

WORK FROM REMOTE: AN OVERVIEW OF COST AND PERFORMANCE IMPLICATIONS

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ABSTRACT

Lockdowns and restrictions that were imposed on movements of people at the time of Pandemic, provided opportunity to organisation to test and experiment with work from home culture. Once the pandemic situation is over, organisations will evaluate whether work from home in general would be a better option for them or not. Many factors need to be considered by each organisation and it may result into multiple models of operations from complete work from home to mix of work from home and from office to complete work from office. The present paper discusses the different factors which affects cost and performance associated with this transformation process in different organisations. In the absence of statistical data and study on effect on productivity of an organisation that allows work from remote, subjective factors needs to be evaluated by concerned organisation and result will be very specific to them. In all, it is observed that, there is a good possibility that combination of work from home and remote may lead to better productivity and employee motivation and most of the organisation are going to have a Hybrid Workplace i.e., some professionals working from home, others from office and many others partially at home / office in near future.

Keywords: Remote Work, Work from Home, Telecommuting, Tele-working, Pandemic, Tele-work Management, Flexible Working.

Introduction

With Covid 19 pandemic, the world is coming to terms with many new normal, from promoting social distancing to dressing up with face masks. Lockdowns and restrictions that were imposed on movements of people at the time of Pandemic, provided opportunity to organisation to test and experiment with work from home culture. Not that work from home is a new thing, but in such a large scale, and being able to perform those activities from home that were otherwise always considered to require human interactions, was probably never thought of. This includes seminars & conferences (that were conducted with networking breaks), consultations, conducting important corporate and social meetings over virtual platforms etc.

It is natural that once the pandemic situation is over, organisations will evaluate whether work from home in general would be a better option for them or not. Many factors need to be considered such as technology, cost, quality, safety, security, comfort, performance etc, and it may result into multiple models of operations from complete work from home to mix of work from home and from office to complete work from office. Many big organisations like IBM, Google, Microsoft, Ford, Twitter etc. have already made announcements regarding this and are ready to allow their employees work from remote, partially or totally (Talky, 2021).

Depending upon availability of the technology, data security & confidentiality, impact on cost and productivity, innovation & team work, employee's attrition & acquisition, delivery model, leadership & motivation, employee preferences etc organisations are gradually changing their strategy over a period of time. Cost and performance are two major criteria that influences decision of an organisation to choose among these emerging models of working from office to working from remote. The present paper discusses the different factors which affects cost and performance associated with this transformation process in different organisations.

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Objective

The present paper tries:

- To identify the different factors associated with remote working which affect cost and performance, and
- To evaluate their possible cost implications and impact on the performance of the organisation

Methodology

The paper will discuss impact areas qualitatively only, as for many aspects like effect on corporate culture, innovation, leadership quality, sufficient data for quantitative analysis in Indian like scenarios shall be available over the years. The discussion is based on the various documents, publications and surveys done on the subject by different authorities.

Working from Remote: Determinants

To take 'Big Decision' of moving to a new culture of working from remote, various factors need to be considered and weighed against the criteria of cost and performance. Following sections discuss some of the factors that must be considered while evaluating the work from remote options.

Technology Support

Working from remote requires technology use. With advancements in internet speeds and development of technology allowing anyone or any device talking to anyone or any device, anytime, anywhere; capturing various dimensions of human and non-human objects and projecting them on screens in real time make remote operations feasible. In organisations where benefits of advancements in Information Technology can be utilised, remote operations may become completely or partially possible. So, the first step for any organisation will be to perform a lot of relevant technology search and study, evaluate and customise technologies to their organisations need.

Cost Implications

Cost will have to be incurred to procure new technology and infrastructure for work from home. This may include infrastructure cost for work on cloud and secured communication etc. and equipment costs like laptops, printers for employee, automated tools for collaborations like virtual meetings, file sharing, signatures and approval systems, logging and time punching, Performance evaluations, Project Management and time management tools, Tools for specific workflows as per requirements of organization, Inter-office communication like file movements etc. Training cost on using new technologies and processes, maintenance cost and Contract services for technical services may also now be required.

Impact on Performance

Work flows that become more formalised and automated due to adoption of new technologies and tools may result in lesser human errors and better performance. Some Jobs may become technically challenging to accomplish from home and may require extra work hours. Availability of employees having skill and adaptability to learn and adopt to new technologies and managers having skills for technology management will be a challenge. The employees must have access to good internet speeds and 24-hour electricity. There can be technical glitches and the organisations will have to arrange for risk cover for breakdown of system at employees' site as well as of organisation server system.

Security, Reliability and Discipline

With work from home, the issue of data security & confidentiality aspects may also arise. It is important for an organisation that its employees maintain organisation confidentiality and practice the organisation rules and regulations and this needs to be ensured in case of work from remote. "Office networks are generally better protected against data loss, security and privacy risks as significant investments are made in installing Virtual Private Networks, firewalls, anti-virus software as well as blacklisting dangerous IP addresses. A home network probably does not have the same level of security and therefore the aforementioned issues around data privacy in a remote work setting are a major concern for employers." (Singh, 2020)

Cost Implications

Some safety equipment may be required to be installed and employees may have to be trained for it. Confidential information may go out as meeting can be attended by more people without organisation knowing it. This off course has serious cost implications. Leaking of confidential data of clients may result in litigation and loss of goodwill. Means to ensure security and confidentiality shall require overhead costs which will depend on the nature of the industry. IT services firms for example,

would require a greater degree of security and thus more expensive technology as they deal with large amounts of confidential data than a manufacturing organisation. To overcome the problem of data security, employers can install anti-virus and firewall software on those systems that are used by their employees. "Login to various emails or chats, other software, or sites pertinent to the organization can be done using multi-factor authentication to avoid any unauthorized access" (RTDS 2021).

Impact on Performance

Information security will be challenged, sharing of information, virtual meetings, phone calls with persons at home may happen. Though monitoring tools are available; however, it will be difficult to know whether an employee is working for another organisation too. There is a risk of unauthorized access to the system and competitors may use important confidential data of the company.

Management Challenges

Management is going to face many challenges as new aspects of human resources and technological will be encountered. In due course, there will be changes in organisational structure, processes and positions. Monitoring, motivating and coordinating activities of employees will have to be done remotely.

Cost Implications

Deletion and addition of few positions may cause either cost savings or cost increase. Layers of management may need to be re-worked. Some administrative position related to office infrastructure may get removed like housekeeping, receptionists etc. and operations like purchase and contract services for office infrastructure shall no longer be very elaborate. While, contract services for technical services may now be required and HR department role may be enhanced to collaborate and keep tab on employees and their welfare, skill development and trainings.

Remote work reduces unscheduled absences of the employees and attrition and helps in retention of valued employees as it gives sufficient flexibility to them. This saves cost of absenteeism and recruitment and training costs. There will be huge savings in travel for official and training purposes, if meetings and conferences are held online and work by specialists can be done from home. This also includes senior management travel to foreign countries. Similarly, Tea, coffee, snacks and other refreshments and cafeteria services for employees will be reduced. Meetings become online, reducing canteen and refreshment costs during meetings.

Performance Implications

Travel time of the employees and so delay/tiredness due to traffic, road blocks, bad weather etc. are avoided. lunch-tea breaks and office gossips may reduce, however being at home may have other factors requiring predictable/unpredictable breaks like guests etc.

Working from home is negatively associated with absenteeism and turnover and thus helps in increasing overall productivity of the employees. Absenteeism may reduce as small personal work near home can be completed and baby sit on school holidays/taking care of sick at home etc. can be handled by employees without taking leave. Remote work also ensures continuity in operations even at the time of disaster like pandemic, terrorism, road jams and weather-related problems.

But lack of face-to-face communication with team members and colleagues may have an adverse effect on the productivity of the employees. It leads to delay in receiving critical information and getting timely help and cooperation from colleagues. "It complicates the situation even further if there is a high level of task interdependence and colleagues work with sequential tasks and need to wait for each other to complete their tasks" (Thorstensson, 2020).

In addition, telework presents managers with the difficulty in monitoring workers due to lack of visibility and presence. The managers are unable to observe workers' behaviour, interactions and relationships with their team members and other colleagues. They rely on output-related metrics and trusts to both evaluate and manage performance quality and quantity. Employee may use office time for some other work. Actual hours put in by employees may vary, some working extra, others not giving full time. Working hours of employees may vary, however this can be overcome by better planning and organising work resulting in better collaborations.

Time mismatches among employees shall be there and waiting times may increase for each other's work to finish or for each other's availability. Best suitable time to work from home may be different for different persons. Specially person with children may avoid timings when their children come back from school, lunch timings may differ.

Dependence upon organising skill and time management capability of each individual – loss of time and week days may still continue. To increase performance, suitable methods of Planning, Monitoring & Appraisals mechanism need to be devised and work from home facility may require more autonomy to employees. This may enhance motivation in employee, but may make it difficult to guide or direct them in one focussed goal. Management must ensure participation and visibility of each individual.

Time Management among employees may get difficult and some activities that require face-to-face conversation may lose personal touch; Innovative capability of organisation will be under test. Management shall face challenge in keeping up on corporate culture and leadership quality.

Facilities & Infrastructure

There will be change in office infrastructure with some facilities becoming redundant and some additional may be required. Many campus areas like the Sitting area, Library, Conference/Discussion Rooms, Senior Management Rooms, Medical Rooms, Canteen Recreation/rest rooms and space for other facilities like Gym, parking space for vehicles, Gardens etc. will no longer be required. Assets like furniture, official vehicles, air conditioners, huge land and buildings, stationery items either will not be required or will be required in smaller quantity. On the other hand, facilities will have to be provided to individual employees at the home work place.

Cost Implications

The impact on rental and/or real estate cost due to change in requirement of space will be huge. As dealings will be done online costly premises in posh market areas will not be required and organisations will not require to pay for larger premises in metro cities. Huge savings will be there in furniture, office cars, stationery and other asset cost by switching to work from remote. Work from remote will also lead to scrapping or huge reduction in many utilities cost for example A/C, power and electricity charges, water charges, refreshment and canteen services, internet and broadband charges etc.

Impact on Performance

Productivity and performance will largely depend on many factors, for example ensuring stationery and furniture used by remotely working individuals that is conducive to work, availability of utilities and house work help at home, office setup at home for example some employees may not have enough space in home to create and setup office environment conducive to work. They might have to share space and room with others at home who would be performing absolutely different work than the employee. Whereas others may have good arrangements.

Supplies like stationery etc employee will have to arrange for themselves taking away their productive time. Persons enjoying office facilities like Gym, doctors, canteen will have to arrange for all these themselves. There will be effect on social needs of the employees. If they don't maintain much non official relationships then their efficiency may suffer.

Salaries and Allowances

Salary components will require revisions where some components like daily local conveyance will lose relevance but others like internet and broadband allowances will find place. Some administrative and clerical positions related to office infrastructure may get removed like housekeeping personnel, receptionists etc. Similarly, requirements for cleaning staff, security guards, dispatch persons, peons etc may be reduced. Some operations cost like purchase and contract services for office infrastructure shall no longer be very elaborate.

By adopting remote working companies can get best employees from all over the world, irrespective of where they are residing. Contractual labour, skilled people who cannot travel like handicapped, not preferring to leave native place or new mothers may become ready to negotiate on salaries and compensations (Thorstensson, 2020).

Cost Implications

Cuts in basic salary and allowances are possible as some cities are costlier than others and their city compensation allowances are less. Google, Facebook, Twitter and many big companies paying less to remote employees who move to less expensive areas (CBC.CA, 2021).

Employees are ready to work with less salary if provided with the facility of work from remote. Contractual labour, specialists from all over the world can be hired and may be available at lesser basic salary and allowances. Additional allowances for employees like infrastructure allowance, internet charges etc. will have to be paid to employees.

Impact on Performance

Difference in benefits and allowances to employees of same level due to different cities may impact negatively to motivation and satisfaction level of individuals. Also benefits of recreation and refreshments enjoyed during office hours by employees will be reduced.

Employee Comfort and Safety

Work from remote gives employees the benefit of geographic flexibility and they can move from the city of office to their preferred location. But not every employee can afford to setup office environment at home. They may not have the room space, the silence and many other benefits of the office environments at home. This is a kind of paradigm shift in style of working also may not initially go well with the elderly and children of the family who earlier had all the home space for themselves when the working folks were out on work. Also going to office for some people may be more enjoyable as they meet various people during commuting, in canteen, lifts etc. Therefore, where necessary, some companies may even give option to employees to either work from home or office depending upon the area and facilities they can afford at their premises versus what they can get in the office premises.

Cost Implications

Employer may have to arrange for we-works type of facility for some employees. Employer may have to provide more help to some employees for initial setup. Some safety equipment might be required to be installed.

Effect on Performance

Efficiency of those employees will suffer who do not have enough space in home to create and setup office environment conducive to work and might have to share space and room with others at home who would be performing absolutely different work than the employee. There can be disturbances at home and mental health issues may creep in among employees due to distancing. There can be various kinds of distractions and discomforts while working from home. Most of the supervisors reported distractions in the home environment of the employees a major drawback in the performance of the employees in remote working (Greer, 2014).

If there is a suitable work space at home, employees work more productively when they can focus on their work and finish their tasks without being interrupted and distracted by their colleagues in the office. It is found that employees working from home provide higher levels of organisational commitment and put more hours into work as they not only save travelling time (which they devote to work) but also wants to reciprocate to the flexibility provided by the organization by working hard and/or for longer hours (Kelliher and Anderson , 2009). However, remote working may lead to social and professional isolation of employees. "The drawback of working from home for the employees is concerned with lacking opportunity to have informal communication network with the colleagues. When the employees do not have such interactions, they may feel alienated from the colleagues and company goals and values" (Ford and Butt, 1991)

Other Factors

The work from remote model, i.e., frequency of work from home/remote (fully, or two days a week etc.) may depend on various other factors such as Nature of work (some work cannot be performed remotely), Male/female ratio, Age of employees, City, Commuting distances between office and home etc. Many of these factors may be studied statistically once enough data is available across industries (Kira Rupietta, 2016)

Conclusion

Whether or not an organisation allows employees to work from remote under normal conditions, the lesson learned from 'Pandemic' is that, the organisation need to be prepared for any such situation that may arise again in future necessitating work from home or remote. It has also been learned that technologies are available that enable work from home or remote in collaborative manner.

Organisations where it is possible to work from home/remote, must perform cost and benefit analysis of working from remote and frequency of work from remote that is suitable for their organisation. In the absence of statistical data and study on effect on productivity of an organisation that allows work from remote, subjective factors needs to be evaluated by concerned organisation and result will be very specific to them. In all, it is observed that, there is a good possibility that combination of work from home and remote may lead to better productivity and employee motivation and most of the organisation are going to have a Hybrid Workplace i.e., some professionals working from home, others from office and many others partially at home / office in near future.

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