

# Incentivising Small and Medium Enterprises' uptake of health and wellbeing support schemes – Insights from a discrete choice experiment – Final Report: research summary

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## Research Context

The 'Health is Everyone's Business' consultation outlined the crucial role employers play in supporting the health of employees. Improved employee health and wellbeing can benefit employees, employers, and the wider economy by reducing ill-health related job loss, sickness absence, presenteeism, and improving productivity<sup>1</sup>.

However, previous research shows that whilst most employers recognise their role, many face multiple barriers to investing in health and wellbeing support, such as lack of expertise, time constraints and cost. There is also wide variation in the support provided by employer size, with small and medium-sized employers significantly less likely to invest in formal health and wellbeing initiatives than large employers.

The DWP/DHSC Joint Work and Health Unit commissioned this research to explore what incentives could be used to encourage and support SME (small and medium enterprise) employers to invest in more health and wellbeing schemes for employees.

## Methodology

This research included a quantitative survey with 500 SME employers (with at least 10 employees) in Great Britain, 30 in-depth qualitative interviews, and a discrete choice modelling experiment embedded within the survey.

The survey and interviews explored the main concerns of SME employers about the health of their workforce, their current provision of health and wellbeing support, and

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<sup>1</sup> [Health is everyone's business: proposals to reduce ill health-related job loss - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/health-is-everyones-business)

the barriers to providing it. The survey uses a sampling frame but is not weighted to be representative nationally.

The discrete choice experiment explored the potential impact of financial incentives and supplementary advice on SME uptake of health and wellbeing schemes, including the importance of attributes relating to how that support is delivered. Each SME was given a range of hypothetical 'choice scenarios'. Within each scenario, SMEs were asked to choose between three options: two involving participation in a new health and wellbeing scheme and one 'continue as now' option. The health and wellbeing schemes offered were varied in carefully controlled ways by five groups of attributes.

Responses were used to model the potential SME uptake for schemes with different configurations of attributes. However, it is advised that specific uptake estimates should be interpreted with extreme caution for the following reasons:

- They assume 100% of SME employers are aware of any scheme. In reality, raising awareness of such provision amongst SMEs can be challenging.
- the hypothetical scenarios did not include any detail on gross scheme costs. In reality, cost is likely to significantly influence employer uptake. It may also influence the relative importance of other factors, such as financial reimbursement rate.
- Responses may be subject to social desirability bias, meaning respondents may choose the more socially acceptable answer in the experiment, even if it's not the choice they would make in reality.
- The sample of respondents excluded employers with fewer than 10 employees, who may be less likely to take up formal health and wellbeing support.
- This research was carried out in 2018, prior to the COVID-19 pandemic.

## Survey and qualitative interview findings

### **Key health concerns for employers**

When asked about the most important health and wellbeing concerns affecting their organisation, musculoskeletal conditions and mental health conditions were each reported by over 80% of respondents.

The qualitative research highlighted that concerns about musculoskeletal conditions clustered into two different groups: concern about low levels of activity at desk-based work along with repetitive movements, and concern about heavy lifting and physical strain.

Concerns regarding mental health could also be clustered into two groups: awareness of the stresses and strains of the workplace, and recognition that their staff could have complications outside of work that could also impact on their working life.

## **Current provision of health and wellbeing support**

Employers were asked about two categories of health and wellbeing scheme:

- proactive health promotion for all employees in the workplace – for example, schemes to encourage healthy eating, physical activity, or stress management
- support targeted for employees with long-term health conditions, beyond legal obligations – for example, Occupational Health assessments, or access to psychological therapy

70% of SMEs reported they currently provide at least one type of proactive health promotion scheme for all employees. This varied significantly by employer size, with only 58% of employers with 10–19 employees providing at least one type of proactive support, compared to 82% of employers with 50–249 employees. The most common types provided were mental health support or training (39%) and help with managing stress (39%).

Similarly, when asked about provision targeted for employees with health conditions, medium-sized employers reported much higher levels of current provision. However, this is to be expected since smaller employers are less likely to have employees with health conditions. Therefore, to explore willingness to provide support, employers were asked both whether they currently provide support specifically for employees with health conditions, and whether they would provide it if an employee need arose. Taking into account this stated willingness to provide support should it be required, the difference by employer size reduces significantly, but a difference does remain.

Qualitative interviews highlighted that smaller employers did appear to have a strong interest in the health and wellbeing of their staff, but they tended to have more of a 'family' culture than larger employers and therefore tended to use more informal approaches to handling health problems in the workplace.

## **Barriers to investing in health and wellbeing**

The most common reported barriers to providing health and wellbeing support were lack of expertise to know what support to invest in (49% of respondents), lack of time or resources to implement policies (49%), and lack of capital (52%). This supports previous research which found that lack of time and capital are the main barriers for SMEs in supporting employees to return to work after a spell of sickness absence.

A theme highlighted in the interviews was that knowing what to invest in is complicated and navigating the market can be difficult and requires a time investment. Some SMEs explained that whilst cost was a key barrier, many would not know what health and wellbeing programmes to invest in even if there was financial support.

## Discrete Choice Experiment findings

### **Importance of type of health and wellbeing scheme on SME take-up**

SMEs were equally as likely to choose a preventative health and wellbeing scheme as they were to choose a scheme targeted for employees with health conditions, but they were more likely to choose a scheme including both types of support than just one.

SMEs with experience of employees with long-term health conditions or disabilities were more likely to choose either type of scheme than SMEs without that experience, but they were particularly more likely to choose preventative schemes than the SMEs without that experience.

### **Importance of financial incentives on SME take-up, including payment timing**

The experiment found that as the rate of financial reimbursement increases, the likelihood of choosing an option increases. However, there are diminishing marginal returns as reimbursement rates increase.

For example, one option covered both categories of health and wellbeing schemes, paid 30% of any financial reimbursement up front and 70% at the end, included an online needs assessment and signposting to appropriate schemes, and had no administrative requirements for participating. The experiment estimated that 53% of SMEs who knew of the scheme would participate, even if there was no reimbursement. If the government offered a 25% financial reimbursement, take-up would increase by 13 percentage points to 66%, but for each additional 25% reimbursement, the amount by which take-up would increase gets smaller. Increasing the subsidy to 50%, then to 75%, then to 100%, would increase take-up by a further 11 percentage points (to 77%), 5 percentage points (to 82%), and then 4 percentage points (to 86%), respectively.

In practice, this means that for a given pool of funding, greater impact could be achieved by funding a larger group of SMEs at 50% reimbursement than half as many SMEs at 100% reimbursement.

To test whether capital, or more specifically cash-flow constraints, were the barrier for SMEs, the experiment varied the timing of the reimbursement payment between having a payment made on delivery, or having 30% paid up front and the remaining 70% on delivery. This had no statistically significant impact on take-up. This finding was generally supported through qualitative interviews, though some SMEs reported that a quick reimbursement following delivery was important.

However, it is worth noting that information which was not provided in the hypothetical scenarios, such as gross scheme cost to providers, could change the relative importance of the financial reimbursement rate or timing of payment in reality.

This is particularly important given a common theme in the qualitative interviews was that many SMEs appeared to have limited understanding of the costs of health and

wellbeing schemes, and many had not seriously considered how much they might be willing to spend. This means that many SMEs made decisions in the experiment without a clear and consistent understanding of the costs to the business.

### **Importance of supplementary advice and guidance on SME take-up**

The choice experiment tested whether supplementary advice and guidance would increase take-up of a scheme. This was described as an upfront needs assessment to help SMEs better understand staff health needs or on how to source or implement best-practice schemes to address those needs. The experiment varied whether this advice was delivered through access to online resources or access to a personal adviser.

The provision of supplementary advice had a statistically significant positive impact on take-up of health and wellbeing schemes. However, on average there was no statistically significant difference between whether this support was delivered online or by a personal adviser. For example, by taking the same option as expressed in the previous section, but holding the rate of financial reimbursement fixed at 50%, the availability of either online resources or a personal adviser would increase SME take-up by 7–8 percentage points, compared to if no advice was available.

The qualitative interviews showed this represented a mix of preferences, with some employers strongly preferring online advice and others preferring a personal adviser.

### **Importance of administrative requirements on SME take-up**

Including additional administrative requirements for employers to participate in a scheme had no statistically significant impact on the likelihood of employers choosing that scheme. However, in the qualitative interviews, many SMEs emphasised that any administrative requirements needed to be proportionate to the funding and support being provided. This indicates that whilst the experiment did not detect an impact, excessive and disproportionate administrative requirements could still have a negative impact on take-up.