

WORKING FROM ANYWHERE, U.S.A.

THE STATE OF VIRTUAL WORKPLACES



EXECUTIVE SUMMARY

The winter of 2013–2014 was one for the history books, with record-low temperatures and inclement weather forcing businesses to close and snarling the commute of anyone who had to travel more than a few blocks. The unforgiving weather even affected the United States government. While the government strives to remain open during bad weather, they admitted defeat that winter, shutting down four times.¹ A late-night March storm gave Washington, D.C., employees four official snow days. But while some workers took the days off, it was business as usual for federal telecommuters, thanks to a clause in many of their contracts requiring them to work during bad weather.² While the snow days had a practical and humanitarian upside — workers didn't have to face treacherous commutes into D.C. — the ability for federal workers to work from home, which got a boost after productivity loss cost the government \$100 million during snowstorms in 2010, also made good business sense. Telecommuters saved the government approximately \$32 million in 2014 and helped ease the transition back to work once the snow cleared.³

Bad weather is only one challenge for employers, who are always searching for solutions to low productivity and engagement levels. Distance-working arrangements have emerged as a potential business solution as technology improves and work-life balance becomes more important to current and future employees. The amount of telework in the U.S. grew 79 percent from 2005 to 2012⁴, and today there are whole industries where it's rare to find a worker who hasn't done some sort of telework. Large enterprises may employ virtual teams across the globe for round-the-clock coverage, while small organizations may be entirely virtual to save on real estate costs. All organizations may use distance working to position themselves as an employer of choice, which is attractive to top talent who are highly skilled and looking for flexible work arrangements.

To better understand the current state of distance-working arrangements the HCM Research and Advisory Group — the research arm of *Workforce* magazine — partnered with Inquisium for the "2015 Virtual Workplaces Survey." We asked 527 human resources professionals about virtual work at their organization: which segments of the workforce are offered virtual work, what the process is for implementing and measuring the impact of virtual work, and how organizations measure the impact of virtual work.

KEY FINDINGS

Virtual work is ...

Selective. Typically, virtual work is offered to less than **20 percent** of the workforce. It is usually assigned based on need, or to retain and engage top employees who possess critical skills.

Grassroots. Virtual work assignments are created out of necessity at **55 percent** of organizations, as employees request them. Organizations respond to those requests with an eye toward retaining high performing employees. Input on the demand for virtual work arrangements is collected informally by managers at **52 percent** of organizations.

Positive. Virtual work has been an overwhelmingly positive experience for organizations — **88 percent** of survey respondents report a positive experience with offering virtual working arrangements to employees. Feedback and open communication are essential to maintaining that positive experience.

DEMOGRAPHICS

Survey dates

June–July 2015

Respondents

527 HR professionals across a variety of industries

Company size

- Less than 100: 39.6%
- 101–1,000: 25.8%
- 1,001–4,999: 13.8%
- More than 5,000: 20.8%

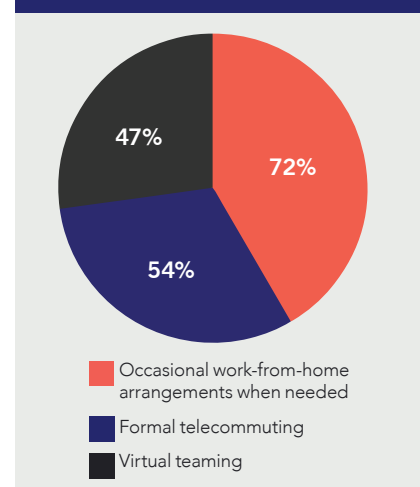
Geographic distribution

- One country, one location: 28%
- One country, multiple locations: 43%
- Some global presence: 14.5%
- Highly diversified: 14.5%

Definitions

The "2015 Virtual Workplaces Survey" focused on distance-working arrangements — where members of the workforce who are not self-employed worked at a place other than the office. Distance working can involve many things, such as the occasional work-from-home day, formal telecommuting or virtual teaming. More than 82 percent of survey respondents offer some type of virtual work, which can involve some or all of the following distance-working arrangements (Figure 1).

FIGURE 1. ORGANIZATIONAL DISTANCE-WORKING ARRANGEMENTS



¹Noble, A. "Region deals with fallout from latest round of unwanted snow." *The Washington Times*. (2014).

²George, J. "Teleworkers keep government open during snowstorms." *The Baltimore Sun*. (2014).

³Yee, M. "It's Unclearly Defined, but Telecommuting Is Fast on the Rise." *The New York Times*. (2014).

⁴Rosen, M. "Telecommuting: Good for Workers, Good for Bosses." American Enterprise Institute. (2014).



The stereotypical image of a work-from-home employee is someone in pajamas who spends all day doing menial, repetitive tasks while surfing cat videos all day. The perception for many is that collaboration and productivity happens best in the office — as Best Buy stated when they terminated their distance-work program in 2013.⁵ Yet, despite the perceptions and clichés, there is ample evidence that telecommuting employees are highly educated, productive and engaged in their work. In 2011, the Telework Research Network mined U.S. Census Bureau data and found that the average telecommuter is a college-educated, salaried manager or other professional.⁶

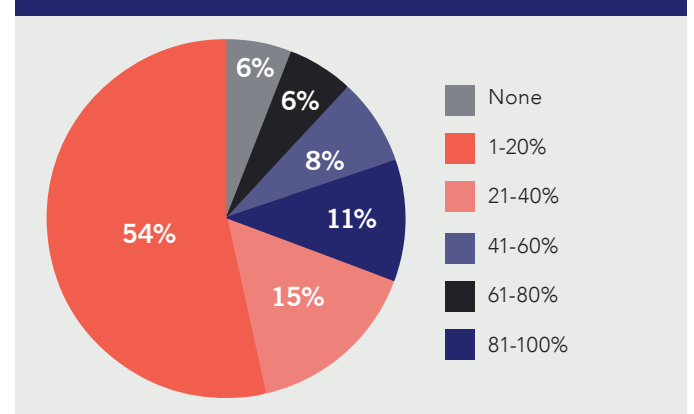
Organizations that have found success with distance-working arrangements are selective in who is offered virtual work; in very few instances are distance-working arrangements offered to more than a narrow group of workers. For organizations with distance-working policies, more than half (53 percent) offer virtual work to less than a fifth of their employees (Figure 2).

In rare instances, organizations are entirely virtual, and this happens most often at small organizations. Nearly a quarter (24.5 percent) of organizations with fewer than 100 employees are virtual, where 81 to 100 percent of employees work remotely. For larger organizations, such work arrangements simply aren't possible; however, a company that is just starting out may find all-virtual teams more cost-effective by allowing them to save money on office space. Sometimes, organizations offer distance work to ease employees' commutes, thereby saving employees between one and three hours of travel time each day, as one respondent noted.

There are many reasons why not all employees are offered distance work. Some jobs can't be done off-site. As one respondent said their employees needed to be in the office working with co-workers

on projects. Several respondents commented how distance work was something typically only done in an emergency — as it was for the federal government back in 2013. While emergencies have in the past shut down offices completely, modern technology and distance-working arrangements means inclement weather is no longer a barrier to completing projects that would otherwise not get done while the office is closed. Emergencies don't have to be as extreme as blizzards and hurricanes either for workers to need distance work. Family emergencies can come about at any time, requiring flexibility between employer and employee. More than half (55 percent) of organizations created distance-working arrangements out of necessity at employees' request. Rather than having a formal process, organizations respond to employee requests as employees broach the topic; organizations negotiate distance work when the idea is pitched to them.

FIGURE 2. PERCENTAGE OF THE WORKFORCE OFFERED DISTANCE-WORKING ARRANGEMENTS



⁵Pepitone, J. "Best Buy ends work-from-home program." CNN Money. (2013).

⁶Lister, K. and Harnish, T. *The State of Telework in the U.S.* Telework Research Network. (2011).



How important is it to employees to have the option of working from home? A recent study of college seniors heading into the workplace reports that work-life balance is essential to their job hunt. The majority (68 percent) of active job seekers rated the ability to work from home once a week as very/somewhat influential on the likelihood they would accept a position at an organization.⁷

The ad hoc, negotiated nature of distance-working arrangements is a common thread among many organizations using virtual work. While employers have different motivations when it comes to offering distance work, top priorities are retaining top talent, improving employees' work-life balance and increasing morale (Figure 3).

Another reason not everyone gets the chance to work remotely is simply because the employee hasn't asked for the chance. While organizations haven't typically had formal distance work policies in place, companies are open to the idea once it's been suggested. Employees are typically the ones to begin that conversation with their employers, instead of the other way around. Such conversations have been happening for quite some time; many organizations aren't new to distance work. Less than 10 percent of organizations have offered distance working for less than a year, while the remaining 90 percent have had distance working for anywhere from one to seven years or more (Figure 4).

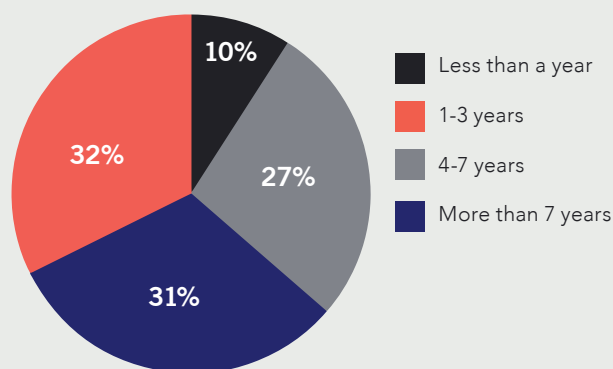
When it comes to the demand for distance work, much of the information is also collected informally. That more than half (52.2 percent) of organizations collect information on demand informally shows how conversations are often coming from the bottom up. This doesn't mean feedback shouldn't be collected centrally, and 1 in 5 organizations do just that through their annual employee survey. However, there is an opportunity here for employers to do more to take the pulse of their workforce on the demand for virtual work (Figure 5, p. 5).

Organizations want to keep their top employees happy and productive, and distance working is one way to accomplish that

FIGURE 3. TOP MOTIVATIONS FOR OFFERING DISTANCE-WORKING ARRANGEMENTS



FIGURE 4. HOW LONG HAS YOUR ORGANIZATION OFFERED DISTANCE-WORKING ARRANGEMENTS?



⁷AfterCollege. *AfterCollege 2015 Career Insight Survey*. (2015).

organizational goal. Top priorities for organizations offering distance working are to retain key employees (81 percent), improve employees' work-life balance (78 percent) and increase employee morale (77 percent). By increasing their use of virtual work, organizations are responding to changing workforce demographics. In a recent study, more than 70 percent of millennials stated the desire to have flexible work without being stigmatized and while still being considered for promotion.⁸ Distance work isn't just for younger workers; more than a third (37 percent) of organizations offer flexible work to retain older workers, keeping knowledge and experience in house.⁹ Line-level managers need to make the case for keeping their best people, and for organizations with an aging workforce, distance work has become a key retention strategy.

Choosing the right employee for the job is crucial to having a successful distance-working arrangement. Telecommuting employees need to be motivated self-starters, able to work amid distractions. Nearly half (48.2 percent) of all organizations have criteria or assessments in place for employees selected to work virtually. Top criteria include demonstrated need and having high-demand skills or capabilities (Figure 6).

For distance work to be successful, remote workers need just as much — if not more — support than their in-office counterparts. Organizations support their virtual employees with a mix of technology and policy. On the technology side, organizations use file-sharing programs, virtual private networks (VPNs) or instant messaging. Such programs ensure employees are connected with the office and they can access files as if they were in the same room (Figure 7).

But organizations aren't content to let technology alone support distance-working employees. From onboarding to yearly meetings, organizations are proving how much they value their distance-work employees and are doing all they can to help them succeed. According to survey respondents, having clear guidelines, transparent onboarding processes and constant support are all proven ways to improve virtual teams (Figure 8).

FIGURE 5. HOW INPUT IS COLLECTED FROM EMPLOYEES ON THE DEMAND FOR DISTANCE-WORKING ARRANGEMENTS

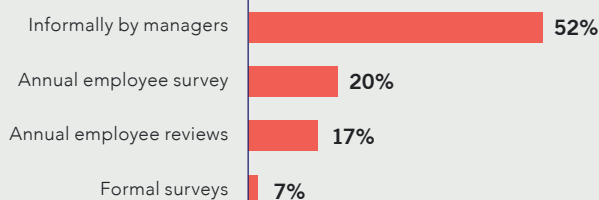


FIGURE 6. TOP CRITERIA FOR SELECTING EMPLOYEES TO WORK VIRTUALLY



FIGURE 7. TOP TECHNOLOGIES/SOFTWARE USED AT ORGANIZATIONS WITH DISTANCE-WORKING ARRANGEMENTS

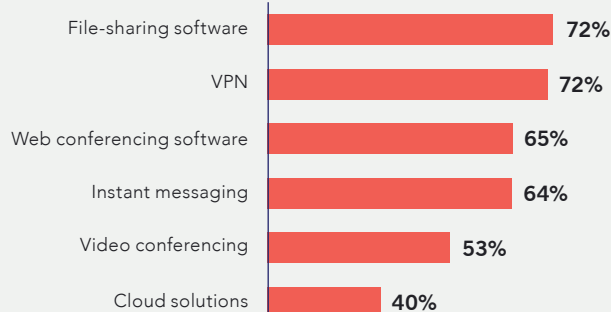
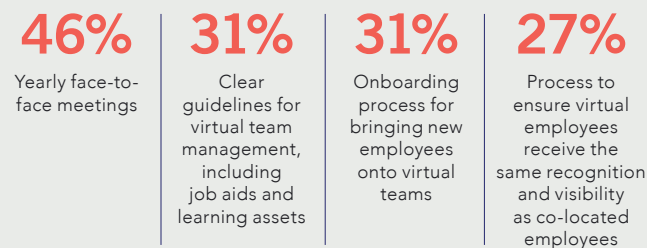


FIGURE 8. PRACTICES USED TO IMPROVE VIRTUAL TEAMING



⁸Ernst & Young. Millennials: "Generation Go." (2015).

⁹Schramm, J. *Preparing for an Aging Workforce*. SHRM. (2014).

VIRTUAL WORK HAS A POSITIVE IMPACT ON EMPLOYEES AND ORGANIZATIONS

With organizations such as Best Buy and Yahoo¹⁰ formally and publically ending their telecommuting policies, it's easy to come to the conclusion that organizations everywhere have serious issues with distance-working arrangements. But there's a disconnect between media reports and the truth on the ground, which is that organizations have had an overwhelmingly positive experience with virtual work. The federal government is one cheerleader of telecommuting, having encouraged telework since 2010 as part of improving its work culture.¹¹ Internal employee surveys suggest telework is a year-over-year source of employee satisfaction.¹² Nongovernment organizations with distance-working arrangements report similar positive experiences with their programs. Among survey respondents with distance-working arrangements, 88 percent have had a positive experience with distance work.

However, organizations recognize that managing virtual teams takes different skills than managing in-house employees. Virtual team managers need to have strong communication skills, be able to follow-through, give clear feedback, have clear guidelines for completing work and be able to hold employees accountable for their work.

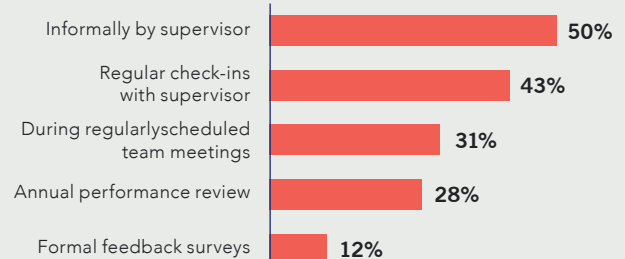
At the same time, virtual workers need to take ownership of their positions to ensure success. Distance workers should be independent and highly self-motivated. Organizations just starting out with creating a distance-work policy can look for workers with previous virtual work experience, as these workers are more likely to find success with virtual teams. Given that the amount of virtual work has been increasing, it shouldn't be that difficult for organizations to find employees with such experience.

Organizations understand the success of their distance working arrangements by measuring the impact of their virtual workforce. More than half (55 percent) of all organizations measure the impact

of their virtual workforce policies. The top ways organizations measure impact are through employee satisfaction and engagement rates, retention and attrition data, key performance indicators and the performance rating of their virtual employees. Although the majority of organizations with distance-working arrangements measure impact in some way, opportunities exist for organizations who don't measure such impact.

Much like demand is most often assessed informally, at the moment feedback on distance-working arrangements is also most often collected informally. While nearly half (42.5 percent) of organizations hold regular check-ins with their virtual employees, the top response regarding feedback collection among survey respondents is informal collection (Figure 9).

FIGURE 9. HOW FEEDBACK IS COLLECTED FROM VIRTUAL EMPLOYEES ON THE PROCESS, RESULTS AND MORALE



¹⁰"Marissa Mayer: Yahoos can no longer work from home." CNN Money. (2013).

¹¹Schulte, B. "Telework, once a 'mom perk,' keeps government humming during snow storms." *The Washington Post*. (2013).

¹²Ibid.

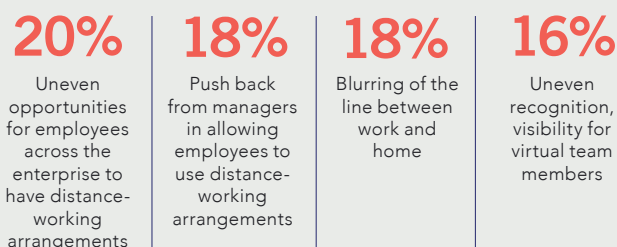
As organizations measure impact and regularly take the pulse of their virtual workforce, they can better identify challenges in the virtual space. However, much like many of our survey respondents report a positive experience with their distance working arrangements, organizations report few serious challenges. The biggest concerns organizations face include lack of leadership buy-in, uneven recognition and lack of the proper technology or pushback from managers (Figure 10).

It's easy to see why these are concerns. Managers or executives may still hold on to work stereotypes, believing workers need to be on-site to be productive. Managers might also give pushback to distance work if the practice is unevenly applied. With most organizations only offering distance working to a fifth of their workforce, co-workers might not see the necessity aspect of distance working, viewing it as a perk instead of a business need. These feelings can be mitigated by creating a formal process for evaluating and applying for new distance-working arrangements, instead of leaving it for managers to decide on an as-needed basis.

Organizations should formalize the process of creating, enrolling and measuring the impact of virtual work. Data suggests that until now, the process of transforming a position into a part- or full-time virtual one has largely been an ad-hoc process, initiated by employees and

negotiated as needed. And yet the virtual workplace is ubiquitous, with 88 percent of organizations reporting that some of their employees have virtual working arrangements. Opportunities exist for formal implementation of a virtual work process because many organizations don't yet measure need or impact, meaning that while organizations know virtual workplaces work, they may not know exactly why.

FIGURE 10. VIRTUAL DISTANCE-WORKING ARRANGEMENT CHALLENGES AND MORALE



For many organizations, distance-working arrangements have been a resounding success. Giving their employees the freedom to work from home either occasionally or regularly results in happier, more engaged employees. By selecting the right workers for the job, training them

through virtual onboarding and checking in regularly, managers can ensure work is being completed to a high standard. Regular examination of distance-work policies can ensure continued success.



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If you have any questions, contact Sarah Kimmel, vice president of research and advisory services: skimmel@humancapitalmedia.com.

