

## Remote Work: Examining Current Trends and Organizational Practices

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## Remote Work: Examining Current Trends and Organizational Practices

Aetna Inc. is one of the leading providers of health care, dental, pharmacy, life, and disability insurance in the United States. The company serves millions of customers and has over 33,000 employees. In the late 1990's, the company decided to consolidate a number of its operational offices. The consolidation meant that some of the key talent in the company was going to have to move to new offices. The challenge, however, was that many of these employees were second income earners and it was unlikely that they would be able to relocate. In an effort to retain these talented employees, Aetna decided to experiment with remote work, which would allow the employees to work from home and, therefore, eliminate the need for relocation. The initiative worked so well that the company gradually began to identify other employees who could work remotely. A central goal of the initiative continued to be attracting and retaining top talent, but over time the company saw the opportunity to use remote work to also reduce its real estate footprint. Today, almost half of Aetna's employee population work remotely, which includes not only employees who work from home but also employees who are mobile (e.g., sales employees) and employees who are located at customer sites.

Aetna's story is becoming increasingly common among companies located around the globe. More and more companies are turning to remote work as a way to reduce costs, boost employee productivity, attract and retain top talent, and help employees manage non-work demands. A recent survey conducted by WorldatWork, for example, found that the number of US employees working remotely at least one day a month doubled during the period from 2001 to 2008 (Ozias, 2011). The survey also revealed two other noteworthy findings. First, whereas much of the initial growth in remote work was concentrated among contract employees (i.e., self-employed individuals), the growth in recent years has been largely due to more regular (full- and part-time) employees moving into remote work arrangements. Second, the results show that from 2008 to 2010 there was a decrease in the number of employees working remotely, which is the first decline registered in the ten years the organization has

been tracking remote work trends. This decline may be due to the higher unemployment during this period and associated anxieties surrounding job security. Despite this recent dip in remote work, all signs point to an upward trend as we look ahead. For instance, in 2009 the Society for Human Resource Management published the results of a survey that revealed that 43% of HR professionals believe that in the next five years a larger proportion of their workforce will be working remotely (Victor, 2009).

Although remote work offers a number of potential benefits, it is not without risks and challenges. Companies can find it difficult to build a culture that is accepting and supportive of remote work. It can also be difficult to track exactly who is working remotely, particularly when remote work is adopted more informally, and to measure the business impact of these initiatives. Remote workers can face a number of personal and professional challenges. For instance, they may struggle for exposure and access to professional opportunities and there is the risk that those working outside the office can become socially isolated. These issues suggest that companies need to be both careful and deliberate in how they design and implement their remote work programs. Although the academic community can help support evidence-based remote work practices, it is clear that this is an area in which practice is significantly outpacing research. This is not to say that research on remote work does not exist. In fact, there are some excellent studies in this area and we have gained significant insight into some issues, such as the impact of remote work on work-life integration. However, the academic literature has little to say on other topics, such as how to best manage development and advancement opportunities for remote workers.

### **CAHRS Research Project**

In an effort to gain insight into these important topics, we launched a remote work research project through the Center for Advanced Human Resource Studies (CAHRS) in the ILR School at Cornell University. CAHRS is the world's leading partnership between industry and academia, devoted to global human resource management. CAHRS partners represent more than 60 of the world's premier

companies. As a first step in our research, we conducted a comprehensive review of the academic literature on remote work to identify key research themes and potentially important, yet neglected, remote work issues. We then conducted extensive interviews with nine CAHRS partner companies, including Aetna, Citigroup, Cisco Systems, General Mills, and IBM, to determine how the research themes align with what companies are currently experiencing and to identify the strategies and practices companies have developed to manage their remote workers. Over the past six months, we have also conducted several day-long, working groups, in which executives from our CAHRS partner companies share current challenges and best practices in managing remote work. These working groups have been attended by 23 executives from 18 different CAHRS partner companies. In the sections that follow, I share some of the key findings that have emerged from this project to date.

**1) There exists significant variation across companies in the penetration of remote work.** In the companies we studied, remote workers (full- and part-time) comprise, on average, about half of the total employee population. However, this average value masks significant variation in the penetration of remote work across different companies. For example, we found one company in which 92% of employees work remotely and another in which only 3% of employees are classified as remote workers, and the remaining companies were scattered along the spectrum spanning these two extremes (Busch, Nash, & Bell, 2011). Although current rates of remote work differ widely, all of the companies reported an increase in their remote workforce in recent years and most indicated plans to continue growing this population over the next several years.

**2) Cultural support and acceptance are critical to success.** The importance of organizational alignment for the success of HR initiatives is well known. Although this holds true for remote work, it can be difficult to achieve. One common challenge to building cultural acceptance is securing senior leadership support. In one company we studied, for example, senior executives resisted remote work because the company was failing to meet key business goals. The senior leadership team felt that

employees needed to come into the office so they could work together to solve the challenges faced by the company. In other firms we have encountered senior leaders who are hesitant to support remote work because they see face-to-face collaboration as essential to innovation and creativity, and as something that cannot be replicated in a virtual environment.

One strategy for gaining management support is to use small-scale pilot programs to gather data that can be used to prove the value of remote work and to address senior leaders' concerns. In addition, senior business leaders from multiple areas, including operations, IT, real estate, and HR, can be included on support teams for remote work initiatives and can be relied upon to communicate the initiatives to other senior leaders through the organization. Finally, having senior leaders who participate in remote or flexible work initiatives and model their involvement visibly can be a powerful force for building cultural acceptance throughout an organization.

**3) Remote workers run a higher risk of personal and professional isolation.** As companies continue to increase the number of employees with remote work arrangements, research suggests that feelings of isolation may arise for employees due to their lack of interaction with others. An employee may begin to feel lonely and socially isolated due to the absence of face-to-face interactions and less frequent opportunities for personal and professional relationship building. The academic literature also suggests that whether or not remote workers experience isolation is determined by a number of factors, including their managers as well as their own personal characteristics (e.g., autonomy).

The companies we studied noted several challenges they have faced in keeping remote employees connected and discussed some of the strategies they have used to engage their distributed workforce. One challenge is that employees in remote sites often struggle for exposure and access to professional opportunities. Accordingly, it is necessary to be more purposeful in creating these opportunities for remote employees. Managers need to engage in more frequent communication with remote workers to understand their developmental needs and interests, and the remote workers should

be encouraged to attend events (i.e., town hall meetings) that provide a chance to network with colleagues. Managers also need to recognize that a remote worker may not be interested in an advancement opportunity if it necessitates a return to the office. Thus, it is important to understand the developmental and advancement goals and boundaries of remote workers. Finally, work-life spillover can be a challenge for remote workers. Thus, it is important to monitor remote worker behavior and to intervene if someone is “always on.” Managers need to set clear expectations and need to model appropriate work behaviors themselves, and HR professionals should educate their managers and companies about the impact of overwork on employee health and productivity.

More generally, there are a number of strategies that can be used to engage remote workers, maintain their attachment to the organization, and prevent isolation. These strategies include providing on-site and remote mentors for workers, building resource sites, holding local events to bring together traditional and remote workers, and forming employee network groups. Although these efforts are often undertaken in reaction to a specific need that has arisen, companies should consider using these approaches to proactively brand and strengthen their remote and flexible work initiatives.

**4) It is important to develop those who lead remote workers.** Over the past decade, significant research has emphasized the importance of leadership in virtual work environments (Bell & Kozlowski, 2002). Leaders have an important influence on the performance of virtual teams, and remote employees who have higher quality relationships with their managers achieve higher levels of job performance and experience greater organizational commitment and job satisfaction. What defines successful management in virtual settings is, in some respects, not all that different than in more traditional office settings. Managers of remote workers need to perform many of the same leadership functions as traditional managers, including establishing expectations and goals, monitoring employee performance, and providing coaching and development. Indeed, many of the companies we studied apply the same leadership competency framework to both their traditional and remote managers.

At the same time, managers of remote workers face unique challenges. They need to be able to assess whether a particular employee is the right fit for remote work and what type of remote work arrangement (e.g., part-time telework, full-time telework, flextime) is most appropriate given a variety of variables specific to the individual, the team, and the business. They must shift their focus from assessing employees based on *how* they achieve results to *what* they achieve. Attention should still be given to behaviors to ensure employees are living the corporate values, but more weight needs to be placed on results and goal achievement. Even in companies where results-oriented performance management processes are deeply engrained, remote managers sometimes need to be coached to focus on results rather than employee availability and accessibility. In terms of communication, managers should engage in regular, informal check-ins with their remote employees and need to be able to effectively use a variety of virtual communication tools (and be able to select the right tool in the right situation). In sum, managers should be provided with training and development that prepares them for these and other unique challenges that arise in the context of remote work.

## **Conclusion**

All indicators suggest that companies will continue to grow their remote workforces in the years to come. The goal of this article was to highlight several important issues for companies to consider as they seek to both leverage the benefits and mitigate the risks associated with remote work. Although I believe our research has yielded several important insights into remote work trends and practices, there clearly remains much to be learned. We need a better understanding of how to effectively manage employees from a distance and how doing so differs from managing co-located reports. We need to learn more about how corporate culture influences the success of remote and flexible work initiatives as well as how these initiatives in turn shape corporate culture. Finally, it will be important to examine these trends and practices at a global level so we have the evidence required to adapt remote work initiatives to different regions and cultures.

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