

An Examination of the Strategic Contributions of Telecommuting on Organizational Performance (A Study of Selected Firms in Owerri, Imo State)

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Abstract:

This study investigated the strategic contribution of telecommuting on organizational performance, using selected firms in Owerri, Imo State, Nigeria. The study employed a survey approach and used the questionnaire as its major source of data collection. In order to guide the study, three research questions and hypotheses which are consistent with the objectives of the study were raised. Kruskawalis test (H) was the tool for data analysis, and from the findings of the results, the researchers concludes that telecommuting can enhance the performance of organizations in Nigeria.

Key words:

Telecommuting; organizational performance; corporate profitability; operational efficiency; employees' job satisfaction; job design; ICT

1.1 INTRODUCTION

There is a growing demand by employees in different sectors of the economy for increased flexibility in their work schedule. This may have been brought about by the pressing need to give increased attention to personal needs such as family life. This is putting pressure on organizations. To satisfy these emerging needs of her employees, many organizations are strategically migrating from the traditional or structured organization/job design to a more flat and flexible design that can reduce face-to-face supervision and reporting.

Furthermore, one of the major factors that drives industry is the ability of firms in the industry to be reachable at all times and also satisfy customers without geographical boundary limitations. This implies that whether physical contact or otherwise, customers desire that their needs be met at all times. To achieve this, organizations are leveraging on information and communication

technology (ICT) to fill the gap. This have created what is today known as virtual workplace or telecommuting where employees can perform their official task and obligation to their customers from the comfort of their home or any other location outside their formal work environment but with or without physical contact with the client or customer. The concept is described with different names by different countries. According to Baruch (2001), telecommuting, as it is referred to in the United States, tele-working as it is referred to in Europe, home-working, working-at-a-distance, off-site workers, or remote workers are all terms that are used to convey the idea that work is something you do, not some place you go. According to Hill et al., (2003), the current business paradigm shift recognizes that space and time no longer contractually define the mode and nature of work. Workers do not have to go to where the work is - instead, work is now sent to where the workers are - in homes, satellite offices, and neighborhood work centers. This new, mode of work provides both opportunities and challenges. How to mitigate these challenges is a strategic organizational priority and critical success factor for many organizations.

While the concept of virtual workplace may have been fully developed and in practice in developed economies, in developing economies like Nigeria, one can say that it is an emerging issue. This may not be unconnected with the late adoption of ICT in business operations in the country. However, not all sectors of the economy can be said to have adopted this system. Failure to adopt telecommuting may be informed by a wide range of factors such as lack of knowledge, skill deficiency in the use of ICT, nature of business operation and organizational policies etc. Furthermore, telecommuting though accepted by many researchers to promote time efficiency as the employee can avoid certain delays like traffic congestion and other office

distractions, it must be stated that, this is not without cost to the organization. It may breed challenges like: supervision problems, employees' loss of commitment to the organization, financial cost as the employees are expected to be equipped with relevant ICT gadgets. In this light therefore, one can say that its effects on the performance of the organization can either be positive or negative. The researchers therefore seek to investigate how telecommuting has affected the performance of firms in service industry in Nigeria.

Organizational performance is a concept that can be studied from two strands:

- (a) Investigating the factors that determine performance.
- (b) Studying organizational performance as an output or outcome of organizational activities. It is then right to say that what constitutes organizational performance differ base on:
 - (1) The perspective or dimension adopted by the person measuring the concept.
 - (2) The Industry where the firm under study belongs.

1.2 RESEARCH PROBLEM

The concept of telecommuting and its principles is gaining fast recognition among managers, organizational/job design specialist. This may not be unconnected with changing perception and pressure from employees, the need to satisfy customers faster than market rivals, and prudence in organizational processes. The performance of every organization is influenced substantially by the individual performance of the employees. While this is true, jobs that are not designed with employees' satisfaction may lead to low productivity. Furthermore, because not all supervisors are adequate in the knowledge of telecommuting, this may lead to over or

under valuation of employees' performance hence causing inefficiency-induced-inefficiency, this negatively affects the job satisfaction of the employees and may lead to systemic inefficiency. The Nigerian information and communication system is a developing one, hence, its reliability to anchor telecommuting infrastructure is a challenge

1.3 RESEARCH OBJECTIVES

The purpose of this study is to examine the strategic contributions of telecommuting on organizational performance; however, the following specific objectives shall be investigated

- i. Investigate the strategic contributions of telecommuting on corporate profitability
- ii. Examine the strategic contribution of telecommuting on operational efficiency
- iii. Examine the strategic contribution of telecommuting to employees' job satisfaction

2.1 LITERATURE REVIEW

Bagley and Mokhtarian, (2007) defined telecommuting as a flexible work arrangement in which employees work outside the conventional workplace (e.g., home) part-time or full-time and interact with their managers and co-workers by way of computer-based and other telecommunication technologies. Working from home instead of working from the central office location (commuting) is however, not a new phenomenon. Belanger and Collins (2008) posit that telecommuting essentially is "simply arrangements that allow employees and their tasks to be shared across settings away from their central business location or physical organizational locale. Organizational performance according Bibhuti (2010) is defined as the ability of an organization to fulfill its mission through

sound management, strong governance and a persistent rededication to achieving results. Bibhuti again posits that effective nonprofits performance are mission-driven, adaptable customer-focused, entrepreneurial, outcome oriented and sustainable. Richard et al (2009) states that organizational performance comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives). The business dictionary defines organizational performance as compared to goals and objectives. It went ahead to state that within corporate organizations, there are three primary outcomes analyzed: profitability, market performance (in some cases, production capacity performance may be analyzed. Shaw, Nielsen, and Hrivnak, (2009) observes that performance can be grouped into two basic types namely;

- i. Those that relate to results, output or outcomes such as competitiveness, profit e.t.c and
- ii. Those that focus on the determinants of the results such as prices or products.

From these definitions therefore, it can be deduced that organizational performance can either be measured through the profit index (financial variable) or through non-profit index (non-financial variables). Again, the profit index approach is quantitative in nature and easy to determine since there are so many manifest variables such as return on investment (ROI), return on asset (ROA), return on equity (ROE), and net income (NI) through which data about profit can be generated and analyzed. On the other hand, non-profit index reflects more of latent variables hence, measuring their actual contribution is often challenging. However, since this study is a survey, the qualitative data of the non-profit index can be quantified by measuring the extent to which the respondents agree to pre-determine ranked responses (PRP).

2.3 ADVANTAGES AND CHALLENGES OF TELECOMMUTING

TelecommuteConnecticut, (2002) classified the benefits and challenges of telecommuting into two, viz organizational perspective and employees' perspective.

Employee's Perspective:

Autonomy and flexibility over work schedule	Difficulty distinguishing between work and home time
Elimination/Reduction of commute time	Feeling of isolation from workplace social network
Less money spent on commuting, parking, work attire	Inadequate equipment or lack of technical support
Higher morale and job satisfaction	Implications of limited interaction w/manager for career
Avoidance of office politics	Feelings of hostility/resentment from co-workers
Organization's Perspective: <i>Advantages</i>	Challenges <i>Challenges</i>
Improved employee productivity	Difficulty in employee performance monitoring
Lower employee absenteeism	Difficulty in measuring employee productivity
Increased employee retention	Change forces organization outside comfort zone
Larger talent pool from which to recruit/select	Possible negative effects on workplace social network
Reduction in overhead facility costs	Difficulty in fostering team synergy

Source: TelecommuteConnecticut, (2002)

2.4 Key Success Factors in Telecommuting

In the earlier discussions of telecommuting, the advancements in the capability of technology and the decrease in its cost were believed to be promoters. However, it is now evident that just having affordable and efficient technology alone does not equal a high success rate in telecommuting adoption. The decision to pursue telecommuting, whether it be part-time, full-time, home-based or center-based, is more complex and requires the consideration of other crucial aspects, such as suitability of job, support from the organization, interface between work and home, and personal factors.

2.4.1 Suitability of Job

In the view of Mokhtarian, (2008) an individual's choice to adopt telecommuting could depend on the nature of work at one's job and the suitability of technology for specific work-related tasks. Examples of suitable job traits include: high control in time spent on individual work and working with others remotely (little need for face-to-face interaction). Since information workers and sales and marketing personnel are examples of jobs that exhibit the appropriate characteristics, thus, employees with these types of occupations are more likely to pursue telecommute. On the other hand, occupations that require a physical presence, such as chefs, hair stylists, food service workers or firefighters, are not candidates for telecommuting. Thus, it is important to note that examining specific details of the jobs rather than looking at the general job characteristics is a better predictor of whether an individual can pursue telecommuting (Mokhtarian, 2008). Nevertheless, some jobs have selective tasks that can be completed remotely (away from the office). Therefore, some occupations fall

at opposite ends of the spectrum (can or cannot telecommute), while others fall in between the extremes (can telecommute for some tasks or for some of the time).

2.4.2 Support from Organization

The decision to telecommute could also be affected by the willingness of management to permit and trust employees to work from home. The agreement from 'management to consent to telecommuting is affected by the issues of status and power associated with certain types of occupation. For instance, when comparing professional and clerical jobs, both occupations have suitable job traits for telecommuting, however, they do not have the same opportunity to obtain permission to telecommute. Although both types of positions are deemed suitable for telecommuting based on an assessment of general job characteristics, a number of studies indicate that employees with clerical positions may struggle to get permission from management to work from home (Mokhtarian et al., 2008). Thus, status and power may play a vital role in employees' ability to achieve management's approval to adopt telecommute.

2.4.3 Interface between Home and Work

The choice to telecommute could include other aspects, such as availability of office space at home, commute trip from home to work, and family relations. The availability of physical space for a home office could be a larger constraint in telecommuting adoption in some places more than others (Yen, 2000). Nevertheless, the availability of a separate workspace is an important aspect when deciding to take on telecommuting (Bamch, 2000). Commuting to and from work daily may take a toll on some people depending on how long the commute is or how stressful the traffic congestion may be. Thus, elimination of the

commute trip could be a driving force behind current telecommuters.

2.4.4 Personal Factors

The personal factors that could affect telecommuting adoption include familiarity with technology, presence of young children, social isolation, and job satisfaction. Studies show that a high number of personal and household characteristics are significant in influencing one's choice to telecommute. Even though age has been acknowledged as one of the key aspects driving the decision to telecommute, results from a survey of 4,000 employees in Europe uncovered that interest in telecommuting is positively related to one's experience with new technologies and negatively associated with their age (Huws et al., 1990).

Meyers et al, (2002), states that the attitudes of managers and employees towards telecommuting can impact its adoption and the benefits that can be gained from its use.

2.4.4.1 Self-efficacy

Staples et al (2001), citing Bandura (1978) defined self-efficacy as the judgment an individual makes about his or her ability to execute a particular work-related behavior. McAllister (1995) suggested that three conditions are necessary for people to feel a sense of self-efficacy:

- They believe that they have the ability to perform a task
- They believe that they are capable of putting forth the necessary effort
- They believe that there are no outside obstacles that will prevent them from accomplishing the task

The suggestion is that employees who have a high level of remote work self-efficacy are likely to believe that they are more effective

at performing their remote work-related tasks.

2.4.4.2 Trust

Staples et al (1999) argued that trust in a remote work environment (home-based) where employees work away from their managers is fundamental to improving perception of self-performance. A Study of cognitive and affect-based trust by McAllister (1995) established significant correlations between both types of trust, which supports Bandura's finding that organizations can increase their employees' overall productivity and work-related performance benchmarks if they can create a viable environment that empowers them. Increased productivity and employee job satisfaction as well as organizational commitment in such work arrangements depends on the degree of trust management is willing to bestow upon remote workers and in this case, telecommuters (Staples et al. 1999).

2.4.4.3 Anxiety

Employees fear isolation that would potentially diminish their chances of corporate promotion-related exposure (Kurland and Cooper (2002); McCloskey and Igbaria (2003). Bandura (1998) found that emotional reactions such as anxiety had the potential to lead to negative judgments on one's ability to perform the tasks as assigned. Research shows that, more often than not, telecommuters work with few or no coworkers unless required to be present one day or so a week for office social events. This scenario may work well for some and not for others depending on the nature of the job task (high vs. low) interdependence.

2.4.4.4 Monitoring and Reward Structures

As organizations adopt telecommuting, the overall work model potentially shifts from team-based to individual oriented, and management's model of performance

evaluation shifts from evaluation by presence to evaluation by results (Vora and Mahmassani, 2002). Adopting telecommuting means entrusting telecommuters with the responsibility for their work. Porter and Lawler (1968) advocated structuring of the work environment so that effective performance would lead to both intrinsic and extrinsic rewards, which they asserted would in turn lead to increased employee job satisfaction. Their rationale was that if structuring the work environment was objectively done, not only would it induce a positive worker autonomy perception but also make work in general more interesting, rewarding, and satisfying. Gagni and Deci (2005) applied Self-Determination Theory to help understand worker overall job satisfaction and motivational factors. They found that there was a distinction between autonomous motivation and controlled motivation. They concluded that workers tended to respond positively to autonomy in their work tasks because it provides them with the highest sense of choice as opposed to an

extrinsically motivated work environment in which they felt controlled to perform. These conclusions show that remote work and, in particular telecommuting requires intrinsically motivated worker behavior that is autonomous in nature.

3.0 MATERIALS AND METHODOLOGY

The study took a survey approach hence a five point likert scale was used to generate data. Aham (2000) defined data analysis as the conversion of raw data into usable information. To carry out the analysis of data, the researchers used the kruskawalis test (H). The statistical package for Minitab software was used. The kruskawalis test (H) is illustrated as follows;

$$T = H = \frac{12}{N(N+1)} \sum_{i=1}^k \frac{R_i^2}{n_i} - 3(N+1)$$

3.1 Hypothesis One

Ho: Telecommuting does not contribute significantly to corporate profitability

Responds Table 1.

QUESTIONS	SA	A	U	D	SD
1	23	49	3	17	14
2	20	39	8	18	21
3	11	42	9	15	29
4	19	39	13	24	11
5	16	38	15	27	10
6	16	35	15	38	2

Source: Field Survey 2014

Kruskal-Wallis Test: C1 versus C2

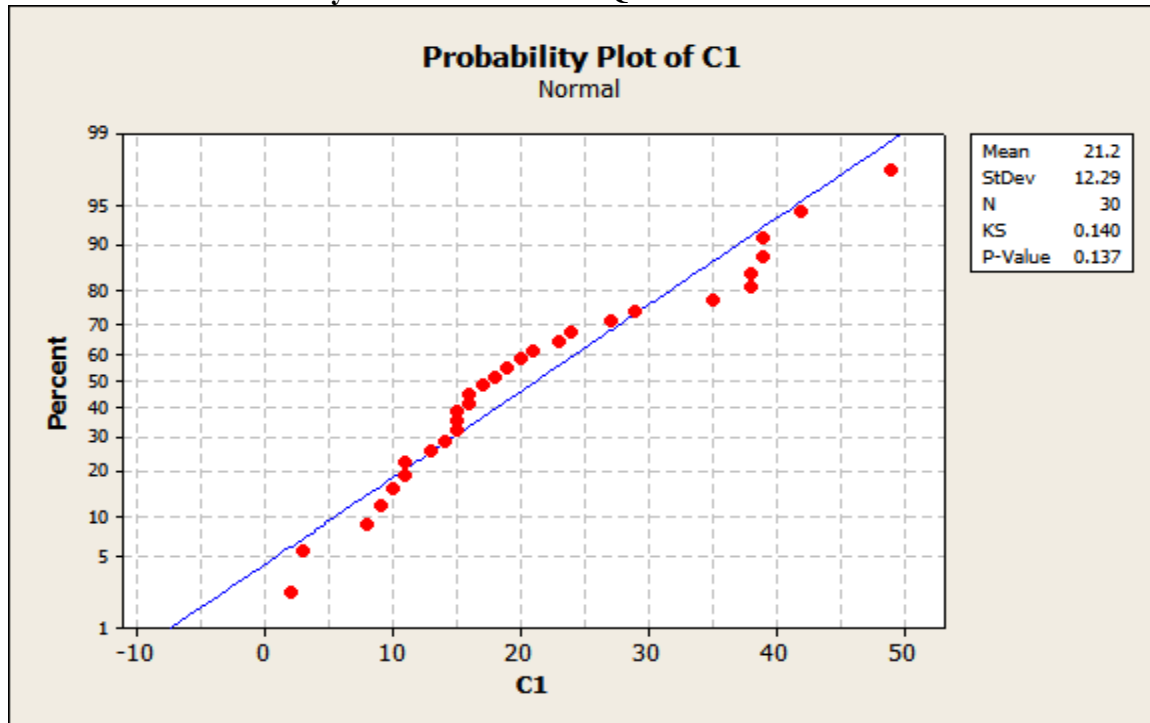
Kruskal-Wallis Test on C1

C2	N	Median	Ave Rank	Z
1	6	17.50	13.2	-0.73
2	6	38.50	27.1	3.60
3	6	14.00	9.5	-1.87
4	6	21.00	18.3	0.86
5	6	12.50	9.5	-1.87
Overall	30		15.5	

H = 16.97 DF = 4 P = 0.002

H = 17.00 DF = 4 P = 0.002 (adjusted for ties)

Data Distribution Normality Test for Research Question One



3.2 Hypothesis Two

H₀: Telecommuting does not contribute significantly to operational efficiency

RESPONDS TABLE 2

QUESTIONS	SA	A	U	D	SD
1	13	40	10	24	19
2	21	33	11	23	18
3	11	19	15	39	22
4	15	39	11	25	16
5	19	28	15	28	16
6	5	17	29	32	23

Source: Field Survey 2014

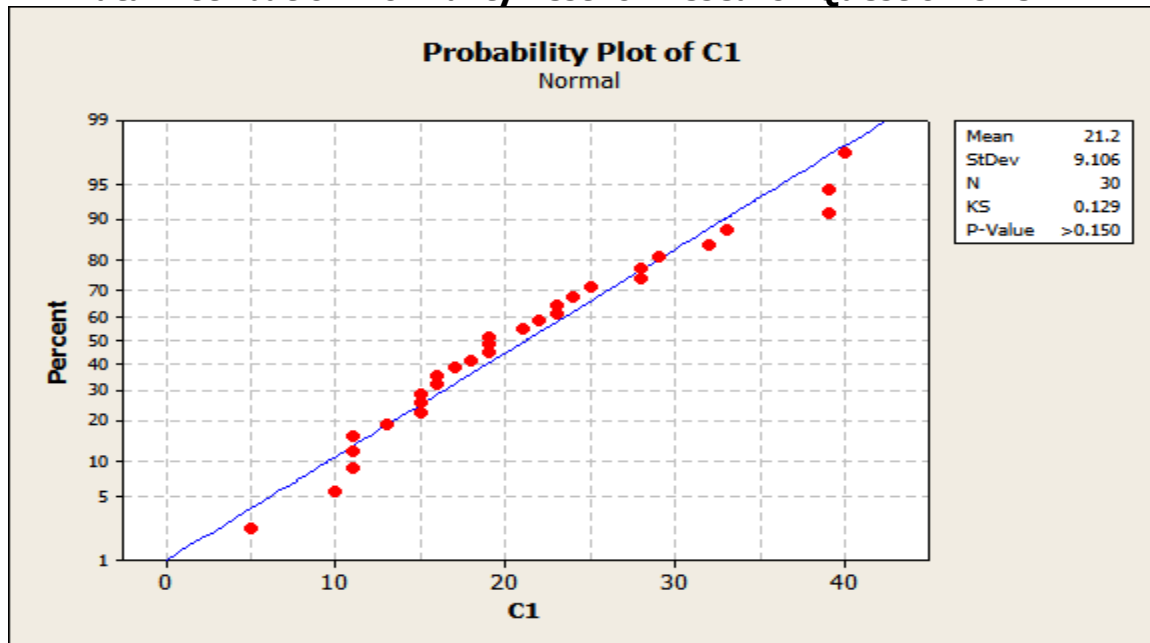
Kruskal-Wallis Test: C1 versus C2

Kruskal-Wallis Test on C1

C2	N	Median	Ave Rank	Z
1	6	14.00	8.5	-2.18
2	6	30.50	22.7	2.23
3	6	13.00	8.5	-2.18
4	6	26.50	23.4	2.46

5 6 18.50 14.4 -0.34
Overall 30 15.5
H = 16.51 DF = 4 P = 0.002
H = 16.57 DF = 4 P = 0.002 (adjusted for ties)

Data Distribution Normality Test for Research Question One



3.3 Hypothesis Three

H₀: Telecommuting does not contribute significantly to employees' job satisfaction

RESPONDS TABLE 3

QUESTIONS	SA	A	U	D	SD
1	13	33	51	26	13
2	24	41	14	15	12
3	18	36	15	24	13
4	13	30	14	38	11
5	19	35	19	18	15
6	25	37	13	23	8

Source: Field Survey 2014

Kruskal-Wallis Test: C1 versus C2

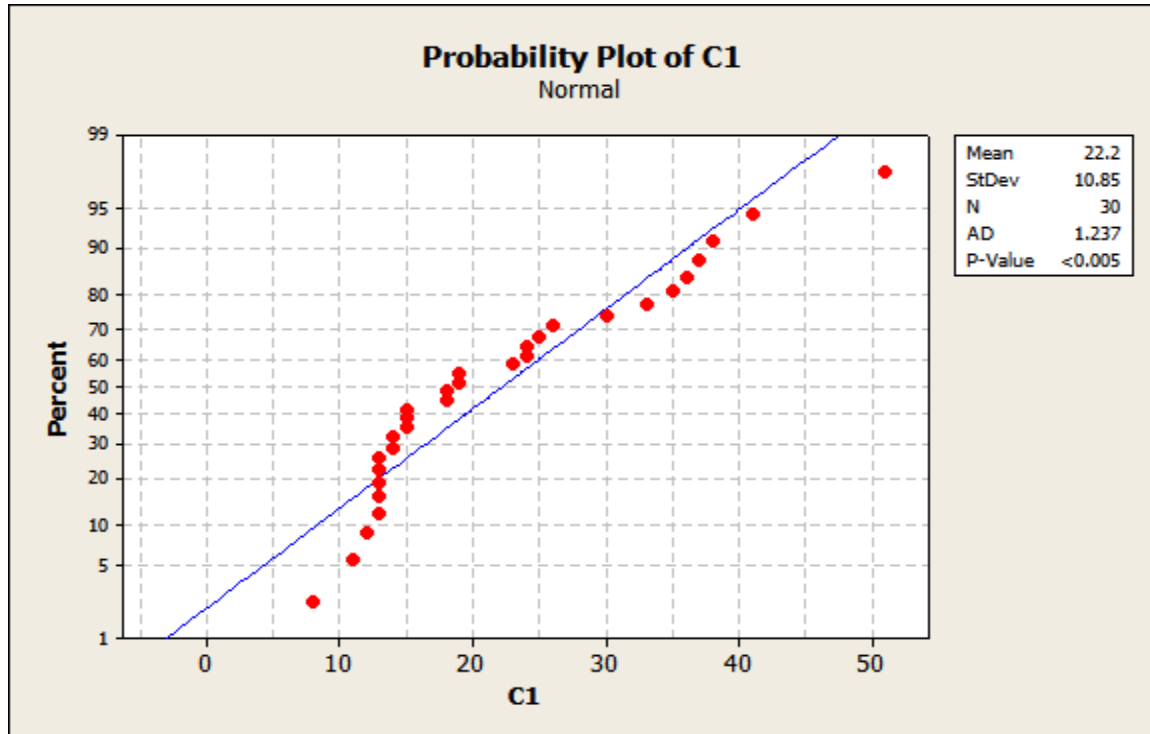
Kruskal-Wallis Test on C1

C2	N	Median	Ave Rank	Z
1	6	15.50	9.7	-1.81
2	6	34.50	25.7	3.16
3	6	14.50	14.6	-0.29
4	6	24.50	19.3	1.17
5	6	13.00	8.3	-2.23
Overall	30		15.5	

H = 15.77 DF = 4 P = 0.003

H = 15.87 DF = 4 P = 0.003 (adjusted for ties)

Data Distribution Normality Test for Research Question Three



4.0 DISCUSSION OF RESULTS AND CONCLUSION

The results obtained shows that telecommuting contributes significantly to the performance of organizations. This contribution is derived majorly by employees improved productivity. The three null hypotheses (Ho) were rejected given rise to the acceptance of the alternative hypotheses (Hi). The study revealed that telecommuting practice in Nigeria is still at its low point and argues that the increasing demand by Nigerian workers for a more flexible work schedule can be achieved by strategically leveraging on telecommuting as a formal work schedule practice.

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