

SUBMISSION

To the Rural and Regional Committee of the Parliament of Victoria

Inquiry into the Opportunities to Use Telecommuting and E-Business Remotely in Rural and Regional Victoria

From the Australian Human Resources Institute

28 October 2013

On behalf of its 20,000 members, the Australian Human Resources Institute is pleased to respond to the invitation from the Rural and Regional Committee of the Parliament of Victoria on the matter of telecommuting and workforce flexibility enabled by advancements in communication technologies.

AHRI has an ongoing interest in the future of work and workplaces. In 2010 I led a study that was published as an AHRI white paper, and which was titled *people@work/2020 - The future of work and the changing workplace: challenges and issues for Australian HR practitioners*. I was supported in writing the paper by a steering committee of senior HR executives from NBNCo, Telstra, NAB, GE Corporate, IBM and Nathan National Foods.

Among other things, the paper looked at technological and communication breakthroughs, the rising demand for personal flexibility, skills convergence in a multi-disciplinary environment, changes in demography and macroeconomics, and changes in people management practices worldwide in response to these phenomena.

AHRI invites speakers to contribute to the discussion at our many events around the nation, including our flagship annual national convention. This paper will refer to a contribution from Cisco's Martin-Stewart-Weeks who spoke on the subject and was well received by a large Sydney audience at our 2013 national convention in August.

AHRI is a partner organisation on the Australian Government's National Telework Week Panel, and plays an active role in generating discussion in our publications and online media outlets on flexible work arrangements, including the notion of 'anywhere work'.

AHRI has scheduled a member survey in early 2014 on the impact of technology on business, and that will include looking at the views of members whose workplaces are in regional and rural communities. We expect to report on the findings from that study in the first quarter of next year.

This modest submission is informed by our observations as the single HR institute in Australia and what we hear practitioners are saying anecdotally at our events and forums, as well as what they are reporting in the HR literature and online communications with peers.

In the main, my comments will be limited to addressing items (c) and (d) of the Committee's terms of reference.

What is happening in workplaces now?

Working from home

While there are a number of forms that working remotely can take, including the growth of hubs to ease congestion in big cities, the most common and the one most often assumed to signal the future of work, is working from home either on an occasional basis in response to eventualities in the workplace or the worker's life, or by an arrangement that involves a full-time remote office or a standard hybrid model that involves working set days at the office and at home.

According to an article this month in *Smart Company*, "half of Australia's working population are now identified as 'digital workers', using the internet to work from home or on the go, with new research finding it actually enhances the productivity of employees through increased flexibility."

This is a link to the article by Yolanda Redrup:

<http://www.smartcompany.com.au/leadership/management/34161-acma-study-finds-more-australians-working-from-home.html>

The article refers to findings from an Australian Communications and Media Authority study in May this year that reveals 5.6 million adults use the internet to work away from the office outside 'working hours', or to work from home rather than come into the office.

Those 5.6 million people comprise 51% of the total number of employed Australians, a percentage that increases for workers with a university qualification, with 70% saying they had worked from home.

The study also found 39% of employers with less than 20 staff allowed their employees to work from home at least one day a week, rising to 55% of businesses with 20 to 199 employees that were likely to allow employees to work from home.

The majority of digital workers come from industries where employees have long needed to be mobile. They include the communications and property and business services sectors where having a lot of people on the go is a natural part of those work environments.

The study of 2400 households and 1500 small-to-medium enterprises found the highest number of digital workers were from capital cities, aged 35 to 44, were male, employed full-time and had a university qualification.

Almost three million people worked away from the office at least two days a week and 4.6 million worked from home when outside of the office. The survey found the major benefits of working from home are:

- increased flexibility (55%)
- more opportunities to get work done (30%).

Of those digital workers, 53% identified no negatives of working from home.

Of those who reported negatives:

- 24% said reduced access to communication services was an issue
- 20% found there was reduced access to colleagues.

Anecdotal evidence also suggests that many people working from home work longer hours and often produce better quality work outcomes.

Workplace relations and role clarity

The National Employment Standards of the Fair Work Act 2009 require employers to consider employee requests for flexible work options but not necessarily to grant the requests, refusal being on the basis of 'reasonable' business grounds.

Forward thinking employers anticipate which parts of their business are most likely to give rise to requests for flexible work and manage employee expectations accordingly by making preparations to deal with requests in the context of job roles and the broad requirements of the business.

Clearly face-to-face customer service roles are unsuited to off-site work. However, other roles may not be as clear cut and situations will arise in which an employee in a role that might be conducive to off-site work presents with a request to work remotely. The judgment might be made that the role is suitable for such an arrangement but the employee making the request is not. That judgment need not involve a negative assessment of the person's character or a lack of trust, but may involve a judgment about the person's suitability for a remote role; for example, it might be judged that the employee is a gregarious person and would not work happily for long periods in isolation from colleagues.

Dealing with those types of judgments present difficulties and will increasingly require employers to recruit employees for likely teleworking roles who are deemed at the point of recruitment to be suitable for off-site work. In that way, appropriate teleworking appointments can be made in accordance with requests, while refusal of requests made under the legislation are compliant and centre on the work to be performed rather than the individual performing it.

On the other hand, not all employees want to work remotely as observed by an HR consultant reported in Thomson Reuters *HR Report* (November 2012) as follows:

Legislating for flexible work places is a step in the wrong direction, according to HR expert and HR Anywhere managing director Martin Nally. "The Fair Work Act should set award minimum standards, but legislation should not define culture," he said.

Advocating for a "push-pull" approach to flexibility, Nally said employers needed to understand "flexibility can't be imposed as the needs of employees will be individual". He said the challenge for HR was creating a culture where all employees were allowed to define their own objectives, and develop the tools and systems to achieve them.

"The most important task for HR is working with employees to define role clarity," he said. "Role clarity is fundamental to an engaged, enthusiastic employee knowing how they contribute to an organisation." However he said role clarity should focus on outcomes, not skills. "If you get role clarity right, then you can contemporaneously set objectives that will invigorate employees." He said objective setting needed to be more flexible, to build on the interests and enthusiasm of employees. "Employees should be encouraged to set their own objectives because authorship builds ownership."

He said organisations with a "stereotypical approach" to flexibility and career development would be left behind. "HR needs to focus on advancement planning, not career development," he said. "Not everyone wants the same thing, not every employee wants to be on the career treadmill, but that doesn't mean they aren't enthusiastic and important employees." He said the role of HR in a progressive business was to identify what career advancement meant to individuals and build plans upon that. "You just have to look at the way Gen Y operates by saying 'integrate my work into my life' rather than 'my life into my work' to realise that employers need individual attention to employees to obtain maximum enthusiasm and performance

While Nally acknowledges the contribution of the law in fostering workplace flexibility, he leaves little doubt that employers would need to anticipate any teleworking roles required in the interests of the business and that the employees that are recruited into them or trained for them, are undertaking the roles in the full knowledge of those business objectives, and are motivated to achieve those objectives at the same time as fulfilling their own career and lifestyle aspirations.

There are training challenges in all this for workers so that they are aware of business imperatives and skill themselves accordingly, but there are also training challenges for employers. Managers need to define roles appropriately and exercise astute judgments when making appointments consistent with the respective benefits to employer and employee.

It's safe to say there is some way to go with respect to the comfort zones of many organisations in coming to terms with 'anywhere work' models. It is an emerging frontier for learning and development professionals and given the direction in which the nature of work, workplaces and the workforce are moving, it should be a growth area.

Impediments to the take-up of working remotely

While there are strong indications that working remotely is not simply an issue for the future but is happening now and is widespread, there are nevertheless matters that need to be attended to.

Unreliable technological access

Reliability of access to communication technology is critical, and is likely to be a significant factor in the relatively low proportion of non-urban take up of remote work, as reported in the ACMA study. If reliability of communication technology is identified as a negative by a substantial minority in major cities, as it is, it can be assumed that it will be a greater obstacle to take up and productivity outside the cities.

No doubt the introduction of higher speed broadband through the roll out of the NBN will be a factor boosting the increasing confidence of employers and employees to venture into a more fulsome participation in the 'working anywhere' phenomenon.

A reliable broadband should mean employees will feel more confident that they will not lose connection with vital resources that they require to do their work such as system networks, critical documentation and key people at the central business location.

For employers reliable high speed broadband should enable confidence that the productivity of the remote worker is not adversely impacted by inadequate technology, and it should also mean that their work output can be monitored and any performance issues can be identified and managed.

Leadership, management and training issues

With respect to both employers and employees, it is safe to say that the continuing engagement and motivation of remote workers is a critical issue.

While leaders and managers in business have many years' experience in managing employees largely within a line of sight model, in recent times the old Taylorist and transactional command and control structures have become increasingly irrelevant as businesses have become more customer and employee centric, and more transformational structures have been replacing them.

Transformational structures are characterised by servant leaders, collaborative partnering, flexible workplace practices, a customer focus and permissive use of IT, especially social media forms of IT that maximise employee engagement, connectivity and motivation.

That said, we would be getting ahead of ourselves to make the claim that distributed people performance engagement and productivity measures are universally or even widely understood. A considerable investment in workplace training and education will be necessary to bring managers and leaders up to speed with techniques that ensure they are confident in workplace settings that assume a proportion of reports will not be line-of-sight for much or all of the time.

In a paper titled 'Flexible Work: From Control to Resilience' and delivered to the AHRI National Convention in Sydney this year by Cisco's Martin Stewart-Weeks, the idea of 'smart work' in a knowledge economy was explored, as were the notions of control and trust:

The traditional world of work, and the design of most workplaces, was all about control. Essentially they made it easier to keep people in one place under close supervision to make sure that more or less repetitive or mechanical work was done according to standardised rules and prescriptions. In the digital economy especially, and in a much faster and more complex world which lives off, and feeds into, an unpredictable world of knowledge and diverse expertise, control is less important than learning.

What makes organisations resilient - the capacity to retain their shape and integrity in the face of unpredictable shocks and external change - is not how tightly controlled people are but how quickly the requisite skill and knowledge can be sourced and combined to get things done in conditions of volatile uncertainty.

Organisational success in these conditions is a function of rapid and pragmatic learning where authority comes from impact and effectiveness and trust is a function of common values and shared commitment.

Understanding that one size does not fit all

When Yahoo CEO Marissa Mayer earlier this year decided to ban remote work at Yahoo, the decision was condemned far and wide.

Much was said and written about how backward a decision Mayer had made, and included articles like Symmetra's 'The Hypocrisy in Yahoo's Embargo on Flexible Work': <http://www.symmetra.com.au/diversity-consulting-news/the-hypocrisy-in-yahoo-s-embargo-on-flexible-work>

Symmetra pointed out, like many others, that 'among the top 100 companies on [Forbes' 2012 list](#) of the best companies to work for, 84 offer telecommuting benefits.'

Yahoo had decided not to be one of them.

Some commentators, such as Max Nisen from *Business Insider*, defended Yahoo's decision on the basis that while it might be appropriate for 84 of those companies, remote work is not right for Yahoo, or at least not right at its present stage of development. Here is Nisen:

It's been turned into a "jobs issue," about taking away workers' privileges or disdaining working mothers, when it should be about a company that's in deep trouble.

When an entire company's struggling and needs to change its culture, you need their physical presence. "Camaraderie is built by working together. You wouldn't have a basketball team and have 5 players working in separate gyms on their jump shots." (Tom) Gimbel said. "They might be better shooters but they wouldn't know how to work together."

No one would argue that they would rather *not* have their best people in close proximity to their bosses and colleagues. "That's just not a logical thought process," Gimbel says.

It's a mistake to focus on what's being taken away, Gimbel argues. Mayer's actually giving people something: the chance to help save the company. She wants the people who are truly committed, her best people, all in the same place at the same time helping to transform the company.

Google also requires its people to turn up, and it is a company that does not fit the definition of a company in trouble. Its business model is one that requires its key employees to be in the office and if they don't actually live in the Valley, they are required to move to San Francisco and take advantage of the Google bus that ferries them to and from the office each day. Google sees a competitive advantage in hiring creative people who bounce intellectually off each other. It believes that chemistry won't work if they don't get together.

Companies like Yahoo and Google need to be free to make decisions that fit with their vision, their business objectives and the culture they want to achieve, which means someone wanting to be an 'anywhere worker' should look elsewhere.

There are a great many companies like Yahoo and Google that want their employees to show up each day. Some want it for positive culture reasons but others want it because they are not confident under present circumstances that they can get the best value out of their employees if they are not line-of-site with management.

For those companies to move too hastily into a remote worker model before they are ready, could spell trouble, and the uncertainty around issues such as unreliable communication technology and worker isolation move many to adopt a cautionary approach. They need to balance that against losing talent because of a lack of telecommuting benefits, and that is a business decision.

Calls for universal access to telework do not help the case. An approach closer to 'horses for courses' is one that we believe has considerable merit.

The Telstra case and workplace health and safety

Another cautionary element that affects businesses that are considering telecommuting options is the 2011 Queensland Telstra case.

It arose from a Brisbane Telstra manager who in 2006 fell down stairs twice while working from home following a formal arrangement to work three days in the office and two from home.

She was not able to return to work and developed a psychological condition as a result of the injuries and was made redundant in 2007. The Administrative Appeals Tribunal found against Telstra which is obligated to pay compensation and lost income to the former employee for the duration of her life, amounting to many hundreds of thousands of dollars.

While Telstra may be able to cope with that financial impost and is not making substantial changes to its working from home policy as a consequence, it does not like the precedent which has been set in which any place at which the employee works is potentially a 'workplace'.

At the time I was quoted in the *Australian Financial Review* setting out the position then, and that I think still applies:

"Traditionally it was only industries with remote workers – like resources, mining and agriculture – that had to worry about this," said the president of the Australian Human Resource Institute, Peter Wilson.

"Today, the minute you give a staff member formal permission to work off site, essentially their home is no different to an offshore oil rig. As their employer, you've deemed it a legitimate place of work."

While that sounds ominous from one perspective, I added the following as a way of dealing with the issue:

It's in the financial interests of both employer and employee to have clear, legally determined processes around working from home," Mr Wilson said. "That's not hard to achieve, it just requires assessment and risk mitigation."

And while that is true, it still requires businesses to do it. For small and medium businesses, it's still another regulatory burden and signals a need for caution to those businesses with a low risk appetite.

This is a link to the AFR article titled 'Hidden cost of working from home': http://www.afr.com/p/national/work_space/hidden_cost_of_working_from_home_Slskhr5T7gebsmpqsJKSLK

Community and workplace mindsets need to change

One of the difficulties in working remotely from a central workplace is that many people resort to a default notion that such a worker is not really working. That includes visitors who might drop in for a social chat if the home is the workplace and colleagues who take the view that working from home is equivalent to having a day off.

Workplaces need to educate their employees so that they understand the expectation on an employee working from a remote site such as the home is that the employee is at work in the fullest sense, and needs to be available to colleagues in the same way as if they were in the office.

A rider to that is that some employees resort to working from home on a particular day or days to get work urgently completed without the interruptions that an office environment is often subject to.

Community mindsets and perceptions are another matter, and beyond the workplace to correct. Perhaps that is an education role for government. Government, in particular, is often under pressure to show leadership in implementing telecommuting models for their own employees, and correcting negative mindsets could be particularly helpful in creating employment opportunities in regional and rural settings. A caution that is not lost on public servants is that they can be open to adverse judgments in keeping with community stereotypes, in which public sector workers can be seen as easy fair game. Restraint by tabloid press outlets might be required to assist in such an education program.

The flip side of that is the notion expressed in a *BRW* article last year under the title: 'How to stop working from home killing your career' and can be viewed here: http://blog.ahri.com.au/?p=289&goback=%2Egna_79353#%21

The article draws on research from the University of California and the London Business School, and also quotes a 1997 comment by GE's Jack and Suzy Welch that crystallises the problem:

"Companies rarely promote people into leadership roles who haven't been consistently seen and measured. It's a familiarity thing, and it's a trust thing. We're not saying that the people who get promoted are stars during every 'crucible' moment at the office, but at least they're present and accounted for. And their presence says: Work is my top priority. I'm committed to this company. I want to lead. And I can".

The article suggests this recommendation for managers

Don't use trait-based evaluations. "Growing evidence from research on performance appraisal suggests that these evaluations are flawed in a number of ways, including not being linked to companies' strategies or objective outputs and not helping employees understand what to change."

As much as possible, use objective output measures. "Managers who implement telecommuting and flexible hours should revise their performance appraisals to measure mostly objective outputs, such as number and type of projects completed or expert evaluations of project quality." And consider work arrangements when using peer feedback.

And for employees, the article makes the following recommendations:

- Make regular phone or e-mail status reports. Used by 83 per cent of remote workers.
- Be extra visible when in the office. Used by 35 per cent of remote workers.
- Be immediately available at home. Used by 26 per cent of remote workers.
- Get others to talk you up (say hello when you are in the office and talk about what you are working on). Used by 22 per cent of remote workers.
- E-mail or voice mail early or late in the day, so they understand you are hard at work. Used by 20 per cent of remote workers.

If the Committee wishes to contact AHRI further, please do so in the first instance through the National Manager, Government and Media Relations, Paul Begley, on 03 9918 9232 or 0402 897 884 or email paul.begley@ahri.com.au

A handwritten signature in black ink that reads "Peter Wilson". The signature is written in a cursive style with a large initial 'P'.

Peter Wilson AM
Chairman