



2021 State of Mental Health in the Workplace Report

How employee mental health benefits can
boost morale, productivity, and profitability

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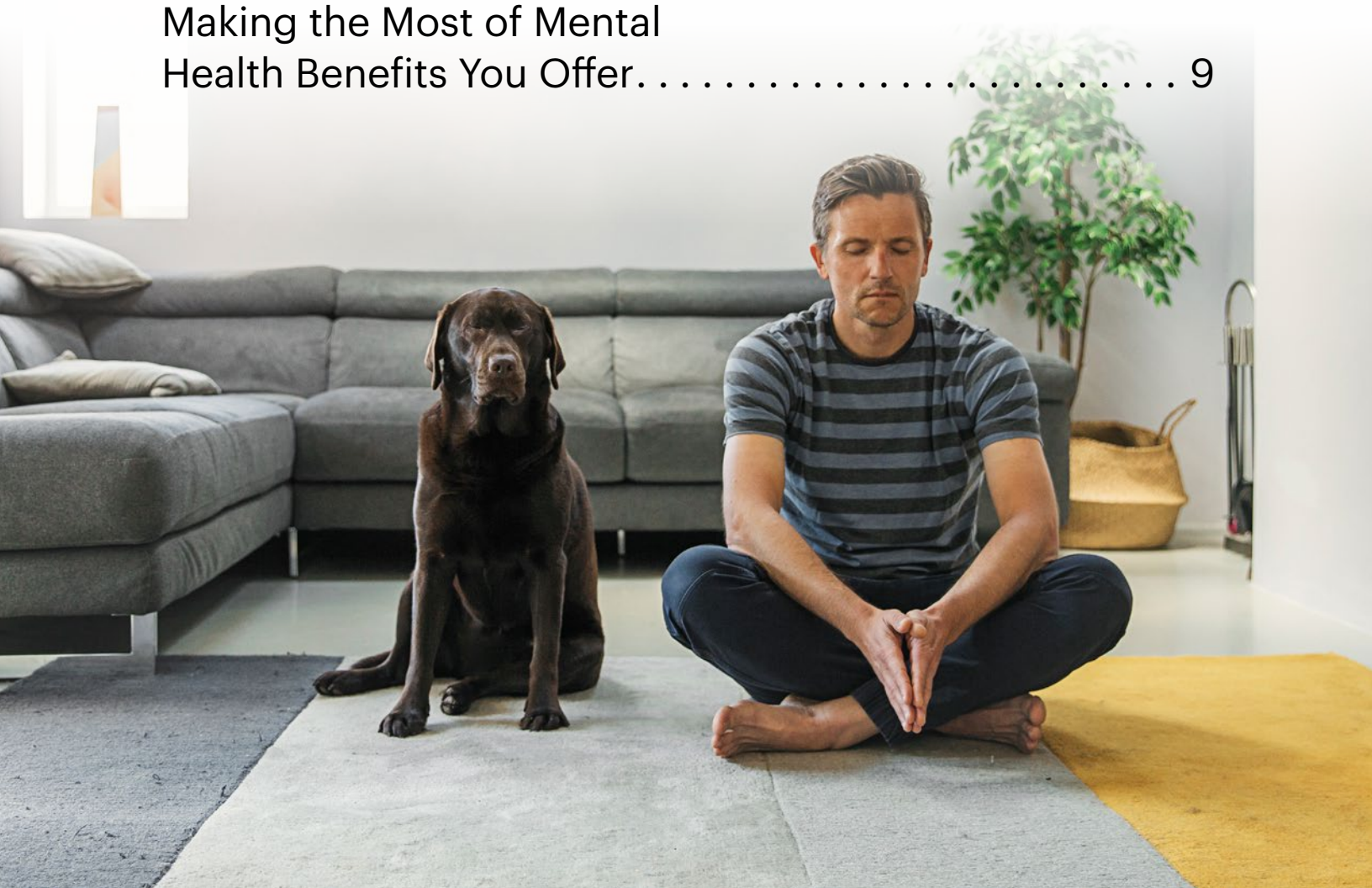
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As the economy rebounds, competition for the best talent is intensifying. Attracting, engaging, and retaining the best employees is essential now, but a recent Paychex survey found that employee workplace mental health challenges are impacting productivity, retention, and overall business success.

43% percent of employees say their mental health is worse now than pre-COVID-19.

However, many employers at companies with two to 99 employees actually believe employee mental health has improved since the COVID-19 pandemic began.

The cost of this perception gap can be significant. Employee strain from the COVID-19 pandemic has affected businesses in ways that include lower company revenue, profit, and customer loyalty. **One in five business owners responded that poor employee mental health could affect their overall competitiveness.**

Business leaders that recognize and address workplace mental health challenges and impact have the potential to reap significant rewards. Companies offering benefits that support mental health are five times more likely to have experienced markedly improved retention since the COVID-19 pandemic began.

Read this report to learn about results from survey respondents in areas including the:

- Cost of current workplace mental health challenges to employee wellness and company competitiveness
- Impact of mental health challenges on employee productivity, presenteeism, and retention
- Role of benefits in addressing employee mental health challenges in the workplace
- Disconnect between current employee mental health challenges and employer knowledge of these struggles
- Steps employers are taking to improve employee workplace mental health



By the Numbers

80% of employees aged 18-39 say mental health support programs/benefits are important when applying for or considering a job.

66% of employees report feeling better about their employer after using a benefit.

60% of employers can measure employee productivity. However, only 26% can measure employee mental health.

The Current State of Employee Workplace Mental Health

Employee respondents in the Paychex survey revealed a deterioration of their mental health across all potential categories.

The percentage of employees who stated a worsening of an issue since the COVID-19 pandemic began:	Increased anxiety	31%
	Decreased enthusiasm	24%
	Decreased motivation	22%
	Reduced focus	21%
	Increased depression	20%
	Decreased teamwork	16%

Most employee respondents in the survey reported they are not experiencing any improvements at work as a result of changes due to COVID-19. Fewer than one in five employees reports moderate lifestyle gains from:

- Less time commuting
- More time with family
- Greater schedule flexibility

Employees cited numerous stressors on their mental health over the past year, including:

- Paying medical bills
- Exhaustion and other health concerns
- Isolation from loved ones
- Fatigue with online work
- Salary reductions
- Being prepared for retirement



The Emotional and Business Impact of Mental Health Challenges

Workplace mental health challenges affect many aspects of employee wellness.

Percent of employees reporting:

Mental Stressors	Physical Stressors	Financial Stressors	Social Stressors
<p>11% Work responsibilities</p> <p>5% No means to easily and confidently raise work concerns or HR issues/adjusting to new job responsibilities</p> <p>16% Not enough exercise</p>	<p>33% Fear of contracting COVID-19 at work</p> <p>34% Fear of contracting COVID-19</p>	<p>20% Uncertain job future</p> <p>21% Financial worries</p> <p>15% Retirement savings</p>	<p>6% Issues with a co-worker or manager</p> <p>17% Isolation</p>

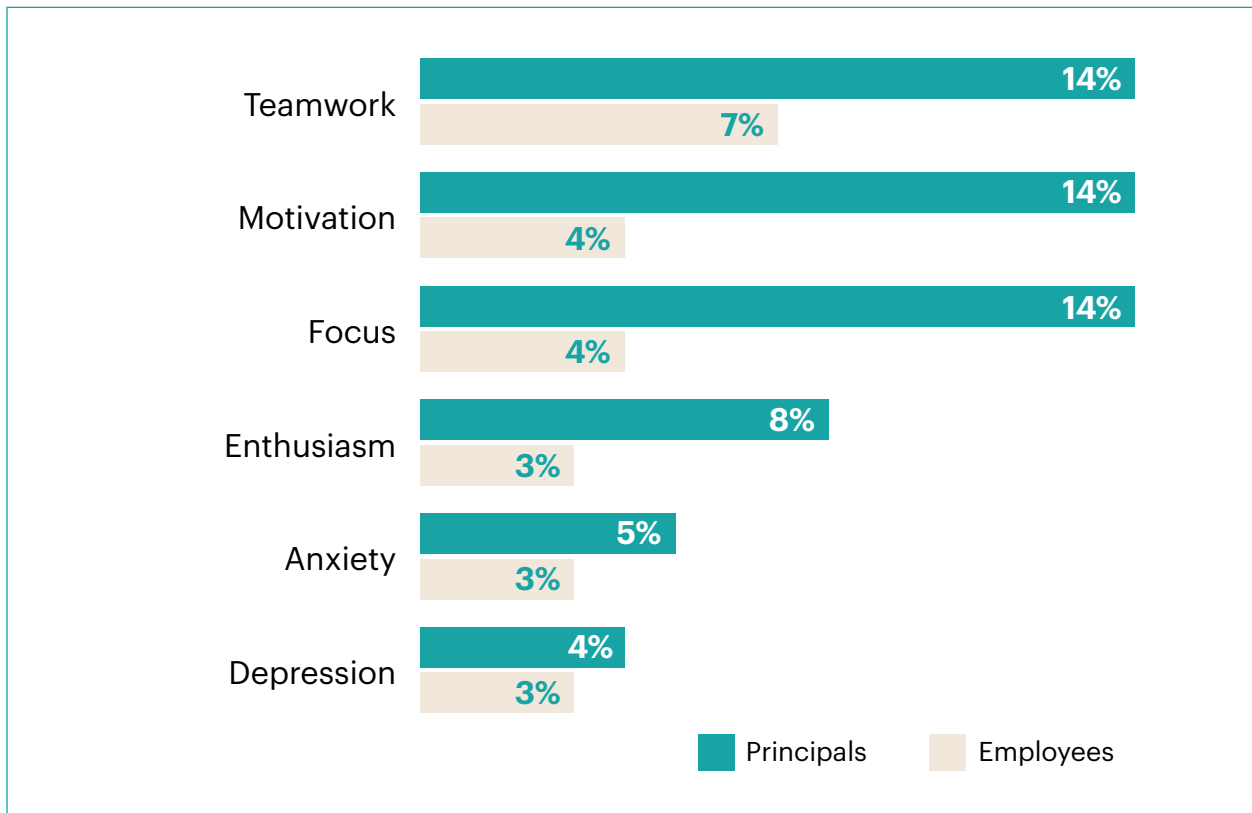
Survey respondents perceived potential business impacts of workplace mental health challenges across key metrics.

Revenue is decreasing/will decrease	40%
Profitability is decreasing/will decrease	39%
Is losing/will lose customers	30%
Morale is decreasing/will decrease	27%
Output has diminished/will diminish	26%
Competitiveness is decreasing/will decrease	20%

Employers Fail to Recognize and Track a Key Workplace Reality

Despite employee respondents reporting significant workplace mental health challenges and employers documenting severe business fallout, the Paychex survey suggests that employers are not aware of the extent of the problem in their organizations. This may be in part because only approximately one-quarter of employer respondents have a way to measure employee mental health. By contrast, most companies have a means of measuring employee productivity.

The data bears out this potential lack of awareness. Employers are more likely to perceive an improvement across all categories of employee mental health since the COVID-19 pandemic began.





Interestingly, employers state that employee mental health is more important to them than some other key business concerns:

- **18%** of employers say that employee mental health is more important than cash flow
- **14%** say it's more important than finding new customers
- **26%** say its importance outranks staying current on technology

Mental Health Benefits: A Solution for Current Workplace Challenges

The good news for employers is that offering employee benefits to address mental health challenges in the workplace can have a significant positive impact on hiring and retention. And, according to the Paychex survey, employees reported that they'll prioritize this type of support when they look for their next job.

- **60% of people** in the survey say that mental health benefits will factor into selection of their next job
- **5x more likely** for companies offering mental health benefits to have experienced markedly improved retention since the COVID-19 pandemic began
- **66% of employees** report feeling better about their employer after using a benefit

The top benefits employees cite as “very helpful” in the survey include:

- Employee-specific professional development plans
- The option to have a flexible schedule
- System for tracking employee progress and goals
- Health maintenance programs
- Programs that offer referrals for behavioral health or substance use disorder



How Employers Are Improving Workplace Mental Health

In response to business challenges posed by the COVID-19 pandemic, employers reported that they have started offering new benefits to support remote work and help improve productivity.

The five most implemented new benefits include:

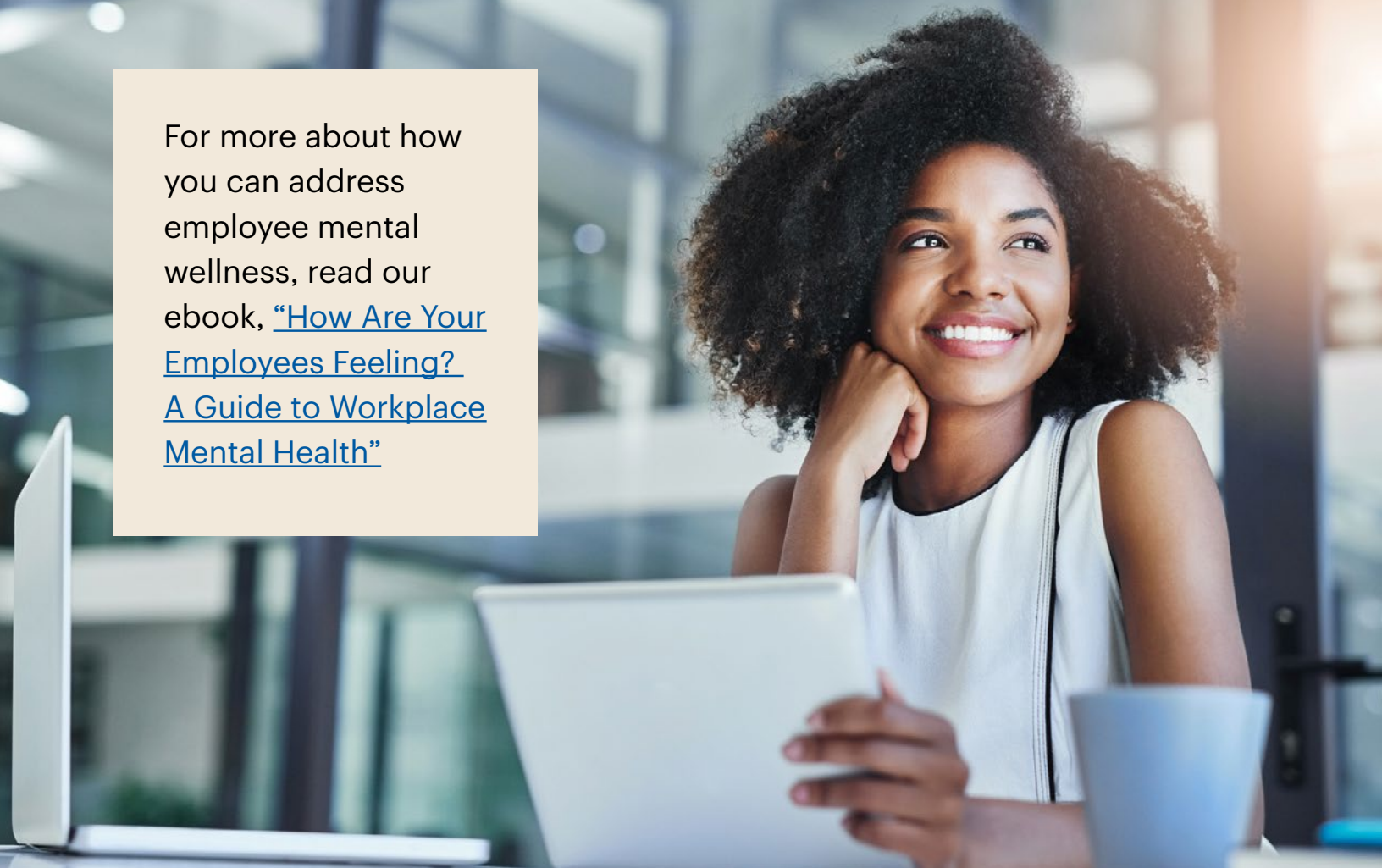
1. The option to work remotely
2. The option of a flexible schedule
3. Regularly scheduled employee/manager check-ins
4. Support for work issues such as adjusting to new responsibilities
5. Programs that offer referrals for behavioral health or substance use disorder

Despite the threats to business success and employee performance, 59% of employers say they will not offer any new employee support programs in the next 12 months. This may potentially affect hiring, engagement, and overall company success.

One bright spot in benefits plans among employers is the number of employers planning to provide access to employee assistance programs (EAPs). EAPs provide support and access to services for a variety of personal stressors that can impact morale and work performance. For example, referrals and guidance for finding help with mental health challenges, health and care of family members, family planning, substance use disorder, financial planning, and work issues.

The Paychex survey found that:

- 19% of employers are extremely or very likely to start offering an EAP in the next twelve months
- Larger businesses are even more likely to provide this benefit. 33% percent of employers at companies with 20 to 49 employees and 57% of employers at companies with 50 to 99 employees report being extremely/very likely to start offering an EAP

A smiling woman with curly hair is sitting at a desk in an office. She is holding a tablet computer and looking towards the right. There is a laptop and a blue cup on the desk in front of her. The background is a blurred office environment with large windows.

For more about how you can address employee mental wellness, read our ebook, [“How Are Your Employees Feeling? A Guide to Workplace Mental Health”](#)

Making the Most of Mental Health Benefits You Offer

A key to success in addressing workplace mental health challenges is to raise the visibility of the support you provide for employee wellness and encourage use through proven tactics.

The Paychex survey revealed a potential disconnect between what employers offer related to mental health benefits and what employees realize is available. One in five employees admits they may not be aware of the benefits available to them.

Available Benefits Offered/Employee Awareness Gap

Benefits for mental health, job performance, work engagement, and/or satisfaction	% of employers who offer	% of employees who are aware these benefits are offered
Flexible schedule	46	19
Remote work option	40	21
Reg. schedule employee/manager check-ins	25	10
Support for work issues such as adjusting to a new role or managing work responsibilities	17	4
Responsive and confidential communication on HR-related questions	13	5
Assistance finding caregivers for children, elderly, or others	10	1
Health maintenance programs	9	3
Work conflict resolutions programs	9	2
System for tracking employee progress and goals	8	5
Referrals for behavioral health or substance use disorder	8	4
Employee-specific professional development	7	4
Referrals for financial assistance support	7	1



Employees shared some insight into what would motivate them to make use of the mental health benefits offered by their employer.

Knowing that all programs were free or affordable	37%
Knowing that the program was confidential/specific to my needs	26%
Knowing that the benefit had helped other employees	21%
Having time in the workday to participate in them	11%
Seeing leaders in the company using them	5%

The data in this survey points to the importance of understanding employee workplace mental health status and devising a plan to address it. The first step for many employers may be to recognize the gap between employee mental health challenges and employer recognition of this problem. Once employers understand the mental health needs of employees in the workplace, they can develop a plan to improve employee mental, physical, financial, and social wellness.

About Paychex

Paychex, Inc. (NASDAQ: PAYX) is a leading provider of integrated human capital management solutions for human resources, payroll, benefits and insurance services. By combining its innovative software-as-a-service technology and mobility platform with dedicated, personal service, Paychex empowers small- and medium-sized business owners to focus on the growth and management of their business. Backed by more than 45 years of industry expertise, Paychex serves more than 680,000 payroll clients as of May 31, 2020 across more than 100 locations in the U.S. and Europe, and pays one out of every 12 American private-sector employees.

About the 2021 State of Mental Health in the Workplace Survey

The survey was conducted online from December 10–December 30, 2020 among 250 principals (owner, founder, CEO, etc.) and 250 employees at U.S. companies with 2 to 99 employees.

Learn how Paychex can help you improve mental health in your workplace, reduce costs, and improve productivity:

- Visit payx.me/workplace-mental-health
- Call 800-322-7292
- Email sales@paychex.com

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