

INFORMATION TECHNOLOGY AS AN EMPLOYEE BENEFIT

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ABSTRACT

Many organizations, in an attempt to attract and retain their employees, as well as make them more computer literate, have added information technology benefits to their employee benefits package. While these plans vary greatly among employers, most include some form of computer purchase plan, and they all have in common the feature that the information technology is for home use.

Keywords: IT benefits, employee retention, PC purchase plans, employee benefits

INTRODUCTION

Recently there has been serious discussion of what some are calling the *Digital Divide* (13), describing the vast gap between the technological “haves” and “have-nots.” While there has been some interest at the federal government level, we are concerned with the steps being taken by private business organizations in an effort to address these technological issues. Almost half the Fortune 500 companies are reported to be eager to give their workforce an opportunity to become comfortable with computer technology, and are contemplating or currently providing employees with at-home computer hardware, software and internet connections at prices well below cost. The objective of these plans is to increase worker’s confidence in technology use, leading to increased on-the-job productivity, rather than turning employees into telecommuters (1). The target audience is both the computer literate worker and the unschooled employee that up to this point has not made an effort to gain computer skills. While approximately 60 % of American homes possess personal computers, and over 50 million have Internet access (13), there are many low-power and antiquated systems included in these statistics. Many older systems do not have the capabilities to run current software packages or take advantage of newer Internet features.

Technology Purchase Plans

Increasingly, organizations are realizing that equipping employees with PCs is not about cost – it is about value. For a worker to make their greatest contribution to the business organization, many feel it is essential to have employees who are conversant and comfortable with technology and are able to engage in knowledge sharing (7). Computer equipment purchase assistance plans provide financial support for the purchase of a personal computer and Internet services, allowing employees the convenience and advantages of having technology at home. Preston (11) believes that workers accustomed to using computers and the Internet are more productive contributors in a wired economy. Figure 1 describes some general benefits attributed to in-home computer technology.

Among the more prominent companies offering subsidized computer technology benefits are Ford Motor Company (350,000 employees), Delta Airlines (72,000 employees), American Airlines (112,000 employees) and Intel (70,000 employees) (Thierer, 2000). Fidelity Investments also has a plan for subsidized computer benefits for employees. To better understand the features found in Information Technology benefit plans, three very different plans will be briefly reviewed.

Figure 1
What Do “PC for Your Home” Programs Mean for Employees

- Workers can use these computers to access e-learning programs for both work and non-work related training.
- Workers and their families will be able to conduct more of their HR related activities through web-based forums, including managing 401K plan investments.
- Workers will have home access to company e-mail.
- Workers will have access to corporate networks and systems for at-home work, scheduling meetings and other business activities.

Adapted from Masie, 2000.

Purchase Plan Examples

Ford Motor Company. Ford has created a solution to one of the thorniest problems confronting traditional manufacturers – getting unschooled workers to put their hands on a computer and maybe even train themselves in the basics of computer technology (3). The Ford program objectives include boosting technology skills; help with training and improving communications (5). Jacques Nasser, Ford CEO, states, “We want our employees to experience what’s going on in technology. We want to give every single person in the company and their families the capability to develop their skills.” Poe (10) reports that Ford’s decision to offer free computers to employees was driven by:

1. Consumer Focus. Consumers have computers, and the company wants employees to understand the consumer viewpoint.
2. Communication. If all Ford employees around the globe have computers, there will be better communications between them.
3. Competitiveness. Using computers will improve the workforce’s e-business knowledge and skills.

Ford has contracted with a vendor for standardized hardware, software and Internet services, limiting choices for participating employees. Working with a single vendor gives Ford the means to control costs for the program, but also gives them the means to monitor employee activities, especially as they relate to the Internet.

Ford considers the PC giveaway a business expense, and accounts for it accordingly. Intel considers their PC giveaway program a taxable gift (12). What this means is they believe there will be no tax liability for individual plan participants, and Ford will be able to account for the cost as a business expense, with suitable tax savings.

Fidelity Investments. Fidelity, a large mutual fund organization, has a much simpler plan for employee PC acquisition. The employee:

1. Must be an active, full time regular employee who has completed 6 months of service.

2. May purchase computer equipment from any supplier/vendor.
3. Is eligible for one reimbursement in any three-year period up to \$2,000.
4. Is to consider the reimbursement taxable.
5. Is reimbursed up to 20% for:
 - a. A single computer unit.
 - b. Initial accessories and supplies.
 - c. Peripherals.
 - d. Software.

American Airlines. American Airline and Eagle employees are eligible for the Ontime, Online Employee PC Program. The acquisition is payable, at the option of the employee, though a payroll deduction plan or as a lump sum payment. As with Ford, the American Airline plan limits which vendor the employee can select. The American Airline's plan has the following features:

1. Unlimited Internet access for three years at no cost.
2. A base desktop computer – Dell Dimension L with:
 - a. Celeron 500MHz.
 - b. 64 MB memory.
 - c. 4.3 GB hard drive.
 - d. CD Rom 40X.
 - e. 15-inch monitor.
3. Cost for the base system is a total of \$432, made in monthly payments of \$12.
4. The system may be upgraded to include increased memory, larger monitor size and Pentium III processor for a \$200-\$650 one-time charge.
5. Laptop upgrades are available for a one-time cost of \$739-\$1,664.

Employee computer benefit programs are rapidly evolving, and there is limited data available, especially how these plans are applied in organizations and businesses smaller than the Fortune 500. This paper reports on a survey designed to determine how extensive IT benefits programs are in a variety of companies.

RESEARCH METHODOLOGY

A survey was designed to determine what kinds of companies classified by both principal business activity and size are offering IT benefits program, what kinds of benefits, who gets them in the organization, what is the purpose of the benefits, and whether these respondents regarded such benefits as a good investment of company resources.

The survey was administered to graduate students in a Masters of Business Administration program who were employed full-time in businesses and organizations in southern New England. A second sample consisted of MBA graduate students who were employed full-time in western Wisconsin. After removing responses from duplicated companies in each region, the resulting sample sizes were 66 and 28 respectively.

SURVEY RESULTS

Table 1 provides the summarized results for the survey. A Chi Square test on these results yielded a value of 0.595 which indicates there is no significance difference for the two samples.

Table 1
Summarized Results

	Number of Companies Surveyed	No of Companies Offering IT benefits	% of Companies Offering IT benefits
Southern New England	66	26	39.4
Western Wisconsin	26	8	30.8

Table 2
IT Benefits vs.
Number of Employees

Number of Employees In Company	Southern New England		Western Wisconsin	
	Number Of Companies Surveyed	No (Percentage) Offering IT benefits	Number Of Companies Surveyed	No(Percentage) Offering IT benefits
1-50	4	1(25.0)	0	0
51-500	26	5(19.2)	14	2(14.3)
501-2000	12	5(41.7)	2	0
2001-10,000	10	8(80.0)	3	2(66.7)
Over 10,000	14	7(50.0)	7	4(57.1)

Table 3
Range of Benefits for
Southern New England Companies

Benefit	Range of Benefits		
	Discounted	Low cost	Free
Personal Computer	12	2	6
Software	6	1	7
Printer	7	1	2
Internet Service Provider	5	1	6
Cable modem	6		4
DSL access	2		3
Fax machine	2		1
Cell telephone	1		13
Personal Digit Assistant (PDA)	3		5
Digital cable	4		
Other (Please specify below)	1		5

In Table 2 the results for the two samples are listed by size of companies based on number of employees. For both samples, it can be seen that companies with more employees are likely to provide IT benefits.

Tables 3 and 4 provide a compilation of the range of IT benefits/perks for each of the two samples respectively.

Table 4
Range of Benefits
Western Wisconsin Companies

Benefit	Range of Benefits		
	Discounted	Low cost	Free
Personal Computer	3		2
Software	1		1
Printer	1		
Internet Service Provider			2
Cable modem			3
DSL access			
Fax machine			
Cell telephone	1		4
Personal Digit Assistant (PDA)			
Digital cable			
Other (Please specify below)			1

In Table 5, the two samples are compared with respect to whether the IT benefits/perks are provided to all employees in the companies providing such benefits. A Chi Square value = 2.043 indicates no significance difference at the 0.05 level of significance.

Table 5
IT Benefits Available
to all Employees

IT Benefits Available to All employees	Southern New England	Western Wisconsin
Yes	14	2
No	12	6

Respondents were asked to indicate why they believed their organization provided IT benefits/perks. Table 6 provides the distribution of responses by sample.

The respondents were also asked whether they thought the IT benefits/perks were a good investment of company resources. Table 7 represents the results by sample. A Chi Square value of 0.041 indicates that there is no significant difference between the samples.

Table 6
Reasons for
Offering IT Benefits

	Southern New England	Western Wisconsin
Improve computer literacy of employees	9	2
To remain competitive in finding employees	8	1
Retaining employees	11	2
Increase worker productivity	17	5
Other	3	3

Table 7
Good Use of
Company Resources

	Yes	No	Totals
Southern New England	22	4	26
Western Wisconsin	7	1	8
Totals	29	5	34

DISCUSSION

As discussed in the Introduction, and reaffirmed by examining Tables 3 and 4, the most popular option in company IT benefits/perks program is the providing of a personal computer, software and related peripherals. This was true for both samples, although for the Wisconsin sample, the providing of cell phones was equally popular. While the survey specifically asked respondents to report on IT benefits/perks for home use, it is unlikely that employees receiving cell phones restrict their use to the home.

The results of this study are also consistent with regard to why companies/organizations supply these benefits. An examination of Table 6 reveals that the respondents selected all the reasons cited in the Introduction for such programs.

The three examples of IT benefit programs cited in the Introduction involved large companies. Nothing in this study contradicts this as can be seen by examining Table 2. For both samples, it was the larger companies that were more likely to offer such programs.

It also was not surprising that respondents believed that these programs were a good investment of company resources. Respondents from southern New England favored them by 85 percent and respondents from western Wisconsin did so by 87 percent.

CONCLUSIONS

While there has been much written in the popular press recently on how companies have been instituting programs to provide IT benefits/perks to their employees, the results of this study

indicate the percentage of companies with such programs is less than 40 percent with a slightly larger percentage for companies in southern New England than western Wisconsin. In both areas, it was the larger companies/organizations that were more likely to offer such programs. Increasing worker productivity was the major reason given for offering such programs in both areas.

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