

Preliminary Report
Telework/telecommuting:
Employers' Perspectives and Perspectives of
Service Members and Veterans
with Disabilities

By

Susan KINTNER, Ph.D.

The WorkPlace Inc.

Southwestern Connecticut's Regional Workforce Development Board

350 Fairfield Ave

Bridgeport, CT 06604

203-610-8548

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Preliminary Report
The WorkPlace, Inc.
Business Questionnaire on Telework
2005

Prepared by:

Matthew Greenwald & Associates, Inc.

For

The WorkPlace, Inc.

Southwestern Connecticut's Regional Workforce Development Board

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Introduction and Methodology ---

- This report presents the results of a telephone questionnaire of private businesses and public sector organizations in the U.S. regarding their views on telework. The study is part of an effort to explore telework as an employment option for service members or veterans who have disabilities.
- The objectives of the study were:
 - to determine how receptive businesses are to telework as an employment option
 - to identify the critical barriers to telework
 - to identify possible ways to encourage business managers to consider telework as an option for employees
- The questionnaire was designed to provide unique primary source data of national significance focusing on the majority of public and private businesses across the U.S. that do *not* presently offer telework as an employment option, and as such, excluded employers that do currently offer telework. This approach was chosen because it allowed the questionnaire to delve into the perceived critical barriers to businesses offering telework and possible incentives available to encourage them to consider telework as an employment option.
- Although the findings of this study will be used for expanding employment opportunities for disabled service members and veterans, the questionnaire asked about teleworking generally rather than for this specific group of individuals. This was to avoid the possibility that social desirability effects would lead to overstating employers' receptivity to telework. The questionnaire asked employers about the percentage of employees that have any kind of disability, but did not inquire specifically about the percentage of veterans with disabilities, because this target population represents a very small percentage of the total workforce
- Information for this study was gathered through 9-minute interviews with a total of 1,002 respondents in U.S. businesses that do not currently allow telework and that have at least 5 employees. To identify these respondents, screening interviews were conducted with 1,221 businesses whose Dun and Bradstreet records indicate they have at least 5 employees. Of those, 2.8% reported their business does have a formal policy that guides employees and supervisors in implementing telework. Their interviews were ended, and only those who had no such policy or who had a policy not to permit telework continued through the questionnaire.
- Respondents were people who make decisions on human resources policies and benefits. In order to ensure that the sample was representative, quotas were

established for size of the business. In addition, to be able to examine attitudes within the public sector, a total of 100 interviews were conducted within that sector. The results were weighted to match the actual balance of private sector (96.0% of businesses) and public sector (4.0%) businesses with at least five employees, as well as the size distribution of the private sector businesses. Thus, the findings in this report are representative of U.S. businesses overall.

<u>Private Sector (Total)</u>	<u>96.0 %</u>
5 to 9 employees	46.1 %
10 to 19 employees	24.9 %
20 to 99 employees	20.9 %
100 to 499 employees	3.3 %
500 or more employees	0.8 %
<u>Public Sector (Total)</u>	<u>4.0 %</u>
<u>Total</u>	<u>100 %</u>

- Attributes of the final sample were compared to the entire population of businesses with at least five employees as reflected in the Dun and Bradstreet database. The final weighted results closely match the larger population's balance of industry and sales volume, but over-represent businesses outside of metropolitan locations. The South and Midwest are also overrepresented while the West is under-represented. The few instances where the results differ by metropolitan location or region are pointed out in the text. Additional analysis of the questions where such differences occurred shows that none of the reported results would have changed more than a percentage point had the balance by region and metropolitan location more closely represented the population.
- The interviews took place between May 12 and June 13, 2005. The margin of error for overall results of the study (at the 95% confidence level) is plus or minus three percentage points.
- The study was conducted by Mathew Greenwald & Associates, Inc., on behalf of the WorkPlace, Inc. The study was part of a Telework/Telecommuting Pilot Research Project funded by resources provided by the Department of Labor.

Key Findings

Almost half of U.S. businesses report that some of their jobs could be done via telework. But the concentration of jobs involving primarily information processing or software usage implies that the potential for telework could be greater than employers recognize.

- Nearly half of respondents believe that at least a small portion of their organization's jobs could be performed via telework (46%). However, only 7% believe that more than 30% of their jobs could be.
- By contrast, 43% of employers say that more than 30% of their employees have jobs that require employees to spend at least half of their time using computer software applications, and 24% report that this proportion of their employees primarily process information.

Most U.S. businesses have never formally considered allowing telework, but four in ten would be likely to try telework if employees requested it.

- The vast majority of businesses report that management has never held discussions about offering telework (87%). Only 7% considered offering it but decided against it.
- When asked how likely they would be to offer telework if employees requested it on a trial basis, four in ten report that they would be likely to say yes (42%) although only 9% are very likely.

Lack of resources to support telework act as a barrier to implementing telework, as does concern about employee productivity and supervision.

- Half of U.S. businesses believe that a lack of resources would deter them from offering telework, namely the cost of needed equipment (52%) and the lack of technical support (50%). The same proportion indicates that inadequate information security would be an obstacle (52%).
- Half also say that supervisory concerns—a perceived reduction in the ability to monitor employees' work (49%) and a belief that employees would be less productive off-site (49%)—are obstacles to offering telework.
- Public sector organizations are more likely than private sector businesses to feel deterred by a lack of knowledge of how technology could make teleworking effective (53% vs. 38%).

U.S. companies with a significant proportion of jobs involving primarily information processing or software usage are also more receptive than others to telework, and encouragements to telework appear to be more effective with them than others.

- Nearly half (46%) of U.S. businesses in which more than 5% of the jobs are primarily information processing would be at least somewhat likely to agree to an employee's request to telework, compared to 36% of those with fewer such jobs. Similarly, businesses with more than 5% of jobs involving at least half-time use of software applications are also more likely to agree (44% vs. 37%).
- Once a business has at least 5% of their workers in information processing jobs, it is more likely to believe that some of their jobs can be done via telework.
- U.S. businesses with a high concentration of jobs involving information processing or software application are much more likely to consider potential obstacles to telework to be deterrents. However, they also report that each of the possible encouragements to telework that were examined in the questionnaire would make them more receptive to telework, with the exception of being publicized as family-friendly.
- Of note, information processing jobs are more common in businesses located in metropolitan areas than non-metro areas (26% vs. 19% reporting that more than 30% of their jobs are of this type). Similarly, jobs involving at least half-time use of software applications are also more common in the metropolitan areas (46% vs. 32% with a 30% or more concentration of these jobs).

Western region businesses are particularly likely to agree to employee requests for telework.

- Over half of Western region enterprises (53%) report they would be somewhat or very likely to agree to trying out telework if an employee asked to, compared to 37% to 42% of businesses in other regions who would.
- Western businesses are also particularly likely to believe that more than 30 percent of their jobs could be performed from a home or remote location (14% vs. 6% for other regions).

Retail companies would be a less fruitful target for efforts to promote telework, because they report fewer workers who concentrate in information processing or software usage.

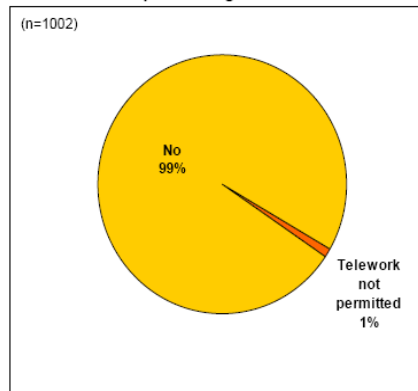
Aside from the few exceptions detailed in the report, businesses in the four regions of the country are quite similar to one another in their opinions on telework.

Similarly, private sector opinions do not differ greatly from those of public sector institutions, as long as the influence of the two variables which do drive many differences—business size and the proportion of jobs involving information processing or computer applications—is controlled.

Formal Policy on Telework

- Nearly all U.S. businesses report that they do not have a formal policy that guides employees and supervisors in implementing telework (99%).
- Only 1% say their organization's policy is to not permit telework.

Does your company have a formal policy that guides employees and supervisors in implementing telework?



Background Relating to Telework

The vast majority of U.S. businesses have never considered offering telework (87%).

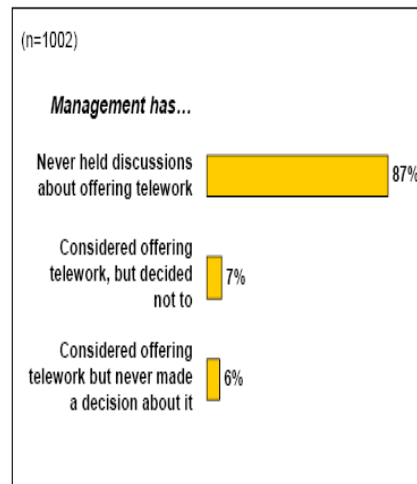
–Businesses in metropolitan areas are more likely than non-metro businesses to have held discussions about offering telework (14% vs. 9%).

–Businesses with a significant proportion of information-processing jobs are more likely to have discussed telework (21%) than those with few such jobs (7%).

–The service industry—which relies on information processing jobs more than other industries—more commonly reports having considered telework (18%) than retail (7%) or manufacturing (6%)

– One in eight U.S. businesses have considered offering telework (13%)—7% decided against it and 6% never made a decision about it.

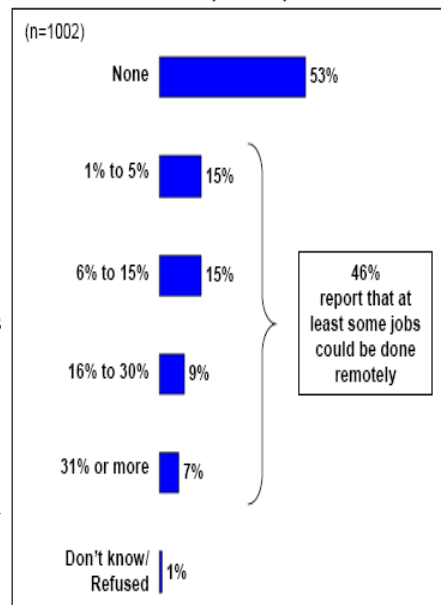
Which of the following best describes discussions your company has had about offering telework?



Potential for Telework

- Almost half of U.S. businesses indicate that some portion of their organization's jobs could be performed at least part time via telework (46%).
- Specifically, three in ten businesses (30%) say that 1% to 15% of their jobs could be done from home or a remote location. About one in ten (9%) believe that 16% to 30% of their organization's jobs could be performed via telework. Only 7% believe that more than 30% of their organization's jobs could be done by teleworkers.
- Half claim that *none* of their organization's jobs could be performed remotely (53%).

Approximately what percentage of your organization's jobs could potentially be performed at least part time from a home or remote location, assuming the necessary computer and communications equipment could be put into place?



–U.S. businesses' view of the potential for telework rises once they have more than 5% of their workers in primarily information processing jobs.

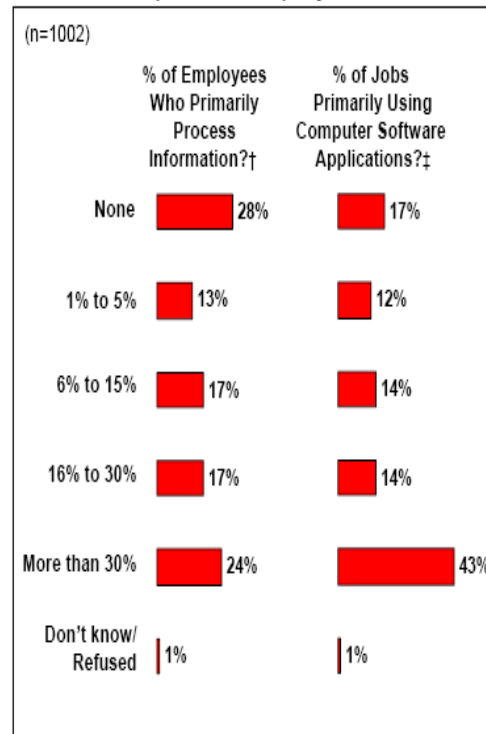
–Western region businesses are more likely to see a high potential for telework (more than 30% of jobs), even though they are comparable to other respondents in terms of size and the proportion of information processing jobs.

–Among those U.S. businesses with less than 100 employees, public sector organizations are more likely than private sector businesses to report that some workers could telework (57% vs. 44%).

Potential for Telework

- Although half of U.S. businesses claim that none of their organization's jobs could be performed via telework, seven in ten report that at least a small percentage of their workers primarily process information (71%). An even larger majority report having some workers whose jobs require them to spend at least half of their time using computer software applications (82%).
- One-quarter of U.S. businesses (24%) indicate that more than 30% of their employees primarily perform information processing, and 43% report that this notable percentage of jobs involve at least half-time use of software applications. These figures stand in contrast to the 7% of businesses who think more than 30% of their employees could potentially telework.
- U.S. businesses with 100 or more employees are more likely than smaller businesses to report that at least some workers primarily process information (89% vs. 70%). However, businesses of all sizes are equally likely to have more than 5% or more of workers in information processing jobs; where the large companies are distinguished from the smaller ones is in the percentage saying that 1% to 5% of their jobs are of this type (23% vs. 12%).
- Business size also correlates with the proportion of employees who spend at least half of their time using computer applications, with 75% of the smallest businesses (5 to 9 employees) saying they have some such jobs, compared to 98% of the largest businesses (100+ employees) reporting they do.

Snapshot of Company's Jobs



† What percentage of your company's employees perform primarily hands-on jobs and what percentage primarily process information? Examples of hands-on jobs are product development, sales, patient care and so on. Examples of information processing jobs are research, writing, communications, and so on.

‡ What percentage of the jobs in your company require employees to spend at least half of their time using computer software applications? These include data processing, word processing, and web usage as well as using pre-programmed applications for functions such as customer service, generating reports, or other purposes.

† and ‡: 1% to 5% of their jobs are of this type (23% vs. 12%).

- As one might imagine, both information processing and software jobs are more common in businesses located in metropolitan areas (26% and 46% report that more than 30% of their jobs are of these types, respectively) than non-metro area businesses (19% and 32%).
- Among U.S. businesses with 5 to 99 employees, those in the public sector are more likely than private sector companies to indicate that they have at least some employees who concentrate their time using computer applications (91% vs. 81%).
- Four in ten retail businesses (43%) say they have no employees who primarily process information, significantly higher than 28% of businesses overall who say that is the case. Similarly, twice as many retail enterprises say none are using software applications at least half the time, compared to businesses overall (35% vs. 17%).

Receptivity to Telework

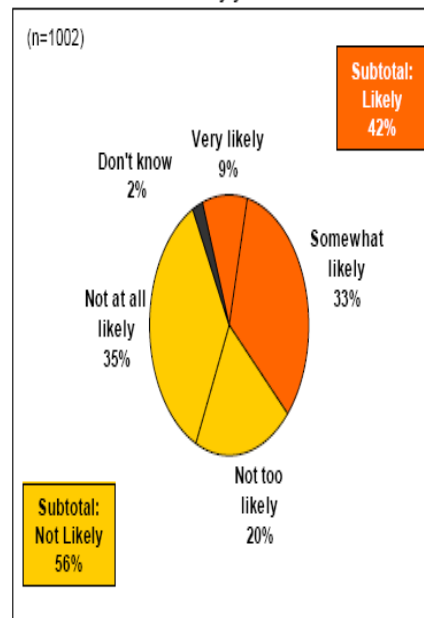
When asked how likely they would be to offer telework if employees requested it on a trial basis, four in ten U.S. businesses report that they would be likely to say yes (42%), although only 9% are *very* likely.

–Companies with at least a modest share of jobs (more than 5%) that are primarily information processing are more likely than other companies to say they would be at least somewhat likely to say yes to an employee’s request for telework (46% vs. 36%) and the same holds true for companies with more software application jobs (44% vs. 37%).

–Businesses in the West would be more receptive to such requests than companies in any other region (53% *somewhat* or *very* likely vs. 37% to 42% in other regions).

–Smaller businesses (less than 100 employees) are more likely than larger ones to be opposed to telework; more than one-third of smaller businesses say they would be *not at all* likely to agree to a request to telework (36%) compared to 21% of larger companies.

If some of your employees requested to telework on a trial basis, and the nature of their jobs made it feasible, how likely would your organization be to say yes?



Barriers to Telework

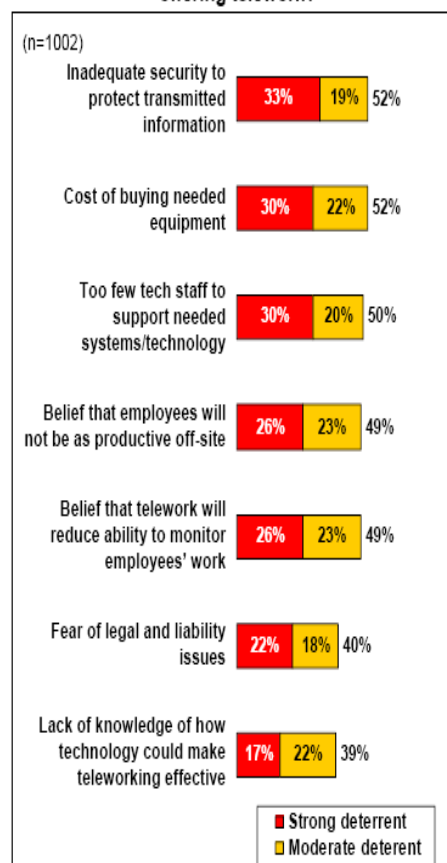
When asked about seven potential obstacles to offering telework, over eight in ten U.S. businesses note that at least one obstacle would pose a moderate or strong deterrent for their organization (81%). In fact, six in ten businesses report that three or more of the potential obstacles would be deterrents for them (61%).

Five of the obstacles are equally strong, with about half of U.S. businesses saying they would be a moderate or strong deterrent to telework. Two relate to a lack of resources—the cost of needed equipment (52%), and the lack of technical support (50%). Two relate to concerns about employee supervision—a perceived reduction in the ability to monitor employees' work (49%) and a belief that employees would be less productive off-site (49%). Half of U.S. businesses are also concerned that security to protect transmitted information may be inadequate (52%).

- Fear of legal and liability issues (40%) and lack of knowledge of how technology could make telework effective (39%) are each deterrents for about four in ten businesses.
- In contrast to their greater receptivity to a trying a telework arrangement if an employee requested it, larger companies—those with 100 or more employees—are generally more likely to consider the potential obstacles examined in the questionnaire to be deterrents to telework. Since business size correlates with the percentage of information processing jobs, reports of deterrence are also higher among those enterprises with more than 30% information processing jobs.

Specifically, the larger companies and those with a larger share of information processing jobs are more likely than other businesses to consider each of the following to be strong or moderate deterrents to telework:

To what degree, if at all, would the following issues be an obstacle to your organization offering telework?



- Inadequate security to protect information
- The cost of buying needed equipment

- Too few technical staff to support systems and technology

- Belief that telework will reduce the ability to monitor employees' work

- One additional obstacle is considered to be a deterrent more frequently by businesses with more than 30% information processing jobs, although the corollary company size effect is weaker:

- Fear of legal and liability issues

- For each of the seven potential obstacles considered in the questionnaire, U.S. businesses that report more than 30% of their employees spend the majority of their time using software applications are more likely than those with 5% or fewer such jobs to consider the obstacle as a deterrent.
- Western region businesses are more attuned to the issue of inadequate security; 62% report it as a *strong* or *moderate* deterrent, compared to 50% to 51% in the other regions.
- Public sector organizations are more likely than private sector businesses to feel deterred by a lack of knowledge of how technology could make teleworking effective (53% vs. 38%).

Incentives to Telework

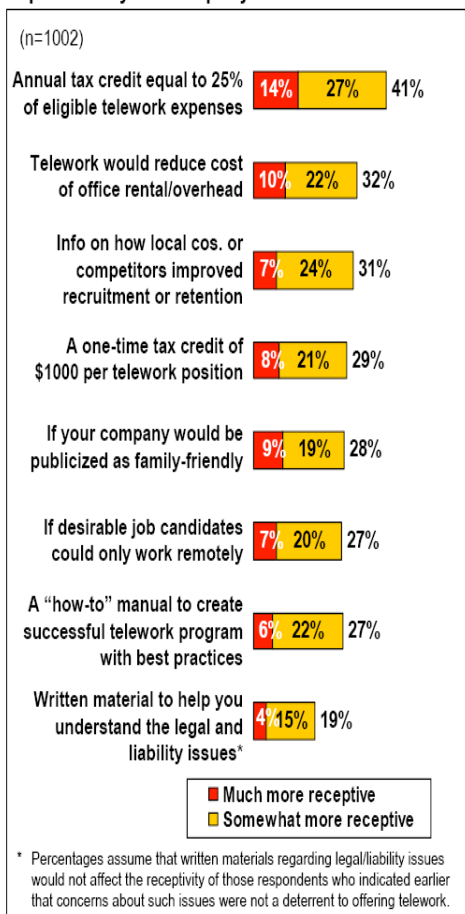
What could be done to increase companies' interest in the concept of telework? U.S. businesses assign the highest ratings to the idea of an annual tax credit equal to 25% of eligible telework expenditures—four in ten claim this would make them more receptive to introducing telework (41%).

Other potentially effective strategies to encourage acceptance of telework include communicating how the business can benefit from telework. Specifically, three in ten report they would be more receptive to telework if it would reduce costs of office rental or overhead (32%) or improve recruitment or retention (31%).

A one-time tax credit of \$1,000 per telework position would encourage more than one in four businesses (29%), as would the opportunity to be publicized as a family-friendly company (28%) and a how-to manual of best practices (27%).

Written material about liability issues would help two in ten overall (19%) and 34% of those who specifically reported that fear of liability would be a deterrent for their organization.

To what degree, if at all, would the following situations persuade your company to introduce telework?



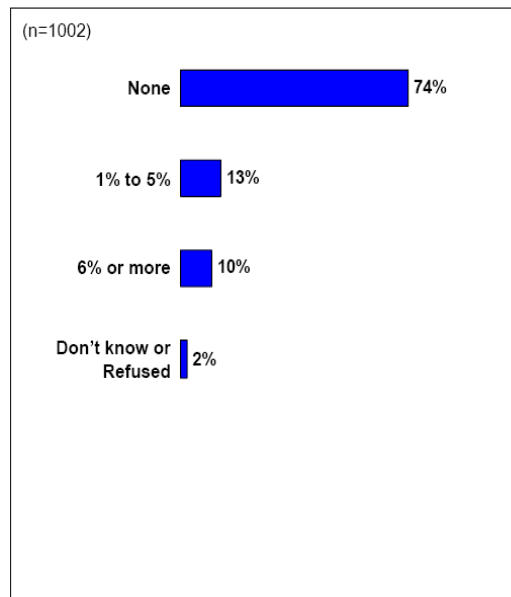
- Just as companies with more information processing jobs are more likely to register potential obstacles as deterrents to telework, so would they be more receptive to telework if given the incentives or encouragements examined in the questionnaire. This generally holds true for each of the interventions, except publicizing the company as family-friendly.
- The annual tax credit equaling 25 percent of telework expenditures is most effective for the U.S. companies that are heavily into information-processing; half (49%) of those with at least 31% of primarily information processing jobs report that this credit would make them somewhat or much more receptive to introducing telework.
- Of course, both tax credit incentives have much more relevance for private sector businesses than for public sector organizations.
- Interestingly, the incentives and encouragements to telework do not appear to be more effective with larger companies, even though they generally have more information processing jobs.
- Private companies are more likely than public sector organizations to show increased receptivity to telework if their company would be publicized as family-friendly (28% vs. 18% somewhat or much more receptive). Services and retail enterprises are twice as likely as manufacturing companies to show increased receptivity to this publicity (32% each vs. 14%, respectively).

Employees with Disabilities

- One-quarter of U.S. businesses interviewed report that their employee population includes people with disabilities (24%).
- Specifically, 13% estimate that between 1% and 5% of their employees have some type of disability. One in ten (10%) believe that more than 5% of their employees have a disability.

–The likelihood of having employees with disabilities rises with business size. Only 15% of businesses with 5 to 9 employees report having any employees with disabilities, compared to 58% of businesses with 100 or more employees. [Further analysis suggests that this difference is a natural byproduct of a fairly even distribution of this low prevalence population across companies of different sizes.]

Roughly what percentage of your employees have any kind of disability, including any physical disabilities?



Respondent Profile

- Nearly half of the responding businesses have 5 to 9 employees (47%), and almost half have 10 to 99 employees (47%). Only 5% have 100 or more employees. The data was weighted so it would match the actual distribution of businesses by size (as captured in the Dun and Bradstreet database).
- Among all businesses with at least five employees, 83% of U.S. businesses are in metropolitan areas. A slightly smaller percentage of the businesses who participated in the questionnaire are in these population centers (75%).
- Four in ten of the responding businesses are located in the South (41%), and three in ten are in the Midwest (30%). One in six are located in the Northeast (16%), and one in eight are in the West (12%). This sample is under-representative of U.S. businesses in the West, and over-represents those in the South and Midwest.
- Two-thirds of the businesses responding have a sales volume of less than \$1,000,000 (65%), and another quarter fall into the \$1 million to \$5 million category (26%). Only nine percent had sales exceeding \$5 million.

(n=1002)		
	Respondents	All Business with 5+ Employees
	%	%
<u>Number of Employees (weighting factor)</u>		
5 to 9	47	47
10 to 19	26	25
20 to 99	22	22
100 or more	5	5
<u>Statistical Metropolitan Area</u>		
Metropolitan area	75	83
Non-metropolitan area	25	17
<u>Region</u>		
South	41	35
Midwest	30	23
Northeast	16	19
West	12	23
<u>Sales volume size</u>		
Less than \$1 million	65	65
\$1 million to \$5 million	26	26
\$5 million or more	9	9

- The distribution of the respondents across industries closely matches the actual distribution of businesses with 5 or more employees.
- Nearly four in ten of the responding businesses are in the service industry (38%). Two in ten fall into the retail trade category (20%). One in ten are in the manufacturing industry (10%). Fewer than one in ten are considered to be in any other industry.

(n=1002)

<u>Major Industrial Categories</u>	Respondents %	All Business with 5+ Employees %
Services	38	40
Retail Trade	20	19
Manufacturing	10	8
Construction	9	10
Wholesale Trade	7	7
Finance, Insurance, Real Estate	7	7
Transportation, Communication, Electric, Gas, and Sanitary Services	4	4
Agriculture, Forestry, Fishing	2	3
Public Administration	2	2
Mining	*	*

* Less than 0.5%

**ITA Conference Appendix to The WorkPlace, Inc.
Southwestern Connecticut's Regional Workforce Development Board**

Telework/telecommuting Pilot Research Project

**A research project funded by the Department of Labor's Office of Disability
Employment Policy
October 2004-September 2007**

1. To strengthen and explore further the findings from the “*Preliminary Report, The WorkPlace, Inc., Business Questionnaire on Telework, 2005*”, in-depth interviews were by conducted by phone with 6 employer study participants. The preliminary results are as follows:

1. Employers interviewed for the case studies all indicated a desire to learn more about Telework. Several said that while they thought Telework was a good idea in theory, they wanted more information before moving ahead to explore how it could work for them.
2. Several case study interviewees indicated that “family friendliness” was a consideration for using Telework. These included a church in Texas that is using Telework technologies to help families access their education services and talked about the potential for educational institutions of online interactive classrooms and courses for schools and learning centers and a company in Kansas that is using Telework for an employee who moved to Denver after marrying.
3. Case study participants were concerned about the cost of equipping and training workers for Telework, disruption to the current system of operations, security concerns, the usefulness of telecommuting for staff that are cross-trained and serve multiple functions and the relevance of telecommuting given onsite requirements and physical nature of some of the work.
4. Participants all indicated a willingness to discuss telecommuting if approached by employees. A critical factor for several in deciding whether to permit Telework or not was the demonstrated reliability and trustworthiness of an employee.

2. National Study of Recently Returned Service Members and Veterans with Disabilities

A subsequent national study was conducted of recently returned service members and veterans currently being treated in military hospitals for disabilities resulting from injuries sustained in the Middle East. The purpose of the study and in-depth individual interviews of 5 study participants were to learn more about service members' and veterans' with disabilities attitudes toward and interests in telecommuting as a work option and computer skills. The salient themes are as follows:

Key Preliminary National Study Findings

1. Telework appeared to a reasonable employment option from the interest and skill perspectives of the study participants for approximately 80% of the 152 person sample.
2. Working from home as compared to a telecommuting center was preferred.
3. Nearly all service members and veterans with disabilities (93%) were interested in returning to work and 75 % were very interested. Only 4 % believed that Telework would negatively impact their Veterans Administration benefits.
4. Telework had the most appeal for veterans and service members with college educations and this group appeared to be more skilled with and knowledgeable about computers.
5. The majority of the national study participants had basic computer skills and Internet access but only 50% rated themselves as highly skilled in areas other than e-mail and instant messaging.
6. Two-thirds of respondents believed they are very good or excellent at managing their time, 68% saw themselves as highly skilled at multi-tasking and 57% preferred working independently. These characteristics appeared similar to those found in the literature and prior studies of persons for whom telecommuting has worked.
7. Perceived Telework benefits for 152 service members and veterans with disabilities included saving time, saving money, feeling less stress than other employment and having more quality time with family.

Key Preliminary Case Study Findings

1. Case study participants whose work prior to being injured involved outdoor and/or physical activities would like to return to similar work if disabilities permit.
2. All indicated comfort with using computers and the Internet and several had broadband connections at home.
3. Interviewees felt their military training and work taught them how to work both as part of a group and independently and that their active military experience provided good work skills and qualities such as integrity, leadership, and ethics.
4. All five interviewees indicated a strong interest in finding work with sufficient income. Interviewees, particularly one scheduled to retire shortly and concerned about retirement earnings, perceived part-time telecommuting as a way to supplement income.
5. Interviewees' preference is for group and interactive work activity and several expressed concerns about only working from home.
6. Factors that matter to case study participants in deciding whether or not Telework would be preferable to on-site employment included the type of business, job security, work-study options and salary.

*Copies of the Preliminary Report of the findings from The WorkPlace, Inc.'s **Returning Service Members and Veterans Questionnaire on Telework 2005** will be available at the conference, or directly from the author, Susan Kintner, PhD. She can be reached at skintner@workplace.org or 203-610-8548.*