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The business school that thinks and lives in the future

Does remote working really work?

By Nick van der Meulen

Over the past 20 years, the internet and wireless communications have made it progressively easier for people to work outside the office. Census data from the USA and the European Union show that respectively 23 and 15 per cent of employees telework at least “some of the time”. But does teleworking actually improve performance?

Today, many businesses include people who not only work from home from time to time but might not even be in the same city or even on the same continent. It’s true that the practice of teleworking (ie, temporal and spatial flexibility) has been popular with employees. Many people say it makes them feel more productive and more satisfied with their job. It’s also true, however, that in the past three years Yahoo!, Best Buy, and HP have all gone back to thinking that having people onsite is better for their performance.

In the flurry of debate that followed, one surprising factor was that people had no hard evidence regarding the value of telework. Surprisingly, given its social and economic importance, telework has still attracted very little scholarly interest. Almost no one has studied the actual impact of temporal and spatial separation on employees and organisational cultures, and the few academic papers on the topic are largely anecdotal and predate the smartphone.

As a researcher at Erasmus@Work, an interdisciplinary research programme at RSM that focuses on advancing our understanding of new ways of working, I’ve been trying to change that. I began collecting data for the centre in 2009. Later, over a five-year period

beginning in 2011, I led four empirical studies of employees and managers to understand how telework affects individual and organisational performance.

Each project involved surveying several hundred employees of major Dutch government and private sector organisations. In these studies, which I summarised in my thesis, *The Distance Dilemma: the effect of flexible working practices on performance in the digital workplace* (2016), I wanted to get to the heart of several fundamental concerns about teleworking.

Those surveys and additional interviews with executives at those organisations gave me a deeper understanding of the fundamental dynamics of teleworking and the new challenges it creates for managers. I ended up with a variety of practical insights about the many ways in which teleworking is changing today’s workplace.

1. Does working from home enhance performance?

As with so many things, the answer is, it depends. People find that working from home can be very productive, but only when home has fewer distractions than the office. However, if the environment at home is actually more distracting – as it might be if the employee is a

parent with young children – working remotely can hurt performance. If both home and office are equally serene, working at home won’t provide any performance benefits. In cases where the work involves collaboration, working from home may also not be helpful.

For knowledge intensive organisations like the government office we studied, even a little less distraction (eg, a 1-point reduction on a 5-point scale) can result in an objective performance increase of 11 per cent per one day of telework a week. This result exceeds the outcome of the only other empirical experimental telework study based on objective data, in which call centre employees self-selecting into a four-day telework programme exhibited a 22 per cent performance increase (Bloom et al., 2015).

2. Can managers give up physical control of their employees without losing actual control?

Unlike the teleworker’s concerns, which





must be resolved on an individual and maybe even day-to-day basis, the answer to the central tele-management question is simple: yes!

First, lack of direct supervision is often not a problem. Most teleworkers aren't slackers by nature. These studies suggested that the extent of telework does not negatively affect their job performance but improves it. In fact, attempts to monitor too closely can backfire: our survey suggests that most of the performance benefit of telework is less about being out of the office than about being given more autonomy. Undermine that autonomy and you undo the advantages of telework.

We also found that the conventional wisdom that remote workers must be managed through clearly defined deliverables is not true either. What matters much more is the worker's psychological contract with the employer. Having an implicit understanding of what the manager and the em-

ployee expect from each other matters a lot for performance. Teleworkers want their managers to trust them more and in return, managers need the employee to deliver a certain level of performance.

Maintaining this trusting relationship is hard to do remotely but frequent communication (ideally several times a week) helps. The key is to realise that remote employees don't need nagging so much as coaching. For instance, managers might provide employees with additional insights into their performance or the effects of their work. An effective approach would therefore be for managers to fo-

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cus on teleworkers' long-term results, and rely on employee self-monitoring and peer support to keep shorter-term performance on shared projects or objectives on target. Similarly, if managers can create greater transparency regarding peer performance, employees can better judge the results of their own work.

In addition, workshops or training sessions for managers – especially if remote working is a new and unfamiliar practice in the organisation – can be helpful. Middle managers are quite likely to oppose this practice if they relied on “management by walking around” or behaviour monitoring. ▶

Does remote working really work? *(continued)*

By **Nick van der Meulen**

3. Does working remotely reduce knowledge sharing?

Yes. Companies have long worried that remote work would not be conducive to knowledge sharing: you can't gather around the water cooler if you don't have a shared water cooler. Our research confirmed that this actually does turn out to be the case; the more an individual's working locations differ from those of their colleagues, the less likely they are to bump into them and share knowledge. Ultimately, our research shows that less frequent knowledge sharing (especially across specialist boundaries) is likely to result in reduced job and proactive performance (ie, innovation).

Geographical distance can be compensated for through telephone calls and online social networking, but peo-

ple who work different hours are at greater risk of being isolated (less aware of their colleagues' knowledge and expertise), our study found. But it doesn't have to be this way, because if organisations supporting telework practices are mindful of the potential adverse effects to their knowledge base, they can encourage teleworkers to reflect on how they structure their knowledge sharing activities across working times, locations, and communication media.

4. Should my company allow telework?

Definitely. Nearly all of the high-performing organisations in our study consider telework an important practice, and it ranks among the top digital workplace practices that are correlated with above-average organisational per-

formance. Employees also appreciate the opportunity to telework a lot.

employees than being required to be in the office. Often, employees don't have access to a satisfactory or distraction-free work environment outside the office. If you do bring in telework, don't make it mandatory. Some people will still want to be in the office.

It is important to keep in mind too that the world's experiment in teleworking is just beginning. The virtual workplace is not like, say, the installation of the telephone: one day it appears on the desk and for the next 100 years, it doesn't budge. As the technology advances, our work environment is likely to continue to morph. Organisations will need to be open to initiatives from their employees to refine their virtual working networks. Managers will need to be willing to continuously experiment, learn and adapt to new protocols. And we had all better get used to it: it's my belief that in the coming years, more and more competitive advantage will depend on how keenly we integrate its new possibilities in our virtual work practices. ■

*“Teleworkers want their managers to **trust them more** and in return, managers need the employee to deliver a certain level of performance.”*



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To get those positive benefits, however, managers will need to treat teleworking as a strategic asset rather than a privilege or idiosyncratic deal limited to a select number of employees. Organisations should also keep in mind that teleworking is not for everyone. One size doesn't fit all: mandatory teleworking could be worse for some

This article draws its inspiration from Nick van der Meulen's PhD thesis, *The Distance Dilemma: the effect of flexible working practices on performance in the digital workplace*, which is published as part of the ERIM PhD Series Research in Management. It may be freely downloaded at [WEB https://repub.eur.nl/pub/94033](https://repub.eur.nl/pub/94033)

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