Research on the Current Telecommuting Trends in United States and European Union Markets

Cătălina Georgiana PICU[1]
Alina DINU[2]

ABSTRACT

In the context of globalization and due to the accelerated progress made in information and communication technology, more and more companies offer their employees the option of telecommuting. For the past twenty years, telecommuting has been on an asceding trend, an incresing number of people embracing the ability to work from home, using a computer and internet connection to communicate for their jobs.

The goal of the paper is to explain the overall notion of telecommuting and to analyze the current trends in the United States and European Union markets. Another objective is to assess the advantages and disadvantages of telecommuting and the important role played by this concept within the striving purpose of corporations to achieve their strategic targets.

The study is based upon specialized literature reviews regarding the emergence of telecommuting and the role it plays in organizations. A comparative analysis was conducted by the authors on two regional markets, United States and the European Union, in order to assess the trend in telecommuting and the factors that influence it.

The outcome of the research shows that although the benefits of telecommuting are numerous, it does not come without challenges, both being applicable for both the employer, as well as for the employee. The research results of this study can be used by organizations when considering to offer their employees flexible work opportunities which can positively influence the long term business performance.

KEYWORDS: *flexible work, organizational performance, telecommuting, virtual work.*

JEL CLASSIFICATION: *M10, M15, M16*

1. INTRODUCTION

The increased ease of access to information from anywhere, via mobile and cloud-based platforms allows more and more people to work from locations beyond their office. The concepts of "telework" and "telecommuting" were coined by Jack Nilles in the 1970s. Even though today they are often interchangeably used, "telework" is defined as technology-assisted work and performed outside of an office. "Telecommuting" refers to work conducted on a regular basis from an alternative workplace, such as home, or another remote location, using information technology, but still maintaining a traditional office as well (Nilles et al., 2007). Alternatively to these terms, organizations are developing other denominations, such as distributed work, flexible work, remote work, mobile work, smart working and work shifting.

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[1] Bucharest University of Economic Studies, Romania, catalina_picu@yahoo.com
[2] Bucharest University of Economic Studies, Romania, alina.dinu92@gmail.com

Email, networked computers and new software allow people to share and access information when and where they need it (Grantham, 2000). This way, technology enables new patters of conducting business, that is, it creates of virtual workplaces, allowing employees to provide their important contribution without physically meeting one another. As telecommuting is gaining increased popularity, organizations need to rethink the traditional way of hiring, training and retaining employees (Amigoni & Gurvis, 2009; Dzotsi, 2012; Fried & Hansson, 2013). According to a study made by WorldatWork in collaboration with FlexJobs (2015), employers are cultivating new ways of flexible work arrangements, such as flex time (flexible start/stop times), part-time schedules, work from home on a regular basis, compressed work week (for example, work four days per week, ten hours per day, with one day off). Setting up a telecommuter in a virtual office demands certain logistical considerations and budgetary decisions. The technological purchases are the greatest expense covered by the employers, as telecommuters utilize the following products regularly: virtual private network (VPN), instant messaging, communication and collaboration software such as WebEx and telephone systems. Considering that telecommuting programs help companies reduce costs and increase productivity, flexibility is increasingly a core strategy adopted by companies, a way of operating the business (Yost, 2004).

This paper illustrates the fact that the globalization of business and the advancements in technology will continue to change the nature of future work flexibility, offering more and more people chance to work from any location. There are benefits, but also challenges presented by the concept of telecommuting. The authors proposed the following research objectives:
•   To clarify the concepts of telecommuting and present a literature review.
•   To analyze the advantages and disadvantages of telecommuting in the context of globalization and to present the telecommuting trends in United States and the European Union.

2. LITERATURE REVIEW

A study conducted in 2013 by *SHRM Foundation* in collaboration with the *Economist Intelligence Unit* identified that the proliferation of communication and information technology is slowly diminishing the proportion of employees who work from a central company location. Remote working is on the rise, especially in the developing world, enabling corporations to access a larger group of available labor. This is one of the reasons why large corporations choose to externalize part of their business to a third party supplier, generating cost savings and allowing more focus on the core processes and competencies of the company. Furthermore, due to the globalization of work and changing arrangements of mobility, the nature of work and its impact on the worker will continue to develop and experience changes (Demorgon, 2007; Wunderlich & Warrier, 2010).

According to a survey performed by *WorldatWork* (2015) gathering 379 responses from U.S., Canadian and international association members, workplace flexibility practices has continued to vary by type of programs that best work for the demographics, industry and culture of an organization, as it can be observed in Figure 1. Employers cultivate new ways of working, offering their employees the possibility to balance their work-life effectiveness, resulting in less absenteeism at work and improved organizational performance. Workplace flexibility is believed to have a positive effect on employee engagement, motivation and satisfaction. Additionally, arganizations are developing various types of flexible work as these can be initiated relatively easy and at a low cost.
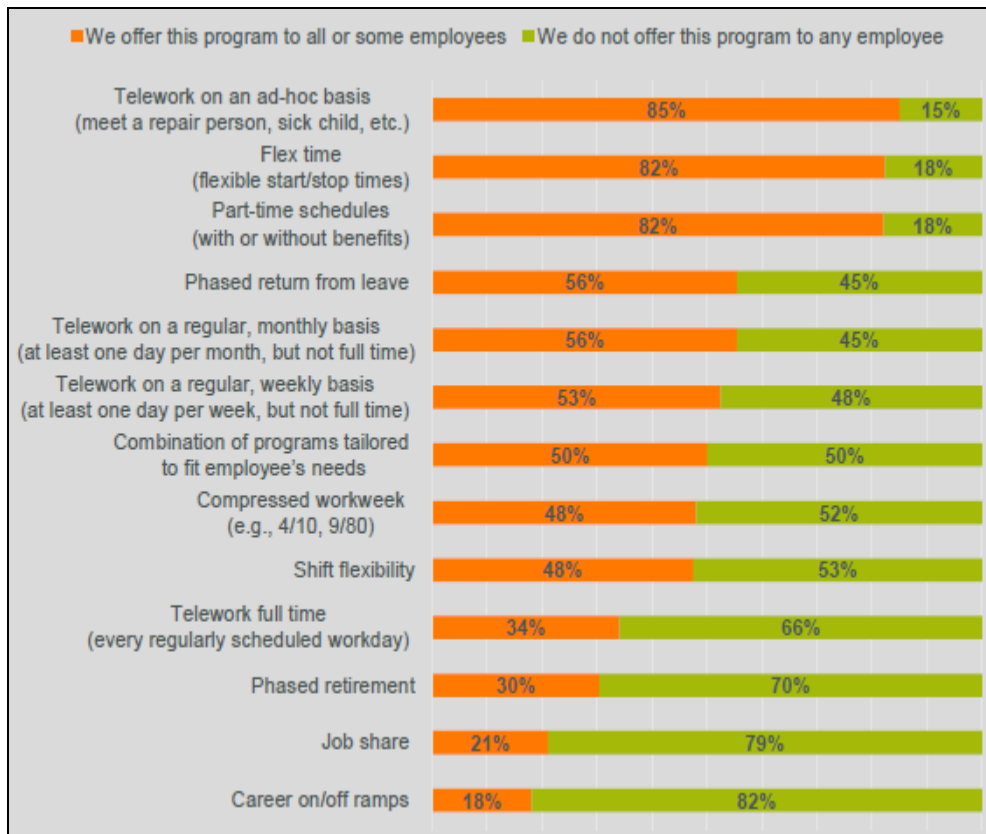
Figure 1. Types of flexible work arrangements
Source: According to *WorldatWork* research, underwritten by FlexJobs
(https://www.worldatwork.org/adimLink?id=79123)

Tredup (2016) considers that telecommuting can help employees gain a better work-life balance, it increases productivity and improves the engagement at work. Also, it offers more independence to the worker to plan activities according to personal schedule and reduces the need for sick leaves. Benefits are also on the side of the employer, more and more companies encouraging the virtues of going virtual, as they obtain this way easier accessibility to the best talent regardless of location, it allows people to continue to work despite bad weather conditions and emergencies. What is more, telecommuting supports both the environment and local infrastructures through reduction in commuting. Virtual arrangements are of different types and the most common ones are: occasional, partial and full-time. Many companies offer their employees the possibility to work from home occasionally, mainly to address a personal need. This arrangement is rather an informal agreement between the employee and the manager to work remotely for a day. The partial arrangement is more formal, and allows the employee to work virtually on a regular basis, weekly or monthly. The full-time virtual work type is a formal agreement resulting in the employee's official workspace being outside the office.

According to Amigoni & Gurvis (2009), the employees who choose to telecommute can operate from various setups, such as:

1. Home office - employees whose work does not involve in heavy equipment or large inventories may work productively at home.
2. Remote work center - a "minifacility" offers staffers a traditional office experience at a location closer to their homes.

3. Shared space - employees from different companies participate in an "office time-share". Often, they work in shifts or according to agreed-upon schedules.
4. Virtual office - telecommuters work anywhere they can plug in to the internet. That includes their cars, the library or a local coffee shop.
5. Office hoteling - employees contract temporary space in a hotel, office building or other location, perhaps for only a few hours.

Furthermore, there are numerous online applications which allow the telecommuters to stay organized and connected to teams, including tools for:
- Communication - Skype, Google Docs, Google Talk, Gizmo.
- Presentations - GoToMeeting, LiveMeeting, WebEx, BudgetConferencing
- Project management - TeamWork Live, Basecamp, ActiveCollab, CentralDesktop, QuickBase
- Calendar: 30 Boxes, Google Calendar and Yahoo Calendar.

The remote workforce is expanding mainly due to rapid technological progress and companies are offering employees advantageous flexible work packages, obtaining efficiency and productivity in return, minimizing at the same time administrative overheads. The new workplace may not be an actual office, but simply a team that comes together online.

3. REASEARCH METHODOLOGY

In order to achieve the objectives, a comparative analysis was performed by the authors, by selecting two large markets, United States and the European Union. The authors followed as methodology the qualitative study of different factors which contribute to telecommuting, such as gender, age and number of children, assessing the year on year trends. Once identified the key factors that facilitate the success of telecommuting, as well as the benefits and challenges presented by this concept, companies can focus on these indicators to increase the favoring odds of offering their employees the right plan of flexible work arrangement in order to obtain long term savings and productivity.

4. DEFINING THE ADVANTAGES AND THE RISKS ASSOCIATED WITH TELECOMMUTING INFORMATION

According to a survey performed in 2015 by *FlexJobs*, the leading online site devoted to listing telecommuting opportunities, it was observed that becoming proficient at a culture of workplace flexibility is not something that companies obtain at first or second try. It is a transformative process that occurs as employees tap into what they need to achieve work-live effectiveness. There are many benefits for telecommuting, but challenges are also acknowledged.

Telecommuting offers many advantages to both the employer, as well as to the employee. Employees with access to high levels of flexibility are more likely to be engaged in their jobs, have higher job satisfaction, want to remain with their employer and are in better health than employees who have access to moderate or low levels of flexibility.

Telecommuting can therefore bring the following advantages:
- Allows for a balance of focused work (at home) and collaborative work (in the office)
- Substantially reduces commute time
- Helps companies reduce office-related costs and increase organizational performance
- Eliminates distractions and it is thus conductive to productivity

- Promotes better work/life balance for employees
- Offers the ability to work regardless of the geographical boundaries and physical disabilities
- Companies can recruit talented people from anywhere around the globe, there is no restriction in terms of location
- Saves space and money for companies by eliminating or reducing a phisical office
- Increases employee morale and loyalty by offering them work in an environment of their choice

While the trend in telecommuting is growing due to the benefits for both the employer, as well as for the employee, Lipman (2015) examines the challenging aspects of this concept, mainly from a managerial perspective. In his opinion, given that management, at its core, involves accomplishing work through other people, the relationship between the manager and the employee is of central importance. If both the manager and the direct report are collocated, the communication is much easier, they can meet one another often, in meetings and around the office or job site. At the other side of the spectrum, remote work presents shortcomings in the relationship of the manager with the employee, such as the lack of personal contact, the waiting for response, particularly if they are working on different time zones.

Furthermore, although technology has enabled large corporations to expand their work at global level, due to the nature of working in virtual teams, various other challenges can appear: misunderstandings due to difference in culture, language, inability to read people's expressions; managers can find it difficult to lead people remotely and to evaluate team members' productivity; there is a difficulty in building camaraderie and trust (Vega, 2003; Georgiu, 2010).

Top management tends to be a more of a barrier than middle management for telecommuting, and often acts as an obstacle to flexible work programs. For example in 2013, Yahoo CEO Marissa Mayer took the decision to ban working from home for the company's staff. The decision was based upon the desire to ensure a more connected company culture and to increase productivity.

Telecommuting can thus bring the following risks:
- Being based on virtual communication, connectivity issues can have a negative impact over work performance
- The lack of social interaction can lead to feelings of isolation and low morale
- There can be household distractions, hindering the employee from being focused at work
- Many managers still find it difficult to estimate the productivity of telecommuting employees
- Employees fear that working from home may impact there career in a negative way, reducing their chances for promotion
- Companies face the additional challenge of possibly selecting the wrong employees for telecommuting
- Raises miscommunications and misunderstandings due to limited face-to-face contact

Considering the advantages and challenges presented by telecommuting, it is expected that both employees, as well as employers demonstrate adaptability and flexibility to the agile environment in which they are activating. They also need to look for ways to improve and promote quality of work in the benefit of both parties, keeping up with the technological developments.

5. RESULTS FOR TELECOMMUTING IN THE *EUROPEAN UNION*

This section assesses the extent to which employees from the EU Member states are involved in telecommuting (working from home). The figures presented in this analysis are based on the database information from Eurostat, the statistical website of the European Union.

Work from home is gaining more and more popularity and it is in line with the advances in technology such as internet, home computing systems and any other telecomunication devices. The overall trend for the last ten years illustrated in Figure 2. indicates that telecommuting grew slowly, but steadily. In 2006, the proportion of employees involved in working from home was at 11.8%, while in 2015, the overall proportion grew up to 14.5%.
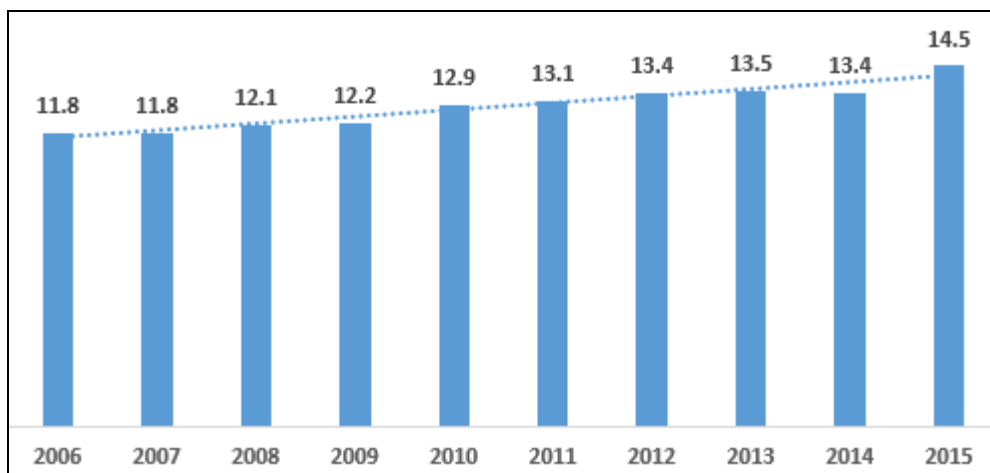

Figure 2. The percentage of employed adults working at home by gender, age groups and number of children
Source: Author, based on the data from Eurostat (http://ec.europa.eu/eurostat/data/database)

Looking at proportions of male and female telecommuters, it appears that male employees are generally more likely to work from home than female workers, as Figure 3 details. These proportions have been constant over the last five years. On average, in 2015, about 14.7% of male employees were engaged in telecommuting, while 14.1% of females used this type of flexible work.
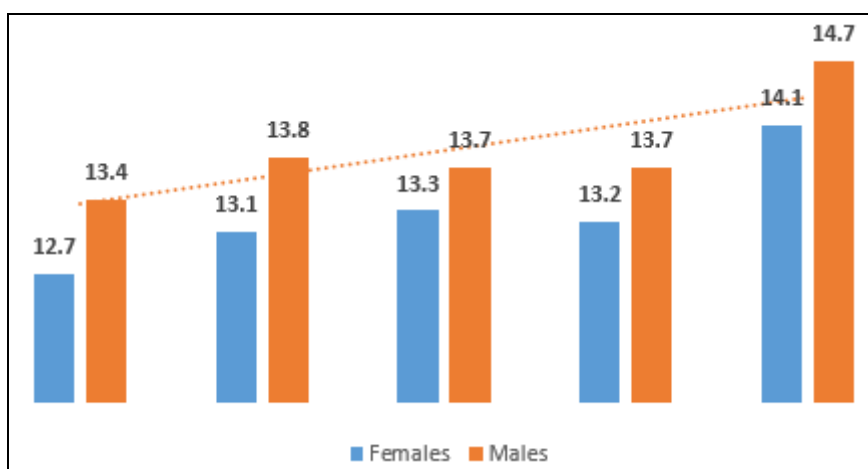

Figure 3. The percentage of employed adults working at home by gender
Source: Author, based on the data from Eurostat (http://ec.europa.eu/eurostat/data/database)

Looking at the number of children as exhibited in Figure 4. below, the following groups emerge:

- Work from home is used to a very high extent by parents with 3 children or more (in 2015, 19.5% of parents with 3 children use this form of work versus 17.6% parents with 2 children or 13.1% parents which 1 child).
- Work from home is also highly prevalent in the group of parents with 2 children (in 2015, 17.6% of parents with 2 children used this form of work versus 13.1% parents which 1 child).
- Parents of 2 and 3 children or more are more likely to work from home than parents of 1 child or employees with no children.
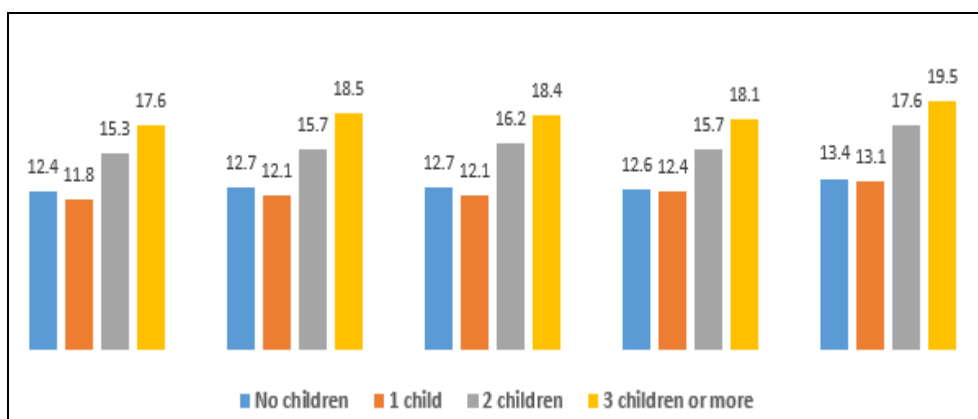

Figure 4. The percentage of employed adults working at home by number of children
Source: Author, based on the data from Eurostat (http://ec.europa.eu/eurostat/data/database)

6. RESULTS FOR TELECOMMUTING IN *U.S.*

This section analyzes the extent to which U.S. employees are involved in telecommuting (working from home). The overall work from home statistics are based on *Gallup*'s annual Work and Education poll, lastly conducted in August 2015.

Similarly to telecommuting in the European Union, we can observe an ascending trend in the U.S. as well. Regular work at home has grown significantly, starting from 9% in 1995, and leveling off in the last years, reaching 37% in 2015. Figure 5. presents the evolution of telecommuting over the last two decades.
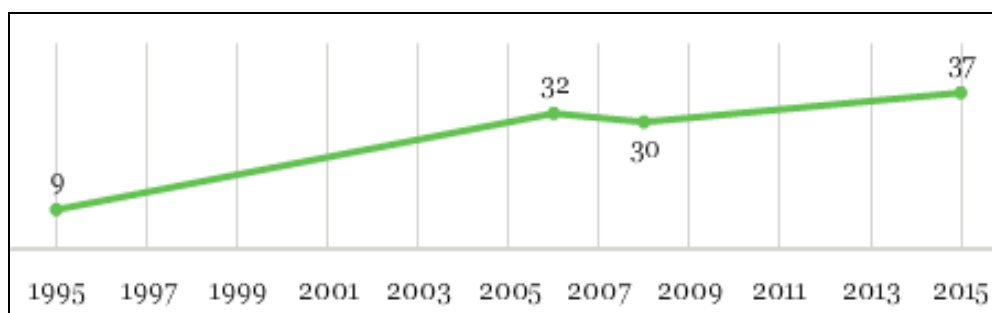

Figure 5. The percentage of telecommuters from U.S.
Source: Gallup's annual Work and Education poll
(http://www.gallup.com/poll/184649/telecommuting-work-climbs.aspx)

Table 1. depicts telecommuting in U.S. based on gender and parenting. In terms of gender telecommuting proportions, it can be observed that male workers outnumber female workers: 37% of men work from home, compared to 31% of women.

Furthermore, parents of a child under the age of 18 are more likely to work from home, compared to employees without children (41% versus 31%).

Table 1. The percentage of employed adults working at home by age, gender and children

Gender		Parent of a child <18	
Male	**Female**	**Yes**	**No**
%	**%**	**%**	**%**
37	**31**	**41**	**31**

Source: Author, based on the data from The Harris Poll
(http://www.theharrispoll.com/business)

Furthermore, according to a research conducted by Global Workplace Analytics in 2015, it was observed that:

- 50% of the U.S. workforce holds a job that is compatible with at least partial telecommuting and approximately 20-25% of the workforce teleworks at some frequency;
- 80% to 90% of the US says that they would like to telecommute at least part time. Two or three days a week seems to be the sweet spot that allows for a balance of work from the office and work at home;
- Fortune 1000 companies around the globe are entirely revamping their space around the fact that employees are already mobile. Studies repeatedly show they are not at their desk 50%- 60% of their time.

7. CONCLUSIONS

The study conducted by the authors presents the concept of telecommuting, with particular focus on the trends from the European Union and the United States. It was observed that telecommuting is a growing phenomenon both throughout EU Member States as well as in the United States. This confirms the research studies performed by McCrindle (2013), according to which employees benefit more and more from flexible work arragements.

The telecommuting percentage is more than 50% higher in U.S. compared to the European Union, as according to the statistics from 2015, 37% people telecommute in U.S. versus 14.5% in Europe. In terms of adults working at home grouped by gender, both Europe and U.S. show similarities, the percentage of men working from home is higher than that of women. Gender differences can be partially explained by the distribution of telework among business industries. Industries with a higher incidence of telecommuting, such as engineering and science, tend to have a male-dominated workforce. The same tendency is true for workers in computer and technical occupations, for example software designers and system analysts, where there are less females employees. Parents of a child or more, would also telecommute more frequently versus people with no children.

Consequently, telecommuting jobs are growing and the flexible work arrangements are becoming increasingly diverse. The number of companies offering the benefit of working from

home has been on an ascending trend for the past two decades and considering the rapid advancement in technology, the growh will continue. Noticing the growing interest of telecommuting for a considerable proportion of employees, companies are investing more and more in offering advantageous flexible work packages.

The results of this study can be used by organizations looking at identifying some of the key factors influencing telecommuting, offering them insights on how to plan more effectively the nature of telecommuting possibilities in the future, as well as identifying the key advantages, compared with the risks brought by the concept.

Bases on a synthesis of literature research and published industry best practices, this study creates a base for further research on the role of telecommuting in organizational performance and management of remote workers.

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