

Going Home: The Evolution of the
 Management of Work Leading to the Return
 of Home-Based Employment by Creating an
 Environment of Trust via Workforce
 Performance Management Systems

Presenter: Ken Jones



Introduction to the Future or Prophecy from the Past

"Until now the human race has undergone two great waves of change, each one largely obliterating earlier cultures or civilizations those who came before. The First Wave of change—the agricultural revolution—took thousands of years to play itself out. The Second Wave—the rise of the industrial civilization—took a mere three hundred years. Today history is even more accelerative, and it is likely that the Third Wave will sweep across history and complete itself in a few decades." (1980)

Alvin Toffler, *The Third Wave*

Why This Study?

- ✓ **Class Survey in Principles of Info Systems--Spring 2005**
 (@ \$370/ week childcare for students; \$3/gallon fuel; Parking in downtown Tulsa; Readily available telecommunications technology; Reading the book--The World Is Flat by Thomas Friedman)
- ✓ **Survey Results**--Students would take a 30% gross pay cut, and would make @ 20% more net income. Wouldn't that be of interest to employers and unemployed/underemployed Oklahomans?
- ✓ **Questions that kept popping up in reading on the topic**--Trust and control in remote work environments.
- ✓ **Performance Dashboards** by Wayne Eckerson--began to believe that there must be a way to measure human capital performance as well as financial. Called the author--"Very interesting."
- ✓ **Found Workforce Performance Management (WPM) software**--visited with the creators & asked about trust and control--"Could your software enhance trust and make remote work more appealing?" Creator--"Very interesting."
- ✓ **Read much of existing research**--little work on the question of trust/ control and measurement of performance, yet lack of trust (based on employee performance is one of the most common reasons for not engaging in home-based work. "Very interesting."

Approach for Study of Home-Based Work

- ✓Background: Compare the history of each of the evolutionary cycles of the U.S. business work environments.
- ✓Consider changes in the management styles needed and point to a correlation of historical management dilemmas-- control and employee accountability were just as relevant though hundreds of years apart.
- ✓Can technology assist this process and send people back home to work? (Need for Workforce Performance Mgmt Systems)

Home-Based Business in the U. S. Agrarian/Guild Work

- Characteristics of the Environment
- Types of Workers/Business Owners
Note: Entrepreneurial vs. "Who moved my cheese mentality."
- Family/Personal Impact
Note: Entrepreneurial vs. "Who moved my cheese mentality."

How does this relate to our nation's 'Competitive Mindset' in a global environment?

Reasons for Demise

- ✓ First, farmers (large operators) with the help of technology and scientific research became more productive (Will, 1993).
- ✓ Second, markets became so large as the population and trade boundaries grew (Wren, 2005).
 - Home-based trade business could not keep up with demand.
 - New trade territories surpassed supply.
 - Factory-based mfg provided a superior mode of meeting demand--greater division of labor.

Industrial Work Environment

- **Characteristics of the Environment**
 - Work had a geographic location.
- **Economy of Scale and Scope**
 - Huge factories in large urban areas
- **Types of Workers/Business Managers**
 - Unskilled labor
 - Immigrant population
 - Strong entrepreneurial attitude
(Ford's \$5/workday)
- **Family/Personal Impact**
 - Everybody worked, even children

Reasons for Demise

- ✓ As in the outsourcing of production to more efficient labor markets in America in the 16th-19th Centuries, today the market has driven this country's manufacturing labor overseas (Davis, 2004).
- ✓ Lessons Learned? Market will not bear the price of products and services that are more expensive yet fail to differentiate themselves with tangible quality (Friedman, 2005).
- ✓ Taylor--scientific mgmt the best way to control global competitive pressures is to maintain execution (mgmt training and statistical methodology) guarantee consistency (Kanigel, 2005).

Information Age Work Environment

- **Characteristics of the Environment**
 - Information is the commodity of work
 - Access to information is everywhere/anytime
- **Economy of Scale and Scope**
 - Trans-Atlantic fiber-optic pipeline since 2000
 - Global competition and/or partners accessible
- **Types of Workers/Business Owners**
 - Knowledge workers
 - "e-lancers"

Types of Workers/Business Owners

- ✓ The location of the job may be as temporary as the team on the jobsite. The construction company, information technology project team, and the Hollywood production industry share this common characteristic. This “e-lance” company was considered 25% of the U.S. workforce in 2003 (Malone, 2004).
- ✓ Ratio of Fortune 500 firms as employers, which was one in five (one in every five employees worked for a Fortune 500 firm) in 1974, has fallen to less than one in ten in 1999. Incidentally, the largest private employer in 1997 was not GM or IBM, it was Manpower Incorporated—a temporary employment provider (Magretta, 1999).
- ✓ If one can envision the business organization as the mechanism of coordination which exists to “guide the flow of work, materials, ideas, money”, then the form taken by the business is strongly effected by the “coordination of the technologies” available and could conceivably be a “business of one” (Magretta, 1999).

Critical Success Factors

- ✓ Peter Drucker describes the knowledge organization as having two axes: function and team. The knowledge worker’s function is dependent on management to provide the advanced knowledge needed to perform. The team will allow the knowledge worker to make her contribution in a cross-functional setting. The interaction with the team and support from management are vital components of the successful knowledge-worker environment. (Drucker, 1974).
- ✓ Less than 10% of employees in an informal survey stated they had individual employee performance evaluations regularly. (Jack Welch, *Winning*, 2005.)
- ✓ Balancing Act for Knowledge Management - The knowledge worker’s success and the success of the business are dependent on the worker having the most amount of information possible to assist the customer/client, while protecting the customer from the irresponsible employee -- threatening the security of the customer and the company.

Characteristic of Environment/Reasons for the Surprise not Demise

- ✓ Toffler predicted this “electronic cottage” industry would come with the development and perfection of the information technology that has permeated our society during the last thirty years. He sensed the natural return to the “hearth” at home where history tells us the world worker spent 10,000 years of service versus only 300 years at the factory or office. He had interviewed companies like Western Electric, Hewlett-Packard, and Ortho Pharmaceutical which felt that the technology would soon be available (this was prior to 1980) that would allow 35-75% of their collective work forces to stay home and be productive (Toffler, 1980).
- ✓ Ralph Westfall saw the demand for home-based business or telecommuting and has studied from the systems perspective only to find that the savings to stay at home had failed to pan out in research (1997). His pre-2001 study, though, did not allow for:
 - Exponential growth of the Internet
 - Drastic fuel-price increases
 - IT prices steadily dropping & Trans-Atlantic fiber-optic
 - Offshore outsourcing

Types of workers/Business Owners

- ✓ Management is ill-prepared or lacks desire to meet the employee's need of training and the company's need for assessment and consistent evaluation (Westfall, 1997).
- ✓ Role of managers to facilitate and support. Balances the reality of McGregor-Theory Y not as a hands-off management style.
- ✓ Leveraged with the control and measurement of Taylor's Scientific Management, not micromanagement.
 - Requires the manager's knowledge of work.
 - As in any successful work environment

(Likert, *The Toyota Way*, 2004)

- ✓ Manager/owner cannot create the most creative and effective compensation w/o the awareness of the employee's impact on the process.

Critical Success Factors

- ✓ First, IT tools necessary to allow the home-based employee access to the business tools needed to meet and exceed expectations must be provided (bring the technology to the worker).
- ✓ Second, employee must be contributing to the growth of the firm and be facilitated in reaching his/her highest potential (Theory Y). If the only work that can be relocated to the home is mundane and wasteful the employee becomes unproductive, expensive, and fruitless. This only serves to make the employee expendable.
- ✓ Third, accountability measurements must be consistently contrasted to the employee's performance (Scientific Management). Finally, creative productivity-based compensation is essential (Wardell, 1998).

Potential impacts of telecommuting on organizations

Positive Impacts

- **Lower absenteeism** (Duxbury & Higgins, 1995; Fitzer, 1997; Greengard, 1995; Gordon & Kelly, 1986; Huws, 1993; Kraut, 1987; Mahfood 1992; Nilles, 1994; Wilkes, Frolick, & Urwiler, 1994).
- **Increased feelings of belonging with the organization** (Chapman, Sheehy, Heywood, Dooley, & Collins, 1995).
- **Increased loyalty** (Caudron, 1992; Pratt, 1984).
- **Increased ability to retain best employees and attract new employees** (Baig, 1995; Christensen, 1992; Cross & Raizman, 1986; Davenport & Pearlson, 1998; Di Martino & Wirth, 1990; Froggatt, 1998; Gordon & Kelly, 1986; Kraut, 1987; Mahfood, 1992; Olson, 1987b, 1988; Piskunich, 1996; Ruppel & Harrington, 1995).
- **Increased productivity** (Alvi & McIntyre, 1993; Barthel, 1995; Baruch & Nicholson, 1997; Cote-O'Hara, 1993; Duxbury & Higgins, 1995; Gordon & Kelly, 1986; Huws, 1993; Katz, 1987; Kirkley, 1994; Kraut, 1987; Mahfood, 1992; Nilles, 1994; Trembly, 1998; Weiss, 1994; Xenakis, 1997).
- **Decreased office rental costs and the crowding of offices** (Appar, 1998; Christensen, 1992; Davenport & Pearlson, 1998; Gordon & Kelly 1986; Katz, 1987; Kirkley, 1994; Kraut, 1987; Mahfood, 1992; McCune, 1998; Nilles, 1994; Olson, 1987b).
- **Quicker responsiveness to customers and to unexpected events** (Eldib & Minoi, 1995; Fitzer, 1997; Katz 1987; Korzeniowski, 1997; Nilles 1994).
- **Increased organizational flexibility** (Nilles, 1994; Olson 1987b; Ruppel & Harrington, 1995).
- **Better usage of information systems** (Gordon & Kelly 1986, Hamilton 1987).

Vital Trust . . . for successful engagement of Home-based employment

Manager Trust of Management and Company in Remote Environment

Azmi FT and MN Khan. (2004). "Telecommuting: Implications and Impact on Business Organisations", in *Managing Trade, Technology and Environment*, M Mallikarjun And PK Chugan (eds), New Delhi: Excel Books, pp 409-421.

Bailey, D. E., & Kurland, N. B. (2002). A Review of Telework Research: Finding, New Direction, and Lessons for the Study of Modern Work. *Journal of Organizational Behavior*, 23, 383-400.

Golden, T.D. and J.F. Veiga. (2005). "The role of virtual work in understanding the impact of supervisory relationships". *Academy of Management Best Conference Paper*. OB.K1.

Dimitrova, D. (2003), 'Controlling Teleworkers: Supervision and Flexibility Revisited', *New Technology, Work and Employment* 18, 3, 181-195.

Vital Trust . . . for successful engagement of Home-based employment Cont'd

Employee Trust of Management and Company in Remote Environment

Chen, L. and Nath, R. (2005). "Nomadic culture: Cultural support for working anytime, anywhere". www.ISM-Journal.com (Fall), pp. 56-64.

Cooper, C. & Kurland, N. B. 2002. Telecommuting, professional isolation and employee development in public and private organizations. *Journal of Organizational Behavior*, 23, 511-532.

Mobility and Mistrust? (2004). Toshiba (Australia) Information Systems Division report, September.

Flexible Working – Business Benefit or Personal Perk? Nextra UK Report, April 2002.

Ruppel, C.P. and Harrington, S. J. (1995). "Telework: Innovation where nobody is getting on the bandwagon". *Data Base Advances*. 26 (2-3), pp.87-104.

Staples, D.S., Hulland, J.S., and C.A. Higgins. (1998). "A Self-Efficacy Theory Explanation for the Management of Remote Workers in Virtual Organizations." *Journal of Computer-Mediated Communication*, 3 (4).

Vital Trust . . . for successful engagement of Home-based employment Cont'd

Reciprocation of Trust in Remote Environment

Clear, F. and Dickson, K. (2005). "Teleworking practice in small and medium-sized firms: management style and worker autonomy". *New Technology, Work and Employment*. 20 (3), pp. 218-233.

Mokhtarian PL. 1991. Telecommuting and travel: state of the practice, state of the art. *Transportation* 18: 319-342.

Sako, M. 1998. Does trust improve business performance? In *Trust Within and Between Organizations*, edited by C. Lane, and R. Bachmann, 88-117. Oxford, U.K.: Oxford University Press.

Ruppel, C., and Harrington, S.J. (1997). "The Role of Trust, Communication and Corporate Culture in Telecommuting Relationships." *Americas Conference on Information Systems*.

Staples, D. S. (2001). "A Study of Remote Workers and Their Differences from Non-Remote Workers." *Journal of End User Computing*. Vol. 13, Issue 2, pp. 3-14.

Staples, D. S. (2001). "Making Remote Workers Effective." In *Telecommuting and Virtual Offices: Issues and Opportunities* (pp. 163-185). Johnson, NJ (ed.) Idea Group Publishing: Hershey, PA.

Staples, D.S. (1998).and Ratnasingham, P. "Trust: the panacea of virtual management?" from the proceedings of the ICIS-International Conference of Information Systems. Pp.165-176.

Is Trust the Issue?

-Salary.com Survey (2005) **2.09 Hrs/Day or \$759 Billion/Yr**

-Fact: Location does not determine productivity or success

Staples, D. S. (2001). "A Study of Remote Workers and Their Differences from Non-Remote Workers." *Journal of End User Computing*. Vol. 13, Issue 2, pp. 3-14.

Questions:

1. Are the processes for measurement in place? Only in 32% of the firms—enterprise-wide
2. What are the metrics? 20% none, 20% some—You cannot adopt/measure what you do not have
3. When/where does the feedback and control take place?
It doesn't for a majority of firms

Big Change in the Value of Human Capital Management

HR is becoming a major strategy focus

Available Workforce Performance System

Description:

- ✓ **Online** - ASP (Application Service Provider); stores your data for recall and update
- ✓ **Automated** - Real-Time Access to Data
- ✓ **Pay per use** -

Benefits:

- 1) **Goal Management (cascading or integrated)**—Automates the process of creating, cascading, monitoring and assessing the progress of company-wide goal completion.
- 2) **Career & Development Planning**—Helps managers and employees create dynamic, focused and effective development plans that can be monitored and adjusted on a continuous basis.
- 3) **Competency Management**—Supports role-based competency models which are fully integrated with the entire performance appraisal process, allowing managers to evaluate employees on their competency levels and suggest areas for growth.
- 4) **Performance Reviews**—Streamlines the performance appraisal process. Users can easily set up workflow and approval processes while ensuring that employees can be evaluated on criteria that's critical to the objectives of the organization.
- 5) **360 Degree Reviews**—Facilitates input on an employees' performance and skills from multiple perspectives.
- 6) **Compensation Planning**—Allows organizations to effectively implement pay-for-performance initiatives by integrating and aligning goal management, performance management, and compensation processes with a single integrated application.
- 7) **Employee Survey**—Provides management with actionable feedback that helps them clarify the 'perception vs. the reality' in understanding the issues that matter most to employees.
- 8) **Talent and Succession Management**—Helps companies assess talent inventories, perform modeling scenarios, identify 'bench strength' and develop focused, targeted career paths and development plans for all employees.
- 9) **Business Analytics and Reporting**—Allows for the capture and analysis of information required for strategic performance management decisions.

Contributions of Trust in Remote Work Environments to Research and Discipline

Corporate Work Applications

With the continued growth of remote work, the growth of the company and its decentralized operations can proceed without geographic limitations—e.g. transnational industry types. The ecological and economical implications of remote/mobile work could be profound in the area of global competitive advantage for American companies and American remote workers.

Distance Learning/Online Training

Better understand how to create a reciprocal trusting environment to shrink class attrition and potential lack of integrity among students. This can be attained with the implementation of learning environments that are performance based on objectives rather than assessments and electronic assignments that are open to improper electronic sharing.

Business Schools

Focus on fostering interpersonal skills and teaching the art of managing people, not just money or time.

Technology Solution Providers

Provide marketing researchers with information to better create the software solutions that meet the consumer's need for trust in remote work environments. Elements of the products would include systems that provide easy access to employee feedback and creation of ongoing performance appraisals. Measurement of workforce performance can be simulated with performance dashboard technology.
