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Managing Telecommuters: Opportunities and Challenges

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INTRODUCTION

The recent past has seen a dramatic increase in the sophistication of technology available to businesses as well as to homes. The increased speed of information exchange and the friendliness of computer software have become major influences on the trend for businesses to allow alternative working environments. As a result, telecommuting has become an increasingly preferred alternative to working in the office. The Department of Labor estimates that between 13 and 19 million full and part time employees now work from sites outside of their employers’ place of business (29). The Gartner Group predicts that more than 137 million workers worldwide will be involved in some form of remote work by the year 2003 (29).

Telecommuting has been defined as working away from the office, one or more days per week, using a computer or other telecommunications facilities (3). Telecommuting can result in many advantages including an increase in employee productivity, dramatically lowered costs for the company, increased schedule flexibility, and enhanced employee satisfaction (1 & 18). Despite all the benefits, there is still strong resistance from managers to allow their employees the option to telecommute. Much of this resistance comes from the insecurity that managers feel when they are unable to physically observe their employees’ performance (14). Many managers do not understand telecommuting and therefore lack the ability to manage it. To fully benefit from the advantages of telecommuting, management must learn how to manage the challenges it poses. This article discusses the advantages and challenges of telecommuting as well as effective practices in managing telecommuting programs.

BENEFITS OF TELECOMMUTING

There are many good reasons why companies should consider telecommuting, and there are multiple benefits to establishing an effective telecommuting program. However, it is not just companies that benefit from telecommuting, but employees and society as well. Discussed below are some of the more important benefits that can be obtained through the use of telecommuting.

Schedule and Location Flexibility

A primary advantage of telecommuting is the flexibility it provides with regard to the location as well as time. Not having to go to the office to perform the work activities is of great value to most employees for a variety of reasons. The company can also benefit by having the flexibility to schedule a worker’s day around periods when employees are most productive, thus allowing for increased performance. AT&T found that at home workers spent an average of an hour more per day on the job due to the higher flexibility of their work schedules (6). The ability to work from remote locations enhances flexibility in many ways. For example, Fleet Financial Group implemented telecommuting options for some of their employees when they relocated from Boston to the suburb of Framingham.

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This helped to decrease pressure on the employees by avoiding the possibility of additional commuting time and helped the company to retain their employees (25). Telecommuting allows companies to recruit from areas that are not necessarily in close proximity to the home office. Some even recruit from other geographic regions altogether.

Not only does telecommuting allow the employees to have greater flexibility, it also increases the company's abilities to fit scheduling around their customers' needs. Convincing employees to come in at one o'clock in the morning, especially in areas where weather conditions are a factor, may be a tough selling point. This problem is prevalent in service companies that offer twenty-four hour customer services. If an employee is set up on a system at home, these obstacles can be dramatically reduced for hard to staff positions. A good example of this is Land's End, a catalog company that has an office based out of Wisconsin. They have been successful in staffing their night shifts as well as staying open to customers when blizzards and other conditions would previously have closed their operations down (16).

Enhanced Employee Satisfaction

Employees who telecommute have been shown to enjoy greater job satisfaction (1&18). Schedule flexibility, ability to balance the family needs and work requirements, and elimination of time and cost associated with commuting all lead to higher employee satisfaction. Additionally, the ability to stay away from office politics and distractions has also been indicated as a source of higher employee satisfaction. Performance measures such as increased productivity, increased teamwork, lower absenteeism, lower turnover, and higher morale have reflected higher telecommuters' satisfaction (1 &14). In another study, it was demonstrated that telecommuters had a higher level of overall satisfaction and less likelihood of leaving the company as compared to non-telecommuters (12).

Attracting and Retaining Employees

Offering an alternative working situation can be used as an incentive for companies to attract the best and brightest workers in today's technological atmosphere. Higher schedule and location flexibility and enhanced employee satisfaction contributes greatly to a company's ability to attract and retain employees. In a survey by Ceridian of 401 executives, half stated that telecommuting would be an attractive incentive for joining a company. A greater majority of two-thirds responded that it would be an excellent reason to stay with the company once hired (30). Leading companies are proactive in using creative alternatives to traditional working arrangements that can be used as a perk to not only attract talented employees, but to also retain them. For example, the accounting firm of Ernst & Young encourages its employees to find out more about the flexible working arrangements they offer. They have established an employee database that contains bios of workers that have alternative working situations. This database can be searched by level, type of work, type of working arrangement, or location. The company sees this as an opportunity to address the needs of their employees for short to long-term arrangements (7). As a result, employees may be able to stay with the company even though changes may occur in their lifestyles.

Productivity Improvement

One of the main obstacles for teleworkers to overcome is the perception that they are not working. The common cultural belief of managers and coworkers is that of the popular saying, "When the cat's away, the mice will play". In their defense, however, the evidence shows that there is actually an increase in productivity when employees work from home rather than the office. Past research has shown that productivity increases from 20% to 30% when telecommuting is permitted (9). AT&T has seen sales increases of 20% to 40% with its telecommuting salespeople and an increase of 8% to 29% in the productivity of managers that work from home (16). One reason for the increase in productivity is the distraction-free environment telecommuting often allows. In a traditional office, proximity often leads to unnecessary interruptions. These distractions added up over an entire day can lead to a visible drop in productivity.

Another factor contributing to increased productivity is the effect of telecommuters on a company's infrastructure. In order to implement a successful telecommuting program, the company has to install a proper communication support system. The improved infrastructure helps streamline operations within an organization, resulting in an overall productivity increase (28).

Cost Reduction

It has been extensively documented that telecommuting can save corporations money. In addition to higher productivity, reduction in required office space, clerical and support staff, absenteeism and turnover have been identified as major factors contributing to cost reduction. One of the more successful examples is AT&T, which has freed up $550 million dollars in cash flow since 1991 and continues to save more than $100 million annually in its North American sales and distribution units alone (1). One major reason for cost savings is the reduced need for office space and other related costs such as parking space. For example, IBM has reported a $75 million annual savings in real estate as a result of telecommuting (14). Also, the increase in knowledge and responsibility that the teleworker assumes can
allow for support and clerical positions to be eliminated or consolidated. Telecommuting can result in more processing duties being put in the hands of the individual. One company noted that the ability to reduce clerical personnel saved them $110,000 over three years (28). It is estimated that each employee that works from home saves $5,000 a year for the company in estate and operating costs (21). Cost reductions are also seen through increased employee productivity and satisfaction, which results in reduced absenteeism and retention costs. One study estimated these costs savings at $10,000 per employee (29).

**Benefiting the Society**

Telecommuting can have a positive impact on society as well. One effect is the reduction in workers on the road, especially at peak traveling times. A study done on the impact of telecommuting in Japan suggests that congestion could be reduced by 6.9 – 10.9%. Although these numbers may not seem very high, it translates to 9-14 million employees who would not be on the road (17). Some concerns lie with the idea that teleworkers may substitute long commutes with many shorter trips, thus having no effect on congestion. This argument, however, does not take into account that the flexibility in teleworkers’ schedules allows them to avoid high congestion periods, which results in a favorable effect on traffic congestion. Also, telecommuting helps companies to comply with pollution-reduction regulations (16) as well as disability laws (14).

**OVERCOMING THE CHALLENGES OF TELECOMMUTING**

The potential benefits of telecommuting can be realized only if its many unique challenges are identified and addressed. The technological, organizational, legal and interpersonal issues of the company and its teleworkers should be recognized and dealt with. First, the company should determine if telecommuting is a viable option. If so, then the company will need to know what the common pitfalls and challenges of telecommuting are in order to provide a productive and positive environment. In the following sections several key challenges are discussed.

**Is Telecommuting Appropriate for Your Company?**

Before implementing any telecommuting program it is necessary to determine whether an off site working arrangement is appropriate for the company. Management needs to investigate questions such as: Is there a strategic fit? Is telecommuting compatible with the company’s strategic goals and competitive priorities? What advantages will telecommuting provide for the corporation? Once these types of questions have been addressed a company can then determine whether the telecommuting is a viable option. In addition, the company has to consider other factors such as the kind of jobs that are appropriate for telecommuting, employees’ characteristics, the cost of providing the technological infrastructure, legal considerations, etc.

**Nature of Jobs**

Once a company decides to launch a telecommuting program, it is important to identify what types of jobs are best suited to the program. The nature of the jobs should be analyzed and evaluated. Is the work performed primarily over the phone, computer, Internet or in person? How much interaction with other employees is required? How frequently is there a need to access specific tools, documents, and information? Are working hours or location essential to the job’s purpose? Must the person be readily accessible (4)? It is suggested that the most obvious jobs be experimented with first. This would include jobs such as sales, telemarketing, and consulting functions. All of these positions already require high level of interaction with customers over the telephone and a large portion of time spent off the work site. However, once the companies start their telecommuting program and gain some experience, they often identify many other types of jobs that are appropriate for telecommuting. Initially, executives at Dun and Bradstreet thought that only five percent of their workforce could be adapted to telecommuting. As it turned out, they found that up to two-fifths of the company’s functions could adapt to telecommuting with only minor changes to the work environment (1).

**Company Culture**

The company culture is another important factor to consider. Some companies will be more amenable to telecommuting while others may find that it is an unworkable fit. If the company culture relies on frequent or high interaction among employees and direct supervision by managers, a traditional office setting may be more appropriate. However, if a company does not need constant communication between workers, it will probably be more receptive to a teleworking setting (9). Does the company have to rely heavily on a strong culture to achieve its goals? If so, the company has to address how to instill the corporate culture in the at-home work environment and how will these new types of employees affect the culture that is already in existence. One fear is that removing an employee from the traditional office setting will weaken the corporate culture. The face-to-face interactions that strengthen the environment, and the “water-cooler” chat sessions that affirm the company’s norms, values, and beliefs, are no longer present.

**Employee Selection Criteria**

Once telecommuting is considered as a viable option and the appropriate jobs have been identified, the company should address selection of the employees.

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Not every employee will be suited for telecommuting. It is important to select employees who can function well in the telecommuting environment. One critical factor is how adequately employees can function when they are not under close supervision or direction. While some employees can be much more productive at home, where office distraction is not present, others might need the office interactions for the satisfaction of their social needs. The Utah State Office of Education’s (USOE) telecommuting policy states that employees must be full-time with no history of performance problems. They also recommend that candidates must be independent workers who would not feel isolated in a telecommuting program (27). Therefore, there is a need for company guidelines to determine which employees are suited for off-site positions.

Gender has also been determined to have an effect on the demographics of the telecommuting community. In a study of gender impact on virtual work groups it was found that women preferred interactions through email and a teleworking environment whereas the men in the groups did not find it as appealing. The men were more accustomed to dealing with people in person, while the women felt they were more interactive and had more of a voice in the teleworking environment (15). It is important to know why and to whom the telecommuting situation is desirable. If in general men prefer direct communication rather than contact through virtual means, they may be more resistant towards dealing with coworkers who do choose to telework.

In order to alleviate some of the apprehension organizations may have in selecting employees appropriate for teleworking, some companies have put in place policies and programs to help ensure that the employee is a suitable choice. For example, Merrill Lynch puts potential employees in a simulated setting for a couple of weeks. If the employee does not like this method of working, he or she can simply drop out of the program with minimal expense or time on the company’s part (1). Nortel has a policy of checking in with their new telecommuters after eight weeks to assess their progress (16).

Providing the Required Infrastructure

One of the most important requirements for success of telecommuting is a solid technological base. Basic access to the office is not enough. To have effective communication and timely response, the organization needs to ensure that the teleworker has appropriate access to email, fast communication links (e.g. cable connection to internet), and hardware that is sophisticated enough to deal with company software and programs. The initial setup of this infrastructure can be extensive (28). To fully integrate one particular company, three new software programs had to be purchased and installed on all of the systems. Although there was a high initial cost, the company saw an overall benefit from the increased productivity, managerial control, and streamlined operations that the new software allowed them (28). Poor equipment support can cost the company more than the initial setup due to the loss of productivity and high employee turnover.

Awareness of Legal Considerations

Along with company and employee compatibility issues, there are also legal considerations that are unique to telecommuting. Regular operational matters such as promotions could need more thoughtful attention. Telecommuters may have concerns of being passed up for a promotion because they are not in the office interacting with their boss on a daily basis. If an on-site employee is promoted over a teleworker, there needs to be clear performance measures in place to avoid a lawsuit. Another matter is that of privacy. The software and information that a company provides may be confidential, causing the employer to impose tighter controls. What particular rights does the company have to inspect the use of their material outside or inside the employee’s home? Again, clear policies must be set up in order to avoid problems with sensitive information.

A more recent development in the telecommuting arena concerns the working conditions of the off-site employees. In November of 1999, OSHA responded to an inquiry regarding at-home working conditions. It stated that employers would be held responsible for complying with the Occupational Safety and Health Act and with safety and health standards for telecommuting employees (10). Although this statement was quickly rescinded due to numerous complaints from employers and lawmakers, it opened some serious considerations. Many companies and lawmakers expect this issue to resurface and it is important to examine the responsibilities that a company may have to face if they have employees that telecommute. One example is the issue of workers’ compensation. If a worker is injured at home, how does one know if it is a work-related injury? This is a gray area where the loss of on-site supervision can lead to suspicion of impropriety on the part of the teleworker. Until clear guidelines are passed, it is recommended that organizations ensure that the workstations are in a separate and secure working area with correct safety measures. Initial setups and checks can be performed to ensure that the employee’s home conditions meet appropriate standards.

Overcoming Resistance to Telecommuting

Adopting telecommuting results in considerable changes in the organizations work process and job design. Any such major change can lead to some resentment and resistance that have to be detected and removed. It has been observed that telecommuting can
create some resistance in managers as well as workers.

**Managers’ Resistance.** A main obstacle to implementation of telecommuting is the attitude of the managers in the company. There is evidence that a manager’s opinion can play a role in an employee’s decision to participate in telecommuting (22). Traditionally managers’ attitudes tend to be less than favorable towards an off-site environment. One reason is the sense of loss of control over the employees when the manager cannot see them physically working. Concerns arise that the employee may not have enough work or that they are working too much. Also, the manager may feel that they cannot readily tell if an employee is struggling or needs constructive feedback. Problems can also occur if a manager is unable to detect conflict between co-workers until the problem has gotten out of hand. If they are not able to physically see an employee’s discomfort or friction with another worker, the manager cannot prevent the conflict from escalating.

While to some extent these are fears that are not supported by evidence, however there can be some legitimate problems in not being able to physically oversee an employee. Due to these challenges, it is important that the managers are evaluated to see if they are able to deal with the special situations that are created when they are in charge of teleworkers. It has been shown that in order to successfully implement a telecommuting program, there must be an overall trust of the employees by management (11). If managers are accustomed to walking around and checking in on employees, they may not be receptive to managing teleworkers. Pfizer Inc. puts their managers through training sessions before allowing them to manage teleworkers (23). Also, many organizations, including the University of California, require supervisor approval before allowing any employee to telecommute (26). Therefore, if the manager is uncomfortable managing off-site workers, they are not required to approve the arrangement.

**Employees’ Resistance.** Not only can managers be adverse to telecommuting arrangements, co-workers might have objections as well. Certain employees who were not chosen to telecommute may have resentment towards their telecommuting colleagues. Additionally, on-site employees may have feelings that telecommuters disrupt the teamwork of the office and are hard to get hold of (14). In particular, the resentment of co-workers will increase if they perceive that telecommuting has lead to a job redesign and consequently has resulted in the assignment of new and/or more activities to their jobs. It is important that companies be aware of these feelings and find ways to create a productive environment between the on-site and telecommuting employees.

**Monitoring and Performance Measurement**

As discussed earlier, an obstacle to telecommuting is the supervisor’s inability to “oversee” the workers. This leads to the perception of lack of control. Not only is it difficult for the managers to measure performance of employees who are out of sight, employees also have anxiety about whether their absence in the workplace will cause them to be passed up for promotions as their hard work and contributions may not have been recognized. The remedy is the development of a clear and effective set of performance measures. Having a set of performance measures is always important in monitoring performance. However, it assumes a much more significant role in the telecommuting environment.

In order to be able to assess performance, guidelines need to be established. This includes setting clear performance objectives and measures for both the employee and the manager. Task scheduling, meeting scheduling, and visit frequency should be spelled out clearly so that the employee knows how much contact is expected with the office. Having measures and guidelines can become especially important for jobs where the teleworker’s output is not effectively measurable. It is crucial to note that the guidelines should be loose enough to allow the telecommuter some flexibility. It is important to establish boundaries; however, they should not be so strict that they hinder the performance of the employee.

Surveillance measures are another way to monitor teleworking employees. If used ethically and in a way that is acceptable to both the employee and the company, it is possible to oversee the whole productive process (8). Despite the evidence pointing to telecommuters’ high productivity, it is still important to recognize that the perception of lack of control does exist and consequently can undermine a successful telecommuting program. Trust is a crucial ingredient (9 & 14).

**Employee Isolation and Communication**

A typical problem that many teleworkers tend to face is the feeling of isolation. They are separated from both the work environment and, to some extent, their social environment. They no longer have a place away from home where they can talk with their peers and leave the work at the end of the day. This can lead to frustration and in some cases, burnout from the job. Many times the negative effects that are experienced once a worker is removed from the office can overshadow the benefits of working at home (1, 9, 14). This problem can be difficult for managers and employees to overcome if there are no remedies set in place to deal with such situations.

Management should take proactive steps to maintain a strong affiliation among the organization and its teleworkers. Chat rooms and message boards can be set up to encourage the off-site employees to share their ideas and opinions. Weekly or monthly meet-
ings can be scheduled at the office in order to expose the teleworkers not only to other telecommuting employees, but also to the on-site workers. In one Lu-cent office, they have established a Wednesday "doughnut club" ritual where off-site salespeople come by and chat (1). This helps Lucent employees to link the beliefs of the traditional office with the realities of the virtual office. It is important to many telecommuting employees that constant communication is maintained on a consistent basis. This helps them overcome feelings of isolation and establish themselves within the corporation (5).

A critical question is whether telecommuting negatively impacts the organization's communication structure and process. Studies have shown that there is limited impact of telecommuting on the communication structure, confirming that teleworkers are not being left out of the office network. One study did show a tendency for these telecommuters to communicate more with one another and evidence supported the propensity for female teleworkers to communicate more with other female teleworkers (3). In addition, one company found that control increased as a result of the increased measures they used to monitor and contact their off-site employees (28). Companies however still need to address the tendencies that can isolate telecommuters as a group and also recognize that the perception of a lack of communication still exists.

DEVELOPING TELECOMMUTING POLICY

Once the above challenges are addressed, a telecommuting policy can be an important tool to overcome these technological, organizational, legal and behavioral obstacles. Not only does the policy help to address the liability concerns that companies are facing today (19), it also helps the manager and employee clearly define the parameters within the program will operate. An effective policy should be as specific as possible and it should address the following key issues (20).

Who Is Eligible For Telecommuting?

The first step in creating an effective policy is deciding who and what departments will allow the implementation of telecommuting. It is good to have well laid out criteria to determine the appropriate personnel and to avert as much conflict as possible for the employees who are not chosen. Many policies have specific guidelines for employees who are eligible to telecommute, such as those of USOE, mentioned previously. The University of California's policy has a provision for dealing with departments that receive more requests for telecommuting than the department can accommodate. It suggests that the manager should think about rotating employees or days that they are able to telecommute in order to fairly address equally skilled employees (26).

How the Arrangement Will Work and What Is Expected?

It is important to spell out exactly what is expected of the telecommuting employee. This not only helps clarify management's concerns for control, but also the employees knowledge of how they are expected to perform and how they will be evaluated. Included should be clear work hours and the location from where the employee will be working. Evaluation periods can also be defined especially for the initial first months of the arrangement. Some of the more essential elements are (26):

- Where do the telecommuters propose to work?
- What will the schedule be?
- Which duties will be performed at the telecommuting site?
- Which, if any, will be performed at the office?
- How will they communicate with the office and manager?
- What are the particular performance criteria that must be met?
- How will these performance criteria be measured?

Many policies also include specifically what expenses will be reimbursed and what will not. The AT&T proposed teleworking agreement specifies that trips to and from work will not be reimbursed (2). The USOE policy also has very specific guidelines for reimbursement, stating that furniture and answering machines are non-reimbursable while work related telephone expenses or additional phone lines are (27).

For employers who are particularly concerned that employees may put family obligations before their job duties, policies can also specifically exclude employees from being the primary caregiver while on work hours. The USOE's policy specifically excludes workers who are under contractually agreed upon work hours from providing primary care to children or elders during those hours (27).

These are just some of the questions that need to be answered in writing in order to have a clear and well-defined policy. Policies can include provisions stating how often the full-time telecommuting employee is expected to visit the corporate office, and an agreed upon trial period can also be implemented to ensure that this is a viable option for the organization. Most importantly, the organization should address the areas that concern them the most. In addition, it is important to try to anticipate the concerns that the employees or customers may have and address them in the policy.

Security Measures and Equipment Use

In many cases the teleworker will be using company equipment and have access to material that the organization considers confidential. The telecommuting policy should address how and when the equipment
and information is to be used. It can also include who is responsible for maintaining the equipment and under what circumstances the employee's negligence is responsible for equipment breakdowns. Merrill Lynch employs five technicians strictly to help their telecommuting work force (13). The policy can include what support the employees may expect and who to contact for appropriate assistance. Provisions can include the requirements that employees log off whenever they leave the computer unattended, that they use the computer for business only, as well as what information can be accessed from home (20).

**Health and Safety**

In light of the new pressures placed on organizations to responsibly handle the at-home safety of telecommuters, it is particularly important that the policy contains a section on health and safety. The University of California has provisions stating that workers must have an ergonomically correct off-site workspace. It states that the employee is responsible for maintaining a safe and secure environment and that with reasonable notice, on-site visits can be made to determine that the workspace is free from hazards. Many policies also have provisions on employees conducting business meetings at their home office. The State of Florida's telecommuting policy specifically excludes face-to-face meetings at home (24), and USOE's policy states that business conducted at an alternate worksite is not covered by the state (27). These types of provisions can help companies limit their liability for the working conditions of the telecommuters and their visitors.

**Privacy Issues**

It is suggested that telecommuting policies address the issue of privacy. If an employee's performance is to be measured, how much access does the organization have to the telecommuter's activities? Will email be monitored and can the employer do spot checks on the worker? This might be an area that the organization may wish to address so that clear expectations are established.

**CONCLUSION**

Telecommuting has come of age. The technological developments have made it possible and economic and social factors have made it necessary. The advantages of telecommuting are already clear and distinct. Several trends such as further growth in information technology, the expanding role of the service sector in the US economy, the emergence of virtual corporations and the diverse needs of the employees will guaranty a higher reliance on telecommuting as a viable alternative. Managers have no choice but to learn how to take advantage of this new approach. It certainly poses many serious and novel challenges, as discussed in this article. Managers have to appreciate the telecommuting management challenges and determine how to overcome them. If implemented and managed properly, telecommuting can be a valuable asset to an organization and to the people it employs.

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