

Insurance Talent

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THE WORK-AT-HOME DEBATE WORKAROUND

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By Gregory P. Jacobson, chief executive officer

FLEXIBILITY IN THE WORKPLACE IS CERTAINLY A HOT BUTTON FOR TALENT IN TODAY'S MARKET. AS MANY COMPANIES FIND THEMSELVES UTILIZING THE "SILENT PAYCHECK" AS A RECRUITING AND RETENTION TOOL, THE WORKFORCE GAINS A NEW SCHOOL OF BENEFITS INCLUDING THE ABILITY TO WORK FROM HOME.

With a shortage of skilled talent available, these kinds of benefits have a major effect on employer branding. Mobile capabilities allow workers to report in and get work done from virtually anywhere. Data from the most recent U.S. Census revealed that during a typical week in 2010, 13.4 million people worked at least one full workday at home. That is 9.5 percent of the U.S. workforce. From 1997 to 2010, that number increased by about 4.2 million workers¹. There is no denying it; telecommuting is a far-reaching trend gaining popularity in recent years.

This is why a recent announcement from Marissa Mayer, CEO of Yahoo!, drew so much attention. A work-at-home debate was ignited in February when Mayer issued a memo that was met with divided reactions. Beginning this June, all employees are to report to a company facility for work—no more work-at-home arrangements. This ban is to be enforced with little flexibility. Was this a morale killer that will ultimately harm company culture? Or, perhaps, a necessary drastic measure to overhaul current problems Yahoo! faces in regards to corporate identity?

Across all industries, the debate is heated. A plethora of articles emerge daily, each declaring a firm stance in this polarizing discussion. Two irreconcilable camps have emerged. Is the work-

¹ Home-Based Workers in the United States: 2010. U.S. Census Bureau. Retrieved April 10, 2013, from www.census.gov/prod/2012pubs/p70-132.pdf

“ Geographic barriers become a problem of the past. If someone with the exact skill set you are looking for is not willing to relocate, you now have the option of hiring them anyway. The universe of talent has been expanded dramatically. ”

at-home craze a disaster or is it going to change the face of how business is done? The question we should be asking is, “should this debate really be so black and white?” It seems we are neglecting the gray area, where some very important information lies.

Like all decisions regarding your company’s human capital, this is one that requires a careful weighing of the pros and cons to develop a solution that is unique to your organization’s needs. With no “right answer” in this debate, companies must come up with a workaround that complements and improves its culture.

THE PROS

The work-at-home option has certainly made its way into the insurance industry. One great example of success through telecommuting comes from Aetna. Reduced turnover, lessened real estate costs and higher productivity are the top benefits they report with 47 percent of staff working from home². With proper management, many insurance functions are operable from a remote location. It may be hard to believe that a work-at-home program could produce higher productivity. However, a recent study from Stanford University and Beijing University produced some compelling evidence. Researchers worked with a Chinese travel agency, CTrip, to run a nine-month experiment on working from home. A group of 250 employees participated. Half of the group was randomly selected to work from home, while the rest were to stay in the office as the control group. The home workers’ productivity rose by 13 percent with a nine percent increase in minutes worked per shift. Their number of calls per minute increased. Attrition dropped 50 percent among the at-home workers and they reported much higher work satisfaction³. These results provide a strong argument that quality and quantity are no casualty to telecommuting.

Further, introducing a work-at-home option may make your company more attractive to a higher quality talent pool. Geographic barriers become a problem of the past. If someone with the exact skill set you are looking for is not willing to relocate, you now have the option of hiring them anyway. The universe of talent has been expanded dramatically. Those with medical concerns or caregiving duties, perhaps parents who wish to be home when their children get off the bus, are now

² Mid-Year Insurance Labor Outlook Study conducted by The Jacobson Group and Ward Group, July 2012

³ Bloom, N., Liang, J., Roberts, J., & Ying, Z. J. (2013). Does Working From Home Work? Evidence From a Chinese Experiment. Stanford University.

viable candidates. You could argue, then, that a work-at-home program has the added benefit of easing the gender gap by helping mothers who want to work and are seeking greater work/life balance.

THE CONS

Of course, the decision to offer a work-at-home option does not come without consequence. Isolation is probably the most-feared downside for remote employees. Isolation can lead to damaged morale and disengagement. In-office energy creates important bonds between employees. There is something to be said for “water cooler” chatter. Great ideas are born when workers are given the opportunity to collaborate. While virtual meetings provide grounds for collaboration, the dynamic is different than face-to-face interaction. Video and phone meetings tend to carry more formality. Miscommunications are more likely to occur when the bulk of interactions are online. Face time is still the best way to ensure a healthy flow of information and knowledge.

There is also evidence that telecommuting can have a negative impact on work/life balance. When employees are always connected, work demands can intensify. The standard work week expands when employees begin responding to emails at all hours and completing work outside of the traditional nine-to-five. Although the company may not be asking employees to put in the extra hours, a perception may arise that expectations have increased. This can leave employees struggling with work/life balance as the lines between work and home life blur.

Finally, there was a downside to that study from Stanford University and Beijing University, after all. Despite greater performance from the work-at-home group, promotions were down. This had researchers wondering if the cliché “out of sight, out of mind” rings true. By missing out on that important face time in the office, employees’ chances of growth may be stunted. The organization could fall behind from a succession stand point because there may be future leadership potential going unnoticed.

When companies do sit down to develop a work-at-home policy, all of these pros and cons must be considered within the context of its unique culture. By scrapping the all-or-nothing approach, a successful balance can be struck. Maybe the ability to work

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from home is determined by seniority. Maybe everyone reports to a physical office location but is allowed the flexibility to also work from home on preferred days. How much face time does the position require? What level of collaboration is necessary to function?

What it comes down to is that there is no winner in the work-from-home debate. What has worked so well for Aetna, just may be the thing that Yahoo! needed to change its company culture. When there is no definitive answer, a workaround must be put into place that will serve as a unique solution. It won't be a permanent answer as the workforce, and the factors that move it, continue to adapt to a shifting reality of work. ▲

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