

Telework in the Information Age

Building a More Flexible Workforce and a Cleaner Environment

Overview

- ❖ TELEWORK, ALSO KNOWN AS TELECOMMUTING, IS THE PRACTICE OF ALLOWING, ENCOURAGING, AND EVEN REQUIRING THAT EMPLOYEES WORK REMOTELY PART- OR FULL-TIME, USUALLY FROM THEIR HOME, FACILITATED BY COLLABORATIVE INFORMATION AND COMMUNICATION TECHNOLOGIES.
- ❖ THE TELEWORK COALITION ESTIMATES THAT MORE THAN 45 MILLION U.S. WORKERS TELECOMMUTE AT LEAST ONCE A WEEK.
- ❖ AS OF 2005, 44 PERCENT OF U.S. COMPANIES OFFERED TELEWORK OPTIONS, UP FROM 32 PERCENT IN 2001, ACCORDING TO MERCER HUMAN RESOURCES CONSULTING.
- ❖ OF THE 1,400 CFOs SURVEYED BY STAFFING CONSULTANT ROBERT HALF INTERNATIONAL IN 2003, ONE-THIRD SAID TELEWORK IS THE BEST WAY TO ATTRACT TALENT; ONLY SALARY SCORED HIGHER AT 46 PERCENT.
- ❖ A UNIVERSITY OF MARYLAND STUDY FOUND THAT 1.35 BILLION GALLONS OF FUEL WORTH \$4.5 BILLION AT CURRENT PRICES OF \$3.33 PER GALLON COULD BE SAVED ANNUALLY IF EVERYONE WITH THE POTENTIAL TO TELEWORK DID SO JUST 1.6 DAYS PER WEEK.
- ❖ TRANSITIONING TO AN ECONOMY IN WHICH MOST OF THE WHITE COLLAR WORKFORCE TELEWORKS AT LEAST SOME OF THE TIME OFFERS THE POTENTIAL TO LOWER THE COST OF BUSINESS, INCREASE PRODUCTIVITY AND ACCESS TO WORKERS, AND REDUCE TRAFFIC CONGESTION AND GREENHOUSE GAS EMISSIONS.

“[Organizations] reported a number of unexpected consequences resulting from their telework programs, including greater flexibility for employees to relocate to other parts of the country, greater ability to maintain business continuity in response to natural or man-made disasters, lower turnover rates and better performance for teleworking employees, access to a larger number of qualified applicants, and fewer layoffs for teleworkers than their office-based counterparts.”

Telework Benchmarking Study
The Telework Coalition

Analysis

For most of the twentieth century, the overarching image of white collar work was a large office floor with neatly organized rows and columns of cubicles and desks staffed with people pecking away at typewriters, answering telephones, and shuffling carbon copied papers. The floor supervisor sat in the corner office, looking out upon his workforce, measuring their productivity largely by how faithfully they sat at their desks Monday through Friday, punching in the time-clock at nine, punching out at five.

That world is long gone. Already, the workforce has become much more dispersed, flexible, and mobile. Information technology has been a major driver of this trend. But its impact is only in the early stages; its ability to transform how we live and work has yet to be fully realized.

These technologies are becoming more advanced and affordable. Workers are demanding a more flexible balance between personal and professional life. Environmental concerns for reducing energy consumption and greenhouse gases have shifted from a fringe political issue to a legitimate mainstream concern. All of these forces have combined to create a perfect storm that demands we rethink how we live and work.

Telework, also known as telecommuting, offers at least a partial solution to each of these challenges. In many jobs, people do not need to be tethered to their office desk five days a week, eight specific hours a day. The managers who understand this will be rewarded with more contented and productive employees that are easier to retain. The companies and organizations that embrace this will become more dynamic, adaptive, and competitive in a global marketplace.

Ten to 20 years ago, leveraging telework opportunities to lower the cost of business, enhance the quality of the workforce, and improve environmental conditions was not possible on the level it is today. Even now, telework programs must overcome technical and cultural challenges. But when addressed, telework will no longer be seen as some exception-to-the-rule way of working, and will be seen for what it is: just work.

Building a More Dynamic, Flexible Workforce

To remain competitive, any business must have access to a skilled and educated workforce. As the Baby Boom Generation retires – or at least is less inclined to work full time – the United States faces a workforce crisis that telework can help mitigate. Among its myriad benefits, telework expands the talent pool by luring into the workforce stay-at-home parents, the retired and semi-retired, the disabled, and people living in rural and remote areas.

Any business or organization must also keep its workers satisfied to avoid absenteeism, underperformance, and high turnover rates. Studies show that offering employees flexible telework options is a powerful recruitment and retention tool.

Of the 1,400 CFOs surveyed by staffing consultant Robert Half International in 2003, one-third said telework is the best way to attract talent. Only salary scored higher at 46 percent. Younger workers in particular are increasingly demanding telework as an option.

There are many examples. IBM reports that its retention rate for teleworkers is much higher than for non-teleworkers. Kaiser Permanente in Oregon reported zero turnover among its teleworkers during the program's first two years. AT&T found a 76 percent rate of commitment to the company among teleworkers, much higher than for non-teleworkers.

So telework makes employees happier. But what about employers? Does it save money? Do managers see increased productivity? As a *BusinessWeek* article asked: "Are the underlings working remotely . . . or remotely working?"

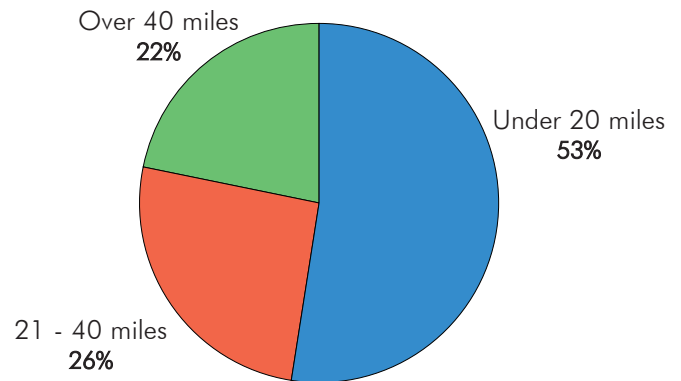
Many employers are initially resistant to having their employees work from home. Conventional wisdom says if you cannot see your employees then you cannot be sure they are working. Many managers see telework as a means for employees to shirk responsibilities and lounge around watching daytime television.

Employers tend to drop these preconceptions when they see the results in terms of cost savings and employee productivity. A study by the Telework Coalition surveyed 13 organizations that collectively had more than 77,000 teleworkers. The report found that those organizations that were able to leverage teleworking as a means to shed office space saw annual cost savings of up to \$10,000 per employee.

A number of companies have also reported productivity gains. IBM reported a 10 to 20 percent increase among teleworkers. AT&T and Cisco Systems saw similar results. Teleworkers at American Express handled 26 percent more calls and produced 43 percent more business than office-based workers. Survey results attribute the gains to fewer distractions, time gained through reduced commutes, and a healthier life-work balance.

REDUCING TRAFFIC CONGESTION & POLLUTION

(Average Two Way Driving Distance for Commuters)



Percentages sum to greater than 100 percent due to rounding.

Source: University of Maryland study, *the National Technology Readiness Survey*, 2006

Creating a Cleaner, Greener Environment

Beyond the benefits to individuals and employers, teleworking offers a clear potential to reduce greenhouse gases and traffic congestion as fewer people commute to an office.

As more people live in suburbs and "exurbs" that are often further from their place of work, and as public infrastructure improvements have not kept pace with this trend, traffic congestion is worsening and commutes are becoming longer. A 2006 University of Maryland study found that nearly half of all commuters travel more than 20 miles a day to and from work, 22 percent travel more than 40 miles, and 10 percent travel more than 60 miles.

While carpooling and public transportation are options for some, they are not feasible alternatives for many workers. A 2005 study by the U.S. Census Bureau found that 77 percent of Americans still get to work by driving alone, compared to just under 11 percent who carpool and just under five percent who use public transportation.

As gasoline prices skyrocket and as greenhouse emissions threaten the environment, the potential reduction in fuel consumption is further reason to strongly promote telework. The University of Maryland study found that 1.35 billion gallons of fuel worth \$4.5 billion at current prices of \$3.33 per gallon could be saved annually if everyone with the potential to telework did so just 1.6 days per week. The Environmental Protection Agency calculates that this would prevent 26 billion pounds of carbon dioxide from being released each year.

In 1999, Congress passed the National Air Quality and Telecommuting Act, commissioning a pilot program in five major metropolitan areas to study the feasibility of addressing air quality concerns through teleworking. In all five cities the results showed significant reductions in greenhouse gas emissions as a result of telecommuting.

The Technical Side of Telework

Telework is not practical without information technology. Workers need, at a minimum, a notebook computer, a high-speed Internet connection, and a phone line. They need printers and fax machines. They need a range of software, from basic office programs to applications that enable file sharing, online collaboration, and web conferencing. They need a secure remote data tunneling solution such as a virtual private network (VPN) to connect to the company network.

For widespread adoption of telework, the United States needs ubiquitous broadband Internet access. Much of the potential for enlarging the workforce through telework is by attracting people from rural or isolated areas – or those who would like to relocate to such places. Yet these are the areas least likely to have broadband access. Additionally, the speed of broadband in many parts of the country is woefully insufficient to support the collaborative applications needed for efficient telework.

Another challenge is security. In an office setting, network security is managed by building a firewall around a perimeter to keep security risks out. With a network of employees working remotely, the model shifts from protecting a perimeter to protecting a series of endpoints.

Organizations that institute telework options need to determine how to overcome these challenges. They need to assess whether they have sufficient in-house technical capabilities and expertise, or whether they need to contract with outside providers of security solutions. Similarly, they need to decide whether to provide employee IT training and technical support in-house or through an outside provider.

The Cultural Side of Telework

Most advocates of telework agree that by far the most daunting challenges to widespread adoption are cultural, not technical. Just because the technology is available does not ensure that people are ready to change how they work or how they supervise their employees.

The first concern most managers have is: how will I remotely monitor my workers and hold them accountable if I cannot see them at their desks? Ironically, managers may find it easier to hold teleworkers accountable through results based performance evaluation. Employees who work remotely are not being graded on maintaining set hours at their desk. They can only be evaluated on the outcome produced and the deadline for producing it.

As to monitoring a teleworker in real time, out of sight does not have to mean out of mind. Communication technologies now make it easier than ever to keep in touch with workers at remote sites via cell phone, Voice over Internet Protocol (VoIP), email, instant messaging, and video and web conferencing.

CASE STUDY – IBM'S SECOND "WORK" LIFE

With well over 300,000 employees worldwide, IBM is the thirteenth largest private employer in the world. How does it manage such an unwieldy, globally dispersed staff?

IBM has been very progressive, as far back as the 1980s, in allowing and encouraging its personnel to telework. On any given day, 40 percent of IBM's employees are working remotely, saving the company an estimated \$56 million annually in office space costs.

IBM's retention rate for teleworkers is much higher than for non-teleworkers and they are 10 to 20 percent more productive than their office-bound peers. These productivity gains, combined with the real estate savings, more than compensate for the costs related to setting up the supporting technologies in employees' home offices.

IBM is so enamored with finding innovative ways to allow its global workforce to collaborate, it has established dozens of "islands" on the Internet-based virtual world Second Life. IBM employees, including CEO Sam Palmisano, create avatars, or online virtual representations of themselves, and interact via instant messaging and other communication tools in a 3-D environment they call the Metaverse.

IBM finds this virtual environment is vastly superior to traditional teleconferencing or even web conferencing. Big Blue uses its space on Second Life for new employee orientation, ongoing training, and staff meetings. IBM employees that are part of global project teams use the Metaverse to collaborate and produce actual work, unencumbered by the confines of physical geography.

When employers realize that telework does not diminish their ability to monitor and evaluate an employee's work or maintain seamless communications, another concern arises. By instituting telework policies they risk losing the "watercooler effect," the spontaneous collaboration and exchange of ideas that occur when co-workers are face-to-face.

The concern is valid, but addressable. Communication technologies that allow manager and employee to keep in touch also facilitate peer-to-peer interaction. Numerous applications exist that allow co-workers to collaborate on projects, chat online, and see and speak to each other through web cameras and other real-time applications. As these programs become more sophisticated, the gap between the experience of working together remotely and working together in the same room will diminish.

And most importantly, most people who telework, do not do so full time. They work remotely part of the time and come into the office as needed to attend staff meetings, meet with clients, and collaborate with co-workers.

One of telework's greatest cultural opportunities is to create a more optimal life-work balance. The challenge is in the fact that access to so much information technology and the death of the eight hour workday make it possible to always be on call. If your job is no longer bound by your office, you can work anytime from anywhere.

The pessimistic view is that we will all be bound to our jobs 24/7 with no personal time to ourselves and our families. The flip side of this is the opportunity telework creates to balance life and work. Working remotely means eliminating long, stressful commutes and making our own hours. The vast majority of households now have two working parents. Telework allows these busy parents to design their schedules around soccer games, music recitals, and whatever else is important to them outside of work.

Telework is not the solution for everyone. Many jobs require face-to-face interaction with co-workers or clients that no amount of technology can (yet) overcome. A decade from now we will not all be working from home 100 percent of the time. But many more of us will telework at least some of the time because the technology to support it will improve, workers demand for a better life-work balance will increase, employers' need to find qualified workers wherever they can will grow, and the need to lower greenhouse gas emissions will become much more pressing.

Where Do We Go From Here?

AeA and the high-tech industry want telework to become a widely accepted practice. Federal and state governments have a role to play in this promotion. As the largest employer in the country, the federal government can set an example and provide best practices to the private sector. Many federal agencies have been proactive in promoting a migration to telework.

Both the House and Senate have introduced bills that require federal agencies to establish telework programs for all eligible workers. This is motivated in part by the need to maintain continuity of operations in response to a natural disaster or terrorist attack that would otherwise shut down the government. Other legislation has proposed tax credits for employers that encourage telework. Additionally, numerous bills have been introduced that promote broadband Internet access, a facilitator of telework. AeA supports all of these approaches.

State, county, and local governments can also follow this model by encouraging their employees to telework. They will find it can become a cost cutting solution as it reduces the budgets for office space and public infrastructure improvements. These budgetary savings then allow governments to offer tax breaks to private sector employers who offer telework. Georgia has passed such legislation. AeA strongly supports their efforts and encourages other states to follow their lead.

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