

# The New Era of Home-Based Work

Directions and Policies

*Edited by*  
**Kathleen E. Christensen**



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## Foreword

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This important book conveys some of the profound changes occurring in the assumptions, meanings, and practice of workplace and workforce. The simple view of the Industrial Revolution is that work shifted from farm and home to mill. Yet that view profoundly neglects the continuing importance of women's household labor in making men and women available for work outside the home—what has come to be called “the reproduction of labor”; in addition, the separation of work and home has never been complete. Homework defined as paid industrial labor performed at home has persisted in the United States despite legislative attempts to limit it. Many office workers and professionals are expected to continue their salaried duties after employer-based “working hours”: Witness the “briefcase brigade” of commuters and others.

This book analyzes a significant emerging chapter in the continuous and sometimes tumultuous renegotiations involving employers, employees, technology, workplace, and workhours. The work relationship is not a fixed set of formulas, agreements, procedures, or rules. For example, the Wagner Act of the 1930s moved labor relations toward greater participation of unions in bargaining for employees. Today, the theme of improving U.S. participation and competitiveness in global markets has weakened workers' and unions' influence in workplace relations. Employers are asking their unionized factory workers to be more flexible about job titles, pay schedules, seniority, and work task regulations (sometimes providing incentives such as year-end bonuses tied to profits).

Home-based white-collar work can be seen as part of the expansion of contingent work: part-time, temporary, or off-the-premises employment. An alternative interpretation might be that it is the human resource equivalent of the Japanese practice of “just-in-time” inventory process, since it avoids the stockpiling of staff. Many expect that both contingent work and its home-based white-collar component will grow rapidly as they fit into the business desire for employer flexibility and lower wage and fringe benefits' costs. If they do grow as expected, safeguards may

be necessary to regulate these work patterns, for the many who work in these ways are particularly vulnerable to exploitation.

Today's home-based white-collar work is not an add-on to the working day as is the briefcase brigade, but rather, it is the major form of paid work for a growing number of women and for a smaller number of men. As the authors in *The New Era of Home-Based Work* dispassionately point out, home-based workers sometimes pay a price for the flexibility of place and time that such work offers.

Although white-collar home-based work can be viewed as continuing past traditions of home-as-workplace, it should also be seen as moving onto new tracks made possible by the high technology of computer processing. For example, U.S. employers' insistence on physical and social control of the work process, thus requiring a large supervisory force, is overcome in home-based work. Performance or output measures, eased by the computer's capacity for data processing, are deemed sufficient. White-collar home-based work assumes that employees will provide the physical infrastructure usually supplied and controlled by employers. The split between formal and informal work sectors has never been sharp; home-based work may foretell a formal informal sector in which on-the-books, regular employers operate through the premises of those who are presumably employees.<sup>1</sup>

Home-based white-collar work should be seen as transactional, for both employees and employers are involved in structuring this arrangement. The former may desire the arrangement as much as many employers who seek reduced labor and space costs. Home-based work should be viewed in broader terms than an economic arrangement.

Among its negative components is that home-based work impinges more obviously and perhaps directly on family relations and child development than do centralized work settings. A mother working at home may be more physically present than if she worked in a faraway office, but she may also be preoccupied with her work demands because she has no fixed, limited work schedule. The home may not be a haven for any of its members.

The new arrangements raise questions of the legal and economic relationship of employers and those who are paid by them. This issue is evident in the debate about who is an independent contractor and to what extent that designation is a dodge to reduce burdens on and responsibilities of employers.

Michael Piore informs us that the profound separation in manufacturing between home and work led to the invention of the concept of "unemployment."<sup>2</sup> In our new, unfolding work world, these lines are again blurred. It is a real contribution to have a book that moves beyond anecdote and occasional journalism to sustained analysis and research.

The contributors' diversity of vantage points (academic, government, unions) aids us in interpreting the swiftly moving phenomenon of home-based white-collar work. Their chapters help us consider what is changeable and inexorable in the future of home-based white-collar work and which options and choices to pursue or set aside. Areas of ignorance are pointed out rather than covered by rhetoric.

As workplace and workforce change, our received wisdoms about desirable directions need reappraisal. Research that is both historical and contemporary aids our understanding of the continuous process of renegotiation in the relationships of market and society. *The New Era of Home-Based Work* initiates a new stage in the study of one important component of the significant changes that are occurring and that will likely speed up. It is an excellent beginning.

S. M. Miller  
Boston University

## Notes

1. The September 1987 issue of *The Annals* is devoted to the informal economy.
2. Michael J. Piore, "Historical Perspectives and the Interpretation of Unemployment," *Journal of Economic Literature* 25 (December 1987):1834-1850.



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No book is ever the product of only one person, and this book is no exception. Audrey Gartner was an invaluable editor whose insights and talents contributed markedly to the book. Halina Maslanka assumed overall responsibility for the coding of the manuscript and skillfully brought it to completion. And Adrienne Royals typed and retyped what I am sure at times seemed like countless versions of chapters. Special thanks to Jack Murray for his comments on various stages of the manuscript and to Beverly LeSuer of Westview Press for her insights and sustained efforts as project editor. Finally, I want to thank Miriam Gilbert of Westview Press for her wisdom and humor throughout this project. It has been a pleasure to work with her.

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New York City*



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# Introduction: White-Collar Home-Based Work— The Changing U.S. Economy and Family

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*Kathleen E. Christensen*

Home-based work constitutes one of the most controversial labor issues in the 1980s. Advocates argue that working at home increases autonomy on the job, enhances flexibility in balancing the demands of work and family, and protects the basic right of U.S. citizens to work where they want. Critics maintain that working at home creates an invisible workforce that is easily exploited, forces women back into the home, and precludes the development of a national policy of child care and elder care supports.

The public debates on homework, both industrial as well as white-collar, have been intense and vociferous. Yet, according to May 1985 data collected by the U.S. Bureau of Labor Statistics (BLS), only 1.9 million Americans work exclusively in their homes—representing only a small fraction of the entire American workforce. Why has such a minority of workers been able to claim so much U.S. political, economic, and social attention?

One of the most likely reasons is that the move toward white-collar homework is indicative of larger trends that are propelling American firms and families to rethink the traditional division between the home and workplace.

Although home-based work is certainly not new to American society, the emergence of white-collar office homework is. Until the Industrial Revolution, agricultural and cottage industries dominated the economy, and, throughout history, certain groups such as scholars, writers, craftspeople, and artists have worked at home, seeking a measure of solitude. However, since the advent of the industrial era, other needs such as supervision, communication, and the cooperative use of resources and



equipment have predominated, leading to the centralization of the workplace, first in factories, then in offices. The notion of work and family as separate and relatively autonomous behavioral spheres grew out of this physical separation of the centralized workplace and the home.

Current changes in the economy and the family are precipitating changes in attitudes toward the separation of the home from the workplace. The move toward a "lean and mean" corporate labor force and the shifting boundaries between work and family are resulting in new work arrangements for men and women.

This book focuses on the causes and consequences of paid white-collar work in the home, including work that is professional, managerial, clerical, technical, and sales. It is directed to audiences concerned with both the policy issues and the research challenges raised by working at home.

There are a number of terms currently in vogue to cover gainful employment in the home; here, the most inclusive—"home-based work" and "homework"—are used. These terms can be used interchangeably to characterize any paid work done in the home regardless of the employment status of the worker. In addition, they can cover work that is either done exclusively in the home or based out of the home. For example, authors usually work in their homes, whereas sales representatives spend much of their time on the road, working out of their homes.

More restrictive terms than home-based work and homework also exist to cover computer-mediated homework. Futurist Jack Nilles of the University of Southern California coined "telecommuting" to describe computer work done by a company employee at home that substitutes the computer for the commute. In effect, both technology and employment status are embedded in the label.

The notion of the electronic cottage, originally forged by futurist Alvin Toffler in *The Third Wave*, focuses on the technological, rather than employment, aspect of the homework. Wired for electronic work, the home often sits in an electronic network made possible by advanced telecommunication technology. Although the electronic cottage houses both the employed and self-employed, it refers most often to the self-employed, including sole proprietorships, partnerships, and corporations.

Much of the media's attention to homework has been limited to telecommuting and to the electronic cottage, implying that the technology causes work to be done at home. Yet, contrary to the conventional wisdom, which holds that computers will enable millions of people to work in their homes, we will argue that the causes for any large-scale movement to white-collar homework, whether it is computer-mediated,

will have more to do with prevailing conditions in the economy and the family than in the availability of computer technology.

## Structural Changes in the U.S. Economy

In the United States, as elsewhere in the developed world, several forces are converging to affect the structure, design, and distribution of jobs. First, the internationalization of the economy has forced Americans to recognize that competition from abroad is exerting as much of an influence on jobs as is competition from within the U.S. economy. Foreign competition has been especially strong from Japan and the Far East in the electronics, automotive, and garment industries as well as others. U.S. firms are trying to find ways to cut labor costs, maintain quality, and remain competitive in a world economy in which other countries frequently can compete more favorably than ours.

Technology constitutes a second driving force affecting both the design and distribution of jobs. Office work increasingly is being automated, and estimates are that by 1995, 15 million computer terminals will be used in the United States. Although Wassily Leontief and Faye Duchin (in *The Future Impact of Automation on Workers*, Oxford University Press, 1986) found that technological change would result in absolute gains in jobs in most occupations, they projected an absolute decline in the number of clerical jobs and slow growth for those in management. Technology cannot be divorced from the first force, the internationalization of the economy, either. Advanced telecommunication equipment is making it possible to transport data-entry work offshore.

The third factor affecting the design and distribution of jobs is perhaps the most profound: the transformation of the U.S. economy from an industrial to a service economy. Service-related jobs in retail and business have grown at a much faster rate than industrial jobs over the last decade. These new service jobs vary in their skill requirements; some necessitate higher educational and skill levels, others call for minimal training. Moreover, service-sector jobs have a time and space independence that industrial jobs do not. Not only can the jobs be moved to different regions of the country to save on labor costs or to provide amenable work environments, they can also be done off-site from a centralized office, contributing to the rise of white-collar home employment.

The effects of foreign competition, technological change, and the growth of the service sector on the design, structure, and nature of jobs in the United States can be seen in many areas of the economy. Some of the most notable evidence of change is revealed in the recent massive layoffs of American workers.

According to BLS figures, 5.1 million Americans were dislocated from their jobs between 1981 and 1985 due to plant closings, slack work, or abolishment of shifts or jobs. Of these 5.1 million, nearly 800,000 managers or professionals and over 500,000 workers in technical, sales, and administrative support (including clerical) were laid off. These layoffs were often precipitated by an overall drive to cut costs in order to stay competitive. One way many firms have dealt with the layoffs is to move to a flexible, variable cost, two-tiered workforce of core and peripheral workers. While the core consists of full-time salaried employees, the peripheral rings consist of workers hired on part-time, temporary, and/or an independent-contract basis; the workforce can be reduced, expanded, or redeployed according to demand.

These peripheral workers have been referred to as contingent workers, marginal workers, or a just-in-time workforce. According to Thomas Plewes, associate commissioner of the Bureau of Labor Statistics, as "companies have changed to just-in-time inventories," which refers to the maintenance of inventories just sufficient to meet current demand, "they have also turned to a just-in-time workforce." For companies, the major impetus behind a just-in-time workforce is to remain flexible; a secondary goal is to cut costs. For example, by hiring workers as self-employed independent contractors rather than employees, an employer can save from 30 to 40 percent on each worker due to several factors. Because the worker is self-employed, the employer pays only for the work done, not for any lag times between projects. Furthermore the firm is not responsible for contributing to the worker's social security account or providing him or her with health or pension coverage.

The home becomes an important worksite for many contingent workers who are hired on a contract basis. Many of these self-employed workers are euphemistically described at times as entrepreneurs, freelancers, or consultants. Because of their inability to find jobs, as well as the financial advantages of using a home as an office, many of these newly self-employed start their businesses at home. Sometimes the home-based contractor may be a laid-off middle manager who is hired back as a management consultant; other times she may be a woman who wants the opportunity to earn some money while she stays home with her young children.

### Structural Changes in the American Family

The traditional family in which the father goes out to work and the mother stays home has undergone rapid change. Less than one-tenth of U.S. families (7 percent) fit that model. In fact, the norm is much more likely to be the dual-earner family in which both spouses

have paying jobs or the female-headed family where the woman is the sole breadwinner. By March 1985, nearly 17 percent of all families, approximately 10.5 million, were headed by women who were divorced, separated, widowed, or never married.

One result of these changes in the family is that the traditional boundaries between women's work and men's work have changed. Significantly, no longer is women's work solely unpaid labor in the home and men's work solely paid labor outside the home. Women's entrance into the workforce in large numbers over the last several years has profoundly reconfigured the boundaries between work and family.

Yet, the burden of these changes has fallen primarily on women who now work the double day: paid labor one shift, unpaid domestic work another. The vaunted ideal remains flexibility—an ability to set hours or stretch days in such a fashion that both shifts can be accomplished.

There are a variety of ways that women seek flexible work; the most prevalent is through part-time employment. Over a quarter (28 percent) of all women workers in nonagricultural industries hold part-time jobs (less than 35 hours a week). But there is a penalty paid for part-time work. On average, the hourly wage for part-time work is \$4.50 contrasted to an hourly average wage of \$7.80 for full-time work. Furthermore, part-time work typically pays no health benefits, offers little opportunity for advancement, and provides no pension coverage.

For many women, self-employment offers more opportunity and flexibility than does the current part-time labor market. According to the U.S. Small Business Administration, women-owned businesses are the fastest growing segment of the small business population. Between 1977 and 1982, the number of female nonfarm sole proprietorships grew at an annual rate of 6.9 percent, nearly double the overall annual rate of 3.7 percent. For those women with family responsibilities, a small business appears to offer more autonomy in setting a work schedule that suits their needs. For those women who have been out of the labor market, self-employment may provide more opportunities for reentry than does the conventional job market.

Indications are that the home provides the workplace for many women who are in business for themselves. According to the May 1985 Current Population Survey, the BLS found that 9 million Americans worked at least eight hours or more a week at home as part of their primary job and were predominantly wage and salary workers, implying that most of them were doing overtime work at home. Of those, however, who worked 35 hours or more at home, nearly 70 percent were self-employed in home-based unincorporated businesses. Furthermore, for the 1.9 million persons who worked exclusively in their homes in nonfarm-

related occupations, two-thirds were women who averaged 27.7 hours and were likely to be self-employed. The reality appears to be that the home becomes the workplace for part-time self-employment for women.

Much of the public debate indicates that mothers with children under 18 are the prime candidates for home-based work. Yet the BLS 1985 figures indicate that of the women who work 35 or more hours a week at home, approximately 259,000 have children under 18, but almost an equal number are women without children. Circumstances propelling these women to work at home are varied. Some are trying to reenter the labor force after years out raising their children, others are approaching retirement and need supplemental income, and others find that they have increasing responsibility for elderly family members.

The issue of elder care is likely to assume major proportions over the next several decades as more of the U.S. population ages. By the year 2000, the Census Bureau estimates that the "oldest old," those Americans aged 85 or older, will number five million and are likely to be women who have little or no retirement benefits. According to Dana Friedman of the Conference Board, a private nonprofit business research institute in New York City, nearly 80 percent of the oldest old live outside nursing homes and thereby require some type of assistance. For example, in 1986, The Travelers Corporation of Hartford, Connecticut, surveyed their employees and found that almost one out of every five of the employees over the age of 30 provided some type of care to an elderly parent. Most of those who needed care were widowed mothers or mothers-in-law, while most of those who provided care were women.

Although U.S. corporations are beginning to recognize the significance of the pressures of elder care on their employees, most jobs are not designed in such a way to accommodate the needs of employees who have competing family responsibilities. As a result, women turn to self-employment and part-time work, often at home, as a way to create a balance between their work and family responsibilities. Although men are increasingly taking on more of the emotional and practical responsibilities of family life, the burdens remain largely borne by women.

## Work-at-Home Alternatives

Home-based work, when it is more than a simple cost-cutting strategy, can meet the needs of both the employer and many employees. For example, Mountain Bell, Pacific Bell, and J.C. Penney have developed home-based programs that permit valued employees already on their payrolls to work at home for part of each week. Although these companies

are in the minority of firms who hire home-based workers, their programs warrant attention as work-at-home alternatives.

Since 1985, Mountain Bell has had an at-home program for its managers. Although the company sees working at home as providing advantages for their employees, they don't view it as a special arrangement, but rather as one of many flexible work alternatives. In 1986, Pacific Bell of California instituted a year-long pilot telecommuting program for 200 managerial level workers. The firm's philosophy was simple and direct: In order for an employee to work at home, it must be demonstrated that "it will suit the needs of the company and the needs of the employee."

Both Mountain Bell and Pacific Bell have found that what counts in home-based work has more to do with the person than the task. To be successful, a person working at home must be a self-starter, who can work without social interaction with colleagues or management, and who has the capacity to complete specific tasks.

Both Mountain and Pacific Bell view the arrangement as a way to attract and retain valuable employees, to reduce absenteeism, and to cut the costs of office space. What is important about the programs is that employees maintain their employee status, are paid exactly what they would be paid if they worked in the office, and receive all of the health and pension benefits they would get as on-site employees. In addition, they are considered for promotion. The company pays for all equipment and telephone costs. To ensure that the home-based employee maintains a high profile in the company, Pacific Bell requires the employees to come into the office at least one day a week.

Pacific Bell does not think that working at home should be treated as a regular solution to child care, but it does believe that telecommuting can solve some short-term child care problems such as when a child is too sick to go to school but not so sick as to need constant attention.

Perhaps because of this attitude that discourages using homework for child care, the majority of women at Pacific Bell who telecommute are unmarried professional women who do not have young children and whose primary motivation for working at home runs parallel to that of the men in the program—to avoid the time, expense, and effort of commuting.

These telephone companies are not alone in approaching home-based work as a way to attract and retain valuable employees. In 1981, J.C. Penney decided that hiring telephone sales associates to work in their homes would suit the needs of the company and the desires of some workers. According to the program manager, Carl Kirkpatrick, "We wanted to find a way to have more flexibility. If, for example, during

a half-hour, we had planned for only 500 calls and we got 1,000, we needed to find a way to respond quickly to this unexpected surge in demand." Penney saw home-based work as one of many alternatives and now hires about 126 associates to work at home in five cities: Atlanta, Milwaukee, Columbus, Grand Rapids, and Pittsburgh.

"There are absolutely no differences between our in-home associates and our phone-center associates," Kirkpatrick says. "They are paid exactly the same. They receive the same benefits. They don't pay for any equipment or telephone costs. And their ability to apply and be considered for any jobs in the company is the same."

After nearly five years with the in-home associates program, Kirkpatrick says, "We have been tremendously pleased with all aspects of the program . . . and not one in-home worker has come back to work at the phone center. The associates love it because they have more time with their families."

The company feels that it has benefited in a number of ways. The in-home program has opened up a market of associates who would not have been able to leave their homes to come to work; it allows the company to handle a sudden surge in demand; and the productivity for individual workers has remained the same or increased, although the company has made no added demands on in-home associates.

These three programs at Mountain Bell, Pacific Bell, and J.C. Penney embody some of the best principles for home-based work programs, providing excellent models for companies embarking on the same path. They maintain the employee status of those who work at home; they provide the same pay and benefits to home-based workers as they do to those in the office; and they consider all workers equally when it comes to promotion and training. These model companies may lose the short-term savings on salaries and benefits that they would gain if they contracted out the work, but they are likely to gain long-term benefits in loyalty and quality.

In addition, firms such as these may augur well for the type of enlightened and strategic planning that U.S. business increasingly will need as the United States moves toward the turn of the century. According to a recent study commissioned by the Department of Labor, the pool of young workers entering the labor market will shrink, and those who will constitute an increasing share of the future workforce "are more likely to be functionally illiterate, to drop out of school, to become pregnant as teenagers, or to abuse drugs and alcohol." The composition of the projected workforce is forcing some large U.S. firms to think seriously about ways to retain their own valued employees. For these firms a move toward a work-at-home alternative may be just one of many ways to cultivate good workers who need or want flexibility.

## About This Book

Home-based work not only raises issues specific to wage-earning work in the home, it also serves as a lens through which larger structural changes in the contemporary American workplace and family can be seen.

It was within this climate that a national conference was convened in February 1987 to examine the "New Era of Home-based Work: Directions and Responsibilities." Thirty-seven experts gathered for two days at Airlie House, outside Washington, D.C., to explore and discuss issues related to white-collar home employment. The participants came from government, the private sector, organized labor, advocacy groups, and academia. Thirteen papers were commissioned prior to the conference and one was added subsequent to it. These papers make up this book, which is organized, as was the conference, around three themes: Part I, the trends and patterns in white-collar home-based work; Part II, the forces driving as well as impeding its growth; and Part III, the consequences of the arrangement on the health and welfare of homeworkers and the communities in which they live and work.

In Part I, Eileen Boris, of Howard University, adopts a historical approach and looks to past experiences in the United States with industrial homework in order to explore what lessons we can learn in dealing with current white-collar homework. Robert Kraut, of Bell Communication, describes the contemporary scene by drawing on national data to develop an analytic framework that distinguishes between and profiles primary homeworkers from supplementary homeworkers. In an important comparative analysis Judith Gerson, of Rutgers University, and Robert Kraut compare home-based clerical workers with office-based clericals with regard to their compensation and satisfaction. The empirical evidence of these researchers reveals that homework will be neither the extreme form of exploitation feared nor the utopian fantasy sought.

From a management perspective, Gil Gordon, of Gil Gordon Associates, addresses the factors that encourage U.S. business to pursue telecommuting and those factors that promote organizational lethargy around the issue. He also shows that telecommunication technology serves both as a catalyst and obstacle to a firm's decision to allow work-at-home arrangements. While Gordon's chapter focuses exclusively on company employees who work at home, Kathleen Christensen turns to self-employed home-based workers, specifically those hired as independent contractors. Because they are at the center of much of the public debate regarding homeworker abuses, she identifies and defines the issues and provides an analytic framework for distinguishing who benefits and who loses from the arrangement.