

Review Article

## The Hidden Cost of Ignoring Employee Mental Health: A National Economic Threat

Esther Boluwatife Oladiran<sup>1\*</sup>

<sup>1</sup>Covenant University

**Article History**

**Received:** 09.12.2020

**Accepted:** 25.12.2020

**Published:** 30.12.2020

**Journal homepage:**

<https://www.easpublisher.com>

**Quick Response Code**



**Abstract:** Employee mental health has devolved into a silent global crisis, exacting a significant and often unmeasured toll on economies worldwide. This paper transitions from a global conversation to local reality, analyzing the direct economic damage this challenge inflicts on Nigeria, arguing that neglecting workplace mental health is no longer a peripheral Human Resources (HR) concern but a pressing and quantifiable national economic threat. By synthesizing global data on productivity loss from absenteeism and presenteeism, this analysis contextualizes the staggering scale of the problem for the Nigerian economy. We further detail the direct economic drain from inflated healthcare expenditures and the immense, compounding costs of talent fragmentation, where skilled professionals opt out of the traditional workforce to become entrepreneurs, creators, or entertainers due to systemic burnout. Through detailed case studies from key Nigerian industries such as technology, banking, and healthcare, we illustrate the clear and compelling return on investment (ROI) for companies that move beyond reactive measures and proactively invest in comprehensive mental wellness infrastructure. This paper also provides a critical analysis of the existing Nigerian legal landscape and cultural barriers, arguing that foundational legislation like the Labour Act (Cap L1, Laws of the Federation of Nigeria 2004) is structurally insufficient, and outdated generational mindsets on mental health prevent meaningful progress. Given the compounding pressures of talent fragmentation away from the corporate sector and the rising prevalence of mental health conditions, continued inaction has become an unsustainable economic strategy for Nigeria. We conclude by recommending specific, evidence-based policy incentives and corporate practices designed to transform this significant economic liability into a powerful source of national competitive advantage.

**Keywords:** Employee Mental Health, Nigerian Economy, Productivity Loss, Presenteeism, Healthcare Costs, Workforce Sustainability, Talent Fragmentation, Employee Burnout, Creator Economy, ROI.

**Copyright © 2020 The Author(s):** This is an open-access article distributed under the terms of the Creative Commons Attribution **4.0 International License (CC BY-NC 4.0)** which permits unrestricted use, distribution, and reproduction in any medium for non-commercial use provided the original author and source are credited.

### 1. INTRODUCTION

The World Health Organization has identified workplace-related stress as a defining public health challenge of the 21st century, a global epidemic that silently erodes productivity, overwhelms public health systems, and diminishes human potential across both developed and developing nations. While the drivers and manifestations of this challenge are universal, its economic architecture is deeply local. Within the Nigerian context, the situation has escalated to a critical inflection point, exacerbated by unique socio-economic pressures and deep-seated cultural norms.

For decades, the conversation surrounding employee mental health in Nigeria has been largely confined to the domains of social welfare and corporate human resources, often dismissed as a secondary concern in the face of more visible economic challenges. It has

been framed as a "soft" issue, separate from the "hard" realities of financial performance and national economic strategy. This perspective is now dangerously outdated. It fails to grasp the full magnitude of the issue and has allowed a silent crisis of individual suffering to fester into a direct, measurable, and quantifiable threat to the economic vitality of Nigeria.

This paper argues that the widespread, systemic neglect of employee mental health has become a matter of profound and urgent economic consequence for Nigeria. The costs are no longer hidden. They are embedded in balance sheets and national economic indicators, acting as a persistent drag on growth. These costs manifest daily in the form of staggering productivity losses, soaring healthcare expenditures, and a crippling talent fragmentation, where the nation's brightest minds are increasingly opting out of the traditional corporate structure altogether in search of

autonomy and well-being. When a significant portion of Nigeria's most valuable asset, its human capital, is operating at a diminished capacity or is actively choosing alternative career paths, the impact reverberates through the entire economic ecosystem.

This analysis will, therefore, reframe the discourse by treating workplace mental health as a core pillar of economic analysis for Nigeria. We will quantify the multifaceted economic toll, critically analyze the profound insufficiency of current Nigerian labor laws and cultural barriers, and recommend a concrete path forward. The objective is to make a data-driven case that investment in mental health is not a discretionary perk, but a fundamental, high-return investment in the foundational infrastructure of a modern Nigerian economy.

### 1.1 Research Questions

This study is guided by the following core research questions:

1. What is the likely quantifiable economic cost of poor workplace mental health in Nigeria, based on global models of productivity loss, healthcare spending, and talent fragmentation?
2. To what extent are existing Nigerian laws and prevailing cultural attitudes toward mental health sufficient to address the scale of this economic problem?
3. What practical recommendations can be made to both Nigerian policymakers and corporate leaders to mitigate these costs and transform mental health support into a source of competitive advantage?

### 1.2 Structure of the Paper

This paper is organized into the following sections:

- **Section 2** quantifies the economic costs of poor mental health, contextualizing global data for the Nigerian workplace.
- **Section 3** provides case studies from key Nigerian industries, including the entertainment sector, to illustrate the impact and ROI from mental health initiatives.
- **Section 4** analyzes the limitations of existing Nigerian laws and the cultural barriers to progress.
- **Section 5** frames the issue as a matter of urgent national interest for Nigeria.
- **Section 6** proposes concrete policy and practice recommendations for Nigeria.
- **Section 7** discusses the scope and limitations of this study.
- **Section 8** offers a concluding summary of the paper's findings.

## 2. The Economic Toll of Poor Mental Health in the Workplace

A primary reason many Nigerian employers have historically deprioritized robust mental health

support is the pervasive belief that such initiatives are prohibitively expensive. This paper argues that this viewpoint is a profound strategic and financial miscalculation. The perceived "cost" of investing in mental health is dwarfed by the very real and escalating economic burden of inaction. While large-scale, Nigeria-specific data is still emerging, global studies from organizations like the World Health Organization (WHO) and American Psychiatric Association (APA) provide a robust framework for understanding the likely scale of the economic costs in Nigeria across three domains: productivity loss, healthcare spending, and talent fragmentation.

The first and largest component is productivity loss. This includes absenteeism, but more critically, presenteeism. An employee in the commercial city of Lagos who spends three hours in traffic, arrives at work already stressed, and is dealing with economic anxiety may be physically present but mentally disengaged. This cognitive fog directly impacts the quality and quantity of work produced. It manifests as impaired decision-making, reduced creativity, poor communication that strains team dynamics, and a general inability to engage in the "deep work" required for complex problem-solving. This is not simply a matter of working slower; it is a matter of working less effectively, a dynamic that directly impacts innovation and competitiveness (Goleman, 2011).

The second pillar is direct healthcare spending. In Nigeria, where many individuals pay for healthcare out-of-pocket, the burden is immense. Chronic stress and anxiety are well-documented catalysts for physical ailments like hypertension and cardiovascular disease, both of which are on the rise in Nigeria (Sapolsky, 2004). This creates a devastating cycle where financial and workplace stress leads to physical illness, which in turn leads to high medical bills, creating even more financial stress for families. For companies that do provide Health Maintenance Organization (HMO) plans, the rising claims for both mental and physical health issues lead directly to higher premiums, reducing corporate profits and making comprehensive insurance less affordable in the long run.

Finally, the third, and perhaps most critical long-term cost, is talent fragmentation and entrepreneurial drain. The modern Nigerian workplace, with its high-pressure culture, has created an epidemic of burnout (Maslach & Leiter, 2016). The consequence is not merely that an employee leaves one firm for a competitor; it is that a growing number of skilled professionals are leaving the traditional 9-to-5 corporate structure entirely. When a talented individual feels that the price of climbing the corporate ladder is their well-being, they increasingly choose to channel their ambition elsewhere. They become entrepreneurs, consultants, or content creators, building their own ecosystems where they have autonomy and a direct connection between

their effort and their reward. From an economic perspective, this represents a significant "brain drain" away from the established corporate sector that is supposed to drive the formal economy. Large firms lose

not just an employee, but an innovator whose future contributions will now accrue to their own micro-enterprise, not to the company that invested in their initial training.

**Table 1: The Three Pillars of Economic Cost in Nigeria a simplified visual breaking down the primary cost centers**

Cost Category	Primary Drivers	Business Impact
Productivity Loss	Absenteeism, Presenteeism	Reduced Output, More Errors
Healthcare Spending	Out-of-Pocket costs, Higher insurance premiums	Financial burden on families & businesses
Talent Fragmentation	Burnout, Search for Autonomy	Loss of innovators to solo-entrepreneurship

### 3. Case Studies and Industry Impact

The economic consequences of neglecting mental health in Nigeria are starkly visible in several key sectors.

The high-pressure technology and banking sectors in Lagos and other commercial hubs are celebrated for their dynamism but are also notorious for their demanding work cultures, often characterized by unrealistic targets and long hours. This has led to a talent retention crisis, with skilled software developers and financial analysts constantly seeking less stressful opportunities or choosing to launch their own startups. Nigerian companies that are beginning to offer comprehensive mental health benefits, flexible work policies, and supportive leadership are finding they have a distinct competitive advantage in retaining this top talent. They become "destination employers" known not just for their compensation, but for their culture, a key factor in attracting high-performers (Edmondson, 2018).

The entertainment industry, particularly in music and digital content creation, serves as one of the most visible destinations for this migrating talent. This trend is vividly illustrated by the number of prominent figures in Nigeria's globally recognized creative scene who began their careers in demanding corporate roles. The story of an artist like Temilade Openiyi, widely

known as "Tems", who reportedly worked in digital marketing before her meteoric rise in music, serves as a powerful case study. This represents a direct reallocation of high-level talent; the skills, creativity, and ambition that could have driven a corporate marketing division are now fueling a global entertainment brand. Similarly, the explosion of the skit-making industry on platforms like Instagram, TikTok, and YouTube is powered by individuals with diverse educational backgrounds, from accounting to engineering. Many of these creators have built media empires from the ground up, a testament to the appeal of the autonomy and direct-to-audience business model offered by the creator economy over the rigid structure of the traditional 9-to-5.

A comparative look at companies within these industries reveals a clear divide. Those that integrate mental health into their strategic planning consistently outperform their peers. Findings from global companies show an estimated 2 to 4 units of economic value gained for every 1 unit invested in wellness programs (Chisholm *et al.*, 2016). This ROI is not just about feeling good; it is a hard financial calculation. Every retained employee saves the company the significant cost of recruitment and training. Every productive day gained from a supported employee contributes directly to the bottom line. This is the clear, data-driven business case for investing in a mentally healthy workforce.

**Table 2: ROI of Mental Health Investment in Nigeria (Illustrative) A simplified table showing the clear financial benefit of investment**

Company Profile	Annual Investment in Mental Health (per employee)	Annual Return (per employee)	Net Gain (ROI)
Company A (Invests)	₦200,000	₦600,000 (Productivity + Reduced Turnover Risk)	+ ₦400,000 (3x)
Company B (Does Not)	₦0	- ₦1,000,000 (Productivity Loss + Cost to replace one employee)	- ₦1,000,000

### 4. Why Existing Policies and Mindsets Are Insufficient

Nigeria's current framework is fundamentally ill-equipped to address the modern workplace mental health crisis, due to both inadequate legislation and deep-seated cultural barriers.

The primary legislation, the Nigerian Labour Act, is outdated. It was designed for an industrial-era economy and focuses almost exclusively on physical health and safety, with no substantive provisions for

psychological well-being, the prevention of burnout, or the stressors of the modern knowledge-based economy. While Section 42 of the Constitution of the Federal Republic of Nigeria (1999, as amended) prohibits discrimination, applying this to the subtle dynamics of workplace culture and mental health is extremely difficult.

This legal vacuum is exacerbated by a crucial cultural and generational barrier. This emerging conflict is largely fueled by the younger generation's, often

defined as 'Millennials' and 'Gen Z', increased exposure to global work cultures and Western educational frameworks. Through the internet and education, they have acquired a new orientation and a set of expectations regarding employee rights, psychological safety, and mental well-being. This stands in stark contrast to an older, more traditional worldview often held by leadership from the 'Baby Boomer' and 'Generation X' cohorts, who occupy a majority of senior management positions. This perspective often recognizes mental health struggles only in their most extreme form, equating them with "acute madness," and fails to grasp the spectrum of mental wellness, leading to the dismissal of common conditions like anxiety and burnout as personal weakness rather than legitimate health concerns. This generational disconnect is a primary reason why many Nigerian organizations perpetuate high-stress cultures and systemically treat fundamental employee entitlements, such as paid leave, not as a right to be respected, but as a discretionary cost to be minimized (Pfeffer, 2018; Hamel & Zanini, 2020).

The combination of these factors creates systemic gaps:

- a. **Lack of Proactive Requirements:** There are no laws that mandate employers to create psychologically safe work environments.
- b. **Cultural Stigma:** The pervasive stigma, rooted in an outdated generational mindset, prevents employees from seeking help and allows poor management practices to continue unchecked.
- c. **Disparities in Access:** For the vast majority of the population, quality mental healthcare is either unavailable or prohibitively expensive.

## 5. The National Interest: Why Nigeria Must Act Now

Addressing workplace mental health has become a matter of urgent national interest for Nigeria.

First, the dynamic of talent fragmentation combined with a mental health crisis creates an unstable economic future. Nigeria cannot afford to have its best and brightest minds in tech, medicine, and finance leaving the formal corporate sector to go it alone. The economy needs these skilled individuals to build and scale large enterprises, not just micro-businesses. Retaining this talent within the corporate ecosystem is critical for long-term, sustainable economic growth and achieving national development goals like economic diversification away from oil.

Second, the crisis has a disproportionate impact on vulnerable groups, including low-wage workers and those in the massive informal economy, who face immense economic precarity with no social safety net. This creates a two-tiered workforce: a small, protected class in well-funded companies and a massive, unprotected class, which exacerbates Nigeria's already high levels of inequality and undermines social cohesion.

Finally, a mentally unhealthy workforce poses direct risks to national innovation and public health. The engine of Nigeria's future economic growth depends on innovation. Innovation requires "deep work," creative collaboration, and psychological safety, all of which are impossible under conditions of high stress and burnout.

Critically, if these issues are not addressed now, the problem will metastasize from a talent retention crisis into a talent pipeline crisis. As the negative reputation of the traditional 9-to-5 work culture spreads, more and more of Nigeria's youth may decide that the path of formal higher education leading to a corporate career is fundamentally broken and not worth the investment of their time and resources. This could lead to a future where large corporations and established industries face a chronic shortage of skilled, certified professionals, not because the talent doesn't exist in Nigeria, but because it has actively chosen to divert its ambition into alternative ecosystems from the very beginning.

## 6. Recommendations

Addressing this national economic threat requires a two-pronged approach for Nigeria.

1. **Policy:** The government should focus on creating strong incentives for mental health infrastructure in workplaces. This could include:
  - a. **Tax Incentives:** Offering significant, well-defined tax credits to Nigerian companies that provide comprehensive mental health benefits.
  - b. **Modernizing Labor Law:** Updating the Labour Act to include provisions for psychological safety and clear, enforceable guidelines on employee entitlements like paid leave, working hours, and the right to disconnect.
  - c. **Partnerships with Development Agencies:** Leveraging agencies like the Bank of Industry (BOI) and Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) to provide grants and low-interest loans for small and medium-sized businesses (SMBs) to invest in wellness programs.
2. **Practice:** Nigerian businesses must take the lead in cultivating a new culture of mental wellness. This includes:
  - a. **Mental Health Leadership:** Creating senior leadership roles focused on employee well-being within HR departments. This person's responsibilities would include developing wellness strategies, ensuring confidential access to resources, and holding leadership accountable for creating a healthy work environment.
  - b. **Invest in Proactive Training:** Implementing mandatory training for all managers on how to foster psychological safety and manage workloads sustainably. This is not a one-time event, but an ongoing developmental process.



- c. **Normalize Flexibility and Empower Autonomy:** Actively promoting a culture where taking a "mental health day" is accepted and where leadership openly discusses mental health to dismantle the outdated "acute madness" stigma. This includes empowering employees to engage in "job crafting," actively redesigning aspects of their roles to be more meaningful and less stressful, a practice shown to increase engagement and well-being (Wrzesniewski & Dutton, 2001).

## 7. Scope and Limitations of the Study

It is important to acknowledge the precise boundaries of this analysis. The scope of this paper is to apply established global economic models of workplace mental health to the specific context of Nigeria. The primary methodology involves synthesizing and extrapolating findings from publicly available data provided by international health organizations, such as the World Health Organization, and from global economic studies. The paper's purpose is to use these robust international frameworks to estimate the likely scale and nature of the economic impact in Nigeria, thereby providing a strong, evidence-based foundation for a much-needed national conversation.

This study has several significant limitations that must be clearly stated. The most critical of these is the scarcity of large-scale, localized Nigerian data on the specific economic costs of presenteeism, burnout, and mental-health-related turnover. In the absence of comprehensive national surveys or corporate reporting on these metrics within Nigeria, this analysis, therefore, must rely on global benchmarks as a proxy. While this approach is sound for establishing the general magnitude and direction of the economic threat, it cannot provide the precise, Naira-denominated figures that a dedicated, granular national study would yield.

Furthermore, while Nigeria is a nation of immense cultural diversity with over 250 distinct ethnic groups and a varied religious landscape, this paper argues that the overarching cultural perception of mental health is remarkably consistent. This study makes the case that the pervasive societal stigma, which often dismisses mental health struggles as personal weakness or recognizes them only in their most extreme forms, is a powerful and unifying national barrier, not a fragmented one that varies significantly between groups. A full anthropological exploration of the roots of this shared perception is beyond the economic scope of this paper. Therefore, future research should focus less on documenting minor cultural variations and more on two primary objectives: first, collecting the granular, Nigeria-specific economic data needed to build a precise cost model, and second, designing culturally resonant public health campaigns that can effectively address this widespread, uniform challenge.

## 8. CONCLUSION

The evidence from global studies is clear, and the anecdotal evidence from the Nigerian workplace is overwhelming: ignoring employee mental health is an act of economic self-harm. The loss of our most innovative minds from the corporate sector to solo ventures and the diminished productivity of those who remain are not abstract figures; they are a direct drag on our national prosperity.

This paper has argued that investment in mental wellness is not a foreign luxury but a high-return investment in our most critical asset: our human capital. It requires a fundamental paradigm shift away from a generational mindset that dismisses mental health to one that understands its centrality to economic performance. For today's skilled professionals, personal well-being and "peace of mind" are no longer secondary considerations; they have become paramount factors in their career calculus. By implementing strategic policy incentives and fostering a new standard of leadership in corporate practice, Nigeria can transform this looming threat into a source of profound competitive advantage. A nation that prioritizes the mental health of its workforce will not only be more innovative and productive today but will also secure its pipeline of skilled talent for the challenges of the 21st century.

## REFERENCES

- American Heart Association. (2018). *Mental Health and Heart Health*.
- American Psychiatric Association. (2017). *Economic Impact of Mental Disorders in the U.S.*
- Ariely, D. (2008). *Predictably Irrational: The Hidden Forces That Shape Our Decisions*. HarperCollins.
- Asmundson, G. J., & Taylor, S. (2020). How health anxiety influences responses to viral outbreaks like COVID-19: What all decision-makers, health authorities, and health care professionals need to know. *Journal of Anxiety Disorders*, 71, 102211.
- Broughel, J. (2020). *The costs and benefits of a federal paid-leave program*. Mercatus Center, George Mason University.
- Bureau of Labor Statistics. (2019). *Employee Tenure Summary*. U.S. Department of Labor.
- Cameron, K. S., & Quinn, R. E. (2011). *Diagnosing and changing organizational culture: Based on the competing values framework*. John Wiley & Sons.
- Centers for Disease Control and Prevention (CDC). (2018). *Mental Health in the Workplace*.
- Chisholm, D., Sweeny, K., Sheehan, P., Rasmussen, B., Smit, F., Cuijpers, P., & Saxena, S. (2016). Scaling-up treatment of depression and anxiety: A global return on investment analysis. *The Lancet Psychiatry*, 3(5), 415-424.
- Constitution of the Federal Republic of Nigeria (1999, as amended)

- Deci, E. L., & Ryan, R. M. (2000). The "what" and "why" of goal pursuits: Human needs and the self-determination of behavior. *Psychological Inquiry*, 11(4), 227-268.
- Deloitte. (2019). *Mental health and employers: The case for investment*.
- Diener, E., & Chan, M. Y. (2011). Happy people live longer: Subjective well-being contributes to health and longevity. *Applied Psychology: Health and Well-Being*, 3(1), 1-43.
- Edmondson, A. C. (2018). *The Fearless Organization: Creating Psychological Safety in the Workplace for Learning, Innovation, and Growth*. John Wiley & Sons.
- Gaskell, A. (2019). How The ADA Is Failing To Protect Employees With Mental Health Issues. *Forbes*.
- Giummarra, M. J., Hassani-Mahmooei, B., & Iles, R. (2020). The costs of work-related injury to the Australian community. *Australian and New Zealand Journal of Public Health*, 44(2), 114-121.
- Goetzel, R. Z., Hawkins, K., Ozminkowski, R. J., & Wang, S. (2003). The health and productivity cost burden of the "top 10" physical and mental health conditions affecting six large U.S. employers in 1999. *Journal of Occupational and Environmental Medicine*, 45(1), 5-14.
- Goleman, D. (2011). *The Brain and Emotional Intelligence: New Insights*. More Than Sound.
- Greenwood, K., & Krol, B. (2020). *Mental Health in the Workplace: The Coming Revolution*. Harvard Business Review.
- Hamel, G., & Zanini, M. (2020). *Humanocracy: Creating organizations as amazing as the people inside them*. Harvard Business Review Press.
- Insel, T. R. (2015). Bending the curve: a new foundation for mental health. *The American Journal of Psychiatry*, 172(11), 1059-1062.
- Kelley, E. (2019). *The value of presenteeism*. Society for Human Resource Management (SHRM).
- Labour Act, Cap. L1, Laws of the Federation of Nigeria (2004)
- Lerner, D., & Henke, R. M. (2008). What does research tell us about depression, job performance, and work productivity? *Journal of Occupational and Environmental Medicine*, 50(4), 401-410.
- Maslach, C., & Leiter, M. P. (2016). Understanding the burnout experience: Recent research and its implications for psychiatry. *World Psychiatry*, 15(2), 103-111.
- McKinsey & Company. (2020). *Mental health and the COVID-19 crisis*.
- National Alliance on Mental Illness (NAMI). (2019). *Mental Health By the Numbers*.
- Organisation for Economic Co-operation and Development (OECD). (2018). *A New Benchmark for Mental Health Care in OECD Countries*.
- Pfeffer, J. (2018). *Dying for a paycheck: How modern management harms employee health and company performance—and what we can do about it*. Harper Business.
- Sapolsky, R. M. (2004). *Why Zebras Don't Get Ulcers: The Acclaimed Guide to Stress, Stress-Related Diseases, and Coping*. Holt Paperbacks.
- Stewart, W. F., Ricci, J. A., Chee, E., Hahn, S. R., & Morganstein, D. (2003). Cost of lost productive work time among US workers with depression. *JAMA*, 289(23), 3135-3144.
- U.S. Department of Health and Human Services. (2017). *Facing Addiction in America: The Surgeon General's Report on Alcohol, Drugs, and Health*.
- U.S. Surgeon General. (2020). *Surgeon General's Advisory on Mental Health and Well-Being*.
- World Health Organization (WHO). (2019). *Mental health in the workplace*.
- Wrzesniewski, A., & Dutton, J. E. (2001). Crafting a job: Revisioning employees as active crafters of their work. *Academy of Management Review*, 26(2), 179-201.