

Background: Telecommuting

Telecommuting is the term for working from a remote location, usually an employee's residence. In working-from-home arrangements, employees are connected to employers and company servers via the internet and are able to communicate regularly in real time using email, instant messaging, webcams and conference calls.

Pro and Cons

Telecommuting brings advantages and disadvantages to the way companies do business. Here's a look at some of the pros.

- **Increased productivity**—While it's easy to imagine workers shirking their duties at home more readily than in the office, numerous studies show that workers who telecommute are up to 55% more productive.
- **Fewer costs**—Over half of all employers reported cost savings as a significant benefit to telecommuting. By allowing workers to telecommute, companies reported big savings on real estate, absenteeism and relocation costs. In many areas there are also grants and other financial incentives for companies that offer telecommuting.
- **Increased employer flexibility**—Telecommuting gives employers the option to hire from across the country without worrying about relocating workers to a central location. Employers can also more readily hire part-time, semi-retired, disabled or homebound workers.
- **Healthier employees**—Telecommuting relieves the stress caused by commuting and other issues related to the workplace or being away from home. Telecommuters eat healthier and exercise more than their office-bound counterparts, and are less likely to get sick from contagious germs.

Below are some of the potential disadvantages of telecommuting:

- **Disengagement**—Many employers say that telecommuting interferes negatively with the relationship between workers and management, and can foster jealousy and rivalries between telecommuters and non-telecommuters. Staying connected and supervising employees who work from home can also be a challenge for managers.
- **Lack of collaboration**—Innovation can be stifled when workers are not physically interacting with each other.
- **Technology and security concerns**—Not all employees are tech-savvy, and there can be problems trying to remotely access an office network or set up remote meetings. Sensitive company information carries the potential for greater risk of being compromised through unsecured home computers.

Legal Issues

In addition to the strengths and weaknesses of telecommuting, employers must recognize legal issues associated with it before deciding whether it is right for them. The following are legal issues that may need to be addressed.

Property

Make sure you have a clearly stated company policy for employees who are issued company electronics that addresses what to do in the event they are lost, damaged or stolen. Consider insuring more expensive items.

One way to handle company property issues is to have a written policy in place. If you are issuing electronics to your employees, have them sign something that acknowledges their receipt of the equipment, and indicates who is responsible for maintenance and damages.

An Employer's Quick Guide to Managing Remote Workers

Privacy

Employees should be made aware of their privacy rights when working from home. Just because work is being performed on a home computer doesn't mean that it's exempt from being monitored or inspected by the employer. Though the location may be personal, employees are still acting under the scope of employment.

Security and Confidentiality

Security concerns arise with workers accessing company information from their home computers. One way to guard against intentional leaking is to require that telecommuters sign a nondisclosure agreement. Have your company outline security measures employees should follow to protect information on their computers from exposure to external forces.

Payroll Records and Compensation

Telecommuting presents difficulties for employers in complying with hourly recordkeeping regulations. Employers with telecommuters should set up a way to track those hours and ensure their accuracy.

Similarly, federal rules on overtime and rest and meal breaks apply to telecommuters as much as they do to employees in the workplace. This makes an employer's obligation to track employee hours especially important.

Employer Liability

What happens if an employee slips and falls at home, while on the clock? Or what if an employee commits a crime in the scope of his or her employment while telecommuting? What about workers' compensation?

Employer liability remains a considerable concern for telecommuting employees. For starters, you should have a specific policy in place to address work-related injuries or torts that occur at a telecommuting employee's home office.

Overtime Pay

Allowing employees to work remotely outside of normal work hours (for example, checking their emails at night) could trigger overtime wage issues for certain eligible employees under the provisions of the Fair Labor Standards Act (FLSA). An employee working remotely is performing compensable work if he or she is completing a principal activity, or if he or she is on duty.

If employees are performing compensable work and are not covered by an FLSA exemption, they are entitled to overtime pay. FLSA violations can lead to lawsuits, criminal charges and fines. For more information on overtime compliance, contact Toole Insurance.