a factor affecting employee productivity.

<sup>5</sup> Gubler T, Larkin I and Pierce L (2017), *Doing Well by Making Well: The Impact of Corporate Wellness Programs on Employee Productivity*, Management Science.

<sup>6</sup> Hafner M, van Stolk C, Saunders C, Krapels J and Baruch B (2015), *Health, Wellbeing and Productivity in the Workplace*, Cambridge: Rand Europe

<sup>7</sup> Asami, Y, Goren, A, Okumura, Y (2015), *Work Productivity Loss With Depression, Diagnosed and Undiagnosed, Among Workers in an Internet-Based Survey Conducted in Japan*, *Journal of Occupational and Environmental Medicine*, Volume 57 – Issue 1 – p 105–110

<sup>8</sup> Beck a, Crain A et al (2014) *Does Severity of Depression Predict Magnitude of Productivity Loss?* *American Journal of Managed Care*, 20(8): e294–e301.

# EMPLOYEE HEALTH AND WELLBEING AN ENABLER FOR PROCESS EFFICIENCIES MEASURES

By aligning the drivers of performance and productivity in manufacturing with the concept of employee wellbeing, clear direction on the specific value in such an environment can be provided. If we accept that a highly skilled, motivated and well-managed workforce adopting 'lean' or other efficiency-focused practices is more likely than not to help manufacturing businesses to be productive, then what additional benefits might be attained if the workforce is also healthy, energetic, agile, alert and engaged?

In a manufacturing environment where lean manufacturing and similar process efficiency measures are key strategies for competitiveness, employee wellbeing has a unique role. Studies<sup>9</sup> have shown that organisations with employees who are happier and more fulfilled in their work, who enjoy autonomy and control in their jobs and who experience less strain and anxiety as a result of their work are

usually higher performing and more productive than their competitors. As some lean production systems have the potential to reduce autonomy, intensify work, reduce job involvement and increase psychosocial strain, the role of health and wellbeing may be a key enabler to facilitate further productivity gains.

<sup>9</sup> For example, Patterson et al (2004), Böckerman, and Ilmakunnas (2012) and Forth et al (2017) all found a link between workforce wellbeing and manufacturing productivity.

<sup>10</sup> Productivity: The state of UK manufacturing, EEF, 2016.

<sup>11</sup> For example, studies by McDuffie (1995), Huselid (1995), Ichniowski et al (1997) and Patterson et al (2004) all documented the positive impact of high performance work practices on plant-level productivity.

# EMPLOYEE ENGAGEMENT IN WORK ORGANISATION KEY TO PRODUCTIVITY

Previous research among UK manufacturers by EEF<sup>10</sup> has found high levels of adoption of practices such as 'lean' and more effective supply chain management. In fact, almost one in four UK manufacturers reported that 'lean' production practices had improved their productivity in the previous two years, and a third of businesses said that improving supply chain management had delivered similar benefits.

In parallel with the development of these adaptations to business processes and production methods there has been a growing interest in the 'human resources' component to their delivery and the concept of 'high performance work practices' (HPWPs) which concentrate on the way work is organised, jobs are designed and employees get involved in delivering improvements. The research which has explored the impact of these HPWPs largely originated in manufacturing because the site-level results were easier to measure than in other sectors such as financial services, retail or healthcare.<sup>11</sup> In summary, these practices tend to fall into four main categories:

## High performance work practices

1. Employee involvement and autonomy in decision-making (the use of self-managed teams and multi-skilling which provide the employee with the opportunity of developing teamworking and decision-making skills);
2. Support for employee performance improvement (appraisal or performance management systems, mentoring, coaching, etc);
3. Rewards for performance (such as individual or group-based performance pay);
4. Sharing of information and knowledge (communication of information, upward communication and employee 'voice' initiatives).

Source: Ashton, D. and Sung, J. (2002) **Supporting Workplace Learning for High Performance Working**. Geneva: ILO.

Encouragingly, much of the research evidence shows that manufacturing firms who adopt these practices experience tangible improvements in performance and productivity, and also achieve higher employee motivation, lower employee attrition and higher employee attendance. One conclusion, therefore, is that the effective harnessing of employees in high-involvement practices which emphasise information sharing and self-managed teams can boost productivity in ways that complement other practices which are designed to reduce waste and improve operational efficiency. It is also clear that techniques such as lean production, Six Sigma and Total Quality Management have never worked sustainably if they actively suppress employee involvement, information sharing and self-management of teams. They are integral to their success.

# PHYSICALLY AND MENTALLY SUPPORTED EMPLOYEES CAN HANDLE INCREASED DEMANDS

Studies in lean production manufacturing environments show that significant productivity improvements can be generated if, even in a demanding environment, adequate resources and support are made available, including those that pay adequate attention to the positive impact on the mental health, emotional wellbeing and engagement of employees of high-involvement and participative working practices.

The research in lean manufacturing environments now suggests that, while the demands that lean production methods can place on employees can be significant, if the employer is prepared to put in place sufficient resources and support to enable these demands to be translated into improved and sustained efficiency, the very valuable by-product can be high levels of engagement, energy, motivation and psychological fulfilment.<sup>12</sup>

Depending on the skills, confidence and preparedness of the individual worker, these demands can be regarded as either motivating and highly stimulating or onerous and stressful. The research – and experience from practice – is that it is only with adequate resources and support that the average employee could deliver sustained productivity improvement and derive health and motivational benefits from working at this level of intensity.

<sup>12</sup> Cullinane, S. J., Bosak, J., Flood, P., & Demerouti, E. (2013), Job design under lean manufacturing and its impact on employee outcomes. *Organizational Psychology Review*, 3, 44–61.



## DEMANDS OF LEAN MANUFACTURING

- Increased pace of work;
- Monitoring demands – having to maintain a high level of vigilance over several processes and metrics at one time;
- More problem-solving, especially under time, work flow and quality pressure;
- Higher levels of accountability for critical operations where the risk of wastage or quality compromise is high;
- Interdependent tasks where a decision made in one part of the process will affect at least one other for which the worker has responsibility;
- Higher complexity.



## SUPPORT AND RESOURCES

- Delegated authority to make decisions;
- Positive psychosocial work environment;
- Teamworking, good team communication and clarity over roles and role boundaries;
- Line manager support;
- Training;
- Feedback;
- Autonomy to act;
- Control over the pace and sequence of tasks;
- Task discretion.



## INCREASED OUTPUT

Of course, the opposite can also be true, as high intensity work demands which are not supported or resourced adequately are likely to both damage employee health and fail to deliver productivity improvements.

# OPPORTUNITIES FOR MANUFACTURERS TO EMBRACE WORKFORCE WELLBEING

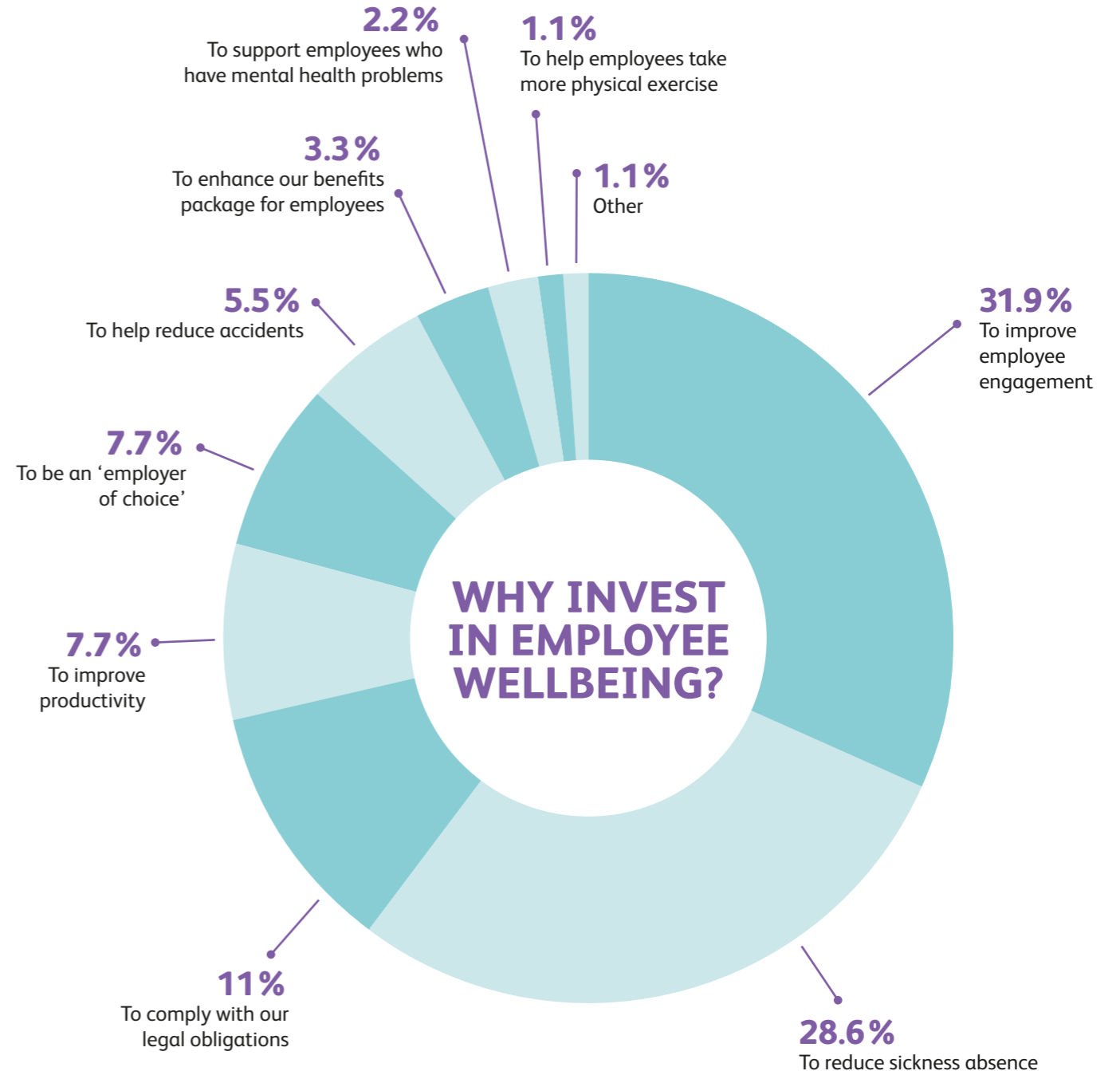
During the first quarter of 2018 IES carried out a survey of just over 100 UK manufacturers to evaluate how they are using health and wellbeing strategies, to evaluate the extent to which they are supportive of measures to improve productivity and to establish opportunities to further enhance productivity.

Overall, businesses reported that most of their investment in wellbeing interventions goes into the provision of occupational health services, risk assessments, rehabilitation support and assistive technologies which are aimed at reducing sickness absence and improving employee engagement. The survey results show that, while there is a recognition among manufacturing businesses that there is a link between employee wellbeing and productivity, the enhancement of productivity is only

rarely the most important reason for adopting practices to promote wellbeing, and productivity measures are not routinely used to evaluate the impact of these practices.

Perhaps most noteworthy is the relatively low priority given by most respondents to aspects of the psychological wellbeing of employees. Firms are not conducting psychosocial risk assessments, and access to (and participation in) stress management training is low relative to other interventions on offer. Given our earlier findings about the importance of psychosocial health to employee productivity, it may be that the relatively low priority given by manufacturing firms in this survey offers an opportunity to boost aspects of labour productivity in the future.

Overall, just under a third reported that the improvement in employee engagement was the most important business reason for investing in employee wellbeing and just over one in four told us that reducing sickness absence was the most important reason. Some way behind these two factors were 'improving productivity' (8%) and 'complying with legal obligations' (11%).





# PREVENTATIVE MEASURES A MISSING PIECE OF MANUFACTURERS' HEALTH AND WELLBEING PUZZLE

There were two clusters of wellbeing interventions which were reported far less frequently.

First, measures to support employees to make changes to modifiable health risks by addressing lifestyle and non-work-related factors were only infrequently reported. Thus, measures to support healthy eating, exercise, sleep, weight loss, smoking cessation, financial wellbeing and reductions in alcohol consumption were only reported by fewer than a third of respondents and (most often) by fewer than one in four.

Second, there was only variable support for initiatives that addressed different dimensions of psychosocial health. For example, fewer than 15% of respondents reported that they carried out stress or psychosocial risk audits or surveys, or used tools to assess whether working arrangements, the design of jobs or aspects of the organisation's culture are likely to elevate the risk of mental health problems among some employees. This apparent reluctance to assess psychosocial risks in the workplace sits in contrast to the apparent enthusiasm for conducting risk assessments of physical hazards and suggests that the regulatory obligation (under the 1974 Health and Safety at Work Act) to assess psychosocial risk is not known about by many manufacturing employers.

In addition, the measures that focus predominantly on promoting or supporting psychological wellbeing and mental health were given noticeably lower priority than those concerned with physical and ergonomic risk. Fewer than a third of respondents were training managers to manage workplace stress (and only one in five were using well-known interventions such as Mental Health First Aid training). About half of respondents were offering Employee Assistance Programmes (EAPs), most of which include a counselling element.

## Sporadic measurement and evaluation of impact

When respondents were asked to indicate which of their wellbeing interventions they felt had most impact on productivity, it is perhaps not surprising that the measures they favoured were the ones they were already using. This may reflect a tendency to post hoc justification as well as the fact that very few respondents were carrying out any evaluations of the impact of their employee wellbeing interventions. A similar pattern emerged when firms were asked about the cost-effectiveness of their wellbeing interventions. In the absence of widespread evaluation, they indicated that the measures they were using most frequently (OH services, EAPs, ergonomic risk assessments) were also the most cost-effective.

This shows that measures of sickness absence and attendance are the most frequently used measures, followed by accident rates and labour turnover. Measures of employee engagement are used by fewer than 50% of firms, and less than one third use productivity as a measure of effectiveness.

## Is five the magic number?

Our survey also collected financial data from manufacturing firms which could be used to calculate a measure of labour productivity. Although only a small number of survey respondents were able to provide this information in a suitable format, our calculations showed that there was a positive correlation (.45) between the number of workplace wellbeing initiatives a company has in place and its labour productivity. No such relationship was found for firms with fewer than five wellbeing practices, implying that it takes a minimum of five practices to be in place to impact productivity.

Unfortunately, it is impossible to draw definitive conclusions from this analysis because the results are taken from only a dozen companies and are not statistically significant. However, this result does echo findings from previous studies with larger samples. A study in the USA<sup>13</sup> found that listed companies which achieved high scores on an Employee Health Management Best Practices Scorecard (measuring the number and type of workplace interventions) out-performed those with low scores in terms of both financial and stock market (S&P 500) performance over a six-year period.

<sup>13</sup> Grossmeier J, Fabius R, Flynn, J et al (2016) Linking Workplace Health Promotion Best Practices and Organizational Financial Performance: Tracking Market Performance of Companies With Highest Scores on the HERO Scorecard, *Journal of Occupational and Environmental Medicine*, 58(1), pp 16-23.

# PRODUCTIVITY IMPROVEMENTS RECOGNISED BUT NOT PART OF THE PLAN

It is interesting that, while almost 80% of the companies acknowledged that productivity improvement was an important reason for investing in employee wellbeing overall, fewer than 8% reported that it was the most important reason.

A similar pattern revealed itself in the answers to a number of other questions about companies' approaches to, and beliefs about, employee wellbeing. For example, there was strongest agreement that employee wellbeing could improve productivity, even though it was only the 'most important' driver for 8% of businesses responding to the survey.

Other areas where there was strong agreement was that wellbeing can affect the efficient utilisation of employees and that poor wellbeing can have a damaging impact on both customer service and the quality of products and services. Despite this, respondents were less likely to agree that wellbeing data is reported to the Board, that they had written wellbeing policies going beyond health and safety obligations, that they regularly evaluated the impact of their wellbeing practices and that line managers had an explicit accountability for employee wellbeing.



# RETURN TO WORK INITIATIVES ARE MOST COMMONLY USED

We asked companies to tell us which of a range of interventions to improve employee wellbeing they were currently using. Those most frequently used (ie by more than 50% of companies) were:



This data shows that our survey respondents were most commonly using employee wellbeing practices which focus on helping employees to remain at work. These included the use of

outsourced occupational health services, rehabilitation services and employee assistance programmes. Ergonomic and other health risk assessments for existing and newly starting employees and assistive

technologies to support lifting were all reported to be currently in use by 50% or more of respondents.

## CONCLUSIONS: TIME TO EMBRACE WELLBEING IN MANUFACTURING

One of the advantages most manufacturers have over businesses in some other sectors is that the disciplines and culture associated with good health and safety management are already woven into the fabric of the way the business is run. Looking at risk, work process design and the configuration of jobs are all core to the way the business benefits of a safe and productive working environment are achieved.

Although wellbeing is a more holistic and sometimes less precise 'animal', its importance to securing improvements in employee engagement, performance, attendance, vitality, resilience and productivity is now more widely recognised than ever before. As we have seen, a growing number of manufacturers, large and small, are seeing that elevated employee wellbeing can unlock untapped productive capacity in every business.

Our survey suggests that lower priority is given to psychosocial risk and psychological wellbeing at work. This is despite the strong evidence from several other studies which shows that this aspect of wellbeing is the key ingredient to the effectiveness of high performance and high efficiency work practices which can have most impact on productivity growth.

If more manufacturers were to devote energy and resources to boosting the psychological wellbeing of their workforces through effective job design, high involvement practices and measures to support engagement and psychological resilience, it is likely that more would see the benefits in terms of enhanced and sustained productivity improvement.



# WORKING PRACTICES WITH EMPLOYEE PRODUCTIVITY AT THE CENTRE

Some manufacturers have woven the 'virtuous circle' of wellbeing and productivity into their practices by moving beyond a health and safety approach. Most often this involves steps to improve job design, employee involvement and employee engagement. Let us look at each in turn.

## JOB DESIGN

This means balancing the need to get the job done effectively with the need to ensure that the job is fulfilling and interesting for the employee. We know employees in jobs that allow control, autonomy and a degree of discretion over what they do tend to be more engaged and productive, and being in a well-designed job can protect against job strain and stress at work. So job design can have a preventative role in promoting health at work. But line managers can also vary job design – even temporarily – to accommodate the needs of an employee with a health problem.

## EMPLOYEE INVOLVEMENT

Giving employees a say in how work is carried out is a core principle in many high-performance work practices used in manufacturing. This can be as simple as setting up a suggestion scheme, having a participative approach to monitoring quality (empowering employees to pause a production process if they see a quality problem) or setting up self-managed teams to make collective decisions about how the work should be allocated and quality and productivity standards maintained. The research shows that high levels of involvement promote positive mental health even in pressurised work environments where deadlines are pressing and resources are limited. Involvement can often promote a higher level of resilience and resourcefulness than purely sending employees on resilience training programmes.

## EMPLOYEE ENGAGEMENT

In general, there are two kinds of engagement. The first is engagement with the organisation and its values and purpose. This promotes loyalty and commitment and is associated with low labour turnover and pride in working for the company. The second is engagement with the job and relates to some of the intrinsic motivators present at work, such as interest in the job, challenge, variety, voice, opportunities to learn new things, supportive managers and co-workers and a sense of fulfilment at work. There is a strong correlation between high levels of psychological wellbeing at work, high levels of engagement and higher performance and productivity.



# GETTING STARTED WITH A HEALTH AND WELLBEING PROGRAMME

## Getting senior level buy-in

Clear articulation of some of the business benefits of such investments is an effective approach to getting buy-in at a senior level, not least because it may help in establishing a number of key indicators against which to assess the benefits of any subsequent investment.

One way of articulating the business benefits is to highlight the cost of sickness absence or the costs of overtime associated with absence. Another approach is to look at the operational or business problems to which a healthier and more engaged workforce might be a solution. Some of these appear in the adjacent Figure and they focus on issues of quality, continuity and flexibility of production processes and outputs.

## 'To what business problems might a healthier workforce be a solution?'



Displacement costs, in this context, refer to the time of line managers and others (eg HR) which is dedicated to managing the direct and indirect consequences of poor wellbeing and high absence.

## Assess needs

Once there is agreement to trial, pilot or implement a new wellbeing intervention, a simple needs assessment might help to target both the employee groups who might stand to benefit most and which initiative is best suited to delivering results. Needs assessment can be carried out in a number of ways:

- Employee engagement surveys with wellbeing questions;
- Formal risk assessments (eg display screen equipment, risks of work-related stress);
- Scrutiny of sickness absence patterns (looking at teams, functions or locations with higher than average absence or longer duration absences or specific health conditions – such as stress – giving cause for concern);
- Unusual patterns of overtime or agency worker use to cover absences.

It is often the case that the support that employees might need to improve their physical wellbeing may be closely associated with a related need for psychological support.

Looking at the pattern of needs can help to decide, in the first instance, where most impact or 'reach' might be achieved for the least resource. For example, introducing an EAP or access to a physiotherapist can help many employees remain in or return to work quickly at relatively low cost.



### Target interventions

A risk assessment can help the business decide which interventions to target at specific groups of employees and to do so in the expectation that these interventions will have an impact which can be measured.

It makes sense for the planning, design and execution of these initiatives to involve, where appropriate:

- HR professionals
- Line managers
- Employees/union reps/safety committee members
- OH advisers
- Production managers

Taking a multi-disciplinary and 'joined-up' approach can avoid duplication and can ensure that what is implemented has the best chance of being taken up and aligning well with business-critical production systems and processes. The kinds of practices which can help prevent work-related mental health problems include:

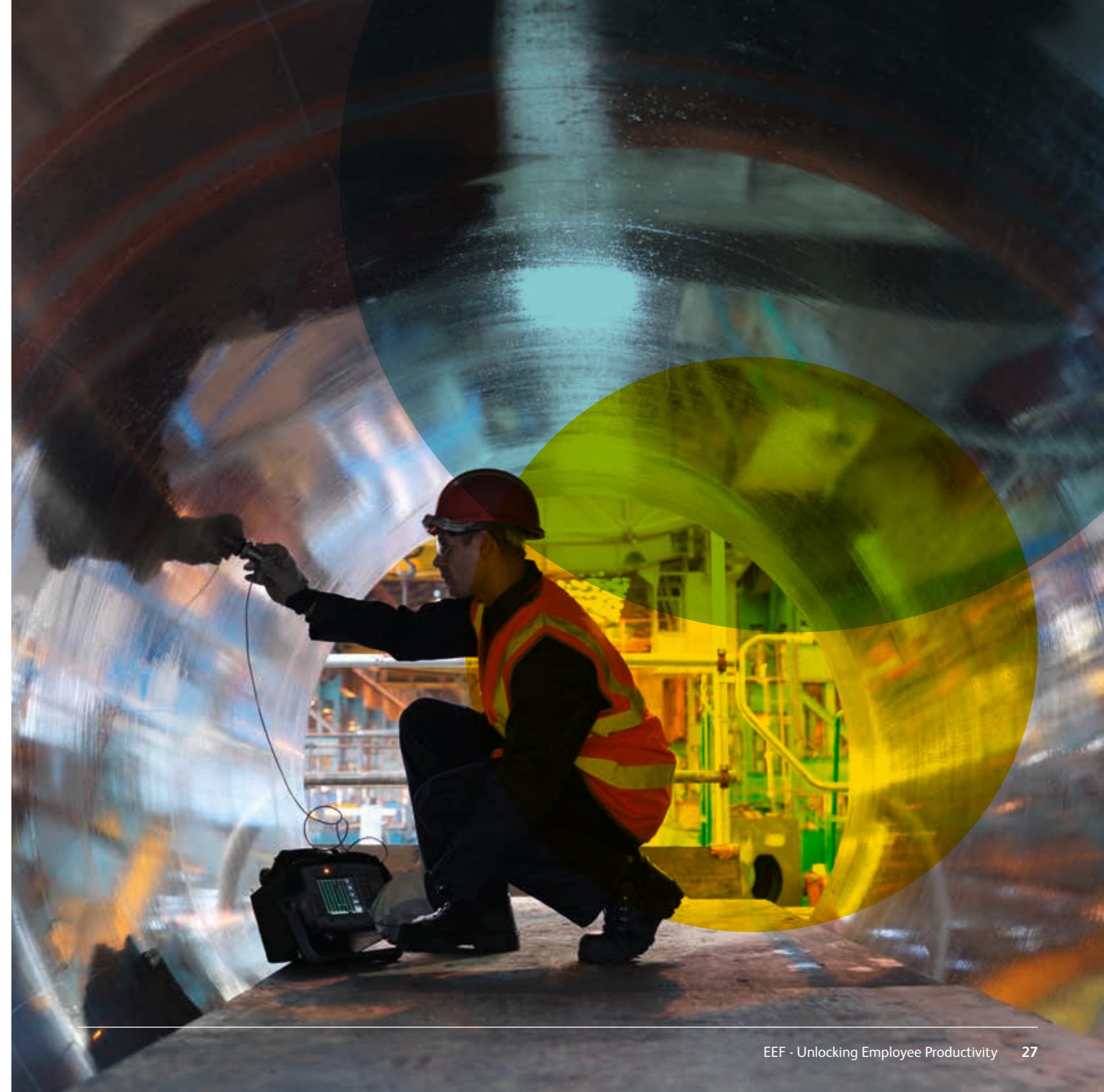
- Employee Assistance Programmes – especially if these can support workers with both work and non-work problems (eg financial wellbeing) and if they give access to either telephone or face-to-face counselling;

- Stress risk assessments – the HSE's 'stress management standards' are a good starting point to help assess whether working arrangements, the design of jobs or aspects of the organisation's culture are likely to elevate the risk of mental health problems among some employees;
- Awareness-raising for line managers – if managers are able to spot the early signs that employees are under pressure (either at work or at home) and are struggling to cope then they are in a good position to refer these employees to professional support as early as possible. Many training programmes now offer this kind of training, without expecting busy managers to make 'clinical' judgements. In general, these programmes have been found to help managers feel better equipped to help employees who are at risk of mental distress and to support and refer them;
- Supporting self-management – sometimes it can be helpful to give employees extra support to manage their own mental health through access to stress management or 'resilience' programmes. These can help them to be more self-aware, to spot the early signs of distress and to understand the events or activities which might 'trigger' feelings of anxiety. Self-management support can help employees develop the

confidence to ask for support and to suggest ways of making short-term adjustments to their work which might help them over a period of difficulty;

- Reducing stigma at work – one of the barriers to supporting employees with mental health problems can be a culture which is intolerant of disclosure and where mental illness is stigmatised. Signing up to awareness-raising campaigns such as 'Time to Talk' or 'Mates in Mind' can provide practical help to employees and send a signal that the organisation is supportive of positive mental health and that those with problems should feel confident to come forward and ask for support.

For each intervention it also makes sense to be clear who is responsible for delivering it and what success criteria or KPIs are going to be used to measure its effectiveness. Take-up or participation rates are simple measures to put in place, as are measures of user satisfaction. More meaningful as measures of impact are sickness days (frequency and duration), employee engagement, overtime costs and workflow delays and interruptions.



# CASE STUDIES

In interviews with some UK and international manufacturers we have found some thoughtful and focused examples of workplace interventions which are either explicitly aimed at improving physical and psychological health (and, as a result, performance and productivity) or which focus on innovative job design, adaptations and employee involvement initiatives.

Through improving engagement and wellbeing, these have a positive effect on individual, team and organisational performance.



SIEMENS



## TIMBERWOLF, UK

Established in 1999, Timberwolf is a small but growing UK firm which designs, builds, tests and distributes professional woodchippers and shredders. It supplies, among others, customers in arboriculture, estates management, horticulture and infrastructure. It employs 80 people and is based in Stowmarket in Suffolk. It operates a single day shift and has a significant subcontractor supply chain.

Chris Perry has been the MD of Timberwolf for three years and has been keen to implement a rolling programme of measures which simultaneously improve the efficiency and productivity of the company's processes and promote the safety and wellbeing of employees across the operation. Historically, the company has been reactive in its approach, and Mr Perry has been shifting the emphasis towards more proactive and preventative measures.

Timberwolf has not had a specific problem with sickness absence or workplace accidents but it recognises that a highly skilled, engaged, involved and

healthy workforce is central to its future sustainability and success. Some of the initiatives which Mr Perry and his team have introduced include:

- A health and safety committee which looks across a wide range of health and wellbeing issues and embeds the principle that employees must be involved in all workplace health, safety and wellbeing initiatives. The committee advises on which priorities should be addressed and collects employees' ideas about their design and implementation;
- Measures to monitor and prevent hand/arm vibration and air quality risks among welders and fabricators;
- A new outsourced occupational health service to provide preventative advice and to which employees with specific musculoskeletal, mental health or other issues can be referred for support and rehabilitation advice;
- Access to online mental health awareness training for any employee who wants to use it. This includes content on the early signs of mental distress and how support at work can help employees to stay well;

- Provision of on-site flu jabs for those who want it. Mr Perry recognises that 'spikes' in illness and absence can have a short-term impact on production flows and place additional pressure on colleagues;
- Support for employees who wish to participate in team-based physical activity initiatives prompted by national campaigns such as Children in Need or Sport Relief.

Mr Perry emphasises that he would like to implement more activities to promote wellbeing among employees but wants to keep the pace of change realistic and incremental as he thinks the company is too small to manage a 'big bang' approach. Nonetheless, he feels that the highly participative approach the company has taken to employee consultation and involvement, and the way it has focused on measures to improve operational safety and effectiveness together with wellbeing and staff engagement are beginning to deliver results.

## SIEMENS, UK

Siemens is a German company, founded in 1847. It is the largest industrial manufacturing company in Europe, with a large operation in the UK employing 15,000 people and with revenue of £6bn in the last financial year. Its UK operation focuses on the areas of electrification and automation.

It is very active in promoting the wider health, safety and wellbeing of its employees and has five 'pillars' to its wellbeing strategy:

1. Physical activity – including programmes for exercise, sport and relaxation, strengthening motor skills and developing regenerative capabilities;
2. Healthy nutrition – promoting healthy eating through education, skills and personal motivation and by making healthy meals available on site;
3. Emotional wellbeing – supporting employees' ability to manage change and work and non-work demands, and helping employees to interact well with others and to self-regulate their emotions and psychological wellbeing;

4. Healthy work environment – helping employees to work effectively in a suitable, well-designed and healthy physical work environment;
5. Medical care and assistance – clinical, ergonomic and occupational health support for prevention and early detection of health problems at work.

Employee engagement surveys among UK employees have previously indicated that some aspects of wellbeing – especially emotional wellbeing – required attention and more investment. UK Head of Wellbeing, James Brown, has been working to promote and roll out this integrated approach across the UK business and most recently has been developing new interventions in the emotional wellbeing and mental health promotion. A core aim at Siemens UK is to put the mental health of employees on the same footing as their physical health. To do this the company has invested in a major programme of Stress Management and Resilience Training (SMART) which is available to all employees and managers through the company's 'learning campus'. This training has an educational component (eg the biology and psychology of stress) and offers practical tools for employees to monitor their stress levels, build self-awareness, develop 'active coping' and learn how to help others.

There are modules for managers on how to manage teams in a way which avoids stress at work. The company also offers Mental Health First Aid training and, as part of its Stress and Mental Health Policy, is developing a mental health toolkit for managers which will include an Emotional Wellbeing Assessment Tool. In addition, employees have access to an Employee Assistance Programme (EAP) which offers a range of services including face-to-face counselling.

### Results

More than 1,500 employees attended the SMART workshops in the 2017 financial year. 97% of participants said they would recommend attendance to a colleague and 90% reported that they felt better equipped to manage stress and maintain their resilience. Efforts to improve the take-up of support services for employees with mental health challenges offered by the EAP have resulted in an increase in utilisation from 2-3% to 10-12%, which is high compared to other employers. Mr Brown is confident that considerable progress has also been made in the UK business to reduce the stigma surrounding mental illness, which has helped promote disclosure and take-up of a number of emotional wellbeing initiatives in the business.





# CONTINENTAL AG, GERMANY

Continental AG is a leading German automotive manufacturer with global operations, founded in 1871. It specialises in tyres, brake systems, power train and chassis components. It is based in Hanover and has more than 220k employees worldwide.

The company has developed a sophisticated series of risk exposure methods which focus on both physical and psychological job demands. This enables local managers, together with HR, ergonomics and occupational health experts, to support the implementation of individual adjustments to job design for any employee with a health and wellbeing issue or with a permanent or temporary impairment.

The company health, safety and wellbeing strategy, with a focus on physical and mental health, is intended to deliver three highly integrated and interconnected aims:

- Prevent work-related illness (physical and mental);
- Prevent accidents;
- Ensure uninterrupted operations.

Using internal expertise within its ergonomics team, Continental has sought to create health-conscious working conditions for all employees, but with a particular emphasis on employees with health problems (eg musculoskeletal disorders), older staff, those with reduced performance capacity and younger employees who are new to working in safety-critical environments. In this way, the company hopes to avoid subjecting its employees to excessive stresses and strains.

Klaus-Dieter Wendt, Head of Ergonomics at Continental argues, 'Through this programme, we support our staff in providing them with a healthy working environment which also helps to protect their own health. Our policy here means we create new jobs which, from the outset, meet age stability criteria and which are not gender specific. And it is also important that young staff are not overburdened at work.' Continental has been working to make workplace stress levels measurable for the past 13 years – with recent success resulting from the use of an Exposure Documentation System that both identifies and quantifies types of workplace stress in different jobs, functions and production environments. The data then produces specific information on the levels of stress and strain that employees are being exposed to in their workplace. This enables suitable work and workstations to be adapted and designed which are suitable for employees with any health impairment while allowing them to work at optimal productive capacity.

Mr Wendt says, 'Now we've expanded the concept to include the preventative approach aimed at protecting young staff. This enables us to actually avoid a situation where we subject our employees, whatever their age, to excessive stress – both physical and mental. We presented these two aspects as key indicators which Management uses to steer implementation within the company.'

One key structural element in the programme is the inclusion of interdisciplinary ergonomics training at the sites. Worldwide, team members undergo systematic ergonomic training. The programme has already been implemented at all German sites, and is being successfully rolled out around the world.

Continental has recognised that, as a result of rapid innovation in production processes and in digitisation, ergonomics and demographics are becoming increasingly important in designing healthy and productive workplaces. Mr Wendt says that 'the transformation of work processes and activities is leading to people being exposed to new strains and stresses. Work is shifting more towards psychological/mental and detailed manual tasks and our safety and wellbeing practices have had to adapt in response.'

## Results

The company has seen a decrease in the rate of physical overload in the jobs it has profiled from a high of 46% in 2010 to 25% in 2016. Further reductions are targeted and measures of mental strain are currently being developed. Systematic assessment of exposure to physical and mental job demands is now being conducted across each of the company's sites and the data is now routinely shared with colleagues in HR roles so that preventative job design adaptations can be fully integrated.



## LUJATALO, FINLAND

Lujatalo is a family-owned business in Finland. It designs, manufactures and builds innovative materials for commercial and residential construction developments. It employs 750 people and has been trading for more than 60 years. In the 1980s its investment in R&D led to the development of new production methods to allow the design and coating of concrete structures with more variety of techniques and colours. In the beginning, the product line consisted mainly of concrete additives but was later expanded to include dry mortar, plasters and repair compounds as well as coatings and paints for facades.

About half of Lujatalo's workers are aged over 45. Because of the physically demanding nature of their work, continuing careers until the official retirement age is often challenging. Their workers typically suffer from musculoskeletal problems, and supervisory work is also associated with an increased mental workload and higher stress levels.

Sari Tiainen, Wellbeing Manager, explains that the company decided that measures to improve the sustainability of working life for all workers were needed. An early-intervention model with follow-up actions for those with reduced work ability was adopted. The interventions are carried out in cooperation with foremen, occupational health services and insurance companies, under the lead of the company's head of health and wellbeing. Vocational rehabilitation is provided by Lujatalo, including work trials and retraining, such as retraining production workers with long experience to become foremen. Changing tasks or work content enables workers to continue their careers until they reach retirement. Of those workers facing early retirement from a physically demanding role, it is estimated that up to two-thirds could be retained in the workplace through vocational rehabilitation.

Ideas for easing the burden of physical work and improving safety are gathered in the Lujatalo databank. This electronic ergonomics databank will be made accessible to all employees via a smartphone app. Safety observations are collected with the Safety-App, which enables photos to be taken of observations to illustrate any shortcomings and is also particularly useful for foreign workers who may not speak Finnish.

In addition, reporting has been incentivised by the company, with monthly rewards for reporters in the form of cinema tickets. Lujatalo also promotes safety during the commute to work by subsidising the cost of studded bicycle tyres for employees who cycle to work in icy conditions, an initiative that simultaneously encourages physical activity. Workers whose jobs put them under mental strain are supported and monitored with Firstbeat Lifestyle Assessment measurements, which help employees to recognise stress and identify areas for improvement (physical activity, nutrition, sleep).

### Results

Lost-time injuries fell from 116 to 13.9 (per million working hours) between 2005 and 2015. The number of serious accidents resulting in more than 30 days' absence has dropped to one or two per year, with the company aiming to reduce this to zero by 2020. Vocational rehabilitation, typically through retraining, has greatly reduced the costs associated with early retirement. In addition, a culture of prevention has been encouraged in the company, with the number of safety observations logged by employees growing from 18 in 2010 to 1,425 in 2015, partly because of the development of the Safety-App.



# WESTFIELD HEALTH VIEWPOINT



## It's time for manufacturers to put a belief in well beings at the heart of their productivity strategy

It is heartening to see so many manufacturers demonstrating a strong focus on helping people to stay in work or return after an absence, and of course addressing their health and safety legal obligations.

However, sustainable productivity gains require a stretch to a more holistic and employee-centric concept of wellbeing. This report helpfully starts out by defining what is meant by 'wellbeing'.

At Westfield we 'believe in well beings', forcing the focus on to the whole person at the centre of this debate. Business can only expect individuals to really perform to their maximum if strategies consider all aspects of employee health risks and wellbeing. That means a more psychosocial approach that also considers the impact of lifestyle, social and emotional factors on illness, behaviour, and ability to function.

Whilst a growing number of mainly large employers are recognising this, it's clear from this survey that manufacturers need to take a more holistic view.

Being insight-led is critical to ensure your health and wellbeing strategy addresses your business's most pressing health risks and issues, and to check if interventions are working. The survey found manufacturing has a way to go on reporting wellbeing data, evaluating the impact of wellbeing interventions, and holding line managers accountable for wellbeing.

Health surveillance alone won't give you a fully rounded picture of the prevalent health risks for your workforce. The impact of poor lifestyle, tiredness, stress and other mental health issues are frequently invisible to managers. Mental health issues are frequently present alongside physical ailments, but employees, especially men, may not reveal them, even to their GP.

Regularly surveying managers and staff, and offering evidence-based health checks for all – covering both body and mind – will help equip you, and your employees, with a fuller knowledge that goes beyond just occupational risks to physical health.

Providing access to counselling via an Employee Assistance Programme (EAP) is a good step towards supporting staff experiencing mental health issues, but such programmes are often underused and, in isolation, won't reduce mental health risks for the healthy majority. The right organisational culture, practices and job design, backed by resilience coaching and tools for both employees and managers, are key to heading off the slide towards mental health issues.

Holistic wellbeing programmes are increasingly emerging as a solution to promote good physical and mental health, and good lifestyle choices, achieving this behaviour change via coaching and motivational interviewing techniques. Choosing the right solution provider for lasting rather than temporary behavioural changes can be a challenge though.

Providers who can demonstrate a sound evidence base, and those whose expertise pulls on work with athletes and coaches in the elite sports world, have much to offer in this respect.

Wellbeing strategies and solutions can take at least 12-18 months to embed. Aligning them with employee engagement and corporate culture to

drive productivity requires line managers to be fully involved and engaged in addressing any working practices that undermine wellbeing.

The successful manufacturers of the future will be those who have done this, moving their focus on from managing physical health risks and rehabilitating the ill to adopting preventative approaches that help the 'at risk' improve their wellbeing, and to help keep their healthy people healthy.

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Westfield Health is an award-winning health and wellbeing provider, committed to helping people put their physical and emotional wellbeing first, at work and at home, by inspiring them to make healthier choices.

Working with 400,000 customers and more than 8,000 companies, Westfield Health has been supporting the nation to live happy, healthy, independent lives since 1919.

Partnering with outstanding organisations, such as Sheffield Hallam University, enables Westfield to develop market-leading insight, expertise and technologies which are then translated into health and wellbeing strategies, helping people to take control of their physical, mental and emotional health.

As a not-for-profit organisation, it has donated more than £14.5m to the NHS and medically related charities over the last 20 years, supporting the health and wellbeing of communities across the UK.

With workplace health and wellbeing moving up the corporate agenda, more and more businesses now recognise the benefits of taking the best possible care of their most important asset – their staff.

Westfield Health believes in well beings and supports people to eat well, move more, sleep better and think clearly.

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Find out more at: [www.westfieldhealth.com](http://www.westfieldhealth.com)

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## METHODS

In conducting the research for this report, the Institute for Employment Studies (IES) conducted:

- A review of the academic research literature on the relationship between wellbeing and productivity in manufacturing organisations;
- A survey of more than 100 UK manufacturing organisations aimed at finding out their motivations for investing in a range of health and wellbeing practices, the ‘strategic intent’ behind these practices, the range of interventions in use and the impact employers felt these were having on productivity and employee wellbeing;
- A number of interviews with both UK and international manufacturing companies which have been implementing a range of workforce wellbeing interventions.

The research was conducted between October 2017 and March 2018.

### Survey respondents

Almost half of our responses (46%) came from organisations with fewer than 250 employees, and only half of the businesses in our survey were UK-owned, with 37% owned by European companies and almost 7% owned by North American parent companies. Fewer than 40% of the businesses recognised a trade union for the purposes of collective bargaining, and just under half of the respondents (46%) were in an HR role and just under a third were owners or directors. Just over half of our respondents reported that their business turnover had increased during the previous three years (it had fallen in 17% of firms), and sickness absence had increased in 33% of firms in the last three years but decreased in 41%. Across all of our respondents the number of days lost each year to sickness absence was 5.45 days per employee.

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