

TELECOMMUTING: MANAGEMENT CHALLENGE FOR A NEW CENTURY

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ABSTRACT

This paper attempts to define major impact areas that new IT driven phenomenon called **telecommuting** will have on a corporate culture in XXIst century. It reports on a numerous studies of telecommuting and number of successful and failed telecommuting programs that have been introduced in the United States and European corporations over the last 20 years. It focuses specifically on a hypothesis that the real benefits of telecommuting such as increase in productivity, retention or real estate savings may be realized only if majority of telecommuters become full time telecommuters and not as it is today – part time telecommuters. Finally, potential impact of telecommuting on an evolving corporate culture is discussed in the context of Peter Drucker’s proposed new management paradigms for the XXIst century. It is apparent, that success or failure of telework and telecommuting is not as much dependent upon information technology as it is dependent on a deep and fundamental change in a corporate culture and management methods that may require major retooling both on the side of a manager and an employee.

Telecommuting - Conceptual Definitions

One of the major reoccurring problems encountered in the study of telecommuting is the lack of a generally accepted definition. The concept was originally defined in 1973, by Jack Nilles as “the substitution of communications technology for a commute to a central work location”¹. By analyzing the etymology of the word itself, telecommuting implies two main criteria to determine its definition:

1. **Tele (meaning distant or at a distance):** The alternative work arrangement is physically distant from the primary work site and is remote from supervision.
2. **Commuting:** travel commuted is reduced or eliminated.

The definition of telecommuting can also be equated with “teleworking” and “remote work.” Although telecommuting is teleworking, the contrary is not always true. The broad view of Teleworking refers to the use of telecommunications related technology to conduct work, in lieu of a commute. This definition can include people who work in an office but use information technology to interact with customers or coworkers in different cities, states, or countries.

Telecommuting – the scope of phenomenon

Today, the actual figures regarding the number of telecommuters in the United States are contingent on how the study has defined the two terms “telecommuting” and “teleworking.” For example, the Telework America (TWA) 2000’ study conducted by the ITAC (International Telework Association and

Council) indicated that there were 23.6 million teleworkers in the United States as of 2000', compared to 19.6 million the previous year. The year 2000 survey indicated that number of 16.5 million of the 23.6 million teleworkers reported in the United States were employed full-time, and did telecommute at least one day per month. Moreover, there were 9.3 million telecommuters telecommute more than one full day per week ². This may be compared with the most recent data obtained from the 2003 American Interactive Consumer Survey conducted by The Dieringer Research Group and published in September 2003:

The American Interactive Consumer Survey, which has been conducted since 1995, offers comparative chronological data on teleworkers who worked at home during business hours at least one day per month:

- 1997 - 11.6 million employed teleworkers; 18.3 self-employed teleworkers
- 1999 - 14.4 million employed teleworkers; 19.0 self-employed teleworkers
- 2001 - 16.8 million employed teleworkers; 19.9 self-employed teleworkers
- 2003 - 23.5 million employed teleworkers; 23.4 self-employed teleworkers ³

Since the TWA report does not indicate the number of full-time telecommuters but rather those telecommuters who are employed full-time, additional studies will be used to provide a general estimate for full-time telecommuters. A study conducted by Cahners In-Stat group in 2000' estimated nearly 30 million telecommuters in the U.S., with **7 million being full-time telecommuters**. Another study conducted by the Gallup Organization concurs with the In-Stat report, estimating some 8 million full-time telecommuters in 2000. The forecast on the expected growth of full-time telecommuters is to reach 15 million by 2004.

Telecommuting – corporate culture prospective

All benefits of telecommuting, from productivity increases, through job satisfaction and retention to substantial real estate savings have been linked in numerous studies to the scope of telecommuting programs, and specifically percentage of full time telecommuters versus part time telecommuters. For instance, real estate savings so crucial for cutting company's operating cost can be only fully realized when workers office space is permanently disposed off. Also, many studies focusing on environmental impact of telecommuting (saved energy, lowered pollution, diminished traffic etc.), which are beyond the scope of this paper – are also pointing toward importance of moving telecommuting programs to a full time telecommuting mode. It is popularly accepted that a full time telecommuter is an employee that works outside of office for at least 4 days a week and participates in face to face meetings with his/her supervisor on location (company office) once a week. However, this kind of mode of operating when applied to a significant percentage of work force calls for a major change in a corporate culture. As a matter of fact it was lack of that new corporate culture that brought down many telecommuting programs in spite of enthusiastic respond from participating employees. Lack of change in a corporate culture is very likely to constitute more important barrier to implementation of a telecommuting program than information technology and/or

connectivity. One of the reasons for many telecommuting programs to fail quoted by the studies is “a minimal leadership and support from top management, employee unions, and elected officials”^{4 5}.

When Peter Drucker defined his *New Paradigms of Management for XXIst* century, he did not relate it in any way to phenomenon of telecommuting (P.Drucker, 1998). His only intention was to verify and update traditional paradigms of management to make them more aligned with information technology driven new century. However, we have determined in our study that five of these paradigms proposed by P.Drucker represent a framework or a guideline to determine a necessary change in corporate culture for a full time telecommuting phenomenon to take a root and bring full benefits to all parties⁶.

CONCLUSION

Benefits of telecommuting are overwhelming and directed at all involved parties: employees or telecommuters, corporations, government environmental agencies and general public. History of commuting programs implemented by many corporations indicate that even the most successful programs were still viewed as “an add on value” to an employee benefit package and not as a major cost cutting measure. The main reason for this situation was that only relatively small percentage of telecommuters was telecommuting full time. It is becoming apparent in numerous studies that only full time telecommuting can bring about meaningful corporate cost cutting through savings in real estate, increase of productivity, retention and reduction in travel budget as well as create significant environmental impact.. However, increase in number of full time telecommuters requires substantial changes in a corporate culture. Those changes are surprisingly aligned with Peter Drucker’s *New Paradigms of Management for XXIst* century. It seems that the lack of these changes and adjustments in corporate culture represents much more important barriers to implementation of telecommuting than any limitations on the side of Information Technology.

REFERNCES

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⁴ City of Los Angeles Telecommuting Project: Final Report, 1993

⁵ Miller, Jack. “City of Los Angeles Telecommuting Project: Final Report.” JALA International. Los Angeles, CA: June 1990.

⁶ Drucker, P.*Management’s New Paradigms*, Forbes Magazine,1998, October 5.