

Case Study 1 Yahoo Cuts the Cord on Telecommuting

Not everyone thinks telecommuting is ideal for their organizations. In early 2013, Marissa Mayer, who had been named Yahoo's new CEO less than a month earlier, ended telecommuting at the struggling Internet-search company. Yahoo's decision surprised people because telecommuting is particularly prevalent in high-tech industries, particularly in Silicon Valley, where Yahoo is located. How could the firm hope to compete for employees in the area if it ended telecommuting? One tech news outlet called it "the worst decision Marissa Mayer has made in her tenure as Yahoo CEO."

Silicon Valley isn't the only place where telecommuting has taken off, though. Across the country, the number of employees telecommuting has grown by about 75 percent in the past six years. According to some statistics, more than 3 million people, or roughly 10 percent of the workforce, telecommute full time, and an estimated 16 percent telecommute one day a week. Many firms have embraced telecommuting, claiming that it leads to more productivity and a better work-life balance.

However, a recent survey by the independent research firm ORC International found that roughly 75 percent of people in the American workforce have *never* commuted. And although most of the people surveyed thought telecommuters were very productive, 29 percent of them said they believe telecommuters spend most of their time "goofing off." Reportedly, Mayer learned that many of Yahoo's telecommuters weren't logged onto Yahoo's intranet when they were supposed to be and that the company's offices were nearly empty on Fridays.

It's also likely that Mayer thought some synergy was being lost by telecommuting because it left fewer Yahoo employees communicating face to face with one another. The memo Yahoo sent its employees announcing telecommuting would be discontinued

read: "It is critical that we are all present in our offices. Some of the best decisions and insights come from hallway and cafeteria discussions, meeting new people and impromptu team meetings."

James Surowiecki, a writer for *The New Yorker*, agrees with Mayer. "It's possible to have conversations like this online. But in most organizations they don't happen." For a firm like Yahoo that relies on the next great idea to stay ahead of the pack, that could be a serious detriment. In addition, much of the value that gets created in a company occurs when workers are in close proximity to one another and teach and learn from each other, Surowiecki says. He notes that it's telling that the companies, like Google, have outfitted their campuses with every perk imaginable to encourage employees to show up at the office.

Lastly, it's possible Mayer doesn't think telecommuting is necessarily a bad practice but that a firm's HR and other policies can't be set in stone if the company is going adapt to changing business conditions. In other words, firms have to tailor their HR strategies and the design of jobs to meet the conditions they are facing. And the conditions Yahoo is facing as it struggles to keep pace with its competitors are currently dire.

Discussion Questions

1. How can a firm know when it's a good idea to implement telecommuting or not?
2. Can you think of any other pros and cons related to telecommuting that aren't mentioned in this case?

Sources: James Surowiecki, "Face Time," *The New Yorker* (March 18, 2103), <http://www.newyorker.com>; Chris Isidore and Paul Steinhauser, "Americans Say Te-lecommuting Works," *CNNMoney* (March 14, 2013), <http://money.cnn.com>; "Best Buy Copies Yahoo, Reigns in Telecommuting" *USA Today* (March 6, 2013), <http://www.usatoday.com>; John Challenger, "Yahoo's Telecommuting Ban Shows Mayer Is Working," *MarketWatch* (Marcy 4, 2013), <http://www.marketwatch.com>