

WORK AWAY FROM WORK

The Challenges and Promise of Teleworking

APRIL 2020

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Utah Foundation's mission is to produce objective, thorough and well-reasoned research and analysis that promotes the effective use of public resources, a thriving economy, a well-prepared workforce and a high quality of life for Utahns. Utah Foundation seeks to help decision-makers and citizens understand and address complex issues. Utah Foundation also offers constructive guidance to improve governmental policies, programs and structures.

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INTRODUCTION

When Utah Foundation began a teleworking study in early 2020, we could scarcely have imagined how timely the topic would suddenly become. Following the outbreak of the coronavirus disease a couple of months later, a quick response to the disease upended many Americans' working lives, sending millions into telework arrangements overnight. In fact, a March 2020 survey of 92 Utah organizations and 732 companies across the nation (mostly from Colorado) found that 77% of Utah respondents and 75% of all respondents had begun "offering telecommuting options to assist with social distancing" in response to the coronavirus outbreak.¹

Later this year, Utah Foundation will issue a report that addresses remote working in the context of air quality impacts. In this report, Utah Foundation seeks to assist citizens and public and private sector leaders in addressing the more immediate challenges related to teleworking.



KEY FINDINGS OF THIS REPORT

- Less than one percent of U.S. workers primarily worked from home in 1980. By 2016, 43% of employees spent at least some time working away from their coworkers.
- The percentage of remote work per week for teleworking employees has also increased over time; more and more employees are working remotely four to five days per week.
- Somewhere between one-third and two-thirds of jobs can likely be performed remotely, depending largely on the composition of the local economy.
- Teleworking seems to have a positive effect on productivity and employee retention, as well as lowering absenteeism.
- The State of Utah's teleworking pilot program found a 20% increase in employee productivity, which has helped to inspire an expansion of the program across state government.
- There are significant potential financial benefits for employers beyond increased productivity, including: real estate savings, reduced absenteeism; reduced turnover; and improved continuity of operations in the face of disaster situations. Employees may also enjoy reduced costs for travel, parking and food, even when taking into account additional home energy costs and home food costs.
- Research suggests that a combination of teleworking and in-office work is optimal – as opposed to working exclusively at the office or remotely.
- Teleworking seems to work least well for support and service personnel. It is better for managers and knowledge workers.
- There are concerns about telework, which has led some organizations to shift away from it; research suggests that two-thirds of teleworkers are not engaged in their work, and more than one-third get no direct contact with their teams.
- There are multiple ways to ensure strong management and engagement of teleworkers. Among others, these include: setting clear expectations; providing strong technical support; creating team-building opportunities; and using regular and meaningful communication to prevent employees from feeling isolated from their colleagues and employers.
- The dangers of disconnection and isolation in a telework arrangement should not be overstated. Those who work remotely 60% to 80% of the time are the most likely of all employees to strongly agree that their engagement needs related to development and relationships are already being met.
- The mass-experiment in remote work requires quick organizational adjustments. It also provides an opportunity to gather data on teleworking to determine what works best and for whom.



REMOTE WORK AND TELEWORK

In this report, Utah Foundation uses the phrase “remote working” and the term “teleworking” synonymously. Some see the word “telecommuting” as a subset of teleworking, whereby technology is employed to replace the need to commute, while teleworking uses these technologies regardless of whether a commute would be warranted. Utah Foundation’s definition of “remote working” and “teleworking” for this report is that an employee is working away from the office – either at home or elsewhere – using tools such as a phone, computer, internet, email, instant messaging and virtual meeting software in order to perform work that was once performed in an office environment.

BACKGROUND

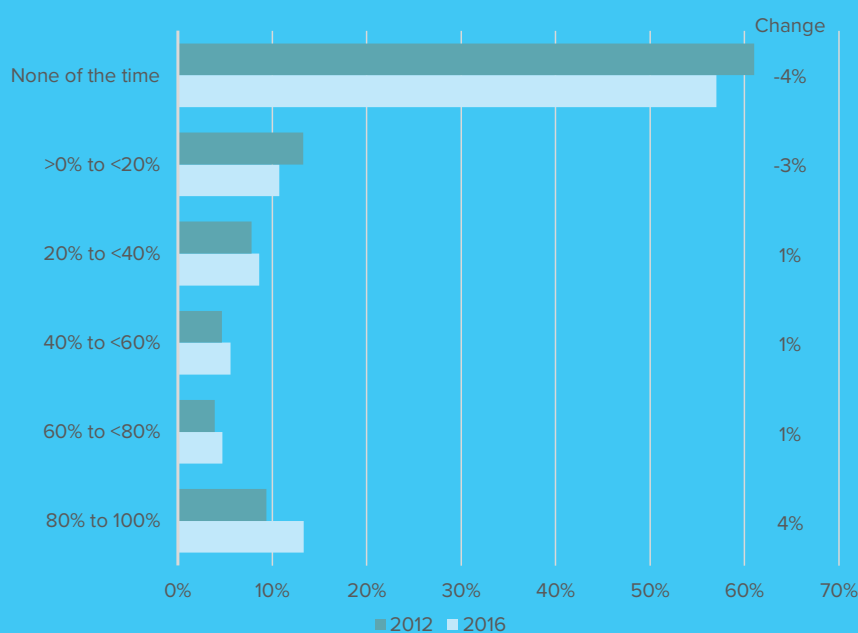
Telework began in earnest with the ubiquity of computers. It transitioned from working in “home offices” in the 1970s and 1980s, to “mobile offices” with bulky laptops and cell phones, to “virtual offices” with their information and communication technologies, smartphones and laptops/tablets.²

Less than one percent of U.S. workers primarily worked from home in 1980.³ That increased to 2.4% by 2010 and has continued on an upward trajectory since. One estimate suggests that working remotely has grown by 115% during the last decade.⁴ Another analysis finds that regular “work-at-home” arrangements increased by 173% between 2005 and 2018.⁵

In 2012, 39% of employees spent at least some portion of their time working away from their coworkers. By 2016, that increased to 43%.

Employees have been spending more time working remotely.

Figure 1: Time Spent Working Remotely, and the Change from 2012 to 2016



Source: Gallup, State of the American Workplace. Utah Foundation calculations.

About five million Americans teleworked half-time or more in 2018.⁶ Global Workplace Analytics estimates that, in large part due to the remote-work response to the coronavirus pandemic, “we will see 25-30% of the workforce working at home on a multiple-days-a-week basis within the next two years.”⁷

The percentage of time working remotely for teleworking employees has also increased.⁸ There is a smaller proportion of employees teleworking one or fewer days – on average – with a large increase in employees teleworking exclusively or nearly so. (See Figure 1.)

Most industries have been seeing an increase in teleworking, with the largest increases in the finance/insurance/real estate sector and the transportation sector.⁹ (See Figure 2.)

Obviously, not all jobs lend themselves to telework. Many jobs require employees to be present to provide services, produce goods or collaborate in person. One workplace research firm suggests that, in general, a combination of teleworking and in-office work is optimal, thus allowing for “a balance of concentrative work (at home) and collaborative work (at the office)”

On the other hand, some services are better offered remotely. For instance, telehealth is particularly beneficial for rural Americans who lack close access to clinics; within Utah, various providers have a robust telemedicine focus. Some law practices have also stepped away from the need for face-to-face assistance. For instance, the Timpanogos Legal Center in Utah County provides remote assistance across the state for domestic violence, family and other legal needs. Many other industries are taking similar steps for myriad reasons.

While about 43% of employees spent some of their time remotely working in 2016, one analysis suggests that 56% could have worked remotely for at least some of their jobs, while a poll in 2019 showed that 62% of employees said they could work remotely. However, a study released in April of 2020 suggests that only 37% of U.S. jobs can plausibly be performed at home.

These jobs are not distributed equally across the U.S. or even within Utah. At the top end of the spectrum are San Jose area workers, where over half of jobs can be performed “at home,” while just over one quarter of Cape Coral/Fort Meyers jobs can be. Metro areas in Utah range from 29% in St. George to 43% in Salt Lake City. (See Figure 3.)

Most industries have been seeing an increase in remote working.

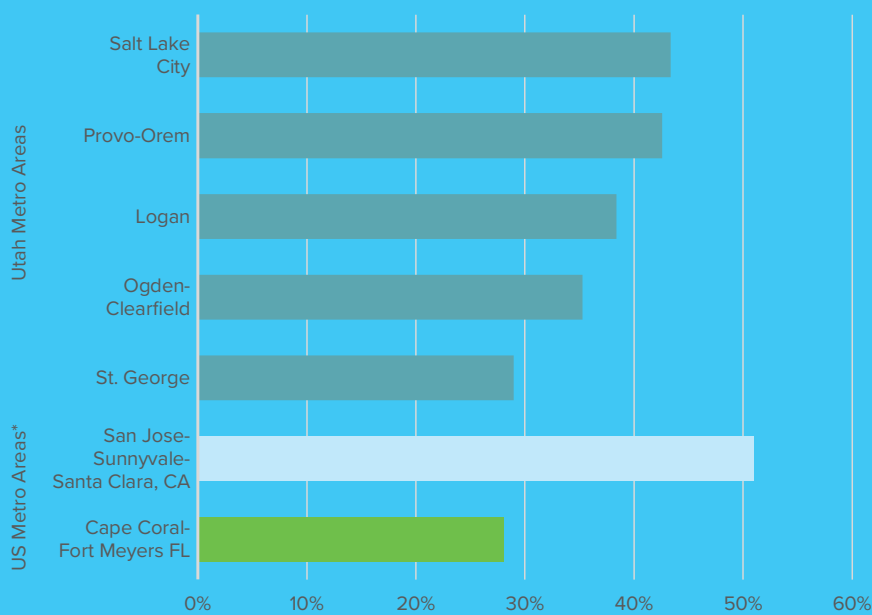
Figure 2: Percent of Workers Who Spend Any Portion of Their Time Working Remotely, and the Change from 2012 to 2016

	2012	2016	Change
Finance/insurance/real estate	39%	47%	8%
Transportation	55%	61%	6%
Manufacturing or construction	34%	38%	4%
Retail	26%	30%	4%
Healthcare	31%	34%	3%
Computer/information systems/mathematical	54%	57%	3%
Law or public policy	41%	43%	2%
Arts/design/entertainment/sports/media	48%	48%	0%
Community/social services	44%	43%	-1%
Science/engineering/architecture	44%	41%	-3%
Education/training/library	38%	34%	-4%

Source: Gallup, State of the American Workplace. Utah Foundation calculations.

Telework opportunities are not spread evenly across the U.S. or Utah.

Figure 3: Percent of Jobs that can “Plausibly be Performed at Home”



*San Jose and Cape Coral are the upper and lower bound of the U.S.'s largest 100 metro areas.
Source: Jonathan I. Dingel and Brent Neimany.

In 2017, 40% more employers offered flexible workplace options than they did in 2012, but only 7% of firms made it available to most or all employees.¹⁰ And a 2019 survey conducted by the Society of Human Resource Management found that 42% of employers offer situational remote work to at least some of their employees on a part-time basis.¹¹

DOES TELEWORKING WORK?

There are two focuses of telework. One is to ensure that employees are getting their work done: What is their level of performance? The other is to ensure that employees are happy with their work: What is their job satisfaction?

A 2013 Stanford University experiment at a Chinese call center showed significant gains in performance from remote working. All 249 experiment participants had worked at the firm for at least six months, had broadband internet access, and had a private room in which they could work. Members of both of the experiment groups held the same positions, but one group worked in the office full-time and the other was randomly assigned to work from home four days per week and spend a fifth working from the call center. Those employees that worked from home saw an increase in performance of 13% with no loss in quality.¹² The increase was due to: a) working a longer period of time per shift as a result of fewer breaks and taking fewer sick days, and b) more calls per minute attributed to a quieter and more convenient workplace. Remote workers also reported improved work satisfaction and were half as likely to quit their



THE STATE OF UTAH'S FORAY INTO REMOTE WORK

The State of Utah is advancing a statewide teleworking initiative after experiencing initial success in its pilot program.

The pilot program was administered from September 2018 to May 2019 with a total of 136 volunteer employees across four participating departments: Administrative Services, Technology Services, Human Resources and Insurance. The program required participating employees to telework a minimum of three days per week. In addition, they were subject to evaluations of telework suitability, formal telework agreements and policies defining performance. The criteria were determined by the supervisors of participating employees and ensured that professional conduct and overall performance remained intact.

The goals were to understand the benefits of teleworking and how to overcome obstacles to its success. The program was led by the Governor's Office of Management and Budget (GOMB) with the following desired outcomes:

- Improved air quality
- Enhanced real estate utilization
- Increased job growth in rural areas
- Increased employee productivity
- Increased talent recruitment and retention

Overall, results substantially met the desired outcomes. For instance, there was a 20% increase in employee productivity. Looking ahead, the Department of Health – which was not a part of the pilot program – expects to save \$220,000 annually through its teleworking program by eliminating workspace requirements.

Source: GOMB, "A New Workplace: Modernizing Where, How, and When Utah Works, Managing Performance Over Presence, Utah Works Pilot Report," <https://gomb.utah.gov/wp-content/uploads/2019/07/Utah-Works-Pilot-Report.pdf>.

jobs (17% over the course of the experiment compared to 35%).¹³ The Chinese call center was so impressed with the results that it implemented teleworking company-wide.¹⁴

In 2017, the U.S. Office of Personnel Management – the federal government’s HR department – collected more than 64,000 survey responses from federal employees. The survey focused on five program areas: flexible work schedules, employee assistance, family care, health and wellness, and telework. Over one-third (35%) of respondents teleworked for some portion of their jobs, and most other employees (58%) desired to telework. Indeed, the Office of Personnel Management found that federal teleworkers were more likely to have high job satisfaction (79% compared to 68%) and high performance (76% compared to 72%).¹⁵ In addition, the Office found that federal employees that teleworked for a portion of their jobs were more likely to indicate that they intended to stay in their positions for the following year (68% compared to 62%).¹⁶ The Office now encourages federal agencies to consider telework arrangements “when developing strategies to recruit, retain, and optimize the performance of talent.”¹⁷

Another study, meanwhile, found that “remote work not only improves outcomes and employee branding, but is a policy that the most talented employees desire.”¹⁸

A Gallup study on benefits and perks found that 51% of employees would switch to a job that allows flextime, and 37% would switch to a job “that allows them to work off-site at least part of the time.”¹⁹ And Gallup suggests that “remote work is becoming less of a perk and more of an expectation that leaders must accommodate if they want talented workers.”²⁰



CALCULATING TELEWORK SAVINGS

Global Workplace Analytics has produced a calculator to help employers understand the potential financial benefits of shifting employees to teleworking. The tool allows users to provide a handful of assumptions, upon which 600 calculations compute potential savings.

Calculations suggest that, if implemented with fidelity, teleworking could result in substantial organizational savings – nearly \$10,000 per employee per year based upon certain assumptions.

Telework may bring significant cost savings.

Figure 3: Global Workplace Analytics Telework Savings Calculator Results

	10 Employees	100 Employees
Increased productivity	\$47,000	\$469,000
Real estate savings	23,000	232,000
Reduced absenteeism	4,000	42,000
Reduced turnover	2,000	19,000
Improved continuity of operations	17,000	173,000
Total per year	\$94,000	\$936,000

Assumptions for these calculations: Employees telework an average of 2.5 days per week, resulting in an increase in productivity of 10%, a reduction of needed office space of 30%, a reduction in absenteeism of 10%, a reduction in voluntary turnover of 5%, with an estimated four days per year that employees are unable to work due to unforeseen weather, traffic or other temporary impediments.

Source: Global Workplace Analytics, GlobalWorkplaceAnalytics.com/roi.

CONCERNS ABOUT TELEWORKING

In the past few years, numerous larger firms have reduced or eliminated remote work arrangements. These include Aetna, Best Buy, Honeywell, HP, IBM, Reddit and Yahoo.²¹ The Society for Human Resource Management suggests four theories as to why some companies step back from working remotely:

- Employers do not give adequate training or resources.
- Managers find it easier to manage face-to-face.
- Managers are not comfortable with employees working off-site due to a lack of control or trust.
- Employers find that their workers are not as productive.²²

A study published in the Harvard Business Review that included 2,000 employees found that “two-thirds of remote workers aren’t engaged and over a third never get any face-time with their team.”²³ And in terms of retention, only 5% of employees “always or very often see themselves working at their company for their entire career.” This compared to 28% that almost never work remotely. The study suggests that when employees do not see or hear colleagues for a long period of time, they can become less committed to their team and organization.

Experts suggest that when working at home uninterrupted, employees get a lot more solo work done – but collaboration suffers.²⁴ However, they also suggest that remote-working teams can be as collaborative as teams working in an office together, if managed and supported correctly.²⁵

MANAGING AND ENGAGING TELEWORKERS

Employee turnover is expensive and can be remedied in large part through effective employee engagement. Gallup has found that only 13% of engaged employees are intent on seeking new jobs elsewhere.²⁶ Gallup’s 2018 National Panel of Households survey of 6,780 working adults found that only 35% are “engaged” in their work, while a mere 12% have a high sense of well-being.²⁷

Organizational outcomes can improve through worker engagement. Gallup has found that highly engaged workers have 41% lower absenteeism and 17% higher produc-

THE RESPONSE TO CORONAVIRUS DISEASE

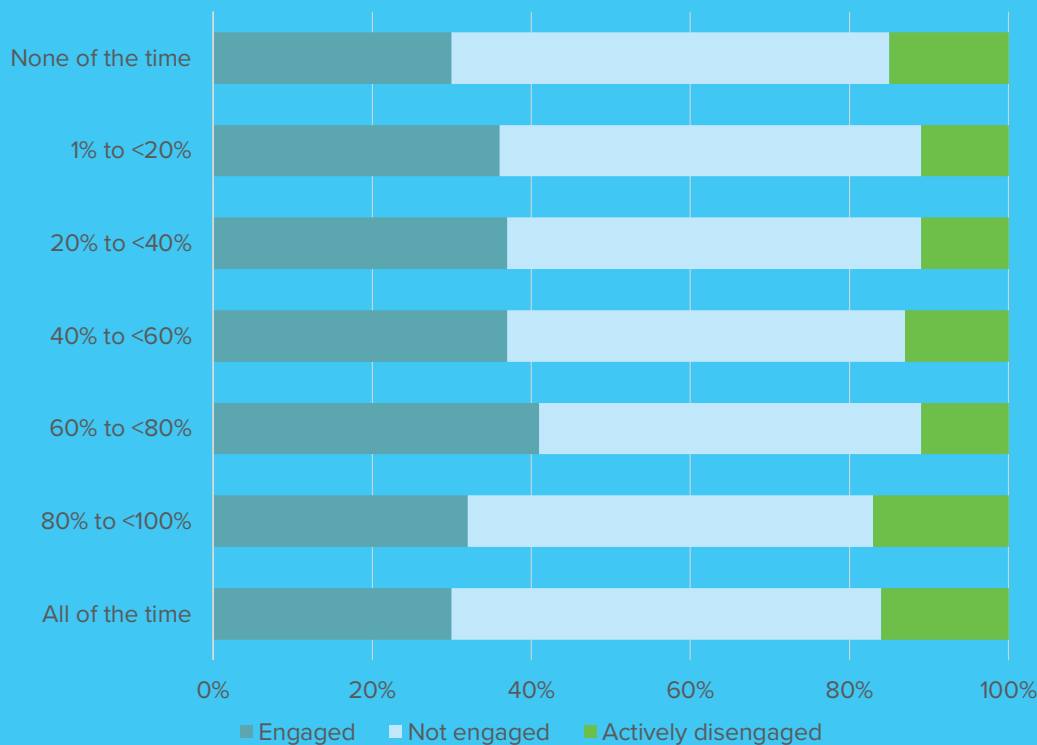
While employee engagement and retention are important in their own right, a pressing issue is the response to the novel coronavirus outbreak: a massive shift to working remotely. Gallup gathered the strategies and policies of 100 members of the CHRO Roundtable, an organization that includes the human resource officers of more than 650 of the world’s largest companies, for their responses to the coronavirus pandemic. Most organizations have created crisis management teams, task forces or committees with a response tailored to specific geographic regions. These task forces meet regularly to develop policies and provide information to leaders, managers and front-line employees regarding coronavirus awareness, prevention, management and hygiene practices. Companies are also assessing risks to their employees’ physical and financial well-being. These efforts include formulating and strengthening remote work policies.

Source: L. Emond, *COVID-19 Strategies and Policies of the World’s Largest Companies*, March 15, 2020, www.gallup.com/workplace/292334/covid-strategies-policies-world-largest-companies.aspx.



Employee engagement peaks out with remotely working three to four days per week.

Figure 4: Engagement Level by Percent of Time Working Remotely



Source: Gallup, State of the American Workplace.

tivity.²⁸ Research firm Global Workplace Analytics, meanwhile, argues that, “based on conservative assumptions,” employers can save an average of \$11,000 per year by implementing half-time remote work, through lower absenteeism and turnover, increased productivity, real estate cost savings and better disaster preparedness.²⁹

Research suggests that allowing employees to spend some time working remotely itself can increase workforce engagement.³⁰ The “optimal engagement boost” is between 60% and 80%, or three to four days per five-day workweek.³¹ (See Figure 4.)

To identify the impact of remote working on different job types, Gallup has examined data for three groups of workers:

- Managers
- Knowledge-based workers
- Service and support workers

Managers are, of course, responsible for overseeing the work of knowledge-based workers – often at arms-length – and overseeing the work of service and support workers. Knowledge-based workers may have bosses and employees to assist them, but they tend to rely on their own knowledge and educational background to accomplish their work. Gallup found that managers and knowledge-based workers respond well to teleworking some or all of the time.



REMOTE WORKING AS AN EMPLOYEE BENEFIT

Four-in-five employees would like to work remotely at least part of the time. In fact, more than a third of employees would be willing to take a 5% pay cut to do so, and a quarter would take a 10% cut.

Global Workplace Analytics estimates that employees would often make up such a pay cut from saving between \$2,500 and \$4,000 per year if they worked from home half of the time. These savings estimates are from reduced costs for travel, parking and food, even when taking into account additional home energy costs and home food costs.

In addition, the average half-time remote worker would save 11 workdays per year from the time otherwise spent commuting to and from work.

Sources: Gallup, State of Remote Work 2019; and Global Workplace Analytics, GlobalWorkplaceAnalytics.com.

Service and support workers, on the other hand, tend to have mixed results. While the experiment in the Chinese call center showed vast improvements, engagement on average is lower for service and support workers.³² And “active disengagement” is much higher for service and support workers that work more than 40% of the time remotely.

To ensure effective engagement, it is important for employers not only to provide technical support to remote workers, but also engage in team-building. The Gallup study, for instance, emphasizes “the importance of creating a shared identity as members of the same team and a shared set of processes,” regardless of whether employees are teleworking or working at an office.³³ To that end, Gallup suggests that managers be “intentional about having frequent, meaningful conversations and using technology to re-create the office culture.”³⁴

Another challenge is ensuring that employees do not feel a sense of isolation or even loneliness. The Gallup study suggests that teleworkers might be more focused than their peers, but may be missing out on “meaningful connections and conversations.”³⁵ Another recent study found that 21% of remote workers named loneliness as the biggest struggle with remote working.³⁶ By definition, loneliness is defined as an emotional response to lack of connection, while isolation is defined as the feeling of not get the materials or information they need, thinking their achievements or development are ignored, or feeling cut off from their colleagues and employers.

Managers should take the lead to create low-stakes opportunities for lonely workers by making formal introductions to colleagues, or creating online group chats. To help with isolated workers, managers should work with departments that help provide the materials and equipment that workers need.³⁷

Experts believe technology can bridge the gap, suggesting that software offerings such as WebEx and GoToMeeting allow people working from remote locations doing almost any work-related activity they would be able to do in the office.³⁸ In response to the coronavirus pandemic, CHRO Roundtable companies are also testing remote work capabilities such as video or audio-conferencing meetings (e.g., Skype, Zoom, Microsoft Teams) and collaborative projects via online channels (e.g. Google Docs, Microsoft Office 365).³⁹

But the dangers of disconnection and isolation in a telework arrangement should not be overstated. Indeed, Gallup found that, perhaps counterintuitively, those who work remotely 60% to 80% of the time are the most likely of all employees to strongly agree that their engagement needs related to development and relationships are already being met. Interestingly, they’re also the most likely of all employees

“to strongly agree that someone at work cares about them as a person, encourages their development and has talked to them about their progress.” Finally, they’re the most likely to strongly agree they have “a best friend at work *and* opportunities to learn and grow.”⁴⁰

Another key to remote work success is individualization. The best managers have always individualized coaching to the worker, but doing so at a distance may require greater intentionality. Managers can ask team members to describe the conditions under which they perform best, their concerns about their workflow and how they’re feeling about the situation.

Setting expectations early and clearly is also critical. As in: “X is the work you should do, Y is the quality standard, Z is the deadline.”⁴¹ Sending emails or posting videos about reasoning, intentions and expectations can help.

THE NEED TO COLLECT DATA

The mass-experiment in remote work requires quick organizational adjustments. It also provides an opportunity to gather data to determine what works best and for whom.

A 2016 report released by the Government Accountability Office aimed to identify the reported costs and benefits of federal agency telework programs and identify some of the key resources that federal agencies can use to help calculate benefits and costs associated with their telework programs. The report found that the benefits most cited were improved recruitment/retention, increased productivity and improved work/life balance. However, the GAO found that the selected agencies had little data to support the benefits or costs associated with their telework programs.⁴² The GAO also found that the Office of Personnel Management guidance lacks information about how agencies can use existing data collection efforts to more readily identify benefits of their telework programs, and that the Office had not provided guidance on how agencies should calculate the costs of their programs. By failing to take advantage of existing data sources or providing guidance on calculating costs, agencies are limited in their efforts to evaluate the net cost savings associated with their telework programs.⁴³



UTAH FOUNDATION’S TELEWORKING TRANSITION

By early March 2020, in response to the coronavirus pandemic, Utah Foundation had switched to 100% teleworking. It had dabbled in remote work in a situational way, but the pandemic shifted all employees and interns to teleworking 100% of the time.

Office accounting software was online, and most payments were already made online. Banking was mostly online. As to research, company files were already on a server that is accessible to remote employees. So the transition to permanent full-time teleworking was easy in that respect.

Gallup suggests that managers need to work on individualization, communication and accountability when moving to remote work.⁴⁴ Utah Foundation has certainly improved on the latter two. We started off the first two weeks with daily phone calls. These have given way to daily Zoom meetings at 9:30am. We initially communicated our previous day’s accomplishments and daily goals at the meeting, but we’ve now simply put together a Google Sheet with our respective task lists for the day, which has actually taken daily accountability to a new height. Some, but not all of us, were using instant messaging for communicating throughout the day; now we all do.

These are simple changes, and it is a small organization. But Utah Foundation’s transition to 100% teleworking seems to have been streamlined into an effective and efficient approach. The efficiencies we realize will carry forward into the future.

CONCLUSION

The sudden mass-experiment in teleworking has exposed public and private sector employees to both the challenges and the promise associated with a remote workforce.

To some degree, it may accelerate a trend already in motion. Less than one percent of U.S. workers primarily worked from home in 1980. By 2016, 43% of employees spent at least some time working away from their coworkers. The percentage of remote work per week for teleworking employees has also increased over time; more and more employees are working remotely four to five days per week. One forecast projects that, due in large part to the remote-work response to the coronavirus pandemic, 25% to 30% of Americans will be teleworking most of the time by 2022.

Technological advances now allow large segments of the workforce the potential to work from home. Somewhere between one-third and two-thirds of jobs can likely be performed remotely. The percentages depend largely on the composition of the local economy. For instance, Salt Lake and Provo/Ogden are able to accommodate a higher proportion of teleworkers than St. George. Teleworking seems to work least well for support and service personnel. It is better for managers and knowledge workers.

There are clear advantages to teleworking arrangements. Teleworking seems to have a positive effect on productivity and employee retention, as well as lowering absenteeism. The State of Utah's teleworking pilot program found a 20% increase in employee productivity, which has helped to inspire an expansion of the program across state government. There are significant potential financial benefits for employers beyond increased productivity, including real estate savings, reduced absenteeism, reduced turnover and improved continuity of operations. Employees, meanwhile, may enjoy reduced costs for travel, parking and food, even when taking into account additional home energy costs and home food costs.

But research suggests that a combination of teleworking and in-office work is optimal when it comes to employee engagement – as opposed to working exclusively at the office or remotely. Employee engagement seems to peak at three to four days a week of telework.

There are concerns about telework, which has led some organizations to shift away from it; research suggests that two-thirds of teleworkers are not engaged in their work, and more than one-third get no direct contact with their teams. But there are multiple ways to ensure strong management and engagement of teleworkers:

- Setting expectations is very important for successfully engaging remote employees.
- It is important for employers to provide technical support to remote workers.
- Team-building is key.
- Communication is important to help overcome issues of loneliness and isolation.
- Managers should take the lead to create low-stakes opportunities for lonely workers by making formal introductions to colleagues, or creating online group chats.
- Another key to remote work success is individualization; the best managers have always individualized coaching to the worker, but doing so at a distance may require greater intentionality.

Further, the dangers of disconnection and isolation in a telework arrangement should not be overstated. Those who work remotely 60% to 80% of the time are the most likely of all employees to strongly agree that their engagement needs related to development and relationships are already being met.

The mass-experiment in remote work requires quick organizational adjustments. It also provides an opportunity to gather data on teleworking to determine what works best and for whom.

In a future report, Utah Foundation will revisit the experience Utah's public and private sector employers are having with teleworking. It will also explore possible secondary benefits, with a particular focus on air quality issues.

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