

12th International Strategic Management Conference, ISMC 2016, 28-30 October 2016, Antalya, Turkey

How Far Is Contract and Employee Telework Implemented in SMEs and Large Enterprises? (Case of Slovakia)

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Abstract

The paper deals with implementation of telework and highlights the inconsistencies in presented outcomes of various surveys focusing on numbers of organizations implementing it. These discrepancies result from differences in legislation of individual countries and differing methodologies used in individual surveys. The research data present the implementation of a particular type of telework (contract and employee telework) in Slovakia and compares the extent to which these work arrangements are implemented in SMEs and large enterprises and in the organizations classified by their ownership scheme.

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Peer-review under responsibility of the organizing committee of ISMC 2016.

Keywords: SMEs; Large enterprises; Telecommuting; Telework; Contract Telework; Employee Telework

1. Introduction

The current boom and accessibility of devices based on Information and Communication Technologies (ICT) result in their enormous application in work-related activities. Recently, this opportunity has enhanced the emergence of new needs and challenges for organizations that started implementing and developing new flexible forms of work arrangements. Such forms have been repeatedly presented by global and European organizations, e.g.

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in documents, agreements and directives of the International Labour Organization, European Commission and the European Parliament, as a tool for solving some of the current entrepreneurial problems.

Today, companies have to cope with various structures of working hours as well as the place of performance. Currently, work thanks to ICT can be executed at the client's place, at home, in a means of transport or, for instance, in a café. In all the cases the worker is considered to be a teleworker, i.e. working from a remote place from the employer's premises. Such an arrangement influences production methods, procedures as well as the work arrangements themselves. Eurofound defines these forms of work arrangements from the perspective of employment as "employment relationships not conforming to the standard or 'typical' model employment" (Eurofound, 2009). The reason for introduction of new work arrangements is the company's need to become flexible in terms of time and place of performance as well as the number of employees at a time (if there is a need for increased number of workforce, at present, companies also tend to apply flexible work arrangements). Herein work arrangement is the term umbrelling any arrangement of work referring to the questions *When? Where? and How long?* work is performed. Based on individual questions three categories of flexibility can be identified: temporal flexibility (e.g. flexi-time), localization flexibility (e.g. telework and work at home), and numerical flexibility (duration of the contract, e.g. seasonal work, fixed contracts, agency work, etc.). Numerical flexibility covers any adjustment of the number of workers, i.e. the increase or decrease, to the company's needs.

The goal of the survey is to identify the implementation of a specific flexible work arrangement – telework – from a particular perspective. The interest stems from the differences presented in various studies where some introduce contract telework exclusively, however others include employee telework as well. In our research we focused on identifying the implementation of both the forms of telework in Slovakia and looked at reasons for implementing the forms from the perspective of the organization's size (SMEs vs. large enterprises) and the form of the organization's ownership (government ownership vs. private organizations with majority foreign ownership vs. private organizations with majority Slovak ownership).

2. Telework

Telework as a relatively new work arrangement offers employees freedom in terms of time and place of performance. It is an inherent feature of telework that employees are more autonomous in managing their own work without direct supervision. The definition of telework in the European Framework Agreement is kept deliberately broad. Article 2 of the European Framework Agreement on Telework of 2002 (hereafter the European Framework Agreement) stipulates that: "Telework is a form of organizing and/or performing work, using information technology, in the context of an employment contract/relationship, where work, which could also be performed at the employer's premises, is carried out away from those premises on a regular basis" (Eurofound, 2002). While this definition allows for wider agreement on the definition in the European Member States, the lack of a clear and unambiguous definition presents a problem for measuring and comparing the incidence of telework across countries. A slight deviation from the definition in the agreement appears in the EWCS (European Working Conditions Surveys) that measure only telework 'from home', while the European Framework Agreement covers workplaces away from the employer's premises other than home as well. This deviation, however, can be considered negligible, since the evidence from other national and sectoral statistics shows that 'home' is a worksite for the large majority of teleworkers. It should be highlighted that as definitions vary throughout Europe, no comparable national statistics on telework are available yet. Since telework is relatively new, the majority of countries have just started gathering statistics on telework; therefore, the national data do not yet have a solid ground (Baltina, 2012).

The term 'telework' ('telecommuting' in the US) was coined by Jack Nilles in the year 1973. It widely spread primarily at the beginning of the 21st century. Its growth was not prompted exclusively due to the companies' reactions to the markets' needs, but also thanks to the fact that ICT products turned to be less financially demanding and the fast Internet coverage spread. At present, based on the Reuters data every fifth employee in the world works in the telework mode at least a part of his/her working week (Reaney, 2012).

2.1. Categorization of Telework

To interpret the data provided by various surveys more reliably, the most commonly used categorization of telework forms must be introduced. It can be categorized by *the place of performance* as part of *localization flexibility*, as follows:

- a) *Home office* represents the form in which the employee works at home utilizing ICT.
- b) *Satellite centre* is the form in which the employee works in a centre established by the employer outside the employer's premises, e.g. at the client's place. IT programmers or database administrators are the occupations working typically in this mode.
- c) *Street work* is the form in which the employee works at a public place, e.g. in a café or a means of transport. This form has been implemented just recently and its implementation stems from the accessibility of the Internet and new developments of mobile devices.

The most common classification of telework by the number of working hours spent at a working site relates just to the *Home office* category and is categorized as follows:

- a) *Home office one day a week.*
- b) *Home office more days a week.*
- c) *Home office all days a week.*

However, with regard to the differences in statistical data, the categorization of telework into the following categories has become most important:

- a) *Contract telework*, i.e. the work arrangement in which an individual works on a contract basis for an employer and works remotely at least one day per month during normal business hours (WorldatWork, 2011). All three categories of *Home office* together with *Satellite centres* belong to this category.
- b) *Employee telework*, i.e. the work arrangement in which a regular employee (full- or part-time) works remotely at least one day per month during normal business hours (WorldatWork, 2011). All three categories of *Home office*, together with *Satellite centres* as well as *Street work* belong to this category.

2.2. Implementation of Telework

The report Worldat Works published in 2011 claims that 6 out of 10 employers implement telework informally, i.e. they implement employee telework. Employees may simply be unaware of the existence of telework options because many such programmes are implemented informally. At the same time, in many cases telework offered by the employers is presented as a benefit. It is usually an employee taken on a regular contract of employment and, at the same time, the employer offers him/her lower number of business days a week in the office and the remaining days he/she works from home. Therefore it is important to differentiate between the forms of telework undertaken, i.e. contract telework and employee telework when interpreting various survey data (WorldatWork, 2011).

There are no statistical data available with the exactly defined telework in individual countries that could be reliably compared. The differences stem from different legislative definitions of telework in the countries and the consequent different methodologies identifying numbers of organizations with telework as well as overlooking the difference between contract and employee telework. In some countries, the both forms are considered telework, in some countries employee teleworkers are not included in surveys and therefore the surveys cover just contract telework. In some countries, self-employed persons are also considered contract teleworkers (Eurofound, 2008; CBS, 2009). These differences lead to different methodologies used to identify the implementation of these work arrangements and to the data that ask for different interpretations.

In addition, not all workers can work as teleworkers. One of the ethical issues behind telework is who should have the chance to be a teleworker? One may have more chance to work at home because he/she has young children. The other may argue he/she also has personal problems. To combine telework and office work is favoured by most

workers. Many think that teleworking once or twice a week is a reasonable schedule. Businesses also favour this suggestion because workers are more satisfied and companies save money from the arrangement.

3. Survey Objective and Methodology

The objective of the survey was to identify the implementation of two different forms of telework, i.e. contract telework and employee telework in different types of organizations (categorized by size and ownership).

The core data on telework used in the survey are statistical reports, documents and guidelines of the European Union as well as the data coming from the field survey. The field survey was carried out in 2014-2015 and covered 191 companies. The sample – with regard to the size of the Slovak market – is representative enough.

The questionnaire was focused on identifying the implementation of contract telework and employee telework in the selected companies. It was distributed by e-mail to HR managers or the owners of the companies based on the prior telephone call.

The respondents were companies' managers or owners. The selected sample was classified by the size of the company into *SMEs* (<250 employees) and *large enterprises* (>250 employees). SMEs included 131 companies and large enterprises 60 companies.

In addition, the sample was classified by the ownership of companies into the following classes: *organizations with government ownership* (18 organizations), *private organizations with majority foreign ownership* (78 organizations) and *private organizations with majority Slovak ownership* (95 organizations). This classification was expected to identify the differences in telework implementation in organizations with government ownership, private organizations with majority foreign ownership and private organizations with majority Slovak ownership (if any) possibly caused by the foreign investment in the Slovak context.

4. Results and discussion

The results of the survey (Figure 1) show that employee telework accounts for 76.6% in large enterprises and 49.6% in SMEs. Contract telework accounts for 16.6% in large enterprises and 12.21% in SMEs. It is, however, important to highlight that 11.52% of the organizations in the survey have implemented both the categories, i.e. employee telework as well as contract telework (the fact is not depicted in Figure 1, 22 organizations claimed to have implemented both the categories).

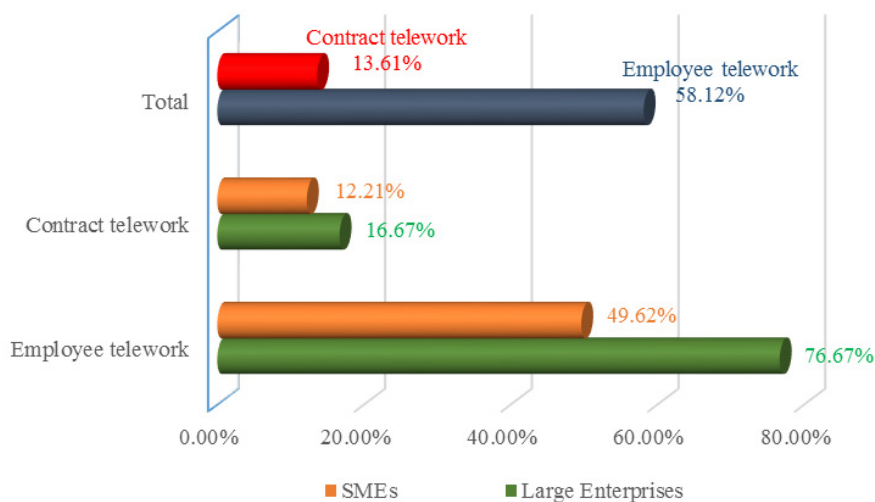


Fig. 1. Implementation of contract and employee telework by the size of organizations.

Regardless the size of the surveyed organizations, 13.61% of the organizations implement contract telework compared to 58.12% implementing employee telework. Generally, the data demonstrate that employee telework is implemented by more organizations. Telework as such regardless the distinction between contract and employee telework is implemented by 60.21% of the surveyed organizations (i.e. 115 organizations out of 191 organizations).

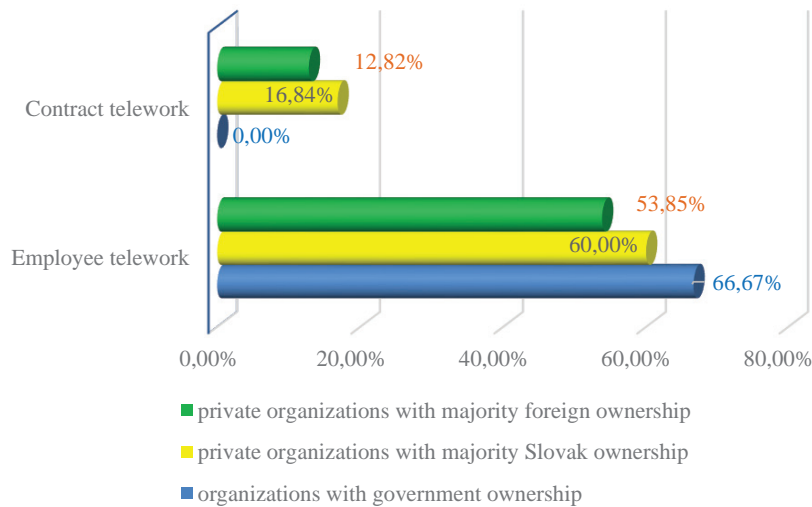


Fig. 2. Implementation of contract and employee telework by the ownership of organizations.

Figure 2 depicts the percentage of the organizations implementing contract and employee telework classified by the ownership of the surveyed organizations, such as organizations with government ownership, private organizations with majority foreign ownership, and private organizations with majority Slovak ownership. Contract telework is implemented in 12.82% private organizations with majority foreign ownership and in 16.84% private organizations with majority Slovak ownership. This category is not implemented in the organizations with government ownership at all. Employee telework is implemented by 53.85% surveyed private organizations with majority foreign ownership, 60.00% private organizations with majority Slovak ownership, and 66.67% organizations with government ownership.

5. Conclusion

The survey documents the tendency toward more frequent and wider utilization of flexible work arrangements, contract and employee telework in this case. The tendency results from the fact that organizations benefit from the implementation of telework namely in the increased time spent face-to-face with clients, decrease in the costs of rent and maintenance of premises (heating, light, and the like) and increased attractiveness for highly qualified employees. In addition, in many cases, telework is perceived as a solution to traffic problems in rush hours and the like.

The clear distinction between contract and employee telework uncovers the imbalanced implementation of the two forms from the perspective of the organization's size and its ownership.

The collected data prove that contract telework is implemented significantly less than employee telework. Contract telework is implemented by 13.59% (26 organizations out of 191 surveyed ones). Employee telework is implemented by 58.11% (111 organizations out of 191 surveyed ones).

From the ownership perspective, the significant difference lies in non-existence of contract telework category in the organizations with government ownership, even though that category of organizations applies employee telework most out of the surveyed organizations (Figure 2). The absence of contract telework in the surveyed government-owned organizations stems from the legislation (Slovak legislation defines exclusively contract

telework), the outcomes of social dialogue, and collective agreements covering the organizations with government ownership.

The Slovak legislation stipulates that telework ‘is the form of work executed outside the employer’s premises utilizing ITC with the costs of the devices and their use, the Internet connection, etc. covered by the employer. The employee, in this case, is not entitled to the reward for overtime’.

Of course, the work arrangement and team inclusion in the organizations with government ownership are specific and the specificity influences also the perception of contract telework. Here, telework is perceived by employees to lead to social isolation. On the other hand, this category of organizations frequently utilizes employee telework. It is perceived as a benefit. Here, employee telework calculates with the costs of ITC devices and their use, the Internet connection, etc. to be covered by the employee.

As comes from the results, large enterprises implement telework more than SMEs. The reason is that work in large enterprises is more formalized, teleworkers work along the guidelines and formal rules concerning procedures and outcomes in terms of the receiver of the results, how to deal with exceptional situations and the like. In smaller organizations work is influenced by non-formalized solutions (unrecorded changes) when the presence at work is inevitable for understanding the organization’s functioning here and now. In small enterprises, the processes are usually managed by “we’ll tell each other”, while in large enterprises the processes are formalized in guidelines and instructions. However, SMEs implement employee telework here and there (e.g. once a week) and it is perceived as a benefit.

The survey shows that the implementation of employee telework is perceived mostly as an employee’s informal benefit with a potential positive impact on his/her increased productivity and satisfaction. On the other hand, it is frequently considered to be the alternative to the traditional work arrangement with the employee working from home without the employer’s necessity to settle his/her overtime. And thus, in spite of the positive perception of the possibility to work from home, the increased employer’s demands on the amount of executed work together with the difficulty to separate working and personal time in home settings can have an opposite influence on the employee. Inability to separate working and personal lives can – at the end – decrease the employee’s performance and satisfaction.

Contract telework is perceived differently. The extent of working hours is explicitly identified; such a form is covered by the contract with clearly stipulated conditions and terms. In Slovakia, based on the survey, we expect the increase of employee telework presented as an employee’s benefit bringing the advantages for the employer (eliminating overtime) and decrease of contract telework.

The data presented represent the first phase of the survey focused on the number of organizations implementing contract and employee telework from the viewpoint of the organizations’ size (SMEs and large enterprises) and their ownership scheme (organizations with government ownership, private organizations with majority foreign ownership, and organizations with majority Slovak ownership). More research is needed to understand better the distinction between contract telework and employee telework (that is uncovered in most surveys), identify the legislation enabling or hindering the implementation of the both types and, last but not least, to identify advantages and disadvantages of their implementation from the managers’ and employees’ point of view.

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