

# When Remote Work ‘Works’ for Employees, but Not the C-Suite

By Dana Wilkie

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**M**ichelle Peluso. Marissa Mayer. Hubert Joly.

Those are just some of the executives at big-name companies who made headlines in recent years by calling remote workers back to the office. In most cases, these leaders were charged with turning around faltering businesses, and, invariably, the executives argued that their companies would be more successful if employees worked side by side.

If remote work is on the chopping block, there will no doubt be a showdown between such executives and a workforce that will soon be chock-full of Millennials—those 23- to 34-year-olds who may not even consider a job unless it offers a remote work option, labor experts say.

"Millennials are the future," said Steve Pruden, senior vice president of human resources for global cloud services provider Appirio, a Wipro company, based in Indianapolis. "They know what they want, and they gravitate toward employers who recognize their needs. One such need is remote work. And there is absolutely nothing wrong with that. If employees produce valuable work, it doesn't matter where they are when they do it. Most importantly, treating your employees like adults and respecting each worker's personal life pays off."

IBM embraced remote work for decades. By 2009, 40 percent of IBM's 386,000 global employees worked at home, and the company noted that, as a result, it had reduced its office space by 78 million square feet and was saving about \$100 million a year in the U.S.

*[SHRM members-only toolkit: Managing Flexible Work Arrangements ([/resourcesandtools/tools-and-samples/toolkits/pages/managingflexibleworkarrangements.aspx?\\_ga=1.12738359.1213129156.1471284607](http://resourcesandtools/tools-and-samples/toolkits/pages/managingflexibleworkarrangements.aspx?_ga=1.12738359.1213129156.1471284607))]*

But after several quarters of declining sales, IBM's chief marketing officer, Peluso, announced Feb. 7 that the company would "co-locate" the U.S. marketing department's roughly 2,600 employees, which meant that all teams would have to work together onsite from one of six cities. Employees who had worked primarily from home would have to commute into one of the locations, and remote employees who worked too far to commute would have to move or look for another job.

Yahoo made headlines in 2013 when its then-president, Mayer—who is now CEO—made an abrupt decision to end Yahoo's remote work policy (<http://www.nytimes.com/2013/02/26/technology/yahoo-orders-home-workers-back-to-the-office.html?pagewanted=all>).

A week after Yahoo's announcement, Best Buy reined in its Results-Only Work Environment (ROWE) program, which allowed employees to work where and when they wanted. The company reported in 2006 ([www.shrm.orghttps://www.bloomberg.com/news/articles/2006-12-10/smashing-the-clock](http://www.shrm.orghttps://www.bloomberg.com/news/articles/2006-12-10/smashing-the-clock)) that productivity had, on average, increased 35 percent in departments where employees had shifted to working from wherever and whenever they wanted. Despite this increase in productivity, in 2012, CEO Brian Dunn resigned after his three years of

leadership led to declining sales. It was not the ROWE program that was blamed, but consumers' move to online shopping. Nonetheless, news reports indicated that the new CEO, Joly, put an end to the program because he felt the company needed stricter guidelines on where and when to get work done.

Ending remote work "appears to be driven primarily by ... the idea that going back to the way things were will restore old glory," said Cord Himelstein, vice president of marketing and communications for Michael C. Fina Recognition, an employee rewards and incentives company. "Some remote workers in these situations are given impossible choices to relocate across the country or face termination. The problem with these policies is they do not take into account how [remote working has] emerged as a top driver for employee satisfaction in the last 10 years or so. They also make the fatal mistake of simply delaying the inevitable. Younger generations confidently know they can be anywhere virtually. The telework genie is out of the bottle, and in a lot of ways, there's no putting it back."

### **Generational Divide?**

By 2020, Millennials are expected to make up half of the global workforce. Raised on mobile devices and social networks, they overwhelmingly look for jobs with telecommuting options. The 2015 AfterCollege Career Insight Survey (<https://www.aftercollege.com/cf/2015-annual-survey>) reviewed how undergraduate, graduate students and recent college grads viewed potential jobs, and it found that 68 percent wanted jobs where they could work remotely.

Yet many top executives at companies come from a different generation: They are often members of Generation X or are Baby Boomers, and they're accustomed to a more traditional workplace.

"I'm a Gen Xer, and even I remember the old-school mentality of managers who would call you in for an explanation if you were five minutes late to your desk," Himelstein said. "In those days it was virtually impossible to work outside of the office. Technology advancements have revealed that there's no real need to stay in an office at all times. Younger workers are definitely more hip to [the remote work] lifestyle and work within it more easily. The older guard can be a bit more defensive about what appears to be such a radical departure from the way things were."

However, the different opinions that the C-suite and rank-and-file workers embrace about remote work aren't always generational, said Matt Thomas, president of Indianapolis-based WorkSmart Systems Inc., which offers employers HR services.

"It goes beyond age and generation to expectations," he said. "C-suite leaders, no matter their age, tend to expect to be able to keep an eye on the office, which becomes harder when remote work is at play and communication is less direct."

Jeanne Meister, founding partner of Future Workplace and co-author of *The Future Workplace Experience: 10 Rules for Mastering Disruption in Recruiting and Engaging Employees* (McGraw-Hill Education, 2017), agrees.

"Remote work is not a generational divide where Millennials want this and older leaders do not," she said. "Working remotely cuts across all generations as all workers, who are now on call essentially 24/7, want to have choice over where, when and how they work."

Whether the divide is generational or not, how can companies bridge it?

Research suggests ([www.shrm.org/ResourcesAndTools/hr-topics/employee-relations/pages/remote-workers-feel-guilty.aspx?\\_ga=1.12615223.1213129156.1471284607](http://www.shrm.org/ResourcesAndTools/hr-topics/employee-relations/pages/remote-workers-feel-guilty.aspx?_ga=1.12615223.1213129156.1471284607)) that remote workers are more productive ([www.shrm.orghttps://hbr.org/2014/01/to-raise-productivity-let-more-employees-work-from-home](http://www.shrm.orghttps://hbr.org/2014/01/to-raise-productivity-let-more-employees-work-from-home)) and log more hours ([www.shrm.orghttp://www.gallup.com/services/178514/state-american-workplace.aspx](http://www.shrm.orghttp://www.gallup.com/services/178514/state-american-workplace.aspx)) than employees who work in the office, and for many companies, offering an option to work remotely helps recruit employees who are seeking better work/life balance or who want to live in a location where the company has no office.

A 2011 University of Minnesota study found that employee turnover was 45 percent lower for those who participated in a ROWE program like the one Best Buy once embraced.

On the other hand, one 2010 Harvard study found that researchers who worked in close physical proximity produced more impactful papers ([www.shrm.org/http://harvardmagazine.com/2011/05/water-cooler-effect](http://www.shrm.org/http://harvardmagazine.com/2011/05/water-cooler-effect)). Another 2014 Harvard report (<https://hbr.org/2014/10/workspaces-that-move-people>) used data from badges that collect data on employee interaction to argue that employees who have more chance encounters and unplanned interactions with colleagues perform better.

"Because arguments can be made for both sides, neither party is exclusively right," Thomas said. "Compromises needs to be made on both sides. Millennials need to show company leaders they're able to work within a structure [and not] stretch deadlines just because [they are] working from home. CEOs and managers should recognize the work/life balance benefits—and therefore the productivity benefits" behind offering telecommuting options.

**Technology is often the key to making remote work "work," Pruden said.**

"Executives need to understand the need to invest in tools that allow Millennials to work the way they want to work, while also providing the communication and transparency [older] generations need," he said. "We have a long way to go to change the traditional, 9-to-5 managerial mentality of needing to know where your workers are at all times. Technology tools that cater to different worker personalities are an immediate solution."

In the end, "any company that wants to stay competitive these days has to at least be open to[remote work] or you stand a good chance of missing out on the most productive, creative and tech-savvy people in the talent pool," Himelstein said. "Younger tech companies and startups know this all too well and, more often than not, will double-down on telework culture, giving them a considerable edge in recruiting."

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