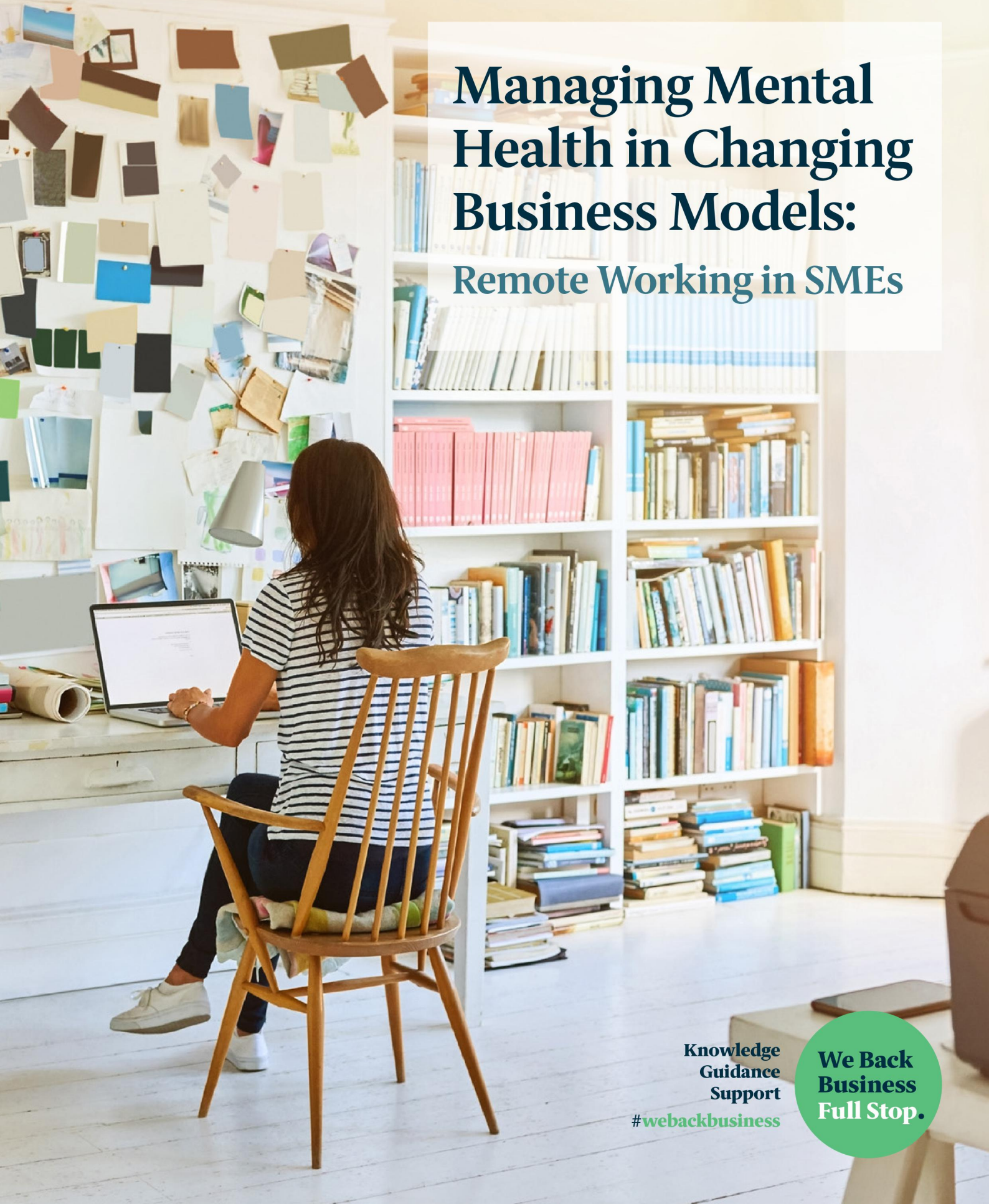




# Managing Mental Health in Changing Business Models: Remote Working in SMEs



Knowledge  
Guidance  
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## Foreword



**Kelly Tolhurst MP**  
*Minister for Small  
Business, Consumers and  
Corporate Responsibility*

We have the highest employment rate on record, increased participation amongst historically under-represented groups and wages growing at their fastest pace in almost a decade. We want to ensure the UK continues to lead the world, through our modern Industrial Strategy, in supporting innovative businesses whilst ensuring workers have the rights they deserve.

That is why the Government asked Matthew Taylor to review modern employment practices and is now working to deliver the biggest package of workplace reforms for over 20 years. The “Good Work Plan” contains ambitious reforms to ensure the UK leads the world in meeting the challenges of the changing world of work.

While Government can set the direction, we can only fully address those challenges and reap the rewards if employers take a leading role. So I was delighted to be invited to write a foreword for this report on managing mental health in the changing world of work. Employee wellbeing is a key feature of the “Good Work Plan”.

When I speak to leading businesses, large or small, it is clear that they are convinced of the benefits of an inclusive and flexible approach to the workplace. As the joint Government and Chartered Institute of Personnel and Development’s Flexible Working Taskforce summarises it, flexibility helps more people access the labour market and stay in work, manage caring responsibilities and work-life balance, and supports enhanced employee engagement and wellbeing.

But as this report acknowledges, some forms of flexible working – especially those that involve extensive working from home, or remote working – can lead to a sense of isolation or an “always on” culture. And that can harm the well-being of your most valuable asset – your people.

In the Government’s Loneliness Strategy, ‘A connected society: laying the foundations for change’, we highlighted the key role that employers can play in supporting their employees to look after their social wellbeing. We are working closely with the Campaign to End Loneliness and a group of employers to take that forward and develop advice and guidance.

I am very grateful to the IoD for supporting that effort by taking the lead in producing this helpful and informative report. We should all reflect on it and think what more we might do to ensure that the UK continues to lead the world through “Good Work”.

**“ We actively engage when people are not in the office to check on their wellbeing, which is the most important for our team and the managers.”**

**Kavita Cooper**  
*Managing Director, Novo-K*

## Introduction

Technological advancements and shifts in workplace culture are transforming the world of work. Remote, and more widely flexible, work is increasingly becoming the norm for many individuals. According to data from the Office for National Statistics, remote working has grown steadily over recent years<sup>1</sup> and it is expected that this growth will continue.

Employers are increasingly recognising that workplace flexibility can have positive effects on both their employees and organisations. At a time of sluggish productivity growth and record levels of employment, business leaders are shifting their attention more towards the wider needs of individual workers. A recent study by Vodafone found that three-quarters of 8,000 worldwide companies have flexible working practices in place. Significantly, 61% of those said they felt it helped them increase their firm's profits, while 83% stated that flexible working had boosted their productivity<sup>2</sup>.

Employers must however balance this potential for increased efficiency against other concerns. Principally, employers have a duty of care to their employees, meaning that they 'should take all steps which are reasonably possible to ensure their health, safety and wellbeing,' including looking after staff mental health, as defined by Acas (The Advisory, Conciliation and Arbitration Service)<sup>3</sup>. In this regard, the Institute of Directors (IoD) has championed mental wellbeing in the workplace and has been signposting employers to relevant resources through the Mental Health & Wellbeing in the Workplace hub on the IoD's website<sup>4</sup> and the Information Advisory Service<sup>5</sup>, available to all members. Business leaders are increasingly recognising that looking after the mental wellbeing of their staff is something they are responsible for, but how does this duty of care translate in the modern world of work?

Take the issue of preventing employee stress caused by excessive working hours as an example – one of the employer responsibilities as listed by Acas<sup>6</sup>. Monitoring this is fairly straightforward in the type of roles that involve an individual logging onto their computer in the office only or if an individual is under direct manager supervision. However, it is much more difficult to control this in today's 'always on' working culture, especially for employers whose staff spend time working flexibly off-site.

As workers spend more time working remotely in different locations, it is an appropriate time to look at

<sup>1</sup> Data showing employment and home workers, for the period Labour Force Survey January to March 2015 to 2017, Office for National Statistics, 2018, <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/adhocs/007972datashowingemploymentandhomeworkersfortheperiodlabourforcesurveyjanuarytomarch2015to2017andanannualpopulationssurveyoctober2016toseptember2017>

<sup>2</sup> Vodafone global survey reveals rapid adoption of flexible working, February 2016, <https://www.vodafone.com/content/index/media/vodafone-group-releases/2016/flexible-working-survey.html>

<sup>3</sup> Defining an employer's duty of care, The Advisory, Conciliation and Arbitration Service (Acas), <http://www.acas.org.uk/index.aspx?articleid=3751>

<sup>4</sup> <https://www.iod.com/news-campaigns/mental-health>

<sup>5</sup> <https://www.iod.com/services/information-and-advice>

<sup>6</sup> Defining an employer's duty of care, Acas, <http://www.acas.org.uk/index.aspx?articleid=3751>

how employers can best fulfil their duty of care to employees that spend some or the majority of their time working remotely and look after their mental wellbeing.

It is important to note that remote working is more suitable for some sectors and roles than others and it remains limited to only some parts of the economy. Many sectors, including a large number that mainly rely on lower-skilled and lower-paid workforce, such as construction, hospitality and retail, still require employees to work predominantly on-site.

This report focuses on small and medium-sized enterprises (SMEs)<sup>7</sup> in parts of the economy where remote working is the most common and easily accessible, such as office-based roles or roles that require individuals to spend time on a client's site. It explores the advantages that adopting remote, and more widely, 'flexible' working practices can have for employee mental wellbeing, as well as for businesses themselves, and looks at the main challenges that often discourage some employers from adopting remote working.

The final part of the report outlines best practice recommendations for business leaders for overcoming the challenges presented by remote working arrangements and managing mental wellbeing of remote workers. In addition, it looks at the role policymakers should play to help foster a flexible business environment.

Flexible working covers a broad range of working practices, such as job sharing, flexitime and working compressed hours, but for the purposes of this report the focus is on remote working in particular. While there are a number of ways to define remote working, this report relies on the definition of remote working as a type of flexible working. This can extend to employees working from home, on a client's site or any other off-site location. It focuses mainly on cases where employees work remotely some of the time.

The analysis and recommendations are built from an extensive survey of IoD members<sup>8</sup> on the topic of flexible working more broadly, and a survey of the IoD99 community of start-up founders on remote working specifically<sup>9</sup>. We also conducted a dozen interviews with employers that offer remote working to their employees. As such, the report focuses on the perspective of business leaders and offers a fresh set of best practice recommendations for ensuring that remote working does not hinder employers' ability to monitor wellbeing of their staff.

## A brief employers' guide to remote working

Employees who have been working for the same UK employer continuously for at least 26 weeks are entitled to request flexible working arrangements, which employers must consider within 3 months from when the request was made. Employers must have a legitimate business reason for rejecting requests.

Remote working is a type of flexible working and can entail an employee working from home, on a client's site or any other chosen location.

Under the Management of Health and Safety at Work Regulations 1999<sup>10</sup>, employers have a duty of care to all employees, with the requirements for the health and safety aspect applying to remote workers.

According to the Health and Safety guidance, employers must ensure that if the individual works predominantly from home on a formal arrangement, it should be written in their contract or a written homeworking arrangement document is produced, and their working environment must be assessed to be risk-free. This could mean ensuring, amongst other factors, that the individual has a suitable area to work and is provided with the right equipment, such as a computer workstation, phone and internet connection. Once the workspace is agreed to be safe, it is the employee's responsibility to keep it that way and take reasonable care of their own health and safety<sup>11</sup>.

If an employee works predominantly on a client's site, the contract between the company and the client should include health and safety arrangements and responsibilities.

However, the rapid rise in remote working, especially on an infrequent and flexible basis, has meant that informal arrangements are often made between employers and employees. Such arrangements are not required to be written in the contract but should be regularly reviewed. These typically apply to employees who only spend some of their time working remotely on an ad hoc basis.

<sup>7</sup> This includes companies with under 250 employees

<sup>8</sup> IoD Policy Voice survey conducted between 12 October - 26 October, number of respondents: 613

<sup>9</sup> IoD99 Survey conducted between December 2018 - February 2019, number of respondents: 746

<sup>10</sup> <http://www.legislation.gov.uk/uksi/1999/3242/contents/made>

<sup>11</sup> The Health and Safety guidance on low-risk and higher-risk home workers, <http://www.hse.gov.uk/toolbox/workers/home.htm>, Homeworking - a guide for employers and employees, Acas, This guidance focuses on regular homeworking that has been officially agreed between employee and employer, <http://www.acas.org.uk/media/pdf/7/r/Homeworking-a-guide-for-employers-and-employees.pdf>

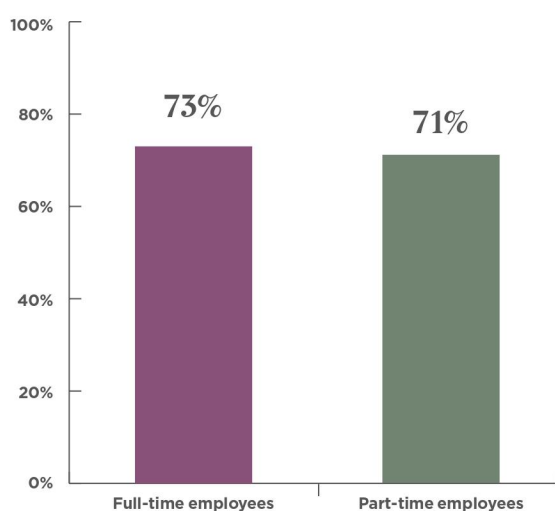
## The issue: remote working and mental wellbeing

IoD members running SMEs are leading the way when it comes to flexible, including remote, working. Of those that employ staff, 73% offer flexible working arrangements (e.g. remote working, job sharing, tailored hours) for full-time workers, while 71% do so for part-time workers (Figure 1). Furthermore, remote working amongst employees of IoD99<sup>12</sup> members who run start-ups is high, with 88% of them saying they offer remote working to employees and 98% of those that offer it saying that their employees have made use of it<sup>13</sup>.

The take-up of flexible working arrangements is high in organisations run by IoD members more widely. Of business leaders who offer flexible working to their staff, 86% said their full-time employees have made use of the opportunities to work flexibility, while 74% said their part-time staff have done so (Figure 2). In addition, the majority of interviewed business leaders said that remote working arrangements in particular are mainly informal and agreed on a case by case basis. Over half (53%) of IoD start-up members opt for informal arrangements with their employees, while 22% choose formal arrangements (written in a contract) and 24% use a mix of both<sup>14</sup>.

Figure 1

### Percentage of SME employers that offer flexible working



Policy Voice survey conducted between 12 October – 26 October 2018, number of respondents for this question: 552. The data is from employers who run small and medium size organisations (1-250 employees).

## Why embracing remote working could benefit your employees and your business

Having a portion or the entirety of one's workforce working remotely can have direct financial benefits for a company, such as saving on office rent costs. Yet the majority of business leaders overall tend to embrace flexible and remote working practices for different reasons.

Improving staff work-life balance is cited by IoD members as the main driver of their decision to facilitate flexible working, including remote working, with as many as 70% of the wider membership (Figure 3) and 72% of entrepreneurs stating it as the main reason.

Other top reasons for the wider membership include helping to retain staff and attracting a wider pool of talent, highlighting scarcity in the UK's current labour market and the importance of reducing costs associated with recruitment for employers. In comparison, only 22% said helping to reduce overheads was a factor of particular importance (Figure 3).

Interestingly, the trend for start-ups differed from the wider group – 57% of entrepreneurs said that helping to reduce costs, such as commercial rents, was the driver for their decision to facilitate remote working for employees, followed by 47% who sought to reduce the 'commuting burden' and 29% who wanted to attract a wider pool of talent<sup>15</sup>.

### Changing business priorities

Interviews with business leaders corroborated this IoD survey data, as many reported that their remote working arrangements are largely driven by the idea that staff are an asset to be invested in. Changes in workplace culture have been the major cause of this shift. "The days of focusing solely on financial profits are now the past," commented Colin Murphy, Managing Director of Murphy Surveys and one of our interviewees. He added that it is evident that investing in workers' wellbeing brings far greater benefits to the company in the long-run, while relentlessly seeking profits without paying attention to the wellbeing of workers can often contribute to the failure of companies.

The recognition of the need to invest not only in the training of employees but also their wellbeing in order for a company to succeed is becoming a widespread business priority. A study carried out by the University of

<sup>12</sup> IoD99 is the IoD's community of start-up founders. More information can be found here: <https://www.iood.com/membership/iod-99>

<sup>13</sup> IoD99 Survey conducted between December 2018 - February 2019, number of respondents: 746

<sup>14</sup> Ibid

<sup>15</sup> Ibid

Birmingham Business School showed that greater levels of autonomy, such as ability to manage work tasks and location, had a positive effect on employee wellbeing. Flexibility when it comes to choosing location and times of work was especially beneficial for women, enabling them to fulfil other responsibilities alongside work<sup>16</sup>.

The positive outcomes associated with the ability to work remotely are the result of a number of factors. Staff morale can be boosted when employees have greater control of their working arrangements and feel trusted to deliver their responsibilities without constant oversight from their managers, which can lead to employees having a stronger commitment to the success of the business. Autonomy can help employees to be more productive – working remotely can give individuals the opportunity to work during their most productive hours and the headspace to think about and focus on a particular piece of work, away from office distractions<sup>17</sup>. The latter was noted as the main driver behind the decision to facilitate remote working by one of the interviewees Nick Sturge, Director of Engine Shed<sup>18</sup>, who said that it allowed “enough time and the right environment for colleagues to have thinking time alongside project or operational delivery time”.

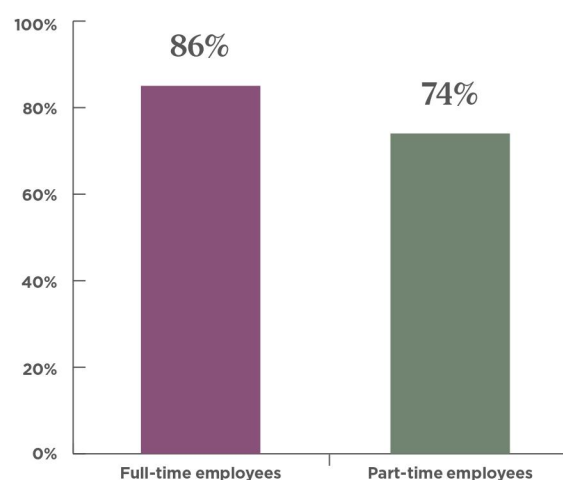
Flexibility to work remotely can also be beneficial for mental health – it can reduce work and commute-related stress, help working parents juggle family commitments and have a positive impact on the quality of life overall. Talking about the benefits of remote working, Nick Sturge said, “Our employees achieve higher productivity and better work-life balance – though for me, personally, it’s more about work-life integration. Being able to work flexibly around caring and other responsibilities is really valuable and appreciated”. Indeed, a recent study by BHSF Occupational Health showed that home working helps workers feel free, in control and calm<sup>19</sup>.

## Commuting burden

The daily commute to and from work, especially if particularly lengthy, can have a detrimental effect on some individuals’ mental wellbeing and consequently on their productivity. A study by the Royal Society for Public Health found that 55% of people felt their stress levels increasing as a result of commuting<sup>20</sup>. Employers are increasingly recognising the impact of commuting – over half of business leaders interviewed for this report raised the benefits of reduced commuting burden and 42% of IoD members said that reducing the ‘commuting

**Figure 2**

## Take up of flexible working amongst employees



*Policy Voice survey conducted between 12 October – 26 October 2018, number of respondents for this question: 467. The data is from employers who run small and medium size organisations (1-250 employees).*

burden’ for staff was a driver behind their decision to facilitate flexible, including remote, working (Figure 3). Many recognised that the time spent travelling to and from work could instead be more valuably spent working or engaging in activities that have a positive impact on individuals’ wellbeing, such as physical activity, spending time with family or fulfilling care responsibilities.

## Attracting and retaining talent

Numerous studies have shown that offering remote working practices can help companies attract and retain talent. A Gallup survey of workers in the United States “found that flexible scheduling and work-from-home opportunities play a major role in an employee’s decision to take or leave a job<sup>21</sup>.” Meanwhile, a two-year study carried out in a company based in Singapore, where a group of employees were allowed to work from home one day per week while the other group worked in the office full-time, showed that those allowed to work from home tended to stay in their jobs for longer, as well as be healthier and more productive overall<sup>22</sup>.

In addition, the option of remote working can be a financial draw. The cost of transport can be a significant factor, given low real wage growth, and the ability to

<sup>16</sup> Autonomy in the workplace has positive effects on well-being and job satisfaction, study finds, University of Birmingham Business School, 2017, <https://www.birmingham.ac.uk/news/latest/2017/04/autonomy-workplace.aspx>

<sup>17</sup> As highlighted by 12 business leaders interviewed as part of the research for this report.

<sup>18</sup> Engine Shed is one of the trading brands of a subsidiary of the University of Bristol.

<sup>19</sup> The yin and yang of home working, BHSF Occupational Health, [https://www.bhsfoh.co.uk/news/article/mental\\_health\\_home\\_workers](https://www.bhsfoh.co.uk/news/article/mental_health_home_workers)

<sup>20</sup> Health in a hurry: The impact of rush hour commuting on our health and wellbeing, Royal Society for Public Health (RSPH), 2016, <https://www.rsph.org.uk/uploads/assets/uploaded/b1320af3-7ba3-4b4e-a14351e7d89fb24b.pdf>

<sup>21</sup> State of the American Workplace, Gallup, 2013, <https://news.gallup.com/reports/199961/7.aspx>

<sup>22</sup> Working from home makes you happier and ‘massively’ more productive, according to science, Inc, 2017, <https://www.inc.com/geoffrey-james/working-from-home-makes-you-happier-less-likely-to.html>

work from home for a day or two per week can help workers retain more disposable income<sup>23</sup>.

IoD members recognise the link between a flexible approach and staff retention – of those that offer flexible working practices in their firms, 58% said that helping to retain staff has been one of the main factors in their decision to actively facilitate flexible working. Meanwhile, 43% said it helps them to attract a wider pool of talent (Figure 3). A number of business leaders that participated in the interviews also said that their decision to offer remote working, even if limited in some cases, helped them to limit staff turnover, while also playing a part in attracting people with particular skills. This finding is in accordance with previous research, such as a recent study by Investors in People, which found that around a third of workers would choose increased flexibility at work, such as remote working, over a 3 per cent pay rise<sup>24</sup>.

Furthermore, remote working practices, as well as flexible working more generally, are opening the door to work for groups in society that historically may have found it challenging to thrive in the traditional 9-5 working

environments, such as the physically disabled, individuals with severe mental health problems, single parents and people with other care responsibilities, to name a few. It can also help mothers to transition back into work after having children, which for many remains a challenge in the context of costly childcare for instance. While flexible and remote working arrangements are an obvious benefit to those groups, an ability to access a wider range of talent is also beneficial to employers, especially during a time when business leaders continuously cite skills shortages as one of the top three barriers to growth of their organisations<sup>25</sup>.

## Challenges

There are evidently a number of potential benefits provided by remote working, but it also comes with challenges. As noted in the introduction, it needs to be remembered that remote, as well as flexible working more broadly, is not suitable for some roles and sectors, with 71% of IoD members who don't offer flexible work saying that 'it doesn't work with our business model' (Figure 4). Meanwhile, some employers simply remain committed to traditional working practices and prefer their employees to work on site, and even those who offer remote working admit that implementing such arrangements can present a number of challenges.

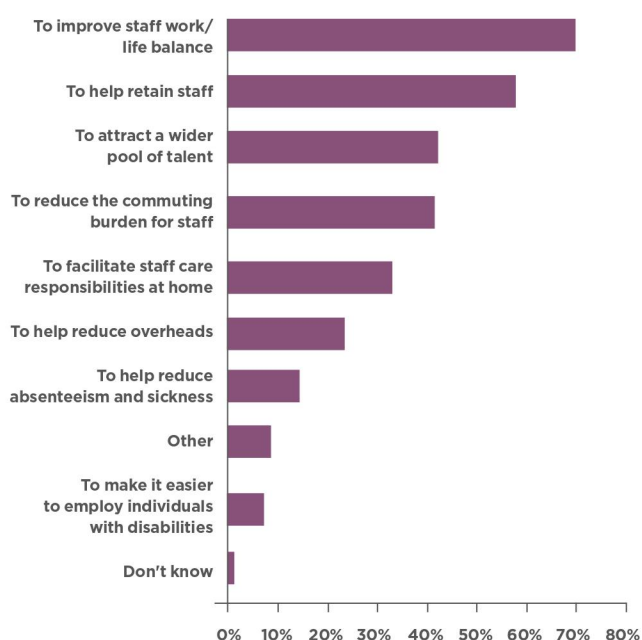
One study on managing 'flexworkers' has suggested that additional effort is needed in the following areas when managing remote workers: increased trust, enhanced communication and adoption of management techniques that balance micromanaging and autonomy<sup>26</sup>. The enhanced consideration required in these areas is often the reason for employers' reluctance to offer remote and other flexible working.

## The issue of trust

Trust is often cited as the top challenge when it comes to flexible and remote working<sup>27</sup>. As many as a third of business leaders in our study expressed concerns that work quality would suffer as a result of flexible working practices (Figure 4). There is a feeling amongst some employers and managers that their workers need continuous supervision to ensure that they are productive<sup>28</sup>, which is to be expected to some extent, as working habits and abilities of all individuals differ. On the other hand, some interviewees for this report argued that trust is something that is in fact strengthened when some autonomy is given to employees.

**Figure 3**

### Why do employers choose to embrace flexible working?



Policy Voice survey conducted between 12 October – 26 October 2018, number of respondents for this question: 467. The data is from employers who run small and medium size organisations (1-250 employees).

<sup>23</sup> Rail fares: Commuters 'pay fifth of salary' on season ticket, BBC, 2018, <https://www.bbc.co.uk/news/uk-england-45174496>

<sup>24</sup> Poor management driving nearly half of UK workforce to seek a new job, Investors in People, 2018, <https://www.investorsinpeople.com/poor-management-driving-nearly-half-of-uk-workforce-to-look-for-a-new-job/>

<sup>25</sup> IoD Policy Voice survey, conducted between 14 March–21 March 2019, number of respondents: 1,379

<sup>26</sup> Richardson, J. (2010) 'Managing flexworkers: Holding on and letting go', Journal of Management Development, Vol.29, Issue 2: pp.137-147, [https://www.researchgate.net/profile/Julia\\_Richardson2/publication/237935957\\_Managing\\_Flexworkers\\_Holding\\_On\\_and\\_Letting\\_Go/links/5a54908a458515e7b7326cac/Managing-Flexworkers-Holding-On-and-Letting-Go.pdf](https://www.researchgate.net/profile/Julia_Richardson2/publication/237935957_Managing_Flexworkers_Holding_On_and_Letting_Go/links/5a54908a458515e7b7326cac/Managing-Flexworkers-Holding-On-and-Letting-Go.pdf)

<sup>27</sup> Why aren't we all working from home today?, The Guardian, 2014, <https://www.theguardian.com/money/work-blog/2014/apr/30/what-happened-to-remote-working;Trust-and-Leadership-in-the-World-of-Remote-Work>, Chief Executive, 2018, <https://chiefexecutive.net/trust-and-leadership-in-the-world-of-remote-work/>

<sup>28</sup> Flexibility in the Workplace: Implications of flexible work arrangements for individuals, teams and organisations, Acas, 2017, <http://www.acas.org.uk/media/pdf/o/7/Flexibility-in-the-Workplace.pdf>



## Case Study



**Colin Murphy**  
**Co-Owner and Development Director,**  
**Murphy Surveys**  
**Over 100 employees in the UK**

**Murphy Surveys provides geospatial services that their clients within the architecture, engineering and construction industries need to work with certainty and maximise efficiencies.**

**What kind of remote working arrangements are in place in your organisation?**

Many of our office-based staff, dependent on project or tasks, can often work remotely. Geospatial surveyors by definition are remote working. Our teams are required to conduct their work on clients' sites at the project location - this could be in a field, rail track, construction site or tunnel. It's part of their identity to travel and collect survey data. Once site work is completed, surveyors are free to return to the office or work remotely at their homes to post process the data, whatever is most effective. The arrangements are mainly informal and we also offer flexible working hours. Everyone has access to a desk space in the office, so remote working is purely down to personal choice.

**What were the main drivers for your decision to implement remote working practices for your employees?**

The nature of the services that we provide makes remote working fundamental to the operation of our business. However, we have always known the importance of being flexible and investing in employees in order to attract the best talent. I believe that investing in the right technology and training that help facilitate remote working is very important - it's not all about maximising revenues, people are of equal importance, perhaps more than they used to be. Remote working also helps to reduce the commuting burden for our employees, which can often cause stress, especially in London.

**What have been the main benefits of implementing remote working practices for your employees?**

Offering a flexible working environment is one of the approaches that has helped us retain staff and attract talent and I believe that it has contributed to a positive overall workplace culture in our company. Different project sites that our surveyors work on require our teams to adapt to each environment and, in addition to the flexibility to working in the office or remotely at home, this offers our employees variety in their roles, ensuring every day is different, which is a contributing factor to their wellbeing.

**What practices/policies does your organisation have in place to ensure that mental wellbeing of your staff that work remotely is looked after?**

The mental wellbeing of our staff is paramount to us regardless of their locality of work. We have a number of wellbeing initiatives in place to foster a safe, open and friendly environment, allowing our employees to flourish and work together productively. We offer regular training sessions, including stress management, actively use a peer-to-peer communication app to cultivate communities and have an active social committee to allow our staff to create friendships. We organise regular social events and sporting activities, and understand the importance of including remote workers in these.

## Communication

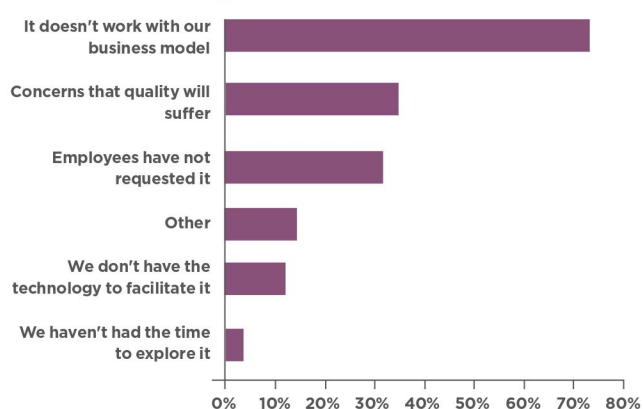
Ease of communication is another major reason why some employers prefer their staff to be on-site during working hours. The importance of this can differ depending on sectors and roles. For instance, some interviewees running businesses in creative industries emphasised the positive effects of having employees that work in teams on particular projects in the office at the same time, enabling them to work more collaboratively and to share ideas in real time. While it is true that technology is increasingly bridging the gap between workplace interchanges and remote working, some interviewees argued that there is still no substitute for the real thing.

## Technology costs

Technology costs can be a prohibitive factor for companies wishing to facilitate flexible, including remote, working although only 12% of IoD SME members cited it as one of the main reasons (Figure 4). One interviewee highlighted IT expenses as a restraint, commenting that although remote working is available to members of the senior leadership team, IT costs is the main factor preventing their company from extending remote working to all employees. The importance of technology also depends on the sector and role that the individual works in – firms that handle particularly sensitive information would have to invest more heavily in technology that ensures files accessed outside office networks remain uncompromised, an obstacle for smaller organisations with limited financial resources in particular.

**Figure 4**

### Why are some employers reluctant to offer flexible working?



Policy Voice survey conducted between 12 October – 26 October 2018, number of respondents for this question: 467. The data is from employers who run small and medium size organisations (1-250 employees).

## Remote working: a hindrance to mental wellbeing?

Turning to the issue of mental health and remote working, there are suggestions that in some cases working in solitude, away from colleagues, can have detrimental effects on one's mental wellbeing. Although there is a lack of research exploring the direct link between lone working and mental health, some psychologists suggest that lone working can lead to isolation and the feeling of being left out of the workplace culture, which can have a negative impact on mental wellbeing<sup>29</sup>.

Some individuals might find it harder to form relationships with their colleagues when they don't spend the majority of their time in the office around them. This can lead to communication issues and reduced willingness to share their feelings and concerns with their colleagues or managers, which can often be the first step in the process of overcoming work-related stress, or even stress experienced at home.

While for many the ability to work from home or other locations adds benefits to their work-life balance, there are risks that the line between work and personal life becomes further blurred if remote working is not managed properly. Today's 'always on' culture is already having an impact on individuals' mental health, with numerous studies showing that people find it harder to switch off and are more exposed to the risks of overworking and burning out<sup>30</sup>. Those working remotely on a regular basis are even more likely to be exposed to these risks, especially if workplace expectations are not set clearly and effective communication between the worker and their manager is not maintained.

In fact, the effectiveness of remote working arrangements depends heavily on skills and decisions of managers, as highlighted by Acas report on flexibility in the workplace which stated that "Individuals with a good supervisor relationship achieved higher levels of task and contextual performance regardless of the extent to which they worked remotely"<sup>31</sup>. The importance of good management was also raised by all interviewed business leaders. By one framing, best practice management techniques can be broadly separated into three categories – incentives, targets and reviewing<sup>32</sup>. Excelling in these areas can be made much harder if employees are not predominantly under the direct supervision of their manager. Business leaders need to therefore ensure that the managers within their firms have the appropriate skills, and technology (e.g. time logging etc.), to conduct basic management practices in a way that deals with a remote working model. Management is particularly crucial when it comes to mental wellbeing of remote

<sup>29</sup> The wellbeing impact of lone working, Health and Safety at Work, <https://www.healthandsafetyatwork.com/feature/wellbeing-impact-homeworkers>; Could working remotely be as bad for your health as smoking?, Fast Company, <https://www.fastcompany.com/3069124/could-working-remotely-be-as-bad-for-your-health-as-smoking>

<sup>30</sup> 72.4% of Brits falling victim to the 'always-on' work culture, CV Library, <https://www.cv-library.co.uk/recruitment-insight/brits-falling-victim-always-on-work-culture/>

<sup>31</sup> Flexibility in the Workplace: Implications of flexible work arrangements for individuals, teams and organisations, Acas, 2017, <http://www.acas.org.uk/media/pdf/0/7/Flexibility-in-the-Workplace.pdf/>

<sup>32</sup> Measuring and Explaining Management Practices Across Firms and Countries, Nick Bloom and John Van Reenen, 2016, <http://cep.lse.ac.uk/pubs/download/dp0716.pdf>

workers. Poor management techniques can enhance the feeling of isolation, stress and overworking, therefore having detrimental effects on an individual's mental health.

Furthermore, from employers' and managers' perspectives, some argue that it can be more difficult to notice signs of worsening mental health amongst staff, such as extreme stress, presenteeism or conflict with colleagues, when employees are predominantly working remotely. One of the interviewees cited a specific case of a staff member experiencing mental health issues where it was the visible signs of changing behaviour – including unusual quietness and increased amount of time spent looking at their phone – that enabled the leadership team to spot that something was wrong and to trigger a conversation with the affected employee. The Managing Director of the company where it took place commented that they would have not been able to pick these signs up as easily, if at all, if the person was working remotely.

Some business leaders interviewed argued that daily personal contact is not necessarily needed for mental health or stress-related issues to be noticed, as they can be spotted through phone conversations, video conferences and even through email if strong communication between a manager and an employee is developed and maintained throughout the course of them working together. On the other hand, others argued that logging in when necessary and then logging out can in fact make it easier for the individual to hide any mental wellbeing-related issues they might be experiencing, especially if this is something they don't feel confident raising with their manager, colleagues or human resources. There is no perfect template for how managers should monitor mental wellbeing, particularly for small businesses, but new work trends make it arguably more difficult than ever to do so.

## The grey area: self-employed contractors

There is a separate conversation to be had about another group of individuals that tend to work remotely: self-employed contractors. While this report focuses on employers and employees, self-employment has been rapidly growing in recent years, with around 15% of the working population in the UK now defined as self-employed<sup>33</sup>. This part of the workforce therefore deserves more than an honourable mention in the context of remote working and mental wellbeing.

The rise of self-employment and the so-called 'gig' economy has made it easier for individuals to choose and control their working patterns, and has opened the door to work for a wider group of the population that has historically struggled to get into work, such as disabled people and single parents.

Despite the benefits, there are also a number of downsides presented by self-employment and the 'gig' economy, most notably the potential of increased work insecurity for some individuals. The flexibility of self-employment comes with irregular income and generally reduced access to workplace benefits such as paid holiday and sick pay that employees receive. These factors have a real potential to increase work-related stress and can therefore have a negative impact on individuals' mental wellbeing.

In addition, the ease with which individuals can take up freelance work has led to a rise in so-called 'side hustles', ad-hoc jobs undertaken alongside one's full-time employment as a way of providing additional income. While this is of course beneficial to many, it can add to burnout and stress.

The self-employed are of course in a different position when it comes to employers' duty of care. However, rapidly changing working practices, and the growth of flexible and remote working, raise some important questions around the existing employment regulation and practices and whether they are fit to serve workers and business leaders in the future world of work<sup>34</sup>. There is no quick or easy solution to this issue and the regulation should indeed take into account the differences between employees and self-employed to allow for continued flexibility that comes with self-employment. Nevertheless, businesses and policymakers should play a role in signposting information to self-employed individuals on managing work-related stress and looking after their mental wellbeing.

<sup>33</sup> Trends in self-employment in the UK. Office for National Statistics, 2018, <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/trendsinselfemploymentintheuk/2018-02-07>

<sup>34</sup> Good Work: The Taylor Review of Modern Working Practices, July 2017, [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/627671/good-work-taylor-review-modern-working-practices-rg.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/627671/good-work-taylor-review-modern-working-practices-rg.pdf)

Case Study



**Kavita Cooper**  
**Managing Director, Novo-K**  
**10 Employees**

**Novo-K helps organisations to get control of their supply chain to buy smart and save money whilst building stronger relationships with their suppliers for maximum value.**

**What kind of remote working arrangements are in place in your organisation?**

We think it's fundamentally important to create a working environment in which people can be their most effective whilst enjoying their time in the office and we therefore seek to develop the office culture that is right for the team. It's important to give your people access to the right tools and software that enable them to be their most productive regardless of location, time or working surroundings. We fervently believe that working in a location with your team is still the most productive way to get stuff done – humans are, by their nature, social animals. However, we also know that sometimes having personal space to think without distractions has real value. There's always a desk in the office for our team with all the accessories to help them: floating PC monitors, wireless mouse and keyboard, storage space and, most importantly, tea & biscuits!

**What were the main drivers for your decision to implement remote working practices for your employees?**

We've always been advocates for creating effective working spaces, but it's easy to get it wrong, especially if your motivation is to save money. If you take the time to think about how you can encourage your team to engage with the company in a way that builds a culture of open and collaborative working, then the return for the business is equally fulfilling for the employee. My previous personal experience of flexible working and seeing the uplift in output was the main reason to embrace this culture in Novo-K. I know as a mother of two young children just how valuable the flexibility can be and it isn't just about having children. By making work an integral part of our employees' lives means they actively enjoy their work and can be more productive.

**What have been the main benefits of implementing remote working practices for your employees?**

The vast majority of people prefer being in the office so they can work with people face-to-face, so our policy has actively encouraged better collaboration amongst the team. The real benefit comes when people choose to work when they want to because they love what they do – arriving later into the office to avoid rush hour and drop the kids off at school is to be encouraged, especially as that same person is motivated to work later that day when the kids are in bed and can work around their busy lives. We see higher productivity and motivated people willing to go the extra mile when needed the most.

**What practices/policies does your organisation have in place to ensure that mental wellbeing of your staff that work remotely is looked after?**

We actively engage when people are not in the office to check on their wellbeing, which is the most important for our team and the managers. For example, we use Office 365 so all our work is collaborative and in real-time, using messaging and video conferencing through Microsoft Teams whenever we need to collaborate, so you're always in touch, even if it is virtual. The single most important activity is the monthly 121s with every member of the team in the office. This is non-negotiable and becomes the one point in the month when we 'check and balance' with each other, ensuring that performance and personal development is not neglected. Just because you talk with colleagues every day, it's easy to be singularly focussed on the tasks and projects and forget the mindfulness questions. For Novo-K the monthly 121 is the magic ingredient for happy people regardless of where they work.

# Best practice for managing mental wellbeing of remote workers

As many as 59% of business leaders say they have had staff approach them with mental health concerns<sup>35</sup>. With such a striking number of workers affected by mental health issues, it is crucial that employers consider how best to look after the wellbeing of employees in flexible working models.

When it comes to remote working and supporting mental wellbeing, strong communication between employers and employees is key. Effective communication will help to build trust and establish expectations for the employees. It will also help in monitoring employees' performance and their mental wellbeing, and contribute to creating a workplace culture where individuals feel comfortable raising any issues, work-related or personal, with the leadership teams. Communication can be the main preventative of work-related mental health issues.

Here are 10 factors – all underpinned by the importance of communication – that you should consider when adopting remote working practices in your organisation. These also apply when putting more generally 'flexible' working arrangements in place.

## 1 Offer choice whenever possible

When it comes to mental wellbeing, the option to work from home one or two days per week can be very beneficial to some. However, lone working can have negative effects on the mental wellbeing of others and workers should therefore be given a choice. This can also have business benefits - while the interviewed business leaders agreed that having remote working on offer helped them to attract and retain talent, some argued that offering office space was also of benefit and played a role in attracting people. For those businesses that may not have headquarters and therefore have remote working as their only option for employees, guidance around alternative co-working spaces should be provided.

## 2 Tailor remote working arrangements to the employee

Managers should take into consideration the employee's needs at the time, their working habits and abilities, and remember that it is not necessarily a

suitable working practice for everyone. They should also ensure that the employee has the rights skills for effective remote working. Employers are more likely to get it right when it comes to remote working practices if their approach is balanced and evaluated on a case-by-case basis.

## 3 Set clear expectations

While working remotely can improve one's work-life balance, homeworking can also mean that the line between work and personal life becomes more blurred. Employers and managers should therefore set out clearly what is expected of the employee and set clear work goals in order to mitigate the negative effects of overworking and work-related stress.

## 4 Regular one-to-one meetings

This should be a practice between remote workers and their line managers, especially if the employee spends the large majority of their time working away from the office. Meetings between remote workers and their colleagues should also be facilitated on a regular basis.

## 5 Management skills

Managers need to have a right set of skills in order to make remote working work for the business and the employees. They need to be able to communicate with, motivate and monitor remote workers in the same way as they do with those working on site. Considering that remote working relies heavily on technology, managers also need to be familiar with the platforms used to facilitate it. In addition to basic management training when possible, managers should learn from other business leaders about best practice when implementing remote working through peer-to-peer networks and mentoring. Training should be about sharing practical experience instead of becoming a tick box exercise.

<sup>35</sup> IoD Survey, Mental Health and Wellbeing in the Workplace: Your experiences, thoughts and feelings, conducted between November–December 2018, number of respondents: 529

## 6 Development of remote workers

This should be kept in mind by the managers. Some remote workers can be less likely to put themselves forward for additional responsibilities and assignments, which often lead to promotions, if they don't spend much time in the office simply because they are not around when these opportunities come up. Managers should ensure that remote workers are presented with the same opportunities as those working on site through regular performance reviews.

## 7 Consider company policies and guidelines to support remote workers

Putting policies in place aimed at supporting remote workers could benefit firms with a higher number of employees in particular, helping to ensure that all managers are equally equipped to manage remote workers and management standards don't differ too greatly between different individuals. Acas has useful templates for homeworking policy and a checklist for setting up homeworking for both employers and employees<sup>36</sup>.

## 8 Make use of technologies available

There are a number of platforms designed to enhance communication within your organisation, such as chat feeds, video conferencing, infonets and online performance feedback platforms. While understandably not possible for all firms, it is important to remember that investing in the up-to-date cyber security technology will also help to ensure that organisation's security is not compromised when employees carry out work and access the company's files remotely.

## 9 Make use of the resources offered by the IoD's Information Advisory Service (IAS) and Mental Health & Wellbeing in the Workplace hub

The IAS offers IoD members access to a team of researchers (IoD Business Information Service), as well as a panel of lawyers, accountants, HR consultants and other professionals to deliver confidential advice (IoD Directors Advisory Service). IoD members also gain access to the Directors Law Express legal helpline and the IoD Tax Helpline. Mental Health & Wellbeing in the Workplace hub can be accessed via [iod.com/mentalhealth](http://iod.com/mentalhealth), where you can find a range of content aimed at helping you support your staff and look after your own mental health as a business leader.

## 10 Refer to Mind's gateway, Mental Health at Work<sup>37</sup>

It is an outstanding resource for business leaders and workers. In addition to a range of toolkits, case studies and other informative documents, the website includes advice on how to address mental health in different types of workplaces, including both office and remote working environments.

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<sup>36</sup> Homeworking – a guide for employers and employees, Acas, <http://www.acas.org.uk/index.aspx?articleid=4853>

<sup>37</sup> <https://www.mentalhealthatwork.org.uk/>

## Recommendations to policymakers

Policymakers have a role to play in helping to support a flexible business environment.

# 1

### Regulators should regularly update guidance around homeworking

The health and safety regulation for homeworking in low-risk areas of employment, such as office-based work, is flexible and contains a certain amount of individual responsibility. However, the guidance around implementing remote working, including homeworking, can often be very lengthy and complex. Guidance around the health and safety aspect of homeworking also tends to focus on physical health and safety, with less or even no attention paid to mental health. Working practices will continue to change rapidly and flexible approach in the workplace is expected to continue to rise. Regulators therefore need to ensure that guidance is updated accordingly. What we wouldn't like to see is employers choosing to take on self-employed contractors instead of employees because they are put off by the sometimes seemingly burdensome obligations that come with setting up remote working practices for employees.

# 2

### Provide localised support for business leaders on managing flexible working arrangements

While there is a strong case for ensuring that management training providers keep up to date with the changing business environment and update their courses accordingly on a regular basis, local government can also play a role in supporting business leaders on the issue. Local Enterprise Partnerships (LEPs) and Growth Hubs should look at supporting networking sessions and online courses focused on challenges presented by flexible and remote working. Peer-to-peer networks are great enablers of sharing best practice amongst business leaders and can be more valuable than general training courses that often don't offer the practical aspect of overcoming certain challenges, such as ones discussed in this report.

# 3

### Speed up the shift to fibre broadband

Last year the Government published its Future Telecoms Infrastructure Review, which said that the switchover from the UK's old network of copper lines to fibre broadband "could be underway in the majority of the country by 2030<sup>38</sup>". The IoD last autumn called for a more ambitious target, as IoD member survey showed that almost 50% of directors say improved broadband speeds would enable their organisations to be more flexible<sup>39</sup>.

# 4

### Clear up some confusion around employment statuses

The IoD has for some time argued that the Government should clarify employment categories for employment rights, as well as tax, purposes. Nearly a third of IoD members say they are not fully confident they understand the legal difference between a 'self-employed' person and a 'worker' for employment rights purposes<sup>40</sup>. Clarifying those categories would therefore go some way to helping individuals understand their rights in the workplace, while also helping employers identify where they can offer relevant support. The Government should also look at boosting communications around best practice to self-employed individuals seeking ways of managing workplace stress and anxiety.

<sup>38</sup> Future Telecoms Infrastructure Review, July 2018, <https://www.gov.uk/government/publications/future-telecoms-infrastructure-review>

<sup>39</sup> IoD Policy Voice survey, conducted between 14 June - 28 June 2018, number of respondents: 721

<sup>40</sup> IoD Policy Voice survey, conducted between 27 April - 11 May 2017, number of respondents: 868

Case Study



**Tobi Oludayomi**  
**Co-Founder and Managing Director, Studio14**  
**15 Employees**

Studio 14 is a digital agency, helping brands develop and launch innovative digital products.

**What kind of remote working arrangements are in place in your organisation?**

Our company operates across two branches in Birmingham and Lagos, Nigeria. Remote working is available for all staff and they are only required to come into the office for meetings when needed. In the Lagos office one person works remotely full time as they don't live in the same state, while others work remotely on a flexible basis. We did not have an official remote working policy in place when we first established the company but were open to flexible arrangements from the start. We now have a policy, which is incorporated into employees' contracts, but essentially it all comes down to personal preference.

**What were the main drivers for your decision to implement remote working practices for your employees?**

While we had a flexible approach from the beginning, the drivers differed slightly between the two branches. In the UK, remote working was a necessity and an organic development – we started the business at university and co-founders moved to different places after graduating. In Lagos, the main driver was the length of commute, which can be counterproductive and especially difficult for people with young families. The nature of the business also made it easy to implement remote working – our employees are software developers and there is no need for everyone to be in the same place at the same time for the business to run.

**What have you found to be the main benefits of implementing remote working practices for your employees?**

Overall, ability to work remotely has been very positive on the employees. Developers are our company's most valuable commodity and number one asset, as the company relies on staff to get the projects built. An app can be built in one week, but if the developer's mind is not in the right place it can take them a month – productivity often comes down to how the individual is feeling. When employees are happy and the working environment is good, they want to work hard and contribute to the success of the business. This approach also helps us to attract talent – people are increasingly coming in with the mind-set that they want the ability to work remotely and employers need to take that into consideration.

**What practices/policies does your organisation have in place to ensure that mental wellbeing of your staff that work remotely is looked after?**

The nature of the business and the work that our employees do mean that for many of them their work is their hobby, which can sometimes make it difficult to get them to switch off and not overwork. We have set up a number of things in the two offices to help staff relax, including games, hangout areas and recharge rooms. We also organise regular days out so that colleagues can get together, which is especially important as many of them often work remotely. We organise catch-up sessions every Friday, whether it's in person or over the phone, and have an early finish policy on Fridays. In addition, we hold regular training sessions on how to have good remote working etiquette to ensure that employees maintain a good work-life balance and look after their mental wellbeing.



## Conclusion

Despite the evident rise in remote working, only a relatively small number of employers explicitly offer remote working as part of the package in job adverts - 10% of adverts on Totaljobs do so<sup>41</sup>. Data from just one jobs' advertising website doesn't necessarily paint the broadest possible picture, and remote working offers can often be included under a wider umbrella term of 'flexible arrangements'. However, this figure offers food for thought, implying that business leaders are still somewhat reluctant to openly offer remote working arrangements to their prospective employees at the first step of the recruitment process.

There are indeed a number of challenges presented by remote working, but if overcome in the right way, such working arrangements can offer enormous benefits not only to the wellbeing of employees, but also to companies themselves. Technological advancements will continue to transform the world of work, while ageing population means that individuals will be staying in work for longer and care responsibilities of the elderly will increase for many in the years to come. It will therefore be crucial to the success of businesses across the country that they adapt to these changing trends and adopt a flexible approach. Ensuring flexible work is high quality and productivity-enhancing will also form a crucial part of the Industrial Strategy.

When it comes to managing mental wellbeing of employees in the changing business models, there is no one right template. As highlighted in this report, employers should adopt a balanced approach and follow the available guidance to ensure that remote, and more widely, flexible work enhances, not hinders, the mental wellbeing of their employees.

<sup>41</sup> The remote working revolution is here to stay - more employers should embrace it, Martin Talbot (Director at Totaljobs), <http://www.cityam.com/266923/remote-working-revolution-stay-more-employers-should>

## Author



Kamile Stankute is Parliamentary Affairs Officer in the IoD's Policy Unit. Her role involves managing day to day relations with MPs, government departments and other stakeholders, and assisting with policy developments and research. Kamile is also involved in the IoD's Mental Health & Wellbeing in the Workplace campaign. Kamile joined the IoD after graduating from King's College London with MA in Politics and Contemporary History. She has previous experience in public affairs through various internships at agencies and in-house.

**Kamile Stankute**  
*Parliamentary Affairs Officer*

## The IoD's work on Mental Health in the Workplace

At the Institute of Directors, we know the significance mental health issues can have on business.

For 2019 and the re-launch of the IoD's Mental Health & Wellbeing in the Workplace Campaign, we've teamed up with Mind, the UK's leading mental health charity, and Westfield Health, an IoD Preferred Partner and award winning, not-for-profit organisation, dedicated to supporting the health and wellbeing of individuals and businesses across the UK. Working with our own Information and Advisory Service, these organisations have provided you access to the latest advice, best practice and other useful resources, as well as experiences of other business leaders.

To mark National Stress Awareness Month, in April 2019 the IoD launched an action pack – Mapping Mental Health for Business Leaders – designed to be a take-away guide to understanding mental health and how it can affect you as a business leader.

You can follow the campaign's progress and download the action pack via the designated Mental Health & Wellbeing in the Workplace hub on the IoD website. [www.iod.com/mentalhealth](http://www.iod.com/mentalhealth)

For further information on this report, please contact:

Kamile Stankute  
Parliamentary Affairs Officer  
+44 (0)20 7451 3344  
kamile.stankute@iod.com

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